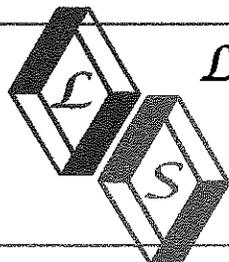


SWEETWATER COUNTY SCHOOL DISTRICT NO. 1

FINANCIAL REPORT

JUNE 30, 2013



*LOVELETT,
SKOGEN &
ASSOCIATES, P.C.*

Certified Public Accountants

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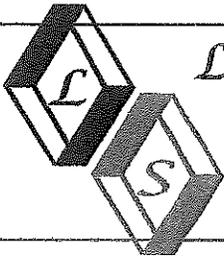
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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Sweetwater County School District No. 1
Rock Springs, 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 Sweetwater County School District No. 1, as of and for the year ended June 30, 2013, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 auditors' 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.

Roxy L. Skogen, CPA, CFE

Michael J. Cometto, CPA, CFE

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sweetwater County School District No. 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 on pages 4 - 14 and 49 - 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sweetwater County School District No. 1's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other schedules 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 9, 2013 on our consideration of the Sweetwater County School District No. 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 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 Sweetwater County School District No. 1's internal control over financial reporting and compliance.

The accompanying basic financial statements, supplemental information, and our independent auditors' reports are for the purpose of meeting local, state, and federal requirements and for the use of those entities and the management and the Board of Trustees and should not be used or relied upon by any other party for any purpose. Additional users of these financial statements, supplemental information, and independent auditors' reports are hereby advised that the liability of Lovelett, Skogen & Associates, P.C. to third party users who use or rely on this information may be limited pursuant to 1995 Wyoming Session Laws, Chapter 155 creating Wyoming Statute §33-3-201.

Lovelett, Skogen & Associates, P.C.

Casper, Wyoming
December 9, 2013

Sweetwater County School District No. 1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

This section of Sweetwater County School District No. 1's annual financial report presents management's discussion and analysis of the District's financial performance and provides an overall review of the financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and notes to the financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights of the primary government for 2013 are as follows:

- ✓ Assets, excluding capital assets, exceeded total liabilities at the close of the most recent fiscal year by \$21.86M. Of this amount, \$14.87M is unrestricted for the District's discretionary use. Unrestricted net assets of governmental activities were \$14.59M; business-type activities amounted to \$0.28M.
- ✓ Total revenues exceeded expenses increasing net assets by \$12.76M. Governmental activities increased net assets by \$13.00M while business-type activities generated \$(0.24)M.
- ✓ Total program expenses were \$82.64M; \$80.30M in governmental activities and \$2.34M in business-type activities. Program specific revenues were \$15.86M for governmental activities and \$2.09M for business-type activities. \$77.44M in general governmental revenues and \$0.08M in business-type reserves were adequate to cover the costs of these programs.
- ✓ Employee health insurance plan total assets exceeded liabilities by \$4.62M, all of which is unrestricted for the District's discretionary use. Total revenues exceeded expenses, increasing net assets by \$0.27M. Employee health insurance claims were \$11.38M, which was 7.16% higher than the prior year.
- ✓ The District had no bonded debt during fiscal year 2013.
- ✓ The Sweetwater County School District Number One Recreation Board's assets exceeded total liabilities by \$1.54M, all of which is restricted for the use of the Recreation Board. Total transfers of \$2.08M exceeded total revenues of \$1.86M, decreasing net assets of the Recreation Board by \$0.22M.
- ✓ The Sweetwater One Public School Foundation's assets exceeded total liabilities by \$0.39M; of this amount, \$0.17M is unrestricted for the Foundation's discretionary use. Total revenues and contributions exceeded expenses, increasing net assets of the Foundation by \$0.054M. Program specific revenues were \$0.014M and total program expenses were \$0.062M. \$0.081 in general foundation revenues were adequate to cover the costs of these programs. Permanent endowments increased by \$10,260 during the fiscal year.

Sweetwater County School District No. 1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this part), the basic financial statements, and required supplementary information. The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements include three components: 1) district-wide financial statements, 2) fund financial statements and 3) notes to the financial statements.

District-wide financial statements. The *district-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to private sector business. These statements contain useful long-term information as well as information for the just completed fiscal year.

The *statement of net position* presents information on all the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or diminishing.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave.)

In the statement of net position and statement of activities, the District is divided into three distinct kinds of activities as follows:

Governmental Activities – Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of facilities, pupil transportation, and the activities of the Sweetwater County School District Number One Recreation Board.

Business - Type Activities – This service is provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The Food Service, Summer Programs, and Head Start Nutrition enterprise funds are reported as a business activity.

Component Unit Activities – Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The Sweetwater One Public School Foundation is reported as a discretely presented component unit of the District. The Sweetwater County School District Number One Recreation Board is presented as a blended component unit and included as a nonmajor governmental fund of the District.

The district-wide financial statements can be found on pages 15 and 16 of this report.

Sweetwater County School District No. 1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Fund financial statements. A fund is a grouping of related accounts that are 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 groups of the District are governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental activities statement of net assets and statement of activities. The basic governmental fund financial statements can be found on pages 17 through 20 of this report.

Proprietary funds. Proprietary funds are used to account for activities the District operates similar to private business. Proprietary funds use the accrual basis of accounting, the same as on the district-wide statements. Therefore, the statements will essentially match the business-type activities portion of the district-wide statements. The proprietary fund financial statement can be found on pages 21 through 23 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. The District is the trustee, or fiduciary, for assets that belong to others, such as the student activities funds and employee agency accounts. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. Fiduciary funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund financial statement can be found on page 24 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 25 through 48 of this report.

The basic financial statements are followed by a section of supplementary information. *Required supplementary information* further explains and supports the financial statements by including a comparison of the District's primary government budget data for the year. Budgetary comparison

Sweetwater County School District No. 1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

statements have been provided for the major funds to demonstrate compliance with this budget. *Other supplemental information* provides information specific to non-major governmental funds, such as the Recreation Board, Head Start, and Capital Projects funds. The required and other supplementary information can be found on pages 49 through 64 of this report. Major features of the District's financial statements are shown in the following table (Table 1):

Major Features of the District-wide and Fund Financial Statements

<i>Fund Financial Statements</i>				
	DISTRICT-WIDE STATEMENTS	GOVERNMENTAL	PROPRIETARY	FIDUCIARY
SCOPE	Entire District (except fiduciary funds).	The activity of the District that is not proprietary or fiduciary, such as instructional, support services, and community services. <u>The General, Major Maintenance, Grant Programs, Capital Projects and Other Governmental funds are reported here.</u>	Activities the District operates similar to private business. <u>Food Service, Summer Programs, Head Start Nutrition, and Internal Service funds are reported here.</u>	Assets held by the District on behalf of someone else. <u>Student Activities and Employees that have funds on deposit with the District are reported here.</u>
REQUIRED FINANCIAL STATEMENTS	Statement of net position, and Statement of activities.	Balance sheet, and Statement of revenues, expenditures and changes in fund balance.	Statement of net position, and Statement of revenues, expenses and changes in net assets, and Statement of cash flows.	Statement of fiduciary net position.
BASIS OF ACCOUNTING AND MEASUREMENT FOCUS	Accrual accounting. Economic resources focus.	Modified accrual accounting. Current financial resources focus.	Accrual accounting. Economic resources focus.	Accrual accounting. Economic resources focus.
TYPE OF ASSET AND LIABILITY INFORMATION	All assets and liabilities, both financial and capital, short-term and long-term.	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.	All assets and liabilities, both financial and capital, short-term and long-term.	All assets and liabilities, both financial and capital, short-term and long-term.
TYPE OF INFLOW AND OUTFLOW INFORMATION	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions or deductions during the year, regardless of when cash is received or paid.

Sweetwater County School District No. 1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

District-Wide Financial Analysis

Recall that the Statement of Net Position provides the perspective of the District as a whole. Table 2 provides a summary of the primary government's net position for 2013 compared to 2012.

Table 2
Net Position
(In Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2013	2012	2013	2012	2013
Assets:						
Current and Other Assets	\$26.47	\$31.11	\$0.50	\$0.31	\$26.97	\$31.42
Capital Assets, Net	82.51	91.87	0.24	0.21	82.75	92.08
Total Assets	<u>\$108.98</u>	<u>\$122.98</u>	<u>\$0.74</u>	<u>\$0.52</u>	<u>\$109.72</u>	<u>\$123.50</u>
Liabilities:						
Current and Other Liabilities	5.44	6.24	0.02	0.03	5.46	6.27
Long-Term Liabilities	3.08	3.29	0.01	0.00	3.09	3.29
Total Liabilities	<u>8.52</u>	<u>9.53</u>	<u>0.03</u>	<u>0.03</u>	<u>8.55</u>	<u>9.56</u>
Net Position:						
Invested in Capital Assets, net of related debt	81.14	90.71	0.23	0.21	81.37	90.92
Restricted	7.70	8.16	-	-	7.70	8.16
Unrestricted	11.62	14.59	0.48	0.28	12.10	14.87
Total Net Position	<u>\$100.46</u>	<u>\$113.46</u>	<u>\$0.71</u>	<u>\$0.49</u>	<u>\$101.17</u>	<u>\$113.95</u>

Total assets of the primary government increased \$13.78M, as cash and cash equivalents increased by 3.96M, receivables increased by \$0.45M, other current assets increased by \$0.03, and capital assets increased by \$9.34M. The net increase of receivables is attributed to increased grants receivable for capital construction projects funded by the State School Facilities Department. The increase in capital assets is primarily due to the new construction of Eastside Elementary school, and construction projects at Rock Springs High School and Rock Springs Junior High.

Total liabilities of the primary government increased \$1.01M, as accounts payable and accrued salaries increased by \$.90M, due to other governments increased by \$0.15M, insurance claims payable decreased by \$0.25M, and the non-current portion of long-term obligations increased by \$0.21M. The net increase in accounts payable is primarily due to higher retainage and contract payable amounts owed to contractors for the construction of projects at Rock Springs Junior High. The net increase in long-term obligations is mainly due to a new capital lease for transportation equipment.

Sweetwater County School District No. 1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

The primary government's unrestricted net assets, the part of net assets that can be used to finance day-to-day activities without constraints established by grants or legal requirements, increased by \$2.77M.

Table 3 reflects the changes in net assets of the primary government for fiscal year 2012 and 2013.

Table 3
Change in Net Position
(In Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2013	2012	2013	2012	2013
<u>Revenues</u>						
Program Revenues:						
Charges for Services	\$0.72	\$0.70	\$0.94	\$0.86	\$1.66	\$1.56
Operating Grants and Contributions	7.46	6.36	1.13	1.24	8.59	7.60
Capital Grants and Contributions	8.01	8.81	-	-	8.01	8.81
General Revenue:						
Property Taxes	57.13	63.97	-	-	57.13	63.97
Unrestricted Federal and State Aid	16.66	13.31	-	-	16.66	13.31
Other Restricted State Aid	-	-	-	-	-	-
Earnings on Investments	0.07	0.05	-	-	0.07	0.05
Other	0.13	0.11	-	-	0.13	0.11
Total Revenues	90.18	93.31	2.07	2.10	92.25	95.41
<u>Program Expenses</u>						
Instruction	43.51	44.08	-	-	43.51	44.08
Support Services:						
Students and Instructional Staff	13.13	13.01	-	-	13.13	13.01
Board of Education, Administration, Fiscal and Business	10.37	10.22	-	-	10.37	10.22
Operation and Maintenance of Facilities	8.36	7.27	-	-	8.36	7.27
Pupil Transportation	4.60	5.00	-	-	4.60	5.00
Other Support Services	0.66	0.72	-	-	0.66	0.72
Food Service	-	-	2.07	2.26	2.07	2.26
Summer Programs	-	-	0.04	0.04	0.04	0.04
Headstart Nutrition	-	-	0.04	0.05	0.04	0.05
Total Expenses	80.63	80.30	2.15	2.35	82.78	82.65
Impairment	(0.72)	-	-	-	(0.72)	-
Increase (decrease) in Net Position	8.83	13.01	(0.08)	(0.25)	8.75	12.76
Net Position-beginning	91.63	100.46	0.79	0.71	92.42	101.17
Net Position-ending	\$100.46	\$113.47	\$0.71	\$0.46	\$101.17	\$113.93

Sweetwater County School District No. 1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

The primary government received \$95.40M in revenues during the most recent fiscal year. Property taxes and unrestricted federal and state aid accounted for 81% of total revenue. Another 19% came from charges for services, operating grants and contributions, and capital grants and contributions. The net increase in revenues of \$3.16M is primarily due to an increase in general property tax.

The total cost of all programs and services are predominately related to pupil instruction, operation and maintenance of facilities, student transportation, and student and staff services. Administrative and business activities accounted for 12.37% of total cost, while maintenance and operation of facilities made up 8.80% of total cost. The decrease in expenditures of \$.13M from the prior fiscal year was mainly due to a decrease in custodial salaries.

Total revenues exceeded total expenses for 2013, increasing net assets by \$12.75M. Governmental activities increased net assets by \$13.00M; business-type activities contributed \$(0.25)M.

Governmental Activities

The *statement of activities* reflects the cost of program services and the charges for services, sales, grants, and contributions offsetting those services. The statement of activities also identifies the cost of these services supported by tax revenues and federal and state aid. Table 4 indicates the total cost of services and the net cost of services for governmental activities for 2013 compared to 2012.

Table 4
Cost of Services
(In Millions)

	Total Cost of Services		Percent Change	Net Cost of Services		Percent Change
	2012	2013	2012-13	2012	2013	2012-13
Instruction	\$43.51	\$44.08	1.31%	\$39.40	\$40.95	3.93%
Support Services:						
Students and Instructional Staff	13.13	13.01	-0.91%	10.1	10.12	0.20%
Board of Education, Administration, Fiscal and Business	10.37	10.22	-1.45%	9.75	9.68	-0.72%
Operation and Maintenance of Facilities	8.36	7.27	-13.04%	0.2	-1.69	-945.00%
Pupil Transportation	4.6	5.00	8.70%	4.53	4.93	8.83%
Other Support Services	0.66	0.72	9.09%	0.47	0.45	-4.26%
Total	\$80.63	\$80.30	-0.41%	\$64.45	\$64.44	-0.02%

The total cost of governmental activities was \$80.30M. The net cost of governmental activities (\$64.44M) was financed by general revenues, which are primarily made up of property taxes and unrestricted federal and state aid. Due to the unique nature of school funding in Wyoming, certain general revenues are capped by the State School Foundation Funding Model. As such, fluctuations in

Sweetwater County School District No. 1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

county property valuations had no overall effect on the District's funding. The State Foundation Program Guarantee contributed \$72.52M toward the net cost of governmental services. The 945.00 percent change in net cost of operations and maintenance of facilities is mainly due to an increase in funding from the State School Facilities Department for capital construction projects.

Business-Type Activities

Business-Type activities include Food Service, Summer Programs, and the Headstart Nutrition program, all of which are self-supporting. These programs had revenues and other support of \$2,099,080 and expenses of \$2,340,756, resulting in a net loss of \$241,676 for fiscal year 2013. The Food Service program contributed a net loss of \$236,971, the Summer Programs provided a net loss of \$3,930 while the Headstart Nutrition program had a net loss of \$775.

The District's funds

The District's governmental funds are accounted for on the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$93.37M and expenditures and other financing uses of \$90.08M. The net change in fund balance for the year was most significant in the General Fund and the Major Maintenance Fund. The net increase of \$3.46M in the General Fund primarily reflected excess tax collections and capital lease financing for Transportation equipment. The net increase of \$.74M in the Major Maintenance Fund was mainly due to increased funding from the state.

General Fund Budgeting Highlights

The District's Budget is prepared according to Wyoming law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2013, the District amended its General Fund budget as needed. Many of the amendments are due to changes in expenditure priorities in the District's schools and departments. The District uses a site/department-based budgeting system designed to tightly control such budgets, yet provide flexibility for site or department management.

The General Fund actual revenues and other financing were \$73.29M, which is above the original budget estimate of \$72.15M and above the final amended budget of \$72.48M. The increase of \$0.33M to the original budget was related to transferring the Special Building Fund to the General Fund due to the closure of the Building Trades Program at Rock Springs High School. The \$.93M variance between the final budget and the June 30, 2013 actual revenues was mainly due to larger reimbursement for Special Education than anticipated.

The actual expenditures and other financing uses of the General Fund were \$70.30M, which is below the original budget estimate of \$76.99M and the final amended budget of \$77.00M. The variance of \$0.01M between the original budget estimate and the final amended budget was due to the scoreboard at Rock Springs Junior High being funded by the Recreation Board. The \$6.70M variance

Sweetwater County School District No. 1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

between the final amended budget and the June 30, 2013 actual results was due to a) fewer special education student placements than anticipated, b) lower health insurance claims than expected, and c) prudent spending of site and department funds.

Capital Assets

At the end of fiscal year 2013, the primary government had \$92.07M invested in land, buildings, equipment, transportation equipment, and art collection. \$91.86M of this amount is in governmental activities. Table 5 shows the breakdown of net capital assets of the primary government for fiscal year 2013 compared to fiscal year 2012.

Table 5
Net Capital Assets
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	2012	2013	2012	2013	2012	2013
Land and Improvements	\$0.77	\$0.77	\$-	\$-	\$0.77	\$0.77
Buildings and Improvements	69.84	68.32	-	-	69.84	68.32
Equipment and Contents	2.02	1.89	0.24	0.21	2.26	2.10
Equipment under Capital Lease	0.36	0.22	-	-	0.36	0.22
Transportation Equipment	2.38	1.93	-	-	2.38	1.93
Transportation Equipment under Capital Lease	1.34	1.45	-	-	1.34	1.45
Art Collection	0.49	0.49	-	-	0.49	0.49
Construction in Process	5.31	16.79	-	-	5.31	16.79
Total	\$82.51	\$91.86	\$0.24	\$0.21	\$82.75	\$92.07

Overall capital assets increased by \$9.32M from fiscal year 2012. The net increase in capital assets was primarily due to the new construction at Eastside Elementary; construction projects Rock Springs Junior High; building and facility renovations; new bus leases; disposing of surplus school vehicles and equipment; and depreciation of capital assets.

The majority of capital assets added during fiscal year 2013 were for facility improvements, transportation equipment under capital lease, technology equipment and software, and construction in process. The District finished the construction of the storage garage near Sage Elementary; and the concession stand at Rock Springs Junior High and replaced the bleachers and wood floor at Rock Springs Junior High. The District also replaced the time clock system, added a soccer enclosure at Rock Springs High School, replaced network wiring and phone system at Lincoln Elementary, and

Sweetwater County School District No. 1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

replaced the parking lot at the Central Administration Building. The District also acquired school buses, trucks, computer equipment, and software.

Construction in process includes the new construction of Eastside Elementary, renovation of the heating and cooling system at Westridge Elementary and fire alarm repair at Rock Springs High School, and the new construction of a K-12 building in Farson. The entire costs of these projects will not be fully reflected until fiscal year 2014 and beyond.

The District is obligated under construction commitments at June 30, 2013, for certain capital projects including the new construction of Eastside Elementary school and Farson K-12 building, boiler replacement at Rock Springs High School and Westridge Elementary, fire alarm replacement and fire sprinkler system renovation at Rock Springs High School, new auxiliary parking lot at Overland Elementary and the design phase of the new Independence High School. Construction in progress on these projects amounted to \$16.75M, with an outstanding commitment of \$4.94M. These commitments will be funded by the State School Facilities Department and the Recreation Board.

Additional information on the District's capital assets can be found in Note 4 on pages 38 and 39 of this report.

Long Term Debt and Obligations

The District had no bonded debt outstanding at June 30, 2013. The District neither issued nor retired any bonded debt during the fiscal year. The District's legal debt margin for fiscal year 2013 was \$171.677M.

The long-term obligations of the District increased by \$0.21M from fiscal year 2012, primarily due to an increase in net OPEB obligations, and a new capital lease for transportation equipment.

Additional information on the District's long-term obligations can be found in Note 7 on pages 40 through 44 of this report.

Current Issues

The District has experienced a growth in student enrollment the past few years and expect student enrollment to rise in the near future. Since the State Foundation Program Guarantee is based largely on average student membership, rising student enrollment has a positive impact on State Foundation Program funding. Additionally, the 2011 Wyoming Legislature adopted into law a student-teacher ratio for grades K-3 of 16 students per teacher. As such, the District will need to fund new classroom teaching positions in grades K-3 in future years.

Furthermore, the District is currently building a new school in Farson and a new Independence High School. Such factors present certain challenges that could significantly affect staffing levels and compensation, facility use, technology needs, and cash flow.

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One of the most important variables in the District's financial future is the cost of health insurance for its employees. The cost of health benefits for all District employees and early retirees is rising in excess of 10% per year on average. If this increase continues, the cost of health benefits will have an impact on other budget areas. Based on current trends, we expect another 15% increase in expected claims. Administration has been implementing various cost sharing measures and switched the provider network to offset the District's portion of this expense, but this issue continues to be a budgetary challenge.

These current issues require management to plan carefully and prudently to provide the resources to meet student needs over the next several years. If student enrollment and health benefits continue to rise, the Administration and Board of Trustees will be faced with challenges to make changes in order to keep the District solvent. The District is committed to its sound fiscal management to meet the challenges of the future.

Contacting the District's Financial Management

This financial report is designed to provide all those with an interest in the District's finances a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Mr. Scot Duncan
Chief Financial Officer
Sweetwater County School District No. 1
3550 Foothill Boulevard
Rock Springs, Wyoming 82901

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Sweetwater One Public School Foundation
Assets:				
Cash and investments	\$ 28,165,423	\$ 284,695	\$ 28,450,118	\$ 401,984
Cash with fiscal agent	240,867	-	240,867	-
Receivables:				
Property taxes	546,430	-	546,430	-
Other governments, grants	1,914,285	31,200	1,945,485	-
Other	18,175	-	18,175	15,209
Internal balances	37,443	(37,443)	-	-
Inventories and prepaid expenses	180,051	35,367	215,418	-
Note receivable	10,000	-	10,000	-
Capital assets:				
Land, construction in progress, and art collection	18,058,037	-	18,058,037	-
Other capital assets, net of accumulated depreciation and impairment	73,816,871	213,834	74,030,705	-
Total assets	<u>122,987,582</u>	<u>527,653</u>	<u>123,515,235</u>	<u>417,193</u>
Liabilities:				
Accounts payable	3,142,632	12,137	3,154,769	3,300
Accrued salaries	639,801	17,480	657,281	-
Unearned revenue	-	-	-	21,465
Due to other governments	579,340	-	579,340	-
Insurance claims payable	1,135,830	-	1,135,830	-
Current portion of long-term obligations	739,669	1,856	741,525	-
Noncurrent portion of long-term obligations	3,288,411	312	3,288,723	-
Total liabilities	<u>9,525,683</u>	<u>31,785</u>	<u>9,557,468</u>	<u>24,765</u>
Net Position:				
Net investment in capital assets	90,715,239	211,666	90,926,905	-
Restricted for:				
Grant programs	87,408	-	87,408	128,070
Major maintenance	6,530,633	-	6,530,633	-
Recreation District	1,540,266	-	1,540,266	-
Endowment (nonexpendable)	-	-	-	98,535
Unrestricted	14,588,353	284,202	14,872,555	165,823
Total net position	<u>\$ 113,461,899</u>	<u>\$ 495,868</u>	<u>\$ 113,957,767</u>	<u>\$ 392,428</u>

See accompanying notes to financial statements.

**SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Instructional services:				
Regular instruction	\$ 32,855,581	\$ 324,095	\$ 1,794,559	\$ -
Special education	10,231,988	91,127	909,465	-
Vocational education	996,504	-	18,013	-
Supporting services:				
Students	7,556,674	-	163,109	-
Instructional staff	5,459,033	138,241	2,596,961	-
Central services	4,094,820	-	-	-
School administration	4,700,617	84,664	450,454	-
Business services	1,128,562	-	-	-
Operation and maintenance of facilities	7,270,804	62,799	91,328	8,809,801
Pupil transportation	4,997,453	-	72,191	-
General administration	296,513	-	-	-
Community services	457,936	-	253,767	-
Other	258,414	-	7,820	-
Total Governmental Activities	<u>80,304,899</u>	<u>700,926</u>	<u>6,357,667</u>	<u>8,809,801</u>
Business-Type Activities:				
Food Service	2,256,940	827,141	1,192,638	-
Summer Programs	37,647	33,713	-	-
Headstart Nutrition	46,169	-	45,394	-
Total Business-Type Activities	<u>2,340,756</u>	<u>860,854</u>	<u>1,238,032</u>	<u>-</u>
Total Primary Government	<u>\$ 82,645,655</u>	<u>\$ 1,561,780</u>	<u>\$ 7,595,699</u>	<u>\$ 8,809,801</u>
Component Units				
Sweetwater One Public School Foundation	81,232	-	14,312	-
Total Component Unit	<u>\$ 81,232</u>	<u>\$ -</u>	<u>\$ 14,312</u>	<u>\$ -</u>

General revenues:

Property taxes levied for:
 General purposes
 Major building and facility maintenance
 Recreation District
Federal and state sources not restricted to specific functions/programs
 Federal sources
 State Foundation Program
 Other State Sources
Local sources not restricted to specific functions/programs
Interest and earnings on investments
Miscellaneous
Total general revenues

**Change in net position before contributions
to permanent endowment**

Contributions to permanent endowment

Change in net position

Net position - beginning

Prior period adjustment

Net assets - beginning as restated

Net position - ending

Net (Expenses) Revenues and Changes in Net Position			
Total Governmental Activities	Primary Government		Component Unit Sweetwater One Public School Foundation
	Business-Type Activities	Total	
\$ (30,736,927)	\$ -	\$ (30,736,927)	\$ -
(9,231,396)	-	(9,231,396)	-
(978,491)	-	(978,491)	-
(7,393,565)	-	(7,393,565)	-
(2,723,831)	-	(2,723,831)	-
(4,094,820)	-	(4,094,820)	-
(4,165,499)	-	(4,165,499)	-
(1,128,562)	-	(1,128,562)	-
1,693,124	-	1,693,124	-
(4,925,262)	-	(4,925,262)	-
(296,513)	-	(296,513)	-
(204,169)	-	(204,169)	-
(250,594)	-	(250,594)	-
(64,436,505)	-	(64,436,505)	-
-	(237,161)	(237,161)	-
-	(3,934)	(3,934)	-
-	(775)	(775)	-
-	(241,870)	(241,870)	-
(64,436,505)	(241,870)	(64,678,375)	-
-	-	-	(66,920)
-	-	-	(66,920)
59,339,215	-	59,339,215	-
2,777,849	-	2,777,849	-
1,854,152	-	1,854,152	-
77,229	-	77,229	-
13,233,127	-	13,233,127	-
1,085	-	1,085	-
-	-	-	84,532
49,802	194	49,996	18,975
108,419	-	108,419	-
77,440,878	194	77,441,072	103,507
13,004,373	(241,676)	12,762,697	36,587
-	-	-	10,260
13,004,373	(241,676)	12,762,697	46,847
100,457,526	715,165	101,172,691	345,581
-	22,379	22,379	-
100,457,526	737,544	101,195,070	345,581
\$ 113,461,899	\$ 495,868	\$ 113,957,767	\$ 392,428

**FUND
FINANCIAL STATEMENTS**

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	Major Funds			
	General	Major Maintenance	SFD Capital Projects	Grant Programs
Assets:				
Cash and investments	\$ 11,765,225	\$ 7,409,264	\$ 746,663	\$ 772,656
Cash with fiscal agent	235,893	-	-	-
Receivables:				
Property taxes	531,561	-	-	-
Other governments, grants	-	-	840,040	1,048,677
Internal balances	822,661	100	41,226	(633,857)
Inventories and prepaid expenses	180,051	-	-	-
Total assets	<u>\$ 13,535,391</u>	<u>\$ 7,409,364</u>	<u>\$ 1,627,929</u>	<u>\$ 1,187,476</u>
Liabilities and fund balances:				
Liabilities:				
Accounts and retainage payable	\$ 319,416	\$ 878,731	\$ 1,627,929	\$ 318,976
Accrued salaries	428,982	-	-	201,752
Due to other governments	-	-	-	554,075
Unearned revenue:				
Grants	-	-	-	25,265
Property taxes	257,369	-	-	-
Total liabilities	<u>1,005,767</u>	<u>878,731</u>	<u>1,627,929</u>	<u>1,100,068</u>
Fund Balances:				
Nonspendable				
Inventories and prepaid expenses	180,051	-	-	-
Restricted for				
Grant programs	-	-	-	87,408
Recreation District	-	-	-	-
Major maintenance	-	6,530,633	-	-
Assigned to				
Headstart child care	-	-	-	-
Projected Budget Deficit	7,800,102	-	-	-
New K-4 school	1,200,000	-	-	-
Farson School construction	25,726	-	-	-
Transportation leases	421,764	-	-	-
Career and vocational programs	316,134	-	-	-
Minimum fund balance	2,000,000	-	-	-
Unassigned, reported in				
General fund	585,847	-	-	-
Total fund balances	<u>12,529,624</u>	<u>6,530,633</u>	<u>-</u>	<u>87,408</u>
Total liabilities and fund balances	<u>\$ 13,535,391</u>	<u>\$ 7,409,364</u>	<u>\$ 1,627,929</u>	<u>\$ 1,187,476</u>

See accompanying notes to financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 1,726,405	\$ 22,420,213
4,974	240,867
14,869	546,430
25,568	1,914,285
(180,789)	49,341
-	180,051
<u>\$ 1,591,027</u>	<u>\$ 25,351,187</u>
\$ 12,177	\$ 3,157,229
9,067	639,801
-	554,075
-	25,265
3,406	260,775
<u>24,650</u>	<u>4,637,145</u>
-	180,051
-	87,408
1,536,860	1,536,860
-	6,530,633
29,517	29,517
-	7,800,102
-	1,200,000
-	25,726
-	421,764
-	316,134
-	2,000,000
-	585,847
<u>1,566,377</u>	<u>20,714,042</u>
<u>\$ 1,591,027</u>	<u>\$ 25,351,187</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENT FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Total fund balances for governmental funds \$ 20,714,042

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$ 772,451	
Construction in progress	16,791,586	
Art collection	494,000	
Buildings and improvements, net of \$39,340,824 accumulated depreciation and \$726,288 impairment	68,319,717	
Furniture and equipment, net of \$2,738,885 accumulated depreciation	1,893,228	
Leased equipment, net of \$486,794 accumulated depreciation	220,939	
Transportation equipment, net of \$4,137,237 accumulated depreciation	1,932,004	
Leased transportation equipment, net of \$450,415 accumulated depreciation	<u>1,450,983</u>	91,874,908

Note receivable is to be forgiven over two years and is not a financial resource and therefore not reported in the General Fund 10,000

Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unearned revenue in the funds. 260,775

The internal service funds are used by management to charge the costs of the employee health insurance program. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. Internal service fund net position at year-end are: 4,615,657

Expenditures of governmental funds are recognized in the accounting period in which the related fund liability is incurred, if measurable. Expenses pertaining to exchange transactions in governmental activities are not recognized until completion of the exchange. 14,597

Long-term liabilities that pertain to governmental funds, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year-end are:

Obligations under capital leases	\$ (1,159,669)	
Accrued vacation	(316,408)	
Postemployment benefits payable	<u>(2,552,003)</u>	<u>(4,028,080)</u>

Total net position of governmental activities \$ 113,461,899

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Major Funds			
	General	Major Maintenance	SFC Capital Projects	Grant Programs
Revenues:				
Local sources	\$ 46,513,663	\$ -	\$ 7,141	\$ 315,850
County sources	13,074,151	-	-	-
State sources	13,234,212	2,777,849	8,798,059	2,133,935
Federal sources	77,229	-	-	3,716,692
Interest	17,329	11,902	3,011	288
Total revenues	<u>72,916,584</u>	<u>2,789,751</u>	<u>8,808,211</u>	<u>6,166,765</u>
Expenditures:				
Current:				
Instructional services:				
Regular instruction	28,232,419	-	-	1,762,024
Special education	9,199,703	-	-	1,000,364
Vocational education	966,392	-	-	18,186
Supporting services:				
Students	7,385,876	-	-	30,694
Instructional staff	2,695,581	-	-	2,737,080
Central services	3,850,662	-	-	-
School administration	4,144,420	-	-	412,440
Business services	1,164,111	-	-	-
Operation and maintenance of facilities	6,659,472	-	-	10,964
Pupil transportation	4,916,717	-	-	-
General administration	285,741	-	-	-
Community services	182,931	-	-	256,209
Other supporting services	223,413	-	-	-
Food service	-	-	-	-
Capital outlay	-	2,046,828	11,070,978	-
Total expenditures	<u>69,907,438</u>	<u>2,046,828</u>	<u>11,070,978</u>	<u>6,227,961</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,009,146</u>	<u>742,923</u>	<u>(2,262,767)</u>	<u>(61,196)</u>
Other financing sources (uses):				
Compensation for loss of capital assets	3,858	-	-	-
Operating transfers	144,535	-	2,254,826	1,191
Capital lease proceeds	304,855	-	-	-
Total other financing sources (uses)	<u>453,248</u>	<u>-</u>	<u>2,254,826</u>	<u>1,191</u>
Net change in fund balance	3,462,394	742,923	(7,941)	(60,005)
Fund balances - beginning	<u>9,067,230</u>	<u>5,787,710</u>	<u>7,941</u>	<u>147,413</u>
Fund balances - ending	<u>\$ 12,529,624</u>	<u>\$ 6,530,633</u>	<u>\$ -</u>	<u>\$ 87,408</u>

See accompanying notes to financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 1,856,283	\$ 48,692,937
-	13,074,151
-	26,944,055
828,406	4,622,327
5,220	37,750
<u>2,689,909</u>	<u>93,371,220</u>
373,901	30,368,344
8,980	10,209,047
-	984,578
133,557	7,550,127
23,541	5,456,202
-	3,850,662
127,012	4,683,872
-	1,164,111
81,243	6,751,679
72,886	4,989,603
-	285,741
-	439,140
7,895	231,308
-	-
(1,025)	13,116,781
<u>827,990</u>	<u>90,081,195</u>
<u>1,861,919</u>	<u>3,290,025</u>
-	3,858
(2,400,552)	-
-	304,855
<u>(2,400,552)</u>	<u>308,713</u>
(538,633)	3,598,738
<u>2,105,010</u>	<u>17,115,304</u>
<u>\$ 1,566,377</u>	<u>\$ 20,714,042</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Net change in fund balances-total governmental funds \$ 3,598,738

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 for furniture and equipment and \$50,000 for buildings and improvements are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 13,657,057	
Depreciation expense	<u>(4,290,718)</u>	9,366,339

Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net position the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net position.

Other financing source - capital lease	\$ (304,855)	
Principal payments of capital leases	<u>515,484</u>	210,629

Property tax revenues collected after the year for which they are being levied are reported as unearned revenue in the governmental funds. They are, however, recorded as revenues in the statement of activities. Unearned property tax revenues decreased this year. (48,623)

A note issued upon hiring of the Superintendent is an expenditure for fund reporting purposes, but is not an expense until services are performed and note is forgiven for governmental activities reporting purposes. 10,000

Expenditures of governmental funds are recognized in the accounting period in which the related fund liability is incurred, if measurable. Expenses pertaining to exchange transactions in governmental activities are not recognized until completion of the exchange. 14,597

In the statement of activities, certain operating expenses - compensated absences (vacations) and early retirement benefits (postemployment benefits) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During this year, vacations increased \$15,718 and postemployment benefits obligations increased \$404,174. (419,892)

Internal service funds are used by the District to charge the costs of the employees health insurance to individual funds. The net revenue of the internal service funds is reported with governmental activities. 272,585

Change in net position of governmental activities \$ 13,004,373

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Enterprise Funds				Internal Service Fund
	Food Service	Summer Programs	Nonmajor Headstart Nutrition	Total Enterprise Funds	
Assets					
Current assets:					
Cash and cash equivalents	\$ 251,390	\$ 25,307	\$ 7,998	\$ 284,695	\$ 2,098,901
Short-term investments	-	-	-	-	3,646,309
Due from other governments	31,200	-	-	31,200	-
Accrued interest receivable	-	-	-	-	6,277
Internal balances	(25,966)	(11,477)	-	(37,443)	-
Inventories	35,367	-	-	35,367	-
Total current assets	291,991	13,830	7,998	313,819	5,751,487
Capital assets:					
Equipment	1,029,702	-	-	1,029,702	-
Accumulated depreciation	(815,868)	-	-	(815,868)	-
Total capital assets	213,834	-	-	213,834	-
Total assets	<u>\$ 505,825</u>	<u>\$ 13,830</u>	<u>\$ 7,998</u>	<u>\$ 527,653</u>	<u>\$ 5,751,487</u>
Liabilities and Net Assets					
Liabilities:					
Current liabilities:					
Accounts payable	\$ 10,187	\$ -	\$ 1,950	\$ 12,137	\$ -
Accrued expenses	9,747	7,733	-	17,480	-
Capital lease	1,856	-	-	1,856	-
Insurance claims payable	-	-	-	-	1,135,830
Total current liabilities	21,790	7,733	1,950	31,473	1,135,830
Noncurrent liabilities:					
Capital lease	312	-	-	312	-
Total liabilities	22,102	7,733	1,950	31,785	1,135,830
Net position:					
Invested in capital assets	211,666	-	-	211,666	-
Unrestricted	272,057	6,097	6,048	284,202	4,615,657
Total net position	483,723	6,097	6,048	495,868	4,615,657
Total liabilities and net position	<u>\$ 505,825</u>	<u>\$ 13,830</u>	<u>\$ 7,998</u>	<u>\$ 527,653</u>	<u>\$ 5,751,487</u>

See accompanying notes to financial statements.

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Enterprise Funds				Internal Service Fund
	Food Service	Summer Programs	Nonmajor Headstart Nutrition	Total Enterprise Funds	
Operating revenues:					
Charges for services:					
Insurance premium, refunds	\$ -	\$ -	\$ -	\$ -	\$ 11,499,882
Food service and summer tuition	827,141	33,713	-	860,854	-
Total operating revenues	<u>827,141</u>	<u>33,713</u>	<u>-</u>	<u>860,854</u>	<u>11,499,882</u>
Operating expenses:					
Salaries	761,184	20,457	13,132	794,773	-
Employee benefits	305,376	2,511	3,163	311,050	11,382,528
Purchased services	37,969	5,622	-	43,591	-
Supplies and materials, including food	1,106,205	9,057	29,874	1,145,136	-
Interest expense	383	-	-	383	-
Depreciation	45,823	-	-	45,823	-
Total operating expenses	<u>2,256,940</u>	<u>37,647</u>	<u>46,169</u>	<u>2,340,756</u>	<u>11,382,528</u>
Operating income (loss)	<u>(1,429,799)</u>	<u>(3,934)</u>	<u>(46,169)</u>	<u>(1,479,902)</u>	<u>117,354</u>
Nonoperating income (loss):					
Earnings on investments	184	10	-	194	15,364
Federal sources, including commodity support	1,192,638	-	45,394	1,238,032	139,866
Total nonoperating income	<u>1,192,822</u>	<u>10</u>	<u>45,394</u>	<u>1,238,226</u>	<u>155,230</u>
Change in net position	(236,977)	(3,924)	(775)	(241,676)	272,584
Net position - beginning	698,321	10,021	6,823	715,165	4,343,073
Prior period adjustment	22,379	-	-	22,379	-
Net assets - beginning as restated	<u>720,700</u>	<u>10,021</u>	<u>6,823</u>	<u>737,544</u>	<u>4,343,073</u>
Net position - ending	<u>\$ 483,723</u>	<u>\$ 6,097</u>	<u>\$ 6,048</u>	<u>\$ 495,868</u>	<u>\$ 4,615,657</u>

See accompanying notes to financial statements.

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Enterprise Funds				Internal Service Fund
	Food Service	Summer Programs	Nonmajor Headstart Nutrition	Total Enterprise Funds	
Cash flows from operating activities:					
Receipts from interfund services provided	\$ -	\$ -	\$ -	\$ -	\$ 11,499,882
Receipts from services provided	827,141	33,713	-	860,854	-
Payments to suppliers	(993,420)	(14,858)	(28,225)	(1,036,503)	-
Payments for medical fees and insurance claims	-	-	-	-	(11,635,764)
Payments to and on behalf of employees	(1,068,236)	(34,925)	(16,295)	(1,119,456)	-
Net cash used in operating activities	<u>(1,234,515)</u>	<u>(16,070)</u>	<u>(44,520)</u>	<u>(1,295,105)</u>	<u>(135,882)</u>
Cash flows from noncapital financing activities:					
Federal subsidy	1,082,694	-	45,394	1,128,088	139,866
Net cash provided by noncapital financing activities	<u>1,082,694</u>	<u>-</u>	<u>45,394</u>	<u>1,128,088</u>	<u>139,866</u>
Cash flows from capital and related financing activities:					
Payments on capital lease	(1,366)	-	-	(1,366)	-
Acquisition of capital assets	(17,985)	-	-	(17,985)	-
Net cash used in capital and related financing activities	<u>(19,351)</u>	<u>-</u>	<u>-</u>	<u>(19,351)</u>	<u>-</u>
Cash flows from investing activities:					
Purchase of certificates of deposit	-	-	-	-	(11,943)
Interest received	184	10	-	194	15,364
Net cash provided by investing activities	<u>184</u>	<u>10</u>	<u>-</u>	<u>194</u>	<u>3,421</u>
Net increase (decrease) in cash and cash equivalents	<u>(170,988)</u>	<u>(16,060)</u>	<u>874</u>	<u>(186,174)</u>	<u>7,405</u>
Cash and Cash Equivalents - beginning	<u>422,378</u>	<u>41,367</u>	<u>7,124</u>	<u>470,869</u>	<u>2,091,496</u>
Cash and Cash Equivalents - ending	<u>\$ 251,390</u>	<u>\$ 25,307</u>	<u>\$ 7,998</u>	<u>\$ 284,695</u>	<u>\$ 2,098,901</u>
Reconciliation of operating (loss) income to net cash used in operating activities:					
Operating (loss) income	\$ (1,429,799)	\$ (3,934)	\$ (46,169)	\$ (1,479,902)	\$ 117,354
Adjustments to reconcile operating (loss) income to net cash used in operating activities:					
Depreciation expense	45,823	-	-	45,823	-
Value of commodities received	125,383	-	-	125,383	-
Decrease in inventory	6,106	-	-	6,106	-
Increase (decrease) in internal balances	15,690	(11,943)	(212)	3,535	-
(Decrease) Increase in accounts payable	3,958	(179)	1,861	5,640	-
Decrease in accrued wages	(1,676)	(14)	-	(1,690)	-
Decrease in claims payable	-	-	-	-	(253,236)
Total adjustments	<u>195,284</u>	<u>(12,136)</u>	<u>1,649</u>	<u>184,797</u>	<u>(253,236)</u>
Net cash used in operating activities	<u>\$ (1,234,515)</u>	<u>\$ (16,070)</u>	<u>\$ (44,520)</u>	<u>\$ (1,295,105)</u>	<u>\$ (135,882)</u>
Noncash investing, capital, and financing activities:	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>	<u>None</u>

See accompanying notes to financial statements.

**FIDUCIARY FUND
FINANCIAL STATEMENT**

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
JUNE 30, 2013

	Student Activities Fund	Employee Agency Fund
	<u> </u>	<u> </u>
Assets:		
Cash and investments	\$ 469,784	\$ 110,537
	<u> </u>	<u> </u>
Liabilities		
Due to other funds	\$ 11,898	\$ -
Due to employees	-	110,537
Due to student groups	457,886	-
Total liabilities	<u>\$ 469,784</u>	<u>\$ 110,537</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

**SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS**

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds, and Significant Accounting Policies

REPORTING ENTITY

For financial reporting purposes, the District includes all of the funds of Sweetwater County School District No. 1. The reporting entity for the District consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

DISCRETELY PRESENTED COMPONENT UNIT

Sweetwater One Public School Foundation is a legally separate, tax-exempt component unit of the District. The Foundation was organized and shall be operated exclusively to receive, hold, invest in, and administer property for the District; make expenditures to or for the benefit of the District; and intended to be organized and operated as an endowment fund for the benefit of Sweetwater County School District No. 1.

BLENDED COMPONENT UNIT

Sweetwater County School District No. 1 Recreation Board is also a legally separate, tax-exempt component unit of the District. The Recreation Board's funding is a one mill recreation levy imposed by the School Board. At the present time, most proposals for recreation projects will include facilities, construction, maintenance and operation, and equipment used by the District.

NATURE OF OPERATIONS

The operations of the District consist of providing educational services to the residents of Rock Springs, Wyoming and the surrounding area within Sweetwater County, Wyoming. The District operates under a locally elected seven-member Board form of government and provides educational and supportive services as mandated by the State of Wyoming and/or federal agencies.

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds, and Significant Accounting Policies (Continued)

BASIS OF PRESENTATION

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements:

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program. Program revenues also include interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds, and Significant Accounting Policies (Continued)

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

DESCRIPTION OF FUNDS

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental, proprietary and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the District typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the funds from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

Governmental funds are organized as major funds or non-major funds with an emphasis placed on major funds. A fund is considered major if it is a primary operating fund of the District and meets the following criteria:

Total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type.

In addition, any other governmental fund that the District believes is particularly important to the financial statement users may be reported as a major fund.

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds, and Significant Accounting Policies (Continued)

The following are the District's major governmental funds:

General Fund - The General Fund is the operating fund of the District and is used to account for all financial resources except those that are required to be accounted for in another fund. The instructional and most of the support service programs of the District are accounted for in the General Fund. The revenue of the fund consists primarily of local property taxes and federal and state funds. The general fund balance is available for any purpose provided it is expended or transferred according to the laws of the State of Wyoming.

Major Maintenance Fund – The Major Maintenance Fund is used to account for financial resources to be used specifically for major maintenance of District facilities as defined by Wyoming State Statute.

Grant Programs Fund – The Grant Programs Fund is used to account for the proceeds of specific revenue sources (other than the Headstart Program) that are legally restricted to expenditures for specified purposes. The revenue of the Special Revenue Funds consists primarily of federal and state grants.

School Facilities Department Capital Projects Fund – The Capital Projects Fund is used to account for financial resources accumulated and payments made for the acquisition and improvement of sites; construction and remodel of facilities; and procurement of equipment, textbooks and supplies necessary for providing educational programs to all students within the District.

Proprietary Funds

Proprietary Funds focus on the determination of changes in net position, financial position and cash flows.

Enterprise Funds – The Enterprise Funds are also organized on major funds and non-major funds with the emphasis placed on major funds. The Food Service Fund is a major enterprise fund used to account for the operations of the school breakfast and lunch program on a self-supporting basis. The fund is sustained by charges for lunch and government subsidized meal costs and food commodities.

The Summer Program is a non-major enterprise fund. The fund is sustained by tuition charged for participation in the summer programs. The Headstart Nutrition program is a non-major enterprise fund, and used to account for the Headstart snack and lunch program on a self-supporting basis. The fund is sustained by government subsidized meals costs.

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds, and Significant Accounting Policies (Continued)

Internal Service Fund – Internal Service Funds are used to account for the financing of goods or services provided by the District to the District itself on a cost reimbursement basis. The District’s employee health insurance plan is accounted for as an internal service fund.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District’s agency funds account for those student activity programs which have student participation in the activity and have students involved in the management of the programs and employee agency accounts in which funds are held on behalf of employees.

SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Sweetwater County School District No. 1 have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Significant accounting policies followed by the District are as follows:

a) Measurement Focus and Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The government-wide, proprietary, and fiduciary fund financial statements are prepared using the economic resources and accrual basis of accounting. Governmental funds use the current financial resources measurement focus and modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds, and Significant Accounting Policies (Continued)

Revenues – Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, donations, and State recapture payments. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, fees, and rentals. Also under the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Federal and State Grants and Entitlements

Federal and state grants and entitlements are recognized as revenue in the period the District is entitled to the resources and the amounts are available. Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred and the amounts are available. Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Unearned Revenue

On governmental fund financial statements, receivables that will not be collected within the available period, including property taxes, have also been reported as unearned revenue.

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds, and Significant Accounting Policies (Continued)

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation are not recognized in governmental funds.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and services. It also includes all revenue and expenses not related to capital and financing activities, noncapital financing, or investing activities. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

- b) Budgetary Process

All funds are legally required to be budgeted and appropriated. The District's Board of Trustees annually adopts a budget and approves the related appropriations. Legal spending control is at the program level within each of the individual funds, management control is exercised at budgetary line item levels within each fund. The Board of Trustees may amend the budget after it is approved and also authorizes transfers between the various budgetary programs in any fund. The amounts reported as original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

- c) Property Taxes

Property taxes are levied in the first week of August of each year and are collectible in two installments. Installments are due on September 1 and March 1 and are collectible on November 10 and May 10. If the first installment payment is made after November 10, the entire amount is due by December 31. Property taxes attach as an enforceable lien on the property if payment is not made by May 11th each year. On the government-wide statement of net position, property tax receivable has been recorded at the estimated net realizable value with an estimated allowance for amounts uncollectible.

**SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds, and Significant Accounting Policies (Continued)

d) Cash, Cash Equivalents, and Investments

For purposes of the Proprietary Funds statement of cash flows, the Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. The cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments.

e) Internal 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 position, except for the net residual amounts due between governmental and business-type activities.

f) Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are recorded at cost, if purchased, or at fair market value as of the date of the gift if received as a donation. The District maintains a tiered capitalization policy which is based on the asset category. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise funds is also capitalized.

All reported capital assets except land, land improvements, the collection of art, and construction in progress are depreciated. Improvements are depreciated over the useful lives of the related capital assets.

**SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds, and Significant Accounting Policies (Continued)

Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings	20 – 50 years	
Furniture and equipment	5 – 15 years	7 years
Transportation equipment	5 – 12 years	5 – 8 years

g) Inventories

Inventories are accounted for at the lower of cost (first-in, first-out method) or market under the consumption method. Inventories in governmental fund types are equally offset by a fund balance reserve, which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets.

h) Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee’s rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all eligible employees. The entire compensated absence liability is reported on the government-wide financial statements.

All eligible employees of the District receive a maximum of ten days of sick leave each year. In accordance with the provisions of the Governmental Accounting Standards Board, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. The District also has implemented a sick leave bank for full-time eligible employees for catastrophic accident and illness.

i) Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements and all payables, accrued liabilities and long-term obligation payables from enterprise funds are reported on the enterprise fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. Capital leases are recognized as a liability on the governmental fund financial statements when due.

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds, and Significant Accounting Policies (Continued)

j) Net Position

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

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

k) Fund Balance

The District uses the fund balance definitions in GASB Codification Section 1800 for financial reporting for all governmental fund types. The classifications are intended to depict the nature of net resources that are reported in a governmental fund. An individual fund could include any combination of these classifications.

Nonspendable Fund Balance

These fund balances are the net balance of assets and liabilities that are either legally or contractually required to be maintained intact or are “not in spendable” form. This includes all legally or contractually restricted balances as well as prepaid expenses, inventory, and other items considered “not in spendable” form.

Restricted Fund Balance

These fund balances are the net balance of assets and liabilities that have provisions that are externally imposed. These are grants or other funds that are restricted by the debt covenants, grantor, contributor, or by laws or regulations of external governments. In general, these include legally enforceable requirements that the resources be used only for the specific purposes stipulated in the grant, debt covenant, or by law.

Committed Fund Balance

The Board of Trustees is the District’s highest level of decision-making authority. The formal action required to establish, modify, or rescind a fund balance commitment is a resolution approved by the Board at the District’s Board meeting. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds, and Significant Accounting Policies (Continued)

Assigned Fund Balance

Assigned fund balances are the net amounts of assets and liabilities constrained by the intent of the Board of Trustees. The intent will not be done by formal action of the Board of Trustees, but will be part of items such as the adopted budget or in a statement by the Board or by an official or body to which the Board delegates the authority. The District's fund balance policy establishes that the Superintendent and the Director of Business and Finance or his designee are the officials permitted to assign amounts to a specific purpose.

Unassigned Fund Balance

Typically unassigned fund balances will be limited to the General Fund and by definition they are the residual balance for fund balance.

When an expenditure is incurred for purposes for which a combination of fund balances is available, the District will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

l) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

m) New GASB Pronouncements

The Governmental Accounting Standards Board has issued several new pronouncements that the District has reviewed for application to their accounting and reporting.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, is effective for periods beginning after December 15, 2011. This standard provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The District has implemented this reporting for the year ended June 30, 2013. The components of net position were renamed to reflect the requirements of this statement.

**SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

2. Budgetary Basis of Accounting

While the District is reporting financial position, results of operations, and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The statements of revenues, expenditures, and changes in fund balance – budget (non-GAAP) and actual presented for the General Fund, Major Maintenance Fund, and Grant Programs Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

- a) Proceeds from capital leases and the associated capital outlay expenditure are not recorded on the cash basis (budget), but are recorded on the GAAP basis.
- b) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- c) Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

3. Cash and Investments

Authorized deposits are controlled by state statute and include but are not limited to deposits in banks, certificates of deposit, money market accounts, and treasury notes. Statutes also authorize the District to participate in the Wyoming Government Investment Fund (WGIF), which was established pursuant to the Wyoming Statutory Trust Act. Funds residing in these pools may have a maturity of less than three months. An annual report may be obtained for this entity at: 401 West 19th Street, Suite 300, Cheyenne, WY 82001.

Deposits and investments at June 30, 2013 consist of and appear in the financial statements as summarized below:

Cash and investments, statement of net position	\$ 28,450,118
Cash and investments, statement of fiduciary net position	<u>580,321</u>
	<u>\$ 29,030,439</u>
Cash in bank	\$ 15,720,466
Certificates of deposit	4,551,571
WGIF	<u>8,758,402</u>
	<u>\$ 29,030,439</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Cash and Investments (Continued)

The carrying amount of bank deposits for the District at June 30, 2013 is \$20,272,037 and the bank balance is \$20,240,729. The differences between the carrying amount and the bank balances are due to outstanding checks and deposits not yet processed by the bank. Of the book balance, \$1,823,527 is covered by federal depository insurance and \$18,448,510 was collateralized by securities held by the financial institutions in the District's name and accordingly considered credit risk category 1.

The District's investments include certificates of deposit with interest rates from .25% to .60%. Investments in certificates of deposits are allowed under Wyoming Statutes. As noted above, the certificates of deposit were bank deposits collateralized by the financial institution, pledging its securities under properly executed joint custody receipts in the District's name.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The WGIF fund continues to hold an AAAM rating by Standard & Poor's (S&P) indicating that "safety is excellent," and the pool has "superior capacity to maintain principal value and limit exposure to loss." The rate of return depends on the underlying portfolio. The District attempts to match its investment maturities to expected cash flow needs. As of June 30, 2013, the 7 day yield of WGIF was less than 1%.

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SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 772,451	\$ -	\$ -	\$ 772,451
Construction in progress	5,307,419	12,716,703	(1,232,536)	16,791,586
Art Collection	494,000	-	-	494,000
Total capital assets, not being depreciated	6,573,870	12,716,703	(1,232,536)	18,058,037
Capital assets, being depreciated:				
Buildings and improvements	106,941,149	1,445,680	-	108,386,829
Furniture and equipment	4,355,516	375,249	(98,652)	4,632,113
Equipment under capital lease	707,733	-	-	707,733
Transportation equipment	6,182,161	47,106	(160,026)	6,069,241
Transportation equipment under capital lease	1,596,543	304,855	-	1,901,398
Total capital assets, being depreciated	119,783,102	2,172,890	(258,678)	121,697,314
Accumulated depreciation for:				
Buildings and improvements	(36,373,556)	(2,967,268)	-	(39,340,824)
Furniture and equipment	(2,334,245)	(503,292)	98,652	(2,738,885)
Equipment under capital lease	(353,805)	(132,989)	-	(486,794)
Transportation equipment	(3,800,258)	(497,005)	160,026	(4,137,237)
Transportation equipment under capital lease	(260,251)	(190,164)	-	(450,415)
Total	(43,122,115)	(4,290,718)	258,678	(47,154,155)
Impairment	(726,288)	-	-	(726,288)
Total accumulated depreciation	(43,848,403)	(4,290,718)	258,678	(47,880,443)
Total capital assets, being depreciated, net	75,934,699	(2,117,828)	-	73,816,871
Governmental activities capital assets, net	\$ 82,508,569	\$ 10,598,875	\$ (1,232,536)	\$ 91,874,908
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Equipment	\$ 888,944	\$ 17,985	\$ -	\$ 906,929
Transportation equipment	122,773	-	-	122,773
Total capital assets, being depreciated	1,011,717	17,985	-	1,029,702
Accumulated depreciation for:				
Equipment	(668,636)	(34,681)	-	(703,317)
Transportation equipment	(101,409)	(11,142)	-	(112,551)
Total accumulated depreciation	(770,045)	(45,823)	-	(815,868)
Business-type activities capital assets, net	\$ 241,672	\$ (27,838)	\$ -	\$ 213,834

**SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

4. Capital Assets (Continued)

Depreciation expense was charged to governmental functions as follows:

Governmental activities:	
Instructional services	
Regular instruction	\$ 2,918,653
Special education	37,303
Vocational education	11,926
Supporting services:	
Students	16,057
Central services	290,614
Business	75,625
School Administration	11,452
Operation and maintenance of facilities	180,923
Pupil transportation	677,611
General administration	20,716
Community services	7,830
Other support services	42,008
Total depreciation expense, governmental activities	<u>\$ 4,290,718</u>

Construction Commitments

The District is obligated at June 30, 2013 under construction commitments for several projects at various schools within the district for paving, bleacher replacement, building, and renovation projects. Total approved contracts as of June 30, 2013 are \$21.690 million with \$16.755 million completed and \$4.935 million still committed. The majority of the commitment will be financed by additional funds from the Wyoming Schools Facilities Department and transfers from the Recreation Board.

5. Wyoming Retirement System

Substantially all Sweetwater County School District No. 1 full-time or regular part-time employees participate in the Wyoming Retirement System (System), a cost-sharing, multiple employer public employee retirement system. The System provides retirement benefits at age 60 with early retirement options available. The System also provides disability and death benefits. Benefits are established by State Statute. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Wyoming Retirement System, 6101 Yellowstone Road, Suite 500, Cheyenne, Wyoming 82002 or by calling (307) 777-7691.

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

5. Wyoming Retirement System (Continued)

The System statutorily requires 14.12% of the participant's salary to be contributed to the plan. Covered employees are required to contribute 7% of their salary to the plan with the District contributing the remaining 7.12%. As permitted by State statute, the District elected to pay the employees' share of the contribution. The District's contributions to the System for the years ended June 30, 2013, 2012, and 2011 were \$6,186,865, \$6,183,765 and \$5,934,417, respectively. This was equal to the required contribution each of those years.

6. Deferred Compensation Plan

The District offers its employees a deferred compensation plan (Plan) that is structured in accordance with the provisions of Internal Revenue Code Section 457. The Plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

As of November 24, 1998, in order to comply with the Small Business Job Protection Act of 1996, the Plan, under the control of Wyoming Deferred Compensation, Inc., was amended. The Plan assets and the income attributable to the Plan assets are now set aside in a trust arrangement for the exclusive benefit of the participant or the participant's beneficiary.

7. Long-Term Obligations

During the year ended June 30, 2013 the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Obligations under capital leases	\$ 1,370,298	\$ 304,855	\$ (515,484)	\$ 1,159,669	\$ 547,196
Accrued vacation	300,690	286,339	(270,621)	316,408	284,767
Net OPEB obligation	2,147,829	1,749,250	(1,345,076)	2,552,003	-
Total governmental activities long-term liabilities	<u>\$ 3,818,817</u>	<u>\$ 2,340,444</u>	<u>\$ (2,131,181)</u>	<u>\$ 4,028,080</u>	<u>\$ 831,963</u>
Business-type activities:					
Obligations under capital leases	<u>\$ 3,534</u>	<u>\$ -</u>	<u>\$ (1,366)</u>	<u>\$ 2,168</u>	<u>\$ 1,856</u>

Capital leases – The District leases certain computer, copier, and transportation equipment under capital leases, of which some provide for the purchase of leased equipment for nominal amounts at the end of the lease term. The interest rates on the leases are 1.85% to 14.38% with an average of approximately 8.76%. Interest expense of \$64,264 as a result of capital lease obligations is included in the government-wide statement of activities.

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7. Long-Term Obligations (Continued)

The following is a schedule by years of minimum future lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2013:

Payable during the year ended June 30,		
2014	\$	586,032
2015		294,867
2016		276,713
2017		64,296
		1,221,908
Less amount representing interest		(62,239)
Minimum Future Lease Payments	\$	1,159,669

Accrued vacation - Eligible personnel are entitled to initial vacation leave after completing nine months of service, increasing thereafter depending on the length of service. Vacation days accumulated are not paid if not used, except for twelve month administrators and classified support personnel who can be paid up to twenty days of unused vacation upon termination.

Net OPEB Obligation – The District has completed the second required actuarial valuation of the District’s post-retirement benefit plan (other than pensions) to identify the actuarial accrued liability, the annual required contribution, and the net OPEB obligation of the District as required by generally accepted accounting principles.

Plan Description – The post-retirement benefit plan offered by the District provides post-employment medical, dental, and vision benefits for retirees and their dependents. Upon retirement, individuals are eligible to continue to receive coverage under the District’s group health care plan. The Board of Trustees has the authority for establishing and amending the plan. This plan does not issue a separate report.

The District had offered a health care severance incentive plan to employees to encourage early retirement. This plan is no longer offered. The plan provides that the employee (and dependents) shall be allowed to remain under the District’s health plan (including Dental and Vision), until the employee dies or attains 65 years of age, whichever occurs first. Surviving spouses are also eligible until they die or attain 65 years of age, whichever occurs first. The retiree pays 15% of the premium for the coverage.

Retirees 50 years of age and older with at least 10 years of continuous service can continue on the District’s health insurance plan by paying 100% of the premium. The plan includes Medical, Dental, and Vision coverage. Surviving spouses are also eligible. The employee must work 35 or more hours per week to be eligible.

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7. Long-Term Obligations (Continued)

Funding Policy – Contributions are required for both retiree and dependent coverage. The District is currently providing a subsidy to offset the retiree’s contribution for the medical insurance program. The monthly contribution is required for both retiree and dependent coverage and is being financed on a pay-as-you-go basis. For fiscal 2013, the post-retirement plan is considered an unfunded plan, as the District has not established an irrevocable trust fund for retiree health care benefits as of June 30, 2013.

For the plan year ending June 30, 2013, there were 873 participants; 623 active employees, 52 self-pay retirees under age 65, 172 self-pay retirees 65 plus, and 26 District pay retirees.

Annual OPEB Cost and Net OPEB Obligation – The accounting standards allow the use of one of the following actuarial cost methods for the valuation: Unit Credit, Entry Age Normal, Attained Age, Aggregate, Frozen Entry Age, or Frozen Attained Age. These methods can be amortized on either a level dollar or a level percentage of payroll basis. The actuarial valuation assumes the use of the Projected Unit Credit method with amortization on a level percent of payroll basis, because it is believed the Unit Cost method provides the most logical correlation between accruing and expensing retiree benefits.

The District’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District’s net OPEB obligation:

Annual Required Contribution (ARC)	\$	1,760,025
Interest on net OPEB obligation		85,913
Adjustment to annual required contribution		(96,688)
Annual OPEB Cost		<u>1,749,250</u>
Less:		
Employer contributions		<u>(1,345,076)</u>
Increase in Net OPEB Obligation		404,174
Net OPEB Obligation at beginning of year		<u>2,147,829</u>
Net OPEB Obligation at end of year	\$	<u><u>2,552,003</u></u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7. Long-Term Obligations (Continued)

The Net OPEB Obligation (NOO) is the cumulative difference between the ARC and the employer's contributions to the plan. For the fiscal year ended June 30, 2013, the NOO is projected to be \$2,552,003, and assumes the District continues on a pay-as-you-go (unfunded) basis.

The Annual Required Contribution (ARC) includes an amount to amortize the calculated unfunded actuarial liability. As of June 30, 2013, the ARC included \$733,957 representing the amount of amortization of the actuarial accrued liability over 26 years for most retirees and 12 years for retirees under the early retirement incentive plan.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the previous fiscal year were as follows:

Year ended	June 30, 2012	June 30, 2013
Annual OPEB cost	\$ 1,933,359	\$ 1,749,250
Percentage of OPEB cost contributed	66%	77%
Net OPEB obligation	\$ 2,147,829	\$ 2,552,003

The actuarial valuation date was as of July 1, 2012. The Schedule of Funded Status and Funding Progress is presented here.

Actuarial Valuation Year Ended June 30	Actuarial Valuation of Plan Assets	Actuarial Accrued Liabilities (AAL)	Unfunded AAL (Funding Excess)	Funded Ratio	Covered Payroll	Funding Excess as Percentage of Covered Payroll
	(A)	(B)	(B-A)	(A/B)	C	((B-A)/C)
2011	\$ -	\$ 21,333,384	\$ 21,333,384	0%	\$ 41,896,164	51%
2013	\$ -	\$ 16,956,338	\$ 16,956,338	0%	\$ 43,005,546	39%

The Actuarial Accrued Liability (AAL) for this post retirement benefit plan as of July 1, 2013 is \$16,956,338. This represents the present value of all future expected post retirement medical payments and administrative costs which are attributable to past service.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

**SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

7. Long-Term Obligations (Continued)

Actuarial Methods and Assumptions – Projections and benefits are based on the substantive plan and include the types of benefits available at the valuation date. Actuarial calculations reflect long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Significant methods and assumptions were as follows:

Actuarial valuation date	July 1, 2012
Actuarial cost method	Projected Unit Cost
Amortization method	Level percentage
Remaining amortization period	26 years
Asset valuation method	Fair value of assets
Actuarial assumptions:	
Investment rate of return	4.00%
Healthcare Cost Trend Rate (HCCTR):	
Medical and Drug Trend Rate	8.5% for 2013 and 2014 decreasing approximately 0.5% every two years thereafter until reaching 5.5%
Dental and Vision Trend Rate	5.0%
Assumed rates of increase applied to retiree premiums	Same as HCCTR
Projected salary increases	3.0%

8. Self-Funded Health Insurance

Sweetwater County School District No. 1 does not purchase commercial insurance for employee health and accident risk of loss. Instead, UMR has been retained to service claims for the District's employees. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The liability is the District's and UMR's best estimate based on available information. The insurance companies maintain a stop-loss insurance policy to pay annual losses exceeding \$200,000 specific per person and \$13,793,961 aggregate for the plan year to further protect the District.

See the statement of fund net position and statement of revenues, expenses, and changes in fund net position for further details on the activities of the insurance plan.

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. Fund Equity and Net Position

The nonspendable fund balance account is summarized below:

Inventories and prepaid expenses – represents a portion of fund balance segregated for future use and are therefore not available for future appropriation or expenditure for general use.

Specific restrictions of fund balance and net position are summarized below.

Grant Programs – grant proceeds for which the District has met the eligibility requirements and thus recorded the revenue, but has yet to spend the funds on the specific program.

Major Maintenance – funds segregated to be used for capital outlay expenditures which meet the Wyoming Department of Education’s definition of major maintenance.

Capital Projects – funds segregated for future capital project needs.

Recreation District – Funds segregated for future recreation projects.

Specific assignments of fund balance accounts are summarized below:

Capital construction/projects – to segregate the portion of fund balance/net position that is not available for general expenditure or expense but rather assigned for future property, plant, and equipment major repair or replacement.

Headstart child care – to segregate a portion of the fund balance assigned to cover future child care costs in the Headstart Fund.

Projected budget deficit – to segregate a portion of the fund balance which has been reserved by the Board to cover the expected fiscal 2013 budget shortfall.

Career and vocational programs – to segregation a portion of fund balance to cover future program costs.

New K-4 school – to segregate a portion of the fund balance for future staffing requirements.

Farson School construction – to segregate a portion of the fund balance which has been assigned to cover building enhancements.

Transportation Leases – to segregate a portion of fund balance which has been assigned to cover payments required on outstanding transportation capital leases.

**SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

9. Fund Equity (Continued)

Minimum Fund Balance – to segregate available fund balance which has been assigned by the Board through budget authority to establish an optimum minimum fund balance.

The District has no committed fund balances as of June 30, 2013.

As of June 30, 2013, Sweetwater One Public School Foundation, a component unit of the District had \$76,958 Board designated unrestricted, \$128,070 temporarily restricted for program purposes, and \$98,535 permanently restricted. The interest earned on the permanently restricted funds can be used for operations or program purposes, and the principal has to be held in perpetuity as part of the Foundation's endowment fund.

10. Risk Management

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District currently manages said risk through the purchase of commercial insurance and participation in the Wyoming Workers' Compensation Program. All risk management activities are accounted for in the General Fund. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

11. Commitments and Contingencies

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received in these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund, or other applicable funds. However, in the opinion of management any such disallowed claims would not have a material adverse effect on the overall financial position of the District as of June 30, 2013.

Various claims are currently pending against the District. The District denies liability in all matters described below, and has tendered these matters for defense and indemnification to its insurance carrier. Possible outcomes of these claims cannot be determined at this time.

- Notices of Claim and a lawsuit have been filed on behalf of a student who was allegedly injured while disembarking from a school bus. A Pretrial Conference is scheduled for December 9, 2013 and Trial scheduled for five to six days in January 2014. At this time, complete assessment of the likelihood of an unfavorable outcome and an estimate of potential loss is not possible.

**SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

11. Commitments and Contingencies (Continued)

- A Notice of Claim was sent to the District by attorneys representing an employee who fell on ice while stepping off of a sidewalk. A lawsuit was filed and the parties are attempting to schedule mediation in the matter. The District intends to defend this action vigorously and at this time, complete assessment of the likelihood of an unfavorable outcome and an estimate of potential loss is not possible.
- A Notice of Claim was sent to the District by an attorney representing a student who slipped and fell in the girl's locker room at Rock Springs East Junior High School. The matter is being handled by an attorney on behalf of the District's insurance carrier. A lawsuit has been filed, bench trial held in November 2012, and the parties are now waiting for a ruling from the judge. At this time, complete assessment of the likelihood of an unfavorable outcome and an estimate of potential loss is not possible.
- The District is also defending two wrongful termination claims. Both claims are in the early stages and the District will defend these actions vigorously. Briefs were filed on one claim with Oral Argument held on July 8, 2013 and the second is scheduled for Pretrial Conference on December 12, 2013. At this time, complete assessment of the likelihood of an unfavorable outcome and an estimate of potential loss is not possible.
- In the Matter of the Recommendation of Termination of a formal teacher, the District submitted a General Form Transmittal Sheet – Teacher Employment to the Office of Administrative Hearings on April 18, 2013 and discovery and been completed and dispositions have been taken. At this time, complete assessment of the likelihood of an unfavorable outcome and an estimate of potential loss is not possible.

12. Internal Balances and Activity

The composition of internal balances, which have been eliminated for the government-wide basic financial statements, as of June 30, 2013 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Grant Programs Fund	\$ 633,857
General Fund	Headstart Fund	9,770
General Fund	Food Service Fund	25,966
General Fund	Summer Programs Fund	11,477
Major Maintenance Fund	General Fund	100
General Fund	Agency Fund	11,898
Grant Programs Fund	General Fund	521,221
General Fund	Recreation District	93,989
SFD Capital Projects Fund	Recreation District	77,030
General Fund	SFD Capital Projects Fund	35,804

**SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

12. Internal Balances and Activity (Continued)

These balances resulted from the time lag between the dates that (1) inter-fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made. All amounts will be repaid within the next fiscal year.

During the year ended June 30, 2013, the Recreation Board transferred approximately \$2 million to the SFD Capital Projects Fund as the Board has agreed to fund the cost of certain projects and enhancements to school facilities which are not funded by the School Facilities Department. Other transfers were made during the year to cover expenses as necessary.

Transfers during the year are as follows:

<u>Transfer To Receiving Fund</u>	<u>Transfer From Paying Fund</u>	<u>Amount</u>
SFD Capital Projects Fund	Recreation District	\$ 2,062,651
General Fund	Recreation District	16,680
Grant Programs Fund	General Fund	1,191
SFD Capital Projects Fund	General Fund	192,175
General Fund	Capital Projects Fund	321,221

13. Related Party Transactions

During the year, the District was awarded \$6,267 in Innovative Grants from Sweetwater One Public School Foundation, a component unit of the District as described in note 1. The District also paid salaries, benefits, and supplies for the Sweetwater One Public School Foundation employees in the amount of \$170,787 during the fiscal year ended 2013.

REQUIRED SUPPLEMENTARY INFORMATION

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) TO ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Local sources	\$ 46,627,886	\$ 46,627,886	\$ 46,338,840	\$ (289,046)
County sources	12,851,070	12,851,070	13,080,658	229,588
State sources	12,356,924	12,356,924	13,234,212	877,288
Federal sources	82,000	82,000	77,229	(4,771)
Interest income	20,125	20,125	15,109	(5,016)
Total revenues	71,938,005	71,938,005	72,746,048	808,043
Expenditures:				
Current:				
Instructional services:				
Regular instruction	29,640,616	29,622,693	28,444,053	1,178,640
Special education	10,331,380	10,438,930	9,187,752	1,251,178
Vocational education and other	1,345,857	1,273,932	964,222	309,710
Supporting services:				
Students	7,033,565	7,046,958	7,346,595	(299,637)
Instructional staff	3,986,534	3,986,534	2,677,022	1,309,512
Central services	4,821,374	4,814,018	4,037,788	776,230
School administration	3,838,947	3,836,887	4,141,126	(304,239)
Business	1,568,280	1,454,762	1,172,911	281,851
Operation and maintenance of facilities	8,025,731	8,028,301	6,677,111	1,351,190
Pupil transportation	4,831,918	4,892,100	4,609,378	282,722
General administration	240,422	318,515	290,569	27,946
Community services	154,929	170,929	170,787	142
Other transportation	249,848	192,366	227,599	(35,233)
Other general support	467,614	430,481	-	430,481
Food service	10,000	10,000	-	10,000
Total expenditures	76,547,015	76,517,406	69,946,913	6,570,493
Excess of revenues over (under) expenditures	(4,609,010)	(4,579,401)	2,799,135	7,378,536
Other financing sources (uses):				
Operating transfers in	209,991	537,946	537,901	(45)
Operating transfers out	(442,160)	(479,293)	(349,007)	130,286
Sale of capital assets	30	791	3,858	3,067
Total other financing sources (uses)	(232,139)	59,444	192,752	133,308
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ (4,841,149)	\$ (4,519,957)	\$ 2,991,887	\$ 7,511,844

See accompanying notes to required supplementary information.

**SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
 BUDGETARY COMPARISON SCHEDULE
 BUDGET (NON-GAAP) TO ACTUAL
 MAJOR MAINTENANCE FUND
 FOR THE YEAR ENDED JUNE 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
State sources	\$ 2,777,849	\$ 2,777,849	\$ 2,777,849	\$ -
Interest income	14,000	14,000	11,902	(2,098)
Total revenues	<u>2,791,849</u>	<u>2,791,849</u>	<u>2,789,751</u>	<u>(2,098)</u>
Expenditures:				
Capital outlay	8,743,255	8,743,255	1,331,793	7,411,462
Total expenditures	<u>8,743,255</u>	<u>8,743,255</u>	<u>1,331,793</u>	<u>7,411,462</u>
Excess of revenues over (under) expenditures	<u>\$ (5,951,406)</u>	<u>\$ (5,951,406)</u>	<u>\$ 1,457,958</u>	<u>\$ 7,409,364</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) TO ACTUAL
GRANT PROGRAMS FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Local sources	\$ 59,715	\$ 413,222	\$ 281,614	\$ (131,608)
State sources	2,286,596	3,569,065	2,616,045	(953,020)
Federal sources	4,756,046	5,666,585	3,299,497	(2,367,088)
Total revenues	<u>7,102,357</u>	<u>9,648,872</u>	<u>6,197,156</u>	<u>(3,451,716)</u>
Expenditures:				
Current:				
Instructional services:				
Regular instruction	1,502,524	2,420,077	1,601,491	818,586
Special education	1,429,591	1,972,030	969,095	1,002,935
Vocational education and other	38,570	118,658	6,515	112,143
Supporting services:				
Students	50,728	69,021	31,257	37,764
Instructional staff	3,337,349	3,586,287	2,708,816	877,471
School administration	403,693	699,847	402,630	297,217
Operation and maintenance of facilities	39,459	39,459	7,466	31,993
Community services	225,850	668,917	257,503	411,414
Total expenditures	<u>7,027,764</u>	<u>9,574,296</u>	<u>5,984,773</u>	<u>3,589,523</u>
Excess of revenues over (under) expenditures	<u>\$ 74,593</u>	<u>\$ 74,576</u>	<u>\$ 212,383</u>	<u>\$ 137,807</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. Budgetary Basis of Accounting

While the District is reporting financial position, results of operations, and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The statements of revenues, expenditures, and changes in fund balance – budget (non-GAAP) and actual presented for the General Fund, Major Maintenance Fund, and Grant Programs Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are that:

- d) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- e) Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
- f) Proceeds from capital leases and the associated capital outlay expenditure are not recorded on the cash basis (budget), but are recorded on the GAAP basis.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the major governmental funds:

	General Fund	Major Maintenance Fund	Grant Programs Fund
Net change in fund balance -			
GAAP basis	\$ 3,462,394	\$ 742,923	\$ (60,005)
Revenue accruals	(170,536)	-	30,391
Expenditure accruals	(40,084)	715,035	243,188
Other financing sources (uses)			
accruals	(259,887)	-	(1,191)
Net change in fund balance -			
Non-GAAP budgetary basis	<u>\$ 2,991,887</u>	<u>\$ 1,457,958</u>	<u>\$ 212,383</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. Budgetary Basis of Accounting (Continued)

The following tables summarize the General Fund budget at the level required by Wyoming Statute:

	Revised Budget	Actual (Non-GAAP) Budgetary Basis	Variance
Revenues	\$ 71,938,035	\$ 72,749,906	\$ 811,871
Expenditures			
Instruction	42,617,420	39,910,852	2,706,568
Instructional support	9,751,627	8,709,401	1,042,226
General support	23,967,430	21,156,482	2,810,948
Non-Instructional support	180,929	170,787	10,142
Operating transfers			
Transfers in	537,946	537,901	(45)
Transfers out	(479,293)	(349,007)	(130,286)

OTHER SUPPLEMENTAL INFORMATION

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Special Revenue		Capital Projects	Total Nonmajor Governmental Funds
	Recreation Board	Headstart		
Assets:				
Cash and investments	\$ 1,691,442	\$ 34,963	\$ -	\$ 1,726,405
Cash with fiscal agent	4,974	-	-	4,974
Receivables:				
Property taxes	14,869	-	-	14,869
Other governments, grants	-	25,568	-	25,568
Internal balances	-	-	-	-
Total assets	<u>\$ 1,711,285</u>	<u>\$ 60,531</u>	<u>\$ -</u>	<u>\$ 1,771,816</u>
Liabilities:				
Accounts payable	\$ -	\$ 12,177	\$ -	\$ 12,177
Accrued expenses	-	9,067	-	9,067
Unearned revenue:				
Property taxes	3,406	-	-	3,406
Due to other funds	171,019	9,770	-	180,789
Total liabilities	<u>174,425</u>	<u>31,014</u>	<u>-</u>	<u>205,439</u>
Fund balances:				
Restricted for:				
Recreation District	1,536,860	-	-	1,536,860
Assigned for:				
Headstart child care	-	29,517	-	29,517
Total fund balances	<u>1,536,860</u>	<u>29,517</u>	<u>-</u>	<u>1,566,377</u>
Total liabilities and fund balances	<u>\$ 1,711,285</u>	<u>\$ 60,531</u>	<u>\$ -</u>	<u>\$ 1,771,816</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue		Capital Projects	Total Nonmajor Governmental Funds
	Recreation Board	Headstart		
	Board	Headstart		
Revenues:				
Local sources	\$ 1,854,084	\$ 609	\$ 1,590	\$ 1,856,283
Federal sources	-	828,406	-	828,406
Interest	5,061	14	145	5,220
Total revenues	<u>1,859,145</u>	<u>829,029</u>	<u>1,735</u>	<u>2,689,909</u>
Expenditures:				
Current:				
Instructional services:				
Regular instruction	-	373,901	-	373,901
Special education	-	8,980	-	8,980
Supporting services:				
Student	-	133,557	-	133,557
Instructional staff	-	23,541	-	23,541
School administration	-	127,012	-	127,012
Operation and maintenance of facilities	-	81,243	-	81,243
Pupil transportation	-	72,886	-	72,886
Food services	-	7,895	-	7,895
Capital outlay	-	-	(1,025)	(1,025)
Total expenditures	<u>-</u>	<u>829,015</u>	<u>(1,025)</u>	<u>827,990</u>
Excess (deficiency) of revenues over (under) expenditures	1,859,145	14	2,760	1,861,919
Other financing sources (uses):				
Operating transfers	<u>(2,079,331)</u>	<u>-</u>	<u>(321,221)</u>	<u>(2,400,552)</u>
Net change in fund balance	<u>(220,186)</u>	<u>14</u>	<u>(318,461)</u>	<u>(538,633)</u>
Fund balances - beginning	<u>1,757,046</u>	<u>29,503</u>	<u>318,461</u>	<u>2,105,010</u>
Fund balances - ending	<u>\$ 1,536,860</u>	<u>\$ 29,517</u>	<u>\$ -</u>	<u>\$ 1,566,377</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
SCHEDULE OF BALANCE SHEETS
SFD CAPITAL CONSTRUCTION FUND
JUNE 30, 2013

	<u>District Projects</u>	<u>Pilot Butte Construction</u>	<u>Eastside 5-6 Building Construction</u>
Assets:			
Cash and investments	\$ -	\$ -	\$ 694,106
Receivables:			
Other governments	-	-	724,526
Internal balances	77,030	-	(35,804)
Total assets	<u>\$ 77,030</u>	<u>\$ -</u>	<u>\$ 1,382,828</u>
Liabilities:			
Accounts payable	\$ 77,030	\$ -	\$ 681,182
Retainage payable	-	-	701,646
Total liabilities	<u>77,030</u>	<u>-</u>	<u>1,382,828</u>
Fund balances:			
Assigned to capital construction	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 77,030</u>	<u>\$ -</u>	<u>\$ 1,382,828</u>

<u>RSJH Construction</u>	<u>Farson Construction</u>	<u>IHS Construction</u>	<u>Total Capital Construction Fund</u>
\$ 52,557	\$ -	\$ -	\$ 746,663
-	83,887	31,627	840,040
-	-	-	41,226
<u>\$ 52,557</u>	<u>\$ 83,887</u>	<u>\$ 31,627</u>	<u>\$ 1,627,929</u>
\$ -	\$ 83,887	\$ 31,627	\$ 873,726
<u>52,557</u>	<u>-</u>	<u>-</u>	<u>754,203</u>
<u>52,557</u>	<u>83,887</u>	<u>31,627</u>	<u>1,627,929</u>
-	-	-	-
-	-	-	-
<u>\$ 52,557</u>	<u>\$ 83,887</u>	<u>\$ 31,627</u>	<u>\$ 1,627,929</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SFD CAPITAL CONSTRUCTION FUND
FOR THE YEAR ENDED JUNE 30, 2013

	District Projects	Pilot Butte Construction	Eastside 5-6 Building Construction
Revenues:			
Local sources	\$ -	\$ -	\$ 7,141
State sources	-	26,265	8,201,329
Interest	-	109	2,539
Total revenues	<u>-</u>	<u>26,374</u>	<u>8,211,009</u>
Expenditures:			
Capital outlay	902,743	3,741	9,591,686
Total expenditures	<u>902,743</u>	<u>3,741</u>	<u>9,591,686</u>
Excess (deficiency) of revenues (under) over expenditures	(902,743)	22,633	(1,380,677)
Other financing sources:			
Operating transfers	902,743	(28,214)	1,380,297
Net change in fund balance	-	(5,581)	(380)
Fund balances - beginning	-	5,581	380
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>RSJH Construction</u>	<u>Farson Construction</u>	<u>IHS Construction</u>	<u>Total Capital Construction Fund</u>
\$ -			\$ 7,141
158,889	307,911	103,665	8,798,059
363	-	-	3,011
<u>159,252</u>	<u>307,911</u>	<u>103,665</u>	<u>8,808,211</u>
<u>161,232</u>	<u>307,911</u>	<u>103,665</u>	<u>11,070,978</u>
<u>161,232</u>	<u>307,911</u>	<u>103,665</u>	<u>11,070,978</u>
(1,980)	-	-	(2,262,767)
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,254,826</u>
(1,980)	-	-	(7,941)
<u>1,980</u>	<u>-</u>	<u>-</u>	<u>7,941</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
SCHEDULE OF BALANCE SHEETS
GRANT PROGRAMS
JUNE 30, 2013

Grantor/Program Title	Pass-Through Grantor's Number	ASSETS			Total Assets
		Cash	Internal Balances	Due from Other Governments	
U.S. Department of Education					
School Improvement Grants	12190123GIAO	\$ 1	\$ -	\$ 145,582	\$ 145,583
Title I-A	131901AT1A00	-	-	224,815	224,815
Title I-Schoolwide FY12	121901T1SW00	-	-	-	-
Title I- N&D FY13	131901ND200	-	-	1,570	1,570
Title I- N&D FY12	121901ND200	1	-	-	1
Title I FY11	111901T1A00	-	-	-	-
Title I-A FY10	101901T1A00	1	-	-	1
Perkins Vocation Education FY13	131901VEA00	-	-	9,483	9,483
Technology Literacy Challenge Grants	111901T2D00	633	-	-	633
Title VI-B FY13	131901VIB00	-	-	122,101	122,101
Title VI-B 619 FY11	1119012T6900	-	-	8,428	8,428
Title III FY13	131901T3E00	-	-	5,842	5,842
Title IIA FY13	131901T2A00	-	-	146,805	146,805
Title IIA FY12	121901T2A00	-	-	-	-
After School Learning Center	131901C4C00	-	-	10,630	10,630
	121901C4C00	-	-	-	-
	121901C5C00	-	-	-	-
	111901C5C00	-	-	-	-
	101901C5C00	1	-	-	1
Improvement of Education - PEP FY13	Q215F100009	-	-	9,276	9,276
Improvement of Education - PEP FY12	Q215F100009	-	-	-	-
National Aeronautical and Space Administration					
Summer of Innovation	091901NASA00	15,216	-	-	15,216
Wyoming Department of Education and Other					
Health Prevention	N/A	-	-	-	-
BOCES Misc Grants	N/A	2,580	-	19,501	22,081
BOCES-Concurrent Courses	N/A	-	-	4,201	4,201
National Board Certified Teachers	N/A	-	-	-	-
Health Occupations	N/A	-	-	-	-
Instructional Facilitators	N/A	207,187	-	-	207,187
National Board Certification Program	N/A	422,796	-	-	422,796
Pro Community Programs	N/A	22,719	-	-	22,719
Summer School 13-14	N/A	-	-	181,569	181,569
Summer School 12-13	N/A	-	-	87,987	87,987
AHEC-UW Grant	N/A	11,086	-	-	11,086
Other District Programs		90,435	-	70,887	161,322
		<u>\$ 772,656</u>	<u>\$ -</u>	<u>\$ 1,048,677</u>	<u>\$ 1,821,333</u>

LIABILITIES

Accounts Payable	Accrued Expenses	Deferred Revenue	Internal Balances	Due to Other Governments	Fund Equity	Total Liabilities and Fund Equity
\$ 114,037	\$ -	\$ -	\$ 31,546	\$ -	\$ -	\$ 145,583
53,630	10,593	-	160,592	-	-	224,815
-	-	-	-	-	-	-
626	943	-	1	-	-	1,570
-	-	1	-	-	-	1
-	-	-	-	-	-	-
-	-	-	1	-	-	1
9,465	-	-	18	-	-	9,483
-	-	-	633	-	-	633
49,469	56,147	-	16,485	-	-	122,101
8,428	-	-	-	-	-	8,428
-	-	-	-	-	-	-
5,172	522	-	148	-	-	5,842
19,161	-	-	127,644	-	-	146,805
-	-	-	-	-	-	-
1,143	-	-	9,487	-	-	10,630
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	1	1
5,434	3,842	-	-	-	-	9,276
-	-	-	-	-	-	-
-	-	15,216	-	-	-	15,216
-	-	-	-	-	-	-
6,158	-	-	15,891	-	32	22,081
1,454	-	-	2,747	-	-	4,201
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	52,597	154,590	-	207,187
12,175	-	-	11,136	399,485	-	422,796
-	933	-	9,111	-	12,675	22,719
9,385	128,772	-	43,412	-	-	181,569
4,915	-	-	83,072	-	-	87,987
520	-	10,048	518	-	-	11,086
-	-	-	-	-	-	-
17,804	-	-	68,818	-	74,700	161,322
<u>\$ 318,976</u>	<u>\$ 201,752</u>	<u>\$ 25,265</u>	<u>\$ 633,857</u>	<u>\$ 554,075</u>	<u>\$ 87,408</u>	<u>\$ 1,821,333</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES AND EXPENDITURES
GRANT PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2013

Grantor/Program Title	Pass-Through Grantor's Number	REVENUES			
		Local	Federal	State	Interest
<u>U.S. Department of Education</u>					
School Improvement Grants	12190123GIAO	\$ -	\$ 528,961	\$ -	\$ -
Title I-A	131901AT1A00	-	929,775	-	-
Title I-Schoolwide FY12	121901T1SW00	-	225,700	-	-
Title I- N&D FY13	131901ND200	-	44,061	-	-
Title I- N&D FY12	121901ND200	-	4,187	-	-
Title I FY11	111901T1A00	-	1	-	-
Title I-A FY10	101901T1A00	-	-	-	-
Perkins Vocation Education FY13	131901VEA00	-	85,082	-	-
Technology Literacy Challenge Grants	111901T2D00	-	-	-	-
Title VI-B FY13	131901VIB00	-	542,345	-	-
Title VI-B Flowthrough FY12	121901VIB00	-	619,672	-	-
Title VI-B 619 FY11	111901T26900	-	8,428	-	-
Title III FY13	131901T3E00	-	48,628	-	-
Title III FY12	121901T3E00	-	10,490	-	-
Title IIA FY13	131901T2A00	-	454,182	-	-
Title IIA FY12	121901T2A00	-	352	-	-
After School Learning Center	131901C4C00	-	26,778	-	-
	121901C4C00	-	219	-	-
	121901C5C00	-	49,871	-	-
	101901C5C00	-	1	-	-
Improvement of Education - PEP FY13	Q215F100009	-	113,242	-	-
Improvement of Education - PEP FY12	Q215F100009	-	22,217	-	-
<u>National Aeronautical and Space Administration</u>					
Summer of Innovation	091901NASA00	-	2,500	-	-
<u>Wyoming Department of Education and Other</u>					
Health Prevention	N/A	-	-	(1,191)	-
BOCES Misc Grants	N/A	93,754	-	-	-
BOCES-Concurrent Courses	N/A	78,073	-	-	-
National Board Certified Teachers	N/A	-	-	72,000	-
Instructional Facilitators	N/A	-	-	1,132,380	-
National Board Certification Program	N/A	-	-	255,946	263
Pro Community Programs	N/A	-	-	-	25
Summer School 13-14	N/A	-	-	181,569	-
Summer School 12-13	N/A	-	-	456,552	-
Summer School 11-12	N/A	-	-	6	-
AHEC-UW Grant	N/A	-	-	12,322	-
Other District Programs		144,023	-	24,351	-
		<u>\$ 315,850</u>	<u>\$ 3,716,692</u>	<u>\$ 2,133,935</u>	<u>\$ 288</u>

EXPENDITURES						
Total Revenue	Instruction	Instructional Support	General Support	Community Support	Fund Transfers	Total Expenditures
\$ 528,961	\$ 423,467	\$ 103,804	\$ 1,690	\$ -	\$ -	\$ 528,961
929,775	645,118	166,212	118,445	-	-	929,775
225,700	174,350	12,303	39,048	-	-	225,701
44,061	44,061	-	-	-	-	44,061
4,187	4,187	-	-	-	-	4,187
1	-	-	1	-	-	1
-	-	-	-	-	-	-
85,082	13,710	71,372	-	-	-	85,082
-	633	-	-	-	-	633
542,345	250,476	269,941	21,928	-	-	542,345
619,672	238,725	336,457	44,490	-	-	619,672
8,428	-	8,428	-	-	-	8,428
48,628	48,628	-	-	-	-	48,628
10,490	10,490	-	-	-	-	10,490
454,182	-	454,182	-	-	-	454,182
352	-	352	-	-	-	352
26,778	18,204	-	8,574	-	-	26,778
219	219	-	-	-	-	219
49,871	24,382	-	25,489	-	-	49,871
1	-	-	-	-	-	-
113,242	66,280	9,253	37,709	-	-	113,242
22,217	11,942	2,914	7,361	-	-	22,217
2,500	2,500	-	-	-	-	2,500
(1,191)	-	-	-	-	(1,191)	(1,191)
93,754	31,821	61,933	-	-	-	93,754
78,073	78,073	-	-	-	-	78,073
72,000	72,000	-	-	-	-	72,000
1,132,380	-	1,132,380	-	-	-	1,132,380
256,209	-	-	-	256,209	-	256,209
25	29,345	-	23,041	-	-	52,386
181,569	136,000	9,248	36,321	-	-	181,569
456,552	279,217	128,992	48,343	-	-	456,552
6	-	-	-	-	-	-
12,322	12,322	-	-	-	-	12,322
168,374	164,427	-	10,964	-	-	175,391
<u>\$ 6,166,765</u>	<u>\$ 2,780,577</u>	<u>\$ 2,767,771</u>	<u>\$ 423,404</u>	<u>\$ 256,209</u>	<u>\$ (1,191)</u>	<u>\$ 6,226,770</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
SCHEDULE OF BALANCE SHEETS
HEADSTART GRANTS
JUNE 30, 2013

Grantor/Program Title	Pass-Through Grantor's Number	ASSETS		
		Cash	Due from Other Governments	Total Assets
Headstart Program	08CH010420	\$ -	\$ -	\$ -
	08CH010419	5,422	15,822	21,244
Child Care and Development Program	N/A	29,517	-	29,517
Community Services Block Grant	FY 13	24	9,746	9,770
Community Services Block Grant	FY 12	-	-	-
		<u>\$ 34,963</u>	<u>\$ 25,568</u>	<u>\$ 60,531</u>

LIABILITIES

<u>Accounts Payable</u>	<u>Accrued Expenses</u>	<u>Internal Balances</u>	<u>Fund Equity</u>	<u>Total Liabilities and Fund Equity</u>
\$ -	\$ -	\$ -	\$ -	\$ -
12,177	9,067	-	-	21,244
-	-	-	29,517	29,517
-	-	9,770	-	9,770
-	-	-	-	-
<u>\$ 12,177</u>	<u>\$ 9,067</u>	<u>\$ 9,770</u>	<u>\$ 29,517</u>	<u>\$ 60,531</u>

**SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES)
HEADSTART GRANTS
FOR THE YEAR ENDED JUNE 30, 2013**

Grantor/Program Title	Pass-Through Grantor's Number	REVENUES			
		Federal	Local	Interest	School District In-Kind Match
<u>U.S. Department of Health and Human Services</u>					
Headstart Program	08CH010420	\$ 20,294	\$ -	\$ -	\$ 206,803
	08CH010419	780,469	609	-	-
Child Care and Development Program	N/A	-	-	14	-
Community Services Block Grant	FY 13	19,905	-	-	-
Community Services Block Grant	FY 12	<u>7,738</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>\$ 828,406</u>	<u>\$ 609</u>	<u>\$ 14</u>	<u>\$ 206,803</u>

Note - the recognition of in-kind match is mandated by the Headstart grant, but is not in accordance with generally accepted accounting principles and therefore does not carry forward to the governmental statement of revenue and expenditures.

Total Revenue	EXPENDITURES					OTHER FINANCING SOURCES (USES)
	Instruction	Instructional Support	General Support	School District In-Kind Match	Total Expenditures	Fund Transfers
\$ 227,097	\$ 8,968	\$ 3,832	\$ 2,511	\$ -	\$ 15,311	\$ 4,983
781,078	373,913	125,623	286,525	-	786,061	(4,983)
14	-	-	-	-	-	-
19,905	-	19,905	-	-	19,905	-
7,738	-	7,738	-	-	7,738	-
<u>\$ 1,035,832</u>	<u>\$ 382,881</u>	<u>\$ 157,098</u>	<u>\$ 289,036</u>	<u>\$ -</u>	<u>\$ 829,015</u>	<u>\$ -</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND - STUDENT ACTIVITIES
JUNE 30, 2013

	<u>Net Assets at July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Net Assets at June 30, 2013</u>
Assets:				
Cash and investments	\$ 515,704	\$ 713,221	\$ 759,141	\$ 469,784
Liabilities:				
Internal balances	\$ 101,728	\$ -	\$ 89,830	\$ 11,898
Due to student organizations:				
RSJH	57,335	89,500	67,924	78,911
Farson	67,498	56,049	51,180	72,367
IND HS	3,466	2,541	1,280	4,727
Lincoln	1,257	1,311	467	2,101
Northpark	14,943	5,081	8,333	11,691
Overland	8,075	6,875	5,994	8,956
RSHS	195,427	482,116	473,548	203,995
Sage	6,869	13,014	11,352	8,531
Walnut	12,614	8,562	8,612	12,564
Wamsutter	10,955	13,978	12,556	12,377
Westridge	4,751	2,957	2,152	5,556
Pilot Butte	30,786	31,237	25,913	36,110
Total due to student organizations	<u>413,976</u>	<u>713,221</u>	<u>669,311</u>	<u>457,886</u>
Total Liabilities	<u>\$ 515,704</u>	<u>\$ 713,221</u>	<u>\$ 759,141</u>	<u>\$ 469,784</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
DETAIL SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

District	
25 Mill district tax	\$ 43,147,107
Motor vehicle tax	2,816,464
Car company tax	90,895
Penalties, interest, and other	259,289
Rent of school property	62,799
Miscellaneous	91,861
Refund of prior year's expenditures	12,700
Sale of fixed assets and compensation for loss	3,858
Indirect cost revenue passed through	32,548
	<hr/>
Total District	<u>\$ 46,517,521</u>
 County	
6 Mill county tax	\$ 11,397,168
Motor vehicle tax	626,020
Car company tax	19,169
Penalties, interest, and other	60,941
Fines and forfeitures	969,654
Forest reserve	1,199
	<hr/>
Total County	<u>\$ 13,074,151</u>
 State	
Foundation program entitlement	\$ 13,196,210
Audit adjustments foundation program	36,917
Taylor grazing income	1,085
	<hr/>
Total State	<u>\$ 13,234,212</u>
 Federal	
Impact aid	\$ 77,229
	<hr/>
Total Federal	<u>\$ 77,229</u>
 Interest	
	<u>\$ 17,329</u>
 Transfers from Other Funds	
	<u>\$ 337,901</u>
 Proceeds from Capital Leases	
	<u>\$ 304,855</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
DETAIL SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

Instruction	
Salaries	\$ 26,308,335
Employee benefits	10,120,607
Purchased services	1,530,647
Supplies and materials	1,311,831
Capital outlay	400,887
Other	30,458
	<hr/>
Total Instruction	<u>\$ 39,702,765</u>
 Instructional Support	
Salaries	\$ 5,459,769
Employee benefits	2,221,091
Purchased services	664,915
Supplies and materials	421,269
Capital outlay	8,818
Other	1,344
	<hr/>
Total Instructional Support	<u>\$ 8,777,206</u>
 General Support	
Salaries	\$ 9,734,023
Employee benefits	5,072,274
Purchased services	1,483,287
Supplies and materials	3,332,115
Capital outlay	1,566,398
Other	56,438
	<hr/>
Total General Support	<u>\$ 21,244,535</u>
 Community Support	
Salaries	\$ 120,421
Employee benefits	49,308
Purchased services	8,838
Supplies and materials	3,260
Capital outlay	-
Other	1,104
	<hr/>
Total Community Support	<u>\$ 182,931</u>
 Transfers Out	
Transfer to other funds	<u>\$ 193,366</u>

**SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Grantor's Number	Expenditures
<u>U.S. Department of Education</u>			
Direct Programs:			
PL 874 - Impact Aid	84.041	N/A	\$ 77,229
Fund for Improvement of Education - PEP	84.215		113,243
		Q215F100009-11	22,217
Passed through Wyoming Department of Education:			
School Improvement Grant	84.377	12190123GIAO	528,961
Title I	84.010A	131901T1SW00	929,775
		121901T1SW00	225,700
Title I, Neglected and Delinquent	84.013A	131901ND200	44,061
		121901ND200	4,187
Vocational Education	84.048A	131901VEA00	85,082
Special Education	84.027A	1319012T6100	542,345
		1219012T6100	619,672
Title VI-B Preschool	84.173A	1319012T6900	8,428
Bilingual, Title III	84.365A	131901T3E00	48,628
		121901T3E00	10,490
Title II	84.367A	131901T2A00	454,182
		121901T2A00	352
After School Learning Center	84.287C	121901C4C00	219
		131901C5C00	26,778
		121901C5C00	49,871
Total U.S. Department of Education			<u>3,791,420</u>
<u>National Aeronautical and Space Administration</u>			
Passed through Wyoming Department of Education:			
Summer of Innovation	43.008	091901NASA00	<u>2,500</u>
<u>U.S. Department of Agriculture</u>			
Passed through Wyoming Department of Education:			
Child Nutrition Cluster			
National School Breakfast	10.553	N/A	187,482
National School Lunch Program	10.555	N/A	789,613
National School Lunch Program Commodities	10.555	N/A	125,383
Summer Food Service Program	10.559	N/A	16,972
Child and Adult Care Food Program	10.558	N/A	45,394
Fresh Fruit and Vegetable Program	10.582	N/A	66,440
Total U.S. Department of Agriculture			<u>1,231,284</u>
<u>U.S. Department of Health and Human Services</u>			
Direct Programs:			
Headstart Program	93.600	08CH010421	780,469
		08CH010420	20,294
Passed through Sweetwater County Tripartite Board			
Community Services Block Grant	93.569	N/A	<u>27,643</u>
Total U.S. Department of Health and Human Services			<u>828,406</u>
Total Expenditures of Federal Awards			<u>\$ 5,853,610</u>

See accompanying notes to schedule of expenditures of federal awards.

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Note 1. General

The schedule of expenditures of federal awards presents the activity of all federal award programs of Sweetwater County School District No. 1. The District reporting entity is defined in Note 1 to the District's basic financial statements. All federal financial awards received directly from federal agencies as well as federal financial awards passed through from other governmental agencies are included on the schedule. Of the federal expenditures presented in the schedule, the District provided no federal awards to subrecipients.

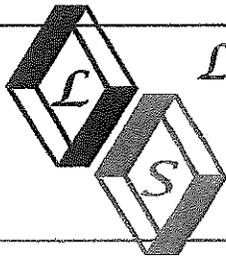
Note 2. Basis of Accounting

The schedule of expenditures of federal awards was prepared using the same basis of accounting used in preparation of the fund financial statements from which the information was derived as described in Note 1 to the District's basic financial statements. The information in this schedule is presented in accordance with requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Categorical block grants are recorded at the time of receipt or earlier if the susceptible-to-accrual criteria are met. Cost-reimbursement grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Note 3. Commodities

Nonmonetary assistance, such as food received from the United States Department of Agriculture, is reported as revenue, at fair market value, on the date received by the District.



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

To the Board of Trustees
Sweetwater County School District No. 1
Rock Springs, Wyoming

We have audited, in accordance with the 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 Sweetwater County School District No. 1 as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 9, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sweetwater County School District No. 1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sweetwater County School District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of Sweetwater County School District No. 1's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2013-1 to be material weakness.

Roxy L. Skogen, CPA, CFE

Michael J. Cometto, CPA, CFE

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sweetwater County School District No. 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 that are required to be reported under *Government Auditing Standards*.

Sweetwater County School District No. 1's Response to Findings

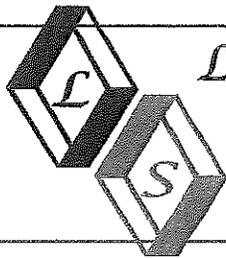
Sweetwater County School District No.1's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Sweetwater County School District No. 1's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Lovelett, Skogen & Associates, P.C.

Casper, Wyoming
December 9, 2013



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133

To the Board of Trustees
Sweetwater County School District No. 1
Rock Springs, Wyoming

Report on Compliance for Each Major Federal Program

We have audited Sweetwater County School District No. 1's compliance of with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013. Sweetwater County School District No. 1's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Sweetwater County School District No. 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 Sweetwater County School District No. 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 Sweetwater County School District No. 1's compliance.

Roxy L. Skogen, CPA, CFE

Michael J. Cometto, CPA, CFE

Opinion on Each Major Federal Program

In our opinion, Sweetwater County School District No. 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 Sweetwater County School District No. 1 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Sweetwater County School District No. 1's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Sweetwater County School District No. 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 deficiencies, significant deficiencies, or material weaknesses. 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.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of Sweetwater County School District No. 1 as of and for the year ended June 30, 2013, and have issued our report thereon dated December 9, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the

underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Lovelett, Skogen & Associates, P.C.

Casper, Wyoming
December 9, 2013

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF AUDITORS' RESULTS

(d)(1)(i)	Type of auditors' report issued?	Unqualified
(d)(1)(ii)	Were there any material weaknesses in internal control noted at the financial statement level?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control noted at the financial statement level that are not considered to be material weaknesses?	No
(d)(1)(iii)	Was there any material non-compliance noted at the financial statement level?	No
(d)(1)(iv)	Were there any material weaknesses in internal control noted for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control noted for major federal programs that are not considered to be material weaknesses?	No
(d)(1)(v)	Type of major programs' compliance opinion?	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	
	Name of Federal Program or Cluster	CFDA Numbers
	Title 1 Grants to Local Educational Agencies	84.010
	School Improvement Grants	84.377
(d)(1)(viii)	Dollar threshold: Type A/B programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low risk auditee?	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

2013-1

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013**

Section II – Financial Statement Finding:

**Finding 2013-1: Monitoring
Material Weakness**

Criteria: Internal control is a process, affected by the District's Board of Trustees, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of its financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

Internal control consists of five interrelated components:

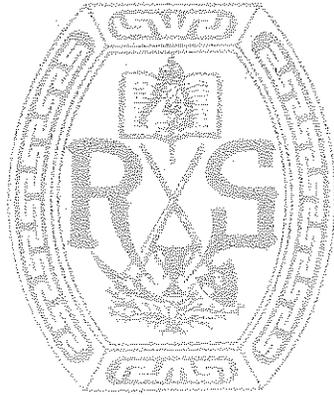
- Control environment
- Risk assessment
- Control activities
- Information and communication
- Monitoring

Condition: During the audit of the revenue relating to the school lunch and breakfast program, we noted that a receivable for food sales at June 30, 2012 had not been recorded and the revenue and receivables in the prior year audit were understated. We also noted the request for reimbursement for the July and August 2012 for the Summer Feeding Program did not get processed by the WDE and the District did not have an effective monitoring system in place to detect nonpayment. Accordingly, the District lost \$36,773 in USDA funds that were due.

Effect: A prior period adjustment in the amount of \$22,379 was needed to properly reflect the food service receivable at June 30, 2012. The financial statements as originally presented were materially in error. Per inquiry of the WDE, the time period has passed and they will not reimburse the District for the lost funds.

Recommendation: The District should review the monitoring with respect to revenue of the school lunch and breakfast program to ensure that revenue is properly reflected in the financial statements and that all revenue is collected.

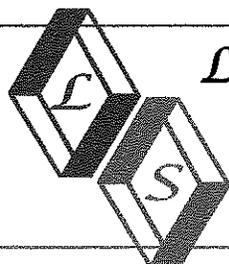
Response: We concur with the finding. The District will implement stronger controls over the Food Service Department reimbursement requests. The Food Service Bookkeeper will provide a list of revenue requests to the District Accountant. The District Accountant will review the Food Service reports and bank statements on a monthly basis to verify all revenue is properly received and recorded. Also, at year end, the Food Service Bookkeeper will prepare a list of the year end accrual amounts and the District Accountant will verify the accuracy of the list to ensure proper inclusion of the year end receivable.



SWEETWATER COUNTY SCHOOL DISTRICT NO. 1

FINANCIAL REPORT

JUNE 30, 2013



*LOVELETT,
SKOGEN &
ASSOCIATES, P.C.*

Certified Public Accountants

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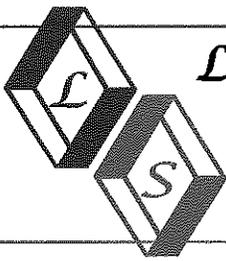
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
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1

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Sweetwater County School District No. 1
Rock Springs, 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 Sweetwater County School District No. 1, as of and for the year ended June 30, 2013, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 auditors' 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.

Roxy L. Skogen, CPA, CFE

Michael J. Cometto, CPA, CFE

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sweetwater County School District No. 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

Correction of a Material Misstatement in Previously Issued Financial Statements

As discussed in Note 14 and Note 15, 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 Sweetwater County School District No. 1, as of and for the year ended June 30, 2013, which collectively comprise the District's basic financial statements issued on December 19, 2013 have been restated to reflect Board actions taken subsequent to issuance of the original statements.

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 on pages 4 - 14 and 49 - 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sweetwater County School District No. 1's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting

and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and other schedules 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 9, 2013 on our consideration of the Sweetwater County School District No. 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 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 Sweetwater County School District No. 1's internal control over financial reporting and compliance.

Accountants' Privity Notice

The accompanying basic financial statements, supplemental information, and our independent auditors' reports are for the purpose of meeting local, state, and federal requirements and for the use of those entities and the management and the Board of Trustees and should not be used or relied upon by any other party for any purpose. Additional users of these financial statements, supplemental information, and independent auditors' reports are hereby advised that the liability of Lovelett, Skogen & Associates, P.C. to third party users who use or rely on this information may be limited pursuant to 1995 Wyoming Session Laws, Chapter 155 creating Wyoming Statute §33-3-201.

Lovelett, Skogen & Associates, P.C.

Casper, Wyoming
March 10, 2014

Sweetwater County School District No. 1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

This section of Sweetwater County School District No. 1's annual financial report presents management's discussion and analysis of the District's financial performance and provides an overall review of the financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and notes to the financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights of the primary government for 2013 are as follows:

- ✓ Assets, excluding capital assets, exceeded total liabilities at the close of the most recent fiscal year by \$21.86M. Of this amount, \$14.87M is unrestricted for the District's discretionary use. Unrestricted net assets of governmental activities were \$14.59M; business-type activities amounted to \$0.28M.
- ✓ Total revenues exceeded expenses increasing net assets by \$12.76M. Governmental activities increased net assets by \$13.00M while business-type activities generated \$(0.24)M.
- ✓ Total program expenses were \$82.64M; \$80.30M in governmental activities and \$2.34M in business-type activities. Program specific revenues were \$15.86M for governmental activities and \$2.09M for business-type activities. \$77.44M in general governmental revenues and \$0.08M in business-type reserves were adequate to cover the costs of these programs.
- ✓ Employee health insurance plan total assets exceeded liabilities by \$4.62M, all of which is unrestricted for the District's discretionary use. Total revenues exceeded expenses, increasing net assets by \$0.27M. Employee health insurance claims were \$11.38M, which was 7.16% higher than the prior year.
- ✓ The District had no bonded debt during fiscal year 2013.
- ✓ The Sweetwater County School District Number One Recreation Board's assets exceeded total liabilities by \$1.54M, all of which is restricted for the use of the Recreation Board. Total transfers of \$2.08M exceeded total revenues of \$1.86M, decreasing net assets of the Recreation Board by \$0.22M.
- ✓ The Sweetwater One Public School Foundation's assets exceeded total liabilities by \$0.39M; of this amount, \$0.17M is unrestricted for the Foundation's discretionary use. Total revenues and contributions exceeded expenses, increasing net assets of the Foundation by \$0.054M. Program specific revenues were \$0.014M and total program expenses were \$0.062M. \$0.081 in general foundation revenues were adequate to cover the costs of these programs. Permanent endowments increased by \$10,260 during the fiscal year.

Sweetwater County School District No. 1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (this part), the basic financial statements, and required supplementary information. The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements include three components: 1) district-wide financial statements, 2) fund financial statements and 3) notes to the financial statements.

District-wide financial statements. The *district-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to private sector business. These statements contain useful long-term information as well as information for the just completed fiscal year.

The *statement of net position* presents information on all the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or diminishing.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave.)

In the statement of net position and statement of activities, the District is divided into three distinct kinds of activities as follows:

Governmental Activities – Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of facilities, pupil transportation, and the activities of the Sweetwater County School District Number One Recreation Board.

Business - Type Activities – This service is provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The Food Service, Summer Programs, and Head Start Nutrition enterprise funds are reported as a business activity.

Component Unit Activities – Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The Sweetwater One Public School Foundation is reported as a discretely presented component unit of the District. The Sweetwater County School District Number One Recreation Board is presented as a blended component unit and included as a nonmajor governmental fund of the District.

The district-wide financial statements can be found on pages 15 and 16 of this report.

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Fund financial statements. A fund is a grouping of related accounts that are 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 groups of the District are governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental activities statement of net assets and statement of activities. The basic governmental fund financial statements can be found on pages 17 through 20 of this report.

Proprietary funds. Proprietary funds are used to account for activities the District operates similar to private business. Proprietary funds use the accrual basis of accounting, the same as on the district-wide statements. Therefore, the statements will essentially match the business-type activities portion of the district-wide statements. The proprietary fund financial statement can be found on pages 21 through 23 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. The District is the trustee, or fiduciary, for assets that belong to others, such as the student activities funds and employee agency accounts. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. Fiduciary funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund financial statement can be found on page 24 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 25 through 49 of this report.

The basic financial statements are followed by a section of supplementary information. *Required supplementary information* further explains and supports the financial statements by including a comparison of the District's primary government budget data for the year. Budgetary comparison

Sweetwater County School District No. 1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

statements have been provided for the major funds to demonstrate compliance with this budget. *Other supplemental information* provides information specific to non-major governmental funds, such as the Recreation Board, Head Start, and Capital Projects funds. The required and other supplementary information can be found on pages 50 through 65 of this report. Major features of the District's financial statements are shown in the following table (Table 1):

Major Features of the District-wide and Fund Financial Statements

<i>Fund Financial Statements</i>				
	DISTRICT-WIDE STATEMENTS	GOVERNMENTAL	PROPRIETARY	FIDUCIARY
SCOPE	Entire District (except fiduciary funds).	The activity of the District that is not proprietary or fiduciary, such as instructional, support services, and community services. <u>The General, Major Maintenance, Grant Programs and Other Governmental funds are reported here.</u>	Activities the District operates similar to private business. <u>Food Service, Summer Programs, Head Start Nutrition, and Internal Service funds are reported here.</u>	Assets held by the District on behalf of someone else. <u>Student Activities and Employees that have funds on deposit with the District are reported here.</u>
REQUIRED FINANCIAL STATEMENTS	Statement of net position, and Statement of activities.	Balance sheet, and Statement of revenues, expenditures and changes in fund balance.	Statement of net position, and Statement of revenues, expenses and changes in net assets, and Statement of cash flows.	Statement of fiduciary net position.
BASIS OF ACCOUNTING AND MEASUREMENT FOCUS	Accrual accounting. Economic resources focus.	Modified accrual accounting. Current financial resources focus.	Accrual accounting. Economic resources focus.	Accrual accounting. Economic resources focus.
TYPE OF ASSET AND LIABILITY INFORMATION	All assets and liabilities, both financial and capital, short-term and long-term.	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter. No capital assets or long-term liabilities included.	All assets and liabilities, both financial and capital, short-term and long-term.	All assets and liabilities, both financial and capital, short-term and long-term.
TYPE OF INFLOW AND OUTFLOW INFORMATION	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions or deductions during the year, regardless of when cash is received or paid.

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District-Wide Financial Analysis

Recall that the Statement of Net Position provides the perspective of the District as a whole. Table 2 provides a summary of the primary government's net position for 2013 compared to 2012.

Table 2
Net Position
(In Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2012	2013	2012	2013	2012	2013
<u>Assets:</u>						
Current and Other Assets	\$26.47	\$31.11	\$0.50	\$0.31	\$26.97	\$31.42
Capital Assets, Net	82.51	91.87	0.24	0.21	82.75	92.08
Total Assets	\$108.98	\$122.98	\$0.74	\$0.52	\$109.72	\$123.50
<u>Liabilities:</u>						
Current and Other Liabilities	5.44	6.24	0.02	0.03	5.46	6.27
Long-Term Liabilities	3.08	3.29	0.01	0.00	3.09	3.29
Total Liabilities	8.52	9.53	0.03	0.03	8.55	9.56
<u>Net Position:</u>						
Invested in Capital Assets, net of related debt	81.14	90.71	0.23	0.21	81.37	90.92
Restricted	7.70	8.16	-	-	7.70	8.16
Unrestricted	11.62	14.59	0.48	0.28	12.10	14.87
Total Net Position	\$100.46	\$113.46	\$0.71	\$0.49	\$101.17	\$113.95

Total assets of the primary government increased \$13.78M, as cash and cash equivalents increased by 3.96M, receivables increased by \$0.45M, other current assets increased by \$0.03, and capital assets increased by \$9.34M. The net increase of receivables is attributed to increased grants receivable for capital construction projects funded by the State School Facilities Department. The increase in capital assets is primarily due to the new construction of Eastside Elementary school, and construction projects at Rock Springs High School and Rock Springs Junior High.

Total liabilities of the primary government increased \$1.01M, as accounts payable and accrued salaries increased by \$.90M, due to other governments increased by \$0.15M, insurance claims payable decreased by \$0.25M, and the non-current portion of long-term obligations increased by \$0.21M. The net increase in accounts payable is primarily due to higher retainage and contract payable amounts owed to contractors for the construction of projects at Rock Springs Junior High. The net increase in long-term obligations is mainly due to a new capital lease for transportation equipment.

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The primary government's unrestricted net assets, the part of net assets that can be used to finance day-to-day activities without constraints established by grants or legal requirements, increased by \$2.77M.

Table 3 reflects the changes in net assets of the primary government for fiscal year 2012 and 2013.

Table 3
Change in Net Position
(In Millions)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>
<u>Revenues</u>						
Program Revenues:						
Charges for Services	\$0.72	\$0.70	\$0.94	\$0.86	\$1.66	\$1.56
Operating Grants and Contributions	7.46	6.36	1.13	1.24	8.59	7.60
Capital Grants and Contributions	8.01	8.81	-	-	8.01	8.81
General Revenue:						
Property Taxes	57.13	63.97	-	-	57.13	63.97
Unrestricted Federal and State Aid	16.66	13.31	-	-	16.66	13.31
Other Restricted State Aid			-	-	-	-
Earnings on Investments	0.07	0.05	-	-	0.07	0.05
Other	0.13	0.11	-	-	0.13	0.11
Total Revenues	<u>90.18</u>	<u>93.31</u>	<u>2.07</u>	<u>2.10</u>	<u>92.25</u>	<u>95.41</u>
<u>Program Expenses</u>						
Instruction	43.51	44.08	-	-	43.51	44.08
Support Services:						
Students and Instructional Staff	13.13	13.01	-	-	13.13	13.01
Board of Education, Administration, Fiscal and Business	10.37	10.22	-	-	10.37	10.22
Operation and Maintenance of Facilities	8.36	7.27	-	-	8.36	7.27
Pupil Transportation	4.60	5.00	-	-	4.60	5.00
Other Support Services	0.66	0.72	-	-	0.66	0.72
Food Service	-	-	2.07	2.26	2.07	2.26
Summer Programs	-	-	0.04	0.04	0.04	0.04
Headstart Nutrition	-	-	0.04	0.05	0.04	0.05
Total Expenses	<u>80.63</u>	<u>80.30</u>	<u>2.15</u>	<u>2.35</u>	<u>82.78</u>	<u>82.65</u>
Impairment	(0.72)		-	-	(0.72)	-
Increase (decrease) in Net Position	8.83	13.01	(0.08)	(0.25)	8.75	12.76
Net Position-beginning	<u>91.63</u>	<u>100.46</u>	<u>0.79</u>	<u>0.71</u>	<u>92.42</u>	<u>101.17</u>
Net Position-ending	<u>\$100.46</u>	<u>\$113.47</u>	<u>\$0.71</u>	<u>\$0.46</u>	<u>\$101.17</u>	<u>\$113.93</u>

Sweetwater County School District No. 1
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The primary government received \$95.40M in revenues during the most recent fiscal year. Property taxes and unrestricted federal and state aid accounted for 81% of total revenue. Another 19% came from charges for services, operating grants and contributions, and capital grants and contributions. The net increase in revenues of \$3.16M is primarily due to an increase in general property tax.

The total cost of all programs and services are predominately related to pupil instruction, operation and maintenance of facilities, student transportation, and student and staff services. Administrative and business activities accounted for 12.37% of total cost, while maintenance and operation of facilities made up 8.80% of total cost. The decrease in expenditures of \$.13M from the prior fiscal year was mainly due to a decrease in custodial salaries.

Total revenues exceeded total expenses for 2013, increasing net assets by \$12.75M. Governmental activities increased net assets by \$13.00M; business-type activities contributed \$(0.25)M.

Governmental Activities

The *statement of activities* reflects the cost of program services and the charges for services, sales, grants, and contributions offsetting those services. The statement of activities also identifies the cost of these services supported by tax revenues and federal and state aid. Table 4 indicates the total cost of services and the net cost of services for governmental activities for 2013 compared to 2012.

Table 4
Cost of Services
(In Millions)

	Total Cost of Services		Percent Change	Net Cost of Services		Percent Change
	2012	2013	2012-13	2012	2013	2012-13
Instruction	\$43.51	\$44.08	1.31%	\$39.40	\$40.95	3.93%
Support Services:						
Students and Instructional Staff	13.13	13.01	-0.91%	10.1	10.12	0.20%
Board of Education, Administration, Fiscal and Business	10.37	10.22	-1.45%	9.75	9.68	-0.72%
Operation and Maintenance of Facilities	8.36	7.27	-13.04%	0.2	-1.69	-945.00%
Pupil Transportation	4.6	5.00	8.70%	4.53	4.93	8.83%
Other Support Services	0.66	0.72	9.09%	0.47	0.45	-4.26%
Total	<u>\$80.63</u>	<u>\$80.30</u>	-0.41%	<u>\$64.45</u>	<u>\$64.44</u>	-0.02%

The total cost of governmental activities was \$80.30M. The net cost of governmental activities (\$64.44M) was financed by general revenues, which are primarily made up of property taxes and unrestricted federal and state aid. Due to the unique nature of school funding in Wyoming, certain general revenues are capped by the State School Foundation Funding Model. As such, fluctuations in

Sweetwater County School District No. 1
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county property valuations had no overall effect on the District's funding. The State Foundation Program Guarantee contributed \$72.52M toward the net cost of governmental services. The 945.00 percent change in net cost of operations and maintenance of facilities is mainly due to an increase in funding from the State School Facilities Department for capital construction projects.

Business-Type Activities

Business-Type activities include Food Service, Summer Programs, and the Headstart Nutrition program, all of which are self-supporting. These programs had revenues and other support of \$2,099,080 and expenses of \$2,340,756, resulting in a net loss of \$241,676 for fiscal year 2013. The Food Service program contributed a net loss of \$236,971, the Summer Programs provided a net loss of \$3,930 while the Headstart Nutrition program had a net loss of \$775.

The District's funds

The District's governmental funds are accounted for on the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$93.37M and expenditures and other financing uses of \$90.08M. The net change in fund balance for the year was most significant in the General Fund and the Major Maintenance Fund. The net increase of \$3.46M in the General Fund primarily reflected excess tax collections and capital lease financing for Transportation equipment. The net increase of \$.74M in the Major Maintenance Fund was mainly due to increased funding from the state.

General Fund Budgeting Highlights

The District's Budget is prepared according to Wyoming law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2013, the District amended its General Fund budget as needed. Many of the amendments are due to changes in expenditure priorities in the District's schools and departments. The District uses a site/department-based budgeting system designed to tightly control such budgets, yet provide flexibility for site or department management.

The General Fund actual revenues and other financing were \$72.97M, which is above the original budget estimate of \$72.15M and above the final amended budget of \$72.16M. The \$.81M variance between the final budget and the June 30, 2013 actual revenues was mainly due to larger reimbursement for Special Education than anticipated.

The actual expenditures and other financing uses of the General Fund were \$70.32M, which is below the original budget estimate of \$76.99M and the final amended budget of \$77.00M. The variance of \$0.01M between the original budget estimate and the final amended budget was due to the scoreboard at Rock Springs Junior High being funded by the Recreation Board. The \$6.68M variance between the final amended budget and the June 30, 2013 actual results was due to a) fewer special

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education student placements than anticipated, b) lower health insurance claims than expected, and c) prudent spending of site and department funds.

Capital Assets

At the end of fiscal year 2013, the primary government had \$92.07M invested in land, buildings, equipment, transportation equipment, and art collection. \$91.86M of this amount is in governmental activities. Table 5 shows the breakdown of net capital assets of the primary government for fiscal year 2013 compared to fiscal year 2012.

Table 5
Net Capital Assets
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	2012	2013	2012	2013	2012	2013
Land and Improvements	\$0.77	\$0.77	\$-	\$-	\$0.77	\$0.77
Buildings and Improvements	69.84	68.32	-	-	69.84	68.32
Equipment and Contents	2.02	1.89	0.24	0.21	2.26	2.10
Equipment under Capital Lease	0.36	0.22	-	-	0.36	0.22
Transportation Equipment	2.38	1.93	-	-	2.38	1.93
Transportation Equipment under Capital Lease	1.34	1.45	-	-	1.34	1.45
Art Collection	0.49	0.49	-	-	0.49	0.49
Construction in Process	5.31	16.79	-	-	5.31	16.79
Total	\$82.51	\$91.86	\$0.24	\$0.21	\$82.75	\$92.07

Overall capital assets increased by \$9.32M from fiscal year 2012. The net increase in capital assets was primarily due to the new construction at Eastside Elementary; construction projects Rock Springs Junior High; building and facility renovations; new bus leases; disposing of surplus school vehicles and equipment; and depreciation of capital assets.

The majority of capital assets added during fiscal year 2013 were for facility improvements, transportation equipment under capital lease, technology equipment and software, and construction in process. The District finished the construction of the storage garage near Sage Elementary; and the concession stand at Rock Springs Junior High and replaced the bleachers and wood floor at Rock Springs Junior High. The District also replaced the time clock system, added a soccer enclosure at Rock Springs High School, replaced network wiring and phone system at Lincoln Elementary, and replaced the parking lot at the Central Administration Building. The District also acquired school buses, trucks, computer equipment, and software.

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Construction in process includes the new construction of Eastside Elementary, renovation of the heating and cooling system at Westridge Elementary and fire alarm repair at Rock Springs High School, and the new construction of a K-12 building in Farson. The entire costs of these projects will not be fully reflected until fiscal year 2014 and beyond.

The District is obligated under construction commitments at June 30, 2013, for certain capital projects including the new construction of Eastside Elementary school and Farson K-12 building, boiler replacement at Rock Springs High School and Westridge Elementary, fire alarm replacement and fire sprinkler system renovation at Rock Springs High School, new auxiliary parking lot at Overland Elementary and the design phase of the new Independence High School. Construction in progress on these projects amounted to \$16.75M, with an outstanding commitment of \$4.94M. These commitments will be funded by the State School Facilities Department and the Recreation Board.

Additional information on the District's capital assets can be found in Note 4 on pages 38 and 39 of this report.

Long Term Debt and Obligations

The District had no bonded debt outstanding at June 30, 2013. The District neither issued nor retired any bonded debt during the fiscal year. The District's legal debt margin for fiscal year 2013 was \$171.677M.

The long-term obligations of the District increased by \$0.21M from fiscal year 2012, primarily due to an increase in net OPEB obligations, and a new capital lease for transportation equipment.

Additional information on the District's long-term obligations can be found in Note 7 on pages 40 through 44 of this report.

Current Issues

The District has experienced a growth in student enrollment the past few years and expect student enrollment to rise in the near future. Since the State Foundation Program Guarantee is based largely on average student membership, rising student enrollment has a positive impact on State Foundation Program funding. Additionally, the 2011 Wyoming Legislature adopted into law a student-teacher ratio for grades K-3 of 16 students per teacher. As such, the District will need to fund new classroom teaching positions in grades K-3 in future years.

Furthermore, the District is currently building a new school in Farson and a new Independence High School. Such factors present certain challenges that could significantly affect staffing levels and compensation, facility use, technology needs, and cash flow.

One of the most important variables in the District's financial future is the cost of health insurance for its employees. The cost of health benefits for all District employees and early retirees is rising in excess of 10% per year on average. If this increase continues, the cost of health benefits will have an

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impact on other budget areas. Based on current trends, we expect another 15% increase in expected claims. Administration has been implementing various cost sharing measures and switched the provider network to offset the District's portion of this expense, but this issue continues to be a budgetary challenge.

These current issues require management to plan carefully and prudently to provide the resources to meet student needs over the next several years. If student enrollment and health benefits continue to rise, the Administration and Board of Trustees will be faced with challenges to make changes in order to keep the District solvent. The District is committed to its sound fiscal management to meet the challenges of the future.

Contacting the District's Financial Management

This financial report is designed to provide all those with an interest in the District's finances a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Mr. Scot Duncan
Chief Financial Officer
Sweetwater County School District No. 1
3550 Foothill Boulevard
Rock Springs, Wyoming 82901

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
STATEMENT OF NET POSITION
JUNE 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Sweetwater One Public School Foundation
Assets:				
Cash and investments	\$ 28,165,423	\$ 284,695	\$ 28,450,118	\$ 401,984
Cash with fiscal agent	240,867	-	240,867	-
Receivables:				
Property taxes	546,430	-	546,430	-
Other governments, grants	1,914,285	31,200	1,945,485	-
Other	18,175	-	18,175	15,209
Internal balances	37,443	(37,443)	-	-
Inventories and prepaid expenses	180,051	35,367	215,418	-
Note receivable	10,000	-	10,000	-
Capital assets:				
Land, construction in progress, and art collection	18,058,037	-	18,058,037	-
Other capital assets, net of accumulated depreciation and impairment	73,816,871	213,834	74,030,705	-
Total assets	<u>122,987,582</u>	<u>527,653</u>	<u>123,515,235</u>	<u>417,193</u>
Liabilities:				
Accounts payable	3,142,632	12,137	3,154,769	3,300
Accrued salaries	639,801	17,480	657,281	-
Unearned revenue	-	-	-	21,465
Due to other governments	579,340	-	579,340	-
Insurance claims payable	1,135,830	-	1,135,830	-
Current portion of long-term obligations	739,669	1,856	741,525	-
Noncurrent portion of long-term obligations	3,288,411	312	3,288,723	-
Total liabilities	<u>9,525,683</u>	<u>31,785</u>	<u>9,557,468</u>	<u>24,765</u>
Net Position:				
Net investment in capital assets	90,715,239	211,666	90,926,905	-
Restricted for:				
Grant programs	87,408	-	87,408	128,070
Major maintenance	6,530,633	-	6,530,633	-
Recreation District	1,540,266	-	1,540,266	-
Endowment (nonexpendable)	-	-	-	98,535
Unrestricted	14,588,353	284,202	14,872,555	165,823
Total net position	<u>\$ 113,461,899</u>	<u>\$ 495,868</u>	<u>\$ 113,957,767</u>	<u>\$ 392,428</u>

See accompanying notes to financial statements.

**SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Instructional services:				
Regular instruction	\$ 32,850,481	\$ 324,095	\$ 1,794,559	\$ -
Special education	10,231,988	91,127	909,465	-
Vocational education	996,504	-	18,013	-
Supporting services:				
Students	7,556,674	-	163,109	-
Instructional staff	5,459,033	138,241	2,596,961	-
Central services	4,094,820	-	-	-
School administration	4,700,617	84,664	450,454	-
Business services	1,128,562	-	-	-
Operation and maintenance of facilities	7,283,799	62,799	91,328	8,809,801
Pupil transportation	4,997,453	-	72,191	-
General administration	296,513	-	-	-
Community services	457,936	-	253,767	-
Other	250,519	-	7,820	-
Total Governmental Activities	<u>80,304,899</u>	<u>700,926</u>	<u>6,357,667</u>	<u>8,809,801</u>
Business-Type Activities:				
Food Service	2,256,940	827,141	1,192,638	-
Summer Programs	37,647	33,713	-	-
Headstart Nutrition	46,169	-	45,394	-
Total Business-Type Activities	<u>2,340,756</u>	<u>860,854</u>	<u>1,238,032</u>	<u>-</u>
Total Primary Government	<u>\$ 82,645,655</u>	<u>\$ 1,561,780</u>	<u>\$ 7,595,699</u>	<u>\$ 8,809,801</u>
Component Units				
Sweetwater One Public School Foundation	81,232	-	14,312	-
Total Component Unit	<u>\$ 81,232</u>	<u>\$ -</u>	<u>\$ 14,312</u>	<u>\$ -</u>

General revenues:

Property taxes levied for:
 General purposes
 Major building and facility maintenance
 Recreation District
 Federal and state sources not restricted to specific functions/programs
 Federal sources
 State Foundation Program
 Other State Sources
 Local sources not restricted to specific functions/programs
 Interest and earnings on investments
 Miscellaneous
 Total general revenues

**Change in net position before contributions
to permanent endowment**

Contributions to permanent endowment

Change in net position

**Net position - beginning
 Prior period adjustment
 Net assets - beginning as restated**

Net position - ending

Net (Expenses) Revenues and Changes in Net Position

Total Governmental Activities	Primary Government		Component Unit Sweetwater One Public School Foundation
	Business-Type Activities	Total	
\$ (30,731,827)	\$ -	\$ (30,731,827)	\$ -
(9,231,396)	-	(9,231,396)	-
(978,491)	-	(978,491)	-
(7,393,565)	-	(7,393,565)	-
(2,723,831)	-	(2,723,831)	-
(4,094,820)	-	(4,094,820)	-
(4,165,499)	-	(4,165,499)	-
(1,128,562)	-	(1,128,562)	-
1,680,129	-	1,680,129	-
(4,925,262)	-	(4,925,262)	-
(296,513)	-	(296,513)	-
(204,169)	-	(204,169)	-
(242,699)	-	(242,699)	-
(64,436,505)	-	(64,436,505)	-
-	(237,161)	(237,161)	-
-	(3,934)	(3,934)	-
-	(775)	(775)	-
-	(241,870)	(241,870)	-
(64,436,505)	(241,870)	(64,678,375)	-
-	-	-	(66,920)
-	-	-	(66,920)
59,339,215	-	59,339,215	-
2,777,849	-	2,777,849	-
1,854,152	-	1,854,152	-
77,229	-	77,229	-
13,233,127	-	13,233,127	-
1,085	-	1,085	-
-	-	-	84,532
49,802	194	49,996	18,975
108,419	-	108,419	-
77,440,878	194	77,441,072	103,507
13,004,373	(241,676)	12,762,697	36,587
-	-	-	10,260
13,004,373	(241,676)	12,762,697	46,847
100,457,526	715,165	101,172,691	345,581
-	22,379	22,379	-
100,457,526	737,544	101,195,070	345,581
\$ 113,461,899	\$ 495,868	\$ 113,957,767	\$ 392,428

**FUND
FINANCIAL STATEMENTS**

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	Major Funds			
	General	Major Maintenance	SFD Capital Projects	Grant Programs
Assets:				
Cash and investments	\$ 11,449,091	\$ 7,409,264	\$ 746,663	\$ 772,656
Cash with fiscal agent	235,893	-	-	-
Receivables:				
Property taxes	531,561	-	-	-
Other governments, grants	-	-	840,040	1,048,677
Internal balances	796,935	100	41,226	(633,857)
Inventories and prepaid expenses	180,051	-	-	-
Total assets	<u>\$ 13,193,531</u>	<u>\$ 7,409,364</u>	<u>\$ 1,627,929</u>	<u>\$ 1,187,476</u>
Liabilities and fund balances:				
Liabilities:				
Accounts and retainage payable	\$ 319,416	\$ 878,731	\$ 1,627,929	\$ 318,976
Accrued salaries	428,982	-	-	201,752
Due to other governments	-	-	-	554,075
Unearned revenue:				
Grants	-	-	-	25,265
Property taxes	257,369	-	-	-
Total liabilities	<u>1,005,767</u>	<u>878,731</u>	<u>1,627,929</u>	<u>1,100,068</u>
Fund Balances:				
Nonspendable				
Inventories and prepaid expenses	180,051	-	-	-
Restricted for				
Grant programs	-	-	-	87,408
Recreation District	-	-	-	-
Major maintenance	-	6,530,633	-	-
Assigned to				
Headstart child care	-	-	-	-
Projected Budget Deficit	7,800,102	-	-	-
New K-4 school	1,200,000	-	-	-
Transportation leases	421,764	-	-	-
Minimum fund balance	2,000,000	-	-	-
Capital Construction/Projects	-	-	-	-
Unassigned, reported in				
General fund	585,847	-	-	-
Total fund balances	<u>12,187,764</u>	<u>6,530,633</u>	<u>-</u>	<u>87,408</u>
Total liabilities and fund balances	<u>\$ 13,193,531</u>	<u>\$ 7,409,364</u>	<u>\$ 1,627,929</u>	<u>\$ 1,187,476</u>

See accompanying notes to financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 2,042,539	\$ 22,420,213
4,974	240,867
14,869	546,430
25,568	1,914,285
(155,063)	49,341
-	180,051
\$ 1,932,887	\$ 25,351,187
\$ 12,177	\$ 3,157,229
9,067	639,801
-	554,075
-	25,265
3,406	260,775
24,650	4,637,145
-	180,051
-	87,408
1,536,860	1,536,860
-	6,530,633
29,517	29,517
-	7,800,102
-	1,200,000
-	421,764
-	2,000,000
341,860	341,860
-	585,847
1,908,237	20,714,042
\$ 1,932,887	\$ 25,351,187

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENT FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Total fund balances for governmental funds \$ 20,714,042

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$ 772,451	
Construction in progress	16,791,586	
Art collection	494,000	
Buildings and improvements, net of \$39,340,824 accumulated depreciation and \$726,288 impairment	68,319,717	
Furniture and equipment, net of \$2,738,885 accumulated depreciation	1,893,228	
Leased equipment, net of \$486,794 accumulated depreciation	220,939	
Transportation equipment, net of \$4,137,237 accumulated depreciation	1,932,004	
Leased transportation equipment, net of \$450,415 accumulated depreciation	<u>1,450,983</u>	91,874,908

Note receivable is to be forgiven over two years and is not a financial resource and therefore not reported in the General Fund 10,000

Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unearned revenue in the funds. 260,775

The internal service funds are used by management to charge the costs of the employee health insurance program. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. Internal service fund net position at year-end are: 4,615,657

Expenditures of governmental funds are recognized in the accounting period in which the related fund liability is incurred, if measurable. Expenses pertaining to exchange transactions in governmental activities are not recognized until completion of the exchange. 14,597

Long-term liabilities that pertain to governmental funds, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year-end are:

Obligations under capital leases	\$ (1,159,669)	
Accrued vacation	(316,408)	
Postemployment benefits payable	<u>(2,552,003)</u>	<u>(4,028,080)</u>

Total net position of governmental activities \$ 113,461,899

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Major Funds			
	General	Major Maintenance	SFC Capital Projects	Grant Programs
Revenues:				
Local sources	\$ 46,513,663	\$ -	\$ 7,141	\$ 315,850
County sources	13,074,151	-	-	-
State sources	13,234,212	2,777,849	8,798,059	2,133,935
Federal sources	77,229	-	-	3,716,692
Interest	17,316	11,902	3,011	288
Total revenues	<u>72,916,571</u>	<u>2,789,751</u>	<u>8,808,211</u>	<u>6,166,765</u>
Expenditures:				
Current:				
Instructional services:				
Regular instruction	28,227,319	-	-	1,762,024
Special education	9,199,703	-	-	1,000,364
Vocational education	966,392	-	-	18,186
Supporting services:				
Students	7,385,876	-	-	30,694
Instructional staff	2,695,581	-	-	2,737,080
Central services	3,850,662	-	-	-
School administration	4,144,420	-	-	412,440
Business services	1,164,111	-	-	-
Operation and maintenance of facilities	6,659,472	-	-	10,964
Pupil transportation	4,916,717	-	-	-
General administration	285,741	-	-	-
Community services	182,931	-	-	256,209
Other supporting services	223,413	-	-	-
Food service	-	-	-	-
Capital outlay	<u>2,046,828</u>	<u>11,070,978</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>69,902,338</u>	<u>2,046,828</u>	<u>11,070,978</u>	<u>6,227,961</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,014,233</u>	<u>742,923</u>	<u>(2,262,767)</u>	<u>(61,196)</u>
Other financing sources (uses):				
Compensation for loss of capital assets	3,858	-	-	-
Operating transfers	(202,412)	-	2,254,826	1,191
Capital lease proceeds	304,855	-	-	-
Total other financing sources (uses)	<u>106,301</u>	<u>-</u>	<u>2,254,826</u>	<u>1,191</u>
Net change in fund balance	<u>3,120,534</u>	<u>742,923</u>	<u>(7,941)</u>	<u>(60,005)</u>
Fund balances - beginning	<u>9,067,230</u>	<u>5,787,710</u>	<u>7,941</u>	<u>147,413</u>
Fund balances - ending	<u>\$ 12,187,764</u>	<u>\$ 6,530,633</u>	<u>\$ -</u>	<u>\$ 87,408</u>

See accompanying notes to financial statements.

Other Governmental Funds	Total Governmental Funds
\$ 1,856,283	\$ 48,692,937
-	13,074,151
-	26,944,055
828,406	4,622,327
5,233	37,750
<u>2,689,922</u>	<u>93,371,220</u>
373,901	30,363,244
8,980	10,209,047
-	984,578
133,557	7,550,127
23,541	5,456,202
-	3,850,662
127,012	4,683,872
-	1,164,111
81,243	6,751,679
72,886	4,989,603
-	285,741
-	439,140
-	223,413
7,895	7,895
4,075	13,121,881
<u>833,090</u>	<u>90,081,195</u>
<u>1,856,832</u>	<u>3,290,025</u>
-	3,858
(2,053,605)	-
-	304,855
<u>(2,053,605)</u>	<u>308,713</u>
(196,773)	3,598,738
<u>2,105,010</u>	<u>17,115,304</u>
<u>\$ 1,908,237</u>	<u>\$ 20,714,042</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Net change in fund balances-total governmental funds \$ 3,598,738

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 for furniture and equipment and \$50,000 for buildings and improvements are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 13,657,057	
Depreciation expense	<u>(4,290,718)</u>	9,366,339

Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net position the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net position.

Other financing source - capital lease	\$ (304,855)	
Principal payments of capital leases	<u>515,484</u>	210,629

Property tax revenues collected after the year for which they are being levied are reported as unearned revenue in the governmental funds. They are, however, recorded as revenues in the statement of activities. Unearned property tax revenues decreased this year. (48,623)

A note issued upon hiring of the Superintendent is an expenditure for fund reporting purposes, but is not an expense until services are performed and note is forgiven for governmental activities reporting purposes. 10,000

Expenditures of governmental funds are recognized in the accounting period in which the related fund liability is incurred, if measurable. Expenses pertaining to exchange transactions in governmental activities are not recognized until completion of the exchange. 14,597

In the statement of activities, certain operating expenses - compensated absences (vacations) and early retirement benefits (postemployment benefits) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During this year, vacations increased \$15,718 and postemployment benefits obligations increased \$404,174. (419,892)

Internal service funds are used by the District to charge the costs of the employees health insurance to individual funds. The net revenue of the internal service funds is reported with governmental activities. 272,585

Change in net position of governmental activities \$ 13,004,373

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2013

	Enterprise Funds				Internal Service Fund
	Food Service	Summer Programs	Nonmajor Headstart Nutrition	Total Enterprise Funds	
Assets					
Current assets:					
Cash and cash equivalents	\$ 251,390	\$ 25,307	\$ 7,998	\$ 284,695	\$ 2,098,901
Short-term investments	-	-	-	-	3,646,309
Due from other governments	31,200	-	-	31,200	-
Accrued interest receivable	-	-	-	-	6,277
Internal balances	(25,966)	(11,477)	-	(37,443)	-
Inventories	35,367	-	-	35,367	-
Total current assets	291,991	13,830	7,998	313,819	5,751,487
Capital assets:					
Equipment	1,029,702	-	-	1,029,702	-
Accumulated depreciation	(815,868)	-	-	(815,868)	-
Total capital assets	213,834	-	-	213,834	-
Total assets	<u>\$ 505,825</u>	<u>\$ 13,830</u>	<u>\$ 7,998</u>	<u>\$ 527,653</u>	<u>\$ 5,751,487</u>
Liabilities and Net Assets					
Liabilities:					
Current liabilities:					
Accounts payable	\$ 10,187	\$ -	\$ 1,950	\$ 12,137	\$ -
Accrued expenses	9,747	7,733	-	17,480	-
Capital lease	1,856	-	-	1,856	-
Insurance claims payable	-	-	-	-	1,135,830
Total current liabilities	21,790	7,733	1,950	31,473	1,135,830
Noncurrent liabilities:					
Capital lease	312	-	-	312	-
Total liabilities	22,102	7,733	1,950	31,785	1,135,830
Net position:					
Invested in capital assets	211,666	-	-	211,666	-
Unrestricted	272,057	6,097	6,048	284,202	4,615,657
Total net position	483,723	6,097	6,048	495,868	4,615,657
Total liabilities and net position	<u>\$ 505,825</u>	<u>\$ 13,830</u>	<u>\$ 7,998</u>	<u>\$ 527,653</u>	<u>\$ 5,751,487</u>

See accompanying notes to financial statements.

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Enterprise Funds				Internal Service Fund
	Food Service	Summer Programs	Nonmajor Headstart Nutrition	Total Enterprise Funds	
Operating revenues:					
Charges for services:					
Insurance premium, refunds	\$ -	\$ -	\$ -	\$ -	\$ 11,499,882
Food service and summer tuition	827,141	33,713	-	860,854	-
Total operating revenues	<u>827,141</u>	<u>33,713</u>	<u>-</u>	<u>860,854</u>	<u>11,499,882</u>
Operating expenses:					
Salaries	761,184	20,457	13,132	794,773	-
Employee benefits	305,376	2,511	3,163	311,050	11,382,528
Purchased services	37,969	5,622	-	43,591	-
Supplies and materials, including food	1,106,205	9,057	29,874	1,145,136	-
Interest expense	383	-	-	383	-
Depreciation	45,823	-	-	45,823	-
Total operating expenses	<u>2,256,940</u>	<u>37,647</u>	<u>46,169</u>	<u>2,340,756</u>	<u>11,382,528</u>
Operating income (loss)	<u>(1,429,799)</u>	<u>(3,934)</u>	<u>(46,169)</u>	<u>(1,479,902)</u>	<u>117,354</u>
Nonoperating income (loss):					
Earnings on investments	184	10	-	194	15,364
Federal sources, including commodity support	1,192,638	-	45,394	1,238,032	139,866
Total nonoperating income	<u>1,192,822</u>	<u>10</u>	<u>45,394</u>	<u>1,238,226</u>	<u>155,230</u>
Change in net position	(236,977)	(3,924)	(775)	(241,676)	272,584
Net position - beginning	698,321	10,021	6,823	715,165	4,343,073
Prior period adjustment	22,379	-	-	22,379	-
Net assets - beginning as restated	<u>720,700</u>	<u>10,021</u>	<u>6,823</u>	<u>737,544</u>	<u>4,343,073</u>
Net position - ending	<u>\$ 483,723</u>	<u>\$ 6,097</u>	<u>\$ 6,048</u>	<u>\$ 495,868</u>	<u>\$ 4,615,657</u>

See accompanying notes to financial statements.

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Enterprise Funds				Internal Service Fund
	Food Service	Summer Programs	Nonmajor Headstart Nutrition	Total Enterprise Funds	
Cash flows from operating activities:					
Receipts from interfund services provided	\$ -	\$ -	\$ -	\$ -	\$ 11,499,882
Receipts from services provided	827,141	33,713	-	860,854	-
Payments to suppliers	(993,420)	(14,858)	(28,225)	(1,036,503)	-
Payments for medical fees and insurance claims	-	-	-	-	(11,635,764)
Payments to and on behalf of employees	(1,068,236)	(34,925)	(16,295)	(1,119,456)	-
Net cash used in operating activities	(1,234,515)	(16,070)	(44,520)	(1,295,105)	(135,882)
Cash flows from noncapital financing activities:					
Federal subsidy	1,082,694	-	45,394	1,128,088	139,866
Net cash provided by noncapital financing activities	1,082,694	-	45,394	1,128,088	139,866
Cash flows from capital and related financing activities:					
Payments on capital lease	(1,366)	-	-	(1,366)	-
Acquisition of capital assets	(17,985)	-	-	(17,985)	-
Net cash used in capital and related financing activities	(19,351)	-	-	(19,351)	-
Cash flows from investing activities:					
Purchase of certificates of deposit	-	-	-	-	(11,943)
Interest received	184	10	-	194	15,364
Net cash provided by investing activities	184	10	-	194	3,421
Net increase (decrease) in cash and cash equivalents	(170,988)	(16,060)	874	(186,174)	7,405
Cash and Cash Equivalents - beginning	422,378	41,367	7,124	470,869	2,091,496
Cash and Cash Equivalents - ending	\$ 251,390	\$ 25,307	\$ 7,998	\$ 284,695	\$ 2,098,901
Reconciliation of operating (loss) income to net cash used in operating activities:					
Operating (loss) income	\$ (1,429,799)	\$ (3,934)	\$ (46,169)	\$ (1,479,902)	\$ 117,354
Adjustments to reconcile operating (loss) income to net cash used in operating activities:					
Depreciation expense	45,823	-	-	45,823	-
Value of commodities received	125,383	-	-	125,383	-
Decrease in inventory	6,106	-	-	6,106	-
Increase (decrease) in internal balances	15,690	(11,943)	(212)	3,535	-
(Decrease) Increase in accounts payable	3,958	(179)	1,861	5,640	-
Decrease in accrued wages	(1,676)	(14)	-	(1,690)	-
Decrease in claims payable	-	-	-	-	(253,236)
Total adjustments	195,284	(12,136)	1,649	184,797	(253,236)
Net cash used in operating activities	\$ (1,234,515)	\$ (16,070)	\$ (44,520)	\$ (1,295,105)	\$ (135,882)
Noncash investing, capital, and financing activities:	None	None	None	None	None

See accompanying notes to financial statements.

**FIDUCIARY FUND
FINANCIAL STATEMENTS**

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
JUNE 30, 2013

	Student Activities Fund	Employee Agency Fund
	<u> </u>	<u> </u>
Assets:		
Cash and investments	\$ 469,784	\$ 110,537
	<u> </u>	<u> </u>
Liabilities		
Due to other funds	\$ 11,898	\$ -
Due to employees	-	110,537
Due to student groups	457,886	-
	<u> </u>	<u> </u>
Total liabilities	<u>\$ 469,784</u>	<u>\$ 110,537</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds, and Significant Accounting Policies

REPORTING ENTITY

For financial reporting purposes, the District includes all of the funds of Sweetwater County School District No. 1. The reporting entity for the District consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

DISCRETELY PRESENTED COMPONENT UNIT

Sweetwater One Public School Foundation is a legally separate, tax-exempt component unit of the District. The Foundation was organized and shall be operated exclusively to receive, hold, invest in, and administer property for the District; make expenditures to or for the benefit of the District; and intended to be organized and operated as an endowment fund for the benefit of Sweetwater County School District No. 1.

BLENDED COMPONENT UNIT

Sweetwater County School District No. 1 Recreation Board is also a legally separate, tax-exempt component unit of the District. The Recreation Board's funding is a one mill recreation levy imposed by the School Board. At the present time, most proposals for recreation projects will include facilities, construction, maintenance and operation, and equipment used by the District.

NATURE OF OPERATIONS

The operations of the District consist of providing educational services to the residents of Rock Springs, Wyoming and the surrounding area within Sweetwater County, Wyoming. The District operates under a locally elected seven-member Board form of government and provides educational and supportive services as mandated by the State of Wyoming and/or federal agencies.

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds, and Significant Accounting Policies (Continued)

BASIS OF PRESENTATION

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements:

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program. Program revenues also include interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds, and Significant Accounting Policies (Continued)

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

DESCRIPTION OF FUNDS

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental, proprietary and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the District typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the funds from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

Governmental funds are organized as major funds or non-major funds with an emphasis placed on major funds. A fund is considered major if it is a primary operating fund of the District and meets the following criteria:

Total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type.

In addition, any other governmental fund that the District believes is particularly important to the financial statement users may be reported as a major fund.

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds, and Significant Accounting Policies (Continued)

The following are the District's major governmental funds:

General Fund - The General Fund is the operating fund of the District and is used to account for all financial resources except those that are required to be accounted for in another fund. The instructional and most of the support service programs of the District are accounted for in the General Fund. The revenue of the fund consists primarily of local property taxes and federal and state funds. The general fund balance is available for any purpose provided it is expended or transferred according to the laws of the State of Wyoming.

Major Maintenance Fund – The Major Maintenance Fund is used to account for financial resources to be used specifically for major maintenance of District facilities as defined by Wyoming State Statute.

Grant Programs Fund – The Grant Programs Fund is used to account for the proceeds of specific revenue sources (other than the Headstart Program) that are legally restricted to expenditures for specified purposes. The revenue of the Special Revenue Funds consists primarily of federal and state grants.

School Facilities Department Capital Projects Fund – The Capital Projects Fund is used to account for financial resources accumulated and payments made for the acquisition and improvement of sites; construction and remodel of facilities; and procurement of equipment, textbooks and supplies necessary for providing educational programs to all students within the District.

Proprietary Funds

Proprietary Funds focus on the determination of changes in net position, financial position and cash flows.

Enterprise Funds – The Enterprise Funds are also organized on major funds and non-major funds with the emphasis placed on major funds. The Food Service Fund is a major enterprise fund used to account for the operations of the school breakfast and lunch program on a self-supporting basis. The fund is sustained by charges for lunch and government subsidized meal costs and food commodities.

The Summer Program is a non-major enterprise fund. The fund is sustained by tuition charged for participation in the summer programs. The Headstart Nutrition program is a non-major enterprise fund, and used to account for the Headstart snack and lunch program on a self-supporting basis. The fund is sustained by government subsidized meals costs.

**SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds, and Significant Accounting Policies (Continued)

Internal Service Fund – Internal Service Funds are used to account for the financing of goods or services provided by the District to the District itself on a cost reimbursement basis. The District's employee health insurance plan is accounted for as an internal service fund.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for those student activity programs which have student participation in the activity and have students involved in the management of the programs and employee agency accounts in which funds are held on behalf of employees.

SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Sweetwater County School District No. 1 have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Significant accounting policies followed by the District are as follows:

a) Measurement Focus and Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The government-wide, proprietary, and fiduciary fund financial statements are prepared using the economic resources and accrual basis of accounting. Governmental funds use the current financial resources measurement focus and modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the presentation of expenses versus expenditures.

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds, and Significant Accounting Policies (Continued)

Revenues -- Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, donations, and State recapture payments. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, fees, and rentals. Also under the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Federal and State Grants and Entitlements

Federal and state grants and entitlements are recognized as revenue in the period the District is entitled to the resources and the amounts are available. Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred and the amounts are available. Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Unearned Revenue

On governmental fund financial statements, receivables that will not be collected within the available period, including property taxes, have also been reported as unearned revenue.

**SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds, and Significant Accounting Policies (Continued)

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation are not recognized in governmental funds.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and services. It also includes all revenue and expenses not related to capital and financing activities, noncapital financing, or investing activities. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

b) Budgetary Process

All funds are legally required to be budgeted and appropriated. The District's Board of Trustees annually adopts a budget and approves the related appropriations. Legal spending control is at the program level within each of the individual funds, management control is exercised at budgetary line item levels within each fund. The Board of Trustees may amend the budget after it is approved and also authorizes transfers between the various budgetary programs in any fund. The amounts reported as original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

c) Property Taxes

Property taxes are levied in the first week of August of each year and are collectible in two installments. Installments are due on September 1 and March 1 and are collectible on November 10 and May 10. If the first installment payment is made after November 10, the entire amount is due by December 31. Property taxes attach as an enforceable lien on the property if payment is not made by May 11th each year. On the government-wide statement of net position, property tax receivable has been recorded at the estimated net realizable value with an estimated allowance for amounts uncollectible.

**SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds, and Significant Accounting Policies (Continued)

d) Cash, Cash Equivalents, and Investments

For purposes of the Proprietary Funds statement of cash flows, the Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. The cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments.

e) Internal 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 position, except for the net residual amounts due between governmental and business-type activities.

f) Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are recorded at cost, if purchased, or at fair market value as of the date of the gift if received as a donation. The District maintains a tiered capitalization policy which is based on the asset category. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise funds is also capitalized.

All reported capital assets except land, land improvements, the collection of art, and construction in progress are depreciated. Improvements are depreciated over the useful lives of the related capital assets.

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds, and Significant Accounting Policies (Continued)

Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings	20 – 50 years	
Furniture and equipment	5 – 15 years	7 years
Transportation equipment	5 – 12 years	5 – 8 years

g) Inventories

Inventories are accounted for at the lower of cost (first-in, first-out method) or market under the consumption method. Inventories in governmental fund types are equally offset by a fund balance reserve, which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets.

h) Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee’s rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all eligible employees. The entire compensated absence liability is reported on the government-wide financial statements.

All eligible employees of the District receive a maximum of ten days of sick leave each year. In accordance with the provisions of the Governmental Accounting Standards Board, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits. The District also has implemented a sick leave bank for full-time eligible employees for catastrophic accident and illness.

i) Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements and all payables, accrued liabilities and long-term obligation payables from enterprise funds are reported on the enterprise fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. Capital leases are recognized as a liability on the governmental fund financial statements when due.

**SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds, and Significant Accounting Policies (Continued)

j) Net Position

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

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

k) Fund Balance

The District uses the fund balance definitions in GASB Codification Section 1800 for financial reporting for all governmental fund types. The classifications are intended to depict the nature of net resources that are reported in a governmental fund. An individual fund could include any combination of these classifications.

Nonspendable Fund Balance

These fund balances are the net balance of assets and liabilities that are either legally or contractually required to be maintained intact or are “not in spendable” form. This includes all legally or contractually restricted balances as well as prepaid expenses, inventory, and other items considered “not in spendable” form.

Restricted Fund Balance

These fund balances are the net balance of assets and liabilities that have provisions that are externally imposed. These are grants or other funds that are restricted by the debt covenants, grantor, contributor, or by laws or regulations of external governments. In general, these include legally enforceable requirements that the resources be used only for the specific purposes stipulated in the grant, debt covenant, or by law.

Committed Fund Balance

The Board of Trustees is the District’s highest level of decision-making authority. The formal action required to establish, modify, or rescind a fund balance commitment is a resolution approved by the Board at the District’s Board meeting. The resolution must either be approved or rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds, and Significant Accounting Policies (Continued)

Assigned Fund Balance

Assigned fund balances are the net amounts of assets and liabilities constrained by the intent of the Board of Trustees. The intent will not be done by formal action of the Board of Trustees, but will be part of items such as the adopted budget or in a statement by the Board or by an official or body to which the Board delegates the authority. The District's fund balance policy establishes that the Superintendent and the Director of Business and Finance or his designee are the officials permitted to assign amounts to a specific purpose.

Unassigned Fund Balance

Typically unassigned fund balances will be limited to the General Fund and by definition they are the residual balance for fund balance.

When an expenditure is incurred for purposes for which a combination of fund balances is available, the District will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

l) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

m) New GASB Pronouncements

The Governmental Accounting Standards Board has issued several new pronouncements that the District has reviewed for application to their accounting and reporting.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, is effective for periods beginning after December 15, 2011. This standard provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The District has implemented this reporting for the year ended June 30, 2013. The components of net position were renamed to reflect the requirements of this statement.

**SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

2. Budgetary Basis of Accounting

While the District is reporting financial position, results of operations, and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The statements of revenues, expenditures, and changes in fund balance – budget (non-GAAP) and actual presented for the General Fund, Major Maintenance Fund, and Grant Programs Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

- a) Proceeds from capital leases and the associated capital outlay expenditure are not recorded on the cash basis (budget), but are recorded on the GAAP basis.
- b) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- c) Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

3. Cash and Investments

Authorized deposits are controlled by state statute and include but are not limited to deposits in banks, certificates of deposit, money market accounts, and treasury notes. Statutes also authorize the District to participate in the Wyoming Government Investment Fund (WGIF), which was established pursuant to the Wyoming Statutory Trust Act. Funds residing in these pools may have a maturity of less than three months. An annual report may be obtained for this entity at: 401 West 19th Street, Suite 300, Cheyenne, WY 82001.

Deposits and investments at June 30, 2013 consist of and appear in the financial statements as summarized below:

Cash and investments, statement of net position	\$	28,450,118
Cash and investments, statement of fiduciary net position		580,321
	<u>\$</u>	<u>29,030,439</u>
Cash in bank	\$	15,720,466
Certificates of deposit		4,551,571
WGIF		8,758,402
	<u>\$</u>	<u>29,030,439</u>

**SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

3. Cash and Investments (Continued)

The carrying amount of bank deposits for the District at June 30, 2013 is \$20,272,037 and the bank balance is \$20,240,729. The differences between the carrying amount and the bank balances are due to outstanding checks and deposits not yet processed by the bank. Of the book balance, \$1,823,527 is covered by federal depository insurance and \$18,448,510 was collateralized by securities held by the financial institutions in the District's name and accordingly considered credit risk category 1.

The District's investments include certificates of deposit with interest rates from .25% to .60%. Investments in certificates of deposits are allowed under Wyoming Statutes. As noted above, the certificates of deposit were bank deposits collateralized by the financial institution, pledging its securities under properly executed joint custody receipts in the District's name.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The WGIF fund continues to hold an AAAM rating by Standard & Poor's (S&P) indicating that "safety is excellent," and the pool has "superior capacity to maintain principal value and limit exposure to loss." The rate of return depends on the underlying portfolio. The District attempts to match its investment maturities to expected cash flow needs. As of June 30, 2013, the 7 day yield of WGIF was less than 1%.

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SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013 was as follows:

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 772,451	\$ -	\$ -	\$ 772,451
Construction in progress	5,307,419	12,716,703	(1,232,536)	16,791,586
Art Collection	494,000	-	-	494,000
Total capital assets, not being depreciated	6,573,870	12,716,703	(1,232,536)	18,058,037
Capital assets, being depreciated:				
Buildings and improvements	106,941,149	1,445,680	-	108,386,829
Furniture and equipment	4,355,516	375,249	(98,652)	4,632,113
Equipment under capital lease	707,733	-	-	707,733
Transportation equipment	6,182,161	47,106	(160,026)	6,069,241
Transportation equipment under capital lease	1,596,543	304,855	-	1,901,398
Total capital assets, being depreciated	119,783,102	2,172,890	(258,678)	121,697,314
Accumulated depreciation for:				
Buildings and improvements	(36,373,556)	(2,967,268)	-	(39,340,824)
Furniture and equipment	(2,334,245)	(503,292)	98,652	(2,738,885)
Equipment under capital lease	(353,805)	(132,989)	-	(486,794)
Transportation equipment	(3,800,258)	(497,005)	160,026	(4,137,237)
Transportation equipment under capital lease	(260,251)	(190,164)	-	(450,415)
Total	(43,122,115)	(4,290,718)	258,678	(47,154,155)
Impairment	(726,288)	-	-	(726,288)
Total accumulated depreciation	(43,848,403)	(4,290,718)	258,678	(47,880,443)
Total capital assets, being depreciated, net	75,934,699	(2,117,828)	-	73,816,871
Governmental activities capital assets, net	<u>\$ 82,508,569</u>	<u>\$ 10,598,875</u>	<u>\$ (1,232,536)</u>	<u>\$ 91,874,908</u>
Business-type activities:				
Capital assets, being depreciated:				
Equipment	\$ 888,944	\$ 17,985	\$ -	\$ 906,929
Transportation equipment	122,773	-	-	122,773
Total capital assets, being depreciated	1,011,717	17,985	-	1,029,702
Accumulated depreciation for:				
Equipment	(668,636)	(34,681)	-	(703,317)
Transportation equipment	(101,409)	(11,142)	-	(112,551)
Total accumulated depreciation	(770,045)	(45,823)	-	(815,868)
Business-type activities capital assets, net	<u>\$ 241,672</u>	<u>\$ (27,838)</u>	<u>\$ -</u>	<u>\$ 213,834</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Capital Assets (Continued)

Depreciation expense was charged to governmental functions as follows:

Governmental activities:	
Instructional services	
Regular instruction	\$ 2,918,653
Special education	37,303
Vocational education	11,926
Supporting services:	
Students	16,057
Central services	290,614
Business	75,625
School Administration	11,452
Operation and maintenance of facilities	180,923
Pupil transportation	677,611
General administration	20,716
Community services	7,830
Other support services	42,008
Total depreciation expense, governmental activities	<u>\$ 4,290,718</u>

Construction Commitments

The District is obligated at June 30, 2013 under construction commitments for several projects at various schools within the district for paving, bleacher replacement, building, and renovation projects. Total approved contracts as of June 30, 2013 are \$21.690 million with \$16.755 million completed and \$4.935 million still committed. The majority of the commitment will be financed by additional funds from the Wyoming Schools Facilities Department and transfers from the Recreation Board.

5. Wyoming Retirement System

Substantially all Sweetwater County School District No. 1 full-time or regular part-time employees participate in the Wyoming Retirement System (System), a cost-sharing, multiple employer public employee retirement system. The System provides retirement benefits at age 60 with early retirement options available. The System also provides disability and death benefits. Benefits are established by State Statute. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Wyoming Retirement System, 6101 Yellowstone Road, Suite 500, Cheyenne, Wyoming 82002 or by calling (307) 777-7691.

**SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

5. Wyoming Retirement System (Continued)

The System statutorily requires 14.12% of the participant's salary to be contributed to the plan. Covered employees are required to contribute 7% of their salary to the plan with the District contributing the remaining 7.12%. As permitted by State statute, the District elected to pay the employees' share of the contribution. The District's contributions to the System for the years ended June 30, 2013, 2012, and 2011 were \$6,186,865, \$6,183,765 and \$5,934,417, respectively. This was equal to the required contribution each of those years.

6. Deferred Compensation Plan

The District offers its employees a deferred compensation plan (Plan) that is structured in accordance with the provisions of Internal Revenue Code Section 457. The Plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

As of November 24, 1998, in order to comply with the Small Business Job Protection Act of 1996, the Plan, under the control of Wyoming Deferred Compensation, Inc., was amended. The Plan assets and the income attributable to the Plan assets are now set aside in a trust arrangement for the exclusive benefit of the participant or the participant's beneficiary.

7. Long-Term Obligations

During the year ended June 30, 2013 the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Obligations under capital leases	\$ 1,370,298	\$ 304,855	\$ (515,484)	\$ 1,159,669	\$ 547,196
Accrued vacation	300,690	286,339	(270,621)	316,408	284,767
Net OPEB obligation	2,147,829	1,749,250	(1,345,076)	2,552,003	-
Total governmental activities long-term liabilities	<u>\$ 3,818,817</u>	<u>\$ 2,340,444</u>	<u>\$ (2,131,181)</u>	<u>\$ 4,028,080</u>	<u>\$ 831,963</u>
Business-type activities:					
Obligations under capital leases	<u>\$ 3,534</u>	<u>\$ -</u>	<u>\$ (1,366)</u>	<u>\$ 2,168</u>	<u>\$ 1,856</u>

Capital leases – The District leases certain computer, copier, and transportation equipment under capital leases, of which some provide for the purchase of leased equipment for nominal amounts at the end of the lease term. The interest rates on the leases are 1.85% to 14.38% with an average of approximately 8.76%. Interest expense of \$64,264 as a result of capital lease obligations is included in the government-wide statement of activities.

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7. Long-Term Obligations (Continued)

The following is a schedule by years of minimum future lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2013:

<u>Payable during the year ended June 30,</u>	
2014	\$ 586,032
2015	294,867
2016	276,713
2017	<u>64,296</u>
	1,221,908
Less amount representing interest	<u>(62,239)</u>
Minimum Future Lease Payments	<u><u>\$ 1,159,669</u></u>

Accrued vacation - Eligible personnel are entitled to initial vacation leave after completing nine months of service, increasing thereafter depending on the length of service. Vacation days accumulated are not paid if not used, except for twelve month administrators and classified support personnel who can be paid up to twenty days of unused vacation upon termination.

Net OPEB Obligation – The District has completed the second required actuarial valuation of the District’s post-retirement benefit plan (other than pensions) to identify the actuarial accrued liability, the annual required contribution, and the net OPEB obligation of the District as required by generally accepted accounting principles.

Plan Description – The post-retirement benefit plan offered by the District provides post-employment medical, dental, and vision benefits for retirees and their dependents. Upon retirement, individuals are eligible to continue to receive coverage under the District’s group health care plan. The Board of Trustees has the authority for establishing and amending the plan. This plan does not issue a separate report.

The District had offered a health care severance incentive plan to employees to encourage early retirement. This plan is no longer offered. The plan provides that the employee (and dependents) shall be allowed to remain under the District's health plan (including Dental and Vision), until the employee dies or attains 65 years of age, whichever occurs first. Surviving spouses are also eligible until they die or attain 65 years of age, whichever occurs first. The retiree pays 15% of the premium for the coverage.

Retirees 50 years of age and older with at least 10 years of continuous service can continue on the District's health insurance plan by paying 100% of the premium. The plan includes Medical, Dental, and Vision coverage. Surviving spouses are also eligible. The employee must work 35 or more hours per week to be eligible.

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7. Long-Term Obligations (Continued)

Funding Policy – Contributions are required for both retiree and dependent coverage. The District is currently providing a subsidy to offset the retiree’s contribution for the medical insurance program. The monthly contribution is required for both retiree and dependent coverage and is being financed on a pay-as-you-go basis. For fiscal 2013, the post-retirement plan is considered an unfunded plan, as the District has not established an irrevocable trust fund for retiree health care benefits as of June 30, 2013.

For the plan year ending June 30, 2013, there were 873 participants; 623 active employees, 52 self-pay retirees under age 65, 172 self-pay retirees 65 plus, and 26 District pay retirees.

Annual OPEB Cost and Net OPEB Obligation – The accounting standards allow the use of one of the following actuarial cost methods for the valuation: Unit Credit, Entry Age Normal, Attained Age, Aggregate, Frozen Entry Age, or Frozen Attained Age. These methods can be amortized on either a level dollar or a level percentage of payroll basis. The actuarial valuation assumes the use of the Projected Unit Credit method with amortization on a level percent of payroll basis, because it is believed the Unit Cost method provides the most logical correlation between accruing and expensing retiree benefits.

The District’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District’s net OPEB obligation:

Annual Required Contribution (ARC)	\$	1,760,025
Interest on net OPEB obligation		85,913
Adjustment to annual required contribution		(96,688)
Annual OPEB Cost		<u>1,749,250</u>
Less:		
Employer contributions		<u>(1,345,076)</u>
Increase in Net OPEB Obligation		404,174
Net OPEB Obligation at beginning of year		<u>2,147,829</u>
Net OPEB Obligation at end of year	\$	<u><u>2,552,003</u></u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7. Long-Term Obligations (Continued)

The Net OPEB Obligation (NOO) is the cumulative difference between the ARC and the employer's contributions to the plan. For the fiscal year ended June 30, 2013, the NOO is projected to be \$2,552,003, and assumes the District continues on a pay-as-you-go (unfunded) basis.

The Annual Required Contribution (ARC) includes an amount to amortize the calculated unfunded actuarial liability. As of June 30, 2013, the ARC included \$733,957 representing the amount of amortization of the actuarial accrued liability over 26 years for most retirees and 12 years for retirees under the early retirement incentive plan.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the previous fiscal year were as follows:

Year ended	June 30, 2012	June 30, 2013
Annual OPEB cost	\$ 1,933,359	\$ 1,749,250
Percentage of OPEB cost contributed	66%	77%
Net OPEB obligation	\$ 2,147,829	\$ 2,552,003

The actuarial valuation date was as of July 1, 2012. The Schedule of Funded Status and Funding Progress is presented here.

Actuarial Valuation Year Ended June 30	Actuarial Valuation of Plan Assets	Actuarial Accrued Liabilities (AAL)	Unfunded AAL (Funding Excess)	Funded Ratio	Covered Payroll	Funding Excess as Percentage of Covered Payroll
	(A)	(B)	(B-A)	(A/B)	C	((B-A)/C)
2011	\$ -	\$ 21,333,384	\$ 21,333,384	0%	\$ 41,896,164	51%
2013	\$ -	\$ 16,956,338	\$ 16,956,338	0%	\$ 43,005,546	39%

The Actuarial Accrued Liability (AAL) for this post retirement benefit plan as of July 1, 2013 is \$16,956,338. This represents the present value of all future expected post retirement medical payments and administrative costs which are attributable to past service.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

**SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

7. Long-Term Obligations (Continued)

Actuarial Methods and Assumptions – Projections and benefits are based on the substantive plan and include the types of benefits available at the valuation date. Actuarial calculations reflect long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Significant methods and assumptions were as follows:

Actuarial valuation date	July 1, 2012
Actuarial cost method	Projected Unit Cost
Amortization method	Level percentage
Remaining amortization period	26 years
Asset valuation method	Fair value of assets
Actuarial assumptions:	
Investment rate of return	4.00%
Healthcare Cost Trend Rate (HCCTR):	
Medical and Drug Trend Rate	8.5% for 2013 and 2014 decreasing approximately 0.5% every two years thereafter until reaching 5.5%
Dental and Vision Trend Rate	5.0%
Assumed rates of increase applied to retiree premiums	Same as HCCTR
Projected salary increases	3.0%

8. Self-Funded Health Insurance

Sweetwater County School District No. 1 does not purchase commercial insurance for employee health and accident risk of loss. Instead, UMR has been retained to service claims for the District's employees. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The liability is the District's and UMR's best estimate based on available information. The insurance companies maintain a stop-loss insurance policy to pay annual losses exceeding \$200,000 specific per person and \$13,793,961 aggregate for the plan year to further protect the District.

See the statement of fund net position and statement of revenues, expenses, and changes in fund net position for further details on the activities of the insurance plan.

**SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

9. Fund Equity and Net Position

The nonspendable fund balance account is summarized below:

Inventories and prepaid expenses – represents a portion of fund balance segregated for future use and are therefore not available for future appropriation or expenditure for general use.

Specific restrictions of fund balance and net position are summarized below.

Grant Programs – grant proceeds for which the District has met the eligibility requirements and thus recorded the revenue, but has yet to spend the funds on the specific program.

Major Maintenance – funds segregated to be used for capital outlay expenditures which meet the Wyoming Department of Education’s definition of major maintenance.

Capital Projects – funds segregated for future capital project needs.

Recreation District – Funds segregated for future recreation projects.

Specific assignments of fund balance accounts are summarized below:

Capital construction/projects – to segregate the portion of fund balance/net position that is not available for general expenditure or expense but rather assigned for future property, plant, and equipment major repair or replacement.

Headstart child care – to segregate a portion of the fund balance assigned to cover future child care costs in the Headstart Fund.

Projected budget deficit – to segregate a portion of the fund balance which has been reserved by the Board to cover the expected fiscal 2013 budget shortfall.

Career and vocational programs – to segregation a portion of fund balance to cover future program costs.

New K-4 school – to segregate a portion of the fund balance for future staffing requirements.

Transportation Leases – to segregate a portion of fund balance which has been assigned to cover payments required on outstanding transportation capital leases.

**SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

9. Fund Equity (Continued)

Minimum Fund Balance – to segregate available fund balance which has been assigned by the Board through budget authority to establish an optimum minimum fund balance.

The District has no committed fund balances as of June 30, 2013.

As of June 30, 2013, Sweetwater One Public School Foundation, a component unit of the District had \$76,958 Board designated unrestricted, \$128,070 temporarily restricted for program purposes, and \$98,535 permanently restricted. The interest earned on the permanently restricted funds can be used for operations or program purposes, and the principal has to be held in perpetuity as part of the Foundation's endowment fund.

10. Risk Management

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District currently manages said risk through the purchase of commercial insurance and participation in the Wyoming Workers' Compensation Program. All risk management activities are accounted for in the General Fund. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

11. Commitments and Contingencies

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received in these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund, or other applicable funds. However, in the opinion of management any such disallowed claims would not have a material adverse effect on the overall financial position of the District as of June 30, 2013.

Various claims are currently pending against the District. The District denies liability in all matters described below, and has tendered these matters for defense and indemnification to its insurance carrier. Possible outcomes of these claims cannot be determined at this time.

- Notices of Claim and a lawsuit have been filed on behalf of a student who was allegedly injured while disembarking from a school bus. Mediation is scheduled to take place on April 24, 2014. Legal representation is being handled by the District's insurance carrier. At this time, complete assessment of the likelihood of an unfavorable outcome and an estimate of potential loss is not possible.

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

11. Commitments and Contingencies (Continued)

- A Notice of Claim was sent to the District by attorneys representing an employee who fell on ice while stepping off of a sidewalk. A lawsuit was filed and the parties are discussing mediation in the matter. The Bench Trial is scheduled to begin on November 18, 2014. The District intends to defend this action vigorously and at this time, complete assessment of the likelihood of an unfavorable outcome and an estimate of potential loss is not possible.
- A Notice of Claim was sent to the District by an attorney representing a student who slipped and fell in the girl's locker room at Rock Springs East Junior High School. The matter is being handled by an attorney on behalf of the District's insurance carrier. The Judge filed a Findings of Fact, Conclusions of Law and Judgment in Favor of Defendant on December 13, 2013. This matter is proceeding on Appeal to the Wyoming Supreme Court. At this time, complete assessment of the likelihood of an unfavorable outcome and an estimate of potential loss is not possible.
- At year end, the District was also defending two wrongful termination claims. One claim is proceeding on Appeal to the Wyoming Supreme Court. At this time, complete assessment of the likelihood of an unfavorable outcome and an estimate of potential loss is not possible. The second claim has settled. The matter was handled by an attorney on behalf of the insurance company and the insurance carrier has made payment to the Plaintiff subsequent to year end.
- The final open matter involves a school suspension of a minor child arising from an accusation of theft of a cell phone. The Judge signed an Order Denying Motion to File Under Seal on February 26, 2014. A Summons and Amended and Redacted Petition for Review of Agency Order and Stay of Review Pending Rehearing was served on March 5, 2014. The District intends to defend this action vigorously and, at this time, complete assessment of the likelihood of an unfavorable outcome or estimate of potential loss is not possible.
- In the matter of the Recommendation of Termination of a former teacher, the case has been settled.

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

12. Internal Balances and Activity

The composition of internal balances, which have been eliminated for the government-wide basic financial statements, as of June 30, 2013 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Grant Programs Fund	\$ 633,857
General Fund	Headstart Fund	9,770
General Fund	Food Service Fund	25,966
General Fund	Summer Programs Fund	11,477
Major Maintenance Fund	General Fund	100
General Fund	Agency Fund	11,898
Grant Programs Fund	General Fund	521,221
General Fund	Recreation District	93,989
SFD Capital Projects Fund	Recreation District	77,030
General Fund	SFD Capital Projects Fund	35,804
Capital Projects Fund	General Fund	25,726

These balances resulted from the time lag between the dates that (1) inter-fund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made. All amounts will be repaid within the next fiscal year.

During the year ended June 30, 2013, the Recreation Board transferred approximately \$2 million to the SFD Capital Projects Fund as the Board has agreed to fund the cost of certain projects and enhancements to school facilities which are not funded by the School Facilities Department. Other transfers were made during the year to cover expenses as necessary.

Transfers for the year are as follows:

<u>Transfer To</u> <u>Receiving Fund</u>	<u>Transfer From</u> <u>Paying Fund</u>	<u>Amount</u>
SFD Capital Projects Fund	Recreation District	\$ 2,062,651
General Fund	Recreation District	16,680
Grant Programs Fund	General Fund	1,191
SFD Capital Projects Fund	General Fund	192,175
Capital Projects Fund	General Fund	25,726

**SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

13. Related Party Transactions

During the year, the District was awarded \$6,267 in Innovative Grants from Sweetwater One Public School Foundation, a component unit of the District as described in note 1. The District also paid salaries, benefits, and supplies for the Sweetwater One Public School Foundation employees in the amount of \$170,787 during the fiscal year ended 2013.

14. Subsequent Events

Subsequent to the year end, the Board of Trustees held a public hearing for the purpose of amending the FY2013 budget. The amendment rescinded a previous transfer from the Special Building Capital Projects fund to the General Fund to correctly present the allocation of funds as the District desires to use these funds for current and future capital projects. The budget amendment also included an additional transfer from the General Fund of \$25,726 for Farson Construction to the Special Building Capital Projects Fund to properly reflect the intended use of funds as capital project resources.

15. Restatement of Financial Statements

The financial statements for the year ended June 30, 2013 have been restated to reflect the changes made due to the budget amendment noted in Note 14 to the financial statements. A summary of the changes and the accounts affected is as follows:

<u>Account</u>	<u>Capital Projects Fund</u>	<u>General Fund</u>
Cash	\$ 321,221	\$ (321,221)
Internal Balances	25,726	(25,726)
Transfers	(25,726)	25,726
Capital Outlay	5,100	(5,100)
Fund Balance	(346,947)	346,947

REQUIRED SUPPLEMENTARY INFORMATION

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) TO ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Local sources	\$ 46,627,886	\$ 46,627,886	\$ 46,338,840	\$ (289,046)
County sources	12,851,070	12,851,070	13,080,658	229,588
State sources	12,356,924	12,356,924	13,234,212	877,288
Federal sources	82,000	82,000	77,229	(4,771)
Interest income	20,125	20,125	15,096	(5,029)
	71,938,005	71,938,005	72,746,035	808,030
Expenditures:				
Current:				
Instructional services:				
Regular instruction	29,640,616	29,622,693	28,438,953	1,183,740
Special education	10,331,380	10,438,930	9,187,752	1,251,178
Vocational education and other	1,345,857	1,273,932	964,222	309,710
Supporting services:				
Students	7,033,565	7,046,958	7,346,595	(299,637)
Instructional staff	3,986,534	3,986,534	2,677,022	1,309,512
Central services	4,821,374	4,814,018	4,037,788	776,230
School administration	3,838,947	3,836,887	4,141,126	(304,239)
Business	1,568,280	1,454,762	1,172,911	281,851
Operation and maintenance of facilities	8,025,731	8,028,301	6,677,111	1,351,190
Pupil transportation	4,831,918	4,892,100	4,609,378	282,722
General administration	240,422	318,515	290,569	27,946
Community services	154,929	170,929	170,787	142
Other transportation	249,848	192,366	227,599	(35,233)
Other general support	467,614	430,481	-	430,481
Food service	10,000	10,000	-	10,000
	76,547,015	76,517,406	69,941,813	6,575,593
Excess of revenues over (under) expenditures	(4,609,010)	(4,579,401)	2,804,222	7,383,623
Other financing sources (uses):				
Operating transfers in	209,991	216,725	216,680	(45)
Operating transfers out	(442,160)	(479,293)	(374,733)	104,560
Sale of capital assets	30	791	3,858	3,067
	(232,139)	(261,777)	(154,195)	107,582
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	\$ (4,841,149)	\$ (4,841,178)	\$ 2,650,027	\$ 7,491,205

See accompanying notes to required supplementary information.

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) TO ACTUAL
MAJOR MAINTENANCE FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
State sources	\$ 2,777,849	\$ 2,777,849	\$ 2,777,849	\$ -
Interest income	14,000	14,000	11,902	(2,098)
Total revenues	<u>2,791,849</u>	<u>2,791,849</u>	<u>2,789,751</u>	<u>(2,098)</u>
Expenditures:				
Capital outlay	8,743,255	8,743,255	1,331,793	7,411,462
Total expenditures	<u>8,743,255</u>	<u>8,743,255</u>	<u>1,331,793</u>	<u>7,411,462</u>
Excess of revenues over (under) expenditures	<u>\$ (5,951,406)</u>	<u>\$ (5,951,406)</u>	<u>\$ 1,457,958</u>	<u>\$ 7,409,364</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) TO ACTUAL
GRANT PROGRAMS FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Local sources	\$ 59,715	\$ 413,222	\$ 281,614	\$ (131,608)
State sources	2,286,596	3,569,065	2,616,045	(953,020)
Federal sources	4,756,046	5,666,585	3,299,497	(2,367,088)
Total revenues	<u>7,102,357</u>	<u>9,648,872</u>	<u>6,197,156</u>	<u>(3,451,716)</u>
Expenditures:				
Current:				
Instructional services:				
Regular instruction	1,502,524	2,420,077	1,601,491	818,586
Special education	1,429,591	1,972,030	969,095	1,002,935
Vocational education and other	38,570	118,658	6,515	112,143
Supporting services:				
Students	50,728	69,021	31,257	37,764
Instructional staff	3,337,349	3,586,287	2,708,816	877,471
School administration	403,693	699,847	402,630	297,217
Operation and maintenance of facilities	39,459	39,459	7,466	31,993
Community services	225,850	668,917	257,503	411,414
Total expenditures	<u>7,027,764</u>	<u>9,574,296</u>	<u>5,984,773</u>	<u>3,589,523</u>
Excess of revenues over (under) expenditures	<u>\$ 74,593</u>	<u>\$ 74,576</u>	<u>\$ 212,383</u>	<u>\$ 137,807</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. Budgetary Basis of Accounting

While the District is reporting financial position, results of operations, and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The statements of revenues, expenditures, and changes in fund balance – budget (non-GAAP) and actual presented for the General Fund, Major Maintenance Fund, and Grant Programs Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are that:

- d) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- e) Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
- f) Proceeds from capital leases and the associated capital outlay expenditure are not recorded on the cash basis (budget), but are recorded on the GAAP basis.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the major governmental funds:

	General Fund	Major Maintenance Fund	Grant Programs Fund
	<u> </u>	<u> </u>	<u> </u>
Net change in fund balance -			
GAAP basis	\$ 3,120,534	\$ 742,923	\$ (60,005)
Revenue accruals	(170,536)	-	30,391
Expenditure accruals	(49,675)	715,035	243,188
Other financing sources (uses)			
accruals	(250,296)	-	(1,191)
Net change in fund balance -			
Non-GAAP budgetary basis	<u>\$ 2,650,027</u>	<u>\$ 1,457,958</u>	<u>\$ 212,383</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. Budgetary Basis of Accounting (Continued)

The following tables summarize the General Fund budget at the level required by Wyoming Statute:

	Revised Budget	Actual (Non-GAAP) Budgetary Basis	Variance
Revenues	\$ 71,938,035	\$ 72,749,893	\$ 811,858
Expenditures			
Instruction	42,296,199	39,905,752	2,390,447
Instructional support	9,751,627	8,709,401	1,042,226
General support	23,967,430	21,156,482	2,810,948
Non-Instructional support	180,929	170,787	10,142
Operating transfers			
Transfers in	216,725	216,680	(45)
Transfers out	(479,293)	(374,733)	(104,560)

OTHER SUPPLEMENTAL INFORMATION

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Special Revenue		Capital Projects	Total Nonmajor Governmental Funds
	Recreation Board	Headstart		
Assets:				
Cash and investments	\$ 1,691,442	\$ 34,963	\$ 316,134	\$ 2,042,539
Cash with fiscal agent	4,974	-	-	4,974
Receivables:				
Property taxes	14,869	-	-	14,869
Other governments, grants	-	25,568	-	25,568
Internal balances	-	-	25,726	25,726
Total assets	<u>\$ 1,711,285</u>	<u>\$ 60,531</u>	<u>\$ 341,860</u>	<u>\$ 2,113,676</u>
Liabilities:				
Accounts payable	\$ -	\$ 12,177	\$ -	\$ 12,177
Accrued expenses	-	9,067	-	9,067
Unearned revenue:				
Property taxes	3,406	-	-	3,406
Due to other funds	171,019	9,770	-	180,789
Total liabilities	<u>174,425</u>	<u>31,014</u>	<u>-</u>	<u>205,439</u>
Fund balances:				
Restricted for:				
Recreation District	1,536,860	-	-	1,536,860
Assigned for:				
Headstart child care	-	29,517	-	29,517
Capital Projects	-	-	341,860	341,860
Total fund balances	<u>1,536,860</u>	<u>29,517</u>	<u>341,860</u>	<u>1,908,237</u>
Total liabilities and fund balances	<u>\$ 1,711,285</u>	<u>\$ 60,531</u>	<u>\$ 341,860</u>	<u>\$ 2,113,676</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Special Revenue			Total Nonmajor Governmental Funds
	Recreation		Capital	
	Board		Headstart	
Revenues:				
Local sources	\$ 1,854,084	\$ 609	\$ 1,590	\$ 1,856,283
Federal sources	-	828,406	-	828,406
Interest	5,061	14	158	5,233
Total revenues	<u>1,859,145</u>	<u>829,029</u>	<u>1,748</u>	<u>2,689,922</u>
Expenditures:				
Current:				
Instructional services:				
Regular instruction	-	373,901	-	373,901
Special education	-	8,980	-	8,980
Supporting services:				
Student	-	133,557	-	133,557
Instructional staff	-	23,541	-	23,541
School administration	-	127,012	-	127,012
Operation and maintenance of facilities	-	81,243	-	81,243
Pupil transportation	-	72,886	-	72,886
Food services	-	7,895	-	7,895
Capital outlay	-	-	4,075	4,075
Total expenditures	<u>-</u>	<u>829,015</u>	<u>4,075</u>	<u>833,090</u>
Excess (deficiency) of revenues over (under) expenditures	1,859,145	14	(2,327)	1,856,832
Other financing sources (uses):				
Operating transfers	<u>(2,079,331)</u>	<u>-</u>	<u>25,726</u>	<u>(2,053,605)</u>
Net change in fund balance	<u>(220,186)</u>	<u>14</u>	<u>23,399</u>	<u>(196,773)</u>
Fund balances - beginning	<u>1,757,046</u>	<u>29,503</u>	<u>318,461</u>	<u>2,105,010</u>
Fund balances - ending	<u>\$ 1,536,860</u>	<u>\$ 29,517</u>	<u>\$ 341,860</u>	<u>\$ 1,908,237</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
SCHEDULE OF BALANCE SHEETS
SFD CAPITAL CONSTRUCTION FUND
JUNE 30, 2013

	District Projects	Pilot Butte Construction	Eastside 5-6 Building Construction
Assets:			
Cash and investments	\$ -	\$ -	\$ 694,106
Receivables:			
Other governments	-	-	724,526
Internal balances	77,030	-	(35,804)
Total assets	<u>\$ 77,030</u>	<u>\$ -</u>	<u>\$ 1,382,828</u>
Liabilities:			
Accounts payable	\$ 77,030	\$ -	\$ 681,182
Retainage payable	-	-	701,646
Total liabilities	<u>77,030</u>	<u>-</u>	<u>1,382,828</u>
Fund balances:			
Assigned to capital construction	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 77,030</u>	<u>\$ -</u>	<u>\$ 1,382,828</u>

<u>RSJH Construction</u>	<u>Farson Construction</u>	<u>IHS Construction</u>	<u>Total Capital Construction Fund</u>
\$ 52,557	\$ -	\$ -	\$ 746,663
-	83,887	31,627	840,040
-	-	-	41,226
<u>\$ 52,557</u>	<u>\$ 83,887</u>	<u>\$ 31,627</u>	<u>\$ 1,627,929</u>
\$ -	\$ 83,887	\$ 31,627	\$ 873,726
52,557	-	-	754,203
<u>52,557</u>	<u>83,887</u>	<u>31,627</u>	<u>1,627,929</u>
-	-	-	-
-	-	-	-
<u>\$ 52,557</u>	<u>\$ 83,887</u>	<u>\$ 31,627</u>	<u>\$ 1,627,929</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SFD CAPITAL CONSTRUCTION FUND
FOR THE YEAR ENDED JUNE 30, 2013

	District Projects	Pilot Butte Construction	Eastside 5-6 Building Construction
Revenues:			
Local sources	\$ -	\$ -	\$ 7,141
State sources	-	26,265	8,201,329
Interest	-	109	2,539
Total revenues	<u>-</u>	<u>26,374</u>	<u>8,211,009</u>
Expenditures:			
Capital outlay	<u>902,743</u>	<u>3,741</u>	<u>9,591,686</u>
Total expenditures	<u>902,743</u>	<u>3,741</u>	<u>9,591,686</u>
Excess (deficiency) of revenues (under) over expenditures	(902,743)	22,633	(1,380,677)
Other financing sources:			
Operating transfers	<u>902,743</u>	<u>(28,214)</u>	<u>1,380,297</u>
Net change in fund balance	-	(5,581)	(380)
Fund balances - beginning	<u>-</u>	<u>5,581</u>	<u>380</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>RSJH Construction</u>	<u>Farson Construction</u>	<u>IHS Construction</u>	<u>Total Capital Construction Fund</u>
\$ -			\$ 7,141
158,889	307,911	103,665	8,798,059
363	-	-	3,011
<u>159,252</u>	<u>307,911</u>	<u>103,665</u>	<u>8,808,211</u>
161,232	307,911	103,665	11,070,978
<u>161,232</u>	<u>307,911</u>	<u>103,665</u>	<u>11,070,978</u>
(1,980)	-	-	(2,262,767)
-	-	-	2,254,826
<u>(1,980)</u>	<u>-</u>	<u>-</u>	<u>(7,941)</u>
1,980	-	-	7,941
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
SCHEDULE OF BALANCE SHEETS
GRANT PROGRAMS
JUNE 30, 2013

Grantor/Program Title	Pass-Through Grantor's Number	ASSETS			Total Assets
		Cash	Internal Balances	Due from Other Governments	
U.S. Department of Education					
School Improvement Grants	12190123GIAO	\$ 1	\$ -	\$ 145,582	\$ 145,583
Title I-A	131901AT1A00	-	-	224,815	224,815
Title I-Schoolwide FY12	121901T1SW00	-	-	-	-
Title I- N&D FY13	131901ND200	-	-	1,570	1,570
Title I- N&D FY12	121901ND200	1	-	-	1
Title I FY11	111901T1A00	-	-	-	-
Title I-A FY10	101901T1A00	1	-	-	1
Perkins Vocation Education FY13	131901VEA00	-	-	9,483	9,483
Technology Literacy Challenge Grants	111901T2D00	633	-	-	633
Title VI-B FY13	131901VIB00	-	-	122,101	122,101
Title VI-B 619 FY11	1119012T6900	-	-	8,428	8,428
Title III FY13	131901T3E00	-	-	5,842	5,842
Title IIA FY13	131901T2A00	-	-	146,805	146,805
Title IIA FY12	121901T2A00	-	-	-	-
After School Learning Center	131901C4C00	-	-	10,630	10,630
	121901C4C00	-	-	-	-
	121901C5C00	-	-	-	-
	111901C5C00	-	-	-	-
	101901C5C00	1	-	-	1
Improvement of Education - PEP FY13	Q215F100009	-	-	9,276	9,276
Improvement of Education - PEP FY12	Q215F100009	-	-	-	-
National Aeronautical and Space Administration					
Summer of Innovation	091901NASA00	15,216	-	-	15,216
Wyoming Department of Education and Other					
Health Prevention	N/A	-	-	-	-
BOCES Misc Grants	N/A	2,580	-	19,501	22,081
BOCES-Concurrent Courses	N/A	-	-	4,201	4,201
National Board Certified Teachers	N/A	-	-	-	-
Health Occupations	N/A	-	-	-	-
Instructional Facilitators	N/A	207,187	-	-	207,187
National Board Certification Program	N/A	422,796	-	-	422,796
Pro Community Programs	N/A	22,719	-	-	22,719
Summer School 13-14	N/A	-	-	181,569	181,569
Summer School 12-13	N/A	-	-	87,987	87,987
AHEC-UW Grant	N/A	11,086	-	-	11,086
Other District Programs		90,435	-	70,887	161,322
		<u>\$ 772,656</u>	<u>\$ -</u>	<u>\$ 1,048,677</u>	<u>\$ 1,821,333</u>

LIABILITIES

Accounts Payable	Accrued Expenses	Deferred Revenue	Internal Balances	Due to Other Governments	Fund Equity	Total Liabilities and Fund Equity
\$ 114,037	\$ -	\$ -	\$ 31,546	\$ -	\$ -	\$ 145,583
53,630	10,593	-	160,592	-	-	224,815
-	-	-	-	-	-	-
626	943	-	1	-	-	1,570
-	-	1	-	-	-	1
-	-	-	-	-	-	-
-	-	-	1	-	-	1
9,465	-	-	18	-	-	9,483
-	-	-	633	-	-	633
49,469	56,147	-	16,485	-	-	122,101
8,428	-	-	-	-	-	8,428
-	-	-	-	-	-	-
5,172	522	-	148	-	-	5,842
19,161	-	-	127,644	-	-	146,805
-	-	-	-	-	-	-
1,143	-	-	9,487	-	-	10,630
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	1	1
5,434	3,842	-	-	-	-	9,276
-	-	-	-	-	-	-
-	-	15,216	-	-	-	15,216
-	-	-	-	-	-	-
6,158	-	-	15,891	-	32	22,081
1,454	-	-	2,747	-	-	4,201
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	52,597	154,590	-	207,187
12,175	-	-	11,136	399,485	-	422,796
-	933	-	9,111	-	12,675	22,719
9,385	128,772	-	43,412	-	-	181,569
4,915	-	-	83,072	-	-	87,987
520	-	10,048	518	-	-	11,086
17,804	-	-	68,818	-	74,700	161,322
<u>\$ 318,976</u>	<u>\$ 201,752</u>	<u>\$ 25,265</u>	<u>\$ 633,857</u>	<u>\$ 554,075</u>	<u>\$ 87,408</u>	<u>\$ 1,821,333</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES AND EXPENDITURES
GRANT PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2013

Grantor/Program Title	Pass-Through Grantor's Number	REVENUES			
		Local	Federal	State	Interest
U.S. Department of Education					
School Improvement Grants	12190123GIAO	\$ -	\$ 528,961	\$ -	\$ -
Title I-A	131901AT1A00	-	929,775	-	-
Title I-Schoolwide FY12	121901T1SW00	-	225,700	-	-
Title I- N&D FY13	131901ND200	-	44,061	-	-
Title I- N&D FY12	121901ND200	-	4,187	-	-
Title I FY11	111901T1A00	-	1	-	-
Title I-A FY10	101901T1A00	-	-	-	-
Perkins Vocation Education FY13	131901VEA00	-	85,082	-	-
Technology Literacy Challenge Grants	111901T2D00	-	-	-	-
Title VI-B FY13	131901VIB00	-	542,345	-	-
Title VI-B Flowthrough FY12	121901VIB00	-	619,672	-	-
Title VI-B 619 FY11	111901T26900	-	8,428	-	-
Title III FY13	131901T3E00	-	48,628	-	-
Title III FY12	121901T3E00	-	10,490	-	-
Title IIA FY13	131901T2A00	-	454,182	-	-
Title IIA FY12	121901T2A00	-	352	-	-
After School Learning Center	131901C4C00	-	26,778	-	-
	121901C4C00	-	219	-	-
	121901C5C00	-	49,871	-	-
	101901C5C00	-	1	-	-
Improvement of Education - PEP FY13	Q215F100009	-	113,242	-	-
Improvement of Education - PEP FY12	Q215F100009	-	22,217	-	-
National Aeronautical and Space Administration					
Summer of Innovation	091901NASA00	-	2,500	-	-
Wyoming Department of Education and Other					
Health Prevention	N/A	-	-	(1,191)	-
BOCES Misc Grants	N/A	93,754	-	-	-
BOCES-Concurrent Courses	N/A	78,073	-	-	-
National Board Certified Teachers	N/A	-	-	72,000	-
Instructional Facilitators	N/A	-	-	1,132,380	-
National Board Certification Program	N/A	-	-	255,946	263
Pro Community Programs	N/A	-	-	-	25
Summer School 13-14	N/A	-	-	181,569	-
Summer School 12-13	N/A	-	-	456,552	-
Summer School 11-12	N/A	-	-	6	-
AHEC-UW Grant	N/A	-	-	12,322	-
Other District Programs		144,023	-	24,351	-
		<u>\$ 315,850</u>	<u>\$ 3,716,692</u>	<u>\$ 2,133,935</u>	<u>\$ 288</u>

EXPENDITURES						
Total Revenue	Instruction	Instructional Support	General Support	Community Support	Fund Transfers	Total Expenditures
\$ 528,961	\$ 423,467	\$ 103,804	\$ 1,690	\$ -	\$ -	\$ 528,961
929,775	645,118	166,212	118,445	-	-	929,775
225,700	174,350	12,303	39,048	-	-	225,701
44,061	44,061	-	-	-	-	44,061
4,187	4,187	-	-	-	-	4,187
1	-	-	1	-	-	1
-	-	-	-	-	-	-
85,082	13,710	71,372	-	-	-	85,082
-	633	-	-	-	-	633
542,345	250,476	269,941	21,928	-	-	542,345
619,672	238,725	336,457	44,490	-	-	619,672
8,428	-	8,428	-	-	-	8,428
48,628	48,628	-	-	-	-	48,628
10,490	10,490	-	-	-	-	10,490
454,182	-	454,182	-	-	-	454,182
352	-	352	-	-	-	352
26,778	18,204	-	8,574	-	-	26,778
219	219	-	-	-	-	219
49,871	24,382	-	25,489	-	-	49,871
1	-	-	-	-	-	-
113,242	66,280	9,253	37,709	-	-	113,242
22,217	11,942	2,914	7,361	-	-	22,217
2,500	2,500	-	-	-	-	2,500
(1,191)	-	-	-	-	(1,191)	(1,191)
93,754	31,821	61,933	-	-	-	93,754
78,073	78,073	-	-	-	-	78,073
72,000	72,000	-	-	-	-	72,000
1,132,380	-	1,132,380	-	-	-	1,132,380
256,209	-	-	-	256,209	-	256,209
25	29,345	-	23,041	-	-	52,386
181,569	136,000	9,248	36,321	-	-	181,569
456,552	279,217	128,992	48,343	-	-	456,552
6	-	-	-	-	-	-
12,322	12,322	-	-	-	-	12,322
168,374	164,427	-	10,964	-	-	175,391
<u>\$ 6,166,765</u>	<u>\$ 2,780,577</u>	<u>\$ 2,767,771</u>	<u>\$ 423,404</u>	<u>\$ 256,209</u>	<u>\$ (1,191)</u>	<u>\$ 6,226,770</u>

**SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
SCHEDULE OF BALANCE SHEETS
HEADSTART GRANTS
JUNE 30, 2013**

Grantor/Program Title	Pass-Through Grantor's Number	ASSETS		
		Cash	Due from Other Governments	Total Assets
Headstart Program	08CH010420	\$ -	\$ -	\$ -
	08CH010419	5,422	15,822	21,244
Child Care and Development Program	N/A	29,517	-	29,517
Community Services Block Grant	FY 13	24	9,746	9,770
Community Services Block Grant	FY 12	-	-	-
		<u>\$ 34,963</u>	<u>\$ 25,568</u>	<u>\$ 60,531</u>

LIABILITIES

<u>Accounts Payable</u>	<u>Accrued Expenses</u>	<u>Internal Balances</u>	<u>Fund Equity</u>	<u>Total Liabilities and Fund Equity</u>
\$ -	\$ -	\$ -	\$ -	\$ -
12,177	9,067	-	-	21,244
-	-	-	29,517	29,517
-	-	9,770	-	9,770
-	-	-	-	-
<u>\$ 12,177</u>	<u>\$ 9,067</u>	<u>\$ 9,770</u>	<u>\$ 29,517</u>	<u>\$ 60,531</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES)
HEADSTART GRANTS
FOR THE YEAR ENDED JUNE 30, 2013

Grantor/Program Title	Pass-Through Grantor's Number	REVENUES				School District In-Kind Match
		Federal	Local	Interest		
<u>U.S. Department of Health and Human Services</u>						
Headstart Program	08CH010420	\$ 20,294	\$ -	\$ -		\$ 206,803
	08CH010419	780,469	609	-	-	-
Child Care and Development Program	N/A	-	-	14		-
Community Services Block Grant	FY 13	19,905	-	-		-
Community Services Block Grant	FY 12	7,738	-	-		-
		<u>\$ 828,406</u>	<u>\$ 609</u>	<u>\$ 14</u>		<u>\$ 206,803</u>

Note - the recognition of in-kind match is mandated by the Headstart grant, but is not in accordance with generally accepted accounting principles and therefore does not carry forward to the governmental statement of revenue and expenditures.

<u>Total Revenue</u>	<u>EXPENDITURES</u>					<u>OTHER</u>
	<u>Instruction</u>	<u>Instructional Support</u>	<u>General Support</u>	<u>School District In-Kind Match</u>	<u>Total Expenditures</u>	<u>FINANCING SOURCES (USES)</u> <u>Fund Transfers</u>
\$ 227,097	\$ 8,968	\$ 3,832	\$ 2,511	\$ -	\$ 15,311	\$ 4,983
781,078	373,913	125,623	286,525	-	786,061	(4,983)
14	-	-	-	-	-	-
19,905	-	19,905	-	-	19,905	-
7,738	-	7,738	-	-	7,738	-
<u>\$ 1,035,832</u>	<u>\$ 382,881</u>	<u>\$ 157,098</u>	<u>\$ 289,036</u>	<u>\$ -</u>	<u>\$ 829,015</u>	<u>\$ -</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND - STUDENT ACTIVITIES
JUNE 30, 2013

	Net Assets at July 1, 2012	Additions	Deductions	Net Assets at June 30, 2013
Assets:				
Cash and investments	\$ 515,704	\$ 713,221	\$ 759,141	\$ 469,784
Liabilities:				
Internal balances	\$ 101,728	\$ -	\$ 89,830	\$ 11,898
Due to student organizations:				
RSJH	57,335	89,500	67,924	78,911
Farson	67,498	56,049	51,180	72,367
IND HS	3,466	2,541	1,280	4,727
Lincoln	1,257	1,311	467	2,101
Northpark	14,943	5,081	8,333	11,691
Overland	8,075	6,875	5,994	8,956
RSHS	195,427	482,116	473,548	203,995
Sage	6,869	13,014	11,352	8,531
Walnut	12,614	8,562	8,612	12,564
Wamsutter	10,955	13,978	12,556	12,377
Westridge	4,751	2,957	2,152	5,556
Pilot Butte	30,786	31,237	25,913	36,110
Total due to student organizations	413,976	713,221	669,311	457,886
Total Liabilities	\$ 515,704	\$ 713,221	\$ 759,141	\$ 469,784

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
DETAIL SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

District	
25 Mill district tax	\$ 43,147,107
Motor vehicle tax	2,816,464
Car company tax	90,895
Penalties, interest, and other	259,289
Rent of school property	62,799
Miscellaneous	91,861
Refund of prior year's expenditures	12,700
Sale of fixed assets and compensation for loss	3,858
Indirect cost revenue passed through	32,548
	<hr/>
Total District	\$ 46,517,521
	<hr/> <hr/>
County	
6 Mill county tax	\$ 11,397,168
Motor vehicle tax	626,020
Car company tax	19,169
Penalties, interest, and other	60,941
Fines and forfeitures	969,654
Forest reserve	1,199
	<hr/>
Total County	\$ 13,074,151
	<hr/> <hr/>
State	
Foundation program entitlement	\$ 13,196,210
Audit adjustments foundation program	36,917
Taylor grazing income	1,085
	<hr/>
Total State	\$ 13,234,212
	<hr/> <hr/>
Federal	
Impact aid	\$ 77,229
	<hr/>
Total Federal	\$ 77,229
	<hr/> <hr/>
Interest	\$ 17,316
	<hr/> <hr/>
Transfers from Other Funds	\$ 16,680
	<hr/> <hr/>
Proceeds from Capital Leases	\$ 304,855
	<hr/> <hr/>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
DETAIL SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

Instruction		
Salaries	\$	26,308,335
Employee benefits		10,120,607
Purchased services		1,530,647
Supplies and materials		1,311,831
Capital outlay		395,787
Other		30,458
		<u>39,697,665</u>
Total Instruction	\$	<u>39,697,665</u>
Instructional Support		
Salaries	\$	5,459,769
Employee benefits		2,221,091
Purchased services		664,915
Supplies and materials		421,269
Capital outlay		8,818
Other		1,344
		<u>8,777,206</u>
Total Instructional Support	\$	<u>8,777,206</u>
General Support		
Salaries	\$	9,734,023
Employee benefits		5,072,274
Purchased services		1,483,287
Supplies and materials		3,332,115
Capital outlay		1,566,398
Other		56,438
		<u>21,244,535</u>
Total General Support	\$	<u>21,244,535</u>
Community Support		
Salaries	\$	120,421
Employee benefits		49,308
Purchased services		8,838
Supplies and materials		3,260
Capital outlay		-
Other		1,104
		<u>182,931</u>
Total Community Support	\$	<u>182,931</u>
Transfers Out		
Transfer to other funds	\$	<u>219,092</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Grantor's Number	Expenditures
<u>U.S. Department of Education</u>			
Direct Programs:			
PL 874 - Impact Aid	84.041	N/A	\$ 77,229
Fund for Improvement of Education - PEP	84.215		113,243
		Q215F100009-11	22,217
Passed through Wyoming Department of Education:			
School Improvement Grant	84.377	12190123GIAO	528,961
Title I	84.010A	131901T1SW00	929,775
		121901T1SW00	225,700
Title I, Neglected and Delinquent	84.013A	131901ND200	44,061
		121901ND200	4,187
Vocational Education	84.048A	131901VEA00	85,082
Special Education	84.027A	1319012T6100	542,345
		1219012T6100	619,672
Title VI-B Preschool	84.173A	1319012T6900	8,428
Bilingual, Title III	84.365A	131901T3E00	48,628
		121901T3E00	10,490
Title II	84.367A	131901T2A00	454,182
		121901T2A00	352
After School Learning Center	84.287C	121901C4C00	219
		131901C5C00	26,778
		121901C5C00	49,871
Total U.S. Department of Education			<u>3,791,420</u>
<u>National Aeronautical and Space Administration</u>			
Passed through Wyoming Department of Education:			
Summer of Innovation	43.008	091901NASA00	<u>2,500</u>
<u>U.S. Department of Agriculture</u>			
Passed through Wyoming Department of Education:			
Child Nutrition Cluster			
National School Breakfast	10.553	N/A	187,482
National School Lunch Program	10.555	N/A	789,613
National School Lunch Program Commodities	10.555	N/A	125,383
Summer Food Service Program	10.559	N/A	16,972
Child and Adult Care Food Program	10.558	N/A	45,394
Fresh Fruit and Vegetable Program	10.582	N/A	66,440
Total U.S. Department of Agriculture			<u>1,231,284</u>
<u>U.S. Department of Health and Human Services</u>			
Direct Programs:			
Headstart Program	93.600	08CH010421	780,469
		08CH010420	20,294
Passed through Sweetwater County Tripartite Board			
Community Services Block Grant	93.569	N/A	<u>27,643</u>
Total U.S. Department of Health and Human Services			<u>828,406</u>
Total Expenditures of Federal Awards			<u>\$ 5,853,610</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

Note 1. General

The schedule of expenditures of federal awards presents the activity of all federal award programs of Sweetwater County School District No. 1. The District reporting entity is defined in Note 1 to the District's basic financial statements. All federal financial awards received directly from federal agencies as well as federal financial awards passed through from other governmental agencies are included on the schedule. Of the federal expenditures presented in the schedule, the District provided no federal awards to subrecipients.

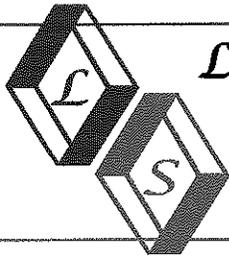
Note 2. Basis of Accounting

The schedule of expenditures of federal awards was prepared using the same basis of accounting used in preparation of the fund financial statements from which the information was derived as described in Note 1 to the District's basic financial statements. The information in this schedule is presented in accordance with requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Categorical block grants are recorded at the time of receipt or earlier if the susceptible-to-accrual criteria are met. Cost-reimbursement grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Note 3. Commodities

Nonmonetary assistance, such as food received from the United States Department of Agriculture, is reported as revenue, at fair market value, on the date received by the District.



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

To the Board of Trustees
Sweetwater County School District No. 1
Rock Springs, Wyoming

We have audited, in accordance with the 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 Sweetwater County School District No. 1 as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 10, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sweetwater County School District No. 1's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sweetwater County School District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of Sweetwater County School District No. 1's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2013-1 to be material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sweetwater County School District No. 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 that are required to be reported under *Government Auditing Standards*.

Sweetwater County School District No. 1's Response to Findings

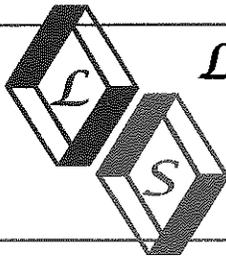
Sweetwater County School District No.1's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Sweetwater County School District No. 1's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Lovelett, Skogen & Associates, P.C.

Casper, Wyoming
March 10, 2014



**LOVELETT,
SKOGEN &
ASSOCIATES, P.C.**

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

To the Board of Trustees
Sweetwater County School District No. 1
Rock Springs, Wyoming

Report on Compliance for Each Major Federal Program

We have audited Sweetwater County School District No. 1's compliance of with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013. Sweetwater County School District No. 1's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Sweetwater County School District No. 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 Sweetwater County School District No. 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 Sweetwater County School District No. 1's compliance.

Roxy L. Skogen, CPA, CFE

Michael J. Cometto, CPA, CFE

Opinion on Each Major Federal Program

In our opinion, Sweetwater County School District No. 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 Sweetwater County School District No. 1 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Sweetwater County School District No. 1's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Sweetwater County School District No. 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 deficiencies, significant deficiencies, or material weaknesses. 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.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of Sweetwater County School District No. 1 as of and for the year ended June 30, 2013, and have issued our report thereon dated December 9, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the

underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Lovelett, Skogen & Associates, P.C.

Casper, Wyoming
March 10, 2014

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED JUNE 30, 2013

1. SUMMARY OF AUDITORS' RESULTS

(d)(1)(i)	Type of auditors' report issued?	Unqualified
(d)(1)(ii)	Were there any material weaknesses in internal control noted at the financial statement level?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control noted at the financial statement level that are not considered to be material weaknesses?	No
(d)(1)(iii)	Was there any material non-compliance noted at the financial statement level?	No
(d)(1)(iv)	Were there any material weaknesses in internal control noted for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control noted for major federal programs that are not considered to be material weaknesses?	No
(d)(1)(v)	Type of major programs' compliance opinion?	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	
	Name of Federal Program or Cluster	CFDA Numbers
	Title 1 Grants to Local Educational Agencies	84.010
	School Improvement Grants	84.377
(d)(1)(viii)	Dollar threshold: Type A/B programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low risk auditee?	Yes

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

2013-1

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2013

Section II – Financial Statement Finding:

Finding 2013-1: Monitoring
Material Weakness

Criteria: Internal control is a process, affected by the District’s Board of Trustees, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of its financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

Internal control consists of five interrelated components:

- Control environment
- Risk assessment
- Control activities
- Information and communication
- Monitoring

Condition: During the audit of the revenue relating to the school lunch and breakfast program, we noted that a receivable for food sales at June 30, 2012 had not been recorded and the revenue and receivables in the prior year audit were understated. We also noted the request for reimbursement for the July and August 2012 for the Summer Feeding Program did not get processed by the WDE and the District did not have an effective monitoring system in place to detect nonpayment. Accordingly, the District lost \$36,773 in USDA funds that were due.

Effect: A prior period adjustment in the amount of \$22,379 was needed to properly reflect the food service receivable at June 30, 2012. The financial statements as originally presented were materially in error. Per inquiry of the WDE, the time period has passed and they will not reimburse the District for the lost funds.

Recommendation: The District should review the monitoring with respect to revenue of the school lunch and breakfast program to ensure that revenue is properly reflected in the financial statements and that all revenue is collected.

Response: We concur with the finding. The District will implement stronger controls over the Food Service Department reimbursement requests. The Food Service Bookkeeper will provide a list of revenue requests to the District Accountant. The District Accountant will review the Food Service reports and bank statements on a monthly basis to verify all revenue is properly received and recorded. Also, at year end, the Food Service Bookkeeper will prepare a list of the year end accrual amounts and the District Accountant will verify the accuracy of the list to ensure proper inclusion of the year end receivable.