SUBLETTE COUNTY SCHOOL DISTRICT NO. 9
BIG PINEY, WYOMING

FINANCIAL AND COMPLIANCE REPORT

June 30, 2013

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SUBLETTE COUNTY SCHOOL DISTRICT # 9

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2013

This section of Sublette County School District # 9'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.

Financial Highlights

Key financial highlights for 2013 are as follows:

- ✓ Current assets exceeded current liabilities, excluding capital assets, at the close of the most recent fiscal year by $10,669,633. This is a decrease in net position of $2,568,209 over last fiscal year. This increase in assets is mostly attributable to the construction-in-progress accounted for during fiscal year 2013 for the Big Piney Elementary construction project. The project began in earnest in March of 2012 and therefore contributed to an increase in current assets for the year. Unassigned net position (net of restricted and assigned net position) of governmental activities were $1,605,367 and business-type activities amounted to $323,546.

- ✓ Total revenues exceeded expenses, contributing to the increase in net position by $10,024,450. Of this amount, governmental activities realized an increase of $10,026,301 and business-type activities a decrease of $1,851. The increase in governmental assets is reflective of an increase in revenue received for the construction of Big Piney Elementary from the School Facilities Department ($9,479,275) and an increase in funding for Major Maintenance funding by the State.

- ✓ Total program expenses were $14,151,455 of which $13,340,525 was governmental activities and $810,930 was business-type activities. Program specific revenues were $0 for governmental activities and $260,140 for business-type activities. Operating Grants and Contributions were $11,468,146 for governmental fund types and $95,939 for business type activities. General revenues were $11,898,680 for governmental activities and $453,000 for business type activities.

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 and 3) notes to the financial statements 4) required supplementary information.

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 and pupil transportation.
>
> **Business - Type Activities** – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The Food Service, Swimming Pool, and Teacherage rentals are all reported as business-type activities.

The district-wide financial statements can be found on pages 13-16 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 expendable resources, as well as on balances of expendable 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 17 and 19 of this report.

Proprietary funds. Proprietary funds are used to account for activities the District operates similar to private business. Proprietary funds use the accrual basis of accounting, the same as on the district-wide statements. Therefore, the statements will essentially match the business-type activities portion of the district-wide statements. The proprietary fund financial statement can be found on pages 21-24 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 or recreation 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 statement can be found on pages 25-26 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 27-37 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 38-41 of this report. The other supplementary information that is provided to increase the transparency in the activity of other funds is found on pages 42-44 of this report.

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

	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, Swimming Pool, Teacher Housing, and Daycare funds are reported here.	Assets held by the District on behalf of someone else. Student Activities, Scholarship, and Recreation Board 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.

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.

Table 2
Net Position

	Governmental Activities	Business-type Activities	Total
Assets:			
Current and Other Assets	$ 13,140,551	$ 345,874	$ 13,486,425
Capital Assets, Net	30,185,970	811,760	30,997,730
Total Assets	43,326,521	1,157,634	44,484,155
Liabilities:			
Current and Other Liabilities	2,749,884	22,328	2,772,212
Long-Term Liabilities	44,580	-	44,580
Total Liabilities	2,794,464	22,328	2,816,792
Net Position:			
Invested in Capital Assets	30,185,970	811,760	30,997,730
Restricted	8,740,720	-	8,740,720
Unrestricted	1,605,367	323,546	1,928,913
Total Net Position	$ 40,532,057	$ 1,135,306	$ 41,667,363

As of June 30, 2013, the District reported total assets of $44,484,155 and total liabilities of $2,816,792. Net position amounted to $41,667,364. The District's unassigned net position, the part of net position that can be used to finance day-to-day activities without constraints established by grants, legal requirements, or board action amounted to $1,928,913.

Table 3 reflects the change in net position for fiscal year 2013.

Table 3
Change in Net Position

	Governmental Activities	Business-type Activities	Total
Revenues			
Program Revenues:			
Charges for Services	$ -	$ 260,140	$ 260,140
Operating Grants and Contributions	11,468,146	95,939	11,564,085
Property Taxes	26,925,483	-	26,925,483
State School Foundatiuon Recapture	(14,867,865)	-	(14,867,865)
Investment Income	8,489	-	8,489
Miscellaneous Income	285,573	-	285,573
Operating Transfers	(453,000)	453,000	-
Total Revenue	23,366,826	809,079	24,175,905
Program Expenses			
Instruction	7,223,214	-	7,223,214
Support Services:			
Instruction Support	2,171,789	-	2,171,789
Board of Education, Administration, Fiscal and Business	1,557,807	-	1,557,807
Buildings and Grounds	1,264,973	-	1,264,973
Interest on Long-term Debt	4,740	-	4,740
Depreciation- Unallocated	1,118,002	-	1,118,002
Food Service	-	450,465	450,465
Swimming Pool	-	158,490	158,490
Teacherage Rentals	-	146,937	146,937
Day Care	-	55,038	55,038
Total Expenses	13,340,525	810,930	14,151,455
Change in Net Position	$ 10,026,301	$ (1,851)	$ 10,024,450

The District received $24,175,905 in revenues net of $14,867,865 in recapture payment to the State. Property tax revenue accounted for 50% of the District's revenue. Another 50% came from charges for services and operating grants, capital construction funds for the new school construction and contributions, with the remaining percentage coming from investment and miscellaneous income. Expenses related to pupil instruction, student transportation, and student and staff services usually are the predominate expenses of the school district.

The District's administrative and business activities accounted for 11% of total cost, maintenance and operation of facilities and business-type activities accounted 6% of total cost.

Total revenues were greater than total expenses, increasing net position by $10,024,450 over last year. Governmental activities accounted for an increase of $10,026,301 and business-type activities a decrease of $1,851. The increase in net position for government activities can again be attributed to the receipt of revenue in the Buildings and Grounds ($8,408,038 more received than in 2012) for the Big Piney Elementary construction-in-progress with additional reductions in both governmental and business type activity expenses over last year ($561,498 less than 2012).

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	$ 7,223,214	$ 6,499,316
Students and Insrtuctional Staff	2,171,789	2,171,789
Board of Education, Administration, Fiscal and Business	1,557,807	1,557,807
Buildings and Grounds	1,264,973	(9,479,275)
Interest on Long-term Debt	4,740	4,740
Depreciation- Unallocated	1,118,002	1,118,002
Total	$ 13,340,525	$ 1,872,379

The total cost of governmental activities was $13,340,525. The net cost of governmental activities $1,872,379 was mainly financed by general revenues, which are primarily made up of property taxes. Due to the unique nature of school funding in Wyoming, certain general revenues are capped by the State School Foundation Funding model. As such, fluctuations in county property valuations generally have little overall effect on the District's funding but rather it affects the amount due back to the State in recapture. Sublette County School District # 9's revenue fluctuations cause a corresponding increase (when revenues increase) or decrease (when revenues go down) to the recapture payment.

The District paid $14,867,865 in recapture payments to the State for the fiscal year ended June 30, 2013 which was $2,572,696 less than FY2012.

Business-Type Activities

Business-Type activities include Food Service, Teacherage (Teacher Housing), Swimming Pool and District Daycare all of which are intended to be self-supporting. The District has found it necessary; however, to budget and allocate funds to support the Food Service, Swimming Pool, and Day Care programs. These programs had revenues of $356,079 and expenses of $810,930 resulting in a net expense of $454,851 before transfers. Transfers of $453,000 yielded an over-all loss in net position of $1,851. These programs will continue to not be self-sustaining with only charges from services for revenue and will require subsidization from outside funding sources.

The District's funds

The District's governmental funds are accounted for on a cash basis (as required by the State) during the year and converted to a modified accrual basis (as required by the Federal Accounting Board) of accounting prior to the audit. All governmental funds had total revenues and other financing sources of $24,327,665 and expenditures of $26,031,861.

General Fund Budgeting Highlights

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

During the course of fiscal year 2013, the District amended its budget once. This budget amendment was to amend budget totals to account for the funding of the Board approved Cost of Living Adjustment stipend for employees and a correction due to a budgeting error in English Language and La Barge Teaching salaries. Despite these additional unanticipated expenses the District was once again able to maintain its full 15% cash reserve.

The General Fund actual revenues were $12,722,542 net of the $14,867,865 recapture payment, which was above the final budget estimate of $12,198,600. The variance between the budget and the June 30, 2013 actual result is difficult to identify due in part to receipt of revenue from local and county sources that are unpredictable during the budget process.

The actual expenditures and other financing uses of the General Fund were $11,704,597 which was less than the final amended budget expenditures of $12,300,372. The revenues exceeded expenditures by $805,108 which helped the District to slightly increase its cash reserves. The District maintained its 15% cash reserves in the General Fund as allowed by Wyoming Statute.

Capital Assets

At the end of the fiscal year, the District had $30,997,730 (net of accumulated depreciation) invested in land, buildings, equipment, and transportation equipment. Of that $30,185,970 is in governmental activities.

Long Term Debt

The District had no balance in bonded debt outstanding at June 30, 2013. The District has a limit on outstanding general obligation indebtedness of 10% of the assessed value of the taxable property therein. At June, 30, 2013, the general obligation debt issued by the District was zero therefore it did not exceed the legal debt margin.

Current Issues

The State Foundation Program Guarantee is based largely on average student membership (ADM), the District continues to experience declines in enrollment in its elementary populations. Although the three year rolling ADM average calculation has softened the effect of these declines, it will continue to be important for the District to review its staffing and expenditures to prepare for the continued reduction in Guarantee funding.

The District is approximately 92% through the Big Piney Elementary construction project and is experiencing several "unexpected" increases in spending that were not identified during the School Facilities Department planning. It will be increasingly important for the District to work to ensure that it reduces, as much as possible, the impact of these increases. These unexpected costs negatively impact the District's enhancement reserve balance. As this balance is depleted, the District may need to identify additional resources for funding as its budgeted reserve for this project may be exceeded.

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:

Amy Anschutz
Business Manager
Sublette County School District # 9
115 South Nichols Street
P.O. Box 769
Big Piney, Wyoming 83113

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MADER TSCHACHER
PETERSON & CO, LLC.

INDEPENDENT AUDITOR'S REPORT

Governing Board
Sublette County School District No. 9
Big Piney, Wyoming

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sublette County School District No. 9 of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Sublette County School District No. 9, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1-9 and 38-41 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sublette County School District No. 9 basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the 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 combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements and the schedule of expenditures of federal awards as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2013, on our consideration of Sublette County School District No. 9'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 No. 9's internal control over financial reporting and compliance.

Mader Tschacher Peterson + Co, LLC

Laramie, Wyoming
December 17, 2013

STATEMENT OF NET POSITION
June 30, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash and investments	$ 12,683,777	$ 318,843	$ 13,002,620
Taxes receivable	383,973	-	383,973
Prepaid expense	59,766	-	59,766
Inventory	13,035	27,031	40,066
Total current assets	13,140,551	345,874	13,486,425
NON-CURRENT ASSETS			
Land	452,560	-	452,560
Buildings and improvements	28,301,164	1,438,888	29,740,052
Equipment	9,005,507	406,266	9,411,773
Construction in process	15,704,151	-	15,704,151
Accumulated depreciation	(23,277,412)	(1,033,394)	(24,310,806)
Net capital assets	30,185,970	811,760	30,997,730
Total non-current assets	30,185,970	811,760	30,997,730
Total Assets	$ 43,326,521	$ 1,157,634	$ 44,484,155
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable	$ 1,634,904	$ 22,211	$ 1,657,115
Accrued expenses	1,071,979	117	1,072,096
Current portion of long-term obligations	43,001	-	43,001
Total current liabilities	2,749,884	22,328	2,772,212

(Continued)

See Notes to Financial Statements.

SUBLETTE COUNTY SCHOOL DISTRICT NO. 9

STATEMENT OF NET POSITION
June 30, 2013
(Continued)

	Governmental Activities	Business-type Activities	Total
NON-CURRENT LIABILITIES			
Capital lease payable, net of current portion	44,580	-	44,580
Total non-current liabilities	44,580	-	44,580
Total Liabilities	2,794,464	22,328	2,816,792
NET POSITION			
Invested in capital assets	30,185,970	811,760	30,997,730
Restricted for:			
Severance	144,000	-	144,000
Capital maintenance	8,596,720	-	8,596,720
Unrestricted	1,605,367	323,546	1,928,913
Total Net Position	$ 40,532,058	$ 1,135,306	$ 41,667,364

See Notes to Financial Statements.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2013

		Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions
Functions/Programs			
Governmental activities			
Instruction	$ 7,223,214	$ -	$ 723,898
Instruction support	2,171,789	-	-
Administration and general	1,557,807	-	-
Buildings and grounds	1,264,973	-	10,744,248
Interest on long-term debt	4,740	-	-
Depreciation- unallocated	1,118,002	-	-
Total governmental activities	13,340,525	-	11,468,146
Business-type activities			
Food service	450,465	127,201	95,939
Swimming pool	158,490	7,289	-
Teacherage rentals	146,937	102,625	-
Day care	55,038	23,025	-
Total business-type activities	810,930	260,140	95,939
Total government	$ 14,151,455	$ 260,140	$ 11,564,085
		General revenue	
		Taxes	
		Property taxes	
		General purposes	
		State school foundation payment	
		Investment income	
		Miscellaneous income	
		Operating transfers	
		Total general revenue	
		Change in net position	
		Net Position- beginning	
		Net Position- ending	

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
$ (6,499,316)	$ -	$ (6,499,316)
(2,171,789)	-	(2,171,789)
(1,557,807)	-	(1,557,807)
9,479,275	-	9,479,275
(4,740)	-	(4,740)
(1,118,002)	-	(1,118,002)
(1,872,379)	-	(1,872,379)
-	(227,325)	(227,325)
-	(151,201)	(151,201)
-	(44,312)	(44,312)
-	(32,013)	(32,013)
-	(454,851)	(454,851)
(1,872,379)	(454,851)	(2,327,230)
26,925,483	-	26,925,483
(14,867,865)	-	(14,867,865)
8,489	-	8,489
285,573	-	285,573
(453,000)	453,000	-
11,898,680	453,000	12,351,680
10,026,301	(1,851)	10,024,450
30,505,756	1,137,157	31,642,913
$ 40,532,058	$ 1,135,306	$ 41,667,364

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013

	Major funds			Non-major	
	General Fund	Capital Maintenance Fund	Recreation Fund	Federal and State Grants	Total
ASSETS					
Cash and cash equivalents	$2,756,487	$ 7,903,590	$ 2,005,750	$ 17,950	$12,683,777
Property taxes receivable	286,239	-	-	-	286,239
Inventory	13,035	-	-	-	13,035
Prepaid expenses	59,618	-	148	-	59,766
Total assets	$3,115,379	$ 7,903,590	$ 2,005,898	$ 17,950	$13,042,817
LIABILITIES AND FUND BALANCE					
Liabilities					
Accounts payable	$ 205,750	$ 1,429,154	$ -	$ -	$ 1,634,904
Accrued wages and benefits	927,979	-	-	-	927,979
Total liabilities	1,133,729	1,429,154	-	-	2,562,883
Fund balance					
Nonspendable	358,892	-	148	-	359,040
Restricted					
Restricted for severance	144,000	-	-	-	144,000
Restricted for grants	-	-	-	17,950	17,950
Assigned					
Assigned for construction	-	6,474,436	2,005,750	-	8,480,186
Unassigned	1,478,758	-	-	-	1,478,758
Total fund balance	1,981,650	6,474,436	2,005,898	17,950	10,479,934
Total liabilities and fund balance	$3,115,379	$ 7,903,590	$ 2,005,898	$ 17,950	$13,042,817

See Notes to Financial Statements.

SUBLETTE COUNTY SCHOOL DISTRICT NO. 9

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

June 30, 2013

Total fund balances - governmental funds		$ 10,479,934
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	53,463,382	
Less accumulated depreciation	(23,277,412)	30,185,970
Long-term receivables and payables applicable to governmental activities and not due and collectible in the current period are therefore not reported in the governmental funds.		
Accounts receivable	97,735	
Severance payable	(144,000)	
Leases payable	(87,581)	(133,846)
Total net position - governmental activities		$ 40,532,058

See Notes to Financial Statements.

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

For the Year Ended June 30, 2013

	Major funds			Non-major	
	General Fund	Capital Maintenance Fund	Recreation Fund	Federal and State Grants	Total
Revenues:					
Local district sources	$ 17,109,391	$ 10,061,323	$ -	$ -	$ 27,170,714
County sources	9,303,438	-	-	-	9,303,438
State sources	145,444	-	-	-	145,444
Federal sources	-	-	-	723,898	723,898
Recreation	-	-	682,926	-	682,926
Miscelleneous	1,028,667	131,954	-	-	1,160,621
Interest	3,467	4,074	948	-	8,489
State foundation payment	(14,867,865)	-	-	-	(14,867,865)
Total revenues	12,722,542	10,197,351	683,874	723,898	24,327,665
Expenditures:					
Current:					
Instruction	6,705,822	-	515,630	871,999	8,093,451
Instructional support	1,549,900	-	-	-	1,549,900
General support	3,402,657	-	-	-	3,402,657
Capital outlay	-	12,939,635	-	-	12,939,635
Debt Service:					
Principal	41,478	-	-	-	41,478
Interest	4,740	-	-	-	4,740
Total expenditures	11,704,597	12,939,635	515,630	871,999	26,031,861
Revenues over (under) expenditures	1,017,945	(2,742,284)	168,244	(148,101)	(1,704,196)
Other financing sources (uses):					
Transfers in	-	620,000		-	620,000
Transfers (out)	(895,000)	-	(178,000)	-	(1,073,000)
Total other financing sources (uses)	(895,000)	620,000	(178,000)	-	(453,000)
Net change in fund balance	122,945	(2,122,284)	(9,756)	(148,101)	(2,157,196)
Fund balance, beginning	1,858,705	8,596,720	2,015,654	166,051	12,637,130
Fund balance, end of year	$ 1,981,650	$ 6,474,436	$ 2,005,898	$ 17,950	$ 10,479,934

See Notes to Financial Statements.

SUBLETTE COUNTY SCHOOL DISTRICT NO. 9

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES – GOVERNMENTAL FUNDS

For the Year Ended June 30, 2013

Net change in fund balance- total governmental funds		$ (2,157,196)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is capitalized and and depreciated over their estimated useful lives.		
Expenditures for capital assets	13,757,202	
Less current year depreciation	(1,118,002)	12,639,200
Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenue in the governmental funds.		
Change in property taxes receivable		(426,225)
Some expenses reported in the statement of activities do not require current financial resources and therefore are not reported as expenditures in governmental funds		
Severance tax payable		12,000
Capital lease proceeds provide current resources to governmental funds, but issuing debt increases long-term debt liabilities in the statement of net assets. Repayment of loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceed repayments.		
Principal payments on capital leases		(41,478)
Change in net position - governmental activities		$ 10,026,301

See Notes to Financial Statements.

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2013

	Food Service	Swimming Pool	Teacherage Rentals	Day Care	Total
ASSETS					
CURRENT ASSETS					
Cash and investments	$ 25,858	$ 35,322	$ 252,984	$ 4,679	$ 318,843
Inventory	27,031	-	-	-	27,031
Total current assets	52,889	35,322	252,984	4,679	345,874
NONCURRENT ASSETS					
Building and improvements	-	171,266	1,267,622	-	1,438,888
Equipment	376,216	-	-	30,050	406,266
Accumulated depreciation	(376,216)	(166,487)	(487,801)	(2,890)	(1,033,394)
Total noncurrent assets	-	4,779	779,821	27,160	811,760
Total Assets	$ 52,889	$ 40,101	$ 1,032,805	$ 31,839	$ 1,157,634
LIABILITIES AND NET POSITION					
CURRENT LIABILITIES					
Accounts payable	$ 382	$ 8,363	$ 13,466	$ -	$ 22,211
Accrued expenses	117	-	-	-	117
Total liabilities	499	8,363	13,466	-	22,328
NET POSITION					
Invested in capital assets	-	4,779	779,821	27,160	811,760
Unrestricted	52,390	26,959	239,518	4,679	323,546
Total net position	52,390	31,738	1,019,339	31,839	1,135,306
Total Liabilities and Net Position	$ 52,889	$ 40,101	$ 1,032,805	$ 31,839	$ 1,157,634

See Notes to Financial Statements.

SUBLETTE COUNTY SCHOOL DISTRICT NO. 9

STATEMENT OF CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2013

	Food Service	Swimming Pool	Teacherage Rentals	Day Care	Total
Operating revenues:					
Charges for service	$ 126,680	$ 7,290	$ -	$ 23,023	$ 156,993
Rent income	521	-	102,626	-	103,147
Total operating revenues	127,201	7,290	102,626	23,023	260,140
Operating expenses:					
Salaries	164,561	82,807	-	50,966	298,334
Employee benefits	105,327	18,276	-	3,045	126,648
Food	134,311	-	-	-	134,311
Supplies and materials	43,232	45,654	3,797	257	92,940
Repairs	-	10,354	76,800	-	87,154
Utilities	-	-	12,977	-	12,977
Property taxes	-	-	8,273	-	8,273
Purchased services	3,034	622	-	-	3,656
Depreciation	-	777	45,090	770	46,637
Total operating expenses	450,465	158,490	146,937	55,038	810,930
Operating (loss)	(323,264)	(151,200)	(44,311)	(32,015)	(550,790)
Non-operating revenue:					
Grants	95,939	-	-	-	95,939
Total non-operating revenue	95,939	-	-	-	95,939
(Loss) before operating transfers	(227,325)	(151,200)	(44,311)	(32,015)	(454,851)
Operating transfers in	250,000	178,000	-	25,000	453,000
Change in net position	22,675	26,800	(44,311)	(7,015)	(1,851)
Net position - beginning	29,715	4,938	1,063,650	38,854	1,137,157
Net position - ending	$ 52,390	$ 31,738	$ 1,019,339	$ 31,839	$ 1,135,306

See Notes to Financial Statements.

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

	Food Service	Swimming Pool	Teacherage Rentals	Day Care	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers	$ 126,680	$ 7,290	$ 102,626	$ 23,023	$ 259,619
Payments to employees	(269,888)	(101,083)	-	(54,011)	(424,982)
Payments to suppliers	(179,122)	(51,484)	(110,191)	(256)	(341,053)
Net cash from operating activities	(322,330)	(145,277)	(7,565)	(31,244)	(506,416)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
Transfers in	250,000	178,000	-	25,000	453,000
Net cash from non-capital financing activities	250,000	178,000	-	25,000	453,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Grants	95,939	-	-	-	95,939
Net cash from capital and related financing activities	95,939	-	-	-	95,939
Net change in cash	23,609	32,723	(7,565)	(6,244)	42,523
Cash, beginning	2,249	2,599	260,549	10,923	276,320
Cash, ending	$ 25,858	$ 35,322	$ 252,984	$ 4,679	$ 318,843

(Continued)

See Notes to Financial Statements.

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2013
(Continued)

	Food Service	Swimming Pool	Teacherage Rentals	Day Care	Total
RECONCILIATION OF OPERATING (LOSS) TO NET CASH FROM OPERATING ACTIVITIES					
(Loss) from operations	$ (323,264)	$ (151,200)	$ (44,311)	$ (32,015)	$ (550,790)
Adjustments to reconcile (loss) from operations to net cash from operating activities					
Depreciation	-	777	45,090	770	46,637
(Increase) decrease in:					
Inventory	1,456	-	-	-	1,456
Increase (decrease) in:					
Accounts payable	(522)	5,146	(8,344)	1	(3,719)
Net cash from operating activities	$ (322,330)	$ (145,277)	$ (7,565)	$ (31,244)	$ (506,416)

See Notes to Financial Statements.

STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2013

	Activity Funds
ASSETS	
Cash and cash equivalents	$ 458,433
Total assets	$ 458,433
NET POSITION	
Unrestricted	$ 458,433
Total net position	$ 458,433

See Notes to Financial Statements.

SUBLETTE COUNTY SCHOOL DISTRICT NO. 9

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

	Activity Funds
ADDITIONS:	
Revenue	
Student fees and fundraising	$ 320,827
Interest	12
Total additions	320,839
DEDUCTIONS:	
Operating expenses	287,548
Total deductions	287,548
Net increase	33,291
Net position- beginning of year	425,142
Total deductions and net position	$ 458,433

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Operations, Reporting Entity, Description of Funds and Account Groups, and Significant Accounting Policies

The Sublette County School District No. 9 provides a broad range of educational services to the youth and adults of Big Piney, Wyoming.

The financial statements of Sublette County School District No. 9 (the District) have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principals. The more significant of these accounting policies are as follows:

Reporting Entity

The financial statements of Sublette County School District No.9 include all of the funds for Sublette County School District No. 9. In evaluating the school as a reporting entity, management has addressed all potential component units which may or may not fall within the school's financial accountability. The criteria used to evaluate component units for inclusion as part of the school's reporting entity are financial accountability and the nature and significance of the relationship.

Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund or account group are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds and account groups are presented as follows:

Governmental Fund Types

General Fund – accounts for all financial resources and transactions except those required to be accounted for in other funds or account groups.

Special Revenue Funds – accounts for proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes. Federal and State programs, Capital Maintenance, and Recreation at the School District comprise the special revenue funds.

Proprietary Fund Types

Enterprise Fund – These are funds that account for the operations of the school district that are financed and operated in a manner similar to those often found in the private sector. The funds included in this category are:

Food Service Fund – used to account for the operations of the cafeteria.

Teacherage Fund – used to account for the operations on the rental houses owned by the school district.

Swimming Pool Fund – used to account for operations of the swimming pool.

Day Care Fund – used to account for operations of the day care.

Fiduciary Fund Types

Trust and Agency Funds – Trust and Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The District has the Student Activity Funds accounted for as an Agency Fund. The fund is custodial in nature and does not require measurement of results of operations.

Basis of Presentation

Government-wide financial statements – The statement of Net Position and the statement of activities report information on all of the nonfiduciary activities of the school district. As a general rule the effect of interfund activity has been eliminated 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 activity are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or activity. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity. In addition, program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements are also provided in the report for all of the governmental funds, proprietary funds, and the fiduciary funds of the school district. The district's major individual governmental funds and its enterprise fund are reported as separate columns in the fund financial statements.

Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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 the proprietary fund's principal ongoing operations. The principle operating revenues of the school district's enterprise fund are food service charges. Operating expenses for the school district's enterprise fund include food production, costs, supplies, administrative costs, and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 the fiduciary fund financial statements. Revenues are recognized when earned and expenses are recognized 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. Net Position (total assets less total liabilities) are used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased Net Position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of Net Position.

The 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 government considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state, and other grants designated for payment of specific school district expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as deferred revenues until earned. Expenditures generally are recognized 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 recognized only when payment is due.

Significant accounting policies followed by the District are as follows:

a) Investments

Investments are accounted for at cost. The District's investments consist of United States obligations and time certificates of deposit.
Wyoming State Statutes allow the District to invest in U.S. and state and local government securities, and accounts of any bank or savings association which are federally insured. Stocks and bonds of private corporations, as well as reverse repurchase agreements, are prohibited investment vehicles for the District. All investments made during the year were made within these statutory limits.

b) Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

c) Prepaid Expenses

In both the government-wide and fund financial statements, prepaid expenses are reported as assets in the specific governmental fund in which future benefits will be derived.

d) Inventories

In the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis, and are expensed when used.

Inventories in governmental funds are stated at cost by the first-in, first-out method. The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, an estimated value of inventories is reported as an asset in the General Fund. The inventories in the General Fund are equally offset by a fund balance reserve which indicates they do not constitute "available spendable resources" even though they are a component of net current assets. The General Fund is the only governmental fund that has material inventory balances as of June 30, 2013.

A physical inventory of the Cafeteria Fund food and supplies was taken as of June 30, 2013. The inventory consisted of government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies, both valued at cost using the first-in, first-out (FIFO) method.

e) 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 school district as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than $5,000 as composite groups for financial reporting purposes. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are reported at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are reported at estimated fair market value at the date of donation.

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

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

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Building improvements	10
Equipment	5-10

Proprietary fund equipment is depreciated on a straight-line basis over the same number of years.

f) Property Taxes

Property tax revenues represent property taxes for 2012 and prior years which are collectible during the year ended June 30, 2013. Property taxes which are not collected within 60 days after June 30 are recorded as taxes receivable. Property taxes are levied by the first Monday of August and are payable in two installments, which are due September 1 and March 1. These installments become delinquent, and thus payable, on November 10 and May 10. The taxpayer may elect without penalty, to pay the entire balance on December 31. Property taxes are collected by the County Treasurer, and remitted to the District in the month following that of collection.

g) Encumbrances

When purchase orders are issued for governmental fund type purchases of goods or services, encumbrances are recorded and are reflected as a reserved portion of the fund balance. Actual expenditures are recognized when the goods or services are received.

h) Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long–term debt and other long–term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of Net Position.

i) Statement of Cash Flows

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

j) Estimates

Management uses estimates and assumptions in preparing the financial statements in accordance with statutory accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

k) Fund Balance Reporting

The Board of Trustees recognizes the District uses and maintains diverse funds with assorted requirements on balances of cash, investments and other assets and liability accounts. Additionally, Governmental Accounting Standards Board (GASB) No. 54 has increased the reporting requirement on fund balances for financial statement purposes. Since fund balance reporting has a direct influence on State funding, it is the intention of the Board of Trustees to clarify how fund balances will be reported. The School District will use the fund balances definitions in GASB 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.

Non-spendable Fund Balances:

These fund balances are the net balance of assets and liabilities that are held legally, contractually or in a "not in spendable form." This includes all

legally or contractually restricted balances as well as prepaid, 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.

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 times such as the adopted budget or in a statement by the Board of Trustees or by the Assistant Superintendent of Business/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.

Priority of Use:

It will be the policy of the School District to use restricted resources first where applicable, then committed funds, then assigned funds, and last, unassigned resources, for all expenditures from governmental funds.

l) Subsequent Events

Management has evaluated and classified any subsequent events as recognized or nonrecognized through December 17, 2013, the date the financial statements were ready for issue. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date that would require adjustment to

or disclosure in the financial statements or in the schedule of findings and responses.

m) Excess of Expenditures Over Appropriations in Individual Funds

At June 30, 2013 the District had no excess of expenditures over appropriations.

Note 2. Construction Commitment

The District has a construction project in progress in the Capital Maintenance Fund for the construction of the new elementary school. Management estimates the cost to complete the contract is approximately $1,116,689 at June 30, 2013.

Note 3. Cash and Investments

At June 30, 2013, the carrying amount of the District's demand deposits in financial institutions was $3,248,975. The demand deposits were fully insured with a combination of FDIC insurance and pledged collateral held in the name of the District. All deposits qualified were held by a qualified depository as outlined in the state statutes.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a deposit policy for custodial credit risk. As of June 30, 2013, all of the collateral pledged for the District's cash balances were held in joint custody receipts in the Bank's name and the District's name.

State statutes authorize the District to invest in bank certificates of deposit and securities issued by the U.S. Treasury or agencies of the United States and the State of Wyoming.

The District also has invested $9,726,587 in the Wyoming Government Investment Fund.

NOTES TO FINANCIAL STATEMENTS

Note 4. Changes in Fixed Assets

The changes in fixed assets for the fiscal year ended June 30, 2013 are as follows:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Governmental activities:				
Land	$ 452,560	$ -	$ -	$ 452,560
Buildings & improvements	27,779,291	521,872	-	28,301,163
Machinery & equipment	8,981,699	23,809	-	9,005,508
Construction in progress	2,492,630	13,211,521	-	15,704,151
Total at historical cost	39,706,180	13,757,202	-	53,463,382
Less accumulated depreciation				
Buildings & improvements	(14,599,563)	(525,607)	-	(15,125,170)
Machinery & equipment	(7,559,847)	(592,395)	-	(8,152,242)
Total accumulated depreciation	(22,159,410)	(1,118,002)	-	(23,277,412)
Governmental activities capital assets, net	$ 17,546,770	$ 12,639,200	$ -	$ 30,185,970
Business-type activities:				
Buildings & improvements	$ 1,297,290	$ -	$ -	$ 1,297,290
Machinery & equipment	547,864	-	-	547,864
Total at historical cost	1,845,154	-	-	1,845,154
Less accumulated depreciation				
Buildings & improvements	(415,971)	(45,090)	-	(461,061)
Machinery & equipment	(570,785)	(1,548)	-	(572,333)
Total accumulated depreciation	(986,756)	(46,638)	-	(1,033,394)
Business-type activities capital assets, net	$ 858,398	$ (46,638)	$ -	$ 811,760

Note 5. Long-Term Debt

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

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Capital leases	$ 129,059	$ -	$ 41,478	$ 87,581
	$ 169,045	$ -	$ 41,478	$ 87,581

CAPITAL LEASES:

Capital lease payable to bank due in annual installments of $22,413 including interest at 3.75% through June 2015 secured by vehicles with an aggregate carrying value of $112,077	$ 42,425
Capital lease payable to bank due in annual installments of $23,805 including interest at 3.60% through June 2015 security by vehicles with an aggregate carrying value of $119,023	45,156
	$ 87,581

A schedule of annual debt service requirements (including principal and interest), at June 30, 2013 is as follows:

	Capital Leases		
	Principal	Interest	Total
2014	$ 43,001	$ 3,216	$ 46,217
2015	44,580	1,637	46,217
	$ 87,581	$ 4,853	$ 92,434

Legal Debt Margin

The District has a limit on outstanding general obligation indebtedness of ten percent of the assessed value of the taxable property therein. The amount in a sinking fund available for cancellation of debt may be deducted for computing debt-incurring power of such District. At June 30, 2013, the general obligation bond debt issued by the District did not exceed its legal debt margin as follows:

Assessed valuation	$ 749,725,265
Debt limit – 10% of assessed valuation	$ 74,972,526
Bond principal outstanding	-
Unused legal debt capacity	$ 74,972,526

Note 6. Retirement Commitments

All District full-time or regular part-time employees participate in the Wyoming Retirement System (the "System"), a multiple-employer public employee retirement system. The payroll for employees covered by the System for the year ended June 30, 2013, was $6,350,753; the District's total payroll was $6,416,595. In addition the payroll for covered employees for the years ended June 30, 2012 and 2011 was $6,420,630 and $5,939,149 the District's total payroll was $6,530,160 and $6,104,572, respectively.

All District full-time or regular part-time employees are eligible to participate in the System. Employees who retire at or after age 60 with four years of credited service are entitled to a retirement benefit according to predetermined formulas and allowed to select one of five optional methods for receiving benefits. Early retirement is allowed provided the employee has completed four years of service and attained age 50, but will result in a reduction of benefits based on the length of time remaining to normal retirement age. The System also provides death and disability benefits. Benefits are established by State statutes.

The System statutorily requires 14.12% of the covered employee's salary to be contributed to the plan. The District contributes 7.00% of the covered salaries and also pays the additional "pick-up" portion of the employees contribute of 7.12%. The contributions requirement for the year ended June 30, 2013 was $452,174 for the District's share and $444,553 "pick-up" for a total contribution of $906,023. In addition the contribution requirement for the previous two years was made by the district.

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's December 31, 2011 annual financial report for the periods for which the information is available.

The District provides a retirement provision for any classified staff member who has worked for twenty-five years or more to receive $6,000 and for certified staff members who have worked for twenty-five years a $12,000 severance payment when they retire. The total liability for the severance payment for those employees who have met requirement time of service or will during the next fiscal year was $144,000 and $156,000 for the fiscal years ending June 30, 2013 and 2012, respectively.

Note 7. Interfund Transfers

Transfers within the District are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis.

Interfund transfers at June 30, 2013 were as follows:

	Transfer In	Transfers Out
General fund	$ -	$ 895,000
Capital maintenance fund	620,000	-
Food service fund	250,000	-
Swimming pool fund	178,000	-
Recreation fund	-	178,000
Day care fund	25,000	-
	$ 1,073,000	$ 1,073,000

REQUIRED SUPPLEMENTARY INFORMATION

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SUPPLEMENTARY INFORMATION

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SUBLETTE COUNTY SCHOOL DISTRICT NO. 9

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Local district sources	$ 17,708,435	$ 17,708,435	$ 17,129,482	$ (578,953)
County sources	9,163,929	9,163,929	9,303,438	139,509
State sources	145,300	145,300	145,444	144
Miscellaneous	-	-	804,271	804,271
Interest income	-	-	3,467	3,467
Foundation program payments	(14,819,064)	(14,819,064)	(14,867,865)	(48,801)
Total revenues	12,198,600	12,198,600	12,518,237	319,637
EXPENDITURES:				
Instruction	6,702,214	6,702,214	6,701,959	255
Instruction support	1,434,799	1,550,201	1,549,900	301
General support	3,234,214	4,047,957	3,461,270	586,687
Total expenditures	11,371,227	12,300,372	11,713,129	587,243
Revenues over expenditures	827,373	(101,772)	805,108	(906,881)
OTHER FINANCING SOURCES (USES):				
Operating transfers (out)	(305,000)	(305,000)	(254,260)	50,740
Total other financing sources (uses)	(305,000)	(305,000)	(254,260)	50,740
Excess of revenues over expenditures and other financing sources (uses)	522,373	(406,772)	550,848	(856,141)
Fund balance, beginning of year	2,081,675	(577,319)	1,281,423	(1,858,742)
Fund balance, end of year	$ 2,604,048	$ (984,091)	$ 1,832,271	$ (2,714,883)

(Continued)

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2013
(Continued)

Explanation of differences between budgetary revenue and expenditures and GAAP revenue and expenditures.

Revenue:	
Actual total revenue budgetary basis	$ 12,518,237
Differences- Budget to GAAP	
Property tax accrual difference	(20,091)
Severance accrual difference	224,396
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance- governmental funds	$ 12,722,542
Expenditures:	
Actual total expenditures budgetary basis	$ 11,713,129
Differences- Budget to GAAP	
Inventory difference	(3,311)
Accounts payable difference	(5,221)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance- governmental funds	$ 11,704,597

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY COMPARISONS

June 30, 2013

A. Budgetary Basis

Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles for all governmental funds except the capital project funds, which are approved on a "life of the project basis", and the permanent fund, which is not budgeted. Since all accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of the resultant timing differences has been provided on page 39. All annual appropriations lapse at year end.

B. Budgetary Information

The appropriated budget is prepared by fund, function, and department. The District's department heads, with the manager's approval, may make transfers of appropriations within a department or division. Transfers of appropriations between departments and/or divisions require approval of the District. The legal level of budgetary controls (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. Transfers of appropriations require the approval of the Board.

C. Excess of Expenditures over Appropriations

For the year ended June 30, 2013, there were no instances of excess of expenditures over appropriations.

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SUPPLEMENTARY INFORMATION

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BUDGETARY COMPARISON SCHEDULE
CAPITAL MAINTENANCE FUND
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Local district sources	$ 11,818,887	$ 11,818,887	$ 10,152,205	$ (1,666,682)
Miscellaneous	78,000	78,000	131,954	53,954
Interest income	4,900	4,900	4,074	(826)
Total revenues	11,901,787	11,901,787	10,288,233	(1,613,554)
EXPENDITURES:				
Capital outlay	14,234,000	14,234,000	13,151,026	1,082,974
Total expenditures	14,234,000	14,234,000	13,151,026	1,082,974
Revenues over expenditures	(2,332,213)	(2,332,213)	(2,862,793)	530,579
OTHER FINANCING SOURCES (USES):				
Operating transfers in	50,000	50,000	620,000	570,000
Operating transfers (out)	(214,000)	(214,000)	-	214,000
Total other financing sources (uses)	(164,000)	(164,000)	620,000	784,000
Excess of expenditures over revenues and other financing sources (uses)	(2,496,213)	(2,496,213)	(2,242,793)	1,314,579
Fund balance, beginning of year	8,596,720	8,596,720	8,596,720	-
Fund balance, end of year	$ 6,100,507	$ 6,100,507	$ 6,353,927	$ 1,314,579

(Continued)

BUDGETARY COMPARISON SCHEDULE
CAPITAL MAINTENANCE FUND
For the Year Ended June 30, 2013
(Continued)

Explanation of differences between budgetary revenue and expenditures and GAAP revenue and expenditures.	
Revenue:	
Actual total revenue budgetary basis	$ 10,288,233
Differences- Budget to GAAP	
Property tax accrual difference	(90,882)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance- governmental funds	$ 10,197,351
Expenditures:	
Actual total expenditures budgetary basis	$ 13,151,026
Differences- Budget to GAAP	
Accounts payable difference	(211,391)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance- governmental funds	$ 12,939,635

BUDGETARY COMPARISON SCHEDULE
RECREATION FUND
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Recreation mill	$ 658,398	$ 658,398	$ 682,926	$ 24,528
Interest income	700	700	948	248
Total revenues	659,098	659,098	683,874	24,776
EXPENDITURES:				
Capital outlay	538,455	539,455	515,630	23,825
Total expenditures	538,455	539,455	515,630	23,825
Revenues over expenditures	120,643	119,643	168,244	(48,602)
OTHER FINANCING SOURCES (USES):				
Operating transfers (out)	(195,000)	(234,000)	(178,000)	56,000
Total other financing sources (uses)	(195,000)	(234,000)	(178,000)	56,000
Excess of revenues over expenditures and other financing sources (uses)	(74,357)	(114,357)	(9,756)	7,398
Fund balance, beginning of year	2,015,654	2,015,654	2,015,654	-
Fund balance, end of year	$ 1,941,297	$ 1,901,297	$ 2,005,898	$ 7,398

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MADER TSCHACHER PETERSON & CO, LLC.

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*

Governing Board
Sublette County School District No. 9
Big Piney, 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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sublette County School District No. 9, 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 No. 9's basic financial statements and have issued our report thereon dated November 12, 2012.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sublette County School District No. 9's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expression our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sublette County School District No. 9's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sublette County School District No. 9'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 ever 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 that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting, on page 47 Reference

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2013-1. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sublette County School District No. 9 financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

This report is intended solely for the information and use of the audit committee, management, the School Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mader Tschacher Peterson + Co, LLC

Laramie, Wyoming
December 17, 2013

SUBLETTE COUNTY SCHOOL DISTRICT NO. 9

SCHEDULE OF FINDINGS AND REPSONSES
For the Year Ended June 30, 2013

FINDINGS RELATED TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Significant Deficiencies in Internal Control 2013-1 Financial Statement Preparation

Criteria

An integral part of the internal control system is the ability to prepare financial statements, including the necessary footnote disclosures.

Condition

The District does not have an individual with the expertise to prepare the financial statements in accordance with generally accepted accounting principles. Thus, potential misstatements could exist within the District's financial statements without being detected.

Recommendation

We realize that it is not economically feasible for the District to hire a CPA in order to prepare the financial statements. However, management and the School Board need to be actively involved in the fiscal activities during the year and closely review the financial statements to verify that the statements are not materially misstated.

Response

Management will continue to actively participate in the preparation of materials for the financial statements and will review the financial statements in order to verify that they are free from material misstatement. In addition, management will continue to provide the School Board with any additional financial information requested for support of the financial statements and assist with any additional inquiries made throughout the fiscal year and during review of the statements.