

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

**PINEDALE, WYOMING**

**FINANCIAL REPORT**

**June 30, 2013**

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(A Corporation of Certified Public Accountants)

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## INDEPENDENT AUDITOR'S REPORT

Honorable Superintendent and  
Board of Trustees  
Sublette County School District #1  
Pinedale, 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 units, each major fund, and the aggregate remaining fund information of Sublette County School District #1, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Sublette County School District #1's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

Honorable Superintendent and  
Board of Trustees  
Pinedale, Wyoming

### ***Opinions***

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

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during 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.

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

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sublette County School District #1's basic financial statements. The budgetary comparison information and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Honorable Superintendent and  
Board of Trustees  
Pinedale, Wyoming

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 03, 2013 on our consideration of Sublette County School District #1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Sublette County School District #1's internal control over financial reporting and compliance.



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming  
December 03, 2013

## SUBLETTE COUNTY SCHOOL DISTRICT #1

### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013

(Unaudited)

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This section of Sublette County School District #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 notes to the financial statements and financial statements to enhance their understanding of the District's financial performance.

These financial statements include two component units: The Sublette Board of Cooperative Educational Services (B.O.C.E.S.) and the Pinedale Aquatic Center Joint Powers Board. The B.O.C.E.S. is governed by a five member board. Four of those board members are appointed by the District's Board of Trustees. The fifth is appointed by Western Wyoming Community College. B.O.C.E.S. provides educational services, including but not limited to post-secondary education, vocational-technical education and adult education, since these services can be provided more effectively through a cooperative effort with the Western Wyoming Community College. The other component unit is the Pinedale Aquatic Center Joint Powers Board (PAC). The PAC is governed by five board members. Three of those board members are school board members. Of the other two, one is appointed by the Town of Pinedale and the other by the Sublette County Commissioners. Both B.O.C.E.S. and PAC are presented as discretely presented component units. B.O.C.E.S. and PAC do not prepare separately issued financial statements.

#### ***Financial Highlights***

Key financial highlights for 2013 are as follows:

- Assets, excluding capital assets, exceeded total liabilities at the close of the most recent fiscal year by \$50,582,832. Unrestricted net position of governmental activities was \$22,425,619 and business-type activities amounted to \$3,652,254.
- Total revenues exceeded expenses, increasing net position by \$19,863. Of this amount, governmental activities generated a loss of \$426,875 and business-type activities generated a gain of \$446,738.
- Total program expenses were \$25,102,028 of which \$23,594,534 was governmental activities and \$1,507,494 was business-type activities. Program specific revenues were \$0 for governmental activities and \$1,099,504 for business-type activities. Operating grants and contributions were \$1,129,111 for governmental fund types and \$312,351 for business type activities.

The District had no bonded debt during fiscal year 2013.

#### ***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 four components: 1) district-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) required supplementary information.

# SUBLETTE COUNTY SCHOOL DISTRICT #1

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013

(Unaudited)

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***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 leave). In the statement of net position and statement of activities, the District is divided into two distinct kinds of activities as follows:

**Governmental Activities** – Most of the District's programs and services are reported here including instruction, support services, operation, maintenance of facilities, pupil transportation, and building construction.

**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, Rental Properties and Health Insurance Fund are reported as business activities.

The district-wide financial statements can be found on pages 15-17 of this report.

***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 position and statement of activities. The basic governmental fund financial statements can be found on pages 18-23 of this report.

***Capital projects funds.*** Capital project funds are used to account for the acquisition and construction of real property. The fund follows the same accounting procedures as the other governmental funds and is included as a governmental fund type. The capital projects fund statements can be found on pages 18-23 of this report.



**SUBLETTE COUNTY SCHOOL DISTRICT #1**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2013

(Unaudited)

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***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 statements can be found on pages 24-27 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. 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 statements can be found on page 28-29 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 30-49 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 budget data for the year. Budgetary comparison statements have been provided for the major funds to demonstrate compliance with this budget. The required supplementary information can be found on pages 51-54 of this report.

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**SUBLETTE COUNTY SCHOOL DISTRICT #1**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2013

(Unaudited)

Major features of the District's financial statements are shown in the following table (Table 1):

**Table 1  
Major Features of the District-wide and Fund Financial Statements  
I. Fund Financial Statements**

	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. The General, Major Maintenance, Grant Programs and Other Governmental funds are reported here.	Activities the District operates similar to private business. Food Service, Rental Properties and Internal Service funds are reported here.	Assets held by the District on behalf of someone else. Student Activities, Scholarship, and Employee Benefit that have funds on deposit with the District are reported here.
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 position, 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.

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2013

(Unaudited)

***District-Wide Financial Analysis***

The Statement of Net Position provides the perspective of the District as a whole.

Table 2 provides a summary of the District's net position for 2013 with a comparison to 2012.

**Table 2  
Net Position**

	2012	2013	2012	2013	2012	2013
	Governmental Activities - as restated	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
<u>Assets</u>						
Current and other assets	\$ 48,772,578	\$ 48,539,329	\$ 2,774,190	\$ 3,303,748	\$ 51,546,768	\$ 51,843,077
Capital assets, net	59,217,503	58,895,103	21,242,937	21,178,443	80,460,440	80,073,546
<b>Total assets</b>	<b>107,990,081</b>	<b>107,434,432</b>	<b>24,017,127</b>	<b>24,482,191</b>	<b>132,007,208</b>	<b>131,916,623</b>
<u>Liabilities</u>						
Current and other liabilities	656,074	635,116	321,930	340,256	978,004	975,372
Long term liabilities	392,689	284,873	-	-	-	284,873
<b>Total liabilities</b>	<b>1,048,763</b>	<b>919,989</b>	<b>321,930</b>	<b>340,256</b>	<b>978,004</b>	<b>1,260,245</b>
<u>Net Position</u>						
Invested in capital assets, net of related debt	58,777,402	58,545,270	20,712,462	20,489,681	79,489,864	79,034,951
Restricted	23,145,510	25,543,554	-	-	23,145,510	25,543,554
Unrestricted	25,018,406	22,425,619	2,982,735	3,652,254	28,001,141	26,077,873
<b>Total Net Position</b>	<b>\$ 106,941,318</b>	<b>\$ 106,514,443</b>	<b>\$ 23,695,197</b>	<b>\$ 24,141,935</b>	<b>\$ 130,636,515</b>	<b>\$ 130,656,378</b>

As of June 30, 2013, the District reported total assets of \$131,916,623 and total liabilities of \$1,260,245. Net position amounted to \$130,656,378. The District's unrestricted net position, the part of net position that can be used to finance day-to-day activities without constraints established by grants or legal requirements, amounted to \$26,077,873.

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2013

(Unaudited)

Table 3 reflects the change in net position for fiscal year 2013 with a comparison to 2012.

**Table 3  
Change in Net Position**

	2012	2013	2012	2013	2012	2013
	Governmental Activities as restated	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
<b>Revenues</b>						
Program revenues						
Charges for services	\$ -	\$ -	\$ 887,179	\$ 1,099,504	\$ 887,179	\$ 1,099,504
Operating grants	1,167,619	1,129,111	297,938	312,351	1,465,557	1,441,462
Capital grants	-	-	-	-	-	-
General revenue						
Property taxes	119,829,460	120,868,746	-	-	119,829,460	120,868,746
Recapture payment	(100,918,810)	(99,255,892)	-	-	(100,918,810)	(99,255,892)
Investments	184,113	154,123	6,837	8,196	190,950	162,319
Other	125,114	470,833	(109,804)	9,630	15,310	480,463
Total revenues	20,387,496	23,366,921	1,082,150	1,429,681	21,469,646	24,796,602
<b>Program Expenses</b>						
Instruction	10,617,427	10,016,145	-	-	10,617,427	10,016,145
Students & instructional staff services	2,408,357	2,397,150	-	-	2,408,357	2,397,150
Board of education, Administration						
fiscal and business operation and maintenance	1,615,031	1,497,883	-	-	1,615,031	1,497,883
of plant services	4,243,608	4,092,623	-	-	4,243,608	4,092,623
Pupil transportation	1,000,429	1,030,123	-	-	1,000,429	1,030,123
Other support services	19,544	12,231	-	-	19,544	12,231
Community relations	3,054,664	3,045,486	-	-	3,054,664	3,045,486
Central services	1,204,797	1,484,585	-	-	1,204,797	1,484,585
Food service	-	-	725,244	690,942	725,244	690,942
Rental properties	-	-	771,417	816,552	771,417	816,552
Interest on long-term debt	13,896.00	18,308.00	-	-	13,896	18,308
Total expenses	24,177,753	23,594,534	1,496,661	1,507,494	25,674,414	25,102,028
Deficiency of revenues over expenses	(3,790,257)	(227,613)	(414,511)	(77,813)	(4,204,768)	(305,426)
Transfers	5,877,669	(199,262)	101,997	524,551	5,979,666	325,289
Change in net position	2,087,412	(426,875)	(312,514)	446,738	1,774,898	19,863
Net position, beginning	104,853,906	106,941,318	24,007,711	23,695,197	128,861,617	130,636,515
Net position, ending	\$ 106,941,318	\$ 106,514,443	\$ 23,695,197	\$ 24,141,935	\$ 130,636,515	\$ 130,656,378

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2013

(Unaudited)

The District received \$24,796,602 in revenues net of \$99,255,892 in recapture payments to the State. Property taxes, net of recapture, accounted for 87% of the District's revenue. Another 13% came from charges for services and operating grants, contributions and capital grants and contributions. Expenses related to pupil instruction, student transportation, and student and staff services usually are the predominate expenses of the school district. See Cost of Services Graph.

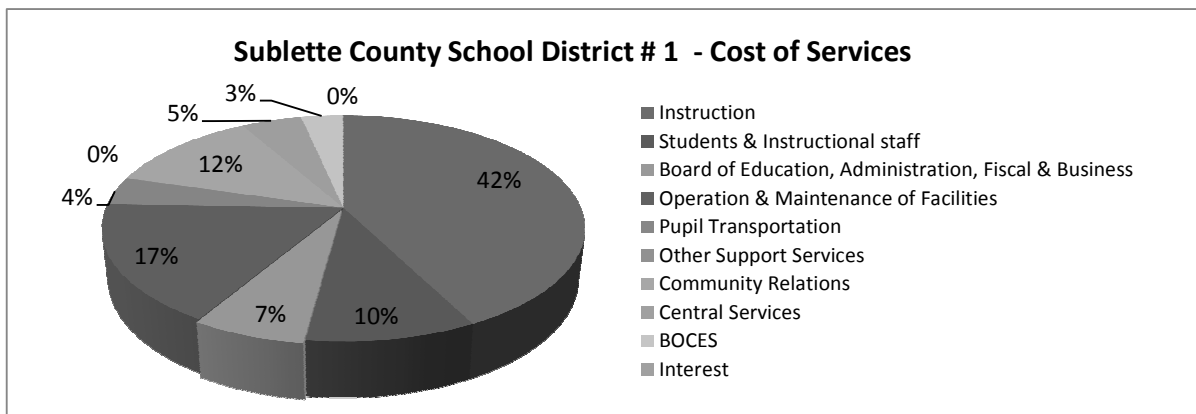
Total expenses were greater than total revenues, increasing net position by \$19,863 over last year. Governmental activities accounted for (\$426,875) of the increase while business-type activities increased net position by \$446,738.

***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.

**Table 4  
Cost of Services**

	Total cost of Services	Net cost of Services
Instruction	\$ 10,016,145	\$ (9,136,086)
Students and instructional staff	2,397,150	(2,196,717)
Board of education, administration, fiscal and business	1,497,883	(1,450,250)
Operation and maintenance of facilities	4,092,623	(4,091,637)
Pupil transportation	1,030,123	(1,030,123)
Other support services	12,231	(12,231)
Community relations	3,045,486	(3,045,486)
Central services	1,484,585	(1,484,585)
Interest	18,308	(18,308)
<b>Total</b>	<b>\$ 23,594,534</b>	<b>\$ (22,465,423)</b>



## SUBLETTE COUNTY SCHOOL DISTRICT #1

### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013

(Unaudited)

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The total cost of governmental activities was \$23,594,534. The net cost of governmental activities of \$22,465,423 was financed by general revenues, which are primarily made up of property taxes. Due to the unique nature of school funding in Wyoming, general fund revenues are recaptured by the State of Wyoming under the State School Foundation Funding model. As such, fluctuations in county property valuations generally have little overall effect on the District's funding for operations. The District paid \$99,255,892 in recapture payments to the State for the fiscal year ended June 30, 2013.

Further information on school funding can be found on the Wyoming State Legislatures' website at <http://legisweb.state.wy.us/LSOWeb/SchoolFinance/schoolfinance.aspx>.

#### ***Business-Type Activities***

Business-Type activities include Cafeteria Lunch Program and Rental Properties; all are intended to be self-supporting. These programs had operating revenues of \$1,099,504, other income of \$330,177, net transfers of \$524,551, and operating expenses of \$1,507,494, resulting in a net loss of (\$77,813) before transfers. The Food Service Program increased net position by \$1,980 and Rental Properties program contributed \$444,758 to the net position.

#### ***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 of \$22,605,691 and expenditures of \$22,931,914. Net transfers out of the governmental funds were \$199,262.

#### ***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 modified accrual. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2013, the District did amend its budgets. The District uses a site/department-based budgeting system designed to control such budgets, yet provide flexibility for site or department management.

The General Fund actual revenues were \$16,690,796 net of the \$99,255,892 recapture payment, which is higher than the original budget estimate of \$16,671,800. The variance between the budget and June 30, 2013 actual results was due to decreased recapture payment.

The actual expenditures and other financing uses of the General Fund were \$15,773,443 which is below the final budget estimate of \$17,740,337. The variance between the budget and the June 30, 2013 actual results was due, in part, to conservative estimates of staffing numbers and wages, hiring replacement staff at a lower wage rates than budgeted, and not spending budgeted contingencies.

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2013

(Unaudited)

**Capital Assets**

At the end of the fiscal year, the District had \$80,073,546 (net of accumulated depreciation) invested in land, buildings, equipment, transportation equipment, and construction in progress. \$58,895,103 of this amount is in governmental activities and \$21,178,443 in business activities. Table 5 shows the breakdown of net capital assets for fiscal year 2013 with a comparison to 2012.

**Table 5  
Capital Assets  
(In Thousands)**

	Governmental Activities as restated		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 2,378	\$ 2,335	\$ 563	\$ 523	\$ 2,941	\$ 2,858
Land improvements	8,664	8,216	257	257	8,921	8,473
Buildings and improvements	61,315	60,350	22,404	22,308	83,719	82,658
Transportation equipment	2,842	2,546	36	36	2,878	2,582
Equipment, contents, and machinery	4,974	3,291	570	384	5,544	3,675
Construction in progress	48	1,417	125	7	173	1,424
Capital assets (gross)	80,221	78,155	23,955	23,515	104,176	101,670
Accumulated depreciation	(21,326)	(18,937)	(2,778)	(2,271)	(24,104)	(21,208)
Total	<u>\$ 58,895</u>	<u>\$ 59,218</u>	<u>\$ 21,177</u>	<u>\$ 21,244</u>	<u>\$ 80,072</u>	<u>\$ 80,462</u>

The majority of capital assets added during fiscal year 2013 were for building improvements and construction in process. The Green Construction Classroom was substantially completed after June 30, 2013.

## **SUBLETTE COUNTY SCHOOL DISTRICT #1**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2013

(Unaudited)

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#### ***Long-Term Debt***

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 \$381.1 million. At June 30, 2013, the district had long-term debt for Capital Leases for school buses, health insurance claims payable, and compensated absences. The capital leases are for four school buses with payment over a five year term. SCSD#1 operates a self-insured health insurance plan for staff. Long-term debt for health insurance claims is considered payable within the next fiscal year. Compensated absences are for accrued sick leave that is not expected to be used or paid within the next fiscal year.

#### ***Current Issues***

The economy continues to have an impact on state revenues. Natural gas still hovers around new lows and demand for coal is expected to decline. Recalibration done during the 2011 legislative session was calculated from the 2009-2010 fiscal year costs. Part of the enabling legislation contained direction to not apply an ECA to the recalibration amounts even though by nature they were a year behind. Since then State Legislators have not added an ECA to the subsequent years. During the recalibration process in 2005 school districts successfully argued that classroom ratios should be lower than proposed by Dr. Picus & Associates, the consultant to the State. School districts also successfully argued that student activities were not funded properly for small school districts and other areas where we convinced State Legislators that additional funds were appropriate. In total, a \$100 million was added to Dr. Picus funding recommendations. With concerns over future state revenues State Legislators have not passed an external cost adjustment (ECA) for the 2012-2013 and 2013-14 fiscal years. Talk among legislators is: "there will not be an ECA until inflation has caught up with the \$100 million that was added to funding five years prior." Such a stance will adversely affect all school districts in the State of Wyoming.

#### ***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:

Vern R. McAdams, MBA, CPA  
Director of Business and Finance  
Sublette County School District #1  
101 East Hennick  
P.O. Box 549  
Pinedale, Wyoming 82941



## **BASIC FINANCIAL STATEMENTS**

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

STATEMENT OF NET POSITION  
June 30, 2013

	Primary Government			Pinedale Aquatic Center	B.O.C.E.S.
	Governmental Activities	Business-type Activities	Total		
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ 13,618,361	\$ 3,256,613	\$ 16,874,974	\$ 3,730,000	\$ 6,979,288
Cash held by fiscal agent	130,903	-	130,903	-	1,536
Investments	28,066,744	-	28,066,744	4,712,000	131,759
Restricted assets					
Cash and cash equivalents	987,897	-	987,897	-	-
Investments	4,072,336	-	4,072,336	-	-
Property tax receivable	1,246,211	-	1,246,211	-	10,130
Due from other governments	162,235	-	162,235	-	-
Interest receivable	119,437	10,802	130,239	15,206	-
Due from component unit	28,383	13,219	41,602	-	-
Prepaid expense	75,832	-	75,832	300,000	-
Inventories	30,990	23,114	54,104	-	-
Capital assets, not depreciable	2,426,012	688,762	3,114,774	-	-
Capital assets, depreciable net of accumulated depreciation	56,469,091	20,489,681	76,958,772	169,770	12,090
<b>Total assets</b>	<b>107,434,432</b>	<b>24,482,191</b>	<b>131,916,623</b>	<b>8,926,976</b>	<b>7,134,803</b>
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	96,806	19,638	116,444	40,993	-
Accrued wages payable	151,124	8,861	159,985	52,821	1,725
Due to fiduciary fund	-	-	-	-	-
Due to primary government	-	-	-	13,219	28,383
Deposits payable	-	11,757	11,757	-	-
Unearned revenue	-	300,000	300,000	21,776	-
Noncurrent liabilities					
Due within one year	387,186	-	387,186	-	-
Due after one year	284,873	-	284,873	10,205	8,945
<b>Total liabilities</b>	<b>919,989</b>	<b>340,256</b>	<b>1,260,245</b>	<b>139,014</b>	<b>39,053</b>
<b>NET POSITION</b>					
Invested in capital assets, net of related debt	58,545,270	20,489,681	79,034,951	169,770	-
Restricted					
Federal, state, and local grants	224	-	224	-	-
Major maintenance					
by W.S. 21-15-109	2,496,838	-	2,496,838	-	-
Buildings and equipment	18,089,825	-	18,089,825	-	-
by W.S. 21-13-504					
Recreation by W.S. 18-19-201	4,956,667	-	4,956,667	-	-
B.O.C.E.S. by W.S. 21-20-109 and W.S. 21-20-110	-	-	-	-	7,095,750
Unrestricted	22,425,619	3,652,254	26,077,873	8,618,192	-
<b>Total net position</b>	<b>\$ 106,514,443</b>	<b>\$ 24,141,935</b>	<b>\$ 130,656,378</b>	<b>\$ 8,787,962</b>	<b>\$ 7,095,750</b>

See accompanying notes to the financial statements

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2013

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction				
Regular	\$ 7,433,035	\$ -	\$ 479,031	\$ -
Special education	2,230,734	-	388,134	-
Vocational education	352,376	-	12,894	-
Support services				
Pupil services	1,588,044	-	24,078	-
Instructional staff services	809,106	-	176,355	-
Administrative services	885,066	-	-	-
General administration services	171,979	-	47,633	-
Business services	440,838	-	-	-
Operation and maintenance of plant services	4,092,623	-	986	-
Pupil transportation services	1,030,123	-	-	-
Other support	12,231	-	-	-
Community relations	3,045,486	-	-	-
Central services	1,484,585	-	-	-
Interest on long-term debt	18,308	-	-	-
Total governmental activities	<u>23,594,534</u>	<u>-</u>	<u>1,129,111</u>	<u>-</u>
Business-type activities				
Food Service Fund	690,942	309,246	161,731	-
Rental Properties Fund	816,552	790,258	150,620	-
Total business-type activities	<u>1,507,494</u>	<u>1,099,504</u>	<u>312,351</u>	<u>-</u>
Total primary government	<u>\$ 25,102,028</u>	<u>\$ 1,099,504</u>	<u>\$ 1,441,462</u>	<u>\$ -</u>
Component unit				
Pinedale Aquatic Center	\$ 2,956,656	\$ 310,090	\$ 11,901	\$ -
B.O.C.E.S.	1,468,784	49,303	-	-
Total component unit	<u>\$ 2,956,656</u>	<u>\$ 310,090</u>	<u>\$ 11,901</u>	<u>\$ -</u>
General revenues				
Taxes				
Property taxes, levied for general purposes				
Property taxes, levied for specific purposes				
State Foundation Program payment				
Federal, state and local aid not restricted to specific purposes				
Other local sources				
Other state sources				
Miscellaneous				
Interest and investment earnings				
Transfers				
Total general revenues				
Change in net position				
Net position - beginning of year				
Prior period adjustment				
Net position - beginning of year as restated				
Net position - end of year				

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-type Activities	Total	Pinedale Aquatic Center	B.O.C.E.S.
\$ (6,954,004)	\$ -	\$ (6,954,004)	\$ -	\$ -
(1,842,600)	-	(1,842,600)	-	-
(339,482)	-	(339,482)	-	-
(1,563,966)	-	(1,563,966)	-	-
(632,751)	-	(632,751)	-	-
(885,066)	-	(885,066)	-	-
(124,346)	-	(124,346)	-	-
(440,838)	-	(440,838)	-	-
(4,091,637)	-	(4,091,637)	-	-
(1,030,123)	-	(1,030,123)	-	-
(12,231)	-	(12,231)	-	-
(3,045,486)	-	(3,045,486)	-	-
(1,484,585)	-	(1,484,585)	-	-
(18,308)	-	(18,308)	-	-
(22,465,423)	-	(22,465,423)	-	-
-	(219,965)	(219,965)	-	-
-	124,326	124,326	-	-
-	(95,639)	(95,639)	-	-
(22,465,423)	(95,639)	(22,561,062)	-	-
-	-	-	(2,634,665)	-
(1,419,481)	-	(1,419,481)	-	(1,419,481)
-	-	-	(2,634,665)	(1,419,481)
116,376,611	-	116,376,611	-	1,921,717
4,492,135	-	4,492,135	-	-
(99,255,892)	-	(99,255,892)	-	-
73,974	-	73,974	3,080,808	-
187,967	-	187,967	-	-
208,892	9,630	218,522	-	530
154,123	8,196	162,319	30,988	4,703
(199,262)	524,551	325,289	-	-
22,038,548	542,377	22,580,925	3,111,796	1,926,950
(426,875)	446,738	19,863	477,131	507,469
113,529,599	23,695,197	137,224,796	8,310,831	6,588,281
(6,588,281)	-	(6,588,281)	-	-
106,941,318	23,695,197	130,636,515	8,310,831	6,588,281
\$ 106,514,443	\$ 24,141,935	\$ 130,656,378	\$ 8,787,962	\$ 7,095,750

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2013

	General Fund	Grants Fund	Major Maintenance Fund	Capital Projects Fund
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,302,750	\$ -	\$ 2,496,838	\$ 905,568
Cash held by fiscal agent	127,831	-	-	-
Investments	-	-	-	28,066,739
Property tax receivable	1,205,232	-	-	-
Due from other governments	-	162,235	-	-
Interest receivable	-	-	-	102,966
Due from other funds	169,019	-	-	-
Due from component unit	600	27,783	-	-
Prepaid expense	75,832	-	-	-
Inventories	30,990	-	-	-
Total assets	<u>\$ 6,912,254</u>	<u>\$ 190,018</u>	<u>\$ 2,496,838</u>	<u>\$ 29,075,273</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 65,547	\$ 4,231	\$ -	\$ 3,219
Accrued wages payable	97,187	53,396	-	-
Due to other funds	-	44,019	-	-
Total liabilities	<u>162,734</u>	<u>101,646</u>	<u>-</u>	<u>3,219</u>
Deferred inflows of resources				
Deferred revenue	956,273	-	-	-
Total deferred inflows of resources	<u>956,273</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances				
Nonspendable				
Prepaid expense	75,832	-	-	-
Inventories	30,990	-	-	-
Restricted for				
Federal, state, and local grants	-	224	-	-
Major maintenance by W.S. 21-15-109	-	-	2,496,838	-
Buildings and equipment by W.S. 21-13-504	-	-	-	18,089,825
Recreation by W.S. 18-19-201	-	-	-	-
Committed to				
Lease of school buses	349,833	-	-	-
Future construction projects	-	-	-	10,982,229
Unassigned				
General fund	5,336,592	-	-	-
Special revenue fund	-	88,148	-	-
Total fund balances	<u>5,793,247</u>	<u>88,372</u>	<u>2,496,838</u>	<u>29,072,054</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,912,254</u>	<u>\$ 190,018</u>	<u>\$ 2,496,838</u>	<u>\$ 29,075,273</u>

See accompanying notes to the financial statements

Recreation Fund	Total Governmental Funds
\$ 4,913,211	\$ 13,618,367
3,071	130,902
-	28,066,739
40,979	1,246,211
-	162,235
-	102,966
-	169,019
-	28,383
-	75,832
-	30,990
<u>\$ 4,957,261</u>	<u>\$ 43,631,644</u>

\$ 53	\$ 73,050
541	151,124
-	44,019
<u>594</u>	<u>268,193</u>

-	956,273
<u>-</u>	<u>956,273</u>

-	75,832
-	30,990
-	224
-	2,496,838
-	18,089,825
4,956,667	4,956,667
-	349,833
-	10,982,229
-	5,336,592
-	88,148
<u>4,956,667</u>	<u>42,407,178</u>
<u>\$ 4,957,261</u>	<u>\$ 43,631,644</u>

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

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

June 30, 2013

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

Total fund balances of governmental funds	\$ 42,407,178
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	58,895,103
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds	956,274
Internal service funds are used by management to charge the costs of medical insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position	4,652,947
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds	
Compensated absences	(47,226)
Lease purchase obligation	(349,833)
Net position of governmental activities	<u>\$ 106,514,443</u>

See accompanying notes to the financial statements

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

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

	General Fund	Grants Fund	Major Maintenance Fund
Revenues			
Taxes	\$ 115,228,662	\$ -	\$ -
Intergovernmental revenues	533,422	1,129,111	621,667
Contributions	162,914	-	510
Investment income	21,690	982	1,384
Foundation program recapture payment	(99,255,892)	-	-
Total revenues	<u>16,690,796</u>	<u>1,130,093</u>	<u>623,561</u>
Expenditures			
Instruction			
Regular	6,260,346	481,626	-
Special education	1,782,849	390,203	-
Vocational education	339,414	12,963	-
Support services			
Pupil services	1,526,017	24,206	-
Instructional staff services	612,732	177,295	-
Administrative services	859,330	-	-
General administration services	124,092	47,887	-
Business services	401,498	-	-
Operation and maintenance of of plant services	1,545,061	949	861,609
Pupil transportation services	1,312,384	-	-
Other support	12,231	-	-
Community services	-	-	-
Central services	871,310	-	-
Building acquisition, construction and improvement services	-	-	-
Debt service			
Principal	107,871	-	-
Interest	18,308	-	-
Total expenditures	<u>15,773,443</u>	<u>1,135,129</u>	<u>861,609</u>
Excess (deficiency) of revenues over expenditures	917,353	(5,036)	(238,048)
Other financing uses			
Transfers out	(199,262)	-	-
Total other financing uses	<u>(199,262)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	718,091	(5,036)	(238,048)
Fund balances - beginning of year	<u>5,075,156</u>	<u>93,408</u>	<u>2,734,886</u>
Fund balances - end of year	<u>\$ 5,793,247</u>	<u>\$ 88,372</u>	<u>\$ 2,496,838</u>

See accompanying notes to the financial statements



Capital Projects Fund	Recreation Fund	Total Governmental Funds
\$ -	\$ 3,876,029	\$ 119,104,691
171,100	-	2,455,300
1,727	-	165,151
110,037	2,348	136,441
-	-	(99,255,892)
<u>282,864</u>	<u>3,878,377</u>	<u>22,605,691</u>
268,020	-	7,009,992
-	-	2,173,052
-	-	352,377
-	-	-
-	-	1,550,223
-	-	790,027
-	-	859,330
-	-	171,979
39,340	-	440,838
7,472	-	2,415,091
-	-	1,312,384
-	-	12,231
-	3,088,297	3,088,297
-	-	871,310
1,758,604	-	1,758,604
-	-	107,871
-	-	18,308
<u>2,073,436</u>	<u>3,088,297</u>	<u>22,931,914</u>
(1,790,572)	790,080	(326,223)
-	-	(199,262)
<u>-</u>	<u>-</u>	<u>(199,262)</u>
(1,790,572)	790,080	(525,485)
<u>30,862,626</u>	<u>4,166,587</u>	<u>42,932,663</u>
<u>\$ 29,072,054</u>	<u>\$ 4,956,667</u>	<u>\$ 42,407,178</u>

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

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

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

Net change in fund balances - total governmental funds		\$ (525,485)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded the capital outlays in the current period.</p>		
Capital outlay	\$ 3,597,590	
Amount transferred from construction in progress	(1,417,040)	
Depreciation expense including loss on disposal of assets	<u>(2,502,950)</u>	(322,400)
<p>The issuance of long-term debt (lease purchase obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has an effect on net position. This is the net effect of these difference in the treatment of long-term debt.</p>		
Principal paid on lease purchase obligation	<u>107,871</u>	107,871
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds</p>		
Fiscal year ended June 30, 2012	(212,726)	
Fiscal year ended June 30, 2013	<u>956,274</u>	743,548
<p>Net effect of change in compensated absences</p>		
Compensated absences for the fiscal year ended June 30, 2012	42,856	
Compensated absences for the fiscal year ended June 30, 2013	<u>(47,226)</u>	(4,370)
<p>Internal service funds are used by management to charge the costs of medical insurance to individual funds. The net expense of certain activities of the internal service fund is reported with governmental activities.</p>		
		<u>(426,039)</u>
Change in net position of governmental activities		<u><u>\$ (426,875)</u></u>

See accompanying notes to the financial statements

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 June 30, 2013

	Business -Type Activities Enterprise Funds			Governmental Activities - Medical Insurance Internal Service
	Cafeteria Lunch Fund	Rental Properties Fund	Total	Fund
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 119,005	\$ 3,137,608	\$ 3,256,613	\$ -
Restricted assets				
Cash and cash equivalents	-	-	-	987,897
Investments	-	-	-	4,072,336
Interest receivable	-	10,802	10,802	16,472
Due from component unit	-	13,219	13,219	-
Inventories	23,114	-	23,114	-
Total current assets	<u>142,119</u>	<u>3,161,629</u>	<u>3,303,748</u>	<u>5,076,705</u>
Noncurrent assets				
Machinery and equipment, net of accumulated depreciation	152,985	21,025,458	21,178,443	-
Total assets	<u>295,104</u>	<u>24,187,087</u>	<u>24,482,191</u>	<u>5,076,705</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	1,651	17,987	19,638	23,758
Accrued wages payable	8,037	824	8,861	-
Deposits payable	9,157	2,600	11,757	-
Due to other funds	-	-	-	125,000
Claims payable	-	-	-	275,000
Unearned revenue	-	300,000	300,000	-
Total current liabilities	<u>18,845</u>	<u>321,411</u>	<u>340,256</u>	<u>423,758</u>
<b>NET POSITION</b>				
Invested in capital assets	152,985	21,025,458	21,178,443	-
Unrestricted	123,274	2,840,218	2,963,492	4,652,947
Total net position	<u>\$ 276,259</u>	<u>\$ 23,865,676</u>	<u>\$ 24,141,935</u>	<u>\$ 4,652,947</u>

See accompanying notes to the financial statements

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

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

	Business -Type Activities Enterprise Funds			Governmental Activities- Medical Insurance Internal Service Fund
	Cafeteria Lunch Fund	Rental Properties Fund	Totals	
Operating revenues				
Charges for services	\$ 309,246	\$ 790,258	\$ 1,099,504	\$ 1,598,129
Miscellaneous revenue	3,138	-	3,138	-
Total operating revenues	<u>312,384</u>	<u>790,258</u>	<u>1,102,642</u>	<u>1,598,129</u>
Operating expenses				
Salaries	259,568	13,373	272,941	-
Benefits	124,133	5,413	129,546	-
Purchased services	2,875	118,735	121,610	5,946
Supplies	25,268	10,514	35,782	-
Direct food costs	257,399	-	257,399	-
Depreciation expense	21,699	485,070	506,769	-
Medical claims and insurance	-	-	-	2,035,906
Operation and maintenance PAC	-	183,446	183,446	-
Total operating expenses	<u>690,942</u>	<u>816,551</u>	<u>1,507,493</u>	<u>2,041,852</u>
Net loss from operations	(378,558)	(26,293)	(404,851)	(443,723)
Nonoperating revenues				
Federal subsidy	160,556	-	160,556	-
Reimbursements from Pinedale Aquatic Center	-	150,620	150,620	-
Interest income	107	8,089	8,196	17,684
Loss on asset disposal	-	7,666	7,666	-
Total other income	<u>160,663</u>	<u>166,375</u>	<u>327,038</u>	<u>17,684</u>
Net income (loss) before transfers and capital contributions	<u>(217,895)</u>	<u>140,082</u>	<u>(77,813)</u>	<u>(426,039)</u>
Capital Contributions	20,613	304,676	325,289	-
Transfers in	199,262	-	199,262	-
	<u>219,875</u>	<u>304,676</u>	<u>524,551</u>	<u>-</u>
Change in net position	1,980	444,758	446,738	(426,039)
Total net position - beginning of year	<u>274,279</u>	<u>23,420,918</u>	<u>23,695,197</u>	<u>5,078,986</u>
Total net position - end of year	<u>\$ 276,259</u>	<u>\$ 23,865,676</u>	<u>\$ 24,141,935</u>	<u>\$ 4,652,947</u>

See accompanying notes to the financial statements

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 Year Ended June 30, 2013

	Business -Type Activities Enterprise Funds			Governmental Activities - Medical Insurance Internal Service Fund
	Cafeteria Lunch Fund	Rental Properties Fund	Total	
Cash flows from operating activities				
Cash received from services	\$ 311,999	\$ 787,545	\$ 1,099,544	\$ -
Cash paid to suppliers for goods and services	(211,209)	(295,004)	(506,213)	6,083
Cash paid to employees for services	(381,710)	(18,786)	(400,496)	-
Cash received from interfund services	-	-	-	1,598,129
Cash paid for interfund services used	(46,744)	(1,885)	(48,629)	(2,210,906)
Net cash provided (used) by operating activities	(327,664)	471,870	144,206	(606,694)
Cash flows from capital financing activities				
Purchase of assets	-	(109,321)	(109,321)	-
Net cash used in capital financing activities	-	(109,321)	(109,321)	-
Cash flows from noncapital financing activities				
Transfers from other funds	199,262	-	199,262	-
Advances and transfers to other funds	6,837	-	6,837	125,000
Reimbursement from Pinedale Aquatic Center	-	146,782	146,782	-
Federal subsidy	130,535	-	130,535	-
Net cash provided by noncapital financing activities	336,634	146,782	483,416	125,000
Cash flows from investing activities				
Purchase of investments	-	-	-	222,062
Interest income	107	-	107	16,761
Net cash provided by investing activities	107	-	107	238,823
Net increase (decrease) in cash and cash equivalents	9,077	509,331	518,408	(242,871)
Cash and cash equivalents - beginning of year	109,928	2,628,277	2,738,205	1,230,768
Cash and cash equivalents - end of year	\$ 119,005	\$ 3,137,608	\$ 3,256,613	\$ 987,897

(Continued)

See accompanying notes to the financial statements

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

STATEMENT OF CASH FLOWS (CONTINUED)  
 PROPRIETARY FUNDS  
 Year Ended June 30, 2013

	Business -Type Activities Enterprise Funds			Governmental
	Cafeteria	Rental	Total	Activities -
	Lunch	Properties		Medical
	Fund	Fund		Insurance
				Internal
				Service Fund
Reconciliation of operating loss to net cash provided (used) by operating activities				
Operating loss	\$ (378,558)	\$ (26,293)	\$ (404,851)	\$ (443,723)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities				
Depreciation	21,699	485,070	506,769	-
USDA commodities received without payment	30,021	-	30,021	-
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities				
Receivable	-	(2,713)	(2,713)	-
Due from other governments	736	-	736	-
Inventories	(4,083)	-	(4,083)	-
Accounts payable	1,651	12,882	14,533	12,029
Accrued wages payable	1,991	824	2,815	-
Deposits payable	(1,121)	2,100	979	-
Claims payable	-	-	-	(175,000)
Net cash provided (used) by operating activities	<u>\$ (327,664)</u>	<u>\$ 471,870</u>	<u>\$ 144,206</u>	<u>\$ (606,694)</u>
During the year ended June 30, 2013, the District transferred capital assets to the Cafeteria Lunch and Rental Funds	\$ 20,613	\$ 304,676	\$ 325,289	\$ -
Loss on disposal of an asset	\$ -	\$ 7,666	\$ 7,666	\$ -

See accompanying notes to the financial statements

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS**

June 30, 2013

	Agency Funds		Private Purpose Trust Fund
	Student Activities	Scholarship Funds	Employee Benefits Fund
<b>ASSETS</b>			
Cash	\$ 143,074	\$ 357	\$ 1,079,002
Investments	-	-	6,258,445
Other receivables	-	-	25,301
Due from primary government	-	-	-
	143,074	357	7,362,748
<b>LIABILITIES</b>			
Accounts payable	5,021	-	720
Retainage payable	-	-	-
Section 457(f)(2) Plan payable	-	-	359,850
Due to student groups	138,053	-	-
Total liabilities	143,074	-	360,570
<b>NET POSITION</b>			
Held in trust for			
Scholarships	-	357	-
Employee benefits	-	-	7,002,178
Total net position	\$ -	\$ 357	\$ 7,002,178

See accompanying notes to the financial statements

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

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

	<u>Private Purpose Trust Fund</u> <u>Employee Benefits Fund</u>
<b>ADDITIONS</b>	
Investment earnings	\$ 27,827
Total additions	<u>27,827</u>
<b>DEDUCTIONS</b>	
Salaries and benefits Section 457(f)(2) plan	460,309
Investment management fees	<u>8,908</u>
Total deductions	<u>469,217</u>
Change in net position	<u>(441,390)</u>
Net position - beginning of year	<u>7,443,568</u>
Net position - ending of year	<u><u>\$ 7,002,178</u></u>

See accompanying notes to the financial statements



# SUBLETTE COUNTY SCHOOL DISTRICT #1

## NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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### **Note 1. Summary of Significant Accounting Policies**

#### ***Reporting Entity***

Sublette County School District #1 (the District) serves the north and eastern portions of Sublette County, Wyoming, including the towns of Pinedale, Boulder, Daniel and Bondurant. The District provides public education for students from kindergarten through grade twelve in Pinedale and kindergarten through grade five in Bondurant.

The District's Board of Trustees has responsibility over all activities related to public elementary and secondary school education within Northern Sublette County. The District receives funding from federal, state and local government sources and must comply with requirements from these funding sources. Generally accepted accounting principles require that the reporting entity include the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete. The accompanying financial statements present the financial activity of the District discretely presented component units. The discretely presented component units are reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the District.

#### ***Discretely Presented Component Units***

The Sublette Board of Cooperative Educational Services (B.O.C.E.S.) is governed by a five member board. Four of the board members are the District's board members appointed by the District's Board of Trustees. The fifth is appointed by Western Wyoming Community College. B.O.C.E.S. provides educational services, including but not limited to post-secondary education, vocational-technical education and adult education, since these services can be provided more effectively through a cooperative effort with Western Wyoming Community College. B.O.C.E.S. may impose up to 2 ½ mills on the District's assessed valuation for operations. B.O.C.E.S. does not prepare separately issued financial statements.

The Pinedale Aquatic Center Joint Powers Board (PAC) is governed by a five member board. Three members of the board are District board members appointed by the District's Board of Trustees and the two additional members are appointed by the Town of Pinedale and Sublette County. The PAC was formed to operate the Pinedale Aquatic Center which is a recreational facility owned by the District which is available to the students of the District as well as citizens of the County. The PAC is financially dependent upon the District. The District acts as the PAC's fiscal agent and is responsible for the preparation of the budget. The PAC does not prepare separately issued financial statements.

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

***Government-Wide and Fund Financial Statements***

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

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

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

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The District follows GASB Statement 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This statement is meant to present the information in a format more closely resembling that of the private sector and to provide the user with more managerial analysis regarding the financial results and the District's financial outlook.

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

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

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

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

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

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for and reports all financial resources of the District not accounted for and reported in another fund.

The *grants fund* accounts for and reports the proceeds of specific federal, state, and local grant sources that are restricted or committed to expenditures for specified purposes.

The *major maintenance fund* accounts for and reports the proceeds of specific revenue resources that are restricted or committed to expenditures for major maintenance as defined by the State School Facilities Department. The major maintenance revenue is a grant from the State to assist school districts with major maintenance expenditures and can be accumulated from year to year.

The *capital projects fund* accounts for and reports financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets. This fund also accounts for a depreciation reserve created during the fiscal year ended June 30, 2006 under Wyo. Statute §21-13-504 for the purpose of purchasing or replacing specified equipment and for equipment and school building repair not covered by funds provided through the School Facilities Department.

The *recreation fund* accounts for and reports revenue restricted from the proceeds of a recreational mill levy and expenses related to recreation.

The District reports the following major proprietary funds:

The school *cafeteria lunch fund* accounts for the activities of the District's cafeterias, which prepare and serve breakfast and lunch to District students. Major sources of revenue include charges for services and operating grants from the Federal government.

The *rental properties fund* accounts for the revenues and expenses related to the District's rental properties.

Additionally, the District reports the following fund types:

The *internal service medical insurance fund* is used to account for the activities of the District's medical plan. The District's medical plan is covered under a stop loss funding arrangement. The District is liable to pay benefits up to a certain prescribed maximum and has stop loss insurance to provide benefits in excess of the maximum amount. Revenue of the fund is from premiums charged to other funds, interest, premiums from COBRA, and transfers from other funds. At June 30, 2011, the District's Board created a private purpose trust to fund employees' medical costs and transferred all internal service fund's cash and investments to the private purpose trust fund. The cash and investments held by the trust within the internal service fund are classified as restricted assets.

The *student activity fund* is used to account for funds held for various student activities, and *scholarship funds* account for student scholarships. The District's many student activities and scholarships are classified as agency funds. The District's responsibility for these activities is fiduciary in nature.

The *trust fund* is used to account for and to accumulate resources for future liabilities of an Employee Benefits Plan created on June 30, 2008.

## SUBLETTE COUNTY SCHOOL DISTRICT #1

### NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

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

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

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

##### ***Implementation of Governmental Accounting Standards Board (GASB) Statements No. 61 and 63***

During the year ended June 30, 2013, the District implemented three new accounting standards. GASB No. 61, *The Financial Entity, Omnibus an amendment of GASB Statements No. 14 and No. 34*, resulted in a prior period adjustment for a change in financial reporting. See Note 16 for more details. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, resulting in a change to the District's financial reporting. Those changes are reflected in this financial report.

##### ***Assets, Liabilities, and Net position or Equity***

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

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

##### ***Deposits and Investments***

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

Wyoming Statutes authorize the types of investments in which school districts may invest. Among these authorized investments are certificates of deposit, obligations of the U.S. Treasury or agencies of the United States government, Tennessee Valley Authority bonds and notes, repurchase agreements involving U.S. Government securities, and certain commercial paper.

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

*Assets, Liabilities, and Net position or Equity (Continued)*

*Deposits and Investments (Continued)*

The District's investments are carried at fair value. Fair value is determined using the latest bid price or by the closing exchange price at the statements of net position date. The District's investments consist of participation in the Wyoming Government Investment Fund (WGIF) and WYO-STAR investment pool. The WGIF and WYO-STAR investment pools were established on or after July 1, 1996 according to the Wyoming Statutory Trust Act. Shares of the fund are offered exclusively to Wyoming governmental entities. Separate accounts are maintained for each entity. These pools invest in obligations of the U.S. Treasury and other investments as authorized by the Wyoming Statutes.

For the purpose of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

*Restricted cash and investments*

On June 30, 2011, the Board created a private purpose trust to fund employee medical costs accounted for in the internal service fund. All cash and investments by the trust are restricted for that purpose.

*Allowance for Uncollectible Property Taxes*

The District recorded a property tax allowance for the general and recreational funds, in the amounts of \$80,338 and \$2,765, respectively, for the year ended June 30, 2013.

*Interfund Balances*

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds and 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.

*Property Taxes*

Property taxes attach as an enforceable lien on property as of May 11 of each year. Property taxes are levied on or about August 1 and are due in two installments. The first installment becomes due on September 1 and delinquent on November 10; the second becomes due on March 1 and delinquent on May 10. Taxpayers may also pay the entire balance before December 31<sup>st</sup> and would not be delinquent. Sublette County bills and collects its own property taxes as well as taxes for all municipalities and political subdivisions within the County, including Sublette County School District #1. District property tax revenues are recognized when levied on the government-wide statements with an allowance for uncollectible taxes. On the governmental statements they are recognized to the extent that they result in current receivables, which means when collected within the current period or expected to be collected within 60 days of the fiscal year end to be used to pay liabilities of the current period.

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

*Assets, Liabilities, and Net position or Equity (Continued)*

***Property Taxes (Continued)***

Wyoming Statutes provide for tax levies to fund the operation of school districts. A school district under Wyoming Statutes must levy taxes of 25 mills on the assessed valuation of the district. The district must also levy 6 mills on the assessed valuation of the county. The taxes raised from the 6 mills are divided between Pinedale and Big Piney school districts based on last year's average daily membership. Additionally, the school district must levy 12 mills on the assessed valuation of the district. The revenues from the 12 mills are paid directly to the State of Wyoming School Foundation account by the County Treasurer. The Board of Trustees levies an additional one mill for recreation. The combined tax rate related to financing of the general school services, and component units other than the payment of principal and interest on long-term debt, for the year ended June 30, 2013 was thirty-two mills. For the current fiscal year thirty-two mills were levied, and an additional half mill was levied for B.O.C.E.S.

***Inventories and Prepaid Items***

Inventory is valued at average cost. Inventory in the General Fund consists of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories are reported as a nonspendable component of the fund balance.

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid amounts are reported as a nonspendable component of the fund balance.

***Capital Assets***

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 for vehicles and equipment, \$25,000 for land improvements, and \$50,000 for building and building improvements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Land improvements	20 years
Buildings and building improvements	25 – 50 years
Furnishings, classroom equipment, machinery, equipment and software	5 – 20 years
Vehicles	5 – 12 years

# SUBLETTE COUNTY SCHOOL DISTRICT #1

## NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

#### *Assets, Liabilities, and Net position or Equity (Continued)*

##### ***Compensated Absences***

The District's regularly scheduled support and certified staff, including administrators, earn nine to twelve days sick leave a year. Certified and administration personnel are allowed to accumulate up to 90 days at the end of any school year, with 60 of those days available to use as sick leave. Regularly scheduled support staff is allowed to accumulate up to 60 days. When a certified employee or administrator leave the District, all days accumulated above 60 are paid at \$25 a day. At June 30, 2013 administrators had a total of 192 days with none over the 60 day floor. Teachers had a total of 1,873 days with 183 days in excess of 60 days. Support staff had a total of 1,637 days.

All eligible staff, including the superintendent and business manager, are credited with their vacation leave at the beginning of the fiscal year. All employees who earn vacation are paid for their unused vacation leave when they resign or retire. Vacation is to be used in the year granted, but must be used within six months after the end of the year granted or the unused balance will be paid out at the employees current pay rate. The maximum amount an employee can carry is twice their annual leave. Eligible employees are given 10 days of vacation per year until they have been employed for 10 years. Beginning in their eleventh year employees receive 15 days per year. In January 2013, the District paid out approximately \$12,793 for unused vacation. All accumulated vacation and sick leave pay, along with applicable employee benefits, are accrued when incurred in the government-wide and proprietary statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

##### ***Use of Estimates***

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

##### ***Fund Balance***

The District's Board of Trustees approved a policy which recognizes the District uses and maintains diverse funds with assorted requirements on balances of cash, investments and other asset and liability accounts. The District uses the fund balance definitions in GASB Statement 54 for financial reporting for all governmental fund types. The classifications are intended to depict the nature of the net resources that are reported in a governmental fund. An individual governmental fund could include any combination of these classifications.

##### ***Nonspendable Fund Balances***

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 Balances***

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 a legally enforceable requirement that the resources be used only for the specific purposes stipulated in the grant, debt covenant or by law.

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

*Assets, Liabilities, and Net position or Equity (Continued)*

*Fund Balance (continued)*

***Committed Fund Balance***

Committed fund balances are those imposed by a formal action taken by the Board of Trustees. Once the Board of Trustees has taken formal action the assets cannot be used for other purposes unless the Board of Trustees removes or changes the specified use by taking the same action it employed previously to commit those balances.

***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 of Trustees or by the Director of Business and Finance.

***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.

**Note 2. Stewardship, Compliance, and Accountability**

***Budgets and Budgetary Accounting***

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

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

A public hearing is conducted on or before the third Wednesday in July to obtain public comments.

The budget is adopted by the third Thursday of July.

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

Formal budgetary integration is employed as a management control device during the year for all governmental, proprietary, and trust funds. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental, proprietary, and trust funds.

The District amended its fiscal 2013 budget. In the general fund, the district transferred \$17,500 from the instruction function to the general support function. In the grant fund, the District decreased the federal revenues by \$30,460 and increased expenditures in the instruction, instructional support, and general support functions by \$154,937, \$14,242, and \$1,000, respectively. In addition, the District also amended its internal service fund budget to increase the claims expense by \$250,000.



**SUBLETTE COUNTY SCHOOL DISTRICT #1**

NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

**Note 3. Cash and Investments**

***Custodial credit risk – deposits***

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. Neither the District nor B.O.C.E.S or Pinedale Aquatic Center, a discretely presented component units, have a deposit policy for custodial credit risk. As of June 30, 2013, all of the District’s and component units bank balances were collateralized with securities held by the pledging financial institution’s trust department or agent, in joint custody of the bank and the District.

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

Investment Type	Fair Value	Interest Rate	Investment Maturities (In Years)		Investment Ratings
			Less Than 1	1-5	
Primary government					
State Treasurer's Investment Pool (WYO-STAR)	\$ 5,191	0.51%	\$ 5,191	\$ -	Not rated
Wyoming Government Investment Fund (WGIF)	28,061,553	.0% - 4.875%	11,086,109	16,975,444	AAAm
	<u>\$ 28,066,744</u>		<u>\$ 11,091,300</u>	<u>\$ 16,975,444</u>	
Restricted					
Wyoming Government Investment Fund (WGIF)	\$ 4,072,336	.0% - 4.625%	\$ 1,878,503	\$ 2,193,833	AAAm
	<u>\$ 32,139,080</u>		<u>\$ 12,969,803</u>	<u>\$ 19,169,277</u>	
Pinedale Aquatic Center					
Certificates of Deposit	4,712,000	.45% to .75%	4,712,000.00	-	Not rated
	<u>\$ 4,712,000</u>		<u>\$ 4,712,000</u>	<u>\$ -</u>	
B.O.C.E.S.					
Wyoming Government Certificates of Deposit	131,759	0.27%	131,759	-	Not rated
	<u>\$ 131,759</u>		<u>\$ 131,759</u>	<u>\$ -</u>	

***Interest rate risk***

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The majority of the District’s investments are held in an external pooled investment account, and as a means of limiting its exposure to fair value losses arising from rising interest rates, the District attempts to match its investment maturities to expected cash flow needs. With this investment focus, investments are expected to reach maturity with limited gains or losses.

***Credit risk***

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Under investment agreements with WGIF and WYOSTAR, the Board has invested monies at a fixed contract rate of interest. Because the security is essentially a written contract, generally there is no rating on such investments; however, under Wyoming statutes, underlying providers are required to have the highest rating from at least one of the nationally recognized rating organizations. The WGIF fund has an AAAm rating by Standard & Poor’s. WGIF issues audited financial statements which can be obtained through Wyoming School Board Association at 2323 Pioneer Avenue, Cheyenne, WY 82001.

State law does not allow governments to invest in corporate bonds, stocks or mutual funds and limits investment in commercial paper to short term maturities (not greater than 270 days) and to the top ratings issued by nationally recognized statistical rating organizations (Moody’s and Standard & Poor’s).

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

***Concentration of credit risk***

The District does not have a formal policy that allows or limits an investment in one issuer that is in excess of a specified percentage of the District's total investments. At June 30, 2013, the District had 99% of its investments in the Wyoming Government Investment Fund.

***Custodial credit risk – investments***

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

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

The composition of interfund balances as of June 30, 2013, is as follows:

Due to/from other funds:

	Receivables	Payables
General Fund	\$ 169,019	\$ -
Grants Fund	-	44,019
Rental Properties Fund	13,219	-
Internal Service Fund	-	125,000
Component Unit		
Pinedale Aquatic Center	-	13,219
	\$ 182,238	\$ 182,238

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

Interfund transfers as of June 30, 2013, are as follows:

	Transfers in	Transfers out
Cafeteria Lunch Fund	\$ 199,262	\$ -
General Fund	-	199,262
	\$ 199,262	\$ 199,262

Transfers are used to move unrestricted general fund revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs as approved by the Board of Trustees.

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

**Note 5. Capital Assets**

A summary of changes in capital assets follows:

	Primary Government					Balance June 30, 2013
	Balance June 30, 2012	Prior period adjustment	Balance as restated June 30, 2012	Additions	Retirements	
<b>Governmental activities</b>						
Capital assets, not being depreciated						
Land	\$ 2,334,530	\$ -	\$ 2,334,530	\$ 43,431	\$ -	\$ 2,377,961
Construction in progress	1,417,040	-	1,417,040	48,051	1,417,040	48,051
Total capital assets, not being depreciated	<u>3,751,570</u>	<u>-</u>	<u>3,751,570</u>	<u>91,482</u>	<u>1,417,040</u>	<u>2,426,012</u>
Capital assets, being depreciated						
Land improvements	8,215,565	-	8,215,565	448,213	-	8,663,778
Buildings and improvements	60,350,546	-	60,350,546	965,065	-	61,315,611
Furnishings, classroom equipment, machinery, equipment and software	3,365,384	74,391	3,290,993	1,777,290	94,320	4,973,964
Vehicles	2,580,159	33,997	2,546,162	315,540	19,995	2,841,707
Total capital assets being depreciated	<u>74,511,654</u>	<u>108,388</u>	<u>74,403,266</u>	<u>3,506,108</u>	<u>114,315</u>	<u>77,795,060</u>
Less accumulated depreciation for						
Land improvements	1,786,805	-	1,786,805	432,683	-	2,219,488
Buildings and improvements	14,109,387	-	14,109,387	1,524,125	-	15,633,512
Furnishings, classroom equipment, machinery, equipment and software	2,142,292	66,702	2,075,590	296,523	94,091	2,278,022
Vehicles	989,634	24,083	965,551	236,298	6,903	1,194,947
Total accumulated depreciation	<u>19,028,118</u>	<u>90,785</u>	<u>18,937,333</u>	<u>2,489,629</u>	<u>100,994</u>	<u>21,325,969</u>
Total capital assets, being depreciated, net	<u>55,483,536</u>	<u>17,603</u>	<u>55,465,933</u>	<u>1,016,479</u>	<u>13,321</u>	<u>56,469,091</u>
Governmental activities capital, net	<u>\$59,235,106</u>	<u>\$ 17,603</u>	<u>\$59,217,503</u>	<u>\$ 1,107,961</u>	<u>\$ 1,430,361</u>	<u>\$58,895,103</u>

The vehicles that are accounted for in the governmental activities include buses that were purchased under a capital lease obligation in the amount of \$563,895, with associated accumulated depreciation of \$93,983. The current year depreciation for these buses of \$46,991 was charged to operation and maintenance of plant services within the general fund.

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

**Note 5. Capital Assets (Continued)**

Depreciation expenses in the amount of \$173,726, \$104, \$2,308,058, and \$7,742 were charged to regular instruction, pupil support services, operation and maintenance of plant services, and community support, respectively. Loss on disposal of assets of \$13,321 was charged to depreciation expense for operation and maintenance of plant services on the Statement of Activities.

	Primary Government			Balance June 30, 2013
	Balance June 30, 2012	Additions	Retirements	
<b>Business-type activities</b>				
Capital assets, not being depreciated				
Land	\$ 523,475	\$ 40,000	\$ -	\$ 563,475
Construction in progress	7,000	118,287	-	125,287
Total capital assets, not being depreciated	<u>530,475</u>	<u>158,287</u>	<u>-</u>	<u>688,762</u>
Capital assets being depreciated				
Land improvements	256,715	-	-	256,715
Buildings and improvements	22,307,597	97,660	-	22,405,257
Machinery and equipment	383,918	186,328.00	-	570,246
Vehicles	35,635	-	-	35,635
Total capital assets being depreciated	<u>22,983,865</u>	<u>283,988</u>	<u>-</u>	<u>23,267,853</u>
Less accumulated depreciation for				
Land improvements	59,761	12,836	-	72,597
Buildings and improvements	2,041,830	455,438	-	2,497,268
Machinery and equipment	144,782	33,407	-	178,189
Vehicles	25,030	5,088	-	30,118
Total accumulated depreciation	<u>2,271,403</u>	<u>506,769</u>	<u>-</u>	<u>2,778,172</u>
Total capital assets, being depreciated, net	<u>20,712,462</u>	<u>(222,781)</u>	<u>-</u>	<u>20,489,681</u>
Business-type activities capital assets, net	<u>\$ 21,242,937</u>	<u>\$ (64,494)</u>	<u>\$ -</u>	<u>\$ 21,178,443</u>

**Component Unit**

Capital asset activity for the Pinedale Aquatic Center for the year ended June 30, 2013.

	Primary Government			Balance June 30, 2013
	Balance June 30, 2012	Additions	Retirements	
Capital assets being depreciated				
Machinery and equipment	\$ 139,297	\$ 11,290	\$ -	\$ 150,587
Building improvements	131,738	-	-	131,738
Total capital assets being depreciated	<u>271,035</u>	<u>11,290</u>	<u>-</u>	<u>282,325</u>
Less accumulated depreciation for				
Machinery and equipment	77,035	13,249	-	90,284
Building improvements	15,685	6,586	-	22,271
Total accumulated depreciation	<u>92,720</u>	<u>19,835</u>	<u>-</u>	<u>112,555</u>
Pinedale Aquatic Center capital assets, net	<u>\$ 178,315</u>	<u>\$ (8,545)</u>	<u>\$ -</u>	<u>\$ 169,770</u>

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

**Note 5. Capital Assets (Continued)**

Capital asset activity for the B.O.C.E.S. for the year ended June 30, 2013.  
B.O.C.E.S.

	Balance June 30, 2012	Additions	Retirements	Balance June 30, 2013
Capital assets being depreciated				
Furnishings and computer equipment	\$ 69,816	\$ -	\$ -	\$ 69,816
Software	4,575	-	-	4,575
Vehicle	33,997	10	-	34,007
Total capital assets being depreciated	<u>108,388</u>	<u>10</u>	<u>-</u>	<u>108,398</u>
Less accumulated depreciation for				
Furnishings and computer equipment	62,127	2,123	-	64,250
Software	4,575	-	-	4,575
Vehicle	24,083	3,400	-	27,483
Total accumulated depreciation	<u>90,785</u>	<u>5,523</u>	<u>-</u>	<u>96,308</u>
B.O.C.E.S. capital assets, net	<u>\$ 17,603</u>	<u>\$ (5,513)</u>	<u>\$ -</u>	<u>\$ 12,090</u>

**Note 6. Debt**

**Long-Term Debt**

Wyoming Statute §21-13-703 limits the amount of indebtedness for the District to no more than 10% of the assessed value of taxable property within the District. The District complied with this debt limitation.

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

	Balance June 30, 2012	New Debt Incurred	Debt Retired	Balance June 30, 2013	Due Within One Year
Governmental Activities					
Capital lease obligations	\$ 457,704	\$ -	\$ 107,871	\$ 349,833	\$ 112,186
Claims payable	450,000	-	175,000	275,000	275,000
Compensated absences (*)	42,856	4,370	-	47,226	-
	<u>\$ 950,560</u>	<u>\$ 4,370</u>	<u>\$ 282,871</u>	<u>\$ 672,059</u>	<u>\$ 387,186</u>

(\*) Balance at June 30, 2012 was restated to reflect implementation of GASB No. 61. – see Note 16.

**Component Units**

Pinedale Aquatic Center

Compensated absences	\$ 10,205	\$ -	\$ -	\$ 10,205	\$ -
	<u>\$ 10,205</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,205</u>	<u>\$ -</u>

B.O.C.E.S.

Compensated absences	\$ 16,217	\$ -	\$ 7,272	\$ 8,945	\$ -
	<u>\$ 16,217</u>	<u>\$ -</u>	<u>\$ 7,272</u>	<u>\$ 8,945</u>	<u>\$ -</u>

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

**Note 6. Debt (Continued)**

**Primary Government**

For the governmental activities, capital lease obligations and compensated absences are generally liquidated by the general fund.

**Capital Leases Payable**

Capital lease obligations collateralized by the assets noted as of June 30, 2013 are as follows:

Lease/purchase obligation, due in annual installments of \$126,179 including interest of through June 2016	\$ 349,833
Less current maturities of capital lease obligations	112,186
	\$ 237,647

In the event that the District is unable to appropriate funds for the rental payments for any fiscal year during the terms of the leases, the lease-purchase contracts will terminate on the last day of the fiscal year for which appropriations were received, without any penalty to the District. In the event of a termination under these circumstances, the District will return the equipment, and will not be obligated to pay the remaining scheduled rental payments. This debt is serviced by the General Fund.

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

<u>Year ending June 30,</u>		
2014		126,179
2015		126,179
2016		125,813
	Total minimum lease payments	\$ 378,171
	Less: amount representing interest	28,338
	Present value of minimum lease payments	\$ 349,833

**Note 7. Retirement System**

The District's full-time and regular part-time employees participate in the Wyoming Retirement System (System), a cost-sharing multiple-employer public employee retirement system. The plan provides retirement benefits at age 60 with early retirement options available. The plan 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, 5th Floor West, 6101 Yellowstone Road, Cheyenne, Wyoming 82002 or by calling (307) 777-7691. The System statutorily requires 14.12% of the covered employee's salary to be contributed to the plan of which 7.00% should be paid by the employee and the remaining 7.12% should be paid by the District. The District has elected to contribute 100% of the contributions required for eligible employees. The District's contributions to the System for the years ended June 30, 2013, 2012, and 2011 were \$1,305,835, \$1,315,672, and \$1,264,458, respectively, equal to the required contributions for each year. Effective September 1, 2013, the employee contribution rate will increase by .50% from 7.00% to 7.50%, and in September 2014, the employer contribution rate will increase by .50% from 7.12% to 7.62%. The District will have an option to pay or not to pay the additional employee contribution.

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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**Note 8. Deferred Compensation**

In addition to the Wyoming Retirement System, eligible District employees participate voluntarily in IRS Code Section 403(b) tax sheltered annuity plans and the State of Wyoming Deferred Compensation Plan, an Internal Revenue Service Code Section 457 Plan.

**Note 9. Risk Management Programs**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The District is a member of School Risk Retention Program (SRRP). The SRRP's policy limits include \$200,000,000 on physical damage including auto; \$2,000,000 on general, auto and school board liability aggregate limit per occurrence; \$50,000,000 on boiler and machinery; \$100,000 on public dishonesty; \$100,000 on forgery and alterations; \$10,000 on money and securities on premises and messenger each; and \$10,000 on computer fraud. For the fiscal year ended June 30, 2013, the District paid \$83,927 for its participation in the pool and is not subject to any assessments. Of this amount \$65,134 was paid by the general fund and \$18,793 was paid by business activity funds. The District also participates in two other risk management programs: Workers' Compensation Act and Unemployment Compensation Act.

Wyoming Statute §27-14-101 created the Wyoming Workers' Compensation Act, which is administered as an Enterprise Fund by the State of Wyoming. All employers within the State of Wyoming are participants of this plan unless the employer elects not to be covered under the plan. This act requires the District to obtain liability coverage for payment of benefits to employees for job-related injuries and diseases through the Workers' Compensation Fund. This act provides general protection from suits filed by employees against the District. The District makes monthly payments to the Department of Employment, State of Wyoming. For the fiscal year ended June 30, 2013, the District paid approximately \$156,700 in workers' compensation premiums. This amount is based on salaries. The District has elected to cover all employees under this Act.

Wyoming Statute §27-3-101 created the Unemployment Compensation Act. This act requires the District to pay the cost of actual claims incurred. During fiscal year 2013, the District paid approximately \$42,500 in claims under the Unemployment Compensation Act Program.

The District also provides its employees health care benefits under a health care risk management program. Under this program, the District self-insures health care costs with a stop-loss policy to cover individual claims exceeding \$80,000 per year. Premiums paid for stop-loss insurance were approximately \$181,000. The plan administrator calculates the estimated medical claims based on past historical experience and current economic events. Claims are usually paid within one year of submission. Changes in the District's health care risk management liability during the year ended June 30, 2013 is as follows:

	2013	2012
Health care risk management liability, beginning of year	\$ 450,000	\$ 250,000
Claims incurred	2,035,906	(1,647,569)
Claims paid	(2,210,906)	1,847,569
Health care risk management liability, end of year	<u>\$ 275,000</u>	<u>\$ 450,000</u>

There has been no significant change in insurance coverage during the year ended June 30, 2013. The District's aggregate stop-loss based on claims for one hundred fifty six employees was approximately \$2,474,773.

## SUBLETTE COUNTY SCHOOL DISTRICT #1

### NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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#### **Note 10. Employee Benefits Plan**

During the year ended June 30, 2008, the Board of Trustees established a Section 457 Deferred Compensation Plan ("Plan"). At June 30, 2013, the total net position amount held in Employee Benefits Trust for future Plan obligations is \$7,002,178.

The entry date to the Plan is the later of the effective date of the Plan or the completion of one year of service. The Plan defines the year of services as the continuous employment of a participant by the District throughout one Plan year. There are two components to the Plan. The first: a housing stipend paid to all qualifying staff after they received tenure as a teacher or completed three years of experience working as a regularly scheduled staff member before September 1<sup>st</sup> each year. The second: a retirement benefit paid to all regularly scheduled staff after they have completed twenty (20) years of experience working for the District.

The housing stipend is paid with the September payroll of the fiscal year following the year in which the participant will become a Continuing Contract Teacher or Qualified Administrator as defined by the Plan. The housing stipend for support staff that qualifies is calculated based on 20.5% of the estimated earnings for the year and \$10,000 for the full-time employee. The housing stipend for the employees that work less than full-time is reduced according to their percentage of hours they are expected to work.

For the retirement section of the Plan, the District contributes to the Plan for each qualified participant an amount set by the Board of Trustees. To date the percentage has been 2% of the participant's annual teaching (limited to teaching amount only)/administrator contract or the actual wages paid to classified staff limited to the maximum contribution allowed by the Internal Revenue Code Section 457(f)(4)(A). The District's contribution to the Plan provides for a graduated account benefit vesting schedule where the 100% of the account balance would be distributed to the participant after completion of twenty (20) years of service.

The District received an actuarial valuation of the liabilities of the Plan. The valuation was performed under an open group method in which actuarial present values associated with future entrants to the plan are considered. The most recent actuarial valuation was June 30, 2013. Under the open group method the future actuarial liability for the housing stipends for current employees that have not received their stipend is \$1,115,772 and for future hires is \$3,399,297. The actuarial valuation of the future liability for the Section 457(f)(2) for current employees including retirees is \$1,793,873 and \$1,028,747 for future hires. As of June 30, 2013, the District had a \$359,850 liability under the 457(f)(2) plan to the current retirees. This liability will be paid out at \$100,936 in each of the years 2014 and 2015, and \$85,532 in 2016, \$50,646 in 2017, and \$21,800 in 2018. The estimates for new hires do not include an increased number of staff; simply, new hires are replacements for current staff for the next twenty (20) years. For the year ended June 30, 2013, the District paid \$289,373 in housing stipends.

#### **Note 11. Transactions with Discretely Presented Component Units**

During the fiscal year ended June 30, 2013, the District paid \$3,000,000 to the PAC and the PAC reimbursed the District for the cost of utilities and other expenses in the amount of \$150,600.

The District has entered into a lease arrangement with the PAC for rental of the recreational facility. The cost of the recreational facility is approximately \$20,764,000 with \$2,330,277 accumulated depreciation. The lease is for a term of one year with an automatic renewal provision for each year thereafter. The annual lease payment is \$600,000 payable in advance in bi-annual payments. The District recorded the prepaid lease payment as unearned revenue in the Rental Properties Fund. The PAC's rent expense for the fiscal year ended June 30, 2013 was \$600,000.

During the fiscal year ended June 30, 2013, the District received grants for staff development and student enrichment from B.O.C.E.S. in the approximate amount of \$610,372.90.



**SUBLETTE COUNTY SCHOOL DISTRICT #1**

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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**Note 12. Related Party Transactions**

The District and its component units hold cash and investments in WGIF where the District's Director of Business and Finance is a Vice Chairman of the Board. Also, the District is a member of School Boards Risk Retention Pool where the District's Director of Business and Finance is the Chairman of the Board. The Director of Business and Finance does not receive compensation for either position.

**Note 13. Operating Leases**

The District holds lease agreements for copiers and for a postage meter. The lease agreement for the copiers requires semi-annual payments of \$18,651 and \$1,128 annually for the postage meter. These leases are reported as operating leases and accordingly are not capitalized. As of June 30, 2013 all payments for these leases were current.

**Note 14. Commitments and Contingencies**

At June 30, 2013, the District had several outstanding technology or construction projects. At year end the District's commitments with contractors or architects are as follows:

	Incurred-to-Date	Remaining Commitment
Fremont House	\$ 1,300	\$ 163,530
PMS Front Entrance	3,593	20,161
Green Construction Classroom	39,432	368,941
PHS Door Holders	3,725	28,872
	<u>\$ 48,050</u>	<u>\$ 581,504</u>

The District has two complaints which have been filed with Wyoming Department of Workforce Services and EEOC. The District and its legal counsel intend to vigorously defend these matters and do not believe the outcome would have a material effect on the financial statements.

**Note 15. Termination Benefits**

At their regularly scheduled meeting December 13, 2012, the Board of Trustees offered a one-time benefit to all staff that had been with the district 20 or more years and had reached the rule of 85 with the Wyoming Retirement system. Qualifying staff would be able to remain on the District's Plan B Health Insurance plan for up to 54 months or when they reached 65 years of age. Any eligible employee had to sign up by the first of March 2013 and it was acted upon by the Board of Trustee's at the regularly scheduled meeting in March 2013. Four employees with their spouses with one dependent meet the requirements and signed up for the benefit. One of those employees started January 2013 when the Board of Trustees released the employee from their contract allowed them to begin this benefit. Each employee pays monthly \$1,000 for their health insurance coverage. For the 2013-2014 fiscal year the District has an \$85,000 individual stop loss so the maximum loss the District could occur would be \$765,000 a year. The five year claims history for this group has averaged \$3,039 a month and the TPA fees for the 2013-2014 fiscal year are \$167.45 per month for a family plan for an estimated monthly cost of \$3,689. The District did not accrue any liability for the termination benefits at June 30, 2013, as the District does not expected to incur any material costs as a result of these termination benefits.

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

**Note 16. Prior Period Adjustment**

During the year ended June 30, 2013, the District adopted Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, which was issued to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. This Statement modified certain requirements for inclusion of component units in the financial reporting entity. This Statement also amended the criteria for reporting component units as if they were a part of the primary government (that is blending) in certain circumstances. Implementation of this Statement resulted in presentation of B.O.C.E.S., as a discretely presented component unit rather than a blended component unit as follows:

	Governmental Activities 6/30/2012	Prior period adjustment	Governmental Activities as as restated 6/30/2012
Total assets	\$ 114,822,536	\$ 6,832,455	\$ 107,990,081
Total liabilities	1,292,937	(244,174)	1,048,763
Total net position	<u>\$ 113,529,599</u>	<u>\$ (6,588,281)</u>	<u>\$ 106,941,318</u>
Total revenues	22,449,547	(2,062,051)	20,387,496
Less total program expenses	(25,005,044)	827,291	(24,177,753)
Less transfers	5,348,284	529,385	5,877,669
Change in net position	<u>2,792,787</u>	<u>(705,375)</u>	<u>2,087,412</u>
Net position, beginning	<u>110,736,812</u>	<u>(5,882,906)</u>	<u>104,853,906</u>
Net position, ending	<u>\$ 113,529,599</u>	<u>\$ (6,588,281)</u>	<u>\$ 106,941,318</u>

**Note 17. Subsequent Events**

Subsequent events were evaluated through the date of the report December 03, 2013. The date at which the financial statements were available to be issued, for event requiring recording or disclosure in the financial statements for the year ended June 30, 2013

**Note 18. Accounting Standards Issued, But Not Implemented**

As of June 30, 2013, the Governmental Accounting Standards Board has issued the following standards which the District may implement in its next fiscal year.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 GENERAL FUND  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local sources, net of recapture	\$ (1,799,500)	\$ (1,799,500)	\$ (1,505,239)	\$ 294,261
County sources	18,455,800	18,455,800	18,175,593	(280,207)
State sources	15,500	15,500	20,442	4,942
Total revenues	<u>16,671,800</u>	<u>16,671,800</u>	<u>16,690,796</u>	<u>18,996</u>
<b>Expenditures</b>				
Current				
Instruction	10,025,994	10,008,443	8,946,297	1,062,146
Instructional support	1,805,523	1,805,574	1,575,062	230,512
General support	5,708,820	5,726,320	5,252,084	474,236
Total expenditures	<u>17,540,337</u>	<u>17,540,337</u>	<u>15,773,443</u>	<u>1,766,894</u>
<b>Other financing sources</b>				
Transfers out	200,000	(200,000)	(199,262)	738
Total other financing sources	<u>200,000</u>	<u>(200,000)</u>	<u>(199,262)</u>	<u>738</u>
Excess (deficiency) of revenues over expenditures	<u>(868,537)</u>	<u>(868,537)</u>	<u>718,091</u>	<u>1,586,628</u>
Net change in fund balances	(868,537)	(668,537)	718,091	<u>\$ 1,386,628</u>
Fund balance - beginning of year	<u>5,075,156</u>	<u>5,075,156</u>	<u>5,075,156</u>	
Fund balance - end of year	<u>\$ 4,206,619</u>	<u>\$ 4,406,619</u>	<u>\$ 5,793,247</u>	

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 GRANTS FUND  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Federal sources	\$ 658,420	\$ 620,460	\$ 387,186	\$ (233,274)
State sources	308,482	315,982	295,156	(20,826)
B.O.C.E.S. Grant	523,823	523,823	446,769	(77,054)
Interest	1,500	1,500	982	(518)
Total revenues	<u>1,492,225</u>	<u>1,461,765</u>	<u>1,130,093</u>	<u>(331,672)</u>
<b>Expenditures</b>				
Current				
Instruction	984,181	1,139,118	884,792	254,326
Instructional support	243,001	257,243	201,501	55,742
General support	47,887	48,887	48,836	51
Total expenditures	<u>1,275,069</u>	<u>1,445,248</u>	<u>1,135,129</u>	<u>310,119</u>
Excess (deficiency) of revenues over expenditures	<u>217,156</u>	<u>16,517</u>	<u>(5,036)</u>	<u>(21,553)</u>
Net change in fund balances	<u>217,156</u>	<u>16,517</u>	<u>(5,036)</u>	<u>\$ (21,553)</u>
Fund balance - beginning of year	<u>93,408</u>	<u>93,408</u>	<u>93,408</u>	
Fund balance - end of year	<u>\$ 310,564</u>	<u>\$ 109,925</u>	<u>\$ 88,372</u>	

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 MAJOR MAINTENANCE FUND  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 621,670	\$ 621,670	\$ 621,667	\$ (3)
Interest	2,500	2,500	1,384	(1,116)
Miscellaneous	-	-	510	510
Total revenues	<u>624,170</u>	<u>624,170</u>	<u>623,561</u>	<u>(609)</u>
Expenditures				
Current				
Capital outlay				
Building and improvements	1,315,000	1,315,000	697,523	617,477
	340,000	340,000	154,837	185,163
Equipment and software	90,000	90,000	9,249	80,751
Total expenditures	<u>1,745,000</u>	<u>1,745,000</u>	<u>861,609</u>	<u>883,391</u>
Excess (deficiency) of revenues over expenditures	<u>(1,120,830)</u>	<u>(1,120,830)</u>	<u>(238,048)</u>	<u>\$ 882,782</u>
Fund balance - beginning of year	<u>2,734,886</u>	<u>2,734,886</u>	<u>2,734,886</u>	
Fund balance - end of year	<u>\$ 1,614,056</u>	<u>\$ 1,614,056</u>	<u>\$ 2,496,838</u>	

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 RECREATION FUND  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Parks and recreation mill	\$ 3,800,000	\$ 3,800,000	\$ 3,876,029	\$ 76,029
Interest	2,500	2,500	2,348	(152)
Total revenues	<u>3,802,500</u>	<u>3,802,500</u>	<u>3,878,377</u>	<u>75,877</u>
Expenditures				
Current				
Community support				
Community support - other	165,112	165,112	88,297	76,815
Pinedale Aquatic Center	3,000,000	3,000,000	3,000,000	-
Total expenditures	<u>3,165,112</u>	<u>3,165,112</u>	<u>3,088,297</u>	<u>76,815</u>
Excess (deficiency) of revenues over expenditures	<u>637,388</u>	<u>637,388</u>	<u>790,080</u>	<u>152,692</u>
Excess (deficiency) of revenues over expenditures	<u>637,388</u>	<u>637,388</u>	<u>790,080</u>	<u>\$ 152,692</u>
Fund balance - beginning of year	<u>3,765,060</u>	<u>3,765,060</u>	<u>4,166,587</u>	
Fund balance - end of year	<u>\$ 4,402,448</u>	<u>\$ 4,402,448</u>	<u>\$ 4,956,667</u>	

**OTHER SUPPLEMENTARY INFORMATION**



**SUBLETTE COUNTY SCHOOL DISTRICT #1**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
CAPITAL PROJECTS FUND - CAPITAL PROJECTS  
Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Revenues				
Interest	\$ 100,000	\$ 100,000	\$ 48,110	\$ (51,890)
State source	-	-	171,100	171,100
Total revenues	100,000	100,000	219,210	119,210
Expenditures				
Current				
Acquisition and construction services				
Purchased services	30,000	30,000	16,371	13,629
Improvements - buildings	2,550,000	2,498,000	1,151,888	1,346,112
Improvements - other than buildings	752,000	752,000	239,327	512,673
Land	500,000	500,000	182,714	317,286
Buildings	2,100,000	2,100,000	-	2,100,000
Equipment	1,565,000	1,565,000	184,678	1,380,322
Total expenditures	7,497,000	7,445,000	1,774,978	5,670,022
Excess (deficiency) of revenues revenues over expenditures	(7,397,000)	(7,345,000)	(1,555,768)	5,789,232
Other financing sources				
Transfers in	(1,600,000)	(1,600,000)	(1,500,000)	100,000
Total other financing sources	(1,600,000)	(1,600,000)	(1,500,000)	100,000
Net change in fund balances	(8,997,000)	(8,945,000)	(3,055,768)	\$ 5,889,232
Fund balance - beginning of year	3,116,371	3,116,371	14,037,997	
Fund balance - end of year	\$ (5,880,629)	\$ (5,828,629)	\$ 10,982,229	

***Note to the budgetary presentation***

The Depreciation fund is combined with the Capital Projects fund on the Balance Sheet and Statement of Revenues and Expenditures.

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 CAPITAL PROJECTS FUND - DEPRECIATION RESERVE  
 Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$ 200,000	\$ 200,000	\$ 61,927	\$ (138,073)
Total revenues	<u>200,000</u>	<u>200,000</u>	<u>63,654</u>	<u>(136,346)</u>
Expenditures				
Current				
Repairs and purchased services	225,000	225,000	268,020	(43,020)
Professional services	20,000	23,000	22,969	31
Supplies	-	-	1,960	(1,960)
Equipment	1,087,800	1,084,800	273,532	811,268
	<u>1,332,800</u>	<u>1,332,800</u>	<u>566,481</u>	<u>766,319</u>
Deficiency of revenues over expenditures	<u>(1,132,800)</u>	<u>(1,132,800)</u>	<u>(502,827)</u>	<u>629,973</u>
Other financing sources				
Transfers in	1,600,000	1,600,000	1,500,000	(100,000)
Total other financing sources	<u>1,600,000</u>	<u>1,600,000</u>	<u>1,500,000</u>	<u>(100,000)</u>
Net change in fund balances	<u>467,200</u>	<u>467,200</u>	<u>997,173</u>	<u>\$ 529,973</u>
Fund balance - beginning of year	<u>16,824,632</u>	<u>16,824,632</u>	<u>16,824,632</u>	
Fund balance - end of year	<u>\$ 17,291,832</u>	<u>\$ 17,291,832</u>	<u>\$ 17,821,805</u>	

***Note to the budgetary presentation***

The depreciation fund is combined with the Capital Projects fund on the Balance Sheet and Statement of Revenues and Expenditures.

**FEDERAL FINANCIAL ASSISTANCE REPORTS**



# PORTER, MUIRHEAD, CORNIA & HOWARD

(A Corporation of Certified Public Accountants)

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

INDEPENDENT AUDITOR'S REPORT

Honorable Superintendent and  
Board of Trustees  
Sublette County School District #1  
Pinedale, 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 units, each major fund, and the aggregate remaining fund information of Sublette County School District #1, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Sublette County School District #1's basic financial statements, and have issued our report thereon dated December 03, 2013.

***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

We noted certain matters that we reported to management of the Board in a separate letter dated December 03, 2013.

***Purpose of this Report***

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



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming  
December 03, 2013

**SUBLETTE COUNTY SCHOOL DISTRICT NO. 1**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grantor's Number	Expenditures
U.S. Department of Agriculture			
Passed through Wyoming Department of Education			
<i>Child Nutrition Cluster</i>			
School Breakfast Program	10.553	-	\$ 10,771
National School Lunch Program	10.555	-	94,564
National School Lunch Program - USDA	10.555	-	30,021
Total Child Nutrition Cluster			135,356
Fresh Fruit and Vegetable Program	10.582	-	25,200
Passed through Wyoming State Forest Program			
Cooperative Forestry Assistance	10.664	-	949
Total U.S. Department of Agriculture			161,505
U.S. Department of Education			
Passed through Wyoming Department of Education			
<i>Title I, Part A Cluster</i>			
Title I Grants to Local Educational Agencies	84.010A	1318013T1A00	1,931
Title I Grants to Local Educational Agencies	84.010A	111801T1A00	63,236
Total Title I, Part A Cluster			65,167
<i>Special Education Cluster</i>			
Special Education Grants to State	84.027A	101801VIB00	1
Special Education Grants to State	84.027A	1318013T6100	99,688
Special Education Grants to State	84.027A	111801VIB00	113,481
			213,170
Special Education Preschool Grants	84.173A	1318013T690	1,178
Total Special Education Cluster			214,348
Career and Technical Education - Basic Grants to States	84.048A	1318013VEA00	12,760
Career and Technical Education - Basic Grants to States	84.048A	111801VEA00	203
			12,963
State Grants for Improving Teach Quality	84.367A	101801T2A00	8,344
State Grants for Improving Teach Quality	84.367A	101801T2A00	1,000
State Grants for Improving Teach Quality	84.367A	101801T2A00	31,996
			41,340
Education Jobs Act Grant to State	84.410	111801AEDJ00	59,288
Total U.S. Department of Education			393,106
Total Federal Awards			\$ 554,611

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS  
JUNE 30, 2013**

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**Note 1. Basis of Accounting**

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of Sublette County School District #1 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 2. Commodities**

Sublette County School District #1 purchases commodities from the United States Department of Agriculture at discounted prices. The value of commodities in the amount of \$30,021 was included in the Nutrition Cluster on the Schedule of Expenditures of Federal Awards.

**Note 3 Transferability**

During the fiscal year ended June 30, 2013, Sublette County School District #1 transferred \$57,065 from CFDA # 84.367A, Title II-A, to CFDA # 84.298A, Title V-A.



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

INDEPENDENT AUDITOR'S REPORT

Honorable Superintendent and Board of Trustees  
Sublette County School District #1

***Report on Compliance for Each Major Federal Program***

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

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

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



***Report on Internal Control Over Compliance***

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

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

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

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



Porter, Muirhead, Cornia & Howard  
Certified Public Accountants

Casper, Wyoming  
December 03, 2013

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2013**

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

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***Financial Statements***

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to financial statements noted?	No

***Federal Awards***

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133?	No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<i>Special Education Cluster</i>	
84.027	Special Education Grants to States
84.173	Special Education Preschool Grants

Dollar threshold used to distinguish between type A and type B programs:	\$ 300,000
Auditee qualified as low-risk auditee?	Yes

(Continued)

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
Year Ended June 30, 2013

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**Section II - Financial Statement Findings**

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*None reported.*

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

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*None reported*

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

**SCHEDULE OF PRIOR AUDIT FINDINGS**  
Year Ended June 30, 2013

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*None reported*