

# **FREMONT COUNTY SCHOOL DISTRICT No. 6**

## **FINANCIAL REPORT**

**JUNE 30, 2016**

# CONTENTS

INDEPENDENT AUDITOR'S REPORT	1 and 2
<hr/>	
MANAGEMENT'S DISCUSSION AND ANALYSIS (Required Supplementary Information)	3 - 7
<hr/>	
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	8
Statement of Activities	9 and 10
Fund Financial Statements:	
Governmental Funds Financial Statements:	
Balance Sheet	11
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balances	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	14
Proprietary Funds Financial Statements:	
Statement of Net Position	15
Statement of Revenues, Expenses and Changes in Fund Net Position	16
Statement of Cash Flows	17
Fiduciary Fund Financial Statements:	
Statement of Net Position	18
Notes to Financial Statements	19 – 35
 REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund	36
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – Major Maintenance Fund	37
Schedule of the District's Proportionate Share of the Net Pension Liability	38
Schedule of the District's Contributions	39
Notes to Required Supplementary Information	40
 SUPPLEMENTARY INFORMATION	
Combining Nonmajor Governmental Funds:	
Combining Balance Sheet	41
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	42
<hr/>	
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	43 - 45

## **INDEPENDENT AUDITOR'S REPORT**

Honorable Superintendent and  
Board of Trustees  
Fremont County School District No. 6  
Pavillion, Wyoming

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fremont County School District No. 6 (the "District"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District'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, each major fund, and the aggregate remaining fund information of the District 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 Management's Discussion and Analysis on pages 3 through 7, the Budgetary Comparison Schedules on pages 36 and 37, the Schedule of the District's Proportionate Share of the Net Pension Liability on page 38, the Schedule of the District's Contributions on page 39, and the Notes to Required Supplementary Information on page 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Combining Nonmajor Governmental Fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*McBee, Hearn & Paig, LLP*

Cheyenne, Wyoming  
December 13, 2016

## **FREMONT COUNTY SCHOOL DISTRICT No. 6**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (Required Supplementary Information)**

As management of the Fremont County School District No. 6 (the "District"), 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 \$18,506,112 at June 30, 2016 which compares to \$19,727,255 at the beginning of the fiscal year, a decrease of \$1,221,143 (6%) related to the District's current operations.

The District's revenue generated in taxes and other revenues for governmental and business-type activities was \$9,726,774. For the District's governmental and business-type activities, total expenses were \$10,947,917.

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

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

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

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

**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 and major maintenance fund are considered major. The other governmental funds of the District, consisting of the grants fund, asset replacement fund, capital construction fund, and debt service fund, are presented as non-major governmental funds in the fund financial statements.

**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. The Housing Fund (major) and Food Service Fund (nonmajor) are in this category for the District, presented under business-type activities.

**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. The District has one fund in this category, 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.

## 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 and 2015:

Condensed Statement of Net Position						
	Governmental Activities		Business-Type Activities		Total District	
	2015	2016	2015	2016	2015	2016
Current and other assets	\$ 7,611,109	\$ 6,509,122	\$ 172,536	\$ 187,121	\$ 7,783,645	\$ 6,696,243
Capital assets	18,996,467	18,652,718	375,043	362,016	19,371,510	19,014,734
<b>Total assets</b>	<b>26,607,576</b>	<b>25,161,840</b>	<b>547,579</b>	<b>549,137</b>	<b>27,155,155</b>	<b>25,710,977</b>
Pension related outflows	888,995	1,755,266	-	-	888,995	1,755,266
<b>Total deferred outflows of resources</b>	<b>888,995</b>	<b>1,755,266</b>	<b>-</b>	<b>-</b>	<b>888,995</b>	<b>1,755,266</b>
Other liabilities	641,233	582,137	25,020	27,188	666,253	609,325
Long-term liabilities	4,921,720	6,421,733	-	-	4,921,720	6,421,733
<b>Total liabilities</b>	<b>5,562,953</b>	<b>7,003,870</b>	<b>25,020</b>	<b>27,188</b>	<b>5,587,973</b>	<b>7,031,058</b>
Unavailable property taxes	2,728,922	1,773,910	-	-	2,728,922	1,773,910
Pension related inflows	-	155,163	-	-	-	155,163
<b>Total deferred inflows of resources</b>	<b>2,728,922</b>	<b>1,929,073</b>	<b>-</b>	<b>-</b>	<b>2,728,922</b>	<b>1,929,073</b>
Net position:						
Net investment in capital assets	18,489,848	17,982,994	375,043	362,016	18,864,891	18,345,010
Restricted	887,228	936,330	-	-	887,228	936,330
Unrestricted	(172,380)	(935,161)	147,516	159,933	(24,864)	(775,228)
<b>Total net position</b>	<b>\$ 19,204,696</b>	<b>\$ 17,984,163</b>	<b>\$ 522,559</b>	<b>\$ 521,949</b>	<b>\$ 19,727,255</b>	<b>\$ 18,506,112</b>

The net investment in capital assets is \$18,345,010, which is the net book value of capital assets (e.g., land, buildings, equipment) of \$19,014,734, less any related debt used to acquire those assets that is still outstanding of \$669,724. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. An additional portion of the District's net position of \$936,330 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted (deficit) net position of \$(775,228) may be used to meet the District's ongoing obligations.

The District's total net position decreased by \$(1,221,143) during the year ended June 30, 2016. The total cost of all governmental activities this year was \$10,624,297 and of the business-type activities was \$323,620. The amount paid by state sources, including the State Foundation Program, was \$5,443,810 or 56% of revenues.

### Statement of Activities

	Governmental Activities		Business-Type Activities		Total District	
	2015	2016	2015	2016	2015	2016
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 98,461	\$ 94,443	\$ 98,461	\$ 94,443
Operating grants and contributions	555,977	637,897	101,223	118,344	657,200	756,241
Capital grants and contributions	351,778	355,052	-	-	351,778	355,052
General revenues:						
Taxes	2,445,165	2,486,210	-	-	2,445,165	2,486,210
Governmental aid	6,025,289	5,980,035	-	-	6,025,289	5,980,035
Investment income	10,232	54,570	182	223	10,414	54,793
Transfers	(100,000)	(110,000)	100,000	110,000	-	-
<b>Total revenues</b>	<b>9,288,441</b>	<b>9,403,764</b>	<b>299,866</b>	<b>323,010</b>	<b>9,588,307</b>	<b>9,726,774</b>
<b>Expenses:</b>						
Regular instruction	3,011,780	3,687,099	-	-	3,011,780	3,687,099
Special Ed instruction	1,519,324	1,501,456	-	-	1,519,324	1,501,456
Vocational instruction	177,317	138,854	-	-	177,317	138,854
Pupil services	708,317	665,899	-	-	708,317	665,899
Staff services	444,803	452,425	-	-	444,803	452,425
Central admin. services	535,210	546,733	-	-	535,210	546,733
School admin. services	457,257	642,121	-	-	457,257	642,121
Business admin. services	210,983	196,059	-	-	210,983	196,059
General admin. services	107,465	85,080	-	-	107,465	85,080
General maintenance services	1,673,493	1,831,103	-	-	1,673,493	1,831,103
Transportation services	829,538	863,969	-	-	829,538	863,969
Interest	13,892	13,499	-	-	13,892	13,499
Enterprise funds	-	-	314,200	323,620	314,200	323,620
<b>Total expenses</b>	<b>9,689,379</b>	<b>10,624,297</b>	<b>314,200</b>	<b>323,620</b>	<b>10,003,579</b>	<b>10,947,917</b>
<b>Change in net position</b>	<b>(400,938)</b>	<b>(1,220,533)</b>	<b>(14,334)</b>	<b>(610)</b>	<b>(415,272)</b>	<b>(1,221,143)</b>
<b>Net position, beginning</b>	<b>19,605,634</b>	<b>19,204,696</b>	<b>536,893</b>	<b>522,559</b>	<b>20,142,527</b>	<b>19,727,255</b>
<b>Net position, ending</b>	<b>\$ 19,204,696</b>	<b>\$ 17,984,163</b>	<b>\$ 522,559</b>	<b>\$ 521,949</b>	<b>\$ 19,727,255</b>	<b>\$ 18,506,112</b>

## Financial Analysis of the District's Funds

### Governmental Funds:

**Revenues.** General fund revenues increased from \$8,465,058 in FY2015 to \$8,509,512 in FY2016. There was a decrease of \$134,440 in funding from state sources, which was offset by an increase of \$17,034 from local sources, \$76,638 from Federal sources, \$34,602 from interest and investments, and \$55,106 from property taxes. General fund revenues were less than budget by \$151,339.

**Expenditures.** The total expenditures of the general fund were \$8,792,675 in 2016 compared to \$8,380,580 in 2015. The majority of the increase in expenditures was due to additional instruction costs. General fund expenditures were \$725,479 less than budget.



**Proprietary funds.** The Housing Fund is operating at a loss of \$2,376 in FY2016 compared to a loss of \$4,820 in FY2015. There was a decrease in operating expenses of \$5,580, which was mainly due to reduction of utilities and supplies for modular renovations. The Food Service Fund is operating at a deficit due to a reduction in the number of lunches served during the year, combined with an increase in cost per meal served. In order to offset the increased expenses, it was necessary to transfer funds from the general fund to the Food Service Fund.

**Capital assets.** The District's investment in capital assets as of June 30, 2016 amounts to \$19,014,734 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, equipment and vehicles.

**District's Capital Assets (Governmental Activities)  
(Net of Depreciation)**

	2015	2016
Land	\$ 109,259	\$ 109,259
Construction in progress	52,247	89,071
Buildings and improvements	17,769,937	17,211,947
Equipment	164,603	111,066
Vehicles	900,421	1,131,375
	<u>\$ 18,996,467</u>	<u>\$ 18,652,718</u>

**District's Capital Assets (Business-Type Activities)  
(Net of Depreciation)**

	2015	2016
Construction in progress	\$ 6,344	\$ 6,344
Buildings and improvements	365,028	354,645
Equipment	3,671	1,027
	<u>\$ 375,043</u>	<u>\$ 362,016</u>

Additional information on the District's capital assets can be found in Note 3 of this report.

**Long-term debt.** The District incurred additional long-term debt during FY2016 for accrued compensated absences and capital lease obligation in the amounts of \$68,603 and \$392,195, respectively. Accrued compensated absences and capital lease obligations were reduced by \$62,225 and \$229,090, respectively, during FY2016. Additional information on the District's long-term debt can be found in Note 5 of this report.

**Factors affecting the District's future.** The continued uncertainty in funding and the District's enrollment and its relationship to funding will play a major role in the amount of revenue received by the District. The District must continue to be cautious in all decisions affecting its financial position.

**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 Business Manager at P.O. Box 10, 223 North Cherry Street, Pavillion, Wyoming 82523.

## **BASIC FINANCIAL STATEMENTS**

# FREMONT COUNTY SCHOOL DISTRICT NO. 6

## STATEMENT OF NET POSITION

June 30, 2016

ASSETS	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Current Assets			
Cash and cash equivalents	\$ 1,412,019	\$ 174,315	\$ 1,586,334
Cash with fiscal agent	79,926	-	79,926
Investments	3,157,365	-	3,157,365
Receivables:			
Grants receivable	47,030	-	47,030
Property taxes receivable	1,773,910	-	1,773,910
Accounts receivable	17,723	-	17,723
Internal balances	14,832	-	14,832
Inventories	6,317	12,806	19,123
<b>Total current assets</b>	<b>6,509,122</b>	<b>187,121</b>	<b>6,696,243</b>
Noncurrent Assets			
Land and construction in progress	198,330	6,344	204,674
Depreciable buildings and improvements, vehicles and equipment, net of accumulated depreciation	18,454,388	355,672	18,810,060
<b>Total noncurrent assets</b>	<b>18,652,718</b>	<b>362,016</b>	<b>19,014,734</b>
<b>Total assets</b>	<b>25,161,840</b>	<b>549,137</b>	<b>25,710,977</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Related Outflows	1,755,266	-	1,755,266
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	29,525	98	29,623
Accrued liabilities	256,687	5,758	262,445
Internal balances	-	14,832	14,832
Unearned revenue	-	6,500	6,500
Accrued compensated absences, due within one year	78,041	-	78,041
Capital lease obligation, due within one year	217,884	-	217,884
<b>Total current liabilities</b>	<b>582,137</b>	<b>27,188</b>	<b>609,325</b>
Noncurrent Liabilities			
Accrued compensated absences, due in more than one year	24,644	-	24,644
Capital lease obligation, due in more than one year	451,840	-	451,840
Net pension liability	5,945,249	-	5,945,249
<b>Total noncurrent liabilities</b>	<b>6,421,733</b>	<b>-</b>	<b>6,421,733</b>
<b>Total liabilities</b>	<b>7,003,870</b>	<b>27,188</b>	<b>7,031,058</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable property taxes	1,773,910	-	1,773,910
Pension related inflows	155,163	-	155,163
<b>Total deferred inflows of resources</b>	<b>1,929,073</b>	<b>-</b>	<b>1,929,073</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	17,982,994	362,016	18,345,010
Restricted for:			
Major maintenance and other projects	871,331	-	871,331
Debt service	64,999	-	64,999
Unrestricted	(935,161)	159,933	(775,228)
<b>Total net position</b>	<b>\$ 17,984,163</b>	<b>\$ 521,949</b>	<b>\$ 18,506,112</b>

See Notes to Financial Statements.

# FREMONT COUNTY SCHOOL DISTRICT NO. 6

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2016

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Instruction:				
Regular instruction	\$ 3,687,099	-	\$ -	-
Special education instruction	1,501,456	-	607,647	-
Vocational education	138,854	-	-	-
Support services:				
Pupil services	665,899	-	-	-
Staff services	452,425	-	30,250	-
Central administration services	546,733	-	-	-
School administration services	642,121	-	-	-
Business administration services	196,059	-	-	-
General administration services	85,080	-	-	-
General maintenance services	1,831,103	-	-	355,052
Transportation services	863,969	-	-	-
Interest	13,499	-	-	-
<b>Total governmental activities</b>	<b>10,624,297</b>	<b>-</b>	<b>637,897</b>	<b>355,052</b>
Business-Type Activities				
Housing Fund	31,829	29,280	-	-
Food Services	291,791	65,163	118,344	-
	<b>323,620</b>	<b>94,443</b>	<b>118,344</b>	<b>-</b>
<b>Total School District</b>	<b>\$ 10,947,917</b>	<b>\$ 94,443</b>	<b>\$ 756,241</b>	<b>\$ 355,052</b>
General Revenue				
Property taxes				
Other local sources				
Other County sources				
State sources				
Federal sources				
Investment earnings				
<b>Subtotal general revenues</b>				
Transfers				
<b>Total general revenues and transfers</b>				
Change in net position				
Net Position, beginning				
Net Position, ending				

See Notes to Financial Statements.

Net (Expenses) Revenues and Changes in Net Position		
Total		
Governmental Activities	Business-Type Activities	Total
\$ (3,687,099)	\$ -	\$ (3,687,099)
(893,809)	-	(893,809)
(138,854)	-	(138,854)
(665,899)	-	(665,899)
(422,175)	-	(422,175)
(546,733)	-	(546,733)
(642,121)	-	(642,121)
(196,059)	-	(196,059)
(85,080)	-	(85,080)
(1,476,051)	-	(1,476,051)
(863,969)	-	(863,969)
(13,499)	-	(13,499)
(9,631,348)	-	(9,631,348)
-	(2,549)	(2,549)
-	(108,284)	(108,284)
-	(110,833)	(110,833)
(9,631,348)	(110,833)	(9,742,181)
2,486,210	-	2,486,210
216,764	-	216,764
68,262	-	68,262
5,443,810	-	5,443,810
251,199	-	251,199
54,570	223	54,793
8,520,815	223	8,521,038
(110,000)	110,000	-
8,410,815	110,223	8,521,038
(1,220,533)	(610)	(1,221,143)
19,204,696	522,559	19,727,255
\$ 17,984,163	\$ 521,949	\$ 18,506,112

# FREMONT COUNTY SCHOOL DISTRICT NO. 6

## BALANCE SHEET GOVERNMENTAL FUNDS June 30, 2016

	General Fund	Major Maintenance Fund	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,089,535	\$ 103,575	\$ 218,909	\$ 1,412,019
Cash with fiscal agent	14,927	-	64,999	79,926
Investments	2,454,498	702,867	-	3,157,365
Receivables:				
Grants receivable	-	-	47,030	47,030
Property taxes receivable	1,773,910	-	-	1,773,910
Accounts receivable	17,723	-	-	17,723
Inventories	6,317	-	-	6,317
Due from other funds	54,184	1,050	-	55,234
<b>Total assets</b>	<b>\$ 5,411,094</b>	<b>\$ 807,492</b>	<b>\$ 330,938</b>	<b>\$ 6,549,524</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 21,970	\$ 7,500	\$ 55	\$ 29,525
Accrued liabilities	247,140	-	9,547	256,687
Due to other funds	-	-	40,402	40,402
<b>Total liabilities</b>	<b>269,110</b>	<b>7,500</b>	<b>50,004</b>	<b>326,614</b>
Deferred Inflows of Resources				
Deferred revenue	1,781,760	-	42,994	1,824,754
Fund Balances				
Nonspendable, inventories	6,317	-	-	6,317
Restricted for:				
Grants	-	-	28,345	28,345
Major maintenance projects	-	799,992	-	799,992
Debt service	-	-	64,999	64,999
Committed, capital asset replacement	-	-	144,596	144,596
Unassigned	3,353,907	-	-	3,353,907
<b>Total fund balances</b>	<b>3,360,224</b>	<b>799,992</b>	<b>237,940</b>	<b>4,398,156</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 5,411,094</b>	<b>\$ 807,492</b>	<b>\$ 330,938</b>	<b>\$ 6,549,524</b>

See Notes to Financial Statements.

## FREMONT COUNTY SCHOOL DISTRICT NO. 6

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

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<b>Total fund balances - governmental funds</b>	\$ 4,398,156
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

When capital assets that are used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. These assets consist of:

Cost of capital assets	28,222,396	
Accumulated depreciation	<u>(9,569,678)</u>	
<b>Total capital assets</b>		18,652,718

Receivables that do not provide current financial resources are offset by deferred inflows of resources in the funds.	50,844
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Certain liabilities, including capital lease obligations (\$669,724), compensated absences (\$102,685) and net pension liability (\$5,945,249), are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(6,717,658)
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Pension related outflows and inflows of resources do not provide current financial resources and, therefore, are not reported in the funds.	<u>1,600,103</u>
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<b>Net position of governmental activities</b>	<u><u>\$ 17,984,163</u></u>
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See Notes to Financial Statements.

**FREMONT COUNTY SCHOOL DISTRICT NO. 6****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2016**

	General Fund	Major Maintenance Fund	Nonmajor Funds	Total Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 2,486,210	\$ -	\$ -	\$ 2,486,210
Other local sources	216,764	-	17,500	234,264
Other county sources	68,262	-	-	68,262
State sources	5,443,810	343,646	185,056	5,972,512
Federal sources	251,199	-	393,059	644,258
Interest and investment earnings	43,267	10,104	1,514	54,885
Miscellaneous	-	-	31,000	31,000
<b>Total revenues</b>	<b>8,509,512</b>	<b>353,750</b>	<b>628,129</b>	<b>9,491,391</b>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular instruction	3,361,657	-	-	3,361,657
Special education instruction	791,990	-	583,028	1,375,018
Vocational education instruction	129,094	-	-	129,094
Total instruction	4,282,741	-	583,028	4,865,769
Support services:				
Pupil services	626,734	-	-	626,734
Staff services	396,763	-	29,024	425,787
Central administration services	510,281	-	-	510,281
School administration services	588,677	-	-	588,677
Business administration services	180,931	-	-	180,931
General administration services	83,509	-	-	83,509
General maintenance services	853,851	29,590	51,991	935,432
Transportation services	635,404	-	-	635,404
Total support services	3,876,150	29,590	81,015	3,986,755
Capital outlay	391,195	294,054	32,297	717,546
Debt service:				
Principal	229,090	-	-	229,090
Interest and other charges	13,499	-	-	13,499
Total debt service	242,589	-	-	242,589
Total expenditures	8,792,675	323,644	696,340	9,812,659
Excess (deficiency) of revenues over expenditures	(283,163)	30,106	(68,211)	(321,268)
Other Financing Sources (Uses)				
Operating transfers in (out)	(116,432)	-	6,432	(110,000)
Proceeds from capital leases	392,195	-	-	392,195
Total other financing sources (uses)	275,763	-	6,432	282,195
Net change in fund balances	(7,400)	30,106	(61,779)	(39,073)
Fund Balances, beginning	3,367,624	769,886	299,719	4,437,229
Fund Balances, ending	\$ 3,360,224	\$ 799,992	\$ 237,940	\$ 4,398,156

See Notes to Financial Statements.



**FREMONT COUNTY SCHOOL DISTRICT NO. 6**

**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**

<b>Net change in fund balances - total governmental funds</b>	<b>\$ (39,073)</b>
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 depreciation exceeded capital outlays in the current period.	(95,812)
Governmental funds do not report gains and losses on sales or retirements of fixed assets. However, the Statement of Activities reports these amounts, excluding trade-ins.	(247,937)
Revenues in the Statement of Activities that do not provide current financial resources are reported as deferred inflows of resources in the governmental funds.	22,373
The change in the compensated absences liability does not require the use of current financial resources of governmental funds. Thus, the change is not recorded in the governmental funds.	(6,378)
Proceeds from capital leases are recorded as other financing sources in the governmental funds, but increases long-term liabilities in the Statement of Net Position.	(392,195)
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces liabilities in the Statement of Net Position.	229,090
The change in the defined benefit net pension liability, pension related outflows of resources, and pension related inflows of resources are not reported in the governmental funds. This is the net effect of the change in these balances in the Statement of Net Position.	(690,601)
<b>Change in net position of governmental activities</b>	<b>\$ (1,220,533)</b>

See Notes to Financial Statements.

# **FREMONT COUNTY SCHOOL DISTRICT NO. 6**

## **STATEMENT OF NET POSITION PROPRIETARY FUNDS**

**June 30, 2016**

<b>ASSETS</b>	<b>Housing Fund</b>	<b>Nonmajor - Food Service Fund</b>	<b>Total</b>
Current Assets			
Cash	\$ 170,029	\$ 4,286	\$ 174,315
Inventory	-	12,806	12,806
Due from other funds	4,500	-	4,500
<b>Total current assets</b>	<b>174,529</b>	<b>17,092</b>	<b>191,621</b>
Noncurrent Assets			
Construction in progress	6,344	-	6,344
Depreciable property and equipment, net of accumulated depreciation	354,645	1,027	355,672
<b>Total noncurrent assets</b>	<b>360,989</b>	<b>1,027</b>	<b>362,016</b>
<b>Total assets</b>	<b>535,518</b>	<b>18,119</b>	<b>553,637</b>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	98	-	98
Accrued liabilities	-	5,758	5,758
Due to other funds	-	19,332	19,332
Unearned revenues	6,500	-	6,500
<b>Total current liabilities</b>	<b>6,598</b>	<b>25,090</b>	<b>31,688</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	360,989	1,027	362,016
Unrestricted (deficit)	167,931	(7,998)	159,933
<b>Total net position</b>	<b>\$ 528,920</b>	<b>\$ (6,971)</b>	<b>\$ 521,949</b>

See Notes to Financial Statements.

**FREMONT COUNTY SCHOOL DISTRICT NO. 6**

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

**Year Ended June 30, 2016**

	Housing Fund	Nonmajor - Food Service Fund	Total
Operating Revenues			
School meal sales	\$ -	\$ 65,163	\$ 65,163
Rental income	29,280	-	29,280
<b>Total operating revenues</b>	<b>29,280</b>	<b>65,163</b>	<b>94,443</b>
Operating Expenses			
Payroll costs	-	178,910	178,910
Direct food costs	-	102,014	102,014
Supplies	4,660	6,038	10,698
Utilities	2,002	-	2,002
Repairs and maintenance	9,708	1,529	11,237
Property taxes	5,076	-	5,076
Other costs	-	656	656
Depreciation expense	10,383	2,644	13,027
<b>Total operating expenses</b>	<b>31,829</b>	<b>291,791</b>	<b>323,620</b>
<b>Net operating (loss)</b>	<b>(2,549)</b>	<b>(226,628)</b>	<b>(229,177)</b>
Nonoperating Revenues			
Donated commodities	-	11,305	11,305
Federal and state operating grants	-	107,039	107,039
Interest income	173	50	223
<b>Total nonoperating revenues</b>	<b>173</b>	<b>118,394</b>	<b>118,567</b>
<b>(Loss) before transfers</b>	<b>(2,376)</b>	<b>(108,234)</b>	<b>(110,610)</b>
Transfers In	-	110,000	110,000
<b>Change in net position</b>	<b>(2,376)</b>	<b>1,766</b>	<b>(610)</b>
Net Position, beginning of year	531,296	(8,737)	522,559
Net Position, end of year	\$ 528,920	\$ (6,971)	\$ 521,949

See Notes to Financial Statements.

**FREMONT COUNTY SCHOOL DISTRICT NO. 6**

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

	Housing Fund	Nonmajor - Food Service Fund	Total
Cash Flows from Operating Activities			
Cash received from food service charges	\$ -	\$ 65,163	\$ 65,163
Cash received from rentals	33,330	-	33,330
Cash payments to employees for services	-	(175,450)	(175,450)
Cash payments to suppliers for services	(21,523)	(102,516)	(124,039)
<b>Net cash provided by (used in) operating activities</b>	<b>11,807</b>	<b>(212,803)</b>	<b>(200,996)</b>
Cash Flows from Noncapital Financing Activities			
Operating grants	-	107,039	107,039
Interfund settlements	(4,500)	110,000	105,500
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(4,500)</b>	<b>217,039</b>	<b>212,539</b>
Cash Flows from Investing Activities			
Interest income	173	50	223
<b>Increase in cash</b>	<b>7,480</b>	<b>4,286</b>	<b>11,766</b>
Cash			
Beginning of year	162,549	-	162,549
End of year	170,029	4,286	174,315
Reconciliation of Operating (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating (loss)	(2,549)	(226,628)	(229,177)
Adjustments to reconcile operating (loss) to net cash provided by (used in) operating activities:			
Commodity subsidy	-	11,305	11,305
Depreciation	10,383	2,644	13,027
Change in assets and liabilities:			
Inventory	-	(2,819)	(2,819)
Accounts payable	(77)	(765)	(842)
Accrued liabilities	-	3,460	3,460
Unearned revenue	4,050	-	4,050
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 11,807</b>	<b>\$ (212,803)</b>	<b>\$ (200,996)</b>

See Notes to Financial Statements.

**FREMONT COUNTY SCHOOL DISTRICT NO. 6**

**STATEMENT OF NET POSITION**

**FIDUCIARY FUND**

**June 30, 2016**

	Student Activities Fund
<b>ASSETS</b>	
Cash	\$ 107,779
Accounts Receivable	<u>3,634</u>
<b>Total assets</b>	<u><u>111,413</u></u>
<b>LIABILITIES</b>	
Accounts Payable	1,710
Due to Student Groups	<u>109,703</u>
<b>Total liabilities</b>	<u><u>\$ 111,413</u></u>

See Notes to Financial Statements.

# FREMONT COUNTY SCHOOL DISTRICT NO. 6

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Nature of Operations and Significant Accounting Policies

Financial reporting entity: Fremont County School District No. 6 (the “District”) is governed by an elected seven-member Board of Trustees (the “Board”), which has governance responsibilities over activities related to public elementary and secondary school education in the central portion of Fremont County, Wyoming. The District operates Wind River High School, Wind River Learning Academy, Wind River Middle School, and two elementary schools, Wind River Elementary School and Crowheart Elementary School. The District receives funding from local, county, state and Federal government sources and must comply with the requirements of these funding entities. The District is not included in any other governmental reporting entity as defined in Section 2100, *Codification of Governmental Accounting and Financial Reporting Standards*, since Board members are elected by the public; have decision-making authority; have the power to designate management; have the responsibility to significantly influence operations; and have primary accountability for fiscal matters. The District has no component units.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles and standards.

Government-wide and fund financial statements: The government-wide financial statements, including the Statement of Net Position and the Statement of Activities, report information on all of the non-fiduciary activities of the District. These statements distinguish between the governmental and business-type activities of the District. Governmental activities are generally financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or part by fees charged to external parties.

In general, the effect of interfund transactions has been eliminated from the government-wide financial statements. Exceptions to this general rule are transactions between the District’s governmental and business-type activities. Elimination of these transactions would distort the direct costs and program revenues reported for the various functions concerned.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District’s governmental activities and the different business-type activities of the District. Direct expenses are those that are specifically associated with a program or function. The District does not charge indirect expenses to programs or functions. Program revenues include: (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The fund financial statements provide information on the District’s funds, including its fiduciary funds. Separate statements for each fund category — Governmental, Proprietary and Fiduciary — are presented. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed separately.

## FREMONT COUNTY SCHOOL DISTRICT NO. 6

### NOTES TO FINANCIAL STATEMENTS

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Measurement focus, basis of accounting, and financial statements presentation: The government-wide, proprietary funds and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements stipulated by the provider have been met and satisfied.

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 measurable when the amount of the transaction can be determined and available when they are collected 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 30 days after the end of the current fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims, judgments, compensated absences and early retirement liabilities, which are recognized to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt and acquisitions under capital leases are reported as other financing sources.

The District reports the following major governmental funds:

*General Fund:* The General Fund is the primary operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. Most of the instructional and support service programs of the District are accounted for in the General Fund. The revenue of the fund consists primarily of local property taxes and state funds.

*Major Maintenance Fund:* The Major Maintenance Fund accounts for capital projects and large maintenance projects for the District. The revenue of the fund consists primarily of state funds.

The District reports the following proprietary funds:

*Housing Fund:* The Housing Fund accounts for activities related to the housing units that the District has available to rent to employees. Revenue of the fund consists primarily of rental fees and utility fees charged to the tenants. This is considered to be a major fund.

*Food Service Fund:* The Food Service Fund is used to account for the District's school lunch program, which make sales to students and other individuals. Operating revenues are comprised of user charges. Nonoperating revenues include grant revenues, donated commodities, and interest income.

The District reports the following fiduciary fund:

*Student Activities Fund:* The Student Activities Fund is an agency fund used to account for activities of student groups and other types of activities requiring clearing accounts. This fund has no net position; assets are equal to liabilities and do not include revenues and expenditures for general operations of the District.

## FREMONT COUNTY SCHOOL DISTRICT NO. 6

### NOTES TO FINANCIAL STATEMENTS

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#### Assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position or fund balance:

*Cash and cash equivalents:* Cash consists of demand deposit accounts, money market accounts and petty cash. The District considers all highly liquid investments, such as non-negotiable certificates of deposit with maturities of three months or less when purchased to be cash equivalents, excluding the Wyoming Government Investment Fund (WGIF), and the Wyoming State Treasurer's Investment Pool (WYO-Star).

*Cash with fiscal agent:* Cash with fiscal agent in the general and other governmental funds represents property taxes and/or other funds collected and held by the Fremont County Treasurer which have not been remitted to the District at June 30.

*Investments:* Investments, which consist of negotiable certificates of deposit, WGIF, WYO-Star, and U.S. Government securities and agency bonds, are reported at fair value at June 30, 2016. The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District had recurring fair value measurements as of June 30, 2016 of negotiable certificates of deposit and U.S. Government securities and agency bonds in the amount of \$2,703,145, which are valued using a matrix pricing model and the market approach (Level 2 inputs).

*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 Net Position, except for the net residual amounts due between governmental and business-type activities.

*Inventories:* Inventories, which consist primarily of instructional and food supplies, are reported at the lower of cost (first-in, first-out) or market value or, if donated, at acquisition value when received. Donated food commodities are reported in the Food Service Fund as revenue and expense when received. 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.

*Capital assets:* Capital assets are reported in the government-wide financial statements and the proprietary funds. Purchased or constructed capital assets are reported at historical cost, less accumulated depreciation. If historical cost is unknown, estimated historical cost is used. Donated capital assets are recorded at estimated acquisition value at the date of donation. Costs of routine repairs and maintenance that do not improve or extend the useful lives of the related assets are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. When capital assets are sold or otherwise disposed of, the cost and associated accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in the government-wide Statement of Activities, or the Statement of Revenues, Expenses and Changes in Fund Net Position, in the case of proprietary funds.



## FREMONT COUNTY SCHOOL DISTRICT NO. 6

### NOTES TO FINANCIAL STATEMENTS

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All reported capital assets except land and construction in progress are depreciated. Depreciation is calculated on capital assets using the straight-line method over the estimated useful lives of those assets, as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Buildings and building improvements	20 to 50 years	20 to 50 years
Equipment	5 to 10 years	5 to 10 years
Vehicles	5 to 10 years	--

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

In general, governmental funds payables and accrued liabilities that are paid in a timely manner from current financial resources are reported as obligations of the funds.

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

*Defined benefit 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) and additions to/deductions from the WRS's fiduciary net position have been determined on the same basis as they are reported by the 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.

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

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

*Deficit net position:* The Food Service Fund (nonmajor) had a deficit net position of \$(6,971) at June 30, 2016. This fund deficit is due to reduced participation and increasing food costs.

## FREMONT COUNTY SCHOOL DISTRICT NO. 6

### NOTES TO FINANCIAL STATEMENTS

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*Fund balance:* The District reports fund balance in the governmental fund financial statements in one of the following five categories: 1) *Nonspendable fund balance* represents amounts that are not in spendable form for which the District includes inventories; 2) *Restricted fund balance* represents amounts constrained to a specific purpose by their providers, through constitutional provisions, or by enabling legislation; 3) *Committed fund balance* represents amounts constrained to a specific purpose by the Board of Trustees through formal motion. Amounts reported as committed cannot be used for any other purpose unless the Board of Trustees makes another formal motion; 4) *Assigned fund balance* represents amounts constrained by the District's intent to use them for a specific purpose. Although the District does not have a policy specific to assigned fund balance, other District policies authorize certain individuals to enter into purchase orders which may result in encumbrances at year end; and 5) *Unassigned fund balance* represents amounts that have not been restricted, committed, or assigned to a specific purpose.

As of June 30, 2016, the District does not have a policy on the order in which unrestricted (committed, assigned, or unassigned) resources are to be used when any of these amounts are available for expenditure. As a result, the District assumes the default approach that resources be used in the following order: committed, assigned, and unassigned.

Encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year end. The District did not have any encumbrances as of June 30, 2016.

*Property taxes:* Property is annually valued and assessed January 1. Taxes are levied on or about August 1 and payable in two installments on September 1 and March 1. Fremont County bills and collects its own property taxes and also taxes for all municipalities and political subdivisions within the County, including the District. If not paid, property taxes attach as an enforceable lien on property as of May 11. 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 30 days of the fiscal year end to be used to pay liabilities of the current period on the fund financial statements.

Property taxes receivable totaling \$1,773,910 for property taxes valued and assessed prior to June 30, 2016 but not levied or available for spending until fiscal year 2017 is reported on the fund financials and on the government-wide financial statements and is included in deferred inflows of resources on both statements as these revenues may not be used until fiscal year 2017.

The District is required by Wyoming Statutes to levy taxes of 25 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, as well as 0.75 mill for recreation district tax. The mill for recreation district tax is approved by the District and paid directly to the recreation district from the County. 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 31 mills.

The District is authorized by Wyoming State Statutes to levy and collect property tax revenue on behalf of an established Recreation District.

## FREMONT COUNTY SCHOOL DISTRICT NO. 6

### NOTES TO FINANCIAL STATEMENTS

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Some of the District's taxes were paid under protest to the County Treasurer during the 2016 year. This means that the property owners are disputing the assessed valuation of their property and, therefore, the amount of their property tax bill. When taxes are paid under protest, the Treasurer must hold that money in a protest account until the protest is resolved with the State Board of Equalization. Because the taxes were paid under protest, and the ultimate amount the District will receive is still in question, no receivable has been recognized on the financial statements for those taxes.

*Grant revenue:* The District receives financial assistance from governmental agencies in the form of grants, which are accounted for in a special revenue fund. Funds received but not earned at June 30, 2016 are recorded as unearned revenue.

*Operating and nonoperating revenues:* Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Use of estimates: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### Recent pronouncements:

In February 2015, the GASB issued GASB Statement No. 72, *Fair Value Measurement and Application*. This statement was issued to address accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In addition, this statement provides guidance for determining a fair value measurement for financial reporting purposes and provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement is effective for years beginning after June 15, 2015. The impact of adopting this statement is reflected in the financial statements.

In December 2015, the GASB issued GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This statement was issued to address accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This statement also establishes additional disclosure requirements for qualifying external investment pools and their participants to include information about any limitations or restrictions on participant withdrawals. This statement is effective for years beginning after June 15, 2015. Disclosures were evaluated to conform to provisions of this statement and were applied in the year ended June 30, 2016.

## FREMONT COUNTY SCHOOL DISTRICT NO. 6

### NOTES TO FINANCIAL STATEMENTS

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In March 2016, the GASB issued GASB Statement No. 82, *Pension Issues, an amendment of GASB Statements No. 67, No. 68, and No. 73*. This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement is effective for years beginning after June 15, 2016, except for the requirements of this statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier adoption is allowed. Management has elected to adopt this update for the fiscal year ended June 30, 2016. The impact of adopting this statement is reflected in the financial statements.

#### Note 2. Cash and Investments

Cash and investments as of June 30, 2016 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 4,743,699
Fiduciary fund:	
Cash	107,779
<b>Total cash and investments</b>	<b>\$ 4,851,478</b>

Cash and investments as of June 30, 2016 consist of the following:

Deposits with financial institutions	\$ 1,604,230
Certificates of deposit (non-negotiable)	89,883
Investments:	
WGIF	32,976
WYO-Star	421,244
Certificates of deposit (negotiable)	632,117
U.S. Government securities	202,053
U.S. Agencies	1,868,975
<b>Total cash and investments</b>	<b>\$ 4,851,478</b>

Investments authorized by the District's investment policy: The District follows the guidelines set forth in Wyoming State Statute 9-4-831 as it relates to the investment of public funds. District policy restricts investments to certificates of deposit with local banks, WGIF, and WYO-Star, unless specific Board action authorizes an alternative investment. All investments made during the year were made within these limits. The District has no policies in place related to exposure to credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk.

## FREMONT COUNTY SCHOOL DISTRICT NO. 6

### NOTES TO FINANCIAL STATEMENTS

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The District's investment activity includes two external investment pools. WGIF was established pursuant to the Wyoming Statutory Trust Act. Shares of this fund are offered exclusively to Wyoming governmental entities. In addition, the District invests funds in WYO-Star, which is a pooled investment account established pursuant to the Wyoming Statutory Trust Act and offered through the State of Wyoming, State Treasurer's Office. The fair value of the District's position in each of these funds is the same as the fair value of the pool shares. Investments held in these external investment pools have no withdrawal restrictions.

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. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to credit risk. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. Under investment agreements with WYO-Star and WGIF, the District has invested monies at a variable and fixed contract rate of interest, respectively. There is no rating available for the WYO-Star investment; however, under Wyoming State Statutes, underlying providers are required to have the highest rating from at least one of the nationally recognized rating organizations. The WGIF investment received an AAAM rating by Standard & Poor's. State law does not allow governments to invest in corporate bonds, stocks, or mutual funds and limits investments in commercial paper to short-term maturities (not greater than 270 days) and to top ratings issued by nationally recognized statistical rating organizations (Moody's and Standard and Poor's). Obligations of the U.S. Government and obligations specifically guaranteed are backed by the full faith and credit of the U.S. Government. Of the investments in U.S. Government securities, \$202,053 were rated AAA by Moody's. Of the investments in U.S. agencies, \$1,473,717 were rated AAA by Moody's and \$395,258 were not rated.

Custodial credit risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits held in District bank accounts are insured by Federal depository insurance or are collateralized with securities held by the custodian bank under safekeeping or Federal Reserve receipts in the name of the District and the financial institution in accordance with Wyoming State Statutes. As of June 30, 2016, the District had balances in the bank of \$2,243,380, which were fully collateralized or insured.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of government investment pools. As of June 30, 2016, all other investment securities were held by the District's custodian and registered in the District's name.

Concentration of credit risk: The District places no limit on the amount the District may invest in any one issuer. The District's investments are in the WGIF, WYO-Star, and the District's portfolio held by the custodian. These investments combined to represent 100% of the District's total investments. The District held the following concentrations in its portfolio:

# FREMONT COUNTY SCHOOL DISTRICT NO. 6

## NOTES TO FINANCIAL STATEMENTS

Portfolio	Investment Value	% of Total from Issuer
U.S. Treasury Notes	\$ 202,053	6.40%
Federal Agricultural Mortgage Corp.	157,291	4.98%
Federal Farm Credit Banks	251,663	7.97%
Federal Home Loan Banks	316,292	10.02%
Federal Home Loan Mortgage Corp.	358,730	11.36%
Federal National Mortgage Association	784,999	24.86%
<b>Total</b>	<b>\$ 2,071,028</b>	<b>65.59%</b>

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The maturities and applicable interest rates of the District's investments are as follows:

Investment Type	Fair Value	Interest Rate	Maturities in Years			
			Less Than 1	1-5	6-10	More Than 10
Certificates of Deposit (negotiable)	\$ 632,117	0.65 - 2.4%	\$ 150,616	\$ 481,501	\$ -	\$ -
U.S. Government Securities	202,053	0.62 - 1.25%	50,321	151,732	-	-
U.S. Agencies	1,868,975	0.80 - 3.5%	90,542	1,620,828	105,427	52,178
State Treasurer's Investment Pool (WYO-STAR)	421,244	0.2123 - 0.4136%	421,244	-	-	-
Wyoming Government Investment Fund (WGIF)	32,976	0.39%	32,976	-	-	-
	<u>\$ 3,157,365</u>		<u>\$ 745,699</u>	<u>\$ 2,254,061</u>	<u>\$ 105,427</u>	<u>\$ 52,178</u>

# FREMONT COUNTY SCHOOL DISTRICT NO. 6

## NOTES TO FINANCIAL STATEMENTS

### Note 3. Capital Assets

Capital asset activity for the year ended June 30, 2016 is as follows:

	June 30, 2015	Additions	Disposals	June 30, 2016
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 109,259	\$ -	\$ -	\$ 109,259
Construction in progress	52,247	53,544	(16,720)	89,071
<b>Total capital assets, not being depreciated</b>	<b>161,506</b>	<b>53,544</b>	<b>(16,720)</b>	<b>198,330</b>
Capital assets, being depreciated:				
Buildings and improvements	24,131,393	234,839	(448,156)	23,918,076
Vehicles	1,799,856	418,092	(115,406)	2,102,542
Equipment	2,673,035	27,791	(697,378)	2,003,448
<b>Total capital assets, being depreciated</b>	<b>28,604,284</b>	<b>680,722</b>	<b>(1,260,940)</b>	<b>28,024,066</b>
Less accumulated depreciation for:				
Buildings and improvements	(6,361,456)	(591,182)	246,509	(6,706,129)
Vehicles	(899,435)	(187,138)	115,406	(971,167)
Equipment	(2,508,432)	(35,038)	651,088	(1,892,382)
<b>Total accumulated depreciation</b>	<b>(9,769,323)</b>	<b>(813,358)</b>	<b>1,013,003</b>	<b>(9,569,678)</b>
<b>Total capital assets, net of depreciation</b>	<b>18,834,961</b>	<b>(132,636)</b>	<b>(247,937)</b>	<b>18,454,388</b>
<b>Governmental activities, capital assets, net</b>	<b>\$ 18,996,467</b>	<b>\$ (79,092)</b>	<b>\$ (264,657)</b>	<b>\$ 18,652,718</b>

# FREMONT COUNTY SCHOOL DISTRICT NO. 6

## NOTES TO FINANCIAL STATEMENTS

### Business-type activities:

	June 30, 2015	Additions	Disposals	June 30, 2016
<b>Housing Fund</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 6,344	\$ -	\$ -	\$ 6,344
Capital assets, being depreciated, less related accumulated depreciation:				
Buildings and improvements	\$ 469,758	\$ -	\$ -	\$ 469,758
Accumulated depreciation	(104,730)	(10,383)	-	(115,113)
<b>Total capital assets, net of depreciation</b>	<b>\$ 365,028</b>	<b>\$ (10,383)</b>	<b>\$ -</b>	<b>\$ 354,645</b>
<b>Housing Fund, capital assets, net</b>	<b>\$ 365,028</b>	<b>\$ (10,383)</b>	<b>\$ -</b>	<b>\$ 354,645</b>

	June 30, 2015	Additions	Disposals	June 30, 2016
<b>Food Service Fund</b>				
Equipment	\$ 192,521	\$ -	\$ (2,348)	\$ 190,173
Accumulated depreciation	(188,850)	(2,644)	2,348	(189,146)
<b>Food Service Fund, capital assets, net</b>	<b>\$ 3,671</b>	<b>\$ (2,644)</b>	<b>\$ -</b>	<b>\$ 1,027</b>

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

Governmental Activities	
Instruction:	
Regular instruction	\$ 20,544
Support services:	
General administration services	1,571
General maintenance services	604,106
Transportation services	187,137
<b>Total depreciation expenses - governmental activities</b>	<b>\$ 813,358</b>
Business-Type Activities	
Housing Fund	\$ 10,383
Food Service Fund	2,644
<b>Total depreciation expenses - business-type activities</b>	<b>\$ 13,027</b>



## FREMONT COUNTY SCHOOL DISTRICT NO. 6

### NOTES TO FINANCIAL STATEMENTS

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#### Note 4. Interfund Receivables, Payables, and Transfers

The composition of due to/due from other funds as of June 30, 2016 is as follows:

	Due To	Due From
General Fund	\$ 54,184	\$ -
Major Maintenance Fund	1,050	-
Grants Fund	-	39,972
Asset Replacement Fund	-	430
Housing Fund	4,500	-
Food Service Fund	-	19,332
	<u>\$ 59,734</u>	<u>\$ 59,734</u>

The balances in interfund receivables and payables 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.

Interfund transfers for the year ended June 30, 2016 are as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 116,432
Asset Replacement Fund	6,432	-
Food Service Fund	110,000	-
	<u>\$ 116,432</u>	<u>\$ 116,432</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, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

#### Note 5. Long-Term Obligations

Capital lease obligations: During the year ended June 30, 2016, the District entered into one lease for the purchase of transportation equipment at a cost of \$392,195. This lease is to be paid over a five-year period beginning on June 30, 2016. In addition, the District has three additional leases in existence as of June 30, 2016 relating to the purchase of transportation equipment in previous years. As of June 30, 2016, the District's outstanding lease payable extends through fiscal year ending June 30, 2020 with interest rates ranging from 1.67% to 2.95%. The District has accounted for these transactions as capital leases. The cost and accumulated depreciation of assets acquired through capital leases existing as of June 30, 2016 is \$1,094,500 and \$216,435, respectively.

## FREMONT COUNTY SCHOOL DISTRICT NO. 6

### NOTES TO FINANCIAL STATEMENTS

Following is a schedule by year of anticipated lease payments under the capital leases as of June 30, 2016:

Year ending June 30,	Principal	Imputed Interest	Total
2017	\$ 217,884	\$ 13,483	\$ 231,367
2018	222,596	8,773	231,369
2019	148,614	3,953	152,567
2020	80,630	1,347	81,977
	<u>\$ 669,724</u>	<u>\$ 27,556</u>	<u>\$ 697,280</u>

The capital lease obligations for the transportation equipment are paid through the General Fund.

Summary: A summary of changes in long-term obligations of the District for the year ended June 30, 2016 is as follows:

	June 30, 2015	Additions	Reductions	June 30, 2016	Amount Due Within One Year
Compensated absences	\$ 96,307	\$ 68,603	\$ (62,225)	\$ 102,685	\$ 78,041
Capital leases	506,619	392,195	(229,090)	669,724	217,884
	<u>\$ 602,926</u>	<u>\$ 460,798</u>	<u>\$ (291,315)</u>	<u>\$ 772,409</u>	<u>\$ 295,925</u>

#### Note 6. Retirement Commitment – Wyoming Retirement System

Plan description: Substantially all employees of the District, excluding non-permanent employees, are provided with pensions through the Public Employee Pension Plan – a statewide cost-sharing multiple-employer defined benefit pension plan administered by the Wyoming Retirement System (WRS). The authority to establish and amend benefits and contributions rates rests with the Legislature of the State of Wyoming. WRS is granted the authority to administer the Plan by Wyoming State Statutes 9-3-401 through 432. WRS issues a publicly available financial report that can be obtained at <http://retirement.state.wy.us/home/index.html>.

Benefits provided: The determination of retirement benefits is dependent upon the employee's initial employment date.

*Service Retirement Tier 1:* Full retirement at age 60 or qualifies for the Rule of 85. Early retirement is permitted at age 50 or 25 years of service. Formula for retirement equals 2.125% times the number of years of service times the three-year highest average salary for the first 15 years and 2.25% times the number of years of service times the three-year highest average over 15 years.

*Service Retirement Tier 2:* Full retirement at age 65 or qualifies for the Rule of 85. Early retirement is permitted at age 55 or 25 years of service. Formula for retirement equals 2% times the number of years of service times the five-year highest average salary.

## FREMONT COUNTY SCHOOL DISTRICT NO. 6

### NOTES TO FINANCIAL STATEMENTS

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*Disability Benefits:* Partial or total disability retirement is available to any member who becomes incapacitated, mentally or physically, and cannot continue in the performance of his/her duties. To qualify, the member must have at least 10 years of service and must be “in service” at the time of application for disability retirement. Upon retirement for a partial disability, the member receives a monthly disability retirement benefit for the period of his/her disability equal to 50% of the normal benefit payable to the member, as if the member was eligible for normal retirement benefits. Upon retirement for a total disability, the member receives a monthly disability benefit equal to 100% of his service retirement benefit as if the member was eligible for normal retirement benefits. Disability benefits are payable for the life of the member or until death.

*Survivor's Benefits:* Certain surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased, as well as the benefit option selected by the member at the date of retirement.

Contributions: Per Title 9-3-412 and 413 of Wyoming State Statutes, for the year ended June 30, 2016, member contributions were required to be 8.25% of compensation and employer contributions were required to be 8.37% of compensation. In accordance with Title 9-3-412(c)(ii) of Wyoming State Statutes, the District has elected to pay 6.2% of the member's contribution in addition to the employer's contribution. Total contributions to the pension plan paid by the District were \$598,870 for the year ended June 30, 2016.

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 liability of \$5,945,249 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 as of January 1, 2016. The District's proportion of the net pension liability was based on the relationship of the District's total contributions to the plan for the year ended December 31, 2015 to the contributions of all participating employers for the same period. At December 31, 2015, the District's proportion was 0.255232252%, which was a decrease from its December 31, 2014 proportion of 0.257469241%.

For the year ended June 30, 2016, the District recognized pension expense of \$1,059,724. 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
Differences between expected and actual experience	\$ -	\$ (125,774)
Net difference between projected and actual earnings on pension plan investments	1,458,329	-
Changes in proportionate share of contributions	95,873	(29,389)
Contributions subsequent to the measurement date	201,064	-
	<u>\$ 1,755,266</u>	<u>\$ (155,163)</u>

## FREMONT COUNTY SCHOOL DISTRICT NO. 6

### NOTES TO FINANCIAL STATEMENTS

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An amount of \$201,064 reported as deferred outflows of resources related to pensions resulting from the District's 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 of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ 382,216
2018	382,216
2019	339,874
2020	294,733
	<hr/>
	\$ 1,399,039
	<hr/>

Actuarial assumptions: The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.25% – 6.0%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB.

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

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

Experience analysis: An experience study was conducted on behalf of all WRS's plans covering the five-year period ended December 31, 2011. That study provided a detailed analysis concerning the development of the long-term inflation rate, real rate of return and discount rate. The study also analyzed each major actuarial assumption (e.g., mortality, salary increases, retirement, termination, and disability) and proposed assumptions consistent with the findings.

## FREMONT COUNTY SCHOOL DISTRICT NO. 6

### NOTES TO FINANCIAL STATEMENTS

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Discount rate: The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the current contribution rate. 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 employer's proportionate share of the net pension liability to changes in the discount rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75%, 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%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the net pension liability	\$ 8,535,271	\$ 5,945,249	\$ 3,755,610

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued WRS financial report available from the Wyoming Retirement System, 6101 Yellowstone Road, Cheyenne, Wyoming 82002 or at <http://retirement.state.wy.us/home/index.html>.

#### **Note 7. 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. During the year ended June 30, 2016, the District contracted with various insurance companies for property insurance (including boiler and machinery), general liability insurance, professional insurance, and vehicle insurance. The coverages under each type of insurance policy vary in amounts and deductibles. The District has not had significant settlements exceeding insurance coverage in any of the past three fiscal years.

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

## FREMONT COUNTY SCHOOL DISTRICT NO. 6

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 8. Contingent Liabilities**

Litigation: The District is occasionally named as a defendant in lawsuits arising principally in the normal course of operations. In the opinion of the administration, the outcome of these lawsuits will not have a materially adverse effect on the accompanying government-wide financial statements and, accordingly, no provision for loss has been recorded.

Grant programs: The District receives significant financial assistance from Federal and state governmental agencies in the form of grants, which are governed by various rules and regulations of the grantor agencies. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by governmental auditors. Therefore, to the extent that the District has not complied with the terms and conditions governing the grants, refunds of any money received may be required, and the collectability of any related receivables at June 30, 2016, may be impaired. Based on prior experience, the District administration believes such amounts, if any, would be immaterial.

## **REQUIRED SUPPLEMENTARY INFORMATION**

# **FREMONT COUNTY SCHOOL DISTRICT NO. 6**

## **SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 2,459,347	\$ 2,459,347	\$ 2,486,210	\$ 26,863
Interest and investment earnings	8,824	8,824	43,267	34,443
Other local sources	186,950	186,950	216,764	29,814
Other county sources	76,200	76,200	68,262	(7,938)
State sources	5,773,530	5,773,530	5,443,810	(329,720)
Federal sources	156,000	156,000	251,199	95,199
<b>Total revenues</b>	<b>8,660,851</b>	<b>8,660,851</b>	<b>8,509,512</b>	<b>(151,339)</b>
<b>Expenditures</b>				
Instruction:				
Regular instruction	3,340,856	3,335,649	3,361,657	(26,008)
Special education instruction	1,075,597	1,080,804	791,990	288,814
Vocational education	164,480	164,480	129,094	35,386
<b>Total instruction</b>	<b>4,580,933</b>	<b>4,580,933</b>	<b>4,282,741</b>	<b>298,192</b>
Support services:				
Pupil services	779,292	773,528	626,734	146,794
Staff services	424,854	430,619	396,763	33,856
Central administration services	524,258	530,618	510,281	20,337
School administration services	607,451	603,101	588,677	14,424
Business administration services	213,374	212,274	180,931	31,343
General administration services	118,400	85,715	83,509	2,206
General maintenance services	977,224	1,011,308	853,851	157,457
Transportation services	900,173	897,863	876,993	20,870
<b>Total support services</b>	<b>4,545,026</b>	<b>4,545,026</b>	<b>4,117,739</b>	<b>427,287</b>
<b>Total expenditures</b>	<b>9,125,959</b>	<b>9,125,959</b>	<b>8,400,480</b>	<b>725,479</b>
<b>Excess (deficiency) of revenue over expenditures before transfers</b>	<b>(465,108)</b>	<b>(465,108)</b>	<b>109,032</b>	<b>574,140</b>
Transfers (to) other funds	(141,482)	(141,482)	(116,432)	25,050
<b>Net change in fund balance</b>	<b>\$ (606,590)</b>	<b>\$ (606,590)</b>	<b>\$ (7,400)</b>	<b>\$ 599,190</b>

See Notes to Required Supplementary Information.



**FREMONT COUNTY SCHOOL DISTRICT NO. 6**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL - MAJOR MAINTENANCE FUND  
Year Ended June 30, 2016**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
State sources	\$ 993,646	\$ 993,646	\$ 343,646	\$ (650,000)
Interest and investment earnings	-	-	10,104	10,104
<b>Total revenues</b>	<u>993,646</u>	<u>993,646</u>	<u>353,750</u>	<u>(639,896)</u>
Expenditures				
Support services:				
General maintenance services	1,050,000	1,050,000	323,644	726,356
<b>Total expenditures</b>	<u>1,050,000</u>	<u>1,050,000</u>	<u>323,644</u>	<u>726,356</u>
<b>Net change in fund balance</b>	<u>\$ (56,354)</u>	<u>\$ (56,354)</u>	<u>\$ 30,106</u>	<u>\$ 86,460</u>

See Notes to Required Supplementary Information.

**FREMONT COUNTY SCHOOL DISTRICT NO. 6**

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY**

**Public Employee Pension Plan**

**Years Ended June 30, 2016, 2015, and 2014\***

	District's proportion of the net pension liability	District's proportionate share of the net pension liability	District's covered payroll	District's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2014	0.244901351%	\$ 3,723,481	\$ 4,335,004	85.89%	81.10%
2015	0.257469241%	4,543,540	4,501,221	100.94%	79.08%
2016	0.255232252%	5,945,249	4,608,854	129.00%	73.40%

*\* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. This schedule is to be built prospectively until it contains ten years of data.*

See Notes to Required Supplementary Information.

## FREMONT COUNTY SCHOOL DISTRICT NO. 6

### SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

#### Public Employee Pension Plan

Years Ended June 30, 2016, 2015, and 2014\*

	Statutorily required contribution	Contribution in relation to the statutorily required contribution	Contribution deficiency (excess)	District's covered employee payroll	Contribution as a percentage of covered payroll
2014	\$ 304,937	\$ 304,937	\$ -	\$ 4,282,827	7.12%
2015	314,430	314,430	-	4,126,382	7.62%
2016	399,334	399,334	-	4,705,239	8.49%

*\* This schedule is to be built prospectively until it contains ten years of data.*

See Notes to Required Supplementary Information.

## FREMONT COUNTY SCHOOL DISTRICT NO. 6

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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#### **Note 1. Budgetary Information**

The Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for the General Fund and Major Maintenance Fund present a comparison of the legally adopted budget with actual data. Under Wyoming law, the District's approved budgets establish maximum legal authorization for expenditures during the fiscal year. The budgets are prepared on the cash basis and the revenues and expenditures presented in the aforementioned schedule are on the modified accrual basis. Any differences in revenues and expenditures as a result of the difference in accounting basis are considered immaterial. Unused appropriations lapse at the end of the year, unless the Board extends existing encumbrances beyond year-end.

On or before May 15<sup>th</sup> of each year, the District's administration submits to the Board a preliminary operating budget for each of the budgeted funds for the fiscal year commencing July 1<sup>st</sup>. The operating budgets include proposed expenditures detailed at the functional level and the means of financing them.

In July, the Board conducts its annual budget hearing and budgets are legally adopted through the passage of an appropriation by the Board.

Actual expenditures and operating transfers out may not legally exceed budget appropriations at the functional level. The legal level of budgetary control is the functional level at which the Board must approve any over-expenditures of appropriations or transfers of appropriated amounts.

The School Board may amend the budget after holding a budget hearing at any time during the year. The administration may transfer between budgetary line items within a function without Board approval.

#### **Note 2. Retirement Commitment – Wyoming Retirement System Information**

Changes in benefit terms: There were no changes in benefit terms between the December 31, 2014 measurement date and the December 31, 2015 measurement date.

Changes in assumptions: There were no changes in assumptions between the December 31, 2014 measurement date and the December 31, 2015 measurement date.

## **SUPPLEMENTARY INFORMATION**

**FREMONT COUNTY SCHOOL DISTRICT NO. 6**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**

**June 30, 2016**

	Special Revenue	Capital Projects		Debt	Total
	Grants	Asset	Capital	Service	Nonmajor
	Fund	Replacement	Construction	Fund	Governmental
		Fund	Fund		Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 73,883	\$ 145,026	\$ -	\$ -	\$ 218,909
Cash with fiscal agent	-	-	-	64,999	64,999
Grants receivable	47,030	-	-	-	47,030
<b>Total assets</b>	<b>120,913</b>	<b>145,026</b>	<b>-</b>	<b>64,999</b>	<b>330,938</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	55	-	-	-	55
Accrued liabilities	9,547	-	-	-	9,547
Due to other funds	39,972	430	-	-	40,402
<b>Total liabilities</b>	<b>49,574</b>	<b>430</b>	<b>-</b>	<b>-</b>	<b>50,004</b>
Deferred Inflows of Resources					
Deferred revenue	42,994	-	-	-	42,994
Fund Balances					
Restricted for:					
Grants	28,345	-	-	-	28,345
Debt service	-	-	-	64,999	64,999
Committed, capital asset replacement	-	144,596	-	-	144,596
<b>Total fund balances</b>	<b>28,345</b>	<b>144,596</b>	<b>-</b>	<b>64,999</b>	<b>237,940</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 120,913</b>	<b>\$ 145,026</b>	<b>\$ -</b>	<b>\$ 64,999</b>	<b>\$ 330,938</b>

**FREMONT COUNTY SCHOOL DISTRICT NO. 6**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS**

**Year Ended June 30, 2016**

	Special Revenue Grants Fund	Capital Projects Asset Replacement Fund	Capital Construction Fund	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues					
Other local sources	17,500	-	-	-	17,500
State sources	173,650	-	11,406	-	185,056
Federal sources	393,059	-	-	-	393,059
Interest and investment earnings	315	198	-	1,001	1,514
Miscellaneous	31,000	-	-	-	31,000
<b>Total revenues</b>	<b>615,524</b>	<b>198</b>	<b>11,406</b>	<b>1,001</b>	<b>628,129</b>
Expenditures					
Current:					
Instruction:					
Special education instruction	583,028	-	-	-	583,028
Support services:					
Staff services	29,024	-	-	-	29,024
General maintenance services	-	40,585	11,406	-	51,991
Total support services	29,024	40,585	11,406	-	81,015
Capital outlay	-	32,297	-	-	32,297
<b>Total expenditures</b>	<b>612,052</b>	<b>72,882</b>	<b>11,406</b>	<b>-</b>	<b>696,340</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>3,472</b>	<b>(72,684)</b>	<b>-</b>	<b>1,001</b>	<b>(68,211)</b>
Other Financing Sources					
Operating transfers in	-	6,432	-	-	6,432
<b>Net change in fund balances</b>	<b>3,472</b>	<b>(66,252)</b>	<b>-</b>	<b>1,001</b>	<b>(61,779)</b>
Fund Balances, beginning	24,873	210,848	-	63,998	299,719
Fund Balances, ending	\$ 28,345	\$ 144,596	\$ -	\$ 64,999	\$ 237,940

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

Honorable Superintendent and Board of Trustees  
Fremont County School District No. 6  
Pavillion, Wyoming

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, each major fund, and the aggregate remaining fund information of Fremont County School District No. 6 (the "District") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 13, 2016.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described as item 2016-001 below, that we consider to be a material weakness.



**2016-001:      Preparation of Financial Statements, Related Footnote Disclosures,  
and Accrual Adjustments**

***Condition/Context:*** As part of the audit, management requested us to prepare the District's financial statements, including the related footnotes to the financial statements. Management reviewed, approved and accepted responsibility for those financial statements prior to their issuance. However, several journal entries were identified through the audit processes that were necessary for the financial statements to be fairly presented in conformity with accounting principles generally accepted in the United States of America.

***Criteria:*** Under professional standards, the inability to ensure the propriety and completeness of the financial statements, including footnote disclosures, is considered a control deficiency.

***Cause:*** District personnel have considerable operational experience, but have limited experience in compiling the financial statements and appropriate related footnote disclosures in accordance with accounting principles generally accepted in the United States of America (GAAP), specifically the adjustments necessary for accruals.

***Effect:*** Significant journal entries were posted related to accounts receivable, accounts payable, property and equipment, and deferred inflows of resources.

***Recommendation:*** We recommend that District personnel establish policies and procedures to ensure that complete and accurate information is available to properly record transactions in accordance with GAAP. These policies and procedures would include processes to ensure that: all revenues and expenses are recorded in the proper period, all financial statement balances are properly supported by accurate records, balances are adjusted to the proper amounts, and reconciliations are performed as necessary.

***Views of Responsible Officials and Planned Corrective Action:*** The District operates on a cash basis throughout the fiscal year. Financial statements according to GAAP require a modified accrual system. Although the Business Office provides the auditors with the required information for accruals at the end of the fiscal year, this is not the case throughout the year. The Business Office feels that most of the transactions are on a cash basis and it would not be feasible to create accrual entries throughout the fiscal year, nor would it materially alter the monthly financial statements used internally for the District. The largest portion of the budget (80% consisting of salaries/benefits) is expended/accrued prior to the end of the fiscal year and accounted for on a cash basis within the fiscal year. The remaining portions of expenses/revenues that may miss accrual accounting are less than 10% of the general budget and are accounted for at the end of the fiscal year in order to provide financials similar to a private-sector business.

## **Compliance and Other Matters**

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

### **The District's Response to Finding**

The District's response to the finding identified in our audit is described above as *Views of Responsible Officials and Planned Corrective Action*. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 result of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "McGee, Heurne & Paiz, LLP". The signature is written in a cursive, flowing style.

Cheyenne, Wyoming  
December 13, 2016