

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

FINANCIAL REPORT

JUNE 30, 2014

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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, 2014, 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, 2014, and the respective changes in financial position of 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2014, on our consideration of Fremont County Weed & Pest District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fremont County Weed & Pest District's internal control over financial reporting and compliance.

McKee, Marburger & Fagnant PC

McKee, Marburger & Fagnant, P.C.
Lander, WY
November 26, 2014

**Fremont County Weed & Pest District
(a Component Unit of Fremont County, Wyoming)
Management Discussion and Analysis
for the Fiscal Year Ended June 30, 2014**

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, 2014. 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.

Fremont County saw its assessed valuation increased from \$905,663,761 in 2013 to \$917,761,770 in 2014. The District's assessed valuation is the same as Fremont County's. The District receives up to two mills, regulated by 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 FY13-14 \$3.446 million budget is broken into four categories: Administration 15%; Operations 65%; Indirect Costs 18%; and Capital Equipment 2%. Significant classes of expenditure across categories include salaries, wages and related indirect payroll costs of \$1.075 million or 31%; and cost share of \$860,785, 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

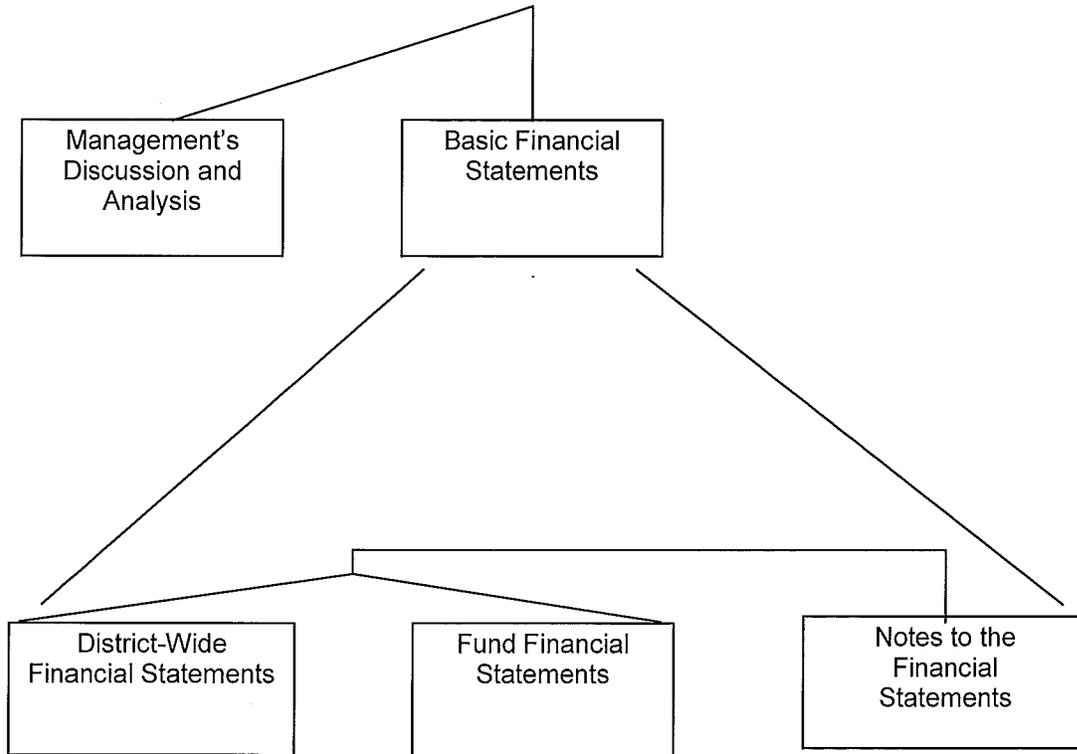


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities that are covered and the types of information contained. The remainder of this overview section highlights the structure and contents of each statement.

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

	<u>District-wide Statements</u>	<u>Governmental Funds</u>
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	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balance
Accounting Basis 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 position* 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 position 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 District's 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 focuses on, (1) how cash and other financial assets that can readily be converted to cash flow in and out and, (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statement provides 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 statement 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 position was \$2,414,203 at June 30, 2014.

Figure A-3

Condensed Statement of Net Position	Governmental Activities	Governmental Activities
	2014	2013
Current Assets	1,688,042	\$ 1,584,526
Capital Assets	726,161	835,011
Total Assets	2,414,203	2,419,537
Current Liabilities	188,859	211,730
Non-Current Liabilities	70,952	87,147
Total Liabilities	259,811	298,877
Net Investment in Capital Assets	726,161	835,011
Restricted	40,903	28,435
Unrestricted	1,387,328	1,257,214
Total Net Positions	2,154,392	2,120,660
Total Liabilities and Net Positions	\$ 2,414,203	\$ 2,419,537

Figure A-4

Changes in Net Position from Operating Results

Revenues		
Property Taxes	2,016,484	\$ 2,113,047
Charges for Services	1,130,503	1,247,115
Grants	95,215	146,473
Miscellaneous	48,113	35,001
Total Revenue	3,290,315	3,541,636
Expenditures		
Administration	732,013	689,791
Operations	2,524,570	2,596,921
Total Expenditures	3,256,583	3,286,712
Changes in Net Position	\$ 33,732	\$ 254,924

Figure A-5

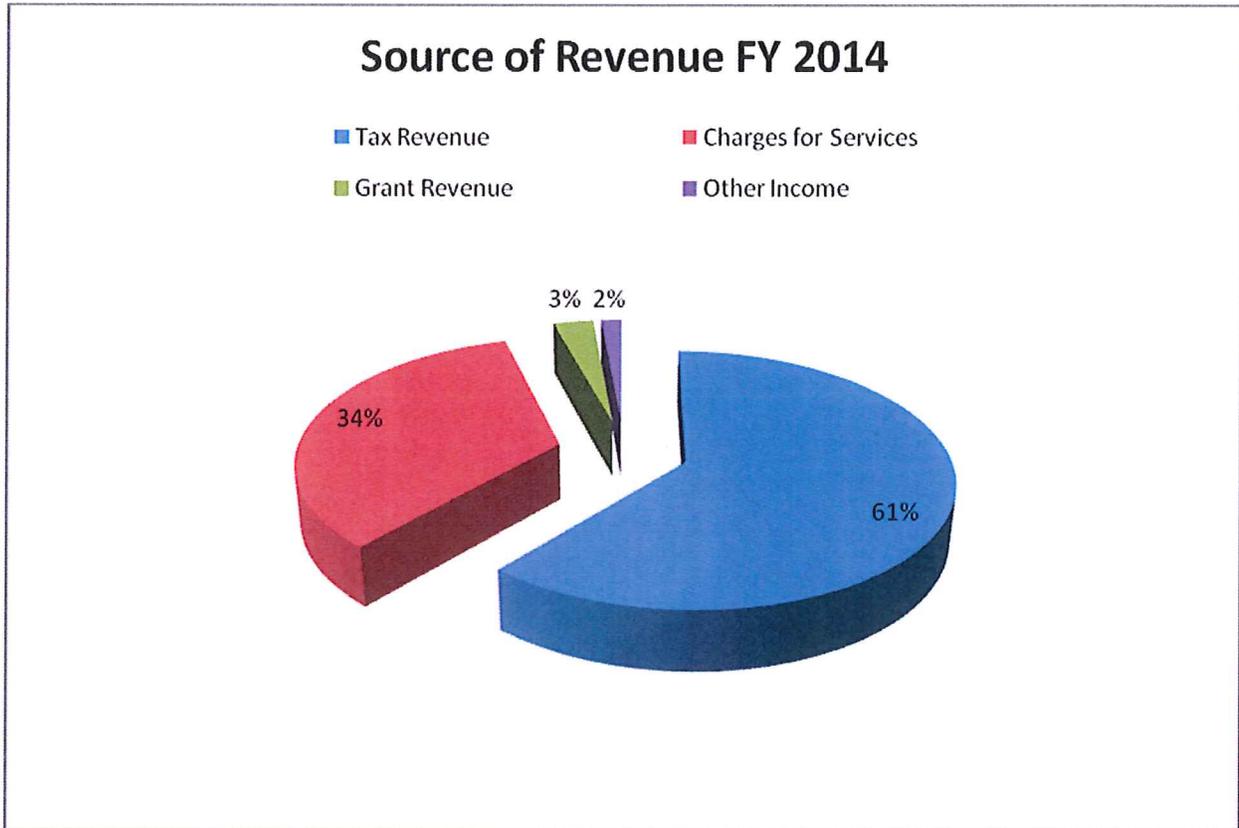
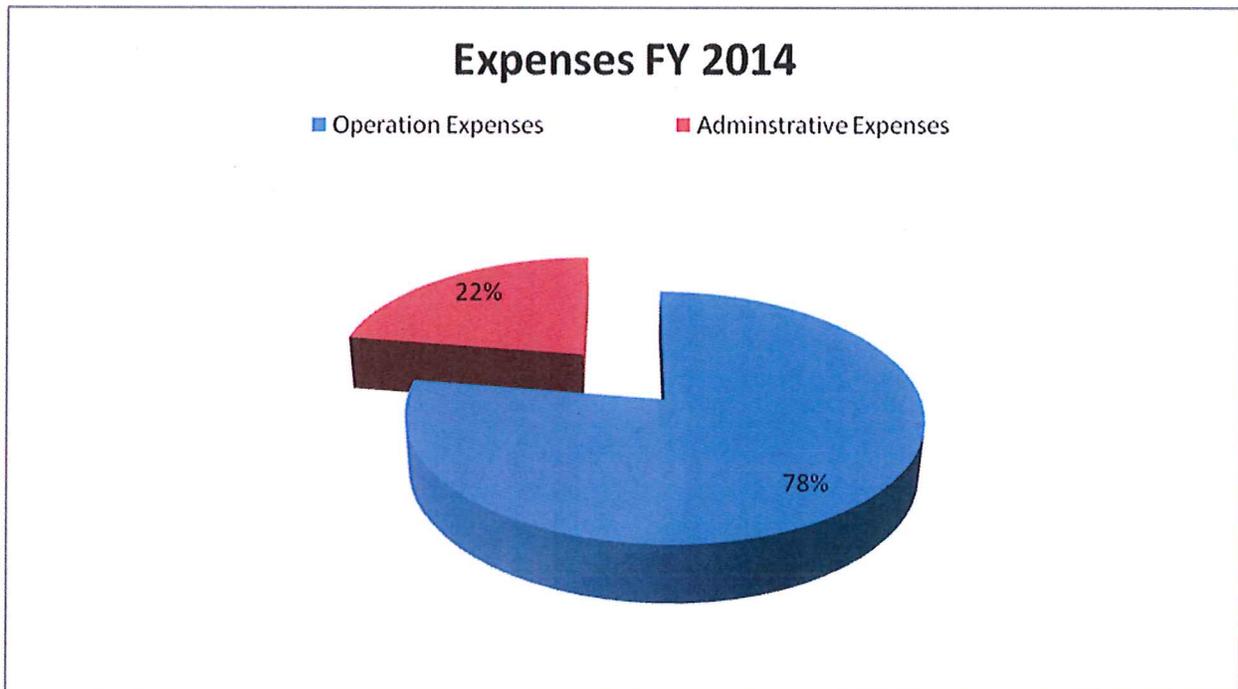


Figure A-6



Fremont County Weed & Pest District
 Management Discussion and Analysis
 June 30, 2014

Governmental Activities

Total governmental activities net expenses amounted to \$2,030,865. The governmental activities had a net increase of \$33,732. The ending net position for all governmental activities was \$2,154,392. This net position 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 2014	Total Cost of Services 2013	Net Cost of Services 2014	Net Cost of Services 2013
Administration	732,013	689,791	732,013	689,791
Operations	<u>2,524,570</u>	<u>2,596,921</u>	<u>1,298,852</u>	<u>1,203,333</u>
Total	\$ 3,256,583	\$ 3,286,712	\$ 2,030,865	\$ 1,893,124

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 2014, the District had \$1,846,841 invested in land, buildings, equipment and contents, and vehicles. Figure A-8 shows 2014 balances compared with 2013.

Figure A-8
Governmental Capital Assets (Net of Depreciation)

	2014	2013
Land	88,004	88,004
Buildings and Improvements	450,479	450,479
Office Equipment	106,757	123,825
Spray Equipment	225,775	223,561
Vehicles	<u>975,826</u>	<u>1,068,640</u>
 Total Capital Assets	 1,846,841	 1,954,509
 Less Accumulated Depreciation	 <u>1,120,680</u>	 <u>1,119,498</u>
 Total	 <u>726,161</u>	 <u>835,011</u>

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 Virus to livestock and to humans. As in recent years, the District received a grant from the Wyoming Department of Agriculture to help extend mapping programs of Districts across the state. 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 the continuing impact from West Nile Virus. The grasshopper grant received in the spring of 2014 was greatly reduced from that received in 2013 due to a sharp decline in grasshoppers State-wide; the entire amount will be returned to the State as unused funds. The Fremont County Weed & Pest Board Members chose Aaron Foster from the many qualified applicants to replace retiring Supervisor, John L. Baker. Mr. Foster began his duties as Supervisor on January 29, 2014.

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 within 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 14, 2013.

Fremont County Weed & Pest District

Management Discussion and Analysis

June 30, 2014

General Fund Budgetary Highlights (cont.)

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 93.4% 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 917.7 million for FY14-15. As a result of increase in valuation the Board adopted a budget for FY14-15 for 1.96 mils. As the assessed valuation is still less than that in FY12-13, and we established a vehicle reserve of \$60,000 to use as needed to replace the vehicles in our fleet as per our board policy, our budget is for almost the full 2 mils allowed by State statute.

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, 2014

ASSETS

Current Assets

Cash and investments (Note 2)	\$ 834,882
Accounts receivable	231,353
Taxes receivable, net of allowance (Note 3)	54,631
Grants receivable	80,900
Inventory	271,987
Due from primary government	214,289
Total Current Assets	1,688,042

Capital Assets (Note 4)

Land	88,004
Other capital assets, net of accumulated depreciation	638,157
Total Capital Assets	726,161
TOTAL ASSETS	\$ 2,414,203

LIABILITIES

Current Liabilities

Accounts payable	\$ 81,176
Accrued expenses	97,823
Unearned revenue	9,860
Total Current Liabilities	188,859

Non-Current Liabilities

Compensated absences (Note 5)	70,952
TOTAL LIABILITIES	259,811

NET POSITION

Net investment in capital assets	726,161
Restricted for	
Special projects	40,903
Unrestricted	1,387,328
TOTAL NET POSITION	\$ 2,154,392

FREMONT COUNTY WEED & PEST DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2014

Function	Program Revenues			Net (Expense) Revenue and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities				
Administration	\$ 732,013	\$ 0	\$ 0	\$ (732,013)
Operations	2,524,570	1,130,503	95,215	(1,298,852)
Total governmental activities	<u>\$ 3,256,583</u>	<u>\$ 1,130,503</u>	<u>\$ 95,215</u>	<u>\$ (2,030,865)</u>
General revenues				
Mill levy distributions				\$ 1,784,650
Motor vehicle taxes				231,834
Investment income				10,036
Gain on sale of capital assets				8,500
Other income				29,577
Total general revenues				<u>2,064,597</u>
Change in net position				<u>33,732</u>
Net position - beginning				<u>2,120,660</u>
Net position - ending				<u>\$ 2,154,392</u>

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, 2014**

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

Assets

Cash and cash equivalents	\$ 834,882
Accounts receivable, net	231,353
Intergovernmental receivable, net	28,095
Due from primary government	214,289
Taxes receivable, net	26,536
Grant receivable	80,900
Inventory	271,987
Total Assets and Deferred Outflows of Resources	<u>\$ 1,688,042</u>

LIABILITIES AND DEFERRED INFLOWS OF RESOURCES

Liabilities

Accounts payable	\$ 81,176
Accrued expenses	97,823
Grant advances	40,903
Unearned revenues	9,860
Total Liabilities	<u>229,762</u>

Deferred Inflows of Resources

Taxes	47,895
Total Liabilities and Deferred Inflows of Resources	<u>\$ 277,657</u>

FUND BALANCE

Nonspendable - inventory	271,987
Unassigned	<u>1,138,398</u>
Total Fund Balance	<u>1,410,385</u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 1,688,042</u>

**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, 2014**

Total Fund Balances - Governmental Funds	\$ 1,410,385
 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 \$1,846,841, and the accumulated depreciation is \$1,120,680.	726,161
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	88,798
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	<u>(70,952)</u>
 TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	 <u><u>\$ 2,154,392</u></u>

**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, 2014**

REVENUES

Taxes, primarily property	\$ 2,073,507
Charges for services	1,130,503
Grants	54,312
Investment income	10,036
Other revenue	<u>38,077</u>
 Total Revenues	 <u>3,306,435</u>

EXPENDITURES

Administrative personnel services	679,665
Board expenses	11,921
Office expenses	40,427
Operations personnel services	980,343
Cost share programs	799,927
Contractual	92,056
General supplies	205,273
Pesticide	277,787
Herbarium expenses	18,550
Insurance	20,388
Capital outlay	<u>37,591</u>

Total Expenditures	<u>3,163,928</u>
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Excess of revenues over (under) expenditures	<u>142,507</u>
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FUND BALANCE - JULY 1	<u>1,267,878</u>
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FUND BALANCE - JUNE 30	<u><u>\$ 1,410,385</u></u>
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**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, 2014**

Total Net Change in Fund Balances - Governmental Funds \$ 142,507

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	(146,441)	
Capital outlay	<u>37,591</u>	(108,850)

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. 16,270

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. (16,195)

TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 33,732

**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, 2014**

	Budgeted Amounts		Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Mill levy distributions	\$ 1,840,120	\$ 1,840,120	\$ 1,841,673	\$ 1,553
Motor vehicle taxes	210,000	210,000	231,834	21,834
Self generating income	1,089,020	1,089,020	1,184,815	95,795
Other	13,000	13,000	38,077	25,077
Interest	12,000	12,000	10,036	(1,964)
Total Revenues	3,164,140	3,164,140	3,306,435	142,295
EXPENDITURES				
Current				
General government				
Administrative personnel services	472,600	472,600	457,020	15,580
Board expenses	14,500	14,500	11,921	2,579
Office expenses	48,231	48,231	40,427	7,804
Operations personnel services	708,500	708,500	651,989	56,511
Cost share programs	821,000	821,000	799,927	21,073
Contractual	131,500	131,500	92,056	39,444
General supplies	203,900	203,900	205,273	(1,373)
Pesticide	338,000	338,000	277,787	60,213
Herbarium expenses	25,000	25,000	18,548	6,452
Insurance	22,100	22,100	20,388	1,712
Indirect payroll costs	594,113	594,113	551,001	43,112
Capital outlay	66,500	66,500	37,591	28,909
Total Expenditures	3,445,944	3,445,944	3,163,928	282,016
Excess of revenues over (under) expenditures	(281,804)	(281,804)	142,507	424,311
FUND BALANCE - JULY 1	1,267,878	1,267,878	1,267,878	0
FUND BALANCE - JUNE 30	\$ 986,074	\$ 986,074	\$ 1,410,385	\$ 424,311

See Notes to Financial Statements

Notes to Financial Statements

FREMONT COUNTY WEED & PEST DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - Nature of Business and Significant Accounting Policies

General Information

Fremont County Weed & Pest District (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 & 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 & Pest 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 control, 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, 2014, 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 & 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.

A. Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Weed & 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.

B. 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 & 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.

A. 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:

- 1) **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

A. 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.

B. 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 2014.

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

- A. 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.
- B. Public hearings are advertised and conducted to obtain taxpayer comments.
- C. On the day of the public hearing, the budget is legally adopted through passage of a resolution.
- D. The Board of Directors can, after adequate public notice and a public hearing, amend the original budget.
- E. 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.)

<u>Description</u>	<u>Estimated Lives</u>
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 2014.

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 upon 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.

- A. **Nonspendable fund balance** – amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- B. **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.)

- C. **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.
- D. **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.
- E. **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 fund balance 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 is 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

The District as recently 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.

GASB Statement No. 65, ("GASB 65") *Items Previously Reported as Assets and Liabilities*. The objective of this statement is to either (1) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (2) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses) or inflows of resources (revenues).

Subsequent Events

Management has evaluated subsequent events through November 26, 2014, the date the financial statements were available to be issued.

NOTE 2 - Cash and Cash Equivalents

The carrying amount of the District's deposits June 30, 2014, was \$834,882, of which, \$138,200 was cash in a local financial institution which is covered by federal depository insurance up to \$250,000. The remaining balance of \$696,682 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.

- A. **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 County 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.

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 \$6,500.

Fremont County Weed & Pest District
Notes to Financial Statements
June 30, 2014

NOTE 4 - Capital Assets

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
Governmental Activity				
Capital Assets, Not Being Depreciated				
Land	\$ 88,004	\$ 0	\$ 0	\$ 88,004
Total Capital Assets, Not Being Depreciated	<u>88,004</u>	<u>0</u>	<u>0</u>	<u>88,004</u>
Capital Assets, Being Depreciated				
Buildings and improvements	450,479	0	0	450,479
Office equipment	123,825	9,771	(26,839)	106,757
Spray equipment	223,561	2,214	0	225,775
Vehicles	1,068,640	25,606	(118,420)	975,826
Total Capital Assets, Being Depreciated	<u>1,866,505</u>	<u>37,591</u>	<u>(145,259)</u>	<u>1,758,837</u>
Less Accumulated Depreciation				
Buildings and improvements	156,276	14,730	0	171,006
Office equipment	106,957	10,670	(26,839)	90,788
Spray equipment	152,478	22,767	0	175,245
Vehicles	703,787	98,274	(118,420)	683,641
Total Accumulated Depreciation	<u>1,119,498</u>	<u>146,441</u>	<u>(145,259)</u>	<u>1,120,680</u>
Capital Assets, Being Depreciated, Net	<u>\$ 835,011</u>	<u>\$ (108,850)</u>	<u>\$ 0</u>	<u>\$ 726,161</u>

NOTE 5 - Long-Term Debt

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

	<u>Balance</u> <u>Beginning</u> <u>of Year</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>End</u> <u>of Year</u>	<u>Current</u> <u>Portion of</u> <u>Long-Term</u> <u>Debt</u>
Accrued Compensated Absences	<u>\$ 87,147</u>	<u>\$ 78,542</u>	<u>\$ 94,737</u>	<u>\$ 70,952</u>	<u>\$ 0</u>

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 14.62% contribution rate. Currently, the Weed & Pest District contributes the full 14.62% of salaries for eligible individuals. Total District contributions to WRS for the years ended June 30, 2014, 2013 and 2012 were \$117,338, \$117,317, and \$112,133, 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, 2014.

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, 2014. 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 is currently evaluating the impact this standard will have on its financial statements.

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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 & 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 & Pest District as of and for the year ended June 30, 2014, 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, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Fremont County Weed & 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 & Pest District's internal control. Accordingly, we do not express an opinion on the effectiveness of Fremont County Weed & 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 as 2014-1 finding that we consider to be significant deficiencies.

2014-1 - Segregation of Duties

SIGNIFICANT DEFICIENCIES IN CONTROL STRUCTURE

SEGREGATION OF DUTIES - 2014-1

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 & 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*.

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.

McKee, Marburger & Fagnant PC

McKee, Marburger & Fagnant, P.C.
Lander, WY
November 26, 2014