

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

**PINEDALE, WYOMING**

**FINANCIAL REPORT**

**June 30, 2011**

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# **PORTER, MUIRHEAD, CORNIA & HOWARD**

(A Corporation of Certified Public Accountants)

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## INDEPENDENT AUDITOR'S REPORT

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

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 Sublette County School District #1, as of and for the year ended June 30, 2011, which collectively comprise Sublette County School District #1's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Sublette County School District #1's management. 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 of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.


In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Sublette County School District #1, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 1, 2011, on our consideration of Sublette County School District #1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 12 and 46 through 51 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 statement in an appropriate operational, economic, or historical context. We have applied certain limited procedures to management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied during the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sublette County School District's #1's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of Sublette County School District #1. The other supplementary information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying basic financial statements, required supplementary information, other supplementary information listed in the table of contents, and our independent auditor's reports are for the purpose of meeting local, state and federal requirements and are 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 basic financial statements, required supplementary information, other supplementary information and our independent auditor's reports are hereby advised that the liability of Porter, Muirhead, Cornia & Howard 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.

  
Porter, Muirhead, Cornia & Howard  
Certified Public Accountants

December 1, 2011

# SUBLETTE COUNTY SCHOOL DISTRICT #1

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

(Unaudited)

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This section of Sublette County School District #1's annual financial report presents management's discussion and analysis of the District's financial performance and provides an overall review of the financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the financial statements and financial statements to enhance their understanding of the District's financial performance.

These financial statements include two component units: The Sublette Board of Cooperative Educational Services (B.O.C.E.S.) and the Pinedale Aquatic Center Joint Powers Board. The B.O.C.E.S. is governed by a five member board. Four of those board members are appointed by the District's Board of Trustees. The fifth is appointed by Western Wyoming Community College. Although it is legally separate from the District, the B.O.C.E.S. is reported as if it were part of the primary government because their board is substantially the same as the District's Board of Trustees (i.e., Four of the five members are also members of the Board of Trustees representing a majority of the vote.). B.O.C.E.S. provides educational services, including but not limited to post-secondary education, vocational-technical education and adult education, since these services can be provided more effectively through a cooperative effort with the Western Wyoming Community College. The B.O.C.E.S. does not prepare separately issued financial statements and their balances and results of financial transactions are included as a blended component unit of the District and are typically referred to as the "District." The other component unit is Pinedale Aquatic Center Joint Powers Board (PAC) is presented as a discretely presented component unit. The PAC is governed by five board members. Three of those board members are school board members. Of the other two, one is appointed by the Town of Pinedale and the other by the Sublette County Commissioners. While they are a majority of the PAC board they cannot constitute a majority of the school board in school board actions.

### *Financial Highlights*

Key financial highlights for 2011 are as follows:

- Assets, excluding capital assets, exceeded total liabilities at the close of the most recent fiscal year by \$55,044,966. Unrestricted net assets of governmental activities were \$30,865,316 and business-type activities amounted to \$2,788,690.
- Total expenses exceeded revenues, decreasing net assets by \$11,683,153. Of this amount, governmental activities generated a loss of \$12,136,712 and business-type activities generated a gain of \$453,559.
- Total program expenses were \$27,034,581 of which \$25,562,574 was governmental activities and \$1,472,007 was business-type activities. Program specific revenues were \$14,396 for governmental activities and \$843,490 for business-type activities. Operating grants and contributions were \$930,737 for governmental fund types and \$297,490 for business type activities.

The District had no bonded debt during fiscal year 2011.

### *Overview of the Financial Statements*

This annual report consists of three parts: management's discussion and analysis (this part), the basic financial statements, and required supplementary information. The discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements include four components: 1) district-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) required supplementary information.

SUBLETTE COUNTY SCHOOL DISTRICT #1

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

(Unaudited)

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

The *statement of net assets* presents information on all the District's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases and decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused leave). In the statement of net assets and statement of activities, the District is divided into two distinct kinds of activities as follows:

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

**Business - Type Activities** – This service is provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The Food Service, Rental Properties and Health Insurance Fund are reported as business activities.

The district-wide financial statements can be found on pages 14-16 of this report.

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

***Governmental funds.*** Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of 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 17-22 of this report.

***Capital projects funds.*** Capital project funds are used to account for the acquisition and construction of real property. The fund follows the same accounting procedures as the other governmental funds and is included as a governmental fund type. The capital projects fund statements can be found on pages 17-22 of this report.

SUBLETTE COUNTY SCHOOL DISTRICT #1

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

(Unaudited)

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***Proprietary funds.*** Proprietary funds are used to account for activities the District operates similar to private business. Proprietary funds use the accrual basis of accounting, the same as on the district-wide statements. Therefore, the statements will essentially match the business-type activities portion of the district-wide statements. The proprietary fund financial statements can be found on pages 23-26 of this report.

***Fiduciary funds.*** Fiduciary funds are used to account for resources held for the benefit of parties outside the District. The District is the trustee, or fiduciary, for assets that belong to others, such as the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. Fiduciary funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund financial statements can be found on page 27-28 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 29-45 of this report.

The basic financial statements are followed by a section of supplementary information. *Required supplementary information* further explains and supports the financial statements by including a comparison of the District's budget data for the year. Budgetary comparison statements have been provided for the major funds to demonstrate compliance with this budget. The required supplementary information can be found on pages 46-51 of this report.

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**SUBLETTE COUNTY SCHOOL DISTRICT #1**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2011

(Unaudited)

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

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

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

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2011

(Unaudited)

***District-Wide Financial Analysis***

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

Table 2 provides a summary of the District's net assets for 2011.

**Table 2  
Net Assets**

	2010	2011	2010	2011	2010	2011
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
<u>Assets</u>						
Current and other assets	\$ 63,622,560	\$ 52,447,798	\$ 1,864,633	\$ 2,597,168	\$ 65,487,193	\$ 55,044,966
Capital assets, net	59,784,812	58,661,554	22,039,717	21,742,496	81,824,529	80,404,050
Total assets	123,407,372	111,109,352	23,904,350	24,339,664	147,311,722	135,449,016
<u>Liabilities</u>						
Current and other liabilities	533,848	372,540	350,198	331,953	884,046	704,493
Total liabilities	533,848	372,540	350,198	331,953	884,046	704,493
<u>Net Assets</u>						
Invested in capital assets, net of related debt	35,071,632	58,661,554	21,367,225	21,219,021	56,438,857	79,880,575
Restricted	20,004,772	21,209,942	-	-	20,004,772	21,209,942
Unrestricted	67,797,120	30,865,316	2,186,927	2,788,690	69,984,047	33,654,006
Total net assets	\$ 122,873,524	\$ 110,736,812	\$ 23,554,152	\$ 24,007,711	\$ 146,427,676	\$ 134,744,523

As of June 30, 2011, the District reported total assets of \$135,449,016 and total liabilities of \$704,493. Net assets amounted to \$134,744,523. The District's unrestricted net assets, the part of net assets that can be used to finance day-to-day activities without constraints established by grants or legal requirements, amounted to \$33,654,006.

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2011

(Unaudited)

Table 3 reflects the change in net assets for fiscal year 2011.

**Table 3  
Change in Net Assets**

	2010	2011	2010	2011	2010	2011
	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	Total	Total
<u>Revenues</u>						
Program revenues						
Charges for						
services	\$ 12,457	\$ 14,396	\$ 810,800	\$ 843,490	\$ 823,257	\$ 857,886
Operating grants	689,054	930,737	382,690	297,498	1,071,744	1,228,235
General revenue						
Property taxes	176,269,953	100,025,050	-	-	176,269,953	100,025,050
Recapture payment	(151,735,756)	(80,917,155)	-	-	(151,735,756)	(80,917,155)
Investments	279,869	124,813	5,879	5,869	285,748	130,682
Other	17,804,632	1,712,074	1,492	10,925	17,806,124	1,722,999
Total revenues	43,320,209	21,889,915	1,200,861	1,157,782	44,521,070	23,047,697
<u>Program Expenses</u>						
Instruction	8,867,248	9,733,693	-	-	8,867,248	9,733,693
Students & instructional staff services	2,248,195	2,351,232	-	-	2,248,195	2,351,232
Board of education, Administration						
fiscal and business operation and maintenance	1,420,566	2,068,790	-	-	1,420,566	2,068,790
of plant services	3,392,835	3,825,116	-	-	3,392,835	3,825,116
Pupil transportation	906,615	909,140	-	-	906,615	909,140
Other support services	4,223	15,192	-	-	4,223	15,192
Community relations	3,087,256	3,069,292	-	-	3,087,256	3,069,292
Central services	795,966	2,938,515	-	-	795,966	2,938,515
BOCES	724,433	651,604	-	-	724,433	651,604
Food service	-	-	605,827	707,491	605,827	707,491
Rental properties	-	-	690,139	764,516	690,139	764,516
Total expenses	21,447,337	25,562,574	1,295,966	1,472,007	22,743,303	27,034,581
Excess (deficiency) of revenues over expenses	21,872,872	(3,672,659)	(95,105)	(314,225)	21,777,767	(3,986,884)
Transfers	(749,810)	(8,464,053)	749,810	767,784	-	(7,696,269)
Change in net assets	\$ 21,123,062	\$ (12,136,712)	\$ 654,705	\$ 453,559	\$ 21,777,767	\$ (11,683,153)

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2011

(Unaudited)

The District received \$23,047,697 in revenues net of \$80,917,155 in recapture payments to the State. Property taxes and unrestricted federal and state aid accounted for 90% of the District's revenue. Another 10% came from charges for services and operating grants, contributions and capital grants and contributions. Expenses related to pupil instruction, student transportation, and student and staff services usually are the predominate expenses of the school district. See Cost of Services Graph.

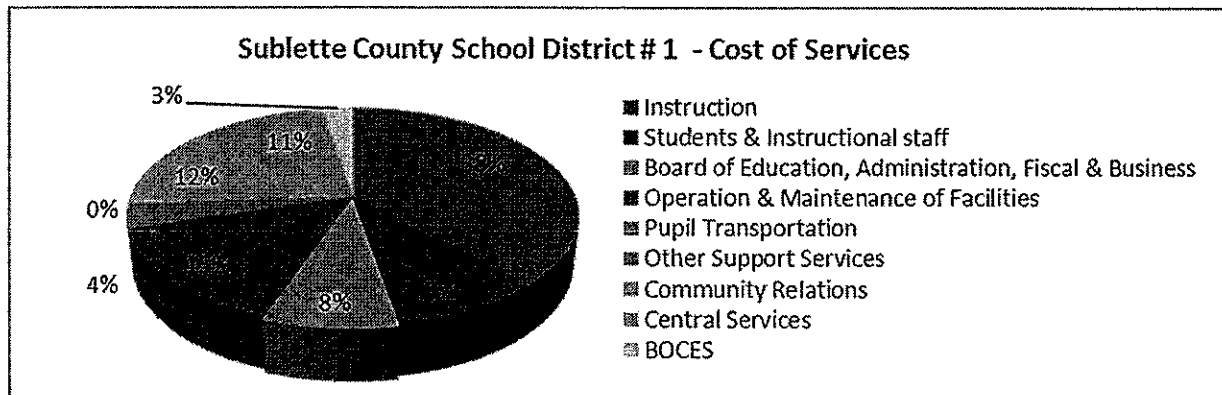
Total expenses were greater than total revenues, decreasing net assets by \$11,683,153 over last year. Governmental activities accounted for \$12,136,712 of the decrease while business-type activities increased net assets by \$453,559.

***Governmental Activities***

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

**Table 4  
Cost of Services**

	Total cost of Services	Net cost of Services
Instruction	\$ 9,733,693	\$ (8,940,017)
Students and instructional staff	2,351,232	(2,214,171)
Board of education, administration, fiscal and business	2,068,790	(2,068,790)
Operation and maintenance of facilities	3,825,116	(3,825,116)
Pupil transportation	909,140	(909,140)
Other support services	15,192	(15,192)
Community relations	3,069,292	(3,069,292)
Central services	2,938,515	(2,938,515)
BOCES	651,604	(637,208)
	<u>\$ 25,562,574</u>	<u>\$(24,617,441)</u>
Total		



**SUBLETTE COUNTY SCHOOL DISTRICT #1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2011  
(Unaudited)

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The total cost of governmental activities was \$25,562,574. The net cost of governmental activities of \$24,617,441 was financed by general revenues, which are primarily made up of property taxes. Due to the unique nature of school funding in Wyoming, general fund revenues are recaptured by the State of Wyoming under the State School Foundation Funding model. As such, fluctuations in county property valuations generally have little overall effect on the District's funding for operations. The District paid \$80,917,155 in recapture payments to the State for the fiscal year ended June 30, 2011. Further information on school funding can be found on the Wyoming State Legislatures' website at <http://legisweb.state.wy.us/LSOWeb/SchoolFinance/schoolfinance.aspx>.

***Business-Type Activities***

Business-Type activities include Cafeteria Lunch Program and Rental Properties; all are intended to be self-supporting. These programs had operating revenues of \$854,415, other income of \$303,367 including capital contributions and transfers of \$767,784, and operating expenses of \$1,469,434, resulting in a net loss of (\$311,652) before transfers. The Food Service Program and Rental Properties programs contributed \$256,148 and \$199,984 to the increase in net assets, respectively.

***The District's Funds***

The District's governmental funds are accounted for on the modified accrual basis of accounting. All governmental funds had total revenues of \$22,207,921 and expenditures of \$24,606,575. Net transfers out of the governmental funds were (\$2,813,854.)

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2011, the District did amend its budgets. The District uses a site/department-based budgeting system designed to control such budgets, yet provide flexibility for site or department management.

The General Fund actual revenues were \$14,106,091 net of the \$80,917,155 recapture payment, which is lower than the original budget estimate of \$14,248,500. The variance between the budget and June 30, 2011 actual results was due to decreased revenues for motor vehicle fees, transfer from the special revenue fund and earnings on investments.

The actual expenditures and other financing uses of the General Fund were \$15,566,686 which is below the final budget estimate of \$16,721,808. The variance between the budget and the June 30, 2011 actual results was due, in part, to conservative estimates of staffing numbers and wages, hiring replacement staff at a lower wage rates than budgeted, not spending budgeted contingencies, and a position approved by the Board of Trustees, included in the budget but not filled for the year.

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2011

(Unaudited)

***Capital Assets***

At the end of the fiscal year, the District had \$80,404,050 (net of accumulated depreciation) invested in land, buildings, equipment, transportation equipment, and construction in progress. \$58,661,554 of this amount is in governmental activities and \$21,742,496 in business activities. Table 5 shows the breakdown of net capital assets for fiscal year 2011.

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

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 2,335	\$ 2,335	\$ 523	\$ 523	\$ 2,858	\$ 2,858
Land improvements	7,716	7,005	257	257	7,973	7,262
Buildings and improvements	60,205	38,375	22,333	22,248	82,538	60,623
Transportation equipment	2,400	2,161	36	36	2,436	2,197
Equipment, contents, and machinery	3,145	2,702	384	136	3,529	2,838
Construction in progress	5	22,379	-	149	5	22,528
Capital assets (gross)	75,806	74,957	23,533	23,349	99,339	98,306
Accumulated depreciation	(17,144)	(15,171)	(1,790)	(1,309)	(18,934)	(16,480)
Total	<u>\$ 58,662</u>	<u>\$ 59,786</u>	<u>\$ 21,743</u>	<u>\$ 22,040</u>	<u>\$ 80,405</u>	<u>\$ 81,826</u>

The majority of capital assets added during fiscal year 2011 were for building improvements and construction in process. The District completed several smaller construction projects during the fiscal year and the new elementary school was substantially completed July 31, 2010.

**SUBLETTE COUNTY SCHOOL DISTRICT #1**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2011  
(Unaudited)

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***Long-Term Debt***

The District had no bonded debt outstanding at June 30, 2011. The District neither issued nor retired any bonded debt during the fiscal year. The District's legal debt margin for fiscal year 2011 was \$313.3 million.

***Current Issues***

The State Foundation Program Guarantee is calculated on average student membership, student demographics, reimbursement of Special Education and Transportation costs and other factors. The District is experiencing increases in enrollment and those increases are expected to continue. The 2010-2011 fiscal year was the last year before the Wyoming State Legislators underwent a recalibration of school funding as mandated by the Wyoming Supreme Court. At the time of this printing we know the 2011-2012 fiscal year will have substantially the same funding as the 2010-2011 fiscal year. We do expect a slight increase in funding due to reimbursement of transportation and special education costs and increased average student membership. However, there are discussions about changing the Regional Cost Adjustment in the funding model. To date, all proposed adjustments would decrease funding for this District anywhere from zero to \$600,000.

***Contacting the District's Financial Management***

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

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

**BASIC FINANCIAL STATEMENTS**

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**SUBLETTE COUNTY SCHOOL DISTRICT #1**

**STATEMENT OF NET ASSETS**

June 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 22,001,633	\$ 2,499,755	\$ 24,501,388	\$ 1,523,914
Cash held by fiscal agent	138,891	-	138,891	-
Investments	28,262,357	-	28,262,357	5,943,000
Property tax receivable	1,824,958	-	1,824,958	-
Due from other governments	127,910	3,287	131,197	-
Interest receivable	9,335	-	9,335	26,084
Internal balances	(53,530)	53,530	-	-
Due from component unit	645	13,144	13,789	-
Prepaid expense	81,311	5,417	86,728	300,000
Inventories	54,288	22,035	76,323	-
Capital assets, not depreciable	2,339,529	523,475	2,863,004	-
Capital assets, depreciable net of accumulated depreciation	56,322,025	21,219,021	77,541,046	199,288
<b>Total assets</b>	<b>111,109,352</b>	<b>24,339,664</b>	<b>135,449,016</b>	<b>7,992,286</b>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	147,714	17,080	164,794	28,532
Accrued wages payable	170,870	5,306	176,176	51,775
Due to primary government	-	-	-	13,789
Deposits payable	-	9,567	9,567	-
Unearned revenue	8,310	300,000	308,310	36,321
Noncurrent liabilities				
Due after one year	45,646	-	45,646	7,009
<b>Total liabilities</b>	<b>372,540</b>	<b>331,953</b>	<b>704,493</b>	<b>137,426</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	58,661,554	21,219,021	79,880,575	199,288
Restricted	21,209,942	-	21,209,942	-
Unrestricted	30,865,316	2,788,690	33,654,006	7,655,572
<b>Total net assets</b>	<b>\$ 110,736,812</b>	<b>\$ 24,007,711</b>	<b>\$ 134,744,523</b>	<b>\$ 7,854,860</b>

See accompanying notes to the financial statements

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

**STATEMENT OF ACTIVITIES**

Year Ended June 30, 2011

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction				
Regular	\$ 7,002,368	\$ -	\$ 375,706	\$ -
Special education	2,546,437	-	407,786	-
Vocational education	184,888	-	10,184	-
Support services				
Pupil services	1,499,508	-	11,940	-
Instructional staff services	851,724	-	125,121	-
Administrative services	831,344	-	-	-
General administration services	769,057	-	-	-
Business services	468,389	-	-	-
Operation and maintenance of plant services	3,825,116	-	-	-
Pupil transportation services	909,140	-	-	-
Other support	15,192	-	-	-
Community relations	3,069,292	-	-	-
Community services	-	-	-	-
Central services	2,938,515	-	-	-
BOCES	651,604	14,396	-	-
Total governmental activities	<u>25,562,574</u>	<u>14,396</u>	<u>930,737</u>	<u>-</u>
Business-type activities				
Food Service Fund	707,491	172,240	134,797	-
Rental Properties Fund	764,516	671,250	162,701	-
Total business-type activities	<u>1,472,007</u>	<u>843,490</u>	<u>297,498</u>	<u>-</u>
Total primary government	<u>\$ 27,034,581</u>	<u>\$ 857,886</u>	<u>\$ 1,228,235</u>	<u>\$ -</u>
Component unit				
Pinedale Aquatic Center	\$ 3,063,266	\$ 345,564	\$ 10,318	\$ -
Total component unit	<u>\$ 3,063,266</u>	<u>\$ 345,564</u>	<u>\$ 10,318</u>	<u>\$ -</u>

General revenues

Taxes
Property taxes, levied for general purposes
Property taxes, levied for specific purposes
State Foundation Program payment
Federal, state and local aid not restricted to specific purposes
Other local sources
Other state sources
Miscellaneous
Interest and investment earnings
Transfers
Total general revenues
Change in net assets
Net assets - beginning of year
Net assets - end of year

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Unit</u>
\$ (6,626,662)	\$ -	\$ (6,626,662)	\$ -
(2,138,651)	-	(2,138,651)	-
(174,704)	-	(174,704)	-
(1,487,568)	-	(1,487,568)	-
(726,603)	-	(726,603)	-
(831,344)	-	(831,344)	-
(769,057)	-	(769,057)	-
(468,389)	-	(468,389)	-
(3,825,116)	-	(3,825,116)	-
(909,140)	-	(909,140)	-
(15,192)	-	(15,192)	-
(3,069,292)	-	(3,069,292)	-
-	-	-	-
(2,938,515)	-	(2,938,515)	-
(637,208)	-	(637,208)	-
<u>(24,617,441)</u>	<u>-</u>	<u>(24,617,441)</u>	<u>-</u>
-	(400,454)	(400,454)	-
-	69,435	69,435	-
<u>-</u>	<u>(331,019)</u>	<u>(331,019)</u>	<u>-</u>
<u>(24,617,441)</u>	<u>(331,019)</u>	<u>(24,948,460)</u>	<u>-</u>
-	-	-	(2,707,384)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,707,384)</u>
96,195,478	-	96,195,478	-
3,829,572	-	3,829,572	-
(80,917,155)	-	(80,917,155)	-
17,029	-	17,029	3,050,000
1,668,161	-	1,668,161	-
26,884	10,925	37,809	-
124,813	5,869	130,682	60,921
(8,464,053)	767,784	(7,696,269)	-
<u>12,480,729</u>	<u>784,578</u>	<u>13,265,307</u>	<u>3,110,921</u>
(12,136,712)	453,559	(11,683,153)	403,537
<u>122,873,524</u>	<u>23,554,152</u>	<u>146,427,676</u>	<u>7,451,323</u>
<u>\$ 110,736,812</u>	<u>\$ 24,007,711</u>	<u>\$ 134,744,523</u>	<u>\$ 7,854,860</u>

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2011

	General Fund	Grants Fund	Major Maintenance Fund	Capital Projects Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ 6,538,471	\$ -	\$ 3,024,368	\$ 3,260,571
Cash held by fiscal agent	133,875	-	-	-
Investments	-	-	-	28,022,077
Property tax receivable	1,653,931	-	-	-
Other receivables	3,830	-	1,000	4,505
Due from other governments	23,017	104,893	-	-
Due from other funds	219,878	242,399	-	2,067,903
Due from component unit	645	-	-	-
Prepaid expense	43,394	-	-	37,917
Inventories	54,288	-	-	-
<b>Total assets</b>	<b>\$ 8,671,329</b>	<b>\$ 347,292</b>	<b>\$ 3,025,368</b>	<b>\$ 33,392,973</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities</b>				
Accounts payable	\$ 49,280	\$ 832	\$ -	\$ 86,752
Accrued wages payable	96,020	53,391	-	-
Due to other funds	2,104,551	217,040	-	-
Refundable advance	-	8,310	-	-
Deferred revenue	1,598,897	-	-	-
<b>Total liabilities</b>	<b>3,848,748</b>	<b>279,573</b>	<b>-</b>	<b>86,752</b>
<b>Fund balances</b>				
<b>Nonspendable</b>				
Prepaid expense	43,394	-	-	37,917
Inventories	54,288	-	-	-
<b>Restricted for</b>				
Federal, state, and local grants	-	224	-	-
Major maintenance	-	-	2,495,739	-
Buildings and equipment	-	-	-	15,430,241
Recreation	-	-	-	-
<b>Committed to</b>				
Lease of school buses	563,895	-	-	-
Maintenance projects	-	-	529,629	-
Construction projects	-	-	-	2,774,428
Future construction projects	-	-	-	15,063,635
<b>Unassigned</b>				
General fund	4,161,004	-	-	-
Special revenue funds	-	67,495	-	-
<b>Total fund balances</b>	<b>4,822,581</b>	<b>67,719</b>	<b>3,025,368</b>	<b>33,306,221</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,671,329</b>	<b>\$ 347,292</b>	<b>\$ 3,025,368</b>	<b>\$ 33,392,973</b>

See accompanying notes to the financial statements

Recreation Fund	Contingency Fund	Other Non-major Fund	Total Governmental Funds
\$ 3,242,956	\$ -	\$ 5,935,267	\$ 22,001,633
3,344	-	1,672	138,891
-	-	240,280	28,262,357
143,238	-	27,789	1,824,958
-	-	-	9,335
-	-	-	127,910
-	-	-	2,530,180
-	-	-	645
-	-	-	81,311
-	-	-	54,288
<u>\$ 3,389,538</u>	<u>\$ -</u>	<u>\$ 6,205,008</u>	<u>\$ 55,031,508</u>
\$ -	\$ -	\$ 10,850	\$ 147,714
546	-	20,913	170,870
-	-	246,415	2,568,006
-	-	-	8,310
105,254	-	52,627	1,756,778
<u>105,800</u>	<u>-</u>	<u>330,805</u>	<u>4,651,678</u>
-	-	-	81,311
-	-	-	54,288
-	-	-	224
-	-	-	2,495,739
-	-	-	15,430,241
3,283,738	-	-	3,283,738
-	-	-	563,895
-	-	-	529,629
-	-	-	2,774,428
-	-	-	15,063,635
-	-	-	4,161,004
-	-	5,874,203	5,941,698
<u>3,283,738</u>	<u>-</u>	<u>5,874,203</u>	<u>50,379,830</u>
<u>\$ 3,389,538</u>	<u>\$ -</u>	<u>\$ 6,205,008</u>	<u>\$ 55,031,508</u>

See accompanying notes to the financial statements

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**SUBLETTE COUNTY SCHOOL DISTRICT #1**

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

June 30, 2011

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

Total fund balances of governmental funds	\$ 50,379,830
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	58,661,554
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds	1,756,778
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(15,704)
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds	<u>(45,646)</u>
Net assets of governmental activities	<u><u>\$ 110,736,812</u></u>

See accompanying notes to the financial statements

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2011**

	General Fund	Grants Fund	Major Maintenance Fund
<b>Revenues</b>			
Taxes	\$ 94,168,063	\$ -	\$ -
Intergovernmental revenues	562,871	930,737	629,617
Charges for services	-	-	-
Miscellaneous	17,373	-	1,775
Investment income	274,939	609	1,887
Foundation program recapture payment	(80,917,155)	-	-
Total revenues	<u>14,106,091</u>	<u>931,346</u>	<u>633,279</u>
<b>Expenditures</b>			
<b>Instruction</b>			
Regular	6,259,354	576,177	-
Special education	1,939,695	606,745	-
Vocational education	169,738	15,150	-
Other instructional	-	-	-
<b>Support services</b>			
Pupil services	1,481,641	17,762	-
Instructional staff services	665,591	186,133	-
Administrative services	831,344	-	-
General administration services	211,633	-	-
Business services	431,621	-	-
Operation and maintenance of of plant services	1,543,429	-	400,335
Pupil transportation services	1,077,428	-	-
Other support	15,192	-	-
Community relations	-	-	-
Community services	-	-	-
Central services	952,007	-	-
Building acquisition, construction and improvement services	-	-	-
Total expenditures	<u>15,578,673</u>	<u>1,401,967</u>	<u>400,335</u>
Excess (deficiency) of revenues over expenditures	(1,472,582)	(470,621)	232,944
<b>Other financing sources (uses)</b>			
Transfers in	1,661,852	438,891	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>1,661,852</u>	<u>438,891</u>	<u>-</u>
Net change in fund balance	189,270	(31,730)	232,944
Fund balances - beginning of year	<u>4,633,311</u>	<u>99,449</u>	<u>2,792,424</u>
Fund balances - end of year	<u>\$ 4,822,581</u>	<u>\$ 67,719</u>	<u>\$ 3,025,368</u>

See accompanying notes to the financial statements

Capital Projects Fund	Recreation Fund	Contingency Fund	Other Non-major Fund	Total Governmental Funds
\$ -	\$ 3,241,596	\$ -	\$ 1,620,852	\$ 99,030,511
1,548,296	-	-	-	3,671,521
-	-	-	14,396	14,396
6,713	-	-	1,023	26,884
87,317	1,849	8,333	6,830	381,764
-	-	-	-	(80,917,155)
<u>1,642,326</u>	<u>3,243,445</u>	<u>8,333</u>	<u>1,643,101</u>	<u>22,207,921</u>
-	-	-	85,111	6,920,642
-	-	-	141,850	2,688,290
-	-	-	-	184,888
-	-	-	128,508	128,508
-	-	-	5,084	1,504,487
-	-	-	10,496	862,220
-	-	-	-	831,344
-	-	553,863	-	765,496
33,421	-	3,347	-	468,389
135,721	-	-	-	2,079,485
-	-	-	-	1,077,428
34,992	-	-	1,970	52,154
-	-	-	83,002	83,002
-	3,091,115	-	-	3,091,115
-	-	-	202,633	1,154,640
<u>2,714,487</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,714,487</u>
<u>2,918,621</u>	<u>3,091,115</u>	<u>557,210</u>	<u>658,654</u>	<u>24,606,575</u>
(1,276,295)	152,330	(548,877)	984,447	(2,398,654)
3,567,903	-	-	-	5,668,646
-	-	(7,864,315)	(618,185)	(8,482,500)
<u>3,567,903</u>	<u>-</u>	<u>(7,864,315)</u>	<u>(618,185)</u>	<u>(2,813,854)</u>
2,291,608	152,330	(8,413,192)	366,262	(5,212,508)
<u>31,014,613</u>	<u>3,131,408</u>	<u>8,413,192</u>	<u>5,507,941</u>	<u>55,592,338</u>
<u>\$ 33,306,221</u>	<u>\$ 3,283,738</u>	<u>\$ -</u>	<u>\$ 5,874,203</u>	<u>\$ 50,379,830</u>

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2011

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

Net change in fund balances - total governmental funds		\$ (5,212,508)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded the capital outlays in the current period.</p>		
Capital outlay	24,438,368	
Amount transferred from construction in progress	(23,087,195)	
Amount transferred to Lunch Fund	(150,542)	
Depreciation expense including loss on disposal of assets	<u>(2,323,889)</u>	(1,123,258)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds</p>		
Fiscal year ended June 30, 2010	(2,074,785)	
Fiscal year ended June 30, 2011	<u>1,756,778</u>	(318,007)
<p>Net effect of change in compensated absences</p>		
Compensated absences for the fiscal year ended June 30, 2010	59,785	
Compensated absences for the fiscal year ended June 30, 2011	<u>(45,646)</u>	14,139
<p>Internal service funds are used by management to charge the costs of medical insurance to individual funds. The net expense of certain activities of the internal service fund is reported with governmental activities.</p>		
		(5,499,652)
<p>Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund</p>		
		<u>2,574</u>
Change in net assets of governmental activities		<u><u>\$ (12,136,712)</u></u>

See accompanying notes to the financial statements

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS

June 30, 2011

	Business -Type Activities Enterprise Funds			Governmental Activities- Medical Insurance Internal Service Fund
	Cafeteria Lunch Fund	Rental Properties Fund	Total	
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 362,504	\$ 2,137,251	\$ 2,499,755	\$ -
Investments	-	-	-	-
Other receivables	-	-	-	-
Due from other governments	3,287	-	3,287	-
Due from other funds	37,825	-	37,825	-
Due from component unit	-	13,144	13,144	-
Prepaid expenses	-	5,417	5,417	-
Inventories	22,035	-	22,035	-
Total current assets	<u>425,651</u>	<u>2,155,812</u>	<u>2,581,463</u>	<u>-</u>
Noncurrent assets				
Machinery and equipment, net of accumulated depreciation	<u>174,106</u>	<u>21,568,390</u>	<u>21,742,496</u>	<u>-</u>
Total assets	<u>599,757</u>	<u>23,724,202</u>	<u>24,323,959</u>	<u>-</u>
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	753	16,327	17,080	-
Accrued wages payable	5,306	-	5,306	-
Deposits payable	8,567	1,000	9,567	-
Claims payable	-	-	-	-
Unearned revenue	-	300,000	300,000	-
Total current liabilities	<u>14,626</u>	<u>317,327</u>	<u>331,953</u>	<u>-</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	<u>174,106</u>	<u>21,568,390</u>	<u>21,742,496</u>	<u>-</u>
Unrestricted	<u>411,025</u>	<u>1,838,485</u>	<u>2,249,510</u>	<u>-</u>
Total net assets	<u>\$ 585,131</u>	<u>\$ 23,406,875</u>	<u>23,992,006</u>	<u>\$ -</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			<u>15,705</u>	
Net assets of business-type activities			<u>\$ 24,007,711</u>	

See accompanying notes to the financial statements

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS  
 PROPRIETARY FUNDS  
 Year Ended June 30, 2011

	Business -Type Activities Enterprise Funds			Governmental Activities- Medical Insurance Internal Service Fund
	Cafeteria Lunch Fund	Rental Properties Fund	Totals	
Operating revenues				
Charges for services	\$ 172,240	\$ 671,250	\$ 843,490	\$ 1,601,290
Miscellaneous revenue	825	10,100	10,925	-
Total operating revenues	<u>173,065</u>	<u>681,350</u>	<u>854,415</u>	<u>1,601,290</u>
Operating expenses				
Salaries	271,769	-	271,769	-
Benefits	131,428	-	131,428	-
Purchased services	4,619	23,043	27,662	5,957
Supplies	40,411	28,435	68,846	-
Direct food costs	237,013	-	237,013	-
Depreciation expense	19,679	472,904	492,583	-
Medical claims and insurance	-	-	-	1,663,894
Facilities, acquisition, and construction	-	64,645	64,645	-
Operation and maintenance PAC	-	175,488	175,488	-
Total operating expenses	<u>704,919</u>	<u>764,515</u>	<u>1,469,434</u>	<u>1,669,851</u>
Net loss from operations	(531,854)	(83,165)	(615,019)	(68,561)
Nonoperating revenues				
Operating grants	134,797	-	134,797	-
Reimbursements from Pinedale Aquatic Center	-	162,701	162,701	-
Interest income	421	5,448	5,869	19,189
Total other income	<u>135,218</u>	<u>168,149</u>	<u>303,367</u>	<u>19,189</u>
Net income (loss) before transfers and capital contributions	<u>(396,636)</u>	<u>84,984</u>	<u>(311,652)</u>	<u>(49,372)</u>
Capital contributions	150,542	-	150,542	-
Transfers in	502,242	115,000	617,242	-
Transfers out	-	-	-	(5,450,280)
	<u>652,784</u>	<u>115,000</u>	<u>767,784</u>	<u>(5,450,280)</u>
Change in net assets	256,148	199,984	456,132	(5,499,652)
Total net assets - beginning of year	<u>328,983</u>	<u>23,206,891</u>	<u>23,535,874</u>	<u>5,499,652</u>
Total net assets - end of year	<u>\$ 585,131</u>	<u>\$ 23,406,875</u>	<u>\$ 23,992,006</u>	<u>\$ -</u>

See accompanying notes to the financial statements

SUBLETTE COUNTY SCHOOL DISTRICT #1

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended June 30, 2011

	Business -Type Activities Enterprise Funds			Governmental Activities- Medical Insurance Internal Service Fund
	Cafeteria Lunch Fund	Rental Properties Fund	Total	
Cash flows from operating activities				
Cash received from services	\$ 166,976	\$ 681,751	\$ 848,727	\$ 16,828
Cash paid to suppliers for goods and services	(251,381)	(314,608)	(565,989)	(6,436)
Cash paid to employees for services	(344,215)	-	(344,215)	-
Cash received from interfund services	-	-	-	1,584,462
Cash paid for interfund services used	(56,998)	-	(56,998)	(1,826,007)
Net cash provided (used) by operating activities	<u>(485,618)</u>	<u>367,143</u>	<u>(118,475)</u>	<u>(231,153)</u>
Cash flows from capital financing activities				
Purchase of assets	-	(44,820)	(44,820)	-
Net cash used in capital financing activities	<u>-</u>	<u>(44,820)</u>	<u>(44,820)</u>	<u>-</u>
Cash flows from noncapital financing activities				
Transfers from other funds	502,242	115,000	617,242	-
Advances/transfers to other funds	(37,825)	-	(37,825)	(5,450,280)
Reimbursement from Pinedale Aquatic Center	-	162,701	162,701	-
Federal reimbursement	104,793	-	104,793	-
Net cash provided by (used in) noncapital financing activities	<u>569,210</u>	<u>277,701</u>	<u>846,911</u>	<u>(5,450,280)</u>
Cash flows from investing activities				
Sale of investments	-	723,008	723,008	20,583
Purchase of investments	-	(2,341)	(2,341)	4,319,804
Interest income	421	5,448	5,869	14,441
Net cash provided by investing activities	<u>421</u>	<u>726,115</u>	<u>726,536</u>	<u>4,354,828</u>
Net increase (decrease) in cash and cash equivalents	84,013	1,326,139	1,410,152	(1,326,605)
Cash and cash equivalents - beginning of year	<u>278,491</u>	<u>811,112</u>	<u>1,089,603</u>	<u>1,326,605</u>
Cash and cash equivalents - end of year	<u>\$ 362,504</u>	<u>\$ 2,137,251</u>	<u>\$ 2,499,755</u>	<u>\$ -</u>

(Continued)

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS (CONTINUED)  
 PROPRIETARY FUNDS  
 Year Ended June 30, 2011

	Business -Type Activities Enterprise Funds			Governmental Activities- Medical Insurance Internal Service Fund
	Cafeteria Lunch Fund	Rental Properties Fund	Total	
	Fund	Fund	Total	Service Fund
Reconciliation of operating loss to net cash provided (used) by operating activities				
Operating loss	\$ (531,854)	\$ (83,165)	\$ (615,019)	\$ (68,561)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities				
Depreciation	19,679	472,904	492,583	-
USDA commodities received without payment	30,004	-	30,004	-
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities				
Other receivables	-	-	-	8,002
Due from other governments	(2,813)	-	(2,813)	-
Due from component unit	-	401	401	-
Prepaid expenses	-	(5,417)	(5,417)	-
Inventories	31	-	31	-
Accounts payable	627	(14,980)	(14,353)	(479)
Accrued wages payable	1,984	-	1,984	-
Deposits payable	(3,276)	(2,600)	(5,876)	-
Claims payable	-	-	-	(170,115)
Net cash provided (used) by operating activities	<u>\$ (485,618)</u>	<u>\$ 367,143</u>	<u>\$ (118,475)</u>	<u>\$ (231,153)</u>
Statement of Non Cash Activities				
During the year ended June 30, 2011 the District transferred capital assets to the Cafeteria Lunch Fund	\$ 150,542	\$ -	\$ 150,542	\$ -
Unrealized loss on investments	\$ -	\$ -	\$ -	\$ 20,620

See accompanying notes to the financial statements

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS**

June 30, 2011

	Agency Funds		Private Purpose Trust Funds	
	Student Activities	Scholarship Funds	Employee Benefits Fund	Medical Insurance Fund
<b>ASSETS</b>				
Cash	\$ 112,904	\$ 2,043	\$ 1,064,048	\$ 1,325,448
Investments	-	-	7,142,701	4,317,746
Other receivables	-	-	8,038	57,578
<b>Total assets</b>	<u>112,904</u>	<u>2,043</u>	<u>8,214,787</u>	<u>5,700,772</u>
<b>LIABILITIES</b>				
Accounts payable	160	-	819	492
Claims payable	-	-	-	250,000
457(f)(2) payable	-	-	187,055	-
Due to student groups	112,744	-	-	-
<b>Total liabilities</b>	<u>112,904</u>	<u>-</u>	<u>187,874</u>	<u>250,492</u>
<b>NET ASSETS</b>				
Held in trust for				
Scholarships	-	2,043	-	-
Employee benefits	-	-	8,026,913	-
Medical insurance	-	-	-	5,450,280
<b>Total net assets</b>	<u>\$ -</u>	<u>\$ 2,043</u>	<u>\$ 8,026,913</u>	<u>\$ 5,450,280</u>

See accompanying notes to the financial statements

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
 FIDUCIARY FUNDS  
 Year Ended June 30, 2011

	Private Purpose Trust Funds	
	Employee Benefits Fund	Medical Insurance Fund
<b>ADDITIONS</b>		
Investment earnings	\$ 28,286	\$ -
Total additions	28,286	-
<b>DEDUCTIONS</b>		
Salaries and benefits 457(f)(2) plan	213,376	-
Investment management fees	9,914	-
Total deductions	223,290	-
	(195,004)	-
Transfer in	2,196,611	5,450,280
Change in net assets	2,001,607	5,450,280
Net assets - beginning of year	6,025,306	-
Net assets - ending of year	\$ 8,026,913	\$ 5,450,280

See accompanying notes to the financial statements

# SUBLETTE COUNTY SCHOOL DISTRICT #1

## NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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### Note 1. Summary of Significant Accounting Policies

#### *Reporting Entity*

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

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

#### *Blended Component Unit*

The Sublette Board of Cooperative Educational Services (B.O.C.E.S.) is governed by a five member board. Four of the board members are District's board members appointed by the District's Board of Trustees. The fifth is appointed by Western Wyoming Community College. Although it is legally separate from the District, B.O.C.E.S. is reported as if it were part of the primary government because their board is substantially the same as the District's Board of Trustees (i.e., four of the five members are also members of the Board of Trustees representing a majority of the vote.). B.O.C.E.S. provides educational services, including but not limited to post-secondary education, vocational-technical education and adult education, since these services can be provided more effectively through a cooperative effort with Western Wyoming Community College. B.O.C.E.S. may impose up to 2 ½ mills on the District's assessed valuation for operations. B.O.C.E.S. does not prepare separately issued financial statements.

#### *Discretely Presented Component Unit*

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

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

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

SUBLETTE COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

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

***Government-Wide and Fund Financial Statements (Continued)***

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

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

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

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

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

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

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

The District reports the following major governmental funds:

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

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

SUBLETTE COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

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

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

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

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

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

The *contingency fund* was created during the fiscal year ended June 30, 2008, and it accounts for and reports revenue to set aside a part of the excess recapture funds.

The District reports the following major proprietary funds:

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

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

Additionally, the District reports the following fund types:

The *internal service medical insurance fund* was used to account for the activities of the District's medical plan. The District's medical plan was covered under a stop loss funding arrangement. The District is liable to pay benefits up to a certain prescribed maximum and has stop loss insurance to provide benefits in excess of the maximum amount. Revenue of the fund was from premiums charged to other funds, interest, premiums from COBRA and transfers from the other funds. Funds were transferred weekly to the third party administrator to cover claims. On June 30, 2011, the Board of Trustees created a private purpose trust fund, and all assets and liabilities previously accounted by the internal service medical insurance fund were transferred to the new fund.

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

The *trust funds* are used to account for student scholarships; to accumulate resources for future liabilities of an Employee Benefits Plan created on June 30, 2008; and the private purpose trust established June 30, 2011, to account for the assets and liabilities of the District's self-funded medical health insurance.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The District also has the option of following subsequent private-sector guidance for their business-type activities, subject to this same limitation. The District has elected not to follow subsequent private-sector guidance.

SUBLETTE COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

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

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

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

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

*Assets, Liabilities, and Net Assets or Equity*

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

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

*Deposits and Investments*

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

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

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

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

*Allowance for Uncollectible Property Taxes*

At June 30, 2011, the District recorded a \$5,034,943, \$87,661, and \$43,830 allowance for property tax receivable in the general fund, recreational, and B.O.C.E.S. funds, respectively.

SUBLETTE COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

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

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

*Interfund Balances*

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

*Property Taxes*

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

Wyoming Statutes provide for tax levies to fund the operation of school districts. A school district under Wyoming Statutes must levy taxes of 25 mills on the assessed valuation of the district. The district must also levy 6 mills on the assessed valuation of the county. The taxes raised from the 6 mills are divided between Pinedale and Big Piney school districts based on last year's average daily membership. Additionally, the school district must levy 12 mills on the assessed valuation of the district. The revenues from the 12 mills are paid directly to the State of Wyoming School Foundation account by the County Treasurer. The Board of Trustees levies an additional one mill for recreation. The combined tax rate related to finance general school services other than the payment of principal and interest on long-term debt for the year ended June 30, 2011 was thirty-two and a half mills. For the current fiscal year thirty-two mills were levied, and an additional half mill was levied for B.O.C.E.S.

*Inventories and Prepaid Items*

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

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

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

SUBLETTE COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

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

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

*Capital Assets*

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

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

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

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

Land improvements	20 years
Buildings and building improvements	25 – 50 years
Machinery and equipment	5 – 20 years
Vehicles	5 – 12 years

*Compensated Absences*

The District's regularly scheduled support and certified staff, including administrators, earn nine to twelve days sick leave a year. Certified and administration personnel are allowed to accumulate up to 90 days at the end of any school year, with 60 of those days available to use as sick leave. Regularly scheduled support staff is allowed to accumulate up to 60 days. When a certified employee or administrator leave the District, all days accumulated above 60 are paid at \$25 a day. At June 30, 2011 administrators had a total of 324 days with 53.25 over the 60 floor. Teachers had a total of 1,443.44 with 126 days in excess of 60 days. Support staff had a total of 1,476.76 days.

All eligible staff, including the superintendent and business manager, are credited with their vacation leave at the beginning of the fiscal year. All employees who earn vacation are paid for their unused vacation leave when they resign or retire. Vacation is to be used in the year granted, but must be used within six months after the end of the year granted or the unused balance will be paid out at the employees current pay rate. The maximum amount an employee can carry is twice their annual leave. Eligible employees are given 10 days of vacation per year until they have been employed for 10 years. Beginning in their eleventh year employees receive 15 days per year. In January 2011, the District paid out approximately \$12,940 for unused vacation.

All accumulated vacation and sick leave pay, along with applicable employee benefits, are accrued when incurred in the government-wide and proprietary statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

*Use of Estimates*

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

SUBLETTE COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

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

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

***Fund Balance***

During the fiscal year ended June 30, 2010, the District implemented GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund type Definitions*. This Statement enhances the usefulness of fund balance information by providing a clearer fund balance classification that can be more consistently applied and by clarifying the exiting governmental fund type definitions. It establishes accounting and financial reporting standards for all governments that report governmental funds. It also establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. This Standard establishes a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which those amounts in each fund can be spent.

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

***Nonspendable Fund Balances***

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

***Restricted Fund Balances***

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

***Committed Fund Balance***

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

***Assigned Fund Balance***

Assigned fund balances are the net amounts of assets and liabilities constrained by the intent of the Board of Trustees. The intent will not be done by formal action of the Board of Trustees but will be part of items such as the adopted budget or in a statement by the Board of Trustees or by the Director of Business and Finance.

***Unassigned Fund Balance***

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

SUBLETTE COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

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

*Budgets and Budgetary Accounting*

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

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

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

The budget is adopted by the third Thursday of July.

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

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

In July 2011, the District amended its budget for the grants and trust funds. For the fiscal year ended June 30, 2011, the District over expended the Contingency fund's transfers out by \$2,301,635.

**Note 3. Cash and Investments**

*Custodial credit risk – deposits*

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. Neither the District nor B.O.C.E.S., a blended presented component unit, or Pinedale Aquatic Center, a discretely presented component unit, has a deposit policy for custodial credit risk. As of June 30, 2011, all of the District's and its component unit's bank balances were collateralized with securities held by the pledging financial institution's trust department or agent, in joint custody of the bank and the District or its component units.

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2011

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

***Custodial credit risk - deposits (Continued)***

As of June 30, 2011, the District had the following investments:

Investment Type	Fair Value	Interest Rate	Investment Maturities (In Years)		Investment Ratings
			Less Than 1	1-5	
<b>Primary government</b>					
U.S. Treasury Notes	\$ 857,407	2.375-4.65%	\$ 215,699	\$ 641,708	Not rated
State Treasurer's Investment Pool (WYO-STAR)	5,177	0.91%	5,177	-	Not rated
Wyoming Government Investment Fund (WGIF)	27,159,493	.0 - 1.0%	26,663,493	496,000	AAAm
Certificates of Deposit	240,280	.90% to 1.09%	240,280	-	Not rated
	<u>\$ 28,262,357</u>		<u>\$ 27,124,649</u>	<u>\$ 1,137,708</u>	
<b>Component Unit</b>					
Wyoming Government					
Investment Fund (WGIF)	\$ 5,943,000	.55% to 1.19%	\$ 5,943,000	\$ -	AAAm
	<u>\$ 5,943,000</u>		<u>\$ 5,943,000</u>	<u>\$ -</u>	
<b>Private Purpose Trust Funds</b>					
Wyoming Government					
Investment Fund (WGIF)	\$ 11,460,447	.0% to 4.875%	\$ 11,460,447	\$ -	AAAm
	<u>\$ 11,460,447</u>		<u>\$ 11,460,447</u>	<u>\$ -</u>	

***Interest rate risk***

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

***Credit risk***

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Under investment agreements with WGIF and WYOSTAR, the Board has invested monies at a fixed contract rate of interest. Because the security is essentially a written contract, generally there is no rating on such investments; however, under Wyoming statutes, underlying providers are required to have the highest rating from at least one of the nationally recognized rating organizations. During the 2007 fiscal year the Board of WGIF had the fund rated by Standard & Poor's. The WGIF fund has an AAAm rating. WGIF issues audited financial statements which can be obtained through Wyoming School Board Association at 2323 Pioneer Avenue, Cheyenne, WY 82001.

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

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

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

*Concentration of credit risk.* The District does not have a formal policy that allows or limits an investment in one issuer that is in excess of a specified percentage of the District's total investments. At June 30, 2011, the District had 96% of its investments in Wyoming Government Investment Fund.

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

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

The composition of interfund balances as of June 30, 2011, is as follows:

Due to/from other funds:

	Receivables	Payables
General Fund	\$ 219,878	\$ 2,104,551
Grants Fund	242,399	217,040
Cafeteria Lunch Fund	37,825	-
Capital Projects Fund	2,067,903	-
Other Non-Major Fund	-	246,415
	<u>\$ 2,568,005</u>	<u>\$ 2,568,006</u>

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

Interfund transfers:

	Transfers in	Transfers out
BOCES	\$ -	\$ 618,185
Cafeteria Lunch Fund	502,242	-
Capital Projects Fund	3,567,903	-
Contingency Fund	-	7,864,315
General Fund	1,661,852	-
Grants	438,891	-
Rental Properties Fund	115,000	-
Insurance Fund	-	5,499,651
Private Purpose Trust Fund		
Employee Benefit Trust	2,196,611	-
Medical Insurance Fund	5,499,652	-
	<u>\$ 13,982,151</u>	<u>\$ 13,982,151</u>

Transfers are used to move unrestricted general fund revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs as approved by the Board of Trustees. The above transfers between the general, grants, and BOCES funds represent reclassifications of revenue and expenses to transfers for financial statements presentation to prevent duplication of revenue and expenses.

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2011

**Note 5. Capital Assets**

A summary of changes in capital assets follows:

	Primary Government			Balance June 30, 2011
	Balance June 30, 2010	Additions	Retirements	
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 2,334,530	\$ -	\$ -	\$ 2,334,530
Construction in progress	22,378,650	864,086	23,237,737	4,999
Total capital assets, not being depreciated	24,713,180	864,086	23,237,737	2,339,529
Capital assets, being depreciated				
Land improvements	7,005,145	710,381	-	7,715,526
Buildings and improvements	38,375,431	21,832,089	2,044	60,205,476
Furnishings, classroom equipment, machinery, equipment, and software	2,701,832	760,147	317,162	3,144,817
Vehicles	2,160,715	271,665	31,948	2,400,432
Total capital assets being depreciated	50,243,123	23,574,282	351,154	73,466,251
Less accumulated depreciation for				
Land improvements	987,510	394,007	-	1,381,517
Buildings and improvements	11,242,795	1,492,130	1,880	12,733,045
Furnishings, classroom equipment, machinery, equipment, and software	2,080,871	224,043	307,410	1,997,504
Vehicles	860,315	203,793	31,948	1,032,160
Total accumulated depreciation	15,171,491	2,313,973	341,238	17,144,226
Total capital assets, being depreciated, net	35,071,632	21,260,309	9,916	56,322,025
Governmental activities capital, net	\$ 59,784,812	\$ 22,124,395	\$ 23,247,653	\$ 58,661,554

Depreciation expenses in the amount of \$177,740, \$104, \$2,116,636, \$9,663, and \$9,830 were charged to regular instruction, pupil support services, operation and maintenance of plant services, community support, and B.O.C.E.S., respectively. Loss on disposal of assets of \$9,916 was charged to depreciation expense for operation and maintenance of plant services on the Statement of Activities.

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2011

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

	Primary Government			Balance June 30, 2011
	Balance June 30, 2010	Additions	Retirements	
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 523,475	\$ -	\$ -	\$ 523,475
Construction in progress	149,017	44,819	193,836	-
Total capital assets, not being	<u>672,492</u>	<u>44,819</u>	<u>193,836</u>	<u>523,475</u>
Capital assets being depreciated				
Land improvements	256,715	-	-	256,715
Buildings and improvements	22,248,155	84,844	-	22,332,999
Machinery and equipment	136,149	259,533	11,764	383,918
Vehicles	35,635	-	-	35,635
Total capital assets being depreciated	<u>22,676,654</u>	<u>344,377</u>	<u>11,764</u>	<u>23,009,267</u>
Less accumulated depreciation for				
Land improvements	34,092	12,833	-	46,925
Buildings and improvements	1,146,797	454,013	-	1,600,810
Machinery and equipment	113,692	20,644	11,764	122,572
Vehicles	14,848	5,091	-	19,939
Total accumulated depreciation	<u>1,309,429</u>	<u>492,581</u>	<u>11,764</u>	<u>1,790,246</u>
Total capital assets, being depreciated, net	<u>21,367,225</u>	<u>(148,204)</u>	<u>-</u>	<u>21,219,021</u>
Business-type activities capital assets, net	<u>\$ 22,039,717</u>	<u>\$ (103,385)</u>	<u>\$ 193,836</u>	<u>\$ 21,742,496</u>

**Component Unit**

Capital asset activity for the Pinedale Aquatic Center for the year ended June 30, 2011.

	Balance June 30, 2010	Additions	Retirements	Balance June 30, 2011
Capital assets being depreciated				
Machinery and equipment	\$ 134,297	\$ -	\$ -	\$ 134,297
Building improvements	131,738	-	-	131,738
Total capital assets being depreciated	<u>266,035</u>	<u>-</u>	<u>-</u>	<u>266,035</u>
Less accumulated depreciation for				
Machinery and equipment	39,012	18,636	-	57,648
Building improvements	2,512	6,586	-	9,098
Total accumulated depreciation	<u>41,524</u>	<u>25,222</u>	<u>-</u>	<u>66,746</u>
Pinedale Aquatic Center capital assets, net	<u>\$ 224,511</u>	<u>\$ (25,222)</u>	<u>\$ -</u>	<u>\$ 199,289</u>

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2011

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

***Long-Term Debt***

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

The following is a summary of debt transactions of the District for the year ended June 30, 2011:

	<u>Balance June 30, 2010</u>	<u>New Debt Incurred</u>	<u>Debt Retired</u>	<u>Balance June 30, 2011</u>	<u>Due Within One Year</u>
Governmental Activities					
Compensated absences	\$ 59,785	\$ 2,740	\$ 16,879	\$ 45,646	\$ -
	<u>\$ 59,785</u>	<u>\$ 2,740</u>	<u>\$ 16,879</u>	<u>\$ 45,646</u>	<u>\$ -</u>
Component Unit					
Compensated absences	\$ -	\$ 7,009	\$ -	\$ 7,009	\$ -
	<u>\$ -</u>	<u>\$ 7,009</u>	<u>\$ -</u>	<u>\$ 7,009</u>	<u>\$ -</u>

For the governmental activities compensated absences are generally liquidated by the general fund.

**Note 6. Retirement System**

The District's full-time and regular part-time employees participate in the Wyoming Retirement System (System), a cost-sharing multiple-employer public employee retirement system. The plan provides retirement benefits at age 60 with early retirement options available. The plan also provides disability and death benefits. Benefits are established by state statute. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Wyoming Retirement System, 5th Floor West, 6101 Yellowstone Road, Cheyenne, Wyoming 82002 or by calling (307) 777-7691.

The System statutorily requires 14.12% of the covered employee's salary to be contributed to the plan of which 7.00% is paid by the employee and the remaining 7.12% is paid by the District. The District has elected to contribute 100% of the contributions required for eligible employees. The District's contributions excluding BOCES to the System for the years ended June 30, 2011, 2010, and 2009 were \$1,264,458, \$970,380, and \$946,846, respectively, equal to the required contributions for each year. B.O.C.E.S.' contributions to the System for the years ended June 30, 2011, 2010, and 2009 were \$15,274, \$11,439, and \$11,957, respectively, equal to the required contributions for each year.

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2011

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**Note 7. Deferred Compensation**

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

**Note 8. Risk Management Programs**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The District is a member of School Risk Retention Program (SRRP). The SRRP's policy limits include \$200,000,000 on physical damage including auto; \$2,000,000 on general, auto and school board liability aggregate limit per occurrence; \$50,000,000 on boiler and machinery; \$100,000 on public dishonesty; \$100,000 on forgery and alterations; \$10,000 on money and securities on premises and messenger each; and \$10,000 on computer fraud. For the fiscal year ended June 30, 2011, the District paid \$80,099 for its participation in the pool and is not subject to any assessments. Of this amount \$61,355 was paid by the general fund and \$18,744 was paid by business activity funds. The District also participates in two other risk management programs: Workers' Compensation Act and Unemployment Compensation Act.

Wyoming Statute §27-14-101 created the Wyoming Workers' Compensation Act, which is administered as an Enterprise Fund by the State of Wyoming. All employers within the State of Wyoming are participants of this plan unless the employer elects not to be covered under the plan. This act requires the District to obtain liability coverage for payment of benefits to employees for job-related injuries and diseases through the Workers' Compensation Fund. This act provides general protection from suits filed by employees against the District. The District makes monthly payments to the Department of Employment, State of Wyoming. For the fiscal year ended June 30, 2011, the District paid approximately \$146,000 in workers' compensation premiums. This amount is based on salaries. The District has elected to cover all employees under this Act.

Wyoming Statute §27-3-101 created the Unemployment Compensation Act. This act requires the District to pay the cost of actual claims incurred. During fiscal year 2011, the District paid approximately \$20,200 in claims under the Unemployment Compensation Act Program.

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2011

**Note 9. Risk Management Programs (Continued)**

The District also provides its employees health care benefits under a health care risk management program. Under this program, the District self-insures health care costs with a stop-loss policy to cover individual claims exceeding \$75,000 per year. Premiums paid for stop-loss insurance were approximately \$198,000. The plan administrator calculates the estimated medical claims based on past historical experience and current economic events. Claims are usually paid within one year of submission. Changes in the District's health care risk management liability during the year ended June 30, 2011 is as follows:

	2011	2010
Health care risk management liability, beginning of year	\$ 170,115	\$ 135,251
Claims incurred	(1,417,557)	(1,444,280)
Claims paid	1,497,442	1,479,144
Health care risk management liability, end of year	<u>\$ 250,000</u>	<u>\$ 170,115</u>

There has been no significant change in insurance coverage during the year ended June 30, 2011. The District's aggregate stop-loss based on claims for one hundred fifty six employees was approximately \$2,129,203.

At a special meeting on June 30, 2011, the Board of Trustees created a private purpose trust for the management of the employee health insurance. At June 30, 2011, all assets and liabilities previously accounted by the internal service fund were transferred to the private purpose trust.

**Note 9. Employee Benefits Plan**

During the year ended June 30, 2008, the Board of Trustees established a Section 457 Deferred Compensation Plan ("Plan"). At June 30, 2011, the total net assets amount held in Employee Benefits Trust for future Plan obligations is \$8,213,968.

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

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

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

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

**Note 10. Employee Benefits Plan (Continued)**

For June 30, 2011 the District received an actuarial valuation of the liabilities of the Plan. The valuation was performed under an open group method in which actuarial present values associated with future entrants to the plan are considered. Under the open group method the future actuarial liability for the housing stipends for current employees that have not received their stipend is \$1,144,411 and for future hires is \$4,218,714. The actuarial valuation of the future liability for the Section 457(f)(2) for current employees is \$1,483,942 and \$1,362,074 for future hires. As of June 30, 2011, the District had a \$187,055 liability under the 457(f)(2) plan to the current retirees. This liability will be paid out at \$44,407 in each of the years 2012, 2013, and 2014, and \$30,739 in 2015, and \$19,114 in 2016. The estimates for new hires do not include an increased number of staff; simply, new hires are replacements for current staff for the next twenty (20) years. For the year ended June 30, 2011, the District paid \$508,784 in housing stipends from the contingency fund.

**Note 10. Related Party Transactions**

During the fiscal year ended June 30, 2011, the District paid \$3,000,000 to the PAC and the PAC reimbursed the District for the cost of utilities and other expenses in the amount of \$162,481.

On July 1, 2007, the District entered into a lease arrangement with the PAC for rental of the recreational facility. The cost of the recreational facility is approximately \$20,341,000 with \$618,200 accumulated depreciation. The lease is for a term of one year with an automatic renewal provision for each year thereafter. The annual lease payment is \$600,000 payable in advance in bi-annual payments. The PAC paid the first lease payment in the amount of \$300,000 during the fiscal year ended June 30, 2007. The District recorded the prepaid lease payment as a deferred revenue in the Rental Properties Fund. The PAC's rent expense for the fiscal year ended June 30, 2011 was \$600,000.

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

**Note 11. Commitments and Contingencies**

At June 30, 2011, the District had several outstanding technology or construction projects. At year end the District's commitments with contractors or architects are as follows:

	<u>Incurred-to-Date</u>	<u>Remaining Commitment</u>
Compressed natural gas fueling station	\$ 1,821,972	\$ 1,821,972
Fiber connection between campuses	416,975	416,975
Fuel pump upgrades	14,356	14,326
Network upgrades	485,926	430,355
Parking lot maintenance	81,500	81,500
Remodel current campus	75,800	75,800
Roofing projects	399,935	399,935

Construction of these projects started in the summer or fall of 2011, except for the CNG Fueling Station. It currently is under final design with a construction start date of April 1, 2012, and completion date of October 1, 2012.

SUBLETTE COUNTY SCHOOL DISTRICT #1

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2011

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**Note 10. Commitments and Contingencies (Continued)**

On August 9, 2011, the District took delivery of four school buses. The total cost for these buses was \$563,895. The District entered into a five year capital lease agreement with Banker's Bank of the West for the purchase of these vehicles.

**Note 12. Subsequent Events**

The Board of Trustees in their regularly scheduled board meeting, April 14, 2011, voted to send a proposal to the Sublette County Boundary Board to return Tax District # 102 to Sublette County School District # 9. On July 18, 2011, the Sublette County Boundary Board approved a resolution to recommend the transfer of Tax District # 102 and forwarded it to the State Board of Education. In a special meeting August 8, 2011, the State Board of Education approved the transfer of Tax District # 102 to Sublette County School District # 9 effective for the 2011-2012 fiscal year. The assessed values of Tax District # 102 were as follows:

<u>Tax Year</u>	<u>Assessed Value</u>
2007	\$ 313,732,201
2008	200,197,341
2009	263,775,482
2010	146,141,354
2011	234,685,422

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**SUBLETTE COUNTY SCHOOL DISTRICT #1**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL FUND  
Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local sources	\$ 80,305,000	\$ 80,305,000	\$ 80,268,143	\$ (36,857)
Recapture payments	(81,000,000)	(81,000,000)	(80,917,157)	82,843
County sources	14,810,800	14,810,800	14,681,648	(129,152)
State sources	132,700	132,700	123,322	(9,378)
Total revenues	<u>14,248,500</u>	<u>14,248,500</u>	<u>14,155,956</u>	<u>(92,544)</u>
Instruction	9,570,172	9,570,172	8,942,590	627,582
Instructional support	1,715,032	1,715,032	1,572,929	142,103
General support	5,436,604	5,436,604	5,051,167	385,437
Total expenditures	<u>16,721,808</u>	<u>16,721,808</u>	<u>15,566,686</u>	<u>1,155,122</u>
Excess (deficiency) of revenues over expenditures	<u>(2,473,308)</u>	<u>(2,473,308)</u>	<u>(1,410,730)</u>	<u>1,062,578</u>
Other financing uses				
Transfers in	2,500,000	2,500,000	1,600,000	(900,000)
Total other financing uses	<u>2,500,000</u>	<u>2,500,000</u>	<u>1,600,000</u>	<u>(900,000)</u>
Net change in fund balances	26,692	26,692	189,270	<u>\$ 162,578</u>
Fund balance - beginning of year	<u>4,633,311</u>	<u>4,633,311</u>	<u>4,633,311</u>	
Fund balance - end of year	<u>\$ 4,660,003</u>	<u>\$ 4,660,003</u>	<u>\$ 4,822,581</u>	

***Note to the budgetary presentation***

Revenue from B.O.C.E.S. in the amount of \$61,852 included in Transfers in on the Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds, is included in the Local sources and General support for the budgetary presentation.

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 GRANTS FUND  
 Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Federal sources	\$ 1,020,402	\$ 1,059,252	\$ 686,264	\$ (372,988)
State sources	259,698	259,698	242,200	(17,498)
BOCES Grant	518,567	518,567	441,164	(77,403)
Interest	2,000	2,000	609	(1,391)
Total revenues	<u>1,800,667</u>	<u>1,839,517</u>	<u>1,370,237</u>	<u>(469,280)</u>
Expenditures				
Current				
Instruction	1,324,154	1,362,068	1,198,072	163,996
Instructional support	405,433	391,741	203,895	187,846
Total expenditures	<u>1,729,587</u>	<u>1,753,809</u>	<u>1,401,967</u>	<u>351,842</u>
Excess (deficiency) of revenues over expenditures	<u>71,080</u>	<u>85,708</u>	<u>(31,730)</u>	<u>\$ (117,438)</u>
Fund balance - beginning of year	<u>99,449</u>	<u>99,449</u>	<u>99,449</u>	
Fund balance - end of year	<u>\$ 170,529</u>	<u>\$ 185,157</u>	<u>\$ 67,719</u>	

***Note to the budgetary presentation***

Revenue from B.O.C.E.S. in the amount of \$438,891 included in Transfers in on the Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds, is included in the BOCES grant for the budgetary presentation.

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 MAJOR MAINTENANCE FUND  
 Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 600,000	\$ 600,000	\$ 629,617	\$ 29,617
Interest	6,700	6,700	1,887	(4,813)
Miscellaneous	-	-	1,775	1,775
Total revenues	<u>606,700</u>	<u>606,700</u>	<u>633,279</u>	<u>26,579</u>
<b>Expenditures</b>				
Current				
Capital outlay				
Building and improvements	550,000	550,000	380,546	169,454
Equipment and software	60,000	60,000	19,789	40,211
Total expenditures	<u>610,000</u>	<u>610,000</u>	<u>400,335</u>	<u>209,665</u>
Excess (deficiency) of revenues over expenditures	<u>(3,300)</u>	<u>(3,300)</u>	<u>232,944</u>	<u>\$ 236,244</u>
Fund balance - beginning of year	<u>2,792,424</u>	<u>2,792,424</u>	<u>2,792,424</u>	
Fund balance - end of year	<u>\$ 2,789,124</u>	<u>\$ 2,789,124</u>	<u>\$ 3,025,368</u>	

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 RECREATION FUND  
 Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Parks and recreation mill	\$ 3,138,000	\$ 3,138,000	\$ 3,241,596	\$ 103,596
Interest	5,000	5,000	1,849	(3,151)
Total revenues	<u>3,143,000</u>	<u>3,143,000</u>	<u>3,243,445</u>	<u>100,445</u>
Expenditures				
Current				
Community support				
Community support - other	169,335	169,335	91,115	78,220
Pinedale Aquatic Center	<u>3,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>	<u>-</u>
Total expenditures	<u>3,169,335</u>	<u>3,169,335</u>	<u>3,091,115</u>	<u>78,220</u>
Excess (deficiency) of revenues over expenditures	<u>(26,335)</u>	<u>(26,335)</u>	<u>152,330</u>	<u>\$ (178,665)</u>
Fund balance - beginning of year	<u>3,131,408</u>	<u>3,131,408</u>	<u>3,131,408</u>	
Fund balance - end of year	<u>\$ 3,105,073</u>	<u>\$ 3,105,073</u>	<u>\$ 3,283,738</u>	

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 CONTINGENCY FUND  
 Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$ 75,000	\$ 75,000	\$ 8,333	\$ (66,667)
Total revenues	<u>75,000</u>	<u>75,000</u>	<u>8,333</u>	<u>(66,667)</u>
Expenditures				
Current				
Salaries	610,000	610,000	508,785	101,215
Benefits	71,000	71,000	45,078	25,922
Purchased services	50,000	50,000	3,347	46,653
Total expenditures	<u>731,000</u>	<u>731,000</u>	<u>557,210</u>	<u>173,790</u>
Excess (deficiency) of revenues over expenditures	<u>(656,000)</u>	<u>(656,000)</u>	<u>(548,877)</u>	<u>107,123</u>
Other financing sources				
Transfers out	(5,562,680)	(5,562,680)	(7,864,315)	(2,301,635)
Total other financing sources	<u>(5,562,680)</u>	<u>(5,562,680)</u>	<u>(7,864,315)</u>	<u>(2,301,635)</u>
Net change in fund balances	<u>(6,218,680)</u>	<u>(6,218,680)</u>	<u>(8,413,192)</u>	<u>\$ (2,194,512)</u>
Fund balance - beginning of year	<u>8,413,192</u>	<u>8,413,192</u>	<u>8,413,192</u>	
Fund balance - end of year	<u>\$ 2,194,512</u>	<u>\$ 2,194,512</u>	<u>\$ -</u>	

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**OTHER SUPPLEMENTARY INFORMATION**

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**SUBLETTE COUNTY SCHOOL DISTRICT #1**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

CAPITAL PROJECTS FUND - CAPITAL PROJECTS

Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Interest	\$ 500,000	\$ 500,000	\$ 28,681	\$ (471,319)
State source	3,940,000	3,940,000	1,548,296	(2,391,704)
Miscellaneous revenue	-	-	3,896	3,896
Total revenues	<u>4,440,000</u>	<u>4,440,000</u>	<u>1,580,873</u>	<u>(2,859,127)</u>
Expenditures				
Current				
Acquisition and construction services				
Salaries and benefits	103,449	103,449	53,184	50,265
Purchased services	35,000	35,000	16,800	18,200
Improvements - buildings	6,120,000	6,120,000	53,815	6,066,185
Improvements - other than buildings	805,000	805,000	75,968	729,032
Buildings	2,500,000	2,500,000	1,564,750	935,250
Equipment	1,403,000	1,403,000	966,100	436,900
Total expenditures	<u>10,966,449</u>	<u>10,966,449</u>	<u>2,730,617</u>	<u>8,235,832</u>
Excess (deficiency) of revenues over expenditures	<u>(6,526,449)</u>	<u>(6,526,449)</u>	<u>(1,149,744)</u>	<u>5,376,705</u>
Other financing sources				
Transfers in	-	-	2,067,903	2,067,903
Total other financing sources	<u>-</u>	<u>-</u>	<u>2,067,903</u>	<u>2,067,903</u>
Net change in fund balances	<u>(6,526,449)</u>	<u>(6,526,449)</u>	<u>918,159</u>	<u>\$ 7,444,608</u>
Fund balance - beginning of year	<u>16,957,820</u>	<u>16,957,820</u>	<u>16,957,820</u>	
Fund balance - end of year	<u>\$ 10,431,371</u>	<u>\$ 10,431,371</u>	<u>\$ 17,875,979</u>	

***Note to the budgetary presentation***

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

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 CAPITAL PROJECTS FUND - DEPRECIATION RESERVE  
 Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Interest	\$ 350,000	\$ 350,000	\$ 58,639	\$ (291,361)
	-	-	2,814	2,814
<b>Total revenues</b>	<b>350,000</b>	<b>350,000</b>	<b>61,453</b>	<b>(288,547)</b>
<b>Expenditures</b>				
Current				
Repairs and purchased services	200,000	200,000	-	200,000
Professional services	15,000	15,000	17,292	(2,292)
Equipment	325,000	325,000	170,712	154,288
	540,000	540,000	188,004	351,996
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(190,000)</b>	<b>(190,000)</b>	<b>(126,551)</b>	<b>63,449</b>
<b>Other financing sources</b>				
Transfers in	1,500,000	1,500,000	1,500,000	-
<b>Total other financing sources</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>1,500,000</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>1,310,000</b>	<b>1,310,000</b>	<b>1,373,449</b>	<b>\$ 63,449</b>
<b>Fund balance - beginning of year</b>	<b>14,056,793</b>	<b>14,056,793</b>	<b>14,056,793</b>	
<b>Fund balance - end of year</b>	<b>\$ 15,366,793</b>	<b>\$ 15,366,793</b>	<b>\$ 15,430,242</b>	

***Note to the budgetary presentation***

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

**FEDERAL FINANCIAL ASSISTANCE REPORTS**

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

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

We have audited 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 Sublette County School District #1 (District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 1, 2011. 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.

***Internal Control over Financial Reporting***

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 misstatements on a timely basis. A *material weakness* is a deficiency or 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting as *IC-2011-01* and *IC-2011-02*. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

***Compliance and Other Matters***

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

The District's response to the findings in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees, District management, the Wyoming Department of Education, Federal awarding agencies, and the Wyoming Department of Audit, and is not intended to be and should not be used by anyone other than these specified parties.



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

December 1, 2011

**SUBLETTE COUNTY SCHOOL DISTRICT NO. 1**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grantor's Number	Expenditures
U.S. Department of Agriculture			
Passed through Wyoming Department of Education			
<i>Child Nutrition Cluster</i>			
School Breakfast Program	10.553	-	\$ 12,884
National School Lunch Program	10.555	-	100,196
Commodities	10.555	-	30,004
Total Nutrition Cluster			<u>143,084</u>
Fresh Fruit and Vegetable Program	10.582	-	<u>12,884</u>
Total U.S. Department of Agriculture			<u>155,968</u>
U.S. Department of Education			
Passed through Wyoming Department of Education			
<i>Title I Part A Cluster</i>			
Title I Grants to Local Educational Agencies	84.010A	101801T1A00	32,337
Title I Grants to Local Educational Agencies	84.010A	111801T1A00	95,168
			<u>127,505</u>
Title I Grants to Local Educational Agencies Recovery Act	84.389A	101801AT1A00	81,017
			<u>81,017</u>
Total Title I Part A Cluster			<u>208,522</u>
<i>Special Education Cluster</i>			
Special Education Grants to State	84.027A	101801VIB00	120,824
Special Education Grants to State	84.027A	111801VIB00	75,799
			<u>196,623</u>
Special Education Preschool Grants	84.173A	101801VIBP00	1,219
Special Education Grants to State - Recovery Act	84.391A	101801AVIB00	173,435
Special Education Preschool Grants - Recovery Act	84.392A		11,057
Total Special Education Cluster			<u>382,334</u>
Perkins - Vocational Education	84.048A	101801VEA00	63
Perkins - Vocational Education	84.048A	111801VEA00	15,076
			<u>15,139</u>
Education for Homeless Children and Youth	84.196A	101801SDFS00	5,345
			<u>5,345</u>
English Language Acquisition Grants	84.365A	111801T3IM00	5,000
			<u>5,000</u>
Educational Technology State Grants	84.318X	101801T2D00	514
Educational Technology State Grants	84.318X	111801T2D00	756
			<u>1,270</u>
Improving Teacher Quality State Grants	84.367A	101801T2A00	32,939
Improving Teacher Quality State Grants	84.367A	111801T2A00	56,397
			<u>89,336</u>
Total U.S. Department of Education			<u>706,946</u>
			<u>\$ 862,914</u>

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

**NOTE TO THE SCHEDULE OF FEDERAL AWARDS**

June 30, 2011

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**Note 1. Basis of Accounting**

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



REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

**Compliance**

We have audited the compliance of Sublette County School District #1 (District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2011. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District'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. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the 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, 2011.

**Internal Control Over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* 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, 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, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency as described in the accompanying schedule of findings and questioned costs as item SA-2001-01. 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.

The District's responses to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on the responses.

This report is intended solely for the information of and use of management, and its oversight audit agency and other agencies granting funds to the District and is not intended to be and should not be used by anyone other than these specified parties.



Porter, Muirhead, Cornia & Howard  
Certified Public Accountants

December 1, 2011

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2011**

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

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***Financial Statements***

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? No

Significant deficiencies identified that are not considered to be material weaknesses? Yes

Noncompliance material to financial statements noted? No

***Federal Awards***

Internal control over major programs:

Material weaknesses identified? No

Significant deficiencies identified that are not considered to be material weaknesses? Yes

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133? Yes

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

*Title I Part A Cluster*

84.010	Title I Grants to Local Educational Agencies
84.389	Title I Grants to Local Educational Agencies – Recovery Act

*Special Education Cluster*

84.027	Special Education Grants to States
84.173	Special Education Preschool Grants
84.391	Special Education Grants to State – Recovery Act
84.392	Special Education Preschool Grants – Recovery Act

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

Auditee qualified as low-risk auditee? No

SUBLETTE COUNTY SCHOOL DISTRICT #1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

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Section II - Financial Statement Findings

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**IC 2011-01**

***Criteria***

*Internal Control Integrated Framework*, published by the committee of Sponsoring Organizations of the Treadway Commission includes five interrelated components, which are (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring. The objectives of internal control relate to financial reporting, operations, and compliance. Safeguarding of assets is a subset of these objectives. In that respect, management designs internal control to provide reasonable assurance that unauthorized acquisition, use, or disposition of assets will be prevented or timely detected and corrected. Segregation of duties is a key internal control. It is used to ensure that errors or irregularities are prevented or detected on a timely basis by employees in the normal course of business. The four functions that should be performed by separate individuals include authorization, custody, recordkeeping, and reconciliation. No individual should have control over two or more of these functions. If duties cannot be segregated, compensating controls must be established.

***Condition***

During the fiscal year ended June 30, 2011, the approval of all disbursements and reconciliation of the cash and investment accounts was vested with one individual without compensating controls. To mitigate the lack of segregation of duties in this area, the District had contracted with an independent bookkeeper to re-perform all of the reconciliations of cash and investment accounts; however, during 2011, that bookkeeper was unable to perform the reconciliations.

***Recommendation***

We recommend the District hire another independent bookkeeper or a local CPA firm to either reconcile cash and investment accounts on a monthly basis or re-perform the reconciliations already performed to provide a compensating control for the lack of segregation of duties.

***Response***

The District has already contacted a local CPA firm to re-perform the cash and investment reconciliations.

**IC 2011-02**

***Criteria***

*Internal Control Integrated Framework*, published by the committee of Sponsoring Organizations of the Treadway Commission includes five interrelated components, which are (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring. The objectives of internal control relate to financial reporting, operations, and compliance. Safeguarding of assets is a subset of these objectives. In that respect, management designs internal control to provide reasonable assurance that unauthorized acquisition, use, or disposition of assets will be prevented or timely detected and corrected. 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 misstatements on a timely basis. A material weakness is a deficiency or 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.

SUBLETTE COUNTY SCHOOL DISTRICT #1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

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**IC 2011-02 (Continued)**

***Condition***

During our audit procedures for the Sublette County Board of Cooperative Education (BOCES), we noted a number of bookkeeping, reconciliation, and other errors that lead us to believe that accounts are not properly or timely reviewed and/or reconciled. Outstanding checks have been manually voided, but not voided in BOCES accounting software, thus still showing as outstanding on the cash reconciliation. Bills were voided, but the corresponding checks were not. Bank reconciliations were prepared but not as of the month end, thus, making it difficult to verify the propriety of cash reconciliations. The payroll software subscription was not updated causing an incorrect payroll tax withholdings from BOCES employees in 2011. In addition, the bank reconciliation as of June 30, 2011, showed three payroll tax payments (February, March, and May 2011) that have not cleared the bank. Payroll tax payments are made electronically on an IRS website, so the payments are drawn from the bank on the date specified on the website. These payments are significantly late and BOCES may be assessed payroll tax penalties for the late payments. Some of these matters were addressed in the management letter in 2010.

***Recommendation***

We recommend BOCES contract with a local bookkeeper or a CPA firm to review monthly reconciliations, payroll tax filings, and other accounts. The review of the reconciliations on a regular and timely basis by an outside party would strengthen BOCES internal control.

***Response***

The Board of Directors for BOCES will review the recommendations of their independent auditors and will investigate hiring a qualified part-time bookkeeper or engage a qualified accounting firm to assist with payroll, bank accounts, and other financial record keeping.

SUBLETTE COUNTY SCHOOL DISTRICT #1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2011

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

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**SA 2011-01**

U.S. Department of Education

Passed through State of Wyoming Department of Education

*Title I Part A Cluster*

84.010 - Title I Grants to Local Educational Agencies

84.389 - Title I Grants to Local Educational Agencies – Recovery Act

*Special Education Cluster*

84.027 - Special Education Grants to States

84.173 - Special Education Preschool Grants

84.391 - Special Education Grants to State – Recovery Act

84.392 - Special Education Preschool Grants – Recovery Act

***Criteria***

Governmentwide requirements for nonprocurement suspension and debarment are contained in the OMB guidance in 2 CFR part 180, which implements Executive Orders 12549 and 12689, Debarment and Suspension. The OMB guidance, which superseded the suspension and debarment common rule published November 26, 2003, is substantially the same as that rule. Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or nonprocurement debarment and suspension guidance contains those additional limited circumstances. All nonprocurement transactions (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions.

***Condition***

The District does not have an internal control process for identification of suspended or debarred parties on contracts greater than \$25,000.

***Questioned Costs***

None

***Cause***

While the majority of the District's expenditures from Title I and Special Education grants are for payroll and related expenses, the grants management personnel were not aware of the debarment and suspension compliance requirement.

***Recommendation***

We recommend the District review the suspension and debarment requirements and establish control policies and procedures that will help ensure compliance.

***Management Response***

The District will review the suspension and debarment requirements and establish control procedures accordingly.

**SUBLETTE COUNTY SCHOOL DISTRICT #1**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

Year Ended June 30, 2010

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*None reported.*

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