

# Fremont County School District #1

**FINANCIAL AND COMPLIANCE REPORT  
JUNE 30, 2018**



**FREMONT COUNTY SCHOOL DISTRICT #1**

**FINANCIAL AND COMPLIANCE REPORT**

**June 30, 2018**

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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, 2018, 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.



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Casper, WY 82601

## ***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, 2018, 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, budgetary comparison information and pension schedules 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 the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during 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.

### ***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 and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2018, 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 solely 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 effectiveness of Fremont County School District #1's 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*

Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, WY  
November 29, 2018

# FREMONT COUNTY SCHOOL DISTRICT #1

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018  
(UNAUDITED)

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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, 2018. 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 \$45,471,030 at June 30, 2017, which compares to \$44,038,454 as of June 30, 2018.
- The District's revenue generated in taxes and other revenues was \$33,527,890. This is an increase of \$70,631 from FY17.
- For the District's governmental activities and business-type activities total expenses for FY17 were \$36,628,007. Total expenses for FY18 were \$35,055,281. This represents a decrease of \$1,572,726.
- The District currently has bond and lease purchase obligations of \$1,187,756. Of this amount, \$828,278 is due on the District's General Obligation Bond Series 2012. The District reduced these obligations by \$768,973.
- The District participates in the Public Employees' Pension Plan ("PEPP"), a statewide cost-sharing multiple-employer public employee retirement system administered by the State of Wyoming Retirement System Board. Governmental accounting standards require the District to record its proportional share of the overall plan's net position. This resulted in recording a net pension liability of \$20,294,288 and \$21,079,998 as of June 30, 2018 and 2017, respectively. All plan components, including the major components of participation, eligibility, investment strategy, benefit structure, contribution rates and plan administration are controlled by the State of Wyoming. Readers should be aware the District is required to record the net position but has no control of the plan elements that affect the net position.

### ***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, 2018  
(UNAUDITED)

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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, federal and state 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.

***Enterprise funds.*** Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the stated intent is that the costs (expenses, including depreciation and indirect costs) of providing goods and serviced to the students or general public on a continuing basis are financed or recovered primarily through user charges.

**FREMONT COUNTY SCHOOL DISTRICT #1**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2018  
(UNAUDITED)

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***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 three funds in this category, the Scholarship Fund, the Employee Health Reimbursement Fund and the Student 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.

***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.

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# FREMONT COUNTY SCHOOL DISTRICT #1

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018  
(UNAUDITED)

### *Financial Analysis of the District as a Whole*

The Statement of Net Position provides the perspective of the District as a whole. The following provides a summary of the District's net position at June 30, 2018:

	Condensed Statement of Net Position					
	2016-2017 Governmental Activities (as restated)	2016-2017 Business-type Activities (as restated)	2016-2017 Total School District (as restated)	2017-2018 Governmental Activities	2017-2018 Business-type Activities	2017-2018 Total School District
Current assets	\$13,406,891	\$ 1,827,040	\$15,233,931	\$15,353,361	\$ 2,585,134	\$17,938,495
Capital assets, net of accumulated depreciation	56,449,013	532,053	56,981,066	54,357,323	540,268	54,897,591
Total Assets	<u>69,855,904</u>	<u>2,359,093</u>	<u>72,214,997</u>	<u>69,710,684</u>	<u>3,125,402</u>	<u>72,836,086</u>
Deferred outflows of resources	5,348,413	137,940	5,486,353	6,066,467	153,911	6,220,378
Current liabilities	2,851,081	67,554	2,918,635	2,739,792	56,667	2,796,459
Noncurrent liabilities	20,484,579	595,419	21,079,998	21,714,594	592,334	22,306,928
Total Liabilities	<u>23,335,660</u>	<u>662,973</u>	<u>23,998,633</u>	<u>24,454,386</u>	<u>649,001</u>	<u>25,103,387</u>
Deferred inflows of resources	6,320,753	13,790	6,334,543	9,819,090	95,533	9,914,623
Net Position						
Net investment in capital assets	54,492,284	532,053	55,024,337	53,169,567	540,268	53,709,835
Restricted for						
Major maintenance	1,551,754	-	1,551,754	2,217,564	-	2,217,564
Bond indenture	77,647	-	77,647	90,497	-	90,497
Grants	-	-	-	110,487	-	110,487
Unrestricted	<u>(13,092,210)</u>	<u>1,909,502</u>	<u>(11,182,708)</u>	<u>(14,084,440)</u>	<u>1,994,511</u>	<u>(12,089,929)</u>
Total Net Position	<u>\$43,029,475</u>	<u>\$ 2,441,555</u>	<u>\$45,471,030</u>	<u>\$41,503,675</u>	<u>\$ 2,534,779</u>	<u>\$44,038,454</u>

The net investment in capital assets is \$53,709,835, which is the net book value of capital assets (e.g., land, buildings, equipment) of \$54,897,591, less any related debt used to acquire those assets that is still outstanding of \$1,187,756. 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 \$2,217,564 and is restricted by legislation. The second amount is \$90,497 and is restricted by bond covenants. The deficit balance of \$12,089,929 designated as unrestricted. This negative balance of unrestricted net position, \$12,089,929, is the direct result of the District recording its proportionate share of the net pension liability as required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment to GASB No. 27*. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment to GASB No. 27* is designed to enhance the decision usefulness of information in employer and governmental non-employer contributing entity financial reports by required recognition of the entire net pension liability and a more comprehensive measure of pension expense.

The District's total net position decreased by \$1,527,391 during the year ended June 30, 2018.

**FREMONT COUNTY SCHOOL DISTRICT #1**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2018  
(UNAUDITED)

**Changes in the District's Net Position**

	2016-2017 Governmental Activities	2016-2017 Business-type Activities	2016-2017 Total School District	2017-2018 Governmental Activities	2017-2018 Business-type Activities	2017-2018 Total School District
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ -	\$ 424,826	\$ 424,826	\$ 8,119	\$ 399,888	\$ 408,007
Operating grants and contributions	2,864,518	494,690	3,359,208	2,259,973	463,084	2,723,057
Capital grants and contributions	1,395,096	-	1,395,096	1,421,304	-	1,421,304
<b>General revenues:</b>						
Taxes	6,236,068	-	6,236,068	6,099,873	-	6,099,873
Governmental aid	21,691,400	-	21,691,400	22,692,887	-	22,692,887
Miscellaneous	150,397	3,798	154,195	89,021	93,741	182,762
Transfers	(581,220)	581,220	-	(598,396)	598,396	-
Total revenues	31,756,259	1,504,534	33,260,793	31,972,781	1,555,109	33,527,890
<b>Expenses:</b>						
Regular instruction	(11,684,746)	-	(11,684,746)	(10,774,540)	-	(10,774,540)
Special instruction	(8,277,196)	-	(8,277,196)	(8,306,865)	-	(8,306,865)
Vocational instruction	(581,955)	-	(581,955)	(583,356)	-	(583,356)
Pupil services	(2,522,035)	-	(2,522,035)	(2,358,169)	-	(2,358,169)
Instructional staff services	(1,225,610)	-	(1,225,610)	(1,358,278)	-	(1,358,278)
General admin services	(503,015)	-	(503,015)	(503,538)	-	(503,538)
School admin services	(1,585,645)	-	(1,585,645)	(1,396,374)	-	(1,396,374)
Business services	(723,068)	-	(723,068)	(588,657)	-	(588,657)
O & M of plant services	(5,236,701)	-	(5,236,701)	(5,438,975)	-	(5,438,975)
Pupil transportation	(2,033,299)	-	(2,033,299)	(1,748,292)	-	(1,748,292)
Central services	(636,147)	-	(636,147)	(501,828)	-	(501,828)
Other support services						
Interest on long-term debt	(42,664)	-	(42,664)	(34,524)	-	(34,524)
Enterprise funds	-	(1,575,926)	(1,575,926)	-	(1,461,885)	(1,461,885)
Total expenses	(35,052,081)	(1,575,926)	(36,628,007)	(33,593,396)	(1,461,885)	(35,055,281)
Change in net position	(3,295,822)	(71,392)	(3,367,214)	(1,620,615)	93,224	(1,527,391)
Net position - beginning of year	45,459,192	2,483,195	47,942,387	43,029,475	2,441,555	45,471,030
Prior period adjustment	866,105	29,752	895,857	94,815	-	94,815
Net position - beginning as restated	46,325,297	2,512,947	48,838,244	43,124,290	2,441,555	45,565,845
Net position - end of year	\$ 43,029,475	\$ 2,441,555	\$ 45,471,030	\$ 41,503,675	\$ 2,534,779	\$ 44,038,454

# FREMONT COUNTY SCHOOL DISTRICT #1

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018  
(UNAUDITED)

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### *Financial Analysis of the District's Funds*

#### *Governmental Funds:*

##### *Revenues*

General fund revenues increased from \$27,765,211 in FY17 to \$28,413,920 in FY18. The increase of \$648,709 was due mainly to the increase 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 \$26,765,671 in FY18 compared to \$27,057,474 for FY17. The total expenditures for the same years on a budgetary (cash) basis were \$26,532,513 for FY17 and \$26,925,169 for FY18. 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 Facilities Enterprise Fund continues to be self-sustaining, the Food Service Fund, Preschool and the Swimming Pool are not. The operating costs of the three programs (the Preschool, Swimming Pool and Food Service) make it very difficult, if not impossible to achieve self-sustaining status. The District continues to monitor these funds and is currently working on efficiencies to lower the reliability on the General Fund. 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 increased funding to school districts. Therefore, the only increase to funding will come in the way of increased ADM within the District. The District saw 20.176 of an increase in ADM funding from FY17 to FY18. From information gathered attending legislative meetings, it seems that this trend may be headed in a positive direction, with the State of Wyoming's economy showing positive gains. The District will continue to monitor and keep a close watch to ensure that its resources are sufficient to operate the District.

##### *TIGER 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 2018 represents the twelfth year of activity that requires the financial reporting of the activity. The TIGER Joint Powers Board continues to engage in the active advertising and continuous development of the remaining lots.

##### *Recreation Board*

The Recreation Board provides grants to fund public recreation projects within the District's boundaries. This revenue is generated by the Fremont County School District #1 governing board continuing to pass a 1 mill levy on the taxable property within the District.

**FREMONT COUNTY SCHOOL DISTRICT #1**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2018  
(UNAUDITED)

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***Capital Asset and Debt Administration***

***Capital Assets***

The District's investment in capital assets for its governmental activities as of June 30, 2018 and June 30, 2017 amounts to \$54,357,323 and \$56,449,013 (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	2017-2018	2016-2017
Land	\$ 28,685	\$ 28,685
Work of art	60,000	60,000
Buildings and improvements	52,610,603	54,092,371
Equipment and contents	136,624	417,498
Vehicles	1,521,411	1,850,459
Total	<u>\$ 54,357,323</u>	<u>\$ 56,449,013</u>

**District's Capital Assets (Business-type Activities)**

Net of Depreciation	2017-2018	2016-2017
Construction in progress	\$ 34,553	\$ -
Buildings and improvements	480,570	508,573
Equipment and contents	25,145	23,481
Total	<u>\$ 540,268</u>	<u>\$ 532,054</u>

***Long-Term Debt***

There was a decrease of \$1,393,715 in the long-term debt for FY18 for the governmental activities. The majority of this decrease is attributed to the District paying off a large portion of its lease obligations and general obligation bonds. The District did offer an Early Retirement Incentive, both in FY 2017 and in FY 2018 to employees who met the incentive requirements. Readers should be aware the District is required to record net pension liability, but has no control of the plan elements that affect the net pension liability. Additional information is presented in Note 5 and 6 of the footnotes to the financial statements. The Series 2012 General Obligation Refunding Bond has a remaining balance in the amount of \$810,000, with an associated premium of \$18,278, and the lease purchase obligations have a remaining balance of \$359,478.

***Factors Affecting the District's Future***

The effects of state legislative action, the State of Wyoming's economy 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. The District will continue to monitor this for the future.

**FREMONT COUNTY SCHOOL DISTRICT #1**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2018  
(UNAUDITED)

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***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 Travis Sweeney, Business Manager, 863 Sweetwater, Lander, WY 82520.

**BASIC FINANCIAL STATEMENTS**



**FREMONT COUNTY SCHOOL DISTRICT #1**

STATEMENT OF NET POSITION

June 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Recreation Board
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 7,099,071	\$ 2,015,678	\$ 9,114,749	\$ 266,600
Investments	1,004,876	-	1,004,876	96,557
Cash held by county treasurer	183,376	-	183,376	2,679
Property taxes receivable	6,040,391	-	6,040,391	184,060
Receivable from external parties	6,752	-	6,752	-
Accounts receivable	-	29,652	29,652	-
Due from other governments	886,691	-	886,691	-
Internal balances	37,507	(37,507)	-	-
Inventory	94,697	11,690	106,387	-
Investment - land held for sale	-	565,621	565,621	-
Land	28,685	-	28,685	-
Work of art	60,000	-	60,000	-
Construction in progress	-	34,553	34,553	-
Capital assets, net of accumulated depreciation	54,268,638	505,715	54,774,353	-
Total assets	<u>69,710,684</u>	<u>3,125,402</u>	<u>72,836,086</u>	<u>549,896</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension plan items	6,066,467	153,911	6,220,378	-
Total deferred outflows of resources	<u>6,066,467</u>	<u>153,911</u>	<u>6,220,378</u>	<u>-</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	235,610	17,512	253,122	-
Accrued wages payable	1,485,882	19,338	1,505,220	-
Unearned lunch revenue	-	15,937	15,937	-
Noncurrent liabilities				
Due in one year	1,018,300	3,880	1,022,180	-
Due in more than one year	1,997,118	15,521	2,012,639	-
Net pension liability	19,717,476	576,813	20,294,289	-
Total liabilities	<u>24,454,386</u>	<u>649,001</u>	<u>25,103,387</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property tax	5,901,853	-	5,901,853	179,863
Pension plan items	3,917,237	95,533	4,012,770	-
Total deferred inflows of resources	<u>9,819,090</u>	<u>95,533</u>	<u>9,914,623</u>	<u>179,863</u>
<b>NET POSITION</b>				
Net investment in capital assets	53,169,567	540,268	53,709,835	-
Restricted for				
Major maintenance - WS 21-15-109	2,217,564	-	2,217,564	-
Bond indenture	90,497	-	90,497	-
Grants	110,487	-	110,487	-
Unrestricted	(14,084,440)	1,994,511	(12,089,929)	370,033
Total net position	<u>\$ 41,503,675</u>	<u>\$ 2,534,779</u>	<u>\$44,038,454</u>	<u>\$ 370,033</u>

See accompanying notes to financial statements

**FREMONT COUNTY SCHOOL DISTRICT #1**

**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2018

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction				
Regular instruction	\$ 10,774,540	\$ 8,119	\$ 82,194	\$ -
Special instruction	8,306,865	-	2,034,083	-
Vocational education	583,356	-	66,100	-
Support services				
Pupil services	2,358,169	-	-	-
Instructional staff services	1,358,278	-	-	-
General administration services	503,538	-	77,596	-
School administration services	1,396,374	-	-	-
Business services	588,657	-	-	-
Operation and maintenance of plant services	5,438,975	-	-	1,256,627
Pupil transportation services	1,748,292	-	-	-
Central services	501,828	-	-	164,677
Interest on long-term debt	34,524	-	-	-
Total governmental activities	<u>33,593,396</u>	<u>8,119</u>	<u>2,259,973</u>	<u>1,421,304</u>
Business-type activities				
TIGER Joint Powers Board	\$ 1,636	\$ -	\$ -	\$ -
Food Service Fund	875,243	256,671	463,084	-
Swimming Pool Fund	529,888	74,138	-	-
Preschool Fund	55,118	22,533	-	-
Facilities Enterprise Fund	-	46,546	-	-
Total business-type activities	<u>1,461,885</u>	<u>399,888</u>	<u>463,084</u>	<u>-</u>
Total primary government	<u>\$ 35,055,281</u>	<u>\$ 408,007</u>	<u>\$ 2,723,057</u>	<u>\$ 1,421,304</u>
Component Unit				
Recreation Board	\$ 215,153	\$ -	\$ -	\$ -
Total component unit	<u>\$ 215,153</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues

Taxes

    Property taxes, levied for general purposes

    Property taxes, levied for specific purpose

    Federal, State and Local aid not restricted to specific purposes

    State Foundation Program

    State, County and other

    Unrestricted investment earnings

    Unrestricted miscellaneous revenue

Transfers

    Total general revenues and transfers

    Change in net position

Net position - beginning of year

    Prior period adjustment

Net position - beginning of year as restated

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
\$ (10,684,227)	\$ -	\$ (10,684,227)	\$ -
(6,272,782)	-	(6,272,782)	-
(517,256)	-	(517,256)	-
(2,358,169)	-	(2,358,169)	-
(1,358,278)	-	(1,358,278)	-
(425,942)	-	(425,942)	-
(1,396,374)	-	(1,396,374)	-
(588,657)	-	(588,657)	-
(4,182,348)	-	(4,182,348)	-
(1,748,292)	-	(1,748,292)	-
(337,151)	-	(337,151)	-
(34,524)	-	(34,524)	-
(29,904,000)	-	(29,904,000)	-
\$ -	\$ (1,636)	\$ (1,636)	\$ -
-	(155,488)	(155,488)	-
-	(455,750)	(455,750)	-
-	(32,585)	(32,585)	-
-	46,546	46,546	-
-	(598,913)	(598,913)	-
(29,904,000)	(598,913)	(30,502,913)	-
-	-	-	(215,153)
-	-	-	(215,153)
5,613,548	-	5,613,548	-
486,325	-	486,325	220,398
21,377,131	-	21,377,131	-
1,315,756	-	1,315,756	-
50,595	3,784	54,379	-
38,426	89,957	128,383	3,523
(598,396)	598,396	-	-
28,283,385	692,137	28,975,522	223,921
(1,620,615)	93,224	(1,527,391)	8,768
43,029,475	2,441,555	45,471,030	361,265
94,815	-	94,815	-
43,124,290	2,441,555	45,565,845	361,265
\$ 41,503,675	\$ 2,534,779	\$ 44,038,454	\$ 370,033

See accompanying notes to financial statements

**FREMONT COUNTY SCHOOL DISTRICT #1**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2018

	General	Federal and State Grants	Major Maintenance	Capital Projects
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,030,537	\$ 644,421	\$ 2,290,763	\$ 133,350
Investments	1,004,876	-	-	-
Cash held by county treasurer	92,879	-	-	-
Accounts receivable	6,752	-	-	-
Property taxes receivable	5,656,869	-	-	-
Due from other governments	-	736,344	-	150,347
Due from other funds	1,164,877	-	-	-
Inventory	94,697	-	-	-
Total assets	<u>\$ 12,051,487</u>	<u>\$ 1,380,765</u>	<u>\$ 2,290,763</u>	<u>\$ 283,697</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 49,747	\$ 1,694	\$ 33,822	\$ 150,347
Accrued salaries & benefits payable	1,379,475	106,407	-	-
Due to other funds	-	1,081,930	39,377	6,063
Total liabilities	<u>1,429,222</u>	<u>1,190,031</u>	<u>73,199</u>	<u>156,410</u>
Deferred inflows of resources				
Unavailable revenue - property tax	5,599,781	-	-	-
Unavailable revenue - grants	-	80,247	-	150,347
Total deferred inflows of resources	<u>5,599,781</u>	<u>80,247</u>	<u>-</u>	<u>150,347</u>
Fund balances				
Nonspendable				
Inventory	94,697	-	-	-
Restricted				
Major maintenance - WS 21-15-109	-	-	2,217,564	-
Bond indenture	-	-	-	-
Grants	-	110,487	-	-
Unassigned	4,927,787	-	-	(23,060)
Total fund balances	<u>5,022,484</u>	<u>110,487</u>	<u>2,217,564</u>	<u>(23,060)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,051,487</u>	<u>\$ 1,380,765</u>	<u>\$ 2,290,763</u>	<u>\$ 283,697</u>

See accompanying notes to financial statements

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 7,099,071
-	1,004,876
90,497	183,376
	6,752
383,522	6,040,391
-	886,691
-	1,164,877
-	94,697
<u>\$ 474,019</u>	<u>\$ 16,480,731</u>

-	\$ 235,610
-	1,485,882
-	1,127,370
<u>-</u>	<u>2,848,862</u>

383,522	5,983,303
-	230,594
<u>383,522</u>	<u>6,213,897</u>

-	94,697
-	2,217,564
90,497	90,497
-	110,487
-	4,904,727
<u>90,497</u>	<u>7,417,972</u>

<u>\$ 474,019</u>	<u>\$ 16,480,731</u>
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**FREMONT COUNTY SCHOOL DISTRICT #1**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
Year Ended June 30, 2018**

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

Total fund balances - governmental funds		\$ 7,417,972
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		54,357,323
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Unavailable revenue - grants	\$ 230,594	
Unavailable revenue - property tax	<u>81,450</u>	312,044
Deferred outflows and inflows are not available revenues or available to pay for current period expenditures and therefore the underlying resources are not reported in the governmental funds.		
Pension plan items - deferred outflows of resources	6,066,467	
Pension plan items - deferred inflows of resources	<u>(3,917,237)</u>	2,149,230
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Lease purchase obligation	(359,478)	
Accrued compensated absences	(363,622)	
Net pension liability	(19,717,476)	
Early retirement benefits	(1,464,040)	
Bonds payable	(810,000)	
Deferred premium on bonds amortized over life of debt	<u>(18,278)</u>	<u>(22,732,894)</u>
Net position of governmental activities		<u><u>\$ 41,503,675</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, 2018

	General	Federal and State Grants	Major Maintenance
Revenues			
Taxes	\$ 5,622,802	\$ -	\$ -
Intergovernmental revenues	22,710,889	2,269,999	1,256,627
Charges for services	8,119	-	-
Miscellaneous	72,110	1,546	10,993
Total revenues	<u>28,413,920</u>	<u>2,271,545</u>	<u>1,267,620</u>
Expenditures			
Instruction			
Regular instruction	9,633,889	64,791	-
Special instruction	5,641,062	2,090,161	-
Vocational instruction	477,129	52,133	-
Support services			
Pupil services	2,234,249	-	-
Instructional staff services	1,258,274	-	-
General administration services	437,454	61,579	-
School administration services	1,304,061	-	-
Business services	570,218	-	-
Operation and maintenance of plant services	3,141,586	-	567,257
Pupil transportation services	1,442,276	-	-
Central services	298,180	-	-
Facilities, acquisitions and construction	-	-	-
Debt service			
Principal	304,835	-	-
Interest and other charges	22,458	-	-
Total expenditures	<u>26,765,671</u>	<u>2,268,664</u>	<u>567,257</u>
Excess (deficit) of revenues over expenditures	<u>1,648,249</u>	<u>2,881</u>	<u>700,363</u>
Other financing sources (uses)			
Transfers in (out)	(576,634)	12,791	(34,553)
Total other financing sources (uses)	<u>(576,634)</u>	<u>12,791</u>	<u>(34,553)</u>
Net change in fund balances	1,071,615	15,672	665,810
Fund balances - beginning of year	3,950,869	-	1,551,754
Prior period adjustment	-	94,815	-
Fund balances - beginning of year as restated	<u>3,950,869</u>	<u>94,815</u>	<u>1,551,754</u>
Fund balances - end of year	<u>\$ 5,022,484</u>	<u>\$ 110,487</u>	<u>\$ 2,217,564</u>

See accompanying notes to financial statements

Capital Projects	Other Governmental Funds	Total
\$ -	\$ 485,137	\$ 6,107,939
14,330	-	26,251,845
-	-	8,119
456	3,918	89,023
<u>14,786</u>	<u>489,055</u>	<u>32,456,926</u>
-	-	9,698,680
-	-	7,731,223
-	-	529,262
-	-	2,234,249
-	-	1,258,274
-	-	499,033
-	-	1,304,061
-	-	570,218
-	-	3,708,843
-	-	1,442,276
-	-	298,180
165,741	-	165,741
-	455,000	759,835
-	21,205	43,663
<u>165,741</u>	<u>476,205</u>	<u>30,243,538</u>
<u>(150,955)</u>	<u>12,850</u>	<u>2,213,388</u>
-	-	(598,396)
-	-	(598,396)
(150,955)	12,850	1,614,992
127,895	77,647	5,708,165
-	-	94,815
<u>127,895</u>	<u>77,647</u>	<u>5,802,980</u>
<u>\$ (23,060)</u>	<u>\$ 90,497</u>	<u>\$ 7,417,972</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, 2018**

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

Net change in fund balances - total governmental funds \$ 1,614,992

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	\$ 70,211	
Depreciation expense	<u>(2,161,901)</u>	(2,091,690)

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	304,835	
Principal paid on bonds	<u>455,000</u>	759,835

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

Unavailable grant revenues - prior year	(108,274)	
Unavailable grant revenues - current year	230,594	
Unavailable tax revenue - prior year	(89,515)	
Unavailable tax revenue - current year	<u>81,450</u>	114,255

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>9,138</u>	9,138
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The changes in compensated absences and early retirement do not use current financial resources of governmental funds. Thus, the change is not recorded in the governmental funds.

Early retirement benefits - current year	(1,464,040)	
Early retirement benefits - prior year	1,237,975	
Compensated absences - current year	(363,622)	
Compensated absences - prior year	<u>447,326</u>	(142,361)

(Continued)

**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, 2018

Pension 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.

Pension liability - prior year	\$ 20,484,579	
Pension liability - current year	(19,717,476)	
Deferred outflows - pension items - prior year	(5,348,413)	
Deferred outflows - pension items - current year	6,066,467	
Deferred inflows - pension items - prior year	547,296	
Deferred inflows - pension items - current year	<u>(3,917,237)</u>	<u>\$ (1,884,784)</u>
Change in net position of governmental activities		<u><u>\$ (1,620,615)</u></u>

See accompanying notes to financial statements

**FREMONT COUNTY SCHOOL DISTRICT #1**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS

June 30, 2018

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>TIGER Joint Powers Board</u>	<u>Non-Major Enterprise Funds</u>	<u>Total Enterprise Funds</u>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 1,612,749	\$ 402,929	\$ 2,015,678
Accounts receivable	-	29,652	29,652
Inventory	-	11,690	11,690
Investment - land held for sale	565,621	-	565,621
Total current assets	<u>2,178,370</u>	<u>444,271</u>	<u>2,622,641</u>
Capital assets, net of accumulated depreciation	-	540,268	540,268
Total assets	<u>2,178,370</u>	<u>984,539</u>	<u>3,162,909</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension plan items	-	153,911	153,911
Total deferred outflows of resources	<u>-</u>	<u>153,911</u>	<u>153,911</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	-	17,512	17,512
Accrued liabilities	-	19,338	19,338
Due to other funds	-	37,507	37,507
Unearned lunch revenue	-	15,937	15,937
Total current liabilities	<u>-</u>	<u>90,294</u>	<u>90,294</u>
Noncurrent liabilities			
Due within one year	-	3,880	3,880
Due in more than one year	-	15,521	15,521
Net pension liabilities	-	576,813	576,813
Total noncurrent liabilities	<u>-</u>	<u>596,214</u>	<u>596,214</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension plan items	-	95,533	95,533
Total deferred inflows of resources	<u>-</u>	<u>95,533</u>	<u>95,533</u>
<b>NET POSITION</b>			
Net investment in capital assets	-	540,268	540,268
Unrestricted	2,178,370	(183,859)	1,994,511
Total net position	<u>\$ 2,178,370</u>	<u>\$ 356,409</u>	<u>\$ 2,534,779</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, 2018

	Business-type Activities-Enterprise Funds		
	TIGER Joint Powers Board	Non-Major Enterprise Funds	Total Enterprise Funds
Operating revenues			
Charges for services	\$ -	\$ 399,888	\$ 399,888
Sale of lots held for resale	89,957	-	89,957
Total operating revenues	89,957	399,888	489,845
Operating expenses			
Salaries	-	559,327	559,327
Benefits	-	257,786	257,786
Contractual services	1,636	64,037	65,673
Supplies	-	95,824	95,824
Direct food costs	-	403,930	403,930
Cost of commodities	-	45,693	45,693
Miscellaneous	-	1,838	1,838
Depreciation	-	31,814	31,814
Total operating expenses	1,636	1,460,249	1,461,885
Operating income (loss)	88,321	(1,060,361)	(972,040)
Nonoperating revenue			
Investment earnings	3,784	-	3,784
Federal subsidy	-	463,084	463,084
Total nonoperating revenue	3,784	463,084	466,868
Income (loss) before transfers	92,105	(597,277)	(505,172)
Transfers in	-	598,396	598,396
Change in net position	92,105	1,119	93,224
Net position - beginning of year	2,086,265	355,290	2,441,555
Net position - end of year	\$ 2,178,370	\$ 356,409	\$ 2,534,779

See accompanying notes to financial statements

**FREMONT COUNTY SCHOOL DISTRICT #1**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 Year Ended June 30, 2018

	Business-type Activities - Enterprise Funds		
	TIGER Joint Powers Board	Non-Major Enterprise Funds	Total Enterprise Funds
Cash flows from operating activities			
Cash received from customers	\$ -	\$ 396,221	\$ 396,221
Cash received from sale of assets held for resale	169,880	-	169,880
Cash paid to suppliers for goods and services	(1,636)	(575,114)	(576,750)
Cash paid to employees for services	-	(779,460)	(779,460)
Net cash provided by (used in) operating activities	<u>168,244</u>	<u>(958,353)</u>	<u>(790,109)</u>
Cash flows from capital financing activities			
Acquisition of capital assets	-	(5,477)	(5,477)
Net cash used in noncapital financing activities	<u>-</u>	<u>(5,477)</u>	<u>(5,477)</u>
Cash flows from noncapital financing activities			
Advances to other funds	-	37,507	37,507
Operating transfers received	-	563,844	563,844
Federal reimbursement	-	417,386	417,386
Net cash provided by noncapital financing activities	<u>-</u>	<u>1,018,737</u>	<u>1,018,737</u>
Cash flows from investing activities			
Investment earnings	3,784	-	3,784
Net cash provided by investing activities	<u>3,784</u>	<u>-</u>	<u>3,784</u>
Net increase in cash and cash equivalents	<u>172,028</u>	<u>54,907</u>	<u>226,935</u>
Cash and cash equivalents - beginning of year	<u>1,440,721</u>	<u>348,022</u>	<u>1,788,743</u>
Cash and cash equivalents - end of year	<u>\$ 1,612,749</u>	<u>\$ 402,929</u>	<u>\$ 2,015,678</u>

(Continued)

See accompanying notes to financial statements

**FREMONT COUNTY SCHOOL DISTRICT #1**

STATEMENT OF CASH FLOWS (CONTINUED)  
 PROPRIETARY FUNDS  
 Year Ended June 30, 2018

	Business-type Activities - Enterprise Funds		
	TIGER Joint Powers Board	Non-Major Enterprise Funds	Total Enterprise Funds
Reconciliation of operating income (loss) to net cash used in operating activities			
Net income (loss) from operations	\$ 88,321	\$ (1,060,361)	\$ (972,040)
Depreciation	-	31,814	31,814
USDA Commodities	-	45,698	45,698
Amortization of pension plan items	-	63,454	63,454
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets, deferred outflows, deferred inflows and liabilities			
Accounts receivable	-	(3,895)	(3,895)
Inventory	79,923	850	80,773
Deferred outflow - pension plan items	-	2,318	2,318
Accounts payable	-	(6,773)	(6,773)
Accrued liabilities	-	(13,080)	(13,080)
Net pension liability	-	(18,606)	(18,606)
Unearned lunch revenue	-	228	228
Net cash provided by (used in) operating activities	<u>\$ 168,244</u>	<u>\$ (958,353)</u>	<u>\$ (790,109)</u>

See accompanying notes to financial statements

**FREMONT COUNTY SCHOOL DISTRICT #1**

**STATEMENT OF FIDUCIARY NET POSITION**

June 30, 2018

	Trust Funds		Agency Funds
	Scholarship Fund	Employee Health Reimbursement Fund	Student Activities Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 10,478	\$ 353,753	\$ 507,122
Investments, at fair value	56,401	-	-
Total assets	<u>66,879</u>	<u>353,753</u>	<u>507,122</u>
<b>LIABILITIES</b>			
Accounts payable	1,750	-	15,317
Due to student groups	-	-	491,805
Total liabilities	<u>1,750</u>	<u>-</u>	<u>\$ 507,122</u>
<b>NET POSITION</b>			
Held in trust for scholarships and employee benefits	<u>\$ 65,129</u>	<u>\$ 353,753</u>	

See accompanying notes to financial statements

**FREMONT COUNTY SCHOOL DISTRICT #1**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
Year Ended June 30, 2018

	<u>Private-purpose Trust Fund</u>	<u>Employee Health Reimbursement Fund</u>
Additions		
Scholarship donations	\$ -	\$ 217,765
Investment earnings	2,761	-
Total additions	<u>2,761</u>	<u>217,765</u>
Deductions		
Employee benefits	-	152,311
Scholarship awards	3,152	-
Total deductions	<u>3,152</u>	<u>152,311</u>
Change in net position	(391)	65,454
Net position - beginning of year	<u>65,520</u>	<u>288,299</u>
Net position - end of year	<u>\$ 65,129</u>	<u>\$ 353,753</u>

See accompanying notes to financial statements



# FREMONT COUNTY SCHOOL DISTRICT #1

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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### **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 all applicable requirements of these funding source entities. 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 30th 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 specific real estate for business development purposes. This real property is commonly referred to as the Old Lander Valley High School Site. Three members 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. Two of the nine members also serve on the District's Board of Trustees. The Recreation Board is presented as a discretely presented component unit. 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, 2018

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### 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 fund:

The *debt service fund* account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

The District has one major proprietary fund:

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

# FREMONT COUNTY SCHOOL DISTRICT #1

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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### **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:

*Private-Purpose Trust Funds* – The scholarship 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. The Employee Health Reimbursement fund accounts for the District's HRA Plan.

*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 funds are charges to students and faculty for food services, swimming pool and daycare fees. 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, Deferred Outflows and Inflows of Resources, 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, 2018

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### **Note 1. Summary of Significant Accounting Policies (Continued)**

#### *Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Net Position or Equity (Continued)*

##### *Deposits and Investments (Continued)*

The District reports its investments 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, 2018 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 of each year. Property taxes are levied on or about August 1 and are due in two installments. The first installment becomes due on September 1 and delinquent on November 10; the second becomes due on March 1 and delinquent on May 10. The County bills and collects its own property taxes as well as 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. Property taxes which are not current receivables are offset by deferred revenues on the fund financials, but are reported on the government-wide financial statements as revenue and receivables, with no amount being deferred when levied. Property taxes receivable are recognized as of the lien date; however, revenue is not recognized until the levy date.

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 levied to finance general school services, other than the payment of principal and interest on long-term debt, for the year ended June 30, 2018 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. Inventory for the general fund consists of office and school supplies and the food service fund has food and commodities.

##### *Land Held for Sale*

The TIGER Joint Powers Board currently holds 120,226 square-feet of land for sale. This land is recorded at cost of \$565,621 which approximates fair value.

FREMONT COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

**Note 1. Summary of Significant Accounting Policies (Continued)**

*Assets, Liabilities, Deferred Outflows and Inflows of Resources, 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 Outflows of Resources and Deferred Inflows of Resources**

In addition to assets and liabilities, the financial statements report a separate section for deferred outflows and inflows of resources. A deferred inflow of resources represents an acquisition of net position by the District that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position or fund balance sheet, but are not recognized in the financial statements as revenues, expenses, and reduction of liabilities or increase in assets until period(s) to which they are related. The District reports the following deferred inflows and outflows of resources:

*Unavailable revenues* – unavailable revenue is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and grants. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. In the government-wide statement of net position, the property tax revenue is reported as a deferred inflow of resources in the year they are assessed.

*Pension plan items* – in the government-wide and proprietary fund statement of net position, deferred outflows and inflows of resources are reported for the unrecognized items related to the District’s share of the difference between projected and actual earnings, for the District’s share of the difference between contributions to the individual plans and the proportionate share of the contributions, and for the changes of assumptions or other inputs.

# FREMONT COUNTY SCHOOL DISTRICT #1

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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### **Note 1. Summary of Significant Accounting Policies (Continued)**

#### *Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Net Position or Equity (Continued)*

##### ***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.

##### ***Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wyoming Retirement System ("WRS") plans and additions to/deductions from WRS's fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

##### ***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 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.

# FREMONT COUNTY SCHOOL DISTRICT #1

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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### **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 all funds.
- f. Budgets for all 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.

**FREMONT COUNTY SCHOOL DISTRICT #1**

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

**Note 3. Deposits and Investments**

At June 30, 2018, the carrying amount of the District's bank deposits was \$9,114,749 and the bank balance was \$10,225,416. The difference between the carrying amount and the bank balance is a result of transactions in transit. The carrying amount of the District's fiduciary funds bank deposits was \$871,353 and the bank balance was \$887,617. Of this balance \$31,674 is cash equivalents held by investment brokers and is not required to be collateralized. As of June 30, 2018, all deposits of the District held by financial institutions were insured or collateralized as required by statute.

At June 30, 2018, the carrying amount and the bank balance of the Lander District Recreation Board's bank deposits was \$266,600. As of June 30, 2018, all deposits and investments of the Lander District Recreation Board held by financial institutions were insured or collateralized as required by statute.

As of June 30, 2018, the District had the following investments:

Type	Total	Interest Rate	Investment Maturity (in Years)				Investment Ratings *
			Less Than 1	1-5	6-10	More Than 10	
<b>Primary Government</b>							
U.S. Government							
Agencies	\$ 762,010	1%-3.00%	\$ 234,701	\$527,309	\$ -	\$ -	Aaa
U.S. Treasury	39,420	-	39,420	-	-	-	Not rated
Certificates of deposit	203,446	1.15%-1.9%	143,930	59,516	-	-	Not rated
Total governmental activities	<u>\$1,004,876</u>		<u>\$ 418,051</u>	<u>\$586,825</u>	<u>\$ -</u>	<u>\$ -</u>	
<b>Fiduciary Funds</b>							
Private-purpose Trust Fund							
Taxable municipal							
bonds	\$ 10,777	5.00%	\$ -	\$ -	\$ -	\$ 10,777	Aa2
Corporate bonds	19,019	2.65%-5.97%	8,990	-	-	10,029	Not rated
Mutual funds	26,605	-	26,605	-	-	-	Not rated
Total private-purpose trust fund	<u>\$ 56,401</u>		<u>\$ 35,595</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,806</u>	
<b>Component Unit</b>							
Recreation Board							
Certificates of deposit	\$ 96,557	0.3%-0.45%	\$ 96,557	\$ -	\$ -	\$ -	Not rated
Total	<u>\$ 96,557</u>		<u>\$ 96,557</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

(\*) S&P 500 or Moody's



# FREMONT COUNTY SCHOOL DISTRICT #1

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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### **Note 3. 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. State law does not allow governments to invest in corporate bonds, stocks or mutual funds and limits investments in commercial paper to short term maturities (not greater than 270 days) and to the top ratings issued by nationally recognized statistical rating organizations (Moody's and Standard and Poor's). Obligations of the U.S. Government and obligations specifically guaranteed by the U.S. Government are backed with the full faith and credit of the U.S. Government. At June 30, 2018, all of the District's investments were in the U.S. Government Agency obligations, U.S. Treasury, and certificates of deposits. The District's component unit's investments at June 30, 2018 were 100% invested in certificates of deposit; therefore the District and its component unit are not exposed to credit risk. The District's fiduciary fund has investments in mutual funds and corporate bonds. These investments are allowable because they are held in the form in which they were received.

#### ***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. Investments in U.S. Government Agencies represent 76%, U.S. Treasury 4%, and certificates of deposit represent 20% of the total District's investments at June 30, 2018.

#### ***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, 2018, the District's and its component unit'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 risk. The significant exposure is for securities held by securities brokers or banks. Management believes the stability and reputation of the brokers and banks servers to limit its custodial credit risk.

**FREMONT COUNTY SCHOOL DISTRICT #1**

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

**Note 3. Deposits and Investments (Continued)**

***Fair Value of Investments***

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in methodologies used at June 30, 2018.

*U.S. government agencies:* Valued using matrix pricing models for identical or similar assets in active markets.

*Certificates of Deposit:* Valued at the closing price reported on the active market on which the individual certificate of deposit is traded. If held to maturity, the certificates of deposit are redeemed at purchase value.

*Taxable municipal bonds:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Corporate bonds and U.S. Treasury:* Valued at the closing price reported on the active market on which the individual securities are traded.

*Mutual funds:* Valued at the net asset value (NAV) of shares held by the District at year end.

	Assets at Fair Value as of June 30, 2018			Total
	Level 1	Level 2	Level 3	
Primary Government				
U.S. Treasury	\$ 39,420	\$ -	\$ -	\$ 39,420
U.S. government agencies	-	762,010	-	762,010
Certificates of Deposit	203,446	-	-	203,446
Total investments at fair value	<u>\$ 242,866</u>	<u>\$ 762,010</u>	<u>\$ -</u>	1,004,876

Other investments where cost approximates fair value:

Land held for sale		565,621
Total primary government investments		<u>\$ 1,570,497</u>

	Assets at Fair Value as of June 30, 2018			Total
	Level 1	Level 2	Level 3	
Fiduciary Funds				
Taxable municipal bonds	\$ -	\$ 10,776	\$ -	\$ 10,776
Corporate bonds	19,020	-	-	19,020
Mutual funds	26,605	-	-	26,605
Total investments at fair value	<u>\$ 45,625</u>	<u>\$ 10,776</u>	<u>\$ -</u>	<u>\$ 56,401</u>

**FREMONT COUNTY SCHOOL DISTRICT #1**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2018

**Note 4. Capital Assets**

A summary of changes in capital assets follows:

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 28,685	\$ -	\$ -	\$ 28,685
Work of art	60,000	-	-	60,000
Total capital assets, not being depreciated	<u>88,685</u>	<u>-</u>	<u>-</u>	<u>88,685</u>
Capital assets, being depreciated				
Buildings and improvements	69,622,530	-	-	69,622,530
Equipment and contents	4,959,250	39,441	-	4,998,691
Vehicles	4,727,681	30,770	66,379	4,692,072
Total capital assets, being depreciated	<u>79,309,461</u>	<u>70,211</u>	<u>66,379</u>	<u>79,313,293</u>
Less accumulated depreciation				
Buildings and improvements	15,530,159	1,481,768	-	17,011,927
Equipment and contents	4,541,752	320,315	-	4,862,067
Vehicles	2,877,222	359,818	66,379	3,170,661
Total accumulated depreciation	<u>22,949,133</u>	<u>2,161,901</u>	<u>66,379</u>	<u>25,044,655</u>
Total capital assets, being depreciated, net	<u>56,360,328</u>	<u>(2,091,690)</u>	<u>-</u>	<u>54,268,638</u>
Governmental activities capital assets, net	<u>\$ 56,449,013</u>	<u>\$ (2,091,690)</u>	<u>\$ -</u>	<u>\$ 54,357,323</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated				
Construction in progress	\$ -	\$ 34,553	\$ -	\$ 34,553
Total capital assets, not being depreciated	<u>-</u>	<u>34,553</u>	<u>-</u>	<u>34,553</u>
Capital assets, being depreciated				
Buildings and improvements	1,390,080	-	-	1,390,080
Equipment and contents	229,313	5,475	-	234,788
	<u>1,619,393</u>	<u>5,475</u>	<u>-</u>	<u>1,624,868</u>
Less accumulated depreciation	1,087,339	31,814	-	1,119,153
Total capital assets, being depreciated	<u>532,054</u>	<u>(26,339)</u>	<u>-</u>	<u>505,715</u>
Business-type activities, net	<u>\$ 532,054</u>	<u>\$ 8,214</u>	<u>\$ -</u>	<u>\$ 540,268</u>

**FREMONT COUNTY SCHOOL DISTRICT #1**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2018

**Note 4. Capital Assets (Continued)**

The equipment accounted for in governmental activities includes buses purchased under a capital lease purchase obligation in the amount of \$849,420, with associated accumulated depreciation of \$248,733. The current year depreciation of \$84,942 was charged to pupil transportation services.

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

Governmental activities		
Instruction		
Regular instruction		\$ 269,503
Special instruction		3,476
Student activities		7,115
Vocational instruction		18,757
Support services		
Business services		4,505
Operation and maintenance of plant services		1,568,097
Pupil transportation services		290,448
Total depreciation expenses - governmental activities		<u>\$ 2,161,901</u>
Business-type activities		
Food service fund		\$ 3,811
Swimming pool fund		28,003
Total depreciation expenses - business-type activities		<u>\$ 31,814</u>

**Note 5. Long-Term Debt**

The following is a summary of debt transactions of the District for the year ended June 30, 2018:

	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
	<u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2018</u>	<u>One Year</u>
<b>Governmental Activities</b>					
Series 2012 General obligation					
refunding bonds	\$ 1,265,000	\$ -	\$ 455,000	\$ 810,000	\$ 460,000
Deferred amounts for premium					
on bonds	27,416	-	9,138	18,278	9,139
Total bonds payable	<u>1,292,416</u>	<u>-</u>	<u>464,138</u>	<u>828,278</u>	<u>469,139</u>
Lease purchase obligations	664,313		304,835	359,478	170,926
Early retirement benefits	1,237,975	473,660	247,595	1,464,040	344,480
Accrued compensated absences	447,326	-	83,704	363,622	33,755
	<u>3,642,030</u>	<u>473,660</u>	<u>1,100,272</u>	<u>3,015,418</u>	<u>1,018,300</u>
Net pension liability	20,484,579	-	767,103	19,717,476	-
Total governmental activities	<u>\$ 24,126,609</u>	<u>\$ 473,660</u>	<u>\$ 1,867,375</u>	<u>\$ 22,732,894</u>	<u>\$ 1,018,300</u>
<b>Business-type Activities</b>					
Accrued compensated absences	\$ 30,324	\$ -	\$ 10,923	\$ 19,401	\$ 3,880
Net pension liability	595,419	-	18,606	576,813	-
Total business-type activities	<u>\$ 625,743</u>	<u>\$ -</u>	<u>\$ 29,529</u>	<u>\$ 596,214</u>	<u>\$ 3,880</u>

**FREMONT COUNTY SCHOOL DISTRICT #1**

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

**Note 5. Long-Term Debt (Continued)**

Long-term debt related to the governmental activities is generally liquidated by the general fund and bonds are paid by the debt service fund. Long-term debt related to the business-type activities is liquidated by the food service fund, the swimming pool fund, and the preschool fund.

At June 30, 2018 the District the following general obligation refunding bonds:

Series 2012 general obligation refunding bonds, originally issued \$3,450,000  
 interest ranging from 0.80% to 2.00%, principal and interest payable semi-annually,  
 matures June 15, 2020, serviced by the Debt Service Fund \$ 810,000

The annual debt requirement for Series 2012 general obligation refunding bonds, is follows:

<u>Year ending June 30</u>	General Obligation Bond Series 2012		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2019	\$ 460,000	\$ 16,200	\$ 476,200
2020	350,000	7,000	357,000
	<u><u>\$ 810,000</u></u>	<u><u>\$ 23,200</u></u>	<u><u>\$ 833,200</u></u>

The District sold its 2012 Series bonds at a premium that is amortized into interest over the life of the bonds. The premium balance of \$18,278 will be amortized at \$9,139 for each of the next two years.

At June 30, 2018 the District had the following capital lease obligations:

\$611,480 lease purchase obligation for purchase of buses, interest rate of 3.325% payable annually, principal and interest payments of \$133,212 through June 2020, serviced by the General Fund	\$ 252,313
\$88,325 lease purchase obligation for purchase of a bus, interest rate of 3.258% payable annually, principal and interest payments of \$19,210 through June 2019, serviced by the General Fund	16,189
\$149,255 lease purchase obligation for purchase of buses, interest rate of 2.45% payable annually, principal and interest payments of \$31,938 through June 2021, serviced by the General Fund	<u>90,976</u>
	359,478
Less current maturities	170,926
Long-term maturities	<u><u>\$ 188,552</u></u>

# FREMONT COUNTY SCHOOL DISTRICT #1

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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### Note 5. Long-Term Debt (Continued)

Future minimum lease payments under capital leases together with the present value of net minimum lease payments as of June 30, 2018 are as follows:

<u>Year ending June 30,</u>	
2019	\$ 184,360
2020	165,150
2021	29,629
Total minimum debt payments	<u>379,139</u>
Less: amount representing interest	<u>19,661</u>
Present value of minimum debt payments	<u><u>\$ 359,478</u></u>

### *Insubstance 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. As of June 30, 2018, all \$2,435,000 of Series 2001 bonds outstanding are considered defeased.

### *Early Retirement Obligation*

During the year ended June 30, 2017, and 2018, the District offered an early retirement benefit to its employees. In order to be eligible for early retirement benefits, an employee must meet the Wyoming Retirement System rule of 85 or be 60 years of age on or before October 1<sup>st</sup> in the fiscal year requesting an early retirement, and have seven years of continuous, consecutive, full-time, benefited employment in this District; or be in or beyond his/her 20th consecutive year of employment in a full-time benefited position with the District as of the end of the 2017 or 2018 school year. The employee will receive \$10,000 per year over a 5-year period, with payments to begin either September 30th or January 31<sup>st</sup> in the year following the early retirement. The District has 33 employees who have accepted early retirement and a current obligation of \$1,464,040. The imputed interest on these obligations would not be material. This amount will be payable at \$344,480 in each of the fiscal years ended 2019, 2020, 2021, and 2022, \$86,120 in the fiscal year ended 2023.

### Note 6. Pension Plans

#### *Pension Plan Fiduciary Net Position*

The Wyoming Retirement System issues a publicly available financial report which includes audited financial statements and required supplementary information for each plan. Detailed information about the pension plans' fiduciary net position is available in separately issued Wyoming Retirement System financial report. The report may be obtained from the Wyoming Retirement System website at <http://retirement.state.wy.us>.

#### *Public Employees' Pension Plan*

The District participates in the Public Employees' Pension Plan ("PEPP"), a statewide cost-sharing multiple-employer public employee retirement system administered by the State of Wyoming Retirement System Board. Substantially all District full-time employees are eligible to participate.

# FREMONT COUNTY SCHOOL DISTRICT #1

## NOTES TO FINANCIAL STATEMENTS

June 30, 2018

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### **Note 6. Pension Plans (Continued)**

#### ***Public Employees' Pension Plan (Continued)***

PEPP members are required to contribute 8.25% of their annual covered salary and the District is required to contribute 8.37% 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 all of the required employee's contribution and the employees pay nothing. Contribution rates are established by Title 9, Chapter 3 of the Wyoming Statutes.

The District's contributions to the PEPP for the years ended June 30, 2018, 2017 and 2016 were \$2,579,623, \$2,524,809, and \$2,663,615, respectively, equal to the required contributions for each year. As of September 1, 2018, the employer contribution rate will increase by 0.50% from 16.62% to 17.12%.

Through legislation passed during the 2014 legislative session, two tiers of benefits were established for participants of this plan. For Tier 1 (first contribution before September 1, 2012), the Plan allows for normal retirement after four years of service and attainment of age 60. Early retirement is allowed provided the employee has completed four years of service and attained age 50 or 25 years of service but will result in a reduction of benefits based on the length of time remaining to age 60. For Tier 2 (first contribution on or after September 1, 2012), the Plan allows for normal retirement after four years of service and attainment of age 65. Early retirement is allowed provided the employee has completed four years of service and attained age 55, or 25 or more years of service, but will result in a reduction of benefits based on the length of time remaining to age 65. All employees may also retire upon normal retirement on the basis that the sum of the member's age and service is at least 85.

Benefits are established by Title 9, Chapter 3 of the Wyoming Statutes. The PEPP provides retirement, disability and death benefits according to predetermined formulas and allows retirees to select one of seven optional methods for receiving benefits, including two joint and survivor forms of benefits: a 100% joint and survivor annuity, and a 50% joint and survivor annuity. The benefit amounts under these options are determined on an actuarially equivalent basis. Any cost of living adjustment provided to retirees must be grant by the State Legislature. In addition, a cost of living adjustment will not be approved by the legislature unless the plan is 100% funded after the COLA is awarded.

Employees terminating prior to normal retirement can elect to withdraw all employee contributions plus accumulated interest through date of termination or, if they are vested, they may elect to remain in the Plan and be eligible for unreduced retirement benefits at age 60 (Tier 1 employee) or 65 (Tier 2 employee).

#### ***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2018, the District reported a total liability of \$20,294,289 for its proportionate share of the net pension liability. The net pension liability was determined by an actuarial valuation as of December 31, 2017, applied to all prior periods included in the measurement. Actuarial valuation involves estimates of the reported amounts an assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. An experience study was conducted covering the five year period ending December 31, 2016. The net pension liability as of December 31, 2017 is based on the results of an actuarial valuation as of January 1, 2017, rolled forward to a measurement date of December 31, 2017, and taking into consideration information from the recent experience study.

**FREMONT COUNTY SCHOOL DISTRICT #1**

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

**Note 6. Pension Plans (Continued)**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

The schedule below shows the District's proportionate share of the net pension liability at June 30, 2018, the proportionate portion at the measurement date of December 31, 2017, and the change in the proportion from the previous measurement date.

	Pension liability at June 30, 2018	Proportion at December 31, 2017	Increase (decrease) from December 31, 2016
Public Employees' Pension Plan	\$ 20,294,289	0.890357894%	0.018382919%

For the year ended June 30, 2018, the District recognized pension expense of \$4,511,575. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 2,476,065	\$ 3,311,545
Changes in assumptions	1,971,926	-
Difference between actual and expected experience	-	701,225
Change in employer's portion	455,990	-
Amortizing deferred outflows and deferred inflows	4,903,981	4,012,770
Contributions subsequent to the measurement date	1,316,397	-
Total	\$ 6,220,378	\$ 4,012,770

The District reported \$1,316,397 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Year ended June 30,		
2019	\$ 2,187,197	\$ 1,180,030
2020	1,810,832	1,033,182
2021	768,409	948,239
2022	137,543	851,319
	\$ 4,903,981	\$ 4,012,770



**FREMONT COUNTY SCHOOL DISTRICT #1**

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

**Note 6. Pension Plans (Continued)**

**Actuarial Assumptions**

The total pension liability in the December 31, 2017 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions and Methods	
Valuation date	1/1/2017
Actuarial cost method	Entry Age Normal
Inflation	3.25%
Salary increases	4.25% to 6.00%, including inflation
Payroll growth rate	4.25%
Cost of living increase	0.00%
Investment net rate of return	7.75%, net of pension plan investment expense
Post-Retirement Mortality	RP-2000 Combined Mortality Table, generational projected with Scale BB Males: Set back 1 year with a 104% multiplier Females: No set back with a 90% multiplier
Pre-Retirement Mortality	RP-2000 Combined Mortality Table, generational projected with Scale BB Males: Set back 5 year with a 104% multiplier Females: Set back 4 years with a 90% multiplier

The assumed rate of investment return was adopted by the plan's trustees after considering input from the plan's investment consultant(s) and actuary(s). Additional information about the assumed rate of investment return is included in the WRS actuarial valuation report as of January 1, 2017. In addition, an experience study was conducted covering the five-year period December 31, 2016 and information from this study was considered in measuring the pension liability at December 31, 2017. The assumed rate of investment return of 7.00% (real return net of inflation of 4.75%) falls within a reasonable range of the long-term expected rate of return.

The long term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected arithmetic returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. For each major asset class that is included in the pension plans' target allocation as of January 1, 2018, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Long-Term Expected Arithmetic Real Rate of Return
Cash	0.00%	0.40%	0.40%
Fixed income	20.00%	1.25%	1.77%
Equity	45.00%	4.96%	6.88%
Marketable alternatives	17.50%	2.79%	3.30%
Private markets	17.50%	5.06%	7.11%
Total	100.00%	3.85%	5.27%

**FREMONT COUNTY SCHOOL DISTRICT #1**

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

**Note 6. Pension Plans (Continued)**

***Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate.

Pension Plan	1% Decrease (6.00)%	Current Discount Rate (7.00)%	1% Increase (8.00)%
Public Employees' Pension Plan	\$ 30,672,573	\$ 20,294,289	\$ 13,072,213

Payables to the Pension Plan

At June 30, 2018, the District had no amounts payable to the pension plan.

***Discount Rate***

The discount rate used to measure the total pension liability was 7.00 percent. Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects 1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits using a 100 year analysis) and 2) tax-exempt municipal bond rate based on an index of 20 year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

**Note 7. Individual Interfund Receivables, Payables and Transfers**

Individual fund interfund receivables and payable balances are as follows:

	Receivable	Payable
General Fund	\$ 1,164,877	\$ -
Special Revenue Funds		
Federal and State Grants Fund	-	1,081,930
Major Maintenance Fund	-	39,377
Capital Projects Fund		6,063
Enterprise Funds		
Swimming Pool Fund	-	8,752
Preschool Fund	-	28,755
	<u>\$ 1,164,877</u>	<u>\$ 1,164,877</u>

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.

**FREMONT COUNTY SCHOOL DISTRICT #1**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2018

**Note 7. Individual Interfund Receivables, Payables and Transfers (Continued)**

Operating transfers during the year were as follows:

	Transfers In	Transfers Out
	<u>          </u>	<u>          </u>
Governmental activities		
General Fund	\$ -	\$ 576,634
Federal and State Grants Fund	12,791	-
Major Maintenance Fund	-	34,553
Business-type activities		
Food Service Fund	141,710	-
Swimming Pool Fund	456,686	-
	<u>\$ 611,187</u>	<u>\$ 611,187</u>

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.

**Note 8. Deficit Fund Equity**

At June 30, 2018 the District had a deficit net position in the amount of \$258,007 and \$71,837 in the Food Service fund and Preschool fund, respectively, which was the direct result of recognizing the net pension liability associated with the implementation of GASB Statement No. 68. In addition, the District had a deficit fund balance in the capital projects fund of \$23,060. The District’s capital projects fund accounts for a project reimbursable by the Wyoming School Facilities Department (WSFD). The reimbursement from WSFD was measurable but not available within the current period or soon enough thereafter to pay liabilities of the current period and was recorded as unavailable at June 30, 2018.

**Note 9. 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 is a member of the School Risk Retention Program (“SRRP”). The SRRP Property and Casualty Insurance Program has a structure that is often referred to as a protected self-insurance program in that it collects contributions from its members to pay for: 1. self-insured expected losses (as determined by an actuary); 2. insurance/reinsurance premiums to protect against unpredictable loss frequency and severity; and 3. modest program administration costs. In years where the loss experience for the members is favorable, the realized profits remain the property of the program and may be used to offset future member contributions. The District has not had significant settlements exceeding insurance coverage in any of the past three fiscal years. The District also participates in two other risk management programs: Workers' Compensation Act and Unemployment Compensation Act.

**FREMONT COUNTY SCHOOL DISTRICT #1**

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

**Note 9. Risk Management (Continued)**

Wyoming Statute §27-14-101 created the Wyoming Workers' Compensation Act, which is administered as an Enterprise Fund by the State of Wyoming. All employers within the State of Wyoming are participants of this plan unless the employer elects not to be covered under the plan. This act requires the District to obtain liability coverage for payment of benefits to employees for job-related injuries and diseases through the Workers' Compensation Fund. This act provides general protection from suits filed by employees against the District. The District makes monthly payments to the Department of Employment, State of Wyoming. This amount is based on salaries and a split rate between hazardous and non-hazardous positions. Amounts paid by the District to the State for Worker's Compensation during fiscal year 2018 were \$270,906.

Wyoming Statute §27-3-101 created the Unemployment Compensation Act. This act requires the District to pay the cost of actual claims incurred. During the fiscal year, the District paid approximately \$21,238 in claims under the Unemployment Compensation Act Program.

The District participates in the Wyoming Educator Benefit Trust (WEBT). WEBT sets premium rates each year based on projected medical costs. The District paid \$3,587,850 in premiums to Blue Cross Blue Shield of Wyoming, WEBT's third party administrator. Were the District to withdraw from coverage through WEBT, the District would not be responsible for any specific liabilities nor is it entitled to any of the reserves. As a participating employer, if the trust is dissolved the District may be entitled to a residual portion of the plan reserves.

**Note 10. Issued Standards Not Yet Implemented**

GASB Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. The requirements of the Statement are effective for reporting periods beginning after December 15, 2018. Management has not completed its assessment of the effects of implementing this standard.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, establishes accounting and financial reporting requirements related to debt, including direct borrowings and direct placements, and clarifies which liabilities governments should include when disclosing information related to debt. The requirements of the Statement are effective for reporting periods beginning after June 15, 2018. Management has not completed its assessment of the effects of implementing this standard.

**Note 11. Prior Period Adjustment**

During the year ended June 30, 2018, the District realized that a receivable for a reimbursable grant has not been recorded at June 30, 2017. This caused an understatement of the June 30, 2017 fund balance in the Federal and State Grants fund in the amount of \$94,815. The District recorded a prior period adjustment of \$94,815. The table below illustrates the assets and net position as originally stated, and the restated values:

	As originally reported		Restated
	June 30, 2017	Adjustment	June 30, 2017
Due from other governments	\$ 784,388	\$ 94,815	\$ 879,203
Fund balance	-	94,815	94,815

**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, 2018

(Unaudited)

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Taxes	\$ 5,533,142	\$ 5,533,142	\$ 5,596,152	\$ 63,010
Intergovernmental revenues	22,419,811	22,419,811	22,786,711	366,900
Charges for services	-	-	7,770	7,770
Miscellaneous	30,000	30,000	45,919	15,919
Total revenues	<u>27,982,953</u>	<u>27,982,953</u>	<u>28,436,552</u>	<u>453,599</u>
Expenses				
Instruction	15,574,252	16,694,000	15,737,890	956,110
Instructional support	3,839,924	3,839,924	3,522,913	317,011
General support	7,690,851	7,690,851	7,664,366	26,485
Total expenditures	<u>27,105,027</u>	<u>28,224,775</u>	<u>26,925,169</u>	<u>1,299,606</u>
Excess (deficiency) of revenues over expenditures	<u>877,926</u>	<u>(241,822)</u>	<u>1,511,383</u>	<u>(846,007)</u>
Other financing uses				
Transfers out	(550,000)	(563,900)	(563,843)	57
Total other financing uses	<u>(550,000)</u>	<u>(563,900)</u>	<u>(563,843)</u>	<u>57</u>
Net change in fund balance	327,926	(805,722)	947,540	<u>\$ (845,950)</u>
Fund balance - beginning of year	<u>3,791,650</u>	<u>3,791,650</u>	<u>3,791,650</u>	
Fund balance - end of year	<u>\$ 4,119,576</u>	<u>\$ 2,985,928</u>	<u>\$ 4,739,190</u>	

See accompanying notes 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, 2018  
 (Unaudited)

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ 4,000,000	\$ 4,000,000	\$ 2,384,831	\$ (1,615,169)
Miscellaneous revenue	-	-	1,546	1,546
Total revenues	<u>4,000,000</u>	<u>4,000,000</u>	<u>2,386,377</u>	<u>(1,613,623)</u>
Expenditures				
Instructional	3,800,000	3,800,000	2,243,312	1,556,688
General support	200,000	200,000	52,169	147,831
Total expenditures	<u>4,000,000</u>	<u>4,000,000</u>	<u>2,295,481</u>	<u>1,704,519</u>
Net change in fund balance	-	-	90,896	<u>\$ 90,896</u>
Fund balance - beginning of year	<u>(116,505)</u>	<u>(116,505)</u>	<u>(116,505)</u>	
Fund balance - end of year	<u>\$ (116,505)</u>	<u>\$ (116,505)</u>	<u>\$ (25,609)</u>	

See accompanying notes 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, 2018  
 (Unaudited)

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental revenue	\$ 1,256,627	\$ 1,256,627	\$ 1,256,627	\$ -
Miscellaneous revenue	3,500	3,500	10,993	7,493
<b>Total revenues</b>	<b>1,260,127</b>	<b>1,260,127</b>	<b>1,267,620</b>	<b>7,493</b>
<b>Expenditures</b>				
Facilities, acquisitions and construction services	2,500,000	2,500,000	563,980	1,936,020
<b>Total expenditures</b>	<b>2,500,000</b>	<b>2,500,000</b>	<b>563,980</b>	<b>1,936,020</b>
<b>Net change in fund balance</b>	<b>(1,239,873)</b>	<b>(1,239,873)</b>	<b>703,640</b>	<b>\$ 1,943,513</b>
Fund balance - beginning of year	1,553,076	1,553,076	1,553,076	
Fund balance - end of year	\$ 313,203	\$ 313,203	\$ 2,256,716	

See accompanying notes to required supplementary information



**FREMONT COUNTY SCHOOL DISTRICT #1**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

Last 10 fiscal years \*\*  
(Unaudited)

	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Public Employees Pension Plan</b>			
District's proportion of the net pension liability	0.8903579%	0.871975000%	0.859596313%
District's proportionate share of the net pension liability	\$ 20,294,289	\$ 21,079,998	\$ 20,022,989
District's covered payroll	15,816,118	15,546,488	14,991,995
District's proportionate share of the net pension liability as a percentage of its covered payroll	128.31%	133.59%	133.56%
Plan fiduciary net position as a percentage of the total pension liability	76.35%	73.42%	73.40%

\* Information for years prior to 2015 is not available; the schedule will be completed as information becomes available.

\*\* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

2015	2014	2013	2012	2011	2010	2009
0.842868841%	*	*	*	*	*	*
\$ 14,874,041	*	*	*	*	*	*
14,408,105	*	*	*	*	*	*
103.23%	*	*	*	*	*	*
79.08%	*	*	*	*	*	*

**FREMONT COUNTY SCHOOL DISTRICT #1**

**SCHEDULE OF PENSION CONTRIBUTIONS**

Last 10 fiscal years  
(Unaudited)

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Public Employees Pension Plan			
Contractually required contribution	\$ 2,579,623	\$ 2,524,809	\$ 2,663,615
Contributions in relations to the contractually required contributions	<u>(2,579,623)</u>	<u>(2,524,809)</u>	<u>(2,663,615)</u>
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 15,521,197	\$ 15,191,390	\$ 16,783,963
Contributions as a percentage of covered payroll	16.62%	16.62%	16.62%

\* Information for years prior to 2015 is not available; the schedule will be completed as information becomes available.

2015	2014	2013	2012	2011	2010	2009
\$ 2,540,133	*	*	*	*	*	*
(2,540,133)	*	*	*	*	*	*
*	*	*	*	*	*	*
\$ 16,005,879	*	*	*	*	*	*
15.87%	*	*	*	*	*	*

**FREMONT COUNTY SCHOOL DISTRICT # 1**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2018

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

	General Fund	Federal and State Fund	Major Maintenance Fund
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Revenues			
Actual amounts (budgetary basis) from the Budgetary Comparison Schedule	\$ 28,436,552	\$ 2,386,377	\$ 1,267,620
Differences - Budgetary Basis to GAAP			
Accrual of intergovernmental revenue	(74,983)	(114,832)	-
Accrual of property taxes receivable	26,650	-	-
Accrual of charges for services	349	-	-
Merge insurance fund	25,878	-	-
Earnings on investments	<u>(526)</u>	<u>-</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	<u>\$ 28,413,920</u>	<u>\$ 2,271,545</u>	<u>\$ 1,267,620</u>
Expenditures			
Actual amounts (budgetary basis) from the Budgetary Comparison Schedule	\$ 26,925,169	\$ 2,295,481	\$ 563,980
Differences - Budgetary Basis to GAAP			
Accrual of accounts payable	(159,199)	(17,475)	3,277
Accrued salaries and benefits payable	(43,530)	(18,752)	-
Accrual of indirect cost	(9,410)	9,410	-
Inventory adjustment	14,121	-	-
Merge insurance fund	<u>38,520</u>	<u>-</u>	<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	<u>\$ 26,765,671</u>	<u>\$ 2,268,664</u>	<u>\$ 567,257</u>

**FREMONT COUNTY SCHOOL DISTRICT # 1**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

June 30, 2018

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**Note 2. Basis of Budgeting**

Annual budgets are adopted on the cash basis for all governmental funds. Legal spending control for the District monies is at the function level. The District may amend the budget after it is appropriated using the same procedures necessary to approve the original budget at the functional level. Management monitors expenditures at budgetary line item levels within each fund to enhance the accounting control system and may amend the budget at this level as long as the functional budget is maintained. During the year ended June 30, 2018 the District amended the budget to increase the general fund instruction budget from \$15,574,252 to \$16,694,000 the general fund transfers budget from \$550,000 to \$563,900.

**Note 3. Explanation of Changes to Pension Plan**

*Changes of assumptions due to experience analysis* – There have been no changes of assumptions in the Public Employees' Pension Plan from January 1, 2016 to January 1, 2017. However, an experience study was conducted on behalf of all WRS's plans covering the five year period ended December 31, 2016. That study provided a detailed analysis concerning the development of the long term inflation rate, real rate of return and discount rate. The study also analyzed each major actuarial assumption (e.g. mortality, salary increases, retirement, termination and disability) and proposed assumptions consistent with the findings. The results of this study were incorporated in the liability calculations for the December 31, 2017 measurement.

*Changes in benefits* – There has been no changes in benefit provisions in the Public Employees' Pension Plan since the prior valuation.

**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, 2018

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ -	\$ -	\$ 19,330	\$ 19,330
Miscellaneous revenue	-	-	455	455
Total revenues	-	-	19,785	19,785
Expenditures				
Facilities, acquisitions and construction services	25,000	25,000	15,393	9,607
Total expenditures	25,000	25,000	15,393	9,607
Net change in fund balance	(25,000)	(25,000)	4,392	\$ 29,392
Fund balance - beginning of year	122,895	122,895	122,895	
Fund balance - end of year	\$ 97,895	\$ 97,895	\$ 127,287	



**NONMAJOR PROPRIETARY FUNDS**

**FREMONT COUNTY SCHOOL DISTRICT #1**

STATEMENT OF NET POSITION  
NONMAJOR PROPRIETARY FUNDS

June 30, 2018

	Business-type Activities - Enterprise Funds				
	Food Service Fund	Swimming Pool Fund	Preschool Fund	Facilities Enterprise Fund	Totals
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ 5,361	\$ -	\$ -	\$ 397,568	\$ 402,929
Accounts receivable	25,348	1,304	-	3,000	29,652
Inventory	11,690	-	-	-	11,690
Total current assets	<u>42,399</u>	<u>1,304</u>	<u>-</u>	<u>400,568</u>	<u>444,271</u>
Capital assets, net of					
accumulated depreciation	25,147	515,121	-	-	540,268
Total assets	<u>67,546</u>	<u>516,425</u>	<u>-</u>	<u>400,568</u>	<u>984,539</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Pension plan items	86,673	52,393	14,845	-	153,911
Total deferred outflows of resources	<u>86,673</u>	<u>52,393</u>	<u>14,845</u>	<u>-</u>	<u>153,911</u>
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	8,573	8,939	-	-	17,512
Accrued liabilities	2,887	16,451	-	-	19,338
Due to other funds	-	8,752	28,755	-	37,507
Unearned lunch revenue	15,937	-	-	-	15,937
Total current liabilities	<u>27,397</u>	<u>34,142</u>	<u>28,755</u>	<u>-</u>	<u>90,294</u>
Noncurrent liabilities					
Due within one year	1,679	2,201	-	-	3,880
Due in more than one year	6,714	8,807	-	-	15,521
Net pension liabilities	321,747	205,335	49,731	-	576,813
Total noncurrent liabilities	<u>330,140</u>	<u>216,343</u>	<u>49,731</u>	<u>-</u>	<u>596,214</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension plan items	54,689	32,648	8,196	-	95,533
Total deferred inflows of resources	<u>54,689</u>	<u>32,648</u>	<u>8,196</u>	<u>-</u>	<u>95,533</u>
<b>NET POSITION</b>					
Net investment in capital assets	25,147	515,121	-	-	540,268
Unrestricted	<u>(283,154)</u>	<u>(229,436)</u>	<u>(71,837)</u>	<u>400,568</u>	<u>(183,859)</u>
Total net position	<u>\$ (258,007)</u>	<u>\$ 285,685</u>	<u>\$ (71,837)</u>	<u>\$ 400,568</u>	<u>\$ 356,409</u>

**FREMONT COUNTY SCHOOL DISTRICT #1**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
NONMAJOR PROPRIETARY FUNDS

Year Ended June 30, 2018

	Business-type Activities - Enterprise Funds				Totals
	Food Service Fund	Swimming Pool Fund	Preschool Fund	Facilities Enterprise Fund	
Operating revenues					
Charges for services	\$ 256,671	\$ 74,138	\$ 22,533	\$ 46,546	\$ 399,888
Total operating revenues	<u>256,671</u>	<u>74,138</u>	<u>22,533</u>	<u>46,546</u>	<u>399,888</u>
Operating expenses					
Salaries	242,087	283,261	33,979	-	559,327
Benefits	156,337	80,470	20,979	-	257,786
Contractual services	2,089	61,948	-	-	64,037
Supplies	20,154	75,510	160	-	95,824
Direct food costs	403,930	-	-	-	403,930
Cost of commodities	45,693	-	-	-	45,693
Miscellaneous	1,142	696	-	-	1,838
Depreciation	3,811	28,003	-	-	31,814
Total operating expenses	<u>875,243</u>	<u>529,888</u>	<u>55,118</u>	<u>-</u>	<u>1,460,249</u>
Operating income (loss)	<u>(618,572)</u>	<u>(455,750)</u>	<u>(32,585)</u>	<u>46,546</u>	<u>(1,060,361)</u>
Nonoperating revenue					
Federal subsidy	463,084	-	-	-	463,084
Total nonoperating revenue	<u>463,084</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>463,084</u>
Income (loss) before transfers	(155,488)	(455,750)	(32,585)	46,546	(597,277)
Transfers in	141,710	456,686	-	-	598,396
Change in net position	(13,778)	936	(32,585)	46,546	1,119
Net position - beginning of year	(244,229)	284,749	(39,252)	354,022	355,290
Net position - end of year	<u>\$ (258,007)</u>	<u>\$ 285,685</u>	<u>\$ (71,837)</u>	<u>\$ 400,568</u>	<u>\$ 356,409</u>

**FREMONT COUNTY SCHOOL DISTRICT #1**

**STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
Year Ended June 30, 2018**

	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	\$ 249,781	\$ 74,361	\$ 22,533	\$ 49,546	\$ 396,221
Cash paid to suppliers for goods and services	(425,111)	(150,003)	-	-	(575,114)
Cash paid to employees for services	(372,928)	(355,244)	(51,288)	-	(779,460)
Net cash provided by (used in) operating activities	(548,258)	(430,886)	(28,755)	49,546	(958,353)
Cash flows from capital financing activities					
Acquisition of capital asset	(5,477)	-	-	-	(5,477)
Net cash used in capital financing activities	(5,477)	-	-	-	(5,477)
Cash flows from noncapital financing activities					
Advances (to)/from other funds	-	8,752	28,755	-	37,507
Operating transfers	141,710	422,134	-	-	563,844
Federal reimbursement	417,386	-	-	-	417,386
Net cash provided by noncapital financing activities	559,096	430,886	28,755	-	1,018,737
Net increase in cash and cash equivalents	5,361	-	-	49,546	54,907
Cash and cash equivalents - beginning of year	-	-	-	348,022	348,022
Cash and cash equivalents - end of year	\$ 5,361	\$ -	\$ -	\$ 397,568	\$ 402,929
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ (618,572)	\$ (455,750)	\$ (32,585)	\$ 46,546	\$ (1,060,361)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	3,811	28,003	-	-	31,814
Amortization of pension plan items	36,464	21,683	5,307	-	63,454
Federal share of commodities	45,698	-	-	-	45,698
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets, deferred outflows, liabilities, and deferred inflows					
Accounts receivable	(7,118)	223	-	3,000	(3,895)
Inventory	850	-	-	-	850
Deferred outflow - pension plan items	955	1,284	79	-	2,318
Accounts payable	1,349	(8,122)	-	-	(6,773)
Accrued liabilities	(1,231)	(11,849)	-	-	(13,080)
Net pension liability	(10,692)	(6,358)	(1,556)	-	(18,606)
Unearned lunch revenue	228	-	-	-	228
Net cash provided by (used in) operating activities	\$ (548,258)	\$ (430,886)	\$ (28,755)	\$ 49,546	\$ (958,353)

**SINGLE AUDIT SECTION**

**FREMONT COUNTY SCHOOL DISTRICT #1**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal 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		\$ -	\$ 67,519
National School Lunch Program	10.555	173WY312N1099/1	-	260,737
National School Lunch Program - USDA Commodities	10.555	83WY312N1099	-	45,698
Summer Food Service Program for Children	10.559		-	36,660
Total Child Nutrition Cluster			-	410,614
Child Nutrition Discretionary Grants Limited Availability	10.579	173WY609N8103 173WY379L1603/		5,475
Fresh Fruit and Vegetable Program	10.582	183WY379L1603	-	46,980
Total U.S. Department of Agriculture			-	463,069
<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	1707017T1A00	-	258,880
Title I Grants to Local Educational Agencies	84.010A	18070118T1A00	-	570,994
Title I Grants to Local Educational Agencies	84.010A	1807018T1D00	-	30,603
Total Title I Grants to Local Educational Agencies			-	860,477
<i>Special Education Cluster (IDEA)</i>				
Special Education - Grants to States	84.027A	1807017T6100	-	188,816
Special Education - Grants to States	84.027A	1707017T6100	-	316,269
Special Education - Grants to States	84.027A	1607016T6100	-	151
Special Education - Preschool Grants	84.173A	1707017T6900	-	2,242
Total Special Education Cluster (IDEA)			-	507,478
Career and Technical Education - Basic Grants to States	84.048A	1707017PS00	-	32,324
Career and Technical Education - Basic Grants to States	84.048A	18070118PS00	-	18,784
Total Career and Technical Education - Basic Grants to States			-	51,108
Direct				
Indian Education - Grants to Local Educational Agencies	84.060A	2018	-	97,847
Indian Education - Grants to Local Educational Agencies	84.060A	2017	-	1,966
Total Indian Education - Grants to Local Educational Agencies			-	99,813

(Continued)

See notes to the schedule of expenditures of federal awards

**FREMONT COUNTY SCHOOL DISTRICT #1**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal 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	1607016HOMA0	\$ -	\$ 2,637
			<u>-</u>	<u>2,637</u>
Twenty-First Century Community Learning Centers	84.287C	1607016CC10A8	-	18,489
Twenty-First Century Community Learning Centers	84.287C	1607016CC10A9	-	23,004
Twenty-First Century Community Learning Centers	84.287C	1707017CC10B1	-	60,992
Twenty-First Century Community Learning Centers	84.287C	1707017CC10A8	-	133,420
Twenty-First Century Community Learning Centers	84.287C	1707017CC10A9	-	137,537
Twenty-First Century Community Learning Centers	84.287C	18070118CC18B1	-	30,937
Twenty-First Century Community Learning Centers	84.287C	1807018CC10A9	-	41,107
Total Twenty-First Century Community Learning Centers			<u>-</u>	<u>445,486</u>
Rural Education	84.358A	1707017RLIS00	-	2,026
Total Rural Education			<u>-</u>	<u>2,026</u>
Supporting Effective Instruction State Grant	84.367A	1707017T2A00	-	135,609
Supporting Effective Instruction State Grant	84.367A	18070118T2A00	-	109,827
Total Supporting Effective Instruction State Grant			<u>-</u>	<u>245,436</u>
Student Support and Academic Enrichment Program	84.424A	None	-	8,387
Total Student Support and Academic Enrichment Program			<u>-</u>	<u>8,387</u>
Total U.S. Department of Education			<u>-</u>	<u>2,222,848</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 2,685,917</u>

See notes to the schedule of expenditures of federal awards

# FREMONT COUNTY SCHOOL DISTRICT #1

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2018

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### **Note 1. Basis of Presentation**

The accompanying schedule of expenditures of Federal awards (the "Schedule") includes the federal award activity of Fremont County School District #1 under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Fremont County School District #1, it is not intended to and does not present the financial position, change in net assets, or cash flows of Fremont County School District #1.

### **Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Food commodities are reported when distributed. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior year.

### **Note 3. Indirect Cost Rate**

Fremont County School District #1 uses a 1.73% indirect cost rate that was approved by the Wyoming Department of Education.



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

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, 2018, 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 November 29, 2018.

***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 opinions 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.



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Casper, WY 82601

***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  
November 29, 2018

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 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, 2018. 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 federal statutes, regulations, and terms and conditions of its federal awards 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 the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.



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

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 for the year ended June 30, 2018.

### **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 the Uniform Guidance, 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that were not identified

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



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, WY  
November 29, 2018

**FREMONT COUNTY SCHOOL DISTRICT #1**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended June 30, 2018

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**Section I – Summary of Auditor’s Results**

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***Financial Statements***

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weaknesses identified? No

Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

***Federal Awards***

Internal control over major federal programs:

Material weaknesses identified? No

Significant deficiencies identified? None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

CFDA Number

Name of Federal Program or Cluster

84.010A

Title I Grants to Local Educational Agencies

(Continued)

**FREMONT COUNTY SCHOOL DISTRICT #1**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
Year Ended June 30, 2018

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

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Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

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**Section II - Financial Statement Findings**

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No matters were reported.

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**Section III - Federal Award Findings and Questioned Costs**

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No matters were reported.



FREMONT COUNTY  
School District 1

863 Sweetwater  
Lander, Wyoming 82520  
(307) 332-4711 - fax (307) 332-6671  
[www.landingschools.org](http://www.landingschools.org)

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## Summary of Prior Year Findings

None