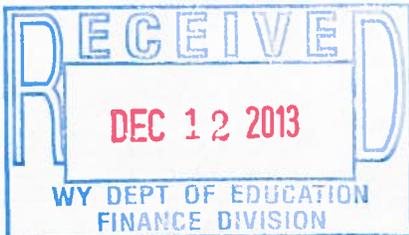


CARBON COUNTY SCHOOL DISTRICT #2

FINANCIAL REPORT

June 30, 2013



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INDEPENDENT AUDITOR'S REPORT

Honorable Superintendent and
Board of Trustees
Carbon County School District #2
Saratoga, Wyoming

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Carbon County School District #2, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Carbon County School District #2's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carbon County School District #2, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied during the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Supplementary Information and Schedule of Expenditures of Federal Awards

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carbon County School District #2's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Additionally, the accompanying schedule of expenditures of federal awards as listed in the table of contents is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of Carbon County School District #2.

The other supplementary information and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The other supplementary information and the schedule of expenditures of

Honorable Superintendent and
Board of Trustees
Carbon County School District #2
Page 3

federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 09, 2013 on our consideration of Carbon County School District #2's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Carbon County School District #2's internal control over financial reporting and compliance.

Porter, Muirhead, Cornia & Howard

Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming
December 09, 2013

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CARBON COUNTY SCHOOL DISTRICT #2

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013

(Unaudited)

As management of the Carbon County School District #2 ("District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with the District's financial statements, notes to the financial statements, and supplementary information, which follows this section.

Financial Highlights

- The District's total combined net position was \$21,767,987 at June 30, 2013 which compares to \$21,221,929 at the beginning of the fiscal year, an increase of \$546,058 (2.6%) and the District's governmental activities and business-type activities total expenses were \$17,313,667. The District's revenue generated in taxes and other revenue for the above funds total \$17,859,725.
- During the year the District incurred additional long-term debt to purchase new buses and vehicles.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statement: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, fluctuations from year to year need to be reviewed in light of the timing of funding.

The statement of activities presents information for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (governmental activities) as opposed to business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. The district has only one business-type activity, the Food Service Fund.

Fund financial statements: A fund is a grouping of related accounts that is 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 financial statements provide more detailed information about the District's most significant funds - not the District as a whole.

All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

CARBON COUNTY SCHOOL DISTRICT #2

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013

(Unaudited)

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. Such information may be useful in evaluating a government's near-term financing requirements. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities reported in the Statement of Net Position and the Statement of Activities and the governmental funds are reconciled in the financial statements. The general fund, grants fund and major maintenance fund and capital projects fund are considered major funds and are reported as separate columns in the fund financial statements. All other governmental funds of the District are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds: Proprietary funds are used to account for services for which the District charges participants a fee. These funds, like the government-wide statements, provide both long- and short-term financial information. The Food Service Fund is the only fund in this category for the District.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District is the trustee, or fiduciary, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The District has two funds in this category, the Scholarship Fund and the Activities Fund.

The Statement of Net Position provides the perspective of the District as a whole. The following provides a summary of the District's net position at June 30, 2013 compared to June 30, 2012:

Condensed Statement of Net Position						
	Governmental Activities 2011- 2012	Governmental Activities 2012- 2013	Business-Type Activities 2011- 2012	Business-Type Activities 2012- 2013	Total School District 2011- 2012	Total School District 2012- 2013
Current and other assets	\$ 4,536,591	\$ 5,344,120	\$ 124,689	\$ 58,685	\$ 4,661,280	\$ 5,402,805
Capital assets	17,236,701	17,326,918	267,909	248,447	17,504,610	17,575,365
Total assets	21,773,292	22,671,038	392,598	307,132	22,165,890	22,978,170
Other liabilities	428,850	203,608	1,717	1,061	430,567	204,669
Long-term liabilities	513,394	1,005,514	-	-	513,394	1,005,514
Total liabilities	942,244	1,209,122	1,717	1,061	943,961	1,210,183
Net Position:						
Invested in capital assets, net of related debt	16,636,831	16,580,485	267,909	248,447	16,904,740	16,828,932
Restricted	774,566	1,339,688	-	-	774,566	1,339,688
Unrestricted	3,419,651	3,541,743	122,972	57,624	3,542,623	3,599,367
Total net position	\$ 20,831,048	\$ 21,461,916	\$ 390,881	\$ 306,071	\$ 21,221,929	\$ 21,767,987

CARBON COUNTY SCHOOL DISTRICT #2

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013

(Unaudited)

The net investment in capital assets is \$16,580,485, which is the net book value of capital assets (e.g., land, buildings, equipment) of \$17,326,918 less any related debt used to acquire those assets that is still outstanding of \$746,433. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources. An additional portion of the District's net position, \$1,339,688 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$3,541,743 may be used to meet the District's ongoing obligations. This surplus is not an indication that the District has significant resources available to meet financial obligations next year, but rather the result of having long-term commitments that are less than currently available resources.

The District's total net position increased by \$630,868 during the year ended June 30, 2013. The total cost of all governmental activities this year was \$16,652,703 and of the business-type activity was \$660,964. The amount paid by the State Foundation program was \$9,273,644 or 57% of all tax related revenues

Changes in District's Net Position						
	Governmental Activities 2011- 2012	Governmental Activities 2012- 2013	Business-Type Activities 2011- 2012	Business-Type Activities 2012- 2013	Total School District 2011- 2012	Total School District 2012- 2013
Revenues:						
Program Revenues:						
Charges for Services	\$ -	\$ -	\$ 164,510	\$ 158,769	\$ 164,510	\$ 158,769
Operating Grants and Contributions	1,464,187	1,205,982	168,849	157,385	1,633,036	1,363,367
General Revenues:						
Taxes	3,459,351	3,530,788	-	-	3,459,351	3,530,788
Governmental Aid	11,852,858	12,605,046	-	-	11,852,858	12,605,046
Miscellaneous	104,675	208,955	4	-	104,679	208,955
Transfers	(257,200)	(267,200)	250,000	260,000	(7,200)	(7,200)
Total Revenues	16,623,871	17,283,571	583,363	576,154	17,207,234	17,859,725
Expenses:						
Regular Instruction	7,059,105	6,434,656	-	-	7,059,105	6,434,656
Special Instruction	1,820,156	2,125,597	-	-	1,820,156	2,125,597
Vocational	63,470	65,621	-	-	63,470	65,621
Pupil Services	1,574,046	1,775,038	-	-	1,574,046	1,775,038
Instructional Staff Services	504,402	473,930	-	-	504,402	473,930
General Admin Services	384,929	356,727	-	-	384,929	356,727
School Admin Services	1,109,237	1,065,488	-	-	1,109,237	1,065,488
Business Services	270,847	263,371	-	-	270,847	263,371
O & M of Plant Services	2,522,167	2,491,454	-	-	2,522,167	2,491,454
Pupil Transportation Services	1,118,158	1,129,816	-	-	1,118,158	1,129,816
Central Services	350,285	336,781	-	-	350,285	336,781
Termination Benefits	146,123	109,017	-	-	146,123	109,017
Interest on Long-Term Debt	33,728	25,207	-	-	33,728	25,207
Food Service Fund	-	-	626,229	660,964	626,229	660,964
Total Expenses	16,956,653	16,652,703	626,229	660,964	17,582,882	17,313,667
Change in Net Position	\$ (332,782)	\$ 630,868	\$ (42,866)	\$ (84,810)	\$ (375,648)	\$ 546,058

CARBON COUNTY SCHOOL DISTRICT #2

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013

(Unaudited)

Financial Analysis of the District's Funds

Governmental Funds:

Revenues

General fund revenues increased \$274,885 (2%) from \$14,810,173 in FY 2012 to \$15,085,058 in FY 2013 due to a small increase in the School Foundation Model Guarantee and increased Motor vehicle and Car company taxes.

Major maintenance revenues increased to \$701,082 from \$478,827 in the prior year due to increased funding from the School Facilities Department.

Grant fund revenue decreased to \$1,205,982 from \$1,464,187 in the prior year due to exhausting of ARRA dollars and decreased Federal Grant funding.

Capital projects fund revenue increased for the final design stage of the new school at Hanna Elementary. As construction of the new school progresses, revenues will increase over the next two to three years and then decline once the school is complete.

Expenditures

The total expenditures of all governmental funds were \$16,910,250 in FY 2013 compared to \$16,743,488 in FY 2012, up \$166,792 due to capital funding of the designing for a new Hanna Elementary School. General Fund and Grant Fund expenditures decreased.

General Fund Budgetary Highlights

The General Fund Budget is approved by the School Board in the broad categories/functions of: Revenue-Local, County, State, and Federal; Expenditures - Instruction, Instructional Support, General Support, Facility Site or Building Improvements, Operating Transfers, and Cash Reserve. The original budget is then distributed within these functions to the various schools in the District. Throughout the year, minor adjustments are made to re-focus funds where they are needed for expenses within the functions, thus, creating the final budget. For example, budgets were adjusted for wireless internet equipment and Ipads under the function Instruction and for the cost of increasing the Food Service transfer District-wide under the function Operating Transfers out. The revenue side of the budget may vary from actual revenues due to fluctuations in Motor Vehicle Taxes or Fees, Fines and Forfeitures. These revenue categories are hard to project.

Proprietary Fund

The total revenues for the Food Service fund decreased due to reduced participation in the school lunch/breakfast program, and leveling of revenue from sales of Ala-Carte items. Expenditures increased in the area of salaries and benefits and depreciation of equipment. Review of food service program efficiencies has resulted in reduction of staff hours and benefits for the ensuing fiscal year 2013-14.

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2013 is \$17,326,918 (net of accumulated depreciation). This investment in capital assets includes land, site improvements, buildings and equipment (which include vehicles and buses).

CARBON COUNTY SCHOOL DISTRICT #2

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013

(Unaudited)

Capital Asset and Debt Administration (Continued)

Capital Assets (Continued)

Construction in Progress has increased and will continue to increase over the next two years as construction of the new Hanna Elementary School progresses. Asset values have remained consistent.

District's Capital Assets (Governmental Activities)		
(net of depreciation)	2011-2012	2012-2013
Land	\$ 490,677	\$ 490,677
Construction in progress	395,502	1,131,799
Improvements other than buildings	1,576,922	1,505,992
Buildings and improvements	12,451,167	11,961,726
Vehicles, machinery and equipment	2,322,433	2,236,724
Total	\$ 17,236,701	\$ 17,326,918

District's Capital Assets (Business-type Activities)		
(net of depreciation)		
Equipment	\$ 267,909	\$ 248,447

Long-Term Debt

During the year the District incurred additional debt to purchase new buses and replacement student transportation vehicles.

Factors Affecting the District's Future

Due to sound fiscal management by the Board of Trustees, as well as their strong commitment to the students' well-being, the District has been able to maintain a sound financial position, while enhancing educational opportunities in the District. Re-distribution of personnel through attrition continues to benefit the District. District Schools need to continue to be vigilant in seeking competitive grant funding since the 1003g School Improvement Grant has been completed. These additional funds, would give the District a short term infusion of funds to help add to services available to students to enrich their learning opportunities.

Financially, Carbon County School District #2 is healthy. Average Daily Membership (ADM) is down (4 students this year). Distance education enrollment benefits the District's ADM by approximately 18. Although enrollment is up in some attendance centers, it is down in others. We must continue to exercise caution in all decisions affecting the financial position of the District. The 3-year rolling average for ADM in the State Foundation Block Grant Model for School Funding ('State Model') stabilizes funding in the short term. Volatility in ADM, lack of Legislative economic adjustment to the State Model, and increased costs will continue to stress the financial position of the District. The Administration strives to align spending with the State Model. Constant review of funding levels and personnel must remain a priority. The Board of Trustees may have some difficult decisions to make in the next few years, unless the potential for growth of student population within the District materializes.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Business Manager, Sally Wells, 315 North First Street, PO Box 1530, Saratoga, Wyoming 82331.

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BASIC FINANCIAL STATEMENTS

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CARBON COUNTY SCHOOL DISTRICT #2

STATEMENT OF NET POSITION

June 30, 2013

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 718,996	\$ 30,735	\$ 749,731
Cash held by fiscal agents	278,764	-	278,764
Investments, at fair value	3,748,174	-	3,748,174
Receivables	279,756	-	279,756
Inventory	-	27,950	27,950
Noncurrent assets			
Restricted assets			
Temporarily restricted			
Cash - employee benefits	318,430	-	318,430
Capital assets not being depreciated			
Land	490,677	-	490,677
Construction in progress	1,131,799	-	1,131,799
Capital assets net of accumulated depreciation			
Buildings and improvements	11,961,726	-	11,961,726
Improvements other than buildings	1,505,992	-	1,505,992
Vehicles	904,768	-	904,768
Machinery and equipment	1,331,956	248,447	1,580,403
Total assets	<u>22,671,038</u>	<u>307,132</u>	<u>22,978,170</u>
LIABILITIES			
Current liabilities			
Accounts payable and other current liabilities	126,731	733	127,464
Accrued wages payable	53,817	328	54,145
Unearned grant revenue	23,060		23,060
Noncurrent liabilities			
Due in less than one year	375,340	-	375,340
Due in more than one year	630,174	-	630,174
Total liabilities	<u>1,209,122</u>	<u>1,061</u>	<u>1,210,183</u>
NET POSITION			
Invested in capital assets, net of related debt	16,580,485	248,447	16,828,932
Restricted for			
Federal and state grants	15,449	-	15,449
Major maintenance	879,816	-	879,816
Buildings and equipment	242,836	-	242,836
BOCES	201,587	-	201,587
Unrestricted	3,541,743	57,624	3,599,367
Total net position	<u>\$ 21,461,916</u>	<u>\$ 306,071</u>	<u>\$ 21,767,987</u>

See accompanying notes to financial statements

CARBON COUNTY SCHOOL DISTRICT #2

STATEMENT OF ACTIVITIES

Year Ended June 30, 2013

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction				
Regular	\$ 6,434,656	\$ -	\$ 919,941	\$ -
Special	2,125,597	-	255,277	-
Vocational	65,621	-	19,282	-
Support services				
Pupil services	1,775,038	-	-	-
Instructional staff services	473,930	-	-	-
General administration services	356,727	-	-	-
School administration services	1,065,488	-	5,741	-
Business services	263,371	-	-	-
Operation and maintenance of plant services	2,491,454	-	5,741	-
Pupil transportation services	1,129,816	-	-	-
Central services	336,781	-	-	-
Special termination benefits	109,017	-	-	-
Interest on long-term debt	25,207	-	-	-
Total governmental activities	<u>16,652,703</u>	<u>-</u>	<u>1,205,982</u>	<u>-</u>
Business-type activities				
Food service fund	660,964	158,769	157,385	-
Total business-type activities	<u>660,964</u>	<u>158,769</u>	<u>157,385</u>	<u>-</u>
Total school district	<u>\$ 17,313,667</u>	<u>\$ 158,769</u>	<u>\$ 1,363,367</u>	<u>\$ -</u>
General revenues				
Taxes				
Property taxes, levied for general purposes				
Property taxes, levied for the specific purpose of major building and facility maintenance				
Federal, state and local aid not restricted to specific purposes				
State Foundation Program				
Other state sources				
County sources				
Unrestricted investment earnings				
Unrestricted miscellaneous revenue				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning of year				
Net position - end of year				

See accompanying notes to financial statements

Net (Expenses) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (5,514,715)	\$ -	\$ (5,514,715)
(1,870,320)	-	(1,870,320)
(46,339)	-	(46,339)
(1,775,038)	-	(1,775,038)
(473,930)	-	(473,930)
(356,727)	-	(356,727)
(1,059,747)	-	(1,059,747)
(263,371)	-	(263,371)
(2,485,713)	-	(2,485,713)
(1,129,816)	-	(1,129,816)
(336,781)	-	(336,781)
(109,017)	-	(109,017)
(25,207)	-	(25,207)
<u>(15,446,721)</u>	<u>-</u>	<u>(15,446,721)</u>
-	(344,810)	(344,810)
-	(344,810)	(344,810)
<u>(15,446,721)</u>	<u>(344,810)</u>	<u>(15,791,531)</u>
3,472,977	-	3,472,977
57,811	-	57,811
9,273,644	-	9,273,644
1,193,106	-	1,193,106
2,138,296	-	2,138,296
6,326	-	6,326
202,629	-	202,629
(267,200)	260,000	(7,200)
<u>16,077,589</u>	<u>260,000</u>	<u>16,337,589</u>
630,868	(84,810)	546,058
20,831,048	390,881	21,221,929
<u>\$ 21,461,916</u>	<u>\$ 306,071</u>	<u>\$ 21,767,987</u>

CARBON COUNTY SCHOOL DISTRICT #2

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013**

	<u>General Fund</u>	<u>Federal and State Grant Fund</u>	<u>Major Maintenance Fund</u>
ASSETS			
Cash and cash equivalents	\$ 269,372	\$ 23,060	\$ 299,144
Cash held by fiscal agents	278,390	-	-
Investments, at fair value	2,957,786	-	600,345
Due from other funds	124,946	-	-
Property taxes receivable	101,235	-	-
Accrued interest receivable	134	-	-
Due from other governments	-	177,064	-
Total assets	<u>\$ 3,731,863</u>	<u>\$ 200,124</u>	<u>\$ 899,489</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable and other current liabilities	\$ 64,531	\$ 28,289	\$ 19,673
Accrued wages payable	45,437	8,380	-
Unearned grant revenue	-	23,060	-
Due to other funds	-	124,946	-
Total liabilities	<u>109,968</u>	<u>184,675</u>	<u>19,673</u>
Deferred inflows of resources			
Deferred property tax revenue	<u>50,792</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>50,792</u>	<u>-</u>	<u>-</u>
Fund balances			
Restricted for			
Federal and state grants	-	15,449	-
Major maintenance	-	-	879,816
Buildings and equipment	240,140	-	-
BOCES	-	-	-
Committed for			
Future construction projects	-	-	-
Termination benefits	-	-	-
Unassigned	3,330,963	-	-
Total fund balances	<u>3,571,103</u>	<u>15,449</u>	<u>879,816</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,731,863</u>	<u>\$ 200,124</u>	<u>\$ 899,489</u>

See accompanying notes to financial statements

Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ 16,935	\$ 428,915	\$ 1,037,426
-	374	278,764
-	190,043	3,748,174
-	-	124,946
-	1,324	102,559
-	-	134
-	-	177,064
<u>\$ 16,935</u>	<u>\$ 620,656</u>	<u>\$ 5,469,067</u>

\$ 14,239	\$ -	\$ 126,732
-	-	53,817
-	-	23,060
-	-	124,946
<u>14,239</u>	<u>-</u>	<u>328,555</u>

-	565	51,357
-	565	51,357

-	-	15,449
-	-	879,816
2,696	-	242,836
-	201,587	201,587
-	100,074	100,074
-	318,430	318,430
-	-	3,330,963
<u>2,696</u>	<u>620,091</u>	<u>5,089,155</u>

<u>\$ 16,935</u>	<u>\$ 620,656</u>	<u>\$ 5,469,067</u>
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CARBON COUNTY SCHOOL DISTRICT #2

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

June 30, 2013

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

Total fund balances - governmental funds		\$ 5,089,155
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.		17,326,918
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in funds.		
Deferred property tax revenue as of June 30, 2013		51,357
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.		
Lease purchase obligations	\$ (746,433)	
Termination benefits	(259,081)	<u>(1,005,514)</u>
Net position of governmental activities		<u>\$ 21,461,916</u>

See accompanying notes to financial statements

CARBON COUNTY SCHOOL DISTRICT #2

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2013**

	<u>General Fund</u>	<u>Federal and State Grants Fund</u>	<u>Major Maintenance Fund</u>
Revenues			
Taxes	\$ 3,472,977	\$ -	\$ -
Intergovernmental revenues	11,390,643	1,205,982	700,700
Miscellaneous	221,438	-	382
Total revenues	<u>15,085,058</u>	<u>1,205,982</u>	<u>701,082</u>
Expenditures			
Instruction			
Regular	5,301,485	883,267	-
Special	1,144,417	292,542	-
Vocational	707,771	4,814	-
Support services			
Pupil services	1,632,245	25,359	-
Instructional staff services	473,930	-	-
General administration services	356,727	-	-
School administration services	1,065,488	-	-
Business services	263,371	-	-
Operation and maintenance of plant services	1,870,037	-	379,009
Pupil transportation services	876,874	-	-
Central services	336,781	-	-
Facilities, acquisitions and construction services	-	-	-
Special termination benefits	-	-	-
Capital outlay	449,709	-	-
Debt service			
Principal	236,414	-	-
Interest	25,207	-	-
Total expenditures	<u>14,740,456</u>	<u>1,205,982</u>	<u>379,009</u>
Excess (deficiency) of revenues over expenditures	<u>344,602</u>	<u>-</u>	<u>322,073</u>
Other financing sources (uses)			
Proceeds from lease purchase obligation	382,977	-	-
Transfers out	(437,200)	-	-
Transfers in	-	-	-
Total other financing sources (uses)	<u>(54,223)</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	290,379	-	322,073
Fund balances - beginning of year	3,280,724	15,449	557,743
Fund balances - end of year	<u>\$ 3,571,103</u>	<u>\$ 15,449</u>	<u>\$ 879,816</u>

See accompanying notes to financial statements

Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 57,811	\$ 3,530,788
487,693	-	13,785,018
-	1,149	222,969
<u>487,693</u>	<u>58,960</u>	<u>17,538,775</u>
-	-	6,184,752
-	-	1,436,959
-	-	712,585
-	26,856	1,684,460
-	-	473,930
-	-	356,727
-	-	1,065,488
-	-	263,371
-	-	2,249,046
-	-	876,874
-	-	336,781
-	13,881	13,881
-	42,134	42,134
501,932	-	951,641
-	-	236,414
-	-	25,207
<u>501,932</u>	<u>82,871</u>	<u>16,910,250</u>
<u>(14,239)</u>	<u>(23,911)</u>	<u>628,525</u>
-	-	382,977
-	-	(437,200)
-	170,000	170,000
-	170,000	115,777
<u>(14,239)</u>	<u>146,089</u>	<u>744,302</u>
16,935	474,002	4,344,853
<u>\$ 2,696</u>	<u>\$ 620,091</u>	<u>\$ 5,089,155</u>

CARBON COUNTY SCHOOL DISTRICT #2
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES. AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2013

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

Net change in fund balances - total governmental funds	\$	744,302
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These changes are detailed as follows:

Capital outlay	\$ 1,227,546	
Depreciation expense	<u>(1,137,329)</u>	90,217

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. The issuance of long-term debt provides current financial resources to governmental funds. However, it has no effect on net assets. This is the net effect of these differences in the treatment of long-term debt.

Payment of lease purchase obligation	236,414	
Issuance of lease purchase obligation	(382,977)	
Increase in termination benefits	(109,144)	
Payment of termination benefits	<u>40,036</u>	(215,671)

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

Deferred property tax revenue - June 30, 2012	(39,337)	
Deferred property tax revenue - June 30, 2013	<u>51,357</u>	<u>12,020</u>

Change in net position of governmental activities	\$	<u><u>630,868</u></u>
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CARBON COUNTY SCHOOL DISTRICT #2

**STATEMENT OF NET POSITION
PROPRIETARY FUND**

June 30, 2013

Business-type Activities - Enterprise Fund

	<u>Food Service Fund</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 30,735
Inventory	27,950
Total current assets	<u>58,685</u>
Noncurrent assets	
Capital assets	
Property and equipment	524,664
Less accumulated depreciation	276,217
Total capital assets (net of accumulated depreciation)	<u>248,447</u>
Total assets	<u>307,132</u>
LIABILITIES	
Current liabilities	
Accounts payable	733
Accrued wages payable	328
Total current liabilities	<u>1,061</u>
NET POSITION	
Investment in capital assets, net of related debt	248,447
Unrestricted	57,624
Total net position	<u>\$ 306,071</u>

See accompanying notes to financial statements

CARBON COUNTY SCHOOL DISTRICT #2

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUND
 Year Ended June 30, 2013**

Business-type Activities - Enterprise Fund

	<u>Food Service Fund</u>
Operating revenues	
Charges for services	\$ 158,769
Total operating revenues	<u>158,769</u>
Operating expenses	
Salaries	219,959
Benefits	147,644
Contractual services	6,353
Supplies	11,225
Direct food costs	209,784
Cost of commodities	25,782
Miscellaneous	8,059
Depreciation	32,158
Total operating expenses	<u>660,964</u>
Net (loss) from operations	(502,195)
Non-operating revenues	
Operating grants	157,385
Total non-operating revenues	<u>157,385</u>
Net (loss) before transfers	(344,810)
Other financing sources	
Transfers in	260,000
Total other financing sources	<u>260,000</u>
Change in net position	(84,810)
Total net position - beginning of year	<u>390,881</u>
Total net position - end of year	<u>\$ 306,071</u>

See accompanying notes to financial statements

CARBON COUNTY SCHOOL DISTRICT #2

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2013**

Business-type Activities - Enterprise Fund

	<u>Food Service Fund</u>
Cash flows from operating activities	
Cash received from services	\$ 159,923
Cash paid to suppliers for goods and services	(228,643)
Cash paid to employees for services	(368,316)
Net cash used by operating activities	<u>(437,036)</u>
Cash flows from noncapital financing activities	
Operating transfers in	260,000
Federal reimbursement	143,262
Net cash provided by noncapital financing activities	<u>403,262</u>
Cash flows from capital financing activities	
Loss on disposal of capital asset	3,405
Acquisition of capital asset	(16,101)
Net cash used by capital financing activities	<u>(12,696)</u>
Net decrease in cash and cash equivalents	(46,470)
Cash and cash equivalents at beginning of year	<u>77,205</u>
Cash and cash equivalents at end of year	<u>\$ 30,735</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (502,195)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	32,158
Federal share of commodities	14,123
Loss on disposition of capital assets	
Decrease in cash and cash equivalents resulting from changes in operating assets and liabilities	
Accounts receivable	1,154
Accounts payable	57
Accrued wages payable	(713)
Inventory	18,380
Net cash used by operating activities	<u>\$ (437,036)</u>
Non-cash transactions:	
The District received USDA commodities valued at \$14,123	

See accompanying notes to financial statements

CARBON COUNTY SCHOOL DISTRICT #2
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2013

	Private-Purpose Trust Fund Scholarship Fund	Agency Fund Student Activities	Total
ASSETS			
Cash	\$ 805	\$ 248,850	\$ 249,655
Investments, at fair value	14,716	-	14,716
Total assets	<u>15,521</u>	<u>248,850</u>	<u>264,371</u>
LIABILITIES			
Due to student groups	-	248,850	248,850
Total liabilities	<u>-</u>	<u>248,850</u>	<u>248,850</u>
NET POSITION			
Reserved for scholarships	<u>\$ 15,521</u>	<u>\$ -</u>	<u>\$ 15,521</u>

See accompanying notes to financial statements

CARBON COUNTY SCHOOL DISTRICT #2
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended June 30, 2013

	Private-Purpose Trust Fund Scholarship Fund	Total
Additions		
Interest earnings	\$ 22	\$ 22
Total additions	<u>22</u>	<u>22</u>
Deductions		
Scholarship awards	100	100
Total deductions	<u>100</u>	<u>100</u>
Change in net position	(78)	(78)
Net position - beginning of year	<u>15,599</u>	<u>15,599</u>
Net position - end of year	<u>\$ 15,521</u>	<u>\$ 15,521</u>

See accompanying notes to financial statements

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CARBON COUNTY SCHOOL DISTRICT #2

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The Board of Trustees (Board) is the level of government which has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of Carbon County School District #2 ("District"). The Board receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the District serves as the nucleus for the reporting entity under the provisions of GASB Statement No. 14 and 39 for its basic financial statements. Using this premise, these financial statements present the District (the primary government) and its component units. Blended component units are legally separate entities which are in substance a part of a primary government's operations: therefore, data from those units would be combined with the data of the primary government.

Blended Component Unit

The Carbon County School District #2 Board of Cooperative Educational Services (BOCES) is governed by a five-member board appointed by the District's Board of Trustees. Although it is legally separate from the District, the BOCES is reported as if it were part of the primary government because their board is substantially the same as the District's Board of Trustees (i.e., four of the five members are also members of the Board of Trustees). BOCES provides educational services, including but not limited to postsecondary education, vocational-technical education and adult education, since these services can be provided more effectively through a cooperative effort with the Western Wyoming Community College. The BOCES may impose up to 2½ mills on the District's assessed valuation for operations. The BOCES does not prepare separately issued financial statements.

Related Organization

The District has participated in the creation of the Carbon County School District #2 Recreation Board as authorized by Wyoming Statutes. The Board of Trustees appoints the five Board members of the Recreation Board but cannot directly impose its will on the Board nor is the District financially accountable for the Recreation Board. The Recreation Board is a separate legal entity and is accountable for its own activities. Complete financial statements for the Carbon County School District #2 Recreation Board can be obtained from its administrative office in Saratoga, Wyoming.

Government-Wide and Fund Financial Statements

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

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

CARBON COUNTY SCHOOL DISTRICT #2

NOTES TO FINANCIAL STATEMENTS June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statement

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The District reports the following major governmental funds:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *federal and state grant fund* accounts for the proceeds of specific revenue sources received from the federal and state governments for specific special revenue projects.

The *major maintenance fund* accounts for the proceeds of specific revenue sources for major maintenance or major capital projects that are restricted to expenditures for specified purposes.

The *capital projects fund* accounts for the proceeds of specific revenue sources for capital projects that are restricted to expenditures for specific purposes.

The District reports the following nonmajor governmental funds:

The *building and grounds improvements fund* accounts for the proceeds of specific revenue sources for capital projects that are restricted to expenditures for specific purposes.

The *debt service fund* accounts for the accumulation of resources for and the payment of general long-term debt principal and interest.

CARBON COUNTY SCHOOL DISTRICT #2

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

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

BOCES accounts for the blended component unit, Carbon County School District #2 Board of Cooperative Education. The proceeds of specific revenue sources for the *BOCES* program are restricted to expenditures for specific purposes.

The *depreciation reserve fund* accounts for proceeds designated specifically for the purpose of funding potential future building repair expenditures and asset replacement.

The District reports the following major proprietary fund:

The *food service fund* accounts for the activities of the District's breakfast and lunch programs.

Additionally, the District reports the following fund types:

Private-purpose trust fund – This fund is used to account for donations for scholarship funds that are received by the District that are to be awarded to current and former students for post-secondary education purposes.

Agency fund – The agency fund accounts for resources held in a custodial capacity by the District, and consist of funds that are the property of students or others.

Effective this reporting period is GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62). This statement brings the authoritative accounting and financial reporting literature for state and local governments together in a single source, with the FASB and AICPA guidance modified as necessary to appropriately recognize the governmental environment and the needs of governmental financial statement users. GASB 62 resulted in a more consistent application of applicable guidance in financial statements of state and local governments. This statement also supersedes GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement.

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

Implementation of Governmental Accounting Standards Board (GASB) Statements No. 63 and 65

During the year ended June 30, 2013, the District implemented two new accounting standards GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* resulting in a change to the District's financial reporting. Those changes are reflected in this financial report.

CARBON COUNTY SCHOOL DISTRICT #2

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Position or Equity

Deposits and Investments

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

Wyoming Statutes authorize the types of investment in which districts may invest. Among these authorized investments are certificates of deposit, obligations of the U.S. Treasury, agencies and instrumentalities, and repurchase agreements involving U.S. Government securities.

Investments for the District are reported at fair value. Fair value is determined using the latest bid price or by the closing exchange price at the statements of net position date.

Accounts Receivable

The District considers all accounts receivable to be fully collectible at June 30, 2013 and, therefore no allowance for doubtful accounts is deemed necessary.

Interfund Balances

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

Property Taxes

Property taxes attach as an enforceable lien on property as of May 11. Taxes are levied on or about August 1 and payable in two installments on September 1 and March 1. The County bills and collects its own property taxes and also taxes for all municipalities and political subdivisions within the County, including Carbon County School District #2. District property tax revenues are recognized when levied to the extent that they result in current receivables, which means when collected within the current period or expected to be collected within 60 days of the fiscal year end to be used to pay liabilities of the current period.

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 and a recreation district tax for one mill. The combined tax related to finance general school services other than the payment of principal and interest on long-term debt for the year ended June 30, 2013 was thirty-two mills.

Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. Governmental fund type inventories are recorded using the purchase method whereby they are recorded as expenditures when purchased. Supply inventories for the General Fund at June 30, 2013 were not material and, therefore, were not recorded at year end.

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

CARBON COUNTY SCHOOL DISTRICT #2

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Position or Fund Balance (Continued)

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

Assets	Years
Buildings and improvements	20-50
Improvements other than buildings	5-20
Vehicles	8-12
Machinery and equipment	5-25

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Use of Estimates

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

Reclassification

Certain balances of the prior year have been reclassified to conform with the presentation of the current year with no effect on net position.

CARBON COUNTY SCHOOL DISTRICT #2

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Position or Fund Balance (Continued)

Fund Equity and Net Position

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed the government's board through approval of resolutions. Assigned fund balances is a limitation imposed by a designee of the government's board. Unassigned fund balance in the general fund is the net resources in excess of what can be properly classified in one of the above four categories.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

For the government-wide financial statements, net position are reported as restricted when constraints placed on net position are either: (1) Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of the governments or (2) imposed by law through constitutional provision or enabling legislation.

Note 2. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

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

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

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

The budget is adopted by the third Thursday of July.

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

Formal budgetary integration is employed as a management control device during the year for the General Fund, special revenue funds and the Debt Service Fund.

Budgets for the General Fund, special revenue funds and the Debt Service Fund are adopted on a cash basis (NON-GAAP). Such basis is not consistent with generally accepted accounting principles (GAAP).

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.

CARBON COUNTY SCHOOL DISTRICT #2

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 3. Detailed Notes on All Funds

Deposits and Investments

As of June 30, 2013, the District had the following investments:

Investment Type	Fair Value	Interest Rate	Investment Maturities (in Years)	Investment Ratings
Wyoming Government Investment Pool	\$ 59,960	0.04%	Less than 1	AAAm
WYO-Star	3,288,214	0.04-0.12%	Less than 1	n/a
Certificates of Deposit	400,000	0.50-0.55%	Less than 1	n/a
	<u>\$ 3,748,174</u>			

Interest rate risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District attempts to match its investment maturities to expected cash flow needs. With this investment focus, investments are expected to reach maturity with limited gains or losses.

Credit risk. Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Under investment agreements with Wyoming Government Investment Pool (WGIF) and WYO-Star, the District has invested monies at a fixed contract rate of interest. Because the security is essentially a written contract, generally there is no rating on such investments; however, under Wyoming statutes, underlying providers are required to have the highest rating from at least one of the nationally recognized rating organizations. The WGIF fund has an AAAM rating by Standard & Poor's.

Concentration of credit risk. The District does not have a formal policy that allows for or limits an investment in any one issuer to a specified percentage of the District's total investments. The investment in Wyoming Government Investment Pool represents 2%, the investment in WYO-Star represents 88% and the investment in certificates of deposit represents 10% of the total investments of the District at June 30, 2013.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a formal policy for custodial credit risk; however, State statutes require that the District's deposits in excess of the Federal depository insurance amount be collateralized. At June 30, 2013, the District's deposits were fully collateralized as required by State statutes.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

State statutes limit the type of investments the District can use. Statutes limit investments primarily to securities issued or guaranteed by the U.S. Treasury or agencies of the United States government, therefore, reducing the District's exposure to custodial credit risk for its investments. The District does not have a formal policy for custodial credit risk.

CARBON COUNTY SCHOOL DISTRICT #2

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 3. Detailed Notes on All Funds (Continued)

Capital Assets

A summary of changes in capital assets follows:

	Beginning Balance June 30, 2012	Additions	Deletions	Ending Balance June 30, 2013
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 490,677	\$ -	\$ -	\$ 490,677
Construction in progress	395,502	813,235	76,938	1,131,799
Total capital assets, not being depreciated	<u>886,179</u>	<u>813,235</u>	<u>76,938</u>	<u>1,622,476</u>
Capital assets, being depreciated				
Buildings and improvements	22,666,523	-	-	22,666,523
Improvements other than buildings	1,959,203	13,938	-	1,973,141
Vehicles	3,023,297	143,237	-	3,166,534
Machinery and equipment	3,158,072	334,074	124,029	3,368,117
Total capital assets being depreciated	<u>30,807,095</u>	<u>491,249</u>	<u>124,029</u>	<u>31,174,315</u>
Less accumulated depreciation				
Buildings and improvements	10,215,356	489,441	-	10,704,797
Improvements other than buildings	382,281	84,868	-	467,149
Vehicles	2,000,045	261,721	-	2,261,766
Machinery and equipment	1,858,891	301,299	124,029	2,036,161
Total accumulated depreciation	<u>14,456,573</u>	<u>1,137,329</u>	<u>124,029</u>	<u>15,469,873</u>
Total capital assets being depreciated, net	<u>16,350,522</u>	<u>(646,080)</u>	<u>-</u>	<u>15,704,442</u>
Governmental activities capital assets, net	<u>\$ 17,236,701</u>	<u>\$ 167,155</u>	<u>\$ 76,938</u>	<u>\$ 17,326,918</u>
Business-type activities				
Capital assets, being depreciated				
Equipment	\$ 518,803	\$ 16,101	\$ 10,240	\$ 524,664
Less accumulated depreciation	250,894	32,158	6,835	276,217
Business-type activities capital assets, net	<u>\$ 267,909</u>	<u>\$ (16,057)</u>	<u>\$ 3,405</u>	<u>\$ 248,447</u>

CARBON COUNTY SCHOOL DISTRICT #2

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 3. Detailed Notes on All Funds (Continued)

Capital Assets (Continued)

The vehicles that are accounted for in governmental activities include buses that were purchased under a capital lease purchase obligation in the amount of \$1,158,947, with associated accumulated depreciation of \$448,078. The current year depreciation for these vehicles of \$133,806 was charged to pupil transportation services within the general fund.

Depreciation expenses were charged to functions and programs of the District as follows:

Governmental activities		
Instruction		
Regular		\$ 336,990
Special		49,929
Support services		
Pupil services		5,118
Operation and maintenance of plant services		492,350
Pupil transportation services		<u>252,942</u>
	Total depreciation expenses - governmental activities	<u><u>\$ 1,137,329</u></u>
Business-type activities		
Food service fund		<u>\$ 32,158</u>
	Total depreciation expenses - business-type activities	<u><u>\$ 32,158</u></u>

Long-Term Debt

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

	Balance July 1, 2012	Additions	Reductions	Balance June 30, 2013	Due within one year
Lease purchase obligations	\$ 599,870	\$382,977	\$ 236,414	\$ 746,433	\$ 318,275
Termination benefits	189,973	109,144	40,036	259,081	57,065
	<u>\$ 789,843</u>	<u>\$492,121</u>	<u>\$ 276,450</u>	<u>\$ 1,005,514</u>	<u>\$ 375,340</u>

CARBON COUNTY SCHOOL DISTRICT #2

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 3. Detailed Notes on All Funds (Continued)

Long-Term Debt (Continued)

Debt outstanding at June 30, 2013 is comprised of the following issues:

\$454,512 lease/purchase obligation, interest rate of 4.60%, annual payment of \$103,820 including interest, through September 2013, collateralized by the vehicles, serviced by the General Fund	\$ 101,527
\$403,373 lease/purchase obligation, interest rate of 4.60%, annual payment of \$92,139 including interest, through May 2014, collateralized by the vehicles, serviced by the General Fund	90,104
\$180,436 lease/purchase obligation, interest rate of 4.60%, annual payment of \$41,215 including interest, through April 2015, collateralized by the vehicles, serviced by the General Fund	77,074
\$116,045 lease/purchase obligation, interest rate of 4.00%, annual payment of \$26,103 including interest, through April 2017, collateralized by the vehicles, serviced by the General Fund	94,751
\$382,977 lease/purchase obligation, interest rate of 3.83%, annual payment of \$85,616 including interest, through March 2018, collateralized by the vehicles, serviced by the General Fund	<u>382,977</u>
	<u><u>\$ 746,433</u></u>

Future minimum lease payments under capital leases together with the present value of net minimum lease payments as of June 30, 2013 are as follow:

Year Ended June 30,	
2014	\$ 353,183
2015	152,934
2016	111,720
2017	111,720
2018	85,616
Total minimum payments	<u>815,173</u>
Less amount representing interest	68,740
Net future minimum lease payments	<u><u>\$ 746,433</u></u>

In addition, the District has a liability of \$259,081 for termination benefits for health care benefits. Amounts are payable as monthly premiums for health insurance.

CARBON COUNTY SCHOOL DISTRICT #2

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 3. Detailed Notes on All Funds (Continued)

Long-Term Debt (Continued)

Future expected payments for these special termination benefits as of June 30, 2013 are as follows:

Year Ended June 30,		
2014	\$	57,065
2015		57,065
2016		57,062
2017		57,060
2018		27,829
2019		3,000
	\$	<u>259,081</u>

Retirement Plan

The District contributes to the Wyoming Retirement System ("System"), a statewide cost-sharing multiple-employer public employee retirement system. The System provides retirement, disability and death benefits according to predetermined formulas. Benefits are established by Title 9, Chapter 3 of the Wyoming Statutes. The System issued a publicly available financial report that includes audited financial statements and required supplementary information for the System. The report may be obtained by writing to the Wyoming Retirement System, Fifth Floor West, 6101 Yellowstone Road, Cheyenne, Wyoming 82002.

Plan members are required to contribute 7.00% of their annual covered salary and the District is required to contribute 7.12% of the annual covered payroll. Legislation enacted in 1979 allows the employer to pay any or all of the employees' contribution in addition to the matching contribution. The District currently pays 100% of the required employee's contribution. Contribution rates are established by Title 9, Chapter 3 of the Wyoming Statutes. The District's contributions to the System for the years ending June 30, 2013, 2012, and 2011, were \$1,080,404, \$1,068,280, and \$1,033,999, respectively, which equaled 100% of the required contributions for each year. Effective September 2013, the employee contribution will increase by 0.50% from 7.00% to 7.50%. In September 2014, the employer contribution rate will increase by 0.50% from 7.12% to 7.62%. The District will have the option to pay or not pay the additional employee contribution.

Individual Interfund Receivables, Payables and Transfers

Individual fund interfund receivables and payables balances are as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 124,946	\$ -
Federal and State Grant Fund	-	124,946
	<u>\$ 124,946</u>	<u>\$ 124,946</u>

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

CARBON COUNTY SCHOOL DISTRICT #2

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 3. Detailed Notes on All Funds (Continued)

Individual Interfund Receivables, Payables and Transfers (Continued)

Operating transfers during the year were as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 437,200
Debt Service Fund	120,000	-
Depreciation Reserve Fund	50,000	-
Enterprise Fund		
Food Service Fund	260,000	-
Agency Fund		
Student Activities	7,200	-
	<u>\$ 437,200</u>	<u>\$ 437,200</u>

Transfers are used to (1) move revenue from the fund that statute or budget required to collect them to the fund that statute or budget required to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Post-Retirement Health Care Benefits

In addition to the pension benefits described previously, the District provides post-retirement health care benefits, in accordance with District policy, to employees who elect to voluntarily participate in and receive health insurance benefits in the District's plan equal to the amount paid for single coverage, but only for those named members covered at the time of approval of this Voluntary Early Retirement incentive for a maximum period of ten years, or until such time as the employee qualifies for Medicare/Medicaid, whichever occurs first. Expenditures for post-retirement health care benefits are recognized as the District pays the monthly premiums to the insurance provider. The cost of these benefits to the District is \$259,081 over the next ten years. The present value of the benefits is \$258,791, calculated using the current interest rate paid by the District's primary investment. Since the difference between the actual cost and discounted cost is \$290, an immaterial amount to the District's financial statements, the District has recorded the actual cost in the financial statements. During the current year, expenditures of \$40,036 were recognized as special termination benefits in the Debt Service Fund to cover eleven participants.

Contingencies

A major oil and gas company filed a lawsuit against the Wyoming State Board of Equalization claiming a refund of \$3.5 million for oil and gas advalorem taxes it claims were overpaid from 1980 to 1990. In 1995, the Wyoming Supreme Court ruled in favor of the company. Although it will result in a net loss of tax revenues, there have been a series of additional notices of valuation change issued in the period during which this has been pending. Many of the intervening notices have resulted in increased tax liabilities for this company. Therefore, in order to determine the effect of the Court's decision on current funds, all of the intervening notices must be netted against each other.

CARBON COUNTY SCHOOL DISTRICT #2

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 3. Detailed Notes on All Funds (Continued)

Individual Interfund Receivables, Payables and Transfers (Continued)

Contingencies (Continued)

Further, the refund statute does not require that a County which determines that a refund of taxes is due merely pay the refund from current funds. Rather, the County may pursuant to W.S. §39-4-101(b) (1991 Supp.), pay the refund in the form of future tax credits to a particular taxpayer over a five year period. During 1995 a somewhat similar claim for a refund arose from an interstate gas company. The essence of the claim is that during the period 1979 through 1987, the company charged its customers for gas based upon Federal pricing restrictions, plus an additional amount to fund future gas search activities. Although the artificially high prices for gas were approved by Federal authorities, after later litigation between the company and its customers, the Federal Energy Regulatory Commission determined that the company had overcharged its customers and must issue them refunds. The company has now filed requests for refunds of taxes paid on the amount of the overcharge. Because this is a case of first impression, the District Court certified the claims between the State of Wyoming and the company to the Supreme Court; thus the claims against the Counties are effectively stayed pending a decision in the Supreme Court. Since the ultimate outcome of this litigation is uncertain, no liability has been recorded by the District as of June 30, 2013.

Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. During the year ended June 30, 2013 the District contracted with various insurance companies for property insurance (including boiler and machinery), general liability insurance, professional insurance and vehicle insurance. The coverage's under each type of insurance policy vary in amounts and deductibles. The District has not had significant settlements exceeding insurance coverage in any of the past three fiscal years. The District pays into the State Worker's Compensations System a premium based on a rate per covered payroll. This rate is calculated based on accident history and administrative cost.

Commitments

As of June 30, 2013 there were no significant commitments incurred or on-going by the District. The amount included as construction in progress was for the analysis phase of the Hanna Elementary Facility Project. The construction phase began subsequent to the fiscal year end. Therefore, there are no outstanding construction contracts at year end.

Note 4. Accounting Standards Issued, But Not Implemented

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* was issued to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. Management has not concluded its assessment of the effect of implementing this guidance.

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REQUIRED SUPPLEMENTARY INFORMATION

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CARBON COUNTY SCHOOL DISTRICT #2
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
COMPARED TO BUDGET (NON-GAAP BASIS)
GENERAL FUND
Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Taxes				
Special district taxes	\$ 3,000,000	\$ 3,000,000	\$ 2,995,997	\$ (4,003)
Motor vehicle taxes	350,000	350,000	414,816	64,816
Car company taxes	40,000	40,000	82,942	42,942
Other local taxes	15,000	15,000	39,813	24,813
Total taxes	<u>3,405,000</u>	<u>3,405,000</u>	<u>3,533,568</u>	<u>128,568</u>
Intergovernmental Revenues				
6-mill county taxes	1,500,000	1,500,000	1,403,606	(96,394)
County motor vehicle taxes	50,000	50,000	89,978	39,978
Car company tax	10,000	10,000	8,001	(1,999)
Fines and forfeitures	339,216	339,216	620,967	281,751
Foundation program	9,208,393	9,208,393	9,272,007	63,614
Foundation audit adjustment	-	-	1,637	1,637
Taylor grazing income	-	-	9,278	9,278
Total intergovernmental revenues	<u>11,107,609</u>	<u>11,107,609</u>	<u>11,405,474</u>	<u>297,865</u>
Miscellaneous				
Earnings on investments	26,000	26,000	8,420	(17,580)
Refund of prior year expenses	150,000	150,000	135,332	(14,668)
Miscellaneous	3,000	3,000	72,011	69,011
Total miscellaneous	<u>179,000</u>	<u>179,000</u>	<u>215,763</u>	<u>36,763</u>
Total revenues	<u>14,691,609</u>	<u>14,691,609</u>	<u>15,154,805</u>	<u>463,196</u>

(Continued)

See accompanying note to required supplementary information

CARBON COUNTY SCHOOL DISTRICT #2

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
COMPARED TO BUDGET (NON-GAAP BASIS)**

GENERAL FUND (CONTINUED)

Year Ended June 30, 2013

Instruction	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Elementary				
Salaries	\$ 1,886,666	\$ 1,886,666	\$ 1,829,960	\$ 56,706
Employee benefits	949,194	949,194	821,269	127,925
Purchased services	22,336	23,111	33,999	(10,888)
Supplies and materials	119,540	119,707	84,562	35,145
Capital outlay	74,840	41,552	6,529	35,023
Total elementary	<u>3,052,576</u>	<u>3,020,230</u>	<u>2,776,319</u>	<u>243,911</u>
Junior High Or Middle Schools				
Salaries	-	-	446,680	(446,680)
Employee benefits	-	-	215,383	(215,383)
Purchased services	-	-	5,172	(5,172)
Supplies and materials	-	-	22,409	(22,409)
Capital outlay	-	-	33,944	(33,944)
Total junior high or middle schools	<u>-</u>	<u>-</u>	<u>723,588</u>	<u>(723,588)</u>
Secondary School				
Salaries	2,121,612	2,121,612	1,110,710	1,010,902
Employee benefits	1,070,207	1,070,207	541,848	528,359
Purchased services	60,513	46,988	13,275	33,713
Supplies and materials	216,067	208,347	62,091	146,256
Capital outlay	106,000	137,643	70,404	67,239
Total secondary school	<u>3,574,399</u>	<u>3,584,797</u>	<u>1,798,328</u>	<u>1,786,469</u>
Tuition for students with disabilities				
Tuition	120,000	120,000	-	120,000
Total tuition for students with disabilities	<u>120,000</u>	<u>120,000</u>	<u>-</u>	<u>120,000</u>
Other Special Programs				
Employee benefits	31,069	31,069	-	31,069
Total other special programs	<u>31,069</u>	<u>31,069</u>	<u>-</u>	<u>31,069</u>
Programs for Students with Disabilities				
Salaries	802,979	802,979	659,500	143,479
Employee benefits	554,669	554,669	459,204	95,465
Purchased services	40,900	40,900	9,518	31,382
Supplies and materials	25,600	31,183	13,650	17,533
Capital outlay	-	2,840	2,863	(23)
Total programs for students with disabilities	<u>1,424,148</u>	<u>1,432,571</u>	<u>1,144,735</u>	<u>287,836</u>

(Continued)

See accompanying note to required supplementary information

CARBON COUNTY SCHOOL DISTRICT #2
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
COMPARED TO BUDGET (NON-GAAP BASIS)
GENERAL FUND (CONTINUED)
Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Instruction (Continued)				
Limited English Proficient				
Salaries	\$ 26,400	\$ 26,400	\$ -	\$ 26,400
Employee benefits	9,370	9,370	-	9,370
Supplies and materials	500	500	-	500
Total limited English proficient	<u>36,270</u>	<u>36,270</u>	<u>-</u>	<u>36,270</u>
Homebound Programs				
Salaries	8,000	8,000	633	7,367
Employee benefits	1,627	1,627	60	1,567
Purchased services	7,500	7,500	166	7,334
Supplies and materials	500	500	-	500
Total homebound programs	<u>17,627</u>	<u>17,627</u>	<u>859</u>	<u>16,768</u>
Student Activities- Middle				
Salaries	83,190	83,190	60,937	22,253
Employee benefits	16,921	16,921	9,128	7,793
Purchased services	42,910	42,910	26,825	16,085
Supplies and materials	10,150	10,150	6,535	3,615
Total student activities- middle	<u>153,171</u>	<u>153,171</u>	<u>103,425</u>	<u>49,746</u>
Student Activities / High School				
Salaries	282,895	282,895	265,230	17,665
Employee benefits	57,541	57,541	44,831	12,710
Purchased services	224,050	224,050	164,292	59,758
Supplies and materials	51,500	51,500	38,095	13,405
Capital outlay	5,000	5,000	-	5,000
Total student activities / high school	<u>620,986</u>	<u>620,986</u>	<u>512,448</u>	<u>108,538</u>
Vocational instruction				
Salaries	-	-	455,034	(455,034)
Employee benefits	-	-	233,424	(233,424)
Supplies and materials	-	-	18,505	(18,505)
Capital outlay	-	-	19,892	(19,892)
Total vocational instruction	<u>-</u>	<u>-</u>	<u>726,855</u>	<u>(726,855)</u>
Distance Learning				
Salaries	12,000	12,000	4,500	7,500
Employee benefits	2,441	2,441	915	1,526
Purchased services	161,000	161,000	169,239	(8,239)
Total distance learning	<u>175,441</u>	<u>188,966</u>	<u>174,654</u>	<u>14,312</u>
Total instruction	<u>9,205,687</u>	<u>9,205,687</u>	<u>7,961,211</u>	<u>1,244,476</u>

(Continued)

See accompanying note to required supplementary information

CARBON COUNTY SCHOOL DISTRICT #2

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
COMPARED TO BUDGET (NON-GAAP BASIS)
GENERAL FUND (CONTINUED)**

Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Instructional support				
Guidance services				
Salaries	\$ 278,231	\$ 278,231	\$ 229,725	\$ 48,506
Employee benefits	111,792	111,792	91,705	20,087
Purchased services	9,050	8,961	3,313	5,648
Supplies and materials	14,700	14,700	11,233	3,467
Capital outlay	2,400	2,400	-	2,400
Total guidance services	<u>416,173</u>	<u>416,084</u>	<u>335,976</u>	<u>80,108</u>
Health services				
Salaries	62,521	63,521	63,100	421
Employee benefits	32,930	32,930	33,168	(238)
Purchased services	3,200	2,950	354	2,596
Supplies and materials	5,200	4,450	2,320	2,130
Total health services	<u>103,851</u>	<u>103,851</u>	<u>98,942</u>	<u>4,909</u>
Psychological services				
Purchased services	46,000	46,000	45,792	208
Total psychological services	<u>46,000</u>	<u>46,000</u>	<u>45,792</u>	<u>208</u>
Speech pathology and audiology services				
Salaries	13,089	13,089	10,863	2,226
Employee benefits	2,573	2,573	2,691	(118)
Purchased services	1,200	1,200	-	1,200
Supplies and materials	550	550	-	550
Total speech pathology and audiology services	<u>17,412</u>	<u>17,412</u>	<u>13,554</u>	<u>3,858</u>
Board of Cooperative Education Services	525,402	525,402	524,776	626
Total Board of Cooperative Services	<u>525,402</u>	<u>525,402</u>	<u>524,776</u>	<u>626</u>
Instruction and curriculum development				
Employee benefits	5,487	5,487	-	5,487
Purchased services	1,500	1,500	113	1,387
Supplies and materials	1,000	1,000	993	7
Total instruction and curriculum development	<u>7,987</u>	<u>7,987</u>	<u>1,106</u>	<u>6,881</u>
Improvement of instructions services				
Salaries	25,000	25,000	-	25,000
Employee benefits	5,085	5,085	-	5,085
Total improvement of instructions services	<u>30,085</u>	<u>30,085</u>	<u>-</u>	<u>30,085</u>

(Continued)

See accompanying note to required supplementary information

CARBON COUNTY SCHOOL DISTRICT #2

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
COMPARED TO BUDGET (NON-GAAP BASIS)**

GENERAL FUND (CONTINUED)

Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Instructional support (Continued)				
Staff Development				
Salaries	\$ 25,000	\$ 25,000	\$ 3,855	\$ 21,145
Employee benefits	24,182	24,182	10,653	13,529
Purchased services	43,200	43,200	19,818	23,382
Supplies and materials	21,373	21,462	14,306	7,156
Other	1,000	1,000	-	1,000
Total staff development	114,755	114,844	48,632	66,212
Library				
Salaries	275,613	275,613	248,129	27,484
Employee benefits	141,769	141,769	113,230	28,539
Purchased services	3,840	3,840	-	3,840
Supplies and materials	17,685	18,674	10,109	8,565
Capital outlay	6,300	5,312	507	4,805
Total library	445,207	445,208	371,975	73,233
Supervision of special education				
Salaries	46,075	46,075	41,866	4,209
Employee benefits	17,372	17,372	16,070	1,302
Purchased services	12,700	10,700	401	10,299
Supplies and materials	1,800	1,800	273	1,527
Capital outlay	-	-	1,968	(1,968)
Total supervision of special education	77,947	75,947	60,578	15,369
Total instructional support	1,784,819	1,782,820	1,501,331	281,489
General support				
Central administration				
Salaries	154,263	154,263	147,495	6,768
Employee benefits	69,377	69,377	67,783	1,594
Purchased services	174,200	172,525	125,898	46,627
Supplies and materials	21,500	21,500	14,024	7,476
Capital outlay	4,000	5,675	5,340	335
Total central administration	423,340	423,340	360,540	62,800
School administration				
Salaries	694,772	694,772	679,220	15,552
Employee benefits	392,489	392,489	368,595	23,894
Purchased services	57,700	65,082	-	65,082
Supplies and materials	28,538	23,155	15,154	8,001
Capital outlay	20,633	18,433	70,733	(52,300)
Total school administration	1,194,132	1,193,931	1,133,702	60,229

(Continued)

See accompanying note to required supplementary information

CARBON COUNTY SCHOOL DISTRICT #2

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
COMPARED TO BUDGET (NON-GAAP BASIS)**

GENERAL FUND (CONTINUED)

Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
General support (Continued)				
Business administration				
Salaries	\$ 156,990	\$ 156,990	\$ 136,941	\$ 20,049
Employee benefits	79,932	79,932	72,748	7,184
Purchased services	59,500	57,295	30,653	26,642
Supplies and materials	21,700	29,111	20,282	8,829
Capital outlay	10,000	5,994	4,127	1,867
Total business administration	<u>328,122</u>	<u>329,322</u>	<u>264,751</u>	<u>64,571</u>
Operating building services				
Salaries	684,517	684,517	663,037	21,480
Employee benefits	432,127	432,127	375,619	56,508
Purchased services	249,380	249,380	178,981	70,399
Supplies and maintenance	710,000	716,130	654,368	61,762
Capital outlay	23,800	22,300	4,188	18,112
Total operating building services	<u>2,099,824</u>	<u>2,104,454</u>	<u>1,876,193</u>	<u>228,261</u>
Care and upkeep of grounds				
Purchased services	18,350	13,520	6,985	6,535
Supplies and materials	9,300	8,100	2,930	5,170
Capital outlay	16,500	16,500	12,600	3,900
Total care and upkeep of grounds	<u>44,150</u>	<u>38,120</u>	<u>22,515</u>	<u>15,605</u>
Vehicle operation and maintenance services				
Purchased services	4,300	4,300	1,905	2,395
Supplies and materials	800	3,200	2,364	836
Total vehicle operation and maintenance services	<u>5,100</u>	<u>7,500</u>	<u>4,269</u>	<u>3,231</u>
Vehicle operation - to and from school				
Salaries	282,923	274,623	261,553	13,070
Employee benefits	140,047	143,947	132,117	11,830
Purchased services	213,600	218,000	123,920	94,080
Supplies and maintenance	173,300	144,500	107,724	36,776
Capital outlay	338,200	367,000	266,889	100,111
Total vehicle operation - to and from school	<u>1,148,070</u>	<u>1,148,070</u>	<u>892,203</u>	<u>255,867</u>
Non-reimbursable transportation services				
Purchased services	44,700	44,700	28,629	16,071
Supplies and maintenance	58,250	58,250	44,068	14,182
Capital outlay	25,000	25,000	-	25,000
Total non-reimbursable transportation services	<u>127,950</u>	<u>127,950</u>	<u>72,697</u>	<u>55,253</u>

(Continued)

See accompanying note to required supplementary information

CARBON COUNTY SCHOOL DISTRICT #2

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
COMPARED TO BUDGET (NON-GAAP BASIS)**

GENERAL FUND (CONTINUED)

Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
General support (Continued)				
Vehicle operation - activities				
Salaries	\$ 109,000	\$ 109,000	\$ 98,107	\$ 10,893
Employee benefits	26,171	26,171	21,602	4,569
Purchased services	13,800	13,800	10,356	3,444
Supplies and materials	50,000	50,000	46,166	3,834
Total vehicle operation - activities	<u>198,971</u>	<u>198,971</u>	<u>176,231</u>	<u>22,740</u>
Technology coordination				
Salaries	133,617	133,617	127,416	6,201
Employee benefits	65,178	65,178	62,442	2,736
Purchased services	143,750	143,750	117,811	25,939
Supplies and materials	43,300	43,300	28,410	14,890
Capital outlay	3,000	3,000	2,133	867
Total technology coordination	<u>388,845</u>	<u>388,845</u>	<u>338,212</u>	<u>50,633</u>
Total general support	<u>5,958,504</u>	<u>5,960,503</u>	<u>5,141,313</u>	<u>819,190</u>
Facilities, acquisition and construction services				
Site improvement services	16,000	16,000	-	16,000
Building improvement services	18,000	18,000	63,000	(45,000)
Total facilities, acquisition and construction services	<u>34,000</u>	<u>34,000</u>	<u>63,000</u>	<u>(29,000)</u>
Total expenditures	<u>16,983,010</u>	<u>16,983,010</u>	<u>14,666,855</u>	<u>2,316,155</u>
Excess (deficiency) of revenues over expenditures	<u>(2,291,401)</u>	<u>(2,291,401)</u>	<u>487,950</u>	<u>2,779,351</u>
Other financing sources (uses)				
Operating transfers out	(418,200)	(438,200)	(437,200)	1,000
Total other financing (uses)	<u>(418,200)</u>	<u>(438,200)</u>	<u>(437,200)</u>	<u>1,000</u>
Net change in fund balance	<u>(2,709,601)</u>	<u>(2,729,601)</u>	<u>50,750</u>	<u>2,780,351</u>
Fund balance - beginning of year	<u>3,178,391</u>	<u>3,178,391</u>	<u>3,178,391</u>	<u>-</u>
Fund balance - end of year	<u>\$ 468,790</u>	<u>\$ 448,790</u>	<u>\$ 3,229,141</u>	<u>\$ 2,780,351</u>

See accompanying note to required supplementary information

CARBON COUNTY SCHOOL DISTRICT #2

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
COMPARED TO BUDGET (NON-GAAP BASIS)**

FEDERAL AND STATE GRANTS

Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 1,253,471	\$ 1,253,471	\$ 1,229,042	\$ (24,429)
Total revenues	<u>1,253,471</u>	<u>1,253,471</u>	<u>1,229,042</u>	<u>(24,429)</u>
Expenditures				
Instruction	1,275,893	1,275,893	1,147,247	128,646
General support	1,123	1,123	30,173	(29,050)
Total expenditures	<u>1,277,016</u>	<u>1,277,016</u>	<u>1,177,420</u>	<u>99,596</u>
 Excess (deficiency) of revenues over expenditures	 (23,545)	 (23,545)	 51,622	 75,167
 Fund balance - beginning of year	 <u>23,557</u>	 <u>23,557</u>	 <u>23,557</u>	 <u>-</u>
 Fund balance - end of year	 <u>\$ 12</u>	 <u>\$ 12</u>	 <u>\$ 75,179</u>	 <u>\$ 75,167</u>

See accompanying note to required supplementary information

CARBON COUNTY SCHOOL DISTRICT #2
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
COMPARED TO BUDGET (NON-GAAP BASIS)
MAJOR MAINTENANCE
Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenues	\$ 700,700	\$ 700,700	\$ 700,700	\$ -
Miscellaneous	800	800	988	188
Total revenues	<u>701,500</u>	<u>701,500</u>	<u>701,688</u>	<u>188</u>
Expenditures				
Purchased services	<u>1,260,352</u>	<u>1,260,352</u>	360,461	899,891
Total expenditures	<u>1,260,352</u>	<u>1,260,352</u>	<u>360,461</u>	<u>899,891</u>
Excess (deficiency) of revenues over expenditures	(558,852)	(558,852)	341,227	900,079
Fund balance - beginning of year	<u>558,852</u>	<u>558,852</u>	<u>558,852</u>	-
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 900,079</u>	<u>\$ 900,079</u>

See accompanying note to required supplementary information

CARBON COUNTY SCHOOL DISTRICT #2

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2013

Note 1. Explanation of Differences Between Budgetary Basis and GAAP Basis

	<u>General Fund</u>	<u>Federal and State Gant Fund</u>	<u>Major Maintenance Fund</u>
Revenues			
Actual amounts (budgetary basis) from the Budgetary Comparison Schedule	\$ 15,154,805	\$ 1,229,042	\$ 701,688
Differences - Budget Basis to GAAP			
Accrual of accounts receivable	(51,543)	-	-
Accrual of property taxes receivable	(18,560)	-	-
Accrual of interest income	356	-	(606)
Unearned grant revenue	-	(23,060)	-
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 15,085,058</u>	<u>\$ 1,205,982</u>	<u>\$ 701,082</u>
Expenditures			
Actual amounts (budgetary basis) from the Budgetary Comparison Schedule	\$ 14,666,855	\$ 1,177,420	\$ 360,461
Differences - Budget Basis to GAAP			
Accrual of capital outlay	55,788	-	-
Accrual of accounts payable	11,093	28,562	18,548
Accrual of wages payable	6,720	-	-
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 14,740,456</u>	<u>\$ 1,205,982</u>	<u>\$ 379,009</u>

OTHER SUPPLEMENTARY INFORMATION



25% Cotton Fiber

CARBON COUNTY SCHOOL DISTRICT #2

**COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS**

June 30, 2013

	<u>Building and Grounds Improvements Fund</u>	<u>Debt Service Fund</u>
ASSETS		
Cash and cash equivalents	\$ -	\$ 318,430
Cash held by County Treasurer	-	-
Investments, at fair value	-	-
Property taxes receivable	-	-
Total assets	<u>\$ -</u>	<u>\$ 318,430</u>
 LIABILITIES AND FUND BALANCES		
Liabilities		
Deferred property tax revenue	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>-</u>	<u>-</u>
 Fund balances		
Restricted for		
BOCES	-	-
Committed for		
Future construction projects	-	-
Termination benefits	-	318,430
Total fund balances	<u>-</u>	<u>318,430</u>
 Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 318,430</u>

BOCES	Depreciation Reserve Fund	Total Other Governmental Funds
\$ 50,422	\$ 60,063	\$ 428,915
374	-	374
150,032	40,011	190,043
1,324	-	1,324
<u>\$ 202,152</u>	<u>\$ 100,074</u>	<u>\$ 620,656</u>
<u>\$ 565</u>	<u>\$ -</u>	<u>\$ 565</u>
565	-	565
201,587	-	201,587
-	100,074	100,074
-	-	318,430
<u>201,587</u>	<u>100,074</u>	<u>620,091</u>
<u>\$ 202,152</u>	<u>\$ 100,074</u>	<u>\$ 620,656</u>

CARBON COUNTY SCHOOL DISTRICT #2

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
Year Ended June 30, 2013

	Building and Grounds Improvements Fund	Debt Service Fund
	<u> </u>	<u> </u>
Revenues		
Taxes	\$ -	\$ -
Miscellaneous	-	1,054
Total revenues	<u>-</u>	<u>1,054</u>
 Expenditures		
Support services		
Pupil services	-	-
Facilities, acquisitions and construction services	13,881	-
Special termination benefits	-	42,134
Total expenditures	<u>13,881</u>	<u>42,134</u>
 Excess (deficiency) of revenues over expenditures	<u>(13,881)</u>	<u>(41,080)</u>
 Net changes in fund balances	(13,881)	78,920
 Fund balances - beginning of year	<u>13,881</u>	<u>239,510</u>
 Fund balances - end of year	<u>\$ -</u>	<u>\$ 318,430</u>

<u>BOCES</u>	<u>Depreciation Reserve Fund</u>	<u>Total Other Governmental Funds</u>
\$ 57,811	\$ -	\$ 57,811
74	21	1,149
<u>57,885</u>	<u>21</u>	<u>58,960</u>
26,856	-	26,856
-	-	13,881
-	-	42,134
<u>26,856</u>	<u>-</u>	<u>82,871</u>
<u>31,029</u>	<u>21</u>	<u>(23,911)</u>
31,029	50,021	146,089
<u>170,558</u>	<u>50,053</u>	<u>474,002</u>
<u>\$ 201,587</u>	<u>\$ 100,074</u>	<u>\$ 620,091</u>

CARBON COUNTY SCHOOL DISTRICT #2

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
COMPARED TO BUDGET (NON-GAAP BASIS)**

CAPITAL PROJECTS FUND

Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 13,663,379	\$ 13,663,379	\$ 487,693	\$(13,175,686)
Total revenues	<u>13,663,379</u>	<u>13,663,379</u>	<u>487,693</u>	<u>(13,175,686)</u>
Expenditures				
Purchased services	13,680,314	13,680,314	487,693	13,192,621
Total expenditures	<u>13,680,314</u>	<u>13,680,314</u>	<u>487,693</u>	<u>13,192,621</u>
 Excess (deficiency) of revenues over expenditures	(16,935)	(16,935)	-	16,935
 Fund balance - beginning of year	<u>16,935</u>	<u>16,935</u>	<u>16,935</u>	<u>-</u>
 Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,935</u>	<u>\$ 16,935</u>

CARBON COUNTY SCHOOL DISTRICT #2

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 COMPARED TO BUDGET (NON-GAAP BASIS)
 BUILDING AND GROUNDS IMPROVEMENTS FUND
 Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Facilities, acquisitions and construction services	13,881	13,881	13,881	-
Total expenditures	<u>13,881</u>	<u>13,881</u>	<u>13,881</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(13,881)</u>	<u>(13,881)</u>	<u>(13,881)</u>	<u>-</u>
Net changes in fund balances	(13,881)	(13,881)	(13,881)	-
Fund balance - beginning of year	<u>13,881</u>	<u>13,881</u>	<u>13,881</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CARBON COUNTY SCHOOL DISTRICT #2

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
COMPARED TO BUDGET (NON-GAAP BASIS)**

**DEBT SERVICE FUND
Year Ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest income	\$ 1,000	\$ 1,000	\$ 1,034	\$ 34
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>1,034</u>	<u>34</u>
Expenditures				
Special termination benefits	400,432	400,432	42,134	358,298
Total expenditures	<u>400,432</u>	<u>400,432</u>	<u>42,134</u>	<u>358,298</u>
Excess (deficiency) of revenues over expenditures	(399,432)	(399,432)	(41,100)	358,332
Other financing sources				
Transfers in	160,000	160,000	120,000	40,000
Total other financing sources	<u>160,000</u>	<u>160,000</u>	<u>120,000</u>	<u>40,000</u>
Net change in fund balances	(239,432)	(239,432)	78,900	398,332
Fund balance - beginning of year	<u>239,432</u>	<u>239,432</u>	<u>239,432</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 318,332</u>	<u>\$ 398,332</u>

CARBON COUNTY SCHOOL DISTRICT #2

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
COMPARED TO BUDGET (NON-GAAP BASIS)**

BOCES

Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 67,500	\$ 67,500	\$ 51,442	\$ (16,058)
Interest income	500	500	239	(261)
Total revenues	<u>68,000</u>	<u>68,000</u>	<u>51,681</u>	<u>(16,319)</u>
Expenditures				
Total expenditures	<u>243,787</u>	<u>243,787</u>	<u>26,855</u>	<u>216,932</u>
	<u>243,787</u>	<u>243,787</u>	<u>26,855</u>	<u>216,932</u>
Excess (deficiency) of revenues over expenditures	(175,787)	(175,787)	24,826	200,613
Fund balance - beginning of year	<u>175,787</u>	<u>175,787</u>	<u>175,787</u>	<u>-</u>
Fund balance - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,613</u>	<u>\$ 200,613</u>

CARBON COUNTY SCHOOL DISTRICT #2

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
COMPARED TO BUDGET (NON-GAAP BASIS)
DEPRECIATION RESERVE FUND
Year Ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest income	\$ -	\$ -	\$ 62	\$ 62
Total revenues	-	-	62	62
Expenditures				
Capital outlay	100,051	100,051	-	100,051
Total expenditures	100,051	100,051	-	100,051
Excess (deficiency) of revenues over expenditures	(100,051)	(100,051)	62	100,113
Other financing sources				
Transfers in	50,000	50,000	50,000	-
Total other financing sources	50,000	50,000	50,000	-
Net change in fund balances	(50,051)	(50,051)	50,062	100,113
Fund balance - beginning of year	50,051	50,051	50,051	-
Fund balance - end of year	\$ -	\$ -	\$ 100,113	\$ 100,113

FEDERAL AND STATE FINANCIAL ASSISTANCE REPORTS

SOUTHWORTH

25% Cotton Fiber

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CARBON COUNTY SCHOOL DISTRICT #2
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2013

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantors Number</u>	<u>Expenditures</u>
<u>U. S. Department of Agriculture</u>			
Passed Through the Wyoming Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	None	\$ 26,205
School Breakfast Program - U.S.D.A. Commodities	10.553	None	2,933
National School Lunch Program	10.555	None	99,962
National School Lunch Program - U.S.D.A. Commodities	10.555	None	11,190
Total Child Nutrition Cluster			<u>140,290</u>
Fresh Fruit and Vegetable Program	10.582	None	<u>17,424</u>
Total U.S. Department of Agriculture			<u>157,714</u>
<u>U. S. Department of Education</u>			
Passed Through the Wyoming Department of Education			
Title I, Part A Cluster			
Title I Grants to Local Educational Agencies	84.010	130402T1A00	204,775
Title I Grants to Local Educational Agencies	84.010	120402T1A00	8,466
Title I Grants to Local Educational Agencies	84.010	110402T1A00	702
Title I Grants to Local Educational Agencies	84.010	100402T1A00	501
Total Title I, Part A Cluster			<u>214,444</u>
Special Education Cluster (IDEA)			
Special Education - Grants to States	84.027	130402VIB00	71,521
Special Education - Grants to States	84.027	120402T6100	52,867
Special Education - Preschool Grants	84.173	130402T6900	633
Total Special Education Cluster (IDEA)			<u>125,021</u>
Career and Technical Education - Basic Grants to States	84.048	130402VEA00	6,171
Career and Technical Education - Basic Grants to States	84.048	120402VEA00	4,814
Total Career and Technical Education - Basic Grants to States			<u>10,985</u>

(Continued)

CARBON COUNTY SCHOOL DISTRICT #2
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Year Ended June 30, 2013

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantors Number</u>	<u>Expenditures</u>
<u>U. S. Department of Education (continued)</u>			
Passed Through the Wyoming Department of Education (continued)			
Safe and Drug-Free Schools and Communities - State Grants	84.186	None	\$ 2,487
Improving Teacher Quality State Grants	84.367	130402T2A00	80,096
Improving Teacher Quality State Grants	84.367	120402T2A00	26,101
Total Improving Teacher Quality State Grants			<u>106,197</u>
School Improvement Grants Cluster			
ARRA - School Improvement Grants, Recovery Act	84.388	1104021AGTA0	317,688
Total School Improvement Grants Cluster			<u>317,688</u>
ARRA - Education Jobs Fund, Recovery Act	84.410	110402AEDJ00	22,963
Total U.S. Department of Education			<u>799,785</u>
<u>U. S. Department of Health and Human Services</u>			
Passed Through the Wyoming Department of Education			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	None	447
Total U.S. Department of Health and Human Services			<u>447</u>
Total Federal Financial Assistance			<u>\$ 957,946</u>

Notes:
Prepared on the cash basis of accounting.
The value of non-cash awards for USDA commodities was \$14,123.



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

INDEPENDENT AUDITOR'S REPORT

Honorable Superintendent and Board of Trustees
Carbon County School District #2
Saratoga, Wyoming

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Carbon County School District #2, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Carbon County School District #2's basic financial statements, and have issued our report thereon dated December 09, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Carbon County School District #2'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 Carbon County School District #2's internal control. Accordingly, we do not express an opinion on the effectiveness of Carbon County School District #2'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 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 the 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.

Honorable Superintendent and Board of Trustees
Carbon County School District #2
Saratoga, Wyoming

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carbon County School District #2's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Porter, Muirhead, Cornia & Howard

Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming

December 09, 2013



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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

INDEPENDENT AUDITOR'S REPORT

Honorable Superintendent and Board of Trustees
Carbon County School District #2
Saratoga, Wyoming

Report on Compliance for Each Major Federal Program

We have audited Carbon County School District #2's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Carbon County School District #2's major federal programs for the year ended June 30, 2013. Carbon County School District #2's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Carbon County School District #2's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Carbon County School District #2's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Carbon County School District #2's compliance.

Opinion on Each Major Federal Program

In our opinion, Carbon County School District #2 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Carbon County School District #2 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to previously. In planning and performing our audit of compliance, we considered Carbon County School District #2's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Carbon County School District #2's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Porter, Muirhead, Cornia & Howard

Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming

December 09, 2013

CARBON COUNTY SCHOOL DISTRICT #2

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's reports issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? No

Control deficiencies identified
that are not considered to be material
weaknesses? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weaknesses identified? No

Control deficiencies identified
that are not considered to be material
weaknesses? No

Type of auditor's report issued on compliance for
major programs: Unmodified

Any audit findings disclosed that are required to be
reported in accordance with section 510 (a)
of Circular A-133? No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<i>Title I, Part A Cluster</i> 84.010	Title I Grants to Local Educational Agencies
<i>School Improvement Grants Cluster</i> 84.388 – ARRA	School Improvement Grants, Recovery Act

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

Auditee qualified as low-risk auditee? No

(Continued)

CARBON COUNTY SCHOOL DISTRICT #2

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2013

Section II – Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

CARBON COUNTY SCHOOL DISTRICT #2

SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2013

1. Summary Schedule of Prior Audit Findings

SA-2012-01

U.S. Department of Education

Passed Through the Wyoming Department of Education

84.388-ARRA School Improvements Grants, Recovery Act

Criteria:

In OMB Circular A-87, *Cost Principles for State and Local Governments*, Attachment B, section h.8. it states "where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports."

If employees split between Federal awards or a Federal award and a non-Federal award, the employee must have an after-the-fact distribution of the actual activity of each employee. They must account for the total activity of which each employee is compensated in a form such as a time and effort log. If an employee's salary or wage is solely charged to a single federal grant, the District must prepare semi-annual certifications. Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards. The compliance supplement states that amounts shown on any required reports for federal awards should include all activity of the reporting period and be supported by applicable accounting records.

It is important that the certification and time and effort logs be prepared for all Federal awards after-the-fact.

Status:

The District has corrected this issue.

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