

SHERIDAN COUNTY SCHOOL DISTRICT #1

FINANCIAL REPORT

June 30, 2013

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INDEPENDENT AUDITOR'S REPORT

Honorable Superintendent and
Board of Trustees
Sheridan County School District #1
Ranchester, Wyoming

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Sheridan County School District #1, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Sheridan County School District #1's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of Sheridan County School District #1, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Other Supplementary Information and Schedule of Expenditures of Federal Awards

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

Honorable Superintendent and
Board of Trustees
Sheridan County School District #1
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The other supplementary information and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The other supplementary information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2013, on our consideration of Sheridan County School District #1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sheridan County School District #1's internal control over financial reporting and compliance.


Porter, Muirhead, Cornia & Howard
Certified Public Accountants

Casper, WY
December 5, 2013

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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**SHERIDAN COUNTY SCHOOL DISTRICT #1
RANCHESTER, WYOMING**

**MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2013
(UNAUDITED)**

As management of the Sheridan County School District #1, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2013. 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 \$60,788,768 at June 30, 2013 which compares to \$61,975,381 at the beginning of the fiscal year, a decrease of \$1,186,613 or 1.91%.

During the year, the District's net costs for governmental activities were \$(16,241,092). The District's revenue generated in taxes and other revenues for governmental activities was \$15,040,167. The combined net costs for the District's governmental activities and business-type activities were \$(16,316,782). The District's revenue generated in taxes and other revenue for the above activities totaled \$15,130,169.

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two 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 only one *business-type activity*, the Enterprise Fund – 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.

**SHERIDAN COUNTY SCHOOL DISTRICT #1
RANCHESTER, WYOMING**

**MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2013
(UNAUDITED)**

- **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 the capital construction fund are considered major funds and are reported as separate columns in the financial statements. All other governmental funds of the District are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.
- **Proprietary funds.** Proprietary funds are used to account for services for which the District charges participants a fee. These funds, like the government-wide statements, provide both long- and short-term financial information. The Enterprise Fund - Food Service is the only fund in this category for the District.
- **Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District is the trustee, or fiduciary, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The District has three funds in this category, the Scholarships Fund, the Donations Fund, and the Student Activities Fund.

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

Other information.

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

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**SHERIDAN COUNTY SCHOOL DISTRICT #1
RANCHESTER, WYOMING**

**MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2013
(UNAUDITED)**

Financial Analysis of the District as a Whole

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

Condensed Statement of Net Position						
	Restated 2011-2012 Governmental Activities	2012-2013 Governmental Activities	2011-2012 Business-type Activities	2012-2013 Business-type Activities	Restated 2011-2012 Total School District	2012-2013 Total School District
Current and other assets	\$ 4,584,426	\$ 3,103,167	\$ (130,820)	\$ (120,842)	\$ 4,453,606	\$ 2,982,325
Capital assets	61,733,273	61,630,653	11,882	10,593	61,745,155	61,641,246
Total assets	66,317,699	64,733,820	(118,938)	(110,249)	66,198,761	64,623,571
Other liabilities	2,340,507	2,267,460	9,407	757	2,349,914	2,268,217
Long-term liabilities	1,873,466	1,563,559	-	3,027	1,873,466	1,566,586
Total liabilities	4,213,973	3,831,019	9,407	3,784	4,223,380	3,834,803
Net position						
Invested in capital assets, net of related debt	59,946,392	60,067,517	11,882	10,593	59,958,274	60,078,110
Restricted	546,443	527,977	-	-	546,443	527,977
Unrestricted	1,610,891	307,307	(140,227)	(124,626)	1,470,664	182,681
Total net position	\$ 62,103,726	\$ 60,902,801	\$ (128,345)	\$ (114,033)	\$ 61,975,381	\$ 60,788,768

The net investment in capital assets is \$60,078,110, which is the net book value of capital assets (e.g., land, buildings, equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources. An additional portion of the District's net position of \$527,977 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$182,681 may be used to meet the District's ongoing obligations. This surplus is not an indication that the District has significant resources available to meet financial obligations next year, but rather the result of having long-term commitments that are less than currently available resources.

The District's total net position decreased by \$1,186,613 during the year ended June 30, 2013. The total net cost of all governmental activities this year was \$(16,241,092) and of the business-type activity was \$(75,690). The amount paid by the State Foundation program was \$11,207,707 or 74.52% of general revenues.

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**SHERIDAN COUNTY SCHOOL DISTRICT #1
RANCHESTER, WYOMING**

**MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2013
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Changes in the District's Net Position						
	Restated 2011-2012 Governmental Activities	2012-2013 Governmental Activities	2011-2012 Business-type Activities	2012-2013 Business-type Activities	Restated 2011-2012 Total School District	2012-2013 Total School District
Revenues:						
Program revenues:						
Charges for services	\$ -	\$ -	\$ 184,985	\$ 209,513	\$ 184,985	\$ 209,513
Operating grants and contributions	1,243,029	1,070,048	176,092	120,375	1,419,121	1,190,423
Capital grants and contributions	4,452,369	770,299	-	-	4,452,369	770,299
General revenues:						
Taxes	2,731,157	2,857,971	-	-	2,731,157	2,857,971
Governmental aid	12,253,201	12,072,397	-	-	12,253,201	12,072,397
Miscellaneous	42,016	29,486	-	2	42,016	29,488
Transfers	(70,000)	80,313	70,000	90,000	-	170,313
Total revenues	20,651,772	16,880,514	431,077	419,890	21,082,849	17,300,404
Expenses:						
Regular instruction	6,069,527	6,254,460	-	-	6,069,527	6,254,460
Special ed instruction	1,924,648	1,550,197	-	-	1,924,648	1,550,197
Vocational ed instruction	311,985	315,675	-	-	311,985	315,675
Student activities	514,505	496,149	-	-	514,505	496,149
Other instruction	833	11,330	-	-	833	11,330
Pupil services	708,056	680,265	-	-	708,056	680,265
Instructional staff services	1,111,637	1,002,821	-	-	1,111,637	1,002,821
General admin services	1,875,557	1,972,910	-	-	1,875,557	1,972,910
School admin services	1,246,461	1,169,369	-	-	1,246,461	1,169,369
Business services	526,251	469,656	-	-	526,251	469,656
O & M of plant services	2,055,775	1,759,121	-	-	2,055,775	1,759,121
Pupil transportation	841,757	759,078	-	-	841,757	759,078
Central services	456,380	387,957	-	-	456,380	387,957
Other support services	-	-	-	-	-	-
Facilities, acquisitions, and construction fees	183,843	1,185,633	-	-	183,843	1,185,633
Special termination benefits	-	-	-	-	-	-
Interest on long term debt	66,050	66,818	-	-	66,050	66,818
Food services	-	-	493,684	405,578	493,684	405,578
Total expenses	17,893,265	18,081,439	493,684	405,578	18,386,949	18,487,017
Change in net position	2,758,507	(1,200,925)	(62,607)	14,312	2,695,900	(1,186,613)
Net position beginning of year	59,278,759	62,103,726	(65,738)	(128,345)	59,213,021	61,975,381
Prior period adjustment	66,460	-	-	-	66,460	-
Net position end of year	\$ 62,103,726	\$ 60,902,801	\$ (128,345)	\$ (114,033)	\$ 61,975,381	\$ 60,788,768

**SHERIDAN COUNTY SCHOOL DISTRICT #1
RANCHESTER, WYOMING**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013
(UNAUDITED)**

Financial Analysis of the District's Funds

Governmental Funds:

Revenues

General fund revenues decreased from \$14,559,509 in FY 2012 to \$14,372,192 in FY 2013. The decrease was caused by reduced secondary ADM for Tongue River High School as it experiences a temporary reduction in size due to two smaller grade levels working their way through the system.

Expenditures

The total expenditures of the general fund were \$15,422,473 in 2012 compared to \$14,807,837 in 2013. The Board of Trustees has implemented a purposeful reduction in spending to more closely align with anticipated revenues. The staffing levels at our schools were reduced to reflect a closer match with funded staffing ratios and the completion of our Big Horn Campus also reduced expenditures from the General Fund for enhancements to the facilities.

Proprietary Funds

The total net loss before transfers for the Food Services fund was \$79,118 and the total net income for the Bighorn Preschool fund was \$3,430 for the current fiscal year. The Food Service Program has gone through significant change to address the continuing fund losses. The District has reduced the number of staff, the hours worked by the remaining staff, and adjusted the salary schedule for all new hires to be more in line with the market wages for their positions. In addition, we have implemented a new Point of Service program aimed at increasing sales of a la carte items to bring in additional sales. We have also increased the price of the regular lunch and discontinued most of the breakfast service, except at the elementary schools and select schools that showed a profitable operation.

Recreation Board

The total net income for the Recreation Board was \$34,522 for the current fiscal year. The Recreation District has undergone a significant reorganization in the past year. It has eliminated all staff and reduced its overhead to a minimal amount. They are organized around awarding grants to other organizations and groups that serve the patrons of the District. The goal is to efficiently deliver services with minimal cost by leveraging the infrastructure of those existing groups and to remove the duplication of services that was happening with programming for children and adults.

**SHERIDAN COUNTY SCHOOL DISTRICT #1
RANCHESTER, WYOMING**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013
(UNAUDITED)**

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2013 amounts to \$61,630,653 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, vehicles and land improvements.

District's Capital Assets (Governmental Activities)		
(net of depreciation)	2011-2012	2012-2013
Land	\$ 1,202,244	\$ 1,202,244
Construction in Progress	9,103,452	70,477
Buildings and Improvements	50,559,231	59,383,215
Equipment	493,368	475,284
Vehicles	374,978	499,433
Total	\$ 61,733,273	\$ 61,630,653

District's Capital Assets (Business-type Activities)		
(net of depreciation)	2011-2012	2012-2013
Equipment	\$ 11,882	\$ 10,593

Long-Term Debt

The District had long-term debt obligations totaling \$2,073,605 at June 30, 2013. This was comprised of general obligation bonds outstanding from the 2009 and 2011 issues, lease purchase obligations on buses, early retirement, and compensated absences for District employees.

Budgetary Highlights

The District continues to reduce its spending to a more sustainable level that recognizes the way in which schools are funded in Wyoming. The Board of Trustees spent a considerable amount of its unobligated reserves over the past three years in order to finish construction of the Big Horn Campus as well as to ease the staffing changes necessary in response to the ADM levels at the various schools. We were simply employing more people than the model funds for and at a higher salary level than is contemplated.

Factors Affecting the District's Future

The economic health of Wyoming will be a major factor in the consistency of future K-12 funding increases. It appears that stable funding, not major increases, will be the norm for the foreseeable future. Any significant revenue growth will come from increases in ADM and not major funding model changes to the base support from the state. The staffing levels of all of our programs and schools will have to be examined and possibly reduced so that we don't commit to greater levels than can be afforded with essentially flat revenues. For the fiscal year that begins July 1, 2013 the District has reduced its certified and support staff employment level by 12 positions through attrition and outright staff reductions. That means that over the past two years, the staffing levels in the District have reduced by nearly 20 positions. School construction in the District that has been a significant factor for the last six years will continue with the construction of a new elementary school in Ranchester. The elementary population continues to increase at a rapid pace in our Tongue River Schools and our current elementary is significantly overcrowded. The new school will be nearly twice the square footage of the current school. This will increase pressure on staffing levels for that particular school over the near term. We must continue to manage the financial and capital resources of the District in a prudent manner, ever mindful of the possible impacts a change in the funding model or school construction rules and regulations will have on our District.

**SHERIDAN COUNTY SCHOOL DISTRICT #1
RANCHESTER, WYOMING**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013
(UNAUDITED)**

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Jeremy W. Smith, Business Manager, P.O. Box 819, Ranchester, WY 82839.

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BASIC FINANCIAL STATEMENTS

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SHERIDAN COUNTY SCHOOL DISTRICT #1

STATEMENT OF NET POSITION

June 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Recreation Board
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,571,477	\$ 3,430	\$ 1,574,907	\$ 92,395
Cash held by County Treasurer	570,523	-	570,523	-
Cash held by State Library	5,420	-	5,420	-
Investments, at fair value	60,272	-	60,272	-
Receivables (net of allowance for uncollectible)	763,903	-	763,903	1,784
Inventories	-	7,300	7,300	-
Internal balances	131,572	(131,572)	-	-
Capital assets (net of accumulated depreciation)				
Land, not being depreciated	1,202,244	-	1,202,244	-
Construction in progress, not being depreciated	70,477	-	70,477	-
Buildings and improvements	59,383,215	-	59,383,215	-
Equipment and vehicles	974,717	10,593	985,310	-
Total assets	<u>64,733,820</u>	<u>(110,249)</u>	<u>64,623,571</u>	<u>94,179</u>
LIABILITIES				
Current liabilities				
Accounts payable	1,323,359	-	1,323,359	-
Accrued wages payable	423,459	-	423,459	-
Unearned grant revenue	10,596	-	10,596	-
Noncurrent liabilities				
Due within one year				
Accrued compensation payable	57,067	757	57,824	-
Early retirement	72,337	-	72,337	-
Lease purchase obligation, current portion	85,763	-	85,763	-
Bonds payable (net of unamortized premiums)	294,879	-	294,879	-
Due within more than one year				
Accrued compensation payable	228,270	3,027	231,297	-
Early retirement	152,795	-	152,795	-
Lease purchase obligation	178,897	-	178,897	-
Bonds payable (net of unamortized premiums)	1,003,597	-	1,003,597	-
Total liabilities	<u>3,831,019</u>	<u>3,784</u>	<u>3,834,803</u>	<u>-</u>
NET POSITION				
Invested in capital assets, net of related debt	60,067,517	10,593	60,078,110	-
Restricted for				
Library purchases	5,420	-	5,420	-
Bond indenture	515,884	-	515,884	-
Major maintenance W.S. 21-15-109	6,673	-	6,673	-
Unrestricted	307,307	(124,626)	182,681	94,179
Total net position (deficit)	<u>\$ 60,902,801</u>	<u>\$ (114,033)</u>	<u>\$ 60,788,768</u>	<u>\$ 94,179</u>

See accompanying notes to financial statements

SHERIDAN COUNTY SCHOOL DISTRICT #1

STATEMENT OF ACTIVITIES

Year ended June 30, 2013

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction				
Regular instruction	\$ 6,254,460	\$ -	\$ -	\$ -
Special instruction	1,550,197	-	219,058	-
Vocational education	315,675	-	-	-
Student activities	496,149	-	-	-
Other instruction	11,330	-	-	-
Support services				
Pupil services	680,265	-	-	-
Instructional staff services	1,002,821	-	850,990	-
General administration services	1,972,910	-	-	-
School administration services	1,169,369	-	-	-
Business services	469,656	-	-	-
Operation and maintenance				
of plant services	1,759,121	-	-	-
Pupil transportation services	759,078	-	-	-
Central services	387,957	-	-	-
Other support services	-	-	-	-
Facilities, acquisitions and construction services				
construction services	1,185,633	-	-	770,299
Interest on long-term debt	66,818	-	-	-
Total governmental activities	<u>18,081,439</u>	<u>-</u>	<u>1,070,048</u>	<u>770,299</u>
Business-type activities				
Food Service Fund	395,776	196,283	120,375	-
Bighorn Preschool Fund	9,802	13,230	-	-
Total business-type activities	<u>405,578</u>	<u>209,513</u>	<u>120,375</u>	<u>-</u>
Total school district	<u>\$ 18,487,017</u>	<u>\$ 209,513</u>	<u>\$ 1,190,423</u>	<u>\$ 770,299</u>

General revenues

Taxes

Property taxes, levied for general purposes
 Property taxes, levied for debt service
 Property taxes, levied for specific purpose of major building and facility maintenance

Federal, State and local aid not restricted to specific purposes

State Foundation Program

County sources

Unrestricted investment earnings

Unrestricted miscellaneous revenue

Transfers

Total general revenues and transfers

Change in net position

Net position (deficit) - beginning of year as previously reported

Prior period adjustment

Net position (deficit) - beginning of year as restated

Net position (deficit) - end of year

See accompanying notes to financial statements

Net (Expenses) Revenue and Changes in Net Assets

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Recreation Board
\$ (6,254,460)	\$ -	\$ (6,254,460)	\$ -
(1,331,139)	-	(1,331,139)	-
(315,675)	-	(315,675)	-
(496,149)	-	(496,149)	-
(11,330)	-	(11,330)	-
(680,265)	-	(680,265)	-
(151,831)	-	(151,831)	-
(1,972,910)	-	(1,972,910)	-
(1,169,369)	-	(1,169,369)	-
(469,656)	-	(469,656)	-
(1,759,121)	-	(1,759,121)	-
(759,078)	-	(759,078)	-
(387,957)	-	(387,957)	-
-	-	-	(56,384)
(415,334)	-	(415,334)	-
(66,818)	-	(66,818)	-
<u>(16,241,092)</u>	<u>-</u>	<u>(16,241,092)</u>	<u>(56,384)</u>
-	(79,118)	(79,118)	-
-	3,428	3,428	-
-	(75,690)	(75,690)	-
<u>(16,241,092)</u>	<u>(75,690)</u>	<u>(16,316,782)</u>	<u>(56,384)</u>
2,280,241	-	2,280,241	90,620
217,671	-	217,671	-
360,059	-	360,059	-
11,207,707	-	11,207,707	-
864,690	-	864,690	-
4,329	2	4,331	6
25,157	-	25,157	280
80,313	90,000	170,313	-
<u>15,040,167</u>	<u>90,002</u>	<u>15,130,169</u>	<u>90,906</u>
<u>(1,200,925)</u>	<u>14,312</u>	<u>(1,186,613)</u>	<u>34,522</u>
62,037,266	(128,345)	61,908,921	59,657
66,460	-	66,460	-
<u>62,103,726</u>	<u>(128,345)</u>	<u>61,975,381</u>	<u>59,657</u>
<u>\$ 60,902,801</u>	<u>\$ (114,033)</u>	<u>\$ 60,788,768</u>	<u>\$ 94,179</u>

SHERIDAN COUNTY SCHOOL DISTRICT #1

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	General Fund	Federal and State Grants Fund	Capital Projects Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 1,126,510	\$ -	\$ -
Cash held by County Treasurer	58,920	-	-
Cash held by State Library	5,420	-	-
Investments, at fair value	-	-	60,272
Due from other funds	1,277,630	-	11,500
Due from other governments	-	-	-
Property taxes receivable	54,878	-	-
Grants receivable	-	704,744	-
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 2,523,358</u>	<u>\$ 704,744</u>	<u>\$ 71,772</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 990,847	\$ 62,508	\$ 201,666
Accrued wages payable	400,109	23,350	-
Due to other funds	-	524,419	637,554
Unearned grant revenue	-	10,596	-
Total liabilities	<u>1,390,956</u>	<u>620,873</u>	<u>839,220</u>
Deferred inflows of resources			
Deferred property tax revenue	22,882	-	-
Total deferred inflows of resources	<u>22,882</u>	<u>-</u>	<u>-</u>
Fund balances			
Restricted			
Library purchases	5,420	-	-
Bond indenture	-	-	-
Major maintenance W.S. 21-15-109	-	-	-
Committed			
Early retirement payments	-	-	-
Assigned			
FICA tax obligation	-	-	-
Unassigned			
Capital projects fund	-	-	(767,448)
Federal fund	-	83,871	-
General fund	1,104,100	-	-
Total fund balances	<u>1,109,520</u>	<u>83,871</u>	<u>(767,448)</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,523,358</u>	<u>\$ 704,744</u>	<u>\$ 71,772</u>

See accompanying notes to financial statements

Other Governmental Funds	Total Governmental Funds
\$ 311,791	\$ 1,438,301
511,603	570,523
-	5,420
-	60,272
4,415	1,293,545
4,281	4,281
-	54,878
-	704,744
<u>\$ 832,090</u>	<u>\$ 4,131,964</u>

\$ 68,338	\$ 1,323,359
-	423,459
-	1,161,973
-	10,596
<u>68,338</u>	<u>2,919,387</u>

-	22,882
<u>-</u>	<u>22,882</u>

-	5,420
515,884	515,884
6,673	6,673
240,583	240,583
612	612
-	(767,448)
-	83,871
-	1,104,100
<u>763,752</u>	<u>1,189,695</u>
<u>\$ 832,090</u>	<u>\$ 4,131,964</u>

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SHERIDAN COUNTY SCHOOL DISTRICT #1

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

June 30, 2013

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

Total fund balances - governmental funds		\$ 1,189,695
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		61,630,653
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		22,882
Internal service funds are used by management to charge the costs of health insurance to the various functions. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.		133,176
Long-term liabilities, including bonds payable, lease purchase obligations, early retirement, and accrued compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		
Lease purchase obligation	\$ (264,660)	
Accrued compensated absences	(285,337)	
Early retirement benefits	(225,132)	
Bonds payable	(1,280,000)	
Less: Deferred premium on bonds (to be amortized over life of debt)	<u>(18,476)</u>	<u>(2,073,605)</u>
Net position of governmental activities		<u>\$ 60,902,801</u>

See accompanying notes to financial statements

SHERIDAN COUNTY SCHOOL DISTRICT #1

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year ended June 30, 2013

	General Fund	Federal and State Grants Fund	Capital Projects Fund
Revenues			
Taxes	\$ 2,275,669	\$ 1,070,048	\$ -
Intergovernmental revenues	12,072,397	-	-
Miscellaneous	24,126	159	1,488
Total revenues	<u>14,372,192</u>	<u>1,070,207</u>	<u>1,488</u>
Expenditures			
Instruction			
Regular instruction	6,256,448	-	-
Special instruction	1,042,398	508,105	-
Vocational education	315,776	-	-
Student activities	496,259	-	-
Other instruction	11,330	-	-
Support services			
Pupil services	680,441	-	-
Instructional staff services	657,389	345,562	-
General administration services	359,136	-	-
School administration services	1,169,748	-	-
Business services	482,463	-	-
Operation and maintenance of plant services	1,800,788	-	-
Pupil transportation services	771,224	-	-
Central services	388,063	-	-
Facilities, acquisitions and construction services	-	-	1,910,571
Retirement payments	-	-	-
Capital outlay	236,024	136,523	-
Debt service			
Principal	128,182	-	-
Interest	12,168	-	-
Total expenditures	<u>14,807,837</u>	<u>990,190</u>	<u>1,910,571</u>
Excess (deficiency) of revenues over expenditures	<u>(435,645)</u>	<u>80,017</u>	<u>(1,909,083)</u>
Other financing sources (uses)			
Proceeds from lease purchase obligation	189,316	-	-
Proceeds from insurance claim	-	-	770,299
Transfers in	-	-	2,324,852
Transfers out	(310,000)	-	(1,934,539)
Total other financing sources (uses)	<u>(120,684)</u>	<u>-</u>	<u>1,160,612</u>
Net changes in fund balances	<u>(556,329)</u>	<u>80,017</u>	<u>(748,471)</u>
Fund balances (deficit) - beginning of year	1,665,849	3,854	(18,977)
Prior period adjustment	-	-	-
Fund balances (deficit) - beginning of year as restated	1,665,849	3,854	(18,977)
Fund balances (deficit) - end of year	<u>\$ 1,109,520</u>	<u>\$ 83,871</u>	<u>\$ (767,448)</u>

See accompanying notes to financial statements

Other Governmental Funds	Total Governmental Funds
\$ 217,671	\$ 3,563,388
360,060	12,432,457
7,341	33,114
<u>585,072</u>	<u>16,028,959</u>
-	6,256,448
-	1,550,503
-	315,776
-	496,259
-	11,330
-	680,441
-	1,002,951
-	359,136
-	1,169,748
-	482,463
-	1,800,788
-	771,224
-	388,063
377,797	2,288,368
89,918	89,918
-	372,547
280,000	408,182
54,650	66,818
<u>802,365</u>	<u>18,510,963</u>
<u>(217,293)</u>	<u>(2,482,004)</u>
-	189,316
-	770,299
-	2,324,852
-	(2,244,539)
-	1,039,928
<u>(217,293)</u>	<u>(1,442,076)</u>
866,904	2,517,630
114,141	114,141
981,045	2,631,771
<u>\$ 763,752</u>	<u>\$ 1,189,695</u>

SHERIDAN COUNTY SCHOOL DISTRICT #1

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES. AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year ended June 30, 2013

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

Net change in fund balances - total governmental funds \$ (1,442,076)

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

General government

Capital outlay	\$ 10,797,605	
Loss on disposal	(253,388)	
Additional construction in progress	1,475,262	
Less completed construction in progress	(10,508,237)	
Depreciation expense	<u>(1,613,862)</u>	(102,620)

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

<u>(189,316)</u>	(189,316)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Amortization of premium on bonds

<u>4,879</u>	4,879
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Governmental funds report payments on long-term debt as expenditures. However, in the statement of activities the principal paid is a reduction of the long-term liabilities. This is the amount of principal paid on long-term debt in the current period.

Principal paid on lease purchase obligations

128,182

Principal paid on general obligation bonds

280,000

408,182

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

Deferred property tax revenue at June 30, 2013

22,882

Deferred property tax revenue at June 30, 2012

(18,310)

4,572
(Continued)

SHERIDAN COUNTY SCHOOL DISTRICT #1

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES (CONTINUED)
Year ended June 30, 2013**

The decreases in compensated absences and in early retirement incentives do not use current financial resources of governmental funds. Thus, the change is not recorded in the governmental funds. This is the net effect of these differences and in the treatment.

Early retirement benefits as of June 30, 2013	\$ (225,132)	
Early retirement benefits as of June 30, 2012	323,844	
Compensated absences as of June 30, 2013	(285,337)	
Compensated absences as of June 30, 2012	<u>289,280</u>	102,655

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

Internal Service Fund		
Charges for services	1,442,242	
Insurance costs	(1,429,527)	
Interest income	<u>84</u>	<u>12,799</u>
Change in net position - governmental activities		<u><u>\$ (1,200,925)</u></u>

SHERIDAN COUNTY SCHOOL DISTRICT #1

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2013**

	Business-type Activities - Enterprise Funds			Governmental
	Food Service Fund	Bighorn	Total	Internal
		Preschool Fund	Enterprise Funds	Service Fund
ASSETS				
Current assets				
Cash and cash equivalents	\$ -	\$ 3,430	\$ 3,430	\$ 133,176
Inventory	7,300	-	7,300	-
Total current assets	<u>7,300</u>	<u>3,430</u>	<u>10,730</u>	<u>133,176</u>
Noncurrent assets				
Capital assets				
Property and equipment	79,206	-	79,206	-
Less accumulated depreciation	<u>68,613</u>	<u>-</u>	<u>68,613</u>	<u>-</u>
Total capital assets (net of accumulated depreciation)	<u>10,593</u>	<u>-</u>	<u>10,593</u>	<u>-</u>
Total assets	<u>17,893</u>	<u>3,430</u>	<u>21,323</u>	<u>133,176</u>
LIABILITIES				
Current liabilities				
Accrued wages payable	-	-	-	-
Accrued compensation payable - current	757	-	757	-
Due to other funds	131,572	-	131,572	-
Noncurrent liabilities				
Accrued compensation payable	<u>3,027</u>	<u>-</u>	<u>3,027</u>	<u>-</u>
Total liabilities	<u>135,356</u>	<u>-</u>	<u>135,356</u>	<u>-</u>
NET POSITION				
Investment in capital assets net of related debt	10,593	-	10,593	-
Unrestricted	<u>(128,056)</u>	<u>3,430</u>	<u>(124,626)</u>	<u>133,176</u>
Total net position (deficit)	<u>\$ (117,463)</u>	<u>\$ 3,430</u>	<u>\$ (114,033)</u>	<u>\$ 133,176</u>

See accompanying notes to financial statements

SHERIDAN COUNTY SCHOOL DISTRICT #1

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year ended June 30, 2013**

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Food Service</u>	<u>Bighorn</u>	<u>Total</u>	<u>Internal</u>
		<u>Fund</u>	<u>Preschool</u>	<u>Enterprise</u>
	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Fund</u>
Operating revenues				
Charges for services	\$ 196,283	\$ 13,230	\$ 209,513	\$ 1,442,242
Total operating revenues	<u>196,283</u>	<u>13,230</u>	<u>209,513</u>	<u>1,442,242</u>
Operating expenses				
Salaries	122,455	8,738	131,193	-
Benefits	67,788	668	68,456	-
Contractual services	12,111	-	12,111	1,429,527
Supplies	190,110	396	190,506	-
Miscellaneous	450	-	450	-
Capital outlay	1,573	-	1,573	-
Depreciation	1,289	-	1,289	-
Total operating expenses	<u>395,776</u>	<u>9,802</u>	<u>405,578</u>	<u>1,429,527</u>
Total income (loss) from operations	(199,493)	3,428	(196,065)	12,715
Nonoperating revenues				
Federal subsidy	120,375	-	120,375	-
Interest income	-	2	2	84
Total nonoperating revenues	<u>120,375</u>	<u>2</u>	<u>120,377</u>	<u>84</u>
Net income (loss) before transfers	(79,118)	3,430	(75,688)	12,799
Transfer in	<u>90,000</u>	<u>-</u>	<u>90,000</u>	<u>-</u>
Change in net position	10,882	3,430	14,312	12,799
Net position (deficit) - beginning of year	<u>(128,345)</u>		<u>(128,345)</u>	<u>120,377</u>
Net position (deficit) - end of year	<u>\$ (117,463)</u>	<u>\$ 3,430</u>	<u>\$ (114,033)</u>	<u>\$ 133,176</u>

See accompanying notes to financial statements

SHERIDAN COUNTY SCHOOL DISTRICT #1

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year ended June 30, 2013**

	Business-type Activities - Enterprise Funds			Governmental
	Food Service Fund	Bighorn Preschool Fund	Total Enterprise Funds	Internal Service Fund
Cash flows from operating activities				
Cash received from customers	\$ 196,283	\$ 13,230	\$ 209,513	\$ -
Cash paid to suppliers for goods and services	(184,634)	(396)	(185,030)	-
Cash paid to employees for services	(195,866)	(9,406)	(205,272)	-
Cash received from interfund services	-	-	-	1,442,242
Cash paid for interfund services used	-	-	-	(1,429,527)
Net cash provided by (used in) operating activities	(184,217)	3,428	(180,789)	12,715
Cash flows from capital and related financing activities				
Net cash (used in) capital and related financing activities	-	-	-	-
Cash flows from noncapital financing activities				
Repayment of advance from general fund	(6,510)	-	(6,510)	-
Operating transfers	90,000	-	90,000	-
Federal reimbursement	100,727	-	100,727	-
Net cash provided by noncapital financing activities	184,217	-	184,217	-
Cash flows from investing activities				
Interest income	-	2	2	84
Net cash provided by investing activities	-	2	2	84
Net increase in cash and cash equivalents	-	3,430	3,430	12,799
Cash and cash equivalents at beginning of year	-	-	-	120,377
Cash and cash equivalents at end of year	\$ -	\$ 3,430	\$ 3,430	\$ 133,176
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (199,493)	\$ 3,428	\$ (196,065)	\$ 12,715
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	1,289	-	1,289	-
Federal share of commodities	19,648	-	19,648	-
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities:				
Accrued compensation	(5,623)	-	(5,623)	-
Inventory	(38)	-	(38)	-
Net cash provided by (used in) operating activities	\$ (184,217)	\$ 3,428	\$ (180,789)	\$ 12,715
Non-cash transactions:				
USDA commodities valued at \$19,648				

See accompanying notes to financial statements

SHERIDAN COUNTY SCHOOL DISTRICT #1

STATEMENT OF NET POSITION

FIDUCIARY FUNDS

June 30, 2013

	Private-Purpose Trust Funds		Agency Fund	Total
	Scholarships	Donations	Student Activities Fund	
ASSETS				
Cash	\$ 8,174	\$ 44,530	\$ 160,006	\$ 212,710
Total assets	8,174	44,530	160,006	212,710
LIABILITIES				
Due to student groups	-	-	160,006	160,006
Total liabilities	-	-	160,006	160,006
NET POSITION				
Held in trust for special activities	-	44,530	-	44,530
Held in trust for scholarships	8,174	-	-	8,174
Net position	\$ 8,174	\$ 44,530	\$ -	\$ 52,704

See accompanying notes to financial statements

SHERIDAN COUNTY SCHOOL DISTRICT #1

**STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
Year ended June 30, 2013**

	Private-Purpose Trust Funds		Total
	Scholarships	Donations	
Additions			
Scholarship donations	\$ 4,900	\$ -	\$ 4,900
Miscellaneous donations	-	16,766	16,766
Interest earnings	4	148	152
Total additions	4,904	16,914	21,818
Deductions			
Materials and supplies	-	20,151	20,151
Scholarship awards	3,100	-	3,100
Total deductions	3,100	20,151	23,251
Change in net position before transfers	1,804	(3,237)	(1,433)
Transfer out	-	(170,313)	(170,313)
Change in net position	1,804	(173,550)	(171,746)
Net position - beginning of year	6,370	218,080	224,450
Net position - end of year	\$ 8,174	\$ 44,530	\$ 52,704

See accompanying notes to financial statements

SHERIDAN COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The Board of Trustees (Board) is the level of government which has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of Sheridan County School District #1 (the "District"). The Board receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the District serves as the nucleus for the reporting entity under the provisions of GASB Statements No. 14 and 39 for its basic financial statements. Using this premise, these financial statements present the District (the primary government) and its component unit. The component unit discussed below is included in the District's reporting entity because of the significance of its operational or financial relationship with the District.

Discretely Presented Component Unit

The component unit column in the combined financial statements includes the financial data of the District's Recreation Board. The Recreation Board is reported in a separate column to emphasize that it is legally separate from the District. The five-member governing body of the Recreation Board is appointed by the District's Board of Trustees. The Recreation Board provides grants to fund public recreation projects within the District's boundaries. The Board can impose a tax not to exceed one mill of the District's assessed valuation for the purpose of operating the Recreation Board. The Recreation Board does not prepare separately issued financial statements.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

SHERIDAN COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

The District reports the following major governmental funds:

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

The *federal and state grants fund* accounts for the proceeds of specific revenue sources received from the federal and state governments for specific special revenue projects.

The *capital projects fund* accounts for the proceeds of revenue sources for capital projects that are committed to expenditures for capital outlays.

The District reports the following nonmajor governmental funds:

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

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

The District reports the following major proprietary funds:

The *food service fund* accounts for the activities of the District's hot lunch program.

The *Bighorn preschool fund* accounts for the activities at the Bighorn Preschool.

SHERIDAN COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

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

Additionally, the District reports the following fund types:

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

Private-purpose trust funds – These funds are used to account for donations for special projects and donations for scholarship funds that are received by the District that are to be awarded to current and former students for post-secondary education purposes.

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

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

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

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

Effective this reporting period is GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62). This statement brings the authoritative accounting and financial reporting literature for state and local governments together in a single source, with the FASB and AICPA guidance modified as necessary to appropriately recognize the governmental environment and the needs of governmental financial statement users. GASB No. 62 results in a more consistent application of applicable guidance in financial statements of state and local governments. This statement also supersedes GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement.

Assets, Liabilities, and Net Position or Equity

Deposits and Investments

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

SHERIDAN COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

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

Deposits and Investments (Continued)

State statutes authorize the District to invest in securities issued or guaranteed by the U.S. Treasury or agencies of the United States government, bank certificates of deposit, shares or savings certificates of savings and loan associations, Tennessee Valley Authority bonds and notes and export-import bank notes and guaranteed participations.

The District's investments consist of participation in the Wyoming Government Investment Fund (WGIF). WGIF is a comprehensive cash management program available to Wyoming public entities. WGIF provides a full range of programs to meet participants' needs. The fund employs a team of professionals to manage the investments which are comprised of governmental securities meeting state statutory requirements. The value of the District's investments in WGIF equals the value of its WGIF shares.

Accounts Receivable

The District considers all accounts receivable to be fully collectible at June 30, 2013 and, therefore no allowance for doubtful accounts is deemed necessary.

Interfund Balances

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

Property Taxes

Property taxes attach as an enforceable lien on property as of May 11. Taxes are levied on or about August 1 and payable in two installments on September 1 and March 1. The County bills and collects its own property taxes and also taxes for all municipalities and political subdivisions within the County, including Sheridan County School District #1. District property tax revenues are recognized when levied to the extent that they result in current receivables, which means when collected within the current period or expected to be collected within 60 days of the fiscal year end to be used to pay liabilities of the current period.

The District is required by Wyoming Statutes to levy taxes of twenty-five mills of assessed valuation for all school purposes, exclusive of bond interest and redemption. In addition, a county-wide school property tax of six mills is levied and a recreation district tax for one mill is levied. The combined tax related to finance general school services other than the payment of principal and interest on long-term debt for the year ended June 30, 2013 was thirty-two mills.

Inventories

Inventory is valued at the lower of cost (first-in, first-out) or market. Governmental fund type inventories are recorded using the purchase method whereby they are recorded as expenditures when purchased. Supply inventories for the General Fund at June 30, 2013 were not material and, therefore, were not recorded at year end.

SHERIDAN COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

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

Inventories (Continued)

Enterprise fund inventories are accounted for using the consumption method by which inventory acquisitions are recorded in inventory accounts when purchased or received by other means and are charged to expense when consumed or sold. Inventory in the Food Service Fund consists of USDA food commodities held for consumption.

Capital Assets

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

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

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

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

Assets	Years
Buildings and improvements	20-50
Equipment	5-25
Vehicles	8-12

Compensated Absences

The District's employees earn 10 to 12 days of annual leave each year depending on whether they work 10, 11, or 12 months per year. This leave can be accrued up to 60 days for 10 month employees, 66 days for 11 month administrators, and 72 days for 12 month administrators. Once an employee accumulates the maximum number of days, they are paid out the unused days over the maximum at a rate of \$50 per day in June of the year accumulated. In addition, whenever an employee terminates their employment with the District, all of the unused days are paid out at \$50 per day.

All twelve month employees accrue vacation hours. Vacation leave is earned on a graduated scale depending on the length of service. Unused vacation leave is paid out at the employee's hourly rate upon termination of their employment. Support staff may not carry-over unused leave from one year to the next. Twelve month administrators are paid out remaining vacation days at the end of their annual contracts.

SHERIDAN COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

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

Long-term Obligations

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

Use of Estimates

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

Implementation of Governmental Accounting Standards Board (GASB) Statements No. 63 and 65

During the year ended June 30, 2013, the District implemented two new accounting standards, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflow of Resources, and Net Position*, resulting in a change to the District's financial reporting. Those changes are reflected in this financial report. GASB No. 65, *Items Previously Reported as Assets and Liabilities*, resulted in a prior period adjustment for a change in accounting policies. See Note 3 for a further discussion of the change.

Reclassification

Certain balances of the prior year have been reclassified to conform with the presentation of the current year with no effect on net position.

Fund Equity

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

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

Restricted Net Position

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

SHERIDAN COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 2. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

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

Prior to May 15, the Superintendent submits to the Board of Trustees a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

A public hearing is conducted by the third Wednesday in July to obtain public comments.

The budget is adopted by the third Thursday of July.

At the request of the Superintendent or upon its own motion after publication of notice, the Board of Trustees may by resolution transfer any unencumbered or unexpended appropriation balance or part thereof from one fund, department or account to another. All appropriations, excluding appropriations for capital projects, lapse at the close of the budget year to the extent they are not expended or encumbered. The level of expenditure control for budget purposes is the function level.

Formal budgetary integration is employed as a management control device during the year for the general fund, special revenue funds, and debt service funds.

Budgets for the general fund, special revenue funds, capital projects fund, and debt service funds are adopted on a cash basis (NON-GAAP). Such basis is not consistent with generally accepted accounting principles (GAAP).

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration during the year. Encumbrances outstanding at year end are immaterial.

Note 3. Detailed Notes on All Funds

Deposits and Investments

As of June 30, 2013, the District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Interest Rate</u>	<u>Investment Maturities (In Years)</u>	<u>Investment Ratings</u>
Wyoming Government Investment Pool	\$ 60,272	0.48%	Less Than 1	AAAm

SHERIDAN COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 3. Detailed Notes on All Funds (Continued)

Deposits and Investments (Continued)

Interest rate risk

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

Credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Under investment agreements with Wyoming Government Investment Pool (WGIF), the District has invested monies at a fixed contract rate of interest. Because the security is essentially a written contract, there generally is no rating available for such investments. However, under Wyoming statutes, underlying providers are required to have the highest rating from at least one of the nationally recognized rating organizations. During the 2013 fiscal year the Board of WGIF had the fund rated by Standard & Poor's. The WGIF fund has an AAAM rating. WGIF issues audited financial statements which can be obtained through the Wyoming School Board Association at 2323 Pioneer Avenue, Cheyenne, WY 82001.

Concentration of credit risk

The District does not have a formal policy that allows for or limits an investment in any one issuer to a specified percentage of the District's total investments. The investment in the Wyoming Government Investment Pool represents 100% of the total investments of the District at June 30, 2013.

Custodial credit risk – deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal policy for custodial credit risk; however, State statutes require that the District's deposits in excess of the Federal depository insurance amount be collateralized. At June 30, 2013, the District's deposits were fully collateralized as required by statutes.

Custodial credit risk – investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes limit the type of investments the District can use. Statutes limit investments primarily to securities issued or guaranteed by the U.S. Treasury or agencies of the United States government, therefore, reducing the District's exposure to custodial credit risk for its investments. The District does not have a formal policy for custodial credit risk.

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SHERIDAN COUNTY SCHOOL DISTRICT #1

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 3. Detailed Notes on All Funds (Continued)

Capital Assets

A summary of changes in capital assets follows:

	Beginning Balance July 1, 2012	Adjustments and Additions	Adjustments and Deletions	Ending Balance June 30, 2013
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 1,202,244	\$ -	\$ -	\$ 1,202,244
Construction in progress	9,103,452	1,475,262	10,508,237	70,477
Total capital assets, not being depreciated	10,305,696	1,475,262	10,508,237	1,272,721
Capital assets, being depreciated				
Buildings and improvements	56,906,880	10,508,237	815,611	66,599,506
Equipment	747,169	44,075	-	791,244
Vehicles	1,712,860	245,293	259,853	1,698,300
Total capital assets, being depreciated	59,366,909	10,797,605	1,075,464	69,089,050
Less accumulated depreciation				
Buildings and improvements	6,347,649	1,430,865	562,223	7,216,291
Equipment	253,801	62,159	-	315,960
Vehicles	1,337,882	120,838	259,853	1,198,867
Total accumulated depreciation	7,939,332	1,613,862	822,076	8,731,118
Total capital assets, being depreciated, net	51,427,577	9,183,743	(253,388)	60,357,932
Governmental activities capital assets, net	\$ 61,733,273	\$ 10,659,005	\$ 10,254,849	\$ 61,630,653
Business-type activities				
Capital assets, being depreciated				
Equipment	\$ 79,207	\$ -	\$ -	\$ 79,207
Less accumulated depreciation	67,325	1,289	-	68,614
Business-type activities capital assets, net	\$ 11,882	\$ (1,289)	\$ -	\$ 10,593

Machinery and equipment that was purchased by a lease purchase obligation is included in machinery and equipment of the governmental activities. The purchase price of that equipment was \$646,996 with accumulated depreciation of \$212,236; the current year depreciation expense of \$80,875 was expensed in general governmental activities.

SHERIDAN COUNTY SCHOOL DISTRICT #1

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 3. Detailed Notes on All Funds (Continued)

Capital Assets (Continued)

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

Governmental activities

Support services

Operation and maintenance of plant services	\$ 1,430,865
Pupil transportation services	120,838
Central services	<u>62,159</u>

Total depreciation expenses - governmental activities	<u>\$ 1,613,862</u>
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Business-type activities

Food service fund

	<u>\$ 1,289</u>
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Total depreciation expenses - business-type activities	<u>\$ 1,289</u>
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Long-Term Debt

The following is a summary of debt transactions of the District for the year ended June 30, 2013:

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Due within one year
Governmental activities					
General obligation bonds	\$ 1,560,000	\$ -	\$ 280,000	\$ 1,280,000	\$ 290,000
Plus deferred amounts					
for premium on bonds	23,355	-	4,879	18,476	4,879
Total bonds payable	<u>1,583,355</u>	<u>-</u>	<u>284,879</u>	<u>1,298,476</u>	<u>294,879</u>
Lease purchase obligations	203,526	189,316	128,182	264,660	85,763
Early retirement	323,844	-	98,712	225,132	72,337
Compensated absences	289,280	-	3,943	285,337	57,067
	<u>\$ 2,400,005</u>	<u>\$ 189,316</u>	<u>\$ 515,716</u>	<u>\$ 2,073,605</u>	<u>\$ 510,046</u>
Business-type activities					
Compensated absences	\$ 8,245	\$ -	\$ 4,461	\$ 3,784	\$ 757
	<u>\$ 8,245</u>	<u>\$ -</u>	<u>\$ 4,461</u>	<u>\$ 3,784</u>	<u>\$ 757</u>

Accrued compensated absences are generally liquidated by the general fund or the food service fund.

SHERIDAN COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 3. Detailed Notes on All Funds (Continued)

Long-Term Debt (Continued)

Debt outstanding at June 30, 2013 is comprised of the following issues:

\$1,575,000 general obligation building bond, interest rate of 2.5% to 4.0%, payable annually, payments ranging from \$100,000 to \$205,000 principal and interest, through June 2019, serviced by the Debt Service Fund	\$ 1,060,000
\$425,000 general obligation building bond, interest rate of 3.0%, payable annually, payments ranging from \$100,000 to \$110,000 principal and interest, through June 2015, serviced by the Debt Service Fund	220,000
\$34,773 premium on bonds to be amortized as interest income over the life of the bonds	18,476
\$189,316 lease purchase obligation, interest rate 2.75%, payable annually, principal and interest payments of \$50,710 through April 2016, secured by equipment, serviced by the General Fund.	143,812
\$195,118 lease purchase obligation, interest rate 2.38%, payable annually, principal and interest payments of \$42,969 through June 2016, secured by equipment, serviced by the General Fund.	120,848
Early retirement	225,132
Accrued compensated absences	285,337
	<u>\$ 2,073,605</u>

The annual debt requirements to maturity for all debt outstanding as of June 30, 2013, except for accrued compensated absences are as follows:

Year Ending June 30	General Obligation Bonds		Premium on Bonds	Early Retirement	Total
	Principal	Interest			
2014	\$ 290,000	\$ 43,325	\$ 4,879	\$ 72,337	\$ 410,541
2015	295,000	33,863	4,879	65,364	399,106
2016	190,000	23,763	2,180	45,728	261,671
2017	200,000	16,200	2,180	41,703	260,083
2018	205,000	8,100	2,180	-	215,280
2019	100,000	2,000	2,178	-	104,178
	<u>\$ 1,280,000</u>	<u>\$ 127,251</u>	<u>\$ 18,476</u>	<u>\$ 225,132</u>	<u>\$ 1,650,859</u>

SHERIDAN COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 3. Detailed Notes on All Funds (Continued)

Long-Term Debt (Continued)

Future minimum lease payments under capital leases together with the present value of net minimum lease payments as of June 30, 2013 are as follows:

<u>Year ending June 30,</u>	
2014	\$ 93,679
2015	93,679
2016	93,679
	<hr/>
Total minimum lease payments	281,037
Less: amount representing interest	16,377
	<hr/>
Present value of minimum lease payments	<u>\$ 264,660</u>

Retirement Plan

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

Plan members are required to contribute 7.00% of their annual covered salary and the District is required to contribute 7.12% of the annual covered payroll. Legislation enacted in 1979 allows the employer to pay any or all of the employees' contribution in addition to the matching contribution. The District currently pays 100% of the required employee's contribution. Contribution rates are established by Title 9, Chapter 3 of the Wyoming Statutes. The District's contributions to the System for the years ending June 30, 2013, 2012 and 2011 were \$1,213,968, \$1,244,976 and \$1,221,954, respectively, which equaled 100% of the required contributions for each year. Effective September 1, 2013, the employee contribution will increase by 0.50% from 7.00% to 7.50%. In September 2014, the employer contribution rate will increase by 0.50% from 7.12% to 7.62%. The District will have the option to pay or not pay the additional employee contribution.

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SHERIDAN COUNTY SCHOOL DISTRICT #1

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 3. Detailed Notes on All Funds (Continued)

Budget Amendments

The District amended its budgets during the year as follows:

	<u>Increase</u>	<u>Decrease</u>
General Fund		
Instruction	\$ 181,705	\$ -
General support	337,314	-
	<u>519,019</u>	<u>-</u>
Federal and State Grants Fund		
General support	200,000	-
	<u>200,000</u>	<u>-</u>
Capital Projects Fund		
Purchased services	200,000	-
Transfers in	450,000	-
	<u>650,000</u>	<u>-</u>
Bighorn Preschool Fund		
Operation of non-instructional services	10,000	-
	<u>10,000</u>	<u>-</u>
Debt Service Fund		
Principal	60,000	-
	<u>60,000</u>	<u>-</u>
	<u>\$ 1,439,019</u>	<u>\$ -</u>

Individual Interfund Receivables, Payables and Transfers

Individual fund interfund receivables and payable balances are as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 1,277,630	\$ -
Special Revenue Funds		
Federal and State Grants Fund	-	524,419
Major Maintenance Fund	4,415	-
Capital Projects Fund		
Capital Projects Fund	11,500	637,554
Proprietary Fund		
Food Service Fund	-	131,572
	<u>\$ 1,293,545</u>	<u>\$ 1,293,545</u>

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

SHERIDAN COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 3. Detailed Notes on All Funds (Continued)

Individual Interfund Receivables, Payables and Transfers (Continued)

Operating transfers during the year were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds		
General Fund	\$ -	\$ 310,000
Capital Projects Fund	2,324,852	1,934,539
Enterprise Funds		
Food Service Fund	90,000	-
Fiduciary Funds		
Donations Fund	-	170,313
	<u>\$ 2,414,852</u>	<u>\$ 2,414,852</u>

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

Deficit Fund Equity

At June 30, 2013 the following funds had a deficit in fund balance or net position:

Capital Project Fund	
Capital Projects Fund	\$ (767,448)
Proprietary Fund	
Food Service Fund	<u>(117,463)</u>
	<u>\$ (884,911)</u>

The District plans to eliminate these deficits with future operating revenues generated by the respective funds or by transfers from the General Fund.

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SHERIDAN COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2013

Note 3. Detailed Notes on All Funds (Continued)

Early Retirement

In addition to the pension benefits described in Note 3, the District provides an early retirement incentive plan, in accordance with District policy, to employees who elect to voluntarily participate in and receive benefits in the District's plan equal to the employees current salary, multiplied by their years of service with Sheridan County School District #1, and then multiplied by a percentage multiplier that has been established by the District that is based on the employees age and years of service. Upon acceptance into the early retirement incentive plan, employees (following exhaustion of their COBRA benefits) would be eligible to participate in the early retiree health insurance pools of the Wyoming Educator's Benefit Trust or the Wyoming School Boards Association Insurance Trust to the extent permitted by those programs, but would no longer be eligible to participate on the District's active employee insurance plan. The cost of these benefits to the District is \$225,132 over the next four years. The present value of the benefits is \$220,861 calculated using the current interest rate paid by the District's primary investment. Since the difference between the actual cost and discounted cost is \$4,271, an immaterial amount to the District's financial statements, the District has recorded the actual cost in the financial statements. During the current year, expenditures of \$89,918 were recognized as retirement payments in the Early Retirement Fund to cover twenty-six (26) participants.

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, 2013, the District contracted with various insurance companies for property insurance (including boiler and machinery), general liability insurance, professional insurance and vehicle insurance. The coverage's 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 four fiscal years.

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

Health Insurance

The District is a member of the Wyoming School Boards Insurance Trust (WSBAIT), a public entity risk pool currently operating as a health and welfare risk management and insurance program for several school districts in Wyoming. The agreement with WSBAIT provides that health and welfare benefits will be provided by insurance purchased by WSBAIT. The District pays WSBAIT an annual premium, subject to annual adjustment, for these benefits. For fiscal years ended June 30, 2013 and 2012, the District paid to WSBAIT \$1,429,527 and \$1,376,807, respectively. In the event the District elects to withdraw from WSBAIT, the District would be allowed to retain 75% of their contributed or assessed net pro rata reserves. The remaining net balance would be paid back to the District by WSBAIT over three years. As of June 30, 2013, the District was not assessed nor did they contribute any reserves to WSBAIT. Additionally, in the event of voluntary withdrawal from WSBAIT, any incurred but not paid claims by the employees covered by the District would become the responsibility of the District. As of the date of this report, the District had no plans to withdraw from WSBAIT.

SHERIDAN COUNTY SCHOOL DISTRICT #1

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

Note 3. Detailed Notes on All Funds (Continued)

Commitments

As of June 30, 2013 the District had one outstanding construction contract for the Big Horn Community Center. The contract amount of the new community center (construction and architectural fees) is \$944,400. The District incurred costs through June 30, 2013 of \$70,477, resulting in \$873,923 remaining on the contract.

Prior Period Adjustments

In the year ended June 30, 2013, the District adopted the provisions contained in the Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. These provisions change the accepted accounting for costs of issuance among other items. Costs of issuance associated with a bond offering were deferred in the past and amortized over the life of the bonds. The new provisions require the costs to be expensed when incurred. In the year of implementation, all financial information presented is to be restated to the new required presentation.

It was also noted in the year ended June 30, 2013, that the amount of cash held by the County Treasurer for the Debt Service fund was underreported due to incomplete recording of yearly activity since fiscal year 2007. As a result, an adjustment was necessary to increase the cash balance maintained by the District to agree with the cash held by the County Treasurer, which also resulted in an increase to net position in the amount of \$114,141.

Implementation of GASB Statement No. 65 and the increase in cash for the Debt Service fund resulted in the following changes to information previously reported:

		June 30, 2012
Net position, beginning of year - as previously reported		\$ 62,037,266
Prior period adjustment - bond issuance costs	(47,681)	
Prior period adjustment - debt service fund cash	114,141	66,460
Net position, beginning of year - as restated		<u>\$ 62,103,726</u>
Costs of issuance and other related costs - as previously reported		\$ 47,681
Prior period adjustment - bond issuance costs		(47,681)
Costs of issuance and other related costs - as restated		<u>\$ -</u>

Accounting Standards Issued, But Not Implemented

As of June 30, 2013, the Governmental Accounting Standards Board had issued the following standard which the District will implement in fiscal year 2015.

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* was issued to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. Management has not concluded its assessment of the effect of implementing this guidance.

SHERIDAN COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013

Note 3. Detailed Notes on All Funds (Continued)

Subsequent Events

The District purchased, with funds from the Wyoming School Facilities Commission, an additional 15 acres of land adjacent to the Big Horn Campus. The final purchase cost of the property was \$294,161. This is property that had been leased by the District for several years and was used as construction staging while the Big Horn Campus was undergoing significant reconstruction. The property will be used for multiple purposes, but does allow for continued facility growth for the Campus in the future.

The District also faces substantial growth in the student population. The enrollment figures for the end of school year 2012-13 were 896 students. The current enrollment for school year 2013-14, as of the report date, was approaching 975 students. This level of growth in one year is without precedent in recent times and is both exciting and challenging. The challenge comes because the Wyoming Funding Model won't recognize and react to the ADM change until the following year; therefore, the District is educating those students on a budget based on a much lower student population. Student growth is taking place across all grade levels enabling the District to more efficiently utilize the facilities and staff that are currently in place.

In addition, a developer has purchased the property immediately adjacent to the District's new elementary school location and platting the property for an additional 102 homes. The type and cost of those homes has been such that the District will experience a significant enrollment increase when they are constructed and sold. The developer is going to phase-in the subdivision as the school gets under construction. This is a signal of continued enrollment growth for the Tongue River section of the District.

Lastly, the District has formed a Joint Powers Board with the two incorporated municipalities on the Tongue River side, Dayton and Ranchester, with the express purpose of bringing natural gas service to the Tongue River Valley. This venture promises to benefit the existing population by offering them a significantly cheaper alternative for heating homes, businesses, and public facilities. It is also believed that such infrastructure will continue to lure housing and business development to the area that will impact the student population in the schools and bring significant student enrollment growth to the District. The Wyoming School Facilities Department estimates, without this infrastructure improvement, that the District will have 1300 students within the next eight years. The District believes that number can go higher with additional housing and light industry development.

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REQUIRED SUPPLEMENTARY INFORMATION



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SHERIDAN COUNTY SCHOOL DISTRICT #1

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BASIS)**

GENERAL FUND

Year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Taxes				
Special district taxes	\$ 1,910,000	\$ 1,910,000	\$ 1,870,015	\$ (39,985)
Motor vehicle taxes	365,000	365,000	374,175	9,175
Car company taxes	7,200	7,200	6,640	(560)
Other local taxes	6,300	6,300	4,086	(2,214)
Total taxes	2,288,500	2,288,500	2,254,916	(33,584)
Intergovernmental revenues				
6-mill county taxes	720,000	720,000	639,227	(80,773)
County motor vehicle taxes	115,000	115,000	119,075	4,075
Car company tax	2,000	2,000	3,787	1,787
Penalties and interest on taxes	3,500	3,500	1,034	(2,466)
Fines and forfeitures	90,000	90,000	96,486	6,486
Forest reserve revenue	1,500	1,500	1,614	114
Foundation program	11,130,000	11,130,000	11,251,857	121,857
Adjustment to Foundation program	-	-	(44,150)	(44,150)
Tax shortfall grant	34,400	34,400	-	(34,400)
Taylor grazing income	1,000	1,000	1,156	156
Other state revenue	15,000	15,000	-	(15,000)
Total intergovernmental revenues	12,112,400	12,112,400	12,070,086	(42,314)
Miscellaneous				
Earnings on investments	10,000	10,000	2,065	(7,935)
Sale of fixed assets	1,000	1,000	-	(1,000)
Miscellaneous	13,100	13,100	21,816	8,716
Total miscellaneous	24,100	24,100	23,881	(219)
Total revenues	14,425,000	14,425,000	14,348,883	(76,117)

(Continued)

See accompanying note to required supplementary information

SHERIDAN COUNTY SCHOOL DISTRICT #1

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND (CONTINUED)
Year ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Instruction				
General instruction				
Salaries	\$ 4,000	\$ 4,000	\$ -	\$ 4,000
Employee benefits	78,871	78,871	5,065	73,806
Supplies and materials	100,000	100,000	40,149	59,851
Total general instruction	182,871	182,871	126,697	56,174
Elementary instruction				
Salaries	1,758,709	1,940,414	1,857,756	82,658
Employee benefits	704,180	704,180	719,810	(15,630)
Purchased services	12,500	12,500	15,850	(3,350)
Supplies and materials	76,271	76,271	91,156	(14,885)
Capital outlay	23,800	23,800	69	23,731
Total elementary instruction	2,575,460	2,757,165	2,684,641	72,524
Junior high / middle school instruction				
Salaries	1,047,598	1,047,598	1,095,231	(47,633)
Employee benefits	411,231	411,231	418,204	(6,973)
Purchased services	3,600	3,600	8,934	(5,334)
Supplies and materials	44,584	44,584	37,963	6,621
Capital outlay	9,000	9,000	-	9,000
Other objects	-	-	560	(560)
Total middle school instruction	1,516,013	1,516,013	1,560,892	(44,879)
Senior high instruction				
Salaries	1,253,960	1,253,960	1,279,129	(25,169)
Employee benefits	498,382	498,382	503,878	(5,496)
Purchased services	9,200	9,200	52,641	(43,441)
Supplies and materials	69,498	69,498	45,597	23,901
Capital outlay	26,000	26,000	13,994	12,006
Other objects	-	-	3,042	(3,042)
Total senior high instruction	1,857,040	1,857,040	1,898,281	(41,241)
Special education				
Salaries	508,700	508,700	528,064	(19,364)
Employee benefits	204,850	204,850	210,096	(5,246)
Purchased services	1,092	1,092	120,463	(119,371)
Supplies and materials	8,075	8,075	6,017	2,058
Total special education	722,717	722,717	864,640	(141,923)

(Continued)

See accompanying note to required supplementary information

SHERIDAN COUNTY SCHOOL DISTRICT #1

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND (CONTINUED)
Year ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Instruction (Continued)				
Gifted and talented				
Salaries	\$ 119,000	\$ 119,000	\$ 121,856	\$ (2,856)
Employee benefits	44,866	44,866	46,689	(1,823)
Purchased services	500	500	-	500
Supplies and materials	500	500	354	146
Capital outlay	500	500	-	500
Other objects	250	250	1,154	(904)
Total gifted and talented	165,616	165,616	170,053	(4,437)
At-risk youth				
Salaries	2,448	2,448	3,003	(555)
Employee benefits	533	533	576	(43)
Purchased services	2,500	2,500	-	2,500
Supplies and materials	500	500	376	124
Total at-risk youth	5,981	5,981	3,955	2,026
Limited English				
Salaries	2,000	2,000	-	2,000
Employee benefits	153	153	-	153
Purchased services	500	500	58	442
Supplies and materials	500	500	-	500
Total limited English	3,153	3,153	58	3,095
Homebound teaching				
Salaries	1,500	1,500	608	892
Employee benefits	115	115	132	(17)
Total homebound teaching	1,615	1,615	740	875
Student activities				
Salaries	5,875	5,875	980	4,895
Employee benefits	1,279	1,279	144	1,135
Purchased services	35,000	35,000	34,995	5
Total student activities	42,154	42,154	36,119	6,035
Elementary school activities				
Salaries	4,000	4,000	2,100	1,900
Employee benefits	871	871	458	413
Purchased services	1,050	1,050	415	635
Supplies and materials	1,050	1,050	1,393	(343)
Total elementary school activities	6,971	6,971	4,366	2,605

(Continued)

See accompanying note to required supplementary information

SHERIDAN COUNTY SCHOOL DISTRICT #1

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND (CONTINUED)
Year ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Instruction (Continued)				
Middle school activities				
Salaries	\$ 82,051	\$ 82,051	\$ 61,214	\$ 20,837
Employee benefits	17,863	17,863	10,065	7,798
Purchased services	16,000	16,000	16,609	(609)
Supplies and materials	13,000	13,000	9,485	3,515
Capital outlay	-	-	963	(963)
Other objects	1,000	1,000	-	1,000
Total middle school activities	<u>129,914</u>	<u>129,914</u>	<u>98,336</u>	<u>31,578</u>
High school activities				
Salaries	236,695	236,695	173,543	63,152
Employee benefits	51,528	51,528	34,740	16,788
Purchased services	90,000	90,000	95,348	(5,348)
Supplies and materials	22,000	22,000	41,603	(19,603)
Capital outlay	2,000	2,000	-	2,000
Other objects	8,000	8,000	18,160	(10,160)
Total high school activities	<u>410,223</u>	<u>410,223</u>	<u>363,394</u>	<u>46,829</u>
Summer school/extended day programs				
Salaries	1,000	1,000	2,447	(1,447)
Employee benefits	218	218	505	(287)
Total summer school/extended day programs	<u>1,218</u>	<u>1,218</u>	<u>2,952</u>	<u>(1,734)</u>
Vocational education				
Salaries	227,667	227,667	215,617	12,050
Employee benefits	85,928	85,928	84,657	1,271
Purchased services	2,975	2,975	1,711	1,264
Supplies and materials	11,780	11,780	13,691	(1,911)
Other objects	-	-	100	(100)
Total vocational education	<u>328,350</u>	<u>328,350</u>	<u>315,776</u>	<u>12,574</u>
High school distance learning				
Purchased services	14,000	14,000	2,750	11,250
Supplies and materials	-	-	8,580	(8,580)
Total high school distance learning	<u>14,000</u>	<u>14,000</u>	<u>11,330</u>	<u>2,670</u>
Total instruction	<u>7,963,296</u>	<u>8,145,001</u>	<u>8,142,230</u>	<u>2,771</u>

(Continued)

See accompanying note to required supplementary information

SHERIDAN COUNTY SCHOOL DISTRICT #1

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND (CONTINUED)
Year ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Instructional support				
Guidance services				
Salaries	\$ 236,173	\$ 236,173	\$ 237,085	\$ (912)
Employee benefits	89,335	89,335	92,395	(3,060)
Purchased services	1,440	1,440	38	1,402
Supplies and materials	3,000	3,000	3,023	(23)
Other objects	-	-	45	(45)
Total guidance services	329,948	329,948	332,586	(2,638)
Health services				
Salaries	80,394	80,394	80,619	(225)
Employee benefits	36,080	36,080	39,329	(3,249)
Purchased services	900	900	195	705
Supplies and materials	3,100	3,100	482	2,618
Total health services	120,474	120,474	120,625	(151)
Psychological services				
Purchased services	70,000	70,000	55,026	14,974
Supplies and materials	1,000	1,000	425	575
Total psychological services	71,000	71,000	55,451	15,549
Speech pathology and audio services				
Salaries	55,800	55,800	55,800	-
Employee benefits	21,628	21,628	21,483	145
Purchased services	90,000	90,000	42,633	47,367
Supplies and materials	2,000	2,000	1,192	808
Total speech pathology	169,428	169,428	121,108	48,320
Occupational therapy services				
Purchased services	22,000	22,000	25,348	(3,348)
Supplies and materials	2,000	2,000	1,147	853
Total occupational therapy services	24,000	24,000	26,495	(2,495)
Physical therapy services				
Purchased services	100	100	3,867	(3,767)
Total physical therapy services	100	100	3,867	(3,767)

(Continued)

See accompanying note to required supplementary information

SHERIDAN COUNTY SCHOOL DISTRICT #1

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND (CONTINUED)
Year ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Instructional support (Continued)				
Improvement of instruction				
Salaries	\$ 33,979	\$ 33,979	\$ 31,527	\$ 2,452
Employee benefits	7,397	7,397	6,864	533
Purchased services	18,000	18,000	78,467	(60,467)
Supplies and materials	18,000	18,000	25,751	(7,751)
Total improvement of instruction	77,376	77,376	142,609	(65,233)
Supervision of improvement of instruction				
Salaries	96,157	96,157	94,014	2,143
Employee benefits	34,659	34,659	35,820	(1,161)
Purchased services	3,000	3,000	1,854	1,146
Supplies and materials	6,000	6,000	609	5,391
Capital outlay	2,250	2,250	2,505	(255)
Other objects	1,000	1,000	324	676
Total supervision of improvement of instruction	143,066	143,066	135,126	7,940
Instructional staff training				
Employee benefits	-	-	8,276	(8,276)
Purchased services	26,000	26,000	6,355	19,645
Supplies and materials	8,000	8,000	1,448	6,552
Other objects	-	-	1,018	(1,018)
Total staff training	34,000	34,000	17,097	16,903
Library services				
Salaries	129,480	129,480	133,893	(4,413)
Employee benefits	65,932	65,932	65,236	696
Supplies and materials	18,911	18,911	15,290	3,621
Total library services	214,323	214,323	214,419	(96)
Supervision of special education				
Salaries	106,177	106,177	112,369	(6,192)
Employee benefits	32,100	32,100	32,084	16
Purchased services	1,900	1,900	-	1,900
Supplies and materials	3,325	3,325	2,685	640
Capital outlay	1,425	1,425	-	1,425
Other objects	475	475	1,000	(525)
Total for supervision of special education	145,402	145,402	148,138	(2,736)
Total instructional support	1,329,117	1,329,117	1,317,521	11,596

(Continued)

See accompanying note to required supplementary information

SHERIDAN COUNTY SCHOOL DISTRICT #1

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND (CONTINUED)
Year ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
General support				
Central administration				
Salaries	\$ 180,823	\$ 180,823	\$ 187,432	\$ (6,609)
Employee benefits	81,813	81,813	107,832	(26,019)
Purchased services	33,000	33,000	35,012	(2,012)
Supplies and materials	25,000	25,000	22,688	2,312
Capital outlay	2,000	2,000	-	2,000
Other	1,900	1,900	861	1,039
Total central administration	<u>324,536</u>	<u>324,536</u>	<u>353,825</u>	<u>(29,289)</u>
Special programs director				
Salaries	-	-	1,555	(1,555)
Employee benefits	-	-	119	(119)
Total special programs director	<u>-</u>	<u>-</u>	<u>1,674</u>	<u>(1,674)</u>
Office of principal services				
Salaries	803,712	803,712	806,642	(2,930)
Employee benefits	326,295	326,295	334,067	(7,772)
Purchased services	10,460	10,460	7,122	3,338
Supplies and materials	11,900	11,900	18,493	(6,593)
Capital outlay	1,150	1,150	-	1,150
Other	2,063	2,063	3,424	(1,361)
Total office of principal services	<u>1,155,580</u>	<u>1,155,580</u>	<u>1,169,748</u>	<u>(14,168)</u>
Fiscal services				
Salaries	192,646	192,646	195,479	(2,833)
Employee benefits	70,813	70,813	72,740	(1,927)
Purchased services	13,000	13,000	23,142	(10,142)
Supplies and maintenance	6,000	6,000	5,591	409
Capital outlay	4,000	4,000	-	4,000
Other objects	875	875	721	154
Total fiscal services	<u>287,334</u>	<u>287,334</u>	<u>297,673</u>	<u>(10,339)</u>
Board of education services				
Purchased services	155,000	155,000	145,504	9,496
Supplies and maintenance	15,000	15,000	18,202	(3,202)
Other objects	9,000	9,000	10,538	(1,538)
Total board of education services	<u>179,000</u>	<u>179,000</u>	<u>174,244</u>	<u>4,756</u>

(Continued)

See accompanying note to required supplementary information

SHERIDAN COUNTY SCHOOL DISTRICT #1

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND (CONTINUED)
Year ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive Original
General support (Continued)				
Supervisor of operations and				
Maintenance of plant services				
Salaries	\$ 8,646	\$ 8,646	\$ 2,017	\$ 6,629
Employee benefits	2,150	2,150	4,211	(2,061)
Purchased services	8,000	8,000	65,239	(57,239)
Supplies and maintenance	3,500	3,500	18,957	(15,457)
Capital outlay	5,000	5,000	-	5,000
Total supervisor of operations and				
maintenance of plant services	27,296	27,296	90,424	(63,128)
Operating building services				
Salaries	628,558	628,558	676,150	(47,592)
Employee benefits	303,066	303,066	284,309	18,757
Purchased services	131,375	131,375	230,904	(99,529)
Supplies and maintenance	430,150	430,150	489,904	(59,754)
Capital outlay	7,030	7,030	12,715	(5,685)
Other objects	300	300	-	300
Total operating building services	1,500,479	1,500,479	1,693,982	(193,503)
Care and upkeep of grounds				
Purchased services	7,000	7,000	6,780	220
Supplies and maintenance	-	-	23,843	(23,843)
Total care and upkeep of grounds	7,000	7,000	30,623	(23,623)
Care and upkeep of equipment				
Purchased services	15,000	15,000	5,085	9,915
Supplies and maintenance	5,000	5,000	16,160	(11,160)
Total care and upkeep of equipment	20,000	20,000	21,245	(1,245)
Transportation to and from				
Salaries	280,236	280,236	264,805	15,431
Employee benefits	177,990	177,990	168,559	9,431
Purchased services	110,000	110,000	91,256	18,744
Supplies and maintenance	120,000	120,000	158,076	(38,076)
Capital outlay	85,000	85,000	140,599	(55,599)
Other objects	1,425	1,425	-	1,425
Total transportation to and from	774,651	774,651	823,295	(48,644)

(Continued)

See accompanying note to required supplementary information

SHERIDAN COUNTY SCHOOL DISTRICT #1

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND (CONTINUED)
Year ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive Original
General support (Continued)				
Activity transportation				
Salaries	\$ 62,000	\$ 62,000	\$ 54,898	\$ 7,102
Employee benefits	15,419	15,419	16,453	(1,034)
Purchased services	7,000	7,000	6,972	28
Supplies and maintenance	5,000	5,000	-	5,000
Total activity transportation	<u>89,419</u>	<u>89,419</u>	<u>78,323</u>	<u>11,096</u>
Transportation other				
Salaries	4,000	4,000	1,443	2,557
Employee benefits	995	995	584	411
Purchased services	1,900	1,900	4,102	(2,202)
Supplies and maintenance	2,500	2,500	2,105	395
Total transportation other	<u>9,395</u>	<u>9,395</u>	<u>8,234</u>	<u>1,161</u>
Staff services				
Purchased services	10,000	10,000	1,030	8,970
Supplies and materials	1,000	1,000	-	1,000
Other	500	500	-	500
Total staff services	<u>11,500</u>	<u>11,500</u>	<u>1,030</u>	<u>10,470</u>
Technology coordinator				
Salaries	218,418	218,418	225,355	(6,937)
Employee benefits	85,079	85,079	86,266	(1,187)
Purchased services	86,000	86,000	38,607	47,393
Supplies and materials	33,000	370,314	36,805	333,509
Capital outlay	24,000	24,000	18,718	5,282
Total technology coordinator	<u>446,497</u>	<u>783,811</u>	<u>405,751</u>	<u>378,060</u>
Total general support	<u>4,832,687</u>	<u>5,170,001</u>	<u>5,150,071</u>	<u>19,930</u>
Total expenditures	<u>14,125,100</u>	<u>14,644,119</u>	<u>14,609,822</u>	<u>34,297</u>
Excess (deficiency) of revenues over expenditures	<u>299,900</u>	<u>(219,119)</u>	<u>(260,939)</u>	<u>(41,820)</u>
Other financing (uses)				
Operating transfers out	<u>(310,000)</u>	<u>(310,000)</u>	<u>(310,000)</u>	<u>-</u>
Total other financing (uses)	<u>(310,000)</u>	<u>(310,000)</u>	<u>(310,000)</u>	<u>-</u>
Net change in fund balance	(10,100)	(529,119)	(570,939)	(41,820)
Fund balance - beginning of year	<u>1,635,806</u>	<u>1,635,806</u>	<u>1,635,806</u>	<u>-</u>
Fund balance - end of year	<u>\$ 1,625,706</u>	<u>\$ 1,106,687</u>	<u>\$ 1,064,867</u>	<u>\$ (41,820)</u>

See accompanying note to required supplementary information

SHERIDAN COUNTY SCHOOL DISTRICT #1

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BASIS)
FEDERAL AND STATE GRANTS FUND
Year ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ 1,300,000	\$ 1,300,000	\$ 614,205	\$ (685,795)
Miscellaneous	600	600	200,159	199,559
Total revenues	<u>1,300,600</u>	<u>1,300,600</u>	<u>814,364</u>	<u>(486,236)</u>
Expenditures				
Instruction	1,000,000	1,000,000	571,150	428,850
Instructional support	600,000	600,000	342,197	257,803
General support	45,000	245,000	200,000	45,000
Total expenditures	<u>1,645,000</u>	<u>1,845,000</u>	<u>1,113,347</u>	<u>731,653</u>
Net change in fund balance	<u>(344,400)</u>	<u>(544,400)</u>	<u>(298,983)</u>	<u>245,417</u>
Fund balance - beginning of year	<u>(305,319)</u>	<u>(305,319)</u>	<u>(305,319)</u>	<u>-</u>
Fund balance - end of year	<u>\$ (649,719)</u>	<u>\$ (849,719)</u>	<u>\$ (604,302)</u>	<u>\$ 245,417</u>

See accompanying note to required supplementary information

SHERIDAN COUNTY SCHOOL DISTRICT #1

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2013

Note 1. Explanation of Differences Between NON-GAAP Basis and GAAP Basis

	<u>General Fund</u>	<u>Federal and State Grants Fund</u>
Revenues		
Actual amounts (NON-GAAP basis) from the Budgetary Comparison Schedule	\$ 14,348,883	\$ 814,364
Differences - Budgetary Basis to GAAP:		
Grants receivable	-	266,439
Accrual of property taxes receivable	16,404	-
Unearned revenue	6,905	(10,596)
	<u> </u>	<u> </u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u><u>\$ 14,372,192</u></u>	<u><u>\$ 1,070,207</u></u>
Expenditures		
Actual amounts (NON-GAAP basis) from the Budgetary Comparison Schedule	\$ 14,609,822	\$ 1,113,347
Differences - Budgetary Basis to GAAP:		
Change in funds held by the State Library for purchases	1,522	-
Accrual of accounts payable	22,512	(71,781)
Accrual of salaries and benefits payable	(15,335)	(51,376)
Record capital outlay for bus acquired under capital lease	189,316	-
	<u> </u>	<u> </u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u><u>\$ 14,807,837</u></u>	<u><u>\$ 990,190</u></u>

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SHERIDAN COUNTY SCHOOL DISTRICT #1

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL (NON-GAAP BASIS)

CAPITAL PROJECTS FUND

Year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ 1,120,000	\$ 1,120,000	\$ 745,000	\$ (375,000)
Miscellaneous revenue	5,500	5,500	1,283	(4,217)
Total revenue	1,125,500	1,125,500	746,283	(379,217)
Expenditures				
Purchased services	4,025,000	4,225,000	1,185,250	3,039,750
Total expenditures	4,025,000	4,225,000	1,188,000	3,037,000
Excess (deficiency) of revenues over expenditures	(2,899,500)	(3,099,500)	(441,717)	(2,657,783)
Other financing sources				
Operating transfers in	-	450,000	220,000	230,000
Total other financing sources	-	450,000	220,000	230,000
Net change in fund balance	(2,899,500)	(2,649,500)	(221,717)	(2,427,783)
Fund balance - beginning of year	(729,371)	(729,371)	(729,371)	-
Fund balance - end of year	\$ (3,628,871)	\$ (3,378,871)	\$ (951,088)	\$ 2,427,783

SHERIDAN COUNTY SCHOOL DISTRICT #1

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2013

	Special Revenue Fund	Debt Service Funds	
	Major Maintenance Fund	Debt Service Fund	Early Retirement Fund
ASSETS			
Cash and cash equivalents	\$ 70,596	\$ -	\$ 241,195
Cash held by County Treasurer	-	511,603	-
Due from other funds	4,415	-	-
Due from other governments	-	4,281	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 75,011</u>	<u>\$ 515,884</u>	<u>\$ 241,195</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 68,338	\$ -	\$ -
Total liabilities	<u>68,338</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted			
Bond indenture	-	515,884	-
Major maintenance W.S. 21-15-109	6,673	-	-
Committed			
Early retirement payments	-	-	240,583
Assigned			
FICA tax obligation	-	-	612
Total fund balances	<u>6,673</u>	<u>515,884</u>	<u>241,195</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 75,011</u>	<u>\$ 515,884</u>	<u>\$ 241,195</u>

Nonmajor
Governmental
Funds
Total

\$ 311,791
511,603
4,415
4,281

\$ 832,090

\$ 68,338
68,338

515,884
6,673

240,583

612
763,752

\$ 832,090

SHERIDAN COUNTY SCHOOL DISTRICT #1

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

Year ended June 30, 2013

	Special Revenue		
	Fund	Debt Service Funds	
	Major Maintenance Fund	Debt Service Fund	Early Retirement Fund
Revenues			
Taxes	\$ -	\$ 217,671	\$ -
Intergovernmental revenues	360,060	-	-
Miscellaneous revenue	-	3,631	3,710
Total revenues	<u>360,060</u>	<u>221,302</u>	<u>3,710</u>
Expenditures			
Support services			
Facilities, acquisitions and construction services	377,797	-	-
Retirement payments	-	-	89,918
Debt service			
Principal	-	280,000	-
Interest	-	54,650	-
Total expenditures	<u>377,797</u>	<u>334,650</u>	<u>89,918</u>
Net changes in fund balances	<u>(17,737)</u>	<u>(113,348)</u>	<u>(86,208)</u>
Fund balances - beginning of year	24,410	515,091	327,403
Prior period adjustment	-	114,141	-
Fund balances - beginning of year as restated	<u>24,410</u>	<u>629,232</u>	<u>327,403</u>
Fund balances - end of year	<u>\$ 6,673</u>	<u>\$ 515,884</u>	<u>\$ 241,195</u>

Nonmajor
Governmental
Funds
Total

\$ 217,671
360,060
7,341
585,072

377,797
89,918

280,000
54,650

802,365

(217,293)

866,904

114,141

981,045

\$ 763,752

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SHERIDAN COUNTY SCHOOL DISTRICT #1

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BASIS)**

MAJOR MAINTENANCE FUND

Year ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ 360,000	\$ 360,000	\$ 360,059	\$ 59
Miscellaneous revenue	200	200	-	(200)
Total revenue	360,200	360,200	360,059	(141)
Expenditures				
Purchased services	360,000	360,000	286,483	73,517
Supplies and materials	-	-	100	(100)
Capital outlay	-	-	22,877	(22,877)
Total expenditures	360,000	360,000	309,460	50,540
Excess (deficiency) of revenues over expenditures	200	200	50,599	50,399
Fund balance - beginning of year	19,996	19,996	19,996	-
Fund balance - end of year	\$ 20,196	\$ 20,196	\$ 70,595	\$ 50,399

FEDERAL FINANCIAL ASSISTANCE REPORTS

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SHERIDAN COUNTY SCHOOL DISTRICT #1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass Through Grantors Number	Expenditures
<u>U.S. Department of Agriculture</u>			
Passed Through Wyoming Department of Education			
<i>Child Nutrition Cluster</i>			
School Breakfast Program	10.553	None	\$ 12,294
National School Lunch Program	10.555	None	86,880
Federal Share of USDA Commodities	10.555	None	19,648
Total Child Nutrition Cluster			<u>118,822</u>
Total U.S. Department of Agriculture			<u>118,822</u>
<u>U.S. Department of Labor</u>			
Passed Through the Wyoming Department of Workforce Services			
<i>WIA Cluster</i>			
WIA Youth Activities	17.259	None	5,207
Total U.S. Department of Labor			<u>5,207</u>
<u>U.S. Department of Transportation</u>			
Passed Through the Wyoming Department of Transportation			
<i>Highway Planning and Construction Cluster</i>			
Highway Planning and Construction	20.205	SR11002	200,000
Total U.S. Department of Transportation			<u>200,000</u>
<u>U.S. Department of Education</u>			
Passed Through the Wyoming Department of Education			
<i>Title I, Part A Cluster</i>			
Title I Grants to Local Educational Agencies	84.010A	2014T1A1701	76,939
Title I Grants to Local Educational Agencies	84.010A	2013T1A1701	18,712
Total Title I, Part A Cluster			<u>95,651</u>
<i>Special Education Cluster (IDEA)</i>			
Special Education - Grants to States	84.027A	2014VIB1701	79,827
Special Education - Grants to States	84.027A	2013VIB1701	223,362
Special Education - Preschool Grants	84.173A	2014VIBP1701	1,597
Special Education - Preschool Grants	84.173A	2013VIBP1701	225
Total Special Education Cluster			<u>305,011</u>
Career and Technical Education - Basic Grants to States	84.048A	2013VEA1701	9,730
Improving Teacher Quality State Grants	84.367A	2013T2A1701	96,121
Total U.S. Department of Education			<u>506,513</u>
Total Federal Financial Assistance			<u>\$ 830,542</u>

Notes:

Prepared on the cash basis of accounting.

The value of non-cash awards for USDA commodities was \$19,648

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

INDEPENDENT AUDITOR'S REPORT

Honorable Superintendent and Board of Trustees
Sheridan County School District #1
Ranchester, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Sheridan County School District #1, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Sheridan County School District #1's basic financial statements, and have issued our report thereon dated December 5, 2013.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Porter, Muirhead, Cornia & Howard

Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, WY
December 5, 2013



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

INDEPENDENT AUDITOR'S REPORT

Honorable Superintendent and Board of Trustees
Sheridan County School District #1
Ranchester, Wyoming

Report on Compliance for Each Major Federal Program

We have audited Sheridan County School District #1's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Sheridan County School District #1's major federal programs for the year ended June 30, 2013. Sheridan County School District #1's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Sheridan County School District #1's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sheridan County School District #1's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Sheridan County School District #1's compliance.

Opinion on Each Major Federal Program

In our opinion, Sheridan County School District #1 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Sheridan County School District #1 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Sheridan County School District #1's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Sheridan County School District #1's internal control over compliance.

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

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

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

Porter, Muirhead, Cornia & Howard

Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, WY
December 5, 2013

SHERIDAN COUNTY SCHOOL DISTRICT #1

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2013**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's reports issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? No

Control deficiencies identified
that are not considered to be material
weaknesses? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weaknesses identified? No

Control deficiencies identified
that are not considered to be material
weaknesses? No

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

Any audit findings disclosed that are required to be
reported in accordance with section 510 (a)
of Circular A-133? No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction Cluster Highway Planning and Construction
84.027A	Special Education Cluster (IDEA) Special Education – Grants to States
84.173A	Special Education – Preschool Grants

Dollar threshold used to distinguish between
type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? No

(Continued)

SHERIDAN COUNTY SCHOOL DISTRICT #1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2013

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

SHERIDAN COUNTY SCHOOL DISTRICT #1

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2013

SA-2012-01

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

CFDA Number 84.367A – Improving Teacher Quality State Grants

Criteria:

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

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

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

Condition:

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

Follow-up:

This condition was corrected in the current fiscal year.

SHERIDAN COUNTY SCHOOL DISTRICT #1

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (CONTINUED)
JUNE 30, 2013

SA-2012-02

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

CFDA Number 84.367A – Improving Teacher Quality State Grants

Criteria:

OMB guidance in 2 CFR part 180 states “Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. “Covered transactions” include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria.”

Management of the District is responsible for taking steps to ensure that all covered transactions are conducted only with those that are not suspended or debarred.

Condition:

No controls were noted and no evidence existed that indicated that management had addressed the Procurement, Suspension, and Debarment requirement for the above mentioned program.

Follow-up:

This condition was corrected in the current fiscal year.