

FREMONT COUNTY SCHOOL DISTRICT #1

FINANCIAL REPORT

June 30, 2014

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PORTER, MUIRHEAD, CORNIA & HOWARD

(A Corporation of Certified Public Accountants)

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INDEPENDENT AUDITOR'S REPORT

Honorable Superintendent and
Board of Trustees
Fremont County School District #1
Lander, WY

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Fremont County School District #1, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Fremont County School District #1'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 discretely presented component unit, each major fund, and the aggregate remaining fund information of Fremont County School District #1, as of June 30, 2014, 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 as listed in the table of contents 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 management's discussion and analysis 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 the 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.

The budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied during 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Supplementary Information and Schedule of Expenditures of Federal Awards

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fremont County School District #1's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Additionally, the accompanying schedule of expenditures of federal awards as listed in the table of contents is presented as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of Fremont County School District #1.

The other supplementary information and 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. The other supplementary information and the schedule of expenditures of federal awards have 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 other supplementary information and the schedule

Honorable Superintendent and
Board of Trustees
Fremont County School District #1
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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 1, 2014, on our consideration of Fremont County School District #1'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 the 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 #1's internal control over financial reporting and compliance.



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, WY
December 1, 2014

FREMONT COUNTY SCHOOL DISTRICT #1

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

(UNAUDITED)

As management of the Fremont County School District #1, 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, 2014. We encourage readers to consider the information presented here 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 \$62,037,649 at June 30, 2013, which compares to \$62,335,707 as of June 30, 2014. Capital assets increased by \$1,607,116 (net of depreciation) due to the amount that was attributed to the improvements to both the bus garage parking lot and the Lander Valley High School parking lot.
- The District's revenue generated in taxes and other revenues was \$31,049,075. This is a decrease of \$10,573,526 from FY13. There was a large decrease in Capital Grants of \$9,438,388 due to the substantial completion of the Gannett Peak Elementary School as of the end of FY13.
- For the District's governmental activities and business-type activities total expenses for FY13 were \$31,232,788. Total expenses for FY14 were \$30,751,017. This represents a decrease of \$481,771. Of this amount, \$154,848 was attributed to special instruction and \$233,637 was for business services. The amount expended for the preliminary architecture costs of the new elementary school appears on the balance sheet as construction-in-progress.
- During the year the District incurred additional long-term debt from capital leases totaling \$493,125 and reduced long-term debt by \$876,469. Of this amount \$37,418 was paid out in early retirement benefits.

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 and deferred outflows of resources, as well as liabilities and deferred inflows of resources, with the difference between them reported as the *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.

FREMONT COUNTY SCHOOL DISTRICT #1

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

(UNAUDITED)

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 four business-type activities: the Food Service Fund, the Swimming Pool Fund, the Preschool Fund, and the Facilities Enterprise Fund. A fifth business-type activity reported in the financial statements is the TIGER Joint Powers Board. The Joint Powers Board is included in the financial statements as a blended component unit. More information is contained in Note 1 in the Notes to the Financial Statements.

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, major maintenance fund, and capital projects 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, the Swimming Pool Fund, the Preschool Fund, and the Facilities Enterprise Fund are in this category for the District. Included in the financial statements as a proprietary fund is the TIGER Joint Powers Board which is reported as a blended 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 two funds in this category, the Scholarship Fund and the Activities 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.

FREMONT COUNTY SCHOOL DISTRICT #1

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

(UNAUDITED)

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.

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, 2014:

Condensed Statement of Net Position						
	2012-2013 Governmental Activities	2013-2014 Governmental Activities	2012-2013 Business- Type Activities	2013-2014 Business- Type Activities	2012-2013 Total School Activities	2013-2014 Total School Activities
Current and other assets	\$ 9,150,185	\$ 16,234,480	\$ 2,141,996	\$ 2,194,193	\$ 11,292,181	\$ 18,428,673
Capital assets	56,476,875	58,118,505	590,397	555,883	57,067,272	58,674,388
Total Assets	65,627,060	74,352,985	2,732,393	2,750,076	68,359,453	77,103,061
Current liabilities	2,830,854	2,466,359	50,168	65,340	2,881,022	2,531,699
Long-term liabilities	3,440,782	3,075,814	-	-	3,440,782	3,075,814
Total Liabilities	6,271,636	5,542,173	50,168	65,340	6,321,804	5,607,513
Deferred inflows of resources	-	9,159,841	-	-	-	9,159,841
Net Position						
Invested in capital assets, net of related debt	52,764,062	54,730,709	590,397	555,883	53,354,459	55,286,592
Restricted for						
Major maintenance	2,485,285	1,234,039	-	-	2,485,285	1,234,039
Bond indenture	76,092	49,174	-	-	76,092	49,174
Unrestricted	4,029,985	3,637,049	2,091,828	2,128,853	6,121,813	5,765,902
Total Net Position	\$ 59,355,424	\$ 59,650,971	\$ 2,682,225	\$ 2,684,736	\$ 62,037,649	\$ 62,335,707

The net investment in capital assets is \$55,286,592, which is the net book value of capital assets (e.g., land, buildings, equipment) of \$58,674,388, less any related debt used to acquire those assets that is still outstanding of \$3,387,796. 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 \$1,234,039 and is restricted by legislation. The second amount is \$49,174 and is restricted by bond covenants. The balance of \$5,765,902 designated as unrestricted includes an amount of \$155,155 that is subject to internal restrictions on how these funds may be used. They are presented as committed funds on pages 16 and 17 of the report. The remaining balance of unrestricted net position, \$5,640,747, 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 \$298,058 during the year ended June 30, 2014, as the result of expenses being closely in-line with the revenues received for the year.

FREMONT COUNTY SCHOOL DISTRICT #1

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014
(UNAUDITED)**

Changes in the District's Net Position						
	2012-2013 Governmental Activities	2012-2013 Business-type Activities	2012-2013 Total School District	2013-2014 Governmental Activities	2013-2014 Business-type Activities	2013-2014 Total School District
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ 495,991	\$ 495,991	\$ -	\$ 420,699	\$ 420,699
Operating grants and contributions	2,434,297	314,338	2,748,635	2,357,473	321,438	2,678,911
Capital grants and contributions	10,816,749	-	10,816,749	1,378,361	-	1,378,361
General revenues:						
Taxes	9,670,056	-	9,670,056	9,751,020	-	9,751,020
Governmental aid	17,232,897	-	17,232,897	16,652,005	-	16,652,005
Miscellaneous	468,005	4,093	472,098	165,124	2,955	168,079
Transfers	(578,928)	578,928	-	(628,250)	628,250	-
Total revenues	40,043,076	1,393,350	41,436,426	29,675,733	1,373,342	31,049,075
Expenses:						
Regular instruction	(10,274,447)	-	(10,274,447)	(10,278,121)	-	(10,278,121)
Special instruction	(5,752,501)	-	(5,752,501)	(5,597,653)	-	(5,597,653)
Student activities	(933,195)	-	(933,195)	(848,330)	-	(848,330)
Vocational instruction	(531,982)	-	(531,982)	(463,545)	-	(463,545)
Pupil services	(953,942)	-	(953,942)	(931,765)	-	(931,765)
Instructional staff services	(1,265,713)	-	(1,265,713)	(1,207,563)	-	(1,207,563)
General admin services	(347,133)	-	(347,133)	(562,279)	-	(562,279)
School admin services	(1,327,297)	-	(1,327,297)	(1,263,172)	-	(1,263,172)
Business services	(733,770)	-	(733,770)	(500,133)	-	(500,133)
O & M of plant services	(5,103,367)	-	(5,103,367)	(5,283,623)	-	(5,283,623)
Pupil transportation	(1,711,490)	-	(1,711,490)	(1,945,712)	-	(1,945,712)
Central services	(405,610)	-	(405,610)	(385,517)	-	(385,517)
Other support services						
Facilities, acquisitions and construction services	(442,164)	-	(442,164)	(56,986)	-	(56,986)
Interest on long-term debt	(59,813)	-	(59,813)	(55,787)	-	(55,787)
Enterprise funds	-	(1,390,364)	(1,390,364)	-	(1,370,831)	(1,370,831)
Total expenses	(29,842,424)	(1,390,364)	(31,232,788)	(29,380,186)	(1,370,831)	(30,751,017)
Change in net position	\$ 10,200,652	\$ 2,986	\$ 10,203,638	\$ 295,547	\$ 2,511	\$ 298,058

FREMONT COUNTY SCHOOL DISTRICT #1

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

(UNAUDITED)

Financial Analysis of the District's Funds

Governmental Funds:

Revenues

General fund revenues decreased from \$25,503,170 in FY 2013 to \$25,315,859 in FY 2014. The decrease of \$187,311 was due mainly to the decrease in foundation program money received from the state.

Expenditures

The total expenditures (including transfers) of the General Fund on a modified accrual basis of accounting, were \$26,122,967 in 2014 compared to \$25,537,286 for 2013. The total expenditures for the same years on a budgetary (cash) basis were \$25,458,940 for FY 2013 and \$25,445,984 for FY 2014. 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

While the Preschool continues to be self-sustaining, the Food Service Fund and the Swimming Pool are not. The operating costs of both programs (the Swimming Pool and Food Service) make it very difficult, if not impossible to achieve self-sustaining status. The TIGER Joint Powers Board receives funds from grants awarded by the Wyoming Business Council and revenues generated from the sale of the lots in the business park.

General Fund Budgetary Highlights

Over the last several years the Wyoming State Legislature has not provided any additional funding to schools in the state. This was again true in FY 2014. Because of a lack of an external cost adjustment (ECA), the only way for the district to see an increase in revenue is through an increase in overall enrollment. It will be important for the District to monitor enrollment and make any necessary changes to the budget in order to limit spending based on the revenues provided by the Foundation Program.

Joint Powers Board

The Board of Trustees and the City of Lander have formed a Joint Powers Board for the purpose of developing the land that previously contained Lander Valley High School. Fiscal year 2014 represents the eighth year of activity that requires the financial reporting of the activity.

FREMONT COUNTY SCHOOL DISTRICT #1

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2014

(Unaudited)

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2013 and June 30, 2014 amounts to \$56,476,875 and \$58,118,505 (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	2013-2014	2012-2013
Land	\$ 28,685	\$ 28,685
Work of art	60,000	60,000
Construction in progress	63,441	17,291,136
Building and improvements	54,868,691	36,681,505
Equipment and contents	1,237,705	716,498
Vehicles	1,859,983	1,699,051
Total	\$58,118,505	\$56,476,875
District's Capital Assets (Business-type Activities)		
Net of Depreciation	2013-2014	2012-2013
Building and improvement	\$ 543,978	\$ 571,478
Equipment and contents	11,905	18,919
Total	\$ 555,883	\$ 590,397

Long-Term Debt

There was a decrease of \$383,344 in the long-term debt for FY14. There remains a balance of \$3,767 to be paid for the Early Retirement Program that was approved in FY08. The Series 2012 general obligation refunding bond has a remaining balance in the amount of \$2,600,000, with an associated premium of \$54,833. Additional information is presented in Note 3 of the footnotes to the financial statements.

Factors Affecting the District's Future

The effects of state legislative action and the impacts of issues with the federal government related to educational processes and funding for school districts will continue to challenge the budgets and staffing requirements of the District. Coupled with this, as funding is based on student enrollment, static or decreasing student populations will most likely lead to decreased funding and place further burden on the District's budget. The District will continue to strive for operational efficiencies without adversely affecting the quality of education provided to its students. One item of note, the Wyoming State Legislature did provide for a small external cost adjustment for FY 2015.

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 Travis Sweeney, Business Manager, 400 Baldwin Creek Road, Lander, WY 82520.

BASIC FINANCIAL STATEMENTS

FREMONT COUNTY SCHOOL DISTRICT #1

STATEMENT OF NET POSITION

June 30, 2014

	Primary Government			Component Unit
	Governmental	Business-type	Total	Recreation
	Activities	Activities		Board
ASSETS				
Current assets				
Cash and cash equivalents	\$ 5,586,949	\$ 1,322,725	\$ 6,909,674	\$ 356,086
Investments	-	-	-	94,773
Cash held by County Treasurer	152,992	-	152,992	2,537
Property taxes receivable	9,269,519	-	9,269,519	297,153
Receivable from external parties	1,305	-	1,305	-
Internal balances	(36,474)	36,474	-	-
Grants receivable	869,382	-	869,382	-
Accounts receivable	-	6,701	6,701	-
Due from other governments	198,377	-	198,377	-
Inventory	192,430	828,293	1,020,723	-
Capital assets not being depreciated				
Land	28,685	-	28,685	-
Work of art	60,000	-	60,000	-
Construction in progress	63,441	-	63,441	-
Capital assets (net of accumulated depreciation)				
Buildings and improvements	54,868,691	543,978	55,412,669	-
Equipment and contents	1,237,705	11,905	1,249,610	-
Vehicles	1,859,983	-	1,859,983	-
Total assets	<u>74,352,985</u>	<u>2,750,076</u>	<u>77,103,061</u>	<u>750,549</u>
LIABILITIES				
Current liabilities				
Accounts payable	988,864	14,588	1,003,452	-
Accrued wages payable	243,551	50,752	294,303	-
Unearned grant revenue	394,085	-	394,085	-
Noncurrent liabilities				
Due in one year				
Lease purchase obligation	282,131	-	282,131	-
Early retirement benefits	3,767	-	3,767	-
Bonds payable (net of unamortized premiums)	449,139	-	449,139	-
Compensated absences	104,822	-	104,822	-
Due in more than one year				
Lease purchase obligation	450,832	-	450,832	-
Bonds payable (net of unamortized premiums)	2,205,694	-	2,205,694	-
Compensated absences	419,288	-	419,288	-
Total liabilities	<u>5,542,173</u>	<u>65,340</u>	<u>5,607,513</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax revenues	9,159,841	-	9,159,841	293,784
Total deferred inflows of resources	<u>9,159,841</u>	<u>-</u>	<u>9,159,841</u>	<u>293,784</u>
NET POSITION				
Invested in capital assets, net of related debt	54,730,709	555,883	55,286,592	-
Restricted for				
Major maintenance	1,234,039	-	1,234,039	-
Bond indenture	49,174	-	49,174	-
Unrestricted	3,637,049	2,128,853	5,765,902	456,765
Total net position	<u>\$ 59,650,971</u>	<u>\$ 2,684,736</u>	<u>\$ 62,335,707</u>	<u>\$ 456,765</u>

See accompanying notes to financial statements

FREMONT COUNTY SCHOOL DISTRICT #1

STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction				
Regular instruction	\$ 10,278,121	\$ -	\$ 441,827	\$ -
Special instruction	5,597,653	-	1,764,402	-
Student activities	848,330	-	-	-
Vocational education	463,545	-	42,709	-
Support services				
Pupil services	931,765	-	-	-
Instructional staff services	1,207,563	-	-	-
General administration services	562,279	-	108,535	-
School administration services	1,263,172	-	-	-
Business services	500,133	-	-	-
Operation and maintenance of plant services	5,283,623	-	-	-
Pupil transportation services	1,945,712	-	-	-
Central services	385,517	-	-	-
Facilities, acquisitions and construction services	56,986	-	-	1,378,361
Interest on long-term debt	55,787	-	-	-
Total governmental activities	29,380,186	-	2,357,473	1,378,361

See accompanying notes to financial statements

Net (Expenses) Revenues and Changes in Net Position

Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	Recreation Board	
\$ (9,836,294)	\$ -	\$ (9,836,294)	\$ -	-
(3,833,251)	-	(3,833,251)	-	-
(848,330)	-	(848,330)	-	-
(420,836)	-	(420,836)	-	-
(931,765)	-	(931,765)	-	-
(1,207,563)	-	(1,207,563)	-	-
(453,744)	-	(453,744)	-	-
(1,263,172)	-	(1,263,172)	-	-
(500,133)	-	(500,133)	-	-
(5,283,623)	-	(5,283,623)	-	-
(1,945,712)	-	(1,945,712)	-	-
(385,517)	-	(385,517)	-	-
1,321,375	-	1,321,375	-	-
(55,787)	-	(55,787)	-	-
(25,644,352)	-	(25,644,352)	-	-

(Continued)

FREMONT COUNTY SCHOOL DISTRICT #1

STATEMENT OF ACTIVITIES (CONTINUED)

Year Ended June 30, 2014

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Business-type activities				
TIGER Joint Powers Board	\$ 1,969	\$ -	\$ -	\$ -
Food Service Fund	702,934	191,922	321,438	-
Swimming Pool Fund	620,901	134,549	-	-
Preschool Fund	45,027	50,528	-	-
Facilities Enterprise Fund	-	43,700	-	-
Total business-type activities	<u>1,370,831</u>	<u>420,699</u>	<u>321,438</u>	<u>-</u>
Total primary government (School District)	<u>\$ 30,751,017</u>	<u>\$ 420,699</u>	<u>\$ 2,678,911</u>	<u>\$ 1,378,361</u>
Component Unit				
Recreation Board	\$ 347,715	\$ -	\$ -	\$ -
Total component unit	<u>\$ 347,715</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for specific purposes

Major building and facility maintenance

Debt service

Recreation

Federal, State and Local aid not restricted to specific purposes

State Foundation Program

Other State sources

County sources

Unrestricted investment earnings

Unrestricted miscellaneous revenue

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year

Net position - end of year

See accompanying notes to financial statements

Net (Expenses) Revenues and Changes in Net Position

Primary Government		Component Unit	
Governmental Activities	Business-type Activities	Total	Recreation Board
\$ -	\$ (1,969)	\$ (1,969)	\$ -
-	(189,574)	(189,574)	-
-	(486,352)	(486,352)	-
-	5,501	5,501	-
-	43,700	43,700	-
-	(628,694)	(628,694)	-
(25,644,352)	(628,694)	(26,273,046)	-
-	-	-	(347,715)
-	-	-	(347,715)
8,315,918	-	8,315,918	-
989,056	-	989,056	-
446,046	-	446,046	-
-	-	-	340,425
14,861,637	-	14,861,637	-
77,917	-	77,917	-
1,712,451	-	1,712,451	-
13,475	2,955	16,430	-
151,649	-	151,649	592
(628,250)	628,250	-	-
25,939,899	631,205	26,571,104	341,017
295,547	2,511	298,058	(6,698)
59,355,424	2,682,225	62,037,649	463,463
\$ 59,650,971	\$ 2,684,736	\$ 62,335,707	\$ 456,765

FREMONT COUNTY SCHOOL DISTRICT #1

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	General	Federal and State Grants	Major Maintenance	Capital Projects
ASSETS				
Cash and cash equivalents	\$ 3,443,650	\$ 10,000	\$ 1,372,520	\$ 246,296
Cash held by County Treasurer	152,992	-	-	-
Property taxes receivable	8,836,130	-	-	-
Grants receivable	-	683,207	-	186,175
Due from other funds	518,900	-	-	-
Receivable from WSBAIT	198,377	-	-	-
Inventory	192,430	-	-	-
Total assets	<u>\$ 13,342,479</u>	<u>\$ 693,207</u>	<u>\$ 1,372,520</u>	<u>\$ 432,471</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 909,302	\$ 5,177	\$ 66,750	\$ 7,635
Accrued wages payable	172,263	71,288	-	-
Due to other funds	-	212,657	71,731	290,811
Unearned grant revenue	-	394,085	-	-
Total liabilities	<u>1,081,565</u>	<u>683,207</u>	<u>138,481</u>	<u>298,446</u>
Deferred inflows of resources				
Deferred property tax revenues	8,804,517	-	-	-
Deferred receivable from WSBAIT	198,377	-	-	-
Total deferred inflows of resources	<u>9,002,894</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances				
Nonspendable				
Inventory	192,430	-	-	-
Restricted				
Grant agreements	-	10,000	-	-
Major maintenance W.S. 21-15-109	-	-	1,234,039	-
Bond indenture	-	-	-	-
Committed				
Capital projects	-	-	-	134,025
Early retirement payments	-	-	-	-
Unassigned	3,065,590	-	-	-
Total fund balances	<u>3,258,020</u>	<u>10,000</u>	<u>1,234,039</u>	<u>134,025</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 13,342,479</u>	<u>\$ 693,207</u>	<u>\$ 1,372,520</u>	<u>\$ 432,471</u>

See accompanying notes to financial statements

Other Governmental Funds	Total Governmental Funds
\$ 49,174	\$ 5,121,640
-	152,992
433,389	9,269,519
-	869,382
21,130	540,030
-	198,377
-	192,430
<u>\$ 503,693</u>	<u>\$ 16,344,370</u>

\$ -	\$ 988,864
-	243,551
-	575,199
-	394,085
<u>-</u>	<u>2,201,699</u>

433,389	9,237,906
-	198,377
<u>433,389</u>	<u>9,436,283</u>

-	192,430
-	10,000
-	1,234,039
49,174	49,174
-	134,025
21,130	21,130
-	3,065,590
<u>70,304</u>	<u>4,706,388</u>
<u>\$ 503,693</u>	<u>\$ 16,344,370</u>

FREMONT COUNTY SCHOOL DISTRICT #1

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
Year Ended June 30, 2014

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

Total fund balances - governmental funds		\$ 4,706,388
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		58,118,505
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Deferred property tax revenues		276,441
Internal service funds are used by management to charge the costs of health insurance to the various functions. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.		
Health Insurance Fund		
Current assets		465,309
Long-term liabilities, including lease purchase obligations and compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		
Lease purchase obligation	\$ (732,963)	
Accrued compensated absences	(524,110)	
Early retirement benefits	(3,767)	
Bonds payable	(2,600,000)	
Less: Deferred premium on bonds (to be amortized over life of debt)	<u>(54,833)</u>	(3,915,673)
Rounding		<u>1</u>
Net position of governmental activities		<u><u>\$ 59,650,971</u></u>

See accompanying notes to financial statements

FREMONT COUNTY SCHOOL DISTRICT #1

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2014

	General	Federal and State Grants	Major Maintenance
Revenues			
Taxes	\$ 8,503,117	\$ -	\$ -
Intergovernmental revenues	16,777,879	2,357,472	989,056
Charges for services	19,474	-	-
Miscellaneous	15,389	-	2,573
Total revenues	<u>25,315,859</u>	<u>2,357,472</u>	<u>991,629</u>
Expenditures			
Instruction			
Regular instruction	9,906,030	444,207	-
Special instruction	3,851,383	1,752,547	-
Student activities	851,635	-	-
Vocational instruction	398,245	42,709	-
Support services			
Pupil services	1,214,855	-	-
Instructional staff services	932,287	-	-
General administration services	431,109	108,009	-
School administration services	1,285,331	-	-
Business services	536,291	-	-
Operation and maintenance of plant services	3,188,402	-	2,242,875
Pupil transportation services	2,098,940	-	-
Central services	402,720	-	-
Facilities, acquisitions and construction	-	-	-
Debt service			
Principal	379,003	-	-
Interest and other charges	18,486	-	-
Total expenditures	<u>25,494,717</u>	<u>2,347,472</u>	<u>2,242,875</u>
Excess (deficiency) of revenues over expenditures	<u>(178,858)</u>	<u>10,000</u>	<u>(1,251,246)</u>
Other financing sources (uses)			
Proceeds from lease purchase	493,125	-	-
Transfers in	1,000,000	-	-
Transfers out	(628,250)	-	-
Total other financing sources (uses)	<u>864,875</u>	<u>-</u>	<u>-</u>
Net change in fund balances	686,017	10,000	(1,251,246)
Fund balances - beginning of year	<u>2,572,003</u>	<u>-</u>	<u>2,485,285</u>
Fund balances - end of year	<u>\$ 3,258,020</u>	<u>\$ 10,000</u>	<u>\$ 1,234,039</u>

See accompanying notes to financial statements

Capital Projects	Other Governmental Funds	Total
\$ -	\$ 448,031	\$ 8,951,148
-	-	20,124,407
-	-	19,474
1,378,587	1,491	1,398,040
<u>1,378,587</u>	<u>449,522</u>	<u>30,493,069</u>
-	7,571	10,357,808
-	3,980	5,607,910
-	-	851,635
-	-	440,954
-	2,247	1,217,102
-	-	932,287
-	-	539,118
-	16,765	1,302,096
-	1,990	538,281
-	-	5,431,277
-	-	2,098,940
-	-	402,720
1,501,028	-	1,501,028
-	430,000	809,003
-	46,440	64,926
<u>1,501,028</u>	<u>508,993</u>	<u>32,095,085</u>
<u>(122,441)</u>	<u>(59,471)</u>	<u>(1,602,016)</u>
-	-	493,125
-	-	1,000,000
(1,000,000)	-	(1,628,250)
<u>(1,000,000)</u>	<u>-</u>	<u>(135,125)</u>
(1,122,441)	(59,471)	(1,737,141)
1,256,466	129,775	6,443,529
<u>\$ 134,025</u>	<u>\$ 70,304</u>	<u>\$ 4,706,388</u>

FREMONT COUNTY SCHOOL DISTRICT #1

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

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

Net change in fund balances - total governmental funds \$ (1,737,141)

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay and loss on disposal exceeded depreciation in the current period.

General government		
Capital outlay	\$ 21,288,300	
Additional construction in progress	1,434,397	
Less completed construction in progress	(18,662,092)	
Depreciation expense	<u>(2,418,975)</u>	1,641,630

Governmental funds report payments on long-term debt as expenditures. However, in the statement of activities the principal paid is a reduction of the long-term liabilities. This is the amount of principal paid on long-term debt in the current period.

Principal paid on lease purchase obligations	379,003	
Principal paid on long-term debt	<u>430,000</u>	809,003

Certain revenues are not recognized as current financial resources and, therefore, are not reported as revenues in governmental funds.

Deferred revenue at June 30, 2014	276,441	
Deferred revenue at June 30, 2013	<u>(465,625)</u>	(189,184)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Amortization of premium on bonds	<u>9,139</u>	9,139
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The decreases in compensated absences and in early retirement incentives do not use current financial resources of governmental funds. Thus, the change is not recorded in the governmental funds. This is the net effect of these differences and in the treatment.

Early retirement benefits as of June 30, 2014	(3,767)	
Early retirement benefits as of June 30, 2013	41,185	
Compensated absences as of June 30, 2014	(524,110)	
Compensated absences as of June 30, 2013	<u>545,019</u>	58,327

(Continued)

See accompanying notes to financial statements

FREMONT COUNTY SCHOOL DISTRICT #1

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES (CONTINUED)
Year Ended June 30, 2014

Governmental funds report lease-purchase proceeds as other financing sources; however, in the statement of activities the proceeds are an increase to long-term liabilities. This is the amount of the debt proceeds in the current period.

<u>\$ (493,125)</u>	\$ (493,125)
---------------------	--------------

Internal service activities are accounted for in a separate fund. However, in the statement of activities the activity of the Internal Service Fund has been eliminated and the excess revenue over expenditures has been recognized.

Internal Service Fund		
Charges for services	3,669,827	
Investment earnings	98	
Expenditures	<u>(3,473,027)</u>	<u>196,898</u>
Change in net position of governmental activities		<u><u>\$ 295,547</u></u>

See accompanying notes to financial statements

FREMONT COUNTY SCHOOL DISTRICT #1

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

June 30, 2014

	Business-type Activities - Enterprise Funds			Governmental Activities
	TIGER Joint Powers Board	Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Fund
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,098,027	\$ 224,698	\$ 1,322,725	\$ 465,309
Due from other funds	-	37,617	37,617	-
Accounts receivable	-	6,701	6,701	-
Inventory	805,394	22,899	828,293	-
Total current assets	<u>1,903,421</u>	<u>291,915</u>	<u>2,195,336</u>	<u>465,309</u>
Capital assets				
Building and improvements	-	1,375,000	1,375,000	-
Equipment	-	266,681	266,681	-
Less accumulated depreciation	-	(1,085,798)	(1,085,798)	-
Total capital assets (net of accumulated depreciation)	<u>-</u>	<u>555,883</u>	<u>555,883</u>	<u>-</u>
Total assets	<u>1,903,421</u>	<u>847,798</u>	<u>2,751,219</u>	<u>465,309</u>
LIABILITIES				
Current liabilities				
Accounts payable	-	14,588	14,588	-
Due to other funds	-	1,143	1,143	-
Accrued liabilities	-	50,752	50,752	-
Total liabilities	<u>-</u>	<u>66,483</u>	<u>66,483</u>	<u>-</u>
NET POSITION				
Investment in capital assets, net of related debt	-	555,883	555,883	-
Unrestricted	<u>1,903,421</u>	<u>225,432</u>	<u>2,128,853</u>	<u>465,309</u>
Total net position	<u>\$ 1,903,421</u>	<u>\$ 781,315</u>	<u>\$ 2,684,736</u>	<u>\$ 465,309</u>

See accompanying notes to financial statements

FREMONT COUNTY SCHOOL DISTRICT #1

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 Year Ended June 30, 2014

	Business-type Activities-Enterprise Funds			Governmental Activities
	TIGER Joint Powers Board	Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Fund
Operating revenues				
Charges for services	\$ -	\$ 420,699	\$ 420,699	\$ 3,669,827
Total operating revenues	<u>-</u>	<u>420,699</u>	<u>420,699</u>	<u>3,669,827</u>
Operating expenses				
Salaries	-	608,678	608,678	-
Benefits	-	197,077	197,077	-
Contractual services	1,969	82,916	84,885	3,473,027
Supplies	-	106,928	106,928	-
Direct food costs	-	281,355	281,355	-
Cost of commodities	-	41,988	41,988	-
Miscellaneous	-	15,406	15,406	-
Depreciation	-	34,514	34,514	-
Total operating expenses	<u>1,969</u>	<u>1,368,862</u>	<u>1,370,831</u>	<u>3,473,027</u>
Operating income (loss)	<u>(1,969)</u>	<u>(948,163)</u>	<u>(950,132)</u>	<u>196,800</u>
Nonoperating revenue				
Investment earnings	2,955	-	2,955	98
Federal subsidy	-	321,438	321,438	-
Total nonoperating revenue	<u>2,955</u>	<u>321,438</u>	<u>324,393</u>	<u>98</u>
Income (loss) before transfers	986	(626,725)	(625,739)	196,898
Transfers in	-	628,250	628,250	-
Change in net position	986	1,525	2,511	196,898
Net position - beginning of year	<u>1,902,435</u>	<u>779,790</u>	<u>2,682,225</u>	<u>268,411</u>
Net position - end of year	<u>\$ 1,903,421</u>	<u>\$ 781,315</u>	<u>\$ 2,684,736</u>	<u>\$ 465,309</u>

See accompanying notes to financial statements

FREMONT COUNTY SCHOOL DISTRICT #1

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2014**

	Business-type Activities - Enterprise Funds			Governmental Activities
	TIGER Joint Powers Board	Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Fund
Cash flows from operating activities				
Cash received from customers	\$ -	\$ 421,845	\$ 421,845	\$ 153,833
Cash paid to suppliers for goods and services	(1,969)	(482,115)	(484,084)	(3,473,027)
Cash paid to employees for services	-	(805,171)	(805,171)	-
Cash received from interfund services	-	-	-	3,515,994
Net cash provided by (used in) operating activities	(1,969)	(865,441)	(867,410)	196,800
Cash flows from capital financing activities				
Net cash (used in) capital financing activities	-	-	-	-
Cash flows from noncapital financing activities				
Interfund settlement	-	(5,571)	(5,571)	-
Transfers	-	628,250	628,250	-
Federal reimbursement	-	286,462	286,462	-
Net cash provided by noncapital financing activities	-	909,141	909,141	-
Cash flows from investing activities				
Interest income	2,955	-	2,955	98
Net cash provided by investing activities	2,955	-	2,955	98
Net increase in cash and cash equivalents	986	43,700	44,686	196,898
Cash and cash equivalents - beginning of year	1,097,041	180,998	1,278,039	268,411
Cash and cash equivalents - end of year	<u>\$ 1,098,027</u>	<u>\$ 224,698</u>	<u>\$ 1,322,725</u>	<u>\$ 465,309</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Net income (loss) from operations	\$ (1,969)	\$ (948,163)	\$ (950,132)	\$ 196,800
Depreciation	-	34,514	34,514	-
Federal share of commodities	-	34,976	34,976	-
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities				
Due from other funds	-	1,146	1,146	-
Inventory	-	(3,086)	(3,086)	-
Accounts payable	-	3,176	3,176	-
Accrued liabilities	-	11,996	11,996	-
Net cash provided by (used in) operating activities	<u>\$ (1,969)</u>	<u>\$ (865,441)</u>	<u>\$ (867,410)</u>	<u>\$ 196,800</u>

See accompanying notes to financial statements

FREMONT COUNTY SCHOOL DISTRICT #1

STATEMENT OF FIDUCIARY NET POSITION
June 30, 2014

	Private-purpose Trust Fund	Agency Fund <u>Student Activities Fund</u>
ASSETS		
Cash and cash equivalents	\$ 39,072	\$ 763,330
Investments, at fair value	26,143	20,805
Interest receivable	34	-
	<u>65,249</u>	<u>-</u>
Total assets	<u>65,249</u>	<u>\$ 784,135</u>
LIABILITIES		
Accounts payable	\$ -	\$ 39
Due to student groups	-	247,975
Due to employee health reimbursement account	-	534,816
Due to external parties	-	1,305
	<u>-</u>	<u>784,135</u>
Total liabilities	<u>-</u>	<u>\$ 784,135</u>
NET POSITION		
Held in trust for scholarships	<u>\$ 65,249</u>	

See accompanying notes to financial statements

FREMONT COUNTY SCHOOL DISTRICT #1

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2014

	<u>Private-purpose Trust Fund</u>
Additions	
Investment earnings	
Net increase in fair value of investments	\$ 24,187
Interest	1,442
Total additions	<u>25,629</u>
Deductions	
Scholarship awards	<u>1,172</u>
Total deductions	<u>1,172</u>
Change in net position	24,457
Net position - beginning of year	<u>40,792</u>
Net position - end of year	<u><u>\$ 65,249</u></u>

See accompanying notes to financial statements

FREMONT COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The Board of Trustees (Board) is the level of government which has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of Fremont County School District #1 (District). The Board receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the District serves as the nucleus for the reporting entity under the provisions of GASB Statements No. 14, 39, and 61 for its basic financial statements. Using this premise, these financial statements present the District (the primary government) and its component units. Blended component units are legally separate entities which are in substance a part of a primary government operations; therefore, data from those units would be combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the basic financial statements to emphasize they are legally separate from the District. Each discretely presented component unit has a June 30 year end.

Blended Component Unit - The *TIGER Joint Powers Board* was established for the purpose of creating, expanding, and financing infrastructure and improvements in order to facilitate the sale, lease and/or utilization of real estate for business development purposes of the real property commonly referred to as the Old Lander Valley High School Site. Three of the five member board are appointed by the District's Board of Trustees. The Joint Powers Board is presented as a business-type activity.

Discretely Presented Component Unit - The *Recreation Board* provides grants to fund public recreation projects within the District's boundaries. The Board can impose a tax not to exceed one mill of the District's assessed valuation for the purpose of operating the Recreation Board. The nine-member governing body of the Recreation Board is appointed by the District's Board of Trustees. Only two of the nine members also serve on the District's Board of Trustees. The Recreation Board is presented as a governmental fund type. The Recreation Board does not issue separate financial statements.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *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 activities demonstrates the degree to which the *direct expenses* of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. *Program revenues include* 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

FREMONT COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and thus have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *federal and state grants fund* accounts for the proceeds of specific federal and state grant sources that are legally restricted to expenditure for specified purposes.

The *major maintenance fund* accounts for the proceeds of specific revenue sources for major maintenance or major capital projects that are restricted to expenditures for specified purposes.

The *capital projects fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities.

The District reports the following nonmajor governmental funds:

The *debt service funds* account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and the liability associated with early retirement benefits.

The District has one major proprietary fund:

The *TIGER Joint Powers Board* which accounts for the activities of the blended business-type activities of the joint powers board.

FREMONT COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The District also maintains the following non-major proprietary funds:

The *food service fund* which accounts for the activities of the District's breakfast and lunch programs.

The *swimming pool fund* which accounts for the activities of the District's swimming program.

The *preschool fund* which accounts for the activities of the District's preschool program.

The *facilities enterprise fund* which accounts for rental income from the old Hudson School building.

Additionally, the District reports the following fund types:

Internal Service Fund - This fund is used to account for the collection and payment of premiums for the District's health insurance plans.

Private-Purpose Trust Fund – This fund is used to account for donations for scholarship funds that are received by the District that are to be awarded to current and former students for post-secondary education purposes.

Agency Fund – The agency fund accounts for resources held in a custodial capacity by the District, and consists of funds that are the property of students or others.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are charges to students and faculty for food services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Assets, Liabilities, and Net Position or Equity

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the types of investments in which the District may invest. Among these authorized investments are certificates of deposit, money market funds, commercial paper, obligations of the U.S. Treasury, agencies and instrumentalities of the U.S. Government, mortgage backed securities, guaranteed investment contracts, mutual funds and repurchased agreements with banks with the underlying securities being obligations of the U.S. Treasury or agencies and instrumentalities of the U.S. Government.

FREMONT COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Position or Equity (Continued)

Deposits and Investments (Continued)

Investments for the District are reported at fair value. Fair value is determined using the latest bid price or by the closing exchange price at the statements of net assets date.

Accounts Receivable

The District considers all accounts receivable to be fully collectible at June 30, 2014 and, therefore no allowance for doubtful accounts is deemed necessary.

Interfund Balances

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

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on or about August 1 and payable in two installments on September 1 and March 1. The County bills and collects its own property taxes and also taxes for all municipalities and political subdivisions within the County, including Fremont County School District #1. District property tax revenues are recognized when levied to the extent that they result in current receivables, which means when collected within the current period or expected to be collected within 60 days of the fiscal year end to be used to pay liabilities of the current period.

The District is required by Wyoming Statutes to levy taxes of twenty-five mills of assessed valuation for all school purposes, exclusive of bond interest and redemption. In addition, a county-wide school property tax of six mills is levied, one-half mill is levied for BOCES and a recreation district tax of one mill is levied. The combined tax related to finance general school services other than the payment of principal and interest on long-term debt for the year ended June 30, 2014 was thirty-two and one-half mills.

Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or market. Inventories are accounted for using the consumption method by which inventory acquisitions are recorded in inventory accounts when purchased or received by other means and are charged to expense when consumed or sold.

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FREMONT COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Position or Equity (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 or sensitive items and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives.

Assets	Years
Buildings	50
Building improvements	20
Vehicles	7-12
Equipment and contents	5-25

Deferred Inflows of Resources

In addition to the liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items that qualify for reporting in this category. Unavailable revenue is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and a receivable from WSBAIT. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide statement of net position, only property taxes are reported as a deferred inflow of resources. Property taxes are recognized as an inflow of resources in the year they are levied.

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All compensated absences are accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

FREMONT COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Position or Equity (Continued)

Use of Estimates

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

Fund Equity

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the District Board through approval of resolutions. Assigned fund balances is a limitation imposed by a designee of the District Board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes. Proprietary fund equity is classified the same as in the government-wide statements.

When both restricted and unrestricted fund balances are available for use, it is the District's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Restricted Net Position

For the government-wide financial statements, net position is reported as restricted when constraints placed on the net position is either: (1) Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

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FREMONT COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 2. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. Prior to May 15, the Superintendent submits to the Board of Trustees a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. A public hearing is conducted on the third Wednesday in July to obtain public comments.
- c. The budget is adopted by the third Thursday of July.
- d. At the request of the Superintendent or upon its own motion after publication of notice, the Board of Trustees may by resolution transfer any unencumbered or unexpended appropriation balance or part thereof from one fund, department or account to another. All appropriations, excluding appropriations for capital projects, lapse at the close of the budget year to the extent they are not expended or encumbered. The level of expenditure control for budget purposes is the department level.
- e. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Fund.
- f. Budgets for the General, Special Revenue Funds, Capital Projects Fund and Debt Service Funds are adopted on a cash plus encumbrances and certain accounts payable basis (BUDGETARY). Such basis is not consistent with generally accepted accounting principles (GAAP).
- g. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration during the year. Encumbrances outstanding at year end are immaterial.

Note 3. Detailed Notes on All Funds

Deposits and Investments

As of June 30, 2014, the component unit of the District had the following investments:

Type	Fair Value	Interest Rate	Investment Maturity (in Years)				Investment Rating
			Less Than 1	1-5	6-10	More Than 10	
Investments							
Certificates of Deposit (term greater than 3 months)	\$ 94,773	0.35%-0.5%	\$ 94,773	\$ -	\$ -	\$ -	N/A

FREMONT COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 3. Detailed Notes on All Funds (Continued)

Deposits and Investments (Continued)

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District attempts to match its investment maturities to expected cash flow needs. With this investment focus, investments are expected to reach maturity with limited gains or losses.

Credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's component unit's investments at June 30, 2014 were 100% invested in certificates of deposit; therefore the District's component unit is not exposed to credit risk.

Concentration of credit risk

The District does not have a formal policy that allows for or limits an investment in any one issuer to a specified percentage of the District's total investments. The certificates of deposit represent 100% of the total investments of the District at June 30, 2014.

Custodial credit risk - deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal policy for custodial credit risk; however, State statutes require that the District's deposits in excess of the Federal depository insurance amount be collateralized. At June 30, 2014, the District's deposits were fully collateralized as required by statutes.

Custodial credit risk - investments

For an investment, this 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 does not have a formal policy for custodial credit; however, 100% of the District's investments are certificates of deposits held by the issuing financial institution, which therefore, eliminates the District's exposure to custodial credit risk for its investments.

Inventory

Inventory as of year-end for the District's individual major and nonmajor funds is as follows:

	General	Business-type activities	
	Fund	TIGER Joint Powers Board	Food Service Fund
Office and school supplies	\$ 192,430	\$ -	\$ -
Food and commodities	-	-	22,899
Land held for resale	-	281,652	-
Development costs	-	523,742	-
	<u>\$ 192,430</u>	<u>\$ 805,394</u>	<u>\$ 22,899</u>

FREMONT COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 3. Detailed Notes on All Funds (Continued)

Capital Assets

A summary of changes in capital assets follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 28,685	\$ -	\$ -	\$ 28,685
Work of art	60,000	-	-	60,000
Construction in progress	17,291,136	1,434,397	18,662,092	63,441
Total capital assets, not being depreciated	<u>17,379,821</u>	<u>1,434,397</u>	<u>18,662,092</u>	<u>152,126</u>
Capital assets, being depreciated				
Buildings and improvements	47,150,498	19,636,624	-	66,787,122
Equipment and contents	3,398,022	1,158,551	-	4,556,573
Vehicles	4,279,027	493,125	389,857	4,382,295
Total capital assets, being depreciated	<u>54,827,547</u>	<u>21,288,300</u>	<u>389,857</u>	<u>75,725,990</u>
Less accumulated depreciation				
Buildings and improvements	10,468,993	1,449,438	-	11,918,431
Equipment and contents	2,681,524	637,344	-	3,318,868
Vehicles	2,579,976	332,193	389,857	2,522,312
Total accumulated depreciation	<u>15,730,493</u>	<u>2,418,975</u>	<u>389,857</u>	<u>17,759,611</u>
Total capital assets, being depreciated, net	<u>39,097,054</u>	<u>18,869,325</u>	<u>-</u>	<u>57,966,379</u>
Governmental activities capital assets, net	<u>\$ 56,476,875</u>	<u>\$ 20,303,722</u>	<u>\$ 18,662,092</u>	<u>\$ 58,118,505</u>
Business-type activities				
Capital assets, being depreciated				
Buildings and improvements	\$ 1,375,000	\$ -	\$ -	\$ 1,375,000
Equipment	266,681	-	-	266,681
	<u>1,641,681</u>	<u>-</u>	<u>-</u>	<u>1,641,681</u>
Less accumulated depreciation	<u>1,051,284</u>	<u>34,514</u>	<u>-</u>	<u>1,085,798</u>
Total capital assets, being depreciated, net	<u>\$ 590,397</u>	<u>\$ (34,514)</u>	<u>\$ -</u>	<u>\$ 555,883</u>

FREMONT COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 3. Detailed Notes on All Funds (Continued)

Capital Assets (Continued)

The equipment that is accounted for in governmental activities includes buses and copiers that were purchased under a capital lease purchase obligation in the amount of \$1,410,467, with associated accumulated depreciation of \$385,216. The current year depreciation for the buses and copiers of \$132,754 was charged to pupil transportation services and instruction within the general fund.

Depreciation expenses were charged to functions/programs of the District as follows:

Governmental activities		
Instruction		
Regular instruction	\$	112,394
Special instruction		27,341
Student activities		1,815
Vocational instruction		25,713
Support services		
School administration services		23,587
Business services		3,720
Operation & maintenance of plant services		1,881,672
Pupil transportation services		342,733
		<u>2,418,975</u>
	\$	<u>2,418,975</u>
Business-type activities		
Food service fund	\$	3,246
Swimming pool		31,268
		<u>34,514</u>
	\$	<u>34,514</u>

Long-Term Debt

The following is a summary of debt transactions of the District for the year ended June 30, 2014:

	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Due Within One Year
General obligation refunding bonds (Series 2012)	\$ 3,030,000	\$ -	\$ 430,000	\$ 2,600,000	\$ 440,000
Plus deferred amounts for premium on bonds	63,972	-	9,139	54,833	9,139
Total bonds payable	<u>3,093,972</u>	-	439,139	2,654,833	449,139
Lease purchase obligations	618,841	493,125	379,003	732,963	282,131
Early retirement benefits	41,185	-	37,418	3,767	3,767
Accrued compensated absences	545,019	-	20,909	524,110	104,822
Total	<u>\$ 4,299,017</u>	<u>\$ 493,125</u>	<u>\$ 876,469</u>	<u>\$ 3,915,673</u>	<u>\$ 839,859</u>

FREMONT COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 3. Detailed Notes on All Funds (Continued)

Long-Term Debt (Continued)

Debt outstanding at June 30, 2014 is comprised of the following issues:

\$3,450,000 general obligation refunding bonds, Series 2012, interest ranging from 0.80% to 2.00% payable semi-annually, payments ranging from \$350,000 through \$460,000 principal and interest, due June 15, 2020, serviced by the Debt Service Fund	\$ 2,600,000
\$73,111 premium on bonds to be amortized as interest income over the life of the bonds	54,833
\$493,125 lease purchase obligation for purchase of buses, interest rate of 2.85% payable annually, principal and interest payments of \$106,105 through June 2018, serviced by the General Fund	395,326
\$488,745 lease purchase obligation for purchase of buses, interest rate of 2.00% payable annually, principal and interest payments of \$168,519 through July 2015, serviced by the General Fund	326,995
\$54,442 lease purchase obligation for purchase of copiers, interest rate of 9.445% payable monthly, principal and interest payments of \$1,743 through July 2014, serviced by the General Fund	1,729
\$16,320 lease purchase obligation for purchase of copiers, interest rate of 4.945% payable monthly, principal and interest payments of \$489 through January 2016, serviced by the General Fund	8,913
Early retirement benefits	3,767
Vested compensated absences	524,110
	<hr/> 3,915,673
Less current maturities	839,859
	<hr/> <u>\$ 3,075,814</u>

FREMONT COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 3. Detailed Notes on All Funds (Continued)

Long-Term Debt (Continued)

In order to be eligible for early retirement benefits, the employee applicant must have met the rule of 85 on or before October 1, 2008 and have five years of continuous/consecutive employment in this district or must be in or beyond his/her 20th consecutive year of employment in a full-time benefited position with the district. The employee will receive 25% of their 2007-2008 salary payable in one payment or over five years. The District will also pay for the costs of Plan 5 of the Districts' insurance program for five years or until the employee is no longer eligible. In no circumstance will the district pay for more than 5 years of insurance premiums. Regardless of which plan is chosen, the district will pay the costs of Plan 5 only. The applicant is responsible to pay the additional costs of any other plan. If the employee fails to pay his/her portion of the premium, this benefit is canceled. The initial total liability for this plan was \$846,653; the remaining balance of \$3,767 will be paid off by 2015.

The annual debt requirements to maturity for all debt outstanding as of June 30, 2014, except for vested compensated absences are as follows:

Year ending June 30	General Obligation Bond Series 2012		Premium on Bonds	Early Retirement Benefits	Total
	Principal	Interest			
2015	\$ 440,000	\$ 37,840	\$ 9,139	\$ 3,767	\$ 486,979
2016	445,000	29,040	9,139	-	483,179
2017	450,000	25,480	9,139	-	484,619
2018	455,000	21,205	9,139	-	485,344
2019	460,000	16,200	9,139	-	485,339
2020	350,000	7,000	9,138	-	366,138
	<u>\$2,600,000</u>	<u>\$ 136,765</u>	<u>\$ 54,833</u>	<u>\$ 3,767</u>	<u>\$2,791,598</u>

Future minimum lease payments under capital leases together with the present value of net minimum lease payments as of June 30, 2014 are as follows:

Year ending June 30,

2015	\$ 282,131
2016	277,945
2017	106,105
2018	106,105
Total minimum debt payments	772,286
Less: amount representing interest	39,323
Present value of minimum debt payments	<u>\$ 732,963</u>

FREMONT COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 3. Detailed Notes on All Funds (Continued)

Prior-year Defeasance of Debt

In fiscal year 2012, the District defeased its Series 2001 General Obligation Bonds by placing the proceeds of the newly created Series 2012 General Obligation Refunding Bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. On June 30, 2014, \$2,800,000 of bonds outstanding is considered defeased.

Retirement Plan

The Board contributes to the Wyoming Retirement System ("System"), a statewide cost-sharing multiple-employer public employee retirement system (PERS). The System provides retirement, disability and death benefits according to predetermined formulas. Benefits are established by Title 9, Chapter 3 of the Wyoming Statutes. The System issued a publicly available financial report that includes audited financial statements and required supplementary information for the System. The report may be obtained by writing to the Wyoming Retirement System, Fifth Floor West, 6101 Yellowstone Road, Cheyenne, Wyoming 82002.

Plan members are required to contribute 7.50% of their annual covered salary and the District is required to contribute 7.12% of the annual covered payroll. Legislation enacted in 1979 allows the employer to pay any or all of the employees' contribution in addition to the matching contribution. The District currently pays 100% of the required employee's contribution. Contribution rates are established by Title 9, Chapter 3 of the Wyoming Statutes. The District's contributions to the System for the years ending June 30, 2014, 2013 and 2012 were \$1,996,434, \$2,222,471, and \$1,922,386, respectively, which equaled 100% of the required contributions for each respective year. Effective September 1, 2014, the employer contribution rate will increase by 0.50% from 7.12% to 7.62%. The District will have the option to pay or not pay the additional employee contribution.

Budget Amendments

The District amended its budgets during the year as follows:

	<u>Increase</u>	<u>Decrease</u>
General Fund		
Instruction	\$ 20,989	\$ -
General Support	137,706	-
Transfers	79,000	-
	<u>237,695</u>	<u>-</u>
Swimming Pool Fund		
Supplies	65,000	-
	<u>65,000</u>	<u>-</u>
	<u>\$ 302,695</u>	<u>\$ -</u>

FREMONT COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 3. Detailed Notes on All Funds (Continued)

Individual Interfund Receivables, Payables and Transfers

Individual fund interfund receivables and payable balances are as follows:

	Receivable	Payable
General Fund	\$ 518,900	\$ -
Special Revenue Funds		
Federal and State Grants Fund	-	212,657
Major Maintenance Fund	-	71,731
Capital Projects Fund		
Capital Projects Fund	-	290,811
Debt Service Fund		
Early Retirement Fund	21,130	-
Enterprise Funds		
Preschool Fund	37,617	-
Food Service Fund	-	1,143
Fiduciary Funds		
Student Activities Fund	-	1,305
	\$ 577,647	\$ 577,647

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

Operating transfers during the year were as follows:

	In	Out
Governmental activities		
General Fund	\$ 1,000,000	\$ 628,250
Capital Projects Fund		
Capital Projects Fund	-	1,000,000
Business-type activities		
Food Service Fund	189,932	-
Swimming Pool Fund	438,318	-
	\$ 1,628,250	\$ 1,628,250

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in accordance with budgetary authorizations.

FREMONT COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 3. Detailed Notes on All Funds (Continued)

Risk Management

General Liability

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District contracted with various insurance companies for property insurance (including boiler and machinery), general liability insurance, professional insurance and vehicle insurance. The coverages under each type of insurance policy vary in amounts and deductibles. The District has not had significant settlements exceeding insurance coverage in any of the past three fiscal years.

The District contributes to the State Worker's Compensation System a premium based on a rate per covered payroll. This rate is calculated based on accident history and administrative cost.

Excess of Expenditures Over Appropriations

During the year ended June 30, 2014, the District exceeded total authorized appropriates for general support of the General Fund in the amount of \$1,973 and appropriations for the Major Maintenance Fund in the amount of \$740,147. This is a violation of Wyoming State Statute §16-4-108.

Commitments

As of June 30, 2014, the District had one outstanding contract associated with architectural fees for the new Starrett Elementary School. The contract amount for the architectural fees of the new Starrett Elementary School is \$136,433. The District incurred costs through June 30, 2014 of \$63,441, resulting in \$72,992 remaining on the contract. Subsequent to June 30, 2014, the District awarded a bid to a construction contractor for construction work associated with the Starrett Elementary School in the amount of \$1,584,135.

Accounting Standards Issue, But Not Implemented

As of June 30, 2014, the Governmental Accounting Standards Board had issued the following standards which the District will implement in its next fiscal year.

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* was issued to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

Governmental Account Standards Board Statement No. 71, *Pensions Transition for Contributions Made Subsequent to the Measurement Date (an amendment of GASB Statement No. 68)*, amends Statement 68 related to transition provisions for certain pension contributions made to defined benefit pension plans prior to implementation of Statement 68 by employers and non-employer contributing entities.

Management has not concluded its assessment of the effect of implementing this guidance.

REQUIRED SUPPLEMENTARY INFORMATION

FREMONT COUNTY SCHOOL DISTRICT #1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)

GENERAL FUND

Year Ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
Taxes				
Special district taxes	\$ 7,640,816	\$ 7,640,816	\$ 7,649,794	\$ 8,978
Motor vehicle taxes	810,000	810,000	846,493	36,493
Other local taxes	20,000	20,000	25,098	5,098
Total taxes	<u>8,470,816</u>	<u>8,470,816</u>	<u>8,521,385</u>	<u>50,569</u>
Intergovernmental revenues				
6-mill county taxes	1,398,184	1,398,184	1,309,633	(88,551)
County motor vehicle taxes	160,000	160,000	163,977	3,977
Fines and forfeitures	170,000	170,000	160,941	(9,059)
Forest reserve revenue	10,000	10,000	7,505	(2,495)
Taylor grazing	-	-	1,849	1,849
Foundation program	15,100,000	15,100,000	14,867,930	(232,070)
Other state restricted	-	-	77,917	77,917
Foundation adjustment	-	-	(6,293)	(6,293)
Total intergovernmental revenues	<u>16,838,184</u>	<u>16,838,184</u>	<u>16,583,459</u>	<u>(254,725)</u>
Charges for services				
Co-op programs	150,000	150,000	125,874	(24,126)
Student activities and fines	15,000	15,000	19,474	4,474
Total charges for services	<u>165,000</u>	<u>165,000</u>	<u>145,348</u>	<u>(19,652)</u>
Miscellaneous				
Earnings on investments	21,000	21,000	8,758	(12,242)
Miscellaneous	5,000	5,000	6,301	1,301
Total miscellaneous	<u>26,000</u>	<u>26,000</u>	<u>15,059</u>	<u>(10,941)</u>
Total revenues	<u>25,500,000</u>	<u>25,500,000</u>	<u>25,265,251</u>	<u>(234,749)</u>

(Continued)

See accompanying note to required supplementary information

FREMONT COUNTY SCHOOL DISTRICT #1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 GENERAL FUND (CONTINUED)
 Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Instruction				
Elementary instruction				
Salaries	\$ 3,077,389	\$ 3,077,389	\$ 3,123,417	\$ (46,028)
Employee benefits	1,252,591	1,252,591	1,231,415	21,176
Purchased services	92,370	92,370	103,416	(11,046)
Supplies and materials	339,304	339,304	321,321	17,983
Capital outlay	75,800	75,800	65,261	10,539
Other objects	700	700	29	671
Total elementary instruction	<u>4,838,154</u>	<u>4,838,154</u>	<u>4,844,859</u>	<u>(6,705)</u>
Middle/junior high school instruction				
Salaries	1,383,917	1,383,917	1,407,186	(23,269)
Employee benefits	551,020	551,020	534,577	16,443
Purchased services	41,500	41,500	35,944	5,556
Supplies and materials	133,980	133,980	106,311	27,669
Capital outlay	10,500	10,500	86,330	(75,830)
Other objects	3,000	3,000	1,530	1,470
Total middle/junior high school instruction	<u>2,123,917</u>	<u>2,123,917</u>	<u>2,171,878</u>	<u>(47,961)</u>
Senior high instruction				
Salaries	1,855,526	1,855,526	1,899,472	(43,946)
Employee benefits	778,675	778,675	770,995	7,680
Purchased services	196,150	196,150	152,292	43,858
Supplies and materials	153,880	153,880	149,708	4,172
Capital outlay	19,600	40,589	151,713	(111,124)
Other objects	4,950	4,950	3,642	1,308
Total senior high instruction	<u>3,008,781</u>	<u>3,029,770</u>	<u>3,127,822</u>	<u>(98,052)</u>
Students with disabilities				
Salaries	2,129,978	2,129,978	2,113,884	16,094
Employee benefits	1,164,776	1,164,776	1,103,189	61,587
Purchased services	263,000	263,000	330,049	(67,049)
Supplies and materials	77,500	77,500	53,037	24,463
Capital outlay	18,000	18,000	4,041	13,959
Other objects	500	500	500	-
Total special education	<u>3,653,754</u>	<u>3,653,754</u>	<u>3,604,700</u>	<u>49,054</u>

(Continued)

See accompanying note to required supplementary information

FREMONT COUNTY SCHOOL DISTRICT #1

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND (CONTINUED)
Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
Instruction (Continued)				
Tuition for students with disabilities				
Purchased services	\$ 200,000	\$ 200,000	\$ 161,072	\$ 38,928
Total tuition for students with disabilities	200,000	200,000	161,072	38,928
Homebound programs				
Salaries	7,500	7,500	920	6,580
Employee benefits	574	574	199	375
Purchased services	-	-	336	(336)
Total homebound programs	8,074	8,074	1,455	6,619
Other special programs				
Salaries	-	-	6,367	(6,367)
Employee benefits	-	-	609	(609)
Purchased services	10,000	10,000	21,177	(11,177)
Total homebound programs	10,000	10,000	28,153	(18,153)
Elementary activities				
Salaries	4,000	4,000	-	4,000
Employee benefits	870	870	-	870
Total elementary field trips	4,870	4,870	-	4,870
Middle/junior high school activities				
Salaries	117,000	117,000	107,971	9,029
Employee benefits	25,040	25,040	20,624	4,416
Purchased services	14,500	14,500	30,875	(16,375)
Supplies and materials	5,500	5,500	8,821	(3,321)
Capital outlay	2,025	2,025	-	2,025
Other objects	750	750	50	700
Total middle/junior high school activities	164,815	164,815	168,341	(3,526)
High school activities				
Salaries	380,000	380,000	337,691	42,309
Employee benefits	93,600	93,600	68,856	24,744
Purchased services	174,300	174,300	186,868	(12,568)
Supplies and materials	87,336	87,336	64,031	23,305
Capital outlay	10,350	10,350	3,775	6,575
Other objects	16,050	16,050	19,230	(3,180)
Total high school field trips	761,636	761,636	680,451	81,185

(Continued)

See accompanying note to required supplementary information

FREMONT COUNTY SCHOOL DISTRICT #1

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND (CONTINUED)
Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
Instruction (Continued)				
Vocation instruction - high school				
Salaries	\$ 248,397	\$ 248,397	\$ 242,389	\$ 6,008
Employee benefits	147,438	147,438	108,715	38,723
Purchased services	11,350	11,350	13,613	(2,263)
Supplies and materials	37,825	37,825	32,779	5,046
Capital outlay	2,500	2,500	-	2,500
Other objects	500	500	705	(205)
Total vocation instruction - high school	<u>448,010</u>	<u>448,010</u>	<u>398,201</u>	<u>49,809</u>
Total instruction	<u>15,222,011</u>	<u>15,243,000</u>	<u>15,186,932</u>	<u>56,068</u>
Instructional support				
Guidance services				
Salaries	223,877	223,877	221,958	1,919
Employee benefits	107,620	107,620	87,011	20,609
Purchased services	5,300	5,300	2,211	3,089
Supplies and materials	2,450	2,450	2,173	277
Capital outlay	-	-	2,250	(2,250)
Total guidance services	<u>339,247</u>	<u>339,247</u>	<u>315,603</u>	<u>23,644</u>
Social work services				
Salaries	323,150	323,150	319,157	3,993
Employee benefits	124,966	124,966	120,897	4,069
	<u>448,116</u>	<u>448,116</u>	<u>440,054</u>	<u>8,062</u>
Nursing services				
Salaries	188,244	188,244	182,061	6,183
Employee benefits	104,107	104,107	67,298	36,809
Purchased services	1,800	1,800	1,433	367
Supplies and materials	5,300	5,300	4,611	689
Total nursing services	<u>299,451</u>	<u>299,451</u>	<u>255,403</u>	<u>44,048</u>
Psychological services				
Salaries	146,950	146,950	149,132	(2,182)
Employee benefits	53,926	53,926	54,462	(536)
Total psychological services	<u>200,876</u>	<u>200,876</u>	<u>203,594</u>	<u>(2,718)</u>
Appraisal services				
Salaries	10,000	10,000	-	10,000
Employee benefits	2,177	2,177	-	2,177
Purchased services	-	-	31,893	(31,893)
Total appraisal services	<u>12,177</u>	<u>12,177</u>	<u>31,893</u>	<u>(19,716)</u>

(Continued)

See accompanying note to required supplementary information

FREMONT COUNTY SCHOOL DISTRICT #1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 GENERAL FUND (CONTINUED)
 Year Ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
Instructional Support (Continued)				
Instruction and curriculum				
Development services				
Salaries	\$ 158,053	\$ 158,053	\$ 138,689	\$ 19,364
Employee benefits	45,928	45,928	38,870	7,058
Purchased services	59,850	59,850	33,185	26,665
Supplies and materials	13,600	13,600	1,628	11,972
Capital outlay	9,000	9,000	1,236	7,764
Other objects	600	600	125	475
Total instruction and curriculum development services	<u>287,031</u>	<u>287,031</u>	<u>213,733</u>	<u>73,298</u>
Education media services				
Salaries	301,165	301,165	300,185	980
Employee benefits	137,869	137,869	117,653	20,216
Purchased services	4,050	4,050	850	3,200
Supplies and materials	49,931	49,931	43,382	6,549
Capital outlay	3,000	3,000	2,000	1,000
Total education media services	<u>496,015</u>	<u>496,015</u>	<u>464,070</u>	<u>31,945</u>
Special education supervision				
Salaries	135,014	135,014	135,126	(112)
Employee benefits	51,268	51,268	51,150	118
Purchased services	7,500	7,500	5,203	2,297
Supplies and materials	1,000	1,000	-	1,000
Total special education supervision	<u>194,782</u>	<u>194,782</u>	<u>191,479</u>	<u>3,303</u>
Total instructional support	<u>2,277,695</u>	<u>2,277,695</u>	<u>2,115,829</u>	<u>161,866</u>
General support				
Central administration				
Salaries	203,036	203,036	208,427	(5,391)
Employee benefits	68,156	68,156	67,444	712
Purchased services	21,000	21,000	8,126	12,874
Supplies and materials	5,400	5,400	2,613	2,787
Capital outlay	2,700	2,700	1,853	847
Other objects	6,000	6,000	3,109	2,891
Total central administration	<u>306,292</u>	<u>306,292</u>	<u>291,572</u>	<u>14,720</u>
State and Federal regulations services				
Employee benefits	4,997	4,997	-	4,997
Total state and federal regulations services	<u>4,997</u>	<u>4,997</u>	<u>-</u>	<u>4,997</u>

(Continued)

See accompanying note to required supplementary information

FREMONT COUNTY SCHOOL DISTRICT #1

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND (CONTINUED)
Year Ended June 30, 2014**

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
General Support (Continued)				
Board of education services				
Purchased services	\$ 47,414	\$ 47,414	\$ 51,043	\$ (3,629)
Supplies and materials	6,300	6,300	6,496	(196)
Other objects	16,000	16,000	14,495	1,505
Total board of education services	<u>69,714</u>	<u>69,714</u>	<u>72,034</u>	<u>(2,320)</u>
School administration				
Salaries	927,078	927,078	926,644	434
Employee benefits	371,245	371,245	338,411	32,834
Purchased services	50,400	50,400	15,737	34,663
Supplies and materials	21,950	21,950	1,683	20,267
Capital outlay	2,450	2,450	-	2,450
Other objects	4,350	4,350	2,275	2,075
Total school administration	<u>1,377,473</u>	<u>1,377,473</u>	<u>1,284,750</u>	<u>92,723</u>
Business administration				
Salaries	313,245	313,245	318,457	(5,212)
Employee benefits	146,986	146,986	136,413	10,573
Purchased services	98,790	98,790	95,913	2,877
Supplies and materials	19,409	19,409	12,016	7,393
Capital outlay	20,700	20,700	1,853	18,847
Other objects	2,000	2,000	569	1,431
Total business administration	<u>601,130</u>	<u>601,130</u>	<u>565,221</u>	<u>35,909</u>
Operation and maintenance of plant services				
Salaries	4,400	4,400	4,400	-
Employee benefits	1,300	1,300	1,169	131
Purchased services	1,500	1,500	2,805	(1,305)
Total operation and maintenance of plant services	<u>7,200</u>	<u>7,200</u>	<u>8,374</u>	<u>(1,174)</u>
Operating building services				
Salaries	1,131,856	1,131,856	1,068,381	63,475
Employee benefits	554,951	554,951	535,001	19,950
Purchased services	353,870	353,870	350,506	3,364
Supplies and maintenance	975,400	975,400	1,106,150	(130,750)
Capital outlay	54,000	54,000	48,988	5,012
Other objects	1,200	1,200	578	622
Total operating building services	<u>3,071,277</u>	<u>3,071,277</u>	<u>3,109,604</u>	<u>(38,327)</u>

(Continued)

See accompanying note to required supplementary information

FREMONT COUNTY SCHOOL DISTRICT #1
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND (CONTINUED)
Year Ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
General Support (Continued)				
Pupil transportation to/from school				
Salaries	\$ 567,867	\$ 567,867	\$ 602,528	\$ (34,661)
Employee benefits	280,096	280,096	253,383	26,713
Purchased services	68,670	68,670	74,216	(5,546)
Supplies and materials	278,950	278,950	221,027	57,923
Capital outlay	105,300	243,006	360,562	(117,556)
Other objects	300	300	173	127
Total pupil transportation to/from school	<u>1,301,183</u>	<u>1,438,889</u>	<u>1,511,889</u>	<u>(73,000)</u>
Activities transportation				
Salaries	98,000	98,000	76,638	21,362
Employee benefits	18,007	18,007	12,600	5,407
Purchased services	26,800	26,800	18,603	8,197
Supplies and materials	65,000	65,000	71,809	(6,809)
Capital outlay	1,800	1,800	-	1,800
Total activities transportation	<u>209,607</u>	<u>209,607</u>	<u>179,650</u>	<u>29,957</u>
Transportation other				
Salaries	-	-	1,994	(1,994)
Employee benefits	-	-	11,105	(11,105)
Purchased services	15,782	15,782	23,733	(7,951)
Supplies and materials	33,000	33,000	51,751	(18,751)
Capital outlay	1,800	1,800	4,770	(2,970)
Other objects	50	50	-	50
Total transportation other	<u>50,632</u>	<u>50,632</u>	<u>93,353</u>	<u>(42,721)</u>
Technology coordination				
Salaries	174,710	174,710	180,639	(5,929)
Employee benefits	68,348	68,348	73,443	(5,095)
Purchased services	32,500	32,500	40,968	(8,468)
Supplies and materials	51,726	51,726	51,513	213
Capital outlay	48,505	48,505	51,963	(3,458)
Total technology coordination	<u>375,789</u>	<u>375,789</u>	<u>398,526</u>	<u>(22,737)</u>
Total general support	<u>7,375,294</u>	<u>7,513,000</u>	<u>7,514,973</u>	<u>(1,973)</u>
Total expenditures	<u>24,875,000</u>	<u>25,033,695</u>	<u>24,817,734</u>	<u>215,961</u>
Excess of revenues over expenditures	<u>625,000</u>	<u>466,305</u>	<u>447,517</u>	<u>(18,788)</u>
Other financing (uses)				
Operating transfer out	(550,000)	(629,000)	(628,250)	750
Total other financing (uses)	<u>(550,000)</u>	<u>(629,000)</u>	<u>(628,250)</u>	<u>750</u>
Net change in fund balance	75,000	(162,695)	(180,733)	(18,038)
Fund balance - beginning of year	3,975,807	3,975,807	3,975,807	-
Fund balance - end of year	<u>\$ 4,050,807</u>	<u>\$ 3,813,112</u>	<u>\$ 3,795,074</u>	<u>\$ (18,038)</u>

See accompanying note to required supplementary information

FREMONT COUNTY SCHOOL DISTRICT #1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 FEDERAL AND STATE GRANTS
 Year Ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ 4,000,000	\$ 4,000,000	\$ 1,908,649	\$ (2,091,351)
Total revenues	<u>4,000,000</u>	<u>4,000,000</u>	<u>1,908,649</u>	<u>(2,091,351)</u>
Expenditures				
Instructional	3,800,000	3,800,000	2,241,024	1,558,976
General support	200,000	200,000	107,708	92,292
Total expenditures	<u>4,000,000</u>	<u>4,000,000</u>	<u>2,348,732</u>	<u>1,651,268</u>
Excess (deficiency) of revenues over expenditures	-	-	(440,083)	(440,083)
Fund balance - beginning of year	<u>237,426</u>	<u>237,426</u>	<u>237,426</u>	<u>-</u>
Fund balance - end of year	<u>\$ 237,426</u>	<u>\$ 237,426</u>	<u>\$ (202,657)</u>	<u>\$ (440,083)</u>

See accompanying note to required supplementary information

FREMONT COUNTY SCHOOL DISTRICT #1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 MAJOR MAINTENANCE
 Year Ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ 989,055	\$ 989,055	\$ 989,056	\$ 1
Miscellaneous revenue	3,500	3,500	2,685	(815)
Total revenues	992,555	992,555	991,741	(814)
Expenditures				
Facilities, acquisitions and construction services	1,700,000	1,700,000	2,440,147	(740,147)
Total expenditures	1,700,000	1,700,000	2,440,147	(740,147)
Excess (deficiency) of revenues over expenditures	(707,445)	(707,445)	(1,448,406)	(740,961)
Fund balance - beginning of year	2,749,052	2,749,052	2,749,052	-
Fund balance - end of year	<u>\$ 2,041,607</u>	<u>\$ 2,041,607</u>	<u>\$ 1,300,646</u>	<u>\$ (740,961)</u>

See accompanying note to required supplementary information

FREMONT COUNTY SCHOOL DISTRICT # 1

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2014

Note 1. Explanation of Differences Between Budgetary Basis and GAAP Basis

	<u>General Fund</u>	<u>Federal and State Fund</u>	<u>Major Maintenance Fund</u>
Revenues			
Actual amounts (budgetary basis) from the Budgetary Comparison Schedule	\$ 25,265,251	\$ 1,908,649	\$ 991,741
Differences - Budgetary Basis to GAAP			
Accrual of grants receivable	-	683,207	-
Sale of capital assets	-	-	-
Accrual of property taxes receivable	61,505	-	-
Deferred revenue	(11,179)	(234,384)	-
Interest income	282	-	(112)
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds			
	<u>\$ 25,315,859</u>	<u>\$ 2,357,472</u>	<u>\$ 991,629</u>
Expenditures			
Actual amounts (budgetary basis) from the Budgetary Comparison Schedule	\$ 24,817,734	\$ 2,348,732	\$ 2,440,147
Differences - Budgetary Basis to GAAP			
Accrual of accounts payable	68,421	5,177	(197,272)
Accrued salaries and benefits payable	57,209	(6,437)	-
Due to other funds	518,900	-	-
Inventory adjustment	(4,764)	-	-
Miscellaneous	37,217	-	-
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds			
	<u>\$ 25,494,717</u>	<u>\$ 2,347,472</u>	<u>\$ 2,242,875</u>

OTHER SUPPLEMENTARY INFORMATION

FREMONT COUNTY SCHOOL DISTRICT #1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 CAPITAL PROJECTS FUND
 Year Ended June 30, 2014

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ 3,000,000	\$ 3,000,000	\$ 1,686,305	\$ (1,313,695)
Miscellaneous revenue	1,000	1,000	257	(743)
Total revenues	<u>3,001,000</u>	<u>3,001,000</u>	<u>1,686,562</u>	<u>(1,314,438)</u>
Expenditures				
Facilities, acquisitions and construction services	<u>2,600,000</u>	<u>2,600,000</u>	<u>2,005,319</u>	<u>594,681</u>
Total expenditures	<u>2,600,000</u>	<u>2,600,000</u>	<u>2,005,319</u>	<u>594,681</u>
Excess (deficiency) of revenues over expenditures	401,000	401,000	(318,757)	(719,757)
Fund balance - beginning of year	<u>274,221</u>	<u>274,221</u>	<u>274,221</u>	<u>-</u>
Fund balance - end of year	<u>\$ 675,221</u>	<u>\$ 675,221</u>	<u>\$ (44,536)</u>	<u>\$ (719,757)</u>

NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and the liability associated with early retirement benefits.

FREMONT COUNTY SCHOOL DISTRICT #1

BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014

	<u>Debt Service Funds</u>		<u>Nonmajor Governmental Funds Total</u>
	<u>Debt Service Fund</u>	<u>Early Retirement Fund</u>	
ASSETS			
Cash and cash equivalents	\$ 49,174	\$ -	\$ 49,174
Due from other funds	-	21,130	21,130
Taxes receivable	433,389	-	433,389
	<u>433,389</u>	<u>-</u>	<u>433,389</u>
Total assets	<u>\$ 482,563</u>	<u>\$ 21,130</u>	<u>\$ 503,693</u>
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Deferred inflows of resources			
Deferred property tax revenues	\$ 433,389	\$ -	\$ 433,389
	<u>433,389</u>	<u>-</u>	<u>433,389</u>
Total deferred inflow of resources	<u>433,389</u>	<u>-</u>	<u>433,389</u>
Fund balances			
Restricted			
Bond indenture	49,174	-	49,174
Committed			
Early retirement payments	-	21,130	21,130
	<u>-</u>	<u>21,130</u>	<u>21,130</u>
Total fund balance	<u>49,174</u>	<u>21,130</u>	<u>70,304</u>
Total deferred inflows of resources and fund balance	<u>\$ 482,563</u>	<u>\$ 21,130</u>	<u>\$ 503,693</u>

FREMONT COUNTY SCHOOL DISTRICT #1

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2014**

	<u>Debt Service Funds</u>		Nonmajor Governmental Funds Total
	<u>Debt Service Fund</u>	<u>Early Retirement Fund</u>	
Revenues			
Taxes	\$ 448,031	\$ -	\$ 448,031
Miscellaneous	1,491	-	1,491
Total revenues	<u>449,522</u>	<u>-</u>	<u>449,522</u>
Expenditures			
Instruction			
Regular instruction	-	7,571	7,571
Special instruction	-	3,980	3,980
Support services			
Pupil services	-	2,247	2,247
School administrative services	-	16,765	16,765
Business services	-	1,990	1,990
Debt service			
Principal	430,000	-	430,000
Interest	46,440	-	46,440
Total expenditures	<u>476,440</u>	<u>32,553</u>	<u>508,993</u>
Net change in fund balance	(26,918)	(32,553)	(59,471)
Fund balances - beginning of year	<u>76,092</u>	<u>53,683</u>	<u>129,775</u>
Fund balances - end of year	<u>\$ 49,174</u>	<u>\$ 21,130</u>	<u>\$ 70,304</u>

NONMAJOR PROPRIETARY FUNDS

FREMONT COUNTY SCHOOL DISTRICT #1

STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS

June 30, 2014

	Business-type Activities - Enterprise Funds				
	Food Service Fund	Swimming Pool Fund	Preschool Fund	Facilities Enterprise Fund	Totals
ASSETS					
Current assets					
Cash	\$ -	\$ -	\$ -	\$ 224,698	\$ 224,698
Due from other funds	-	-	37,617	-	37,617
Accounts receivable	6,701	-	-	-	6,701
Inventory	22,899	-	-	-	22,899
Total current assets	<u>29,600</u>	<u>-</u>	<u>37,617</u>	<u>224,698</u>	<u>291,915</u>
Capital assets					
Building and improvements	-	1,375,000	-	-	1,375,000
Equipment	137,446	129,235	-	-	266,681
Less accumulated depreciation	(137,161)	(948,637)	-	-	(1,085,798)
Total capital assets (net of accumulated depreciation)	<u>285</u>	<u>555,598</u>	<u>-</u>	<u>-</u>	<u>555,883</u>
Total assets	<u>29,885</u>	<u>555,598</u>	<u>37,617</u>	<u>224,698</u>	<u>847,798</u>
LIABILITIES					
Current liabilities					
Accounts payable	499	14,089	-	-	14,588
Accrued liabilities	16,042	32,960	1,750	-	50,752
Total liabilities	<u>17,684</u>	<u>47,049</u>	<u>1,750</u>	<u>-</u>	<u>66,483</u>
NET POSITION					
Investment in capital assets	285	555,598	-	-	555,883
Unrestricted	11,916	(47,049)	35,867	224,698	225,432
Total net position	<u>\$ 12,201</u>	<u>\$ 508,549</u>	<u>\$ 35,867</u>	<u>\$ 224,698</u>	<u>\$ 781,315</u>

FREMONT COUNTY SCHOOL DISTRICT #1

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
Year Ended June 30, 2014

	Business-type Activities - Enterprise Funds				Totals
	Food Service Fund	Swimming Pool Fund	Preschool Fund	Facilities Enterprise Fund	
Operating revenues					
Charges for services	\$ 191,922	\$ 134,549	\$ 50,528	\$ 43,700	\$ 420,699
Total operating revenues	<u>191,922</u>	<u>134,549</u>	<u>50,528</u>	<u>43,700</u>	<u>420,699</u>
Operating expenses					
Salaries	241,983	330,318	36,377	-	608,678
Benefits	114,746	73,681	8,650	-	197,077
Contractual services	1,114	81,802	-	-	82,916
Supplies	11,671	95,257	-	-	106,928
Direct food costs	281,355	-	-	-	281,355
Cost of commodities	41,988	-	-	-	41,988
Miscellaneous	6,831	8,575	-	-	15,406
Depreciation	3,246	31,268	-	-	34,514
Total operating expenses	<u>702,934</u>	<u>620,901</u>	<u>45,027</u>	<u>-</u>	<u>1,368,862</u>
Operating income (loss)	<u>(511,012)</u>	<u>(486,352)</u>	<u>5,501</u>	<u>43,700</u>	<u>(948,163)</u>
Nonoperating revenue					
Federal subsidy	321,438	-	-	-	321,438
Total nonoperating revenue	<u>321,438</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>321,438</u>
Income (loss) before transfers	(189,574)	(486,352)	5,501	43,700	(626,725)
Transfers in	<u>189,932</u>	<u>438,318</u>	<u>-</u>	<u>-</u>	<u>628,250</u>
Change in net position	358	(48,034)	5,501	43,700	1,525
Net position - beginning of year	<u>11,843</u>	<u>556,583</u>	<u>30,366</u>	<u>180,998</u>	<u>779,790</u>
Net position - end of year	<u>\$ 12,201</u>	<u>\$ 508,549</u>	<u>\$ 35,867</u>	<u>\$ 224,698</u>	<u>\$ 781,315</u>

FREMONT COUNTY SCHOOL DISTRICT #1

STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
Year Ended June 30, 2014

	Business type Activities - Enterprise Funds				Totals
	Food Service Fund	Swimming Pool Fund	Preschool Fund	Facilities Enterprise Fund	
Cash flows from operating activities					
Cash received from customers	\$ 193,068	\$ 134,549	\$ 50,528	\$ 43,700	\$ 421,845
Cash paid to suppliers for goods and services	(310,570)	(171,545)	-	-	(482,115)
Cash paid to employees for services	(358,892)	(401,322)	(44,957)	-	(805,171)
Net cash provided by (used in) operating activities	(476,394)	(438,318)	5,571	43,700	(865,441)
Cash flows from capital financing activities					
Net cash provided by (used in) capital financing activities	-	-	-	-	-
Cash flows from noncapital financing activities					
Interfund settlement	-	-	(5,571)	-	(5,571)
Operating transfers	189,932	438,318	-	-	628,250
Federal reimbursement	286,462	-	-	-	286,462
Net cash provided by (used in) noncapital financing activities	476,394	438,318	(5,571)	-	909,141
Cash flows from investing activities					
Net increase in cash and cash equivalents	-	-	-	43,700	43,700
Cash and cash equivalents - beginning of year	-	-	-	180,998	180,998
Cash and cash equivalents - end of year	\$ -	\$ -	\$ -	\$ 224,698	\$ 224,698
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ (511,012)	\$ (486,352)	\$ 5,501	\$ 43,700	\$ (948,163)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	3,246	31,268	-	-	34,514
Federal share of commodities	34,976	-	-	-	34,976
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities					
Due from other funds	1,146	-	-	-	1,146
Inventory	(3,086)	-	-	-	(3,086)
Accounts payable	499	2,677	-	-	3,176
Accrued liabilities	(2,163)	14,089	70	-	11,996
Net cash provided by (used in) operating activities	\$ (476,394)	\$ (438,318)	\$ 5,571	\$ 43,700	\$ (865,441)

Non-cash transactions

The Lunch Fund received USDA commodities valued at \$34,976

SINGLE AUDIT SECTION

FREMONT COUNTY SCHOOL DISTRICT #1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass Through Grantors Number	Expenditures
<i>U.S. Department of Agriculture</i>			
Passed Through the State of Wyoming			
Department of Education			
<i>Child Nutrition Cluster</i>			
School Breakfast Program	10.553	None	\$ 50,656
National School Lunch Program	10.555	None	211,543
National School Lunch Program - USDA Commodities	10.555	None	34,976
Summer Food Service Program for Children	10.559	None	14,128
Total Child Nutrition Cluster			<u>311,303</u>
Passed Through Fremont County			
<i>Forest Service Schools and Roads Cluster</i>			
Schools and Roads - Grants to States	10.665	None	7,505
Total Forest Service Schools and Roads Cluster			<u>7,505</u>
Total U.S. Department of Agriculture			<u>318,808</u>
<i>U.S. Department of Interior</i>			
Direct			
Indian Education Assistance to Schools	15.130	None	4,602
Total U.S. Department of Interior			<u>4,602</u>
<i>U.S. Department of Education</i>			
Passed Through the State of Wyoming			
Department of Education			
Title I Grants to Local Educational Agencies	84.010A	1407014T1A00	270,962
Title I Grants to Local Educational Agencies	84.010A	1307013T1A00	221,552
Title I Grants to Local Educational Agencies	84.010A	1407014T1D00	35,059
Title I Grants to Local Educational Agencies	84.010A	1307013T1D00	16,545
Total Title I Grants to Local Educational Agencies			<u>544,118</u>
<i>Special Education Cluster (IDEA)</i>			
Special Education - Grants to States	84.027A	1407014T6100	197,011
Special Education - Grants to States	84.027A	1307013T6100	289,434
Total Special Education Cluster			<u>486,445</u>
Career and Technical Education - Basic Grants to States	84.048A	1407014VEA00	8,729
Career and Technical Education - Basic Grants to States	84.048A	1307013VEA00	33,366
Total Career and Technical Education - Basic Grants to States			<u>42,095</u>
Direct			
Indian Education - Grants to Local Educational Agencies	84.060A	2014	68,304
Indian Education - Grants to Local Educational Agencies	84.060A	2013	40,865
Total Indian Education - Grants to Local Educational Agencies			<u>109,169</u>

(Continued)

FREMONT COUNTY SCHOOL DISTRICT #1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass Through Grantors Number	Expenditures
<i>U.S. Department of Education: (Continued)</i>			
Passed Through the State of Wyoming			
Department of Education			
Education for Homeless Children and Youth	84.196A	120701HOMAM0	\$ 607
Twenty-First Century Community Learning Centers	84.287C	1407014C5C00	68,964
Twenty-First Century Community Learning Centers	84.287C	1407014C6C00	195,979
Twenty-First Century Community Learning Centers	84.287C	1407014C8C00	62,980
Twenty-First Century Community Learning Centers	84.287C	1307013C6C00	656
Total Twenty-First Century Community Learning Centers			<u>328,579</u>
Improving Teacher Quality State Grants	84.367A	1407014T2A00	65,304
Improving Teacher Quality State Grants	84.367A	1307013T2A00	121,643
Total Improving Teacher Quality State Grants			<u>186,947</u>
Total U.S. Department of Education			<u>1,697,960</u>
Total Federal Financial Assistance			<u>\$ 2,021,370</u>

Notes:

Prepared on the cash basis of accounting.

The value of non-cash awards for USDA commodities was \$34,976



PORTER, MUIRHEAD, CORNIA & HOWARD

(A Corporation of Certified Public Accountants)

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

INDEPENDENT AUDITOR'S REPORT

Honorable Superintendent and Board of Trustees
Fremont County School District # 1
Lander, WY

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Fremont County School District #1, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Fremont County School District #1's basic financial statements, and have issued our report thereon dated December 1, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fremont County School District #1'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fremont County School District #1's internal control. Accordingly, we do not express an opinion on the effectiveness of Fremont County School District #1'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 the internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fremont County School District #1's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, WY
December 1, 2014



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

INDEPENDENT AUDITOR'S REPORT

Honorable Superintendent and Board of Trustees
Fremont County School District # 1
Lander, WY

Report on Compliance for Each Major Federal Program

We have audited Fremont County School District #1'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 #1's major federal programs for the year ended June 30, 2014. Fremont County School District #1'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 #1'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 #1'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 #1's compliance.

Basis for Qualified Opinion on Twenty-First Century Community Learning Centers

As described in the accompanying schedule of findings and questioned costs, Fremont County School District #1 did not comply with requirements regarding CFDA 84.287C Twenty-First Century Community Learning Centers as described in finding number 2014-001 for Allowable Costs/Cost Principles. Compliance with such requirements is necessary, in our opinion, for Fremont County School District #1 to comply with the requirements applicable to that program.

Qualified Opinion on Twenty-First Century Community Learning Centers

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Fremont County School District #1 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Twenty-First Century Community Learning Centers for the year ended June 30, 2014.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Fremont County School District #1 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 other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2014.

Other Matters

Fremont County School District #1's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Fremont County School District #1's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Fremont County School District #1 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 #1'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 #1'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2014-001, that we consider to be a significant deficiency.

Honorable Superintendent and Board of Trustees
Fremont County School District # 1
Page 3

Fremont County School District #1's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Fremont County School District #1's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, WY
December 1, 2014

FREMONT COUNTY SCHOOL DISTRICT #1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2014

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? No

Control deficiencies identified that are not considered to be material weaknesses? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weaknesses identified? No

Control deficiencies identified that are not considered to be material weaknesses? Yes

Type of auditor’s report issued on compliance for major programs: Unmodified for all major programs except for Twenty-First Century Community Learning Centers, which was qualified

Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133? Yes

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title I Grants to Local Educational Agencies
84.027A	Special Education Cluster (IDEA) Special Education – Grants to States
84.287C	Twenty-First Century Community Learning Centers

(Continued)

FREMONT COUNTY SCHOOL DISTRICT #1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2014

Section I – Summary of Auditor’s Results (Continued)

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

2014-001

U.S. Department of Education
Passed through State of Wyoming Department of Education

CFDA Number 84.287C – Twenty-First Century Community Learning Centers

Criteria:

In OMB Circular A-87, *Cost Principles for State and Local Governments*, Attachment B, section h.8. it states “where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports.”

If employees split between Federal awards or a Federal award and a non-Federal award, the employee must have an after-the-fact distribution of the actual activity of each employee. They must account for the total activity for which each employee is compensated in a form such as a time and effort log. Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards.

It is important that the certifications and time and effort logs be prepared for all Federal awards after-the-fact.

Condition:

Federal award money was used to compensate employees; however, of the fifty-three payroll checks that were tested, one check did not have the proper amount of time allocated to the grant based on the time and effort logs that were prepared to account for the activity. Instead, time was allocated on a budgeted amount and was never adjusted to actual.

Effect:

Fremont County School District #1 has not applied control policies and procedures to ensure that the requirements of Allowable Costs/Cost Principles are being met.

Questioned Costs:

None

FREMONT COUNTY SCHOOL DISTRICT #1

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2014**

Cause:

Fremont County School District #1 did not adequately monitor and review the preparation of time and effort logs to support the charges to Federal awards.

Recommendation:

We recommend Fremont County School District #1 apply procedures to ensure that the employees being compensated with Federal award money utilize actual after-the-fact time and effort logs for charging time to the federal program in order to fully meet the time and effort compliance requirements.

Management Response:

The District has since implemented procedures to ensure that all employees being compensated with Federal award money utilize proper time and effort reporting measures to fulfill the compliance requirements. This is a joint effort between the business office and the consolidated grant monitoring office.

FREMONT COUNTY SCHOOL DISTRICT #1
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2014

There were no audit findings reported for the year ended June 30, 2013.