

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14**

**FINANCIAL REPORT**

**JUNE 30, 2013**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Fremont County School District Number 14  
Ethete, Wyoming

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fremont County School District Number 14, 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, each major fund, and the aggregate remaining fund information of the Fremont County School District Number 14, 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 3–12, and 37 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 the Fremont County School District Number 14'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 , on our consideration of the Fremont County School District Number 14'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 14's internal control over financial reporting and compliance.

*McKee, Marburger & Fagnant PC*

McKee, Marburger & Fagnant, P.C.  
Lander, Wyoming  
December 10, 2013

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED**

The discussion and analysis of Fremont County School District Number 14's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and the financial statements themselves to enhance their understanding of the School District's financial performance.

**Financial Highlights:**

Key financial highlights for 2013 are as follows –

**Overall**

Total net position increased \$2,644,662 or 6.65%. Net position of governmental activities increased \$2,605,360 or 6.59%. Net assets of business type-activities increased \$59,302 or 23.71% for the same period.

- Total revenues of \$18,808,280 were comprised of Governmental activities revenues in the amount of \$18,452,853 and \$355,427 in Business-type activities.
- Total program expenses were \$18,979,326, \$18,133,201 in Governmental activities and \$846,125 in Business-type activities.
- Outstanding bonded debt decreased from \$550,000 to \$520,000 in 2013, due to payments on the bond issue.

*Governmental activities:*

- Total net position increased \$2,605,360 or 6.59%.
- Total revenues of \$18,452,853 were comprised of general revenues of \$15,935,302 or 86.03% and program revenues of \$2,517,551 or 13.96%.
- Program expenses totaled \$18,133,201. A transfer was incurred to the Business-Type activities in the amount of \$550,000.

*Business-type activities:*

- Total net position increased \$59,302 or 19.17%.
- Total revenues of \$355,427 were comprised of program revenues of \$355,387, which is 99.98% of the total revenue, and general revenues of \$40 or .02% of total revenue. Business-Type activities were also supported by the transfer noted above from Governmental activities of \$550,000.
- Program Expenses totaled \$846,125.

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
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**Using this Financial Report**

This annual report consists of two distinct series of financial statements: the district-wide and the fund financials. The district-wide reports are designed to show the District as a sum of its significant fund activities.

The *Statement of Net Position* and *Statement of Activities* provide information about the governmental-type and business-type activities of the whole District, presenting both an aggregate view of School District finances and a longer-term view of those finances.

Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column. In the case of Fremont County School District Number 14, the general and grant programs funds are the most significant governmental funds.

**Reporting the School District as a Whole**

The analysis of the District as a whole begins on page 13. The view of the District as a whole looks at all financial transactions and asks the question "Are we in a better financial position this year than last?" and "Why or why not". The *Statement of Net Position* and the *Statement of Activities* provide the basis for answering these questions. The statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net position* and any changes in those assets. The change in net position is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Wyoming restricting revenue growth, facility conditions, required educational programs and other factors.

In the *Statement of Net Position* and the *Statement of Activities*, the District is divided into two distinct types of activities:

Governmental Activities – Most of the District's programs and services are reported here including instructional services and supporting services.

Business-Type Activities – These services are provided on a charge for goods or services provided. The District food service operations are reported as Business-Type activities.

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED**

**Reporting the School District's Most Significant Funds**

The analysis of the District's major funds begin on page 15. Fund financial statements provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

**Governmental Funds** – Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other *financial assets* that can readily be converted into cash. The governmental fund statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between *governmental activities* (reported in the Statement of Net Assets and the Statement of Activities) and *governmental funds* is reconciled in the financial statements of the *Governmental Funds*.

**Proprietary Funds** – Proprietary funds (food service) has historically operated as *enterprise funds* using the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in the statements for the District as a whole.

**The District as a Whole**

Recall that the Statement of Net Position provides the perspective of the District as a whole.

Table 1 provides a summary of Net Assets as of June 30, 2013:

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED**

**(Table 1)  
Net Position (\$)**

|  | <i>Governmental<br/>Activities</i> |                      | <i>Business-Type<br/>Activities</i> |                   | <i>Totals</i>        |                      |
|--|------------------------------------|----------------------|-------------------------------------|-------------------|----------------------|----------------------|
|  | <u>2013</u>                        | <u>2012</u>          | <u>2013</u>                         | <u>2012</u>       | <u>2013</u>          | <u>2012</u>          |
| <b>Assets</b>                                  |                                    |                      |                                     |                   |                      |                      |
| Current and Other Assets                       | \$ 24,463,646                      | \$ 22,364,203        | \$ 302,938                          | \$ 238,297        | \$ 24,766,584        | \$ 23,413,987        |
| Capital Assets                                 | 20,256,280                         | 20,036,107           | 23,902                              | 26,979            | 20,280,182           | 20,063,086           |
| <b>Total Assets</b>                            | <b>44,719,926</b>                  | <b>42,400,310</b>    | <b>326,840</b>                      | <b>265,276</b>    | <b>45,046,766</b>    | <b>43,477,073</b>    |
| <b>Liabilities</b>                             |                                    |                      |                                     |                   |                      |                      |
| Current and Other Liabilities                  | 460,854                            | 812,299              | 17,470                              | 15,208            | 478,324              | 1,658,265            |
| Grant advances                                 | 543,395                            | 474,836              | 0                                   | 0                 | 543,395              | 474,836              |
| Long Term Obligations:                         |                                    |                      |                                     |                   |                      |                      |
| Due Within One Year                            | 754,398                            | 693,415              | 0                                   | 0                 | 754,398              | 693,415              |
| Due In More than One Year                      | 569,434                            | 614,004              | 0                                   | 0                 | 569,434              | 614,003              |
| <b>Total Liabilities</b>                       | <b>2,328,081</b>                   | <b>2,594,554</b>     | <b>17,470</b>                       | <b>15,208</b>     | <b>2,345,551</b>     | <b>3,487,365</b>     |
| <b>Net Assets</b>                              |                                    |                      |                                     |                   |                      |                      |
| Invested in Capital Assets Net of Related Debt | 19,736,280                         | 19,486,107           | 23,902                              | 26,979            | 19,760,182           | 19,513,086           |
| Restricted:                                    |                                    |                      |                                     |                   |                      |                      |
| Capital Projects                               |                                    | 234,881              | 0                                   | 0                 |                      | 234,881              |
| Debt Service                                   | 14,374                             | 11,723               | 0                                   | 0                 | 14,374               | 11,723               |
| Maintenance                                    | 661,122                            | 0                    | 0                                   | 0                 | 661,122              | 0                    |
| Employee Insurance Fund                        | 0                                  | 0                    | 0                                   | 0                 | 0                    | 0                    |
| Unrestricted (Deficit)                         | 21,980,069                         | 20,073,045           | 285,468                             | 223,089           | 22,265,537           | 20,296,134           |
| <b>Total Net Assets</b>                        | <b>\$ 42,391,845</b>               | <b>\$ 39,805,756</b> | <b>\$ 309,468</b>                   | <b>\$ 250,068</b> | <b>\$ 42,701,215</b> | <b>\$ 40,055,824</b> |

In Governmental Activities, a comparison of cash and cash equivalents shows June 30, 2013 values of \$23,931,878, an increase from June 30, 2012 of \$2,864,469. The remaining portions of assets decreased by \$544,853. There is a decrease in current liabilities at year end from \$1,980,550 in 2012 to \$1,758,647 in 2013 which should also be taken into consideration.

In Business-Type Activities, the net assets of Fremont County School District Number 14 increased by \$59,400.

The fiscal situation of cash equivalent increases should continue for the District for this fiscal year due to federal funding legislation and operations and its effect on District finances. After that point, due in part to student number changes and possible constriction of federal educational funding, the cash equivalent increases should not be so prevalent. Nonetheless, with careful reservation of funds, fiscal operations should continue to operate smoothly.

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
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**Net Position Governmental Activities**

Total assets increased \$2,319,616 from 2012. Liabilities decreased by some \$266,473 relative to fiscal year 2012. The relation of these figures to their 2012 counterparts gives the reader an overall comparison of the annualized fiscal position of the District.

As noted above, the non-cash assets of the District increased in value by some \$544,853. This may be compared to the cash items noted above again for the assessment of the fiscal position of the District. As public school systems are not a typical business venture, the growth in cash reserves may cause some concerns. The District foresees a relative restriction in its non-proprietary revenues beginning next year due to federal educational legislation and the growing reluctance of federal officials to properly fund education and/or domestic priorities. As such, the accumulation of cash to allow continued operation of the District at its current level is a necessity.

**(Table 2)  
Changes in Net Assets (\$)  
For the Year Ended June 30, 2013**

|  | Governmental<br>Activities<br><u>2012</u> | Governmental<br>Activities<br><u>2013</u> | <u>Change</u>       |
|--|---|---|---------------------|
| <b>Revenues</b>  |   |   |                     |
| Program Revenue:   |   |   |                     |
| Charges for services                                       | 0   | 0   | 0                   |
| Operating grants and contributions                         | \$ 1,803,819                              | \$ 2,319,577                              | \$ 250,068          |
| Capital grants and contributions                           | 65,068                                    | 197,974                                   | 132,906             |
| General Revenue:   |   |   |                     |
| Property taxes levied for general purposes                 | 878,388                                   | 901,509                                   | 23,121              |
| Unrestricted federal and state aid                         | 15,680,987                                | 14,854,796                                | (826,191)           |
| Earnings on investments                                    | 197,907                                   | 91,778                                    | (106,129)           |
|  | 97,522                                    | 87,219                                    | (10,303)            |
| <b>Total Revenues</b>                                      | <b>18,723,691</b>                         | <b>18,452,853</b>                         | <b>(270,838)</b>    |
| <b>Program Expenses</b>                                    |   |   |                     |
| Instruction  | 11,632,141                                | 11,259,514                                | (372,627)           |
| Support Services:  |   |   |                     |
| Students and instructional staff                           | 1,504,603                                 | 1,542,095                                 | 37,492              |
| Board of education, administration,<br>fiscal and business | 2,014,330                                 | 2,219,600                                 | 205,270             |
| Operation and maintenance of facilities                    | 2,467,193                                 | 2,046,961                                 | (420,232)           |
| Pupil transportation                                       | 1,014,032                                 | 1,025,476                                 | 11,444              |
| Community  | 3,624                                     | 3,624                                     | 0                   |
| Major Maintenance  | 174,189                                   | 11,998                                    | (162,191)           |
| Interest   | 25,102                                    | 23,933                                    | (1,169)             |
| Other  |   |   |                     |
| <b>Total Expenses</b>                                      | <b>18,835,214</b>                         | <b>18,133,201</b>                         | <b>(702,013)</b>    |
| Excess (deficiency) before transfers                       | (111,523)                                 | 319,652                                   | 431,175             |
| Transfers  | (575,340)                                 | 2,285,708                                 | 2,861,048           |
| <b>Increase (decrease) in net position</b>                 | <b>\$ (99,568)</b>                        | <b>\$ 2,605,360</b>                       | <b>\$ 3,292,223</b> |

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
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**(Table 2)  
Changes in Net Position (\$)  
For the Year Ended June 30, 2013**

|                                    | Business-<br>Type<br>Activities<br><u>2012</u> | Business-<br>Type<br>Activities<br><u>2013</u> | <u>Change</u>    |
|------------------------------------|--|--|------------------|
| <b><u>Program Revenue</u></b>      |  |  |                  |
| Charges for services               | \$ 11,529                                      | \$ 14,042                                      | \$ 2,513         |
| Operating grants and contributions | 281,222  | 341,345  | 60,123           |
| General Revenue:                   |  |  |                  |
| Earnings on investments            | 32   | 40   | 8                |
| Total Revenues                     | <u>292,783</u>                                 | <u>355,427</u>                                 | <u>62,644</u>    |
| <b><u>Program Expenses</u></b>     |  |  |                  |
| Food service                       | 869,384  | 846,125  | (23,259)         |
| Total Expenses                     | <u>869,384</u>                                 | <u>846,125</u>                                 | <u>(23,259)</u>  |
| Deficiency before transfers        | (576,601)                                      | (490,698)                                      | 85,903           |
| Transfers                          | 575,340  | 550,000  | (25,340)         |
| Increase (decrease) in net assets  | <u>\$ (1,261)</u>                              | <u>\$ 59,302</u>                               | <u>\$ 60,563</u> |

*Remainder of page intentionally left blank.*

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED**

**Governmental Activities**

The nature of the funding for Fremont County School District Number 14 has certain notable factors that can affect the fiscal standing of the District. Much the same as any other District in the State of Wyoming, Fremont County School District Number 14 receives local property taxes, which changes due to the changes in the assessed valuation of the District.

The State of Wyoming's foundation funding mechanism calculates the amount that each District is entitled to receive, and reduces that amount by the calculated forthcoming fiscal year projection for local revenues.

However, Fremont County School District Number 14 as a physical entity also has a great deal of federal property contained within its physical boundaries, which is not taxable by either the District nor by other county or state taxing entities. This then enables the District to obtain federal Impact Aid funding, which unlike the combination of the local and State revenues, changes annually with the appropriations that Congress votes into place for this program.

The final major change to the District's fiscal standing from year to year is based on the number of students served in the District. For each student served, the District receives approximately \$14,700 in general fund revenues in both State and non-restricted federal revenues. As such, the fiscal relation between student population and the financial status of the District is quite marked, more than other Districts who receive a lesser amount per student.

**(Table 3)**

**Net Cost of Governmental Activities (\$)**

|                                      | Total Cost of<br>Services<br><u>2013</u> | Total Cost of<br>Services<br><u>2012</u> | Net Cost of<br>Services<br><u>2013</u> | Net Cost of<br>Services<br><u>2012</u> |
|--------------------------------------|--|--|--|--|
| <b>Instructional Services</b>        | \$ 11,259,514                            | \$ 11,632,141                            | \$ 9,178,122                           | \$ 9,828,322                           |
| <b>Support Services:</b>             |  |  |  |  |
| Students                             | 982,929                                  | 963,610                                  | 982,929                                | 963,610                                |
| Instructional Staff                  | 559,166                                  | 540,993                                  | 559,166                                | 540,993                                |
| Board                                | 202,304                                  | 188,944                                  | 202,304                                | 188,944                                |
| Administration                       | 1,032,660                                | 1,018,979                                | 1,032,660                              | 1,018,979                              |
| Business Services                    | 780,715                                  | 553,870                                  | 780,715                                | 553,870                                |
| Facilities Operation                 | 2,046,961                                | 2,467,193                                | 1,622,800                              | 2,402,125                              |
| Pupil Transportation                 | 1,025,476                                | 1,014,032                                | 1,025,476                              | 1,014,032                              |
| General Support                      | 203,921                                  | 252,537                                  | 203,921                                | 252,537                                |
| Interest                             | 23,933                                   | 25,102                                   | 23,933                                 | 25,102                                 |
| Other                                | 15,622                                   | 177,813                                  | 3,624                                  | 177,813                                |
| <b>Total Governmental Activities</b> | <b>\$ 18,133,201</b>                     | <b>\$ 18,835,214</b>                     | <b>\$ 15,615,650</b>                   | <b>\$ 16,966,327</b>                   |

The net cost of Governmental Activities of \$15,615,650 was financed by general revenues, which are primarily made up of State foundation funds, Federal Impact Aid funds, the District's portion of county property taxes and local taxes in that order.

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED**

**Business Type Activities**

Business-type activities for Fremont County School District Number 14 are comprised of the Food Service Fund. This program had revenues of \$355,427 a transfer from the general fund of \$550,000, and expenditures of \$846,125. The transfer is made to cover operating deficits in the food service program. Management is aware of this problem and currently has available fiscal plans to address the issue prepared for the Board of Trustees of Fremont County School District Number 14.

**The School District's Funds**

Fremont County School District Number 14's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$18,450,168 and expenditures of \$18,329,747. The net change in fund balance for the year was most significant in the general fund, due in part to increased funding received per student.

**General Fund Budgeting Highlights**

The District's budget is prepared according to Wyoming law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general Fund.

The District's Board of Trustees annually adopts a budget on the 3<sup>rd</sup> Wednesday of July and approves the related appropriations and levies according to Wyoming law. Legal spending control is at the program level within each of the individual funds, and management control is exercised at the budgetary line item levels within each fund. The Board of Trustees may amend the budget after it is approved and may authorize transfers between the various budgetary programs in any fund. Two budget amendments were done during the year.

For the general fund, the budget basis revenue was \$14,997,910. The actual amount received was \$15,570,053 resulting in a positive variance of \$572,143. General fund expenditures were budgeted at \$14,665,210. The final amount expended was \$15,006,772 which resulted in a negative variance of \$341,562. The overall excess of revenues over expenditures – budget to actual was \$230,581. Transfers were budgeted at \$2,220,803 and the actual amount transferred among funds was \$1,220,000 also resulting in a positive variance of \$1,000,803. Overall, among revenues received and expenses and transfers not incurred, a positive variance was achieved of \$2,179,889.

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED**

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal 2013 the District had \$20,280,182 invested in land and improvements, buildings and improvements, furniture and equipment. Of this amount, \$20,256,280 is in governmental activities.

(Table 4)

**Capital Assets at June 30 (\$)**

**(Net of Depreciation)**

|                          | <u>Governmental Activities</u> |                   | <u>Business-Type Activities</u> |               | <u>Total</u>      |
|--------------------------|--------------------------------|-------------------|---------------------------------|---------------|-------------------|
|                          | <u>2013</u>                    | <u>2012</u>       | <u>2013</u>                     | <u>2012</u>   | <u>2013</u>       |
| Land                     | 960,121                        | 960,121           | 0                               | 0             | 960,121           |
| Construction in progress | 124,958                        | 2,592,286         | 0                               | 0             | 124,958           |
| Buildings & improvements | 18,008,101                     | 14,987,483        | 0                               | 0             | 18,008,101        |
| Furniture and equipment  | 1,163,100                      | 1,496,217         | 23,902                          | 26,979        | 1,187,002         |
| <b>Totals</b>            | <b>20,256,280</b>              | <b>20,036,107</b> | <b>23,902</b>                   | <b>26,979</b> | <b>20,280,182</b> |

***Debt***

At June 30, 2013 the District had \$520,000 in bonds outstanding, due for the following thirteen years. Accrued sick/personal and vacation leave payable to employees upon their cessation of employment was \$352,685, and early retirement benefits of \$371,173 were also payable within one year.

The District Building Improvement Bonds were issued following passage of the bond issue in November, 2006. The bonds were issued in March, 2007 in the amount of \$722,000. The proceeds of the sale are to fund the construction of a new duplex housing unit, an addition to the preschool at the elementary site, replace the high school electronic signage, demolish the old middle school gymnasium, and possibly fund other renovations of other facilities in the District. At June 30, 2013, the District's overall legal debt margin was \$549,747. The District maintains a BBB bond rating from Standard & Poor's due to the strong financial position of the District for the 2006 series bonds.

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14  
MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013  
UNAUDITED**

**Current Financial Related Activities**

Fremont County School District Number 14 is quite strong financially. Major factors that provide the District's financial strength include the increase in the State funding programs and the increases in student enrollment which both the state funding formula and federal impact aid program formula are based on. The level of State and local funding is a combined per-pupil amount. If local resources decline, the State funding increases accordingly to a calculated annual figure, allowing a very constant per-pupil anticipated revenue from the State of Wyoming, albeit for the next one to two years it will probably not receive the revenue increments that it has in the last few years.

The District has been successful in continuing to maintain and even expand its academic programs while dealing with enrollment fluctuations.

The State of Wyoming has been and still may be involved in litigation to resolve the constitutionality of its educational finance system in terms of adequacy and equitability. The litigation began in 1978 and continues through the present period. At this writing, there is apparently a resolution of that legal action, but further actions can reoccur at any time. The ensuing results of any legislative action regarding any Court's rulings may continue to be the focus of further legal action depending on their adequacy, but in either case the fiscal operation of the District should only be enhanced. The District has been a party to these actions, and the eventual resolution of any potential case will, again, enhance the District's finances. The question remaining is in what quantity only.

As the U.S. Economy continues its variance from recent years, concern regarding possible federal funds revenues may be warranted if severe cuts in funding are generated in that area. At present, within the Impact Aid area, the upcoming federal fiscal year is projected to sustain a reduction in funding based on House and Senate bills and as a result of sequestration.

In conclusion, Fremont County School District Number 14 has committed itself to financial excellence for many years. The level of funding per student is superior to that of most other school districts and allows the District to pursue enhanced programs for its students and staff.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Dave Rushforth, Assistant Superintendent for Business and Finance at Fremont County School District Number 14, 638 Blue Sky Highway, Ethete, Wyoming 82520.

# Government-Wide Financial Statements

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**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

|                                       | Primary Government         |                             |                      |
|---------------------------------------|----------------------------|-----------------------------|----------------------|
|                                       | Governmental<br>Activities | Business-Type<br>Activities | Total                |
| <b>ASSETS</b>                         |                            |                             |                      |
| <b>Current Assets</b>                 |                            |                             |                      |
| Cash                                  | \$ 2,700,681               | \$ 296,202                  | \$ 2,996,883         |
| Cash with fiscal agent                | 14,374                     | 0                           | 14,374               |
| Investments                           | 21,216,823                 | 0                           | 21,216,823           |
| Property taxes receivable             | 51,395                     | 0                           | 51,395               |
| Grant receivables                     | 467,976                    | 0                           | 467,976              |
| Other receivables                     | 9,606                      | 0                           | 9,606                |
| Internal balances receivable/payable  | (6,736)                    | 6,736                       | 0                    |
| Inventories                           | 9,527                      | 0                           | 9,527                |
| <b>Total Current Assets</b>           | <u>24,463,646</u>          | <u>302,938</u>              | <u>24,766,584</u>    |
| <b>Noncurrent Assets</b>              |                            |                             |                      |
| Nondepreciated capital assets         | 1,085,079                  | 0                           | 1,085,079            |
| Depreciated capital assets, net       | 19,171,201                 | 23,902                      | 19,195,103           |
| <b>Total Noncurrent Assets</b>        | <u>20,256,280</u>          | <u>23,902</u>               | <u>20,280,182</u>    |
| <b>TOTAL ASSETS</b>                   | <u>\$ 44,719,926</u>       | <u>\$ 326,840</u>           | <u>\$ 45,046,766</u> |
| <b>LIABILITIES</b>                    |                            |                             |                      |
| <b>Current Liabilities</b>            |                            |                             |                      |
| Accounts payable and accrued expenses | \$ 460,854                 | \$ 17,470                   | \$ 478,324           |
| Grant advances                        | 543,395                    | 0                           | 543,395              |
| Current portion of long-term debt     | 754,398                    | 0                           | 754,398              |
| <b>Total Current Liabilities</b>      | <u>1,758,647</u>           | <u>17,470</u>               | <u>1,776,117</u>     |
| <b>Noncurrent Liabilities</b>         |                            |                             |                      |
| Early retirement obligation           | 40,247                     | 0                           | 40,247               |
| Compensated absences payable          | 39,187                     | 0                           | 39,187               |
| Bonds payable                         | 490,000                    | 0                           | 490,000              |
| <b>Total Noncurrent Liabilities</b>   | <u>569,434</u>             | <u>0</u>                    | <u>569,434</u>       |
| <b>TOTAL LIABILITIES</b>              | <u>2,328,081</u>           | <u>17,470</u>               | <u>2,345,551</u>     |
| <b>NET POSITION</b>                   |                            |                             |                      |
| Net investment in capital assets      | 19,736,280                 | 23,902                      | 19,760,182           |
| Restricted                            |                            |                             |                      |
| Debt service                          | 14,374                     | 0                           | 14,374               |
| Maintenance                           | 661,122                    | 0                           | 661,122              |
| Unrestricted                          | 21,980,069                 | 285,468                     | 22,265,537           |
| <b>TOTAL NET POSITION</b>             | <u>\$ 42,391,845</u>       | <u>\$ 309,370</u>           | <u>\$ 42,701,215</u> |

FREMONT COUNTY SCHOOL DISTRICT NUMBER 14  
 STATEMENT OF ACTIVITIES  
 YEAR ENDED JUNE 30, 2013

| Function/Programs                           | Program Revenues     |                                    |                                  |                         | Net (Expense) Revenue and Change in Net Position |                        |                     |
|---|----------------------|------------------------------------|----------------------------------|-------------------------|--|------------------------|---------------------|
|   | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Primary Government                               |                        | Total               |
|   |                      |                                    |                                  |                         | Business-Type Activities                         |                        |                     |
| <b>Primary Government</b>                   |                      |                                    |                                  |                         |  |                        |                     |
| <b>Governmental Activities</b>              |                      |                                    |                                  |                         |  |                        |                     |
| Instruction                                 |                      |                                    |                                  |                         |  |                        |                     |
| Regular                                     | \$ 9,320,188         | \$ 1,673,201                       | \$ 197,974                       | \$ (7,449,013)          | \$ 0   | \$ 0                   | \$ (7,449,013)      |
| Special                                     | 1,626,262            | 210,217                            | 0                                | (1,416,045)             | 0  | 0                      | (1,416,045)         |
| Vocational                                  | 313,064              |                                    |                                  | (313,064)               | 0  | 0                      | (313,064)           |
| Instructional support                       |                      |                                    |                                  |                         |  |                        |                     |
| Support services - staff                    | 559,166              | 0                                  | 0                                | (559,166)               | 0  | 0                      | (559,166)           |
| Support services - students                 | 982,929              | 0                                  | 0                                | (982,929)               | 0  | 0                      | (982,929)           |
| General support                             |                      |                                    |                                  |                         |  |                        |                     |
| Administration                              | 1,032,660            | 0                                  | 0                                | (1,032,660)             | 0  | 0                      | (1,032,660)         |
| Business                                    | 780,715              | 0                                  | 0                                | (780,715)               | 0  | 0                      | (780,715)           |
| Board                                       | 202,304              | 0                                  | 0                                | (202,304)               | 0  | 0                      | (202,304)           |
| Operations and maintenance                  | 2,046,961            | 0                                  | 0                                | (2,046,961)             | 0  | 0                      | (2,046,961)         |
| Transportation                              | 1,025,476            | 0                                  | 0                                | (1,025,476)             | 0  | 0                      | (1,025,476)         |
| Support services- central                   | 203,921              | 0                                  | 0                                | (203,921)               | 0  | 0                      | (203,921)           |
| Major maintenance                           | 11,998               | 436,159                            | 0                                | 424,161                 | 0  | 0                      | 424,161             |
| Community                                   | 3,624                | 0                                  | 0                                | (3,624)                 | 0  | 0                      | (3,624)             |
| Interest on long-term debt                  | 23,933               | 0                                  | 0                                | (23,933)                | 0  | 0                      | (23,933)            |
| <b>Total Governmental Activities</b>        | <b>18,133,201</b>    | <b>2,319,577</b>                   | <b>197,974</b>                   | <b>(15,615,650)</b>     | <b>0</b>   | <b>0</b>               | <b>(15,615,650)</b> |
| <b>Business-Type Activities</b>             |                      |                                    |                                  |                         |  |                        |                     |
| Food service                                | 846,125              | 341,345                            | 0                                | 0                       | (490,738)  |                        | (490,738)           |
| <b>Total Primary Government</b>             | <b>\$ 18,979,326</b> | <b>\$ 2,660,922</b>                | <b>\$ 197,974</b>                | <b>\$ (15,615,650)</b>  | <b>\$ (490,738)</b>                              | <b>\$ (16,106,388)</b> |                     |
| <b>General Revenues</b>                     |                      |                                    |                                  |                         |  |                        |                     |
| Property taxes                              |                      |                                    |                                  | 901,509                 | 0  | 0                      | 901,509             |
| Intergovernmental                           |                      |                                    |                                  | 14,854,796              | 0  | 0                      | 14,854,796          |
| Investment earnings                         |                      |                                    |                                  | 91,778                  | 40   | 40                     | 91,818              |
| Miscellaneous income                        |                      |                                    |                                  | 87,219                  | 0  | 0                      | 87,219              |
| Transfers                                   |                      |                                    |                                  | 2,285,708               | 550,000  | 550,000                | 2,835,708           |
| <b>Total general revenues and transfers</b> |                      |                                    |                                  | <b>18,221,010</b>       | <b>550,040</b>                                   | <b>550,040</b>         | <b>18,771,050</b>   |
| <b>Change in net position</b>               |                      |                                    |                                  | <b>2,605,360</b>        | <b>59,302</b>                                    | <b>59,302</b>          | <b>2,664,662</b>    |
| <b>Net Position - July 1</b>                |                      |                                    |                                  | <b>39,786,485</b>       | <b>250,068</b>                                   | <b>250,068</b>         | <b>40,036,553</b>   |
| <b>Net Position - June 30</b>               |                      |                                    |                                  | <b>\$ 42,391,845</b>    | <b>\$ 309,370</b>                                | <b>\$ 42,701,215</b>   |                     |

See Notes to Financial Statements

# Fund Financial Statements

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**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013**

|   | <b>General<br/>Fund</b> | <b>Major Fund<br/>Capital Projects<br/>Fund</b> | <b>Nonmajor<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|-------------------------|---|---------------------------|---|
| <b>ASSETS</b>   |                         |   |                           |   |
| Cash and cash equivalents                                       | \$ 1,290,842            | \$ 154,293                                      | \$ 1,255,546              | \$ 2,700,681                            |
| Cash with fiscal agent  | 0                       | 0   | 14,374                    | 14,374                                  |
| Investments   | 21,216,823              | 0   | 0                         | 21,216,823                              |
| Receivables   |                         |   |                           |   |
| Taxes   | 48,362                  | 0   | 1,139                     | 49,501                                  |
| Grants  | 0                       | 0   | 479,476                   | 479,476                                 |
| Due from other funds  | 471,942                 | 175,488   | 0                         | 647,430                                 |
| Inventory   | 9,527                   | 0   | 0                         | 9,527                                   |
|   | <u>          </u>       | <u>          </u>                               | <u>          </u>         | <u>          </u>                       |
| Total Assets  | <u>\$ 23,037,496</u>    | <u>\$ 329,781</u>                               | <u>\$ 1,750,535</u>       | <u>\$ 25,117,812</u>                    |
| <b>LIABILITIES</b>  |                         |   |                           |   |
| Accounts payable and accrued expenses                           | 400,730                 | 0   | \$ 60,124                 | 460,854                                 |
| Due to other funds  | 183,815                 | 0   | 470,351                   | 654,166                                 |
| Grant advances  | 0                       | 0   | 543,425                   | 543,425                                 |
|   | <u>          </u>       | <u>          </u>                               | <u>          </u>         | <u>          </u>                       |
| Total Liabilities   | <u>584,545</u>          | <u>0</u>  | <u>1,073,900</u>          | <u>1,658,445</u>                        |
| <b>DEFERRED INFLOW OF RESOURCES</b>                             |                         |   |                           |   |
| Property taxes  | 48,362                  | 0   | 1,139                     | 49,501                                  |
|   | <u>          </u>       | <u>          </u>                               | <u>          </u>         | <u>          </u>                       |
| <b>FUND BALANCE</b>   |                         |   |                           |   |
| Non Spendable   |                         |   |                           |   |
| Inventories   | 9,527                   | 0   | 0                         | 9,527                                   |
| Restricted  |                         |   |                           |   |
| Restricted for maintenance                                      | 0                       | 0   | 661,122                   | 661,122                                 |
| Restricted for debt service                                     | 0                       | 0   | 14,374                    | 14,374                                  |
| Assigned  | 0                       | 329,781   | 0                         | 329,781                                 |
| Unassigned  | 22,395,062              | 0   | 0                         | 22,395,062                              |
|   | <u>          </u>       | <u>          </u>                               | <u>          </u>         | <u>          </u>                       |
| Total Fund Balance  | <u>22,404,589</u>       | <u>329,781</u>                                  | <u>675,496</u>            | <u>23,409,866</u>                       |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>AND FUND BALANCE</b> |                         |   |                           |   |
|   | <u>\$ 23,037,496</u>    | <u>\$ 329,781</u>                               | <u>\$ 1,750,535</u>       | <u>\$ 25,117,812</u>                    |

See Notes to Financial Statements

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2013**

|   |           |                      |
|---|-----------|----------------------|
| <b>Total Fund Balances - Governmental Funds</b>   |           | <b>\$ 23,409,866</b> |
| <br><b>Amounts reported for governmental activities in the statement of net assets are different because:</b>   |           |                      |
| 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 \$36,634,307 and the accumulated depreciation is \$16,598,200. |           | 20,256,280           |
| 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  |           | 49,531               |
| 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  | (391,872) |                      |
| Early retirement obligation payable   | (411,960) |                      |
| Bonds payable   | (520,000) | (1,323,832)          |
|   |           |                      |
| <b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>   |           | <b>\$ 42,391,845</b> |

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2013**

|  | General<br>Fund      | <u>Major Fund</u><br>Capital Projects<br>Fund | Nonmajor<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|---|-------------------|--------------------------------|
| <b>REVENUES</b>  |                      |   |                   |                                |
| Taxes  | \$ 842,240           | \$ 0  | \$ 56,584         | \$ 898,824                     |
| Intergovernmental  | 14,854,796           | 197,974                                       | 2,319,577         | 17,372,347                     |
| Investment income  | 89,561               | 137   | 2,080             | 91,778                         |
| Other revenue  | 87,219               | 0   | 0                 | 87,219                         |
| <b>Total Revenues</b>  | <u>15,873,816</u>    | <u>198,111</u>                                | <u>2,378,241</u>  | <u>18,450,168</u>              |
| <b>EXPENDITURES</b>  |                      |   |                   |                                |
| Regular  | 6,995,853            | 0   | 1,673,201         | 8,669,054                      |
| Special  | 1,401,042            | 0   | 210,217           | 1,611,259                      |
| Vocational   | 267,683              | 0   | 0                 | 267,683                        |
| Instructional support  |                      |   |                   |                                |
| Support services - staff   | 559,166              | 0   | 0                 | 559,166                        |
| Support services - students  | 981,753              | 0   | 0                 | 981,753                        |
| General support  |                      |   |                   |                                |
| Administration   | 1,032,660            | 0   | 0                 | 1,032,660                      |
| Business   | 691,687              | 0   | 0                 | 691,687                        |
| Board  | 202,304              | 0   | 0                 | 202,304                        |
| Operations and maintenance   | 1,945,670            | 0   | 0                 | 1,945,670                      |
| Transportation   | 822,050              | 0   | 0                 | 822,050                        |
| Support services - central   | 106,904              | 0   | 0                 | 106,904                        |
| Major maintenance  | 0                    | 0   | 11,998            | 11,998                         |
| Debt Service   |                      |   |                   |                                |
| Principal  | 0                    | 0   | 30,000            | 30,000                         |
| Interest   | 0                    | 0   | 23,933            | 23,933                         |
| Capital outlay   |                      |   |                   |                                |
| Facilities acquisition, construction,<br>and improvement services                | 0                    | 1,373,626                                     | 0                 | 1,373,626                      |
| <b>Total Expenditures</b>  | <u>15,006,772</u>    | <u>1,373,626</u>                              | <u>1,949,349</u>  | <u>18,329,747</u>              |
| Excess of revenues over (under)<br>expenditures                                  | <u>867,044</u>       | <u>(1,175,515)</u>                            | <u>428,892</u>    | <u>120,421</u>                 |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                      |   |                   |                                |
| Operating and residual equity transfers in                                       | 2,835,708            | 670,000                                       | 0                 | 3,505,708                      |
| Operating transfers out  | (1,220,000)          | 0   | 0                 | (1,220,000)                    |
| <b>Total Other Financing Sources (Uses)</b>                                      | <u>1,615,708</u>     | <u>670,000</u>                                | <u>0</u>          | <u>2,285,708</u>               |
| Excess of revenues and other sources<br>over (under) expenditures and other uses | 2,482,752            | (505,515)                                     | 428,892           | 2,406,129                      |
| Inventory change   | (7,214)              | 0   | 0                 | (7,214)                        |
| <b>FUND BALANCE - JULY 1</b>   | <u>19,929,051</u>    | <u>835,296</u>                                | <u>246,604</u>    | <u>21,010,951</u>              |
| <b>FUND BALANCE - JUNE 30</b>  | <u>\$ 22,404,589</u> | <u>\$ 329,781</u>                             | <u>\$ 675,496</u> | <u>\$ 23,409,866</u>           |

See Notes to Financial Statements

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14  
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** \$ 2,406,129

**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 | (1,082,811)      |         |
| Capital outlays      | <u>1,302,984</u> | 220,173 |

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 increased by this amount this year.

2,685

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.

(7,214)

Repayment of bond principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

30,000

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 | 43,038          |                 |
| Accrued early retirement     | <u>(89,451)</u> | <u>(46,413)</u> |

**TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** \$ 2,605,360

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND**  
**JUNE 30, 2013**

|   | <b>Food<br/>Service</b>  |
|---|--------------------------|
| <b>ASSETS</b>                               |                          |
| <b>Current Assets</b>                       |                          |
| Cash  | \$ 296,202               |
| Due from other funds                        | <u>6,736</u>             |
| Total Current Assets                        | 302,938                  |
| <b>Noncurrent Assets</b>                    |                          |
| Equipment (net of accumulated depreciation) | <u>23,902</u>            |
| <b>TOTAL ASSETS</b>                         | <u><u>\$ 326,840</u></u> |
| <b>LIABILITIES</b>                          |                          |
| Accounts payable and accrued expenses       | \$ 17,470                |
| <b>NET POSITION</b>                         |                          |
| Investment in capital assets                | 23,902                   |
| Unrestricted                                | <u>285,468</u>           |
| <b>TOTAL NET POSITION</b>                   | <u><u>\$ 309,370</u></u> |

See Notes to Financial Statements

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
FUND NET POSITION - PROPRIETARY FUND  
YEAR ENDED JUNE 30, 2013**

|  | <b><u>Food<br/>Service</u></b> |
|--|--------------------------------|
| <b>OPERATING REVENUES</b>                  |                                |
| Charges for services                       | <u>\$ 14,042</u>               |
| <b>OPERATING EXPENSES</b>                  |                                |
| Salaries                                   | 288,025                        |
| Employee benefits                          | 198,197                        |
| Purchased services                         | 1,560                          |
| Supplies, materials, and direct food costs | 335,281                        |
| Commodities                                | 19,985                         |
| Depreciation                               | <u>3,077</u>                   |
| Total Operating Expenses                   | <u>846,125</u>                 |
| Operating income (loss)                    | <u>(832,083)</u>               |
| <b>NONOPERATING REVENUES</b>               |                                |
| Federal reimbursements                     | 341,345                        |
| Investment income                          | <u>40</u>                      |
| Total Nonoperating Revenues                | <u>341,385</u>                 |
| Income (loss) before transfers             | (490,698)                      |
| <b>TRANSFERS IN</b>                        |                                |
| Operating transfers                        | <u>550,000</u>                 |
| Net income (loss)                          | 59,302                         |
| <b>NET POSITION - JULY 1</b>               | <u>250,068</u>                 |
| <b>NET POSITION - JUNE 30</b>              | <u><u>\$ 309,370</u></u>       |

See Notes to Financial Statements

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**YEAR ENDED JUNE 30, 2013**

|  | <u>Food<br/>Service</u>    |
|--|----------------------------|
| <b>INCREASE (DECREASE) IN CASH</b>   |                            |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                            |
| Cash received from customers   | \$ 14,042                  |
| Cash payments for goods and services   | (337,441)                  |
| Cash paid to employees   | <u>(483,360)</u>           |
| Net Cash Used in Operating Activities  | <u>(806,759)</u>           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                            |
| Investment income  | <u>40</u>                  |
| Net Cash Provided by (used in) Investing Activities                                  | <u>40</u>                  |
| <b>CASH FLOWS FROM NONCAPITAL<br/>FINANCING ACTIVITIES</b>                           |                            |
| Cash received from federal sources   | 321,360                    |
| Loans to other funds   | (6,736)                    |
| Operating transfer from other fund   | <u>550,000</u>             |
| Net Cash Provided by Noncapital Financing Activities                                 | <u>864,624</u>             |
| <b>NET CHANGE IN CASH</b>  | 57,905                     |
| <b>CASH - BEGINNING OF YEAR</b>  | <u>238,297</u>             |
| <b>CASH - END OF YEAR</b>  | <u><u>\$ 296,202</u></u>   |
| <b>RECONCILIATION OF OPERATING LOSS TO NET<br/>CASH USED IN OPERATING ACTIVITIES</b> |                            |
| Operating income (loss)  | \$ (832,083)               |
| Adjustments to reconcile operating loss to net<br>cash used for operating activities |                            |
| Depreciation   | 3,077                      |
| Commodity support  | 19,985                     |
| Increase (decrease) in vouchers payable  | <u>2,262</u>               |
| Net Cash Used in Operating Activities  | <u><u>\$ (806,759)</u></u> |

See Notes to Financial Statements

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14**  
**STATEMENT OF FIDUCIARY NET POSTION**  
**JUNE 30, 2013**

|                                 | <u>Private Purpose<br/>Trust</u> | <u>Student<br/>Activity</u> |
|---------------------------------|----------------------------------|-----------------------------|
| <b>ASSETS</b>                   |                                  |                             |
| Cash                            | \$ 0                             | \$ 121,071                  |
| Investments                     | <u>0</u>                         | <u>0</u>                    |
| <br>Total Assets                | <br><u>\$ 0</u>                  | <br><u>\$ 121,071</u>       |
| <b>LIABILITIES</b>              |                                  |                             |
| Accounts payable                | \$ 0                             | \$ 643                      |
| Due to other groups             | 0                                | 3,137                       |
| Due to student groups           | <u>0</u>                         | <u>114,334</u>              |
| <br>Total Liabilities           | <br><u>0</u>                     | <br><u>118,114</u>          |
| <b>NET POSITION</b>             |                                  |                             |
| Reserved for employee insurance | <u>\$ 0</u>                      | <u>\$ 0</u>                 |

See Notes to Financial Statements

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14  
STATEMENT CHANGES OF FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2013**

|  | <b>Private Purpose<br/>Trust</b> |
|--|----------------------------------|
| <b>ADDITIONS</b>                             |                                  |
| Investment income                            | \$ 18,034                        |
| <b>DEDUCTIONS</b>                            |                                  |
| Benefits                                     | 5,517                            |
| <b>RESIDUAL EQUITY TRANSFER</b>              | 2,835,708                        |
| Change in net position                       | (2,823,191)                      |
| <b>NET POSITION HELD IN TRUST -BEGINNING</b> | 2,823,191                        |
| <b>NET POSITION HELD IN TRUST- ENDING</b>    | \$ 0                             |

# Notes to Financial Statements

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FREMONT COUNTY SCHOOL DISTRICT NUMBER 14  
NOTES TO FINANCIAL STATEMENTS

**NOTE 1 - Organization and Summary of Significant Accounting Policies**

**General Information**

Fremont County School District Number 14 (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 Wyoming Indian Elementary (grades K-6), Wyoming Indian Middle School (grades 7-8) and Wyoming Indian High School (grades 9-12).

**Reporting Entity**

A reporting entity is comprised of the primary government 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 14, this includes general operations, food service, teacher housing, and student related activities of the School District.

The financial statements of Fremont County School District Number 14 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.

**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.

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.

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.

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14**  
**NOTES TO FINANCIAL STATEMENTS**

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

**Basis of Presentation (cont.)**

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 is presented in separate columns. Non-major funds are aggregated and presented in a single column. The fiduciary funds are 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 funds are food service charges and rental income. Operating expenses for the School District's enterprise funds 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.

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 is 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 not accounted for and reported 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.

Capital Projects Fund

The capital projects fund accounts for all financial resources, that are restricted, committed, or assigned, for the acquisition, construction, or improvement of capital facilities.

Non-Major Governmental Funds

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

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14**  
**NOTES TO FINANCIAL STATEMENTS**

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

**Fund Accounting (cont.)**

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 proprietary fund is the Food Service fund.

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 a private-purpose trust fund. 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**

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.

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.

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14**  
**NOTES TO FINANCIAL STATEMENTS**

**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 grant advances 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, 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 Fund in the financial statements. The Special Revenue, Debt Service, and Capital Project 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 two preceding years. 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, Special Revenue, Debt Service, and Capital Project Funds are adopted on a basis and perspective which can differ significantly from generally accepted accounting principles (GAAP). The primary difference is that revenues and expenditures are recorded when received or paid in cash (budget) as opposed to when revenue is susceptible to accrual and when fund liability is incurred for expenditures (GAAP).

All appropriations, except capital project 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.

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14**  
**NOTES TO FINANCIAL STATEMENTS**

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

**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.

In the fund financial statements, the cost of inventory items is recorded as 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 October 1 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 November 10 and May 10, or the tax may be paid in full on December 31. Taxes collected are distributed after the end of each month.

**Capital Assets**

Generally, 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. The School District capitalizes items costing \$5,000 or more that have estimated useful lives in excess of one year. Improvements are capitalized; 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                   | 8 years                |

**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.

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14**  
**NOTES TO FINANCIAL STATEMENTS**

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

**Grant Advances**

Grant advances are amounts received from grant and contract sponsors that have not been earned.

**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 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.

**Fund Balance**

The District uses the fund balance definitions in GASB Codification Section 1800 for financial reporting for all governmental fund types. Section 1800 provides 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 position classification shown above.

The board has not elected to adopt a minimum fund balance policy as of June 30, 2013.

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14**  
**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 net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets.

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.

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14**  
**NOTES TO FINANCIAL STATEMENTS**

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

**Recently Adopted Accounting Standards (cont.)**

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. 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 (Non-GAAP Basis) and Actual presented for the general fund is 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).

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - Budgetary Basis of Accounting (cont.)**

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General fund.

|                                      | <u>General Fund</u> |
|--------------------------------------|---------------------|
| GAAP Basis                           | \$ 2,482,752        |
| Net adjustment for revenue items     | (303,763)           |
| Net adjustment for expenditure items | 0                   |
| Budget Basis                         | <u>\$ 2,178,989</u> |

**NOTE 3 - Deposits and Investments**

Statutes authorize the District to invest primarily in various federal government instruments, savings certificates of savings and loan associations, bank certificates of deposits, and Wyoming State Treasurer investment pool. The District has elected to invest cash in excess of immediate needs in various low risk investments summarized below:

|   |                      |
|---|----------------------|
| Cash and Investments, statement of net position           | \$ 24,213,706        |
| Cash and Investments, statement of fiduciary net position | 121,071              |
|   | <u>\$ 24,334,777</u> |
| Cash in Bank  | 3,117,954            |
| Money Market Funds  | 82,746               |
| Certificates of Deposit                                   | 2,963,377            |
| U.S. Treasury Notes & Bonds                               | 503,906              |
| Wyoming Government Investment Fund                        | 1,508,583            |
| Government Agencies Securities                            | 16,158,211           |
|   | <u>\$ 24,334,777</u> |

The Wyoming Government Investment Fund is an external investment pool that invests primarily in U.S. Government Agency Obligations and short-term commercial obligations. The pooled securities are held in safekeeping by a third party trust in the pool's name. The pool reports their investments at amortized cost, which they believe approximates fair value. The Wyoming Government Investment Fund is not rated. Due to their high liquidity, they are presented as cash equivalents in the financial statements.

**Investments in Government Securities Outside of the Investment Pool**

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

|                     | Interest Rate<br>Range | Maturity<br>Date Range<br>in Months | Ratings | Amount               |
|---------------------|------------------------|-------------------------------------|---------|----------------------|
| U.S. treasury notes | .625% -1.250%          | 6 -12                               | AA      | \$ 503,906           |
| Agency securities   | 0.25% - 6%             | 3 - 108                             | AA      | <u>16,158,211</u>    |
|                     |                        |                                     | Total   | <u>\$ 17,577,330</u> |

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14**  
**NOTES TO FINANCIAL STATEMENTS**

**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 \$3,117,954 and the bank balance was \$3,355,143. Of the bank balance, \$980,140 was covered by federal depository insurance; \$2,375,003 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 Wyoming Government Investment Fund is an external investment pool that invests primarily in U.S. Government Agency Obligations and short-term commercial obligations. The pooled securities are held in safekeeping by a third party trust in the pool's name. The pool reports their investments at amortized cost, which they believe approximates fair value. The Wyoming Government Investment Fund is not rated. At June 30, 2013, the District had \$1,508,583 invested in the fund.

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 three financial institutions. Each of these institutions held over 5% of the District's total deposits.

**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 uncollectable which amounts to approximately \$1,900. Grant receivables are considered collectible in full. Grant receivables at June 30, 2013 include \$467,976 in the special revenue funds, which consisted of various state and federal grants. Other receivables at June 30, 2013 include \$9,606 in the general fund which represents amounts that are due to the general fund from various entities. Other receivables are considered collectible in full.

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - Capital Assets**

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

|   | <u>Balance<br/>June 30,<br/>2012</u> | <u>Transfers<br/>and<br/>Additions</u> | <u>Deductions</u>     | <u>Balance<br/>June 30,<br/>2013</u> |
|---|--------------------------------------|--|-----------------------|--------------------------------------|
| <b>Governmental Activities</b>                      |                                      |  |                       |                                      |
| <b>Capital Assets, Not Being Depreciated</b>        |                                      |  |                       |                                      |
| Land  | \$ 960,121                           | \$ 0                                   | \$ 0                  | \$ 960,121                           |
| Construction in progress                            | 2,592,286                            | 1,295,793                              | (3,763,121)           | 124,958                              |
| <b>Total Capital Assets, Not Being Depreciated</b>  | <b>3,552,407</b>                     | <b>1,295,793</b>                       | <b>(3,763,121)</b>    | <b>1,085,079</b>                     |
| <b>Capital Assets, Being Depreciated</b>            |                                      |  |                       |                                      |
| Buildings and improvements                          | 28,093,688                           | 3,763,121                              | (169,676)             | 31,687,133                           |
| Equipment and contents                              | 2,281,038                            | 7,191                                  | 0                     | 2,288,229                            |
| Vehicles  | 2,707,174                            | 0                                      | 0                     | 2,707,174                            |
| <b>Total Capital Assets, Being Depreciated</b>      | <b>33,081,900</b>                    | <b>3,770,312</b>                       | <b>(169,676)</b>      | <b>36,682,536</b>                    |
| <b>Less Accumulated Depreciation</b>                |                                      |  |                       |                                      |
| Buildings and improvements                          | 13,106,205                           | 742,503                                | (169,676)             | 13,679,032                           |
| Equipment and contents                              | 1,875,912                            | 133,258                                | 0                     | 2,009,170                            |
| Vehicles  | 1,616,083                            | 207,050                                | 0                     | 1,823,133                            |
| <b>Total Accumulated Depreciation</b>               | <b>16,598,200</b>                    | <b>1,082,811</b>                       | <b>(169,676)</b>      | <b>17,511,335</b>                    |
| <b>Capital Assets, Being Depreciated, Net</b>       | <b>16,483,700</b>                    | <b>2,687,501</b>                       | <b>(339,352)</b>      | <b>19,171,201</b>                    |
| <b>Governmental Activities Capital Assets, Net</b>  | <b>\$ 20,036,107</b>                 | <b>\$ 3,983,294</b>                    | <b>\$ (4,102,473)</b> | <b>\$ 20,256,280</b>                 |
| <b>Business-Type Activities</b>                     |                                      |  |                       |                                      |
| <b>Capital Assets, Being Depreciated</b>            |                                      |  |                       |                                      |
| Equipment   | \$ 321,014                           | \$ 0                                   | \$ 0                  | \$ 321,014                           |
| Less Accumulated Depreciation                       | 294,035                              | 3,077                                  | 0                     | 297,112                              |
| <b>Business-Type Activities Capital Assets, Net</b> | <b>\$ 26,979</b>                     | <b>\$ (3,077)</b>                      | <b>\$ 0</b>           | <b>\$ 23,902</b>                     |

Depreciation expense was charged to governmental functions as follows:

|   |                     |
|---|---------------------|
| <b>Governmental Activities</b>                      |                     |
| Instruction   |                     |
| Regular   | \$ 604,721          |
| Special   | 15,003              |
| Vocational  | 45,381              |
| Instructional Support                               |                     |
| Support services - students                         | 1,176               |
| Support services - staff                            | 3,624               |
| General Support                                     |                     |
| Business administration                             | 89,028              |
| Technology  | 97,017              |
| Operations and maintenance                          | 23,435              |
| Transportation                                      | 203,426             |
| Total Depreciation Expense- Governmental Activities | <u>\$ 1,082,811</u> |
| <b>Business-Type Activities</b>                     |                     |
| Food Service  | <u>\$ 3,077</u>     |

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14**  
**NOTES TO FINANCIAL STATEMENTS**

**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, 1st Flr East-Herschler Bldg, 112 W. 25<sup>th</sup> Street, Cheyenne, WY 82002.

The plan statutorily requires a 14.12% contribution rate, 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 \$1,260,458, \$1,243,156, and \$1,216,205 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<br/>Beginning<br/>of Year</u> | <u>Additions</u>  | <u>Deletions</u>  | <u>Balance<br/>End of Year</u> | <u>Due Within<br/>One Year</u> |
|--------------------|--|-------------------|-------------------|--------------------------------|--------------------------------|
| Bonds, Series 2007 | \$ 550,000                               | \$ 0              | \$ 30,000         | \$ 520,000                     | \$ 30,000                      |
| Early retirement   | 322,508                                  | 362,235           | 272,783           | 411,960                        | 371,713                        |
| Comp absences      | 434,910                                  | 473,168           | 516,206           | 391,872                        | 352,685                        |
|                    | <u>\$ 1,307,418</u>                      | <u>\$ 835,403</u> | <u>\$ 818,989</u> | <u>\$ 1,323,832</u>            | <u>\$ 754,398</u>              |

Payments on the general obligation bonds are made by the debt service fund from property taxes and earnings on investments. Compensated absences and early retirement will be paid by the fund in which the expense was incurred.

**General Obligation Bonds**

On June 15, 2007 the District issued \$722,000 Series 2007 General Obligation Bonds with an average interest rate of 4.17 percent. The Bond proceeds were used for school improvement and equipment. The general obligation bonds, dated June 15, 2007 bear interest payable semi-annually on December 15 and June 15 at a rate from 3.75 percent to 4.50 percent. Bonds mature annually on June 15 with final payment being June 15, 2026. Starting June 15, 2018 the maturing bonds and semi-annual interest will be placed into a sinking fund to be redeemed June 15, 2026.

Maturities on long term debt for the years ending June 30, 2012 are as follows:

|           | <u>P r i n c i p a l</u> | <u>I n t e r e s t</u> | <u>T o t a l</u>  |
|-----------|--------------------------|------------------------|-------------------|
| 2014      | \$ 30,000                | \$ 22,747              | \$ 52,747         |
| 2015      | 30,000                   | 21,548                 | 51,548            |
| 2016      | 35,000                   | 20,332                 | 55,332            |
| 2017      | 35,000                   | 18,898                 | 53,898            |
| 2018      | 35,000                   | 17,445                 | 52,445            |
| 2019-2022 | 125,000                  | 53,100                 | 178,100           |
| 2023-2026 | 230,000                  | 21,825                 | 251,825           |
|           | <u>\$ 520,000</u>        | <u>\$ 175,895</u>      | <u>\$ 695,895</u> |

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - Long-Term Debt (cont.)**

**Early Retirement**

The District has adopted a nonqualified early retirement incentive plan. In order to be eligible for benefits under the plan, a full-time employee (defined as an employee who works 20 hours per week or more) must have completed 15 years of service in the field of education. Ten of those years must have been under consecutive years of employment with the District immediately prior to early retirement. The Board of Trustees can accept applications at its discretion under this plan. Benefits under the plan are equal to the annual salary of the early retiree at the time of retirement if the 15 years of service in the field of education is completed entirely with the District. Early retirees with ten years of service in the District will receive 5/10 of their annual salary. An early retiree will receive an additional 1/10 of their annual salary for each year of service in the District above ten.

Eligible benefits will be paid according to the contract agreements in the periods elected by the individual following the year of early retirement. At year-end, the obligation for early retirement is as follows:

| <u>Year</u> | <u>Payments</u> |
|-------------|-----------------|
| 2014        | 371,713         |
| 2015        | 13,416          |
| 2016        | 13,416          |
| 2017        | 13,415          |
|             | \$ 411,960      |

**NOTE 8 - Due To/From Other Funds and Transfers**

Interfund receivables and payable balances as of June 30, 2013, are as follows:

|                              | <u>Due from Other<br/>Funds</u>     | <u>Due to Other<br/>Funds</u>         |
|------------------------------|-------------------------------------|---------------------------------------|
| General fund                 | \$ 471,942                          | \$ 183,815                            |
| Capital Projects fund        | 175,488                             | 0                                     |
| Food Service fund            | 6,736                               | 0                                     |
| Non-major governmental funds | 0                                   | 470,351                               |
|                              | \$ 654,166                          | \$ 654,166                            |
| <br>                         |                                     |                                       |
|                              | <u>Transfers to<br/>Other Funds</u> | <u>Transfers from<br/>Other Funds</u> |
| General fund                 | \$ 1,220,000                        | \$ 2,835,708                          |
| Capital Projects fund        | 0                                   | 670,000                               |
| Private Purpose Trust Fund   | 2,835,708                           | 0                                     |
| Enterprise funds             | 0                                   | 550,000                               |
|                              | \$ 4,055,708                        | \$ 4,055,708                          |

The purpose of the transfers from the General Fund to the Capital Projects and Enterprise funds was to finance ongoing construction projects and maintain regular business activities.

The purpose of the transfer from the Private Purpose Trust Fund to the General Fund was due to the District changing to a private health insurance carrier and no longer needed the private purpose trust to maintain health insurance benefits for the District.

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 - 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 10 - Restatement**

Due to the adoption of GASB Statement No. 65, ("GASB 65") *Items Previously Reported as Assets and Liabilities*, the beginning balance of net position for governmental activities in the Statement of Activities has been decreased by \$19,271. This decrease reflects the recognition of the remaining unamortized bond issue costs at June 30, 2012 as an expense in the period the bonds were issued as required by GASB Statement No. 65.

**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 statements.

# Required Supplementary Information

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**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14**  
**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<br>Basis   | Final Budget<br>Positive<br>(Negative) |
| <b>REVENUES</b>   |                      |                      |                      |  |
| Taxes   | \$ 813,250           | \$ 813,250           | \$ 555,469           | \$ (257,781)                           |
| Intergovernmental   | 13,838,160           | 13,838,160           | 14,854,796           | 1,016,636                              |
| Investment income   | 265,000              | 265,000              | 72,569               | (192,431)                              |
| Other revenue   | 81,500               | 81,500               | 87,219               | 5,719                                  |
| <b>Total Revenues</b>   | <b>14,997,910</b>    | <b>14,997,910</b>    | <b>15,570,053</b>    | <b>572,143</b>                         |
| <b>EXPENDITURES</b>   |                      |                      |                      |  |
| Instruction   |                      |                      |                      |  |
| Regular   | 7,030,947            | 7,030,947            | 6,995,853            | 35,094                                 |
| Special   | 1,477,458            | 1,477,458            | 1,401,042            | 76,416                                 |
| Vocational  | 251,913              | 251,913              | 267,683              | (15,770)                               |
| Instructional support   |                      |                      |                      |  |
| Support services-staff  | 542,335              | 542,335              | 559,166              | (16,831)                               |
| Support services-students   | 978,347              | 978,347              | 981,753              | (3,406)                                |
| General support   |                      |                      |                      |  |
| Administration  | 1,104,179            | 1,104,179            | 1,032,660            | 71,519                                 |
| Business administration   | 431,092              | 431,092              | 691,687              | (260,595)                              |
| Board   | 221,500              | 221,500              | 202,304              | 19,196                                 |
| Operations and maintenance  | 1,561,892            | 1,561,892            | 1,945,670            | (383,778)                              |
| Transportation  | 846,782              | 846,782              | 822,050              | 24,732                                 |
| Technology  | 218,765              | 218,765              | 106,904              | 111,861                                |
| <b>Total Expenditures</b>   | <b>14,665,210</b>    | <b>14,665,210</b>    | <b>15,006,772</b>    | <b>(341,562)</b>                       |
| Excess of revenues over (under) expenditures                                  | 255,052              | 332,700              | 563,281              | 230,581                                |
| <b>OTHER FINANCING SOURCES (USES)</b>   |                      |                      |                      |  |
| Operating transfers in  | 0                    | 1,887,203            | 2,835,708            | 948,505                                |
| Operating transfers (out)   | (2,220,803)          | (2,220,803)          | (1,220,000)          | 1,000,803                              |
| Excess of revenues and other sources over (under) expenditures and other uses | (1,965,751)          | (900)                | 2,178,989            | 2,179,889                              |
| <b>FUND BALANCE - JULY 1</b>  | <b>19,974,127</b>    | <b>19,974,127</b>    | <b>19,974,127</b>    | <b>0</b>                               |
| <b>FUND BALANCE - JUNE 30</b>   | <b>\$ 18,008,376</b> | <b>\$ 19,973,227</b> | <b>\$ 22,153,116</b> | <b>\$ 2,179,889</b>                    |

# Supplementary Information

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**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

|   | <u>Combined<br/>Special Revenue<br/>Funds</u> | <u>Debt<br/>Service<br/>Fund</u> | <u>Major<br/>Maintenance<br/>Fund</u> | <u>Total<br/>Nonmajor<br/>Governmental<br/>Funds</u> |
|---|---|----------------------------------|---------------------------------------|--|
| <b>ASSETS</b>   |   |                                  |                                       |  |
| Cash and investments in treasury                                    | \$ 519,495                                    | \$ 0                             | \$ 736,051                            | \$ 1,255,546   |
| Cash with fiscal agent  | 0   | 14,374                           | 0                                     | 14,374   |
| Receivables   |   |                                  |                                       |  |
| Grants  | 467,976                                       | 0                                | 11,500                                | 479,476  |
| Taxes   | 0   | 1,139                            | 0                                     | 1,139  |
|   | <u>0</u>                                      | <u>1,139</u>                     | <u>0</u>                              | <u>1,139</u>   |
| <br>Total Assets  | <br><u>\$ 987,471</u>                         | <br><u>\$ 15,513</u>             | <br><u>\$ 747,551</u>                 | <br><u>\$ 1,750,535</u>                              |
| <b>LIABILITIES</b>  |   |                                  |                                       |  |
| Accounts payable and accrued expenses                               | \$ 60,124                                     | \$ 0                             | \$ 0                                  | \$ 60,124  |
| Due to other funds  | 383,922                                       | 0                                | 86,429                                | 470,351  |
| Grant Advances  | 543,425                                       | 0                                | 0                                     | 543,425  |
|   | <u>543,425</u>                                | <u>0</u>                         | <u>0</u>                              | <u>543,425</u>                                       |
| <br>Total Liabilities   | <br><u>987,471</u>                            | <br><u>0</u>                     | <br><u>86,429</u>                     | <br><u>1,073,900</u>                                 |
| <b>DEFERRED INFLOW OF RESOURCES</b>                                 |   |                                  |                                       |  |
| Property taxes  | 0   | 1,139                            | 0                                     | 1,139  |
|   | <u>0</u>                                      | <u>1,139</u>                     | <u>0</u>                              | <u>1,139</u>   |
| <b>FUND BALANCE</b>   |   |                                  |                                       |  |
| Restricted for:   |   |                                  |                                       |  |
| Debt service  | 0   | 14,374                           | 0                                     | 14,374   |
| Maintenance   | 0   | 0                                | 661,122                               | 661,122  |
|   | <u>0</u>                                      | <u>0</u>                         | <u>661,122</u>                        | <u>661,122</u>                                       |
| <br>Total Fund Balance  | <br><u>0</u>                                  | <br><u>14,374</u>                | <br><u>661,122</u>                    | <br><u>675,496</u>                                   |
| <br><b>TOTAL LIABILITIES, DEFERRED INFLOWS<br/>AND FUND BALANCE</b> | <br><u>\$ 987,471</u>                         | <br><u>\$ 15,513</u>             | <br><u>\$ 747,551</u>                 | <br><u>\$ 1,750,535</u>                              |

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2013**

|  | <b>Combined<br/>Special<br/>Revenue<br/>Funds</b> | <b>Debt Service<br/>Fund</b> | <b>Major<br/>Maintenance<br/>Fund</b> | <b>Total Nonmajor<br/>Governmental<br/>Funds</b> |
|--|---|------------------------------|---------------------------------------|--|
| <b>REVENUES</b>                              |   |                              |                                       |  |
| Taxes  | \$ 0  | \$ 56,584                    | \$ 0                                  | \$ 56,584  |
| Intergovernmental                            | 1,883,418   | 0                            | 436,159                               | 2,319,577  |
| Investment income                            | 0   | 0                            | 2,080                                 | 2,080  |
| Other revenue                                | 0   | 0                            | 0                                     | 0  |
| <b>Total Revenues</b>                        | <b>1,883,418</b>                                  | <b>56,584</b>                | <b>438,239</b>                        | <b>2,378,241</b>                                 |
| <b>EXPENDITURES</b>                          |   |                              |                                       |  |
| Current                                      |   |                              |                                       |  |
| Instruction                                  |   |                              |                                       |  |
| Regular                                      | 1,673,201   | 0                            | 0                                     | 1,673,201  |
| Special                                      | 210,217   | 0                            | 0                                     | 210,217  |
| General support                              |   |                              |                                       |  |
| Major maintenance                            | 0   | 0                            | 11,998                                | 11,998   |
| Debt Service                                 |   |                              |                                       |  |
| Principal                                    | 0   | 30,000                       | 0                                     | 30,000   |
| Interest                                     | 0   | 23,933                       | 0                                     | 23,933   |
| <b>Total Expenditures</b>                    | <b>1,883,418</b>                                  | <b>53,933</b>                | <b>11,998</b>                         | <b>1,949,349</b>                                 |
| Excess of revenues over (under) expenditures | 0   | 2,651                        | 426,241                               | 428,892  |
| <b>FUND BALANCE - JULY 1</b>                 | <b>0</b>  | <b>11,723</b>                | <b>234,881</b>                        | <b>246,604</b>                                   |
| <b>FUND BALANCE - JUNE 30</b>                | <b>\$ 0</b>                                       | <b>\$ 14,374</b>             | <b>\$ 661,122</b>                     | <b>\$ 675,496</b>                                |

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2013**

| <u>Federal Grantor/Pass-Through Grantor/<br/>Program Title</u>        | <u>Federal CFDA<br/>Number</u> | <u>Pass-Through<br/>Grantor's Number</u> | <u>Expenditures</u> |
|---|--------------------------------|--|---------------------|
| <b>U.S. Department of Education</b>                                   |                                |  |                     |
| Direct program  |                                |  |                     |
| Impact Aid  | 84.041                         | N/A                                      | \$ 4,945,432        |
| Title VII   | 84.060                         | N/A                                      | 214,311             |
| Passed through State Department of Education                          |                                |  |                     |
| Title I- School Improvement   | 84.010A                        | 110714T11SIA1                            | 30,526              |
| Title I- School Improvement   | 84.010A                        | 12071423AIA1                             | 149,516             |
| Title I- School Improvement   | 84.010A                        | 13071433AIA2                             | 219,078             |
| Title I   | 84.010A                        | 1307143T1A00                             | 436,930             |
| Title I   | 84.010A                        | 1207142T1A00                             | 151,444             |
| Title I   | 84.010A                        | 100714AT1A00                             | 1,984               |
| Title IIA   | 84.367A                        | 120714T2A00                              | 116,296             |
| Title IIA   | 84.367A                        | 110714T2A00                              | 15,902              |
| Title IIA   | 84.367A                        | 1307143T2A00                             | 15,221              |
| Special Education   | 84.027A                        | 1207142T6100                             | 46,131              |
| Special Education   | 84.027A                        | 110714VIB00                              | <u>164,086</u>      |
| Total Department of Education   |                                |  | <u>6,506,857</u>    |
| <b>U.S. Department of Agriculture</b>                                 |                                |  |                     |
| Passed through State Department of Education                          |                                |  |                     |
| National School Lunch Program:  |                                |  |                     |
| Reimbursement   | 10.555                         | N/A                                      | 202,952             |
| National School Breakfast Program                                     | 10.553                         | N/A                                      | 101,258             |
| Value of USDA Commodities   | 10.555                         | N/A                                      | 19,985              |
| Fresh Fruit and Vegetable Programs                                    | 10.582                         | N/A                                      | <u>17,151</u>       |
| Total U.S. Department of Agriculture                                  |                                |  | <u>341,346</u>      |
| <b>U.S. Department of Interior</b>                                    |                                |  |                     |
| Passed through Bureau of Indian Affairs and<br>Joint Business Council |                                |  |                     |
| Johnson O'Malley  | 15.130                         | N/A                                      | <u>8,366</u>        |
| Total Federal Financial Assistance                                    |                                |  | <u>\$ 6,856,569</u> |

**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2013**

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Fremont County School District #14 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.

# McKEE, MARBURGER & FAGNANT, P. C.

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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

Board of Trustees  
Fremont County School District Number 14  
Ethete, Wyoming

We have audited 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 14 (the District) as of and for the year ended June 30, 2013, which collectively comprise the District's basic financial statements and have issued our report thereon dated . We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control (Finding 2013-1), described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency.

## **Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the District'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*.

### **Fremont County School District Number 14's Response To The Findings**

Fremont County School District Number 14's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Fremont County School District Number 14's responses and, accordingly, we express no opinion on them.

### **Purpose of this Report**

This report is intended solely for the information and use of management Fremont County School District Number 14, others within the entity, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*McKee, Marburger & Fagman PC*

Lander, Wyoming  
December 10, 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 14  
Ethete, Wyoming

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

We have audited Fremont County School District Number 14'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 14's major federal programs for the year ended June 30, 2013. Fremont County School District Number 14'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 14'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 14'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 14's compliance.

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

In our opinion, Fremont County School District Number 14, 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 14, 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 City Fremont County School District Number 14'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 14's internal control over compliance.

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

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

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2013-1 to be a significant deficiency.

Fremont County School District Number 14's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Fremont County School District Number 14's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*McKee, Marburger & Lagnant PC*

Lander, Wyoming  
December 10, 2013

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14  
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: Unmodified

Internal control over financial reporting:

|  |   |  |
|--|---|--|
| Material weakness identified?  | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |
| Significant deficiency identified not<br>Considered to be material weaknesses? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> none reported |

Noncompliance material to financial statements noted?  Yes  No

Federal Awards

Internal control over major programs:

|  |   |  |
|--|---|--|
| Material weakness identified?  | <input type="checkbox"/> Yes            | <input checked="" type="checkbox"/> No |
| Significant deficiency identified not<br>Considered to be material weakness? | <input checked="" type="checkbox"/> Yes | <input type="checkbox"/> 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> |
|---------------------|---|
| 84.041              | Impact Aid                                |
| 84.010              | Title I                                   |
|                     | <u>USDA Child Nutrition Cluster</u>       |
| 10.555              | National School Lunch Program             |
| 10.553              | National School Breakfast Program         |
| 10.555              | USDA Food Distribution Program            |

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**

### **Finding 2013-1**

#### **Criteria**

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

#### **Condition**

The number of employees performing certain accounting and bookkeeping duties is not sufficient to provide an adequate segregation of duties.

#### **Effect**

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

#### **Recommendation**

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

## **SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

### **Finding 2013-1- See above**

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14  
SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2012**

**Item 2012-1 Internal Control Structure-**

This finding is still present as current year finding 2013-1.

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 14  
CORRECTIVE ACTION PLAN  
YEAR ENDED JUNE 30, 2013  
(Unaudited)**

**CORRECTIVE ACTION – ITEM 2013-1 SEGREGATION OF DUTIES**

We continue to practice oversight at each level to ensure segregation of duties, to the highest extent possible. As time allows, we will continue to cross-train office staff. We have worked diligently over the last year and have greatly improved our procedure guidance and internal controls of the District and continue to strive to make it as streamlined as possible, while still providing for the segregation of duties. Care has to be taken to not segregate too much as to create additional work. The District realizes that there are limitations to separation of duties in an office of this size. District personnel have and will continue to avail themselves of various classes and trainings to assist in the Internal Controls and procedures of the district office.