FREMONT COUNTY WEED & PEST DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)

FINANCIAL REPORT

JUNE 30, 2013

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-10
FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of net position	11
Statement of activities	12
Fund Financial Statements	
Balance sheet - governmental funds	13
Reconciliation of the governmental funds balance sheet to the statement of net position	14
Statement of revenues, expenditures, and changes in fund balances - governmental funds	15
Reconciliation of the governmental funds statement of revenues, expenditures, and changes in fund balances to the statement of activities	16
Statement of revenues, expenditures and changes in fund balance - budget and actual	17
NOTES TO FINANCIAL STATEMENTS	18-26
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	27-28

McKEE, MARBURGER & FAGNANT, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

185 SOUTH FIFTH STREET

LANDER, WYOMING 82520

DEAN W. McKEE, CPA
RICHARD F. FAGNANT, CPA
MICHAEL B. LEWIS, CPA
DAVID BRINDA, CPA
SARAH L. SWEENEY, CPA

LORIELLE MORTON, CPA
TIMOTHY R. FIXTER, CPA, CFE

JOHN R. MORTENSON, CPA
OF COUNSEL

TELEPHONE
(307) 332-4545
FACSIMILE
(307) 332-3271
www.mmfcpa.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Fremont County Weed & Pest District
Lander, WY 82520

We have audited the accompanying financial statements of the governmental activities, general fund, and the general fund budgetary comparison information of Fremont County Weed & Pest District, (A Component Unit of Fremont County, Wyoming) 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 the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Fremont County Weed & Pest District as of June 30, 2013, and the respective changes in financial position the respective budgetary comparison for the General Fund 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 on pages 3–10 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.

McKee, Markanger & Fagnant PC

Lander, WY
November 26, 2013

Fremont County Weed & Pest District
(A Component Unit of Fremont County, Wyoming)
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2013

This section of the Fremont County Weed & Pest comprehensive Financial Report presents a discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2013. A comparative analysis of government-wide data will be presented. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

The overall condition of all funds and governmental activities remains extremely strong for the District. All goals related to financial activities have been met and if revenue and expenditure patterns can be maintained, the resources for next year will be available.

The County saw its assessed valuation decrease from $1,016,556,120 in 2012 to $905,663,761 in 2013. The District's assessed valuation is the same as Fremont County's. The District receives up to two mills, regulated by the state statute as well as self generated income for Government contracts and weed mitigation completed on lands within Fremont County according to our purview.

The District's FY12-13 $4 million budget is broken into four categories: Administration, 14%; Operations, 61%; Indirect Costs, 15%; and Capital Equipment, 10%. Significant classes of expenditure across categories include salaries, wages and related indirect payroll costs, $1.6 million or 45%; and cost share, $903,820, or 25% of the budget.

Overview of the Financial Statements

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

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

The remaining statements are *Fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide statements.

The *Governmental funds statements* tell how basic services were financed in the *short-term* as well as what finances remain for future spending.

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

Figure A-1
Fremont County Weed & Pest District Annual Financial Report

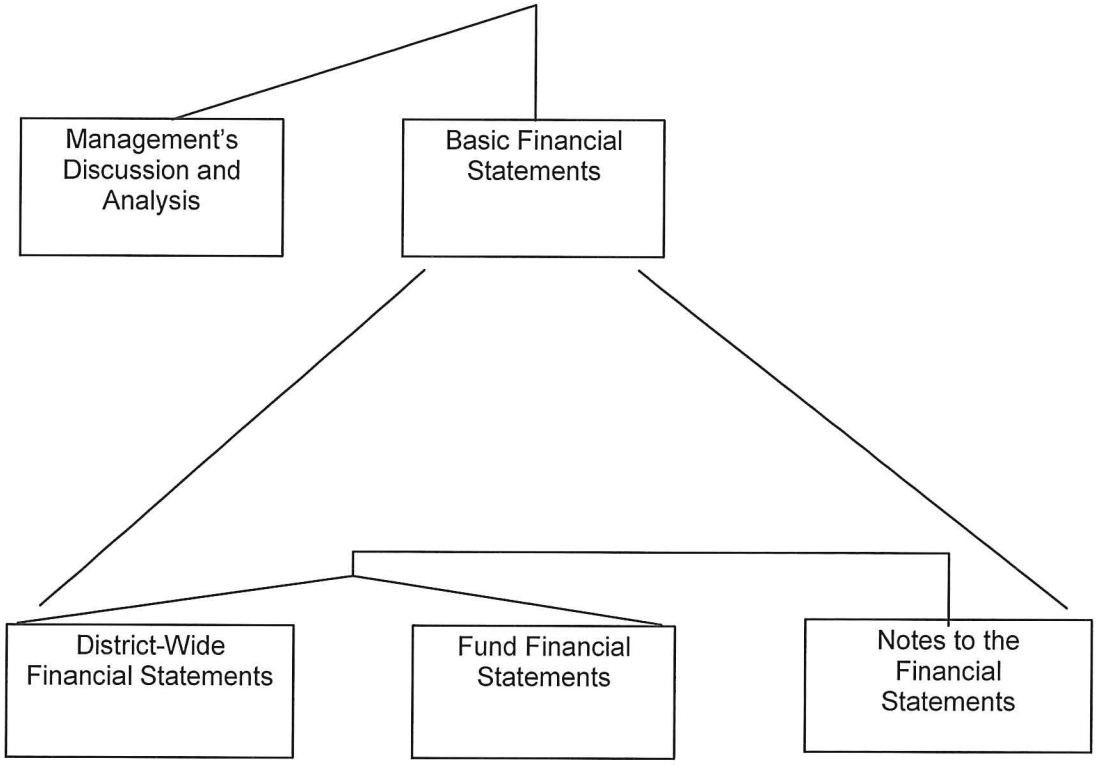


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities that are covered and the types of information contained. The remainder of this overview section highlights the structure and contents of each statement.

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

	District-Wide Statements	Governmental Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as vehicle and building maintenance.
Required Financial Statements	Statements of Net Positions Statements of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balance
Accounting Basic and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of Asset Liability Information	All assets and liabilities, both financial and capital, short-term and long-term.	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included.
Type of Inflow/Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid out.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.

District-Wide Financial Statements

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

The two District-wide statements report the District's *net positions* and changes. Net position, the difference between the District's assets, deferred inflow of resources, deferred outflow of resources, and liabilities, is one way to measure the District's financial health or *position.*

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

However, to assess the District's overall financial health, one needs to consider other factors such as changes in the District's property tax base, condition of the districts buildings and equipment, pending litigation, and legislative issues.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law, while other funds have been established to control and manage money for particular reasons, or to show that we are properly using certain revenues.

The District has the following major fund:

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

Financial Analysis of the District as a Whole

As shown in Figure A-3, the District's *combined* net positions were $2,419,537 at June 30, 2013.

Figure A-3

Condensed Statement of Net Position	Governmental Activities 2013	Governmental Activities 2012
Current Assets	$ 1,584,526	$ 1,735,728
Capital Assets	835,011	656,077
Total Assets	2,419,537	2,391,805
Current Liabilities	211,730	442,936
Non-Current Liabilities	87,147	83,133
Total Liabilities	298,877	526,069
Net Investment in Capital Assets	835,011	656,077
Restricted	28,435	71,480
Unrestricted	1,257,214	1,138,179
Total Net Positions	2,120,660	1,865,736
Total Liabilities and Net Positions	**$ 2,419,537**	**$ 2,391,805**

Figure A-4

Changes in Net Position from Operating Results

Figure A-4

Revenues		
Property Taxes	$ 2,113,047	$ 1,958,064
Charges for Services	1,247,115	1,316,190
Grants	146,473	330,000
Miscellaneous	35,001	24,466
Total Revenue	3,541,636	3,628,720
Expenditures		
Administration	689,791	635,638
Operations	2,596,921	3,126,715
Total Expenditures	3,286,712	3,762,353
Changes in Net Position	**$ 254,924**	**$ (133,633)**

Figure A-5

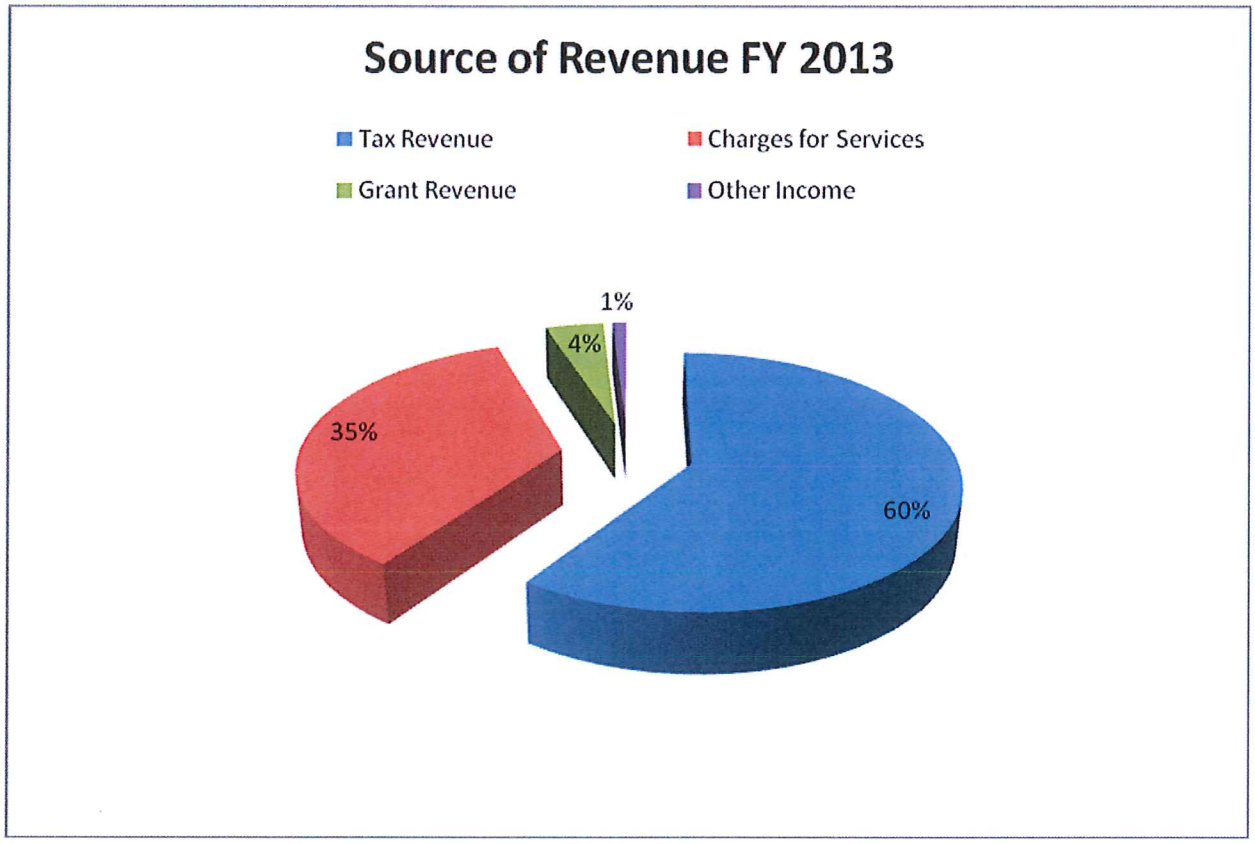
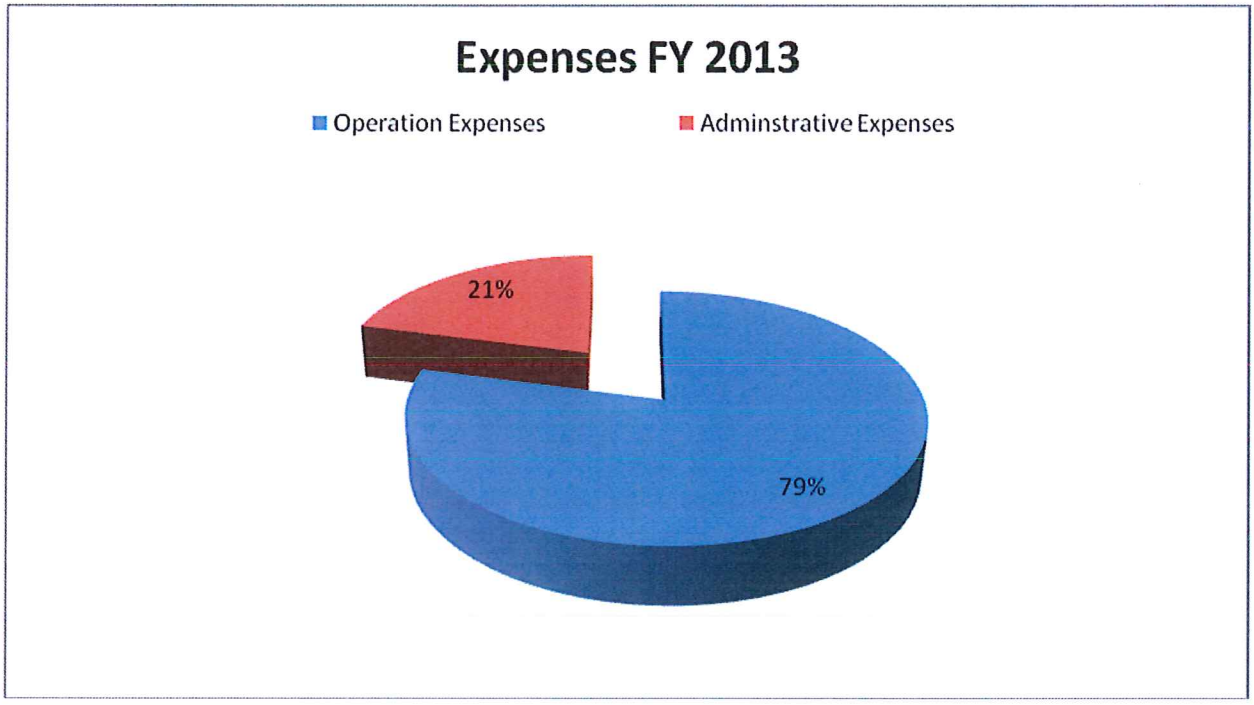


Figure A-6



Governmental Activities

Total governmental activities expenses amounted to $ 1,893,124. The governmental activities had a net increase of $ 254,924. The ending net positions for all governmental activities were $2,120,660. These net positions will be used to fund future programming, capital improvements and for maintenance of adequate cash flow.

Figure A-7 presents the cost of the District's major activities. The table shows the total cost and the net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs, such as consolidated grant funds) of each activity.

Figure A-7

Net Cost of Governmental Activities

	Total Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2013	Net Cost of Services 2012
Administration	689,791	635,638	689,791	635,638
Operations	2,596,921	3,126,715	1,203,333	1,480,525
Total	$ 3,286,712	$ 3,762,353	$ 1,893,124	$ 2,116,163

Administration and general support includes those expenses associated with business administration as well as day to day operating costs.

Operations and maintenance expenses include those involved with the general upkeep of the buildings and grounds, equipment, and costs of providing services.

Capital Assets

At the end of the fiscal year 2013, the District had $1,954,509 invested in land, buildings, equipment and contents, and vehicles. Figure A-8 shows 2013 balances compared with 2012.

Figure A-8

Governmental Capital Assets (Net of Depreciation)

	2013	2012
Land	88,004	88,004
Buildings and Improvements	450,479	445,501
Office Equipment	123,825	112,209
Spray Equipment	223,561	167,137
Vehicles	1,068,640	881,518
Total Capital Assets	1,954,509	1,694,369
Less Accumulated Depreciation	1,119,498	1,038,291
Total	**835,011**	**656,078**

Current Issues

During the budgeting process the District assures that adequate funding is requested to allow the District to operate within its statutory obligations. The District also applies for grants from the State of Wyoming to continue the cost share programs to mitigate the expense to Fremont County Land Owners of grasshopper damage and the threat of West Nile to livestock and to humans. A two year grant to help extend the District mapping program across the state was received from the Wyoming Department of Agriculture. Balances from FY 2012-13 will be used to fund operations in FY 2013-14. The amount of each of these grants will be determined according to the needs of each program in the coming year. It is anticipated that the Mosquito grant will be stable, as a result of continuing impact from West Nile Virus. The Grasshopper grant received in the spring of 2013 was greatly reduced from that received in 2012 due to a sharp decline in grasshoppers state-wide; the majority will be returned to the state as unused funds. John L. Baker, Supervisor for Fremont County Weed and Pest Control District announced his retirement effective in December. The Board Members reluctantly accepted Mr. Baker's retirement and have begun the process of locating a suitable replacement.

General Fund Budgetary Highlights

All funds are legally required to be budgeted and appropriated. The District's Board of Directors annually adopts the budget at the state regulated budget hearing to be held no later than five (5) days of the third Thursday in July. The Board of Directors may amend the budget after it is approved through the process of a budget hearing. The amounts reported as the original budgeted amounts in the budgetary statement reflect the amounts adopted on July 16, 2012.

Because the District reacts to biological phenomenon and weather patterns, it makes it difficult to predict the fluctuation in some line items of our budget. The needs of the District can vary once the fiscal year begins. Although the largest portion of the budget remains as planned, the variances in expenditures reflect additional or changed needs throughout the year. Significant unanticipated revenues and/or expenditures that reflect major changes to the budget require a budget hearing to adopt an amended budget to approve the unanticipated revenues and/or expenditures according to State statutes.

The District follows the Wyoming Special District Accounting Handbook/Uniform Municipal Fiscal Procedures set by the State of Wyoming.

Major expenditures run from May through August (weed season) and depending on weather conditions can be pushed to one fiscal year or another when the expenditures are accrued, unpredictably. Additional information continues to be received after the mandated July date for the budget adoption. The District did exceed the budget on several line items, although the overall expenditures on the budget were at 92.7% of the advertised budget.

Economic Factors and Next Year's Budgets

With the current assessed valuation of the District, the traditional divisions of mill levy, and the self generated income, the District expects revenue streams to be adequate to fund the District's needs. The Treasurer's office set the assessed valuation at 905.1 for FY13-14. As a result of decrease in valuation the Board adopted a budget for FY13-14 for the full 2 mils allowed by state statute. For the 2013 spray season FCWP increased the rates charged for pesticide application (self generated income) to compensate the District for any tax shortfalls.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or request for additional information should be addressed to:

Roz Westman, Business Manager
Fremont County Weed & Pest District
450 North 2nd Street, Rm 325
Lander, WY 82520
Office: 307-332-1052 Fax: 307-332-1056
Email: fcwp@wyoming.com

Government-Wide Financial Statements

FREMONT COUNTY WEED & PEST DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
STATEMENT OF NET POSITION
JUNE 30, 2013

ASSETS		
Current Assets		
Cash and investments (Note 2)	$	739,209
Accounts receivable		251,479
Taxes receivable, net of allowance (Note 3)		38,667
Grants receivable		128,473
Inventory		304,209
Due from primary government		122,489
Total Current Assets		1,584,526
Capital Assets (Note 4)		
Land		88,004
Other capital assets, net of accumulated depreciation		747,007
Total Capital Assets		835,011
TOTAL ASSETS	**$**	**2,419,537**
LIABILITIES		
Current Liabilities		
Accounts payable	$	113,397
Accrued expenses		93,507
Unearned revenue		4,826
Total Current Liabilities		211,730
Non-Current Liabilities		
Compensated absences (Note 5)		87,147
TOTAL LIABILITIES		**298,877**
NET POSITION		
Net investment in capital assets		835,011
Restricted for		
Special projects		28,435
Unrestricted		1,257,214
TOTAL NET POSITION	**$**	**2,120,660**

See Notes to Financial Statements

FREMONT COUNTY WEED & PEST DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

		Program Revenues		Net (Expense) Revenue and change in Net Position
Function	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Governmental Activities**
Governmental activities				
Administration	$ 689,791	$ 0	$ 0	$ (689,791)
Operations	2,596,921	1,247,115	146,473	(1,203,333)
Total governmental activities	$ 3,286,712	$ 1,247,115	$ 146,473	$ (1,893,124)
General revenues				
Mill levy distributions				$ 1,858,319
Motor vehicle taxes				254,728
Investment income				11,968
Gain on sale of capital assets				20,000
Other income				3,033
Total general revenues				2,148,048
Change in net position				**254,924**
Net position - beginning				**1,865,736**
Net position - ending				**$ 2,120,660**

See Notes to Financial Statements

Fund Financial Statements

FREMONT COUNTY WEED & PEST DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Assets		
Cash and cash equivalents	$	739,209
Accounts receivable, net		251,479
Intergovernmental receivable, net		16,876
Due from primary government		122,489
Taxes receivable, net		21,791
Grant receivable		128,473
Inventory		304,209
Total Assets and Deferred Outflows of Resources	$	1,584,526
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Liabilities		
Accounts payable	$	113,397
Accrued expenses		93,507
Grant advances		28,435
Unearned revenues		4,826
Total Liabilities		240,165
Deferred Inflows of Resources		
Taxes		76,483
Total Liabilities and Deferred Inflows of Resources	$	316,648
FUND BALANCE		
Nonspendable - inventory		304,209
Unassigned		963,669
Total Fund Balance		1,267,878
Total Liabilities, Deferred Inflows and Fund Balance	$	1,584,526

See Notes to Financial Statements

FREMONT COUNTY WEED PEST DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Total Fund Balances - Governmental Funds	$ 1,267,878
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. The cost of assets is $1,954,508, and the accumulated depreciation is $1,119,497.	835,011
Receivables will be collected after this year and are not considered available soon enough to pay for current period's expenditures, and therefore are deferred in the governmental funds.	
Property taxes and grants	104,918
Long-term liabilities, including compensated absences, 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	
Compensated absences	(87,147)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	$ 2,120,660

See Notes to Financial Statements

FREMONT COUNTY WEED & PEST DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

REVENUES	
Taxes, primarily property	$ 2,063,117
Charges for services	1,247,115
Grants	146,473
Investment income	11,968
Other revenue	23,033
Total Revenues	3,491,706
EXPENDITURES	
Administrative personnel services	634,895
Board expenses	13,591
Office expenses	40,504
Operations personnel services	965,116
Cost share programs	812,982
Contractual	115,737
General supplies	194,265
Pesticide	295,583
Herbarium expenses	21,045
Insurance	21,856
Capital outlay	346,058
Total Expenditures	3,461,632
Excess of revenues over (under) expenditures	30,074
FUND BALANCE - JULY 1	1,237,804
FUND BALANCE - JUNE 30	$ 1,267,878

See Notes to Financial Statements

FREMONT COUNTY WEED & PEST DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

Total Net Change in Fund Balances - Governmental Funds		$ 30,074
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 exceeds capital outlays in the period.		
Depreciation expense	(167,199)	
Capital outlay	346,133	178,934
Because some revenues will not be collected for several months after the District's fiscal year end, they are not considered as "available" revenues in the governmental funds.		49,930
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.		(4,014)
TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 254,924

See Note to Financial Statements

FREMONT COUNTY WEED & PEST DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2013

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
REVENUES				
Mill Levy Distributions	$ 1,889,706	$ 1,889,706	$ 1,809,249	$ (80,457)
Motor vehicle taxes	174,000	174,000	218,064	44,064
Self generating income	1,539,483	1,539,483	1,451,222	(88,261)
Other	5,000	5,000	1,203	(3,797)
Interest	7,400	7,400	11,968	4,568
Total Revenues	3,615,589	3,615,589	3,491,706	(123,883)
EXPENDITURES				
Current				
General government				
Administrative personnel services	473,000	473,000	452,765	20,235
Board expenses	13,500	13,500	13,591	(91)
Office expenses	53,300	53,300	40,504	12,796
Operations personnel services	668,050	668,050	626,876	41,174
Cost share programs	1,092,481	1,092,481	812,982	279,499
Contractual	170,500	170,500	115,737	54,763
General supplies	217,963	217,963	194,265	23,698
Pesticide	296,094	296,094	295,583	511
Herbarium expenses	25,000	25,000	21,045	3,955
Insurance	22,000	22,000	21,856	144
Indirect payroll costs	523,213	523,213	520,370	2,843
Capital outlay	339,500	339,500	346,058	(6,558)
Total Expenditures	3,894,601	3,894,601	3,461,632	432,969
Excess of revenues over (under) expenditures	(279,012)	(279,012)	30,074	309,086
FUND BALANCE - JULY 1	1,237,804	1,237,804	1,237,804	0
FUND BALANCE - JUNE 30	$ 958,792	$ 958,792	$ 1,267,878	$ 309,086

See Notes to Financial Statements

Notes to Financial Statements

NOTE 1 - Nature of Business and Significant Accounting Policies

General Information

Fremont County Weed & Pest District was established in 1972. The District provides administrative services, acquires equipment and maintains a workforce to fight the growth of noxious weeds in the area in and around Fremont County, Wyoming. The District also educates and cost-shares with individuals to help with their cause.

The Board of Directors of Fremont County Weed and Pest is appointed by the county commissioners and it has the authority to make decisions, appoint administrators and managers, and significantly influence operations. It also has the primary accountability for fiscal matters. The District is administered by a Board of seven elected directors.

Reporting Entity

The Fremont County Weed and Pest District (District) was created in 1972, under the authority of Wyoming Statute 11-5-101 for the operation and maintenance of noxious weeds in Fremont County. The District can levy up to one mill for the purpose of controlling, prevention, and education. The District can levy an additional one mill for the control of leafy spurge.

The District is considered a component unit of Fremont County, Wyoming (the County), because the County Commissioners appoint the board members for the District, and because the District is financially dependent upon the approval of funding outlined in an annual budget submitted to the County Commissioners. Thus, the District is included as a discretely presented component unit in the financial report of Fremont County, Wyoming. A copy of the audited financial statements for Fremont County, Wyoming, for the year ended June 30, 2013, may be obtained at the County courthouse.

The accompanying financial statements present the financial information of the District only. The District has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

Basis of Presentation

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

1. ***Government-Wide Financial Statements***

   The statement of net position and the statement of activities display information about the Weed and Pest District as a whole. These statements include the financial activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

2. ***Fund Financial Statements***

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

NOTE 1 - Nature of Business and Significant Accounting Policies (Cont.)

Fund Accounting

The Fremont County Weed & Pest District uses funds to maintain its financial records with a self-balancing set of accounts.

1. *Governmental Funds*

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

- **General Fund -** The General Fund is the operating fund of the District and is used to account for all financial resources not accounted for and reported in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred in accordance with general laws of Wyoming.

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus and the *accrual basis of accounting*. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The remaining receivables have been classified as deferred revenues and will be recognized as revenue in the period of the actual receipt. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

NOTE 1 - Nature of Business and Significant Accounting Policies (cont.)

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

The Weed & Pest District reports the following major governmental fund:

General Fund

The General Fund is the operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

Budget and Budgetary Accounting

The amounts reported as the original budgeted amounts in the budgetary statement reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts after approved budget amendments during fiscal year 2012.

The District follows these procedures in establishing the budgetary data reflected for the General Fund in the financial statements.

- The Board of Directors prepares and approves the District's budget prior to May 1 for the fiscal year commencing July 1. The budget is then submitted to the County Commissioners for approval. The operating budget includes proposed expenditures and means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year. The budget is submitted in summary form with more detailed line item budgets included for administrative control.
- Public hearings are advertised and conducted to obtain taxpayer comments.
- On the day of the public hearing, the budget is legally adopted through passage of a resolution.
- The Board of Directors can, after adequate public notice and a public hearing, amend the original budget.
- Appropriations lapse at the end of each fiscal year.

Capital Assets

General capital assets result from expenditures in the governmental funds and include property, plant, and equipment. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (of estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District capitalizes items costing $1,000 or more that have estimated useful lives in excess of one year. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets except for land and land improvements are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives.

NOTE 1 - Nature of Business and Significant Accounting Policies (cont.)

Description	Estimated Lives
Buildings and improvements	40 Years
Office and spray equipment	5-10 Years
Vehicles	5-10 Years

Grants

The District received a grant from The Wyoming Department of Agriculture for the State Grasshopper Abatement Program. The grant allows for expenses, training, and equipment purchased for the reduction and negative impacts of the infestation of grasshoppers for the summer of 2013.

In 2012, the District received a grant for the Fremont County Statewide Early Detection Rapid Response Infestation Recordation Project which allows funds to be spent on the mapping and data management of noxious weeds throughout the County.

Inventory

Materials and supplies used throughout the day to day business of the District are carried at cost as inventory and are charged to expense when consumed or sold. Inventory consists of various herbicides and insecticides used throughout the normal course of business.

Accrued Liabilities

All payables and accrued liabilities are reported in the government-wide financial statements.

In general, payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds.

Compensated Absences

The District permits employees to accumulate a limited amount of earned, but unused vacation and sick leave. These benefits are payable to employees up separation from service. All leave pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported. The computed liability is in compliance with GASB Codification Section C60, *Accounting for Compensated Absences.*

Unearned Revenues

Unearned revenues include amounts received from customers and contract sponsors that have not been earned.

Fund Balance

The District uses the fund balance definitions in GASB Codification Section 1800 for financial reporting for all governmental fund types. The definitions provide more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints.

- **Nonspendable fund balance** – amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- **Restricted fund balance** – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

NOTE 1 - Nature of Business and Significant Accounting Policies (cont.)

- **Committed fund balance** – amounts constrained to specific purposes by the District itself enacted by resolution of the Board of Directors. Committed fund balance cannot be used for any other purpose unless the commitment expires as set forth in the resolution, or a new resolution by the District's Board of Directors.

- **Assigned fund balance** – amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the District's Board of Directors delegates authority.

- **Unassigned fund balance** – amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The Weed & Pest District applies nonspendable, restricted, committed, assigned, and then unassigned resources when an expense is incurred for purposes that satisfy the related definition and criteria for the related net position classification shown above.

Net position

Net position is comprised of three categories: net investment in capital assets, restricted net position, and unrestricted net position. Each of the components of net position are reported separately on the statement of net position.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on the use of funds either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. A net position restriction has been established for amounts required to be set aside for a special mapping project.

The unrestricted portion of net position represents the remaining amounts after the "invested in capital assets" and "restricted" amounts have been determined. The District's positive value of unrestricted net position may be used to meet ongoing and future obligations. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Use of Estimates

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

Recently Adopted Accounting Standards

During 2013, the District adopted the following GASB Statements:

GASB Statement No. 62, ("GASB 62") *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements was issued in December 2010.* The objective of GASB 62 is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: (1) Financial Accounting Standards Board (FASB) Statements and Interpretations; (2) Accounting Principles Board Opinions; and (3) Accounting research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

NOTE 1 - Nature of Business and Significant Accounting Policies (cont.)

Recently Adopted Accounting Standards (cont.)

GASB Statement No. 63, ("GASB 63") *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* The objective of this statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in the statement of financial position and related disclosures. GASB 63 provides that amounts that are required to be reported as deferred outflows of resources be reported in the statement of financial position in a separate section following assets. Similarly, amounts that are required to be reported as deferred inflows of resources be reported in the statement of financial position in a separate section following liabilities. The term "net position" replaces the term "net assets" for reporting the net residual of assets and deferred outflows in excess of liabilities and deferred inflows. The requirements of the new statement became effective for fiscal periods beginning after December 15, 2011.

Accounting Standards Issued and Implemented Early

GASB Statement No. 65, ("GASB 65") Items Previously Reported as Assets and Liabilities. The objective of this statement is to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses) or inflows of resources (revenues). The provisions of this Statement are effective for fiscal periods beginning after December 15, 2012. The District has completed the process of evaluating the impact of adopting GASB 65, and elected to adopt this pronouncement early.

Subsequent Events

Management has evaluated subsequent events through November 26, 2013, the date the financial statements were available to be issued.

NOTE 2 - Cash and Investments

The carrying amount of the District's deposits June 30, 2013, was $739,209. Of which, $43,924 was cash in a local financial institution which is covered by federal depository insurance up to $250,000. The remaining balance of $695,285 was held within the Wyo-Star investment pool.

Statutes authorize the District to invest primarily in various federal government instruments, savings certificates and loan associations, and bank certificates of deposits. The District has elected to invest cash in excess of immediate needs in interest bearing bank accounts and the Wyoming State Treasurer's (Wyo-Star) investment pool.

- **Investments** - The Wyo-Star investment pool is an external investment pool administered by the Wyoming State Treasurer. The pool invests in U.S. Treasury and Government Agency securities, and repurchase agreements collateralized with similar securities. The pooled securities are held in safekeeping by a third party trust in the pool's name. The fair value of the District's position in the pool approximates the value of the pool shares. The Wyo-Star investment pool is not rated.

NOTE 3 - Taxes Receivable

The District's property taxes are levied at the County level on October 1 of each year. The Count Assessor is responsible for the assessment of all taxable real property within Fremont County. The County Treasurer computes the annual tax for each parcel of real property and prepares tax books used as the basis for issuing tax bills to all taxpayers in the County.

NOTE 3 - Taxes Receivable (cont.)

Property taxes are collected by the County Treasurer, who remits to each unit its respective share of the collections. Provided the payments are timely, the tax can be paid in two equal installments on November 10 and May 10, or the tax may be paid in full on December 31. Taxes collected are distributed after the end of each month.

Taxes receivable represents uncollected taxes and interest thereon, net of an allowance for uncollectibles which amounts to approximately $4,000.

NOTE 4 - Capital Assets

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
Governmental Activity				
Capital Assets, Not Being Depreciated				
Land	$ 88,004	$ 0	$ 0	$ 88,004
Total Capital Assets, Not Being Depreciated	88,004	0	0	88,004
Capital Assets, Being Depreciated				
Buildings and improvements	445,502	4,977	0	450,479
Office Equipment	112,209	11,616	0	123,825
Spray Equipment	167,137	56,424	0	223,561
Vehicles	881,517	273,116	(85,993)	1,068,640
Total Capital Assets, Being Depreciated	1,606,365	346,133	(85,993)	1,866,505
Less Accumulated Depreciation				
Buildings and improvements	141,889	14,387	0	156,276
Office Equipment	98,834	8,123	0	106,957
Spray Equipment	131,235	21,243	0	152,478
Vehicles	666,334	123,446	(85,993)	703,787
Total Accumulated Depreciation	1,038,292	167,199	(85,993)	1,119,498
Capital Assets, Being Depreciated, Net	$ 568,073	$ 568,073	$ 0	$ 747,007

NOTE 5 - Long-Term Debt

The following is a summary of changes in long-term debt of the District for the year:

	Balance Beginning of Year	Additions	Payments	Balance End of Year	Current Portion of Long-Term Debt
Accured Compensated Absences	$ 83,133	$ 100,508	$ 96,494	$ 87,147	$ 0

Accrued Compensated Absences

Compensation for vacation, sick leave, and comp time is recorded as expenditure in the year paid to employees. Vacation vests with employees at their anniversary date of employment. The liability for vested, unpaid compensated absences is included in the financial statements as accrued compensated absences.

NOTE 6 - Defined Benefit Pension Plan

The District contributes to the Wyoming Retirement System (WRS) pension plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Wyoming Retirement System. WRS provides retirement, disability and death benefits to plan members and beneficiaries. The Wyoming Retirement Board, after approval of the Wyoming State Legislature, may amend contribution requirements to WRS. WRS issues a publicly available financial report that includes financial statements and supplementary information for WRS. That report may be obtained by writing to Wyoming Retirement Board; First Floor East - Herschler Building, 112 West 25th Street, Cheyenne WY 82002.

The plan statutorily requires a 14.12% contribution rate. Currently, the Weed & Pest District contributes the full 14.12% of salaries for eligible individuals. Total District contributions to WRS for the years ended June 30, 2013, 2012 and 2011 were $117,317, $112,133, and $96,855, respectively.

NOTE 7 - Contingencies

A. Grants

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

B. Litigation

The District is contingently liable in respect to lawsuits and claims in the ordinary course of its operations. In the opinion of District personnel, the settlement of such contingencies would not affect the financial position of the District at June 30, 2013. Should any claims prove to be a detriment to the District, they will be recorded as expenditure in the period in which a liability is realized.

C. Property and Liability Risk Management

Real and personal property owned by the District is subject to loss from natural disasters and actions of others. In addition, The District has the potential to be named as a responsible party in liability claims. The District purchases commercial insurance packages to offset such losses, should they occur.

NOTE 8 - Upcoming Accounting Pronouncements

The Government Accounting Standards Board (GASB) has issued Statements No. 67, which applies to financial reporting by most pension plans and No. 68, *Accounting and Financial Reporting for Pensions,* which applies to financial reporting by most governments that provide their employees with pension benefits. Statement No. 67 is effective for periods beginning on or after June 15, 2013 and Statement No. 68 is effective for periods beginning on or after June 15, 2014. These statements will result in major changes in the calculation and reporting of pension obligations and expenses. The District will be required to recognize their unfunded pension benefit obligation as liability on its government wide statements. The district currently evaluation the impact this standard will have on its financial statements.

McKEE, MARBURGER & FAGNANT, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

185 SOUTH FIFTH STREET

LANDER, WYOMING 82520

DEAN W. McKEE, CPA
RICHARD F. FAGNANT, CPA
MICHAEL B. LEWIS, CPA
DAVID BRINDA, CPA
SARAH L. SWEENEY, CPA

LORIELLE MORTON, CPA
TIMOTHY R. FIXTER, CPA, CFE

JOHN R. MORTENSON, CPA
OF COUNSEL

TELEPHONE
(307) 332-4545
FACSIMILE
(307) 332-3271

www.mmfcpa.com

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

To the Board Members
Fremont County Weed and Pest District
Lander, WY

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fremont County Weed and Pest District 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 and have issued our report thereon dated November 26, 2013.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fremont County Weed and Pest District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fremont County Weed and Pest District's internal control. Accordingly, we do not express an opinion on the effectiveness of Fremont County Weed and Pest District's internal control.

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

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.

2013-1 - Segregation of Duties

SIGNIFICANT DEFICIENCIES IN CONTROL STRUCTURE

SEGREGATION OF DUTIES - ***2013-1***

Criteria

Circumstances permitting, accounting and bookkeeping duties should be assigned to different individual to promote safeguarding of assets and accuracy of financial information.

Condition

The number of employees performing the preparation of payroll is not sufficient to provide an adequate segregation of duties.

Effect

Because of the limited number of individuals involved in the preparation of payroll, there is a greater risk that assets will not be properly safeguarded and that errors in financial information will occur and not be detected in a timely manner.

Recommendation

Although it may not be cost efficient to increase the number of employees performing payroll functions, all employees either supervising or performing the duties and the Board of Directors of the District should constantly be aware of this deficiency in internal controls.

Response

Since we are a small district office it is difficult to maintain a constant segregation of duties with limited resources. We continue to practice oversight at each level to ensure proper segregation of duties, to the highest extent possible. As time allows, we will continue to cross-train office staff. We must however, take into consideration the additional work created by segregation of duties, and do not wish to duplicate redundant work. The District realizes that there are limitations to separation of duties in an office of this size. District personnel have and will continue to avail themselves of various classes and training to assist in the Internal Controls and procedures of the district office.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fremont County Weed and Pest District'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.*

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.

McKee, Marbanger & Fagnant PC

Lander, WY
November 26, 2013