



Sweetwater County School District #1

Rock Springs, Wyoming

Basic Financial Statements

For the Year Ended June 30, 2025

(With Independent Auditor's Report Thereon)

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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

Honorable Superintendent and Board of Trustees
Sweetwater County School District #1
Rock Springs, Wyoming

Report on the Audit of the Financial Statements***Opinions***

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 Sweetwater County School District #1 (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 the District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules, pension related schedules, and other post-employment benefit (OPEB) related schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining schedules of nonmajor funds, and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2025, on our consideration of the District'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 solely 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 effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Carver Florek & James, CPAs

Sheridan, Wyoming
December 1, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Sweetwater County School District No. 1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

This section of Sweetwater County School District No. 1's annual financial report presents management's discussion and analysis of the District's financial performance and provides an overall review of the financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and notes to the financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights of the primary government for 2025 are as follows:

- ✓ Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$182.29M. Of this amount, the District's unrestricted balance is \$12.79M. Unrestricted net assets of governmental activities were \$13.79M; business-type activities amounted to \$(1.01M).
- ✓ Total revenues exceeded expenses increasing net assets by \$11.71M. Governmental activities increased net assets by \$11.49M while business-type activities generated \$0.21M.
- ✓ Total program expenses were \$104.25M; \$101.33M in governmental activities and \$2.92M in business-type activities. Program specific revenues were \$18.84M for governmental activities and \$2.61M for business-type activities. \$93.99M in general governmental revenues were adequate to cover the costs of these programs. \$0.52M in general business-type revenues were used to cover expenses of these programs, resulting in a net position of \$(0.78M) for business-type activities.
- ✓ Employee health insurance plan total assets exceeded liabilities by \$49.24M, all of which is restricted for the District's use. Total revenues exceeded expenses, increasing net assets by \$2.28M. Employee health insurance claims were \$12.77M, which was 4.80% lower than the prior year.
- ✓ The District had no bonded debt during fiscal year 2025.
- ✓ The Sweetwater County School District Number One Recreation Board's assets exceeded total liabilities by \$15.53M, all of which is restricted for the use of the Recreation Board. Total revenues of \$2.00M exceeded total transfers of \$0.17M, increasing net assets of the Recreation Board by \$1.83M.
- ✓ The Sweetwater One Public School Foundation's assets exceeded total liabilities by \$1.47M; of this amount, \$0.89M is unrestricted for the Foundation's discretionary use. Total expenses exceeded revenues, increasing net assets of the Foundation by \$0.09M. Total program expenses were \$0.09M.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

The district-wide financial statements can be found on pages 13 and 14 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.

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Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
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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 15 through 18 of this report.

Proprietary funds. Proprietary funds are used to account for activities the District operates similar to private business. Proprietary funds use the accrual basis of accounting, the same as on the district-wide statements. Therefore, the statements will essentially match the business-type activities portion of the district-wide statements. The proprietary fund financial statement can be found on pages 19 through 21 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. The District is the trustee, or fiduciary, for assets that belong to others, such as the student activities funds and employee agency accounts. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. Fiduciary funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund financial statement can be found on pages 22 and 23 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 24 through 51 of this report.

The basic financial statements are followed by a section of supplementary information. *Required supplementary information* further explains and supports the financial statements by including a comparison of the District's primary government budget data for the year. Budgetary comparison statements have been provided for the major funds to demonstrate compliance with this budget. *Other supplemental information* provides information specific to non-major governmental funds, such as Head Start. The required and other supplementary information can be found on pages 52 through 67 of this report. Other reports can be found on pages 68 through 76.

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

Major Features of the District-wide and Fund Financial Statements

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

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Management's Discussion and Analysis
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District-Wide Financial Analysis

Recall that the Statement of Net Position provides the perspective of the District as a whole. Table 2 provides a summary of the primary government's net position for 2025 compared to 2024.

Table 2
Net Position
(In Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2025	2024	2025	2024	2025
<u>Assets:</u>						
Current and Other Assets	\$ 123.88	\$ 132.68	\$ 0.14	\$ 0.22	\$ 124.02	\$ 132.90
Capital Assets, Net	144.86	145.03	0.47	0.37	145.33	145.40
Total Assets	268.74	277.71	0.61	0.60	269.35	278.31
Deferred Outflows	15.69	15.90	0.20	0.18	15.89	16.08
<u>Liabilities:</u>						
Current and Other Liabilities	5.69	5.18	0.08	0.15	5.77	5.32
Long-Term Liabilities	75.50	68.90	1.49	1.24	76.99	70.14
Total Liabilities	81.19	74.08	1.57	1.39	82.76	75.46
Deferred Inflows	31.66	36.46	0.22	0.17	31.88	36.63
<u>Net Position:</u>						
Invested in Capital Assets, net of related debt	144.50	144.79	0.28	0.23	144.78	145.02
Restricted	26.56	24.49	-	-	26.56	24.49
Unrestricted	0.52	13.79	(1.27)	(1.01)	(0.75)	12.79
Total Net Position	\$ 171.58	\$ 183.07	\$ (0.99)	\$ (0.78)	\$ 170.59	\$ 182.29

Total assets of the primary government increased \$8.96M. Cash and other current assets increased by \$8.88M and capital assets increased by \$0.08M. Total liabilities of the primary government decreased \$7.3M and deferred inflows increased by \$4.75M. The primary government's unrestricted net assets increased by \$13.54M, due mainly to the change in net position as seen on the statement of activities.

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Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
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Table 3 reflects the changes in net assets of the primary government for fiscal year 2024 and 2025.

Table 3
Change in Net Position
(In Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2025	2024	2025	2024	2025
<u>Revenues</u>						
Program Revenues:						
Charges for Services	\$ 0.15	\$ 0.11	\$ 0.70	\$ 0.89	\$ 0.85	\$ 1.00
Operating Grants and Contributions	23.68	14.53	1.51	1.72	25.19	16.25
Capital Grants and Contributions	4.18	4.19	-	-	4.18	4.19
General Revenue:						
Property Taxes	49.74	47.52	-	-	49.74	47.52
Unrestricted Federal and State Aid	32.75	41.18	-	-	32.75	41.18
Earnings on Investments	5.68	5.82	0.02	0.01	5.70	5.83
Other	0.02	(0.04)	0.02	0.02	0.04	(0.03)
Total Revenues	<u>116.20</u>	<u>113.32</u>	<u>2.25</u>	<u>2.64</u>	<u>118.45</u>	<u>115.96</u>
<u>Program Expenses</u>						
Instruction	61.18	57.44	-	-	61.18	57.44
Instructional support	11.90	12.08	-	-	11.90	12.08
General support	31.55	31.77	-	-	31.55	31.77
Non-instructional services	0.20	0.04	-	-	0.20	0.04
Food Service	-	-	2.99	2.69	2.99	2.69
Summer Programs	-	-	0.02	0.01	0.02	0.01
Head Start Nutrition	-	-	-	-	-	-
District Daycare	-	-	-	0.22	-	0.22
Total Expenses	<u>104.83</u>	<u>101.33</u>	<u>3.01</u>	<u>2.92</u>	<u>107.84</u>	<u>104.25</u>
Transfers	(0.14)	(0.49)	0.14	0.49	-	-
Increase (decrease) in Net Position	<u>11.23</u>	<u>11.49</u>	<u>(0.62)</u>	<u>0.21</u>	<u>10.61</u>	<u>11.71</u>
Net Position-beginning	<u>160.35</u>	<u>171.58</u>	<u>(0.37)</u>	<u>(0.99)</u>	<u>159.98</u>	<u>170.59</u>
Net Position-ending	<u>\$ 171.58</u>	<u>\$ 183.07</u>	<u>\$ (0.99)</u>	<u>\$ (0.78)</u>	<u>\$ 170.59</u>	<u>\$ 182.30</u>

The primary government received \$115.96M in revenues during the most recent fiscal year. Property taxes and unrestricted federal and state aid accounted for 76% of total revenue. Another 24% came from charges for services, operating grants and contributions, capital grants and contributions, earnings on investments, and other revenue. The year over year decrease in revenues of \$2.49M is primarily due to a decrease in property tax revenue and the discontinuation of ESSER funding.

The total cost of all programs and services are predominately related to pupil instruction, operation and maintenance of facilities, student transportation, and student and staff services. Instruction activities accounted for 55.1% of total cost, while all other activities made up 44.90% of the total cost. The decrease in

Sweetwater County School District No. 1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

expenditures of \$3.59M from the prior fiscal year was mainly due to fewer transfers to restricted funds during the 2024-2025 school year.

Total revenues exceeded expenses increasing net assets by \$11.71M. Governmental activities increased net assets by \$11.49M while business-type activities generated \$0.21M.

Governmental Activities

The *statement of activities* reflects the cost of program services and the charges for services, sales, grants, and contributions offsetting those services. The statement of activities also identifies the cost of these services supported by tax revenues and federal and state aid. Table 4 indicates the total cost of services and the net cost of services for governmental activities for 2025 compared to 2024.

Table 4
Cost of Services
(In Millions)

	Total Cost of Services		Percent Change	Net Cost of Services		Percent Change
	2024	2025		2024	2025	
Instruction	\$ 61.18	\$ 57.44	-6.11%	\$ 45.16	\$ 48.86	8.20%
Instructional support	11.90	12.08	1.52%	8.26	\$ 8.19	-0.86%
General support	31.55	31.77	0.69%	23.38	\$ 25.48	8.97%
Non instructional services	0.20	0.04	-78.26%	0.02	\$ (0.03)	-266.53%
Total	<u>\$ 104.83</u>	<u>\$ 101.33</u>	<u>-3.33%</u>	<u>\$ 76.82</u>	<u>\$ 82.50</u>	<u>7.39%</u>

The total cost of governmental activities was \$101.33M. The net cost of governmental activities \$82.50M was financed by general revenues, which are primarily made up of property taxes and unrestricted federal and state aid. Due to the unique nature of school funding in Wyoming, certain general revenues are capped by the State School Foundation Funding Model. As such, fluctuations in county property valuations do not have a significant overall effect on the District's funding. The State Foundation Program Guarantee contributed \$70.12M toward the net cost of governmental services.

Business-Type Activities

Business-Type activities include Food Service, Summer Programs, and the Head Start Nutrition program. These programs had revenues and other support of \$3,130,184 and expenses of \$2,915,982 resulting in a net income of \$214,202 for fiscal year 2025.

The District's Funds

The District's governmental funds are accounted for on the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$107.62M and expenditures and other financing uses of \$104.03M.

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Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

General Fund Budgeting Highlights

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

During the course of fiscal year 2025, the District amended its General Fund budget as needed. Many of the amendments are due to changes in expenditure priorities in the District's schools and departments. The District uses a site/department-based budgeting system designed to tightly control such budgets, yet provide flexibility for site or department management.

The General Fund actual revenues and other financing were \$83.69M, which is below the original budget estimate of \$85.28M and below the final amended budget of \$87.13M. The \$3.44M variance between the final budget and the June 30, 2025 actual revenues was mainly due to a decrease in local resources.

The actual expenditures and other financing uses of the General Fund were \$78.96, which is below the original budget estimate of \$90.94M and below the final amended budget of \$91.84M. The variance of \$.89M between the original budget estimate and the final amended budget was due to transfers to other funds. The \$12.88M variance between the final amended budget and the June 30, 2025 actual results was due to fewer transfers between funds.

Capital Assets

At the end of fiscal year 2025, the primary government had \$145.40M invested in land, buildings, equipment, transportation equipment, and art collection. \$145.03M of this amount is in governmental activities. Table 5 shows the breakdown of net capital assets of the primary government for fiscal year 2025 compared to fiscal year 2024.

Table 5
Net Capital Assets
(In Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2025	2024	2025	2024	2025
Land and Improvements	\$ 0.77	\$ 0.77	\$ -	\$ -	\$ 0.77	\$ 0.77
Construction in Process	6.56	6.32	-	-	6.56	6.32
Art Collection	0.55	0.55	-	-	0.55	0.55
Buildings and Improvements	130.41	129.82	-	-	130.41	129.82
Furniture and Equipment	3.74	4.60	0.26	0.23	4.01	4.83
Transportation Equipment	2.66	2.83	0.02	0.01	2.68	2.84
Right of Use - Subscriptions	0.16	0.12	0.18	0.14	0.34	0.26
Total	<u>\$ 144.86</u>	<u>\$ 145.03</u>	<u>\$ 0.47</u>	<u>\$ 0.37</u>	<u>\$ 145.33</u>	<u>\$ 145.40</u>

Additional information on the District's capital assets can be found in Note 4 on pages 36 and 37 of this report.

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Management's Discussion and Analysis
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Unaudited

Long Term Debt and Obligations

The District had no bonded debt outstanding at June 30, 2025. The District neither issued nor retired any bonded debt during the fiscal year. Information on the District's long-term obligations can be found in Note 8 on pages 46 and 47 of this report.

Current Issues

The District has experienced a drop in student enrollment the past few years due to a decline in the economic environment. Since the State Foundation Program for education finance is premised largely on average student membership, declining student enrollment has a negative impact on State funding.

The effects of the economy continue to challenge the stability of budgets and future operations of the District, largely due to a drop in student enrollment and the lapse of present and future Federal grant funding.

The District anticipates an increase in funding through recalibration; however, the State may implement spending parameters that could limit how these resources can be allocated.

The District is committed to its sound fiscal management to meet the challenges of the future. These current issues require management to plan carefully and prudently to make strategic use of available resources and evaluate various cost saving measures to meet student needs now and in the future. If student enrollments continue to decline, the Administration and Board of Trustees will be faced with challenges to make further changes in order to keep the District solvent.

BASIC FINANCIAL STATEMENTS

SWEETWATER COUNTY SCHOOL DISTRICT #1

STATEMENT OF NET POSITION

As of June 30, 2025

	Primary Government			Component Unit
	Governmental	Business-type		Sweetwater One
	Activities	Activities	Total	Public School
				Foundation
<u>ASSETS</u>				
Cash and investments	\$ 119,383,320	\$ 623,160	\$ 120,006,480	\$ 1,472,153
Property taxes receivable	4,887,811	-	4,887,811	-
Due from other governments	6,987,866	-	6,987,866	-
Other receivables	68,969	646	69,615	-
Internal balances	513,746	(513,746)	-	-
Inventories	746,778	112,889	859,667	-
Prepaid expenses	93,051	-	93,051	-
Capital assets not being depreciated	7,651,790	-	7,651,790	-
Capital assets being depreciated, net	137,257,292	235,473	137,492,765	-
Right-of-use assets being amortized, net	117,929	138,501	256,430	-
Total assets	277,708,552	596,923	278,305,475	1,472,153
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
OPEB related	8,120,894	8,943	8,129,837	-
Pension related	7,780,385	169,940	7,950,325	-
Total deferred outflows of resources	15,901,279	178,883	16,080,162	-
<u>LIABILITIES</u>				
Accounts payable	2,012,575	16,086	2,028,661	-
Accrued salaries	1,125,208	44,868	1,170,076	-
Unearned revenue	1,338,256	85,058	1,423,314	4,663
Insurance claims payable	700,281	-	700,281	-
Noncurrent liabilities:				
Due within one year	966,699	56,673	1,023,372	-
Due in more than one year	241,212	106,144	347,356	-
Net OPEB liability	19,374,844	21,336	19,396,180	-
Net pension liability	48,316,491	1,055,336	49,371,827	-
Total liabilities	74,075,566	1,385,501	75,461,067	4,663
<u>DEFERRED INFLOWS OF RESOURCES</u>				
OPEB related	30,287,389	33,352	30,320,741	-
Pension related	6,175,494	134,886	6,310,380	-
Total deferred inflows of resources	36,462,883	168,238	36,631,121	-
<u>NET POSITION</u>				
Net investment in capital assets	144,788,505	228,347	145,016,852	-
Restricted	24,489,866	-	24,489,866	574,460
Unrestricted	13,793,011	(1,006,280)	12,786,731	893,030
Total net position	\$ 183,071,382	\$ (777,933)	\$ 182,293,449	\$ 1,467,490

The notes to financial statements are an integral part of this statement.

SWEETWATER COUNTY SCHOOL DISTRICT #1
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Component Unit Sweetwater One Public School Foundation
Primary government:								
Governmental activities:								
Instruction	\$ 57,443,077	\$ 39,375	\$ 8,456,187	\$ 85,853	\$ (48,861,662)	\$ -	\$ (48,861,662)	\$ -
Instructional support	12,080,478	-	3,866,228	25,122	(8,189,128)	-	(8,189,128)	-
General support and facilities	31,767,658	35,708	2,170,114	4,083,675	(25,478,161)	-	(25,478,161)	-
Non-instructional services	43,490	38,809	37,986	-	33,305	-	33,305	-
Total governmental activities	101,334,703	113,892	14,530,515	4,194,650	(82,495,646)	-	(82,495,646)	-
Business-type activities:								
Food service fund	2,686,316	629,898	1,635,215	-	-	(421,203)	(421,203)	-
Nonmajor enterprise funds	229,666	257,039	83,744	-	-	111,117	111,117	-
Total business-type activities	2,915,982	886,937	1,718,959	-	-	(310,086)	(310,086)	-
Total primary government	\$ 104,250,685	\$ 1,000,829	\$ 16,249,474	\$ 4,194,650	\$ (82,495,646)	\$ (310,086)	\$ (82,805,732)	\$ -
Component unit:								
Sweetwater One Public School Foundation	\$ 94,027	\$ -	\$ 83,952	\$ -				\$ (10,075)
Total component unit	\$ 94,027	\$ -	\$ 83,952	\$ -				(10,075)
General revenues and transfers:								
General revenues:								
Property taxes, levied for general programs					43,830,974	-	43,830,974	-
Property taxes, levied for capital maintenace					2,350,058	-	2,350,058	-
Property taxes, levied for recreation districted					1,341,682	-	1,341,682	-
Foundation program (state sources) not restricted to specific programs					40,194,370	-	40,194,370	-
Local sources not restricted to specific programs					984,612	-	984,612	-
Unrestricted investments earnings (losses)					5,819,724	14,579	5,834,303	94,705
Miscellaneous revenue (loss)					(42,957)	17,730	(25,227)	-
Transfers in (out), net					(491,979)	491,979	-	-
Total general revenues and transfers					93,986,484	524,288	94,510,772	94,705
Change in net position					11,490,838	214,202	11,705,040	84,630
Net position - beginning					171,580,544	(992,135)	170,588,409	1,382,860
Net position - ending					\$ 183,071,382	\$ (777,933)	\$ 182,293,449	\$ 1,467,490

The notes to financial statements are an integral part of this statement.

SWEETWATER COUNTY SCHOOL DISTRICT #1

BALANCE SHEET

GOVERNMENTAL FUNDS

As of June 30, 2025

	General	Major Maintenance	District Capital Projects	Grant Programs	Recreation Board	Total Nonmajor Funds	Total Governmental Funds
<u>ASSETS</u>							
Cash and investments	\$ 18,767,426	\$ 5,340,761	\$ 27,977,971	\$ 642,747	\$ 15,532,938	\$ 1,161,441	\$ 69,423,284
Property taxes receivable	4,761,315	-	-	-	126,496	-	4,887,811
Due from other governments	3,508,038	-	-	3,319,020	-	160,808	6,987,866
Other receivables	3,706	-	-	-	-	-	3,706
Due from (to) other funds	2,580,889	-	-	(1,768,527)	-	(225,300)	587,062
Inventories	746,778	-	-	-	-	-	746,778
Prepaid expenses	93,051	-	-	-	-	-	93,051
Total assets	<u>\$ 30,461,203</u>	<u>\$ 5,340,761</u>	<u>\$ 27,977,971</u>	<u>\$ 2,193,240</u>	<u>\$ 15,659,434</u>	<u>\$ 1,096,949</u>	<u>\$ 82,729,558</u>
<u>LIABILITIES</u>							
Accounts payable	\$ 522,850	\$ 333,779	\$ 682,549	\$ 288,382	\$ -	\$ 185,015	\$ 2,012,575
Accrued salaries and benefits	1,000,304	-	-	107,772	-	9,226	1,117,302
Unearned revenue	-	-	-	1,278,448	-	59,808	1,338,256
Total liabilities	<u>1,523,154</u>	<u>333,779</u>	<u>682,549</u>	<u>1,674,602</u>	<u>-</u>	<u>254,049</u>	<u>4,468,133</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Unavailable revenue:							
Property taxes	4,761,315	-	-	-	126,496	-	4,887,811
Intergovernmental	3,254,756	-	-	-	-	-	3,254,756
Total deferred inflows of resources	<u>8,016,071</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,496</u>	<u>-</u>	<u>8,142,567</u>
<u>FUND BALANCES</u>							
Nonspendable	839,829	-	-	-	-	-	839,829
Restricted for:							
Major maintenance	-	5,006,982	-	-	-	-	5,006,982
Grants	-	-	-	518,638	-	-	518,638
Recreation district	-	-	-	-	15,532,938	-	15,532,938
Impact aid	1,659,115	-	-	-	-	-	1,659,115
Food service fund balance deficit	894,352	-	-	-	-	-	894,352
Head start fund balance deficit	36,428	-	-	-	-	-	36,428
Student activities	-	-	-	-	-	841,413	841,413
Assigned for:							
Projected budget deficit	1,459,146	-	-	-	-	-	1,459,146
Minimum fund balance	3,000,000	-	-	-	-	-	3,000,000
Future expenditures	4,672,846	-	-	-	-	-	4,672,846
Contingencies	1,000,000	-	-	-	-	-	1,000,000
Capital projects	-	-	27,295,422	-	-	37,915	27,333,337
Unassigned	7,360,262	-	-	-	-	(36,428)	7,323,834
Total fund balances (deficit)	<u>20,921,978</u>	<u>5,006,982</u>	<u>27,295,422</u>	<u>518,638</u>	<u>15,532,938</u>	<u>842,900</u>	<u>70,118,858</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 30,461,203</u>	<u>\$ 5,340,761</u>	<u>\$ 27,977,971</u>	<u>\$ 2,193,240</u>	<u>\$ 15,659,434</u>	<u>\$ 1,096,949</u>	<u>\$ 82,729,558</u>

The notes to financial statements are an integral part of this statement.

SWEETWATER COUNTY SCHOOL DISTRICT #1
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
As of June 30, 2025

Total fund balances for governmental funds	\$	70,118,858
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The amount of the net position reported for governmental activities in the statement of net position assets is different because:

Capital and right-of-use assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Asset cost and accumulated depreciation/amortization are as follows:

Asset cost	254,469,158	
Accumulated depreciation/amortization	<u>(109,442,147)</u>	145,027,011

An internal service fund is used by the District's management to charge the costs of employee's health benefits to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities in the government-wide statements, but reported separate from the governmental fund balance sheet.

49,243,796

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds:

Unavailable revenue - property tax	4,887,811	
Unavailable revenue - intergovernmental	<u>3,254,756</u>	8,142,567

Deferred outflows and inflows are not available to pay for current period expenditures and therefore the underlying resources are not reported in the governmental funds.

OPEB related - deferred outflows of resources	8,120,894	
OPEB related - deferred inflows of resources	(30,287,389)	
Pension related - deferred outflows of resources	7,780,385	
Pension related - deferred inflows of resources	<u>(6,175,494)</u>	(20,561,604)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as governmental fund liabilities. Long-term liabilities at year-end consist of:

Accrued compensated absences	(969,405)	
Lease purchase obligations	(121,158)	
Subscriptions payable	(117,348)	
Net OPEB liability	(19,374,844)	
Net pension liability	<u>(48,316,491)</u>	<u>(68,899,246)</u>

Total net position - governmental activities	\$	<u>183,071,382</u>
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The notes to financial statements are an integral part of this statement.

SWEETWATER COUNTY SCHOOL DISTRICT #1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	General	Major Maintenance	District Capital Projects	Grant Programs	Recreation Board	Total Nonmajor Funds	Total Governmental Funds
<u>REVENUES</u>							
Local sources	\$ 34,026,503	\$ -	\$ 140,150	\$ 333,630	\$ 1,341,682	\$ 943,703	\$ 36,785,668
County sources	11,239,829	-	-	-	-	-	11,239,829
State sources	37,922,086	3,975,295	-	575,426	-	83,314	42,556,121
Federal sources	308,024	-	-	12,688,189	-	1,483,168	14,479,381
Interest	609,872	367,800	1,402,287	-	660,626	10,022	3,050,607
Total revenues	84,106,314	4,343,095	1,542,437	13,597,245	2,002,308	2,520,207	108,111,606
<u>EXPENDITURES</u>							
Current:							
Instruction	43,942,056	-	30,930	6,885,310	-	1,354,818	52,213,114
Instructional support	9,057,312	-	88,144	2,947,848	-	225,786	12,319,090
General support and facilities	25,022,707	1,392,251	1,051,962	1,136,193	-	1,104,546	29,707,659
Non-instructional services	3,267	-	-	31,192	-	5,069	39,528
Capital outlay:							
Instructional	-	-	1,673,723	70,689	-	-	1,744,412
General support and facilities	793,744	5,435,034	1,556,700	-	-	62,448	7,847,926
Debt service:							
Principal	120,292	-	-	-	-	-	120,292
Interest	21,143	-	-	-	-	-	21,143
Total expenditures	78,960,521	6,827,285	4,401,459	11,091,917	-	2,752,667	104,033,849
Excess (deficiency) of revenue over (under) expenditures	5,145,793	(2,484,190)	(2,859,022)	2,505,328	2,002,308	(232,460)	4,077,757
<u>OTHER FINANCING SOURCES (USES)</u>							
Transfers in (out), net	(414,773)	-	-	-	(169,473)	92,267	(491,979)
Total other financing sources (uses)	(414,773)	-	-	-	(169,473)	92,267	(491,979)
Net change in fund balances	4,731,020	(2,484,190)	(2,859,022)	2,505,328	1,832,835	(140,193)	3,585,778
Fund balances - beginning	16,190,958	7,491,172	30,154,444	(1,986,690)	13,700,103	983,093	66,533,080
Fund balances - ending	\$ 20,921,978	\$ 5,006,982	\$ 27,295,422	\$ 518,638	\$ 15,532,938	\$ 842,900	\$ 70,118,858

The notes to financial statements are an integral part of this statement.

SWEETWATER COUNTY SCHOOL DISTRICT #1
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

Total net change in fund balances - total governmental funds	\$	3,585,778
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays	9,613,023	
Depreciation/amortization expense	(9,044,326)	
Disposal of assets	<u>(401,896)</u>	166,801

An internal service fund is used by the District's management to charge the costs of workers' health insurance and claims to the individual funds. The change in net position of the internal service fund is reported with governmental activities.		2,279,955
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Change in unavailable revenue - property taxes	1,999,740	
Change in unavailable revenue - intergovernmental	<u>1,450,673</u>	3,450,413

Governmental funds report lease proceeds as other financing sources and report principal payments as expenditures. However, only the interest payment is included as an expense in the statement of activities.		
Principal paid on debt	<u>120,292</u>	120,292

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. These activities include:		
Compensated absences	528	
Pension related	1,022,961	
OPEB related	<u>864,110</u>	<u>1,887,599</u>

Change in net position of governmental activities	\$	<u>11,490,838</u>
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The notes to financial statements are an integral part of this statement.

SWEETWATER COUNTY SCHOOL DISTRICT #1

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

As of June 30, 2025

	Business-type Activities			Governmental Activities
	Food Service	Nonmajor Funds	Total Enterprise Funds	Internal Service Fund
<u>ASSETS</u>				
Current assets:				
Cash and investments	\$ 518,022	\$ 105,138	\$ 623,160	\$ 49,960,036
Other receivables	-	646	646	65,263
Due from (to) other funds	(524,381)	10,635	(513,746)	(73,316)
Inventories	112,889	-	112,889	-
Total current assets	106,530	116,419	222,949	49,951,983
Noncurrent assets:				
Capital assets being depreciated, net	235,473	-	235,473	-
Right-of-use assets being amortized, net	138,501	-	138,501	-
Total noncurrent assets	373,974	-	373,974	-
Total assets	480,504	116,419	596,923	49,951,983
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Related to pensions	169,940	-	169,940	-
Related to OPEB	8,943	-	8,943	-
Total deferred outflows of resources	178,883	-	178,883	-
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	16,086	-	16,086	-
Accrued expenses	44,868	-	44,868	7,906
Unearned revenue	85,058	-	85,058	-
Insurance claims payable	-	-	-	700,281
Current portion of accrued vacation	12,033	-	12,033	-
Current portion of subscriptions payable	44,640	-	44,640	-
Total current liabilities	202,685	-	202,685	708,187
Noncurrent liabilities:				
Accrued vacation, less current portion	5,157	-	5,157	-
Subscriptions payable, less current portion	100,987	-	100,987	-
Net pension liability	1,055,336	-	1,055,336	-
OPEB liability	21,336	-	21,336	-
Total noncurrent liabilities	1,182,816	-	1,182,816	-
Total liabilities	1,385,501	-	1,385,501	708,187
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Related to pensions	134,886	-	134,886	-
Related to OPEB	33,352	-	33,352	-
Total deferred inflows of resources	168,238	-	168,238	-
<u>NET POSITION</u>				
Net investment in capital assets	228,347	-	228,347	-
Unrestricted	(1,122,699)	116,419	(1,006,280)	49,243,796
Total net position	\$ (894,352)	\$ 116,419	\$ (777,933)	\$ 49,243,796

The notes to financial statements are an integral part of this statement.

SWEETWATER COUNTY SCHOOL DISTRICT #1
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2025

	Business-type Activities			Governmental Activities
	Food Service	Nonmajor Funds	Total Enterprise Funds	Internal Service Fund
<u>OPERATING REVENUES</u>				
Charges for services	\$ 629,898	\$ 257,039	\$ 886,937	\$ 13,042,558
Total operating revenues	629,898	257,039	886,937	13,042,558
<u>OPERATING EXPENSES</u>				
Salaries	1,125,710	162,267	1,287,977	54,775
Employee benefits	184,866	67,130	251,996	91,017
Purchased services	10,962	12	10,974	12,774,208
Supplies and materials	1,270,292	257	1,270,549	-
Depreciation/Amortization	94,486	-	94,486	-
Total operating expenses	2,686,316	229,666	2,915,982	12,920,000
Operating income (loss)	(2,056,418)	27,373	(2,029,045)	122,558
<u>NON-OPERATING REVENUES</u>				
Earnings on investments	14,576	3	14,579	2,157,397
Transfers in (out), net	540,751	(48,772)	491,979	-
Federal sources	1,635,215	-	1,635,215	-
State sources	-	83,744	83,744	-
Other income	13,567	4,163	17,730	-
Total non-operating revenues	2,204,109	39,138	2,243,247	2,157,397
Change in net position	147,691	66,511	214,202	2,279,955
Net position - beginning	(1,042,043)	49,908	(992,135)	46,963,841
Net position - ending	\$ (894,352)	\$ 116,419	\$ (777,933)	\$ 49,243,796

The notes to financial statements are an integral part of this statement.

SWEETWATER COUNTY SCHOOL DISTRICT #1

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended June 30, 2025

	Business-type Activities			Governmental Activities
	Food Service	Nonmajor Funds	Total Enterprise Funds	Internal Service Fund
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Receipts from interfund services provided	\$ -	\$ -	\$ -	\$ 13,042,558
Receipts from services provided	678,390	256,393	934,783	-
Payments to and on behalf of employees	(1,543,483)	(229,397)	(1,772,880)	(145,792)
Payments to suppliers	(1,339,996)	(269)	(1,340,265)	-
Payments for medical fees and insurance claims	-	-	-	(13,698,759)
Net cash provided (used) by operating activities	(2,205,089)	26,727	(2,178,362)	(801,993)
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Federal, state and other local subsidy	1,648,782	87,907	1,736,689	-
Interfund activity	1,063,942	(73,724)	990,218	137,886
Net cash provided (used) by noncapital financing activities	2,712,724	14,183	2,726,907	137,886
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Principal paid on capital debt	(41,143)	-	(41,143)	-
Net cash provided (used) by capital and related financing activities	(41,143)	-	(41,143)	-
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest received	14,576	3	14,579	2,157,397
Net cash provided (used) by investing activities	14,576	3	14,579	2,157,397
Net increase (decrease) in cash and cash equivalents	481,068	40,913	521,981	1,493,290
Cash and cash equivalents - beginning	36,954	64,225	101,179	48,466,746
Cash and cash equivalents - ending	\$ 518,022	\$ 105,138	\$ 623,160	\$ 49,960,036
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</u>				
Operating income (loss)	\$ (2,056,418)	\$ 27,373	\$ (2,029,045)	\$ 122,558
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation/Amortization	94,486	-	94,486	-
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets, liabilities, and deferred outflows and inflows:				
Receivables	8,450	(646)	7,804	-
Inventory	(68,105)	-	(68,105)	-
Accounts payable	9,363	-	9,363	-
Accrued wages	15,080	-	15,080	-
Accrued compensated absences	6,805	-	6,805	-
Unearned revenue	40,042	-	40,042	-
Pension related	(144,014)	-	(144,014)	-
OPEB related	(110,778)	-	(110,778)	-
Claims payable	-	-	-	(924,551)
Net cash provided (used) by operating activities	\$ (2,205,089)	\$ 26,727	\$ (2,178,362)	\$ (801,993)
<u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</u>				
USDA commodities received	\$ 107,278	\$ -	\$ 107,278	\$ -

The notes to financial statements are an integral part of this statement.

SWEETWATER COUNTY SCHOOL DISTRICT #1
STATEMENT OF FIDUCIARY NET POSITION
As of June 30, 2025

	Employee Agency
<u>ASSETS</u>	
Cash and cash equivalents	\$ 255,231
Total assets	255,231
 <u>NET POSITION</u>	
Restricted for:	
Employee benefits	230,374
Teacher housing	24,857
Total net position	\$ 255,231

The notes to financial statements are an integral part of this statement.

SWEETWATER COUNTY SCHOOL DISTRICT #1
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2025

	Employee Agency
<u>ADDITIONS</u>	
Employee benefit deposits	\$ 127,410
Teacher housing deposits	1,050
Interest	<u>1,976</u>
Total additions	<u>130,436</u>
<u>DEDUCTIONS</u>	
Employee benefit payments	<u>119,224</u>
Total deductions	<u>119,224</u>
Change in net position	11,212
Net position - beginning	244,019
Net position - ending	<u><u>\$ 255,231</u></u>

The notes to financial statements are an integral part of this statement.

SWEETWATER COUNTY SCHOOL DISTRICT #1

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

For financial reporting purposes, Sweetwater County School District No. 1 (the District) includes all the funds, agencies, and authorities that are controlled by or dependent on the District. Oversight responsibility is determined by the extent of financial interdependency, selection of governing board, and ability to significantly influence operations. Financial interdependency results when a separate agency produces a financial benefit for or imposes a financial burden on a unit of government. Upon that occurrence, that agency becomes part of the reporting entity. Financial interdependency includes responsibility for debt. Oversight responsibility also includes accountability for fiscal matters. Fiscal authority normally includes the authority for final approval over budgetary appropriations, responsibility for funding deficits and operating deficiencies, disposal of surplus funds, control over the collection and disbursement of funds, and maintenance of title to assets.

Discretely Presented Component Unit

Sweetwater One Public School Foundation (the Foundation) is a legally separate, tax-exempt component unit of the District. The Foundation was organized and shall be operated exclusively to receive, hold, invest in, and administer property for the District; make expenditures to or for the benefit of the District; and intended to be organized and operated as an endowment fund for the benefit of the District. The Foundation does not issue separate financial statements.

The Foundation is a private not-for-profit organization that reports its financial results under the Financial Reporting for Not-for-Profit Organizations and Accounting for Contributions Received and Contributions Made Topics of the FASB Accounting Standards Codification. As such, certain presentation features are different from Governmental Accounting Standards Board (GASB) presentation features. No modifications have been made to the Foundation's financial information in the District's financial reporting entity for these differences.

Blended Component Unit

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

Nature of Operations

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

SWEETWATER COUNTY SCHOOL DISTRICT #1

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

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

Government-Wide Financial Statements:

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

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

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

Fund Financial Statements

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

DESCRIPTIONS OF FUNDS

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

SWEETWATER COUNTY SCHOOL DISTRICT #1

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Total assets, liabilities, revenues, or expenditures of that individual governmental or enterprise fund type are at least 10% of the corresponding total for all funds of that category or type, and at least 5% of the corresponding total for governmental and enterprise funds combined.

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

Governmental Funds

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

The following are the District's major governmental funds:

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

Major Maintenance Fund – The Major Maintenance fund is a special revenue fund that is a state-provided annual allocation that school districts must use only for the proper upkeep, repair, and preservation of existing school facilities. It is governed primarily by Wyoming Statute §21-15-109 and related School Facilities Division (SFD) rules.

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

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

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

SWEETWATER COUNTY SCHOOL DISTRICT #1

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds

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

Enterprise Funds – The Enterprise Funds are also organized as major funds and nonmajor funds with the emphasis placed on major funds.

The Food Service Fund is a major enterprise fund used to account for the operations of the school breakfast and lunch program. The fund is sustained by charges for lunch, government subsidized meal costs and food commodities, and transfers from the General Fund.

The Summer Program is a nonmajor enterprise fund. The fund is sustained by tuition charged for participation in the summer programs.

The Head Start Nutrition program is a nonmajor enterprise fund, and used to account for the Head Start snack and lunch program on a self-supporting basis. The fund is sustained by government subsidized meal costs.

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The District's custodial fund accounts for employee agency accounts in which funds are held on behalf of employees.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Significant accounting policies followed by the District are as follows:

a) Measurement Focus and Basis of Accounting

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

SWEETWATER COUNTY SCHOOL DISTRICT #1

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues – Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For this purpose, the District considers property tax revenues to be “available” if they are collected by the District’s fiscal year-end. All other revenues are considered to be available if they are collected within 60 days after fiscal year-end.

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

Federal and State Grants and Entitlements

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

Unavailable Revenue

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

Expenses/Expenditures

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

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

SWEETWATER COUNTY SCHOOL DISTRICT #1

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating Revenues and Expenses

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

b) Property Tax

The District levies taxes on assessed property through Sweetwater County, who acts as the agent to levy and collect property tax within the County. The taxes are levied on the assessed valuation of the prior year according to the tax calendar below. Collections are distributed after the end of each month. Assessed valuation and tax levies are subject to adjustment for prior years (rebates and supplemental) as controlled by the County or State. The District does not record estimates for these adjustments as they are adjusted to current year tax receipts when they are approved. In addition, the State adjusts its entitlement funding based on property tax collections. The tax calendar is as follows:

August 10	Taxes are levied
September 1	First of two equal installment payments is due
November 10	First installment is delinquent
March 1	Second installment is due
May 10	Second installment is delinquent

Under GASB Standards, a receivable can be recorded at the earliest of the date of the assessment or the date a lien is placed on the property. Neither of these items occur prior to June 30th for the upcoming 2025 levy; therefore, at June 30, 2025, the property tax receivable consists of unpaid property taxes from the August 2024 levy. Effective January 1, 2022, mineral ad valorem property taxes are billed and collected monthly by the Department of Revenue, with a true-up following the annual assessment on January 1.

The District is required by Wyoming Statutes to levy taxes of twenty-five mills of assessed valuation for all school purposes, exclusive of bond interest and redemption. In addition, a county-wide school property tax of six mills is levied as well as one mill for the Recreation Board is levied. The combined tax related to financing general school services for the year ended June 30, 2025, was thirty-two mills.

c) Cash and Investments

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

d) Other Receivables

Other receivables consist of stop loss insurance recoveries and student school unpaid meals. The District considers all other receivables to be collectible at June 30, 2025.

SWEETWATER COUNTY SCHOOL DISTRICT #1

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Internal Balances

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

f) Inventories and Prepaid Items

Inventories are accounted for at the lower of cost (first-in, first-out method) or market using the consumption method by which inventory acquisitions are recorded in inventory accounts when purchased or received by other means and are charged to expense when consumed or sold. 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. Inventories and prepaids in governmental fund types are equally offset by a fund balance reserve, which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets.

g) Due from Other Governments

Due from other governments includes grant and reimbursements receivable from other governmental entities. Due to the date of collection of certain receivables, these balances impact revenue recognition and the reconciliations between governmental fund statements and government-wide statements.

h) Capital Assets

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

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

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

SWEETWATER COUNTY SCHOOL DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Description	Governmental Activities	Business-Type Activities
Buildings and improvements	20 - 50 years	
Property and equipment	5 - 15 years	7 years
Vehicles	5 - 12 years	5 - 8 years

Right-of-use Assets

The District records right-of-use lease assets in accordance with GASB Statement No. 87 and 96. Right-of-use assets are initially measured at an amount equal to the initial measurement of the related lease liability. The intangible right-of-use asset is amortized on a straight-line basis over the life of the related lease.

i) **Compensated Absences**

Accrued vacation – Twelve-month full-time classified personnel are entitled to initial vacation leave after completing six months of services, increasing thereafter depending on the length of service. Professional staff will be granted twenty days of paid vacation leave on July 1, increasing thereafter, depending on the length of service. Vacation days accumulated are generally not paid if not used, except for twelve-month administrators and classified support personnel who can be paid up to fifty days of unused vacation upon termination. Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all eligible employees. The entire compensated absence liability is reported on the government-wide financial statements.

All eligible employees of the District receive a maximum of five to twelve days of sick leave each year, depending on their classification. The District records a liability for sick leave, as applicable, in accordance with GASB Statement No. 101 *Compensated Absences*.

j) **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an expense, expenditure, or reduction of revenue until then. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as revenue until then. Deferred outflows and inflows are reported in the statement of net position or at the fund level, on the balance sheet. The District reports the following deferred outflows and inflows of resources:

Unavailable revenues and advance collection of revenues – unavailable revenue and advance collection of revenues is reported in the governmental funds' balance sheet. The governmental funds report unavailable revenues from taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

SWEETWATER COUNTY SCHOOL DISTRICT #1

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension and OPEB related amounts – In the government-wide and proprietary fund statements of net position, a deferred outflow or deferred inflow of resources is reported for the unrecognized items not yet charged to pension and OPEB expense related to the net pension and OPEB liabilities. This includes the unamortized portion of the net difference between projected and actual earnings on plan investments and other differences between expected and actual experience. Deferred outflows and inflows for the net difference between projected and actual investment earnings are recognized over time.

k) Accrued Liabilities and Long-Term Obligations

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

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

l) Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- a. *Net investment in capital assets* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- b. *Restricted* net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- c. *Unrestricted* net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

It is the District's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

SWEETWATER COUNTY SCHOOL DISTRICT #1

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." The District's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

- a. *Nonspendable* fund balance represents amounts that are either not in a spendable form or are legally or contractually required to remain intact.
- b. *Restricted* fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.
- c. *Committed* fund balance represents amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the District's Board prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation.
- d. *Assigned* fund balance represents amounts that are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has by resolution authorized the finance director to assign fund balance. The Board may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- e. *Unassigned* fund balance represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

n) Estimates

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

SWEETWATER COUNTY SCHOOL DISTRICT #1

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

- During March and April, the District's Superintendent and Chief Financial Officer, compute, estimate, and review information to prepare the proposed budget. The District requires a significant portion of the revenue estimates from the Wyoming Department of Education.
- Proposed budgets are submitted to the Board of Trustees at the regular meeting in May of each year.
- From May through July each year, these budgets are reviewed by Superintendent, Chief Financial Officer, and Board of Trustees, and refined as necessary.
- Final budget hearings are held at the July board meeting, which takes place no later than the third Monday in July, at which time the budget is legally enacted through the passage of a resolution for the fiscal year beginning July 1 of each year.
- During the year, the District monitors the budget and amends through a budget hearing when necessary.

Formal budgetary integration is employed as a management control device during the year for all funds.

3. CASH AND INVESTMENTS

Cash and investments at June 30, 2025, consist of the following:

	Primary Government	Component Unit	Fiduciary Funds
Cash in bank	\$ 11,604,250	\$ 261,098	\$ 255,231
WGIF	108,402,230	-	-
Other investments	-	1,211,055	-
	<u>\$ 120,006,480</u>	<u>\$ 1,472,153</u>	<u>\$ 255,231</u>

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. State statutes require that the District's deposits in excess of the Federal depository insurance amount be collateralized. The District's deposits are all insured by federal depository insurance or collateralized with securities held in joint custody of the bank and the District by the pledging institution's trust department or agent. At June 30, 2025, all District bank deposits were fully collateralized or insured.

Concentration of Credit Risk

The District does not have a formal policy regarding the concentration of credit risk. The investment in WGIF represents 100% of the total investments of the District.

SWEETWATER COUNTY SCHOOL DISTRICT #1**NOTES TO BASIC FINANCIAL STATEMENTS**

For the Year Ended June 30, 2025

3. CASH AND INVESTMENTS (Continued)Investments Held by the Foundation

The Foundation accounts for its investments at fair value. Unrealized gains and losses are included in the change in net position. The Foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Foundation's investments are classified and disclosed based on quoted prices available in active markets (Level 1 inputs).

As of June 30, 2025, the Foundation had the following investments:

Investment Types	Fair Value (Level 1)	Interest Rate	Investment
			Maturities 1 year or less
Money market	\$ 104,940	4.68%	n/a
Certificates of deposit	155,045		
Mutual funds	590,037	n/a	n/a
Exchange traded & closed end funds	361,033	n/a	n/a
	<u>\$ 1,211,055</u>		

The Foundation is allowed to invest in mutual funds. The Foundation is not subject to the state statutes which restrict investments to governmental securities. The mutual funds noted above consist of a variety of equities and fixed income securities and are not rated by Moody's or Standard and Poor's.

SWEETWATER COUNTY SCHOOL DISTRICT #1

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

4. CAPITAL AND RIGHT-OF-USE ASSETS

Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 774,593	\$ -	\$ -	\$ 774,593
Construction in progress	6,557,494	5,745,229	(5,978,526)	6,324,197
Art collection	553,000	-	-	553,000
Total capital assets, not being depreciated	<u>7,885,087</u>	<u>5,745,229</u>	<u>(5,978,526)</u>	<u>7,651,790</u>
Capital assets, being depreciated:				
Buildings and improvements	217,800,887	6,336,314	(687,948)	223,449,253
Furniture and equipment	9,035,324	2,283,629	(131,105)	11,187,848
Transportation equipment	11,146,234	1,042,199	(204,715)	11,983,718
Total capital asset being depreciated	<u>237,982,445</u>	<u>9,662,142</u>	<u>(1,023,768)</u>	<u>246,620,819</u>
Less accumulated depreciation:				
Buildings and improvements	(86,829,656)	(6,968,795)	474,962	(93,323,489)
Furniture and equipment	(5,358,394)	(1,355,376)	126,373	(6,587,397)
Transportation equipment	(8,674,063)	(680,845)	204,715	(9,150,193)
Total accumulated depreciation	<u>(100,862,113)</u>	<u>(9,005,016)</u>	<u>806,050</u>	<u>(109,061,079)</u>
Less impairment	(302,448)	-	-	(302,448)
Total accumulated depreciation and impairment	<u>(101,164,561)</u>			<u>(109,363,527)</u>
Capital assets being depreciated, net	<u>136,817,884</u>			<u>137,257,292</u>
Total governmental activities	<u>\$ 144,702,971</u>			<u>\$ 144,909,082</u>
Business-type Activities:				
Capital assets, being depreciated:				
Equipment	\$ 1,200,282	\$ -	\$ -	\$ 1,200,282
Transportation equipment	167,955	-	-	167,955
Total capital asset being depreciated	<u>1,368,237</u>	<u>-</u>	<u>-</u>	<u>1,368,237</u>
Less accumulated depreciation				
Equipment	(939,219)	(35,106)	-	(974,325)
Transportation equipment	(145,226)	(13,213)	-	(158,439)
Total accumulated depreciation	<u>(1,084,445)</u>	<u>(48,319)</u>	<u>-</u>	<u>(1,132,764)</u>
Capital assets being depreciated, net	<u>283,792</u>			<u>235,473</u>
Total business-type activities	<u>\$ 283,792</u>			<u>\$ 235,473</u>

SWEETWATER COUNTY SCHOOL DISTRICT #1

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

4. CAPITAL AND RIGHT-OF-USE ASSETS (Continued)

Right-of-use activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Right-of-use assets being amortized:				
Subscriptions	\$ 196,549	\$ -	\$ -	\$ 196,549
Total right-of-use asset being amortized	196,549	-	-	196,549
Less accumulated amortization:				
Subscriptions	(39,310)	(39,310)	-	(78,620)
Total accumulated amortization	(39,310)	(39,310)	-	(78,620)
Right-of-use assets being amortized, net	157,239			117,929
Total governmental activities	<u>\$ 157,239</u>			<u>\$ 117,929</u>
Business-type Activities:				
Right-of-use assets being amortized:				
Subscriptions	\$ 230,834	\$ -	\$ -	\$ 230,834
Total right-of-use asset being amortized	230,834	-	-	230,834
Less accumulated amortization:				
Subscriptions	(46,166)	(46,167)	-	(92,333)
Total accumulated amortization	(46,166)	(46,167)	-	(92,333)
Right-of-use assets being amortized, net	184,668			138,501
Total business-type activities	<u>\$ 184,668</u>			<u>\$ 138,501</u>

Depreciation and amortization expense was charged to functions/programs of the District as follows:

Governmental activities:	
Instruction	\$ 6,397,711
General support	2,642,310
Non-instructional services	4,305
Total governmental activities	<u>\$ 9,044,326</u>

SWEETWATER COUNTY SCHOOL DISTRICT #1

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

5. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM

Plan Description

The District employees participate in the Wyoming Retirement System (WRS or the Plan), which is a multiple employer cost sharing defined benefit plan. GASB standards require that the District recognize a liability for its proportionate share of the net pension liability. This proportion is required to be determined on a basis that is consistent with the manner in which contributions to the plan are determined. The District derived their portion of the net pension liability by applying the actual contribution as a percentage of total contributions to the Plan.

In addition to reporting the District's share of the net pension liability, deferred inflows and deferred outflows on the statement of net position and the related expense on the statement of activities, this standard requires the District to present two additional schedules in the required supplementary information section of this report, including the Schedule of Proportionate Share of the Net Pension Liability and the Schedule of Contributions.

Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows and inflows of resources and pension expense, this information has been determined using the same basis as reported by WRS. Benefit payments are recognized when due and payable in accordance with benefit terms and investments are reported at fair value.

Actuarial Valuation

An actuarial valuation of the Plan's assets and net pension liability is performed annually. At the date of the most recent actuarial valuation, January 1, 2025, the fiduciary net position as a percentage of total pension liability increased from 80.19 percent on January 1, 2024 to 82.46 percent on January 1, 2025. The net pension liability as a percentage of covered employee payroll decreased from 120.86 percent to 102.93 percent as of January 1, 2024 and 2025, respectively. The net pension liability was \$2.08 billion as of January 1, 2025 compared to \$2.27 billion as of January 1, 2024. This is a decrease from the prior year.

Determination of Tier 1 versus Tier 2 Employees

Tier 1 employees are those whose first contribution to the Plan was on or before September 1, 2012; whereas, Tier 2 employees are those whose first contribution to the Plan was after September 1, 2012.

Vesting

Participants are vested within the Plan after four years of service constituted by 48 months of service.

Contributions

As a condition of participation in the Plan, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by Wyoming State Statute and specified by the WRS Board. Contributions are actuarially determined as an amount that is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. The contribution rate for fiscal year 2025 was 18.62%.

SWEETWATER COUNTY SCHOOL DISTRICT #1

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

5. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM (Continued)

Benefits

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

Employees terminating prior to normal retirement can elect to withdraw all employee contributions plus accumulated interest through date of termination or, if they are vested, they may elect to remain in the Plan and be eligible for unreduced retirement benefits at age 60 (Tier 1 employee) or 65 (Tier 2 employee).

Tier 1, the Plan allows for normal retirement after four years of service and attainment of age 60. Early retirement is allowed provided the employee has completed four years of service and attained age 50 or 25 years of service but will result in a reduction of benefits based on the length of time remaining to age 60.

Tier 2, the Plan allows for normal retirement after four years of service and attainment of age 65. Early retirement is allowed, provided the employee has completed four years of service and attained age 55, or 25 or more years of service but will result in a reduction of benefits based on the length of time remaining to age 65. All employees may also retire upon normal retirement on the basis that the sum of the member's age and service is at least 85.

Actuarial Assumptions

An actuarial valuation of each WRS defined benefit plan is performed annually. The funded status of each plan is shown in the Schedules of Funding Progress, which is located in the Actuarial section of the WRS ACFR. It is important to note that in November 2021 and also in February 2022, the WRS Board changed the assumptions used by the actuary to value the plans. The new assumptions are reflected in the valuation results and have been incorporated into the District's proportionate share of the net pension liability. In general, the new assumptions reflect an update to the mortality tables, adjustments to the demographic and salary scale, as well as a lower long-term investment return.

For all plans except the Paid Firemen's Pension Plan A, beginning July 1, 2012 all future COLA's must be granted by the State Legislators. In addition, the WRS board cannot recommend the COLA unless the plan is considered actuarially sound and the unfunded liability must not drop below 100% after the award of the COLA.

The results of the actuarial valuation are dependent upon the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contributions rates and funding periods.

SWEETWATER COUNTY SCHOOL DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

5. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected arithmetic returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the Plan's target asset allocation as of January 1, 2024 the best estimates are summarized in the following table:

Asset Class	Target Allocation	Geometric Real Return	Arithmetic Real Return
Tactical cash	0.50%	0.41%	0.40%
Gold	1.50%	2.33%	0.90%
Fixed income	20.00%	0.38%	4.22%
Equity	51.50%	6.51%	8.19%
Marketable alternatives	16.00%	4.54%	5.38%
Private markets	10.50%	6.23%	7.74%
Total	100.00%	5.53%	6.75%

Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects 1) a long-term expected rate of return on pension plan investments (to the extent that the Plan's fiduciary net position is projected to be sufficient to pay benefits using a 100-year analysis) and 2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). For purposes of this valuation, the expected rate of return on pension plan investments is 6.80% and the municipal bond rate is 3.77%, which is based upon fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's 20-Year Municipal GO AA Index as of December 31, 2024.

The projection of cash flows used to determine the rate assumed that plan member contributions and employer contributions will be made at the current contribution rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SWEETWATER COUNTY SCHOOL DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

5. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM (Continued)

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

At June 30, 2025, the District reported a total liability of \$49,371,827 for its proportionate share of the net pension liability. The net pension liability was determined by an actuarial valuation as of January 1, 2024, applied to all prior periods included in the measurement. Actuarial valuation involves estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. An experience study was conducted covering the five-year period ending December 31, 2020. The net pension liability as of December 31, 2024 is based on the results of an actuarial valuation as of January 1, 2024, rolled forward to a measurement date of December 31, 2024, and taking into consideration information from the recent experience study.

The schedule below shows the District's proportionate share of the net pension liability at June 30, 2025, the proportionate portion at the measurement date of December 31, 2024, and the change in the proportion from the previous measurement date.

	Pension liability at June 30, 2025	Proportion at December 31, 2024	Increase (decrease) from December 31, 2023
Public Employees' Pension Plan	<u>\$ 49,371,827</u>	2.36730240%	0.02960108%

At June 30, 2025 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	Business-Type Activities
Non-cash pension expense (revenue)	<u>\$ (1,022,961)</u>	<u>\$ (48,860)</u>
Deferred outflows of resources		
Differences between expected and actual experience	\$ 3,132,900	\$ 68,429
Contributions subsequent to the measurement date	4,647,485	101,511
Total deferred outflows of resources	<u>\$ 7,780,385</u>	<u>\$ 169,940</u>
Deferred inflows of resources		
Difference between expected and actual experience	\$ 58,167	\$ 1,271
Net difference between projected and actual investment earnings on pension plan investments	6,117,327	133,615
Total deferred inflows of resources	<u>\$ 6,175,494</u>	<u>\$ 134,886</u>

SWEETWATER COUNTY SCHOOL DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

5. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM (Continued)

The District reported \$4,748,996 as deferred outflows of resources related to the pension resulting from the District's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense as follows:

<u>Year ended December 31,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2025	\$ 1,390,924	\$ (2,329,211)
2026	1,237,587	1,809,416
2027	572,818	(4,210,872)
2028	-	(1,579,713)
	<u>\$ 3,201,329</u>	<u>\$ (6,310,380)</u>

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

The following table sets forth the District's proportionate share of the net pension liability calculated using the discount rate, shown below, and what the net pension liability would be if it were calculated using a discount rate that is both one percentage point higher and lower than the current rate:

	<u>1% Decrease (5.8%)</u>	<u>Discount Rate (6.8%)</u>	<u>1% Increase (7.8%)</u>
Proportionate Share of Net Pension Liability	\$ 84,243,044	\$ 49,371,827	\$ 22,150,344

Other Detailed Information

For more detailed information regarding the Plan see the separately issued 2024 Wyoming Retirement System Annual Comprehensive Financial Report which is available at <https://retirement.wyo.gov/About/Reports> .

6. POST RETIREMENT HEALTH BENEFITS PLAN

Plan Description

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

SWEETWATER COUNTY SCHOOL DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

6. POST RETIREMENT HEALTH BENEFITS PLAN (Continued)

OPEB Liability and Deferred Outflows/Inflows Related to OPEB

The District's total OPEB liability of \$19,396,180 was measured as of June 30, 2025, and was determined by an actuarial valuation as of July 1, 2023.

The table below shows the cumulative amounts to be shown as deferred outflows and inflows of resources related to OPEB. Changes in Total OPEB Liability related to the difference in actual and expected experience, or changes in assumptions regarding future events, are recognized in OPEB Expense over the expected remaining service life of all employees (active and retired) in the postretirement plan. Differences in projected and actual earnings over the measurement period are recognized over a 5-year period. Amounts not yet recognized are summarized below:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 10,854,886
Changes in assumptions	8,129,837	19,465,855
	<u>\$ 8,129,837</u>	<u>\$ 30,320,741</u>

Contributions subsequent to the measurement date may be recognized as a reduction to the Net OPEB Liability. The amount is not known as of the date of this report. The following amounts will be recognized in OPEB Expense in the upcoming years:

Year Ended June 30,	Net Deferred Outflows/Inflows
2026	\$ (2,459,076)
2027	(2,459,076)
2028	(2,459,076)
2029	(2,459,076)
2030	(2,459,076)
Thereafter	(9,895,524)
	<u>\$ (22,190,904)</u>

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods including in the measurements, unless otherwise specified:

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

SWEETWATER COUNTY SCHOOL DISTRICT #1

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

6. POST RETIREMENT HEALTH BENEFITS PLAN (Continued)

It was not possible to develop reasonable pre-retirement decrement assumptions for withdrawal, mortality and disability rates based on the experience of the District due to its size. To obtain more reliable experience, other sources were used. Mortality, withdrawal, and disability assumptions are from the WRS January 1, 2025 actuarial valuation. Retirement assumptions are based on District experience.

The discount assumption reflects the time value of money as of the valuation date. The discount rate was increased from 3.93% for the fiscal year-ended June 30, 2024 to 5.20% to better reflect the current high-quality fixed income environment. The underlying index used is the High Quality 20-Tax-Exempt Bond G.O. Index. The rate has been updated to the current fiscal year-end based on changes in market conditions as reflected in the index. The rate selected is as of June 30, 2025, and is the most recent rate available prior to the measurement date.

Other significant assumptions are as follows:

Valuation Date	7/1/2025
Discount Rate	
Beginning of Year	3.93%
End of Year	5.20%
Total Payroll Increases	2.50%

Blended Premium Rates

	Under Age 65		Age 65 & Over	
	Retiree	Spouse	Retiree	Spouse
PPO 1000	\$ 14,992	\$ 13,188	\$ 7,852	\$ 5,906
1650 HDHP	\$ 13,212	\$ 11,588	N/A	N/A
2500 HDHP	\$ 10,816	\$ 9,466	N/A	N/A
Medical Supplement Type Plan	N/A	N/A	\$ 2,736	\$ 2,416

Plan	Initial Trend	Ultimate Trend	Amount of Trend Decrease	Years Between Trend Decreases	Year Ultimate Trend Reached
PPO 1000 (Pre-65)	7.90%	5.00%	0.32%	1	2035
1650 HDHP (Pre-65)	8.30%	5.00%	0.37%	1	2035
2500 HDHP (Pre-65)	8.30%	5.00%	0.37%	1	2035
Post-65	5.00%	5.00%	N/A	N/A	2026

Claims	Age-grading factors used to calculate claims for all ages
Election at Retirement	All Age Groups – 65
Spousal Election	Of those employees assumed to elect coverage in retirement, 50% are assumed to elect spousal coverage. Female spouses are assumed to be 3 years younger than male spouses.

The changes in the assumptions for the plan were made to better reflect the future anticipated experience in the plan. The changes in assumptions resulted in a net decrease in the Total OPEB Liability in the current year of approximately \$3,594,000.

SWEETWATER COUNTY SCHOOL DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

6. POST RETIREMENT HEALTH BENEFITS PLAN (Continued)

Changes in the total OPEB liability for the year ended June 30, 2025 are as follows:

	Total OPEB Liability
Balance at 6/30/2024	\$ 22,392,258
Changes for the year	
Service cost	766,870
Interest cost	868,202
Change of benefit terms	355,132
Differences between expected and actual experience	(791,271)
Changes of assumptions	(3,593,841)
Benefit payments	(601,170)
Net changes	(2,996,078)
Balance at 6/30/2025	<u>\$ 19,396,180</u>

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.20%) or one percentage point higher (6.20%) than the current discount rate:

	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
Total OPEB Liability	\$ 22,577,415	\$ 19,396,180	\$ 16,851,138

7. DEFERRED COMPENSATION PLAN

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

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

SWEETWATER COUNTY SCHOOL DISTRICT #1

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

8. NONCURRENT LIABILITIES

During the year ended June 30, 2025 the following changes occurred in noncurrent liabilities:

	Balance at June 30, 2024	Increases	Decreases	Balance at June 30, 2025	Due Within One Year
Primary Government:					
<i>Governmental Activities:</i>					
Lease purchase obligations	\$ 208,608	\$ -	\$ 87,450	\$ 121,158	\$ 58,436
Compensated absences	969,933	-	528	969,405	872,465
Subscriptions payable	150,190	-	32,842	117,348	35,798
Net OPEB liability	22,260,144	-	2,885,300	19,374,844	-
Net pension liability	51,907,452	-	3,590,961	48,316,491	-
Total governmental activities	<u>\$ 75,496,327</u>	<u>\$ -</u>	<u>\$ 6,597,081</u>	<u>\$ 68,899,246</u>	<u>\$ 966,699</u>
<i>Business-type Activities:</i>					
Compensated absences	\$ 10,385	\$ 6,805	\$ -	\$ 17,190	\$ 12,033
Subscriptions payable	186,770		41,143	145,627	44,640
Net OPEB liability	132,114		110,778	21,336	-
Net pension liability	1,162,605	-	107,269	1,055,336	-
Total business-type activities	<u>\$ 1,491,874</u>	<u>\$ 6,805</u>	<u>\$ 259,190</u>	<u>\$ 1,239,489</u>	<u>\$ 56,673</u>
Total primary government	<u><u>\$ 76,988,201</u></u>	<u><u>\$ 6,805</u></u>	<u><u>\$ 6,856,271</u></u>	<u><u>\$ 70,138,735</u></u>	<u><u>\$ 1,023,372</u></u>

Lease purchase obligations – The District finances the purchase of certain transportation equipment under lease purchase obligations, of which provide for the purchase of leased buses for nominal amounts at the end of the lease term. The interest rates on the leases range from 1.40% to 5.15% with a weighted average for the leases at June 30, 2025 of approximately 4.24%. Interest expense of \$7,627 as a result of lease purchase obligations is included in the statement of activities.

The following is a schedule by years of minimum future payments under lease purchase obligations together with the present value of the net minimum payments as of June 30, 2025:

Year Ended June 30,	Principal Payments	Interest Payments	Total Payments
2026	\$ 58,436	\$ 5,141	\$ 63,577
2027	30,574	3,232	33,806
2028	32,148	1,657	33,805
Totals	<u>\$ 121,158</u>	<u>\$ 10,030</u>	<u>\$ 131,188</u>

SWEETWATER COUNTY SCHOOL DISTRICT #1**NOTES TO BASIC FINANCIAL STATEMENTS**

For the Year Ended June 30, 2025

8. NONCURRENT LIABILITIES (Continued)

Subscriptions payable – The District has multiple Subscription-Based Information Technology Arrangements with terms maturing on June 30, 2028. The discount rate applied by the District in evaluating these software leases was equivalent to the prime rate plus 1 percent. Future minimum lease payments under the software leases together with the present value of net minimum lease payments as of June 30, 2025, were as follows:

Governmental Activities:			Total
<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
2026	\$ 35,798	\$ 10,561	\$ 46,359
2027	39,019	7,340	46,359
2028	42,531	3,828	46,359
Totals	<u>\$ 117,348</u>	<u>\$ 21,729</u>	<u>\$ 139,077</u>

Business-type Activities:			Total
<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
2026	\$ 44,640	\$ 12,378	\$ 57,018
2027	48,435	8,584	57,019
2028	52,552	4,467	57,019
Totals	<u>\$ 145,627</u>	<u>\$ 25,429</u>	<u>\$ 171,056</u>

9. SELF-FUNDED HEALTH INSURANCE

The District retained UMR to service health claims for the District's employees. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The liability is the District's and UMR's best estimate based on available information. The insurance companies maintain a stop-loss insurance policy to pay annual losses exceeding \$275,000 specific deductible per person and \$12,755,757 aggregate for the plan year to further protect the District.

SWEETWATER COUNTY SCHOOL DISTRICT #1

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

10. FUND BALANCE AND NET POSITION

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

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

Recreation District – funds segregated for future recreation projects.

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

Student Activities – funds segregated to be used for student activity programs which have student participation in the activity and have students involved in the management of the programs.

Fund Balance Deficits – the Food service fund and Head Start fund had fund balance deficits at June 30, 2025. In the case that those fund balance deficits needed to be covered, the General fund would be liable. Therefore, fund balance has been restricted in the General fund for these fund balance deficits.

Specific assignments of fund balance accounts are summarized below:

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

Projected budget deficit – to segregate a portion of the fund balance which has been reserved by the Board to cover the expected fiscal 2025 budget shortfall.

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

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

Contingencies – to segregate a portion of fund balance which has been assigned by the Board through budget authority to cover unanticipated items which may occur.

As of June 30, 2025, Sweetwater One Public School Foundation, a component unit of the District, had \$893,030 net assets without donor restrictions (unrestricted), Board designated; \$413,675 net assets with donor restrictions, restricted for program purposes, and \$160,785 net assets with donor restrictions, permanently restricted. The interest earned on the permanently restricted funds can be used for operations or program purposes, and the principal has to be held in perpetuity as part of the Foundation’s endowment fund.

SWEETWATER COUNTY SCHOOL DISTRICT #1

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

11. RISK MANAGEMENT

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

Policy limits include approximately \$371 million real and personal property; \$2,000,000 general liability aggregate; \$3,000,000 excess liability aggregate; \$2,000,000 abuse or molestation liability; \$2,000,000 educators' management liability aggregate; \$2,000,000 professional liability aggregate; \$1,000,000 cyber liability and crime coverage; \$2,000,000 employee benefits liability aggregate; and miscellaneous other coverages.

All risk management activities are accounted for in the General Fund. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. The District also participates in Workers' Compensation and Unemployment Compensation programs, both administered by the Wyoming Department of Workforce Services. Amounts paid by the District to the State for Worker's Compensation during fiscal year 2025 were \$460,657. The Unemployment program requires the District to pay the cost of actual claims incurred.

12. COMMITMENTS AND CONTINGENCIES

Construction Commitments

The District is obligated at June 30, 2025 under construction commitments for several projects at various schools within the district for building and renovation projects. Total approved contracts as of June 30, 2025 are \$10,759,341 with \$2,561,934 completed and \$8,197,407 still committed. The majority of the commitment will be financed by additional funds from the Wyoming Schools Facilities Department and transfers from the Recreation Board.

Federal and State Compliance

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received in these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund, or other applicable funds. However, in the opinion of management any such disallowed claims would not have a material adverse effect on the overall financial position of the District as of June 30, 2025.

Possible or Pending Litigation

The District is involved in ongoing litigation and asserted claims. The District's insurance provides coverage for these claims; however, the District may be liable for its deductible. The deductible has not been accrued as the outcome of these matters are not presently determinable. In management's opinion, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

SWEETWATER COUNTY SCHOOL DISTRICT #1**NOTES TO BASIC FINANCIAL STATEMENTS**

For the Year Ended June 30, 2025

13. INTER-FUND BALANCES AND ACTIVITY

At June 30, 2025, inter-fund receivables and payables were as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<u>Primary Government:</u>		
Governmental activities:		
General	\$ 2,580,889	\$ -
Grant programs	45,701	1,814,228
Major maintenance	-	-
SFD capital projects	1,542	-
Student activities	-	66,034
Head start	-	160,808
Internal service	-	73,316
Total governmental activities	<u>2,628,132</u>	<u>2,114,386</u>
Business-type activities:		
Food service	-	524,381
Summer programs	-	2,037
District daycare	12,672	-
Total business-type activities	<u>12,672</u>	<u>526,418</u>
Total primary government	<u><u>\$ 2,640,804</u></u>	<u><u>\$ 2,640,804</u></u>

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

Transfers during the year ended June 30, 2025, were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Primary Government:</u>		
Governmental activities:		
General fund	\$ -	\$ 414,773
Recreation board	-	169,473
SFD capital projects fund	92,267	-
Total governmental activities	<u>92,267</u>	<u>584,246</u>
Business-type activities:		
Food service	540,751	-
Summer Programs	1,979	-
Head Start Nutrition	-	50,751
Total business-type activities	<u>542,730</u>	<u>50,751</u>
Total primary government	<u><u>\$ 634,997</u></u>	<u><u>\$ 634,997</u></u>

SWEETWATER COUNTY SCHOOL DISTRICT #1

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

14. RELATED PARTY TRANSACTIONS

The District paid insurance, supplies, and miscellaneous expenses for the Foundation in the amount of \$2,076 during the year ended June 30, 2025.

15. GASB STANDARDS

Newly Adopted Standards

GASB Statement No. 101, Compensated Absences, requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

The District has implemented this standard for the year ended June 30, 2025. No beginning balances were impacted by this implementation.

16. SUBSEQUENT EVENTS

The District did not have any subsequent events through December 1, 2025, the date at which the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended June 30, 2025.

REQUIRED SUPPLEMENTAL INFORMATION

SWEETWATER COUNTY SCHOOL DISTRICT #1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<u>REVENUE</u>				
Local sources	\$ 37,519,019	\$ 37,519,019	\$ 34,026,503	\$ (3,492,516)
County sources	12,645,147	12,441,007	11,239,829	(1,201,178)
State sources	35,345,769	37,404,779	37,922,086	517,307
Federal sources	30,000	30,000	308,024	278,024
Interest	190,000	190,000	609,872	419,872
Total revenue	<u>85,729,935</u>	<u>87,584,805</u>	<u>84,106,314</u>	<u>(3,478,491)</u>
<u>EXPENDITURES</u>				
Instruction	48,496,075	48,709,950	43,942,056	(4,767,894)
Instructional support	9,668,223	9,733,839	9,057,312	(676,527)
General support and facilities	32,743,437	33,356,996	25,957,886	(7,399,110)
Non-instructional services	35,900	36,776	3,267	(33,509)
Total expenditures	<u>90,943,635</u>	<u>91,837,561</u>	<u>78,960,521</u>	<u>(12,877,040)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(5,213,700)</u>	<u>(4,252,756)</u>	<u>5,145,793</u>	<u>9,398,549</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating transfers in (out), net	<u>(453,893)</u>	<u>(453,893)</u>	<u>(414,773)</u>	<u>39,120</u>
Total other financing sources (uses)	<u>(453,893)</u>	<u>(453,893)</u>	<u>(414,773)</u>	<u>39,120</u>
Net change in fund balance	(5,667,593)	(4,706,649)	4,731,020	9,437,669
Fund balance - beginning	<u>16,190,958</u>	<u>16,190,958</u>	<u>16,190,958</u>	<u>-</u>
Fund balance - ending	<u>\$ 10,523,365</u>	<u>\$ 11,484,309</u>	<u>\$ 20,921,978</u>	<u>\$ 9,437,669</u>

The notes to financial statements are an integral part of this statement.

SWEETWATER COUNTY SCHOOL DISTRICT #1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES BUDGET AND ACTUAL
MAJOR MAINTENANCE FUND
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<u>REVENUE</u>				
Local sources	\$ -	\$ -	\$ -	\$ -
County sources	-	-	-	-
State sources	4,062,722	4,062,722	3,975,295	(87,427)
Federal sources	-	-	-	-
Interest	300,000	300,000	367,800	67,800
Other revenue	-	-	-	-
Total revenue	<u>4,362,722</u>	<u>4,362,722</u>	<u>4,343,095</u>	<u>(19,627)</u>
<u>EXPENDITURES</u>				
Instruction	-	-	-	-
Instructional support	-	-	-	-
General support and facilities	14,003,460	14,003,460	6,827,285	(7,176,175)
Non-instructional services	5,653	5,653	-	(5,653)
Total expenditures	<u>14,009,113</u>	<u>14,009,113</u>	<u>6,827,285</u>	<u>(7,181,828)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(9,646,391)</u>	<u>(9,646,391)</u>	<u>(2,484,190)</u>	<u>7,162,201</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in (out), net	<u>1,680,787</u>	<u>1,680,787</u>	<u>-</u>	<u>(1,680,787)</u>
Total other financing sources (uses)	<u>1,680,787</u>	<u>1,680,787</u>	<u>-</u>	<u>(1,680,787)</u>
Net change in fund balance	(7,965,604)	(7,965,604)	(2,484,190)	5,481,414
Fund balance - beginning	<u>7,491,172</u>	<u>7,491,172</u>	<u>7,491,172</u>	<u>-</u>
Fund balance - ending	<u>\$ (474,432)</u>	<u>\$ (474,432)</u>	<u>\$ 5,006,982</u>	<u>\$ 5,481,414</u>

The notes to financial statements are an integral part of this statement.

SWEETWATER COUNTY SCHOOL DISTRICT #1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES BUDGET AND ACTUAL
GRANT PROGRAMS FUND
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<u>REVENUE</u>				
Local sources	\$ 707,027	\$ 1,140,607	\$ 333,630	\$ (806,977)
County sources	-	-	-	-
State sources	-	-	575,426	575,426
Federal sources	12,979,468	17,005,848	12,688,189	(4,317,659)
Interest	-	-	-	-
Other revenue	-	1,889,878	-	(1,889,878)
Total revenue	<u>13,686,495</u>	<u>20,036,333</u>	<u>13,597,245</u>	<u>(6,439,088)</u>
<u>EXPENDITURES</u>				
Instruction	8,660,136	9,539,339	6,955,999	(2,583,340)
Instructional support	3,326,576	3,974,320	2,968,533	(1,005,787)
General support and facilities	1,406,180	1,519,319	1,136,193	(383,126)
Non-instructional services	76,849	31,192	31,192	-
Total expenditures	<u>13,469,741</u>	<u>15,064,170</u>	<u>11,091,917</u>	<u>(3,972,253)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>216,754</u>	<u>4,972,163</u>	<u>2,505,328</u>	<u>(2,466,835)</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating transfers in (out), net	9,320	1,011	-	(1,011)
Total other financing sources (uses)	<u>9,320</u>	<u>1,011</u>	<u>-</u>	<u>(1,011)</u>
Net change in fund balance	226,074	4,973,174	2,505,328	(2,467,846)
Fund balance - beginning	<u>(1,986,690)</u>	<u>(1,986,690)</u>	<u>(1,986,690)</u>	<u>-</u>
Fund balance - ending	<u><u>\$ (1,760,616)</u></u>	<u><u>\$ 2,986,484</u></u>	<u><u>\$ 518,638</u></u>	<u><u>\$ (2,467,846)</u></u>

The notes to financial statements are an integral part of this statement.

SWEETWATER COUNTY SCHOOL DISTRICT #1
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES BUDGET AND ACTUAL
RECREATION BOARD FUND
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<u>REVENUE</u>				
Local sources	\$ 1,235,952	\$ 1,235,952	\$ 1,341,682	\$ 105,730
County sources	-	-	-	-
State sources	-	-	-	-
Federal sources	-	-	-	-
Interest	584,250	584,250	660,626	76,376
Total revenue	1,820,202	1,820,202	2,002,308	182,106
<u>EXPENDITURES</u>				
Instruction	-	-	-	-
Instructional support	-	-	-	-
General support and facilities	-	-	-	-
Non-instructional services	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenue over (under) expenditures	1,820,202	1,820,202	2,002,308	182,106
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating transfers in (out), net	(820,202)	(820,202)	(169,473)	650,729
Total other financing sources (uses)	(820,202)	(820,202)	(169,473)	650,729
Net change in fund balance	1,000,000	1,000,000	1,832,835	832,835
Fund balance - beginning	13,700,103	13,700,103	13,700,103	-
Fund balance - ending	\$ 14,700,103	\$ 14,700,103	\$ 15,532,938	\$ 832,835

The notes to financial statements are an integral part of this statement.

SWEETWATER COUNTY SCHOOL DISTRICT #1
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
For the Last 10 Years Ended December 31

	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered Employee Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<u>Public Employee Pension Plan</u>					
2015	1.9720834%	\$ 45,936,681	\$ 42,742,765	107.47%	73.40%
2016	2.6814054%	\$ 64,822,981	\$ 47,511,896	136.44%	73.42%
2017	2.5023868%	\$ 57,037,916	\$ 41,917,478	136.07%	76.35%
2018	2.3671987%	\$ 72,088,086	\$ 41,257,414	174.73%	69.17%
2019	2.3495457%	\$ 55,212,592	\$ 43,335,615	127.41%	76.83%
2020	2.4057770%	\$ 52,286,189	\$ 44,789,517	116.74%	79.24%
2021	2.3845276%	\$ 36,357,405	\$ 42,357,138	85.84%	86.03%
2022	2.3082511%	\$ 63,080,215	\$ 43,571,765	144.77%	75.47%
2023	2.3377013%	\$ 53,070,057	\$ 47,157,702	112.54%	80.19%
2024	2.3673024%	\$ 49,371,827	\$ 50,370,838	98.02%	82.46%

The notes to financial statements are an integral part of this statement.

SWEETWATER COUNTY SCHOOL DISTRICT #1**SCHEDULE OF CONTRIBUTIONS**

For the Last 10 Years Ended June 30

	Contractually Required Contributions	Actual Contributions	Contributions Deficiency (Excess)	District's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
<u>Public Employee Pension Plan</u>					
2016	\$ 7,103,849	\$ 7,103,849	\$ -	\$ 42,742,765	16.62%
2017	\$ 7,896,477	\$ 7,896,477	\$ -	\$ 47,511,896	16.62%
2018	\$ 6,966,685	\$ 6,966,685	\$ -	\$ 41,917,478	16.62%
2019	\$ 7,032,493	\$ 7,032,493	\$ -	\$ 41,257,414	17.05%
2020	\$ 7,635,729	\$ 7,635,729	\$ -	\$ 43,335,615	17.62%
2021	\$ 8,115,864	\$ 8,115,864	\$ -	\$ 44,789,517	18.12%
2022	\$ 7,886,898	\$ 7,886,898	\$ -	\$ 42,357,138	18.62%
2023	\$ 8,386,093	\$ 8,386,093	\$ -	\$ 45,037,233	18.62%
2024	\$ 9,306,150	\$ 9,306,150	\$ -	\$ 49,979,283	18.62%
2025	\$ 9,299,386	\$ 9,299,386	\$ -	\$ 49,942,997	18.62%

The notes to financial statements are an integral part of this statement.

SWEETWATER COUNTY SCHOOL DISTRICT #1
SCHEDULE OF OPEB LIABILITY
For the Last 10 Years Ended June 30*

	2025	2024	2023	2022	2021	2020	2019	2018	2017
OPEB liability	\$ 19,396,180	\$ 22,392,258	\$ 22,481,829	\$ 40,403,906	\$ 50,245,511	\$ 40,967,996	\$ 38,649,925	\$ 34,577,440	\$ 32,617,065
Covered employee payroll	51,120,330	52,509,300	46,408,341	41,423,404	44,789,517	43,335,615	45,730,096	41,917,478	47,114,121
Total OPEB liability as a percentage of covered employee payroll	37.94%	42.64%	48.44%	97.54%	112.18%	94.54%	84.52%	82.49%	69.23%

* In accordance with GASB standards, employers are required to disclose a 10-year history of the information above. The 10-year schedule will need to be presented prospectively. Accordingly, the schedule presents information for years 2017 - 2025.

The notes to financial statements are an integral part of this statement.

SWEETWATER COUNTY SCHOOL DISTRICT #1
SCHEDULE OF CHANGES IN OPEB LIABILITY
For the Last 10 Years Ended June 30*

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Service cost	\$ 766,870	\$ 801,450	\$ 1,785,698	\$ 2,671,591	\$ 1,455,043	\$ 1,501,736	\$ 1,641,068	\$ 1,378,403	\$ 1,511,527
Interest	868,202	809,325	1,416,733	1,076,489	1,420,322	1,406,739	1,331,125	1,185,681	1,123,156
Changes of benefit terms	355,132	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(791,271)	-	(10,595,144)	-	-	-	-	-	-
Changes in assumptions	(3,593,841)	(1,083,276)	(9,762,983)	(12,858,292)	7,134,475	164,875	1,813,623	-	-
Benefit payments	(601,170)	(617,070)	(766,381)	(731,393)	(732,325)	(755,279)	(713,331)	(603,709)	(671,612)
Net change in total OPEB liability	(2,996,078)	(89,571)	(17,922,077)	(9,841,605)	9,277,515	2,318,071	4,072,485	1,960,375	1,963,071
OPEB liability - beginning	22,392,258	22,481,829	40,403,906	50,245,511	40,967,996	38,649,925	34,577,440	32,617,065	30,653,994
OPEB liability - ending	<u>\$ 19,396,180</u>	<u>\$ 22,392,258</u>	<u>\$ 22,481,829</u>	<u>\$ 40,403,906</u>	<u>\$ 50,245,511</u>	<u>\$ 40,967,996</u>	<u>\$ 38,649,925</u>	<u>\$ 34,577,440</u>	<u>\$ 32,617,065</u>

* In accordance with GASB standards, employers are required to disclose a 10-year history of the information above. The 10-year schedule will need to be presented prospectively. Accordingly, the schedule presents information for years 2017 - 2024.

The notes to financial statements are an integral part of this statement.

SUPPLEMENTAL INFORMATION

SWEETWATER COUNTY SCHOOL DISTRICT #1
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
As of June 30, 2025

	SFD Capital Projects	Student Activities	Head Start	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash and investments	\$ 187,224	\$ 924,273	\$ 49,944	\$ 1,161,441
Other receivables	-	-	-	-
Due from other governments	-	-	160,808	160,808
Due from (to) other funds	1,542	(66,034)	(160,808)	(225,300)
Total assets	<u>\$ 188,766</u>	<u>\$ 858,239</u>	<u>\$ 49,944</u>	<u>\$ 1,096,949</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 150,851	\$ 16,826	\$ 17,338	\$ 185,015
Accrued salaries and benefits	-	-	9,226	9,226
Unearned revenue	-	-	59,808	59,808
Total liabilities	<u>150,851</u>	<u>16,826</u>	<u>86,372</u>	<u>254,049</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable intergovernmental revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCES (DEFICIT)</u>				
Nonspendable	-	-	-	-
Restricted for:				
Student activities	-	841,413	-	841,413
Assigned for:				
Capital projects	37,915	-	-	37,915
Unassigned	-	-	(36,428)	(36,428)
Total fund balances (deficit)	<u>37,915</u>	<u>841,413</u>	<u>(36,428)</u>	<u>842,900</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 188,766</u>	<u>\$ 858,239</u>	<u>\$ 49,944</u>	<u>\$ 1,096,949</u>

The notes to financial statements are an integral part of this statement.

SWEETWATER COUNTY SCHOOL DISTRICT #1
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	SFD Capital Projects	Student Activities	Head Start	Total Nonmajor Governmental Funds
<u>REVENUES</u>				
Local sources	\$ -	\$ 510,921	\$ 432,782	\$ 943,703
State sources	83,314	-	-	83,314
Federal sources	-	-	1,483,168	1,483,168
Interest	475	8,037	1,510	10,022
Total revenues	83,789	518,958	1,917,460	2,520,207
<u>EXPENDITURES</u>				
Current:				
Instruction	-	511,119	843,699	1,354,818
Instructional support	-	-	225,786	225,786
General support and facilities	263,696	-	840,850	1,104,546
Non-instructional services	-	-	5,069	5,069
Capital outlay:				
Instructional	-	-	-	-
Instructional support	-	-	-	-
General support and facilities	62,448	-	-	62,448
Non-instructional services	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	326,144	511,119	1,915,404	2,752,667
Excess (deficiency) of revenue over (under) expenditures	(242,355)	7,839	2,056	(232,460)
<u>OTHER FINANCING SOURCES (USES):</u>				
Transfers in (out), net	92,267	-	-	92,267
Total other financing sources (uses)	92,267	-	-	92,267
Net change in fund balances	(150,088)	7,839	2,056	(140,193)
Fund balances - beginning of year	188,003	833,574	(38,484)	983,093
Fund balances - end of year	\$ 37,915	\$ 841,413	\$ (36,428)	\$ 842,900

The notes to financial statements are an integral part of this statement.

SWEETWATER COUNTY SCHOOL DISTRICT #1
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
As of June 30, 2025

	Summer Programs	Head Start Nutrition	District Daycare	Total Nonmajor Enterprise Funds
<u>ASSETS</u>				
Current assets:				
Cash and investments	\$ 10,506	\$ -	\$ 94,632	\$ 105,138
Other receivables	-	-	646	646
Due from (to) other funds	(2,037)	-	12,672	10,635
Total current assets	8,469	-	107,950	116,419
Noncurrent assets:				
Capital assets being depreciated, net	-	-	-	-
Total noncurrent assets	-	-	-	-
Total assets	8,469	-	107,950	116,419
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Related to pensions	-	-	-	-
Related to OPEB	-	-	-	-
Total deferred outflows of resources	-	-	-	-
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	-	-	-	-
Accrued expenses	-	-	-	-
Due to other funds	-	-	-	-
Total current liabilities	-	-	-	-
Noncurrent liabilities:				
Accrued vacation, less current portion	-	-	-	-
Net pension liability	-	-	-	-
OPEB liability	-	-	-	-
Total noncurrent liabilities	-	-	-	-
Total liabilities	-	-	-	-
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Related to pensions	-	-	-	-
Related to OPEB	-	-	-	-
Total deferred inflows of resources	-	-	-	-
<u>NET POSITION</u>				
Net investment in capital assets	-	-	-	-
Unrestricted	8,469	-	107,950	116,419
Total net position	\$ 8,469	\$ -	\$ 107,950	\$ 116,419

The notes to financial statements are an integral part of this statement.

SWEETWATER COUNTY SCHOOL DISTRICT #1
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2025

	Summer Programs	Head Start Nutrition	District Daycare	Total Nonmajor Enterprise Funds
<u>OPERATING REVENUES</u>				
Charges for services	\$ 18,393	\$ -	\$ 238,646	\$ 257,039
Total operating revenues	<u>18,393</u>	<u>-</u>	<u>238,646</u>	<u>257,039</u>
<u>OPERATING EXPENSES</u>				
Salaries	10,000	-	152,267	162,267
Employee benefits	829	-	66,301	67,130
Purchased services	-	-	12	12
Supplies and materials	234	-	23	257
Total operating expenses	<u>11,063</u>	<u>-</u>	<u>218,603</u>	<u>229,666</u>
Operating income (loss)	<u>7,330</u>	<u>-</u>	<u>20,043</u>	<u>27,373</u>
<u>NON-OPERATING REVENUES</u>				
Earnings on investments	3	-	-	3
Transfers in (out), net	1,979	(50,751)	-	(48,772)
Federal sources	-	-	-	-
State sources	-	-	83,744	83,744
Other income	-	-	4,163	4,163
Total non-operating revenues	<u>1,982</u>	<u>(50,751)</u>	<u>87,907</u>	<u>39,138</u>
Change in net position	9,312	(50,751)	107,950	66,511
Net position - beginning	(843)	50,751	-	49,908
Net position - ending	<u>\$ 8,469</u>	<u>\$ -</u>	<u>\$ 107,950</u>	<u>\$ 116,419</u>

The notes to financial statements are an integral part of this statement.

SWEETWATER COUNTY SCHOOL DISTRICT #1
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2025

	Summer Programs	Head Start Nutrition	District Daycare	Total Nonmajor Enterprise Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Receipts from services provided	\$ 18,393	\$ -	\$ 238,000	\$ 256,393
Payments to and on behalf of employees	(10,829)	-	(218,568)	(229,397)
Payments to suppliers	(234)	-	(35)	(269)
Net cash provided (used) by operating activities	<u>7,330</u>	<u>-</u>	<u>19,397</u>	<u>26,727</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Federal, state and other local subsidy	-	-	87,907	87,907
Operating transfer	(10,301)	(50,751)	(12,672)	(73,724)
Net cash provided (used) by noncapital financing activities	<u>(10,301)</u>	<u>(50,751)</u>	<u>75,235</u>	<u>14,183</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Purchase of capital assets	-	-	-	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest received	3	-	-	3
Net cash provided (used) by investing activities	<u>3</u>	<u>-</u>	<u>-</u>	<u>3</u>
Net increase (decrease) in cash and cash equivalents	(2,968)	(50,751)	94,632	40,913
Cash and cash equivalents - beginning	13,474	50,751	-	64,225
Cash and cash equivalents - ending	<u>\$ 10,506</u>	<u>\$ -</u>	<u>\$ 94,632</u>	<u>\$ 105,138</u>
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</u>				
Operating income (loss)	\$ 7,330	\$ -	\$ 20,043	\$ 27,373
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets, liabilities, and deferred outflows and inflows:				
Receivables	-	-	(646)	(646)
Net cash provided (used) by operating activities	<u>\$ 7,330</u>	<u>\$ -</u>	<u>\$ 19,397</u>	<u>\$ 26,727</u>

The notes to financial statements are an integral part of this statement.

SWEETWATER COUNTY SCHOOL DISTRICT #1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025

Program Title	Federal ALN	Expenditures	
U.S. Department of Education			
<i>Passed through State of Wyoming Department of Education</i>			
Title IA			
Grants to Local Education Agencies	84.010A	\$ 460,743	
Grants to Local Education Agencies	84.010A	1,640,135	
Grants to Local Education Agencies	84.010A	127,769	
Grants to Local Education Agencies	84.010A	252	
Grants to Local Education Agencies	84.010A	41,982	
Grants to Local Education Agencies	84.010A	151,336	
Grants to Local Education Agencies	84.010A	62,058	
Total Title IA Cluster			<u>\$ 2,484,275</u>
Special Education Cluster:			
Special Education Grants to State	84.027A	* 185,219	
Special Education Grants to State	84.027A	* 1,688,304	
Special Education Grants to State	84.027A	* 192,593	
Special Education Preschool Grants	84.027A	* 4,060	
Special Education Preschool Grants	84.173A	* 1,616	
Total Special Education Cluster			<u>2,071,792</u>
Perkins - Vocational Education Grant	84.048A	* 291,403	
Perkins - Vocational Education Grant	84.048A	* 24,742	
Perkins - Vocational Education Grant	84.051F	* 2,103	
			<u>318,248</u>
Title IVA			
Student Support and Academic Enrichment	84.424A	162,965	
Student Support and Academic Enrichment	84.424A	144,770	
Student Support and Academic Enrichment	84.424A	895	
			<u>308,630</u>
English Language Acquisition Grants	84.365A	23,124	
English Language Acquisition Grants	84.365A	44,935	
English Language Acquisition Grants	84.365A	16,474	
			<u>84,533</u>
Twenty-First Century Community Learning Centers	84.287C	143,986	
Twenty-First Century Community Learning Centers	84.287C	128,883	
Twenty-First Century Community Learning Centers	84.287C	25,464	
			<u>298,333</u>
Education Stabilization Fund	84.425U	973,420	
Education Stabilization Fund	84.425U	97,682	
Education Stabilization Fund	84.425W	23,028	
Education Stabilization Fund	84.425W	12,962	
			<u>1,107,092</u>
Education of Homeless Children	84.196A	39,685	
Education of Homeless Children	84.196A	25,161	
			<u>64,846</u>

The notes to the schedule of expenditures of federal awards are an integral part of this statement.

SWEETWATER COUNTY SCHOOL DISTRICT #1
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
For the Year Ended June 30, 2025

Program Title	Federal ALN	Expenditures
Improving Teacher Quality Grants	84.367A	168,317
Improving Teacher Quality Grants	84.367A	4,749
Improving Teacher Quality Grants	84.367A	167,991
		<u>341,057</u>
WY BILT Grant	84.371C *	1,386,583
WY BILT Grant	84.371C *	964,963
WY BILT Grant	84.371C *	43,000
		<u>2,394,546</u>
Subtotal U.S. Department of Education		\$ 9,473,352
U.S. Department of Health and Human Services		
Direct Programs:		
Head Start Program	93.600	1,261,348
Head Start Program	93.600	84,896
Head Start Program	93.600	432,411
		<u>1,778,655</u>
<i>Passed through Wyoming Department of Education</i>		
Substance Abuse and Mental Health Services Project	93.243	192,732
Substance Abuse and Mental Health Services Project	93.243	144,046
Substance Abuse and Mental Health Services Project	93.243	32,716
		<u>369,494</u>
Temporary Assistance for Needy Families (TANF)	93.558	62,939
Subtotal U.S. Department of Health and Human Services		\$ 2,211,088
U.S. Department of Agriculture		
<i>Passed through State of Wyoming Department of Education</i>		
Child Nutrition Cluster:		
School Breakfast Program	10.553	445,000
National School Lunch Program	10.555	841,011
National School Lunch Program Commodities	10.555	107,278
Fresh Fruits and Vegetable Program	10.582	77,756
Summer Food Service Program	10.559	30,513
Total Child Nutrition Cluster		<u>1,501,558</u>
Child and Adult Care Food Program	10.558	149,740
Subtotal U.S. Department of Agriculture		\$ 1,651,298
U.S. Environmental Protection Agency		
<i>Passed through State of Wyoming</i>		
Diesel Emission Reduction	66.039	61,000
Subtotal U.S. Environmental Protection Agency		\$ 61,000
U.S. Department of Treasury		
<i>Passed through State of Wyoming</i>		
State and Local Fiscal Recovery Funds	21.027	7,196
Subtotal U.S Department of Treasury		\$ 7,196
Total Federal Funds Expended		\$ 13,403,934

The notes to the schedule of expenditures of federal awards are an integral part of this statement.

SWEETWATER COUNTY SCHOOL DISTRICT #1
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes federal grant activity of Sweetwater County School District #1 (the District). The District receives federal awards both directly from federal agencies and indirectly through pass-through entities.

Summary of Significant Accounting Policies

Federal program expenditures included in the accompanying SEFA are presented on the modified accrual basis of accounting. The information in the SEFA is presented in accordance with requirements of Title 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Items with an asterisk (*) are major programs.

Indirect Cost Rate

The District does not utilize the 10% indirect cost rate as allowed under Uniform Guidance. The District uses the indirect cost rate that ranges from 5.73% to 7.60% as approved by the Wyoming Department of Education.

Subrecipients

The District did not pass any portion of federal awards to subrecipients.

Commodities

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

OTHER REPORTS

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

Independent Auditor's Report

Honorable Superintendent and Board Trustees
Sweetwater County School District #1
Rock Springs, Wyoming

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Sweetwater County School District #1 (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 1, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001, 2025-002, and 2025-003 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards, and which are described in the accompanying schedule of findings and questioned costs as item 2025-003.

The District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying *schedule of findings and questioned costs*. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Carver Florek & James, CPAs

Sheridan, Wyoming
December 1, 2025



CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Independent Auditor's Report

Honorable Superintendent and Board Trustees
Sweetwater County School District #1
Rock Springs, Wyoming

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sweetwater County School District #1 (the District)'s compliance with the types of compliance requirements identified as subject to audit in the OMB *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, 2025. 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.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2025-003. Our opinion on each major federal program is not modified with respect to these matters. *Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-003, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Caren Florek & James, CPAs

Sheridan, Wyoming
December 1, 2025

SWEETWATER COUNTY SCHOOL DISTRICT #1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2025

SECTION I – Summary of the Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:		
• Material weakness(es) identified?	___ Yes	✓___ No
• Significant deficiency(ies) identified?	✓___ Yes	___ No
Noncompliance material to financial statements noted?	✓___ Yes	___ No

Federal Awards

Internal control over major federal programs:		
• Material weakness(es) identified?	___ Yes	✓___ No
• Significant deficiency(ies) identified?	✓___ Yes	___ No
Type of auditor's report issued on compliance for major federal programs: <i>Unmodified</i>		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	✓___ Yes	___ No
Identification of major federal programs:		
Assistance Listing Number(s) and Name of Federal Program or Cluster:		
• Special Education Cluster (IDEA) – ALN 84.027A/84.173A • WYBILT Grant – ALN 84.371 • Perkins Vocation Education – ALN 84.048		
Dollar threshold used to distinguish between type A and type B programs:	\$750,000	
Auditee qualified as a low-risk auditee?	✓___ Yes	___ No

SWEETWATER COUNTY SCHOOL DISTRICT #1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2025

SECTION II – GAGAS Financial Statement Findings

2025-001: Budget Reconciliation (Significant Deficiency)

Criteria: The District should establish internal controls to ensure that budgetary information recorded in the accounting system accurately reflects the District's board approved budget. Additionally, management should implement control activities through policies and procedures to achieve accurate financial reporting.

Condition and Context: The District did not reconcile the budget balances recorded in the accounting software to the board-approved budget. During our testing, we noted that the budget entered in the accounting system contained differences from the official board-approved budget, and no reconciliation or documented review process is performed to ensure accuracy or completeness.

Cause: Management has not established or implemented sufficient procedures to reconcile the accounting software budget to the board-approved budget.

Effect or Potential Effect: Without reconciling the accounting system budget to the approved budget, there is an increased risk that budgetary data used for financial monitoring and reporting may be inaccurate or inconsistent with the intent of the governing board. This could result in improper expenditure authorization, misleading budget-to-actual reports, or noncompliance with budgetary regulations or board directives.

Recommendation: We recommend that management implement (or improve) a reconciliation process to compare the accounting software budget to the board-approved budget at the beginning of each fiscal year and after any approved budget amendments. Documentation of the reconciliation and any adjustments should be reviewed and approved by appropriate management to ensure that the accounting system accurately reflects the board-approved budget.

Responsible Official's Response: Please see the last page of this report for the response to this finding.

SWEETWATER COUNTY SCHOOL DISTRICT #1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2025

SECTION II – GAGAS Financial Statement Findings

2025-002: Purchase Orders (Significant Deficiency)

Criteria: The District should establish internal controls to ensure transactions are properly authorized and executed in accordance with established policies and procedures. In accordance with sound procurement practices and the District's purchasing policy, all purchase orders should be approved before goods or services are ordered or received to ensure expenditures are properly authorized and funds are available.

Condition and Context: During expenditure testing, we identified six (6) instances out of ninety-two (92) transactions tested where purchase orders were approved after the related products or services had already been provided. This indicates that purchases were initiated prior to obtaining proper authorization.

Cause: Management has not consistently enforced procedures requiring pre-approval of purchase orders before initiating purchases. In some cases, staff may not have been fully aware of the timing requirements for purchase order authorization.

Effect or Potential Effect: Failure to obtain purchase order approval prior to receiving goods or services increases the risk of unauthorized purchases, budget overruns, and noncompliance with procurement policies. It may also impair management's ability to ensure that expenditures are necessary, reasonable, and aligned with the District's approved budget.

Recommendation: We recommend that management reinforce and monitor compliance with procurement policies requiring purchase order approval prior to the acquisition of goods or services. Management should communicate this requirement to all staff involved in purchasing, provide periodic training as needed, and implement controls—such as system restrictions or periodic reviews—to ensure purchase orders are approved before transactions are executed.

Responsible Official's Response: Please see the last page of this report for the response to this finding.

SWEETWATER COUNTY SCHOOL DISTRICT #1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2025

SECTION III – Federal Awards Findings and Questioned Costs

2025-003: Procurement Procedures (Significant Deficiency and Noncompliance)

Federal Program: IDEA Special Education

Federal ALN: 84.027/84.173

Criteria: Under 2 CFR §200.318–§200.320, non-federal entities must conduct all procurement transactions in a manner providing full and open competition and must follow documented procurement procedures consistent with federal standards. Additionally, 2 CFR §200.214 (previously §200.213) requires non-federal entities to verify that contractors are not suspended or debarred from doing business with the federal government. This verification may be accomplished by checking the System for Award Management (SAM.gov) or obtaining a certification from the vendor.

Condition and Context: During our testing of procurement transactions, we identified two (2) contracts in which bids were not solicited as required by the District’s procurement policy and Uniform Guidance. In addition, suspension and debarment checks were not performed or documented for these vendors prior to contract award.

Cause: The exceptions occurred because procurement procedures were not consistently followed, and management did not perform or document required suspension/debarment verifications prior to contract execution. This may have been due to oversight or lack of staff training regarding Uniform Guidance procurement requirements.

Effect or Potential Effect: Failure to solicit bids and perform suspension/debarment checks increases the risk of noncompliance with federal regulations, potential ineligible costs charged to federal programs, and diminished assurance that contracts are awarded fairly and to responsible parties.

Questioned Costs: None.

Identification as a Repeat Finding: No.

Recommendation: We recommend that management strengthen procurement procedures to ensure compliance with Uniform Guidance requirements. Specifically:

- Solicit bids or proposals in accordance with applicable competitive procurement thresholds;
- Perform and document suspension and debarment checks (e.g., through SAM.gov) prior to awarding contracts; and
- Provide staff training on federal procurement standards and maintain documentation supporting compliance for each federally funded procurement.

Responsible Official’s Response: Please see the last page of this report for the response to this finding.



Corrective Action Plan – Audit Findings 2025

This document outlines the District's corrective actions in response to audit findings for fiscal year 2025. The plan addresses each finding with its root cause, corrective actions, responsible parties, and timeline for each.

1. Corrective Action Plan for Audit Finding 2025-001: Budget Reconciliation (Significant Deficiency)

Finding Summary:

The auditors identified that the District did not reconcile the budget balances recorded in the accounting software to the board-approved budget. As a result, there were differences between the accounting system and the official budget, and no documented review process existed to ensure accuracy or completeness.

Root Cause:

A change in management led to a lapse in communication regarding the importance of reconciling the accounting system budget to the board-approved budget. This requirement was not conveyed to the current management team, and as a result, procedures were not established to ensure this control was maintained.

Corrective Action:

The District has completed a full reconciliation of the accounting software budget to the board-approved budget. Moving forward, the District will maintain a periodic process to reconcile the accounting system budget at the beginning of each fiscal year and after any approved budget amendments. This process is designed to prevent any inconsistencies, ensure compliance with board directives, and support accurate financial monitoring and reporting.

Responsible Parties:

Fiona Barry, Assistant CFO, and Matthew Gonzales, CFO, are responsible for overseeing the reconciliation process and ensuring proper documentation and review.

Timeline:

The corrective actions are scheduled for implementation by March 2026 and will continue as part of the District's ongoing procurement compliance process.

2. Corrective Action Plan for Audit Finding 2025-002: Purchase Orders (Significant Deficiency)

Finding Summary:

The auditors identified instances where purchase orders were approved after the related goods or services had already been received. Specifically, six out of ninety-two transactions tested were initiated



prior to obtaining proper authorization, indicating that purchases were made without prior approval as required by District policy. **The District self-reported these instances to auditors.**

Root Cause:

The finding resulted from a flawed internal control structure and inconsistent enforcement of procedures requiring pre-approval of purchase orders. Additionally, there was a lack of training among department and school staff on the requirements of the District's internal control system, including accountability for policy violations.

Corrective Action:

The District has taken corrective measures to strengthen its purchase order process. This includes providing further training to all staff involved in procurement, emphasizing the importance of obtaining pre-approval before initiating purchases. Staff are being held accountable for compliance with policy, including financial responsibility for any purchases made in violation of the District's purchasing requirements. Management has also reinforced monitoring practices to ensure continued adherence to internal controls and procurement procedures. These actions are designed to prevent unauthorized purchases, mitigate budgetary risk, and ensure compliance with District policies.

Responsible Parties:

Fiona Barry, Assistant CFO, and Matthew Gonzales, CFO, are responsible for overseeing staff training, enforcing accountability measures, and monitoring ongoing compliance with the purchase order policy.

Timeline:

The corrective actions have already been implemented and will continue as part of the District's ongoing internal control and procurement monitoring procedures.

3. Corrective Action Plan for Audit Finding 2025-003: Procurement Procedures (Significant Deficiency and Noncompliance – IDEA Special Education Federal Program)

Finding Summary:

Auditors identified two instances in which procurement transactions did not comply with the District's procurement policy or federal Uniform Guidance requirements. Specifically, bids were not solicited as required, and suspension and debarment checks were not performed or documented for the vendors prior to contract award.

Root Cause:

The exceptions occurred due to a gap in the District's internal control structure. These procedures were not being consistently performed, and prior management was unaware the requirements under federal Uniform Guidance were not being followed.



Corrective Action:

The District will establish and implement policies and procedures to ensure all federally funded procurements comply with Uniform Guidance requirements. This includes:

1. Soliciting bids or proposals in accordance with applicable competitive procurement thresholds.
2. Performing and documenting suspension and debarment verifications for all vendors, including tracking results appropriately.
3. Providing training to staff responsible for federal procurement to ensure ongoing compliance and understanding of federal requirements.

These actions are intended to ensure that contracts are awarded fairly, to responsible parties, and in full compliance with federal regulations. Documentation of all procurement steps will be maintained to demonstrate compliance during future audits.

Responsible Parties:

Fiona Barry, Assistant CFO, and Matthew Gonzales, CFO, are responsible for overseeing implementation, ensuring proper documentation, and providing staff training.

Timeline:

The corrective actions are scheduled for implementation by March 2026 and will continue as part of the District's ongoing procurement compliance process.