



FREMONT COUNTY SCHOOL DISTRICT #1

FINANCIAL REPORT

June 30, 2016

FREMONT COUNTY SCHOOL DISTRICT #1

FINANCIAL REPORT

June 30, 2016

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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, 2016, and the related notes to the financial statements, which collectively comprise Fremont County School District #1's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Fremont County School District #1, as of June 30, 2016, 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 management's discussion and analysis and pension schedules in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Supplementary Information and Schedule of Expenditures of Federal Awards

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fremont County School District #1's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Additionally, the accompanying schedule of expenditures of federal awards as listed in the table of contents is presented as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements of Fremont County School District #1.

The other supplementary information and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplementary information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule 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, 2016, on our consideration of Fremont County School District #1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fremont County School District #1's internal control over financial reporting and compliance.



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, WY
November 29, 2016

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FREMONT COUNTY SCHOOL DISTRICT #1

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2016
(UNAUDITED)

As management of the Fremont County School District #1, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2016. 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 \$49,222,411 at June 30, 2015, which compares to \$47,942,387 as of June 30, 2016. A key factor in the decrease in net position was an increase of \$5,148,947 to the net pension liability.
- The District's revenue generated in taxes and other revenues was \$32,826,116. This is an increase of \$2,302,138 from FY15.
- For the District's governmental activities and business-type activities total expenses for FY15 were \$31,878,011. Total expenses for FY16 were \$34,589,040. This represents an increase of \$2,711,029. Of this amount, \$1,538,203 was attributed to direct instructional services.
- The District currently has bond and lease purchase obligations of \$2,501,692. Of this amount, \$1,751,555 is due on the District's General Obligation Bond Series 2012. The District reduced these obligations by \$855,987.
- 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. Recently enacted 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 \$20,022,989 and \$14,874,042 as of June 30, 2016 and 2015, 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, 2016
(UNAUDITED)

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

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (governmental activities) as opposed to business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The District has four business-type activities: the Food Service Fund, the Swimming Pool Fund, the Preschool Fund, and the Facilities Enterprise Fund. A fifth business-type activity reported in the financial statements is the TIGER Joint Powers Board. The Joint Powers Board is included in the financial statements as a blended component unit. More information is contained in Note 1 in the Notes to the Financial Statements.

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

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. Such information may be useful in evaluating a government's near-term financing requirements. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities reported in the Statement of Net Position and the Statement of Activities and the governmental funds are reconciled in the financial statements. The general fund, 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 services 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, 2016
(UNAUDITED)

Internal service funds. Internal service funds are accounting mechanisms used to accumulate and allocate costs among the District's various functions. The District uses an internal service fund to account for the collection and payment of premiums for the District's health insurance plans. This service predominantly benefits the governmental functions, it has been included with governmental activities in the government-wide financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District is the trustee, or fiduciary, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The District has two funds in this category, the Private-purpose Trust 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, 2016
(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, 2016:

	Condensed Statement of Net Position					
	2014-2015 Governmental Activities	2014-2015 Business-type Activities	2014-2015 Total School District	2015-2016 Governmental Activities	2015-2016 Business-type Activities	2015-2016 Total School District
Current assets	\$ 13,285,698	\$ 1,484,264	\$ 14,769,962	\$ 12,998,570	\$ 1,799,153	\$ 14,797,723
Capital assets, net of accumulated depreciation	58,038,993	562,799	58,601,792	57,027,238	533,881	57,561,119
Total Assets	71,324,691	2,047,063	73,371,754	70,025,808	2,333,034	72,358,842
Deferred outflows of resources	2,565,898	74,197	2,640,095	6,405,118	164,431	6,569,549
Current liabilities	1,831,084	38,428	1,869,512	2,708,552	50,661	2,759,213
Noncurrent liabilities	14,431,058	442,984	14,874,042	19,453,705	569,284	20,022,989
Total Liabilities	16,262,142	481,412	16,743,554	22,162,257	619,945	22,782,202
Deferred inflows of resources	8,438,913	-	8,438,913	6,585,814	10,391	6,596,205
Net Position						
Net investment in capital assets	55,293,154	562,799	55,855,953	54,525,546	533,881	55,059,427
Restricted for						
Grant agreements	10,000	-	10,000	-	-	-
Major maintenance	98,567	-	98,567	484,847	-	484,847
Bond indenture	51,427	-	51,427	61,104	-	61,104
Unrestricted	(8,653,871)	1,860,335	(6,793,536)	(9,612,305)	1,949,314	(7,662,991)
Total Net Position	\$ 46,799,277	\$ 2,423,134	\$ 49,222,411	\$ 45,459,192	\$ 2,483,195	\$ 47,942,387

The net investment in capital assets is \$55,059,427, which is the net book value of capital assets (e.g., land, buildings, equipment) of \$57,561,119, less any related debt used to acquire those assets that is still outstanding of \$2,501,692. 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 \$484,847 and is restricted by legislation. The second amount is \$61,104 and is restricted by bond covenants. The deficit balance of \$7,662,991 designated as unrestricted includes an amount of \$139,990 that is subject to internal restrictions on how these funds may be used. They are presented as committed funds on pages 16 and 17 of the report. The remaining balance of unrestricted net position, \$7,785,618, 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 \$1,372,311 during the year ended June 30, 2016, as the result of the increase in the net pension liability.

FREMONT COUNTY SCHOOL DISTRICT #1

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2016
(UNAUDITED)

	Changes in the District's Net Position					
	2014-2015 Governmental Activities	2014-2015 Business-type Activities	2014-2015 Total School District	2015-2016 Governmental Activities	2015-2016 Business-type Activities	2015-2016 Total School District
Revenues:						
Program revenues:						
Charges for services	\$ 14,828	\$ 445,800	\$ 460,628	\$ 2,500	\$ 479,513	\$ 482,013
Operating grants and contributions	2,917,559	313,135	3,230,694	3,189,575	391,273	3,580,848
Capital grants and contributions	1,111,342	36,283	1,147,625	1,087,381	7,876	1,095,257
General revenues:						
Taxes	10,280,291	-	10,280,291	9,777,516	-	9,777,516
Governmental aid	15,867,005	-	15,867,005	17,822,465	-	17,822,465
Miscellaneous	17,895	2,740	20,635	207,728	343,189	550,917
Transfers	(754,475)	754,475	-	(443,971)	443,971	-
Total revenues	29,454,445	1,552,433	31,006,878	31,643,194	1,665,822	33,309,016
Expenses:						
Regular instruction	(10,639,143)	-	(10,639,143)	(11,641,749)	-	(11,641,749)
Special instruction	(6,562,539)	-	(6,562,539)	(7,052,485)	-	(7,052,485)
Vocational instruction	(490,786)	-	(490,786)	(536,437)	-	(536,437)
Pupil services	(1,683,651)	-	(1,683,651)	(2,390,829)	-	(2,390,829)
Instructional staff services	(1,248,110)	-	(1,248,110)	(1,123,786)	-	(1,123,786)
General admin services	(646,940)	-	(646,940)	(406,066)	-	(406,066)
School admin services	(1,487,987)	-	(1,487,987)	(1,595,197)	-	(1,595,197)
Business services	(543,788)	-	(543,788)	(598,708)	-	(598,708)
O & M of plant services	(5,028,263)	-	(5,028,263)	(5,216,592)	-	(5,216,592)
Pupil transportation	(1,624,185)	-	(1,624,185)	(1,884,472)	-	(1,884,472)
Central services	(426,496)	-	(426,496)	(488,538)	-	(488,538)
Other support services						
Interest on long-term debt	(48,899)	-	(48,899)	(48,420)	-	(48,420)
Enterprise funds	-	(1,447,224)	(1,447,224)	-	(1,605,761)	(1,605,761)
Total expenses	(30,430,787)	(1,447,224)	(31,878,011)	(32,983,279)	(1,605,761)	(34,589,040)
Change in net position	(976,342)	105,209	(871,133)	(1,340,085)	60,061	(1,280,024)
Net position - beginning of year	47,775,619	2,317,925	50,093,544	46,799,277	2,423,134	49,222,411
Net position - end of year	\$ 46,799,277	\$ 2,423,134	\$ 49,222,411	\$ 45,459,192	\$ 2,483,195	\$ 47,942,387

FREMONT COUNTY SCHOOL DISTRICT #1

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2016
(UNAUDITED)

Financial Analysis of the District's Funds

Governmental Funds:

Revenues

General fund revenues increased from \$26,152,532 in FY15 to \$27,699,138 in FY16. The increase of \$1,546,606 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 \$27,606,486 in FY16 compared to \$26,683,328 for FY15. The total expenditures for the same years on a budgetary (cash) basis were \$26,652,000 for FY15 and \$27,252,918 for FY16. The District uses the cash basis of accounting by which to operate. The Wyoming School Foundation Program operates on a cash basis of accounting.

Proprietary Funds

While the Preschool and Facilities Enterprise Funds continue to be self-sustaining, the Food Service Fund and the Swimming Pool are not. The operating costs of both programs (the Swimming Pool and Food Service) make it very difficult, if not impossible to achieve self-sustaining status, however in FY16 the transfer from the General Fund to these programs decreased by \$223,094 from the previous year. 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 0.096 of a decline in ADM funding from FY15 to FY16. From information gathered attending legislative meetings, it seems that this trend will hold true, in that the energy based economy in Wyoming is indeed in a downturn and revenue projections are low. 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 2016 represents the tenth 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. In FY16 two of the remaining six lots sold for \$339,770.

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, 2016
(UNAUDITED)

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2015 and June 30, 2016 amounts to \$58,038,993 and \$57,027,238 (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	2015-2016	2014-2015
Land	\$ 28,685	\$ 28,685
Work of art	60,000	60,000
Construction in progress	152,863	-
Buildings and improvements	54,424,600	55,446,523
Equipment and contents	203,167	693,006
Vehicles	2,157,923	1,810,779
Total	<u>\$ 57,027,238</u>	<u>\$ 58,038,993</u>

District's Capital Assets (Business-type Activities)

Net of Depreciation	2015-2016	2014-2015
Buildings and improvements	\$ 503,052	\$ 531,055
Equipment and contents	30,829	31,744
Total	<u>\$ 533,881</u>	<u>\$ 562,799</u>

Long-Term Debt

There was an increase of \$4,833,406 in the long-term debt for FY16 for the governmental activities. The majority of this increase is attributed to the large increase in the net pension liability. 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 3 of the footnotes to the financial statements. The Series 2012 General Obligation Refunding Bond has a remaining balance in the amount of \$1,715,000, with an associated premium of \$36,555, and the lease purchase obligations have a remaining balance of \$750,137.

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, 2016
(UNAUDITED)

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Travis Sweeney, Business Manager, 863 Sweetwater, Lander, WY 82520.

BASIC FINANCIAL STATEMENTS

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FREMONT COUNTY SCHOOL DISTRICT #1

STATEMENT OF NET POSITION

June 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Recreation Board
ASSETS				
Current assets				
Cash and cash equivalents	\$ 4,504,935	\$1,753,074	\$ 6,258,009	\$ 418,652
Investments	1,019,525	-	1,019,525	95,871
Cash held by county treasurer	76,148	-	76,148	2,279
Property taxes receivable	6,406,114	-	6,406,114	196,449
Internal balances	1,542	(1,542)	-	-
Due from fiduciary fund	19,827	-	19,827	-
Accounts receivable	-	30,807	30,807	-
Due from other governments	785,957	-	785,957	-
Inventory	184,522	16,814	201,336	-
Investment - land held for sale	-	645,544	645,544	-
Land	28,685	-	28,685	-
Work of art	60,000	-	60,000	-
Construction in progress	152,863	-	152,863	-
Capital assets, net of accumulated depreciation	56,785,690	533,881	57,319,571	-
Total assets	70,025,808	2,978,578	73,004,386	713,251
DEFERRED OUTFLOWS OF RESOURCES				
Pension plan items	6,405,118	164,431	6,569,549	-
Total deferred outflows of resources	6,405,118	164,431	6,569,549	-
LIABILITIES				
Current liabilities				
Accounts payable	243,938	6,091	250,029	-
Accrued wages payable	1,636,098	19,550	1,655,648	-
Unearned lunch revenue	-	17,650	17,650	-
Grant advance	941	-	941	-
Noncurrent liabilities				
Due in one year	827,575	7,370	834,945	-
Due in more than one year	2,223,663	29,478	2,253,141	-
Net pension liability	19,453,705	569,284	20,022,989	-
Total liabilities	24,385,920	649,423	25,035,343	-
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax revenues	6,172,609	-	6,172,609	192,581
Pension plan items	413,205	10,391	423,596	-
Total deferred inflows of resources	6,585,814	10,391	6,596,205	192,581
NET POSITION				
Net investment in capital assets	54,525,546	533,881	55,059,427	-
Restricted for				
Major maintenance - WS 21-15-109	484,847	-	484,847	-
Bond indenture	61,104	-	61,104	-
Unrestricted	(9,612,305)	1,949,314	(7,662,991)	520,670
Total net position	\$ 45,459,192	\$2,483,195	\$ 47,942,387	\$ 520,670

See accompanying notes to financial statements

FREMONT COUNTY SCHOOL DISTRICT #1

STATEMENT OF ACTIVITIES
Year Ended June 30, 2016

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction				
Regular instruction	\$ 11,641,749	\$ 2,500	\$ 842,410	\$ -
Special instruction	7,052,485	-	2,311,204	-
Vocational education	536,437	-	15,411	-
Support services				
Pupil services	2,390,829	-	-	-
Instructional staff services	1,123,786	-	-	-
General administration services	406,066	-	20,550	-
School administration services	1,595,197	-	-	-
Business services	598,708	-	-	-
Operation and maintenance of plant services	5,216,592	-	-	1,077,381
Pupil transportation services	1,884,472	-	-	-
Central services	488,538	-	-	10,000
Interest on long-term debt	48,420	-	-	-
Total governmental activities	<u>32,983,279</u>	<u>2,500</u>	<u>3,189,575</u>	<u>1,087,381</u>
Business-type activities				
TIGER Joint Powers Board	\$ 161,552	\$ -	\$ -	\$ -
Food Service Fund	822,407	249,514	391,273	7,876
Swimming Pool Fund	557,161	128,648	-	-
Preschool Fund	64,641	59,620	-	-
Facilities Enterprise Fund	-	41,731	-	-
Total business-type activities	<u>1,605,761</u>	<u>479,513</u>	<u>391,273</u>	<u>7,876</u>
Total primary government	<u>\$ 34,589,040</u>	<u>\$ 482,013</u>	<u>\$ 3,580,848</u>	<u>\$ 1,095,257</u>
Component Unit				
Recreation Board	\$ 278,444	\$ -	\$ -	\$ -
Total component unit	<u>\$ 278,444</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

 Impact aid

Unrestricted investment earnings

Unrestricted miscellaneous revenue

Transfers

 Total general revenues and transfers

Change in net position

Net position - beginning of year

Net position - end of year

See accompanying notes to financial statements

Net (Expenses) Revenues and Changes in Net Position

Primary Government		Component Unit	
Governmental Activities	Business-type Activities	Total	Recreation Board
\$ (10,796,839)	\$ -	\$ (10,796,839)	\$ -
(4,741,281)	-	(4,741,281)	-
(521,026)	-	(521,026)	-
(2,390,829)	-	(2,390,829)	-
(1,123,786)	-	(1,123,786)	-
(385,516)	-	(385,516)	-
(1,595,197)	-	(1,595,197)	-
(598,708)	-	(598,708)	-
(4,139,211)	-	(4,139,211)	-
(1,884,472)	-	(1,884,472)	-
(478,538)	-	(478,538)	-
(48,420)	-	(48,420)	-
(28,703,823)	-	(28,703,823)	-
\$ -	\$ (161,552)	\$ (161,552)	\$ -
-	(173,744)	(173,744)	-
-	(428,513)	(428,513)	-
-	(5,021)	(5,021)	-
-	41,731	41,731	-
-	(727,099)	(727,099)	-
(28,703,823)	(727,099)	(29,430,922)	-
-	-	-	(278,444)
-	-	-	(278,444)
9,298,122	-	9,298,122	-
479,394	-	479,394	301,820
17,822,465	-	17,822,465	-
166,761	-	166,761	-
40,192	3,419	43,611	-
775	339,770	340,545	525
(443,971)	443,971	-	-
27,363,738	787,160	28,150,898	302,345
(1,340,085)	60,061	(1,280,024)	23,901
46,799,277	2,423,134	49,222,411	496,769
\$ 45,459,192	\$ 2,483,195	\$ 47,942,387	\$ 520,670

FREMONT COUNTY SCHOOL DISTRICT #1

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	General	Federal and State Grants	Major Maintenance	Capital Projects
ASSETS				
Cash and cash equivalents	\$ 3,063,005	\$ 393,782	\$ 838,233	\$ 122,627
Investments	1,019,525	-	-	-
Cash held by county treasurer	76,148	-	-	-
Property taxes receivable	5,985,576	-	-	-
Due from other governments	133,710	652,247	-	-
Due from other funds	1,076,203	-	-	-
Due from fiduciary fund	19,827	-	-	-
Inventory	184,522	-	-	-
Total assets	<u>\$ 11,558,516</u>	<u>\$ 1,046,029</u>	<u>\$ 838,233</u>	<u>\$ 122,627</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 67,806	\$ 11,791	\$ 164,341	\$ -
Accrued salaries & benefits payable	1,578,738	57,360	-	-
Due to other funds	-	887,158	189,045	-
Grant advance	-	941	-	-
Total liabilities	<u>1,646,544</u>	<u>957,250</u>	<u>353,386</u>	<u>-</u>
Deferred inflows of resources				
Deferred property tax revenues	5,921,063	-	-	-
Deferred grant revenues	-	77,614	-	-
Total deferred inflows of resources	<u>5,921,063</u>	<u>77,614</u>	<u>-</u>	<u>-</u>
Fund balances				
Nonspendable				
Inventory	184,522	-	-	-
Restricted				
Grant agreements	-	117,306	-	-
Major maintenance - WS 21-15-109	-	-	484,847	-
Bond indenture	-	-	-	-
Committed				
Capital projects	-	-	-	122,627
Early retirement payments	-	-	-	-
Unassigned	3,806,387	(106,141)	-	-
Total fund balances	<u>3,990,909</u>	<u>11,165</u>	<u>484,847</u>	<u>122,627</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,558,516</u>	<u>\$ 1,046,029</u>	<u>\$ 838,233</u>	<u>\$ 122,627</u>

See accompanying notes to financial statements

Other Governmental Funds	Total Governmental Funds
\$ 61,104	\$ 4,478,751
-	1,019,525
-	76,148
420,538	6,406,114
-	785,957
-	1,076,203
-	19,827
-	184,522
<u>\$ 481,642</u>	<u>\$ 14,047,047</u>

\$ -	\$ 243,938
-	1,636,098
-	1,076,203
-	941
<u>-</u>	<u>2,957,180</u>

420,538	6,341,601
-	77,614
<u>420,538</u>	<u>6,419,215</u>

-	184,522
-	117,306
-	484,847
61,104	61,104
-	122,627
-	-
-	3,700,246
<u>61,104</u>	<u>4,670,652</u>
<u>\$ 481,642</u>	<u>\$ 14,047,047</u>

FREMONT COUNTY SCHOOL DISTRICT #1

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
Year Ended June 30, 2016

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

Total fund balances - governmental funds		\$ 4,670,652
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		57,027,238
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Deferred grant revenues	\$ 77,614	
Deferred property tax revenues	<u>168,992</u>	246,606
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	6,405,118	
Pension plan items - deferred inflows of resources	<u>(413,205)</u>	5,991,913
Internal service funds are used by management to charge the costs of health insurance to the various functions. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.		
Health Insurance Fund		
Current assets		27,726
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Lease purchase obligation	(750,137)	
Accrued compensated absences	(549,546)	
Net pension liability	(19,453,705)	
Bonds payable	(1,715,000)	
Deferred premium on bonds (to be amortized over life of debt)	<u>(36,555)</u>	<u>(22,504,943)</u>
Net position of governmental activities		<u>\$ 45,459,192</u>

See accompanying notes to financial statements

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FREMONT COUNTY SCHOOL DISTRICT #1

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2016

	General	Federal and State Grants	Major Maintenance
Revenues			
Taxes	\$ 9,320,580	\$ -	\$ -
Intergovernmental revenues	18,343,432	2,664,243	1,077,381
Charges for services	2,500	-	-
Miscellaneous	32,626	195	1,533
Total revenues	<u>27,699,138</u>	<u>2,664,438</u>	<u>1,078,914</u>
Expenditures			
Instruction			
Regular instruction	10,149,605	488,204	-
Special instruction	4,798,200	1,773,513	-
Vocational instruction	469,208	15,411	-
Support services			
Pupil services	2,207,107	-	-
Instructional staff services	1,043,238	-	-
General administration services	370,356	20,550	-
School administration services	1,459,097	-	-
Business services	554,800	-	-
Operation and maintenance of plant services	3,060,688	-	692,634
Pupil transportation services	2,109,985	-	-
Central services	422,454	-	-
Facilities, acquisitions and construction	-	-	-
Debt service			
Principal	401,848	-	-
Interest and other charges	28,519	-	-
Total expenditures	<u>27,075,105</u>	<u>2,297,678</u>	<u>692,634</u>
Excess (deficit) of revenues over expenditures	<u>624,033</u>	<u>366,760</u>	<u>386,280</u>
Other financing sources (uses)			
Gain on sale of assets	500	-	-
Proceeds from lease purchase obligations	611,840	-	-
Transfers out	(61,013)	(365,595)	-
Total other financing sources (uses)	<u>551,327</u>	<u>(365,595)</u>	<u>-</u>
Net change in fund balances	1,175,360	1,165	386,280
Fund balances - beginning of year	<u>2,815,549</u>	<u>10,000</u>	<u>98,567</u>
Fund balances - end of year	<u>\$ 3,990,909</u>	<u>\$ 11,165</u>	<u>\$ 484,847</u>

See accompanying notes to financial statements

Capital Projects	Other Governmental Funds	Total
\$ -	\$ 477,753	\$ 9,798,333
10,000	-	22,095,056
-	-	2,500
123	5,964	40,441
<u>10,123</u>	<u>483,717</u>	<u>31,936,330</u>
-	-	10,637,809
-	-	6,571,713
-	-	484,619
-	-	2,207,107
-	-	1,043,238
-	-	390,906
-	-	1,459,097
-	-	554,800
-	-	3,753,322
-	-	2,109,985
-	-	422,454
10,000	-	10,000
-	445,000	846,848
-	29,040	57,559
<u>10,000</u>	<u>474,040</u>	<u>30,549,457</u>
<u>123</u>	<u>9,677</u>	<u>1,386,873</u>
-	-	500
-	-	611,840
-	(17,363)	(443,971)
-	(17,363)	168,369
<u>123</u>	<u>(7,686)</u>	<u>1,555,242</u>
<u>122,504</u>	<u>68,790</u>	<u>3,115,410</u>
<u>\$ 122,627</u>	<u>\$ 61,104</u>	<u>\$ 4,670,652</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, 2016**

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

Net change in fund balances - total governmental funds \$ 1,555,242

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	\$ 1,154,426	
Depreciation expense	<u>(2,319,044)</u>	(1,011,755)

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	401,848	
Principal paid on long-term debt	<u>445,000</u>	846,848

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

Deferred grant revenues - current year	77,614	
Deferred tax revenue - prior year	(96,299)	
Deferred tax revenue - current year	<u>168,992</u>	150,307

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

Amortization of premium on bonds	<u>9,139</u>	9,139
----------------------------------	--------------	-------

The changes in compensated absences do not use current financial resources of governmental funds. Thus, the change is not recorded in the governmental funds.

Compensated absences - current year	(549,546)	
Compensated absences - prior year	<u>494,640</u>	(54,906)

(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, 2016

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

<u>\$ (611,840)</u>	\$ (611,840)
---------------------	--------------

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	14,431,058	
Pension liability - current year	(19,453,705)	
Deferred outflows - pension items - prior year	(2,565,897)	
Deferred outflows - pension items - current year	6,405,118	
Deferred inflows - pension items - current year	<u>(413,205)</u>	(1,596,631)

Internal service activities are accounted for in a separate fund. However, in the statement of activities the activity of the Internal Service Fund is reported with governmental activities.

Internal Service Fund		
Charges for services	36,097	
Investment earnings	26	
Expenditures	<u>(662,612)</u>	<u>(626,489)</u>
Change in net position of governmental activities		<u><u>\$ (1,340,085)</u></u>

FREMONT COUNTY SCHOOL DISTRICT #1

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 June 30, 2016

	Business-type Activities - Enterprise Funds			Governmental Activities
	TIGER Joint Powers Board	Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Fund
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,437,840	\$ 315,234	\$ 1,753,074	\$ 26,184
Due from other funds	-		-	1,542
Accounts receivable	-	30,807	30,807	-
Inventory	-	16,814	16,814	-
Investment - land held for sale	645,544	-	645,544	-
Total current assets	<u>2,083,384</u>	<u>362,855</u>	<u>2,446,239</u>	<u>27,726</u>
Capital assets, net of accumulated depreciation	-	533,881	533,881	-
Total assets	<u>2,083,384</u>	<u>896,736</u>	<u>2,980,120</u>	<u>27,726</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension plan items	-	164,431	164,431	-
Total deferred outflows of resources	<u>-</u>	<u>164,431</u>	<u>164,431</u>	<u>-</u>
LIABILITIES				
Current liabilities				
Accounts payable	-	6,091	6,091	-
Accrued liabilities	-	19,550	19,550	-
Due to other funds	-	1,542	1,542	-
Unearned lunch revenue	-	17,650	17,650	-
Total current liabilities	<u>-</u>	<u>44,833</u>	<u>44,833</u>	<u>-</u>
Noncurrent liabilities				
Due within one year	-	7,370	7,370	-
Due in more than one year	-	29,478	29,478	-
Net pension liabilities	-	569,284	569,284	-
Total noncurrent liabilities	<u>-</u>	<u>606,132</u>	<u>606,132</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Pension plan items	-	10,391	10,391	-
Total deferred inflows of resources	<u>-</u>	<u>10,391</u>	<u>10,391</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	-	533,881	533,881	-
Unrestricted	2,083,384	(134,070)	1,949,314	27,726
Total net position	<u>\$ 2,083,384</u>	<u>\$ 399,811</u>	<u>\$ 2,483,195</u>	<u>\$ 27,726</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, 2016

	Business-type Activities-Enterprise Funds			Governmental Activities
	TIGER Joint Powers Board	Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Fund
Operating revenues				
Charges for services	\$ -	\$ 479,513	\$ 479,513	\$ 36,097
Sale of lots held for resale	339,770	-	339,770	-
Total operating revenues	<u>339,770</u>	<u>479,513</u>	<u>819,283</u>	<u>36,097</u>
Operating expenses				
Salaries	-	603,515	603,515	-
Benefits	-	253,202	253,202	-
Premium expense	-	-	-	662,612
Contractual services	161,552	29,272	190,824	-
Supplies	-	107,835	107,835	-
Direct food costs	-	348,869	348,869	-
Cost of commodities	-	47,486	47,486	-
Miscellaneous	-	18,712	18,712	-
Depreciation	-	35,318	35,318	-
Total operating expenses	<u>161,552</u>	<u>1,444,209</u>	<u>1,605,761</u>	<u>662,612</u>
Operating income (loss)	<u>178,218</u>	<u>(964,696)</u>	<u>(786,478)</u>	<u>(626,515)</u>
Nonoperating revenue				
Investment earnings	3,419	-	3,419	26
Federal subsidy	-	399,149	399,149	-
Total nonoperating revenue	<u>3,419</u>	<u>399,149</u>	<u>402,568</u>	<u>26</u>
Income (loss) before other transfers	<u>181,637</u>	<u>(565,547)</u>	<u>(383,910)</u>	<u>(626,489)</u>
Transfers in	-	443,971	443,971	-
Change in net position	<u>181,637</u>	<u>(121,576)</u>	<u>60,061</u>	<u>(626,489)</u>
Net position - beginning of year	<u>1,901,747</u>	<u>521,387</u>	<u>2,423,134</u>	<u>654,215</u>
Net position - end of year	<u>\$ 2,083,384</u>	<u>\$ 399,811</u>	<u>\$ 2,483,195</u>	<u>\$ 27,726</u>

See accompanying notes to financial statements

FREMONT COUNTY SCHOOL DISTRICT #1

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds			Governmental
	TIGER Joint Powers Board	Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Fund
Cash flows from operating activities				
Cash received from customers	\$ -	\$ 474,895	\$ 474,895	\$ 19,330
Cash received from sale of assets held for resale	339,770	-	339,770	-
Cash paid to suppliers for goods and services	(1,702)	(512,371)	(514,073)	(662,612)
Cash paid to employees for services	-	(805,925)	(805,925)	-
Cash received from interfund services	-	-	-	16,767
Net cash provided by (used in) operating activities	<u>338,068</u>	<u>(843,401)</u>	<u>(505,333)</u>	<u>(626,515)</u>
Cash flows from capital financing activities				
Acquisition of capital asset	-	(6,400)	(6,400)	-
Net cash used in capital financing activities	<u>-</u>	<u>(6,400)</u>	<u>(6,400)</u>	<u>-</u>
Cash flows from noncapital financing activities				
Advances to other funds	-	89,306	89,306	(1,542)
Operating transfers	-	443,971	443,971	-
Federal reimbursement	-	362,277	362,277	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>895,554</u>	<u>895,554</u>	<u>(1,542)</u>
Cash flows from investing activities				
Investment earnings	3,419	-	3,419	26
Net cash provided by investing activities	<u>3,419</u>	<u>-</u>	<u>3,419</u>	<u>26</u>
Net increase (decrease) in cash and cash equivalents	<u>341,487</u>	<u>45,753</u>	<u>387,240</u>	<u>(628,031)</u>
Cash and cash equivalents - beginning of year	<u>1,096,353</u>	<u>269,481</u>	<u>1,365,834</u>	<u>654,215</u>
Cash and cash equivalents - end of year	<u>\$ 1,437,840</u>	<u>\$ 315,234</u>	<u>\$ 1,753,074</u>	<u>\$ 26,184</u>

(Continued)

See accompanying notes to financial statements

FREMONT COUNTY SCHOOL DISTRICT #1

STATEMENT OF CASH FLOWS (CONTINUED)
 PROPRIETARY FUNDS
 Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds			Governmental
	TIGER Joint Powers Board	Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Net income (loss) from operations	\$ 178,218	\$ (964,696)	\$ (786,478)	\$ (626,515)
Amortization of differences on pension plan investment earnings	-	29,920	29,920	-
Depreciation	-	35,318	35,318	-
Commodities share of federal subsidy	-	36,872	36,872	-
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets, deferred outflows, deferred inflows and liabilities				
Accounts receivable	-	(22,268)	(22,268)	-
Inventory	159,850	5,313	165,163	-
Deferred outflow - pension plan items	-	(99,372)	(99,372)	-
Accounts payable	-	1,653	1,653	-
Accrued liabilities	-	300	300	-
Unearned lunch revenue	-	17,650	17,650	-
Net pension liability	-	126,300	126,300	-
Deferred inflow - pension plan items	-	(10,391)	(10,391)	-
Net cash provided by (used in) operating activities	<u>\$ 338,068</u>	<u>\$ (843,401)</u>	<u>\$ (505,333)</u>	<u>\$ (626,515)</u>
Non-cash transactions:				
USDA commodities	\$ -	\$ 36,872	\$ -	\$ -

See accompanying notes to financial statements

FREMONT COUNTY SCHOOL DISTRICT #1

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2016

	Private-purpose Trust Fund	Agency Funds	
		Student Activities Fund	Employee Health Reimbursement Fund
ASSETS			
Cash and cash equivalents	\$ 6,412	\$ 473,057	\$ 259,386
Investments, at fair value	57,193	20,851	-
Total assets	<u>63,605</u>	<u>\$ 493,908</u>	<u>\$ 259,386</u>
LIABILITIES			
Accounts payable	\$ -	\$ 21,551	\$ -
Due to student groups	-	452,530	-
Due to employee health reimbursement account	-	-	259,386
Due to primary government	-	19,827	-
Total liabilities	<u>-</u>	<u>\$ 493,908</u>	<u>\$ 259,386</u>
NET POSITION			
Held in trust for scholarships	<u>\$ 63,605</u>		

See accompanying notes to financial statements

FREMONT COUNTY SCHOOL DISTRICT #1

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2016

	<u>Private-purpose Trust Fund</u>
Additions	
Scholarship donations	\$ 3,700
Net increase in fair value of investments	1,738
Investment earnings	1,383
Total additions	<u>6,821</u>
Deductions	
Scholarship awards	<u>6,150</u>
Total deductions	<u>6,150</u>
Change in net position	671
Net position - beginning of year	<u>62,934</u>
Net position - end of year	<u>\$ 63,605</u>

See accompanying notes to financial statements

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FREMONT COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 1. Summary of Significant Accounting Policies

Reporting Entity

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

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

Discretely Presented Component Unit - The *Recreation Board* provides grants to fund public recreation projects within the District's boundaries. The Board can impose a tax not to exceed one mill of the District's assessed valuation for the purpose of operating the Recreation Board. The nine-member governing body of the Recreation Board is appointed by the District's Board of Trustees. Only two of the nine members also serve on the District's Board of Trustees. The Recreation Board is presented as a 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, 2016

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

The District reports the following major governmental funds:

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

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

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

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

The District reports the following nonmajor governmental funds:

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

The District has one major proprietary fund:

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

FREMONT COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

Additionally, the District reports the following fund types:

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise 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, 2016

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)

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

Accounts Receivable

The District considers all accounts receivable to be fully collectible at June 30, 2016 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 related to finance general school services other than the payment of principal and interest on long-term debt for the year ended June 30, 2016 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 137,214 square-feet of land for sale. The total cost of this land is \$700,860 as of June 30, 2016.

FREMONT COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

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, 2016

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, 2016

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, 2016

Note 3. Detailed Notes on All Funds

Deposits and Investments

As of June 30, 2016, the District had the following investments:

Type	Fair Value	Interest Rate	Investment Maturity (in Years)				Investment Ratings (Moody's)
			Less Than 1	1-5	6-10	More Than 10	
Primary Government							
U.S. Government							
Agencies	\$ 742,313	0.42%-5.2%	\$ 153,863	\$588,450	\$ -	\$ -	Aaa
Certificates of Deposit	214,429	0.85%-1.9%	30,114	184,315	-	-	Not rated
Money market	62,783	0.42%	62,783	-	-	-	Not rated
Total governmental activities	<u>\$1,019,525</u>		<u>\$ 246,760</u>	<u>\$772,765</u>	<u>\$ -</u>	<u>\$ -</u>	
Fiduciary Funds							
Private-purpose Trust Fund							
Taxable municipal bonds	\$ 10,365	5.00%	\$ -	\$ -	\$ -	\$ 10,365	WR
Corporate bonds	19,398	2.65%-5.97%	9,201	-	-	10,197	Not rated
Mutual funds	24,646	n/a	24,646	-	-	-	Not rated
Certificates of Deposit	2,784	0.20%	2,784	-	-	-	Not rated
Total private-purpose trust fund	<u>57,193</u>		<u>36,631</u>	<u>-</u>	<u>-</u>	<u>20,562</u>	
Student Activities Fund							
Wyoming Government Investment Fund (WGIF)	20,851	0.39%	20,851	-	-	-	AAAm
Total student activities fund	<u>20,851</u>		<u>20,851</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total fiduciary funds	<u>\$ 78,044</u>		<u>\$ 57,482</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,562</u>	
Component Unit							
Recreation Board							
Certificates of Deposit	\$ 95,871	0.3%-0.45%	\$ 95,871	\$ -	\$ -	\$ -	Not rated
Total	<u>\$ 95,871</u>		<u>\$ 95,871</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	

FREMONT COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 3. Detailed Notes on All Funds (Continued)

Deposits and Investments (Continued)

Interest rate risk

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

Credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's component unit's investments at June 30, 2016 were 100% invested in certificates of deposit; therefore the District's component unit is not exposed to credit risk.

Concentration of credit risk

The District does not have a formal policy that allows for or limits an investment in any one issuer to a specified percentage of the District's total investments. Investments in U.S. Government Agencies represent 73% and certificates of deposit represent 21% of the total District's investments at June 30, 2016.

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, 2016, the District's deposits were fully collateralized as required by statutes.

Custodial credit risk - investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a formal investment policy; however, state statutes limit the type of investments the District can use. Statutes limit investments primarily to securities issued or guaranteed by the U.S. Treasury or agencies of the United States government, therefore, reducing the District's exposure to custodial credit risk for its investments. At June 30, 2016, 73% of the District's investments were in the U.S. Government Agency obligations and 22% in Certificates of Deposits.

FREMONT COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 3. Detailed Notes on All Funds (Continued)

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, 2016.

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

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

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

Land held for sale: Valued at most recent sale of land during fiscal year 2016.

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, 2016			
	Level 1	Level 2	Level 3	Total
Primary Government				
U.S. government agencies	\$ -	\$ 742,313	\$ -	\$ 742,313
Land held for sale	-	-	645,544	645,544
Total investments at fair value	<u>\$ -</u>	<u>\$ 742,313</u>	<u>\$ 645,544</u>	1,387,857
Other investments reported in the following classifications				
Certificates of deposit				214,429
Money market				62,783
Total primary government investments				<u>\$ 1,665,069</u>

	Assets at Fair Value as of June 30, 2016			
	Level 1	Level 2	Level 3	Total
Fiduciary Funds				
Taxable municipal bonds	\$ -	\$ 10,365	\$ -	\$ 10,365
Corporate bonds	19,398	-	-	19,398
Mutual funds	24,646	-	-	24,646
Total investments at fair value	<u>\$ 44,044</u>	<u>\$ 10,365</u>	<u>\$ -</u>	54,409

Other investments reported in the following classifications				
Certificates of deposit				2,784
Total fiduciary funds investments				<u>\$ 57,193</u>

FREMONT COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 3. Detailed Notes on All Funds (Continued)

Capital Assets

A summary of changes in capital assets follows:

	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 28,685	\$ -	\$ -	\$ 28,685
Work of art	60,000	-	-	60,000
Construction in progress	-	152,863	-	152,863
Total capital assets, not being depreciated	<u>88,685</u>	<u>152,863</u>	<u>-</u>	<u>241,548</u>
Capital assets, being depreciated				
Buildings and improvements	68,863,202	485,894	-	69,349,096
Equipment and contents	4,619,105	56,692	-	4,675,797
Vehicles	4,271,506	611,840	184,035	4,699,311
Total capital assets, being depreciated	<u>77,753,813</u>	<u>1,154,426</u>	<u>184,035</u>	<u>78,724,204</u>
Less accumulated depreciation				
Buildings and improvements	13,416,679	1,507,817	-	14,924,496
Equipment and contents	3,926,099	546,531	-	4,472,630
Vehicles	2,460,727	264,696	184,035	2,541,388
Total accumulated depreciation	<u>19,803,505</u>	<u>2,319,044</u>	<u>184,035</u>	<u>21,938,514</u>
Total capital assets, being depreciated, net	<u>57,950,308</u>	<u>(1,164,618)</u>	<u>-</u>	<u>56,785,690</u>
Governmental activities capital assets, net	<u>\$ 58,038,993</u>	<u>\$ (1,011,755)</u>	<u>\$ -</u>	<u>\$ 57,027,238</u>
Business-type activities				
Capital assets, being depreciated				
Buildings and improvements	\$ 1,390,080	\$ -	\$ -	\$ 1,390,080
Equipment and contents	292,911	6,400	-	299,311
	<u>1,682,991</u>	<u>6,400</u>	<u>-</u>	<u>1,689,391</u>
Less accumulated depreciation	1,120,192	35,318	-	1,155,510
Total capital assets, being depreciated, net	<u>\$ 562,799</u>	<u>\$ (28,918)</u>	<u>\$ -</u>	<u>\$ 533,881</u>

FREMONT COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 3. Detailed Notes on All Funds (Continued)

Capital Assets (Continued)

The equipment that is accounted for in governmental activities includes buses and copiers that were purchased under a capital lease purchase obligation in the amount of \$1,391,507, with associated accumulated depreciation of \$412,675. The current year depreciation for the buses and copiers of \$119,329 was charged to pupil transportation services and instruction within the general fund.

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

Governmental activities		
Instruction		
Regular instruction	\$	71,843
Special instruction		12,873
Vocational instruction		22,814
Support services		
Pupil services		4,331
Business services		4,146
Operation and maintenance of plant services		1,917,987
Pupil transportation services		285,050
Total depreciation expenses - governmental activities	\$	<u>2,319,044</u>
Business-type activities		
Food service fund	\$	3,547
Swimming pool fund		31,771
Total depreciation expenses - business-type activities	\$	<u>35,318</u>

Long-Term Debt

The following is a summary of debt transactions of the District for the year ended June 30, 2016:

	<u>Balance</u>			<u>Balance</u>	<u>Due Within</u>
	<u>July 1, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2016</u>	<u>One Year</u>
Governmental Activities					
General obligation refunding bonds (Series 2012)	\$ 2,160,000	\$ -	\$ 445,000	\$ 1,715,000	\$ 450,000
Deferred amounts for premium on bonds	45,694	-	9,139	36,555	9,139
Total bonds payable	<u>2,205,694</u>	<u>-</u>	<u>454,139</u>	<u>1,751,555</u>	<u>459,139</u>
Lease purchase obligations	540,145	611,840	401,848	750,137	258,527
Accrued compensated absences	494,640	54,906	-	549,546	109,909
	<u>3,240,479</u>	<u>666,746</u>	<u>855,987</u>	<u>3,051,238</u>	<u>827,575</u>
Net pension liability	14,431,058	5,022,647	-	19,453,705	-
Total governmental activities	<u>\$17,671,537</u>	<u>\$5,689,393</u>	<u>\$ 855,987</u>	<u>\$ 22,504,943</u>	<u>\$ 827,575</u>
Business-type Activities					
Accrued compensated absences	\$ 27,635	\$ 9,213	\$ -	\$ 36,848	\$ 7,370
Net pension liability	442,984	126,300	-	569,284	-
Total business-type activities	<u>\$ 470,619</u>	<u>\$ 135,513</u>	<u>\$ -</u>	<u>\$ 606,132</u>	<u>\$ 7,370</u>

FREMONT COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 3. Detailed Notes on All Funds (Continued)

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.

Debt outstanding at June 30, 2016 is comprised of the following:

\$3,450,000 general obligation refunding bonds, Series 2012, interest ranging from 0.80% to 2.00% payable semi-annually, payments ranging from \$350,000 through \$460,000 principal and interest, due June 15, 2020, serviced by the Debt Service Fund	\$ 1,715,000
\$73,111 premium on bonds to be amortized as interest income over the life of the bonds	36,555
\$493,125 lease purchase obligation for purchase of buses, interest rate of 2.85% payable annually, principal and interest payments of \$106,105 through June 2018, serviced by the General Fund	203,324
\$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	492,738
\$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	54,075
	<hr/>
	2,501,692
Less current maturities	717,666
Long-term maturities	<hr/> <u>\$ 1,784,026</u> <hr/>

As of June 30, 2016, the annual debt requirement for general obligation refunding bonds, Series 2012 is follows:

<u>Year ending June 30</u>	General Obligation Bond		Premium on Bonds	Total
	Series 2012 Principal	Interest		
2017	\$ 450,000	\$ 25,480	\$ 9,139	\$ 484,619
2018	455,000	21,205	9,139	485,344
2019	460,000	16,200	9,139	485,339
2020	350,000	700	9,138	359,838
	<hr/> <u>\$ 1,715,000</u> <hr/>	<hr/> <u>\$ 63,585</u> <hr/>	<hr/> <u>\$ 36,555</u> <hr/>	<hr/> <u>\$ 1,815,140</u> <hr/>

FREMONT COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 3. Detailed Notes on All Funds (Continued)

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, 2016 are as follows:

Year ending June 30,

2017	\$ 258,527
2018	258,527
2019	152,422
2020	133,212
Total minimum debt payments	<u>802,688</u>
Less: amount representing interest	<u>52,551</u>
Present value of minimum debt payments	<u><u>\$ 750,137</u></u>

Prior-year Defeasance of Debt

In fiscal year 2012, the District defeased its Series 2001 General Obligation Bonds by placing the proceeds of the newly created Series 2012 General Obligation Refunding Bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. On June 30, 2016, \$2,435,000 of bonds outstanding is considered defeased.

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. The PEPP provides retirement, disability and death benefits according to predetermined formulas. Benefits are established by Title 9, Chapter 3 of the Wyoming Statutes.

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, 2016, 2015 and 2014 were \$2,663,615, \$2,540,133, and \$2,155,829, respectively, equal to the required contributions for each year.

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>.

FREMONT COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 3. Detailed Notes on All Funds (Continued)

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

At June 30, 2016, the District reported a total liability of \$20,022,989 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation January 1, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2016, the District's liability as well as their proportion and increase from its proportion measured at December 31, 2014 were as follows:

	Pension liability at June 30, 2016	Proportion at December 31, 2015	Increase (decrease) from December 31, 2014
Public Employees' Pension Plan	<u>\$ 20,022,989</u>	0.859596313%	0.016727472%

For the year ended June 30, 2016, the District recognized pension expense of \$4,306,704. At June 30, 2016, 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	\$ 4,885,181	\$ -
Difference between actual and expected experience	-	423,596
Change in employer's portion	197,235	
Amortizing deferred outflows and deferred inflows	5,082,416	423,596
District contributions subsequent to the measurement date	1,487,133	-
Total	<u>\$ 6,569,549</u>	<u>\$ 423,596</u>

FREMONT COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 3. Detailed Notes on All Funds (Continued)

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

The District reported \$1,487,133 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2017	\$ 2,852,348	\$ 145,386
2018	1,365,212	145,386
2019	1,359,359	132,824
2020	992,630	-
	<u>\$ 6,569,549</u>	<u>\$ 423,596</u>

Actuarial Assumptions

The total pension liability in the December 31, 2015 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions and Methods

Valuation Date	1/1/2016
Actuarial cost method	Individual Entry Age Normal
Amortization method	Level percent or level dollar open
Remaining amortization period	30 years
Asset valuation method	5-year
Actuarial assumptions:	
Investment net rate of return	7.75%
Projected salary increases (includes inflation)	4.25% to 6.00%
Assumed inflation rate	3.25%
Mortality	RP-2000 Combined Mortality Table, fully generational

The current actuarial assumptions and methods used in the January 1, 2016 valuation were based upon an experience study that covered a five-year period ending December 31, 2011. Differences between assumptions and actual experience since the prior valuation are identified as actuarial gains and losses. These gains and losses impact the unfunded actuarial liability and future funding requirements determined in subsequent valuations.

FREMONT COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 3. Detailed Notes on All Funds (Continued)

Actuarial Assumptions (Continued)

The long term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges 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, 2016, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.50%	0.25%
Fixed income	15.00%	0.87%
Equity	59.00%	5.13%
Marketable alternatives	15.50%	4.75%
Private markets	8.00%	5.84%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions for participating governmental entities will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 7.75 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 (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate.

Pension Plan	1% Decrease (6.75)%	Current Discount Rate (7.75)%	1% Increase (8.75)%
Public Employees' Pension Plan	\$ 28,745,927	\$ 20,022,989	\$ 12,648,513

FREMONT COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 3. Detailed Notes on All Funds (Continued)

Payables to the Pension Plan

At June 30, 2016, the District reported \$355,653 as payable to the pension plan.

Individual Interfund Receivables, Payables and Transfers

Individual fund interfund receivables and payable balances are as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 1,096,030	\$ -
Special Revenue Funds		
Federal and State Grants Fund	-	887,158
Major Maintenance Fund	-	189,045
Debt Service Fund		
Early Retirement Fund	-	-
Enterprise Funds		
Food Service Fund	-	-
Swimming Pool Fund	-	-
Preschool Fund	(1,542)	-
Internal Service Fund	1,542	
Fiduciary Funds		
Student Activities Fund	-	19,827
	<u>\$ 1,096,030</u>	<u>\$ 1,096,030</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.

Operating transfers during the year were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental activities		
General Fund	\$ -	\$ 61,013
Federal and State Grants Fund	-	365,595
Early Retirement Fund	-	17,363
Business-type activities		
Food Service Fund	117,416	-
Swimming Pool Fund	371,434	-
Preschool Fund		44,879
	<u>\$ 488,850</u>	<u>\$ 488,850</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.

FREMONT COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS

June 30, 2016

Note 3. Detailed Notes on All Funds (Continued)

Deficit Fund Equity

At June 30, 2016 the District had a deficit net position in the amount of \$195,237 in the Food Service fund which was the direct result of recognizing the net pension liability associated with the implementation of GASB Statement No. 68

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.

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 2016 were \$185,629.

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 \$39,770 in claims under the Unemployment Compensation Act Program.

Implementation of Governmental Accounting Standards Board Statements 72 and 82

Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*, defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements. During the year ended June 30, 2016 the District adopted the provisions of this standard.

Governmental Accounting Standards Board Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73*, is designed to improve consistency in the application of the pension standards by clarifying or amending related areas of existing guidance. The District early implemented this standard.

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REQUIRED SUPPLEMENTARY INFORMATION

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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, 2016

	Budgeted Amounts		Actual Amount	Variance with Final Budget
	Original	Final		Positive (Negative)
Taxes				
Special district taxes	\$ 7,344,603	\$ 7,344,603	\$ 6,660,775	\$ (683,828)
6-mill county taxes	1,387,166	1,387,166	1,417,934	30,768
Motor vehicle taxes	860,000	860,000	871,725	11,725
County motor vehicle taxes	160,000	160,000	173,511	13,511
Fines and forfeitures	170,000	170,000	145,029	(24,971)
Forest reserve revenue	15,000	15,000	12,691	(2,309)
Taylor grazing	-	-	2,716	2,716
Other local taxes	20,000	20,000	24,236	4,236
Total taxes	9,956,769	9,956,769	9,308,617	(648,152)
Intergovernmental revenues				
Foundation program	17,020,435	17,020,435	17,820,963	800,528
Other state restricted	-	-	220,496	220,496
Foundation adjustment	-	-	1,502	1,502
Impact aid	-	-	166,761	166,761
Total intergovernmental revenues	17,020,435	17,020,435	18,209,722	1,189,287
Charges for services				
Co-op programs	125,000	125,000	2,500	(122,500)
Total charges for services	125,000	125,000	2,500	(122,500)
Miscellaneous				
Earnings on investments	10,000	10,000	32,449	22,449
Sale of fixed assets	-	-	500	500
Miscellaneous	5,000	5,000	273	(4,727)
Total miscellaneous	15,000	15,000	33,222	18,222
Total revenues	27,117,204	27,117,204	27,554,061	436,857

(Continued)

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)
 GENERAL FUND (CONTINUED)
 Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Instruction				
Elementary instruction	\$ 4,715,430	\$ 4,715,430	\$ 4,919,653	\$ (204,223)
Middle/junior high school instruction	2,166,185	2,166,185	2,257,113	(90,928)
Senior high instruction	3,200,445	3,200,445	3,028,362	172,083
Students with disabilities	4,820,044	4,820,044	4,720,345	99,699
Tuition for students with disabilities	250,000	250,000	235,924	14,076
Homebound programs	8,074	8,074	12,518	(4,444)
Other special programs	95,394	95,394	86,385	9,009
Elementary activities	-	-	1,077	(1,077)
Middle/junior high school activities	170,672	170,672	126,320	44,352
High school activities	695,672	695,672	650,824	44,848
Vocation instruction - high school	486,185	486,185	469,210	16,975
Total instruction	16,608,101	16,608,101	16,507,731	100,370
Instructional support				
Guidance services	340,617	340,617	380,207	(39,590)
Assessment services	-	-	21,761	(21,761)
Social work services	459,997	459,997	488,487	(28,490)
Nursing services	336,563	336,563	323,372	13,191
Psychological services	218,933	218,933	215,150	3,783
Instruction and curriculum development services	499,536	499,536	360,121	139,415
Appraisal services	23,500	23,500	5,000	18,500
Education media services	506,371	506,371	507,406	(1,035)
Special education supervision	180,312	180,312	183,722	(3,410)
Total instructional support	2,565,829	2,565,829	2,485,226	80,603

(Continued)

FREMONT COUNTY SCHOOL DISTRICT #1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL (BUDGETARY BASIS)
 GENERAL FUND (CONTINUED)
 Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
General support				
Central administration	\$ 348,230	\$ 348,230	\$ 340,279	\$ 7,951
State and Federal regulations services	4,997	4,997	19	4,978
School administration	1,559,595	1,559,595	1,449,638	109,957
Business administration	544,819	544,819	549,485	(4,666)
Board of education services	99,782	99,782	54,043	45,739
Operation and maintenance of plant services	7,200	7,200	-	7,200
Operating building services	2,956,945	2,956,945	2,894,085	62,860
Security services	-	-	105,199	(105,199)
Pupil transportation to/from school	1,638,478	1,638,478	1,710,052	(71,574)
Activities transportation	209,830	209,830	133,254	76,576
Transportation other	102,800	102,800	65,551	37,249
Technology coordination	433,422	433,422	426,975	6,447
Total general support	<u>7,906,098</u>	<u>7,906,098</u>	<u>7,728,580</u>	<u>177,518</u>
Total expenditures	<u>27,080,028</u>	<u>27,080,028</u>	<u>26,721,537</u>	<u>358,491</u>
Excess of revenues over expenditures	<u>37,176</u>	<u>37,176</u>	<u>832,524</u>	<u>78,366</u>
Other financing uses				
Transfers out	<u>(550,000)</u>	<u>(550,000)</u>	<u>(531,381)</u>	<u>18,619</u>
Total other financing uses	<u>(550,000)</u>	<u>(550,000)</u>	<u>(531,381)</u>	<u>18,619</u>
Net change in fund balance	<u>(512,824)</u>	<u>(512,824)</u>	<u>301,143</u>	<u>\$ 96,985</u>
Fund balance - beginning of year	<u>3,220,935</u>	<u>3,220,935</u>	<u>3,220,935</u>	
Fund balance - end of year	<u>\$ 2,708,111</u>	<u>\$ 2,708,111</u>	<u>\$ 3,522,078</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, 2016

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ 4,000,000	\$ 4,000,000	\$ 2,412,165	\$ (1,587,835)
Miscellaneous revenue	-	-	195	(195)
Total revenues	<u>4,000,000</u>	<u>4,000,000</u>	<u>2,412,360</u>	<u>(1,588,030)</u>
Expenditures				
Instructional	3,800,000	3,800,000	2,282,296	1,517,704
General support	200,000	200,000	20,588	179,412
Total expenditures	<u>4,000,000</u>	<u>4,000,000</u>	<u>2,302,884</u>	<u>1,697,116</u>
Excess of revenues over expenditures	-	-	109,476	109,086
Fund balance - beginning of year	<u>(237,323)</u>	<u>(237,323)</u>	<u>(237,323)</u>	<u>-</u>
Fund balance - end of year	<u>\$ (237,323)</u>	<u>\$ (237,323)</u>	<u>\$ (127,847)</u>	<u>\$ 109,086</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, 2016

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ 1,084,053	\$ 1,084,053	\$ 1,077,381	\$ (6,672)
Miscellaneous revenue	2,500	2,500	1,533	(967)
Total revenues	1,086,553	1,086,553	1,078,914	(7,639)
Expenditures				
Facilities, acquisitions and construction services	1,400,000	1,400,000	543,322	856,678
Total expenditures	1,400,000	1,400,000	543,322	856,678
Excess (deficiency) of revenues over expenditures	(313,447)	(313,447)	535,592	849,039
Fund balance - beginning of year	113,595	113,595	113,595	-
Fund balance - end of year	\$ (199,852)	\$ (199,852)	\$ 649,187	\$ 849,039

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>2016</u>	<u>2015</u>	<u>2014</u>
Public Employees Pension Plan			
District's proportion of the net pension liability (asset)	0.859596313%	0.842868841%	*
District's proportionate share of the net pension liability (asset)	\$ 20,022,989	\$ 14,874,041	*
District's covered-employee payroll	14,991,995	14,408,105	*
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	133.56%	103.23%	*
Plan fiduciary net position as a percentage of the total pension liability	73.40%	79.08%	*

* 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.

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*

FREMONT COUNTY SCHOOL DISTRICT #1

SCHEDULE OF PENSION CONTRIBUTIONS

Last 10 fiscal years
(Unaudited)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Public Employees Pension Plan			
Contractually required contribution	\$ 2,663,615	\$ 2,540,133	*
Contributions in relations to the contractually required contributions	<u>(2,663,615)</u>	<u>(2,540,133)</u>	*
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	*
District's covered-employee payroll	\$ 16,026,654	\$ 16,005,879	*
Contributions as a percentage of covered-employee payroll	16.62%	15.87%	*

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

2013	2012	2011	2010	2009	2008	2007
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*

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FREMONT COUNTY SCHOOL DISTRICT # 1

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2016

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	\$ 27,554,061	\$ 2,412,360	\$ 1,078,914
Differences - Budgetary Basis to GAAP			
Accrual of due from other governments	133,710	(230,823)	
Accrual of property taxes receivable	11,962	-	-
Earnings on investments	(95)	-	-
Sale of capital assets	(500)	-	-
	<u> </u>	<u> </u>	<u> </u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	<u>\$ 27,699,138</u>	<u>\$ 2,181,537</u>	<u>\$ 1,078,914</u>
Expenditures			
Actual amounts (budgetary basis) from the Budgetary Comparison Schedule	\$ 26,721,537	\$ 2,302,884	\$ 543,322
Differences - Budgetary Basis to GAAP			
Accrual of accounts payable	(97,050)	(2,291)	149,312
Accrued salaries and benefits payable	(141,064)	(2,915)	-
Inventory adjustment	(26,345)	-	-
Proceeds from lease purchase obligation	611,840	-	-
Miscellaneous	6,187	-	-
	<u> </u>	<u> </u>	<u> </u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	<u>\$ 27,075,105</u>	<u>\$ 2,297,678</u>	<u>\$ 692,634</u>

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.

FREMONT COUNTY SCHOOL DISTRICT # 1

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2016

Note 3. Explanation of Changes to Pension Plan

Changes to assumptions – There have been no changes of assumptions in the Public Employees’ Pension Plan since the prior valuation.

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

OTHER SUPPLEMENTARY INFORMATION

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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, 2016

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ -	\$ -	\$ 10,000	\$ 10,000
Miscellaneous revenue	-	-	123	123
Total revenues	-	-	10,123	10,123
Expenditures				
Facilities, acquisitions and construction services	-	-	10,000	(10,000)
Total expenditures	-	-	10,000	(10,000)
Excess (deficiency) of revenues over expenditures	-	-	123	123
Fund balance - beginning of year	122,504	122,504	122,504	-
Fund balance - end of year	\$ 122,504	\$ 122,504	\$ 122,627	\$ -

For the year ended June 30, 2016 the Capital Projects Fund exceeded their final budget by \$10,000; this is a violation of Wyoming State Statute §16-4-108.

NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

FREMONT COUNTY SCHOOL DISTRICT #1

BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2016

	Debt Service Funds		Nonmajor Governmental Funds Total
	Debt Service Fund	Early Retirement Fund	
ASSETS			
Cash and cash equivalents	\$ 61,104	\$ -	\$ 61,104
Due from other funds	-	-	-
Property taxes receivable	420,538	-	420,538
Total assets	\$ 481,642	\$ -	\$ 481,642
DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Deferred inflows of resources			
Deferred property tax revenues	\$ 420,538	\$ -	\$ 420,538
Total deferred inflow of resources	420,538	-	420,538
Fund balances			
Restricted			
Bond indenture	61,104	-	61,104
Committed			
Early retirement payments	-	-	-
Total fund balance	61,104	-	61,104
Total deferred inflows of resources and fund balances	\$ 481,642	\$ -	\$ 481,642

FREMONT COUNTY SCHOOL DISTRICT #1

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2016

	Debt Service Funds		Nonmajor Governmental Funds Total
	Debt Service Fund	Early Retirement Fund	
Revenues			
Taxes	\$ 477,753	\$ -	\$ 477,753
Miscellaneous revenue	5,964	-	5,964
Total revenues	<u>483,717</u>	<u>-</u>	<u>483,717</u>
Expenditures			
Debt service			
Principal	445,000	-	445,000
Interest	29,040	-	29,040
Total expenditures	<u>474,040</u>	<u>-</u>	<u>474,040</u>
Excess (deficiency) of revenues over expenditures	9,677	-	9,677
Other financing sources (uses)			
Transfers out	-	(17,363)	(17,363)
Total other financing sources (uses)	<u>-</u>	<u>(17,363)</u>	<u>(17,363)</u>
Net change in fund balance	9,677	(17,363)	(7,686)
Fund balances - beginning of year	<u>51,427</u>	<u>17,363</u>	<u>68,790</u>
Fund balances - end of year	<u>\$ 61,104</u>	<u>\$ -</u>	<u>\$ 61,104</u>

NONMAJOR PROPRIETARY FUNDS

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FREMONT COUNTY SCHOOL DISTRICT #1

STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS

June 30, 2016

	Business-type Activities - Enterprise Funds				
	Food Service Fund	Swimming Pool Fund	Preschool Fund	Facilities Enterprise Fund	Totals
ASSETS					
Current assets					
Cash and cash equivalents	\$ -	\$ -	\$ 4,022	\$ 311,212	\$ 315,234
Accounts receivable	28,861	1,946	-	-	30,807
Inventory	16,814	-	-	-	16,814
Total current assets	<u>45,675</u>	<u>1,946</u>	<u>4,022</u>	<u>311,212</u>	<u>362,855</u>
Capital assets, net of					
accumulated depreciation	26,745	507,136	-	-	533,881
Total assets	<u>72,420</u>	<u>509,082</u>	<u>4,022</u>	<u>311,212</u>	<u>896,736</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension plan items	91,857	56,165	16,409	-	164,431
Total deferred outflows of resources	<u>91,857</u>	<u>56,165</u>	<u>16,409</u>	<u>-</u>	<u>164,431</u>
LIABILITIES					
Current liabilities					
Accounts payable	2,342	3,749	-	-	6,091
Accrued liabilities	1,772	17,778	-	-	19,550
Due from other funds	-	-	1,542	-	1,542
Unearned lunch revenue	17,650	-	-	-	17,650
Total current liabilities	<u>21,764</u>	<u>21,527</u>	<u>1,542</u>	<u>-</u>	<u>44,833</u>
Noncurrent liabilities					
Due within one year	2,847	3,375	1,148	-	7,370
Due in more than one year	11,387	13,499	4,592	-	29,478
Net pension liabilities	317,715	202,378	49,191	-	569,284
Total noncurrent liabilities	<u>331,949</u>	<u>219,252</u>	<u>54,931</u>	<u>-</u>	<u>606,132</u>
DEFERRED INFLOWS OF RESOURCES					
Pension plan items	5,801	3,503	1,087	-	10,391
Total deferred inflows of resources	<u>5,801</u>	<u>3,503</u>	<u>1,087</u>	<u>-</u>	<u>10,391</u>
NET POSITION					
Net investment in capital assets	26,745	507,136	-	-	533,881
Unrestricted	(221,982)	(186,171)	(37,129)	311,212	(134,070)
Total net position	<u>\$ (195,237)</u>	<u>\$ 320,965</u>	<u>\$ (37,129)</u>	<u>\$ 311,212</u>	<u>\$ 399,811</u>

FREMONT COUNTY SCHOOL DISTRICT #1

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
Year Ended June 30, 2016

	Business-type Activities - Enterprise Funds				Totals
	Food Service Fund	Swimming Pool Fund	Preschool Fund	Facilities Enterprise Fund	
Operating revenues					
Charges for services	\$ 249,514	\$ 128,648	\$ 59,620	\$ 41,731	\$ 479,513
Total operating revenues	<u>249,514</u>	<u>128,648</u>	<u>59,620</u>	<u>41,731</u>	<u>479,513</u>
Operating expenses					
Salaries	241,579	312,013	49,923	-	603,515
Benefits	151,916	86,568	14,718	-	253,202
Contractual services	1,901	27,371	-	-	29,272
Supplies	17,974	89,861	-	-	107,835
Direct food costs	348,869	-	-	-	348,869
Cost of commodities	47,486	-	-	-	47,486
Miscellaneous	9,135	9,577	-	-	18,712
Depreciation	3,547	31,771	-	-	35,318
Total operating expenses	<u>822,407</u>	<u>557,161</u>	<u>64,641</u>	<u>-</u>	<u>1,444,209</u>
Operating income (loss)	<u>(572,893)</u>	<u>(428,513)</u>	<u>(5,021)</u>	<u>41,731</u>	<u>(964,696)</u>
Nonoperating revenue					
Federal subsidy	399,149	-	-	-	399,149
Total nonoperating revenue	<u>399,149</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>399,149</u>
Income (loss) before transfers	(173,744)	(428,513)	(5,021)	41,731	(565,547)
Transfers in	<u>117,416</u>	<u>371,434</u>	<u>(44,879)</u>	<u>-</u>	<u>443,971</u>
Change in net position	(56,328)	(57,079)	(49,900)	41,731	(121,576)
Net position - beginning of year	<u>(138,909)</u>	<u>378,044</u>	<u>12,771</u>	<u>269,481</u>	<u>521,387</u>
Net position - end of year	<u>\$ (195,237)</u>	<u>\$ 320,965</u>	<u>\$ (37,129)</u>	<u>\$ 311,212</u>	<u>\$ 399,811</u>

FREMONT COUNTY SCHOOL DISTRICT #1

**STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
Year Ended June 30, 2016**

	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	\$ 246,842	\$ 126,702	\$ 59,620	\$ 41,731	\$ 474,895
Cash paid to suppliers for goods and services	(381,455)	(130,916)	-	-	(512,371)
Cash paid to employees for services	(366,744)	(382,041)	(57,140)	-	(805,925)
Net cash provided by (used in) operating activities	(501,357)	(386,255)	2,480	41,731	(843,401)
Cash flows from capital financing activities					
Acquisition of capital asset	(6,400)	-	-	-	(6,400)
Net cash used in capital financing activities	(6,400)	-	-	-	(6,400)
Cash flows from noncapital financing activities					
Advances (to)/from other funds	28,064	14,821	46,421	-	89,306
Operating transfers	117,416	371,434	(44,879)	-	443,971
Federal reimbursement	362,277	-	-	-	362,277
Net cash provided by noncapital financing activities	507,757	386,255	1,542	-	895,554
Net increase in cash and cash equivalents	-	-	4,022	41,731	45,753
Cash and cash equivalents - beginning of year	-	-	-	269,481	269,481
Cash and cash equivalents - end of year	\$ -	\$ -	\$ 4,022	\$ 311,212	\$ 315,234
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ (572,893)	\$ (428,513)	\$ (5,021)	\$ 41,731	\$ (964,696)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Amortization of pension plan items	16,704	10,087	3,129	-	29,920
Depreciation	3,547	31,771	-	-	35,318
Federal share of commodities	36,872	-	-	-	36,872
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets, deferred outflows, deferred inflows, and liabilities					
Accounts receivable	(20,322)	(1,946)	-	-	(22,268)
Inventory	5,313	-	-	-	5,313
Deferred outflow - pension plan items	(55,464)	(32,552)	(11,356)	-	(99,372)
Accounts payable	1,725	(72)	-	-	1,653
Accrued liabilities	802	(4,107)	3,605	-	300
Unearned lunch revenue	17,650	-	-	-	17,650
Net pension liability	70,510	42,580	13,210	-	126,300
Deferred inflow - pension plan items	(5,801)	(3,503)	(1,087)	-	(10,391)
Net cash provided by (used in) operating activities	\$ (501,357)	\$ (386,255)	\$ 2,480	\$ 41,731	\$ (843,401)
Non-cash transactions:					
USDA commodities	\$ 36,872	\$ -	\$ -	\$ -	\$ 36,872

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SINGLE AUDIT SECTION

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FREMONT COUNTY SCHOOL DISTRICT #1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Pass 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	None	\$ -	\$ 53,356
National School Lunch Program	10.555	None	-	257,560
National School Lunch Program - USDA Commodities	10.555	None	-	36,872
Summer Food Service Program for Children	10.559	None	-	29,202
Total Child Nutrition Cluster			-	376,990
USDA Equipment Grant Program	10.579	None	-	7,876
USDA Fresh Fruit and Vegetable Program	10.582	None	-	47,450
Total U.S. Department of Agriculture			-	432,316
<i>U.S. Department of Interior</i>				
Direct				
Indian Education Assistance to Schools	15.130	None	-	4,525
Total U.S. Department of Interior			-	4,525
<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	0701T1150700	-	125,356
Title I Grants to Local Educational Agencies	84.010A	0701TID1507	-	624
Title I Grants to Local Educational Agencies	84.010A	0701T11604	-	272,994
Title I Grants to Local Educational Agencies	84.010A	0701T1D1604	-	26,973
Total Title I Grants to Local Educational Agencies			-	425,947
<i>Special Education Cluster (IDEA)</i>				
Special Education - Grants to States	84.027A	0701IB150700	-	92,211
Special Education - Grants to States	84.027A	0701IB1604	-	350,940
Special Education - Preschool Grants	84.173A	0701IP151200	-	2,109
Total Special Education Cluster (IDEA)			-	445,260
Career and Technical Education - Basic Grants to States	84.048A	0701PB150700	-	14,556
Career and Technical Education - Basic Grants to States	84.048A	0701PB1509	-	1,092
Total Career and Technical Education - Basic Grants to States			-	15,648
Direct				
Indian Education - Grants to Local Educational Agencies	84.060A	2015	-	43,749
Indian Education - Grants to Local Educational Agencies	84.060A	2016	-	64,495
Total Indian Education - Grants to Local Educational Agencies			-	108,244

(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, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Pass Through to Subrecipients	Total Federal Expenditures
<i>U.S. Department of Education (Continued)</i>				
Passed Through the State of Wyoming				
Department of Education				
Twenty-First Century Community Learning Centers	84.287C	1407014CCA8	-	7,110
Twenty-First Century Community Learning Centers	84.287C	1407014CCA8	-	28,915
Twenty-First Century Community Learning Centers	84.287C	1407014C9CA0	-	42,295
Twenty-First Century Community Learning Centers	84.287C	1507015CCA8	-	145,583
Twenty-First Century Community Learning Centers	84.287C	1507015CCA8	-	118,652
Twenty-First Century Community Learning Centers	84.287C	1507015CCA8	-	32,564
Total Twenty-First Century Community Learning Centers			-	375,119
Supporting Effective Instruction State Grant	84.367A	0701T2140700	-	15,009
Supporting Effective Instruction State Grant	84.367A	0701T2150700	-	145,572
Supporting Effective Instruction State Grant	84.367A	0701T21604	-	85,690
Total Supporting Effective Instruction State Grant			-	246,271
 Total U.S. Department of Education			-	1,616,489
 Total Expenditures of Federal Awards			\$ -	\$ 2,053,330

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, 2016

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, 2016. 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 Office of Management and Budget Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments* or the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. 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. Commodities

Fremont County School District #1 purchases commodities from the United States Department of Agriculture at discounted prices. The District purchased \$47,546 of commodities for \$10,614. The difference of \$36,872 is shown as Federal assistance on the Schedule of Expenditures of Federal Awards.

Note 4. Indirect Cost Rate

Fremont County School District #1 has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

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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, 2016, 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, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fremont County School District #1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fremont County School District #1's internal control. Accordingly, we do not express an opinion on the effectiveness of Fremont County School District #1's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, WY
November 29, 2016



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, 2016. 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.

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, 2016.

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, 2016

FREMONT COUNTY SCHOOL DISTRICT #1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016

Section I – Summary of Auditor’s Results

Financial Statements

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

Material weaknesses identified?	No
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Significant deficiencies identified?	None reported
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Noncompliance material to financial statements noted?	No
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Federal Awards

Internal control over major federal programs:

Material weaknesses identified?	No
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Significant deficiencies identified?	None reported
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Type of auditor’s report issued on compliance for major federal programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
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Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.553	Child Nutrition Cluster
10.555	School Breakfast Program
10.555	National School Lunch Program
10.559	National School Lunch Program – USDA Commodities
	Summer Food Service Program for Children
84.027A	Special Education Cluster (IDEA)
84.173A	Special Education – Grants to States
	Special Education – Preschool Grants
84.287C	Twenty-First Century Community Learning Centers

(Continued)

FREMONT COUNTY SCHOOL DISTRICT #1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year Ended June 30, 2016

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

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

FREMONT COUNTY SCHOOL DISTRICT #1

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2016

2015-001

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

Special Education Cluster (IDEA)
CFDA Number 84.027A – Special Education – Grants to States

Criteria:

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

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

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

Condition:

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

Status:

This condition was corrected in the current fiscal year for the respective federal program.