

**SWEETWATER COUNTY
SCHOOL DISTRICT NO. 1**

FINANCIAL REPORT

JUNE 30, 2018

TABLE OF CONTENTS

	Pages
INDEPENDENT AUDITORS' REPORT	1 – 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 – 14
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT-WIDE FINANCIAL STATEMENTS:	
Statement of Net Position	15
Statement of Activities	16
FUND FINANCIAL STATEMENTS:	
Balance Sheet – Governmental Funds	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Fund Net Position - Proprietary Funds	21
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	22
Statement of Cash Flows - Proprietary Funds	23
FIDUCIARY FUND FINANCIAL STATEMENT:	
Statement of Fiduciary Net Position – Agency Fund	24
NOTES TO THE FINANCIAL STATEMENTS	25 – 54
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison Schedules:	
General Fund	55

TABLE OF CONTENTS (CONTINUED)

	Pages
Grant Programs Fund	56
Proportionate Share of Pension Liability	57
Defined Benefit Pension Contributions	58
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	59
OTHER SUPPLEMENTAL INFORMATION	
Combining Balance Sheet – Nonmajor Governmental Funds	60
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	61
Schedule of Balance Sheets – SFD Capital Construction Fund	62
Schedule of Revenues, Expenditures, and Changes in Fund Balances – SFD Capital Construction Fund	63
Schedule of Balance Sheets – Grant Programs	64
Schedule of Revenues and Expenditures – Grant Programs	65
Schedule of Balance Sheets – Headstart Grants	66
Schedule of Revenues, Expenditures, and Other Financing Sources (Uses) – Headstart Grants	67
Combining Statement of Fund Net Position – Nonmajor Proprietary Funds	68
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Proprietary Funds	69
Combining Statement of Cash Flows – Nonmajor Proprietary Funds	70
Statement of Changes in Assets and Liabilities – Agency Fund – Student Activities	71
Detail Schedule of Revenues and Other Financing Sources – General Fund	72
Detail Schedule of Expenditures and Financing Uses – General Fund	73
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	74 - 75

TABLE OF CONTENTS (CONTINUED)

	Pages
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	76
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	77 – 78
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	79 – 80
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	81
RESOLUTION OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS	82

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Sweetwater County School District No. 1, as of and for the year ended June 30, 2018, 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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sweetwater County School District No. 1, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 - 14 and 55 - 56 the schedules of proportionate share of net pension liability and defined benefit pension contributions on pages 57 and 58 and notes to required supplementary information on page 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sweetwater County School District No. 1's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial

statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, schedule of expenditures of federal awards, and other schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Accountants' Privity Notification

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2018 on our consideration of the Sweetwater County School District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sweetwater County School District No. 1's internal control over financial reporting and compliance.

Skogen, Cometto & Associates, P.C.

Casper, Wyoming
December 10, 2018

Sweetwater County School District No. 1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

This section of Sweetwater County School District No. 1's annual financial report presents management's discussion and analysis of the District's financial performance and provides an overall review of the financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and notes to the financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights of the primary government for 2018 are as follows:

- ü Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$101.93M. Of this amount, (\$45.48M) is unrestricted for the District's discretionary use. Unrestricted net assets of governmental activities were (\$45.25M); business-type activities amounted to (\$0.23M).
- ü Total revenues exceeded expenses increasing net assets by \$6.95M. Governmental activities increased net assets by \$6.99M while business-type activities generated (\$0.04M).
- ü Total program expenses were \$94.77M; \$92.60M in governmental activities and \$2.17M in business-type activities. Program specific revenues were \$11.20M for governmental activities and \$1.93M for business-type activities. \$88.59M in general governmental revenues were adequate to cover the costs of these programs. \$0.20M and \$0.20M in business-type revenues and reserves, respectively were used to cover expenses of these programs, resulting in a net position of (\$0.1M) for business-type activities.
- ü Employee health insurance plan total assets exceeded liabilities by \$20.44M, all of which is unrestricted for the District's discretionary use. Total revenues exceeded expenses, increasing net assets by \$9.61M. Employee health insurance claims were \$12.04M, which was 10.07% lower than the prior year.
- ü The District had no bonded debt during fiscal year 2018.
- ü The Sweetwater County School District Number One Recreation Board's assets exceeded total liabilities by \$6.89M, all of which is restricted for the use of the Recreation Board. Total revenues of \$1.42M exceeded total transfers of \$0.57M, increasing net assets of the Recreation Board by \$.83M.
- ü The Sweetwater One Public School Foundation's assets exceeded total liabilities by \$0.79M; of this amount, \$0.30M is unrestricted for the Foundation's discretionary use. Total revenues and contributions exceeded expenses, increasing net assets of the Foundation by \$0.067M. Total program expenses were \$0.061M. \$0.13M in general foundation revenues were adequate to cover the costs of these programs.

Sweetwater County School District No. 1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

Sweetwater County School District No. 1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

Fund financial statements. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The fund groups of the District are governmental funds, proprietary funds, and fiduciary funds.

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

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

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

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 25 through 54 of this report.

The basic financial statements are followed by a section of supplementary information. *Required supplementary information* further explains and supports the financial statements by including a comparison of the District's primary government budget data for the year. Budgetary comparison statements have been provided for the major funds to demonstrate compliance with this budget.

Sweetwater County School District No. 1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

Other supplemental information provides information specific to non-major governmental funds, such as the Recreation Board and Head Start. The required and other supplementary information can be found on pages 55 through 73 of this report.

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

Major Features of the District-wide and Fund Financial Statements

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

Sweetwater County School District No. 1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

District-Wide Financial Analysis

Recall that the Statement of Net Position provides the perspective of the District as a whole. Table 2 provides a summary of the primary government's net position for 2018 compared to 2017.

Table 2
Net Position
(In Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2018	2017	2018	2017	2018
<u>Assets:</u>						
Current and Other Assets	\$94.02	\$108.75	\$0.15	\$0.22	\$94.17	\$108.97
Capital Assets, Net	136.78	137.58	0.10	0.08	136.88	137.66
Total Assets	\$230.80	\$246.33	\$0.25	\$0.30	\$231.05	\$246.63
Deferred Outflows	13.52	\$0.77	\$0.17	\$0.01	\$13.69	\$0.78
<u>Liabilities:</u>						
Current and Other Liabilities	107.87	95.72	0.53	0.41	108.40	96.13
Long-Term Liabilities	1.50	0.78	0.00	0.00	1.50	0.78
Total Liabilities	109.37	96.50	0.53	0.41	109.90	96.91
Deferred Inflows	\$39.86	\$48.49	\$0.00	\$0.05	\$39.86	\$48.54
<u>Net Position:</u>						
Invested in Capital	134.59	136.12	0.10	0.08	134.69	136.20
Assets, net of related debt						
Restricted	6.61	11.24	-	-	6.61	11.24
Unrestricted	(46.11)	(45.25)	(0.21)	(0.23)	(46.32)	(45.48)
Total Net Position	\$95.09	\$102.11	(\$0.11)	(\$0.15)	\$94.98	\$101.96

Total assets of the primary government increased \$15.57M. Cash and cash equivalents increased by \$14.46M, receivables increased by \$0.18M, other current assets increased by \$0.06M, and capital assets increased by \$.77M. The increase in capital assets is primarily due to the addition of Rock Springs Junior High VocEd roof, various school and maintenance equipment, and construction projects at Wamsutter, Sage, Overland, and Desert View Elementary Schools.

Total liabilities of the primary government decreased \$12.99M. Unearned Revenue decreased by \$0.14M, the current portion of long-term debt increased by \$0.03M, and the non-current portion of long-term obligations decreased by \$.71M. Net pension liability decreased by \$7.79M and OPEB liability increased by \$1.96M. Accounts payable, accrued salaries and other liabilities decreased by \$6.42M. The net decrease in accounts payable and salaries is due to summer school being completed and paid in June, and more efficient accounts payable processing. The decrease in the net pension liability is due to a decrease in the number of employees and an increase in the required contribution from the employer and employee. Deferred Outflows decreased by \$12.91M, due to the District's proportional share of the net difference between projected and actual earnings on investments of the

Sweetwater County School District No. 1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

WRS Public Employees Plan. Deferred Inflows increased by \$8.68M due to higher property tax valuations. See also Note 5.

The primary government's unrestricted net assets increased by \$4.53M. This is mainly due to an increase in cash.

Table 3 reflects the changes in net assets of the primary government for fiscal year 2017 and 2018.

Table 3
Change in Net Position
(In Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2017	2018	2017	2018	2017	2018
<u>Revenues</u>						
Program Revenues:						
Charges for Services	\$0.79	\$0.17	\$0.68	\$0.64	\$1.47	\$0.81
Operating Grants and Contributions	8.07	6.50	1.40	1.29	9.47	7.79
Capital Grants and Contributions	14.12	4.52	-	-	14.12	4.52
General Revenue:						
Property Taxes	51.34	49.09	-	-	51.34	49.09
Unrestricted Federal and State Aid	35.77	38.95	-	-	35.77	38.95
Earnings on Investments	0.16	0.49	-	-	0.16	0.49
Other	0.04	0.05	.01	-	0.05	0.05
Total Revenues	110.29	99.77	2.09	1.93	112.38	101.70
<u>Program Expenses</u>						
Instruction	53.34	52.56	-	-	53.34	52.56
Support Services:						
Students and Instructional Staff	13.72	12.04	-	-	13.72	12.04
Board of Education, Administration, Fiscal and Business	12.95	11.99	-	-	12.95	11.99
Operation and Maintenance of Facilities	10.83	10.36	-	-	10.83	10.36
Pupil Transportation	5.36	5.24	-	-	5.36	5.24
Other Support Services	0.38	0.41	-	-	0.38	0.41
Food Service	-	-	2.16	2.10	2.16	2.10
Summer Programs	-	-	0.02	0.01	0.02	0.01
Headstart Nutrition	-	-	0.04	0.05	0.04	0.05
Total Expenses	96.58	92.60	2.22	2.16	98.80	94.76
Transfers	-	(0.19)	-	0.19		
Increase (decrease) in Net Position	13.71	6.98	(0.13)	(0.04)	13.58	6.94
Net Position-beginning	107.18	95.10	0.02	(0.11)	107.20	94.99
Prior Period Adjustment	(25.79)	-	-	-	(25.79)	-
Net Position-ending	\$95.10	\$102.08	\$(0.11)	\$(0.15)	\$94.99	\$101.93

Sweetwater County School District No. 1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

The primary government received \$101.70M in revenues during the most recent fiscal year. Property taxes and unrestricted federal and state aid accounted for 87% of total revenue. Another 13% came from charges for services, operating grants and contributions, and capital grants and contributions. The net decrease in revenues of \$10.68M is primarily due to a decrease in capital grants and contributions.

The total cost of all programs and services are predominately related to pupil instruction, operation and maintenance of facilities, student transportation, and student and staff services. Administrative and business activities accounted for 12.65% of total cost, while maintenance and operation of facilities made up 10.93% of total cost. The decrease in expenditures of \$4.04M from the prior fiscal year was mainly due to reducing instruction, support services, and other costs during the 2017-2018 school year.

Total revenues exceeded total expenses for 2018, increasing net assets by \$6.94M. Governmental activities increased net assets by \$6.98M; business-type activities contributed \$(0.04)M.

Governmental Activities

The *statement of activities* reflects the cost of program services and the charges for services, sales, grants, and contributions offsetting those services. The statement of activities also identifies the cost of these services supported by tax revenues and federal and state aid. Table 4 indicates the total cost of services and the net cost of services for governmental activities for 2018 compared to 2017.

Table 4
Cost of Services
(In Millions)

	Total Cost of Services		Percent Change	Net Cost of Services		Percent Change
	2017	2018	2017-18	2017	2018	2017-18
Instruction	\$53.34	\$52.56	-1.46%	\$49.33	\$49.14	-0.39%
Support Services:						
Students and Instructional Staff	13.72	12.04	-12.24%	10.14	10.00	-1.38%
Board of Education, Administration, Fiscal and Business	12.95	11.99	-7.41%	12.10	11.20	-7.44%
Operation and Maintenance of Facilities	10.83	10.36	-4.34%	-3.51	5.62	260.11%
Pupil Transportation	5.36	5.24	-2.24%	5.28	5.19	-1.70%
Other Support Services	0.38	0.41	7.89%	0.26	0.26	0.00%
Total	\$96.58	\$92.60	-4.12%	\$73.60	\$81.41	10.61%

The total cost of governmental activities was \$92.60M. The net cost of governmental activities (\$81.41M) was financed by general revenues, which are primarily made up of property taxes and

Sweetwater County School District No. 1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

unrestricted federal and state aid. Due to the unique nature of school funding in Wyoming, certain general revenues are capped by the State School Foundation Funding Model. As such, fluctuations in county property valuations do not have a significant overall effect on the District's funding. The State Foundation Program Guarantee contributed \$83.23M toward the net cost of governmental services. The increase of 260.11% in the operation and maintenance of facilities was mainly due to an increase in capital grants and contributions in fiscal year 2017 as a large portion of the SFD funding in that year was for the construction of the K-12 school at Farson.

Business-Type Activities

Business-Type activities include Food Service, Summer Programs, and the Headstart Nutrition program, all of which are self-supporting. These programs had revenues and other support of \$2,126,827 and expenses of \$2,165,013 resulting in a net loss of \$38,186 for fiscal year 2018. The Food Service program provided a net income of \$37,551, the Summer Programs contributed a net income of \$1,013, while the Headstart Nutrition program had a net loss of \$378.

The District's funds

The District's governmental funds are accounted for on the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$99.92M and expenditures and other financing uses of \$93.63M. The net change in fund balance for the year was most significant in the District Capital Projects Fund, the Recreation Board, and Nonmajor funds. The net increase of \$4.68M in District Capital Projects was mainly due to transfers from the General Fund. The net increase in the Recreation Board is primarily reflects Recreation mil receipts over transfers to the SFC Capital Projects fund for Farson School.

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 2018, the District amended its General Fund budget as needed. Many of the amendments are due to changes in expenditure priorities in the District's schools and departments. The District uses a site/department-based budgeting system designed to tightly control such budgets, yet provide flexibility for site or department management.

The General Fund actual revenues and other financing were \$84.96M, which is above the original budget estimate of \$83.34M and above the final amended budget of \$84.78M. The \$0.18M variance between the final budget and the June 30, 2018 actual revenues was mainly due to excess tax collections.

The actual expenditures and other financing uses of the General Fund were \$85.00M, which is above the original budget estimate of \$83.46M and below the final amended budget of \$89.73M. The variance of \$6.27M between the original budget estimate and the final amended budget was due to

Sweetwater County School District No. 1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

excess tax collections, change of funding from the State Foundation Program, and transfers to the Capital Projects Fund. The \$4.73M variance between the final amended budget and the June 30, 2018 actual results was due to a) lower special education costs than anticipated, b) lower health insurance claims than expected, c) lower utility costs than estimated, and d) prudent spending of site and department funds.

Capital Assets

At the end of fiscal year 2018, the primary government had \$137.68M invested in land, buildings, equipment, transportation equipment, and art collection. \$137.57M of this amount is in governmental activities. Table 5 shows the breakdown of net capital assets of the primary government for fiscal year 2018 compared to fiscal year 2017.

Table 5
Net Capital Assets
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	2017	2018	2017	2018	2017	2018
Land and Improvements	\$0.77	\$0.77	\$-	\$-	\$0.77	\$0.77
Buildings and Improvements	107.13	128.08	-	-	107.13	128.08
Equipment and Contents	.72	0.82	0.11	0.11	.83	0.93
Equipment under Capital Lease	0.30	0.22	-	-	0.30	0.22
Transportation Equipment	0.40	0.08	-	-	0.40	0.08
Transportation Equipment under Capital Lease	3.70	3.33	-	-	3.70	3.33
Art Collection	0.55	0.55	-	-	0.55	0.55
Construction in Process	23.21	3.72	-	-	23.21	3.72
Total	<u>\$136.78</u>	<u>\$137.57</u>	<u>\$0.11</u>	<u>\$0.11</u>	<u>\$136.89</u>	<u>\$137.68</u>

Overall capital assets increased by \$.79M from fiscal year 2017. The net increase in capital assets was primarily due to transportation and maintenance equipment; building renovations; a new bus; disposing of surplus school vehicles; and depreciation of capital assets.

The majority of capital assets added during fiscal year 2018 were for building improvements, transportation equipment, and construction in process. The District finished Farson School, Desert View drop off lane, Lowell renovations, and Westridge fire alarms. Additionally, the District acquired a bus and maintenance equipment.

Sweetwater County School District No. 1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

Construction in process includes design work for the Satellite High School, Rock Springs High School data replacement, Walnut fire sprinklers, and Walnut carpet. The entire costs of these projects will not be fully reflected until fiscal year 2019 and beyond.

The District is obligated under construction commitments at June 30, 2018, for certain capital projects including the design of Satellite High School, Sage Elementary parking lot, Walnut fire sprinklers, Desert View magnetic door holders, and Overland magnetic door holders. Construction in progress on all projects amounted to \$3.72M, with an outstanding commitment of \$2.81M. These commitments will be funded by the State School Facilities Department and the Recreation Board.

Additional information on the District's capital assets can be found in Note 4 on pages 39 and 40 of this report.

Long Term Debt and Obligations

The District had no bonded debt outstanding at June 30, 2018. The District neither issued nor retired any bonded debt during the fiscal year. The District's legal debt margin for fiscal year 2018 was \$135.617M.

The long-term obligations of the District decreased by \$6.14M from fiscal year 2017, primarily due to a decrease in net pension liability and capital leases for transportation equipment.

Additional information on the District's long-term obligations can be found in Note 7 on pages 46 through 49 of this report.

Current Issues

The District has experienced a decline in student enrollment the past few years due to a decline in the economic environment. Since the State Foundation Program Funding is based largely on average student membership, declining student enrollment has a negative impact on State Foundation Program funding. The State Foundation Program was also reworked during the 2017 Wyoming Legislative session. Any future changes in the funding model could have a significant impact on the operations of the District.

One of the most important variables in the District's financial future is the cost of health insurance for its employees. Over the past few years, the cost of health benefits for all District employees and early retirees has increased in excess of 10% per year on average. Current year trends provided a minimal increase in anticipated costs, but it is uncertain if this trend will continue. If these historical increases continue, the cost of health benefits will have an impact on other budget areas. Administration has been implementing various cost saving measures and strategies, including various plan design changes, to offset the District's portion of this expense, but this issue continues to be a budgetary challenge.

These current issues require management to plan carefully and prudently to provide the resources to meet student needs over the next several years. If student enrollment declines and health benefits

Sweetwater County School District No. 1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2018
Unaudited

continue to rise, the Administration and Board of Trustees will be faced with challenges to make changes in order to keep the District solvent. The District is committed to its sound fiscal management to meet the challenges of the future.

Contacting the District's Financial Management

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

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

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
STATEMENT OF NET POSITION
JUNE 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Sweetwater One Public School Foundation
Assets:				
Cash and investments	\$ 61,791,519	\$ 128,606	\$ 61,920,125	\$ 801,035
Cash with fiscal agent	293,620	-	293,620	-
Receivables:				
Property taxes	45,751,537	-	45,751,537	-
Other governments, grants	635,841	15,994	651,835	-
Other	85,919	-	85,919	-
Internal balances	(2,360)	2,360	-	-
Inventories and prepaid expenses	189,965	76,062	266,027	-
Capital assets:				
Land, construction in progress, and art collection	5,049,608	-	5,049,608	-
Other capital assets, net of accumulated depreciation and impairment	132,525,446	78,268	132,603,714	-
Total assets	246,321,095	301,290	246,622,385	801,035
Deferred Outflows of Resources:				
Pension plan items	756,676	12,643	769,319	-
Total deferred outflows of resources	756,676	12,643	769,319	-
Liabilities:				
Accounts payable	1,127,594	8,019	1,135,613	-
Accrued salaries	1,041,053	15,845	1,056,898	-
Unearned revenue	223,697	-	223,697	7,770
Insurance claims payable	1,097,849	-	1,097,849	-
Current portion of long-term obligations	995,037	6,780	1,001,817	-
Net pension liability	56,659,709	378,206	57,037,915	-
OPEB liability	34,577,440	-	34,577,440	-
Noncurrent portion of long-term obligations	784,173	674	784,847	-
Total liabilities	96,506,552	409,524	96,916,076	7,770
Deferred Inflows of Resources:				
Unavailable property taxes	45,246,105	-	45,246,105	-
Pension plan items	3,241,884	54,166	3,296,050	-
Total deferred inflows of resources	48,487,989	54,166	48,542,155	-
Net Position:				
Net investment in capital assets	136,112,050	77,252	136,189,302	-
Restricted for:				
Grant programs	86,587	-	86,587	330,072
Major maintenance	3,695,226	-	3,695,226	-
Recreation District	6,885,425	-	6,885,425	-
Impact Aid	556,707	-	556,707	-
Nonexpendable				
Permanently restricted for Foundation	-	-	-	160,785
Unrestricted	(45,252,765)	(227,009)	(45,479,774)	302,408
Total net position	\$ 102,083,230	\$ (149,757)	\$ 101,933,473	\$ 793,265

See accompanying notes to financial statements.

**SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Functions	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Instructional services:				
Regular instruction	\$ 37,277,585	\$ 60,786	\$ 1,885,643	\$ -
Special education	14,329,520	10,139	1,455,820	-
Vocational education	957,610	-	7,539	-
Supporting services:				
Students	8,232,734	-	482,762	-
Instructional staff	3,806,144	-	1,557,774	-
Central services	5,870,851	-	587,780	-
School administration	4,087,710	-	33,512	-
Business services	1,351,788	-	9,429	-
Operation and maintenance of facilities	10,358,411	101,733	119,748	4,520,652
Pupil transportation	5,245,663	2,195	57,770	-
General administration	680,213	-	161,012	-
Community services	151,401	-	132,561	-
Other support services	254,776	-	8,337	-
Total governmental activities	<u>92,604,406</u>	<u>174,853</u>	<u>6,499,687</u>	<u>4,520,652</u>
Business-Type activities:				
Food Service	2,098,739	626,824	1,237,800	-
Summer Programs	12,678	11,664	-	-
Headstart Nutrition	53,596	-	53,974	-
Total Business-Type activities	<u>2,165,013</u>	<u>638,488</u>	<u>1,291,774</u>	<u>-</u>
Total primary government	<u>\$ 94,769,419</u>	<u>\$ 813,341</u>	<u>\$ 7,791,461</u>	<u>\$ 4,520,652</u>
Component Units				
Sweetwater One Public School Foundation	60,962	-	-	-
Total component unit	<u>\$ 60,962</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

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

Change in net position before transfers

Transfers

Change in net position

Net position - beginning

Net position - ending

Net (Expenses) Revenues and Changes in Net Position			
Total Governmental Activities	Primary Government		Component Unit Sweetwater One Public School Foundation
	Business-Type Activities	Total	
\$ (35,331,156)	\$ -	\$ (35,331,156)	\$ -
(12,863,561)	-	(12,863,561)	-
(950,071)	-	(950,071)	-
(7,749,972)	-	(7,749,972)	-
(2,248,370)	-	(2,248,370)	-
(5,283,071)	-	(5,283,071)	-
(4,054,198)	-	(4,054,198)	-
(1,342,359)	-	(1,342,359)	-
(5,616,278)	-	(5,616,278)	-
(5,185,698)	-	(5,185,698)	-
(519,201)	-	(519,201)	-
(18,840)	-	(18,840)	-
(246,439)	-	(246,439)	-
<u>(81,409,214)</u>	<u>-</u>	<u>(81,409,214)</u>	<u>-</u>
-	(234,115)	(234,115)	-
-	(1,014)	(1,014)	-
-	378	378	-
<u>-</u>	<u>(234,751)</u>	<u>(234,751)</u>	<u>-</u>
<u>(81,409,214)</u>	<u>(234,751)</u>	<u>(81,643,965)</u>	<u>-</u>
-	-	-	(60,962)
-	-	-	(60,962)
44,537,053	-	44,537,053	-
3,190,802	-	3,190,802	-
1,366,475	-	1,366,475	-
125,424	-	125,424	-
38,826,959	-	38,826,959	-
-	-	-	99,838
494,452	2,575	497,027	28,868
51,874	-	51,874	-
<u>88,593,039</u>	<u>2,575</u>	<u>88,595,614</u>	<u>128,706</u>
7,183,825	(232,176)	6,951,649	67,744
<u>(193,990)</u>	<u>193,990</u>	<u>-</u>	<u>-</u>
<u>6,989,835</u>	<u>(38,186)</u>	<u>6,951,649</u>	<u>67,744</u>
<u>95,093,395</u>	<u>(111,571)</u>	<u>94,981,824</u>	<u>725,521</u>
<u>\$ 102,083,230</u>	<u>\$ (149,757)</u>	<u>\$ 101,933,473</u>	<u>\$ 793,265</u>

**FUND
FINANCIAL STATEMENTS**

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018

	Major Funds		
	General	District Capital Projects	Grant Programs
Assets:			
Cash and investments	\$ 11,404,272	\$ 17,448,260	\$ 328,865
Cash with fiscal agent	285,671	-	-
Receivables:			
Property taxes	44,370,602	-	-
Other governments, grants	-	-	460,829
Due from other funds	257,880	-	-
Inventories and prepaid expenses	189,965	-	-
Total assets	<u>56,508,390</u>	<u>17,448,260</u>	<u>789,694</u>
Deferred Outflows of Resources:			
Advanced Foundation Guarantee	521,906	-	-
Total deferred outflows of resources	<u>521,906</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 57,030,296</u>	<u>\$ 17,448,260</u>	<u>\$ 789,694</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts and retainage payable	\$ 207,292	\$ 111,712	\$ 171,543
Accrued salaries and benefits	830,274	-	188,257
Due to other funds	9,522	58,079	119,610
Unearned revenue:			
Grants	-	-	223,697
Total liabilities	<u>1,047,088</u>	<u>169,791</u>	<u>703,107</u>
Deferred Inflows of Resources:			
Deferred property tax revenue	44,653,307	-	-
Other resources	180,842	-	-
Total deferred inflows of resources	<u>44,834,149</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Nonspendable			
Inventories and prepaid expenses	189,965	-	-
Restricted for			
Grant programs	-	-	86,587
Recreation District	-	-	-
Major maintenance	-	-	-
Impact Aid	556,707	-	-
Assigned to			
Headstart child care	-	-	-
Projected Budget Deficit	3,245,387	-	-
Transportation leases	168	-	-
Minimum fund balance	1,999,627	-	-
Future expenditures	5,157,205	-	-
Capital Construction/Projects	-	17,278,469	-
Unassigned, reported in			
General fund	-	-	-
Total fund balances	<u>11,149,059</u>	<u>17,278,469</u>	<u>86,587</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 57,030,296</u>	<u>\$ 17,448,260</u>	<u>\$ 789,694</u>

Recreation Board	Nonmajor Funds	Total Governmental Funds
\$ 6,911,061 7,949	\$ 4,212,098 -	\$ 40,304,556 293,620
1,380,935	-	45,751,537
-	175,012	635,841
-	102,573	360,453
-	-	189,965
<u>8,299,945</u>	<u>4,489,683</u>	<u>87,535,972</u>
-	-	521,906
-	-	521,906
<u>\$ 8,299,945</u>	<u>\$ 4,489,683</u>	<u>\$ 88,057,878</u>
\$ -	\$ 637,047	\$ 1,127,594
-	22,522	1,041,053
35,812	106,318	329,341
-	-	223,697
<u>35,812</u>	<u>765,887</u>	<u>2,721,685</u>
1,378,708	-	46,032,015
-	-	180,842
<u>1,378,708</u>	<u>-</u>	<u>46,212,857</u>
-	-	189,965
-	-	86,587
6,885,425	-	6,885,425
-	3,695,226	3,695,226
-	-	556,707
-	28,568	28,568
-	-	3,245,387
-	-	168
-	-	1,999,627
-	-	5,157,205
-	2	17,278,471
-	-	-
<u>6,885,425</u>	<u>3,723,796</u>	<u>39,123,336</u>
<u>\$ 8,299,945</u>	<u>\$ 4,489,683</u>	<u>\$ 88,057,878</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Major Funds		
	General	District Capital Projects	Grant Programs
Revenues:			
Local sources	\$ 34,266,779	\$ -	\$ 340,665
County sources	10,353,525	-	-
State sources	39,845,044	-	238,328
Federal sources	125,424	-	4,318,719
Interest	184,750	147,647	3,646
Total revenues	<u>84,775,522</u>	<u>147,647</u>	<u>4,901,358</u>
Expenditures:			
Current:			
Instructional services:			
Regular instruction	28,191,858	-	1,674,177
Special education	11,528,022	-	713,690
Vocational education	825,751	-	-
Supporting services:			
Students	6,878,004	-	269,346
Instructional staff	2,049,091	-	1,535,538
Central services	3,392,070	-	510,210
School administration	3,645,069	-	3,667
Business services	1,272,580	-	-
Operation and maintenance of facilities	7,090,922	-	-
Pupil transportation	4,699,909	-	-
General administration	413,566	-	102,140
Community services	7,931	-	133,469
Other supporting services	238,777	-	-
Food service	-	-	-
Capital outlay	-	1,473,646	-
Total expenditures	<u>70,233,550</u>	<u>1,473,646</u>	<u>4,942,237</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,541,972</u>	<u>(1,325,999)</u>	<u>(40,879)</u>
Other financing sources (uses):			
Proceeds from sale of capital assets	3,972	-	-
Operating transfers	(14,803,344)	6,001,489	-
Total other financing sources (uses)	<u>(14,799,372)</u>	<u>6,001,489</u>	<u>-</u>
Net change in fund balance	<u>(257,400)</u>	<u>4,675,490</u>	<u>(40,879)</u>
Fund balances - beginning	<u>11,406,459</u>	<u>12,602,979</u>	<u>127,466</u>
Fund balances - ending	<u>\$ 11,149,059</u>	<u>\$ 17,278,469</u>	<u>\$ 86,587</u>

Recreation Board	Nonmajor Funds	Total Governmental Funds
\$ -	\$ 42,488	\$ 34,649,932
1,359,853	-	11,713,378
-	7,507,424	47,590,796
-	1,109,404	5,553,547
59,926	13,950	409,919
<u>1,419,779</u>	<u>8,673,266</u>	<u>99,917,572</u>
-	(165)	29,865,870
-	677,175	12,918,887
-	-	825,751
-	165,645	7,312,995
-	16,236	3,600,865
-	71,852	3,974,132
-	(150)	3,648,586
-	-	1,272,580
-	87,991	7,178,913
-	30,363	4,730,272
-	53,573	569,279
-	-	141,400
-	-	238,777
-	8,263	8,263
-	7,127,676	8,601,322
-	8,238,459	84,887,892
<u>1,419,779</u>	<u>434,807</u>	<u>15,029,680</u>
-	-	3,972
(585,293)	643,158	(8,743,990)
(585,293)	643,158	(8,740,018)
834,486	1,077,965	6,289,662
6,050,939	2,645,831	32,833,674
<u>\$ 6,885,425</u>	<u>\$ 3,723,796</u>	<u>\$ 39,123,336</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENT FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total fund balances for governmental funds \$ 39,123,336

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

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

Land	\$ 774,593	
Construction in progress	3,722,015	
Art collection	553,000	
Buildings and improvements, net of \$57,278,484 accumulated depreciation	128,083,119	
Furniture and equipment, net of \$3,190,498 accumulated depreciation	824,165	
Leased equipment, net of \$358,626 accumulated depreciation	217,663	
Transportation equipment, net of \$5,915,407 accumulated depreciation	75,336	
Leased transportation equipment, net of \$714,820 accumulated depreciation	3,325,163	137,575,054

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. Amounts received through the Foundation Guarantee Program that will be deducted from future funding are reflected as unearned resources in the governmental activities statements.

Property tax revenue	\$ 785,910	
Advanced Foundation Guarantee	(521,906)	
Advanced other revenue	180,842	444,846

The internal service funds are used by management to charge the costs of the employee health insurance program. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. 20,441,561

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

Obligations under capital leases	\$ (1,463,004)	
Accrued vacation	(316,206)	
Postemployment benefits payable	(34,577,440)	(36,356,650)

The pension activities consists of deferred outflows relating to pensions and the net pension liability which pertain to governmental activities. Deferred outflows relating to pensions represent expenditures which apply to future periods. The pension activities relates to future periods and therefore are not reported as governmental fund assets or liabilities. The pension activities are reported in the statement of net position. Balances at year end are:

Pension plan items - deferred outflows of resources	\$ 756,676	
Pension plan items - deferred inflows of resources	(3,241,884)	
Pension expense unfunded obligation	(56,659,709)	(59,144,917)

Total net position of governmental activities \$ 102,083,230

**SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

Net change in fund balances-total governmental funds \$ 6,289,662

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

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

Capital outlay	\$ 6,435,865	
Depreciation expense	<u>(5,642,158)</u>	793,707

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

Other financing source - capital lease	\$ -	
Principal payments of capital leases	<u>719,878</u>	719,878

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. Amounts received through the Foundation Guarantee Program that will be deducted from future funding are not reflected as earned resources in the governmental activities statements.

Deferred property tax revenue - prior year	\$ (589,581)	
Deferred property tax revenue - current year	785,910	
Advanced Foundation Guarantee	(521,906)	
Advanced other revenue	<u>180,842</u>	(144,735)

In the statement of activities, certain operating expenses - compensated absences (vacations) and early retirement benefits (postemployment benefits) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).

Compensated absences - prior year	\$ 342,596	
Compensated absences - current year	(316,206)	
OPEB obligation - prior year	32,617,065	
OPEB obligation - current year	<u>(34,577,440)</u>	(1,933,985)

Internal service funds are used by the District to charge the costs of the employees health insurance to individual funds. The net revenue of the internal service funds is reported with governmental activities. 9,611,972

Deferred inflows of resources represent liabilities that will be paid at a future date and are not recorded in the governmental funds.

Pension plan items - prior year	\$ (13,518,585)	
Pension plan items - current year	(2,485,208)	
Net pension liability - prior year	64,316,838	
Net pension liability - current year	<u>(56,659,709)</u>	<u>(8,346,664)</u>

Change in net position of governmental activities \$ 6,989,835

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018

	Enterprise Funds			Internal Service Fund
	Food Service	Nonmajor Funds	Total Enterprise Funds	
Assets				
Current assets:				
Cash and cash equivalents	\$ 105,435	\$ 23,171	\$ 128,606	\$ 21,486,963
Due from other governments	15,994	-	15,994	-
Due from others	-	-	-	52,447
Due from other funds	10,511	-	10,511	-
Inventories	76,062	-	76,062	-
Total current assets	<u>208,002</u>	<u>23,171</u>	<u>231,173</u>	<u>21,539,410</u>
Capital assets:				
Equipment	1,051,215	-	1,051,215	-
Accumulated depreciation	(972,947)	-	(972,947)	-
Total capital assets	<u>78,268</u>	<u>-</u>	<u>78,268</u>	<u>-</u>
Total assets	<u>286,270</u>	<u>23,171</u>	<u>309,441</u>	<u>21,539,410</u>
Deferred outflow of resources:				
Deferred outflows relating to pensions	12,643	-	12,643	-
Total deferred outflows of resources	<u>12,643</u>	<u>-</u>	<u>12,643</u>	<u>-</u>
Liabilities and Net Assets				
Liabilities:				
Current liabilities:				
Accounts payable	5,293	2,726	8,019	-
Accrued expenses	15,511	334	15,845	-
Due to other funds	-	8,151	8,151	-
Current portion of long-term obligations	6,780	-	6,780	-
Insurance claims payable	-	-	-	1,097,849
Total current liabilities	<u>27,584</u>	<u>11,211</u>	<u>38,795</u>	<u>1,097,849</u>
Noncurrent liabilities:				
Noncurrent portion of long-term obligations	674	-	674	-
Net pension liability	378,206	-	378,206	-
Total noncurrent liabilities	<u>378,880</u>	<u>-</u>	<u>378,880</u>	<u>-</u>
Total liabilities	<u>406,464</u>	<u>11,211</u>	<u>417,675</u>	<u>1,097,849</u>
Deferred Inflows of Resources				
Deferred inflows relating to pensions	54,166	-	54,166	-
Total deferred inflows of resources	<u>54,166</u>	<u>-</u>	<u>54,166</u>	<u>-</u>
Net position:				
Net investment in capital assets	77,252	-	77,252	-
Unrestricted	(238,969)	11,960	(227,009)	20,441,561
Total net position	<u>\$ (161,717)</u>	<u>\$ 11,960</u>	<u>\$ (149,757)</u>	<u>\$ 20,441,561</u>

See accompanying notes to financial statements.

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Enterprise Funds			Internal Service Fund
	Food Service	Nonmajor Funds	Total Enterprise Funds	
Operating revenues:				
Charges for services:				
Insurance premium, refunds	\$ -	\$ -	\$ -	\$ 13,017,944
Food service and summer tuition	626,824	11,664	638,488	-
Total operating revenues	<u>626,824</u>	<u>11,664</u>	<u>638,488</u>	<u>13,017,944</u>
Operating expenses:				
Salaries	770,657	30,084	800,741	-
Employee benefits	369,516	7,156	376,672	12,040,548
Purchased services	26,465	-	26,465	-
Supplies and materials, including food	905,284	29,034	934,318	-
Interest expense	47	-	47	-
Depreciation	26,770	-	26,770	-
Total operating expenses	<u>2,098,739</u>	<u>66,274</u>	<u>2,165,013</u>	<u>12,040,548</u>
Operating (loss) income	<u>(1,471,915)</u>	<u>(54,610)</u>	<u>(1,526,525)</u>	<u>977,396</u>
Nonoperating income:				
Earnings on investments	2,574	1	2,575	84,576
Operating transfers	193,990	-	193,990	8,550,000
Federal sources, including commodity support	1,237,800	53,974	1,291,774	-
Total nonoperating income	<u>1,434,364</u>	<u>53,975</u>	<u>1,488,339</u>	<u>8,634,576</u>
Change in net position	<u>(37,551)</u>	<u>(635)</u>	<u>(38,186)</u>	<u>9,611,972</u>
Net position - beginning	<u>(124,166)</u>	<u>12,595</u>	<u>(111,571)</u>	<u>10,829,589</u>
Net position - ending	<u>\$ (161,717)</u>	<u>\$ 11,960</u>	<u>\$ (149,757)</u>	<u>\$ 20,441,561</u>

See accompanying notes to financial statements.

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Enterprise Funds			Internal Service Fund
	Food Service	Nonmajor Funds	Total Enterprise Funds	
Cash flows from operating activities:				
Receipts from interfund services provided	\$ -	\$ -	\$ -	\$ 13,060,604
Receipts from services provided	626,824	11,664	638,488	-
Payments to suppliers	(892,523)	(31,102)	(923,625)	-
Payments for medical fees and insurance claims	-	-	-	(12,389,041)
Payments to and on behalf of employees	(1,052,820)	(36,829)	(1,089,649)	-
Net cash (used in) provided by operating activities	<u>(1,318,519)</u>	<u>(56,267)</u>	<u>(1,374,786)</u>	<u>671,563</u>
Cash flows from noncapital financing activities:				
Federal subsidy	1,154,815	53,974	1,208,789	-
Operating transfer	193,990	-	193,990	8,550,000
Net cash provided by noncapital financing activities	<u>1,348,805</u>	<u>53,974</u>	<u>1,402,779</u>	<u>8,550,000</u>
Cash flows from capital and related financing activities:				
Payments on capital lease	(986)	-	(986)	-
Net cash used in capital and related financing activities	<u>(986)</u>	<u>-</u>	<u>(986)</u>	<u>-</u>
Cash flows from investing activities:				
Redemption of short-term investments	-	-	-	3,683,467
Interest received	2,574	1	2,575	85,713
Net cash provided by investing activities	<u>2,574</u>	<u>1</u>	<u>2,575</u>	<u>3,769,180</u>
Net increase (decrease) in cash and cash equivalents	<u>31,874</u>	<u>(2,292)</u>	<u>29,582</u>	<u>12,990,743</u>
Cash and Cash Equivalents - beginning	<u>73,561</u>	<u>25,463</u>	<u>99,024</u>	<u>8,496,220</u>
Cash and Cash Equivalents - ending	<u>\$ 105,435</u>	<u>\$ 23,171</u>	<u>\$ 128,606</u>	<u>\$ 21,486,963</u>
Reconciliation of operating (loss) income to net cash (used in) provided by operating activities:				
Operating (loss) income	\$ (1,471,915)	\$ (54,610)	\$ (1,526,525)	\$ 977,396
Adjustments to reconcile operating (loss) income to net cash used in (provided by) operating activities:				
Depreciation expense	26,770	-	26,770	-
Value of commodities received	85,207	-	85,207	-
Increase in inventory	(32,844)	-	(32,844)	-
Decrease in due from others	-	-	-	42,660
(Increase) Decrease in due from other funds	(10,511)	-	(10,511)	-
(Decrease) Increase in due to other funds	-	(4,717)	(4,717)	-
(Decrease) Increase in accounts payable	(2,579)	2,726	147	-
Increase in accrued wages	4,189	334	4,523	-
Difference between actuarial calculated pension expense and actual contributions	83,164	-	83,164	-
Decrease in claims payable	-	-	-	(348,493)
Total adjustments	<u>153,396</u>	<u>(1,657)</u>	<u>151,739</u>	<u>(305,833)</u>
Net cash (used in) provided by operating activities	<u>\$ (1,318,519)</u>	<u>\$ (56,267)</u>	<u>\$ (1,374,786)</u>	<u>\$ 671,563</u>
Noncash investing, capital, and financing activities:				
USDA commodities received	<u>\$ 85,207</u>	<u>None</u>	<u>\$ 85,207</u>	<u>None</u>

See accompanying notes to financial statements.

**FIDUCIARY FUND
FINANCIAL STATEMENT**

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
JUNE 30, 2018

	Student Activities Fund	Employee Agency Fund
	<u> </u>	<u> </u>
Assets:		
Cash and investments	\$ 673,066	\$ 151,084
	<u> </u>	<u> </u>
Liabilities		
Due to other funds	\$ 33,472	\$ -
Due to employees	-	151,084
Due to student groups	639,594	-
	<u> </u>	<u> </u>
Total liabilities	<u>\$ 673,066</u>	<u>\$ 151,084</u>

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO FINANCIAL STATEMENTS

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

REPORTING ENTITY

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

DISCRETELY PRESENTED COMPONENT UNIT

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

BLENDED COMPONENT UNIT

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

NATURE OF OPERATIONS

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

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

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

BASIS OF PRESENTATION

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

Government-Wide Financial Statements:

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

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

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

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

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

Fund Financial Statements

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

DESCRIPTION OF FUNDS

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

Governmental Funds

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

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

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

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

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

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

The following are the District's major governmental funds:

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

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

District Capital Projects/Special Purpose Fund - The District Capital Projects Fund was established pursuant to Wyoming Statute §21-13-504 to account for financial resources accumulated and payments made for the purpose of purchasing or replacing specified equipment or as a depreciation reserve for equipment and school building repair. Annual transfers from the General Fund cannot exceed ten percent (10%) of the total General Fund budget.

Recreation District Fund - The Recreation District Fund is used to account for the 1 mill recreation tax levy to be used for recreation projects including facilities, construction, maintenance and operations, and equipment used by the District.

Proprietary Funds

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

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

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

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

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

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

Fiduciary Funds

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

SIGNIFICANT ACCOUNTING POLICIES

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

Significant accounting policies followed by the District are as follows:

a) Measurement Focus and Basis of Accounting

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

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

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

Revenues – Exchange and Nonexchange Transactions

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

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

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

Federal and State Grants and Entitlements

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

Unearned Revenue

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

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

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

Expenses/Expenditures

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

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

Operating Revenues and Expenses

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

b) Budgetary Process

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

c) Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 each year. Property taxes are levied in the first week of August of each year and are payable in two installments on September 1 and March 1. The County bills and collects its own property taxes and also taxes for all municipalities and political subdivision within the County, including Sweetwater County School District No. 1. District property tax revenues are recognized when levied to the extent that they result in current receivables, which means when collected within the current period or expected to be collected within 60 days of the fiscal year end to be used to pay liabilities of the current period.

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

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

The District is required by Wyoming Statutes to levy taxes of twenty-five mills of assessed valuation for all school purposes, exclusive of bond interest and redemption. In addition, a county-wide school property tax of six mills is levied as well as one mill for recreation district is levied. The combined tax related to finance general school services for the year ended June 30, 2018 was thirty-two mills.

d) Cash, Cash Equivalents, and Investments

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

e) Internal Balances

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

f) Inventories

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

g) Capital Assets

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

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

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

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

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

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

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

h) Compensated Absences

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

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

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

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

i) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District has one item that meets this criterion, contributions made to the pension plan in the 2018 fiscal year. In addition to liabilities, the statement of financial position will report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District has two items that meet the criterion for this category - property taxes receivable in accordance with GASB Statement No. 33 and deferred inflows relating to pension liability in accordance with GASB Statement 68.

j) Accrued Liabilities and Long-Term Obligations

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

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

k) Net Position

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

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

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

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

l) Fund Balance

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

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

Assigned Fund Balance

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

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

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

Unassigned Fund Balance

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

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

m) Estimates

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

n) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wyoming Retirement Systems' (the System) pension plan, and additions to/deductions from the System fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. Budgetary Basis of Accounting

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

- a) Proceeds from capital leases and the associated capital outlay expenditure are not recorded on the cash basis (budget), but are recorded on the GAAP basis.

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

2. Budgetary Basis of Accounting (Continued)

- b) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- c) Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

3. Cash and Investments

Deposits and investments at June 30, 2018 consist of and appear in the financial statements as summarized below:

Cash and investments, statement of net position	\$ 61,920,125
Cash and investments, statement of fiduciary net position	673,066
	\$ 62,593,191
Cash in bank	\$ 16,751,645
Certificates of deposit	1,547,865
WGIF	44,293,681
	\$ 62,593,191

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

The carrying amount of bank deposits for the District at June 30, 2018 is \$18,453,213 and the bank balance is \$19,684,485. The differences between the carrying amount and the bank balances are due to outstanding checks and deposits not yet processed by the bank. Of the book balance, \$1,626,380 is covered by federal depository insurance and \$16,826,833 was collateralized by securities held by the financial institutions in the District's name and accordingly considered credit risk category 1.

The District's investments include a certificate of deposit with an interest rate of .45%. Investments in certificates of deposits are allowed under Wyoming Statutes. As noted above, the certificates of deposit were bank deposits collateralized by the financial institution, pledging its securities under properly executed joint custody receipts in the District's name.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally

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

3. Cash and Investments (Continued)

recognized statistical rating organization. The WGIF fund continues to hold an AAAM rating by Standard & Poor's (S&P) indicating that "safety is excellent," and the pool has "superior capacity to maintain principal value and limit exposure to loss." The rate of return depends on the underlying portfolio. The District attempts to match its investment maturities to expected cash flow needs. As of June 30, 2018, the 7-day yield of WGIF was less than 2%.

Remainder of page intentionally left blank.

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

4. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	Beginning Balance	Increases	Decreases/ Transfers	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 774,593	\$ -	\$ -	\$ 774,593
Construction in progress	23,208,823	964,993	(20,451,801)	3,722,015
Art Collection	553,000	-	-	553,000
Total capital assets, not being depreciated	24,536,416	964,993	(20,451,801)	5,049,608
Capital assets, being depreciated:				
Buildings and improvements	162,590,802	25,472,522	(2,701,721)	185,361,603
Furniture and equipment	3,806,143	254,859	(46,339)	4,014,663
Equipment under capital lease	576,289	-	-	576,289
Transportation equipment	5,882,707	130,118	(22,082)	5,990,743
Transportation equipment under capital lease	4,141,714	-	(101,731)	4,039,983
Total capital assets, being depreciated	176,997,655	25,857,499	(2,871,873)	199,983,281
Accumulated depreciation for:				
Buildings and improvements	(54,732,891)	(4,571,543)	2,025,950	(57,278,484)
Furniture and equipment	(3,092,176)	(265,990)	167,668	(3,190,498)
Equipment under capital lease	(272,664)	(97,549)	11,587	(358,626)
Transportation equipment	(5,486,617)	(393,933)	(34,857)	(5,915,407)
Transportation equipment under capital lease	(442,088)	(313,143)	40,411	(714,820)
Total	(64,026,436)	(5,642,158)	2,210,759	(67,457,835)
Impairment	(726,288)	-	726,288	-
Total accumulated depreciation	(64,752,724)	(5,642,158)	2,937,047	(67,457,835)
Total capital assets, being depreciated, net	112,244,931	20,215,341	65,174	132,525,446
Governmental activities capital assets, net	\$ 136,781,347	\$ 21,180,334	\$ (20,386,627)	\$ 137,575,054
	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Equipment				
Equipment	\$ 928,442	\$ -	\$ -	\$ 928,442
Transportation equipment	122,773	-	-	122,773
Total capital assets, being depreciated	1,051,215	-	-	1,051,215
Accumulated depreciation for:				
Equipment	(823,406)	(26,770)	-	(850,176)
Transportation equipment	(122,771)	-	-	(122,771)
Total accumulated depreciation	(946,177)	(26,770)	-	(972,947)
Business-type activities capital assets, net	\$ 105,038	\$ (26,770)	\$ -	\$ 78,268

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

4. Capital Assets (Continued)

Depreciation expense was charged to governmental functions as follows:

Governmental activities:	
Instructional services	
Regular instruction	\$ 4,362,615
Special education	17,703
Vocational education	18,504
Supporting services:	
Students	25,149
Central services	201,794
Business	25,768
Operation and maintenance of facilities	244,127
Pupil transportation	707,144
General administration	7,321
Community services	10,001
Other support services	22,032
Total depreciation expense, governmental activities	<u>\$ 5,642,158</u>

Construction Commitments

The District is obligated at June 30, 2018 under construction commitments for several projects at various schools within the district for building and renovation projects. Total approved contracts as of June 30, 2018 are \$6.4 million with \$3.6 million completed and \$2.8 million still committed. The majority of the commitment will be financed by additional funds from the Wyoming Schools Facilities Department and transfers from the Recreation Board.

5. Defined Benefit Pension Plans

a) Plan Descriptions

Substantially all qualified employees of the State, Public School Systems, and other political subdivisions of Wyoming which have elected to participate are eligible for the Public Employee Pension Plan, a cost-sharing, multiple employer defined benefit pension plan administered by the Wyoming Retirement System (WRS). Benefit provisions under the Plan are established by State statute. WRS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information can be found on the WRS website. That report may be obtained by writing to Wyoming Retirement System, Herschler Building, Cheyenne, WY 82002 or by calling (307) 777-7691.

Employees terminating prior to normal retirement can elect to withdraw all employee contributions plus accumulated interest through the date of termination or, if they are vested, they may elect to remain in the Plan and be eligible for retirement benefits at age 50 (Tier 1 employees) and 60 (Tier 2 employees).

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

5. Defined Benefit Pension Plans (Continued)

b) Benefits Provided

WRS Public Employees Plan provides retirement, disability and death benefits according to predetermined formulas and allows retirees to select one of seven optional methods for receiving benefits, including two joint and survivor forms of benefits – 100% joint and survivor annuity, and a 50% joint and survivor annuity. The benefit amounts under these options are determined on an actuarially equivalent basis. Any cost of living adjustments (COLA) provided to retirees must be granted by the State Legislature or elected as a self-funded COLA benefit option by the participant. In addition, a cost of living adjustment will not be approved by the legislature unless the Plan is 100% funded after the COLA is awarded.

Benefits are determined based on two tiers:

Tier 1 – members who joined WRS by August 31, 2012. The Plan allows for normal retirement after four years of service and attainment of age 60. Early retirement is allowed provided the employee has completed four years of service and attained age 50 or 25 years of service. Benefits are calculated as 2.125% of employee's highest average salary for each year of credited service for the first 15 years of service plus 2.25% of the highest average salary for any years of service credit exceeding 15 years. This amount is reduced by 5% per year the employee is under age 60.

Tier 2 – members who joined WRS after August 31, 2012. The Plan allows for normal retirement after four years of service and attainment of age 65. Early retirement is allowed provided the employee has completed four years of service and attained age 55 or 25 years of service. Benefits are calculated as 2% of employee's highest average salary for each year of credited service. This amount is reduced by 5% per year the employee is under age 65.

All employees may also retire upon normal retirement on the basis of the sum of the employee's age and service is at least 85.

c) Contributions

The Plan statutorily requires 16.62% of the participant's salary to be contributed to the Plan. Contributions consist of 8.25% of the participant's salary as employee contributions and 8.37% as employer contributions. The amount of contributions designated as employee contributions represent the portion of total contributions that a participant retains ownership of and can elect to receive as a refund upon termination of employment. Employers may elect to cover all or a portion of the employee's contribution at their discretion. The District has elected to fund 14.565% with employees' contributing 2.055%. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District's contribution to the Wyoming Retirement System for the years ending June 30, 2018, 2017, and 2015 were

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

5. Defined Benefit Pension Plans (Continued)

approximately \$6,966,685, 7,896,477, and \$7,103,849 equal to the required contributions for each year.

Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2018, the District reported a net pension liability of \$57,037,916 as its proportionate share of the net pension liability of the Plan.

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of December 31, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018 using generally accepted actuarial procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of December 31, 2017 was 2.5023868%, which was a decrease of .1790186% from its 2.6814054% proportionate share at December 31, 2016.

For the year ended December 31, 2017, the District recognized pension credit of \$1,192,991. At December 31, 2017, the District portion of the reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,506,686	\$ -
Change in Employer's proportion and differences between the employer's contribution and the employer's proportionate share of contributions		3,296,050
Net difference between projected and actual earnings on plan investments	1,166,335	-
	<u>\$ 4,673,021</u>	<u>\$ 3,296,050</u>

The \$3,506,686 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

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

5. Defined Benefit Pension Plans (Continued)

<u>Year Ended June 30</u>	
2019	(740,141)
2020	(740,141)
2021	(740,141)
2022	90,708
	<u><u>\$ (2,129,715)</u></u>

d) Actuarial Assumptions

Total pension liabilities in the January 1, 2018 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	January 1, 2018
Actuarial Cost Method	Individual Entry - Age Normal
Amortization Method	Level Percent Open
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.25%
Projected Salary Increase	2.50-6.5%
Investment Rate of Return	7.00%
Mortality	RP-2014 Combined Morality Table

e) Discount Rate

The discount rate used to measure the total pension liability was 7.00% for the Plan. The projection of cash flows used to determine the discount rate assumed contributions from participating employers will be made on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Wyoming State Statutes. Based on those assumptions, the WRS fiduciary net position was projected to be available to make all the projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

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

5. Defined Benefit Pension Plans (Continued)

DISCOUNT RATE			
Single Discount Rate	Long-Term Expected Rate of Return	Long-Term Municipal Bond Rate*	Last year ending December 31 in the 2017 to 2116 projection period for which projected benefit payments are fully funded
7.00%	7.00%	3.31%	2116

*Source: "State & local bonds" rate from Federal Reserve statistical release (H.15) as of December 31, 2017. The statistical release describes the rate as "Bond Buyer Index, general obligation, 20 years to maturity, mixed quality."

In determining the long-term expected rate of return, the Plan assumes a long-term investment rate of return of 7.00%. The long-term rate of return is determined through a 4.75% net real rate of return and an inflation rate of 3.25%. The following table represents a comparison of an annual money-weighted rate of return, net of investments expenses compared to the expected real rate of return.

Annual money-weighted rate of return, net of expenses for the fiscal year ended December 31, 2017	Expected Rate of Return net investment expenses
14.20%	4.75%

The table below reflects the assumed asset allocation of the Plan's portfolio, the long-term expected rate of return for each asset class and the expected rate of return is presented arithmetic and geometric. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	Target Allocation	30 Year Arithmetic Expected Real Return	30 Year Geometric Expected Real Return
Cash	0.00%	0.40%	0.40%
Fixed Income	20.00%	1.77%	1.25%
Equity	45.00%	6.88%	4.96%
Marketable Alternatives	17.50%	3.30%	2.79%
Private Markets	17.50%	7.11%	5.06%
Total Plan (Real Return)	100.00%		

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

5. Defined Benefit Pension Plans (Continued)

f) Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease 6.00%	Current Discount 7.00%	1% Increase 8.00%
Discount Proportion Share of the Net Pension Liability	\$ 86,206,504	\$ 57,037,915	\$ 32,711,732

g) Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued WRS financial reports.

Payable to the Pension Plan

At June 30, 2018, the District had no outstanding payable of contributions to the pension plan required for the year ended June 30, 2018.

6. Deferred Compensation Plan

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

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

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

7. Long-Term Obligations

During the year ended June 30, 2018 the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Obligations under capital leases	\$ 2,182,882	\$ -	\$ (719,878)	\$ 1,463,004	\$ 710,452
Accrued vacation	342,596	281,946	(308,336)	316,206	284,585
Net pension liability	64,316,838	-	(7,657,129)	56,659,709	-
Net OPEB obligation	32,617,065	2,564,084	(603,709)	34,577,440	-
Total governmental activities long-term liabilities	<u>\$ 99,459,381</u>	<u>\$ 2,846,030</u>	<u>\$ (9,289,052)</u>	<u>\$ 93,016,359</u>	<u>\$ 995,037</u>
Business-type activities:					
Obligations under capital leases	\$ 2,002	\$ -	\$ (986)	\$ 1,016	\$ 986
Accrued vacation	5,490	5,889	(4,941)	6,438	5,794
Net pension liability	506,143	-	(127,937)	378,206	-
Total business-type activities long-term liabilities	<u>\$ 513,635</u>	<u>\$ 5,889</u>	<u>\$ (133,864)</u>	<u>\$ 385,660</u>	<u>\$ 6,780</u>

Capital leases – The District leases certain copier and transportation equipment under capital leases, of which some provide for the purchase of leased equipment for nominal amounts at the end of the lease term. The interest rates on the leases are 1.36% to 3.70% with an average of approximately 2.40%. Interest expense of \$34,315 as a result of capital lease obligations is included in the government-wide statement of activities.

The following is a schedule by years of minimum future lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2018:

<u>Payable during the year ended June 30,</u>	<u>Governmental activities</u>	<u>Business-type activities</u>
2019	\$ 732,127	\$ 1,033
2020	573,531	-
2021	192,369	-
	<u>1,498,027</u>	<u>1,033</u>
Less amount representing interest	(35,023)	(17)
Minimum Future Lease Payments	<u>\$ 1,463,004</u>	<u>\$ 1,016</u>

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

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

7. Long-Term Obligations (Continued)

General information about the OPEB Plan

Plan description: Retired employees have access to group medical, dental, and vision coverage through the District's group plans. The District pays the premium for those that retired under the Early Retiree Incentive Program. The plan provides that the employee (and dependents) shall be allowed to remain under the District's health plan (including Dental and Vision), until the employee dies or attains 65 years of age, whichever occurs first. Surviving spouses are also eligible until they die or attain 65 years of age, whichever occurs first. The retiree pays 15% of the premium for the coverage. The plan is considered an "Other Post – Employment Benefit" (OPEB). The plan is administered through a non-qualifying trust per paragraph 4, item (b), of the Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Total OPEB Liability

The District's total OPEB liability of \$34,577,440 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods including in the measurements, unless otherwise specified:

To select assumptions to be used in the valuation, a number of factors are considered. These factors include the level of benefits provided by the plan, the ages at which these benefits become available, recent experience of the group, experience of employees in the Wyoming Retirement System (WRS), the insights and observations of the administration, and the actuary's best estimate of the likelihood of certain events, given experience with other plans under similar circumstances.

It was not possible to develop reasonable pre-retirement decrement assumptions for withdrawal, mortality and disability rates based on the experience of the District due to its size. To obtain more reliable experience, other sources were used. Mortality, withdrawal, and disability assumptions are from the Wyoming Retirement System January 1, 2018 actuarial valuation. Retirement assumptions are based on District experience.

The discount assumption reflects the time value of money as of the valuation date. This assumption is to be based on the estimated long-term investment yield on the investments that are to be used to finance the payment of benefits. For purposes of determining the net periodic cost for the valuation, a discount assumption of 3.5% was used. This rate is based on the yield for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

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

7. Long-Term Obligations (Continued)

Medical costs have been increasing at a rate higher than general inflation for a long time. This valuation assumes that medical costs will continue to increase at a rate that is higher than the general inflation rate. The medical cost increase represents the combination of the inflation in the price of health care services, changes in utilization (other than age-related changes), technological advances in medical care, and changes in the health status of plan participants. The trend rates for this valuation are based on medical industry expectations of future increases adjusted to reflect historical premium rate changes within the District’s health insurance plan. For purposes of this valuation, average medical claims costs for future years are assumed to increase at the rate set forth in the following schedule.

Year	Rate	Year	Rate	Year	Rate
2017, 2018	7.75%	2021, 2022	6.75%	2025, 2026	5.75%
2019, 2020	7.25%	2023, 2024	6.25%	2027+	5.50%

Changes in the total OPEB liability:

	Total OPEB Liability
Balance at 6/30/17	\$ 32,617,065
Changes for the year	
Service cost	1,378,403
Interest cost	1,185,681
Benefit payments	<u>(603,709)</u>
Net changes	<u>1,960,375</u>
Balance at 6/30/18	<u><u>\$ 34,577,440</u></u>

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.5 percent) or one percentage point higher (4.5 percent) than the current discount rate:

	1% Decrease (2.5%)	Current Discount Rate (3.5%)	1% Increase (4.5%)
Total OPEB liability \$	43,520,250	\$ 34,577,440	\$ 27,907,850

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

7. Long-Term Obligations (Continued)

Schedule of changes in the District's total OPEB liability and related ratios:

Total OPEB liability	2018	2017
Service cost	\$ 1,378,403	\$ 1,511,527
Interest	1,185,681	1,123,156
Benefit payments	(603,709)	(671,612)
Net change in total OPEB liability	1,960,375	1,963,071
Total OPEB liability - beginning	32,617,065	30,653,994
Total OPEB liability - ending	\$ 34,577,440	\$ 32,617,065
 Covered employee payroll	 \$ 41,917,478	 \$ 47,114,121
Total OPEB liability as a percentage of covered employee payroll	82%	69%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District is showing available years in the presentation.

8. Self-Funded Health Insurance

Sweetwater County School District No. 1 does not purchase commercial insurance for employee health and accident risk of loss. Instead, UMR has been retained to service claims for the District's employees. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The liability is the District's and UMR's best estimate based on available information. The insurance companies maintain a stop-loss insurance policy to pay annual losses exceeding \$200,000 specific per person and \$14,932,104 aggregate for the plan year to further protect the District.

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

9. Fund Equity and Net Position

The nonspendable fund balance account is summarized below:

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

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

9. Fund Equity and Net Position (Continued)

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

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

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

Capital Projects – funds segregated for future capital project needs.

Recreation District – Funds segregated for future recreation projects.

Impact Aid – Section 8003 (b) payments to be used by the District in accordance with Federal requirements. Allowable expenditures include salaries, textbooks, computers, instructional materials, and special programs.

Specific assignments of fund balance accounts are summarized below:

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

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

Projected budget deficit – to segregate a portion of the fund balance which has been reserved by the Board to cover the expected fiscal 2019 budget shortfall.

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

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

Future Expenditures – to segregate a portion of fund balance which has been assigned by the Board through budget authority to cover future operating expenditures in the General Fund.

The District has no committed fund balances as of June 30, 2018.

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

9. Fund Equity and Net Position (Continued)

As of June 30, 2018, Sweetwater One Public School Foundation, a component unit of the District, had \$109,491 Board designated unrestricted, \$330,072 temporarily restricted for program purposes, and \$160,785 permanently restricted. The interest earned on the permanently restricted funds can be used for operations or program purposes, and the principal has to be held in perpetuity as part of the Foundation's endowment fund.

The Governmental and Business-Type Activities unrestricted net position is negative due to the effects of GASB 68 *Accounting and Reporting for Pensions*. The Activities include net pension liability and deferred outflows and inflows of resources which in total reduced the unrestricted net position of the Governmental Activities by \$59,144,917 and Business-Type Activities by \$419,729. Without this change, unrestricted net positions would have been positive balances of \$17,587,378 and \$192,720, respectively.

10. Risk Management

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District currently manages said risk through the purchase of commercial insurance and participation in the Wyoming Workers' Compensation Program.

Policy limits include approximately \$218 million real and personal property; \$3,000,000 general liability aggregate; \$3,000,000 excess liability aggregate; \$1,000,000 abuse or molestation liability; \$2,000,000 educators' management liability aggregate; \$2,000,000 professional liability aggregate; \$50,000 cyber liability and crime coverage; \$2,000,000 employee benefits liability aggregate; and miscellaneous other coverages.

All risk management activities are accounted for in the General Fund. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. The District also participates in Workers' Compensation and Unemployment Compensation programs, both administered by the Wyoming Department of Workforce Services. Amounts paid by the District to the State for Worker's Compensation during fiscal year 2018 were \$768,886. The Unemployment program requires the District to pay the cost of actual claims incurred. Changes in the balances of unemployment claim liabilities during fiscal year 2018 are as follows:

Unpaid claims, beginning of fiscal year	\$ 5,130
Incurred claims	72,943
Claim payments	(59,028)
Unpaid claims, end of fiscal year	<u>\$ 19,045</u>

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

11. Commitments and Contingencies

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received in these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund, or other applicable funds. However, in the opinion of management any such disallowed claims would not have a material adverse effect on the overall financial position of the District as of June 30, 2018.

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

- A Complaint has been filed with the United States District Court for the District of Wyoming on October 22, 2018. The Complaint is alleging violation of civil rights, intentional infliction of emotional distress, and violation of state seclusion and restraint laws. The applicable insurers of the District have been notified and the District shall defend this action vigorously. At this time, a complete assessment of the likelihood of an unfavorable outcome and an estimate of the range of possible loss is not possible.
- A Notice of Claim, dated February 22, 2017, was filed against the District regarding an accident between a school bus and a plaintiff's vehicle. A summons and Complaint were served to the District September 7, 2017 and legal counsel on behalf of the District's insurance carrier filed an Answer and Affirmative Defenses on October 10, 2017. Depositions are scheduled for December 20, 2018. The District shall defend this action vigorously. At this time, a complete assessment of the likelihood of an unfavorable outcome and an estimate of a range of potential loss is not possible.

Remainder of page intentionally left blank.

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

12. Internal Balances and Activity

The composition of internal balances, which have been eliminated for the government-wide basic financial statements, as of June 30, 2018 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Grant Programs Fund	\$ 119,610
General Fund	Headstart Fund	4,315
General Fund	District Capital Projects Fund	5,058
General Fund	Agency Fund	33,472
SFD Capital Projects	District Capital Projects Fund	58,079
District Capital Projects Fund	Recreation District	5,058
Food Service	Summer Programs Fund	8,151
Food Service Fund	General Fund	2,360
SFD Capital Projects Fund	Recreation District	35,812
SFD Capital Projects Fund	General Fund	7,162
SFD Capital Projects Fund	Major Maintenance	1,520

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

Transfers for the year are as follows:

<u>Transfer To Receiving Fund</u>	<u>Transfer From Paying Fund</u>	<u>Amount</u>
SFD Capital Projects Fund	Recreation District	\$ 558,945
General Fund	Recreation District	6,435
District Capital Projects Fund	General Fund	5,981,576
Internal Service Fund	General Fund	8,550,000
Food Service Fund	General Fund	193,990
District Capital Projects Fund	Recreation District	19,913
SFD Capital Projects Fund	General Fund	84,213

13. Related Party Transactions

Sweetwater One Public School Foundation is a component unit of the District as described in Note 1. During the year, the District paid insurance, professional services, and miscellaneous expenses for the Sweetwater One Public School Foundation in the amount of \$5,695 during the fiscal year ended 2018. The Foundation approved one grant to the District and the District recognized revenue of \$2,400 coming from the Foundation.

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

14. Issued Standards of Governmental Accounting Standards Board Not Yet Implemented

GASB Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. The requirements are effective for reporting periods beginning after December 31, 2018. Management has not completed its assessment of the effects of implementing this standard.

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The ASU will change the way all nonprofit entities (NFP) classify net assets and prepare financial statements. Adoption of FASB ASU 2016-14 will result in changes to financial reporting for the District's discretely presented component unit. The standard is effective for annual financial statements for fiscal years beginning after December 15, 2017. Management has not completed its assessment of the effects of implementing this standard.

REQUIRED SUPPLEMENTARY INFORMATION

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) TO ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Local sources	\$ 33,352,322	\$ 33,973,842	\$ 34,238,236	\$ 264,394
County sources	10,430,976	10,430,976	10,350,217	(80,759)
State sources	39,434,945	40,110,695	40,055,051	(55,644)
Federal sources	60,000	60,000	125,424	65,424
Interest income	30,000	164,890	182,516	17,626
Total revenues	<u>83,308,243</u>	<u>84,740,403</u>	<u>84,951,444</u>	<u>211,041</u>
Expenditures:				
Current:				
Instructional services:				
Regular instruction	31,025,643	28,571,065	28,104,947	466,118
Special education	15,667,590	13,516,130	11,587,423	1,928,707
Vocational education	1,137,415	1,044,115	826,415	217,700
Supporting services:				
Students	8,041,428	7,923,245	6,809,134	1,114,111
Instructional staff	2,759,814	2,274,760	2,033,809	240,951
Central services	3,253,625	3,535,472	3,393,381	142,091
School administration	3,900,322	3,758,219	3,649,863	108,356
Business	2,115,440	1,353,822	1,276,613	77,209
Operation and maintenance of facilities	8,282,389	7,377,316	7,156,668	220,648
Pupil transportation	6,562,718	4,902,170	4,715,705	186,465
General administration	382,615	413,140	383,970	29,170
Community services	26,980	26,980	7,931	19,049
Other supporting services	290,105	203,351	239,863	(36,512)
Food service	10,000	10,000	-	10,000
Total expenditures	<u>83,456,084</u>	<u>74,909,785</u>	<u>70,185,722</u>	<u>4,724,063</u>
Excess (deficiency) of revenues over (under) expenditures	(147,841)	9,830,618	14,765,722	4,935,104
Other financing sources (uses):				
Operating transfers in	11,500	15,700	6,435	(9,265)
Operating transfers out	(2,500)	(14,817,490)	(14,816,826)	664
Sale of capital assets	19,913	19,913	3,972	(15,941)
Total other financing sources (uses)	<u>28,913</u>	<u>(14,781,877)</u>	<u>(14,806,419)</u>	<u>(24,542)</u>
Excess (deficiency) of revenues over (under) expenditures and other financing sources (uses)	<u>\$ (118,928)</u>	<u>\$ (4,951,259)</u>	<u>\$ (40,697)</u>	<u>\$ 4,910,562</u>
RECONCILIATION TO THE GAAP BASIS:				
Excess (deficiency) of revenues over (under) expenditures and other financing uses			\$ (40,697)	
Revenue accruals			(175,922)	
Expenditure accruals			(47,828)	
Other financing sources accruals			<u>7,047</u>	
Net change in fund balance - GAAP Basis			<u>\$ (257,400)</u>	

See accompanying notes to required supplementary information.

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
BUDGETARY COMPARISON SCHEDULE
BUDGET (NON-GAAP) TO ACTUAL
GRANT PROGRAMS FUND
FOR THE YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Local sources	\$ 760,530	\$ 678,527	\$ 487,233	\$ (191,294)
State sources	522,119	435,904	431,019	(4,885)
Federal sources	6,509,323	6,478,916	4,287,173	(2,191,743)
Total revenues	<u>7,791,972</u>	<u>7,593,347</u>	<u>5,205,425</u>	<u>(2,387,922)</u>
Expenditures:				
Current:				
Instructional services:				
Regular instruction	2,385,500	2,200,262	1,690,222	510,040
Special education	1,894,859	1,404,053	699,677	704,376
Vocational education and other	8,144	7,605	7,605	-
Supporting services:				
Students	287,238	279,820	262,524	17,296
Instructional staff	1,975,694	2,467,356	1,524,069	943,287
Central services	-	631,321	529,612	101,709
School administration	840,388	18,637	-	18,637
Operation and maintenance of facilities	28,495	28,495	22,255	6,240
General administration	-	184,144	102,281	81,863
Community services	350,909	350,909	137,181	213,728
Total expenditures	<u>7,771,227</u>	<u>7,572,602</u>	<u>4,975,426</u>	<u>2,597,176</u>
Revenues in excess of expenditures	<u>\$ 20,745</u>	<u>\$ 20,745</u>	<u>\$ 229,999</u>	<u>\$ 209,254</u>

RECONCILIATION TO THE GAAP BASIS:

Revenues in excess of expenditures	\$ 229,999
Revenue accruals	(304,067)
Expenditure accruals	<u>33,189</u>
Net change in fund balance - GAAP Basis	<u>\$ (40,879)</u>

**SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2018**

Proportionate Share of the Net Pension Liability - A Schedule of the Sweetwater County School District No. 1's proportionate share of the net pension liability follows:

	2017	2016	2015
December 31:			
Program Proportion of the Net Pension Liability	2.502386800%	2.681405400%	2.603098736%
Program Proportionate Share of the Net Pension Liability (Asset)	\$ 57,037,916	\$ 64,822,981	\$ 45,936,681
Program Covered Employee Payroll	\$ 41,917,478	\$ 47,511,896	\$ 42,742,765
Program Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Employee	136.07%	136.44%	107.47%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	76.35%	73.42%	73.40%

Amounts were presented for the System year ended December 31, 2017 for both Tier 1 and Tier 2 combined as the breakdown was not available from the WRS. Going forward, a full 10-year schedule will be presented as it becomes available.

2014

2.639420650%

\$ 46,577,651

\$ 43,110,092

108.04%

79.08%

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
DEFINED BENEFIT PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2018

Defined Benefit Pension Contributions - A Schedule of the Sweetwater County School District No. 1's pension contributions to the System follows:

	2018	2017	2016	2015
Contractually required program contributions	\$ 6,966,685	\$ 7,896,477	\$ 7,103,849	\$ 6,841,573
Program contributions in relation to the contractually required contributions	<u>6,966,685</u>	<u>7,896,477</u>	<u>7,103,849</u>	<u>6,841,573</u>
Program contribution deficiency (excess)	-	-	-	-
Program covered employee payroll	<u>\$ 41,917,478</u>	<u>\$ 47,511,896</u>	<u>\$ 42,742,765</u>	<u>\$ 43,110,092</u>
Program contributions as a percentage of covered employee payroll	16.62%	16.62%	16.62%	15.87%

2014	2013	2012	2011	2010	2009
\$ 6,692,014	\$ 6,186,865	\$ 6,183,765	\$ 5,934,417	\$ 4,755,597	\$ 4,466,167
<u>6,692,014</u>	<u>6,186,865</u>	<u>6,183,765</u>	<u>5,934,417</u>	<u>4,755,597</u>	<u>4,466,167</u>
-	-	-	-	-	-
<u>\$ 45,872,802</u>	<u>\$ 43,816,300</u>	<u>\$ 43,794,359</u>	<u>\$ 42,563,769</u>	<u>\$ 42,271,970</u>	<u>\$ 39,699,252</u>
14.59%	14.12%	14.12%	13.94%	11.25%	11.25%

**SWEETWATER COUNT SCHEDULE DISTRICT NO. 1
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

1. Budgetary Basis of Accounting

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

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

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

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

	Revised Budget	Actual (Non-GAAP) Budgetary Basis	Variance
Revenues	\$ 84,760,316	\$ 84,955,416	\$ 195,100
Expenditures			
Instruction	44,488,979	41,825,528	2,663,451
Instructional support	8,840,335	7,536,199	1,304,136
General support	21,543,491	20,816,064	727,427
Non-Instructional support	36,980	7,931	29,049
Operating transfers			
Transfers in	15,700	6,435	(9,265)
Transfers out	(14,817,490)	(14,816,826)	664

2. Pension Liability

Changes of benefit terms - Amounts reported for December 31, 2017 reflect an increase in disability benefits to be equivalent to retirement benefits.

Changes of assumptions - Amounts reported for January 1, 2018 reflect an adjustment of the expectation of life after disability to more closely reflect actual experience.

OTHER SUPPLEMENTAL INFORMATION

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	SFC Capital Projects	Major Maintenance	Headstart	Total Nonmajor Governmental Funds
Assets:				
Cash and investments	\$ 159,357	\$ 4,018,011	\$ 34,730	\$ 4,212,098
Receivables:				
Other governments	151,104	-	23,908	175,012
Due from other funds	102,573	-	-	102,573
Total assets	<u>\$ 413,034</u>	<u>\$ 4,018,011</u>	<u>\$ 58,638</u>	<u>\$ 4,489,683</u>
Liabilities:				
Accounts payable	\$ 164,972	\$ 238,453	\$ 3,233	\$ 406,658
Retainage payable	147,577	82,812	-	230,389
Accrued expenses	-	-	22,522	22,522
Due to other funds	100,483	1,520	4,315	106,318
Total liabilities	<u>413,032</u>	<u>322,785</u>	<u>30,070</u>	<u>765,887</u>
Fund balances:				
Restricted for:				
Major Maintenance	-	3,695,226	-	3,695,226
Assigned for:				
Capital construction	2	-	-	2
Headstart child care	-	-	28,568	28,568
Total fund balances	<u>2</u>	<u>3,695,226</u>	<u>28,568</u>	<u>3,723,796</u>
Total liabilities and fund balances	<u>\$ 413,034</u>	<u>\$ 4,018,011</u>	<u>\$ 58,638</u>	<u>\$ 4,489,683</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	SFC Capital Projects	Major Maintenance	Headstart	Total Nonmajor Governmental Funds
Revenues:				
Local sources	\$ 41,109	\$ -	\$ 1,379	\$ 42,488
State sources	4,316,622	3,190,802	-	7,507,424
Federal sources	-	-	1,109,404	1,109,404
Interest	43	13,585	322	13,950
Total revenues	<u>4,357,774</u>	<u>3,204,387</u>	<u>1,111,105</u>	<u>8,673,266</u>
Expenditures:				
Current:				
Instructional services:				
Regular instruction	-	-	(165)	(165)
Special education	-	-	677,175	677,175
Supporting services:				
Student	-	-	165,645	165,645
Instructional staff	-	-	16,236	16,236
Central services	-	-	71,852	71,852
School administration	-	-	(150)	(150)
Operation and maintenance of facilities	-	-	87,991	87,991
Pupil transportation	-	-	30,363	30,363
General support	-	-	53,573	53,573
Food services	-	-	8,263	8,263
Capital outlay	<u>5,000,932</u>	<u>2,126,744</u>	<u>-</u>	<u>7,127,676</u>
Total expenditures	<u>5,000,932</u>	<u>2,126,744</u>	<u>1,110,783</u>	<u>8,238,459</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(643,158)</u>	<u>1,077,643</u>	<u>322</u>	<u>434,807</u>
Other financing sources (uses):				
Operating transfers	<u>643,158</u>	<u>-</u>	<u>-</u>	<u>643,158</u>
Net change in fund balance	<u>-</u>	<u>1,077,643</u>	<u>322</u>	<u>1,077,965</u>
Fund balances - beginning	<u>2</u>	<u>2,617,583</u>	<u>28,246</u>	<u>2,645,831</u>
Fund balances - ending	<u>\$ 2</u>	<u>\$ 3,695,226</u>	<u>\$ 28,568</u>	<u>\$ 3,723,796</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
SCHEDULE OF BALANCE SHEETS
SFD CAPITAL CONSTRUCTION FUND
JUNE 30, 2018

	District Projects	Sat HS Construction	K-4 at BLM Construction	Eastside 5-6 New K-4
Assets:				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Receivables:				
Other governments	-	-	-	-
Due from other funds	5,058	-	-	2
Total assets	<u>\$ 5,058</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Retainage payable	-	-	-	-
Due to other funds	5,058	-	-	-
Total liabilities	<u>5,058</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Assigned for capital construction	-	-	-	2
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>
Total liabilities and fund balances	<u>\$ 5,058</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>

<u>Farson Construction</u>	<u>Total Capital Construction Fund</u>
\$ 159,357	\$ 159,357
151,104	151,104
97,513	102,573
<u>\$ 407,974</u>	<u>\$ 413,034</u>
\$ 164,972	\$ 164,972
147,577	147,577
95,425	100,483
<u>407,974</u>	<u>413,032</u>
<u>-</u>	<u>2</u>
<u>-</u>	<u>2</u>
<u>\$ 407,974</u>	<u>\$ 413,034</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SFD CAPITAL CONSTRUCTION FUND
FOR THE YEAR ENDED JUNE 30, 2018

	District Projects	Sat HS Construction	K-4 at BLM Construction	Eastside 5-6 New K-4
Revenues:				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	-	88,000	(5,000)	119,000
Interest	-	-	43	-
Total revenues	<u>-</u>	<u>88,000</u>	<u>(4,957)</u>	<u>119,000</u>
Expenditures:				
Capital outlay	<u>34,591</u>	<u>88,000</u>	<u>(1,407)</u>	<u>119,000</u>
Total expenditures	<u>34,591</u>	<u>88,000</u>	<u>(1,407)</u>	<u>119,000</u>
Expenditures in excess of revenues	(34,591)	-	(3,550)	-
Other financing sources:				
Operating transfers	<u>34,591</u>	<u>-</u>	<u>3,550</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2</u>

<u>Farson Construction</u>	<u>Total Capital Construction Fund</u>
\$ 41,109	\$ 41,109
4,114,622	4,316,622
<u>-</u>	<u>43</u>
<u>4,155,731</u>	<u>4,357,774</u>
<u>4,760,748</u>	<u>5,000,932</u>
<u>4,760,748</u>	<u>5,000,932</u>
(605,017)	(643,158)
<u>605,017</u>	<u>643,158</u>
<u>-</u>	<u>-</u>
<u>-</u>	<u>2</u>
<u>\$ -</u>	<u>\$ 2</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
SCHEDULE OF BALANCE SHEETS
GRANT PROGRAMS
JUNE 30, 2018

Grantor/Program Title	Pass-Through Grantor's Number	ASSETS		
		Cash	Due from Other Governments	Total Assets
U.S. Department of Education				
School Improvement Grants FY15	15190143G1A0	\$ -	\$ -	\$ -
Title I-Schoolwide FY18	18190118T1A00	-	51,304	51,304
Title I-Schoolwide FY17	1719017T1A00	-	-	-
Title I- N&D FY18	18190118T1D00	-	6,546	6,546
Title I- N&D FY17	1719017T1D00	-	-	-
Perkins Vocation Education FY18	18190118PS00	-	15,922	15,922
Perkins Vocation Education FY17	1719017PS00	-	-	-
Title VI-B 611 FY18	18190118T6100	-	128,680	128,680
Title VI-B 611 FY17	1719017T6100	-	18,040	18,040
Title VI-B 619 FY18	1819018T6900	-	7,506	7,506
Title VI-B 619 FY16	16190116T6900	-	-	-
Title III FY18	18190118T3E00	-	205	205
Title III FY17	1719017T3E00	-	-	-
Title IIA FY18	18190118T2A00	-	76,966	76,966
Title IIA FY17	1719017T2A00	-	-	-
Title IV FY18	18190118T4A00	-	27,510	27,510
After School Learning Center	1719017CC10A8	-	2,162	2,162
After School Learning Center	1619016CC10A8	-	-	-
Elementary School Counseling	S215E150543-16	-	1,120	1,120
	S215E150543-16	-	-	-
Elementary School Counseling	S215E150543-16	-	-	-
National Aeronautical and Space Administration				
Summer of Innovation	091901NASA00	15,216	-	15,216
Wyoming Department of Education and Other				
BOCES Misc Grants	N/A	4,775	86,789	91,564
BOCES-Concurrent Courses	N/A	-	11,450	11,450
National Board Certified Teachers	N/A	-	-	-
National Board Certification Program	N/A	217,373	-	217,373
Pro Community Programs	N/A	2	-	2
Summer School	N/A	19	-	19
AHEC-UW Grant	N/A	-	-	-
Miscellaneous State Grants	N/A	-	3,624	3,624
Other District Programs		91,480	23,005	114,485
		<u>\$ 328,865</u>	<u>\$ 460,829</u>	<u>\$ 789,694</u>

LIABILITIES					
Accounts Payable	Accrued Expenses	Deferred Revenue	Due to/(from) other funds	Fund Equity	Total Liabilities and Fund Equity
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6,226	44,814	-	264	-	51,304
-	-	-	-	-	-
26	6,520	-	-	-	6,546
-	-	-	-	-	-
13,321	2,546	-	55	-	15,922
-	-	-	-	-	-
97,419	26,853	-	4,408	-	128,680
18,040	-	-	-	-	18,040
7,506	-	-	-	-	7,506
-	-	-	-	-	-
-	205	-	-	-	205
-	-	-	-	-	-
18,084	58,882	-	-	-	76,966
-	-	-	-	-	-
1,579	25,931	-	-	-	27,510
494	205	-	1,463	-	2,162
-	-	-	-	-	-
-	1,120	-	-	-	1,120
-	-	-	-	-	-
-	-	-	-	-	-
-	-	6,324	8,892	-	15,216
-	-	-	-	-	-
5,582	17,629	-	68,321	32	91,564
3,254	-	-	8,196	-	11,450
-	-	-	-	-	-
-	-	217,373	-	-	217,373
-	-	-	-	2	2
-	-	-	19	-	19
-	-	-	-	-	-
-	-	-	3,624	-	3,624
-	-	-	-	-	-
12	3,552	-	24,368	86,553	114,485
<u>\$ 171,543</u>	<u>\$ 188,257</u>	<u>\$ 223,697</u>	<u>\$ 119,610</u>	<u>\$ 86,587</u>	<u>\$ 789,694</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES AND EXPENDITURES
GRANT PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2018

Grantor/Program Title	Pass-Through Grantor's Number	REVENUES		
		Local	Federal	State
U.S. Department of Education				
School Improvement Grants FY15	15190143G1A0	\$ -	\$ 45,049	\$ -
Title I-Schoolwide FY18	18190118T1A00	-	1,105,937	-
Title I-Schoolwide FY17	1719017T1A00	-	509,589	-
Title I- N&D FY18	18190118T1D00	-	29,437	-
Title I- N&D FY17	1719017T1D00	-	6,158	-
Perkins Vocation Education FY18	18190118PS00	-	104,417	-
Perkins Vocation Education FY17	1719017PS00	-	18,036	-
Title VI-B 611 FY18	18190118T6100	-	509,048	-
Title VI-B 611 FY17	1719017T6100	(26)	933,689	-
Title VI-B 619 FY18	1819018T6900	-	7,506	-
Title VI-B 619 FY16	16190116T6900	-	(4,748)	-
Title III FY18	18190118T3E00	-	41,343	-
Title III FY17	1719017T3E00	-	9,259	-
Title IIA FY18	18190118T2A00	-	318,855	-
Title IIA FY17	1719017T2A00	-	93,237	-
Title IV FY18	18190118T4A00	-	52,201	-
After School Learning Center	1719017CC10A8	-	127,115	-
After School Learning Center	1619016CC10A8	-	30,378	-
Elementary School Counseling	S215E150543-16	-	147,669	-
Elementary School Counseling	S215E150543-16	-	221,281	-
Elementary School Counseling	S215E150543-16	-	13,263	-
National Aeronautical and Space Administration				
Summer of Innovation	091901NASA00	-	-	-
Wyoming Department of Education and Other				
BOCES Misc Grants	N/A	228,376	-	-
BOCES-Concurrent Courses	N/A	22,844	-	-
National Board Certified Teachers	N/A	-	-	92,000
National Board Certification Program	N/A	-	-	129,824
Pro Community Programs	N/A	-	-	-
Summer School	N/A	(18)	-	5,006
AHEC-UW Grant	N/A	-	-	7,013
Miscellaneous State Grants	N/A	-	-	4,485
Other District Programs		89,489	-	-
		<u>\$ 340,665</u>	<u>\$ 4,318,719</u>	<u>\$ 238,328</u>

		EXPENDITURES					
Interest	Total Revenue	Instruction	Instructional Support	General Support	Community Support	Total Expenditures	
\$ -	\$ 45,049	\$ 479	\$ 42,993	\$ 1,577	\$ -	\$ 45,049	
-	1,105,937	974,326	13,568	118,043	-	1,105,937	
-	509,589	312,208	2,102	195,279	-	509,589	
-	29,437	27,139	-	2,298	-	29,437	
-	6,158	5,724	-	434	-	6,158	
-	104,417	45,803	56,090	2,524	-	104,417	
-	18,036	18,036	-	-	-	18,036	
-	509,048	199,833	289,013	20,202	-	509,048	
-	933,663	255,592	619,106	58,965	-	933,663	
-	7,506	-	7,506	-	-	7,506	
-	(4,748)	(15,048)	10,300	-	-	(4,748)	
-	41,343	41,343	-	-	-	41,343	
-	9,259	9,259	-	-	-	9,259	
-	318,855	-	318,855	-	-	318,855	
-	93,237	-	93,237	-	-	93,237	
-	52,201	18,240	33,961	-	-	52,201	
-	127,115	53,524	1,154	72,437	-	127,115	
-	30,378	22,728	-	7,650	-	30,378	
-	147,669	-	103,640	44,029	-	147,669	
-	221,281	-	141,961	79,320	-	221,281	
-	13,263	-	-	13,263	-	13,263	
-	-	-	-	-	-	-	
-	228,376	164,376	64,000	-	-	228,376	
-	22,844	22,844	-	-	-	22,844	
-	92,000	92,000	-	-	-	92,000	
3,645	133,469	-	-	-	133,469	133,469	
1	1	-	-	-	-	-	
-	4,988	5,011	-	(4)	-	5,007	
-	7,013	7,013	-	-	-	7,013	
-	4,485	4,485	-	-	-	4,485	
-	89,489	130,350	-	-	-	130,350	
<u>\$ 3,646</u>	<u>\$ 4,901,358</u>	<u>\$ 2,395,265</u>	<u>\$ 1,797,486</u>	<u>\$ 616,017</u>	<u>\$ 133,469</u>	<u>\$ 4,942,237</u>	

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
SCHEDULE OF BALANCE SHEETS
HEADSTART GRANTS
JUNE 30, 2018

Grantor/Program Title	Pass-Through Grantor's Number	ASSETS			Accounts Payable
		Cash	Due from Other Governments	Total Assets	
Headstart Program	08CH1104-05	\$ 6,162	\$ 19,609	\$ 25,771	\$ 3,233
Headstart Program	08CH1104-04	-	-	-	-
Child Care and Development Program	N/A	28,568	-	28,568	-
Community Services Block Grant	FY 18	-	4,299	4,299	-
Community Services Block Grant	FY 17	-	-	-	-
		<u>\$ 34,730</u>	<u>\$ 23,908</u>	<u>\$ 58,638</u>	<u>\$ 3,233</u>

LIABILITIES			Total
Accrued Expenses	Due to other funds	Fund Equity	Liabilities and Fund Equity
\$ 22,522	\$ 16	\$ -	\$ 25,771
-	-	-	-
-	-	28,568	28,568
-	4,299	-	4,299
-	-	-	-
<u>\$ 22,522</u>	<u>\$ 4,315</u>	<u>\$ 28,568</u>	<u>\$ 58,638</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
SCHEDULE OF REVENUES, EXPENDITURES, AND OTHER FINANCING SOURCES (USES)
HEADSTART GRANTS
FOR THE YEAR ENDED JUNE 30, 2018

<u>Grantor/Program Title</u>	<u>Pass-Through Grantor's Number</u>	<u>REVENUES</u>				<u>School District In-Kind Match</u>
		<u>Federal</u>	<u>Local</u>	<u>Interest</u>		
<u>U.S. Department of Health and Human Services</u>						
Headstart Program	08CH1104-05	\$ 933,565	\$ 1,379	\$ -		\$ 262,647
Headstart Program	08CH1104-04	131,485	-	-		-
Child Care and Development Program	N/A	-	-	322		-
Community Services Block Grant	FY 18	31,977	-	-		-
Community Services Block Grant	FY 17	12,377	-	-		-
		<u>\$ 1,109,404</u>	<u>\$ 1,379</u>	<u>\$ 322</u>		<u>\$ 262,647</u>

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

<u>Total Revenue</u>	<u>EXPENDITURES</u>					<u>OTHER FINANCING SOURCES (USES)</u>
	<u>Instruction</u>	<u>Instructional Support</u>	<u>General Support</u>	<u>School District In-Kind Match</u>	<u>Total Expenditures</u>	<u>Fund Transfers</u>
\$ 1,197,591	\$ 549,721	\$ 140,809	\$ 250,361	\$ 262,647	\$ 1,203,538	\$ 5,947
131,485	127,289	(3,282)	1,531	-	125,538	(5,947)
322	-	-	-	-	-	-
31,977	-	31,977	-	-	31,977	-
12,377	-	12,377	-	-	12,377	-
<u>\$ 1,373,752</u>	<u>\$ 677,010</u>	<u>\$ 181,881</u>	<u>\$ 251,892</u>	<u>\$ 262,647</u>	<u>\$ 1,373,430</u>	<u>\$ -</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2018

	<u>Summer Programs</u>	<u>Headstart Nutrition</u>	<u>Total Nonmajor Enterprise Funds</u>
Assets			
Current assets:			
Cash and cash equivalents	\$ 8,581	\$ 14,590	\$ 23,171
Total current assets	<u>8,581</u>	<u>14,590</u>	<u>23,171</u>
Liabilities and Net Assets			
Liabilities:			
Current liabilities:			
Accounts payable	-	2,726	2,726
Accrued expenses	-	334	334
Due to other funds	8,151	-	8,151
Total current liabilities	<u>8,151</u>	<u>3,060</u>	<u>11,211</u>
Net position:			
Unrestricted	<u>430</u>	<u>11,530</u>	<u>11,960</u>
Total net position	<u>\$ 430</u>	<u>\$ 11,530</u>	<u>\$ 11,960</u>

**SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Summer Programs	Headstart Nutrition	Total Nonmajor Enterprise Funds
Operating revenues:			
Charges for services:			
Summer tuition	\$ 11,664	\$ -	\$ 11,664
Total operating revenues	<u>11,664</u>	<u>-</u>	<u>11,664</u>
Operating expenses:			
Salaries	10,375	19,709	30,084
Employee benefits	2,303	4,853	7,156
Supplies and materials, including food	-	29,034	29,034
Total operating expenses	<u>12,678</u>	<u>53,596</u>	<u>66,274</u>
Operating loss	<u>(1,014)</u>	<u>(53,596)</u>	<u>(54,610)</u>
Nonoperating income:			
Earnings on investments	1	-	1
Federal sources, including commodity support	-	53,974	53,974
Total nonoperating income	<u>1</u>	<u>53,974</u>	<u>53,975</u>
Change in net position	<u>(1,013)</u>	<u>378</u>	<u>(635)</u>
Net position - beginning	<u>1,443</u>	<u>11,152</u>	<u>12,595</u>
Net position - ending	<u>\$ 430</u>	<u>\$ 11,530</u>	<u>\$ 11,960</u>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Summer Programs	Headstart Nutrition	Total Nonmajor Enterprise Funds
Cash flows from operating activities:			
Receipts from services provided	\$ 11,664	\$ -	\$ 11,664
Payments to suppliers	-	(31,102)	(31,102)
Payments to and on behalf of employees	(12,601)	(24,228)	(36,829)
Net cash used in operating activities	(937)	(55,330)	(56,267)
Cash flows from noncapital financing activities:			
Federal subsidy	-	53,974	53,974
Net cash provided by noncapital financing activities	-	53,974	53,974
Cash flows from capital and related financing activities:			
Net cash used in capital and related financing activities	-	-	-
Cash flows from investing activities:			
Interest received	1	-	1
Net cash provided by investing activities	1	-	1
Net decrease in cash and cash equivalents	(936)	(1,356)	(2,292)
Cash and Cash Equivalents - beginning	9,517	15,946	25,463
Cash and Cash Equivalents - ending	\$ 8,581	\$ 14,590	\$ 23,171
Reconciliation of operating (loss) income to net cash used in operating activities:			
Operating loss	\$ (1,014)	\$ (53,596)	\$ (54,610)
Adjustments to reconcile operating (loss) income to net cash used in operating activities:			
Increase in accounts payable	-	2,726	2,726
Increase in accrued expenses	-	334	334
(Increase) Decrease in due to other funds	77	(4,794)	(4,717)
Total adjustments	77	(1,734)	(1,657)
Net cash used in operating activities	\$ (937)	\$ (55,330)	\$ (56,267)
Noncash investing, capital, and financing activities:	None	None	None

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND - STUDENT ACTIVITIES
JUNE 30, 2018

	Net Assets at July 1, 2017	Additions	Deductions	Net Assets at June 30, 2018
Assets:				
Cash and investments	\$ 623,701	\$ 552,757	\$ 503,392	\$ 673,066
Liabilities:				
Internal balances	\$ 37,145	\$ -	\$ 3,673	\$ 33,472
Due to student organizations:				
Stagecoach	1,265	7,353	4,144	4,474
Desert View	2,728	9,402	4,655	7,475
RSJH	103,338	63,128	48,599	117,867
Farson	63,095	26,100	29,494	59,701
IND HS	5,819	3,376	1,696	7,499
Lincoln	1,632	286	1,918	-
Northpark	15,333	4,181	8,656	10,858
Overland	4,306	4,536	6,800	2,042
RSHS	304,008	413,858	370,980	346,886
Sage	3,342	7,479	9,867	954
Walnut	10,765	4,986	2,379	13,372
Wamsutter	12,736	870	1,577	12,029
Westridge	8,178	1,032	276	8,934
Pilot Butte	40,935	3,535	5,995	38,475
Eastside	9,076	4,554	4,602	9,028
Total due to student organizations	586,556	554,676	501,638	639,594
Total Liabilities	\$ 623,701	\$ 554,676	\$ 505,311	\$ 673,066

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
DETAIL SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

District	
25 Mill district tax	\$ 30,506,109
Motor vehicle tax	2,888,998
Car company tax	69,158
Penalties, interest, and other	529,556
Rent of school property	83,769
Enrollment tuition and fees	68,133
Miscellaneous	18,997
Refund of prior year's expenditures	32,877
Sale of fixed assets	3,972
Indirect cost revenue passed through	69,182
	<hr/>
Total District	34,270,751
	<hr/>
County	
6 Mill county tax	8,806,906
Motor vehicle tax	680,306
Car company tax	14,839
Penalties, interest, and other	102,545
Fines and forfeitures	747,349
Forest reserve	1,580
	<hr/>
Total County	10,353,525
	<hr/>
State	
Foundation program entitlement	39,348,865
Other restricted	496,179
	<hr/>
Total State	39,845,044
	<hr/>
Federal	
Impact aid	125,424
	<hr/>
Total Federal	125,424
	<hr/>
Interest	184,750
	<hr/>
Operating Transfers In	6,435
	<hr/>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
DETAIL SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

Instruction	
Salaries	\$ 27,852,145
Employee benefits	11,128,837
Purchased services	1,613,273
Supplies and materials	1,107,458
Capital outlay	117,274
Other	39,138
	<hr/>
Total Instruction	41,858,125
	<hr/>
Instructional Support	
Salaries	4,831,805
Employee benefits	2,090,495
Purchased services	379,522
Supplies and materials	303,274
Capital outlay	9,468
Other	37
	<hr/>
Total Instructional Support	7,614,601
	<hr/>
General Support	
Salaries	9,647,313
Employee benefits	5,030,593
Purchased services	1,673,210
Supplies and materials	3,460,539
Capital outlay	877,663
Other	63,575
	<hr/>
Total General Support	20,752,893
	<hr/>
Community Support	
Purchased services	7,692
Supplies and materials	239
	<hr/>
Total Community Support	7,931
	<hr/>
Transfers Out	
Transfer to other funds	14,809,779
	<hr/>

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Grantor's Number	Expenditures
<u>U.S. Department of Education</u>			
Direct Programs:			
Fund for the Improvement of Education	84.215E	S215E150543-16	\$ 147,669
Fund for the Improvement of Education	84.215E	S215E150543-16	221,281
Fund for the Improvement of Education	84.215E	S215E150543-16	13,263
Total Fund for the Improvement of Education			<u>382,213</u>
Passed through Wyoming Department of Education:			
School Improvement Grant	84.377A	15190143G1A0	45,049
Total School Improvement Grant			<u>45,049</u>
Title I Grants to Local Educational Agencies	84.010A	18190118T1A00	1,105,937
Title I Grants to Local Educational Agencies	84.010A	1719017T1A00	509,589
Title I, Neglected and Delinquent	84.010A	18190118T1D00	29,437
Title I, Neglected and Delinquent	84.010A	1719017T1D00	6,158
Total Title I			<u>1,651,121</u>
Career and Technical Education	84.048A	18190118PS00	104,417
Career and Technical Education	84.048A	1719017PS00	18,036
Total Career and Technical Education			<u>122,453</u>
Special Education Cluster:			
Special Education	84.027A	18190118T6100	509,048
Special Education	84.027A	1719017T6100	933,689
Total Special Education			<u>1,442,737</u>
Title VI-B Preschool	84.173A	18190118T6900	7,506
Title VI-B Preschool	84.173A	1619016T6900	(4,748)
Total Title VI-B Preschool			<u>2,758</u>
Total Special Education Cluster			<u>1,445,495</u>
English Language Acquisition Grants	84.365A	18190118T3E00	41,343
English Language Acquisition Grants	84.365A	1719017T3E00	9,259
Total English Language Acquisition Grants			<u>50,602</u>
Improving Teacher Quality Grants	84.367A	18190118T2A00	318,855
Improving Teacher Quality Grants	84.367A	1719017T2A00	93,237
Total Improving Teacher Quality Grants			<u>412,092</u>
Twenty-First Century Community Learning Centers	84.287C	1719017CC10A8	127,115
Twenty-First Century Community Learning Centers	84.287C	1619016CC10A8	30,378
Total Twenty-First Century Community Learning Centers			<u>157,493</u>
Student Support and Academic Enrichment	84.424A	18190118T4A00	52,201
Total Student Support and Academic Enrichment			<u>52,201</u>
Total U.S. Department of Education			<u>4,318,719</u>

(continued)

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Grantor's Number	Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through Wyoming Department of Education			
Child Nutrition Cluster:			
National School Breakfast	10.553	N/A	162,544
National School Lunch Program	10.555	N/A	848,220
National School Lunch Program Commodities	10.555	N/A	85,207
Summer Food Service Program	10.559	N/A	39,734
Total Child Nutrition Cluster			<u>1,135,705</u>
Child and Adult Care Food Program	10.558	N/A	53,974
Fresh Fruit and Vegetable Program	10.582	N/A	<u>102,095</u>
Total U.S. Department of Agriculture			<u>1,291,774</u>
<u>U.S. Department of Health and Human Services</u>			
Direct Programs:			
Headstart Program	93.600	08CH1104-05	933,565
Headstart Program	93.600	08CH1104-04	131,485
Total Headstart Program			<u>1,065,050</u>
Passed through Sweetwater County Tripartite Board			
Community Services Block Grant	93.569	N/A	31,977
Community Services Block Grant	93.569	N/A	12,377
Total Community Services Block Grant			<u>44,354</u>
Total U.S. Department of Health and Human Services			<u>1,109,404</u>
Total Expenditures of Federal Awards			<u>\$ 6,719,897</u>

See accompanying notes to schedule of expenditures of federal awards.

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of Sweetwater County School District No. 1 under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and the Audit Requirements for Federal Awards* (Uniform Guidance). All federal financial awards received directly from federal agencies as well as federal financial awards passed through from other governmental agencies are included in the schedule. Of the federal expenditures presented in the schedule, the District provided no federal awards to subrecipients. Because the schedule presents only a selected portion of the operations of Sweetwater County School District No. 1, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Sweetwater County School District No. 1.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the same basis of accounting used in preparation of the fund financial statements from which the information was derived as described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

Note 3. Commodities

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

Note 4. Indirect Cost Rates

Sweetwater County School District No. 1 does not utilize the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 5. Subrecipients

No funds have been passed on to subrecipients.

Note 6. School Assistance in Federally Affected Areas – Impact Aid CFDA Number 84.041

The District receives funding through the School Assistance in Federally Affected Areas. No expenditures were incurred during the fiscal year and the funds are reflected as restricted at year end.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Sweetwater County School District No. 1 as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 10, 2018.

Internal Control Over Financial Reporting

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

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 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. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Skogen, Cometto & Associates, P.C.

Casper, Wyoming
December 10, 2018

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited Sweetwater County School District No. 1's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Sweetwater County School District No. 1's major federal programs for the year ended June 30, 2018. Sweetwater County School District No. 1's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Sweetwater County School District No. 1's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sweetwater County School District No. 1's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Sweetwater County School District No. 1's compliance.

Opinion on Each Major Federal Program

In our opinion, Sweetwater County School District No. 1 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of Sweetwater County School District No. 1 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Sweetwater County School District No. 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Sweetwater County School District No. 1's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Skogen, Cometto & Associates, P.C.

Casper, Wyoming
December 10, 2018

SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
UNIFORM GUIDANCE
FOR THE YEAR ENDED JUNE 30, 2018

1. SUMMARY OF AUDITORS' RESULTS

(d)(1)(i)	Type of auditors' report issued?	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control noted at the financial statement level?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control noted at the financial statement level that are not considered to be material weaknesses?	No
(d)(1)(iii)	Was there any material non-compliance noted at the financial statement level?	No
(d)(1)(iv)	Were there any material weaknesses in internal control noted for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control noted for major federal programs that are not considered to be material weaknesses?	No
(d)(1)(v)	Type of major programs' compliance opinion?	Unmodified
(d)(1)(vi)	Are there any reportable findings under § 2 CFR 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	
	Name of Federal Program or Cluster	CFDA Numbers
	Headstart Program	93.600
	Title I	84.010A
(d)(1)(viii)	Dollar threshold: Type A/B programs	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	Low risk auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**SWEETWATER COUNTY SCHOOL DISTRICT NO. 1
RESOLUTION OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

Section II – Financial Statement Finding:

2017-001 Significant Deficiency

Condition: Monitoring over capital assets allowed errors to go unnoticed. Retainage payable for one vendor for the prior year end was duplicated in the amount of \$124,950 resulting in construction in process and retainage payable being overstated. The error was discovered during audit procedures rather than through the District's control system. In addition, violations of the District's capitalization threshold were noted over certain building and building improvement assets. Assets were being capitalized and depreciated which did not meet the policy limits.

Resolution: The District changed staff members responsible for capital asset accounting and reinforced the capitalization policy with the accounting staff and the outside review firm. The District changed the capitalization policy to be reasonable considering the types of District assets included in the inventory. The District continues to make the control system over capital asset accounting a priority.