

FREMONT COUNTY SCHOOL DISTRICT NUMBER 25

FINANCIAL REPORT

JUNE 30, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Fremont County School District #25
Riverton, Wyoming

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fremont County School District Number 25, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Fremont County School District Number 25, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4–15, and 40–41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fremont County School District Number 25's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2013, on our consideration of Fremont County School District Number 25'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* in considering Fremont County School District Number 25's internal control over financial reporting and compliance.

McKee, Marburger & Fagnant PC

McKee, Marburger & Fagnant, P.C.
Lander, Wyoming
December 6, 2013

Fremont County School District Number 25 Management Discussion and Analysis

Fremont County School District Number 25 Management Discussion and Analysis

This section of the Fremont County School District Number 25 comprehensive Annual Financial Report presents a discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2013. A comparative analysis of government-wide data is also presented. Please read this in conjunction with the audited financial statements contained in this bound report.

Financial Highlights

The General Fund ending fund balance increased slightly from \$6,328,109 in fiscal year 2012 to \$6,351,864 in 2013. This increase is a result of two offsetting factors. With increased K-3 enrollment the District added additional certified staff but this was offset by an increase in local and county revenue.

The District saw its assessed valuation decrease from \$150,132,291 million in 2012 to \$147,095,595 million in 2013. This change, along with a decrease in the countywide mill levy that will result in a decrease in the District's local revenue and based on the formula used by the Wyoming Department of Education, will increase the supplement the District will receive from the State by approximately 2.4 percent.

The administration and Board will continue to monitor student membership in order to be prepared for funding and staffing changes based on enrollment.

Overview of the Financial Statements

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

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

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 such as regular and special education were financed in the *short-term*, as well as what finances remain for future spending.

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

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

Fremont County School District Number 25 Management Discussion and Analysis

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 School District Number 25 Annual Financial Report

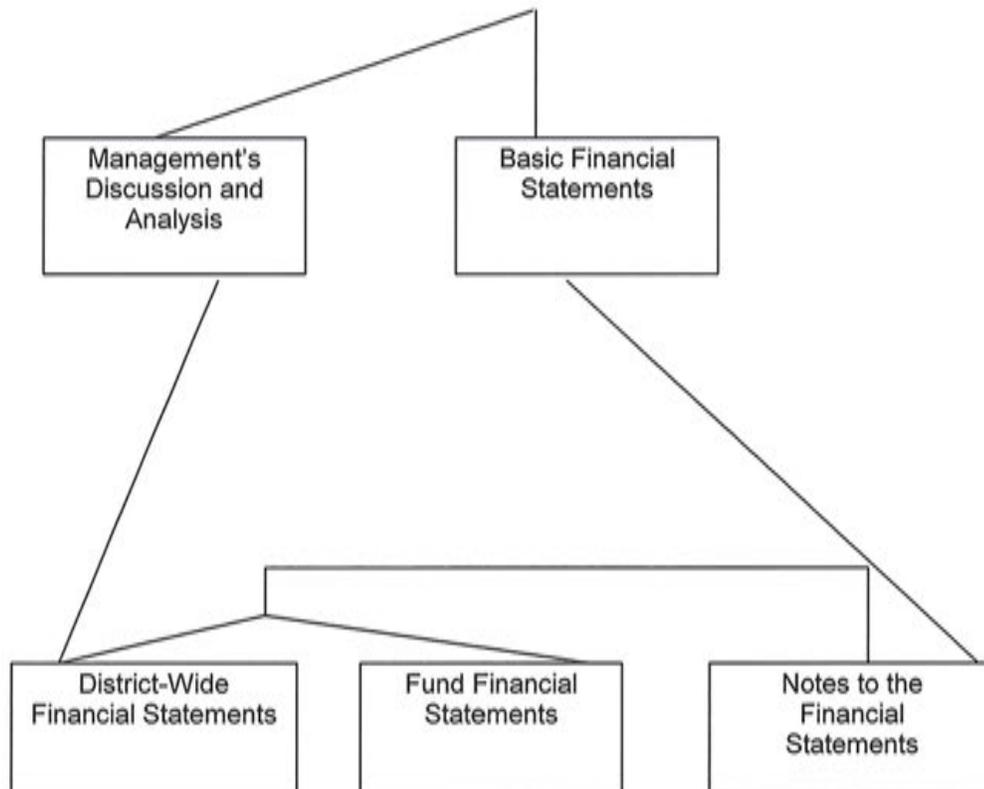


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities that are covered and the types of information contained. The remainder of this overview section highlights the structure and contents of each statement.

**Fremont County School District Number 25
Management Discussion and Analysis**

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

	District Wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food service and housing	Instances in which the District administers resources on behalf of someone else, such as student activity monies
Required Financial Statements	Statements of Net Positions Statements of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balance	Statement of Net Position Statement of Revenues, Expenses, and Changes in Fund Net Position Statement of Cash Flows	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting Basic and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short- and long-term
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	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Fremont County School District Number 25

Management Discussion and Analysis

District-Wide Financial Statements

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

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

Over time, increases or decreases in the District's net position 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 bases, condition of school buildings, pending litigation, legislative issues, and student count numbers.

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

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

Fund Financial Statements

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

- A. *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on: (1) how cash and other financial assets that can readily be converted to cash flow in and out and, (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- B. *Proprietary funds*: Services for which the District charges a price or fee are generally reported in proprietary funds. Proprietary funds are reported the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flow. *Internal service funds* (the other kind of proprietary fund) are optional and available to report activities that provide supplies and services for other District programs and activities. At this time the District does not use any internal service funds.
- C. *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as the student activity funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance operations.

**Fremont County School District Number 25
Management Discussion and Analysis
Financial Analysis of the District as a Whole**

As shown in Figure A-3, the District's total assets were \$67,032,477 at June 30, 2013.

**Figure A-3
Condensed Statement of Net Position**

	Governmental Activities 2013	Business-Type Activities 2013	Total School District 2013
Current Assets	\$ 16,555,436	\$ 76,639	\$ 16,632,075
Non-Current Assets	50,307,307	93,095	50,400,402
Total Assets	66,862,743	169,734	67,032,477
Current Liabilities	1,732,690	24,473	1,757,163
Non-Current Assets	542,457	0	542,457
Total Liabilities	2,275,147	24,473	2,299,620
Deferred Inflow of Resources			
Property Taxes	2,715,099	0	2,715,099
Invested in Capital, Net of Debt	50,091,991	93,095	50,185,086
Restricted	2,336,548	0	2,336,548
Unrestricted	9,443,958	52,166	9,496,124
Total Net Position	\$ 61,872,497	\$ 145,261	\$ 62,017,758

**Fremont County School District Number 25
Management Discussion and Analysis**

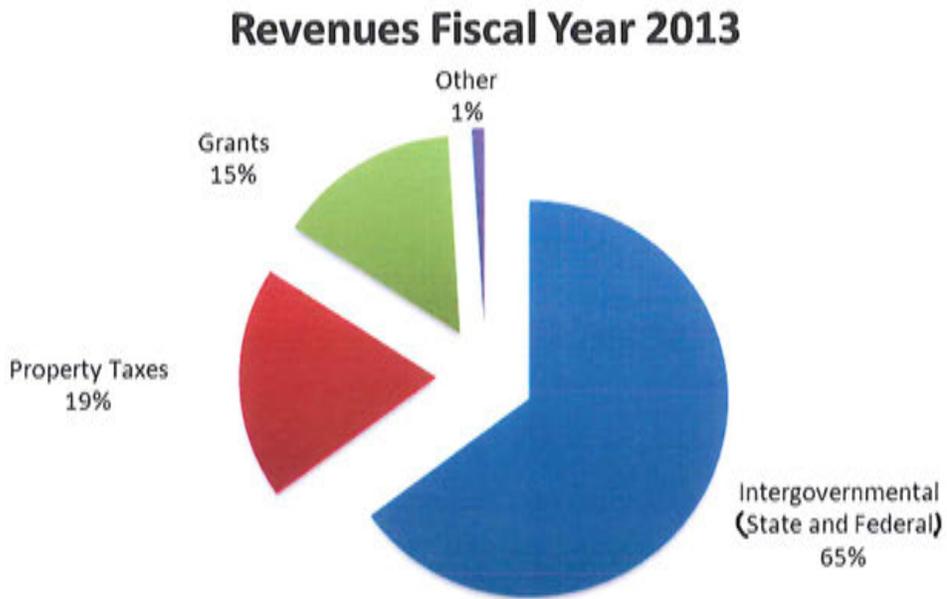
**Figure A-4
Changes in Net Position**

	Governmental Activities 2012	Governmental Activities 2013	Business Type Activities 2012	Business Type Activities 2013	Total School District 2012	Total School District 2013
REVENUES						
Program Revenues						
Charges for Service	0	0	352,474	345,027	352,474	345,027
Operating Grants	5,452,706	6,278,917	738,036	759,762	6,190,742	7,038,679
Capital Grants	5,488	403,933	0	0	5,488	403,933
General Revenue						
Property Tax	7,915,442	8,036,844	0	0	7,915,442	8,036,844
State Aid	27,321,560	27,880,795	0	0	27,321,560	27,880,795
Other	188,980	191,126	0	0	188,980	191,126
Transfers	(239,500)	(250,000)	239,500	250,000	0	0
Total Revenue	40,644,676	42,541,615	1,330,010	1,354,789	41,974,686	43,896,404
EXPENSES						
Instruction	26,856,634	27,158,275	0	0	26,856,634	27,158,275
Instructional Support	3,504,413	3,674,696	0	0	3,504,413	3,674,696
Administration/ General Support	3,675,684	3,684,874	0	0	3,675,684	3,684,874
Operations and Maintenance	4,174,968	4,645,592	0	0	4,174,968	4,645,592
Transportation	1,567,982	1,639,172	0	0	1,567,982	1,639,172
Other	1,364,174	1,352,309	1,344,352	1,334,015	2,708,526	2,686,324
Interest on Long-Term Debt	8,975	4,112	0	0	8,975	4,112
Total Expenses	41,152,830	42,159,030	1,344,352	1,334,015	42,497,182	43,493,045
Increase (Decrease)	(508,154)	382,585	(14,342)	20,774	(522,496)	403,359

**Fremont County School District Number 25
Management Discussion and Analysis**

**Figure A-5
Sources of Revenues
for Fiscal Year 2013
Governmental Activities**

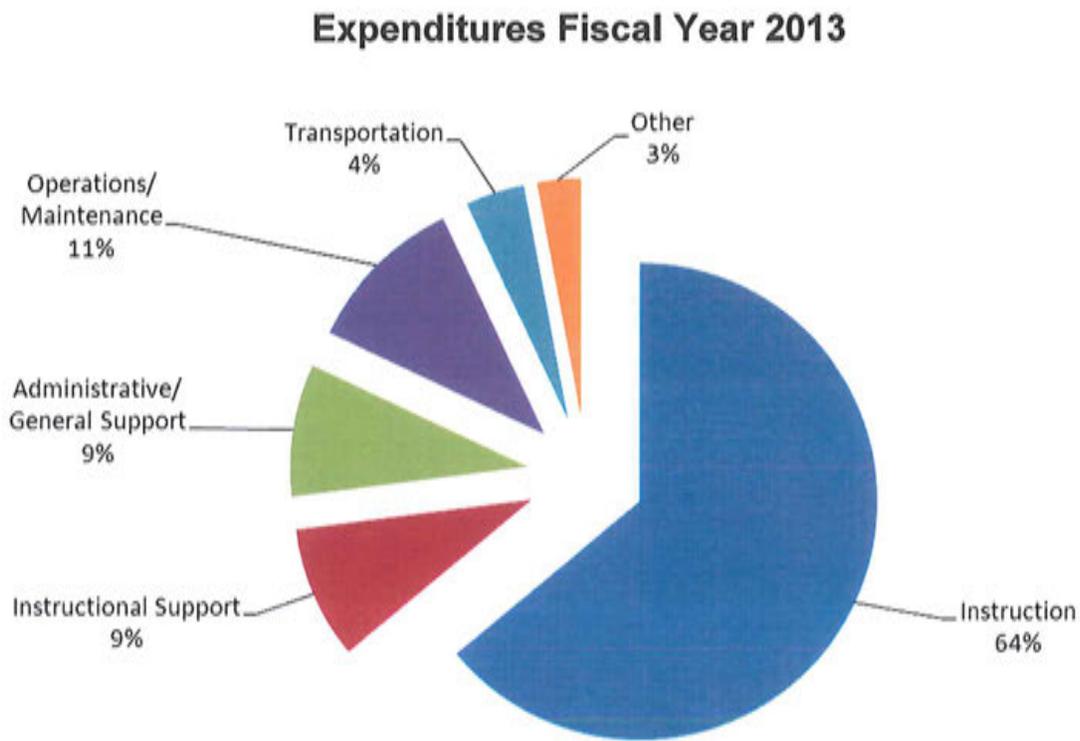
Intergovernmental (State and Federal)	65%
Property Taxes	19%
Grants	15%
Other	1%



**Fremont County School District Number 25
Management Discussion and Analysis**

**Figure A-6
Expenses for Fiscal Year 2013
Governmental Activities**

Instruction	64%
Instructional Support	9%
Administrative/General Support	9%
Operations/Maintenance	11%
Transportation	4%
Other	3%



Fremont County School District Number 25 Management Discussion and Analysis

Governmental Activities

The Board and administration will continue to monitor our student attendance as our funding is tied directly to ADM (average daily membership). The final numbers for 2013 were about the same as the previous year and early indications for fiscal year 2014 seem to indicate we may be able to maintain those numbers, especially at the K-3 level.

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 and major maintenance) of each activity.

**Figure A-7
Net Cost of Governmental Activities**

	Total Cost of Services 2012	Total Cost of Services 2013	Net Cost of Services 2012	Net Cost of Services 2013
Instruction	26,856,634	27,158,275	22,284,620	21,793,761
Instructional Support	3,504,413	3,674,696	3,504,413	3,674,696
Administrative Support	3,675,684	3,684,874	3,675,684	3,684,874
Operational and Maintenance	4,174,968	4,645,592	3,288,788	3,327,256
Transportation	1,567,982	1,639,172	1,567,982	1,639,172
Other Support Services	1,364,174	1,352,309	1,364,174	1,352,309
Interest on Long-Term Debt	8,975	4,112	8,975	4,112
Total	41,152,830	42,159,030	35,694,636	35,476,180

Instruction expenses include those directly related to the teaching of pupils.

Instructional support expenses include the costs of technical and specialist personnel who assist instructional staff.

Administration and general support includes those expenses associated with central, school and business administration, plus Board.

Operations and maintenance expenses include those involved with the general upkeep of the buildings and grounds and also include items funded by the District's major maintenance fund.

Transportation expenses represent those incurred in transporting students to and from school, as well as to and from school activities, as provided by State law.

Other support services include technology services and the cost of operating the Riverton Aquatic Center.

Interest on long-term debt represents the interest on the District's debt.

**Fremont County School District Number 25
Management Discussion and Analysis**

Business-Type Activities

The District's food service program is operated as business-type programs.

- Sales, State and Federal reimbursements fell \$229,226 short of funding the program. Food service deficits are the responsibility of the general fund.

General Fund Budgetary Highlights

- The District follows the mandated budget timeline established by the State. The budget approved by the Board in July is an estimate and is based on the information available at that time. During the course of any year the District may need to make adjustments at the program level or have a public hearing to increase the budget. This year the Board held a public hearing to increase the general fund and insurance fund budgets to account for end of the year expenditures.

Capital Assets

At the end of the fiscal year 2013, the District had \$50,393,935 invested in land, buildings and contents, equipment and vehicles. In 2011 the District setup a depreciation reserve and was able to add an additional \$1,402,000 to that fund in fiscal 2013. These funds are available to be used for projects that cannot be funded through State Capital Construction or Major Maintenance Programs. Figure A-8 shows 2012 balances compared with 2013.

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

	<u>2012</u>	<u>2013</u>
Land	\$ 1,173,889	\$ 1,364,522
Construction in Progress	1,261,055	133,745
Buildings and Improvements	44,629,565	45,037,772
Equipment and Contents	2,256,536	2,287,987
Vehicles	<u>1,485,033</u>	<u>1,483,280</u>
Total	<u>\$50,806,078</u>	<u>\$50,307,306</u>

Business-Type Capital Assets (Net of Depreciation) as of June 30, 2013

	<u>2012</u>	<u>2013</u>
Equipment and Contents	<u>\$105,859</u>	<u>\$86,629</u>
Total	<u>\$105,859</u>	<u>\$86,629</u>

**Fremont County School District Number 25
Management Discussion and Analysis**

**Figure A-9
Budget vs Actual
Non-GAAP Basis**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Budgetary Basis</u>	<u>Variance with Final Budget</u>
REVENUE				
Local Sources	5,642,002	5,642,002	5,869,474	227,472
County Sources	2,855,658	2,855,658	2,888,004	32,346
State Sources	27,287,430	27,287,430	27,240,883	(46,547)
Interest income	32,500	32,500	24,658	(7,842)
Total Revenue	<u>35,817,590</u>	<u>35,817,590</u>	<u>36,023,019</u>	<u>205,429</u>
EXPENDITURES				
Instruction	20,639,320	20,199,120	20,198,809	311
Instructional Support	3,936,935	3,674,935	3,674,697	238
General Support/Transportation/Maintenance	10,660,966	10,211,166	10,210,895	271
Community Support	405,369	374,969	374,689	280
Facilities Acq and Construction Service	0	0	0	0
Transfers	475,000	1,657,400	1,656,820	580
Total Expenditures	<u>36,117,590</u>	<u>36,117,590</u>	<u>36,115,910</u>	<u>1,680</u>
Excess of Revenue over(under) Expenditures	<u>(300,000)</u>	<u>(300,000)</u>	<u>(92,891)</u>	<u>207,109</u>

Long-Term Debt

At the end of the year, the District had \$542,457 in long-term debt.

**Figure A-10
Outstanding Long-Term Debt
(Net of Short-Term Maturities)**

	<u>2012</u>	<u>2013</u>
Capital Leases	153,050	162,683
Net OPEB Obligations	255,232	335,105
Compensated Absences	46,544	44,669
	<u>454,826</u>	<u>542,457</u>

Fremont County School District Number 25 Management Discussion and Analysis

Current Issues

The District is continuing to monitor our enrollment figures. Enrollment is a key factor in the Wyoming Department of Education funding model and changes in these numbers can have a significant impact on the District's funding. The enrollment numbers for 2013 were almost identical to the previous year and current indications for fiscal year 2014 seem to indicate that we may be able to sustain those numbers.

The 2010 bill requiring all Districts to maintain a student-to-teacher ratio of 16-to-1 for all K-3 elementary schools continues to create problems for the District. In January of 2013 the WDE calculated our ratio to be 18.79-to-1. This is a major improvement from the previous year but it is still short of the required 16:1. The District applied for and was granted a waiver. We expect the FY2014 ratio to be close to the same.

In the spring of 2013 the Wyoming School Facilities Department contracted with MOA to conduct a study for K-8 facilities for eight Wyoming school districts impacted by the 16:1 student-teacher ratio. Fremont #25 was one of the districts included in this study. The purpose of this study was to evaluate current and future capacity needs of each district. The final report for our District showed the need for additional K-5 facilities. If the legislature follows the recommendations contained in the final MOA document, our District would receive a new elementary school and a major remodeling of our Rendezvous Elementary and, if the enrollment supports it, the District would get a new or remodeled and expanded Jackson Elementary School.

During meetings with the School Facilities Commission discussions were held related to funding for projects that are too large to be handled with the District's major maintenance funds but do not qualify for capital construction funds. The solution was to define these type of projects as component level projects and to try to setup a funding source for them. Our District has two projects that would fit under the guidelines established for component level funding; a remodel of the infrastructure at the high school, and improvements at our bus barn.

The budget approved by the School Facilities Department for the 15/16 bi-annum includes funding for a new elementary school for Riverton, and funding for the two component projects identified in the report.

In October of 2013 the State approved the purchase of land for our new elementary school. We hope to close on this property in early 2014. The State has approved funding for the development of the property and the design of the new building and we hope to start that process in the spring of 2014.

The District's budgets will continue to be impacted in future years as we struggle to deal with all of the issues related to the 16:1 teacher mandate.

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. If you have questions about this report or need additional financial information, please contact Michael Collins, Business Manager, Fremont County School District Number 25, 121 N. 5th Street West, Riverton, WY 82501, Office 307-856-6513, Fax 307-856-3390, Email address mcollins@fremont25.k12.wy.us

Government-Wide Financial Statements

FREMONT COUNTY SCHOOL DISTRICT NUMBER 25
STATEMENT OF NET POSITION
JUNE 30, 2013

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 11,343,499	\$ 101,259	\$ 11,444,758
Cash with fiscal agent	1,005,875	0	1,005,875
Property taxes receivable	2,989,145	0	2,989,145
Other receivables	1,138,435	17,198	1,155,633
Internal balances receivable (payable)	58,929	(60,500)	(1,571)
Inventories	19,553	18,682	38,235
Total Current Assets	<u>16,555,436</u>	<u>76,639</u>	<u>16,632,075</u>
Noncurrent Assets			
Nondepreciated capital assets	1,498,269	0	1,498,269
Depreciated capital assets, net	48,809,038	93,095	48,902,133
Total Noncurrent Assets	<u>50,307,307</u>	<u>93,095</u>	<u>50,400,402</u>
TOTAL ASSETS	<u>\$ 66,862,743</u>	<u>\$ 169,734</u>	<u>\$ 67,032,477</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	\$ 1,487,094	\$ 10,267	\$ 1,497,361
Grant advances	168,911	0	168,911
Unearned revenue	0	14,206	14,206
Current portion of long-term debt	76,685	0	76,685
Total Current Liabilities	<u>1,732,690</u>	<u>24,473</u>	<u>1,757,163</u>
Noncurrent Liabilities			
Compensated absences payable	44,669	0	44,669
Capital lease obligation	162,683	0	162,683
Net OPEB obligation	335,105	0	335,105
Total Noncurrent Liabilities	<u>542,457</u>	<u>0</u>	<u>542,457</u>
TOTAL LIABILITIES	<u>2,275,147</u>	<u>24,473</u>	<u>2,299,620</u>
DEFERRED INFLOW OF RESOURCES			
Property taxes	<u>2,715,099</u>	<u>0</u>	<u>2,715,099</u>
NET POSITION			
Net investment in capital assets	50,091,991	93,095	50,185,086
Restricted for			
Debt service	63,233	0	63,233
Maintenance	2,273,315	0	2,273,315
Unrestricted	9,443,958	52,166	9,496,124
TOTAL NET POSITION	<u>\$ 61,872,497</u>	<u>\$ 145,261</u>	<u>\$ 62,017,758</u>

See Notes To Financial Statements

FREMONT COUNTY SCHOOL DISTRICT NUMBER 25
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

Function/Programs	Program Revenues			Net (Expense) Revenue and Change in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Governmental Activities							
Instruction							
Regular	\$ 20,037,810	\$ 0	\$ 4,223,656	\$ 403,933	\$ (15,410,221)	\$ 0	\$ (15,410,221)
Special	6,501,891	0	736,325	0	(5,764,966)	0	(5,764,966)
Vocational	618,574	0	0	0	(618,574)	0	(618,574)
Instructional support							
Instructional staff	1,143,947	0	0	0	(1,143,947)	0	(1,143,947)
Pupil	2,530,749	0	0	0	(2,530,749)	0	(2,530,749)
General support							
Administration	2,841,173	0	0	0	(2,841,173)	0	(2,841,173)
Business	697,032	0	0	0	(697,032)	0	(697,032)
Board	146,669	0	0	0	(146,669)	0	(146,669)
Operations and maintenance	4,645,592	0	1,318,336	0	(3,327,256)	0	(3,327,256)
Transportation	1,639,172	0	0	0	(1,639,172)	0	(1,639,172)
Technology	977,620	0	0	0	(977,620)	0	(977,620)
Other	374,689	0	0	0	(374,689)	0	(374,689)
Interest on long-term debt	4,112	0	0	0	(4,112)	0	(4,112)
Total Governmental Activities	42,159,030	0	6,278,917	403,933	(35,476,180)	0	(35,476,180)
Business-Type Activities							
Food service	1,334,015	345,027	759,762	0	0	(229,226)	(229,226)
Total Government	\$ 43,493,045	\$ 345,027	\$ 7,038,679	\$ 403,933	\$ (35,476,180)	\$ (229,226)	\$ (35,705,406)
General Revenues							
Property taxes					8,036,844	0	8,036,844
Intergovernmental					27,880,795	0	27,880,795
Investment earnings					26,018	0	26,018
Miscellaneous income					165,108	0	165,108
Loss on disposal of fixed assets					0	0	0
Transfers					(250,000)	250,000	0
Total general revenues and transfers					35,858,765	250,000	36,108,765
Change in net position					382,585	20,774	403,359
Net position - July 1					61,489,912	124,487	61,614,399
Net position - June 30					\$ 61,872,497	\$ 145,261	\$ 62,017,758

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Fund Financial Statements

FREMONT COUNTY SCHOOL DISTRICT NUMBER 25
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	General Fund	<u>Major Fund</u> Major Maintenance Fund	<u>Major Fund</u> Capital Projects Depr Fund	Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 5,715,754	\$ 2,275,947	\$ 2,531,821	\$ 819,977	\$ 11,343,499
Cash with fiscal agent	942,642	0	0	63,233	1,005,875
Receivables					
Taxes	2,988,803	0	0	342	2,989,145
Grants	0	0	0	1,128,435	1,128,435
Due from other funds	1,504,216	0	0	0	1,504,216
Inventory	19,553	0	0	0	19,553
Total Assets	\$ 11,170,968	\$ 2,275,947	\$ 2,531,821	\$ 2,011,987	\$ 17,990,723
LIABILITIES					
Liabilities					
Accounts payable and accrued expenses	\$ 1,134,713	\$ 2,632	\$ 0	\$ 349,579	\$ 1,486,924
Due to other funds	1,563	0	0	1,433,724	1,435,287
Grant advances	0	0	0	169,253	169,253
Total Liabilities	1,136,276	2,632	0	1,952,556	3,091,464
DEFERRED INFLOWS OF RESOURCES					
Property taxes	3,682,828	0	0	0	3,682,828
FUND BALANCE					
Nonspendable:					
Inventories	19,553	0	0	0	19,553
Restricted for					
Maintenance	0	2,273,315	0	0	2,273,315
Special revenue	0	0	0	0	0
Debt service	0	0	0	63,233	63,233
Assigned	0	0	2,531,821	(3,802)	2,528,019
Unassigned	6,332,311	0	0	0	6,332,311
Total Fund Balance	6,351,864	2,273,315	2,531,821	59,431	11,216,431
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	\$ 11,170,968	\$ 2,275,947	\$ 2,531,821	\$ 2,011,987	\$ 17,990,723

See Notes to Financial Statements

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 25
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013**

Total Fund Balances - Governmental Funds		\$ 11,216,431
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 \$82,734,975, and the accumulated depreciation is \$32,427,669.		50,307,306
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		968,072
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds.		
Long-term liabilities at year-end consist of		
Compensated absences payable	(68,721)	
Capital lease obligations	(215,316)	
Accrued interest on capital lease obligations	(170)	
Net OPEB obligation	<u>(335,105)</u>	<u>(619,312)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		<u>\$ 61,872,497</u>

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 25
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013**

	<u>General Fund</u>	<u>Major Fund Major Maintenance Fund</u>	<u>Major Fund Capital Projects Depr Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Taxes	\$ 8,057,183	\$ 0	\$ 0	\$ 0	\$ 8,057,183
Intergovernmental	27,880,048	1,318,336	0	5,365,261	34,563,645
Revenue from student activities	91,775	0	0	0	91,775
Investment income	25,032	868	118	0	26,018
Other revenue	73,333	0	0	0	73,333
	<u>36,127,371</u>	<u>1,319,204</u>	<u>118</u>	<u>5,365,261</u>	<u>42,811,954</u>
Total Revenues					
EXPENDITURES					
Current					
Instruction					
Regular	13,743,198	0	0	4,223,687	17,966,885
Special	5,801,643	0	0	736,925	6,538,568
Vocational	638,700	0	0	0	638,700
Instructional support					
Instructional staff	1,143,947	0	0	0	1,143,947
Pupil	2,530,749	0	0	0	2,530,749
General support					
Administration	2,605,512	0	0	0	2,605,512
Business	697,032	0	0	0	697,032
Board	146,669	0	0	0	146,669
Operations and maintenance	4,142,354	0	0	0	4,142,354
Transportation	1,913,649	0	0	0	1,913,649
Technology	977,620	0	0	0	977,620
Major maintenance	0	1,130,782	0	0	1,130,782
Other	374,689	0	0	0	374,689
Capital outlay					
Facilities acquisition, construction, and improvement services	0	0	360,120	671,899	1,032,019
	<u>34,715,762</u>	<u>1,130,782</u>	<u>360,120</u>	<u>5,632,511</u>	<u>41,839,175</u>
Total Expenditures					
Excess of revenues over (under) expenditures	1,411,609	188,422	(360,002)	(267,250)	972,779
OTHER FINANCING SOURCES (USES)					
Proceeds from capital lease	270,686	0	0	0	270,686
Operating transfers in	0	0	1,402,000	4,820	1,406,820
Operating transfers out	(1,656,820)	0	0	0	(1,656,820)
	<u>(1,386,134)</u>	<u>0</u>	<u>1,402,000</u>	<u>4,820</u>	<u>20,686</u>
Total Other Financing Sources (Uses)					
Excess of revenues and other sources over (under) expenditures and other	25,475	188,422	1,041,998	(262,430)	993,465
Change in inventory	(1,720)	0	0	0	(1,720)
FUND BALANCE - JULY 1	<u>6,328,109</u>	<u>2,084,893</u>	<u>1,489,823</u>	<u>312,861</u>	<u>10,215,686</u>
FUND BALANCE - JUNE 30	<u>\$ 6,351,864</u>	<u>\$ 2,273,315</u>	<u>\$ 2,531,821</u>	<u>\$ 50,431</u>	<u>\$ 11,207,431</u>

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 25
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013**

Total Net Change in Fund Balances - Governmental Funds \$ 993,465

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	(2,824,822)	
Capital outlays	<u>2,326,053</u>	(498,769)

Governmental funds recognize lease proceeds and expenditures for purchases of equipment obtained by capital lease. However, no proceeds and only non capital expenses are included in the statement of net position.

(270,686)

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred tax revenues decreased by this amount this year.

(20,341)

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

257,644

The governmental funds report inventory as a reservation of fund balance, but the statement of net position uses full accrual. Therefore, the net change in inventory is included in expenses on the statement of net position.

(1,720)

Governmental funds do not reflect expenses which will be paid by future financial resources. However, accrued obligations at year-end are reflected in the statement of activities and expenses.

Accrued compensated absences	2,885	
OPEB obligation	(79,873)	
Accrued interest on capital leases	<u>(20)</u>	<u>(77,008)</u>

TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 382,585**

FREMONT COUNTY SCHOOL DISTRICT NUMBER 25
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2013

	<u>Food Service</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 101,259
Accounts receivable	17,198
Inventory	<u>18,682</u>
Total Current Assets	137,139
Noncurrent Assets	
Equipment (net of accumulated depreciation)	<u>93,095</u>
TOTAL ASSETS	<u><u>\$ 230,234</u></u>
LIABILITIES	
Accounts payable and accrued expenses	\$ 10,267
Unearned revenue	14,206
Internal balances payable	<u>60,500</u>
TOTAL LIABILITIES	<u><u>84,973</u></u>
NET POSITION	
Net investment in capital assets	93,095
Unrestricted	<u>52,166</u>
TOTAL NET POSITION	<u><u>\$ 145,261</u></u>

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 25
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION- PROPRIETARY FUND
YEAR ENDED JUNE 30, 2013**

	<u>Food Service</u>
OPERATING REVENUES	
Charges for services	<u>\$ 345,027</u>
OPERATING EXPENSES	
Salaries	298,790
Employee benefits	218,054
Purchased services	709,627
Supplies and materials	28,469
Commodities	66,311
Depreciation	<u>12,764</u>
 Total Operating Expenses	 <u>1,334,015</u>
 Operating income (loss)	 <u>(988,988)</u>
NONOPERATING REVENUES	
Federal reimbursements and support	<u>759,762</u>
 Total Nonoperating Revenues	 <u>759,762</u>
 Income (loss) before operating transfers	 (229,226)
OPERATING TRANSFER IN	<u>250,000</u>
 Net income (loss)	 20,774
NET POSITION - JULY 1	<u>124,487</u>
NET POSITION - JUNE 30	<u><u>\$ 145,261</u></u>

See Notes To Financial Statements

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 25
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2013**

	<u>Food Service</u>
INCREASE (DECREASE) IN CASH	
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 347,230
Cash payments for goods and services	(753,236)
Cash paid to employees	(516,844)
Net Cash Used in Operating Activities	<u>(922,850)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash received from federal sources	693,451
Operating transfer from other fund	250,000
Net Cash Provided by Noncapital Financing Activities	<u>943,451</u>
NET CHANGE IN CASH	20,601
CASH - BEGINNING OF YEAR	<u>80,658</u>
CASH - END OF YEAR	<u>\$ 101,259</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating income (loss)	\$ (988,988)
Adjustments to reconcile operating loss to net cash used for operating activities	
Federal commodities support	66,311
Depreciation	12,764
(Increase) decrease in accounts receivable	42
(Increase) decrease in inventory	(18,682)
Increase (decrease) in accounts payable and deferred revenue	5,703
Net Cash Used in Operating Activities	<u>\$ (922,850)</u>

See Notes To Financial Statements

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 25
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2013**

	<u>Student Activity</u>
ASSETS	
Cash	<u>\$ 378,279</u>
LIABILITIES	
Accounts payable and accrued expenses	\$ 7,801
Due to other funds	10,000
Due to student groups	<u>360,478</u>
Total Liabilities	<u>378,279</u>
NET POSITION	
Unassigned	<u>\$ 0</u>

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Notes to Financial Statements

FREMONT COUNTY SCHOOL DISTRICT NUMER 25
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Organization and Summary of Significant Accounting Policies

General Information

Fremont County School District Number 25 (the District) operates under an elected board of trustee's format and provides educational services to the children of the District. The District offers an educational program for grades Kindergarten through 12. The District operates one high school (grades 9-12), one junior high school (grades 6-8), and four elementary schools (grades K-5).

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Fremont County School District Number 25, this includes general operations, food service, and student related activities of the School District. The following activities may also be included within the reporting entity if the nature and significance of their relationship with the primary government are such that their exclusion would cause the District's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The District does not have any material component units.

The Riverton Recreation District is a related organization to the School District. The School District appoints three members of the nine member board and levies taxes on behalf of the Recreation District.

The financial statements of Fremont County School District Number 25 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District has elected not to apply Financial Accounting Standards Board Statements and Interpretations issued after November, 30 1989 to its financial statements.

Basis of Presentation

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

1. Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. 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.

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Basis of Presentation (cont.)

The statement of net position presents the financial condition of the governmental activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

2. Fund Financial Statements

During the year, the School District segregates transactions related to certain School District 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 School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major governmental fund and proprietary fund are presented in separate columns. Non-major funds are aggregated and presented in a single column. The fiduciary fund is reported by type.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the School District's enterprise fund are food service charges. Operating expenses for the School District's enterprise fund include food production costs, supplies, administrative costs, and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as non-operating revenues and expenses.

Fund Accounting

The School District uses funds to maintain its financial records with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

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 the 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 School District's governmental funds.

Major Funds

General Fund

The general fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Wyoming.

FREMONT COUNTY SCHOOL DISTRICT NUMBER 25
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Major Maintenance Fund

The major maintenance fund is used to account for financial resources to be used specifically for major maintenance of District facilities.

Non-Major Governmental Funds

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose and construction activities.

2. Proprietary Fund

The proprietary fund is used to account separately for operations that are financed and operated in a manner similar to private business enterprises—where the intent of the governing body is that the costs of providing goods or services are financed or recovered in part through user charges. The School District's only proprietary fund is the Food Service Enterprise fund.

3. Fiduciary Fund

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

Measurement Focus and Basis of Accounting

1. Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting as is the proprietary and fiduciary fund financial statements. Revenues are recorded 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. Net positions are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position.

2. Fund Financial Statements

The 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 government considers tax revenue to be available if collected within 60 days of the end of the fiscal period.

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Measurement Focus and Basis of Accounting (cont.)

Revenue from federal, state, and other grants designated for payment of specific school district expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. 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.

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 2013.

The District follows these procedures in establishing the budgetary data reflected for the General and Major Maintenance Funds in the financial statements. The other governmental funds are also required to adopt budgets although that data is not presented in the financial statements.

- Prior to May 15, the Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing that July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the preceding year. In addition, more detailed line budgets are included for administrative control. The level of control for the detailed budgets is at the department head/function level.
- Public hearings are conducted within the District to obtain taxpayer comments.
- Prior to August 1, the budget is legally enacted through passage of a motion.
- The District can, after public notice, transfer budgeted amounts between departments within any funds.
- Budgets for the General, Major Maintenance, and other governmental funds are adopted on a basis and perspective which can differ significantly from generally accepted accounting principles (GAAP). The primary difference is in the recognition of capital leases which the budgetary basis recognizes when payment is made, while GAAP basis recognizes when the lease is signed.
- All appropriations, except capital projects funds, lapse each fiscal year-end.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the District considers cash and cash equivalents to consist of all cash, either on hand or in banks, including time deposits, and any highly liquid debt instruments purchased with a maturity of three months or less.

Inventory

On government-wide financial statements and the proprietary fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis. Inventory consists of expendable supplies and food held for use and accounted for using the consumption method by which inventory acquisitions are recorded in inventory accounts when purchased and are charged to expense when consumed or sold.

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Inventory (cont.)

In the fund financial statements the cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Significant amounts of supply inventories on hand at year-end are reported as assets and are fully reserved in the equity section of the balance sheet.

Property Taxes

The District's property taxes are levied at the County level on August 10 of each year. The County Assessor is responsible for 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 September 1 and March 1, or the tax may be paid in full on December 31. Taxes collected are distributed after the end of each month.

The levy becomes an enforceable lien against the property as of January 1 of the preceding levy year. Thus, in accordance with GASB Codification Section N50, a property tax receivable has been recorded equal to fifty percent of the amount levied for the District on the following August. This amount is deferred and will be recognized in the period for which the taxes are levied. A one percent allowance has been recorded against the receivable at year-end.

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 (or 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. Prior to July 1, 2005, the School District maintained a capitalization policy whereby all assets with a cost greater than \$5,000 were deemed to be capital assets by definition, and included in the government-wide financial statements. Effective July 1, 2005, the School District adopted a new capitalization policy for future acquisitions to eliminate insignificant amounts, whereby capital assets are determined by exceeding certain cost levels by category. Under the new policy, vehicles and equipment with a cost of \$5,000 or more, land improvements of \$25,000 or more, and buildings with costs exceeding \$50,000 are considered capital assets. The School District possesses insignificant infrastructure. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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.

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	20-50 years
Furniture and equipment	5-15 years
Vehicles	5-12 years

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Compensated Absences

Compensated absences, consisting of vacation and sick leave, are reported in the fund financial statements in the period paid. For purposes of the government-wide financial statements, the liability for compensated absences is reflected when vested to the employees. The computed liability is in compliance with GASB Codification Section C60.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations 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. The bonds and capital leases, and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until the maturity date of each installment.

Grant Advances

Grant advances are 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.

Committed fund balance – amounts constrained to specific purposes by the District itself enacted by resolution of the District's 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 School 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.

FREMONT COUNTY SCHOOL DISTRICT NUMBER 25
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Net position

Net position is a function of assets plus deferred outflows of resources minus liabilities minus deferred inflows of resources equals net position. The caption '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 acquisition, construction, or improvement of those assets.

The District applies restricted and then unrestricted resources when an expense is incurred for purposes that satisfy the related definition and criteria for the related net position classification shown above for fund financial statements.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" in the governmental fund financial statements. Interfund receivables and payables are eliminated in the government-wide financial statements, except those with business-type and fiduciary funds, which are reported in the government-wide financial statements as "internal balances."

Estimates

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

Recently Adopted Accounting Standards

During 2013, the District adopted the following GASB Statements:

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

This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Government Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this statement.

FREMONT COUNTY SCHOOL DISTRICT NUMBER 25
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies (cont.)

Recently Adopted Accounting Standards (cont.)

The requirements of GASB 62 became effective for fiscal periods beginning after December 31, 2011. The adoption of this Statement, effective January 1, 2012, had no impact on the financial statements of the District.

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 position" for reporting the net residual of assets and deferred outflows in excess of liabilities and deferred inflows. The requirements of the new statement became effective for fiscal periods beginning after December 15, 2011. This statement impacted the format and reporting of the balance sheet at the government-wide and also at the fund level.

Accounting Standards Issued and Early Adopted

GASB Statement No. 65, ("GASB 65") *Items Previously Reported as Assets and Liabilities*. The objective of this statement is to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses) or inflows of resources (revenues). The provisions of this Statement are effective for fiscal periods beginning after December 15, 2012. The District has completed the process of evaluating the impact that may result from adopting GASB 65 and elected to early adopt this standard in conjunction with GASB Statement No. 63. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources.

NOTE 2 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis) presented for the general and major maintenance funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

- A. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- B. Expenditures are recorded when paid in cash (budget) as opposed to when the fund liability is incurred (GAAP).
- C. Expenditures and revenues for the Insurance agency fund are not included in the general fund for budgetary basis, but are included for GAAP basis.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General and Major Maintenance Funds.

FREMONT COUNTY SCHOOL DISTRICT NUMBER 25
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - Budgetary Basis of Accounting (cont.)

	<u>General Fund</u>	<u>Major Maintenance</u>
GAAP Basis	\$ 25,475	\$ 188,422
Net Adjustment for Revenue Accruals	104,351	0
Net Adjustments for Expenditure Accruals	(222,719)	(19,525)
Budget Basis	<u>\$ (92,893)</u>	<u>\$ 168,897</u>

NOTE 3 - Deposits and Investments

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. At year-end, the carrying amount of the District's bank deposits was \$7,632,958 and the bank balance was \$5,820,782. Of the bank balance, \$250,000 was covered by federal depository insurance; \$7,382,958 was covered by collateral held in the pledging banks' trust departments.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District will minimize the custodial credit risk by limiting investments to the types of securities allowed by state law and by pre-qualifying the financial institutions, broker/dealers intermediaries, and advisors with which the District would do business.

The following table summarizes the investments held by a local financial institution and are not collateralized or insured by the Federal Deposit Insurance Corporation.

	<u>Interest Rate</u> Range	<u>Maturity</u> Date Range in	<u>Ratings</u>	<u>Amount</u>
Certificates of Deposits	.300% - 1.150%	6 - 60	**	\$ 1,119,955
Agency securities	0.290% - 6.000%	3 - 108	AA	<u>4,871,922</u>
			Total	<u>\$ 5,991,877</u>

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. The District minimizes the concentration of the credit risk by diversification so that the impact of potential losses from any one type of deposit and or security or issuer will be minimized.

As of June 30, 2013 the District had deposits in one financial institution which held over 5% of the District's total deposits.

FREMONT COUNTY SCHOOL DISTRICT NUMBER 25
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - Receivables

Receivables at June 30, 2013, consisted of property taxes, accounts, and intergovernmental grants. Taxes receivable represent uncollected taxes and interest thereon, net of an allowance for uncollectibles which amounts to approximately \$45,000. Other receivables are considered collectible in full. Other receivables at June 30, 2013 were \$1,128,435 which consisted of various state and federal grants reimbursement in the special revenue funds and \$17,198 in the business-type activities which was a receivable from a federal grant reimbursement.

NOTE 5 - Capital Assets

Capital Assets activity for the fiscal year ended June 30, 2013, is as follows:

	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Balance June 30, 2013</u>
Governmental Activities					
Capital Assets, Not Being Depreciated					
Land	\$ 1,173,889	\$ 190,633	\$ 0	\$ 0	\$ 1,364,522
Construction in process	1,261,055	1,178,661	(2,305,971)	0	133,745
Total Capital Assets, Not Being Depreciated	<u>2,434,944</u>	<u>1,369,294</u>	<u>(2,305,971)</u>	<u>0</u>	<u>1,498,267</u>
Capital Assets, Being Depreciated					
Buildings and improvements	69,264,676	0	2,305,971	17,760	71,552,887
Equipment and contents	5,318,133	616,830	0	70,045	5,864,918
Vehicles	3,647,777	339,926	0	168,800	3,818,903
Total Capital Assets, Being Depreciated	<u>78,230,586</u>	<u>956,756</u>	<u>2,305,971</u>	<u>256,605</u>	<u>81,236,708</u>
Less Accumulated Depreciation					
Buildings and improvements	24,635,111	1,897,764	0	17,760	26,515,115
Equipment and contents	3,061,597	585,379	0	70,045	3,576,931
Vehicles	2,162,744	341,679	0	168,800	2,335,623
Total Accumulated Depreciation	<u>29,859,452</u>	<u>2,824,822</u>	<u>0</u>	<u>256,605</u>	<u>32,427,669</u>
Capital Assets, Being Depreciated, Net	<u>48,371,134</u>	<u>(1,868,066)</u>	<u>2,305,971</u>	<u>0</u>	<u>48,809,039</u>
Governmental Activities Capital Assets, Net					
	<u>\$ 50,806,078</u>	<u>\$ (498,772)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 50,307,306</u>
Business-Type Activities Capital Assets, Being Depreciated					
Equipment and contents	\$ 422,152	\$ 0	\$ 0	\$ 6,467	\$ 415,685
Less Accumulated Depreciation	<u>316,293</u>	<u>19,230</u>	<u>0</u>	<u>6,467</u>	<u>329,056</u>
Business-Type Activities Capital Assets, Net	<u>\$ 105,859</u>	<u>\$ (19,230)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 86,629</u>

FREMONT COUNTY SCHOOL DISTRICT NUMBER 25
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - Capital Assets (cont.)

Depreciation expense was charged to governmental functions as follows:

Governmental Activities

Instruction		
Regular	\$	1,992,217
Vocational		14,662
General Support		
Administration		399,473
Operations and maintenance		91,284
Transportation		327,186
Total Depreciation Expense-Governmental Activities	\$	<u>2,824,822</u>

Business-Type Activities

Food service	\$	<u>19,230</u>
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NOTE 6 - Defined Benefit Pension Plans

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 required 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 11.25%, until September of 2010 when the rate was increased 2.87% bringing the required contribution rate to 14.12% of the participant's salary to be contributed to the plan, paid by the participant and the employer in a manner as determined by the employer. Total District contributions to WRS for the years ended June 30, 2013, 2012, and 2011 were \$2,895,777, \$2,894,810, and \$2,714,329, respectively.

NOTE 7 - Long-Term Debt

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

	<u>Balance</u>			<u>Balance</u>	<u>Current</u>
	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>	<u>Portion of</u>
	<u>of Year</u>				<u>Debt</u>
Accrued Compensated					
Absences	\$ 71,606	23,137	26,022	68,721	\$ 24,052
Net OPEB obligation	255,232	79,873	0	335,105	0
Capital Leases	<u>202,274</u>	<u>270,686</u>	<u>257,644</u>	<u>215,316</u>	<u>52,633</u>
	<u>\$ 529,112</u>	<u>\$ 373,696</u>	<u>\$ 283,666</u>	<u>\$ 619,142</u>	<u>\$ 76,685</u>

The payments of the long-term debt are to be funded by the General Fund.

FREMONT COUNTY SCHOOL DISTRICT NUMBER 25
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - Long-Term Debt (cont.)

Capital Leases

The District was lessee under capital leases for buses with a cost of \$270,686. The leases provided for termination in the event of non-appropriation. The District acquired a new capital lease and paid off an existing capital lease during fiscal year 2013. The remaining capital lease obligation for buses with the cost of \$270,686 at June 30, 2013, is as follows:

<u>Year</u>	<u>Total Payments</u>
2014	\$ 55,863
2015	55,863
2016	55,863
2017	55,863
	<u>223,452</u>
Less amount representing interest	<u>8,136</u>
Net Obligation	<u>\$ 215,316</u>

NOTE 8 - Other Post-Employment Benefit (OPEB) Plan

The District follows Governmental Accounting Standards Board (GASB) Codification Section P50 for other post-employment benefits offered to retirees. This section addresses how local governments should account for and report their costs related to post-employment health care and other non-pension benefits such as the District's retiree health benefit subsidy. Historically the District's subsidy was funded on a pay-as-you-go basis but GASB Codification Section P50 requires that the District accrue the cost of the retiree health subsidy during the period of employees' active employment while the benefits are being earned, and disclose the unfunded actuarial accrued liability in order to accurately account for the total future cost of post-employment benefits and the financial impact on the District.

The District administers a single-employer defined benefit healthcare plan. The plan provides healthcare insurance for eligible retirees and their spouses through the District's group health insurance plan, which covers both active and retired members. Retirees are required to pay the normal premium which is applicable to all covered employees and retirees. The District pays the per capita cost in excess of the retiree contribution. For fiscal year 2012, the monthly implicit subsidy for an age 60 – 64 male retiree was \$469, and \$418 for a covered spouse. The plan does not issue a publicly available financial report.

As of June 30, 2013, the date of the latest actuarial valuation, 26 retirees and their beneficiaries were receiving OPEB, and 484 active employees are eligible to receive future benefits under the OPEB plan.

The District is required to contribute the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Codification Section P50. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period of not more than 30 years. The current employer contribution rate for the District is 11.2%.

FREMONT COUNTY SCHOOL DISTRICT NUMBER 25
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - Other Post-Employment Benefit (OPEB) Plan (cont.)

For Fiscal year 2013, the District's annual OPEB cost and the net OPEB obligation based on a 4% discount rate and amortizing the initial unfunded actuarial liability over 30 years based on a level percent of payroll method is as follows:

Discount rate		4.0%
Annual required contribution (ARC)	\$	215,138
Interest on net OPEB obligation	\$	10,210
Adjustment to annual required contribution	\$	(10,143)
Annual OPEB cost	\$	215,205
Estimated pay-as-you-go annual employee contribution	\$	(135,332)
Change in net OPEB obligation	\$	79,873
Net OPEB obligation, end of year	\$	335,111
Actual contribution rate		62.9%

Projections of benefits for financial reporting are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations.

The valuation of the liabilities as of June 30, 2013, is based on a closed group. Current employees and retirees only are considered; no provision is made for future hires. Using the actuarial assumptions, the number of retired participants is projected each year in the future. Costs are projected for each future year at each age using the trend and aging assumptions. Retiree post employment benefit expenses are determined under the Projected Unit Cost actuarial cost method. Under this method, benefits are projected for life and their present value is determined.

The schedule of funding progress for the retiree health plan as of June 30, 2013, follows:

Actuarial value of assets	\$	0
Actuarial accrued liability (AAL)	\$	1,746,364
Unfunded AAL (UAAL)	\$	1,746,364
Funded ratio		0.0%
Annual covered payroll	\$	20,119,061
UAAL as a percentage of covered payroll		8.7%

NOTE 9 - Due To/From Other Funds and Transfers

At June 30, 2013 interfund receivables and payables were as follows:

	<u>Due from</u> <u>Other Funds</u>	<u>Due to</u> <u>Other Funds</u>
General Fund	\$ 1,504,216	\$ 0
Non-Major Funds	0	1,433,716
Enterprise Fund	0	60,500
Fiduciary Fund	0	10,000
	<u>\$ 1,504,216</u>	<u>\$ 1,504,216</u>

FREMONT COUNTY SCHOOL DISTRICT NUMBER 25
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - Due To/From Other Funds and Transfers (cont.)

Interfund transfers for the year were as follows:

	<u>Transfers to Other Funds</u>	<u>Transfers from Other Funds</u>
General Fund	\$ 1,656,820	\$ 0
Capital Project Funds	0	1,406,820
Enterprise Fund	0	250,000
	<u>\$ 1,656,820</u>	<u>\$ 1,656,820</u>

The purpose of the transfers from the General Fund to the Capital Projects and Enterprise Funds were to finance the food service operations and complete various construction projects.

NOTE 10 - Contingencies

A. Grants

The School 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 School District at June 30, 2013.

B. Litigation

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

C. Property and Liability Risk Management

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

NOTE 11 - Upcoming Accounting Pronouncements

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

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Required Supplementary Information

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND
YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary Basis	Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 7,857,965	\$ 7,857,965	\$ 7,953,207	\$ 95,242
Intergovernmental	27,787,430	27,787,430	27,880,048	92,618
Revenue from student activities	92,000	92,000	91,775	(225)
Investment income	32,500	32,500	24,657	(7,843)
Other revenue	47,695	47,695	73,333	25,638
Total Revenues	35,817,590	35,817,590	36,023,020	205,430
EXPENDITURES				
Instruction				
Regular	13,890,039	13,758,639	13,758,468	171
Special	6,122,042	5,801,742	5,801,643	99
Vocational	627,239	638,739	638,700	39
Instructional support				
Instructional staff	1,171,939	1,144,039	1,143,947	92
Pupil	2,764,996	2,530,896	2,530,749	147
General support				
Administration	2,756,911	2,622,761	2,605,512	17,249
Business	765,859	697,169	697,032	137
Board	198,300	146,700	146,669	31
Operations and maintenance	4,284,459	4,141,149	4,141,101	48
Transportation	1,615,253	1,643,003	1,642,963	40
Technology	1,040,184	960,384	977,620	(17,236)
Other	405,369	374,969	374,689	280
Total Expenditures	35,642,590	34,460,190	34,459,093	1,097
Excess of revenues over (under) expenditures	175,000	1,357,400	1,563,927	206,527
OTHER FINANCING SOURCES (USES)				
Operating transfers (out)	(475,000)	(1,657,400)	(1,656,820)	580
Total Other Financing Sources (Uses)	(475,000)	(1,657,400)	(1,656,820)	580
Excess of revenues and other sources over (under) expenditures and other uses	(300,000)	(300,000)	(92,893)	207,107
FUND BALANCE - JULY 1	6,328,109	6,328,109	6,328,109	0
FUND BALANCE - JUNE 30	\$ 6,028,109	\$ 6,028,109	\$ 6,235,216	\$ 207,107

FREMONT COUNTY SCHOOL DISTRICT NUMBER 25
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL (NON-GAAP BASIS)
MAJOR MAINTENANCE FUND
YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
REVENUES				
Intergovernmental	\$ 1,318,336	\$ 1,318,336	\$ 1,318,336	\$ 0
Investment income	8,000	8,000	868	(7,132)
Total Revenues	<u>1,326,336</u>	<u>1,326,336</u>	<u>1,319,204</u>	<u>(7,132)</u>
EXPENDITURES				
Major Maintenance	<u>3,500,000</u>	<u>3,500,000</u>	<u>1,150,307</u>	<u>2,349,693</u>
Total Expenditures	<u>3,500,000</u>	<u>3,500,000</u>	<u>1,150,307</u>	<u>2,349,693</u>
Excess of revenues over (under) expenditures	(2,173,664)	(2,173,664)	168,897	2,342,561
FUND BALANCE - JULY 1	<u>2,084,893</u>	<u>2,084,893</u>	<u>2,084,893</u>	<u>0</u>
FUND BALANCE - JUNE 30	<u>\$ (88,771)</u>	<u>\$ (88,771)</u>	<u>\$ 2,253,790</u>	<u>\$ 0</u>

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Supplementary Information

FREMONT COUNTY SCHOOL DISTRICT NUMBER 25
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2013

	Combined Special Revenue Funds	Capital Projects Fund	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments in treasury	\$ 965,042	\$ (145,065)	\$ 0	\$ 819,977
Cash with fiscal agent	0	0	63,233	63,233
Receivables				
Taxes	0	0	342	342
Grants	983,370	145,065	0	1,128,435
Total Assets	\$ 1,948,412	\$ 0	\$ 63,575	\$ 2,011,987
LIABILITIES				
Liabilities				
Accounts payable and accrued expenses	\$ 345,777	3,802	\$ 0	\$ 349,579
Due to other funds	1,433,724	0	0	1,433,724
Grant advances	168,911	0	342	169,253
Total Liabilities	1,948,412	3,802	342	1,952,556
FUND BALANCE				
Restricted for:				
Special revenue	0	0	0	0
Debt service	0	0	63,233	63,233
Assigned	0	(3,802)	0	(3,802)
Total Fund Balance	0	(3,802)	63,233	59,431
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,948,412	\$ 0	\$ 63,575	\$ 2,011,987

FREMONT COUNTY SCHOOL DISTRICT NUMBER 25
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013

	Combined Special Revenue Funds	Capital Projects Fund	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	4,960,581	403,933	747	5,365,261
Investment income	0	0	0	0
Miscellaneous income	0	0	0	0
Total Revenues	4,960,581	403,933	747	5,365,261
EXPENDITURES				
Current				
Instruction				
Regular	4,223,687	0	0	4,223,687
Special	736,925	0	0	736,925
Capital outlay				
Facilities acquisition, construction, and improvement services	0	671,899	0	671,899
Total Expenditures	4,960,612	671,899	0	5,632,511
Excess of revenues over (under) expenditures	(31)	(267,966)	747	(267,250)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	0	4,820	0	4,820
Operating transfers out	0	0	0	0
Total Other Financing Sources (Uses)	0	4,820	0	4,820
Excess of revenues and other sources over (under) expenditures and other uses	(31)	(263,146)	747	(262,430)
FUND BALANCE - JULY 1	31	259,344	62,486	321,861
FUND BALANCE - JUNE 30	\$ 0	\$ (3,802)	\$ 63,233	\$ 59,431

FREMONT COUNTY SCHOOL DISTRICT NUMBER 25
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	<u>Expenditures</u>
U.S. Department of Education			
Direct Programs			
Indian Education	84.060A	S060A121121	192,913
Passed through State Department of Education			
Title I	84.010A	1207252T1A00	1,350,649
Title I	84.013A	1307253T1D00	36,158
Special Education	84.027A	110725VIB00	733,329
Special Education - Preschool	84.173A	1027252T6900	3,596
Vocational Education	84.048A	110725BEA00	103,638
Title IV Drug Free Schools	84.186A	110725SDFS00	7,000
Title II	84.367A	110725T2A00	684,780
Title II	84.367B	100725HEA0	311,118
Total Department of Education			<u>3,423,181</u>
Bureau of Indian Affairs			
Indian Education - Johnson O' Malley Grant	15.130	N/A	10,605
U.S. Department of Energy			
Passed through State Department of Energy			
State Energy Program	81.041		34,772
U.S. Department of Agriculture			
Passed through State Department of Education			
Fresh Fruits and Vegetable Program	10.582		74,800
National School Breakfast Program	10.553		196,426
National School Lunch Program	10.555		422,224
Value of USDA Commodities	10.555		<u>66,311</u>
Total U.S. Department of Agriculture			<u>759,761</u>
Total Federal Financial Assistance			<u>\$ 4,228,319</u>

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Fremont County School District Number 25 and is presented on the modified accrual basis of accounting, except for amounts presented under the U.S. Department of Agriculture, which are presented on the accrual basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

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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 of Trustees
Fremont County School District Number 25
Riverton, Wyoming

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, the business-type activities, each major fund, and the aggregate remaining fund information of Fremont County School District Number 25, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Fremont County School District Number 25's basic financial statements, and have issued our report thereon dated December 6, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fremont County School District Number 25's internal control over financial reporting 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 School District Number 25's internal control. Accordingly, we do not express an opinion on the effectiveness of Fremont County School District Number 25'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. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fremont County School District Number 25's financial statements are free from 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 & Segman PC

Lander, Wyoming
December 6, 2013

McKEE, MARBURGER & FAGNANT, P. C.

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

To the Board of Trustees
Fremont County School District Number 25

Riverton, Wyoming

Report on Compliance for Each Major Federal Program

We have audited Fremont County School District Number 25's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Fremont County School District Number 25's major federal programs for the year ended June 30, 2013. Fremont County School District Number 25's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Fremont County School District Number 25's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Fremont County School District Number 25's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Fremont County School District Number 25's compliance.

Opinion on Each Major Federal Program

In our opinion, Fremont County School District Number 25, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Fremont County School District Number 25, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Fremont County School District Number 25's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Fremont County School District Number 25's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

McKee, Marburger & Fogant PC

Lander, Wyoming
December 6, 2013

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 25
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
 Material weakness identified? Yes No
 Reportable condition identified not
 Considered to be material weaknesses? Yes none reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:
 Material weakness identified? Yes No
 Reportable condition identified not
 Considered to be material weakness? Yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? Yes No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I
84.027	Title VI B

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

Auditee qualified as low-risk auditee? Yes No

SECTION II - FINANCIAL STATEMENT FINDINGS

NONE

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 25
SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013**

NONE