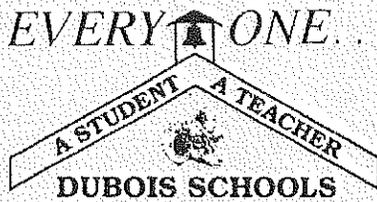


EVERY ONE...



**Fremont County School District #2**

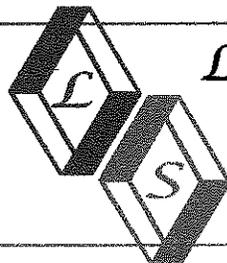
P.O. Box 188 • Dubois, WY 82513

FAX (307) 455-2178

(307) 455-2323

## FINANCIAL REPORT

JUNE 30, 2013



*LOVELETT,  
SKOGEN &  
ASSOCIATES, P.C.*

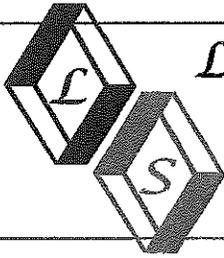
*Certified Public Accountants*

## TABLE OF CONTENTS

	Pages
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 17
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
Statement of Net Position	18
Statement of Activities	19
FUND FINANCIAL STATEMENTS:	
Balance Sheet - Governmental Funds	20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	21
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Statement of Fund Net Position - Proprietary Funds	24
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	25
Statement of Cash Flows - Proprietary Funds	26
FIDUCIARY FUND FINANCIAL STATEMENT:	
Statement of Fiduciary Net Position	27
NOTES TO FINANCIAL STATEMENTS	28 - 45

## TABLE OF CONTENTS (CONTINUED)

	Pages
REQUIRED SUPPLEMENTARY INFORMATION:	
BUDGETARY COMPARISON SCHEDULES:	
General Fund	46
Major Maintenance Fund	47
Grant Programs Fund	48
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	49
OTHER SUPPLEMENTAL INFORMATION:	
Balance Sheet - Nonmajor Governmental Funds	50
Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	51
Schedule of Balance Sheets - Grant Programs	52
Schedule of Revenues, Expenditures, and Other Financing Uses - Grant Programs	53
Detail Schedule of Revenues and Other Financing Sources - General Fund	54
Detail Schedule of Expenditures and Transfers - General Fund	55
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	56
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	57
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	58 - 59
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENT APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	60 - 62
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	63
RESOLUTION OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS	64



**LOVELETT,  
SKOGEN &  
ASSOCIATES, P.C.**

*Certified Public Accountants*  
104 South Wolcott St., Suite 735  
Casper, Wyoming 82601  
(307) 234-5395 ~ Fax (307) 234-53991  
[www.cpawyoming.com](http://www.cpawyoming.com)

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Fremont County School District #2  
Dubois, 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 # 2 (District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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.

### Auditors' 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 auditors' 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.

*Roxy L. Skogen, CPA, CFE*

*Michael J. Cometto, CPA, CFE*

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 #2, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-17 and 46-49 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 #2's basic financial statements. The combining and individual nonmajor fund financial statements, and other supplemental information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financials 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 are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2013, on our consideration of the Fremont County School District #2'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 the District's internal control over financial reporting and compliance.

The accompanying financial statements, supplemental information, and our independent auditors' reports are for the purpose of meeting local, state, and federal requirements and for the use of those entities and the management and the Board of Trustees and should not be used or relied upon by any other party for any purpose. Additional users of these financial statements, supplemental information, and independent auditors' reports are hereby advised that the liability of Lovelett, Skogen & Associates, P.C. to third party users who use or rely on this information may be limited pursuant to 1995 Wyoming Session Laws, Chapter 155 creating Wyoming Statute §33-3-201.

*Lovelett, Skogen & Associates, P.C.*

Casper, Wyoming  
December 2, 2013

Fremont Count School District # 2  
Dubois, Wyoming  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
*Unaudited*

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the Fremont County School District #2 ("District") annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended on June 30, 2013. Please read it in conjunction with the District's financial statements which immediately follow this section.

### FINANCIAL OVERVIEW

- ☞ The District's financial situation improved from the 2012 fiscal year to 2013. The net position of the District increased from \$9.3 million to \$10.7 million.
- ☞ The District's total long-term obligations increased by 78.9 percent from the 2012 fiscal year to 2013 due to various factors explained in the financial analysis of the government as a whole.
- ☞ During the 2012-13 school year compared to 2011-12, governmental fund revenues increased by \$966,380 (15.4 percent) due to various factors explained in the financial analysis of the government as a whole.
- ☞ During the 2012-13 school year compared to 2011-12, governmental fund expenditures increased by \$1,667,707 (29.4 percent), due primarily to a Wyoming School Facilities Department construction project.
- ☞ Student enrollment as used by the Wyoming School Funding Model (Average Daily Membership) decreased by 8.6 students from 2011-2012 to 2012-2013. This represents a decline of approximately 4.9 percent from the 2011-2012 figure.
- ☞ In 2012-2013, the District did not increase the base salaries/hourly rates for the certified and classified staff schedules, respectively. Steps, however, were granted as the schedules allowed.
- ☞ In 2012-2013, the District paid a \$500 per employee bonus (prorated for permanent, part-time employees) for employees returning from the 2011-2012 school year and completing the 2012-2013 year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts - **management's discussion and analysis** (this section), the **basic financial statements** and **required supplementary information**. The basic financial statements include three kinds of statements that present different views of the District.

Fremont Count School District # 2  
Dubois, Wyoming  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
*Unaudited*

- ✎ The first two statements are *government-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- ✎ The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide notes to financial statements.
  - ✎ The *governmental funds statements* tell how basic services like instruction and support services were financed in the short-term as well as what remains for future spending.
  - ✎ *Proprietary funds statements* offer short-term and long-term financial information about the activities the District operates like a business, such as food service.
  - ✎ *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.
- ✎ The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data.

The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Fremont County School District # 2  
 Dubois, Wyoming  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
*Unaudited*

Figure A-1 Organization of Fremont County School District #2's Annual Financial Report					
				Page(s)	
Management's Discussion and Analysis					
Basic Financial Statements	Government-Wide Financial Statements	☐	<i>Statement of Net Position</i>	Summary 18	
		☐	<i>Statement of Activities</i>	19	
	Fund Financial Statements		☐	<i>Balance Sheet Governmental Funds</i>	20
			☐	<i>Reconciliation of the Balance Sheet of Governmental Funds To the Statement of Net Position</i>	21
			☐	<i>Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds</i>	22
			☐	<i>Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities</i>	23
			☐	<i>Statement of Fund Net Position Proprietary Funds</i>	24
			☐	<i>Statement of Revenues, Expenses, and Changes in Fund Net Position Proprietary Funds</i>	25
			☐	<i>Statement of Cash Flows Proprietary Funds</i>	26
			☐	<i>Statement of Fiduciary Net Position Agency Fund</i>	Summary 27
	Fiduciary Fund Financial Statements				
	Notes to Financial Statements	☐	<i>Notes to Financial Statements</i>	Detail 28-45	
	Required Supplementary Information				

Fremont County School District # 2  
Dubois, Wyoming  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
*Unaudited*

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

	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
<b>Scope</b>	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as instructional costs	Activities the District operates similar to private businesses: e. g. , food service	Instances in which the District administers resources on behalf of someone else, such as student activity monies
<b>Required financial statements</b>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenue, expenditures, and changes in fund balances</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
<b>Accounting basis and measurement focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
<b>Type of asset/liability information</b>	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term	All assets and liabilities, both short-term and long-term
<b>Type of inflow/outflow information</b>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Fremont Count School District # 2  
 Dubois, Wyoming  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
*Unaudited*

Figure A-2 summarized the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

#### GOVERNMENT-WIDE STATEMENTS

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

The two government-wide statements report the District's net position and how they have changed. *Net position, the difference between the District's assets, deferred outflows of resources and liabilities is one way to measure the District's financial health or position.*

- ✎ Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- ✎ To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

Government-wide financial statements:

- ✎ Governmental activities - Most of the District's basic services are included here, such as regular instruction, special education, transportation and administration. Property taxes and the state's school funding formula finance most of these activities.

#### FUND FINANCIAL STATEMENTS

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

- ✎ Some funds are required by State and Federal law and by bond covenants.
- ✎ The District establishes other funds to control and manage money for particular purposes like repaying debt, and its capital projects fund) or to show that it is properly using certain revenues (like school lunch).

Fremont Count School District # 2  
Dubois, Wyoming  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
*Unaudited*

The District has three kinds of funds:

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

For FY13, the District's governmental funds were the General Fund (Fund 01), Capital Construction (Fund 30), Grants (a subset of Special Revenue Fund 22), Major Maintenance (a subset of Special Revenue Fund 22), and Debt Service (Fund 40).

- ✎ Proprietary funds statements (statement of fund net position, statement of revenues/expenses and changes in fund net position, and statement of cash flows) offer short-term and long-term financial information about the activities the District operates like a business, such as food service.

For FY13, the District's proprietary funds were Enterprise Fund (Food Service Fund 50) and Internals Service Fund (Unemployment Fund 60).

- ✎ Fiduciary funds - The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. We exclude these activities from the government-wide financial statements because the District cannot use these assets to finance its operations.

For FY13, the District's fiduciary fund was the Student Activity (Fund 80) fund.

Fremont County School District # 2  
Dubois, Wyoming  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
*Unaudited*

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Table 1**  
**Summary of Net Position**  
Governmental Activities  
As of June 30, 2013

	Governmental Activities June 30, 2013	Governmental Activities June 30, 2012	Change increase (decrease)	% Change
<b><u>Assets</u></b>				
<b>Current and other Assets</b>	\$ 2,335,222	\$ 2,026,081	\$ 309,141	15.3%
<b>Capital Assets (net)</b>	9,377,004	7,819,219	1,557,785	19.9%
<b>Total Assets</b>	11,712,226	9,845,300	1,866,926	19.0%
<b><u>Liabilities</u></b>				
<b>Current and other Liabilities</b>	781,887	387,772	394,115	101.6%
<b>Long-Term Liabilities</b>	267,686	198,913	68,773	34.6%
<b>Total Liabilities</b>	1,049,573	586,685	462,888	78.9%
<b><u>Net Position</u></b>				
<b>Invested in Capital Assets</b>	9,273,088	7,787,487	1,485,601	19.1%
<b>Restricted</b>	875,630	1,007,719	(132,089)	-13.1%
<b>Unrestricted</b>	513,935	463,409	50,526	10.9%
<b>Total Net Position</b>	\$ 10,662,653	\$ 9,258,615	\$ 1,404,038	15.2%

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of the District, Table 1 shows assets and deferred outflows of resources exceeded liabilities by \$10,662,653 at the close of the most recent fiscal year. The District's combined net position was more on June 30, 2013 than the year before, increasing by \$1,404,038 to \$10,662,653 (+15.2 percent).

- ☞ The District's financial situation improved from the 2012 fiscal year to 2013. The net position of the District increase from \$9.3 million to \$10.7 million.
- ☞ The District's total long-term obligations increased by 78.9 percent from the 2012 fiscal year to 2013. For current and other liabilities, the Dubois Elementary/Middle School remodel contributed \$387,369 in 'construction in process' liabilities. Retirements in the current fiscal year reduced the District's long-term obligations in compensated absence liabilities by 4.4 percent and the obligations under capital leases (copiers and certain transportation equipment) increased 227.5 percent due to the addition of a new bus lease.

Fremont County School District # 2  
Dubois, Wyoming  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2013  
Unaudited

- ☞ During the 2012-13 school year compared to 2011-12, governmental fund revenues increased by \$966,380 (15.4 percent), due primarily to the state sourced Wyoming School Facilities Department capital projects funds for the Dubois Elementary/Middle School/High School remodel construction. The District also received additional federal funds through the 21<sup>st</sup> Century Community Learning Center grant (an 8th cohort funding was awarded) and a fifth year of the USDA Rural Utility Services (RUS) grant, where the District was the fiscal agent for distance education equipment for six multi-state entities.
- ☞ During the 2012-13 school year compared to 2011-12, governmental fund expenditures increased by \$1,667,707 (29.4 percent), also due primarily to the Wyoming School Facilities Department construction project.

**Table 2**  
**Change in Net Position**  
Governmental Activities  
As of June 30, 2013

	Governmental Activities June 30, 2013	Governmental Activities June 30, 2012	Change increase (decrease)	% Change
<b>Revenues</b>				
Program Revenue				
Charges for Services	\$58,144	\$50,461	\$7,683	15%
Operating Grants and Contributions	\$2,181,616	\$1,159,529	\$1,022,087	88%
General Revenue				
Property Taxes	\$2,855,259	\$2,740,141	\$115,118	4%
Unrestricted Federal and State Aid	\$2,134,579	\$2,312,036	-\$177,457	-8%
Misc	\$0	\$0	\$0	0%
Earnings on Investments	\$5,272	\$5,601	-\$329	-6%
<b>Total Revenues</b>	<b>\$7,234,870</b>	<b>\$6,267,768</b>	<b>\$967,102</b>	<b>15%</b>
<b>Program Expenses</b>				
Instruction	\$2,797,791	\$2,845,829	-\$48,038	-2%
Support Services				
Students and Instructional Staff	\$823,455	\$645,805	\$177,650	28%
Board of Education, Admin, Fiscal and Business	\$1,129,277	\$980,322	\$148,955	15%
Operation and Maintenance of Facilities	\$609,861	\$768,444	-\$158,583	-21%
Pupil Transportation	\$344,359	\$311,708	\$32,651	10%
Other Support Services				
Other	\$16,428	\$19,128	-\$2,700	-14%
Interest				
<b>Total Expenses</b>	<b>\$5,721,171</b>	<b>\$5,571,236</b>	<b>\$149,935</b>	<b>3%</b>
Excess (Deficiency) before Transfers	\$1,513,699	\$696,532	\$817,167	117%
Transfers	-\$109,661	-\$120,792	\$11,131	-9%
Prior period adjustment			\$0	
<b>Increase (decrease) in Net Position</b>	<b>\$1,404,038</b>	<b>\$575,740</b>	<b>\$828,298</b>	<b>144%</b>

Fremont Count School District # 2  
 Dubois, Wyoming  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
*Unaudited*

For the fiscal year ending June 30, 2013, the total governmental fund revenues of the District were \$7.2M. Table 2 shows that 66.9 percent of this total came from general fund revenue sources. Eleven point nine percent (11.9 percent) of the total came from federal grant program revenue sources and 18.2 percent from Wyoming School Facilities Department. Please refer to the following Table 3 and Chart 1.

The total cost of all programs and services are predominately related to pupil instruction, student transportation, and student staff services. Student and instructional staff expensed increased \$177,650 (28 percent) due to the long-delayed fifth year USDA Rural Utility Services (RUS) grant award. The District's administrative and business activities accounted for 19.7 percent total program expenses, while maintenance and operation of facilities made up 10.7 percent of the expense. Please refer to the following Table 4 and Chart 2.

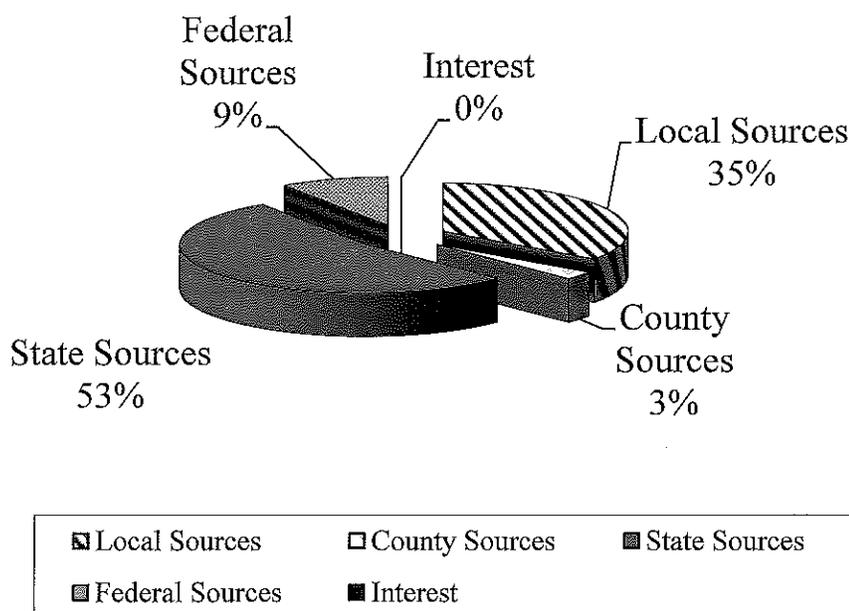
## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

**Table 3**  
**Governmental Funds Revenue FY13**

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General	Capital Projects	Grant Programs	Major Maintenance		
2013 Revenues						
Local Sources	\$2,507,218		\$6,755			\$2,513,973
County Sources	\$196,852					\$196,852
State Sources	\$2,134,579	\$1,318,099	\$181,848	\$212,032		\$3,846,558
Federal Sources			\$674,914			\$674,914
Interest	\$4,602	\$17		\$419	\$234	\$5,272
Total Revenues	\$4,843,251	\$1,318,116	\$863,517	\$212,451	\$234	\$7,237,569

Fremont Count School District # 2  
Dubois, Wyoming  
*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
Unaudited*

**Chart 1  
Government-Wide Funds  
Revenue by Source - FY13**



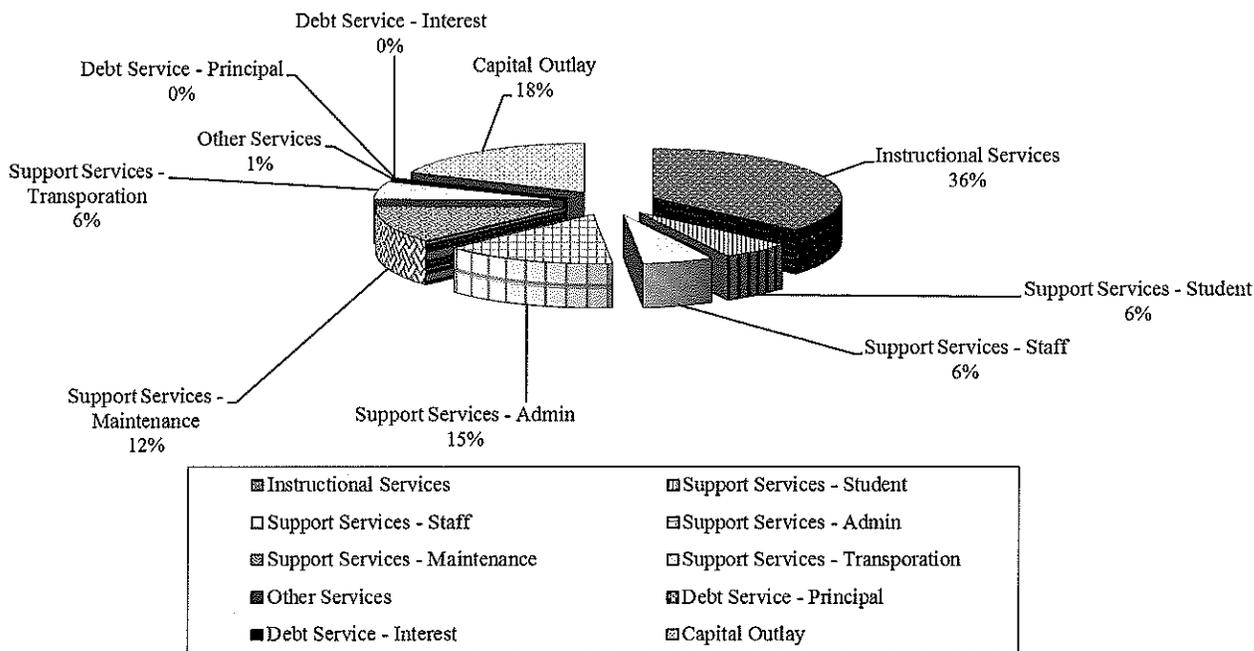
- ☞ The District continues to receive the majority of its funding from the State of Wyoming. For the 2012-2013 fiscal year, the increase in construction activity for the Dubois Elementary/Middle School remodel project with Wyoming School Facilities Department funding moved the state sources percentage to 53 percent (vs. 48 percent in 2011-2012).
- ☞ The District benefited from a thirteenth year of the USDE 21<sup>st</sup> Century Community Learning Center Grant (\$98,935) (Revenue: US Department of Education: Grant Program). This money is earmarked as the "Lights On After School Program" for 2012-2013 that provides after school activities and educational remedial opportunities for the students. In addition, the school received \$93,636 in "6<sup>th</sup> Cohort" and \$110,295 in "8<sup>th</sup> Cohort" money from the federal government.
- ☞ The District was awarded a USDE PEP grant in the amount of \$67,640 (Year 3). This grant supported the District needs for improving nutrition education, healthy eating habits, increasing student activity levels and skill development, as well as deepening the impact of fitness instruction and fitness assessment
- ☞ The District benefited from a fifth year USDA Rural Utility Services (RUS) grant award.

Fremont Count School District # 2  
 Dubois, Wyoming  
*Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2013  
 Unaudited*

**Table 4  
 Governmental Funds Expenditures FY13**

2013 Expenditures	Major Funds				Other Governmental Funds	Total Governmental Funds
	General	Capital Projects	Grant Programs	Major Maintenance		
Instructional Services	\$2,203,251		\$461,500			\$2,664,751
Support Services - Student	\$435,518					\$435,518
Support Services - Staff	\$94,300		\$351,559			\$445,859
Support Services - Admin	\$1,031,183		\$49,862			\$1,081,045
Support Services - Maintenance	\$583,090			\$316,063		\$899,153
Support Services - Transportation	\$428,484		\$596			\$429,080
Other Services	\$41,114					\$41,114
Debt Service - Principal						\$0
Debt Service - Interest						\$0
Capital Outlay	\$0	\$1,317,812		\$21,269		\$1,339,081
<b>Total Expenditures</b>	<b>\$4,816,940</b>	<b>\$1,317,812</b>	<b>\$863,517</b>	<b>\$337,332</b>	<b>\$0</b>	<b>\$7,335,601</b>

**Chart 2  
 Total Governmental-Wide  
 Expenditures by Function FY13**



Fremont Count School District # 2  
Dubois, Wyoming  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
*Unaudited*

- ☞ The District continues to spend the majority of its money on instructional services (36 percent).
- ☞ For the 2012-2013 fiscal year, the increase in capital outlay from the previous fiscal year (10 percent) was for the Dubois Elementary/Middle School remodel project.
- ☞ The District spent a significant amount on major maintenance to repair still-used facilities.
- ☞ The general fund continues to support the enterprise fund (food service) with \$109,661. The food service operation is not a self-supporting activity.
- ☞ The District is considered a “reimbursable Employer” for unemployment insurance with the State of Wyoming. Basically, this means that the District does not pay for unemployment insurance but instead pays the entire unemployment benefit (claims) deemed eligible by the Department of Workforce Services.

#### General Fund and Budget Highlights

During the 2012-13 fiscal year the original district budget was amended once to reflect changes which affected the District. The final budget was amended to show a current year fund balance of \$4,668,912. The amount was decreased from the original budget estimate of \$4,722,221 and resulted in a -\$53,309 variance between the original and final budget. This budget continues to sustain those programs that have been initiated by the Board of Trustees.

Fremont Count School District # 2  
Dubois, Wyoming  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
*Unaudited*

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

**Table 5**  
**Net Capital Assets**  
As of June 30, 2013

Category	June 30, 2013	June 30, 2012	Change increase (decrease)
Land and improvements	\$ 1,054,624	\$ 996,266	\$ 58,358
Construction in Process	1,177,588	302,468	875,120
Building and improvements	10,824,492	10,066,350	758,142
Equipment and contents	1,364,722	1,167,524	197,198
Transportation equipment	638,382	595,777	42,605
Equipment under capital lease	128,850	152,753	-23,903
<b>Subtotal</b>	<b>15,188,658</b>	<b>13,281,138</b>	<b>1,907,520</b>
<b>Less accumulated depreciation</b>	<b>5,811,654</b>	<b>5,461,919</b>	<b>349,735</b>
<b>Total Capital Assets, Net</b>	<b>\$ 9,377,004</b>	<b>\$ 7,819,219</b>	<b>\$ 1,557,785</b>

Capital assets (all funds, excluding land and construction in process) have been reported at \$15.18M and depreciation of \$5.81M for a net capital asset value of \$9.38M in Table 5. The amount listed represents the estimated historical costs of all sites, site improvement, buildings and building improvements, moveable assets (furniture, equipment – including computers and peripherals, musical instruments), and vehicles with a unit value of at least \$1000.

### LONG-TERM DEBT

At June 30, 2013, the District had \$267,686 in long-term obligations for compensated absences, capital leases and a Wyoming Governor's loan. The District had no debt due to bond issues.

### FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following items that could significantly affect its financial health in the future:

- ☞ The State of Wyoming continues to live within their means. The state legislature has kept a standard budget as 'flat' as possible, it funds important items that position Wyoming well for the future, and it draws the line on overspending.

Fremont County School District # 2  
Dubois, Wyoming  
*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
Unaudited*

- ☞ Some of the very good news of the last two years is the exponential growth in broadband connectivity, and in keeping and recruiting data centers and other high tech companies. Wyoming now has a supercomputer, a Microsoft data center under construction, and small and medium size tech companies popping up all over the state. This helps diversify the economy and provide other options to employ our young people.
- ☞ The District has been faced with declining student enrollment for several years and in FY13 we saw Dubois High School with a student population of less than 50. The negative impact on funding this produces is only softened by a well-timed 'grandfathering' in state statute that allows the District to continue to be funded a three separate schools.
- ☞ The completion of the Dubois Elementary/Middle School remodel into a Dubois Elementary/Middle School/High School in FY14 will have a significant impact on the District fixed costs and some personnel costs.

These factors were considered in preparing the Fremont County School District's budget for the 2012-2013 fiscal year.

#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional information, please contact:

Ms. Lu Beecham, Business Manager  
Fremont County School District #2  
314 Helmer/P. O. Box 188  
Dubois, Wyoming 82513

Office: 307-455-5542  
Fax: 307-455-2178  
Email: lbeecham@fremont2.org

**GOVERNMENT-WIDE  
FINANCIAL STATEMENTS**

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

	Governmental Activities	Business-type Activities	Total
<b>Assets:</b>			
Cash and short-term investments	\$ 1,742,056	\$ 2,036	\$ 1,744,092
Cash with fiscal agent	50,736	-	50,736
Receivables:			
Property taxes	52,913	-	52,913
Other governments, grants	489,517	4,085	493,602
Inventories	-	3,475	3,475
Capital assets:			
Land	1,054,624	-	1,054,624
Construction in process	1,177,588	-	1,177,588
Other capital assets, net of accumulated depreciation	7,144,792	14,890	7,159,682
Total assets	<u>11,712,226</u>	<u>24,486</u>	<u>11,736,712</u>
<b>Liabilities:</b>			
Accounts payable	396,793	-	396,793
Accrued salaries and benefits	384,990	8,923	393,913
Unearned revenue	104	-	104
Current portion of long-term obligations	174,285	-	174,285
Noncurrent portion of long-term obligations	93,401	-	93,401
Total liabilities	<u>1,049,573</u>	<u>8,923</u>	<u>1,058,496</u>
<b>Net Position:</b>			
Net investment in capital assets	9,273,088	14,890	9,287,978
Restricted for:			
Adult education	146,728	-	146,728
Capital maintenance	702,549	-	702,549
Debt service	24,922	-	24,922
Grant programs	1,431	-	1,431
Unrestricted	513,935	673	514,608
Total net position	<u>\$ 10,662,653</u>	<u>\$ 15,563</u>	<u>\$ 10,678,216</u>

See accompanying notes to financial statements.

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
Instructional services				
Regular instruction	\$ 1,795,142	\$ -	\$ 18,729	\$ -
Special education	647,056	-	357,548	-
Other adult education	188,081	-	-	-
Vocational education	167,512	-	85,222	-
Supporting services:				
Students	378,092	-	-	-
Instructional staff	445,363	-	351,560	-
Central services	572,095	51,669	-	-
School administration	364,522	-	49,862	-
Business services	157,127	-	-	-
Operation and maintenance of facilities	609,861	6,475	-	1,318,099
Pupil transportation	344,359	-	596	-
General administration	35,533	-	-	-
Other	16,428	-	-	-
Total Governmental Activities	<u>5,721,171</u>	<u>58,144</u>	<u>863,517</u>	<u>1,318,099</u>
<b>Business-Type Activities:</b>				
Food service	<u>206,147</u>	<u>44,128</u>	<u>35,279</u>	<u>-</u>
Total District	<u>\$ 5,927,318</u>	<u>\$ 102,272</u>	<u>\$ 898,796</u>	<u>\$ 1,318,099</u>

**General revenues:**

- Property taxes levied for:
  - General purposes
  - Major Maintenance
  - Vocational and adult education
- Federal and state aid not restricted to specific purposes
  - State Foundation Program
  - Other State Sources
- Earnings on investments

**Transfers**

Total general revenues and transfers

**Change in net position**

**Net position - beginning**

**Net position - ending**

See accompanying notes to financial statements.

Net (Expenses) Revenue and  
Changes in Net Position

Total Governmental Activities	Business-Type Activities	Total
\$ (1,776,413)	\$ -	\$ (1,776,413)
(289,508)	-	(289,508)
(188,081)	-	(188,081)
(82,290)	-	(82,290)
(378,092)	-	(378,092)
(93,803)	-	(93,803)
(520,426)	-	(520,426)
(314,660)	-	(314,660)
(157,127)	-	(157,127)
714,713	-	714,713
(343,763)	-	(343,763)
(35,533)	-	(35,533)
(16,428)	-	(16,428)
(3,481,411)	-	(3,481,411)
-	(126,740)	(126,740)
(3,481,411)	(126,740)	(3,608,151)
2,461,877	-	2,461,877
212,032	-	212,032
181,350	-	181,350
2,134,511	-	2,134,511
68	-	68
5,272	5	5,277
(109,661)	109,661	-
4,885,449	109,666	4,995,115
1,404,038	(17,074)	1,386,964
9,258,615	32,637	9,291,252
<u>\$ 10,662,653</u>	<u>\$ 15,563</u>	<u>\$ 10,678,216</u>

**FUND**  
**FINANCIAL STATEMENTS**

**FREMONT COUNTY SCHOOL DISTRICT #2  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General	Capital Projects	Grant Programs	Major Maintenance		
<b>Assets:</b>						
Cash and short-term investments	\$ 1,026,163	\$ 4,235	\$ 4,982	\$ 706,277	\$ -	\$ 1,741,657
Cash with fiscal agent	31,151	-	-	-	19,585	50,736
Receivables:						
Property taxes	52,911	-	-	-	2	52,913
Other governments, grants	-	387,369	102,148	-	-	489,517
Internal balances	71,434	-	(76,771)	-	5,337	-
Total assets	<u>\$ 1,181,659</u>	<u>\$ 391,604</u>	<u>\$ 30,359</u>	<u>\$ 706,277</u>	<u>\$ 24,924</u>	<u>\$ 2,334,823</u>
<b>Liabilities and fund balances:</b>						
<b>Liabilities:</b>						
Accounts payable	\$ -	\$ 387,369	\$ 5,696	\$ 3,728	\$ -	\$ 396,793
Accrued salaries and benefits	361,862	-	23,128	-	-	384,990
Unearned revenue:						
Grant programs	-	-	104	-	-	104
Property taxes	32,398	-	-	-	2	32,400
Total liabilities	<u>394,260</u>	<u>387,369</u>	<u>28,928</u>	<u>3,728</u>	<u>2</u>	<u>814,287</u>
<b>Fund Balances:</b>						
Restricted for:						
Adult education	146,728	-	-	-	-	146,728
Capital maintenance	-	-	-	702,549	-	702,549
Debt service	-	-	-	-	24,922	24,922
Grant programs	-	-	1,431	-	-	1,431
Unrestricted:						
Assigned for:						
Adult education	86,740	-	-	-	-	86,740
Capital projects	-	4,235	-	-	-	4,235
Employee insurance	5,502	-	-	-	-	5,502
Equipment	11,800	-	-	-	-	11,800
Property management	17,034	-	-	-	-	17,034
Unassigned, reported in:						
General fund	519,595	-	-	-	-	519,595
Total fund balances	<u>787,399</u>	<u>4,235</u>	<u>1,431</u>	<u>702,549</u>	<u>24,922</u>	<u>1,520,536</u>
Total liabilities and fund balances	<u>\$ 1,181,659</u>	<u>\$ 391,604</u>	<u>\$ 30,359</u>	<u>\$ 706,277</u>	<u>\$ 24,924</u>	<u>\$ 2,334,823</u>

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

Total fund balances for governmental funds \$ 1,520,536

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$ 1,054,624	
Construction in process	1,177,588	
Buildings and improvements, net of \$4,355,060 accumulated depreciation	6,469,432	
Furniture and equipment, net of \$979,091 accumulated depreciation	385,631	
Transportation equipment, net of \$472,134 accumulated depreciation	166,248	
Leased transportation equipment, net of \$5,369 accumulated depreciation	<u>123,481</u>	9,377,004

Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unearned revenue in the funds. 32,400

The internal service funds are used by management to charge the costs of the employee unemployment compensation program. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. Internal service fund net position at year end are: 399

Long-term liabilities that pertain to governmental funds, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year end are:

Accrued vacation	\$ (73,770)	
Obligations under capital leases	(103,916)	
Wyoming Governor's Office loan	<u>(90,000)</u>	<u>(267,686)</u>

Total net position of governmental activities \$ 10,662,653

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General	Capital Projects	Grant Programs	Major Maintenance		
<b>Revenues:</b>						
Local sources	\$ 2,507,218	\$ -	\$ 6,755	\$ -	\$ -	\$ 2,513,973
County sources	196,852	-	-	-	-	196,852
State sources	2,134,579	1,318,099	181,848	212,032	-	3,846,558
Federal sources	-	-	674,914	-	-	674,914
Interest	4,602	17	-	419	234	5,272
<b>Total revenues</b>	<b>4,843,251</b>	<b>1,318,116</b>	<b>863,517</b>	<b>212,451</b>	<b>234</b>	<b>7,237,569</b>
<b>Expenditures:</b>						
Current:						
Instructional services:						
Regular instruction	1,636,262	-	18,730	-	-	1,654,992
Special education	297,256	-	357,548	-	-	654,804
Vocational education	80,729	-	85,222	-	-	165,951
Other adult instruction	189,004	-	-	-	-	189,004
Supporting services:						
Students	435,518	-	-	-	-	435,518
Instructional staff	94,300	-	351,559	-	-	445,859
Central services	556,148	-	-	-	-	556,148
School administration	315,879	-	49,862	-	-	365,741
Business services	159,156	-	-	-	-	159,156
Operation and maintenance of facilities:						
of facilities	583,090	-	-	316,063	-	899,153
Pupil transportation	428,484	-	596	-	-	429,080
General administration	28,131	-	-	-	-	28,131
Other transportation	12,983	-	-	-	-	12,983
Capital outlay	-	1,317,812	-	21,269	-	1,339,081
<b>Total expenditures</b>	<b>4,816,940</b>	<b>1,317,812</b>	<b>863,517</b>	<b>337,332</b>	<b>-</b>	<b>7,335,601</b>
Excess of revenues over (under) expenditures	26,311	304	-	(124,881)	234	(98,032)
<b>Other financing sources (uses):</b>						
Proceeds from capital lease	128,850	-	-	-	-	128,850
Transfers	(113,093)	-	-	-	-	(113,093)
<b>Total other financing sources (uses)</b>	<b>15,757</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,757</b>
<b>Net change in fund balance</b>	<b>42,068</b>	<b>304</b>	<b>-</b>	<b>(124,881)</b>	<b>234</b>	<b>(82,275)</b>
<b>Fund balances - beginning</b>	<b>745,331</b>	<b>3,931</b>	<b>1,431</b>	<b>827,430</b>	<b>24,688</b>	<b>1,602,811</b>
<b>Fund balances - ending</b>	<b>\$ 787,399</b>	<b>\$ 4,235</b>	<b>\$ 1,431</b>	<b>\$ 702,549</b>	<b>\$ 24,922</b>	<b>\$ 1,520,536</b>

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Net change in fund balances-total governmental funds \$ (82,275)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$2,500 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 2,027,627	
Depreciation expense	<u>(469,843)</u>	1,557,784

Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net position, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net position.

Proceeds from capital lease	\$ (128,850)	
Payments on capital lease	<u>56,666</u>	(72,184)

Property tax revenues collected after the year for which they are being levied are reported as unearned revenue in the governmental funds. They are, however, recorded as revenues in the statement of activities. Unearned property tax revenues decreased this year. (2,699)

In the statement of activities, certain operating expenses - compensated absences (vacations) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts actually paid). During this year accrued vacation decreased. 3,412

Change in net position of governmental activities \$ 1,404,038

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**STATEMENT OF FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2013**

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>
<b>Assets</b>		
<b>Current assets:</b>		
Cash and investments	\$ 2,036	\$ 399
Due from other governments	4,085	-
Inventories	3,475	-
Total current assets	<u>9,596</u>	<u>399</u>
<b>Capital assets:</b>		
Equipment	80,714	-
Transportation equipment	24,071	-
Accumulated depreciation	(89,895)	-
Net capital assets	<u>14,890</u>	<u>-</u>
Total assets	<u>\$ 24,486</u>	<u>\$ 399</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
<b>Current liabilities:</b>		
Accrued salaries and benefits	\$ 8,923	\$ -
Total current liabilities	<u>8,923</u>	<u>-</u>
<b>Net position:</b>		
Net investment in capital assets	14,890	-
Unrestricted	673	399
Total net position	<u>15,563</u>	<u>399</u>
Total liabilities and net position	<u>\$ 24,486</u>	<u>\$ 399</u>

See accompanying notes to financial statements.

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Enterprise Fund	Internal Service Fund
	<u>          </u>	<u>          </u>
<b>Operating revenues:</b>		
Charges for services:		
Food service	\$ 44,128	\$ -
	<u>          </u>	<u>          </u>
<b>Operating expenses:</b>		
Salaries	78,121	-
Employee benefits	62,065	3,432
Purchased services	1,897	-
Supplies and materials, including food	57,316	-
Other	387	-
Depreciation	6,361	-
Total operating expenses	<u>206,147</u>	<u>3,432</u>
Operating loss	<u>(162,019)</u>	<u>(3,432)</u>
<b>Nonoperating income:</b>		
Earnings on investments	5	-
Federal sources, including commodity support	<u>35,279</u>	<u>-</u>
Total nonoperating income	<u>35,284</u>	<u>-</u>
Loss before transfers	<u>(126,735)</u>	<u>(3,432)</u>
<b>Transfers in</b>	<u>109,661</u>	<u>3,432</u>
Change in net position	<u>(17,074)</u>	<u>-</u>
<b>Net position - beginning</b>	<u>32,637</u>	<u>399</u>
<b>Net position - ending</b>	<u>\$ 15,563</u>	<u>\$ 399</u>

See accompanying notes to financial statements.

**FREMONT COUNTY SCHOOL DISTRICT #2  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

	Enterprise Fund	Internal Service Fund
	<u>          </u>	<u>          </u>
<b>Cash flows from operating activities:</b>		
Receipts from lunch sales	\$ 44,128	\$ -
Payments to suppliers	(59,600)	-
Payments to employees or on behalf of employees	(143,146)	(3,432)
Net cash used in operating activities	<u>(158,618)</u>	<u>(3,432)</u>
<b>Cash flows from noncapital financing activities:</b>		
Transfers in	109,661	3,432
Federal subsidy	31,819	-
Net cash provided by noncapital financing activities	<u>141,480</u>	<u>3,432</u>
<b>Cash flows from capital and related financing activities:</b>	<u>-</u>	<u>-</u>
<b>Cash flows from investing activities:</b>		
Interest received	5	-
Net cash provided by investing activities	<u>5</u>	<u>-</u>
<b>Net decrease in cash</b>	(17,133)	-
<b>Cash - beginning</b>	19,169	399
<b>Cash - ending</b>	<u>\$ 2,036</u>	<u>\$ 399</u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>		
Operating loss	\$ (162,019)	\$ (3,432)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	6,361	-
Decrease in accrued salaries and benefits	(2,960)	-
Total adjustments	<u>3,401</u>	<u>-</u>
Net cash used in operating activities	<u>\$ (158,618)</u>	<u>\$ (3,432)</u>
<b>Noncash investing, capital, and financing activities:</b>	none	none

See accompanying notes to financial statements.

**FIDUCIARY FUND  
FINANCIAL STATEMENT**

**FREMONT COUNTY SCHOOL DISTRICT #2  
STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

**Assets:**

Cash and investments	\$ 40,344
Total Assets	<u>\$ 40,344</u>

**Liabilities**

Due to student groups	\$ 40,344
Total Liabilities	<u>\$ 40,344</u>

See accompanying notes to financial statements.

# NOTES TO FINANCIAL STATEMENTS

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**NOTES TO FINANCIAL STATEMENTS**

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds and Significant Accounting Policies

**REPORTING ENTITY**

For financial reporting purposes, the District includes all of the funds of Fremont County School District #2. The reporting entity for the District consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. This report does not contain any component units.

**NATURE OF OPERATIONS**

The operations of the District consist of providing educational services to the residents of Dubois, Wyoming and the surrounding area within Fremont County, Wyoming. The District operates under a locally elected seven member Board form of government and provides educational and supportive services as mandated by the State of Wyoming and/or federal agencies.

**BASIS OF PRESENTATION**

The District's basic financial statements consist of government-wide statements, including 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 District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds and Significant Accounting Policies (Continued)

The government-wide statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, are 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 the operational or capital requirements of a particular program. Program revenues also include 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 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 District.

Fund Financial Statements

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

**DESCRIPTION OF FUNDS**

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental, proprietary and fiduciary.

Governmental Funds:

Governmental funds are those through which most governmental functions of the District 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 purposes for which they may or must be used. Current liabilities are assigned to the funds from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

Governmental funds are organized as major funds or non-major funds with an emphasis placed on major funds. A fund is considered major if it is a primary operating fund of the District and meets the following criteria:

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds and Significant Accounting Policies (Continued)

Total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10 percent of the total for all funds of that category or type.

In addition, any other governmental fund that the District believes is particularly important to the financial statement users may be reported as a major fund.

The following are the District's major governmental funds:

**General Fund** - The General Fund is the operating fund of the District and is used to account for all financial resources except those that are required to be accounted for in another fund. The instructional and most of the support service programs of the District are accounted for in the General Fund. The revenue of the fund consists primarily of local property taxes and federal and state funds. The General Fund balance is available for any purpose provided it is expended or transferred according to the laws of the State of Wyoming.

**Grant Programs - Special Revenue Funds** are used to account for the proceeds of specific revenue sources (other than for expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The revenues of the Grant Programs Special Revenue Fund consist primarily of federal and state grants.

**Major Maintenance** – The Major Maintenance Fund is used to account for financial resources to be used specifically for major maintenance of District facilities as defined by Wyoming State Statute.

**Capital Projects Fund** – The Capital Projects Fund is used to account for financial resources accumulated and payments made for the acquisition and improvement of sites and construction and remodel of facilities. The revenue for the Capital Projects Fund is primarily from the Wyoming School Facilities Department.

Additionally, the District reports the following governmental fund:

**Debt Service Fund** – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**Proprietary Funds:**

Proprietary Funds focus on the determination of changes in net assets, financial position and cash flows.

**FREMONT COUNTY SCHOOL DISTRICT #2  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds and Significant Accounting Policies (Continued)

Enterprise Fund - The Food Service Fund is an enterprise fund used to account for the operations of the school breakfast and lunch program on a self-supporting basis. The fund is sustained by revenue from the students and faculty for the sale of breakfasts and lunches, operating transfers from the general fund, and by government subsidized food commodities and the National School Breakfast and Lunch Programs.

Internal Service Fund - The District has established an unemployment compensation fund to pay claims arising after June 30, 1994. Transfers to the fund are treated as operating transfers.

Fiduciary Funds:

Fiduciary fund reporting focuses on net position and changes in net position. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The 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 programs.

**SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Fremont County School District #2 have been prepared in conformity with generally accepted accounting principles 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.

Significant accounting policies of the District are as follows:

a) Measurement Focus and Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The government-wide, proprietary, and fiduciary fund financial statements are prepared using the economic resources and accrual basis of accounting. Governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds and Significant Accounting Policies (Continued)

Revenues – Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available.

Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, fees, and rentals.

Federal and State Grants and Entitlements

Federal and state grants and entitlements are recognized as revenue in the period the District is entitled to the resources and the amounts are available. Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred and the amounts are available. Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Unearned Revenue

On governmental fund financial statements, receivables that will not be collected within the available period, including property taxes, have also been reported as unearned revenue.

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds and Significant Accounting Policies (Continued)

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation are not recognized in governmental funds.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and services. It also includes all revenue and expenses not related to capital and financing activities, noncapital financing, or investing activities. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

b) Budgetary Process

All funds are legally required to be budgeted and appropriated. The District's Board of Trustees annually adopts a budget and approves the related appropriations. Legal spending control is at the program level within each of the individual funds, management control is exercised at budgetary line item levels within each fund. The Board of Trustees may amend the budget after it is approved and also authorizes transfers between the various budgetary programs in any fund. The amounts reported as original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

c) Property Taxes

Property taxes are levied in the first week of August of each year and are collectible in two installments. Installments are due on September 1 and March 1 and are collectible on November 10 and May 10. If the first installment payment is made after November 10, the entire amount is due by December 31. Property taxes attach as an enforceable lien on the property if payment is not made by November 10 and May 10. Delinquent taxes are included as revenue in the financial statements when collected. On the government-wide statement of net position, property tax receivable has been recorded at the estimated net realizable value with an estimated allowance for amounts uncollectible.

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds and Significant Accounting Policies (Continued)

d) Cash, Cash Equivalents, and Investments

For purposes of the Proprietary Funds statement of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. The cash and cash equivalents are considered to be cash on hand and demand deposits.

e) Internal Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds". These amounts are eliminated in the governmental and business-type activities columns of the statement of activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities.

f) Inventory

The District values inventory at cost using the first-in, first-out method.

g) Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. 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. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are recorded at cost if purchased, or at fair market value as of the date of the gift if received as a donation. The District maintains a tiered capitalization policy which is based on the asset category. The District does not possess any infrastructure. 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 land, land improvements, and construction in progress are depreciated. Capital asset improvements are depreciated over the useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

**FREMONT COUNTY SCHOOL DISTRICT #2  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds and Significant Accounting Policies (Continued)

g) Capital Assets (Continued)

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings	25 – 50 years	
Building improvements	15 – 25 years	
Furniture and equipment	5 – 17 years	5 – 7 years
Transportation equipment	5 – 12 years	5 years

h) Compensated Absences

Vacation and sick leave benefits are accrued as a liability as the benefits are earned if the employee’s rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused time when earned for all eligible employees. The entire compensated absence liability is reported on the government-wide financial statements.

Certified employees earn sick leave at the rate of 10 days per year and classified employees at the rate of 1 day per month. Unused leave can be accumulated up to 90 days for certified staff and classified staff. At termination, payment will be made at rates between ½ the current daily certified sub rate per day to 88% of the rate depending on whether the employee retires or leaves at the close of a contract.

Employees with 12-month positions earn vacation leave. Maximum accumulation of vacation is 21 days for classified positions. All outstanding vacation leave is payable upon termination.

i) Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements and all payables, accrued liabilities and long-term obligations payable from enterprise funds are reported on the enterprise fund financial statements.

In general, governmental fund 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 funds. Capital leases are not recognized as a liability on the governmental fund financial statements until due. All long-term governmental obligations are paid from the General Fund.

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds and Significant Accounting Policies (Continued)

j) Net Position

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

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

k) Fund Balance

The District uses the fund balance definitions in GASB Codification Section 1800 for financial reporting for all governmental fund types. The classifications are intended to depict the nature of net resources that are reported in a governmental fund. An individual fund could include any combination of these classifications.

Nonspendable Fund Balance

These fund balances are the net balance of assets and liabilities that are either legally or contractually required to be maintained intact or are “not in spendable” form. This includes all legally or contractually restricted balances as well as prepaid expenses, inventory, and other items considered “not in spendable” form.

Restricted Fund Balance

These fund balances are the net balance of assets and liabilities that have provisions that are externally imposed. These are grants or other funds that are restricted by the debt covenants, grantor, contributor, or by laws or regulations of external governments. In general, these include legally enforceable requirements that the resources be used only for the specific purposes stipulated in the grant, debt covenant, or by law.

Committed Fund Balance

These fund balances are those imposed by a formal action taken by the Board of Trustees. Once the Board of Trustees has taken formal action the assets cannot be used for other purposes unless the Board of Trustees removes or changes the specified use by taking the same action it employed previously to commit the balances.

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds and Significant Accounting Policies (Continued)

k) Fund Balance (Continued)

Assigned Fund Balance

Assigned fund balances are the net amounts of assets and liabilities constrained by the intent of the Board of Trustees. The intent will not be done by formal action of the Board of Trustees, but will be part of items such as the adopted budget or in a statement by the Board or by the Superintendent.

Unassigned Fund Balance

Typically unassigned fund balances will be limited to the General Fund and by definition they are the residual balance for fund balance.

When an expenditure is incurred for purposes for which a combination of fund balances is available, the District applies restricted fund balances, committed fund balances, assigned fund balances, and unassigned fund balances, respectively.

l) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

m) New GASB Pronouncements

The Governmental Accounting Standards Board has issued several new pronouncements that the District has reviewed for application to their accounting and reporting.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, is effective for periods beginning after December 15, 2011. This standard provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The District has implemented this reporting for the year ended June 30, 2013. The components of net position were renamed to reflect the requirements of this statement.

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

2. Budgetary Basis of Accounting

While the District is reporting financial position, results of operations, and changes in fund balance/retained earnings 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 statements of revenues, expenditures, and changes in fund balance – budget (non-GAAP) and actual presented for the General Fund, Major Maintenance Fund, and Grant Programs Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

- a) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- b) Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
- c) Proceeds from capital leases and the associated capital outlay expenditure are not recorded on the cash basis (budget), but are recorded on the GAAP basis.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the major governmental funds:

	General Fund	Major Maintenance Fund	Grant Programs Fund
Net change in fund balance -			
GAAP basis	\$ 42,068	\$ (124,881)	\$ -
Revenue accruals	(27,996)	-	(12,438)
Expenditure accruals	148,028	3,727	2,728
Other financing sources (uses)	(130,961)	-	-
Net change in fund balance -			
Non-GAAP budgetary basis	<u>\$ 31,139</u>	<u>\$ (121,154)</u>	<u>\$ (9,710)</u>

3. Cash and Investments

Authorized deposits are controlled by state statute and include but are not limited to deposits in banks, money market accounts, and treasury notes. Statutes also authorize the District to invest in the Wyoming Government Investment Fund (WGIF), which was established pursuant to the Wyoming Statutory Trust Act. Funds residing in this pool may have a maturity of less than three months. An annual report may be obtained for this entity at: 401 West 19<sup>th</sup> Street, Suite 300, Cheyenne, WY 82001.

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

3. Cash and Investments (Continued)

Cash and investments are comprised of the following at June 30, 2013:

Cash and short-term investments, statement of net positions	\$ 1,744,092
Cash and short-term investments, statement of fiduciary net position	40,344
	<u>\$ 1,784,436</u>
Cash in bank	\$ 166,788
WGIF	1,617,404
Petty cash	244
	<u>\$ 1,784,436</u>

The carrying amount of bank deposits at June 30, 2013 is \$166,788 and the bank balance is \$281,485. The differences between the carrying amount and the bank balances are due to outstanding checks and deposits not yet processed by the bank. The entire bank balance is covered by federal depository insurance.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The WGIF fund continues to hold an AAAM rating by Standard & Poor's (S&P) indicating that "safety is excellent," and the pool has "superior capacity to maintain principal value and limit exposure to loss." The rate of return depends on the underlying portfolio. The District attempts to match its investment maturities to expected cash flow needs. As of June 30, 2013, the 7 day yield of WGIF was less than 1%.

*Remainder is left blank*

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

## 4. Capital Assets

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

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
Governmental activities:					
Capital assets, not being depreciated					
Land	\$ 996,266	\$ 58,358	\$ -	\$ -	\$ 1,054,624
Construction in process	302,468	1,261,451	-	(386,331)	1,177,588
Total capital assets, not being depreciated	1,298,734	1,319,809	-	(386,331)	2,232,212
Capital assets, being depreciated:					
Buildings and improvements	10,066,351	408,895	(37,085)	386,331	10,824,492
Furniture and equipment	1,167,524	170,073	(11,243)	38,368	1,364,722
Transportation equipment	595,777	-	(71,780)	114,385	638,382
Transportation equipment under capital lease	152,753	128,850	-	(152,753)	128,850
Total capital assets, being depreciated	11,982,405	707,818	(120,108)	386,331	12,956,446
Accumulated depreciation for:					
Buildings and improvements	(4,109,817)	(282,328)	37,085	-	(4,355,060)
Furniture and equipment	(819,484)	(132,482)	11,243	(38,368)	(979,091)
Transportation equipment	(464,725)	(36,295)	71,780	(42,894)	(472,134)
Transportation equipment under capital lease	(67,893)	(18,738)	-	81,262	(5,369)
Total accumulated depreciation	(5,461,919)	(469,843)	120,108	-	(5,811,654)
Total capital assets, being depreciated, net	6,520,486	237,975	-	386,331	7,144,792
Governmental activities capital assets, net	<u>\$ 7,819,220</u>	<u>\$ 1,557,784</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,377,004</u>
Business-type activities:					
Equipment					
Equipment	\$ 80,714	\$ -	\$ -	\$ -	\$ 80,714
Transportation equipment	24,071	-	-	-	24,071
Less accumulated depreciation	(83,534)	(6,361)	-	-	(89,895)
Business-type activities capital assets, net	<u>\$ 21,251</u>	<u>\$ (6,361)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,890</u>

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

4. Capital Assets (Continued)

Depreciation expense was charged to functions of the District as follows:

Governmental activities:		
Instructional services		
Regular instruction		\$ 206,531
Special education		5,431
Other adult instruction		7,689
Vocational education		1,561
Supporting services:		
Students		2,168
Instructional staff		80
Central services		13,623
School administration		5,038
Operation and maintenance of facilities		123,974
Pupil transportation		95,307
Other transportation		3,177
General administration		4,996
Other support services		268
Total depreciation expense, governmental activities		<u>\$ 469,843</u>

5. Long-Term Obligations

Long-term liability activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	\$ 77,181	\$ 58,334	\$ (61,745)	\$ 73,770	\$ 59,016
Obligations under capital leases	31,732	128,850	(56,666)	103,916	25,269
Wyoming Governor's loan	90,000	-	-	90,000	90,000
Total governmental activity					
long-term liabilities	<u>\$ 198,913</u>	<u>\$ 187,184</u>	<u>\$ (118,411)</u>	<u>\$ 267,686</u>	<u>\$ 174,285</u>

**FREMONT COUNTY SCHOOL DISTRICT #2  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

5. Long-Term Obligations (Continued)

As of June 30, 2013, the outstanding long-term indebtedness of the District is as follows:

- a. The liability for employees vested compensated absences and personal days of \$73,770.
- b. Capital lease obligations of \$103,916. The District leases copiers and certain transportation equipment under capital leases, of which some provide for the purchase of leased equipment for nominal amounts at the end of the lease term. The effective interest rates on the leases are between 1.85% and 6.18%. Interest expense of \$3,403 is included in the government-wide statement of activities from current year payments.
- c. See Note 9 for the description of the Wyoming Governor's Office loan.

Maturities of long-term obligations are as follows:

Wyoming Governor's Office:

<u>June 30,</u>	Principal
2014	\$ 90,000
	<u>\$ 90,000</u>

Capital lease obligations:

<u>June 30,</u>	
2014	\$ 27,192
2015	27,192
2016	27,191
2017	<u>27,191</u>
	108,766
Less: amount representing interest	<u>(4,850)</u>
	<u>\$103,916</u>

6. Risk Management

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District currently manages said risk through the purchase of commercial insurance and participation in the Wyoming Workers' Compensation Program. The District has also joined the Wyoming School Board Association's School Risk Retention Program which includes 28 Wyoming School Districts. The Program is a protected, self-insurance program for property and liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. All risk management activities are accounted for in the General Fund.

**FREMONT COUNTY SCHOOL DISTRICT #2  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

7. Wyoming Retirement System

All Fremont County School District #2 permanent employees participate in the Wyoming Retirement System (System), a cost sharing, multiple-employer public employee retirement system. The System provides retirement benefits at age 60 with early retirement options available. The System also provides disability and death benefits. Benefits are established by State Statute. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Wyoming Retirement System, Herschler Building, Cheyenne, WY 82002 or by calling (307) 777-7691.

The System statutorily requires 14.12% of the participant's salary to be contributed to the plan. Covered employees are required to contribute 7.00% with the District contributing the remaining 7.12%. The District has elected to fund 12.69% with employees' contributing 1.43% into the plan. The District's contribution to the Wyoming Retirement System for the years ending June 30, 2013, 2012, and 2011 were approximately \$326,682, \$333,887, and \$364,135, equal to the required contributions for each year.

8. Fund Equity and Net Position

Specific restrictions of fund balance and net position accounts are summarized below:

Adult Education – to segregate a portion of fund balance and net position that is not available for general expenditure or expense but rather restricted for adult education through a specific purpose tax levy.

Debt Service - to segregate a portion of the fund balance for debt service, including both principal and interest payments. The restriction was established to satisfy legal restrictions imposed by previous bond agreements.

Capital Maintenance - to segregate the portion of fund balance that is not available for general expenditure or expense but rather restricted for future property, plant, and equipment major repair or replacement.

Grant Programs – to segregate the portion of fund balance resulting from grant proceeds for which the District has met the eligibility requirements and thus recorded the revenue, but has yet to spend the funds on the specific program.

Specific assignments of fund balance accounts are summarized below:

Adult Education – to segregate the portion of fund balance assigned for adult education programs.

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

8. Fund Equity and Net Position (Continued)

Capital Projects – to segregate the portion of fund balance assigned for acquisition and improvement of sites and construction and remodel of facilities.

Employee Insurance – to segregate the portion of the fund balance that is not available for expenditures because it is a reserve held by Wyoming Public Schools Insurance Trust which has been assigned for future insurance claims.

Equipment – to segregate the portion of fund balance that is not available for general expenditure or expense but rather assigned for future property, plant, and equipment major repair or replacement.

Property management – to segregate the portion of fund balance assigned for maintenance of the residential and commercial rental properties owned by the District.

The District has no committed fund balances as of June 30, 2013.

9. Due to Other Governments

In December 1998, the Wyoming Governor's Office, loaned the District \$100,000. The loan was to be repaid by July 1, 1999, if the Legislature appropriated not less than \$100,000 to the District as reimbursement for the Department of Education's miscalculation of funds. The District received \$139,161 as Foundation Transitional Payments. During the fiscal year ended June 30, 2000, the Board of Trustees agreed to repay the loan as a non-interest bearing loan with annual payments of \$10,000. The balance at June 30, 2013 remains at \$90,000. The District is working to obtain forgiveness of the loan.

10. Commitments and Contingencies

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

The District has entered into a contract with a contractor for the construction of an administration building, expansion and remodel of the K-8 school to include grades 9-12 with a contract amount of \$12,924,684 and had expenditures under this contract in the amount \$365,340 as of June 30, 2013.

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

11. Interfund Balances and Activity

Internal balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

The composition of internal balances, which have been eliminated for the government-wide basic financial statements, as of June 30, 2013 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Grant Programs	\$ 76,771
Debt Service Fund	General Fund	5,337

Transfers are used to account for unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfer To Receiving Fund	Transfer From Paying Fund	Amount
Enterprise Fund	General Fund	\$ 109,661
Internal Service Fund	General Fund	3,432

## **REQUIRED SUPPLEMENTARY INFORMATION**

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**BUDGETARY COMPARISON SCHEDULE**  
**BUDGET (NON-GAAP) TO ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Local sources	\$ 2,550,732	\$ 2,478,364	\$ 2,478,364	\$ -
County sources	179,502	197,701	197,701	-
State sources	2,165,066	2,134,579	2,134,579	-
Interest income	4,700	4,611	4,611	-
Total revenues	<u>4,900,000</u>	<u>4,815,255</u>	<u>4,815,255</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction	2,382,694	2,377,985	2,377,985	-
Instructional support	411,947	355,084	355,084	-
General support	1,927,580	1,935,843	1,935,843	-
Total expenditures	<u>4,722,221</u>	<u>4,668,912</u>	<u>4,668,912</u>	<u>-</u>
<b>Other financing sources (uses):</b>				
Transfer out	(80,000)	(115,204)	(115,204)	-
	<u>(80,000)</u>	<u>(115,204)</u>	<u>(115,204)</u>	<u>-</u>
<b>Excess of revenues over expenditures and other financing uses</b>	<u>\$ 97,779</u>	<u>\$ 31,139</u>	<u>\$ 31,139</u>	<u>\$ -</u>

**RECONCILIATION TO THE GAAP BASIS:**

Excess of revenues over expenditures and other financing uses	\$ 31,139
Revenue accruals	27,996
Expenditure accruals	(148,028)
Other financing sources accruals	130,961
Net change in fund balance - GAAP basis	<u>\$ 42,068</u>

**FREMONT COUNTY SCHOOL DISTRICT #2  
BUDGETARY COMPARISON SCHEDULE  
BUDGET (NON-GAAP) TO ACTUAL  
MAJOR MAINTENANCE FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
State sources	\$ 212,032	\$ 212,032	\$ 212,032	\$ -
Interest income	600	419	419	-
Total revenues	<u>212,632</u>	<u>212,451</u>	<u>212,451</u>	<u>-</u>
<b>Expenditures:</b>				
General support	200,000	333,605	316,064	17,541
Capital outlay	-	-	17,541	(17,541)
Total expenditures	<u>200,000</u>	<u>333,605</u>	<u>333,605</u>	<u>-</u>
<b>Excess of revenues under expenditures</b>	<u>\$ 12,632</u>	<u>\$ (121,154)</u>	<u>\$ (121,154)</u>	<u>\$ -</u>

**RECONCILIATION TO THE GAAP BASIS:**

Excess of revenues under expenditures	\$ (121,154)
Expenditure accruals	(3,727)
Net change in fund balance - GAAP basis	<u>\$ (124,881)</u>

**FREMONT COUNTY SCHOOL DISTRICT #2  
BUDGETARY COMPARISON SCHEDULE  
BUDGET (NON-GAAP) TO ACTUAL  
GRANT PROGRAMS FUND  
FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
State sources	\$ 149,556	\$ 157,848	\$ 156,662	\$ (1,186)
Federal sources	563,756	693,190	694,376	1,186
Interest	56	41	41	-
Total revenues	713,368	851,079	851,079	-
<b>Expenditures:</b>				
Current:				
Instruction	223,374	458,771	458,771	-
Instructional support	78,419	351,560	351,560	-
General support	-	50,458	50,458	-
Total expenditures	301,793	860,789	860,789	-
<b>Excess of revenues over (under) expenditures</b>	<b>\$ 411,575</b>	<b>\$ (9,710)</b>	<b>\$ (9,710)</b>	<b>\$ -</b>

**RECONCILIATION TO THE GAAP BASIS:**

Excess of revenues over (under) expenditures	\$ (9,710)
Revenue accruals	12,438
Expenditure accruals	(2,728)
Net change in fund balance - GAAP basis	\$ -

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

1. Budgetary Basis of Accounting

While the District is reporting financial position, results of operations, and changes in fund balance/retained earnings 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 statements of revenues, expenditures, and changes in fund balance – budget (non-GAAP) and actual presented for the General Fund, Major Maintenance, and Grant Programs Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

- a) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- b) Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
- c) Proceeds from capital leases and the associated capital outlay expenditure are not recorded on the cash basis (budget), but are recorded on the GAAP basis.

## **OTHER SUPPLEMENTAL INFORMATION**

**FREMONT COUNTY SCHOOL DISTRICT #2  
BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2013**

	Debt Service
<b>Assets:</b>	
Cash with fiscal agent	\$ 19,585
Taxes receivable	2
Internal balances	5,337
Total assets	\$ 24,924
 <b>Liabilities and Fund Balances:</b>	
<b>Liabilities:</b>	
Unearned revenue	\$ 2
Total liabilities	2
 <b>Fund balances:</b>	
Restricted for:	
Debt service	24,922
Total fund balances	24,922
Total liabilities and fund balances	\$ 24,924

**FREMONT COUNTY SCHOOL DISTRICT #2  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Debt Service</u>
<b>Revenues:</b>	
Interest	<u>\$      234</u>
<b>Net change in fund balance</b>	234
<b>Fund balance - beginning</b>	<u>24,688</u>
<b>Fund balance - ending</b>	<u><u>\$      24,922</u></u>

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**SCHEDULE OF BALANCE SHEETS**  
**GRANT PROGRAMS**  
**JUNE 30, 2013**

Grantor/Program Title	Pass-Through Grantor's Number	ASSETS			Total Assets
		Cash	Due from Other Governments	Internal Balances	
<u>U.S. Department of Education</u>					
Title I	130702T1A00	\$ (3,517)	\$ 6,245	\$ -	\$ 2,728
	120702T1A00	-	-	-	-
	110702T1A00	-	-	-	-
Perkins Vocational Education	130702VEA00	-	-	-	-
Title VI-B Preschool	130702VIPB00	(528)	528	-	-
	120702VIPB00	-	-	-	-
Title VI-B/ Special Education	130702VIB00	(21,355)	21,355	5,992	5,992
	120702VIB00	-	-	-	-
Title IIA	130702T2A00	(4,854)	4,854	-	-
	120701T2A00	-	-	-	-
21st Century Community Learning Centers	130702C8C00	(7,622)	7,622	2,968	2,968
	120702C6C00	(11,336)	11,336	4,171	4,171
	1207021C5C00	(9,342)	9,342	3,743	3,743
	120702C5C00	(2,645)	2,645	-	-
	1207021CJ6C00	(1,774)	1,774	-	-
	1107021C6C00	-	-	-	-
PEP Project	Q215F1300074	-	-	-	-
	Q215F1200074	6	-	-	6
<u>U.S. Department of Agriculture</u>					
USDA -RUS Year B 2007-08		5	2,107	(2,112)	-
<u>Wyoming Department of Education</u>					
Instructional Facilitator CY	State	98	-	-	98
Wyoming Bridges Skills	State	(19,310)	19,310	9,222	9,222
Wyoming Bridges Skills	State	(12,906)	12,906	-	-
Wyoming Trust Fund	State	-	-	-	-
Wyoming Trust Fund Tech Grant	State	1,431	-	-	1,431
WYNR AG in Classroom Greenhouse	State	-	-	-	-
National Board Certification	State	-	-	-	-
13-14 Boys and Girls Club of Dubois grant	Local	-	-	-	-
13-14 FC BOCES Pre-K	Local	(2,124)	2,124	-	-
Other District Programs	State	100,755	-	(100,755)	-
		\$ 4,982	\$ 102,148	\$ (76,771)	\$ 30,359

LIABILITIES				
Accounts Payable	Accrued Expenses	Deferred Revenue	Fund Equity	Total Liabilities and Fund Equity
\$ 2,728	\$ -	\$ -	\$ -	\$ 2,728
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	5,992	-	-	5,992
-	-	-	-	-
-	-	-	-	-
2,968	-	-	-	2,968
-	4,171	-	-	4,171
-	3,743	-	-	3,743
-	-	-	-	-
-	-	-	-	-
-	-	6	-	6
-	-	-	-	-
-	-	-	-	-
-	-	98	-	98
-	9,222	-	-	9,222
-	-	-	-	-
-	-	-	1,431	1,431
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 5,696</u>	<u>\$ 23,128</u>	<u>\$ 104</u>	<u>\$ 1,431</u>	<u>\$ 30,359</u>

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING USES**  
**GRANT PROGRAMS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Grantor/Program Title	Pass-Through Grantor's Number	REVENUES			
		Local	Federal	State	Total Revenue
<b>U.S. Department of Education</b>					
Title I	130702T1A00	\$ -	\$ 49,006	\$ -	\$ 49,006
	120702T1A00	-	15,944	-	15,944
	110702T1A00	-	322	-	322
Perkins Vocational Education	130702VEA00	-	4,222	-	4,222
Title VI-B Preschool	130702VIPB00	-	528	-	528
	120702VIPB00	-	536	-	536
Title VI-B/ Special Education	130702VIB00	-	50,225	-	50,225
	120702VIB00	-	23,967	-	23,967
Title IIA	130702T2A00	-	38,474	-	38,474
	120702T2A00	-	556	-	556
21st Century Community Learning Centers	130702C8C00	-	7,622	-	7,622
	120702C6C00	-	30,783	-	30,783
	120702C5C00	-	52,350	-	52,350
	120702C5C00	-	24,277	-	24,277
	1207021C6C00	-	60,092	-	60,092
	1107021C6C00	-	1,500	-	1,500
PEP Project	Q215F1300074	-	37,437	-	37,437
	Q215F1200074	-	23,194	-	23,194
<b>U.S. Department of Agriculture</b>					
USDA -RUS Year B 2007-08		6	253,879	-	253,885
<b>Wyoming Department of Education</b>					
Instructional Facilitator CY	State	-	-	30,947	30,947
Wyoming Bridges Skills	State	-	-	19,310	19,310
Wyoming Bridges Skills	State	-	-	37,591	37,591
Wyoming Trust Fund	State	-	-	81,000	81,000
Wyoming Trust Fund Tech Grant	State	-	-	-	-
WYNR AG in Classroom Greenhouse	State	-	-	5,000	5,000
National Board Certification	State	-	-	8,000	8,000
13-14 Boys and Girls Club of Dubois grant	Local	4,625	-	-	4,625
13-14 FC BOCES Pre-K	Local	2,124	-	-	2,124
Other District Programs	State	-	-	-	-
		<u>\$ 6,755</u>	<u>\$ 674,914</u>	<u>\$ 181,848</u>	<u>\$ 863,517</u>

## EXPENDITURES

Instruction	Instructional Support	General Support	Total Expenditures
\$ 49,006	\$ -	\$ -	\$ 49,006
12,889	3,055	-	15,944
322	-	-	322
4,222	-	-	4,222
528	-	-	528
536	-	-	536
44,544	5,681	-	50,225
21,864	2,103	-	23,967
-	38,474	-	38,474
-	556	-	556
7,622	-	-	7,622
16,944	-	13,839	30,783
36,176	-	16,174	52,350
23,099	-	1,178	24,277
42,921	-	17,171	60,092
-	-	1,500	1,500
10,589	26,252	596	37,437
3,140	20,054	-	23,194
-	253,885	-	253,885
29,448	1,499	-	30,947
19,310	-	-	19,310
37,591	-	-	37,591
81,000	-	-	81,000
-	-	-	-
5,000	-	-	5,000
8,000	-	-	8,000
4,625	-	-	4,625
2,124	-	-	2,124
-	-	-	-
<u>\$ 461,500</u>	<u>\$ 351,559</u>	<u>\$ 50,458</u>	<u>\$ 863,517</u>

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**DETAIL SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2013**

<b>District</b>	
25 Mill district tax	\$ 2,108,372
Motor vehicle tax	152,325
Penalties, interest, and other	7,027
Rent of school property	6,475
Cyber Café charges for services	19,488
Vocational and adult education tax	181,350
Miscellaneous	32,181
	<hr/>
Total District	\$ 2,507,218
	<hr/> <hr/>
<b>County</b>	
6 Mill county tax	\$ 157,658
Motor vehicle tax	15,952
Car company tax	307
Fines and forfeitures	22,080
Forest reserve	855
	<hr/>
Total County	\$ 196,852
	<hr/> <hr/>
<b>State</b>	
Foundation program entitlement	\$ 2,134,511
Other state unrestricted revenue	68
	<hr/>
Total State	\$ 2,134,579
	<hr/> <hr/>
<b>Interest</b>	\$ 4,602
	<hr/> <hr/>

**FREMONT COUNTY SCHOOL DISTRICT #2  
 DETAIL SCHEDULE OF EXPENDITURES AND TRANSFERS  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2013**

<b>Instruction</b>	
Salaries	\$ 1,437,869
Employee benefits	652,443
Purchased services	114,399
Supplies and materials	92,136
Capital outlay	70,297
Other	10,841
	<hr/>
Total Instruction	<u><u>\$ 2,377,985</u></u>
 <b>Instructional Support</b>	
Salaries	\$ 199,637
Employee benefits	78,752
Purchased services	58,276
Supplies and materials	11,161
Capital outlay	5,011
Other	2,247
	<hr/>
Total Instructional Support	<u><u>\$ 355,084</u></u>
 <b>General Support</b>	
Salaries	\$ 767,449
Employee benefits	373,029
Purchased services	241,080
Supplies and materials	360,869
Capital outlay	308,832
Other	32,169
	<hr/>
Total General Support	<u><u>\$ 2,083,428</u></u>

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Grantor's Number	Expenditures
<b>U.S. Department of Education:</b>			
Direct funding:			
Improvement of Instruction - PEP Grant	84.215F	Q215F1300074 Q215F1200074	\$ 37,437 23,194
Passed through Wyoming Department of Education:			
Title I	84.010A	130702T1A00 120702T1A00 110702T1A00	49,006 15,944 322
Special Education			
Title VI-B	84.027A	130702VIB00 120702VIB00	50,225 23,967
Title VI-B Preschool	84.173A	130702VIPB00 120702VIPB00	528 536
Improving Teacher Quality Title II-A	84.367A	130702T2A00 120702T2A00	38,474 556
Perkins Vocational Education	84.048A	130702VEA00	4,222
21st Century Community Learning Centers	84.287C	130702C8C00 120702C6C00 120702C5C00 120702C5C00 1207021C6C00 1107021C6C00	7,622 30,783 24,277 52,350 60,092 1,500
Total U.S. Department of Education			421,035
<b>U. S. Department of Agriculture:</b>			
Rural Development			
Distance Learning and Telemedicine Loans & Grants	10.855	WYO704-D-16	253,879
Passed through Wyoming Department of Education:			
Fresh Fruit and Vegetable Program	10.582	N/A	4,579
Child Nutrition Cluster			
National School Lunch Program	10.555	N/A	22,258
National School Lunch Program Commodities	10.555	N/A	4,473
National School Breakfast Program	10.553	N/A	3,922
Special Milk Program for Children	10.556	N/A	47
Total U. S. Department of Agriculture			289,158
<b>Total Expenditures of Federal Awards</b>			<b>\$ 710,193</b>

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

Note 1. General

The schedule of expenditures of federal awards presents the activity of all federal award programs of Fremont County School District #2. The District reporting entity is defined in Note 1 to the District's basic financial statements. All federal financial awards received directly from federal agencies as well as federal financial awards passed through from other governmental agencies are included on the schedule. Of the federal expenditures presented in the schedule, the District provided no federal awards to subrecipients.

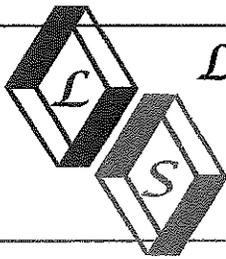
Note 2. Basis of Accounting

The schedule of expenditures of federal awards was prepared using the same basis of accounting used in preparation of the fund financial statements from which the information was derived as described in Note 1 to the District's basic financial statements. The information in this schedule is presented in accordance with requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Categorical block grants are recorded at the time of receipt or earlier if the susceptible-to-accrual criteria are met. Cost-reimbursement grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Note 3. Commodities

Nonmonetary assistance, such as food received from the United States Department of Agriculture, is reported as revenue, at fair market value, on the date received by the District.



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

To the Board of Trustees  
Fremont County School District #2  
Dubois, Wyoming

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fremont County School District #2 (District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Fremont County School District #2's basic financial statements and have issued our report thereon dated December 2, 2013.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Fremont County School District #2's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fremont County School District #2's internal control. 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 preceding paragraph 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.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Fremont County School District #2's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

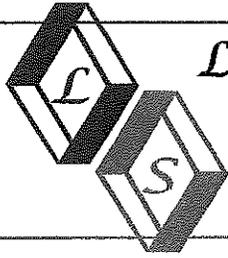
## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the Board of Trustees, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Lovelett, Skogen & Associates, P.C.*

Casper, Wyoming  
December 2, 2013



**LOVELETT,  
SKOGEN &  
ASSOCIATES, P.C.**

*Certified Public Accountants*  
104 South Wolcott St., Suite 735 60  
Casper, Wyoming 82601  
(307) 234-5395 ~ Fax (307) 234-5399  
[www.cpa.wyoming.com](http://www.cpa.wyoming.com)

**INDEPENDENT AUDITORS' 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 #2  
Dubois, Wyoming

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

We have audited Fremont County School District #2's (District) 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 #2's major federal programs for the year ended June 30, 2013. Fremont County School District #2's major federal programs are identified in the summary of auditors' 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Fremont County School District #2'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 #2'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 #2's compliance.

*Roxy L. Skogen, CPA, CFE*

*Michael J. Cometto, CPA, CFE*

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

In our opinion, Fremont County School District #2, 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 #2 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Fremont County School District #2'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 #2's internal control over compliance.

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

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

## **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

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 # 2 (District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated December 2, 2013 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and

is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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.

This report is intended solely for the information and use of the Board of Trustees, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Lovelett, Skogen & Associates, P.C.*

Casper, Wyoming  
December 2, 2013

**FREMONT COUNTY SCHOOL DISTRICT #2  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A -133 § .505  
FOR THE YEAR ENDED JUNE 30, 2013**

**1. SUMMARY OF AUDITORS' RESULTS**

(d)(1)(i)	Type of auditors' report issued?	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions noted at the financial statement level?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of major programs' compliance opinion?	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	
	Name of Federal Program or Cluster	CFDA Numbers
	Title I	84.010A
	Distance Learning and Telemedicine Loans and Grants	10.855A
	Fund for the Improvement of Education	84.215A
(d)(1)(viii)	Dollar threshold: Type A/B programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low risk auditee?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

**FREMONT COUNTY SCHOOL DISTRICT #2  
RESOLUTION OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**Section II – Financial Statement Finding:**

**Finding 2012-1: Internal Control Structure  
Material Weakness**

**Condition:** Preparation of Financial Statements in accordance with Generally Accepted Accounting Principles (GAAP) – As noted in our report, a deficiency is a condition that adversely affects the District’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles. As part of the audit, management has requested us to prepare a draft of your financial statements, including the related notes to financial statements, similar to prior years. Management has reviewed, approved and accepted responsibility for those financial statements prior to their issuance. However, to facilitate cash basis reporting as mandated by the Wyoming Department of Education, management does not have the GAAP knowledge and experience to review the work in such a manner that the District’s controls would prevent or detect a material misstatement. A material misstatement includes a departure from generally accepted accounting principles as applied to governmental units by the Governmental Accounting Standards Board, which can include omission of required financial statement disclosures.

**Resolution:** The District has provided training to the Business Manager and staff in the area of governmental GAAP accounting to increase their knowledge and decrease the risk of a misstatement going undetected.