

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO
FINANCIAL REPORT
JUNE 30, 2013

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LEO RILEY & Co.
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Laramie County School District No. Two
Pine Bluffs, 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 Laramie County School District No. Two as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Laramie County School District No. Two as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 32 through 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consists of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Laramie County School District No. Two's basic financial statements as a whole. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations* and is not a required part of the basic financial statements.

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

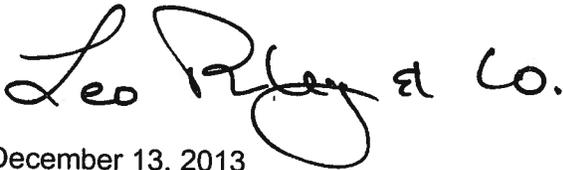
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2013 on our consideration of Laramie County School District No. Two's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Laramie County School District No. Two's internal control over financial reporting and compliance.

NOTICE

The accompanying financial statements, supplementary information and our independent auditors' reports are for the purpose of meeting local, state and federal requirements and are for the use of those entities, management, and the Board of Trustees, and should not be used or relied upon by any other party for any purpose.

Additional users of these financial statements, supplementary information, and our independent auditors' reports are hereby advised that the liability of Leo Riley & Co., CPAs to third party users who use or rely on this information may be limited pursuant to 1995 Wyo. Sess. Laws, Chapter 155 creating Wyo. Stat. §33-3-201. However, the financial statements, supplementary information, and our independent auditors' report on the financial statements are a matter of public record and their distribution is not limited.



December 13, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

LARAMIE COUNTY SCHOOL DISTRICT NO. 2

Management's Discussion and Analysis

As management of the Laramie County School District No. 2, 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 other supplementary information, which follows this section.

Financial Highlights

- The Districts total combined net assets were \$36,046,017 at June 30, 2013, which compares to \$36,100,336 at the beginning of the fiscal year, a decrease of \$54,319.
- During the year, the District's combined expenses were \$9,353 less than the \$19,601,684 generated in taxes and other revenues for governmental activities. This includes all governmental funds including the general fund, the grants fund, the major maintenance fund, and the debt service fund.
- The total cost of programs provided by the District's governmental funds was \$19,592,331.
- The District incurred additional long-term financing debt and capital leases during the year in the amount of \$317,625 and reduced its outstanding long-term debt and capital leases by \$468,807.

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 Statements

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 assets. Over time, increases or decreases in net assets 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 Enterprise Fund – Nutrition Services.

Fund Financial Statement. 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.

- **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, major maintenance fund, and capital construction fund are considered major funds and are reported as separate columns in the fund financial statements.
- **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 Enterprise Funds-Nutrition Services 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 assets and a statement of changes in fiduciary net assets. The District has two funds in this category, the Recreation District Fund and the Student Activity Fund.

- **Notes to the financial statements.** The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements.

Financial Analysis of the District as a Whole

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

Condensed Statement of Net Position	Governmental Activities	Business-Type Activities	Total School District
Current & other assets	\$4,831,668	\$0	\$4,831,668
Capital assets	\$34,569,910	\$13,523	\$34,583,433
Total assets	\$39,401,578	\$13,523	\$39,415,101
Long-term liabilities	\$472,180	\$0	\$472,180
Other liabilities	\$2,891,606	\$5,298	\$2,896,904
Total liabilities	\$3,363,786	\$5,298	\$3,369,084
Net Assets:			
Invested in capital assets, net of related debt	\$33,823,493	\$13,523	\$33,837,016
Restricted	\$368,611	\$0	\$368,611
Unrestricted	\$1,845,688	(\$5,298)	\$1,840,390
Total net assets	\$36,037,792	\$8,225	\$36,046,017

The net investment in capital assets is \$33,837,016 which is the net book value of capital assets (e.g., land, buildings, equipment) less any related debt used to acquire those assets that is still outstanding. 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 assets (1% percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets \$1,840,390 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 assets decreased by \$50,353 during the year ended June 30, 2013.

Changes in the District's Net Assets	Governmental Activities	Business-Type Activities	Total School District
General revenues:			
Taxes	\$3,875,315	\$0	\$3,875,315
Governmental aid	\$13,936,330	\$0	\$13,936,330
Mill Levy Supplement	\$0	\$0	\$0
Investment Income	\$36,662	\$0	\$36,662
Miscellaneous	\$27,856	\$0	\$27,856
Transfers	(\$83,353)	\$83,353	\$0
Loss on Disposed Assets	\$0	\$0	\$0
Total revenues	\$17,792,810	\$83,353	\$17,876,163
Expenses:			
Instruction	(\$10,280,930)	\$0	(\$10,280,930)
Instructional support	(\$1,405,915)	\$0	(\$1,405,915)
General & administration	(\$2,428,911)	\$0	(\$2,428,911)
General O & M	(\$1,499,640)	\$0	(\$1,499,640)
Pupil transportation	(\$2,208,999)	\$0	(\$2,208,999)
Community Support	(\$18,768)	\$0	(\$18,768)
School Lunch		(\$87,319)	(\$87,319)
Total expenses	(\$17,843,163)	(\$87,319)	(\$17,930,482)
Change in net position	(\$50,353)	(\$3,966)	(\$54,319)

Financial Analysis of the District's Funds

Governmental Funds:

Revenues

General fund revenues were \$17,134,773 in FY 2013, an increase of \$892,896 from FY 2012. The amount of general fund monies received in FY2013 from government aide was \$13,254,556.

Major maintenance revenue from the State of Wyoming was \$681,774. Capital construction revenue from the State of Wyoming was \$1,463.

Expenditures

The total expenditures of all governmental funds, on the modified accrual basis, were \$19,592,331 in FY 2013, an increase of \$391,683 from FY 2012.

Proprietary Fund:

The total revenue of the Food Services fund was \$391,058, which included \$211,374 of revenue from governmental sources, and \$179,684 generated from operating the food services. The expenses incurred to provide this program were \$478,377, which was primarily made up of monies paid for purchased services. The Board of Trustees made a decision to not increase the lunch prices or breakfast prices for elementary and secondary meals and to contract food service management services with Chartwells for FY2014.

General Fund Budgetary Highlights

The actual general fund revenues were \$182,225 greater than budgeted revenues. The District did not over expend its budget during the year ended June 30, 2013 in the general fund, with actual expenditures \$101,654 less than budgeted expenditures.

Capital Asset and Debt Administration

Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2013 amounts to \$34,569,909. This investment in capital assets includes land, site improvements, buildings and equipment (which include vehicles and buses), and construction.

District's Capital Assets (Governmental Activities) (net of depreciation)	
Land	\$1,343,756
Buildings and Building Improvements	\$38,214,956
Transportation equipment	\$4,121,566
Furniture and equipment	\$1,408,875

Construction in progress	\$34,839
Accumulated depreciation	(\$10,554,083)
Total	\$34,569,909

Factors Affecting the District's Future

There have been and will continue to be several factors that impact the district's financial picture. From FY2012 to FY2013, the district average daily membership used for funding purposes increased by approximately 1.3%, which impacted the revenues received from the State in FY2014. As a result, the district was able to cover salary schedule step and lane movement, increase the base salary by 1.15%, and cover the cost of health insurance and dental insurance benefits, as well as the cost of the employee's portion of the Wyoming Retirement Pension plan increase. Going forward, the Wyoming Legislature will be considering approving an inflationary increase to the funding model which could have a positive impact on the district. This is of obvious concern to the district and the issue will be closely monitored during the 2014 legislative session. Enrollment in FY2013 is currently up slightly from the previous year by approximately 2.6%.

Major Maintenance projects for next year will continue to focus on energy management systems, safety and security systems, and building program needs at various schools.

Requests for Information

The 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 address to the Business Manager, Rob Bryant, P.O. Box 489, Pine Bluffs, Wyoming, 82082.

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO

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	\$ 4,521,416	\$	\$ 4,521,416
Property taxes receivable	73,697		73,697
Due from other governments	<u>236,555</u>		<u>236,555</u>
Total current assets	<u>\$ 4,831,668</u>	<u>\$</u>	<u>\$ 4,831,668</u>
Capital assets (Note 3):			
Depreciable	\$ 43,745,397	\$ 96,973	\$ 43,842,370
Accumulated depreciation	<u>(10,554,082)</u>	<u>(83,450)</u>	<u>(10,637,532)</u>
	\$ 33,191,315	\$ 13,523	\$ 33,204,833
Non-depreciable			
Land	1,343,756		1,343,756
Construction in progress	<u>34,839</u>		<u>34,839</u>
Capital assets net	<u>\$ 34,569,910</u>	<u>\$ 13,523</u>	<u>\$ 34,583,433</u>
Total assets	<u>\$ 39,401,578</u>	<u>\$ 13,523</u>	<u>\$ 39,415,101</u>
LIABILITIES			
Current liabilities:			
Accounts payable/accrued expenses	\$ 83,779	\$ 5,298	\$ 89,077
Accrued payroll and benefits	2,015,109		2,015,109
Compensated absences	518,481		518,481
Current portion of long-term debt (Note 5)			
Capital leases	<u>274,237</u>		<u>274,237</u>
Total current liabilities	<u>\$ 2,891,606</u>	<u>\$ 5,298</u>	<u>\$ 2,896,904</u>
Noncurrent liabilities less current portion (Note 5)			
Capital lease obligations	<u>\$ 472,180</u>	<u>\$</u>	<u>\$ 472,180</u>
Total liabilities	<u>\$ 3,363,786</u>	<u>\$ 5,298</u>	<u>\$ 3,369,084</u>
NET POSITION			
Net investment in capital assets related debt	\$ 33,823,493	\$ 13,523	\$ 33,837,016
Restricted	368,611		368,611
Unrestricted	<u>1,845,688</u>	<u>(5,298)</u>	<u>1,840,390</u>
Total net position	<u>\$ 36,037,792</u>	<u>\$ 8,225</u>	<u>\$ 36,046,017</u>

(The notes to the basic financial statements are an integral part of this statement)

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
Instruction	\$ 11,339,179	\$	\$ 1,048,696	\$ 9,553	\$ (10,280,930)	\$	\$ (10,280,930)
Instructional support	1,914,124		508,209		(1,405,915)		(1,405,915)
General support							
Administration	2,515,608		86,697		(2,428,911)		(2,428,911)
Operations and maintenance	1,499,640				(1,499,640)		(1,499,640)
Transportation	2,208,999				(2,208,999)		(2,208,999)
Community support	18,768				(18,768)		(18,768)
	<u>\$ 19,496,318</u>	<u>\$</u>	<u>\$ 1,643,602</u>	<u>\$ 9,553</u>	<u>\$ (17,843,163)</u>	<u>\$</u>	<u>\$ (17,843,163)</u>
Proprietary Activities							
Food service operations	\$ 478,377	\$ 179,684	\$ 211,374	\$	\$	\$ (87,319)	\$ (87,319)
General revenues:							
Property taxes levied for							
General purposes					\$ 3,746,206	\$	\$ 3,746,206
Debt service					1,813		1,813
Recreation					127,296		127,296
State of Wyoming Foundation					13,254,556		13,254,556
State of Wyoming Major Maintenance					681,774		681,774
Investment earnings					36,662		36,662
Miscellaneous					27,856		27,856
Transfers					(83,353)	83,353	
Total general revenues					<u>\$ 17,792,810</u>	<u>\$ 83,353</u>	<u>\$ 17,876,163</u>
Changes in net position					\$ (50,353)	\$ (3,966)	\$ (54,319)
Net position - Beginning of year					36,088,145	12,191	36,100,336
Net position - End of year					<u>\$ 36,037,792</u>	<u>\$ 8,225</u>	<u>\$ 36,046,017</u>

(The notes to the basic financial statements are an integral part of this statement)

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013

	Major Funds		Non Major Fund	Total
	General Fund	Capital Construction		
ASSETS:				
Cash and cash equivalents - pooled cash	\$ 3,484,763	\$ 580,302	\$ 456,351	\$ 4,521,416
Receivables -				
Property taxes	71,714		1,982	73,696
Due from other governments	65,674		170,881	236,555
Due from other funds	49,686			49,686
Total assets	<u>\$ 3,671,837</u>	<u>\$ 580,302</u>	<u>\$ 629,214</u>	<u>\$ 4,881,353</u>
LIABILITIES:				
Accounts payable	\$ 26,894	\$	\$ 56,883	\$ 83,777
Accrued liabilities	1,861,076		154,034	2,015,110
Due to other funds			49,686	49,686
Deferred revenue	71,714			71,714
Total liabilities	<u>\$ 1,959,684</u>	<u>\$</u>	<u>\$ 260,603</u>	<u>\$ 2,220,287</u>
FUND BALANCES:				
Restricted	\$	\$	\$ 368,611	\$ 368,611
Committed				
Capital construction		580,302		580,302
Unreserved	1,712,153			1,712,153
Total fund balances	<u>\$ 1,712,153</u>	<u>\$ 580,302</u>	<u>\$ 368,611</u>	<u>\$ 2,661,066</u>
Total liabilities and fund balances	<u>\$ 3,671,837</u>	<u>\$ 580,302</u>	<u>\$ 629,214</u>	<u>\$ 4,881,353</u>

(The notes to the basic financial statements are an integral part of this statement)

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO
 RECONCILIATION OF THE BALANCE SHEET
 TO
 THE STATEMENT OF NET POSITION OF GOVERNMENTAL ACTIVITIES
 JUNE 30, 2013

Total governmental fund balance		\$ 2,661,066
Amounts reported for governmental activities in the statement of net position are different because:		
Property tax receivable is not a financial resource available and, therefore, is not reported in the funds		71,714
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:		
Capital assets		
Depreciable	\$ 33,191,315	
Nondepreciable	<u>1,378,595</u>	34,569,910
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the fund financial statements.		
Capital lease obligations	\$(518,481)	
Compensated absences	<u>(746,417)</u>	<u>(1,264,898)</u>
Net position of governmental activities		<u>\$ 36,037,792</u>

(The notes to the basic financial statements are an integral part of this statement)

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Major Funds		Non Major Fund	Total
	General Fund	Capital Construction		
REVENUES				
Taxes - Property	\$ 3,818,573	\$	\$ 129,107	\$ 3,947,680
Intergovernmental	13,254,556		2,334,930	15,589,486
Investment income	33,788	1,463	1,411	36,662
Miscellaneous	27,856			27,856
Total revenues	<u>\$ 17,134,773</u>	<u>\$ 1,463</u>	<u>\$ 2,465,448</u>	<u>\$ 19,601,684</u>
EXPENDITURES				
Instruction	\$ 9,225,376	\$	\$	\$ 9,225,376
Instructional support	1,405,571		1,048,696	2,454,267
Administrative and general support	2,420,393		508,210	2,928,603
General maintenance and operations	1,501,880		91,662	1,593,542
Transportation	2,156,321		733,529	2,889,850
Community support			18,768	18,768
Debt Service				
Principal	450,039			450,039
Interest	31,886			31,886
Total expenditures	<u>\$ 17,191,466</u>	<u>\$</u>	<u>\$ 2,400,865</u>	<u>\$ 19,592,331</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (56,693)</u>	<u>\$ 1,463</u>	<u>\$ 64,583</u>	<u>\$ 9,353</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of long-term lease obligations	\$ 317,625	\$	\$	\$ 317,625
Operating transfers	(96,123)	1,813	10,957	(83,353)
Total other financing sources (uses)	<u>\$ 221,502</u>	<u>\$ 1,813</u>	<u>\$ 10,957</u>	<u>\$ 234,272</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ 164,809</u>	<u>\$ 3,276</u>	<u>\$ 75,540</u>	<u>\$ 243,625</u>
FUND EQUITY (DEFICIT) - Beginning	<u>1,547,344</u>	<u>577,026</u>	<u>293,070</u>	<u>2,417,440</u>
FUND EQUITY (DEFICIT) - Ending	<u>\$ 1,712,153</u>	<u>\$ 580,302</u>	<u>\$ 368,610</u>	<u>\$ 2,661,065</u>

(The notes to the basic financial statements are an integral part of this statement)

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013

Net change in fund balances - total governmental funds \$ 243,625

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

Property taxes receivable not available at year end
is not recognized as revenues in the fund financial
statements

Beginning of year	\$(146,064)	
End of year	<u>73,697</u>	(24,367)

Governmental funds report capital outlay as expendi-
tures. However, in the statement of activities, the
cost of those assets is allocated over their estimated
useful lives and reported as a depreciation expense.
In the current period, these amounts are:

Capital outlay	\$ 1,059,431	
Depreciation and amortization expense	<u>(1,378,331)</u>	(318,900)

Repayment of long-term debt is reported as an expendi-
ture in governmental funds, but the repayment reduces
long term liabilities in the statement of net position. In
the current year, these amounts consist of:

Capital lease payments	450,039
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Increase in balance of accrued compensated absences not reflected as an expenditure for fund financial statements	(35,125)
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Issuance of capital lease obligations is reported as another financial source in governmental funds, but the issuance increases long-term liabilities in the statement of net position	(317,625)
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Change in net position of governmental activities	<u>\$(50,353)</u>
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(The notes to the basic financial statements are an integral part of this statement)

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2013

	<u>Enterprise Food Service</u>
ASSETS	
Current assets -	
Cash - pooled accounts	
Total current assets	<u>\$</u>
Noncurrent assets -	
Furniture and equipment	\$ 96,973
Less accumulated depreciation	(83,450)
Total noncurrent assets	<u>\$ 13,523</u>
Total assets	<u>\$ 13,523</u>
LIABILITIES	
Accounts payable	<u>\$ 5,298</u>
NET POSITION	
Net investment in capital assets	\$ 13,523
Unrestricted	<u>(5,298)</u>
Total net position	<u>\$ 8,225</u>

(The notes to the basic financial statements are an integral part of this statement)

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013

	Enterprise Food Service
OPERATING REVENUE	
Charge for sales and services	\$ 179,684
Total operating revenues	<u>\$ 179,684</u>
OPERATING EXPENSES	
Salaries	\$ 4,536
Benefits	993
Purchased services	436,672
Supplies and materials	9,501
Direct food costs	26,150
Depreciation	525
Total operating expenses	<u>\$ 478,377</u>
OPERATING INCOME (LOSS)	<u>\$(298,693)</u>
NONOPERATING REVENUES (EXPENSES)	
Government source	\$ 211,374
INCOME (LOSS) BEFORE OPERATING TRANSFERS	\$(87,319)
OPERATING TRANSFERS IN (OUT)	<u>83,353</u>
CHANGE IN NET POSITION	\$(3,966)
TOTAL NET POSITION BEGINNING	<u>12,191</u>
TOTAL NET POSITION ENDING	<u><u>\$ 8,225</u></u>

(The notes to the basic financial statements are an integral part of this statement)

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2013

	Enterprise Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from user charges	\$ 179,684
Payment to employees for wages and benefits	(5,529)
Payments to suppliers for goods and services	(468,883)
Net cash used by operating activities	<u>\$(294,728)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Operating grants received	\$ 211,375
Operating transfers	<u>83,353</u>
	<u>\$ 294,728</u>
 Net increase (decrease) in cash	 \$
CASH AT JUNE 30, 2012	<u> </u>
CASH AT JUNE 30, 2013	<u><u> </u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES	
Operating income (loss)	\$(298,693)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:	
Depreciation	525
Change in assets and liabilities	
Accounts payable	<u>3,440</u>
	<u>\$(294,728)</u>

(The notes to the basic financial statements are an integral part of this statement)

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO
STATEMENT OF AGENCY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2013

	<u>Agency Funds</u> <u>Student</u> <u>Activity</u>
Assets:	
Cash	
Investments	\$ 146,211
Total assets	<u>\$ 146,211</u>
Liabilities:	
Due to students	\$ 146,211
Total liabilities	<u>\$ 146,211</u>

(The notes to the basic financial statements are an integral part of this statement)

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the School District's significant accounting policies, consistently applied in the preparation of the accompanying financial statements follows:

Reporting Entity

The Board of Education is the basic level of government which has financial accountability and control over all activities related to public school education in the School District. The Board receives funding from local, state and federal government sources and must comply with the requirements of these funding sources. However, the Board is not included in any other governmental "reporting entity" as defined by government accounting standards board pronouncements, since Board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined by Governmental Accounting Standards Board Statement No. 14 and No. 39, which are required to be included in the School District's reporting entity.

Fund Accounting

The accounts of the School District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. School District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are combined in the accompanying financial statements into the following fund types in accordance with Governmental Accounting and Financial Reporting Standards, issued by the Governmental Accounting Standards Board.

Governmental Fund Types

General Fund - accounts for the financial resources and transactions except those required to be accounted for in other funds.

Federal and State Grants Fund - accounts for federal and state resources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Major Maintenance Fund - accounts for the resources restricted for the purpose of purchasing capital assets for construction projects and major repairs. This fund was established by the School District in accordance with Wyoming Statutes. It is funded by the State and other School District sources and accounts for various projects selected by the School District and the Wyoming Department of Education.

Debt Service Fund - accounts for the servicing of the School District's debt. Resources used to service the debt are derived from local property taxes. Principal and interest payments are disbursed from this fund to payoff long-term debt. The debt being serviced are general obligation bonds issued by the School District.

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recreation Fund - accounts for resources accumulated from the District's one mill property tax levy for recreation activities within the District.

Capital Construction Fund - accounts for the acquisition and construction of major capital facilities other than those financed by proprietary funds. These are currently funded by restricted resources from the Federal government and the State of Wyoming or funds committed by the School Board for construction.

In addition, program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Proprietary funds are used to account for the School District's business-type entities. Proprietary funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements. The Food Services Fund is considered a proprietary fund.

Fiduciary funds report assets held in a trustee or agency capacity for others and therefore cannot be used to support the School District's own programs. The Student Activities is the only fiduciary fund.

Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary and fiduciary funds financial statements. Revenues are recognized when earned and expenses are recognized 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. The statement of financial position, total assets plus the deferred outflows of resources less the total liabilities plus the deferred inflows of resources is used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position.

The government 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 government considers tax revenue to be available if collected within 60 days of the end of the fiscal period.

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from federal, state and other grants designated for payment of specific School District expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as deferred revenues until earned. Expenditures generally are recognized 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 recognized only when payment is due.

Budgets and Budgetary Accounting

The School District prepares an annual budget in accordance with the Municipal Fiscal Procedures Act, Wyoming Statute 16-4-101. Formal budgetary control procedures are employed as a management control device. The School District complies with the following procedures in establishing the budget:

- A. On or before May 15, a tentative budget is filed by the budget officer with the governing body. The budget is prepared on the cash basis of accounting.
- B. A summary of the tentative budget is entered into the minutes of the governing body and published at least one week prior to the hearing date.
- C. On the third Wednesday in July, a hearing on the budget is held.
- D. Following the public hearing, the governing body adopts the budget. In the office of the budget officer, certified copies of the adopted budget are filed for public inspection.
- E. The budgeted appropriations may not exceed the estimated expendable revenues of the fund.
- F. After publication of notice, any unencumbered or unexpended appropriation balance may be transferred by resolution.
- G. At the close of the fiscal year, remaining appropriations after expenses and encumbrances, except for capital projects, lapse. All claims at the close of the fiscal year are treated as if properly encumbered.

Cash

The District internally pools its cash accounts with each fund holding a portion of each separate bank account.

Cash with Fiscal Agent

Cash with fiscal agent represents property taxes collected and held by the Laramie County Treasurer which have not been remitted to the School District at June 30.

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are valued at cost, which approximates market value. Under Governmental Accounting Standards Statement No. 40, "Deposit and Investment Risk Disclosures", investments are categorized according to various credit risks. Investments issued or explicitly guaranteed by the U.S. government are excluded from this requirement.

Property Taxes Receivable

The School District uses the allowance method for bad debts. As virtually all accounts are collectible, no reserve has been established at June 30, 2013.

Property, Plant and Equipment

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 School District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are reported at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are reported at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets 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 is included as part of the capitalized value of the assets constructed.

Depreciation is provided for in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated useful lives on a straight-line basis. The asset lives are as follows:

Building and improvements	10 - 50 years
Transportation equipment	5 - 10 years
Furniture and equipment	5 - 10 years

Accumulated Compensated Absences

Paid leave is earned on the basis of 12 days per contract year. Employees working less than 40 hours per week are allowed days and accumulations proportionate to the number of days worked per week.

Paid leave may be taken for any reason that the employee desires, including illness, medical appointments, bereavement, personal business, and professional development.

Employees may use or accumulate paid leave up to 90 days. Any days accumulated above the maximum of 90 days will be automatically reimbursed annually after the end of the school year, at a rate of 40% of the daily BA rate, step 1 or the beginning salary step, if support staff.

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Upon termination of employment with the District at the end of a contract year, unused paid leave will be reimbursed in the same manner as above. Employees who terminate employment before the end of the contract year will forfeit any unpaid leave days that have been accumulated. A liability of \$518,481 is recorded as accrued compensated absences in the Governmental Activities.

Accrued Expenses

Salaries and benefits of the majority of employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but not paid, at June 30, 2013 are estimated to be \$1,686,008 in the General Fund and \$154,034 for the entire District. Accordingly, this amount is recorded as a liability in the accompanying basic financial statements.

Property Taxes

Property taxes attach as an enforceable lien on October 10 on property values assessed as of January 1 of each year. Taxes are levied on or before October 10 and are payable in two installments on or before November 10 and May 10 of the following year and are considered delinquent if paid after November 10 and May 10. If taxes are paid in full before December 31, no interest is assessed. The County bills and collects the District taxes and remits them to the School District.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the School District considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any of this type of item.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District does not have any of this type of item.

Net Position

Net positions represent the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources on the district-wide financial statements. Net positions are classified in the following categories:

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net investment in capital assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvements of the assets.

Restricted net position - This amount is restricted by creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted net position - This amount is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position".

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

Fund Balance

The District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance - amounts that are not in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance - amounts constrained to specific purposes by the District itself enacted by resolution of the School Board. Committed fund balances cannot be used for any other purpose unless the commitment expires as set forth in the resolution, or a new Board resolution amends the commitment.
- Assigned fund balance - amounts the School Board intends to use for a specific purpose. Intent can be expressed by the School Board or by an official or body to which the School Board delegates the authority.
- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The District utilizes restricted fund balances first followed by committed resources, and then assigned resources.

Beginning fund balances for the District's governmental funds have been restated to reflect the above classifications.

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

New GASB Pronouncements

The Governmental Accounting Standards Board has issued several new pronouncements that the District has reviewed for application to their accounting and reporting.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, is effective for periods beginning after December 15, 2011. This standard provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The District has implemented this reporting for the year ended June 30, 2013. The components of net position were renamed to reflect the requirements of this statement.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, is effective for financial statements for periods beginning after December 15, 2012. This statement improves financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting. The District has implemented this statement in the year ended June 30, 2013. This change does not result in any adjustment to prior period balances

NOTE 2. CASH AND INVESTMENTS

Cash consists of checking accounts held at institutions within the District, savings accounts, and funds held with the Wyoming Government Investment Fund. All cash deposits of the District are fully insured and collateralized at June 30, 2013.

Wyoming statute authorizes the School District to invest in obligations of the U.S. Treasury, U.S. guaranteed real estate mortgages, Farm Home Administration (FHA) insured notes, FHA debentures and savings certificates and certificates of deposit which are federally insured, or secured by a pledge of assets, provided the pledge is authorized by the FDIC or FSLIC.

NOTE 3. CHANGES IN FIXED ASSETS

The changes in fixed assets for the fiscal year ended June 30, 2013 are as follows:

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO

NOTES TO FINANCIAL STATEMENTS

NOTE 3. CHANGES IN FIXED ASSETS (Continued)

	Government Activities				Balance June 30, 2013
	Balance June 30, 2012	Additions	Deletions	Transfers	
Nondepreciable assets					
Land	\$ 1,343,756	\$	\$	\$	\$ 1,343,756
Construction in progress	194,278	34,839		(194,278)	34,839
	<u>\$ 1,538,034</u>	<u>\$ 34,839</u>	<u>\$</u>	<u>\$ (194,278)</u>	<u>\$ 1,378,595</u>
Depreciable capital assets					
Buildings and structures	\$ 37,372,149	\$ 648,529	\$	\$ 194,278	\$ 38,214,956
Transportation equipment	3,993,000	317,625	(189,059)		4,121,566
Equipment	1,350,430	58,445			1,408,875
	<u>\$ 42,715,579</u>	<u>\$ 1,024,599</u>	<u>\$ (189,059)</u>	<u>\$ 194,278</u>	<u>\$ 43,745,397</u>
Accumulated depreciation	9,364,811	1,378,331	(189,059)		10,554,083
Total	<u>\$ 33,350,768</u>	<u>\$ (353,732)</u>	<u>\$</u>	<u>\$ 194,278</u>	<u>\$ 33,191,314</u>
Total fixed assets	<u>\$ 34,888,802</u>	<u>\$ (318,893)</u>	<u>\$</u>	<u>\$</u>	<u>\$ 34,569,909</u>

The beginning balances of fixed assets and accumulated depreciation reflects changes between the asset costs and accumulated depreciation. The net position at June 30, 2012 was not affected.

Depreciation expense has been charged to the following functional programs for the year ending June 30, 2013:

Instruction	\$ 1,029,100
General support	
Administration	4,779
Operations and maintenance	6,044
Transportation	338,408
	<u>\$ 1,378,331</u>

Assets under capital leases with a cost of \$1,228,864 are included as transportation equipment.

	Enterprise Fund			Balance June 30, 2013
	Balance June 30, 2012	Additions	Deletions	
Cost				
Furniture and equipment	\$ 96,973	\$	\$	\$ 96,973
Total cost	<u>\$ 96,973</u>	<u>\$</u>	<u>\$</u>	<u>\$ 96,973</u>
Accumulated depreciation				
Furniture and equipment	\$ 82,924	\$ 526	\$	\$ 83,450
Net	<u>\$ 82,924</u>	<u>\$</u>	<u>\$</u>	<u>\$ 13,523</u>

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO

NOTES TO FINANCIAL STATEMENTS

NOTE 4. OTHER FINANCING SOURCES (USES)

A summary of other financing sources (uses) for all fund types for the fiscal year follows:

	Operating <u>Transfers In</u>	Operating <u>Transfers Out</u>
General fund	\$	\$(96,123)
Food service fund	83,353	
Capital construction fund	1,813	
State funds	12,770	
Debt service fund		(1,813)
Total	<u>\$ 97,936</u>	<u>\$(97,936)</u>

The transfers from the general fund to the food services fund of \$83,353 is to subsidize the operating shortfall of the Food Service Program during 2013. The transfer from the general fund to the State revenue fund of \$12,770 is to cover a short fall in State funding for instructional facilitators's salaries and benefits and close the gap for the State reimbursement for National Board Certified teachers' FICA and retirement.

NOTE 5. LONG-TERM DEBT

During the year ended June 30, 2013, changes in long-term debt were as follows:

	Beginning <u>Balance</u>	<u>Advances</u>	<u>Repayments</u>	Ending <u>Balance</u>
Capital leases	<u>\$ 878,823</u>	<u>\$ 317,625</u>	<u>\$ 450,031</u>	<u>\$ 746,417</u>

The general obligation bond principal and interest payments are made in the Debt Service Fund. The capital lease obligation payments are made through the General Fund.

In 2009, the School District entered into a lease contract for six buses with Wyoming Bank and Trust. The annual lease payment is \$119,676 with no remaining annual payments due June 30th. The interest rate is approximately 3.7%.

In 2009, the School District entered into a lease contract for four buses with Jonah Bank of Wyoming. The annual lease payment is \$69,853 with no remaining annual payments due on June 30th. The interest rate is approximately 3.95%.

In 2010, the School District entered into a lease contract for two buses with Wyoming Bank and Trust. The annual lease payment is \$39,831 with one remaining annual payments due on June 30th. The interest rate is approximately 3.9%.

In 2011, the School District entered into a lease contract for two buses with First Bank. The annual lease payment is \$42,610 with two remaining annual payments due June 30th. The interest rate is approximately 3.44%.

In 2011, the School District entered into a lease contract for two buses with First National Bank. The annual lease payment is \$40,598 with two remaining annual payments due June 30th. The interest rate is approximately 3.37%.

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO

NOTES TO FINANCIAL STATEMENTS

NOTE 5. LONG-TERM DEBT (Continued)

In 2012, the School District entered into a lease contract for five buses with Sun Trust Equipment. The annual lease payment is \$101,769 with three remaining annual payments due June 30th. The interest rate is approximately 2.02%.

In 2013, the School District entered into a lease contract for three buses with Wyoming Bank and Trust. The annual lease payment is \$67,367 with four remaining annual payments due June 30th. The interest rate is approximately 1.99%.

The District has entered into leases that contain termination provisions in the event funds are not appropriated. Since some leases provide for transfer of title to the District upon completion of payments and exercise of a bargain purchase option, they have been classified as capital leases.

Following is a schedule by year of future minimum lease payments under the capital leases, and the present value of the net minimum lease payments as of June 30, 2013:

Year Ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 274,237	\$ 17,940	\$ 292,177
2015	241,693	10,653	252,346
2016	164,473	4,663	83,206
2017	66,014	1,353	83,207
	<u>\$ 746,417</u>	<u>\$ 34,609</u>	<u>\$ 710,936</u>

Long-term debt is disclosed in the statement of net position as follows:

	<u>Short-Term</u>	<u>Long-Term</u>	<u>Total</u>
Capital leases	<u>\$ 274,237</u>	<u>\$ 472,180</u>	<u>\$ 746,417</u>

Interest expense for the year ending June 30, 2013 is reflected as direct expenses as follows:

Transportation	<u>\$ 31,886</u>
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NOTE 6. DEFINED BENEFIT PENSION PLAN

All School District full-time employees or regular part-time employees are eligible to participate in the Wyoming Retirement System (the System), a statewide, cost-sharing, multiple-employer public employee retirement system. The payroll for employees covered by the System for the year ended June 30, 2013 was approximately \$8,686,706; the School District's total payroll was \$9,021,974.

Employees who retire at or after age 60 with four years of credited service are entitled to a retirement benefit according to predetermined formulas and allowed to select one of five optional methods for receiving benefits. Early retirement is allowed provided the employee has completed four years of service and attained age 50, but will result in a reduction of benefits based on the length of time remaining to normal retirement age. The System also provides death and disability benefits. All benefits are established by state statutes.

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO

NOTES TO FINANCIAL STATEMENTS

NOTE 6. DEFINED BENEFIT PENSION PLAN (Continued)

Effective September 1, 2010, the District's required contribution rate was increased to 14.12% of which 7% represents the employee portion and 7.12% the employer portion. The District contributes the employee portion as a fringe benefit. Employees nearing retirement may elect to pay the employee share to the plan themselves. If this option is elected, then the employee's salary is increased by the contribution. The portion of the contribution, plus interest, paid by the School District on behalf of the employees vests immediately. The contribution, plus interest, paid by the School District on behalf of the employees under the terms of the plan is fully vested after four years of service. Employees who leave service prior to the date of vesting forfeit the School District's contributions. The contribution requirement for the year ended June 30, 2013, 2012, and 2011 was \$1,228,714, \$1,379,241, and \$1,099,790, respectively.

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among PERS and employers. The System does not make separate measurements of assets and pension benefit obligations for individual employers.

Six-year historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's January 1, 2013, Report on Actuarial Valuation.

NOTE 7. STATE DEFERRED COMPENSATION PLAN

The School District offers its employees a deferred compensation plan created in accordance with Internal Revenue Section 457. The plan, available to all regular full and part-time School District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to the employee or their beneficiaries until termination, retirement, death or unforeseeable emergency.

All compensation deferred under the plan and all income attributable to those amounts are (until paid or made available to the employee or other beneficiary) solely the property of the School District, subject only to the claims of the School District general creditors. Participants' rights under the plan are equal to those of general creditors of the School District in an amount equal to the fair market value of the deferred amount for each participant.

The plan provides diverse investment alternatives for the participant to choose from.

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO

NOTES TO FINANCIAL STATEMENTS

NOTE 8. TERMINATION BENEFITS

In prior fiscal years, the District has awarded an incentive for early retirement for eligible employees. The incentive was based upon years of service with the District and is comprised of a monthly health insurance premium paid to the District's health insurance provider in the amounts of \$333 to \$537 per month. There are currently eight former employees receiving the benefit. One member of the governing board is currently receiving these benefits.

The District has recognized a liability and expense upon election to participate in the benefit. The future estimated payments are \$174,957.

Future termination benefits will be paid as follows:

Year Ending <u>June 30,</u>	
2014	\$ 40,923
2015	39,257
2016	28,634
2017	18,920
2018	13,902
2019	9,674
2020	6,449
2021	6,449
2022	6,449
2023	4,300
	<u>\$ 174,957</u>

NOTE 9. RISK MANAGEMENT

The School District carries commercial insurance for substantially all risks of loss. Settled claims have not exceeded coverage in past fiscal years.

NOTE 10. COMMITMENTS AND RESTRICTIONS OF FUND BALANCES

The fund balances of the general fund and nonmajor funds have been committed or restricted for the following:

Committed	
Capital Construction Fund	
Capital Construction Projects	<u>\$ 580,302</u>
Restricted	
Non Major Funds	
Major Maintenance	\$(28,530)
Construction Maintenance	(3,753)
Recreation	377,104
State Grants	20,037
	<u>\$ 364,858</u>

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO

GENERAL FUND - REVENUE DETAIL -
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2013

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Local sources -				
Taxes -				
Special district taxes	\$ 2,663,463	\$ 2,663,463	\$ 2,742,277	\$ 78,814
Motor vehicle taxes	395,000	395,000	430,344	35,344
Car company taxes	36,000	36,000	35,363	(637)
Penalties and interest	5,000	5,000	12,347	7,347
	<u>\$ 3,099,463</u>	<u>\$ 3,099,463</u>	<u>\$ 3,220,331</u>	<u>\$ 120,868</u>
Other local sources -				
Interest and earnings on investments	\$ 30,000	\$ 30,000	\$ 33,664	\$ 3,664
Interest on school district funds			123	123
Rental of school facilities			80	80
Refund of prior years expenditures	20,000	20,000	6,669	(13,331)
Sale of fixed assets	12,000	12,000	9,226	(2,774)
Miscellaneous	8,500	8,500	11,171	2,671
	<u>\$ 70,500</u>	<u>\$ 70,500</u>	<u>\$ 60,933</u>	<u>\$ 9,567</u>
Total local sources	<u>\$ 3,169,963</u>	<u>\$ 3,169,963</u>	<u>\$ 3,281,264</u>	<u>\$ 111,301</u>
County sources -				
Taxes -				
County equalization taxes	\$ 421,207	\$ 421,207	\$ 397,406	\$(23,801)
Motor vehicle taxes	100,000	100,000	92,903	(7,097)
Car company taxes	1,600	1,600	1,675	75
Penalties and interest	700	700	879	179
	<u>\$ 523,507</u>	<u>\$ 523,507</u>	<u>\$ 492,863</u>	<u>\$ 30,644</u>
Other -				
Fines and forfeitures	\$ 115,000	\$ 115,000	\$ 107,784	\$(7,216)
	<u>\$ 115,000</u>	<u>\$ 115,000</u>	<u>\$ 107,784</u>	<u>\$(7,216)</u>
Total county sources	<u>\$ 638,507</u>	<u>\$ 638,507</u>	<u>\$ 600,647</u>	<u>\$(37,860)</u>
State sources -				
Foundation Program	\$ 13,145,483	\$ 13,145,483	\$ 13,161,756	\$ 16,273
Taylor Grazing	500	500	615	115
Tax shortfall			90,034	90,034
Other state revenue			2,151	2,151
Cooperative Services Grant	500	500	711	211
	<u>\$ 13,146,483</u>	<u>\$ 13,146,483</u>	<u>\$ 13,255,267</u>	<u>\$ 108,784</u>
Total state sources	<u>\$ 13,146,483</u>	<u>\$ 13,146,483</u>	<u>\$ 13,255,267</u>	<u>\$ 108,784</u>
Total revenues	<u>\$ 16,954,953</u>	<u>\$ 16,954,953</u>	<u>\$ 17,137,178</u>	<u>\$ 182,225</u>

(Continued)

(See accompanying note to budgetary comparison schedule)

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO

GENERAL FUND - EXPENDITURE DETAIL -
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2013

EXPENDITURES:	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
General Instruction -				
Elementary -				
Salaries	\$ 2,333,566	\$ 2,346,664	\$ 2,365,489	\$ (18,825)
Employee benefits	1,037,510	1,013,029	1,018,641	(5,612)
Purchased services	49,840	49,840	45,041	4,799
Supplies	73,855	57,355	44,331	13,024
Total Elementary	<u>\$ 3,494,771</u>	<u>\$ 3,466,888</u>	<u>\$ 3,473,502</u>	<u>\$ (6,64)</u>
Secondary -				
Salaries	\$ 1,626,845	\$ 1,631,731	\$ 1,620,029	\$ 11,701
Employee benefits	742,997	742,997	698,300	44,697
Purchased services	38,925	38,925	32,661	6,265
Supplies	60,710	60,710	53,345	7,365
Other objects	1,200	1,200	881	319
Total Secondary	<u>\$ 2,470,677</u>	<u>\$ 2,475,563</u>	<u>\$ 2,405,216</u>	<u>\$ 70,347</u>
Homebound -				
Salaries	\$ 24,250	\$ 27,850	\$ 27,828	\$ 22
Employee benefits	5,341	6,100	6,121	(21)
Purchased services	13,800	13,800	13,313	487
Supplies	250	250	211	39
Total Homebound	<u>\$ 43,641</u>	<u>\$ 48,000</u>	<u>\$ 47,473</u>	<u>\$ 527</u>
Vocational Education -				
Salaries	\$ 549,348	\$ 549,348	\$ 555,665	\$ (6,317)
Employee benefits	229,867	229,867	226,397	3,470
Purchased services	1,260	1,260	150	1,110
Supplies	15,080	15,080	13,524	1,556
Other objects	150	150	255	(105)
Total Vocational Education	<u>\$ 795,705</u>	<u>\$ 795,705</u>	<u>\$ 795,991</u>	<u>\$ (286)</u>
Elementary Activities -				
Salaries	\$ 16,109	\$ 16,109	\$ 15,575	\$ 534
Employee benefits	3,508	3,503	3,372	136
Purchased services	151	151	78	73
Supplies	700	700	1,353	(653)
Other objects	225	225	564	(339)
Total Elementary Activities	<u>\$ 20,693</u>	<u>\$ 20,693</u>	<u>\$ 20,942</u>	<u>\$ (249)</u>
Secondary Activities -				
Salaries	\$ 248,495	\$ 248,495	\$ 288,416	\$ (39,921)
Employee benefits	53,109	53,109	59,451	(6,342)
Purchased services	111,600	111,600	119,290	(7,690)
Supplies	37,705	37,705	44,341	(6,636)
Other objects	25,120	25,120	26,818	(1,698)
Total Secondary Activities	<u>\$ 476,029</u>	<u>\$ 476,029</u>	<u>\$ 538,316</u>	<u>\$ (62,287)</u>

(Continued)

(See accompanying notes to budgetary comparison schedule)

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO

GENERAL FUND - EXPENDITURE DETAIL -
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2013

EXPENDITURES:	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
General Instruction -				
Tuition - Distance Instruction -				
Purchased services	\$ 1,000	\$ 1,000	\$	\$ 1,000
Total Tuition - Distance Instruction	\$ 1,000	\$ 1,000	\$	\$ 1,000
Total General Instruction	\$ 7,302,516	\$ 7,283,878	\$ 7,281,440	\$ 2,438
Special Instruction -				
Exceptional Programs -				
Salaries	\$ 1,104,555	\$ 1,093,227	\$ 1,096,968	\$(3,741)
Employee benefits	708,084	708,515	674,844	33,671
Purchased services	5,550	5,550	7,899	(2,349)
Supplies	4,050	4,050	9,152	(5,102)
Total Exceptional Programs	\$ 1,822,239	\$ 1,811,342	\$ 1,788,863	\$ 22,479
Tuition - Students with Disabilities -				
Purchased services	\$ 30,000	\$ 900	\$ 808	\$ 92
Total Tuition - Students with Disabilities	\$ 30,000	\$ 900	\$ 808	\$ 92
Gifted and Talented				
Salaries	\$ 50,000	\$ 50,000	\$ 50,000	\$
Employee benefits	29,303	29,303	28,873	430
Total Gifted and Talented	\$ 79,303	\$ 79,303	\$ 78,873	\$ 430
Total Special Instruction	\$ 1,931,542	\$ 1,891,545	\$ 1,868,544	\$ 23,001
Total Instruction	\$ 9,234,058	\$ 9,175,423	\$ 9,149,984	\$ 25,439
Instructional Support -				
Guidance Services -				
Salaries	\$ 195,883	\$ 208,450	\$ 207,553	\$ 896
Employee benefits	80,962	83,528	86,506	(2,977)
Purchased services	2,750	2,750	2,167	583
Supplies	2,200	2,200	1,198	1,002
Other objects	595	595		595
Total Guidance Services	\$ 282,390	\$ 297,523	\$ 297,424	\$ 99
Counseling Services -				
Purchased services	\$ 29,000	\$ 29,000	\$ 28,762	\$ 238
Total Counseling Services	\$ 29,000	\$ 29,000	\$ 28,762	\$ 238
Health Services -				
Salaries	\$ 92,625	\$ 94,933	\$ 94,445	\$ 488
Employee benefits	33,514	33,514	33,920	(406)
Purchased services	465	5,465	3,204	2,261
Supplies	3,945	3,945	4,152	(207)
Other objects	285	285	270	15
Total Health Services	\$ 130,834	\$ 138,142	\$ 135,991	\$ 2,151

(Continued)

(See accompanying notes to budgetary comparison schedule)

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO

GENERAL FUND - EXPENDITURE DETAIL -
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2013

EXPENDITURES:	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Instructional Support -				
Psychological Testing Services -				
Salaries	\$ 67,659	\$ 67,659	\$ 67,659	\$
Employee benefits	33,148	33,148	32,778	370
Purchased services	2,500	2,500	2,359	141
Supplies	1,250	4,693	2,406	2,287
Total Psychological Testing Services	<u>\$ 104,557</u>	<u>\$ 108,000</u>	<u>\$ 105,202</u>	<u>\$ 2,798</u>
Speech Pathology Services -				
Salaries	\$ 115,010	\$ 115,010	\$ 113,389	\$ 1,621
Employee benefits	38,650	38,650	38,166	484
Purchased services	18,550	18,550	16,355	2,195
Supplies	2,225	2,225	1,263	962
Total Speech Pathology Services	<u>\$ 174,435</u>	<u>\$ 174,435</u>	<u>\$ 169,173</u>	<u>\$ 5,262</u>
Audiology Services -				
Purchased services	\$ 1,925	\$ 2,650	\$ 2,605	\$ 45
Total Audiology Services	<u>\$ 1,925</u>	<u>\$ 2,650</u>	<u>\$ 2,605</u>	<u>\$ 45</u>
Occupational/Physical Therapy Services -				
Purchased services	\$ 84,800	\$ 101,020	\$ 89,205	\$ 11,815
Supplies	75	75		75
Total Occupational/Physical Therapy Services	<u>\$ 84,875</u>	<u>\$ 101,095</u>	<u>\$ 89,205</u>	<u>\$ 11,890</u>
Instructional/Curriculum Services -				
Purchased services	\$ 46,700	\$ 68,000	\$ 72,310	\$ (4,310)
Supplies	6,000	6,000	950	5,050
Other objects	4,000	4,000		4,000
Total Instructional/Curriculum Services	<u>\$ 56,700</u>	<u>\$ 78,000</u>	<u>\$ 73,260</u>	<u>\$ 4,740</u>
Staff Development Services -				
Salaries	\$ 5,000	\$	\$	\$
Employee benefits	4,500			
Purchased services	11,780	6,280	9,197	(2,917)
Supplies	6,100	5,600	2,444	3,156
Other objects	3,700	2,900	2,369	531
Total Staff Development Services	<u>\$ 31,080</u>	<u>\$ 14,780</u>	<u>\$ 14,010</u>	<u>\$ 770</u>
Educational Media Services -				
Salaries	\$ 99,053	\$ 97,050	\$ 96,188	\$ 862
Employee benefits	88,341	90,911	90,289	622
Purchased services	1,699	1,699		1,699
Supplies	23,247	27,792	37,144	(9,352)
Other objects	315	315	128	187
Total Educational Media Services	<u>\$ 212,655</u>	<u>\$ 217,767</u>	<u>\$ 223,749</u>	<u>\$ (5,982)</u>

(Continued)

(See accompanying notes to budgetary comparison schedule)

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO

GENERAL FUND - EXPENDITURE DETAIL -
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2013

EXPENDITURES:	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Instructional Support -				
Special Education Supervision -				
Salaries	\$ 191,210	\$ 191,710	\$ 191,559	\$ 151
Employee benefits	72,372	72,372	71,838	534
Purchased services	1,100	7,018	2,713	4,305
Supplies	1,125	1,125	56	1,069
Other objects	75	75	45	30
Total Special Education Supervision	<u>\$ 265,882</u>	<u>\$ 272,300</u>	<u>\$ 266,211</u>	<u>\$ 6,089</u>
Total Instructional Support	<u>\$ 1,374,333</u>	<u>\$ 1,433,692</u>	<u>\$ 1,405,592</u>	<u>\$ 28,100</u>
Administrative and General Support -				
Central Administration -				
Salaries	\$ 174,000	\$ 174,000	\$ 173,992	\$ 8
Employee benefits	68,260	83,069	78,082	4,987
Purchased services	14,131	30,281	32,087	(1,806)
Supplies	6,550	6,550	5,463	1,087
Capital outlay	2,500	2,500	1,974	526
Other objects	3,600	3,600	1,375	2,225
Total Central Administration	<u>\$ 269,041</u>	<u>\$ 300,000</u>	<u>\$ 292,973</u>	<u>\$ 7,027</u>
School Administration -				
Salaries	\$ 680,318	\$ 682,318	\$ 683,230	\$(912)
Employee benefits	272,634	272,634	267,509	5,125
Purchased services	15,189	12,188	8,049	4,139
Supplies	80,503	72,503	66,586	5,917
Other objects	3,250	3,250	5,112	(1,862)
Total School Administration	<u>\$ 1,051,894</u>	<u>\$ 1,042,893</u>	<u>\$ 1,030,486</u>	<u>\$ 12,407</u>
Business Administration -				
Salaries	\$ 216,166	\$ 223,806	\$ 222,659	\$ 1,147
Employee benefits	85,675	85,675	85,534	141
Purchased services	3,550	5,319	3,084	2,235
Supplies	12,700	23,700	23,585	115
Capital outlay	2,500	2,500	2,999	(499)
Other objects	1,000	1,000	721	279
Total Business Administration	<u>\$ 321,591</u>	<u>\$ 342,000</u>	<u>\$ 338,582</u>	<u>\$ 3,418</u>
Board of Education Services -				
Salaries	\$ 1,650	\$ 1,650	\$ 1,546	\$ 104
Employee benefits	359	359	335	24
Purchased services	33,488	39,491	45,510	(6,019)
Supplies	18,000	18,000	17,977	23
Other objects	10,500	10,500	1,718	8,782
Total Board of Education Services	<u>\$ 63,997</u>	<u>\$ 70,000</u>	<u>\$ 67,086</u>	<u>\$ 2,914</u>

(Continued)

(See accompanying notes to budgetary comparison schedule)

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO

GENERAL FUND - EXPENDITURE DETAIL -
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2013

EXPENDITURES:	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Administrative and General Support - Election Services -				
Purchased services	\$ 1,500	\$ 1,750	\$ 1,730	\$ 20
Total Security Services	\$ 1,500	\$ 1,750	\$ 1,730	\$ 20
Supervision of Operation/Maintenance Services -				
Salaries	\$ 43,992	\$ 43,992	\$ 43,992	\$
Employee benefits	22,191	22,191	21,984	207
Purchased services	630	630	1,851	(1,221)
Supplies	2,925	3,537	2,613	924
Capital outlay		1,000	987	13
Other objects	150	150		150
Total Supervision of Operation/ Maintenance Services	\$ 69,888	\$ 71,500	\$ 71,427	\$ 73
Operating Building Services -				
Salaries	\$ 540,510	\$ 493,733	\$ 541,783	\$(48,050)
Employee benefits	260,094	260,094	254,679	5,415
Purchased services	155,916	170,070	123,435	46,635
Supplies	427,675	428,175	423,668	4,507
Capital outlay			6,200	(6,200)
Other objects	1,500	1,500	500	1,000
Miscellaneous			201	(201)
Total Operating Building Services	\$ 1,385,695	\$ 1,353,572	\$ 1,350,466	\$ 3,106
Care and Upkeep of Grounds Services -				
Salaries	\$ 28,500	\$ 28,500	\$ 23,432	\$ 5,068
Employee benefits	8,457	8,457	3,670	4,787
Purchased services	7,550	7,550	6,533	1,017
Supplies	27,650	27,650	30,064	(2,414)
Capital outlay			9,500	(9,500)
Total Care and Upkeep of Grounds Services	\$ 72,157	\$ 72,157	\$ 73,199	\$(1,042)
Security Services -				
Purchased services	\$ 2,250	\$ 2,250	\$ 7,108	\$(4,858)
Total Security Services	\$ 2,250	\$ 2,250	\$ 7,108	\$(4,858)
Vehicle Operation - To and From School -				
Salaries	\$ 682,312	\$ 682,312	\$ 684,884	\$(2,572)
Employee benefits	543,772	543,772	554,171	(10,399)
Purchased services	121,827	121,827	78,671	43,156
Supplies	391,900	378,388	379,374	(986)
Capital outlay	482,000	482,000	509,009	(27,009)
Other objects	4,800	4,800	2,650	2,150
Total Vehicle Operation - To and From School	\$ 2,226,611	\$ 2,213,099	\$ 2,208,759	\$ 4,340

(Continued)

(See accompanying notes to budgetary comparison schedule)

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO

GENERAL FUND - EXPENDITURE DETAIL -
BUDGET AND ACTUAL (NON-GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2013

EXPENDITURES:	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Administrative and General Support -				
Vehicle Operation - Activities -				
Salaries	\$ 26,000	\$ 26,000	\$ 19,264	\$ 6,736
Employee benefits	6,122	6,122	4,076	2,046
Purchased services	4,500	4,500	5,670	(1,170)
Supplies	35,025	35,025	42,887	(7,862)
Other objects	125	125	69	56
Total Vehicle Operation - Activities	<u>\$ 71,772</u>	<u>\$ 71,772</u>	<u>\$ 71,966</u>	<u>\$ (194)</u>
Non-Reimbursable Transportation Services -				
Salaries	\$ 500	\$ 500	\$ 6,580	\$ (6,080)
Employee benefits	239	239	3,668	(3,429)
Purchased services	15,002	15,002	7,713	7,289
Supplies	23,000	23,000	23,440	(440)
Other objects	500	500	14	486
Total Non-Reimbursable Transportation Services	<u>\$ 39,241</u>	<u>\$ 39,241</u>	<u>\$ 41,415</u>	<u>\$ (2,174)</u>
Technology Coordination -				
Salaries	\$ 192,213	\$ 192,213	\$ 201,498	\$ (9,285)
Employee benefits	86,296	86,296	88,077	(1,781)
Purchased services	99,000	99,000	40,886	58,114
Supplies	58,590	68,590	111,642	(43,052)
Capital outlay	206,410	187,605	160,111	27,494
Other objects	1,000	1,000	7,457	(6,457)
Total Technology Coordination	<u>\$ 643,509</u>	<u>\$ 634,704</u>	<u>\$ 609,671</u>	<u>\$ 25,033</u>
Building Acquisitions and Construction Services -				
Purchased services	\$ 5,000	\$ 5,000	\$ 6,965	\$ (1,965)
Total Building Acquisitions and Construction Services	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 6,965</u>	<u>\$ (1,965)</u>
Fund Transfers -				
Other uses	\$ 122,416	\$ 125,900	\$ 125,890	\$ 10
Total Fund Transfers	<u>\$ 122,416</u>	<u>\$ 125,900</u>	<u>\$ 125,890</u>	<u>\$ 10</u>
Total Administrative and General Support	<u>\$ 6,346,562</u>	<u>\$ 6,345,838</u>	<u>\$ 6,297,723</u>	<u>\$ 48,115</u>
Total Expenditures	<u>\$ 16,954,953</u>	<u>\$ 16,954,953</u>	<u>\$ 16,853,299</u>	<u>\$ 101,654</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$	\$	\$ 283,879	
FUND BALANCE - Beginning	<u>1,617,287</u>	<u>1,617,287</u>	<u>1,601,417</u>	
FUND BALANCE - Ending	<u>\$ 1,617,287</u>	<u>\$ 1,617,287</u>	<u>\$ 1,885,296</u>	

(See accompanying notes to budgetary comparison schedule)

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO

OTHER MAJOR FUND
 BUDGET AND ACTUAL (NON-GAAP BASIS)
 FOR THE YEAR ENDED JUNE 30, 2013

Capital Construction

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES:				
Investment income	\$ 1,552	\$ 1,552	\$ 1,463	\$(89)
FUND TRANSFERS:				
Transfers from debt service fund	<u>3,500</u>	<u>3,500</u>	<u>1,813</u>	<u>(1,687)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 5,052</u>	<u>\$ 5,052</u>	\$ 3,276	<u>\$(1,776)</u>
FUND BALANCE - Beginning			<u>577,026</u>	
FUND BALANCE - Ending			<u>\$ 580,302</u>	

(See accompanying note to budgetary comparison schedule)

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO
 NOTES TO BUDGETARY COMPARISON SCHEDULES

NOTE 1. The financial statement Statement of Revenues, Expenditures and Changes in Fund Balance on page 14 of this report is prepared on the generally accepted accounting principles (GAAP) basis. The required supplementary information - Budgetary Comparison - General Fund contained on pages 32 through 39 of this report is prepared on the legally enacted basis (cash basis). This results in differences when revenue and expenses are recognized for accounting purposes. Under the GAAP basis, revenues are recognized when measurable and available while the cash basis recognizes revenues when received. For expenditures, the GAAP basis recognizes them when incurred while the cash basis recognizes expenditures when paid.

An explanation of the differences where differences exist between budgetary inflows and outflows and revenues and expenditures determined in accordance with generally accepted accounting principles follows:

	General Fund
Resources/inflows budgetary basis	\$ 17,137,178
Differences - budget to GAAP basis	
Property taxes collections held at County Treasurer at June 30, 2012 received in the year ending June 30, 2013 included in 2013 budget data	(68,000)
Property taxes receivable at June 30, 2013 for GAAP purposes revenues not included in 2013 budget data	<u>65,674</u>
Revenues GAAP basis	<u>\$ 17,134,852</u>
Total outflows budgetary basis	\$ 16,853,299
Accrued expenses at June 30, 2012 included as an outflow in the budget information but not included as an expenditure under the GAAP basis	(28,338)
Accrued expenses at June 30, 2013 included as an expenditure in the GAAP information but not included as an outflow in the budgetary data	26,895
Assets acquired under capital leases that are included as an expenditure under the GAAP basis but not an outflow under the budgetary basis	317,625
Adjustments for accrual of termination benefits Net change	<u>118,108</u>
Total expenditures GAAP Basis (General Fund \$17,191,466 and operating transfers \$96,123)	<u>\$ 17,287,589</u>

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Debt Service	State Grants	Capital Construction	Recreation Fund	Major Maintenance	Special Revenue	Total
ASSETS:							
Cash and cash equivalents	\$	\$ 63,713	\$	\$ 375,967	\$ 16,572	\$ 99	\$ 456,351
Receivables			3,753			167,128	170,881
Property taxes				1,982			1,982
Total assets	\$	\$ <u>63,713</u>	\$ <u>3,753</u>	\$ <u>377,949</u>	\$ <u>16,572</u>	\$ <u>167,227</u>	\$ <u>629,214</u>
LIABILITIES:							
Accounts payable	\$	\$ 1,503	\$ 3,753	\$ 845	\$ 45,102	\$ 5,680	\$ 56,883
Accrued liabilities		42,173			111,861		154,034
Due to other funds					49,686		49,686
Total liabilities	\$	\$ <u>43,676</u>	\$ <u>3,753</u>	\$ <u>845</u>	\$ <u>45,102</u>	\$ <u>167,227</u>	\$ <u>260,603</u>
FUND BALANCE:							
Restricted for -	\$	\$	\$	\$	\$(28,530)	\$	\$(28,530)
Major maintenance projects				377,104			377,104
Recreation							
State grants	\$	20,037					20,037
Total fund balances	\$	\$ <u>20,037</u>	\$	\$ <u>377,104</u>	\$(<u>28,530</u>)	\$	\$ <u>368,611</u>
Total liabilities and fund balances	\$	\$ <u>63,713</u>	\$ <u>3,753</u>	\$ <u>377,949</u>	\$ <u>16,572</u>	\$ <u>167,227</u>	\$ <u>629,214</u>

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2013

	Debt Service	State Grants	Capital Construction	Recreation Fund	Major Maintenance	Special Revenue	Total
REVENUES:							
Taxes - Property	\$ 1,813	\$ 380,516	\$ 9,553	\$ 127,294	\$ 681,774	\$ 1,263,087	\$ 129,107
Intergovernmental					626		2,334,930
Investment income				785			1,411
Total revenues	<u>\$ 1,813</u>	<u>\$ 380,516</u>	<u>\$ 9,553</u>	<u>\$ 128,079</u>	<u>\$ 682,400</u>	<u>\$ 1,263,087</u>	<u>\$ 2,465,448</u>
EXPENDITURES:							
Instruction							
Instructional support		\$ 169,720				\$ 878,976	\$ 1,048,696
Administrative and general support	104	215,657				292,553	508,210
General maintenance and operations			9,553		723,976	91,558	91,662
Community support				18,768			733,529
Total expenditures	<u>\$ 104</u>	<u>\$ 385,377</u>	<u>\$ 9,553</u>	<u>\$ 18,768</u>	<u>\$ 723,976</u>	<u>\$ 1,263,087</u>	<u>\$ 2,400,865</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 1,709</u>	<u>\$ (4,861)</u>		<u>\$ 109,311</u>	<u>\$ (41,576)</u>		<u>\$ 64,583</u>
OTHER FINANCING SOURCES (USES)							
Operating transfers	\$(1,813)	\$ 12,770					\$ 10,957
Total other financing sources (uses)	<u>\$(1,813)</u>	<u>\$ 12,770</u>					<u>\$ 10,957</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$(104)</u>	<u>\$ 7,909</u>		<u>\$ 109,311</u>	<u>\$(41,576)</u>		<u>\$ 75,540</u>
FUND EQUITY (DEFICIT) - Beginning					13,046		293,071
FUND EQUITY (DEFICIT) - Ending	<u>\$</u>	<u>\$ 20,037</u>		<u>\$ 377,104</u>	<u>\$(28,530)</u>		<u>\$ 368,611</u>

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2013

<u>Federal Grant/Pass-Through Grantor</u>	<u>Federal CFDA Number</u>		<u>Federal Expenditures</u>
U.S. Department of Agriculture: Passed through Wyoming State Department of Education - National School Lunch Food Service Reimbursement	10.555	\$ 187,739	
Commodity Value (non cash)		<u>20,959</u>	\$ 208,698
Fresh Fruit and Vegetable Program	10.582		<u>23,636</u>
			<u>\$ 232,334</u>
U.S. Department of Education: Passed through Wyoming State Department of Education -			
Title 1 - Grants to Local Education Agencies Cluster	84.010		\$ 586,421
Special Education - Grants to States (IDEA Part B)	84.027 84.173	\$ 276,613 <u>1,165</u>	277,778
Perkins - Career and Technical Education	84.048		33,441
Title 2 - Improving Teacher Quality State Grants	84.367		98,324
School Improvement Grant	84.388 ARRA		<u>267,122</u>
			<u>\$ 1,263,086</u>
Total Federal Awards			<u>\$ 1,495,420</u>

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Laramie County School District No. Two and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2. NATIONAL SCHOOL LUNCH PROGRAM (10.555)

Federal reimbursement for the National School Lunch Program are based on approved rates for services provided and are not reimbursements for specific expenditures. Therefore, this amount represents cash received rather than federal expenditures.

NOTE 3. CONTINGENCIES

The School District receives funds under various federal grant programs and such assistance is to be expended in accordance with the provisions of the various grants. Compliance with the grants is subject to audit by various government agencies which may impose sanctions in the event of noncompliance. Management believes that they have complied with all aspects of the various grant provisions and the results of adjustments, if any, relating to such audits would not have a material financial impact.

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

Board of Trustees
Laramie County School District No. Two
Pine Bluffs, 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 Laramie County School District No. Two as of and for the year ended June 30, 2013, which collectively comprise Laramie County School District No. Two's basic financial statements and have issued our report thereon dated December 13, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Laramie County School District No. Two's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Laramie County School District No. Two's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Laramie County School District No. Two's internal control.

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. (13-1)

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Leo Riley & Co." The signature is written in a cursive style with a large, stylized initial 'L'.

December 13, 2013

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

Board of Trustees
Laramie County School District No. Two
Pine Bluffs, Wyoming

Report on Compliance for Each Major Federal Program

We have audited the Laramie County School District No. Two'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 Laramie County School District No. Two's major federal programs for the year ended June 30, 2013. Laramie County School District No. Two's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of 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 Laramie County School District No. Two'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 Nonprofit 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 Laramie County School District No. Two'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 Laramie County School District No. Two's compliance.

Opinion on Each Major Federal Program

In our opinion Laramie County School District No. Two complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133. Our opinion on each major federal program is not modified.

Report on Internal Control Over Compliance

Management of Laramie County School District No. Two is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Laramie County School District No. Two's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Laramie County School District No. Two's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 13-2 to be a significant deficiency.

Laramie County School District No. Two's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Laramie County School District No. Two's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Leo Riley & Co.

December 13, 2013

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2013

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Laramie County School District No. Two.
2. One significant deficiency disclosed during the audit of the financial statements is reported in the Schedule of Findings and Questioned Costs. This condition is not reported as a material weakness.
3. One significant deficiency disclosed during the audit of the major federal award programs is reported in the Schedule of Findings and Questioned Costs. This condition is not reported as a material weakness.
4. The auditors' report on compliance for the major federal award programs for Laramie County School District No. Two expresses an unqualified opinion on all major federal programs.
5. Audit findings relative to the major federal award programs for Laramie County School District No. Two are reported in this Schedule.
6. The threshold for distinguishing Types A and B programs was \$300,000.
7. The program tested as major program was U.S. Department of Education Title I (CFDA 84.010).
8. Laramie County School District No. Two was determined to be a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT

SIGNIFICANT DEFICIENCIES

13-1 Separation of Duties

Criteria: An effective internal control structure of an organization will include procedures and actions to:

1. Protect its assets against theft and waste.
2. Ensure compliance with the organization's policies, procedures and statutory requirements.
3. Evaluate the performance of personnel to promote efficient operations.
4. Ensure accurate and reliable operating and accounting data.

Separation of duties requires that someone other than the employee responsible for safeguarding the asset must maintain the accounting records for that asset. When an organization separates duties of the employees, it minimizes the probability of an error or irregularity occurring and not being timely detected.

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2013

FINDINGS - FINANCIAL STATEMENTS AUDIT (Continued)

SIGNIFICANT DEFICIENCIES (Continued)

Condition: Due to the small size of the accounting department of the School District, the possibility of adequate separation of duties over certain transaction cycles is limited.

Recommendation: While we recognize that it is impractical for the School District to achieve complete separation of duties over all transaction cycles within the School District, it is important that the Board be aware of the chance that errors and irregularities may not be timely detected.

Auditee Response: The District has separated duties to the extent possible and has implemented compensating controls to monitor the accounting activities.

FINDINGS - MAJOR FEDERAL AWARDS PROGRAMS AUDIT

DEPARTMENT OF EDUCATION

13-2 CFDA 84.010, (U.S. Department of Education Title I Cluster passed through Wyoming Department of Education).

Reportable Condition: Refer to Item 13-1 in the Findings - Financial Statements Audit for discussion regarding this item.

LARAMIE COUNTY SCHOOL DISTRICT NO. TWO

STATUS OF PRIOR YEAR FINDINGS

Significant Deficiencies

12-1 and 12-3

Separation of Duties

Ongoing comment and condition reflected as Findings 13-1 and 13-2 in current year.

Compliance and Other Matters

12-2

Budget Preparation - Grant Funds

For 2012-2103 all funds had a budget adopted in accordance with Wyoming State Statute.