



Sweetwater County School District #1

Rock Springs, Wyoming

Basic Financial Statements

For the Year Ended June 30, 2023

(With Independent Auditors' Report Thereon)

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' 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, 2023, 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, 2023, 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*, 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 *Government Auditing Standards* 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 *Government Auditing Standards*, 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, 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 budgetary comparison information, 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 budgetary comparison information, 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 budgetary comparison information and the 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, 2023 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, CPA's

Sheridan, Wyoming
December 1, 2023

MANAGEMENT DISCUSSION AND ANALYSIS

Sweetwater County School District No. 1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
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, 2023. 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 2023 are as follows:

- ✓ Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$159.98M. Of this amount, the District's unrestricted balance is \$(7.68M). Unrestricted net assets of governmental activities were \$(6.99M); business-type activities amounted to \$(0.69M).
- ✓ Total revenues exceeded expenses increasing net assets by \$4.22M. Governmental activities increased net assets by \$4.53M while business-type activities generated \$(0.31M).
- ✓ Total program expenses were \$100.17M; \$97.53M in governmental activities and \$2.63M in business-type activities. Program specific revenues were \$19.64M for governmental activities and \$2.27M for business-type activities. \$82.43M in general governmental revenues were adequate to cover the costs of these programs. \$0.06M in general business-type revenues were used to cover expenses of these programs, resulting in a net position of \$(0.37M) for business-type activities.
- ✓ Employee health insurance plan total assets exceeded liabilities by \$44.36M, all of which is unrestricted for the District's discretionary use. Total revenues exceeded expenses, increasing net assets by \$3.02M. Employee health insurance claims were \$11.40M, which was .11% lower than the prior year.
- ✓ The District had no bonded debt during fiscal year 2023.
- ✓ The Sweetwater County School District Number One Recreation Board's assets exceeded total liabilities by \$12.43M, all of which is restricted for the use of the Recreation Board. Total revenues of \$2.38M exceeded total transfers of \$0.82M, increasing net assets of the Recreation Board by \$1.56M.
- ✓ The Sweetwater One Public School Foundation's assets exceeded total liabilities by \$1.23M; of this amount, \$0.65M is unrestricted for the Foundation's discretionary use. Total expenses exceeded revenues, increasing net assets of the Foundation by \$0.95M. Total program expenses were \$0.058M.

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 15 and 16 of this report.

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

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

Sweetwater County School District No. 1
Management's Discussion and Analysis
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Unaudited

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

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. The District is the trustee, or fiduciary, for assets that belong to others, such as the student activities funds and employee agency accounts. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. Fiduciary funds are not reflected in the district-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund financial statement can be found on pages 24 and 25 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 26 through 53 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 54 through 68 of this report.

Sweetwater County School District No. 1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

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, Recreational Board, District Capital Projects, SFD 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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Unaudited

District-Wide Financial Analysis

Recall that the Statement of Net Position provides the perspective of the District as a whole. Table 2 provides a summary of the primary government's net position for 2023 compared to 2022.

Table 2
Net Position
(In Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2023	2022	2023	2022	2023
<u>Assets:</u>						
Current and Other Assets	\$ 157.08	\$ 115.01	\$ 1.15	\$ 0.75	\$ 158.23	\$ 115.76
Capital Assets, Net	143.23	145.86	0.34	0.32	143.57	146.17
Total Assets	300.31	260.86	1.49	1.07	301.80	261.93
Deferred Outflows	16.06	22.29	0.20	0.31	16.26	22.60
<u>Liabilities:</u>						
Current and Other Liabilities	10.49	5.22	0.17	0.09	10.66	5.31
Long-Term Liabilities	75.91	85.23	1.11	1.47	77.02	86.70
Total Liabilities	86.40	90.45	1.28	1.56	87.68	92.01
Deferred Inflows	72.29	32.35	0.48	0.20	72.77	32.55
<u>Net Position:</u>						
Invested in Capital Assets, net of related debt	142.96	145.68	0.34	0.32	143.30	146.00
Restricted	19.02	21.67	-	-	19.02	21.67
Unrestricted	(4.30)	(6.99)	(0.41)	(0.69)	(4.71)	(7.68)
Total Net Position	\$ 157.68	\$ 160.36	\$ (0.07)	\$ (0.38)	\$ 157.61	\$ 159.98

Total assets of the primary government decreased \$39.87M. Cash and cash equivalents decreased by \$.01M, receivables decreased by \$42.37M, other current assets decreased by \$0.09M, and capital assets increased by \$2.61M. The increase in capital assets is primarily due to the addition of construction in process for the Overland Renovations and the Central Administration Building Renovations.

Total liabilities of the primary government increased \$4.33M. Unearned Revenue and Due to others decreased by \$4.28M, the current portion of long-term debt decreased by \$0.81M, and the non-current portion of long-term obligations increased by \$0.88M. Net pension liability increased by \$26.72M and OPEB liability decreased by \$17.92M. The decrease in the OPEB liability is due to an increase in bond rate. Deferred Outflows increased by \$6.34M, due to the District's proportional share of the net difference between projected and actual earnings on investments of the WRS Public Employees Plan. Deferred Inflows decreased by \$40.22M due to the resolution changing the definition of available property tax. See also Note 5.

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Management's Discussion and Analysis
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The primary government's unrestricted net assets decreased by \$2.99M. This is mainly due to a decrease in property taxes receivable.

Table 3 reflects the changes in net assets of the primary government for fiscal year 2022 and 2023.

Table 3
Change in Net Position
(In Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2023	2022	2023	2022	2023
Revenues						
Program Revenues:						
Charges for Services	\$ 0.14	\$ 0.13	\$ 0.13	\$ 0.74	\$ 0.27	\$ 0.88
Operating Grants and Contributions	12.22	14.73	2.93	1.52	15.15	16.25
Capital Grants and Contributions	3.44	4.78	-	-	3.44	4.78
General Revenue:						
Property Taxes	48.48	70.96	-	-	48.48	70.96
Unrestricted Federal and State Aid	38.30	8.86	-	-	38.30	8.86
Earnings on Investments	0.20	2.65	0.01	0.03	0.21	2.67
Other	0.19	(0.04)	-	0.03	0.19	(0.01)
Total Revenues	102.97	102.07	3.07	2.32	106.04	104.39
Program Expenses						
Instruction	44.67	56.75	-	-	44.67	56.75
Instructional support	11.01	11.63	-	-	11.01	11.63
General support	28.37	29.04	-	-	28.37	29.04
Food service	0.08	0.09	-	-	0.08	0.09
Community support	0.01	0.01	-	-	0.01	0.01
Food Service	-	-	2.90	2.54	2.90	2.54
Summer Programs	-	-	-	0.03	-	0.03
Head Start Nutrition	-	-	0.06	0.07	0.06	0.07
Total Expenses	84.14	97.53	2.96	2.63	87.10	100.17
Transfers	(0.10)	-	0.10	-	-	-
Increase (decrease) in Net Position	18.73	4.53	0.21	(0.31)	18.94	4.22
Net Position-beginning	138.27	157.68	0.41	(0.06)	138.68	157.62
Prior Period Adjustment	0.68	(1.86)	(0.68)	-	-	(1.86)
Net Position-ending	\$ 157.68	\$ 160.35	\$ (0.06)	\$ (0.37)	\$ 157.62	\$ 159.99

Sweetwater County School District No. 1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

The primary government received \$104.39M 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 net decrease in revenues of \$1.65M is primarily due to a decrease in capital grants.

The total cost of all programs and services are predominately related to pupil instruction, operation and maintenance of facilities, student transportation, and student and staff services. Administrative and business activities accounted for 13.48% of total cost, while maintenance and operation of facilities made up 10.52% of total cost. The increase in expenditures of \$13.07M from the prior fiscal year was mainly due to increasing instruction, support services, and other costs during the 2022-2023 school year.

Total revenues exceeded total expenses for 2023, increasing net assets by \$4.22M. Governmental activities increased net assets by \$4.53M; business-type activities decreased \$0.31M.

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 2023 compared to 2022.

Table 4
Cost of Services
(In Millions)

	Total Cost of Services			Percent Change	Net Cost of Services		Percent Change
	2022	2023			2022	2023	
Instruction	\$ 44.67	\$ 56.75		27.04%	\$ 37.28	\$ 47.04	26.18%
Instructional support	11.01	11.63		5.66%	8.36	8.34	-0.24%
General support	28.37	29.04		2.38%	22.67	22.48	-0.82%
Food service	0.08	0.09		17.80%	0.02	0.02	-7.77%
Community support	0.01	0.01		47.13%	0.01	0.01	43.62%
Total	<u>\$ 84.14</u>	<u>\$ 97.53</u>		<u>15.92%</u>	<u>\$ 68.34</u>	<u>\$ 77.90</u>	<u>13.98%</u>

The total cost of governmental activities was \$97.53M. The net cost of governmental activities \$(77.89M) 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 \$76.36M toward the net cost of governmental services.

Sweetwater County School District No. 1
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Business-Type Activities

Business-Type activities include Food Service, Summer Programs, and the Head Start Nutrition program, all of which are self-supporting. These programs had revenues and other support of \$2,324,539 and expenses of \$2,633,523 resulting in a net loss of \$308,964 for fiscal year 2023. The Food Service program provided net loss of \$300,864. The Summer Programs contributed net loss of \$16,859. The Head Start Nutrition program had net income of \$8,739.

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 \$95.07M and expenditures and other financing uses of \$100.22M. The net change in fund balance for the year was most significant in the General Fund, District Capital Projects Fund, and Recreation Board. The net decrease of \$2.38M in the General Fund was mainly due to transfers to the Capital Projects Fund. The net increase in the Recreation Board primarily reflects Recreation mil receipts over transfers to the SFC Capital Projects fund.

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 2023, 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 \$72.95M, which is below the original budget estimate of \$73.20M and above the final amended budget of \$71.98M. The \$.97M variance between the final budget and the June 30, 2023 actual revenues was mainly due to an increase in state resources.

The actual expenditures and other financing uses of the General Fund were \$75.33M, which is below the original budget estimate of \$82.40M and below the final amended budget of \$81.18M. The variance of \$1.22M between the original budget estimate and the final amended budget was due to transfers to the Capital Projects Fund. The \$5.85M variance between the final amended budget and the June 30, 2023 actual results was due to a) lower special education costs than anticipated, b) lower health insurance claims than expected, c) prudent spending of site and department funds.

Capital Assets

At the end of fiscal year 2023, the primary government had \$146.17M invested in land, buildings, equipment, transportation equipment, and art collection. \$145.85M of this amount is in governmental activities. Table 5 shows the breakdown of net capital assets of the primary government for fiscal year 2023 compared to fiscal year 2022.

Sweetwater County School District No. 1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

Table 5
Net Capital Assets
(In Millions)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2023	2022	2023	2022	2023
Land and Improvements	\$ 0.77	\$ 0.77	\$ -	\$ -	\$ 0.77	\$ 0.77
Buildings and Improvements	131.57	129.76	-	-	131.57	129.76
Furniture and Equipment	1.14	3.01	0.29	0.28	1.43	3.29
Transportation Equipment	3.23	2.77	0.05	0.04	3.28	2.81
Art Collection	0.55	0.55	-	-	0.55	0.55
Construction in Process	5.97	8.99	-	-	5.97	8.99
Total	<u>\$ 143.23</u>	<u>\$ 145.86</u>	<u>\$ 0.34</u>	<u>\$ 0.32</u>	<u>\$ 143.57</u>	<u>\$ 146.17</u>

Overall capital assets increased by \$2.60M from fiscal year 2022. The net increase in capital assets was primarily due to the addition of building and improvements, and construction in progress.

The majority of capital assets added during fiscal year 2023 were for building improvements and construction in progress. The District finished the Rock Springs High School Track and Field Replacement, Rock Springs High School Auditorium Soundshell, Rock Springs High School Intercom System, Rock Springs High School Pool Boiler, Rock Springs High School Pulsar Precision Feed System (Pool), Rock Springs High School Evoqua Water UV Chamber (Pool), Rock Springs Junior High Tankless Water Heaters, Rock Springs Junior High Intercom Upgrade, Rock Springs Junior High DDC Controls 7th Grade Wing, Overland Exhaust/Tile/Stalls Design, Eastside Playground Equipment, Walnut Playground Equipment, Wamustter Boiler Install, Wamsutter Reroof, Stagecoach Gym Floor Replacement, and Stagecoach NW Building Crack Repairs. Additionally, the District acquired transportation vehicles, student and staff computers, and vocational equipment for students.

Construction in progress includes construction for the Central Administration Building Renovations, Overland Renovations, Rock Springs Junior High Track and Field, Desert View Air Chillers and Coils, Walnut Air Chillers and Coils, Rock Springs High School Freight Elevator, Rock Springs High School Small and Large Elevators, 2023 Network Expansion, Desert View Rewire, Wamsutter Rewire, and Farson Main Water Line.

The District is obligated under construction commitments at June 30, 2023, for certain capital projects including Rock Springs Junior High Track and Field, Overland Renovations, Overland Chillers, Walnut Chillers, and Desert View Chillers. Construction in progress on all projects amounted to \$8.40M with an outstanding commitment of \$1.57M. These commitments will be funded by the State School Facilities Department and the Recreation Board.

Additional information on the District's capital assets can be found in Note 4 on pages 38 and 39 of this report.

Sweetwater County School District No. 1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

Long Term Debt and Obligations

The District had no bonded debt outstanding at June 30, 2023. The District neither issued nor retired any bonded debt during the fiscal year. The District's legal debt margin for fiscal year 2023 was \$167.92M.

The long-term obligations of the District increased by \$8.86M from fiscal year 2022, primarily due to the changes related to the net pension liability. Additional information on the District's long-term obligations can be found in Note 8 on page 48 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 and the COVID-19 pandemic. 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.

For fiscal year 2023-2024, the Wyoming legislature granted an external cost adjustment, which has not been consistently provided. However, the legislature removed Special Education to an independent category of the funding model. While the reimbursement for Special Education in funding year 2024 will remain the same, moving Special Education outside the funding model lowers the limit on operating balances and cash reserves that can be held at year end before any excess is counted against District funding as a local resource. Any further future changes in the funding model or legislation could have a significant impact on the operations and cash flow of the District.

The effects of the COVID-19 pandemic 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 Federal grants. The District is currently carrying out spending plans for COVID-19 grant funds. These grant funds will expire during the 2024-2025 fiscal year and could affect staffing levels and compensation, facility use, technology needs, and cash flow.

Another issue of great importance is the impending need for a new Rock Springs High School. The current facility and infrastructure are aging rapidly, and the building is quickly becoming unsuitable for the delivery of quality instruction and meeting the needs of students. The District has been advocating at the State level, which directs school facilities construction, and continues to support a replacement high school.

One of the most important variables in the District's financial future is the cost of health insurance for its employees. The District anticipates that health plan costs will continue to rise, which could have an impact on other budget areas. The District has been implementing various cost saving measures and other strategies, including establishing a stabilization reserve for premiums in the Health Insurance fund and crafting various plan design changes to offset the District's portion of this expense, but this issue continues to be a budgetary challenge.

Sweetwater County School District No. 1
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

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 and health benefits rise, the Administration and Board of Trustees will be faced with challenges to make further changes in order to keep the District solvent.

Contacting the District's Financial Management

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

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

BASIC FINANCIAL STATEMENTS

SWEETWATER COUNTY SCHOOL DISTRICT #1

STATEMENT OF NET POSITION

As of June 30, 2023

	Primary Government			Component Unit
	Governmental	Business-type		Sweetwater One
	Activities	Activities	Total	Public School
				Foundation
<u>ASSETS</u>				
Cash and investments	\$ 109,902,745	\$ 711,839	\$ 110,614,584	\$ 1,231,595
Property taxes receivable	2,555,662	-	2,555,662	-
Due from other governments	1,740,310	13,530	1,753,840	-
Other receivables	167,443	-	167,443	-
Internal Balances	28,081	(28,081)	-	-
Inventories	536,329	56,373	592,702	-
Prepaid expenses	74,966	-	74,966	-
Capital assets not being depreciated	10,320,859	-	10,320,859	-
Capital assets, net of accumulated depreciation/amortization	135,535,636	318,451	135,854,087	-
Total assets	260,862,031	1,072,112	261,934,143	1,231,595
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
OPEB related	10,813,437	65,272	10,878,709	-
Pension related	11,476,185	246,958	11,723,143	-
Total deferred outflows of resources	22,289,622	312,230	22,601,852	-
<u>LIABILITIES</u>				
Accounts payable	2,303,522	15,461	2,318,983	-
Accrued salaries	1,296,855	31,990	1,328,845	-
Unearned revenue	493,533	39,495	533,028	4,662
Insurance claims payable	1,125,558	-	1,125,558	-
Noncurrent liabilities:				
Due within one year	945,847	5,394	951,241	-
Due in more than one year	184,445	2,311	186,756	-
Net OPEB liability	22,346,938	134,891	22,481,829	-
Net pension liability	61,751,376	1,328,839	63,080,215	-
Total Liabilities	90,448,074	1,558,381	92,006,455	4,662
<u>DEFERRED INFLOWS OF RESOURCES</u>				
OPEB related	31,954,870	192,887	32,147,757	-
Pension related	391,450	8,424	399,874	-
Total deferred inflows of resources	32,346,320	201,311	32,547,631	-
<u>NET POSITION</u>				
Net investment in capital assets	145,679,067	318,451	145,997,518	-
Restricted	21,665,314	-	21,665,314	574,460
Unrestricted	(6,987,122)	(693,801)	(7,680,923)	652,473
Total net position	\$ 160,357,259	\$ (375,350)	\$ 159,981,909	\$ 1,226,933

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, 2023

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit Sweetwater One Public School Foundation
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
Instruction:								
General instruction	\$ 35,420,484	\$ 56,064	\$ 4,383,734	\$ 156,307	\$ (30,824,379)	\$ -	\$ (30,824,379)	
Special instruction	16,009,543	-	3,798,208	-	(12,211,335)	-	(12,211,335)	
Student activities	2,264,584	-	40,258	-	(2,224,326)	-	(2,224,326)	
Vocational education	1,788,586	-	164,085	-	(1,624,501)	-	(1,624,501)	
Special programs	421,176	-	351,350	-	(69,826)	-	(69,826)	
Virtual learning	843,026	-	758,620	-	(84,406)	-	(84,406)	
Instructional support:								
Support services - students	6,842,625	-	1,331,671	-	(5,510,954)	-	(5,510,954)	
Support services - instructional staff	4,790,446	-	1,961,322	-	(2,829,124)	-	(2,829,124)	
General support:								
Support services - general administration	9,314,541	-	953,200	-	(8,361,341)	-	(8,361,341)	
Operation and maintenance of facilities	10,258,742	75,510	595,554	4,621,215	(4,966,463)	-	(4,966,463)	
Transportation services	5,639,166	-	212,904	-	(5,426,262)	-	(5,426,262)	
Support services - central	3,832,443	-	102,969	-	(3,729,474)	-	(3,729,474)	
Other support services	61	-	-	-	(61)	-	(61)	
Food service	94,239	-	75,793	-	(18,446)	-	(18,446)	
Community support	14,713	-	351	-	(14,362)	-	(14,362)	
Total governmental activities	97,534,375	131,574	14,730,019	4,777,522	(77,895,260)	-	(77,895,260)	
Business-type activities:								
Food service fund	2,538,485	734,466	1,445,117	-	-	(358,902)	(358,902)	
Nonmajor enterprise funds	95,038	10,350	76,567	-	-	(8,121)	(8,121)	
Total business-type activities	2,633,523	744,816	1,521,684	-	-	(367,023)	(367,023)	
Total primary government	\$ 100,167,898	\$ 876,390	\$ 16,251,703	\$ 4,777,522	\$ (77,895,260)	\$ (367,023)	\$ (78,262,283)	
Component unit:								
Sweetwater One Public School Foundation	\$ 92,380	\$ -	\$ 150,176					\$ 57,796
Total component unit	\$ 92,380	\$ -	\$ 150,176	\$ -				57,796
General revenues and transfers:								
General revenues:								
Property taxes levied for general programs					69,007,594	-	69,007,594	-
Property taxes levied for major building and facility maintenace					-	-	-	-
Property taxes levied for recreation districted					1,955,071	-	1,955,071	-
Foundation program (state sources) not restricted to specific programs					8,062,288	-	8,062,288	-
Local sources not restricted to specific programs					792,792	-	792,792	-
Federal/state sources not restricted to specific programs:					-	-	-	-
Unrestricted investments earnings (losses)					2,647,852	26,582	2,674,434	36,664
Miscellaneous revenue (loss)					(38,920)	31,457	(7,463)	-
Transfers in (out)					-	-	-	-
Total general revenues and transefers					82,426,677	58,039	82,484,716	36,664
Change in net position					4,531,417	(308,984)	4,222,433	94,460
Net position - beginning (restated, Note 15)					155,825,842	(66,366)	155,759,476	1,132,473
Net position - ending					\$ 160,357,259	\$ (375,350)	\$ 159,981,909	\$ 1,226,933

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, 2023

	General	Major Maintenance	District Capital Projects	Grant Programs	Recreation Board	Total Nonmajor Funds	Total Governmental Funds
<u>ASSETS</u>							
Cash and investments	\$ 14,881,957	\$ 7,909,109	\$ 27,895,265	\$ 324,728	\$ 12,434,379	\$ 1,131,023	\$ 64,576,461
Property taxes receivable	2,467,501	-	-	-	88,161	-	2,555,662
Due from other governments	1,007,710	-	-	658,666	-	73,934	1,740,310
Other receivables	3,752	-	-	-	-	-	3,752
Due from other funds	262,476	-	-	-	-	-	262,476
Inventories	536,329	-	-	-	-	-	536,329
Prepaid expenses	74,966	-	-	-	-	-	74,966
Total assets	<u>\$ 19,234,691</u>	<u>\$ 7,909,109</u>	<u>\$ 27,895,265</u>	<u>\$ 983,394</u>	<u>\$ 12,522,540</u>	<u>\$ 1,204,957</u>	<u>\$ 69,749,956</u>
<u>LIABILITIES</u>							
Accounts payable	\$ 239,935	\$ 718,011	\$ 460,382	\$ 369,795	\$ -	\$ 515,399	\$ 2,303,522
Accrued salaries and benefits	976,739	-	-	291,951	-	28,165	1,296,855
Due to other funds	-	-	-	199,405	-	34,990	234,395
Unearned revenue	-	-	-	493,533	-	-	493,533
Total liabilities	<u>1,216,674</u>	<u>718,011</u>	<u>460,382</u>	<u>1,354,684</u>	<u>-</u>	<u>578,554</u>	<u>4,328,305</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Unavailable property tax revenue	2,467,501	-	-	-	88,161	-	2,555,662
Unavailable intergovernmental revenue	1,007,710	-	-	658,666	-	73,934	1,740,310
Total deferred inflows of resources	<u>3,475,211</u>	<u>-</u>	<u>-</u>	<u>658,666</u>	<u>88,161</u>	<u>73,934</u>	<u>4,295,972</u>
<u>FUND BALANCES</u>							
Nonspendable	611,295	-	-	-	-	-	611,295
Restricted for:							
Major maintenance	-	7,191,098	-	-	-	-	7,191,098
Recreation district	-	-	-	-	12,434,379	-	12,434,379
Impact aid	1,247,677	-	-	-	-	-	1,247,677
Student activities	-	-	-	-	-	792,160	792,160
Assigned to:							
Projected budget deficit	5,964,944	-	-	-	-	-	5,964,944
Minimum fund balance	3,000,000	-	-	-	-	-	3,000,000
Future expenditures	3,470,766	-	-	-	-	-	3,470,766
Contingencies	100,000	-	-	-	-	-	100,000
Capital projects	-	-	27,434,883	-	-	-	27,434,883
Unassigned	148,124	-	-	(1,029,956)	-	(239,691)	(1,121,523)
Total fund balances (deficit)	<u>14,542,806</u>	<u>7,191,098</u>	<u>27,434,883</u>	<u>(1,029,956)</u>	<u>12,434,379</u>	<u>552,469</u>	<u>61,125,679</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 19,234,691</u>	<u>\$ 7,909,109</u>	<u>\$ 27,895,265</u>	<u>\$ 983,394</u>	<u>\$ 12,522,540</u>	<u>\$ 1,204,957</u>	<u>\$ 69,749,956</u>

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

SWEETWATER COUNTY SCHOOL DISTRICT #1
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
As of June 30, 2023

Total fund balances for governmental funds	\$	61,125,679
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The amount of the net position reported for governmental activities in the district-wide statement of net position assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Asset cost and accumulated depreciation are as follows:

Asset cost	240,163,812	
Accumulated depreciation	<u>(94,307,317)</u>	145,856,495

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.

44,364,417

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	2,555,662	
Unavailable revenue - intergovernmental	<u>1,740,310</u>	4,295,972

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	10,813,437	
OPEB related - deferred inflows of resources	(31,954,870)	
Pension related - deferred outflows of resources	11,476,185	
Pension related - deferred inflows of resources	<u>(391,450)</u>	(10,056,698)

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

Accrued compensated absences	(952,864)	
Lease purchase obligations	(177,428)	
Net OPEB liability	(22,346,938)	
Net pension liability	<u>(61,751,376)</u>	<u>(85,228,606)</u>

Total net position - governmental activities	\$	<u>160,357,259</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, 2023

	General	Major Maintenance	District Capital Projects	Grant Programs	Recreation Board	Total Nonmajor Funds	Total Governmental Funds
REVENUES							
Local sources	\$ 49,388,585	\$ -	\$ -	\$ 304,932	\$ 1,955,071	\$ 980,672	\$ 52,629,260
County sources	14,967,372	-	-	-	-	-	14,967,372
State sources	7,827,491	3,765,721	-	-	-	377,186	11,970,398
Federal sources	143,532	-	-	11,497,314	-	1,451,460	13,092,306
Interest	619,002	308,603	1,044,702	-	423,120	7,437	2,402,864
Other revenue	6,357	-	-	-	-	-	6,357
Total revenues	72,952,339	4,074,324	1,044,702	11,802,246	2,378,191	2,816,755	95,068,557
EXPENDITURES							
Instruction:							
General instruction	25,880,557	-	166,309	3,300,073	-	-	29,346,939
Special instruction	10,916,984	-	132	3,866,423	-	1,187,971	15,971,510
Student activities	1,569,690	-	95,497	1,610	-	606,891	2,273,688
Vocational education	1,610,266	-	3,971	136,199	-	-	1,750,436
Special programs	30,584	-	-	384,177	-	-	414,761
Virtual learning	2,220	-	-	831,227	-	-	833,447
Instructional support:							
Support services - students	6,020,179	-	5,067	661,018	-	154,435	6,840,699
Support services - instructional staff	2,706,934	-	1,977	2,075,897	-	16,298	4,801,106
General support:							
Support services - general administration	7,978,119	-	110,152	828,472	-	170,699	9,087,442
Operation and maintenance of facilities	7,476,452	1,005,434	522,104	450,152	-	662,616	10,116,758
Transportation services	4,717,264	-	63,244	105,563	-	41,756	4,927,827
Support services - central	2,777,238	-	582,519	37,629	-	299	3,397,685
Other support services	-	-	63	-	-	-	63
Food service	-	-	-	83,053	-	9,166	92,219
Community support	14,195	-	-	-	-	-	14,195
Capital outlay:							
Instructional	-	-	2,281,477	171,280	-	-	2,452,757
General support	-	4,109,935	2,371,280	-	-	1,329,485	7,810,700
Debt service:							
Principal	86,737	-	-	-	-	-	86,737
Interest	4,574	-	-	-	-	-	4,574
Total expenditures	71,791,993	5,115,369	6,203,792	12,932,773	-	4,179,616	100,223,543
Excess (deficiency) of revenue over (under) expenditures	1,160,346	(1,041,045)	(5,159,090)	(1,130,527)	2,378,191	(1,362,861)	(5,154,986)
OTHER FINANCING SOURCES (USES):							
Operating transfers in (out), net	(3,537,813)	1,344,213	2,110,275	14,849	(818,187)	886,663	-
Total other financing sources (uses)	(3,537,813)	1,344,213	2,110,275	14,849	(818,187)	886,663	-
Net change in fund balances	(2,377,467)	303,168	(3,048,815)	(1,115,678)	1,560,004	(476,198)	(5,154,986)
Fund balances - beginning (restated, Note 15)	16,920,273	6,887,930	30,483,698	85,722	10,874,375	1,028,667	66,280,665
Fund balances - ending	\$ 14,542,806	\$ 7,191,098	\$ 27,434,883	\$ (1,029,956)	\$ 12,434,379	\$ 552,469	\$ 61,125,679

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

SWEETWATER COUNTY SCHOOL DISTRICT #1
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Total net change in fund balances - total governmental funds	\$ (5,154,986)
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Amounts reported for governmental activities in the district-wide 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	10,263,457	
Depreciation expense	(7,459,223)	
Disposal of assets	<u>(173,864)</u>	2,630,370

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 and investment income.	3,024,573
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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	5,430,793
Change in unavailable revenue - intergovernmental	<u>1,740,310</u>
	7,171,103

Governmental funds report lease proceeds as other financing sources and report principal payments as expenditures. However, only the interest payment is included in the statement of activities.	
Lease principal	86,737

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	(148,073)
Pension related	(2,468,535)
OPEB related	<u>(609,772)</u>
	<u>(3,226,380)</u>

Change in net position of district-wide governmental activities	\$ <u>4,531,417</u>
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SWEETWATER COUNTY SCHOOL DISTRICT #1

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

As of June 30, 2023

	Business-type Activities			Governmental Activities
	Food Service	Nonmajor Funds	Total Enterprise Funds	Internal Service Fund
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 637,741	\$ 74,098	\$ 711,839	\$ 45,326,284
Due from other governments	13,530	-	13,530	-
Other receivables	-	-	-	163,691
Inventories	56,373	-	56,373	-
Total current assets	707,644	74,098	781,742	45,489,975
Noncurrent assets:				
Equipment, net of accumulated depreciation	318,451	-	318,451	-
Total noncurrent assets	318,451	-	318,451	-
Total assets	1,026,095	74,098	1,100,193	45,489,975
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Related to pensions	246,958	-	246,958	-
Related to OPEB	65,272	-	65,272	-
Total deferred outflows of resources	312,230	-	312,230	-
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	14,582	879	15,461	-
Accrued expenses	31,990	-	31,990	-
Due to other funds	-	28,081	28,081	-
Unearned revenue	39,495	-	39,495	-
Insurance claims payable	-	-	-	1,125,558
Current portion of long-term obligations	5,394	-	5,394	-
Total current liabilities	91,461	28,960	120,421	1,125,558
Noncurrent liabilities:				
Noncurrent portion of long-term obligations	2,311	-	2,311	-
Net pension liability	1,328,839	-	1,328,839	-
OPEB liability	134,891	-	134,891	-
Total noncurrent liabilities	1,466,041	-	1,466,041	-
Total liabilities	1,557,502	28,960	1,586,462	1,125,558
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Related to pensions	8,424	-	8,424	-
Related to OPEB	192,887	-	192,887	-
Total deferred inflows of resources	201,311	-	201,311	-
<u>NET POSITION</u>				
Net investment in capital assets	318,451	-	318,451	-
Unrestricted	(738,939)	45,138	(693,801)	44,364,417
Total net position	\$ (420,488)	\$ 45,138	\$ (375,350)	\$ 44,364,417

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, 2023

	Business-type Activities			Governmental Activities
	Food Service	Nonmajor Funds	Total Enterprise Funds	Internal Service Fund
<u>OPERATING REVENUES</u>				
Charges for services	\$ 734,466	\$ 10,350	\$ 744,816	\$ 14,554,774
Total operating revenues	<u>734,466</u>	<u>10,350</u>	<u>744,816</u>	<u>14,554,774</u>
<u>OPERATING EXPENSES</u>				
Salaries	977,356	50,861	1,028,217	45,321
Employee benefits	370,867	8,822	379,689	88,893
Purchased services	14,763	-	14,763	11,395,987
Supplies and materials	1,123,330	35,355	1,158,685	-
Depreciation	52,169	-	52,169	-
Total operating expenses	<u>2,538,485</u>	<u>95,038</u>	<u>2,633,523</u>	<u>11,530,201</u>
Operating income (loss)	<u>(1,804,019)</u>	<u>(84,688)</u>	<u>(1,888,707)</u>	<u>3,024,573</u>
<u>NON-OPERATING REVENUES</u>				
Earnings on investments	26,581	1	26,582	-
Federal sources	1,445,117	76,567	1,521,684	-
Other income	31,457	-	31,457	-
Total non-operating revenues	<u>1,503,155</u>	<u>76,568</u>	<u>1,579,723</u>	<u>-</u>
Change in net position	(300,864)	(8,120)	(308,984)	3,024,573
Net position - beginning	<u>(119,624)</u>	<u>53,258</u>	<u>(66,366)</u>	<u>41,339,844</u>
Net position - ending	<u>\$ (420,488)</u>	<u>\$ 45,138</u>	<u>\$ (375,350)</u>	<u>\$ 44,364,417</u>

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, 2023

	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	\$ -	\$ -	\$ -	\$ 14,554,774
Receipts from services provided	723,858	10,350	734,208	-
Payments to and on behalf of employees	(1,392,265)	(59,683)	(1,451,948)	(134,214)
Payments to suppliers	(1,175,080)	(34,476)	(1,209,556)	-
Payments for medical fees and insurance claims	-	-	-	(11,604,866)
Net cash provided (used) by operating activities	(1,843,487)	(83,809)	(1,927,296)	2,815,694
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>				
Federal and state subsidy	1,585,790	76,567	1,662,357	-
Operating transfer	(3,626)	28,081	24,455	63,324
Other	31,457	-	31,457	-
Net cash provided (used) by noncapital financing activities	1,613,621	104,648	1,718,269	63,324
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Purchase of capital assets	(27,319)	-	(27,319)	-
Net cash used in capital and related financing activities	(27,319)	-	(27,319)	-
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest received	26,572	-	26,572	-
Net cash provided (used) by investing activities	26,572	-	26,572	-
Net increase (decrease) in cash and cash equivalents	(230,613)	20,839	(209,774)	2,879,018
Cash and cash equivalents - beginning	868,354	53,259	921,613	42,447,266
Cash and cash equivalents - ending	\$ 637,741	\$ 74,098	\$ 711,839	\$ 45,326,284
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</u>				
Operating income (loss)	\$ (1,804,019)	\$ (84,688)	\$ (1,888,707)	\$ 3,024,573
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	52,169	-	52,169	-
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets, liabilities, and deferred outflows and inflows:				
Receivables	23	-	23	-
Inventory	19,899	-	19,899	-
Accounts payable	(56,886)	879	(56,007)	-
Accrued wages	(9,655)	-	(9,655)	-
Accrued compensated absences	108	-	108	-
Unearned revenue	(10,631)	-	(10,631)	-
Pension related	230,613	-	230,613	-
OPEB related	(265,108)	-	(265,108)	-
Claims payable	-	-	-	(208,879)
Net cash provided (used) by operating activities	\$ (1,843,487)	\$ (83,809)	\$ (1,927,296)	\$ 2,815,694
<u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</u>				
USDA commodities received	\$ 52,179	\$ -	\$ 52,179	\$ -

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, 2023

	Employee Agency
<u>ASSETS</u>	
Cash and cash equivalents	\$ 231,145
Total assets	<u>231,145</u>
<u>NET POSITION</u>	
Restricted for:	
Employee benefits	206,024
Teacher housing	<u>25,121</u>
Total net position	<u><u>\$ 231,145</u></u>

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, 2023

	Employee Agency
<u>ADDITIONS</u>	
Employee benefit deposits	\$ 93,846
Teacher housing deposits	3,245
Interest	<u>1,426</u>
Total additions	<u>98,517</u>
<u>DEDUCTIONS</u>	
Employee benefit payments	117,584
Teacher housing refunds	<u>3,370</u>
Total deductions	<u>120,954</u>
Change in net position	(22,437)
Net position - beginning	<u>253,582</u>
Net position - ending	<u><u>\$ 231,145</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, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

For financial reporting purposes, the District includes all of the funds, account groups, 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 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. The aggregate discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the District.

Discretely Presented Component Unit

Sweetwater One Public School Foundation is a legally separate, tax-exempt component unit of the District. The Foundation was organized and shall be operated exclusively to receive, hold, invest in, and administer property for the District; make expenditures to or for the benefit of the District; and intended to be organized and operated as an endowment fund for the benefit of Sweetwater County School District No. 1. 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 (ASC) (Topics). 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 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, 2023

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, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements:

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

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

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

Fund Financial Statements

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

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 categories governmental, proprietary, and fiduciary.

SWEETWATER COUNTY SCHOOL DISTRICT #1

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 resource. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the funds from which they will be paid. The difference between governmental funds assets and liabilities is reported as fund balance.

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

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

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

The following are the District's major governmental funds:

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

Major Maintenance Fund – The major Maintenance fund is a special revenue fund that accounts for the proceeds from capital maintenance property taxes levied on the District's behalf. Capital maintenance expenditures provided for these sources are recorded in this fund.

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

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 the Special Revenue Funds consists primarily of federal and state grants.

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

SWEETWATER COUNTY SCHOOL DISTRICT #1

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Funds

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

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

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

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 meals costs.

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

Fiduciary Funds

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

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

Significant accounting policies followed by the District are as follows:

a) Measurement Focus and Basis of Accounting

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

SWEETWATER COUNTY SCHOOL DISTRICT #1

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

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 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. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

Federal and State Grants and Entitlements

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

Unearned Revenue

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

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, 2023

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 and services. It also includes all revenue and expenses not related to capital and financing activities, noncapital financing, or investing activities. All revenues and expense 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 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 2023 levy; therefore, at June 30, 2023, the property tax receivable consists of unpaid property taxes from the August 2022 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 recreation district is levied. The combined tax related to finance general school services for the year ended June 30, 2023, was thirty-two mills.

c) Cash, Cash Equivalents, and Investments

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

SWEETWATER COUNTY SCHOOL DISTRICT #1

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Other Receivables

Other receivables consist of stop loss insurance recoveries and student school unpaid meals. The District considers all other receivables to be reasonably collectible at June 30, 2023.

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 statements of net position, except for the net residual amounts due between governmental, business-type activities, and student 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. Inventories in governmental fund types are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. 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.

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 reconciliations and revenue recognition.

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 column of the government-wide statement of net position and in the respective funds.

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

SWEETWATER COUNTY SCHOOL DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

i) **Compensated Absences**

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

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

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

In addition to assets, the statement of financial 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. 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. Both deferred inflows and outflows are reported in the statement of net position or fund balance sheet but are not recognized in the financial statements as revenues, reduction of revenues, expenses, and reduction of liabilities or increase as assets until the period(s) to which they related. The District reports the following deferred inflows and outflows 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 government 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. In the government-wide statement of net position, property tax revenue is reported as a deferred inflow of resources in the year the taxes are levied. The government funds report excess taxes collected as an outflow of resources in the period that the amounts are determined. In the government-wide statement of net position, the amount of excess taxes collected is reported as due to others and in the government-wide statement of activities as a reduction of revenue and will be withheld from the coming year's Foundation Guarantee.

SWEETWATER COUNTY SCHOOL DISTRICT #1

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

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 for the net difference between projected and actual investment earnings are recognized over time, while the deferred inflows or deferred outflows for the differences between expected and actual experience for economic/demographic assumptions are recognized over the remaining service life for all active and inactive members.

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 enterprise funds are reported on the enterprise fund financial statements.

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

l) Net Position

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

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

m) Fund Balance

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

Nonspendable

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

SWEETWATER COUNTY SCHOOL DISTRICT #1

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted

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

Committed

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

Assigned

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

Unassigned

Typically, unassigned fund balances will be limited to the General Fund and by definition they are the residual balance for fund balance. When an expenditure is incurred for purposes for which a combination of fund balances is available, the District will start with the most restricted category and spend those funds first before moving down to the next category with available funds.

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.

o) Pensions

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

SWEETWATER COUNTY SCHOOL DISTRICT #1

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

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 not 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 the general fund, special revenue funds, and capital projects funds.

Budgets for all funds are on a cash basis (Non-GAAP). Such basis is not consistent with generally accepted accounting principles (GAAP). Except proceeds from capital leases and the associated capital outlay expenditure are not recorded on the cash basis (budget), but are recorded on the GAAP basis.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration during the year. Encumbrances outstanding at year end are immaterial.

3. CASH AND INVESTMENTS

Cash and investments at June 30, 2023, consist of the following:

Cash in bank	\$	8,857,928
WGIF		101,756,656
	\$	<u>110,614,584</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, 2023, all District bank deposits were fully collateralized or insured.

SWEETWATER COUNTY SCHOOL DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

3. CASH AND INVESTMENTS (continued)

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.

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, 2023, the Foundation had the following investments:

<u>Investment Types</u>	<u>Fair Value (Level 1)</u>	<u>Interest Rate</u>	<u>Investment</u>
			<u>Maturities</u> <u>1 year or less</u>
Money market	\$ 2,474	0.57%	n/a
Mutual funds	752,466	n/a	n/a
Exchange traded & closed end funds	116,465	n/a	n/a

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.

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SWEETWATER COUNTY SCHOOL DISTRICT #1

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 774,593	\$ -	\$ -	\$ 774,593
Construction in progress	5,965,844	6,873,517	(3,846,095)	8,993,266
Art Collection	553,000	-	-	553,000
Total capital assets, not being	<u>\$ 7,293,437</u>	<u>\$ 6,873,517</u>	<u>\$ (3,846,095)</u>	<u>\$ 10,320,859</u>
Capital assets, being depreciated:				
Buildings and improvements	\$ 207,411,012	\$ 4,376,993	\$ (228,158)	\$ 211,559,847
Furniture and equipment	4,973,207	2,546,972	(83,538)	7,436,641
Transportation equipment	10,762,302	218,411	(134,248)	10,846,465
Total capital assets, being depreciated	<u>223,146,521</u>	<u>7,142,376</u>	<u>(445,944)</u>	<u>229,842,953</u>
Less accumulated depreciation and impairment:				
Buildings and improvements	(75,546,625)	(6,102,654)	150,496	(81,498,783)
Furniture and equipment	(3,831,315)	(677,616)	80,995	(4,427,936)
Transportation equipment	(7,533,445)	(678,953)	134,248	(8,078,150)
Total accumulated depreciation	<u>(86,911,385)</u>	<u>(7,459,223)</u>	<u>365,739</u>	<u>(94,004,869)</u>
Impairment	(302,448)	-	-	(302,448)
Total accumulated depreciation and impairment	<u>(87,213,833)</u>			<u>(94,307,317)</u>
Capital assets, being depreciated, net	<u>\$ 135,932,688</u>			<u>\$ 135,535,636</u>
Business-type Activities:				
Capital assets, being depreciated:				
Equipment	\$ 1,155,560	\$ 27,319	\$ -	\$ 1,182,879
Transportation Equipment	167,955	-	-	167,955
	<u>1,323,515</u>	<u>27,319</u>	<u>-</u>	<u>1,350,834</u>
Less accumulated depreciation:				
Equipment	(867,014)	(36,156)	-	(903,170)
Transportation equipment	(113,200)	(16,013)	-	(129,213)
	<u>(980,214)</u>	<u>(52,169)</u>	<u>-</u>	<u>(1,032,383)</u>
Capital assets, being depreciated, net	<u>\$ 343,301</u>			<u>\$ 318,451</u>

SWEETWATER COUNTY SCHOOL DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

4. CAPITAL ASSETS (Continued)

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

Governmental activities:

Instruction:

General instruction	\$ 5,802,146
Special instruction	15,001
Student activities	16,360
Vocational education	19,903

General support:

Support services - general administration	147,558
Operation and maintenance of facilities	288,947
Transportation services	692,846
Support services - central	473,924
Food service	2,020
Community support	518
Total depreciation expense	<u>\$ 7,459,223</u>

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 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.

SWEETWATER COUNTY SCHOOL DISTRICT #1

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

5. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM (continued)

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, 2023, the fiduciary net position as a percentage of total pension liability increased from 86.03 percent on January 1, 2022 to 75.47 percent on January 1, 2023. The net pension liability as a percentage of covered employee payroll increased from 83.78 percent to 151.36 percent as of January 1, 2022 and 2023, respectively. The net pension liability was \$2.73 billion as of January 1, 2023 compared to \$1.52 billion as of January 1, 2022. This is an increase from the prior year.

Determination of Tier 1 versus Tier 2 Employees

Tier 1 employees are those whose first contribution to the Plan is before September 1, 2012; whereas, Tier 2 employees are those whose first contribution to the Plan is 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 2023 was 18.62 percent.

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 percent joint and survivor annuity, and a 50 percent 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 cost-of-living adjustment will not be approved by the legislature unless the plan is 100 percent 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.

SWEETWATER COUNTY SCHOOL DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

5. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM (continued)

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.

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, 2022 the best estimates are summarized in the following table:

Asset Class	Target Allocation	Arithmetic Real Return	Geometric Real Return
Cash	0.50%	0.32%	0.30%
Gold	1.50%	0.72%	2.34%
Fixed income	20.00%	4.05%	3.59%
Equity	51.50%	9.00%	7.09%
Marketable alternatives	16.00%	6.02%	5.14%
Private markets	10.50%	7.67%	6.05%
Total	100.00%	7.23%	5.86%

SWEETWATER COUNTY SCHOOL DISTRICT #1

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

5. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM (continued)

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 4.05%, 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, 2022.

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.

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

At June 30, 2023, the District reported a total liability of \$63,080,215 for its proportionate share of the net pension liability. The net pension liability was determined by an actuarial valuation as of January 1, 2022, 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, 2022 is based on the results of an actuarial valuation as of January 1, 2022, rolled forward to a measurement date of December 31, 2022, 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, 2023, the proportionate portion at the measurement date of December 31, 2022, and the change in the proportion from the previous measurement date.

	Pension liability at <u>June 30, 2023</u>	Proportion at <u>December 31, 2022</u>	Increase (decrease) from <u>December 31, 2021</u>
Public Employees' Pension Plan	<u>\$ 63,080,215</u>	2.30825110%	-0.07627652%

SWEETWATER COUNTY SCHOOL DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

5. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM (continued)

At June 30, 2023 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>\$ 2,468,535</u>	<u>\$ 131,156</u>
Deferred outflows of resources		
Differences between expected and actual experience	\$ 309,663	\$ 6,675
Change of assumptions	1,657,199	35,721
Net difference between projected and actual earnings on pension plan investments	5,315,798	114,171
Contributions subsequent to the measurement date	<u>4,193,525</u>	<u>90,391</u>
Total deferred outflows of resources	<u>\$ 11,476,185</u>	<u>\$ 246,958</u>
Deferred inflows of resources		
Difference between expected and actual experience	<u>\$ 391,450</u>	<u>\$ 8,424</u>
Total deferred inflows of resources	<u>\$ 391,450</u>	<u>\$ 8,424</u>

The District reported \$4,283,916 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, 2023. 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:

Year ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2023	\$ (1,510,073)	\$ (170,959)
2024	1,186,503	(170,959)
2025	1,892,681	(57,956)
2026	<u>5,870,116</u>	<u>-</u>
	<u>\$ 7,439,227</u>	<u>\$ (399,874)</u>

SWEETWATER COUNTY SCHOOL DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

5. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM (continued)

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 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</u> <u>(5.8 percent)</u>	<u>Discount Rate</u> <u>(6.8 percent)</u>	<u>1% Increase</u> <u>(7.8 percent)</u>
Proportionate Share of Net Pension Liability	\$ 93,146,832	\$ 63,080,215	\$ 38,163,148

Other Detailed Information

For more detailed information regarding the Plan see the separately issued 2022 Wyoming Retirement System Comprehensive Annual Financial Report which is available at <https://retirement.wyo.gov/About/Reports>.

6. POST RETIREMENT HEALTH BENEFITS (OPEB) PLAN

Plan Description

Retired employees have access to group medical, dental, and vision coverage through the District's group plans. The District pays the premium for those that retired under the Early Retiree Incentive Program. The plan provides that the employee (and dependents) shall be allowed to remain under the District's health plan (including Dental and Vision), until the employee dies or attains 65 years of age, whichever occurs first. Surviving spouses are also eligible until they die or attain 65 years of age, whichever occurs first. The retiree pays 15 percent 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*.

OPEB Liability and Deferred Outflows/Inflows Related to OPEB

The District's total OPEB liability of \$22,481,829 was measured as of June 30, 2023, and was determined by an actuarial valuation as of that date.

The table below shows the cumulative amounts to be shown as Deferred Outflows and Inflows of Resources. 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:

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

For the Year Ended June 30, 2023

6. POST RETIREMENT HEALTH BENEFITS (OPEB) PLAN (continued)

	Deferred Outflows of resource	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 12,785,668
Changes in assumptions	10,878,709	19,362,089
	<u>\$ 10,878,709</u>	<u>\$ 32,147,757</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. Subsequent to the Measurement Date, the following amounts will be recognized in OPEB Expense in the upcoming years:

Year Ended June 30,	Net Deferred Outflows/Inflows
2024	\$ (1,991,929)
2025	(1,991,929)
2026	(1,991,929)
2027	(1,991,929)
2028	(1,991,929)
Thereafter	(11,309,403)
	<u>\$ (21,269,048)</u>

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods including in the measurements, unless otherwise specified:

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

It was not possible to develop reasonable pre-retirement decrement assumptions for withdrawal, mortality and disability rates based on the experience of the District due to its size. To obtain more reliable experience, other sources were used. Mortality, withdrawal, and disability assumptions are from the Wyoming Retirement System January 1, 2023 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 3.54% for the Fiscal Year-Ended June 30, 2022 to 3.65% 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, 2023, and is the most recent rate available prior to the Measurement Date.

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

For the Year Ended June 30, 2023

6. POST RETIREMENT HEALTH BENEFITS (OPEB) PLAN (continued)

Other significant assumptions are as follows:

Valuation Date	30-Jun-23
Discount Rate,	
Beginning of Year	3.54%
End of Year	3.65%
Total Payroll Increases	2.50%

Blended Premium Rates

	Under Age 65		Age 65 & Over	
	Retiree	Spouse	Retiree	Spouse
\$1,000 Deductible Plan	\$ 13,512	\$ 11,880	\$ 7,080	\$ 5,316

Healthcare Cost Trend Rates

Period	Medical
FY 23 to FY 24	4.40%
FY 24 to FY 25	6.00%
FY 25 to FY 26	5.50%
FY 26 to FY 27	5.50%
FY 27 to FY 28	5.00%
Ultimate	5.00%

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 \$13,000,000.

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SWEETWATER COUNTY SCHOOL DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

6. POST RETIREMENT HEALTH BENEFITS (OPEB) PLAN (continued)

Changes in the total OPEB liability for the year ended June 30, 2023 are as follows:

	Total OPEB Liability
Balance at 6/30/2022	\$ 40,403,906
Changes for the year	
Service cost	1,785,698
Interest cost	1,416,733
Differences between expected and actual experience	(10,595,144)
Changes in assumptions/amortization	(9,762,983)
Benefit payments	(766,381)
Net changes	(17,922,077)
Balance at 6/30/2023	<u>\$ 22,481,829</u>

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.65 percent) or one percentage point higher (4.65 percent) than the current discount rate:

	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB Liability	\$ 26,849,216	\$ 22,481,829	\$ 19,065,949

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, 2023

8. LONG-TERM OBLIGATIONS

During the year ended June 30, 2023 the following changes occurred in long-term liabilities:

	Balance at June 30, 2022	Increases	Decreases	Balance at June 30, 2023	Due Within One Year
Governmental Activities:					
Lease purchase obligation	\$ 264,165	\$ -	\$ 86,737	\$ 177,428	\$ 88,269
Accrued vacation	804,791	728,761	580,688	952,864	857,578
Net OPEB liability	40,003,907	-	17,656,969	22,346,938	-
Net pension liability	35,648,435	26,102,941	-	61,751,376	-
Total	<u>\$ 76,721,298</u>	<u>\$ 26,831,702</u>	<u>\$ 18,324,394</u>	<u>\$ 85,228,606</u>	<u>\$ 945,847</u>
Business-type Activities:					
Accrued vacation	\$ 7,597	\$ 24,473	\$ 24,365	\$ 7,705	\$ 5,394
Net OPEB liability	399,999	-	265,108	134,891	-
Net pension liability	708,970	619,869	-	1,328,839	-
Total	<u>\$ 1,116,566</u>	<u>\$ 644,342</u>	<u>\$ 289,473</u>	<u>\$ 1,471,435</u>	<u>\$ 5,394</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 are 1.40% to 2.12% with an average for the leases at June 30, 2023 of approximately 1.75%. Interest expense of \$4,573 as a result of lease purchase obligations is included in the government-wide 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, 2023:

<u>Year Ended June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2024	\$ 88,269	\$ 3,041	\$ 91,310
2025	59,800	1,472	61,272
2026	29,359	411	29,770
Totals	<u>\$ 177,428</u>	<u>\$ 4,924</u>	<u>\$ 182,352</u>

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.

SWEETWATER COUNTY SCHOOL DISTRICT #1

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

9. SELF-FUNDED HEALTH INSURANCE

The District does not purchase commercial insurance for employee health and accident risk of loss. Instead, UMR has been retained to service claims for the District's employees. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not report. 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 per person and \$11,775,719 aggregate for the plan year to further protect the District.

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.

Specific assignments of fund balance accounts are summarized below:

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

Project budget deficit – to segregate a portion of the fund balance which has been reserved by the Board to cover the expected fiscal 2023 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.

SWEETWATER COUNTY SCHOOL DISTRICT #1

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

10. FUND BALANCE AND NET POSITION (continued)

As of June 30, 2023, Sweetwater One Public School Foundation, a component unit of the District, had \$574,460 net assets without donor restrictions, 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.

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 2023 were \$327,730. The Unemployment program requires the District to pay the cost of actual claims incurred. Changes in the balances of unemployment claim liabilities during fiscal year 2023 are as follows:

Unpaid claims, beginning of fiscal year	\$	1,630
Incurred claims		4,056
Claim payments		(3,805)
Unpaid claims, end of fiscal year	\$	<u>1,881</u>

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SWEETWATER COUNTY SCHOOL DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

12. COMMITMENTS AND CONTINGENCIES

Construction Commitments

The District is obligated at June 30, 2023 under construction commitments for several projects at various schools within the district for building and renovation projects. Total approved contracts as of June 30, 2023 are \$8.4 million with \$6.8 million completed and \$1.6 million still committed. The majority of the commitment will be financed by additional funds from the Wyoming Schools Facilities Department and transfers from the Recreation Board.

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, 2023.

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.

13. INTER-FUND BALANCES AND ACTIVITY

At June 30, 2023, inter-fund receivables and payables were as follows:

	Due from Other Funds	Due to Other Funds
Governmental activities:		
General fund	\$ 262,476	\$ -
Grant programs fund	-	199,405
SFD capital projects fund	-	26,631
Student activities	-	8,359
Total governmental activities	<u>262,476</u>	<u>234,395</u>
Business-type activities:		
Summer programs	-	28,081
Total business-type activities	<u>-</u>	<u>28,081</u>
Total primary government	<u><u>\$ 262,476</u></u>	<u><u>\$ 262,476</u></u>

SWEETWATER COUNTY SCHOOL DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

13. INTER-FUND BALANCES AND ACTIVITY (continued)

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.

Operating transfers during the year were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental activities:		
General fund	\$ -	\$ 3,537,813
Major maintenance	1,344,213	-
District capital projects	2,110,275	-
Grant programs	14,849	-
Recreation board	-	818,187
SFD capital projects fund	886,663	-
Total governmental activities	<u>\$ 4,356,000</u>	<u>\$ 4,356,000</u>

14. RELATED PARTY TRANSACTIONS

Sweetwater One Public School Foundation is a component unit of the District as described in Note 1. During the year, the District paid insurance, supplies, and miscellaneous expenses for the Sweetwater One Public School Foundation in the amount of \$3,201 during the fiscal year ended 2023.

One of the members of the Board of trustees is the Vice President of a local construction company owned by his family. During the year ended June 30, 2023, the District used the company for construction projects paying the company \$452,200.

15. PRIOR PERIOD RESTATEMENTS/RECLASSIFICATIONS

Student Activities

As a result of implementing GASB Stands No. 84 *Fiduciary Activities* (as described in Note 1), the reclassified beginning fund balance for the Student Activities Fund presented in this report is \$813,157. Previously, the Student Activities Fund was reported as a custodial fund and is now reported as a special revenue fund.

Available Property Tax Revenue

The District decided to change an accounting principle related to the recognition of revenue associated with property taxes. The District has elected to now define the term “available” as tax revenues collected as of the end of the fiscal period. Management believes that the change in accounting principle is preferable as it will allow for improvement within their budgeting process. As a result of the change in accounting principle the District has retrospectively restated fund balance for June 30, 2022. Previously, the General Fund and Recreation Fund balance was reported as \$19,509,943 and \$10,955,087, respectively. The restated General Fund and Recreation Fund balance presented in this report is \$16,920,273 and \$10,874,375, respectively.

SWEETWATER COUNTY SCHOOL DISTRICT #1
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

16. SUBSEQUENT EVENTS

The District did not have any subsequent events through December 1, 2023, 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, 2023.

REQUIRED SUPPLEMENTAL INFORMATION

SWEETWATER COUNTY SCHOOL DISTRICT #1
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<u>REVENUE</u>				
Local sources	\$ 38,785,325	\$ 50,940,716	\$ 49,388,585	\$ (1,552,131)
County sources	10,353,419	13,090,074	14,967,372	1,877,298
State sources	22,710,267	7,843,947	7,827,491	(16,456)
Federal sources	60,000	60,000	143,532	83,532
Interest	45,000	45,000	619,002	574,002
Other revenue	-	-	6,357	6,357
Total revenue	71,954,011	71,979,737	72,952,339	972,602
<u>EXPENDITURES</u>				
Instruction:				
General instruction	29,038,902	27,926,059	25,880,557	(2,045,502)
Special instruction	12,891,532	12,598,573	10,916,984	(1,681,589)
Student activities	1,868,691	1,755,006	1,569,690	(185,316)
Vocational education	1,546,389	1,470,463	1,610,266	139,803
Special programs	59,121	49,121	30,584	(18,537)
Virtual learning	-	11,125	2,220	(8,905)
Other instruction support	76,263	-	-	-
Instructional support:				
Support services - students	6,350,502	6,440,051	6,020,179	(419,872)
Support services - instructional staff	2,777,722	2,873,603	2,706,934	(166,669)
Other	15,855	-	-	-
General support:				
Support services - general administration	9,264,807	8,775,990	7,978,119	(797,871)
Operation and maintenance of facilities	9,442,840	8,388,171	7,476,452	(911,719)
Transportation services	5,895,530	5,251,872	4,717,264	(534,608)
Support services - central	3,129,574	2,930,300	2,777,238	(153,062)
Other support services	4,863	-	-	-
Food service	10,000	10,000	-	(10,000)
Community support	28,240	28,240	14,195	(14,045)
Debt service:				
Principal	-	-	86,737	86,737
Interest	-	-	4,574	4,574
Total expenditures	82,400,831	78,508,574	71,791,993	(6,716,581)
Excess (deficiency) of revenue over (under) expenditures	(10,446,820)	(6,528,837)	1,160,346	7,689,183
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating transfers in (out), net	1,246,750	(2,671,250)	(3,537,813)	(866,563)
Total other financing sources (uses)	1,246,750	(2,671,250)	(3,537,813)	(866,563)
Net change in fund balances	(9,200,070)	(9,200,087)	(2,377,467)	6,822,620

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

SWEETWATER COUNTY SCHOOL DISTRICT #1
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES BUDGET AND ACTUAL
FEDERAL AND STATE GRANTS FUND
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUE				
Local sources	\$ 576,568	\$ 524,710	\$ 304,932	\$ (219,778)
State sources	90,000	-	-	-
Federal sources	26,017,240	31,336,471	11,497,314	(19,839,157)
Total revenue	26,683,808	31,861,181	11,802,246	(20,058,935)
EXPENDITURES				
Instruction:				
General instruction	5,029,689	8,178,424	3,300,073	(4,878,351)
Special instruction	8,181,092	10,120,213	3,866,423	(6,253,790)
Student activities	10,400	2,010	1,610	(400)
Vocational education	3,615	139,374	136,199	(3,175)
Special programs	901,011	980,555	384,177	(596,378)
Virtual learning	2,968,097	1,734,181	831,227	(902,954)
Other instruction support	1,701,318	1,355,194	-	(1,355,194)
Instructional support:				
Support services - students	1,168,992	1,192,470	661,018	(531,452)
Support services - instructional staff	2,364,133	4,114,998	2,075,897	(2,039,101)
Other	218,388	152,876	-	(152,876)
General support:				
Support services - general administration	1,935,988	2,261,246	828,472	(1,432,774)
Operation and maintenance of facilities	1,849,240	1,003,723	450,152	(553,571)
Transportation services	61,232	105,562	105,563	1
Support services - central	4,400	36,535	37,629	1,094
Other support services	199,894	191,306	-	(191,306)
Food service	51,453	284,408	83,053	(201,355)
Capital outlay:				
Instructional	-	-	171,280	171,280
Total expenditures	26,648,942	31,853,075	12,932,773	(18,920,302)
Excess (deficiency) of revenue over (under) expenditures	34,866	8,106	(1,130,527)	(1,138,633)
OTHER FINANCING SOURCES (USES):				
Operating transfers in (out), net	-	69,011	14,849	(54,162)
Total other financing sources (uses)	-	69,011	14,849	(54,162)
Net change in fund balances	34,866	77,117	(1,115,678)	(1,192,795)

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

SWEETWATER COUNTY SCHOOL DISTRICT #1
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES BUDGET AND ACTUAL
MAJOR MAINTENANCE FUND
For the Year Ended June 30, 2023

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
<u>REVENUE</u>				
Local sources	\$ 1,700,000	\$ -	\$ -	\$ -
State sources	3,827,727	3,827,727	3,765,721	(62,006)
Interest	15,000	15,000	308,603	293,603
Total revenue	<u>5,542,727</u>	<u>3,842,727</u>	<u>4,074,324</u>	<u>231,597</u>
<u>EXPENDITURES</u>				
General support:				
Operation and maintenance of facilities	14,174,779	14,174,782	1,005,434	(13,169,348)
Capital outlay:				
General support	-	-	4,109,935	4,109,935
Total expenditures	<u>14,174,779</u>	<u>14,174,782</u>	<u>5,115,369</u>	<u>(9,059,413)</u>
Excess (deficiency) of revenue over (under) expenditures	<u>(8,632,052)</u>	<u>(10,332,055)</u>	<u>(1,041,045)</u>	<u>9,291,010</u>
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating transfers in (out), net	<u>1,325,000</u>	<u>3,025,000</u>	<u>1,344,213</u>	<u>(1,680,787)</u>
Total other financing sources (uses)	<u>1,325,000</u>	<u>3,025,000</u>	<u>1,344,213</u>	<u>(1,680,787)</u>
Net change in fund balances	(7,307,052)	(7,307,055)	303,168	7,610,223

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>					
2014	2.6394206%	\$ 46,577,651	\$ 43,110,092	108.04%	79.08%
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%

* In accordance with GASB 68, employers are required to disclose a 10-year history of their proportionate share of the "net pension liability" in their RSI. The 10-year schedule will need to be presented prospectively. Accordingly, the schedule presents information for years 2014 - 2022.

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 Employer Contributions	Contributions Deficiency (Excess)	District's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
<u>Public Employee Pension Plan</u>					
2014	\$ 6,692,014	\$ 6,692,014	\$ -	\$ 45,872,802	14.59%
2015	\$ 6,841,573	\$ 6,841,573	\$ -	\$ 43,110,092	15.87%
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%

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*

	2023	2022	2021	2020	2019	2018	2017
OPEB liability	\$ 22,481,829	\$ 40,403,906	\$ 50,245,511	\$ 40,967,996	\$ 38,649,925	\$ 34,577,440	\$ 32,617,065
Covered employee payroll	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	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 - 2023.

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*

	2023	2022	2021	2020	2019	2018	2017
Service cost	\$ 1,785,698	\$ 2,671,591	\$ 1,455,043	\$ 1,501,736	\$ 1,641,068	\$ 1,378,403	\$ 1,511,527
Interest	1,416,733	1,076,489	1,420,322	1,406,739	1,331,125	1,185,681	1,123,156
Differences between expected and actual experience	(10,595,144)	-	-	-	-	-	-
Changes in assumptions	(9,762,983)	(12,858,292)	7,134,475	164,875	1,813,623	-	-
Benefit payments	(766,381)	(731,393)	(732,325)	(755,279)	(713,331)	(603,709)	(671,612)
Net change in total OPEB liability	(17,922,077)	(9,841,605)	9,277,515	2,318,071	4,072,485	1,960,375	1,963,071
OPEB liability - beginning	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>\$ 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 - 2023.

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

SUPPLEMENTAL INFORMATION

SWEETWATER COUNTY SCHOOL DISTRICT #1
COMBINED BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
As of June 30, 2023

	SFD Capital Projects	Student Activities	Head Start	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash and investments	\$ 187,878	\$ 898,212	\$ 44,933	\$ 1,131,023
Due from other governments	-	-	73,934	73,934
Due from other funds	-	-	-	-
Total assets	<u>\$ 187,878</u>	<u>\$ 898,212</u>	<u>\$ 118,867</u>	<u>\$ 1,204,957</u>
<u>Liabilities:</u>				
Accounts payable	\$ 343,779	\$ 97,693	\$ 73,927	\$ 515,399
Accrued salaries and benefits	-	-	28,165	28,165
Due to other funds	26,631	8,359	-	34,990
Total liabilities	<u>370,410</u>	<u>106,052</u>	<u>102,092</u>	<u>578,554</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable intergovernmental revenue	-	-	73,934	73,934
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>73,934</u>	<u>73,934</u>
<u>FUND BALANCES</u>				
Restricted	-	792,160	-	792,160
Unassigned	(182,532)	-	(57,159)	(239,691)
Total fund balances (deficit)	<u>(182,532)</u>	<u>792,160</u>	<u>(57,159)</u>	<u>552,469</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 187,878</u>	<u>\$ 898,212</u>	<u>\$ 118,867</u>	<u>\$ 1,204,957</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, 2023

	SFD Capital Projects	Student Activities	Head Start	Total Nonmajor Governmental Funds
<u>REVENUES</u>				
Local sources	\$ -	\$ 580,941	\$ 399,731	\$ 980,672
State sources	377,186	-	-	377,186
Federal sources	-	-	1,451,460	1,451,460
Interest	1,365	4,953	1,119	7,437
Total revenues	378,551	585,894	1,852,310	2,816,755
<u>EXPENDITURES</u>				
Instructional:				
General instruction	-	-	-	-
Special instruction	-	-	1,187,971	1,187,971
Student activities	-	606,891	-	606,891
Instructional support:				
Support services - students	-	-	154,435	154,435
Support services - instructional staff	-	-	16,298	16,298
General support:				
Support services - general administration	-	-	170,699	170,699
Operation and maintenance of facilities	304,077	-	358,539	662,616
Transportation services	-	-	41,756	41,756
Support services - central	-	-	299	299
Food service	-	-	9,166	9,166
Capital outlay:				
General support	1,329,485	-	-	1,329,485
Total expenditures	1,633,562	606,891	1,939,163	4,179,616
Excess (deficiency) of revenue over (under) expenditures	(1,255,011)	(20,997)	(86,853)	(1,362,861)
<u>OTHER FINANCING SOURCES (USES):</u>				
Operating transfers in (out), net	886,663	-	-	886,663
Total other financing sources (uses)	886,663	-	-	886,663
Net change in fund balances	(368,348)	(20,997)	(86,853)	(476,198)
Fund balances - beginning of year	185,816	813,157	29,694	1,028,667
Fund balances - end of year	\$ (182,532)	\$ 792,160	\$ (57,159)	\$ 552,469

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

SWEETWATER COUNTY SCHOOL DISTRICT #1
COMBINED STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
As of June 30, 2023

	Summer Programs	Head Start Nutrition	Total Nonmajor Enterprise Funds
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 17,960	\$ 56,138	\$ 74,098
Total current assets	17,960	56,138	74,098
Total assets	17,960	56,138	74,098
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	-	879	879
Due to other funds	28,081	-	28,081
Total current liabilities	28,081	879	28,960
Total liabilities	28,081	879	28,960
<u>NET POSITION</u>			
Unrestricted	(10,121)	55,259	45,138
Total net position	\$ (10,121)	\$ 55,259	\$ 45,138

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

SWEETWATER COUNTY SCHOOL DISTRICT #1
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2023

	Summer Programs	Head Start Nutrition	Total Nonmajor Enterprise Funds
<u>OPERATING REVENUES</u>			
Charges for services	\$ 10,350	\$ -	\$ 10,350
Total operating revenues	<u>10,350</u>	<u>-</u>	<u>10,350</u>
<u>OPERATING EXPENSES</u>			
Salaries	25,000	25,861	50,861
Employee benefits	2,046	6,776	8,822
Supplies and materials	164	35,191	35,355
Total operating expenses	<u>27,210</u>	<u>67,828</u>	<u>95,038</u>
Operating income (loss)	<u>(16,860)</u>	<u>(67,828)</u>	<u>(84,688)</u>
<u>NON-OPERATING REVENUES</u>			
Earnings on investments	1	-	1
Federal sources	-	76,567	76,567
Total non-operating revenues	<u>1</u>	<u>76,567</u>	<u>76,568</u>
Change in net position	(16,859)	8,739	(8,120)
Net position - beginning	<u>6,738</u>	<u>46,520</u>	<u>53,258</u>
Net position - ending	<u>\$ (10,121)</u>	<u>\$ 55,259</u>	<u>\$ 45,138</u>

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

SWEETWATER COUNTY SCHOOL DISTRICT #1
COMBINED STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
For the Year Ended June 30, 2023

	Summer Programs	Head Start Nutrition	Total Nonmajor Enterprise Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from services provided	\$ 10,350	\$ -	\$ 10,350
Payments to and on behalf of employees	(27,046)	(32,637)	(59,683)
Payments to suppliers	(164)	(34,312)	(34,476)
Net cash provided (used) by operating activities	<u>(16,860)</u>	<u>(66,949)</u>	<u>(83,809)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Federal and state subsidy	-	76,567	76,567
Operating transfer	28,081	-	28,081
Net cash provided (used) by noncapital financing activities	<u>28,081</u>	<u>76,567</u>	<u>104,648</u>
Net increase (decrease) in cash and cash equivalents	11,221	9,618	20,839
Cash and cash equivalents - beginning	6,739	46,520	53,259
Cash and cash equivalents - ending	<u>\$ 17,960</u>	<u>\$ 56,138</u>	<u>\$ 74,098</u>
<u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</u>			
Operating income (loss)	\$ (16,860)	\$ (67,828)	\$ (84,688)
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets, liabilities, and deferred outflows and inflows:			
Accounts payable	-	879	879
Net cash provided (used) by operating activities	<u>\$ (16,860)</u>	<u>\$ (66,949)</u>	<u>\$ (83,809)</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, 2023

Program Title	Federal ALN	Grantor's Number	Expenditures
U.S. Department of Education			
Passed through State of Wyoming Department of Education			
Title IA			
Grants to Local Education Agencies	84.010A	221901T1SUBR2100	\$ 476,325
Grants to Local Education Agencies	84.010A	231901T1SUBR2200	1,205,235
Grants to Local Education Agencies	84.010A	221901T1SUBR2000	9,697
Grants to Local Education Agencies	84.010A	201901T1NDSP21900	2,763
Grants to Local Education Agencies	84.010A	211901T1NDSP22000	3,674
Grants to Local Education Agencies	84.010A	231901T1NDSP22200	6,683
Grants to Local Education Agencies	84.010A	2219011003SUBR2100	39,102
Grants to Local Education Agencies	84.010A	2119011003SUBR2000	24,027
Grants to Local Education Agencies	84.010A	2319011003SUBR2200	6,809
Grants to Local Education Agencies	84.010A	221901T1NDSP22100	66,406
Total Title IA Cluster			<u>\$ 1,840,721</u>
Special Education Cluster:			
Special Education Grants to State	84.027A	2211901SPEDSUBR2100	1,454,564
Special Education Grants to State	84.027A	211901SPEDSUBR2000	220,529
Special Education Grants to State	84.027A	221901611ARP2100	134,527
Special Education Preschool Grants	84.173A	221901PSCHSUBR2100	7,033
Special Education Preschool Grants	84.173A	211901PSCHSUBR2000	3,061
Special Education Preschool Grants	84.173A	221901619ARP2100	5,659
Total Special Education Cluster			<u>1,825,373</u>
Perkins - Vocational Education Grant	84.048A	221901PERKSUBS2100	3,146
Perkins - Vocational Education Grant	84.048A	231901PERKSUBS2200	102,220
CTE Professional Development	84.051F	PERKSUB22	6,313
			<u>111,679</u>
Title IVA			
Student Support and Academic Enrichment	84.424A	211901T4SUBR2000	5,060
Student Support and Academic Enrichment	84.424A	221901T4SUBR2100	149,624
Student Support and Academic Enrichment	84.424A	231901T4SUBR2200	84,222
			<u>238,906</u>
English Language Acquisition Grants	84.365A	201901T3SUBR1900	149
English Language Acquisition Grants	84.365A	221901T3SUBR2100	33,758
English Language Acquisition Grants	84.365A	211901T3LEA2000	7,063
English Language Acquisition Grants	84.365A	211901T3SUBR2000	6,824
English Language Acquisition Grants	84.365A	221901T3LEA2100	5,000
English Language Acquisition Grants	84.365A	231901T3SUBR2200	8,600
			<u>61,394</u>
Twenty-First Century Community Learning Centers	84.287C	211901CCLCSUBR20R2	19,183
Twenty-First Century Community Learning Centers	84.287C	221901CCLCSUBR21R2	71,353
Twenty-First Century Community Learning Centers	84.287C	231901CCLCSUBR22R2	169,601
			<u>260,137</u>
Education Stabilization Fund	84.425D	211901ESSERSUB2100	3,489,332
Education Stabilization Fund	84.425W	221901AHCY121A1	17,887
Education Stabilization Fund	84.425W	221901AHCY22100	9,139
Education Stabilization Fund	84.425U	211901ARPAASUM21A0	71,083
Education Stabilization Fund	84.425D	211901ESSERLA21A0	111,718
Education Stabilization Fund	84.425U	211901ARPSUBR2100	1,956,875
Education Stabilization Fund	84.425C	211901GEEREANS2100	161,180
			<u>5,817,214</u>

The notes to financial statements 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, 2023

Program Title	Federal ALN	Grantor's Number	Expenditures
Education of Homeless Children	84.196A	221901HOMESUBR21A2	\$ 46,442
Education of Homeless Children	84.196A	231901HOMESUBR22A0	50,101
			<u>\$ 96,543</u>
Improving Teacher Quality Grants	84.367A	211901T2SUBR2000	2,123
Improving Teacher Quality Grants	84.367A	221901T2SUBR2100	207,761
Improving Teacher Quality Grants	84.367A	231901T2SUBR2200	268,437
			<u>478,321</u>
WY BILT Grant	84.371C	NOT PROVIDED	1,151,630
CLSD Mini Grant	84.371	CLSDSUBR21	38,785
			<u>1,190,415</u>
Subtotal Department of Education			<u>11,920,703</u>
U.S. Department of Health and Human Services			
Direct Programs:			
Head Start Program	93.600	08HE000568-01-00	8,633
Head Start Program	93.600	08HE000568-01-01	113,268
Head Start Program	93.600	08CH010545-03	232,666
Head Start Program	93.600	08CH010545-04	157,928
Head Start Program	93.600	08CH010545-05	1,331,552
			<u>1,844,047</u>
Passed through Sweetwater County Tripartite Board			
Community Services Block Grant	93.569	N/A	7,104
Community Services Block Grant	93.569	N/A	24,113
			<u>31,217</u>
Passed through Wyoming Department of Education			
Substance Abuse and Mental Health Services Project	93.243	SAMHSA22	154,222
			<u>154,222</u>
Subtotal Department of Health and Human Services			<u>2,029,486</u>
U.S. Environmental Protection Agency			
Passed through Wyoming Department of Education			
Diesel Emission Reduction Act	66.039	DERA	18
			<u>18</u>
Subtotal Department of Health and Human Services			<u>18</u>
U.S. Department of Agriculture			
Passed through State of Wyoming Department of Education			
Child Nutrition Cluster:			
School Breakfast Program	10.553	NA	327,271
National School Lunch Program	10.555	NA	1,142,123
National School Lunch Program Commodities	10.555	NA	52,179
Fresh Fruit and Vegetable Program	10.582	NA	78,794
Total Child Nutrition Cluster			<u>1,600,367</u>
Child and Adult Care Food Program	10.558	NA	67,828
			<u>67,828</u>
Subtotal Department of Agriculture			<u>1,668,195</u>
Total Federal Funds Expended			<u>\$ 15,618,402</u>

The notes to financial statements 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, 2023

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards 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 schedule are presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with requirements of Title 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Indirect Cost Rate

The District does not utilize the 10 percent indirect cost rate as allowed under Uniform Guidance. The District uses the indirect cost rate that ranges from 4.68 to 6.29 percent 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 INDEPENDENT AUDITORS' REPORT

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

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, 2023, 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, 2023.

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

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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, 2023

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

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, 2023. 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, 2023.

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.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.

Carver Flook & James, CPAs

December 1, 2023
Sheridan, Wyoming

SWEETWATER COUNTY SCHOOL DISTRICT #1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

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:		
• Education Stabilization Fund – ALN 84.425 • Child Nutrition Cluster – ALN 10.553, 10.555, 10.582 • Twenty-First Century Community Learning Centers – ALN 84.287C		
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, 2023

SECTION II – GAGAS Financial Statement Findings:

None Reported.

SECTION III – Federal Awards Findings and Questioned Costs

None Reported.