

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

FINANCIAL REPORT

JUNE 30, 2012

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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, and the major fund of the Fremont County Weed & Pest District, (A Component Unit of Fremont County, Wyoming) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Fremont County Weed & Pest District management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as explained in the following paragraph, 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

We did not observe the taking of physical inventory as of June 30, 2011 since that date was prior to our appointment as auditors for the District, and we were unable to satisfy ourselves regarding inventory quantities by means of other auditing procedures. Inventory amounts as of June 30, 2011 enter into the determination of change in net assets for the year ended June 30, 2012.

Because of the matter discussed in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the statement of activities and the statement of revenues, expenditures, and changes in fund balances for the year ended June 30, 2012.

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 major fund of the Fremont County Weed & Pest District as of June 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2012 on our consideration of the Fremont County Weed and Pest District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 16 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, Marburger & Fagnant PC

McKee, Marburger & Fagnant, P.C.
November 28, 2012

**Fremont County Weed & Pest District
(A Component Unit of Fremont County, Wyoming)
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2012**

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, 2012. 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 District saw its assessed valuation increase from \$952,152,044 in 2011 to \$1,016,556,120 in 2012. 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 \$4 million budget is broken into four categories: Administration, 12%; Operations, 70%; Indirect Costs, 13%; and Capital Equipment, 5%. Significant classes of expenditure across categories include salaries, wages and related indirect payroll costs, \$1.7 million or 43%; and cost share, \$1.18 million, or 29% 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.

**Fremont County Weed & Pest District
Management Discussion and Analysis
June 30, 2012**

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

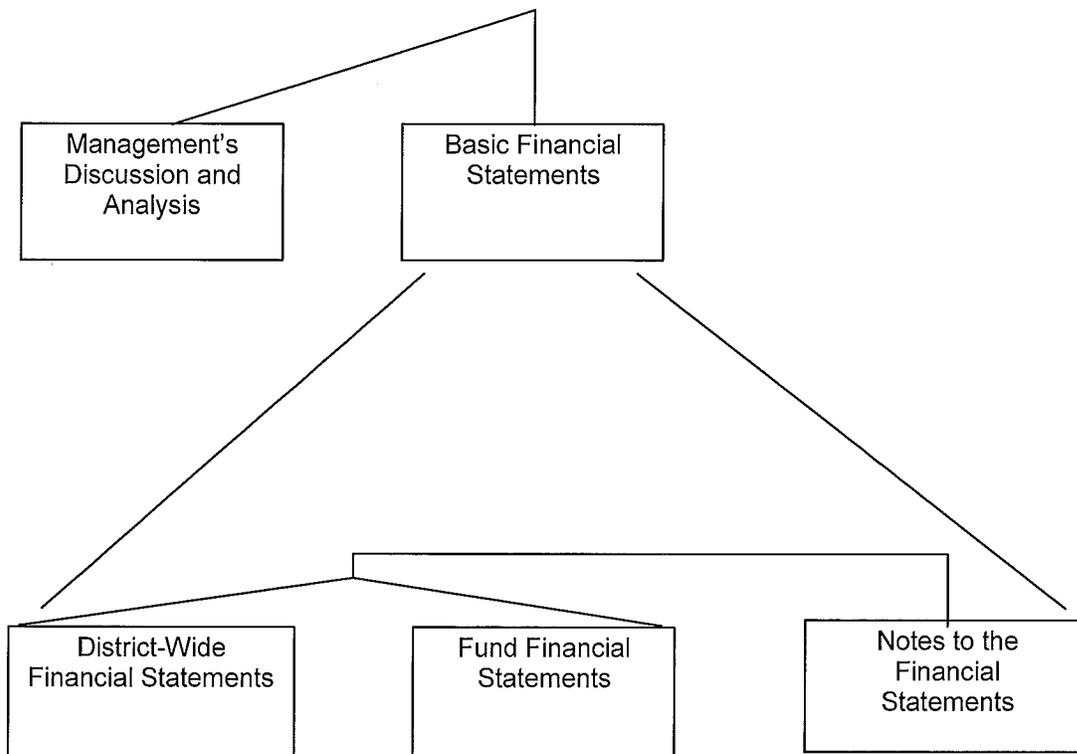


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities that are covered and the types of information contained. The remainder of this overview section highlights the structure and contents of each statement.

**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	Statements of Net Assets 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

Fremont County Weed & Pest District Management Discussion and Analysis June 30, 2012

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 assets includes all of the District's assets 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 assets* and changes. Net assets, the difference between the District's assets and liabilities, is one way to measure the District's financial health or *position*.

Over time, increases or decreases in the District's net assets are an indicator 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.

**Fremont County Weed & Pest District
Management Discussion and Analysis
June 30, 2012**

Financial Analysis of the District as a Whole

As shown in Figure A-3, the District's *combined* net assets were \$2,391,805 at June 30, 2012.

Figure A-3

Condensed Statement of Net Assets	Governmental Activities	Governmental Activities
	2012	2011
Current Assets	\$ 1,735,728	\$ 1,710,305
Capital Assets	656,077	601,855
Total Assets	2,391,805	2,312,160
Current Liabilities	442,936	273,861
Non-Current Liabilities	83,133	63,000
Total Liabilities	526,069	336,861
Capital Assets	656,077	601,855
Restricted	71,480	0
Unrestricted	1,138,179	1,373,444
Total Net Assets	1,865,736	1,975,299
Total Liabilities and Net Assets	\$ 2,391,805	\$ 2,312,160

Figure A-4

Changes in Net Assets from Operating Results

	Governmental Activities	Governmental Activities
	2012	2011
Revenues		
Property Taxes	\$ 1,958,064	\$ 1,635,157
Charges for Services	1,316,190	1,196,105
Grants	330,000	147,745
Miscellaneous	24,466	5,815
Total Revenue	3,628,720	2,984,822
Expenditures		
Administration	635,638	601,380
Operations	3,126,715	2,333,027
Total Expenditures	3,762,353	2,934,407
Changes in Net Assets	\$ (133,633)	\$ 50,415

Figure A-5

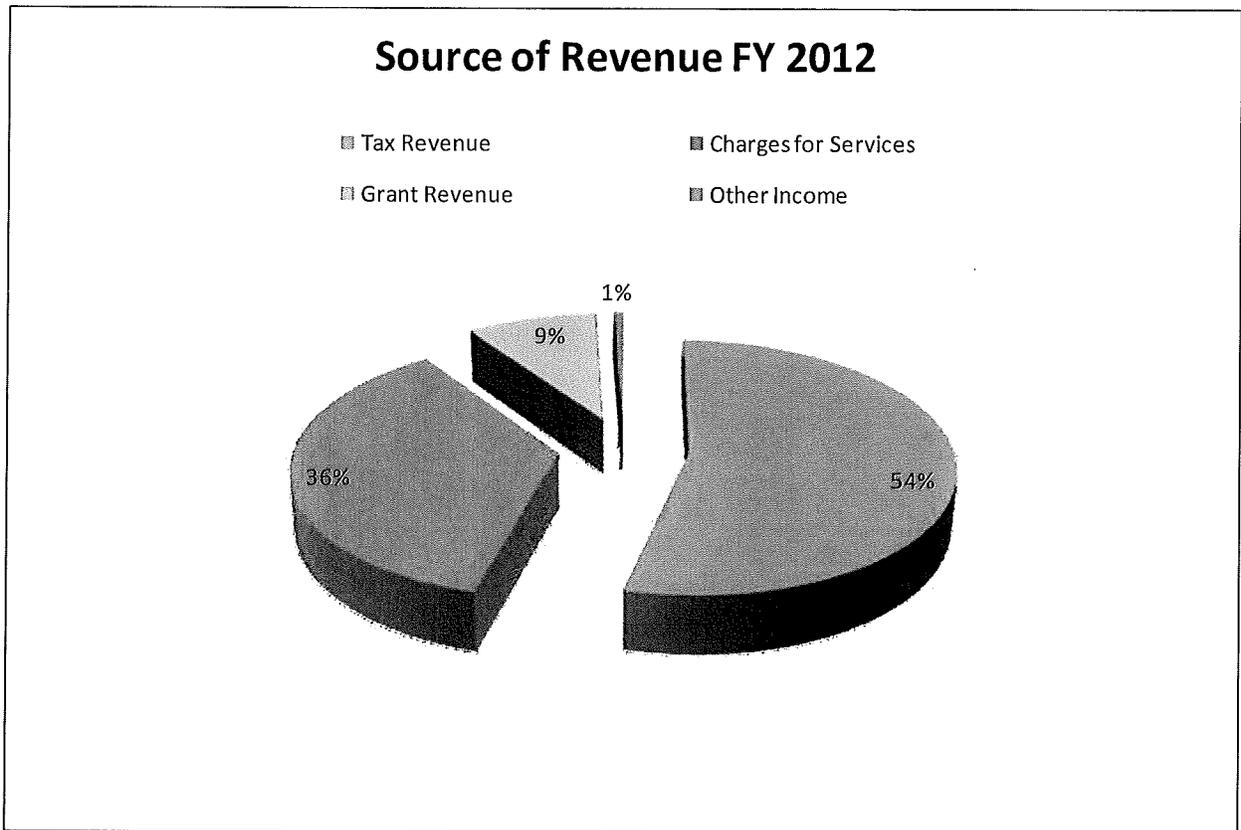
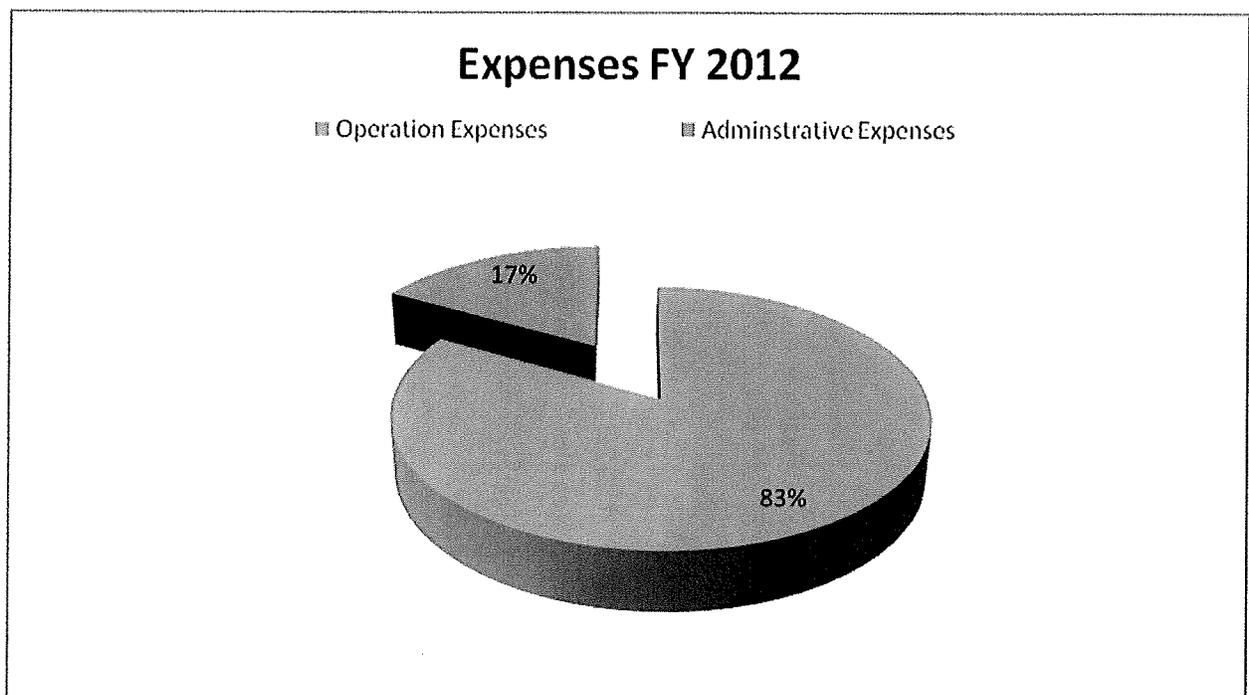


Figure A-6



**Fremont County Weed & Pest District
Management Discussion and Analysis
June 30, 2012**

Governmental Activities

Total governmental activities expenses amounted to \$ 2,116,113. The governmental activities had a net decrease of \$ 133,633. The ending net assets for all governmental activities were \$1,865,736. These net assets 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 <u>2012</u>	Total Cost of Services <u>2011</u>	Net Cost of Services <u>2012</u>	Net Cost of Services <u>2011</u>
Administration	635,638	601,380	635,638	601,380
Operations	<u>3,126,715</u>	<u>2,333,027</u>	<u>1,480,525</u>	<u>989,177</u>
Total	<u><u>\$ 3,762,353</u></u>	<u><u>\$ 2,934,407</u></u>	<u><u>\$ 2,116,163</u></u>	<u><u>\$ 1,590,557</u></u>

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.

**Fremont County Weed & Pest District
Management Discussion and Analysis
June 30, 2012**

Capital Assets

At the end of the fiscal year 2012, the District had \$1,694,369 invested in land, buildings, equipment and contents, and vehicles. Figure A-9 shows 2012 balances compared with 2011.

Figure A-9

Governmental Capital Assets (Net of Depreciation)

	<u>2012</u>	<u>2011</u>
Land	88,004	88,004
Buildings and Improvements	445,501	431,055
Office Equipment	112,209	197,856
Spray Equipment	167,137	243,221
Vehicles	881,518	860,876
	<hr/>	<hr/>
Total Capital Assets	1,694,369	1,821,012
	<hr/>	<hr/>
Less Accumulated Depreciation	1,038,291	1,219,157
	<hr/>	<hr/>
Total	<u>656,078</u>	<u>601,855</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 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. But the Grasshopper grant will not be available in the spring of 2013 due to a sharp decline in grasshoppers state-wide.

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 21, 2011.

**Fremont County Weed & Pest District
Management Discussion and Analysis
June 30, 2012**

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 91.1% 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 suggests a reduced assessed valuation for FY13-14. Tax shortfalls can be compensated for by increasing the rates charged for pesticide application and sales (self generated income) and through reductions of services.

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

FREMONT COUNTY WEED & PEST DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
STATEMENT OF NET ASSETS
JUNE 30, 2012

ASSETS

Current Assets

Cash and investments (Note 2)	\$ 1,065,985
Accounts Receivable	171,821
Intergovernmental receivable	23,560
Taxes receivable, net of allowance (Note 3)	31,428
Inventory	333,973
Due from primary government	108,961
Total Current Assets	<u>1,735,728</u>

Capital Assets (Note 5)

Land	88,004
Other capital assets, net of accumulated depreciation	568,073
Total Capital Assets	<u>656,077</u>
TOTAL ASSETS	<u>\$ 2,391,805</u>

LIABILITIES

Current Liabilities

Accounts payable	\$ 303,277
Accrued expenses	113,897
Unearned revenue	25,762
Total Current Liabilities	<u>442,936</u>

Non-Current Liabilities

Compensated absences	83,133
TOTAL LIABILITIES	<u>526,069</u>

NET ASSETS

Invested in capital assets	656,077
Restricted for	
Special projects	71,480
Unrestricted	1,138,179
TOTAL NET ASSETS	<u>1,865,736</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,391,805</u></u>
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FREMONT COUNTY WEED & PEST DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

Function	Program Revenues			Net (Expense) Revenue and change in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental activities				
Administration	\$ 635,638	\$ 0	\$ 0	\$ (635,638)
Operations	3,126,715	1,316,190	330,000	(1,480,525)
Total governmental activities	\$ 3,762,353	\$ 1,316,190	\$ 330,000	\$ (2,116,163)
General revenues				
Mill levy distributions				\$ 1,732,913
Motor vehicle taxes				225,151
Investment income				7,488
Gain on sale of capital assets				8,758
Other income				8,220
Total general revenues				1,982,530
Change in net assets				(133,633)
Net assets - beginning				1,999,369
Net assets - ending				\$ 1,865,736

See Notes to Financial Statements

**FREMONT COUNTY WEED & PEST DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

ASSETS

Cash and cash equivalents	\$ 1,065,985
Accounts receivable, net	171,821
Intergovernmental receivable, net	23,560
Taxes receivable, net	31,428
Inventory	333,973
Due from primary government	108,961
Total Assets	<u>\$ 1,735,728</u>

LIABILITIES AND FUND BALANCE

Liabilities

Accounts payable and	\$ 303,277
Accrued expenses	113,897
Deferred revenues	80,750
Total Liabilities	<u>\$ 497,924</u>

Fund Balance

Nonspendable - inventory	333,973
Unassigned	903,831

Total Fund Balance **1,237,804**

Total Liabilities and Fund Balance **\$ 1,735,728**

**FREMONT COUNTY WEED PEST DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF ASSETS
JUNE 30, 2012**

Total Fund Balances - Governmental Funds	\$ 1,237,804
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. The cost of assets is \$1,694,368, and the accumulated depreciation is \$1,038,291.	656,077
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	54,988
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>(83,133)</u>
TOTAL NET ASSETS - GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,865,736</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, 2012

REVENUES	
Taxes, primarily property	\$ 1,957,147
Charges for services	1,316,190
Grants	330,000
Investment income	7,488
Other revenue	<u>17,520</u>
 Total Revenues	 <u>3,628,345</u>
 EXPENDITURES	
Administrative personnel services	586,800
Board expenses	9,710
Office expenses	28,880
Operations personnel services	1,009,102
Cost share programs	1,186,389
Contractual	139,434
General supplies	199,696
Pesticide	392,862
Herbarium expenses	27,382
Insurance	19,424
Capital outlay	<u>197,306</u>
 Total Expenditures	 <u>3,796,985</u>
 Excess of revenues over (under) expenditures	 <u>(168,640)</u>
 FUND BALANCE - JULY 1	 <u>1,406,444</u>
 FUND BALANCE - JUNE 30	 <u><u>\$ 1,237,804</u></u>

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, 2012**

Total Net Change in Fund Balances - Governmental Funds \$ (168,640)

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	(142,541)	
Capital outlay	<u>197,306</u>	54,765

In the statement of activities, the gain on the sale of capital assets is reported, whereas in the governmental fund, the proceeds from the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the assets sold. (544)

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. 919

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. (20,133)

TOTAL CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (133,633)

FREMONT COUNTY WEED & PEST DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND
YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
REVENUES				
Mill Levy Distributions	\$ 1,750,725	\$ 1,750,725	\$ 1,729,813	\$ (20,912)
Motor vehicle taxes	184,000	184,000	218,064	34,064
Self generating income	1,697,800	1,697,800	1,666,774	(31,026)
Other	5,000	5,000	5,349	349
Interest	9,000	9,000	8,345	(655)
	<u>3,646,525</u>	<u>3,646,525</u>	<u>3,628,345</u>	<u>(18,180)</u>
EXPENDITURES				
Current				
General government				
Administrative personnel services	433,200	433,200	416,550	16,650
Board expenses	15,000	15,000	9,710	5,290
Office expenses	47,750	47,750	28,880	18,870
Operations personnel services	741,800	741,800	692,924	48,876
Cost share programs	1,283,050	1,283,050	1,186,389	96,661
Contractual	149,500	149,500	139,434	10,066
General supplies	233,995	233,995	199,696	34,299
Pesticide	348,450	348,450	392,862	(44,412)
Herbarium expenses	30,000	30,000	27,382	2,618
Insurance	17,000	17,000	19,424	(2,424)
Indirect payroll costs	510,550	510,550	486,428	24,122
Capital outlay	194,500	194,500	197,306	(2,806)
	<u>4,004,795</u>	<u>4,004,795</u>	<u>3,796,985</u>	<u>207,810</u>
Excess of revenues over (under) expenditures	<u>(358,270)</u>	<u>(358,270)</u>	<u>(168,640)</u>	<u>189,630</u>
FUND BALANCE - JULY 1	<u>1,348,029</u>	<u>1,348,029</u>	<u>1,348,029</u>	<u></u>
FUND BALANCE - JUNE 30	<u>\$ 989,759</u>	<u>\$ 989,759</u>	<u>\$ 1,179,389</u>	<u>\$ 189,630</u>

See Notes to Financial Statements

FREMONT COUNTY WEED & PEST DISTRICT
(A COMPONENT UNIT OF FREMONT COUNTY, WYOMING)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012, 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 assets, 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 assets 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 assets, 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 2012.

The District has also 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*.

Deferred Revenues

Deferred revenues include: (1) tax levies accrued that are restricted for future fiscal years, (2) amounts received from grant 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 asset classification shown above.

Net Assets

Net assets represent the difference between assets and liabilities. The caption 'net assets invested in capital assets, net of related debt', consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisitions, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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.

Subsequent Events

Management has evaluated subsequent events through November 28, 2012, 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, 2012, was \$1,065,985. The bank balance was covered by federal depository insurance and the FDIC's Transaction Account Guarantee Program up to \$250,000 as the District has interest bearing accounts.

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 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.

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 \$10,000.

NOTE 4 - Capital Assets

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2012</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	431,055	28,755	(14,308)	445,502
Office Equipment	197,856	15,220	(100,867)	112,209
Spray Equipment	243,222	21,289	(97,374)	167,137
Vehicles	860,876	132,042	(111,401)	881,517
Total Capital Assets, Being Depreciated	<u>1,733,009</u>	<u>197,306</u>	<u>(323,950)</u>	<u>1,606,365</u>
Less Accumulated Depreciation				
Buildings and improvements	142,945	13,102	(14,158)	141,889
Office Equipment	190,724	8,976	(100,866)	98,834
Spray Equipment	209,551	18,665	(96,981)	131,235
Vehicles	675,937	101,798	(111,401)	666,334
Total Accumulated Depreciation	<u>1,219,157</u>	<u>142,541</u>	<u>(323,406)</u>	<u>1,038,292</u>
Capital Assets, Being Depreciated, Net	<u>513,852</u>	<u>54,765</u>	<u>(544)</u>	<u>568,073</u>

NOTE 5 - 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 required 11.25% until September of 2010 when the rate was increased 2.87% bringing the required contribution rate to 14.12%. 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, 2012, 2011 and 2010 were \$112,133, \$96,885, and \$81,579, respectively.

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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 the financial statements of the governmental activities, and the major fund of Fremont County Weed and Pest District (A Component Unit of Fremont County, Wyoming) of and for the year ended June 30, 2012, which collectively comprise the Fremont County Weed and Pest District's basic financial statements and have issued our report thereon dated November 28, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the Fremont County Weed and Pest District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Fremont County Weed and Pest District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fremont County Weed and Pest District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Fremont County Weed and Pest District's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the schedule below that we consider to be significant deficiencies in internal control over financial reporting, 2012-1 and 2012-2. 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.

SIGNIFICANT DEFICIENCIES IN CONTROL STRUCTURE

SEGREGATION OF DUTIES - 2012-1

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.

FINANCIAL STATEMENT PREPARATION - 2012-2

Criteria

The Auditing Standards Board of the American Institute of Certified Public Accountants issued guidance related to an entity's internal control over financial reporting. Many smaller organizations have, in the past, relied on their auditor to assist them in making adjustments to the financial records and to assist them with the necessary adjustments to convert their accounting records to the financial statements basis in conformity with generally accepted accounting principles. Auditing Standards emphasizes that the auditor cannot be a part of Fremont County Weed and Pest District's system of internal control.

Condition

In our judgment, the District's accounting personnel and those charged with governance, in the course of their assigned duties, lack the experience and training to prepare the financial statements and related footnotes in accordance with generally accepted accounting principles (GAAP). Adjustments were purposed by us to convert the financial records to conform to generally accepted accounting principles.

Recommendation

Management should continue to provide training opportunities to business office personnel that in time will develop the financial skills and enhance controls over financial reporting.

Response

Management is aware that District personnel do not have the capability or time necessary to prepare their financial statements in accordance with generally accepted accounting principles.

We noted certain matters that we reported to management of Fremont County Weed and Pest District, in a separate letter dated November 28, 2012.

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*.

Fremont County Weed and Pest District's response to the findings identified in our audit is described above. We did not audit Fremont County Weed and Pest District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management of Fremont County Weed and Pest District others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McKee, Marburger & Fogman PC

Lander, WY
November 28, 2012