

FREMONT COUNTY SCHOOL DISTRICT NUMBER 21

FINANCIAL REPORT

JUNE 30, 2013

CONTENTS

	<u>Page</u>
INDEPENDENT ACCOUNTANT'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-9
FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	10
Statement of Activities	11
Fund Financial Statements	
Balance Sheet - Governmental Funds	12
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	14
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	15
Statement of Net Position - Proprietary Fund	16
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	17
Statement of Cash Flows - Proprietary Fund	18
Statement of Fiduciary Net Position - Fiduciary Fund	19
NOTES TO FINANCIAL STATEMENTS	20-34
REQUIRED SUPPLEMENTARY INFORMATION	
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual (Non-GAAP Basis) - General Fund	35
SUPPLEMENTARY INFORMATION	
Combining Balance Sheet - Nonmajor Governmental Funds	36
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds	37
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	38
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS	39-40
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	41-42
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	43-44
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS	45
CORRECTIVE ACTION PLAN	46

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INDEPENDENT ACCOUNTANT'S REPORT

To the Board of Trustees
Fremont County School District Number 21
Fort Washakie, Wyoming

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fremont County School District Number 21, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Fremont County School District Number 21, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3–13, and 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fremont County School District Number 21's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2013, on our consideration of the Fremont County School District Number 21's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fremont County School District Number 21's internal control over financial reporting and compliance.

McKee, Marburger & Fagnant PC

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

FREMONT COUNTY SCHOOL DISTRICT #21

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended June 30, 2013 (Unaudited)

As management of the Fremont County School District Twenty-One, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2013. We encourage readers to consider the information presented in conjunction with the District's financial statements, notes to the financial statements and various supplementary information which follow this section.

Financial Highlights

- The District's total combined net position was \$23,873,379 at June 30, 2012, which compares to \$27,464,906 as of June 30, 2013. Of the \$3,591,521 increase in current assets, \$3,547,166 was due to the increase in cash and investments.
- The District's revenue generated in taxes and other revenues was \$18,635,603. This is an increase of \$1,886,976 from FY12. The increase came from an increase in Impact Aid payments due to an increase in the enrollment for the payment period and an increase in revenue from the Foundation Program for the same reason.
- For the District's general fund, grants fund, major maintenance fund, capital projects fund and business-type activities total expenses for FY 2012 were \$16,170,605. Total expenses for FY13 were \$15,573,377. This represents a decrease of \$598,228. This reduction is attributed to a reduction in instruction service expenditures.
- During the year the District incurred additional long-term debt totaling \$653,560 and reduced long-term debt by \$640,992. Of this amount \$81,115 was paid out in early retirement benefits. The increase is due to the increase in compensated balances.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets, deferred outflows, deferred inflows and liabilities, with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, fluctuations from year to year need to be reviewed in light of the timing of funding.

The *statement of activities* presents information for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (governmental activities) as opposed to business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The District has two business-type activities; the Food Service Fund and the Housing Fund.

FREMONT COUNTY SCHOOL DISTRICT #21

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2013

(Unaudited)

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The fund financial statements provide more detailed information about the District's most significant funds-not the District as a whole.

All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. Such information may be useful in evaluating a government's near-term financing requirements. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities reported in the Statement of Net Position and the Statement of Activities and the governmental funds are reconciled in the financial statements. The general fund, grants fund and major maintenance fund are considered major funds and are reported as separate columns in the fund financial statements. All other governmental funds of the District are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds

Proprietary funds are used to account for services for which the District charges participants a fee. These funds, like the government-wide statements, provide both long- and short-term financial information. As stated above, the Food Service Fund and the Housing Fund are in this category for the District. Included in the financial statements as a proprietary fund is the Recreation Board which is reported as a Component Unit.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District is the trustee, or fiduciary, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The District has one fund in this category, the Pupil Activity Fund.

Notes to the financial statements

The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements.

FREMONT COUNTY SCHOOL DISTRICT #21

MANAGEMENT'S DISCUSSION AND ANALYSIS
 Year Ended June 30, 2013
 (Unaudited)

Financial Analysis of the District as a Whole

The Statement of Net Position provides the perspective of the District as a whole. The following provides a summary of the District's net position at June 30, 2013:

Condensed Statement of Net Position						
	2011-2012 Governmental Activities	2012-2013 Governmental Activities	2011-2012 Business- Type Activities	2012-2013 Business- Type Activities	2011-2012 Total School Activities	2012-2013 Total School Activities
Current and other assets	\$ 14,111,578	\$ 17,699,139	\$ 73,115	\$ 32,720	\$ 14,184,693	\$ 17,731,859
Capital assets	11,060,233	10,852,518	589,495	468,726	11,649,728	11,321,244
Total Assets	25,171,811	28,551,657	662,610	501,446	25,834,421	29,053,103
Current liabilities	1,681,434	811,448	104,049	58,097	1,785,483	869,545
Long-term liabilities	175,559	279,468	0	0	175,559	279,468
Total Liabilities	1,856,993	1,090,916	104,049	58,097	1,961,042	1,149,013
Deferred Inflows of Resources	0	439,190	0	0	0	439,190
Net Position						
Net Investment in Capital Assets	10,866,704	10,576,116	589,495	468,726	11,456,199	11,044,842
Restricted	223,265	318,836	0	0	223,265	318,836
Unrestricted	12,224,849	16,126,599	(30,934)	(25,377)	12,193,915	16,101,222
Total Net Position	\$ 23,314,818	\$ 27,021,551	\$ 558,561	\$ 443,349	\$ 23,873,379	\$ 27,464,900

The net investment in capital assets is \$11,044,842, which is the net book value of capital assets (e.g., land, buildings, equipment) of \$11,321,244, less any related debt used to acquire those assets that is still outstanding of \$276,402. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources. There are two separate amounts that are restrictions on net position. The first amount is \$318,836 and is restricted by legislation. The remaining balance of unrestricted net position, \$16,362,728, may be used to meet the District's ongoing obligations. This surplus is not an indication that the District has significant resources available to meet financial obligations next year, but rather the result of having long-term commitments that are less than currently available resources.

The District's total net position increased by \$3,552,128 during the year ended June 30, 2013. As stated earlier, this change came from the increase in cash and investments.

FREMONT COUNTY SCHOOL DISTRICT #21

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2013

(Unaudited)

Changes in the District's Net Position						
	2011-2012 Governmental Activities	2011-2012 Business-Type Activities	2011-2012 Total School District	2012-2013 Governmental Activities	2012-2013 Business-Type Activities	2012-2013 Total School District
Revenues						
Program revenues:						
Charges for services	\$ 0	\$ 64,374	\$ 64,374	\$ 0	\$ 51,600	\$ 51,600
Operating grants and contributions	1,642,808	277,840	1,920,648	1,510,399	299,717	1,810,116
Capital Grants and contributions	68,365	0	68,365	136,811	0	136,811
General revenues:						
Taxes	992,402	0	992,402	1,129,552	0	1,129,552
Governmental aid	13,595,705	0	13,595,705	15,405,963	0	15,405,963
Investment	56,865	146	57,011	32,754	95	32,849
Miscellaneous	50,122	0	50,122	68,712	0	68,712
Transfers	(304,850)	304,850	0	(373,595)	373,595	0
Total revenues	16,101,417	647,210	16,748,627	17,910,596	725,007	18,635,603
Expenses:						
Regular instruction	7,450,293	0	7,450,293	6,209,086	0	6,209,086
Special instruction	2,887,308	0	2,887,308	2,778,574	0	2,778,574
Vocational instruction	7,133	0	7,133	7,349	0	7,349
Student activities	0	0	0	0	0	0
Pupil services	883,404	0	883,404	836,863	0	836,863
Instructional staff services	658,271	0	658,271	1,045,766	0	1,045,766
General admin services	1,032,567	0	1,032,567	972,145	0	972,145
School admin services	393,127	0	393,127	416,844	0	416,844
Business services	157,538	0	157,538	141,838	0	141,838
O & M of plant services	982,818	0	982,818	859,635	0	859,635
Pupil transportation	532,131	0	532,131	667,049	0	667,049
Central services	233,664	0	233,664	77,726	0	77,726
Other support services		905,550	0	0	840,219	840,219
Faculties, acquisitions and construction services	34,122	0	0	219,514	0	
Interest on long-term debt	12,679	0	12,679	10,867	0	10,867
Total expenses	15,265,055	905,550	16,170,605	14,243,256	840,219	15,083,475
Change in net position	\$ 836,362	\$ (258,340)	\$ 578,022	\$ 3,667,340	\$ (115,212)	\$ 3,552,128

FREMONT COUNTY SCHOOL DISTRICT #21

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2013

(Unaudited)

Financial Analysis of the District's Funds

Governmental Funds:

Revenues

General fund revenues increased from \$14,714,650 in FY 2012 to \$16,625,265 in FY 2013. The increase of \$1,910,615 came from predominately two sources. There was an additional \$640,956 received in Impact Aid revenue and an additional \$1,161,604 in revenue from the Wyoming School Foundation Program.

Expenditures

The total expenditures (including transfers) of the General Fund on a modified accrual basis of accounting were \$13,118,019 in 2012 compared to \$12,827,521 for 2013. The total expenditures for the same years on a budgetary (cash) basis were \$13,420,577 for FY 2012 and \$13,094,060 for FY 2013. The District uses the cash basis of accounting by which to operate. The Wyoming School Foundation Program operates on a cash basis of accounting.

Proprietary Funds

For FY13, the School Lunch Fund was not self-sustaining while Housing Fund was. The General Fund subsidized the Lunch Fund \$373,595 in FY13. This amount will increase in FY14 due to the increase in both labor and food costs.

General Fund Budgetary Highlights

Over the last eight previous years, the Wyoming State Legislature had significantly increased the revenue to schools in the state. However, that trend has not continued. For FY2011, FY2012, FY2013 and FY2014 there have been no cost of living adjustments to be made to the Foundation Program. The funding model will provide increased revenue if a district increases the overall enrollment. This occurred for the District in FY13. It needs to be noted that the enrollment for Funding Year FY13 is based on the average daily member (ADM) for the 2011-2012 school year. The program also takes the higher of the current ADM or the three-year rolling average per building. The result is that the increase in the funding for an increase in enrollment comes the year after the increase has occurred. However, there has been a decrease in enrollment it will be important for the district to make the necessary adjustments to the budget in order to remain within the revenues provided under the Foundation Program. For FY2014, the three-year average is being used as that number is higher than the actual ADM for FY2013. The actual ADM for FY2013 was 469.715. This clearly illustrates how the rolling average assists districts in planning how to deal with declining enrollments.

FREMONT COUNTY SCHOOL DISTRICT #21

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2013

(Unaudited)

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2012 and June 30, 2013 amounts to \$11,060,233 and \$10,825,534 (net of accumulated depreciation) respectively. This investment in capital assets includes land, site improvements, buildings and equipment (which include vehicles and buses).

District's Capital Assets (Governmental Activities)		
Net of Depreciation	2011-2012	2012-2013
Land	\$ 0	\$ 0
Buildings	9,678,558	9,400,837
Construction in progress	0	0
Equipment	774,119	673,448
Vehicles	580,060	751,249
Library books	27,496	26,984
Total	11,060,233	10,852,518
Districts Capital Assets (Business-type activities)		
Net of Depreciation		
Buildings and improvements	557,452	456,801
Equipment and contents	32,043	11,925
Total	\$ 589,495	\$ 468,726

Long-Term Debt

There was a decrease of \$12,568 in the long-term debt for FY13. There remains a balance of \$100,303 to be paid for the Early Retirement Program that was approved. Additional information is presented in Note 7 of the footnotes to the financial statements.

Factors Affecting the District's Future

Federal sequestration will remain the largest issue facing the district from a funding perspective and will remain so for several years. The district receives a little over one-third of the total General Fund revenue in the form of Impact Aid payments. As budget reductions are made at the federal level, which will impact the total revenue the district has to operate.

The District is in the process of designing and constructing a new K-12 facility. Part of the process includes the planning, design and construction of aspects that are considered enhancements and are paid for by the district and not the State of Wyoming. Consideration needs to be taken as to the cost of the long-term maintenance of those enhancements.

FREMONT COUNTY SCHOOL DISTRICT #21

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2013

(Unaudited)

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Kirk Schmidt, Assistant Superintendent, 90 Ethete Road, Ft. Washakie, WY 82514.

Government-Wide Financial Statements

FREMONT COUNTY SCHOOL DISTRICT NUMBER 21
STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Recreation Board
ASSETS				
Current Assets				
Cash	\$ 1,376,142	\$ 9,859	\$ 1,386,001	\$ 22,820
Cash with fiscal agent	47,005	0	47,005	57
Investments	14,985,847	0	14,985,847	0
Property taxes receivable	454,009	0	454,009	10,399
Grant receivables	788,885	0	788,885	0
Other receivables	45,251	17,367	62,618	0
Inventories	2,000	5,494	7,494	0
Total Current Assets	<u>17,699,139</u>	<u>32,720</u>	<u>17,731,859</u>	<u>33,276</u>
Noncurrent Assets				
Nondepreciated capital assets	0	0	0	0
Depreciated capital assets, net	10,852,518	468,726	11,321,244	0
Total Noncurrent Assets	<u>10,852,518</u>	<u>468,726</u>	<u>11,321,244</u>	<u>0</u>
TOTAL ASSETS	<u>\$ 28,551,657</u>	<u>\$ 501,446</u>	<u>\$ 29,053,103</u>	<u>\$ 33,276</u>
LIABILITIES				
Current Liabilities				
Checks in excess of bank balance	\$ 36,940	\$ 54,292	\$ 91,232	\$ 0
Accounts payable and accrued expenses	300,432	3,805	304,237	0
Unearned revenue	0	0	0	10,000
Grant advances	9,969	0	9,969	0
Due to other	0	0	0	0
Current portion of long-term debt	464,107	0	464,107	0
Total Current Liabilities	<u>811,448</u>	<u>58,097</u>	<u>869,545</u>	<u>10,000</u>
Noncurrent Liabilities				
Early retirement obligation	24,329	0	24,329	0
Capital lease obligation	181,693	0	181,693	0
Compensated absences payable	73,446	0	73,446	0
Total Noncurrent Liabilities	<u>279,468</u>	<u>0</u>	<u>279,468</u>	<u>0</u>
TOTAL LIABILITIES	<u>1,090,916</u>	<u>58,097</u>	<u>1,149,013</u>	<u>10,000</u>
DEFERRED INFLOW OF RESOURCES				
Property taxes	439,190	0	439,190	0
TOTAL DEFERRED INFLOW OF RESOURCES	<u>439,190</u>	<u>0</u>	<u>439,190</u>	<u>0</u>
NET POSITION				
Net investment in capital assets	10,576,116	468,726	11,044,842	0
Restricted				
Debt service	9,084	0	9,084	0
Maintenance	289,245	0	289,245	0
Special projects	20,507	0	20,507	0
Unrestricted	16,126,599	(25,377)	16,101,222	23,276
TOTAL NET POSITION	<u>\$ 27,021,551</u>	<u>\$ 443,349</u>	<u>\$ 27,464,900</u>	<u>\$ 23,276</u>

See Notes to Financial Statements

FREMONT COUNTY SCHOOL DISTRICT NUMBER 21
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position			Component Unit Recreation Board
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental Activities								
Instruction								
Regular	\$ 6,073,315	\$ 0	\$ 813,678	\$ 136,811	\$ (5,122,826)	\$ 0	\$ (5,122,826)	\$ 0
Special	2,778,574	0	403,121	0	(2,375,453)	0	(2,375,453)	0
Vocational	7,349				(7,349)	0	(7,349)	0
Instructional support								
Support services - staff	1,045,766	0	0	0	(1,045,766)	0	(1,045,766)	0
Support services - students	836,863	0	0	0	(836,863)	0	(836,863)	0
General support								
Administration	972,145	0	0	0	(972,145)	0	(972,145)	0
Business	416,844	0	0	0	(416,844)	0	(416,844)	0
Board	141,838	0	0	0	(141,838)	0	(141,838)	0
Operations and maintenance	995,406	0	0	0	(995,406)	0	(995,406)	0
Transportation	667,049	0	0	0	(667,049)	0	(667,049)	0
Major maintenance	219,514	0	293,600	0	74,086	0	74,086	0
Community	77,726	0	0	0	(77,726)	0	(77,726)	0
Interest on long-term debt	10,867	0	0	0	(10,867)	0	(10,867)	0
Total Governmental Activities	14,243,256	0	1,510,399	136,811	(12,596,046)	0	(12,596,046)	
Business-Type Activities								
Housing	134,560	33,967	0	0	0	(100,593)	(100,593)	
Food service	705,659	17,633	299,717	0	0	(388,309)	(388,309)	
Total Business-Type Activities	840,219	51,600	299,717	0	0	(488,902)	(488,902)	
Total Primary Government	\$ 15,083,475	\$ 51,600	\$ 1,810,116	\$ 136,811	\$ (12,596,046)	\$ (488,902)	\$ (13,084,948)	
Component Units								
Recreation board	\$ 2,148	\$ 0	\$ 0	\$ 0				(2,148)
General Revenues								
Property taxes					1,129,552	0	1,129,552	22,724
Intergovernmental					15,405,963	0	15,405,963	0
Investment earnings					32,754	95	32,849	22
Miscellaneous income					70,373	0	70,373	0
Loss on disposal of fixed assets					(1,661)	0	(1,661)	0
Transfers					(373,595)	373,595	0	0
Total general revenues and transfers					16,263,386	373,690	16,637,076	22,746
Change in net position					3,667,340	(115,212)	3,552,128	20,598
Net Position - July 1					23,354,211	558,561	23,912,772	2,678
Net Position - June 30					\$ 27,021,551	\$ 443,349	\$ 27,464,900	\$ 23,276

See Notes to Financial Statements

Fund Financial Statements

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 21
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	<u>General Fund</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 948,148	\$ 427,994	\$ 1,376,142
Cash with fiscal agent	37,921	9,084	47,005
Investments	14,985,847	0	14,985,847
Receivables			
Taxes	454,009	0	454,009
Grants	0	788,885	788,885
Other	45,251	0	45,251
Due from other funds	703,109	0	703,109
Inventory	2,000	0	2,000
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 17,176,285</u>	<u>\$ 1,225,963</u>	<u>\$ 18,402,248</u>
LIABILITIES AND FUND BALANCE			
Checks in excess of bank balance	\$ 0	\$ 36,940	\$ 36,940
Accounts payable and accrued expenses	281,648	18,360	300,008
Due to other funds	0	703,109	703,109
Grant advances	0	9,969	9,969
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>281,648</u>	<u>768,378</u>	<u>1,050,026</u>
DEFERRED INFLOW OF RESOURCES			
Property taxes	484,454	0	484,454
	<u> </u>	<u> </u>	<u> </u>
Total Deferred Inflow of Resources	<u>484,454</u>	<u>0</u>	<u>484,454</u>
FUND BALANCE			
Non Spendable			
Inventories	2,000	0	2,000
Restricted			
Restricted for maintenance	0	289,245	289,245
Restricted for debt service	0	9,084	9,084
Restricted for special projects	0	20,507	20,507
Assigned	0	138,749	138,749
Unassigned	16,408,183	0	16,408,183
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balance	<u>16,410,183</u>	<u>457,585</u>	<u>16,867,768</u>
TOTAL LIABILITIES DEFERRED INFLOWS AND FUND BALANCE			
	<u>\$ 17,176,285</u>	<u>\$ 1,225,963</u>	<u>\$ 18,402,248</u>

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 21
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013**

Total Fund Balances - Governmental Funds		\$ 16,867,768
 Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. The cost of assets is \$19,485,251 and the accumulated depreciation is \$8,647,968.		10,852,518
Receivables will be collected after this year and are not considered available soon enough to pay for current period's expenditures, and therefore are deferred in the governmental funds.		
Property taxes		45,264
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds.		
Long-term liabilities at year-end consist of:		
Compensated absences payable	(366,870)	
Early retirement obligation payable	(100,303)	
Accrued interest on capital leases	(424)	
Capital lease obligations	(276,402)	(743,999)
 TOTAL NET POSITION- GOVERNMENTAL ACTIVITIES		 \$ 27,021,551

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 21
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013**

	General Fund	Nonmajor Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 1,128,573	\$ 0	\$ 1,128,573
Intergovernmental	15,405,963	1,518,095	16,924,058
Investment income	31,520	1,234	32,754
Student activities	226	0	226
Other revenue	58,159	141,329	199,488
Total Revenues	<u>16,624,441</u>	<u>1,660,658</u>	<u>18,285,099</u>
EXPENDITURES			
Current			
Instruction			
Regular	5,055,824	812,288	5,868,112
Special	2,403,473	403,121	2,806,594
Instructional support			
Support services - staff	1,028,352	0	1,028,352
Support services - students	558,562	0	558,562
General support			
Administration	956,456	0	956,456
Business	411,999	0	411,999
Board	140,908	0	140,908
Operations and maintenance	1,057,650	135,771	1,193,421
Transportation	998,422	0	998,422
Community	77,380	346	77,726
Major maintenance	0	219,514	219,514
Total Expenditures	<u>12,689,026</u>	<u>1,571,040</u>	<u>14,260,066</u>
Excess of revenues over (under) expenditures	<u>3,935,415</u>	<u>89,618</u>	<u>4,025,033</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from capital lease	235,100	0	235,100
Operating transfers in	0	0	0
Operating transfers out	(373,595)	0	(373,595)
Total Other Financing Sources (Uses)	<u>(138,495)</u>	<u>0</u>	<u>(138,495)</u>
Excess of revenues and other sources over (under) expenditures and other uses	3,796,920	89,618	3,886,538
FUND BALANCE - JULY 1	<u>12,613,263</u>	<u>367,967</u>	<u>12,981,230</u>
FUND BALANCE - JUNE 30	<u><u>\$ 16,410,183</u></u>	<u><u>\$ 457,585</u></u>	<u><u>\$ 16,867,768</u></u>

See Notes to Financial Statements

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 21
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013**

Total Net Change in Fund Balances - Governmental Funds \$ 3,886,538

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

Capital outlays are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the period.

Depreciation expense	(1,011,428)	
Capital outlays	<u>805,374</u>	(206,054)

Losses on disposal of assets is reported in the statement of net assets. However, they are not reported in governmental funds. (1,661)

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred tax revenues increased by this amount this year. 979

Proceeds from capital leases are reported as an other financing source in the governmental funds, but increases long-term liabilities in the statement of net assets. (235,100)

Repayment of capital lease principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 152,227

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

Accrued compensated absences	27,653	
Accrued early retirement	42,652	
Accrued interest on capital leases	<u>106</u>	<u>70,411</u>

TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 3,667,340**

FREMONT COUNTY SCHOOL DISTRICT NUMBER 21
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2013

ASSETS	Food		Totals
	<u>Service</u>	<u>Housing</u>	
Current Assets			
Cash	\$0	\$ 9,859	\$ 9,859
Accounts receivable	17,367	0	17,367
Inventory	5,494	0	5,494
	<hr/>	<hr/>	<hr/>
Total Current Assets	22,861	9,859	32,720
Noncurrent Assets			
Buildings	229,563	842,586	1,072,149
Equipment	206,686	534	207,220
Accumulated depreciation	(329,720)	(480,923)	(810,643)
	<hr/>	<hr/>	<hr/>
Total Noncurrent Assets	106,529	362,197	468,726
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 129,390	\$ 372,056	\$ 501,446
	<hr/>	<hr/>	<hr/>
LIABILITIES			
Accounts payable and accrued expenses	\$ 123	\$ 3,682	\$ 3,805
Checks in excess of bank balance	54,292	0	54,292
Due to other funds	0	0	0
	<hr/>	<hr/>	<hr/>
Total Current Liabilities	54,415	3,682	58,097
NET POSITION			
Investment in capital assets	106,529	362,197	468,726
Unrestricted	(31,554)	6,177	(25,377)
	<hr/>	<hr/>	<hr/>
TOTAL NET POSITION	\$ 74,975	\$ 368,374	\$ 443,349
	<hr/>	<hr/>	<hr/>

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 21
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUND
YEAR ENDED JUNE 30, 2013**

	<u>Food Service</u>	<u>Housing</u>	<u>Totals</u>
OPERATING REVENUES			
Charges for services	\$ 17,633	\$ 33,967	\$ 51,600
OPERATING EXPENSES			
Salaries	211,043	0	211,043
Employee benefits	124,010	0	124,010
Purchased services	11,339	10,343	21,682
Supplies and materials	1,531	23,566	25,097
Direct food costs	320,816	0	320,816
Commodities	16,801	0	16,801
Depreciation	20,119	100,651	120,770
Total Operating Expenses	<u>705,659</u>	<u>134,560</u>	<u>840,219</u>
Operating income (loss)	<u>(688,026)</u>	<u>(100,593)</u>	<u>(788,619)</u>
NONOPERATING REVENUES			
Federal reimbursements	299,717	0	299,717
Investment income	95	0	95
Total Nonoperating Revenues	<u>299,812</u>	<u>0</u>	<u>299,812</u>
Income (loss) before transfers	(388,214)	(100,593)	(488,807)
TRANSFERS IN			
Operating transfers	<u>373,595</u>	<u>0</u>	<u>373,595</u>
Net income (loss)	(14,619)	(100,593)	(115,212)
NET POSITION - JULY 1	<u>89,594</u>	<u>468,967</u>	<u>558,561</u>
NET POSITION - JUNE 30	<u><u>\$ 74,975</u></u>	<u><u>\$ 368,374</u></u>	<u><u>\$ 443,349</u></u>

See Notes to Financial Statements

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 21
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2013**

	<u>Food Service</u>	<u>Housing</u>	<u>Totals</u>
INCREASE (DECREASE) IN CASH			
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 17,633	\$ 33,967	\$ 51,600
Cash payments for goods and services	(364,439)	(33,302)	(397,741)
Cash paid to employees	<u>(335,053)</u>	<u>0</u>	<u>(335,053)</u>
Net Cash Used in Operating Activities	<u>(681,859)</u>	<u>665</u>	<u>(681,194)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income	<u>95</u>	<u>0</u>	<u>95</u>
Net Cash Provided by (used in) Investing Activities	<u>95</u>	<u>0</u>	<u>95</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash received from federal sources	299,717	0	299,717
Checks written in excess of bank balance	54,292	0	54,292
Operating transfer from other fund	<u>373,595</u>	<u>0</u>	<u>373,595</u>
Net Cash Provided by Noncapital Financing Activities	<u>727,604</u>	<u>0</u>	<u>727,604</u>
NET CHANGE IN CASH	45,840	665	46,505
CASH - BEGINNING OF YEAR	<u>(100,132)</u>	<u>9,194</u>	<u>(90,938)</u>
CASH - END OF YEAR	<u><u>(54,292)</u></u>	<u><u>\$ 9,859</u></u>	<u><u>\$ (44,433)</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES			
Operating income (loss)	\$ (688,026)	\$ (100,593)	\$ (788,619)
Adjustments to reconcile operating loss to net cash used for operating activities			
Depreciation	20,119	100,651	120,770
Commodity support	31,532	0	31,532
(Increase) decrease in inventory	356	0	356
Increase (decrease) in vouchers payable	<u>(45,840)</u>	<u>607</u>	<u>(45,233)</u>
Net Cash Used in Operating Activities	<u><u>\$ (681,859)</u></u>	<u><u>\$ 665</u></u>	<u><u>\$ (681,194)</u></u>

See Notes to Financial Statements

FREMONT COUNTY SCHOOL DISTRICT NUMBER 21
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2013

	<u>Student</u> <u>Activity</u>
ASSETS	
Cash	\$ 23,569
	<hr/>
Total Assets	\$ 23,569
	<hr/> <hr/>
LIABILITIES	
Accounts Payable	\$ 1,650
Due to student groups	8,645
	<hr/>
NET POSITION	
Unrestricted	\$ 13,274
	<hr/> <hr/>

See Notes to Financial Statements

Notes to Financial Statements

FREMONT COUNTY SCHOOL DISTRICT NUMBER 21
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Organization and Summary of Significant Accounting Policies

General Information

Fremont County School District Number 21 (the District) operates under an elected board of trustee's format and provides educational services to the children of the District. The District offers an educational program for grades Kindergarten through 12.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Fremont County School District Number 21, this includes general operations, food service, teacher housing, and student related activities of the School District. The following activities are also included within the reporting entity.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The Fort Washakie Recreation District and the Wyoming Academy of Virtual Education charter high school are the only component units of the School District.

The Fort Washakie Recreation District has been included as a discretely presented component unit in the financial statements. The Board of Trustees of the School District; (1) appoint all of the board members to the recreation board, and (2) approve up to a 1 mill tax levy for recreation authorized by Title 18, Chapter 9, Article 2 of the Wyoming Statutes. Separate financial statements of the recreation district may be obtained by contacting Fremont County School District Number 21, 90 Ethete Road, Fort Washakie, WY 82514.

The most significant of the School District's accounting policies are described below:

FREMONT COUNTY SCHOOL DISTRICT NUMBER 21
NOTES TO FINANCIAL STATEMENTS

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

Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support.

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

Fund Financial Statements

During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major governmental fund and proprietary fund is presented in separate columns. Non-major funds are aggregated and presented in a single column. The fiduciary fund is reported by type.

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

Fund Accounting

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

FREMONT COUNTY SCHOOL DISTRICT NUMBER 21
NOTES TO FINANCIAL STATEMENTS

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

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following is the School District's governmental funds.

Major Funds

General Fund - The general fund is the operating fund of the School District and is used to account for all financial resources not accounted for and reported in another fund. The general fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Wyoming.

Non-Major Governmental Funds

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

Proprietary Fund

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

Fiduciary Fund

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

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

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting as is the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (assets plus deferred outflows of resources minus liabilities minus deferred inflows of resources equals net position) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position.

Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue to be available if collected within 60 days of the end of the fiscal period.

Revenue from federal, state, and other grants designated for payment of specific school district expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due.

Budget and Budgetary Accounting

The amounts reported as the original budgeted amounts in the budgetary statement reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts after approved budget amendments during fiscal year 2013.

The District follows these procedures in establishing the budgetary data reflected for the General Fund in the financial statements. The Special Revenue, Debt Service, and Capital Project Funds are also required to adopt budgets although that data is not presented in the financial statements.

Prior to May 15, the Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing that July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years. In addition, more detailed line budgets are included for administrative control. The level of control for the detailed budgets is at the department head/function level.

Public hearings are conducted within the District to obtain taxpayer comments.

FREMONT COUNTY SCHOOL DISTRICT NUMBER 21
NOTES TO FINANCIAL STATEMENTS

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

Budget and Budgetary Accounting (cont.)

Prior to August 1, the budget is legally enacted through passage of a motion.

The District can, after public notice, transfer budgeted amounts between departments within any funds.

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

All appropriations, except capital project funds, lapse each fiscal year end.

Cash and Cash Equivalents

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

Inventory

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

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

Property Taxes

The District's property taxes are levied at the County level on October 1 of each year. The County Assessor is responsible for assessment of all taxable real property within Fremont County. The County Treasurer computes the annual tax for each parcel of real property and prepares tax books used as the basis for issuing tax bills to all taxpayers in the County. Property taxes are collected by the County Treasurer, who remits to each unit its respective share of the collections. Provided the payments are timely, the tax can be paid in two equal installments on November 10 and May 10, or the tax may be paid in full on December 31. Taxes collected are distributed after the end of each month.

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

FREMONT COUNTY SCHOOL DISTRICT NUMBER 21
NOTES TO FINANCIAL STATEMENTS

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

Capital Assets

Generally, capital assets result from expenditures in the governmental funds and include property, plant, and equipment. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District capitalizes items costing \$500 or more that have estimated useful lives in excess of one year. The School District possesses insignificant 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 for land and land improvements are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives.

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	20-50 years
Furniture and equipment	5-15 years
Vehicles	8 years
Library books	7 years

Compensated Absences

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds. The bonds and capital leases, and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until the maturity date of each installment.

Grant Advances

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

FREMONT COUNTY SCHOOL DISTRICT NUMBER 21
NOTES TO FINANCIAL STATEMENTS

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

Fund Balance

The District uses the fund balance definitions in GASB Codification Section 1800 for financial reporting for all governmental fund types. The definitions provide more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints.

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

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance – amounts constrained to specific purposes by the District itself enacted by resolution of the District's Board of Directors. Committed fund balance cannot be used for any other purpose unless the commitment expires as set forth in the resolution, or a new resolution by the District's Board of Directors.

Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the District's Board of Directors delegates authority.

Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The School District applies nonspendable, restricted, committed, assigned, and then unassigned resources when an expense is incurred for purposes that satisfy the related definition and criteria for the related net position classification shown above.

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

Net Position

Net position is a function of assets plus deferred outflows of resources minus liabilities minus deferred inflows of resources equals net position. The caption 'net investment in capital assets', consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets.

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

Interfund Activity

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

FREMONT COUNTY SCHOOL DISTRICT NUMBER 21
NOTES TO FINANCIAL STATEMENTS

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

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

Estimates

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

Recently Adopted Accounting Standards

During 2012, the District adopted the following GASB Statements:

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

This Statement also supersedes Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Government Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement. The requirements of GASB 62 became effective for fiscal periods beginning after December 31, 2011. The adoption of this Statement, effective January 1, 2012, had no impact on the financial statements of the District.

GASB Statement No. 63, ("GASB 63") *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The objective of this statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in the statement of financial position and related disclosures. GASB 63 provides that amounts that are required to be reported as deferred outflows of resources be reported in the statement of financial position in a separate section following assets. Similarly, amounts that are required to be reported as deferred inflows of resources be reported in the statement of financial position in a separate section following liabilities. The term "net position" replaces the term "net assets" for reporting the net residual of assets and deferred outflows in excess of liabilities and deferred inflows. The requirements of the new statement became effective for fiscal periods beginning after December 15, 2011. This statement impacted the format and reporting of the balance sheet at the government-wide and also at the fund level.

FREMONT COUNTY SCHOOL DISTRICT NUMBER 21
NOTES TO FINANCIAL STATEMENTS

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

Accounting Standards Issued and Early Adopted

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

NOTE 2 - Budgetary Basis of Accounting

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

- A. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- B. Expenditures are recorded when paid in cash (budget) as opposed to when the fund liability is incurred (GAAP).

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

	General Fund
GAAP Basis	\$ 3,796,920
Net adjustment for revenue items	1,050
Net adjustment for expenditure items	(266,765)
Budget Basis	\$ 3,531,205

FREMONT COUNTY SCHOOL DISTRICT NUMBER 21
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - Deposits and Investments

Statutes authorize the District to invest primarily in various federal government instruments, savings certificates of savings and loan associations, bank certificates of deposits, Wyoming State Treasurer Investment Pool, and Wyoming Government Investment Pool. The District has elected to invest cash in excess of immediate needs in normal bank accounts that provide immediate liquidity.

The District's cash and investments are subject to several types of risk, which are examined in more detail below.

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. At year-end, the carrying amount of the District's bank deposits (for both the primary government and the component units) was \$1,488,290 and the bank balance was \$1,433,006. Of the bank balance, \$386,075 was covered by federal depository insurance; \$1,427,494 was covered by collateral held in the pledging banks' trust departments.

Custodial Credit Risk of Investments

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

The Wyo-Star Investment pool is an external investment pool administered by the Wyoming State Treasurer. The pool invests in U.S. Treasury and Government Agency securities, and repurchase agreements collateralized with similar securities. The pooled securities are held in safekeeping by a third party trust in the pool's name. The pool reports their investments at amortized cost, which they believe approximates fair value. The Wyoming Government Investment Fund is not rated. At June 30, 2013, the District had \$14,985,847 invested in the fund.

Concentration of Credit Risk

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

As of June 30, 2013 the District had deposits in one financial institution.

NOTE 4 - Receivables

Receivables at June 30, 2013, consisted of property taxes, accounts and intergovernmental grants. Taxes receivable represent uncollected taxes and interest thereon, net of an allowance for uncollectibles which amounts to approximately \$5,000. Grant receivables are considered collectible in full. Grant receivables at June 30, 2013 include \$788,885 in the special revenue funds, which consisted of various state and federal grants. Other receivables at June 30, 2013 include \$45,251 in the general fund which represents amounts that are due to the general fund from various entities. Other receivables are considered collectible in full.

FREMONT COUNTY SCHOOL DISTRICT NUMBER 21
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - Capital Assets

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

	Balance June 30, 2012	Transfers and Additions	Deductions	Balance June 30, 2013
Governmental Activities				
Capital Assets, Not Being Depreciated				
Construction in progress	\$ 0	\$ 0	\$ 0	\$ 0
Total Capital Assets, Not Being Depreciated	0	0	0	0
Capital Assets, Being Depreciated				
Buildings and improvements	\$ 14,459,633	\$ 252,801		\$ 14,712,434
Equipment and contents	2,760,051	239,513	(16,705)	2,982,859
Vehicles	1,643,772	306,223	(203,077)	1,746,918
Library books	51,438	6,837	(5,921)	52,354
Total Capital Assets, Being Depreciated	18,914,894	805,374	(225,703)	19,494,565
Less Accumulated Depreciation				
Buildings and improvements	4,781,075	530,522	0	5,311,597
Equipment and contents	1,985,932	338,523	(15,044)	2,309,411
Vehicles	1,063,712	135,034	(203,077)	995,669
Library books	23,942	7,349	(5,921)	25,370
Total Accumulated Depreciation	7,854,661	1,011,428	(224,042)	8,642,047
Capital Assets, Being Depreciated, Net	11,060,233	(206,054)	(1,661)	10,852,518
Governmental Activities Capital Assets, Net	\$ 11,060,233	\$ (206,054)	\$ (1,661)	\$ 10,852,518
Business-Type Activities				
Capital Assets, Being Depreciated				
Buildings and improvements	\$ 1,072,149	\$ 0	\$ 0	\$ 1,072,149
Equipment and contents	207,220	0	0	207,220
Total Capital Assets, Being Depreciated	1,279,369	0	0	1,279,369
Less Accumulated Depreciation				
Buildings and improvements	514,697	100,651	0	615,348
Equipment and contents	175,177	20,118	0	195,295
Total Accumulated Depreciation	689,874	120,769	0	810,643
Business-Type Activities Capital Assets, Net	\$ 589,495	\$ (120,769)	\$ 0	\$ 468,726

FREMONT COUNTY SCHOOL DISTRICT NUMBER 21
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - Capital Assets (cont.)

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Instruction	
Regular	\$ 483,893
Special	9,986
Vocational	7,349
Instructional Support	
Support services - students	36,973
Support services - staff	278,301
General Support	
Administration	15,689
Business administration	4,845
Board	930
Operations and maintenance	35,186
Transportation	138,276
Total Depreciation Expense- Governmental Activities	<u><u>\$ 1,011,428</u></u>
 Business-Type Activities	
Housing	\$ 100,651
Food Service	20,118
	<u><u>\$ 120,769</u></u>

NOTE 6 - Defined Benefit Pension Plans

The District contributes to the Wyoming Retirement System (WRS) Pension Plan, a cost-sharing multiple employer defined benefit pension plan administered by the Wyoming Retirement System. WRS provides retirement, disability, and death benefits to plan members and beneficiaries. The Wyoming Retirement Board, after approval of the Wyoming State Legislature, may amend contribution requirements to WRS. WRS issues a publicly available financial report that includes financial statements and required supplementary information for WRS. That report may be obtained by writing to Wyoming Retirement Board, 1st Flr East-Herschler Bldg, 112 W. 25th Street, Cheyenne, WY 82002.

The plan statutorily required 11.25%, until September of 2010 when the rate was increased 2.87% bringing the required contribution rate to 14.12%, paid by the participant and the employer in a manner as determined by the employer. Total District contributions to WRS for the years ended June 30, 2013, 2012, and 2011 were \$906,604, \$901,668, and \$898,941 respectively.

NOTE 7 - Long-Term Debt

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

	<u>Balance</u> <u>Beginning</u> <u>of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>End of Year</u>	<u>Due Within</u> <u>One Year</u>
Capital leases	\$ 193,529	\$ 235,100	\$ 152,227	\$ 276,402	\$ 94,709
Early retirement	142,955	38,463	81,115	100,303	75,974
Compensated absences	394,523	379,997	407,650	366,870	293,424
	<u><u>\$ 731,007</u></u>	<u><u>\$ 653,560</u></u>	<u><u>\$ 640,992</u></u>	<u><u>\$ 743,575</u></u>	<u><u>\$ 464,107</u></u>

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

FREMONT COUNTY SCHOOL DISTRICT NUMBER 21
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - Long-Term Debt (cont.)

Capital Leases

The District is lessee under a capital lease for buses with a cost of \$514,805. The lease provides for termination in the event of non-appropriation. The District's commitment under the lease, assuming the lease is not canceled, is as follows:

<u>Year</u>	<u>Total Payments</u>
2014	\$ 94,709
2015	94,709
2016	50,487
2017	49,512
	<u>289,417</u>
Less amount representing interest	<u>13,015</u>
Net Obligation	<u><u>\$ 276,402</u></u>

In the fund financial statements the capital lease obligations payable in future years have been reflected as both proceeds from capital lease and as expenditure in the appropriate fund in the initial year of the lease.

In the government-wide financial statements the portion of the lease obligations due within one year is reported as a current liability under the caption "Current Portion of Long-Term Debt." Amounts due in excess of one year are reported as a noncurrent liability. Lease payments reduce the outstanding obligation and interest associated with the leases is expensed as incurred.

Early Retirement

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

Benefits under the plan are payable over four years. Benefits will be paid in the first pay period following the year of early retirement. At year-end, the obligation for early retirement is as follows:

<u>Year</u>	<u>Payments</u>
2014	\$ 75,974
2015	12,164
2016	<u>12,165</u>
	<u><u>\$ 100,303</u></u>

FREMONT COUNTY SCHOOL DISTRICT NUMBER 21
NOTES TO FINANCIAL STATEMENTS

NOTE 8 - Due To/From Other Funds and Transfers

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

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General fund	\$ 703,109	\$ 0
Non-major governmental funds	0	703,109
	<u>\$ 703,109</u>	<u>\$ 703,109</u>
	<u>Transfers to Other Funds</u>	<u>Transfers from Other Funds</u>
General fund	\$ 373,595	\$ 0
Enterprise funds	0	373,595
	<u>\$ 373,595</u>	<u>\$ 373,595</u>

NOTE 9 - Contingencies

A. Grants

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

B. Litigation

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

C. Property and Liability Risk Management

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

FREMONT COUNTY SCHOOL DISTRICT NUMBER 21
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - Commitments

As of June 30, 2013, Fremont County School District #21 had entered into two contracts with a Wyoming contractor for the purpose of designing and constructing a K-8 elementary school and a 9-12 high school.

There are two parts to the contract for the elementary school. The fee for the planning, design and construction administration of the elementary is \$2,380,132.00. This amount was appropriated by the Wyoming Legislature and administered by the Wyoming School Facilities Department. These funds will be provided to the district as they are expended. In addition to these funds, the District has agreed to pay the contractor and additional \$110,635.00 for the planning, design and construction of enhancements to the elementary school as defined by the Wyoming School Facilities Commission. The Legislature also appropriated \$35,629,235.00 for the actual construction of the elementary school. As of June 30, 2013 there have been no contracts issued for any of the construction.

The contract for the high school contains no provisions for any enhancements and totals \$1,040,125.00. There is \$16,441,037.00 being proposed by the School Facilities Department for consideration by the Wyoming Legislature for the 2014 budget session.

NOTE 11- Upcoming Accounting Pronouncements

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

Required Supplementary Information

FREMONT COUNTY SCHOOL DISTRICT NUMBER 21
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND
YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
REVENUES				
Taxes	\$ 1,015,800	\$ 1,015,800	\$ 1,129,623	\$ 113,823
Intergovernmental	12,545,000	12,545,000	15,405,963	2,860,963
Investment income	46,200	46,200	31,520	(14,680)
Other revenue	43,000	43,000	58,159	15,159
	<u>13,650,000</u>	<u>13,650,000</u>	<u>16,625,265</u>	<u>2,975,265</u>
EXPENDITURES				
General government				
Instruction				
Regular	5,373,990	6,208,425	5,063,112	1,145,313
Special	2,216,830	2,228,180	2,425,260	(197,080)
Instructional support				
Support services-staff	868,724	906,490	1,030,716	(124,226)
Support services-students	777,851	594,555	558,562	35,993
General support				
Administration	890,875	690,875	956,456	(265,581)
Business administration	471,995	471,995	411,999	59,996
Board	142,565	142,565	140,908	1,657
Operations and maintenance	1,091,170	861,170	1,057,650	(196,480)
Transportation	1,114,630	994,630	998,422	(3,792)
Community	105,320	105,320	77,380	27,940
	<u>13,053,950</u>	<u>13,204,205</u>	<u>12,720,465</u>	<u>483,740</u>
Excess of revenues over (under) expenditures	596,050	596,050	3,904,800	3,308,750
OTHER FINANCING SOURCES (USES)				
Operating transfers (out)	(421,050)	(421,050)	(373,595)	47,455
Excess of revenues and other sources over (under) expenditures and other uses	175,000	175,000	3,531,205	3,356,205
FUND BALANCE - JULY 1	<u>13,894,319</u>	<u>13,894,319</u>	<u>13,894,319</u>	<u>4,148,292</u>
FUND BALANCE - JUNE 30	<u>\$ 14,069,319</u>	<u>\$ 14,069,319</u>	<u>\$ 17,425,524</u>	<u>\$ 7,504,497</u>

See Notes to Financial Statements

Supplementary Information

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 21
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013**

	Combined Special Revenue Funds	Debt Service Fund	Major Maintenance Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash and investments in treasury	\$ 0	\$ 0	\$ 289,245	\$ 138,749	\$ 427,994
Cash with fiscal agent	0	9,084	0	0	9,084
Receivables					
Grants	788,885	0	0	0	788,885
Total Assets	<u>\$ 788,885</u>	<u>\$ 9,084</u>	<u>\$ 289,245</u>	<u>\$ 138,749</u>	<u>\$ 1,225,963</u>
LIABILITIES AND FUND BALANCE					
Liabilities					
Checks in excess of bank balance	\$ 36,940	\$ 0	\$ 0	\$ 0	\$ 36,940
Accounts payable and accrued expenses	18,360	0	0	0	18,360
Due to other funds	703,109	0	0	0	703,109
Grant advances	9,969	0	0	0	9,969
Total Liabilities	<u>768,378</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>768,378</u>
FUND BALANCE					
Restricted for:					
Debt service	0	9,084	0	0	9,084
Maintenance	0	0	289,245	0	289,245
Special projects	20,507	0	0	0	20,507
Assigned	0	0	0	138,749	138,749
Total Fund Balance	<u>20,507</u>	<u>9,084</u>	<u>289,245</u>	<u>138,749</u>	<u>457,585</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 788,885</u></u>	<u><u>\$ 9,084</u></u>	<u><u>\$ 289,245</u></u>	<u><u>\$ 138,749</u></u>	<u><u>\$ 1,225,963</u></u>

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 21
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2013**

	Combined Special Revenue Funds	Debt Service Fund	Major Maintenance Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES					
Intergovernmental	\$ 1,216,799	\$ 0	\$ 293,600	7,696	\$ 1,518,095
Investment income	200	0	978	56	1,234
Other revenue	12,214	0	0	129,115	141,329
Total Revenues	1,229,213	0	294,578	136,867	1,660,658
EXPENDITURES					
Current					
General government					
Instruction					
Regular	812,288	0	0	0	812,288
Special	403,121	0	0	0	403,121
Community	346	0	0	0	346
Other	0	0	0	0	0
Major maintenance	0	0	219,514	0	219,514
Total Expenditures	1,215,755	0	219,514	135,771	1,571,040
Excess of revenues over (under) expenditures	13,458	0	75,064	1,096	89,618
OTHER FINANCING SOURCES					
Operating transfers	0	0	0	0	0
Excess of revenues and other sources over (under) expenditures and other uses	13,458	0	75,064	1,096	89,618
FUND BALANCE - JULY 1	7,049	9,084	214,181	137,653	367,967
FUND BALANCE - JUNE 30	\$ 20,507	\$ 9,084	\$ 289,245	\$ 138,749	\$ 457,585

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 21
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2013**

<u>Federal Grantor/Pass-through Grantor Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
U.S. Department of Education			
Direct program			
Impact Aid Maintenance and Operations	84.041	N/A	\$ 2,634,991
Title VII	84.06A	S060A120272	169,828
Passed through State Department of Education			
Title I	84.010A	1207212T1A00	438,387
Title IIA	84.367A	1207212T2A00	153,471
VIB	* 84.027A	110721VIB00	13,569
VIB	* 84.027A	1207212T6100	77,696
VIB	* 84.027A	1207212T6100	94,854
VIB - Preschool	* 84.173A	1207212T6900	1,211
Total Department of Education			<u>3,584,007</u>
U.S. Department of Agriculture			
Passed through State Department of Education			
National School Lunch Program:			
Reimbursement	* 10.555	N/A	155,374
School Breakfast Program	* 10.553	N/A	105,808
Value of USDA Commodities	* 10.555	N/A	16,801
Fresh Fruit and Vegetable Programs	10.582	N/A	21,734
Total U.S. Department of Agriculture			<u>299,717</u>
U.S. Department of Interior- JOM	15.130		<u>13,522</u>
Total Federal Financial Assistance			<u>\$ 3,897,246</u>

* Indicates cluster program

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

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Fremont County School District #21 and is presented on the modified accrual basis of accounting, except for amounts presented under the U.S. Department of Agriculture, which are presented on the accrual basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

McKEE, MARBURGER & FAGNANT, P. C.

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Trustees
Fremont County School District Number 21
Fort Washakie, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fremont County School District Number 21, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Fremont County School District Number 21's basic financial statements, and have issued our report thereon dated December 10, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fremont County School District Number 21'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 Number 21's internal control. Accordingly, we do not express an opinion on the effectiveness of Fremont County School District Number 21's internal control.

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

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

Compliance And Other Matters

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

Purpose of this Report

This report is intended solely for the information and use of management of Fremont County School District Number 21, others within the entity, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

McKee, Marburger & Segment PC

Lander, Wyoming
December 10, 2013

McKEE, MARBURGER & FAGNANT, P. C.

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

To the Board of Trustees
Fremont County School District Number 21
Fort Washakie, Wyoming

Report on Compliance for Each Major Federal Program

We have audited Fremont County School District Number 21's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Fremont County School District Number 21's major federal programs for the year ended June 30, 2013. Fremont County School District Number 21's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Fremont County School District Number 21's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Fremont County School District Number 21's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Fremont County School District Number 21's compliance.

Opinion on Each Major Federal Program

In our opinion, Fremont County School District Number 21, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

Management of Fremont County School District Number 21, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Fremont County School District Number 21's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Fremont County School District Number 21's internal control over compliance.

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

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

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

McKee, Markburger & Fagnum PC

Lander, Wyoming
December 10, 2013

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 21
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified?	___ Yes	_X_ No
Reportable condition identified not Considered to be material weaknesses?	___ Yes	_X_ none reported

Noncompliance material to financial statements noted? ___ Yes _X_ No

Federal Awards

Internal control over major programs:

Material weakness identified?	___ Yes	_X_ No
Reportable condition identified not Considered to be material weakness?	___ Yes	_X_ none reported

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.041	Impact Aid
84.010	Title I
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	_X_ Yes ___ No

SECTION II - FINANCIAL STATEMENT FINDINGS

NONE

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 21
SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013**

NONE

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 21
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2013
(Unaudited)**

NONE