

**LARAMIE COUNTY SCHOOL DISTRICT # 1**

**FINANCIAL AND COMPLIANCE REPORT**

**June 30, 2013**

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**INDEPENDENT AUDITOR'S REPORT**

Honorable Board of Trustees and Superintendent  
Laramie County School District #1  
Cheyenne, Wyoming

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Laramie County School District #1 (the "School District"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School 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.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 School District'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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the School District as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10, the budgetary comparison information on pages 44 through 46, and the schedule of funding progress on page 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining nonmajor fund financial statements, WDE 601 form reconciliation schedule, and the schedule of expenditures of Federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, WDE 601 form reconciliation schedule, and the schedule of expenditures of Federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2013 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

*Mc Gee, Heune & Paiz, LLP*

Cheyenne, Wyoming  
November 12, 2013

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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# LARAMIE COUNTY SCHOOL DISTRICT NO. 1

## Management's Discussion and Analysis

As management of the Laramie County School District No. 1, we offer readers of the District's financial statements this narrative overview and analysis of the District's financial activities 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 various supplementary information which follow this section.

### Financial Highlights

- The District's total combined net position was \$328,524,827 at June 30, 2013 which compares to \$316,382,827 at the beginning of the fiscal year, an increase of 4%.
- During the year, the District's expenses and transfers were \$11,849,622 less than the \$216,800,981 generated in taxes and other revenues for governmental activities. This includes all governmental funds including the General Fund, Grants Fund, Major Maintenance Fund, Special Building Fund, Capital Projects Fund, and Recreation Mill Fund.
- The total cost of programs provided by the District's governmental funds was \$209,610,843 on a modified accrual basis compared to \$211,352,693 on the same basis in the prior year, a decrease of 1%.
- The District incurred additional long-term financing debt during the year and had a net decrease in its outstanding long-term debt of \$3,599,615.

### 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 position. Over time, increases or decreases in *net position* may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, fluctuations from year to year need to be reviewed in light of the timing of funding.

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

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

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The fund financial statements provide more detailed information about the District's most significant funds, not the District as a whole.

# LARAMIE COUNTY SCHOOL DISTRICT NO. 1

## Management's Discussion and Analysis

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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, Grants Fund and Special Building Fund are considered major funds and are reported as separate columns in the fund financial statements. All other governmental funds of the District are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.
- **Proprietary funds.** Proprietary funds are used to account for services for which the District charges participants a fee. These funds, like the government-wide statements, provide both long- and short-term financial information. The Enterprise Fund – 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 position and a statement of changes in fiduciary net position. The District has three funds in this category, the Scholarship Fund, the Other Employee Benefits Fund and the Activities 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.

# LARAMIE COUNTY SCHOOL DISTRICT NO. 1

## Management's Discussion and Analysis

### 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 position at June 30, 2013 and 2012:

<b>Condensed Statement of Net Position</b>						
	Governmental Activities		Business-Type Activities		Total School District	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 129,553,774	\$ 121,269,948	\$ 1,750,538	\$ 1,456,678	\$ 131,304,312	\$ 122,726,626
Capital assets	264,152,053	262,590,222	641,485	632,409	264,793,538	263,222,631
<b>Total assets</b>	<b>393,705,827</b>	<b>383,860,170</b>	<b>2,392,023</b>	<b>2,089,087</b>	<b>396,097,850</b>	<b>385,949,257</b>
Other liabilities	57,605,413	56,889,189	484,164	470,173	58,089,577	57,359,362
Long-term liabilities	9,428,247	12,148,436	55,199	58,632	9,483,446	12,207,068
<b>Total liabilities</b>	<b>67,033,660</b>	<b>69,037,625</b>	<b>539,363</b>	<b>528,805</b>	<b>67,573,023</b>	<b>69,566,430</b>
Net position:						
Net investment in capital assets	264,069,517	258,908,295	641,485	632,185	264,711,002	259,540,480
Restricted	4,819,178	3,559,733	-	-	4,819,178	3,559,733
Unrestricted	57,783,472	52,354,517	1,211,175	928,097	58,994,647	53,282,614
<b>Total net position</b>	<b>\$ 326,672,167</b>	<b>\$ 314,822,545</b>	<b>\$ 1,852,660</b>	<b>\$ 1,560,282</b>	<b>\$ 328,524,827</b>	<b>\$ 316,382,827</b>

The net investment in capital assets at June 30, 2013 is \$264,711,002, which is the net book value of capital assets (e.g., land, buildings, equipment) of \$264,793,538, less any related debt used to acquire those assets that is still outstanding of \$82,536. 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, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position (approximately 1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$58,994,647, may be used to meet the District's ongoing obligations. This surplus is not an indication that the District has significant resources available to meet financial obligations next year, but rather the result of having long-term commitments that are less than currently available resources.

The District's total net position increased by \$12,142,000 during the year ended June 30, 2013. The total cost of all governmental activities this year was \$203,751,359 and of the business-type activity was \$6,357,196. The amount that taxpayers paid for these activities through property taxes, including taxes paid through the State Foundation Program, was \$188,830,697.

# LARAMIE COUNTY SCHOOL DISTRICT NO. 1

## Management's Discussion and Analysis

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total School District	
	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 547,481	\$ 523,996	\$ 2,073,879	\$ 2,336,284	\$ 2,621,360	\$ 2,860,280
Operating grants and contributions	12,101,915	15,143,911	3,365,657	3,337,469	15,467,572	18,481,380
<b>General revenues:</b>						
Taxes	29,181,460	27,742,540	-	-	29,181,460	27,742,540
Governmental aid	174,614,892	175,772,096	-	-	174,614,892	175,772,096
Gain on sale of capital assets	48,607	21,487	6,780	55	55,387	21,542
Insurance proceeds	-	525,031	-	47,348	-	572,379
Miscellaneous	306,626	274,150	3,258	5,158	309,884	279,308
Transfers	(1,200,000)	(1,000,000)	1,200,000	1,000,000	-	-
<b>Total revenues</b>	<b>215,600,981</b>	<b>219,003,211</b>	<b>6,649,574</b>	<b>6,726,314</b>	<b>222,250,555</b>	<b>225,729,525</b>
<b>Expenses:</b>						
Regular instruction	71,136,115	69,304,039	-	-	71,136,115	69,304,039
Special ed instruction	39,775,141	39,323,591	-	-	39,775,141	39,323,591
Vocational ed instruction	3,700,033	4,435,647	-	-	3,700,033	4,435,647
Other instruction	24,409	1,454,556	-	-	24,409	1,454,556
Pupil services	16,919,099	17,245,799	-	-	16,919,099	17,245,799
Instructional staff services	12,006,355	11,817,143	-	-	12,006,355	11,817,143
General admin services	1,259,463	1,269,329	-	-	1,259,463	1,269,329
School admin services	11,705,289	11,912,183	-	-	11,705,289	11,912,183
Business services	4,471,057	4,363,004	-	-	4,471,057	4,363,004
O&M of plant services	22,830,329	20,872,244	-	-	22,830,329	20,872,244
Pupil transportation	8,808,255	8,341,678	-	-	8,808,255	8,341,678
Central services	13,483,741	18,250,101	-	-	13,483,741	18,250,101
Other support services	109,614	108,590	-	-	109,614	108,590
Community services	81,523	106,838	-	-	81,523	106,838
Interest on long-term debt	95,116	107,625	-	-	95,116	107,625
Employee benefit funding	(2,654,180)	(2,272,583)	-	-	(2,654,180)	(2,272,583)
Nutrition services	-	-	6,357,196	6,738,152	6,357,196	6,738,152
<b>Total expenses</b>	<b>203,751,359</b>	<b>206,639,784</b>	<b>6,357,196</b>	<b>6,738,152</b>	<b>210,108,555</b>	<b>213,377,936</b>
<b>Changes in net position</b>	<b>\$ 11,849,622</b>	<b>\$ 12,363,427</b>	<b>\$ 292,378</b>	<b>\$ (11,838)</b>	<b>\$ 12,142,000</b>	<b>\$ 12,351,589</b>

**LARAMIE COUNTY SCHOOL DISTRICT NO. 1**

**Management's Discussion and Analysis**

**Revenue and Expense per Pupil**

	2013	2012	Total change 2013-2012
<b>Revenue:</b>			
Program revenues	\$ 1,364	\$ 1,621	\$ (257)
Taxes	2,200	2,108	92
Governmental aid	13,163	13,354	(191)
Miscellaneous	28	66	(38)
<b>Total revenue per pupil</b>	<u>\$ 16,755</u>	<u>\$ 17,149</u>	<u>\$ (394)</u>
<b>Expense per pupil</b>	<u>\$ 15,838</u>	<u>\$ 16,210</u>	<u>\$ (372)</u>
<b>Student population</b>	<u>13,266</u>	<u>13,163</u>	<u>103</u>

**Financial Analysis of the District's Funds**

Governmental Funds:

**Revenues**

General Fund revenues increased from \$184,504,817 in fiscal year 2012 to \$189,144,709 in fiscal year 2013. The District received additional State funding due to an increase in the three year rolling average which was caused by increasing student enrollment. The District also received increased funding for special education and transportation. In addition, revenue from property taxes increased due to higher assessed values.

Grants Fund revenue decreased by approximately \$1,673,000. The decrease is primarily due to the completion of the majority of the American Recovery and Reinvestment Act (ARRA) grants.

Special Building fund received reimbursement from the School Facilities Department for the purchase of land adjacent to the existing Arp Elementary in the amount of \$979,354.

**Expenditures**

The total expenditures of all governmental funds, on the modified accrual basis, were \$211,352,693 in 2012 compared to \$209,610,843 in 2013. This decrease is primarily due to expenditures for capital outlay decreasing from the prior year.

Proprietary Funds:

The total revenues of the Nutrition Services Fund decreased approximately \$77,000 from the prior year. During 2013, charges for services decreased due to decreased participation. Transfers from the General fund increased to help offset this decrease in charges for services. The amount received from the Federal government for the food service program increased slightly during 2013 due to increased reimbursement rates for providing healthier meals. The expenses incurred to provide this program decreased by approximately \$381,000 from the prior year. The result was a loss before transfers of (\$1,011,838) in 2012 compared to a loss before transfers of (\$907,622) in 2013.

# LARAMIE COUNTY SCHOOL DISTRICT NO. 1

## Management's Discussion and Analysis

### Governmental Funds Budgetary Highlights

The District amended its original budget three times during the fiscal year ended June 30, 2013. In October of 2012, the Grants Fund budget was increased by \$288,000 for revenues and expenditures related to the award of two additional grants that had not been included in the original budget. In May of 2013, \$2,500,000 of the General Fund instruction budget was moved to general support to cover the cost of additional bus purchases and lease payments. In addition, \$500,000 of the instructional support budget was moved to non-instructional support to allow funds to be transferred to the Nutrition Services Fund to help offset decreasing meal sales and rising food costs. The Nutrition Services Fund transfers revenue budget was also increased by \$500,000. In July of 2013, \$500,000 of the General Fund general support budget was moved to instruction to provide additional flexibility for year-end adjustments. In addition, \$200,000 of the Grants Fund instruction budget and \$100,000 of the instructional support budget was moved to the general support budget to clean up end of year issues.

The General Fund revenues were \$201,309 less than budgeted due to lower than projected receipts from the Department of Education for the PODER Academy charter school. The District did not over expend its budget in any program area during the year ended June 30, 2013 in any major fund.

### Capital Asset and Debt Administration

#### Capital Assets

The District completed the new Goins Elementary, roof repairs/replacements at McCormick and East, security cameras at Central and East, boiler replacement at Miller and Administration, window replacement, HVAC/PTAC upgrades and fire alarm upgrades at Administration, synthetic turf at Riske Field, fire line replacement at Central, structural repairs at Johnson, fuel system at Transportation, and a remodel of the Educational Annex during 2013.

The District's investment in capital assets for its governmental activities as of June 30, 2013 amounts to \$264,152,053 (net of accumulated depreciation). This investment in capital assets includes land, site improvements, buildings and equipment (which includes vehicles and buses).

District's Capital Assets (Governmental Activities)  
(Net of Accumulated Depreciation)

	2013	2012
Land	\$ 7,879,842	\$ 6,900,488
Site improvements	17,600,146	16,348,424
Buildings	223,844,643	216,592,813
Construction in progress	2,685,571	12,543,159
Software in progress	771,670	-
Equipment	11,370,181	10,205,338
Total	<u>\$ 264,152,053</u>	<u>\$ 262,590,222</u>

Construction in progress at June 30, 2013 includes the new Prairie Wind Elementary School, new Okie Blanchard stadium and field, South High synthetic turf, and various boiler projects. Additional information on the District's capital assets can be found in Note 3 of this report.

# LARAMIE COUNTY SCHOOL DISTRICT NO. 1

## Management's Discussion and Analysis

### Long-Term Debt

The District incurred additional debt during the fiscal year ended June 30, 2013 for buses. Additional information on the District's long-term debt can be found in Note 5 of this report.

### **Factors Affecting the District's Future**

The legislative actions for 2013-2014 set a 0.0% external cost adjustment (ECA) leaving funding at the same level as 2009-2010. The update to health insurance funding is estimated at a decrease of \$1,100,000 for the 2013-2014 school year. Special Education and Transportation cost reimbursement will increase due to increased costs. The Legislature did authorize one time only bonus funding for staff which will be funded outside the model and is estimated at \$467,000. The Legislature also increased the employee retirement contribution by .5% of which .25% will be paid by state funds under a separate appropriation beginning in September of 2013 and estimated at \$286,000.

There is a mandatory average student-teacher ratio of not greater than 16 to 1 in all K-3 classes. The Department of Education has approved the District's application for a waiver to this requirement based on insufficient school capacity. The District continues to work with the Wyoming School Facilities Department (SFD) to address capacity issues with the building of Prairie Wind Elementary. In addition, the School Facilities Commission has approved funding for 11 additional modular units for the 2013-2014 school year to help address capacity.

The Legislature has passed additional accountability and reporting requirements without additional staff funding which the District will need to meet with no budget impact.

The impact of federal sequester budget cuts on various programs is still being determined.

The PODER Academy charter school completed its first year of operation. PODER's goal is to have one additional grade and 160 students enrolled by October 1, 2013. For school year 2013-2014, PODER will be located at 2201 Morrie Avenue which is the former Triumph High School location.

Virtual school MOU's will be phased out in 2013-2014.

The District will see no cost increase in health insurance premiums for the upcoming year. The District is experiencing increasing costs in school supplies, parts, and food. With these increasing costs, the District has increased the per student allowance in school budgets by 5% for 2013-2014. The District will also increase its support of the Nutrition Service program by an estimated \$200,000 due to program changes to provide a healthier menu and negotiations. As modular units are added in 2013-2014 to help address the 16 to 1 requirement, the District will need additional certified staff. The District also plans to continue the certified tutor support to schools until the opening of Prairie Wind Elementary. The associated staffing costs are estimated at \$3,980,000. Negotiations have been completed and all contracts have been ratified by their respective members. The Board has authorized a 2.6% salary schedule increase and education advancements.

Implementation and direction of the Superintendent Charges will proceed through the 2013-2014 school year.

With regard to facilities, the District will add 11 modular units for the 2013-2014 school year. The new Prairie Wind Elementary School is moving towards opening in August of 2015. Prairie Wind will include an enhancement for a larger gym. As approved by the Board of Trustees, this enhancement will be funded with capital reserve funds. The Okie Blanchard Field and Stadium relocation will progress in 2013-2014 through a combination of SFD funds, capital reserve funds, and Cheyenne Community Recreation District grant funds.

# LARAMIE COUNTY SCHOOL DISTRICT NO. 1

## Management's Discussion and Analysis

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The District also expects to receive funding from the SFD for the planning and design of the replacement Davis Elementary and a new 5-6 elementary school. In addition, the District has plans to purchase several parcels of land to be used for future development. Major Maintenance funding will decrease for 2013-2014 by an estimated \$300,000.

The projected funding for grants is estimated at approximately a 10% reduction. The state funded grants may see a decrease due to the insurance adjustment.

The District continues to employ a wellness coordinator which is intended to slow the rising costs of health insurance.

The District had an increase in enrollment of approximately 103 students at the end of fiscal year 2013.

### **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Program Administrator of Finance, Mike Wiggam, 2810 House Ave., Cheyenne, Wyoming 82001.

**BASIC FINANCIAL STATEMENTS**

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**LARAMIE COUNTY SCHOOL DISTRICT NO. 1**  
**STATEMENT OF NET POSITION**  
June 30, 2013

	Primary Government			Component Unit PODER Academy
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 7,947,622	\$ 1,608,031	\$ 9,555,653	\$ 358,476
Cash with fiscal agent	980,617	-	980,617	-
Investments	71,141,748	-	71,141,748	-
Receivables:				
Property taxes, net of allowance	29,644,731	-	29,644,731	-
Accounts	120,212	124,483	244,695	103,494
Due from other governments	3,518,910	-	3,518,910	-
Accrued interest receivable	3,981	-	3,981	-
Internal balances	271,492	(271,492)	-	-
Inventory	301,795	287,146	588,941	-
Prepaid items	15,622,666	2,370	15,625,036	-
Total current assets	<u>129,553,774</u>	<u>1,750,538</u>	<u>131,304,312</u>	<u>461,970</u>
Noncurrent assets:				
Land and construction and software in progress	11,337,083	-	11,337,083	123,259
Depreciable buildings, vehicles and equipment	341,737,888	1,120,411	342,858,299	-
Less: accumulated depreciation	(88,922,918)	(478,926)	(89,401,844)	-
Total noncurrent assets	<u>264,152,053</u>	<u>641,485</u>	<u>264,793,538</u>	<u>123,259</u>
Total assets	<u>\$ 393,705,827</u>	<u>\$ 2,392,023</u>	<u>\$ 396,097,850</u>	<u>\$ 585,229</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	\$ 6,668,787	\$ 116,177	\$ 6,784,964	\$ 173,276
Accrued liabilities	19,931,324	359,745	20,291,069	40,453
Due to external parties	198,787	-	198,787	-
Deferred revenue	29,608,025	-	29,608,025	-
Deposits held for others	752,269	-	752,269	-
Current portion of compensated absences	426,090	8,242	434,332	-
Current portion of capital lease obligations	20,131	-	20,131	-
Total current liabilities	<u>57,605,413</u>	<u>484,164</u>	<u>58,089,577</u>	<u>213,729</u>
Noncurrent liabilities:				
Noncurrent portion of compensated absences	2,265,765	55,199	2,320,964	-
Noncurrent portion of capital lease obligations	62,405	-	62,405	-
Net pension and OPEB obligation	7,100,077	-	7,100,077	-
Total noncurrent liabilities	<u>9,428,247</u>	<u>55,199</u>	<u>9,483,446</u>	<u>-</u>
Total liabilities	<u>67,033,660</u>	<u>539,363</u>	<u>67,573,023</u>	<u>213,729</u>
<b>NET POSITION</b>				
Net investment in capital assets	264,069,517	641,485	264,711,002	123,259
Restricted for:				
Capital projects	4,372,065	-	4,372,065	-
Other purposes	447,113	-	447,113	-
Unrestricted	57,783,472	1,211,175	58,994,647	248,241
Total net position	<u>326,672,167</u>	<u>1,852,660</u>	<u>328,524,827</u>	<u>371,500</u>
Total liabilities and net position	<u>\$ 393,705,827</u>	<u>\$ 2,392,023</u>	<u>\$ 396,097,850</u>	<u>\$ 585,229</u>

See Accompanying Notes to Financial Statements

**LARAMIE COUNTY SCHOOL DISTRICT NO. 1**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental activities:</b>				
Instruction				
Regular instruction	\$ 71,136,115	\$ 449,304	\$ 4,082,203	\$ -
Special education instruction	39,775,141	-	2,270,882	-
Vocational education	3,700,033	-	211,268	-
Other instruction	24,409	-	-	-
<b>Total instruction</b>	<b>114,635,698</b>	<b>449,304</b>	<b>6,564,353</b>	<b>-</b>
Support services				
Pupil services	16,919,099	27,114	968,341	-
Instructional staff services	12,006,355	-	691,839	-
General administration services	1,259,463	-	71,991	-
School administration services	11,705,289	-	667,061	-
Business services	4,471,057	25,490	293,686	-
Operation & maintenance of plant services	22,830,329	35,602	1,486,255	-
Pupil transportation services	8,808,255	9,971	764,728	-
Central services	13,483,741	-	582,801	-
Other support services	109,614	-	6,212	-
Community services	81,523	-	4,648	-
Interest on long term debt	95,116	-	-	-
Employee benefit funding	(2,654,180)	-	-	-
<b>Total support services</b>	<b>89,115,661</b>	<b>98,177</b>	<b>5,537,562</b>	<b>-</b>
<b>Total governmental activities</b>	<b>203,751,359</b>	<b>547,481</b>	<b>12,101,915</b>	<b>-</b>
<b>Business-type activities:</b>				
Nutrition services	6,357,196	2,073,879	3,365,657	-
<b>Total business-type activities</b>	<b>6,357,196</b>	<b>2,073,879</b>	<b>3,365,657</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 210,108,555</b>	<b>\$ 2,621,360</b>	<b>\$ 15,467,572</b>	<b>\$ -</b>
<b>Component Unit:</b>				
PODER Academy	\$ 1,223,297	18,477	103,494	-

**General Revenues:**

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for specific purposes:

Recreation mill

Federal, State and Local aid not restricted to specific purposes:

Federal

State Foundation Program

State, other

County

Local

Gain on sale of capital assets

Interest and investment earnings

Miscellaneous

Subtotal, general revenues

Transfers

**Total general revenues, transfers and special items**

**Changes in net position**

Net position, beginning of year

Net position, end of year

See Accompanying Notes to Financial Statements

**Net (Expenses) Revenue and  
Changes in Net Position**

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	PODER Academy
\$ (66,604,608)	\$ -	\$ (66,604,608)	\$ -
(37,504,259)	-	(37,504,259)	-
(3,488,765)	-	(3,488,765)	-
(24,409)	-	(24,409)	-
<u>(107,622,041)</u>	<u>-</u>	<u>(107,622,041)</u>	<u>-</u>
(15,923,644)	-	(15,923,644)	-
(11,314,516)	-	(11,314,516)	-
(1,187,472)	-	(1,187,472)	-
(11,038,228)	-	(11,038,228)	-
(4,151,881)	-	(4,151,881)	-
(21,308,472)	-	(21,308,472)	-
(8,033,556)	-	(8,033,556)	-
(12,900,940)	-	(12,900,940)	-
(103,402)	-	(103,402)	-
(76,875)	-	(76,875)	-
(95,116)	-	(95,116)	-
2,654,180	-	2,654,180	-
<u>(83,479,922)</u>	<u>-</u>	<u>(83,479,922)</u>	<u>-</u>
<u>(191,101,963)</u>	<u>-</u>	<u>(191,101,963)</u>	<u>-</u>
-	(917,660)	(917,660)	-
-	(917,660)	(917,660)	-
<u>(191,101,963)</u>	<u>(917,660)</u>	<u>(192,019,623)</u>	<u>-</u>
-	-	-	(1,101,326)
28,058,380	-	28,058,380	-
1,123,080	-	1,123,080	-
416,876	-	416,876	-
159,649,237	-	159,649,237	1,527,987
5,824,681	-	5,824,681	-
8,536,068	-	8,536,068	-
188,030	-	188,030	-
48,607	6,780	55,387	-
97,438	3,258	100,696	-
209,188	-	209,188	2,176
<u>204,151,585</u>	<u>10,038</u>	<u>204,161,623</u>	<u>1,530,163</u>
(1,200,000)	1,200,000	-	-
<u>202,951,585</u>	<u>1,210,038</u>	<u>204,161,623</u>	<u>1,530,163</u>
11,849,622	292,378	12,142,000	428,837
314,822,545	1,560,282	316,382,827	(57,337)
<u>\$ 326,672,167</u>	<u>\$ 1,852,660</u>	<u>\$ 328,524,827</u>	<u>\$ 371,500</u>

**LARAMIE COUNTY SCHOOL DISTRICT NO. 1**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2013**

	<u>Major Funds</u>			<u>Other Non-major Funds</u>
	<u>General Fund</u>	<u>Grants Fund</u>	<u>Special Building Fund</u>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,108,545	\$ 478,824	\$ 3,873,368	\$ 1,486,885
Cash with fiscal agent	926,167	27,916	-	26,534
Investments	44,696,830	2,030,468	17,783,841	6,630,609
Receivables				
Property taxes	28,718,452	926,279	-	-
Accounts	120,212	-	-	-
Due from other governments	-	3,321,609	-	197,301
Accrued interest receivable	3,981	-	-	-
Due from other funds	3,384,306	-	120,690	500,000
Inventory	301,795	-	-	-
Prepaid items	15,615,444	7,222	-	-
<b>Total assets</b>	<b><u>\$ 95,875,732</u></b>	<b><u>\$ 6,792,318</u></b>	<b><u>\$ 21,777,899</u></b>	<b><u>\$ 8,841,329</u></b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 4,991,462	\$ 332,273	\$ 516,203	\$ 828,849
Accrued liabilities	17,980,518	1,950,806	-	-
Due to other funds	-	3,341,001	-	591,290
Deferred revenue	28,646,031	2,835,168	-	182,813
Deposits held for others	-	-	-	752,269
<b>Total liabilities</b>	<b><u>51,618,011</u></b>	<b><u>8,459,248</u></b>	<b><u>516,203</u></b>	<b><u>2,355,221</u></b>
<b>Fund balances:</b>				
<b>Nonspendable:</b>				
Inventories	301,795	-	-	-
Prepaid items	15,615,444	7,222	-	-
<b>Restricted for:</b>				
Grants	-	571,704	-	-
CCRD projects	-	-	-	2,114,043
Major maintenance projects	-	-	-	4,534,461
Capital projects	-	-	-	837,707
<b>Committed to:</b>				
Driver's education reserve	-	-	47,404	-
Music uniform reserve	-	-	139,552	-
Equipment reserve	-	-	6,154,759	-
Career and technical education reserve	-	-	4,001	-
Future land purchases	-	-	2,352,457	-
District enhancements	-	-	12,563,523	-
Assigned	5,228,627	-	-	-
Unassigned	23,111,855	(2,245,856)	-	(1,000,103)
<b>Total fund balances</b>	<b><u>44,257,721</u></b>	<b><u>(1,666,930)</u></b>	<b><u>21,261,696</u></b>	<b><u>6,486,108</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 95,875,732</u></b>	<b><u>\$ 6,792,318</u></b>	<b><u>\$ 21,777,899</u></b>	<b><u>\$ 8,841,329</u></b>

See Accompanying Notes to Financial Statements

**Total  
Governmental  
Funds**

\$ 7,947,622  
980,617  
71,141,748

29,644,731  
120,212  
3,518,910  
3,981  
4,004,996  
301,795  
15,622,666

\$ 133,287,278

\$ 6,668,787  
19,931,324  
3,932,291  
31,664,012  
752,269

62,948,683

301,795  
15,622,666

571,704  
2,114,043  
4,534,461  
837,707

47,404  
139,552  
6,154,759  
4,001  
2,352,457  
12,563,523  
5,228,627  
19,865,896

70,338,595

\$ 133,287,278

**LARAMIE COUNTY SCHOOL DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2013**

	<u>Major Funds</u>			<u>Other Non-major Funds</u>
	<u>General Fund</u>	<u>Grants Fund</u>	<u>Special Building Fund</u>	
<b>Revenues</b>				
Taxes	\$ 28,152,101	\$ 1,123,080	\$ -	\$ -
Intergovernmental revenues	159,792,330	17,100,225	983,954	9,006,560
Charges for services	547,481	-	-	-
Indirect cost reimbursement	463,050	-	-	-
Investment earnings	56,290	3,552	32,180	5,416
Miscellaneous	133,457	220,431	21,074	54,657
<b>Total revenues</b>	<u>189,144,709</u>	<u>18,447,288</u>	<u>1,037,208</u>	<u>9,066,633</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	70,543,686	858,866	-	-
Special education	31,586,425	8,213,660	-	-
Vocational education	3,499,872	163,403	-	-
Other instruction	24,409	-	-	-
Support services:				
Pupil services	16,416,125	561,167	-	-
Instructional staff services	5,831,380	6,293,643	-	-
General administration services	1,262,563	-	-	-
School administration services	11,456,468	242,294	-	-
Business services	4,287,011	463,050	-	-
Operation & maintenance of plant services	19,724,077	34,454	9,000	5,635,514
Pupil transportation services	7,797,131	-	-	-
Central services	4,799,058	111,761	-	-
Other support services	101,848	-	-	-
Community services	196	80,496	-	831
Employee benefit funding	(2,654,180)	-	-	-
Capital outlay	3,165,004	41,895	2,642,139	2,613,568
Debt service:				
Principal	3,684,174	24,739	-	-
Interest and other charges	93,597	1,519	-	-
<b>Total expenditures</b>	<u>181,618,844</u>	<u>17,090,947</u>	<u>2,651,139</u>	<u>8,249,913</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,525,865</u>	<u>1,356,341</u>	<u>(1,613,931)</u>	<u>816,720</u>
<b>Other financing sources (uses)</b>				
Operating transfers in (out)	(4,312,928)	(1,133,040)	4,026,544	219,424
Proceeds from capital leases	109,522	-	-	-
Proceeds from sale of capital assets	55,584	-	-	-
<b>Total other financing sources (uses)</b>	<u>(4,147,822)</u>	<u>(1,133,040)</u>	<u>4,026,544</u>	<u>219,424</u>
<b>Net change in fund balances</b>	3,378,043	223,301	2,412,613	1,036,144
Fund balances, July 1, 2012	<u>40,879,678</u>	<u>(1,890,231)</u>	<u>18,849,083</u>	<u>5,449,964</u>
Fund balances, June 30, 2013	<u>\$ 44,257,721</u>	<u>\$ (1,666,930)</u>	<u>\$ 21,261,696</u>	<u>\$ 6,486,108</u>

See Accompanying Notes to Financial Statements

**Total  
Governmental  
Funds**

\$ 29,275,181  
186,883,069  
547,481  
463,050  
97,438  
429,619

217,695,838

71,402,552  
39,800,085  
3,663,275  
24,409

16,977,292  
12,125,023  
1,262,563  
11,698,762  
4,750,061  
25,403,045  
7,797,131  
4,910,819  
101,848  
81,523  
(2,654,180)  
8,462,606

3,708,913  
95,116

209,610,843

8,084,995

(1,200,000)  
109,522  
55,584

(1,034,894)

7,050,101

63,288,494

\$ 70,338,595

**LARAMIE COUNTY SCHOOL DISTRICT NO. 1  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
June 30, 2013**

Total Governmental Fund Balances	\$ 70,338,595
<p>Amounts reported for <i>governmental activities</i> in the statement of net position are different because:</p>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	264,152,053
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Capital lease obligations	(82,536)
Compensated absences	(2,691,855)
Net pension and OPEB obligation	(7,100,077)
Property tax receivables that do not provide current financial resources are offset by deferred revenues in the funds.	124,984
Intergovernmental receivables that do not provide current financial resources are offset by deferred revenues in the funds.	<u>1,931,003</u>
Net Position of Governmental Activities	<u><u>\$ 326,672,167</u></u>

**LARAMIE COUNTY SCHOOL DISTRICT NO. 1  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2013**

Net change in fund balances—total governmental funds \$ 7,050,101

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Total capitalized assets	11,858,507
Amount of depreciation expense for the year	<u>(10,289,699)</u>
	<u>1,568,808</u>

Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position, as follows:

Total of capital leases issued during the year	(109,522)
Reduction to principal of capital leases	<u>3,708,913</u>
	<u>3,599,391</u>

Governmental funds do not report gains and losses on sales or retirements of fixed assets. However, the statement of activities reports these amounts.

(6,977)

The change in the liability for compensated absences is not reported in the governmental funds, but reduces the liability in the statement of net position.

8,998

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

(93,721)

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

(849,743)

The change in the liability for net pension and OPEB obligation is not reported in the governmental funds, but decreases the liability in the statement of net position.

572,765

Change in net position of governmental activities

\$ 11,849,622

**LARAMIE COUNTY SCHOOL DISTRICT NO. 1**  
**BALANCE SHEET**  
**PROPRIETARY FUNDS**  
**June 30, 2013**

	<b>Business-type Activities - Enterprise Fund</b>
	<b>Nutrition Services</b>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 1,608,031
Receivables:	
Accounts	124,483
Inventory	287,146
Prepaid items	2,370
Total current assets	2,022,030
Capital assets:	
General equipment	1,120,411
Less accumulated depreciation	(478,926)
Total capital assets	641,485
Total assets	\$ 2,663,515
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 116,177
Accrued liabilities	359,745
Due to other funds	271,492
Compensated absences	8,242
Total current liabilities	755,656
Noncurrent liabilities:	
Compensated absences	55,199
Total liabilities	810,855
<b>NET POSITION</b>	
Net investment in capital assets	641,485
Unrestricted	1,211,175
Total net position	1,852,660
Total liabilities and net position	\$ 2,663,515

See Accompanying Notes to Financial Statements

**LARAMIE COUNTY SCHOOL DISTRICT NO. 1**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2013**

	<b>Business-type            Activities -            Enterprise Fund</b> <hr/> <b>Nutrition            Services</b> <hr/>
Operating revenues:	
Charges for services	\$ 2,073,879
Total operating revenues	<hr/> <u>2,073,879</u>
Operating expenses:	
Salaries	2,070,958
Fringe benefits	1,268,974
Purchased services	90,475
Materials and supplies	351,261
Direct food costs	2,492,017
Other expenses	399
Depreciation	83,112
Total operating expenses	<hr/> <u>6,357,196</u>
Operating income (loss)	<hr/> <u>(4,283,317)</u>
Nonoperating revenues:	
Donated commodities	311,821
Operating grants	3,053,836
Interest revenue	3,258
Gain on sale of capital assets	6,780
Total nonoperating revenues	<hr/> <u>3,375,695</u>
Income (loss) before transfers	(907,622)
Transfers in (out)	<hr/> <u>1,200,000</u>
Change in net position	292,378
Total net position, July 1, 2012	1,560,282
Total net position, June 30, 2013	<hr/> <u>\$ 1,852,660</u>

See Accompanying Notes to Financial Statements

**LARAMIE COUNTY SCHOOL DISTRICT NO. 1**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2013**

	<u>Business-type Activities - Enterprise Fund Nutrition Services</u>
<b>Cash flows from operating activities:</b>	
Receipts from customers	\$ 2,081,648
Payments to employees	(2,350,269)
Payments for fringe benefits	(1,266,032)
Payments to suppliers	(2,667,965)
	<u>(4,202,618)</u>
<b>Net cash used by operating activities</b>	
<b>Cash flows from noncapital financing activities:</b>	
Operating grants	2,989,152
Transfers in (out)	1,200,000
	<u>4,189,152</u>
<b>Net cash provided by noncapital financing activities</b>	
<b>Cash flows from capital and related financing activities:</b>	
Acquisition of capital assets	(92,189)
Principal payments on capital lease obligation	(224)
Proceeds from sale of capital assets	6,780
	<u>(85,633)</u>
<b>Net cash used by capital and related financing activities</b>	
<b>Cash flows from investing activities:</b>	
Interest revenue	3,258
	<u>3,258</u>
<b>Net cash provided by investing activities</b>	
	<u>(95,841)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	
Cash and cash equivalents, July 1, 2012	1,703,872
Cash and cash equivalents, June 30, 2013	<u>\$ 1,608,031</u>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>	
Operating loss	\$ (4,283,317)
<b>Adjustments to reconcile operating loss to net cash used by operating activities:</b>	
Commodity subsidy	311,821
Depreciation	83,112
<b>Change in assets and liabilities:</b>	
Inventory	(41,199)
Prepays	291
Accounts payable	3,335
Accrued liabilities	14,824
Due to other funds	(284,109)
Compensated absences	(7,376)
	<u>(4,202,618)</u>
<b>Net cash used by operating activities</b>	

See Accompanying Notes to Financial Statements

**LARAMIE COUNTY SCHOOL DISTRICT NO. 1**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**June 30, 2013**

	<u>Other Employee Benefits</u>	<u>Private Purpose Trust</u>	<u>Agency Funds</u>
<b>ASSETS</b>			
Cash	\$ 720,293	\$ 9,219	\$ 830,861
Due from other funds	-	199,157	-
Investments	443	184,993	-
Total assets	<u>\$ 720,736</u>	<u>\$ 393,369</u>	<u>\$ 830,861</u>
<b>LIABILITIES</b>			
Due to student groups	\$ -	\$ -	\$ 830,861
Due to other funds	370	-	-
Accounts payable	180	-	-
Total liabilities	<u>550</u>	<u>-</u>	<u>\$ 830,861</u>
<b>NET POSITION</b>			
Held in trust for employee benefits and other purposes	<u>\$ 720,186</u>	<u>\$ 393,369</u>	

See Accompanying Notes to Financial Statements

**LARAMIE COUNTY SCHOOL DISTRICT NO. 1**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**For the Year Ended June 30, 2013**

	<b>Other Employee Benefits</b>	<b>Private Purpose Trust</b>
<b>Additions:</b>		
Contributions - others	\$ -	\$ 4,155
Interest	822	3,455
	822	7,610
<b>Total additions</b>		
<b>Deductions:</b>		
Scholarships	-	3,087
Central services	181,894	-
	181,894	3,087
<b>Total deductions</b>		
Change in net position	(181,072)	4,523
Net position, July 1, 2012	901,258	388,846
Net position, June 30, 2013	\$ 720,186	\$ 393,369

See Accompanying Notes to Financial Statements

**NOTES TO FINANCIAL STATEMENTS**

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# LARAMIE COUNTY SCHOOL DISTRICT NO. 1

## NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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### **Note 1. Summary of Significant Accounting Policies**

#### **Reporting Entity**

The Board of Trustees (Board), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of Laramie County School District No. 1 (District). The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District serves as the nucleus for the reporting entity for its financial statements. The District is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board (GASB). As required by accounting principles generally accepted in the United States of America, these financial statements present the District and its component units, for which the District is considered to be financially accountable. Blended component units, although legally separate units, are, in substance, part of the District's operations and so data from these units are combined with data of the primary government. The discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the District.

**Blended Component Unit** – The Cheyenne Community Recreation District (CCRD) provides funding to the Cheyenne community for recreation projects, which may include facilities, construction, programs and equipment. The Board appoints all five members of CCRD's Governing Board. CCRD is fiscally dependent on the District because the District's Board must approve annually a one mill levy which provides CCRD's funding. CCRD is reported as a special revenue fund. The component unit has a June 30 year end.

**Discretely Presented Component Unit** – The PODER Academy is a legally separate charter school served by a Board of Trustees. PODER is responsible for the development of curriculum, hiring and termination of staff, budget adoption, authorization of expenditures, and the financing of deficits. Transportation and Nutrition Services are contracted through the District. Based on the significant resources and services provided by the District, as well as the ultimate responsibility for the education of the students, PODER is presented as a component unit of the District. The component unit has a June 30 year end. No separate financial statements are available for PODER.

#### **Basis of Presentation**

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

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

# LARAMIE COUNTY SCHOOL DISTRICT NO. 1

## NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

#### **Basis of Presentation (Continued)**

The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The District reports the following major governmental funds:

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

The Grants Fund accounts for federal, state and local grants and other resources whose use is restricted for a particular purpose.

The Special Building Fund accounts for resources received from other funds and outside sources which are used to fund miscellaneous capital projects. In addition, this fund accounts for resources received from other funds which are used to fund various reserves.

The other governmental funds of the District account for other resources whose use is restricted to a particular purpose.

In addition, the District reports the following fund types:

**Proprietary Funds** – Proprietary funds focus on the determination of the changes in net position, financial position and cash flows. The District's proprietary fund includes an enterprise fund. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The District's enterprise fund is the Nutrition Services Fund which accounts for the financial transactions related to the food service operations of the District.

#### **Fiduciary Funds**

**Employee Benefits Fund** – This fund is used to account for amounts received that are to be used solely for wellness benefits for District employees.

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

**Agency Fund** – The Agency Fund accounts for resources held in a custodial capacity by the District and consists of funds that are the property of students and student groups.

# LARAMIE COUNTY SCHOOL DISTRICT NO. 1

## NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

#### **Measurement Focus, Basis of Accounting**

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

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the District receives value without directly giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, property taxes are recognized as revenues at the levy date. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are generally recognized when they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded as the liabilities are incurred, if measurable.

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

#### **Assets, Liabilities and Net Position or Equity**

##### ***Cash and Investments***

Cash consists of demand deposit accounts, money market accounts and petty cash. Investments are carried at fair value and consist primarily of certificates of deposit and investments in external investment pools.

##### ***Cash and Cash Equivalents***

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

##### ***Cash with Fiscal Agent***

Cash with fiscal agent in the General and Grants Funds represents property taxes collected and held by the Laramie County Treasurer which have not been remitted to the District at June 30. Cash with fiscal agent in the other non-major fund represents amounts deposited in retainage accounts that are held in the name of the District and contractors.

LARAMIE COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

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

***Inventories***

Inventories are stated at average cost for the Enterprise Fund and the General Fund. All inventories are accounted for using the consumption method by which inventory acquisitions are recorded in inventory accounts when purchased or received by other means and are charged to expense when consumed or sold.

***Accounts Receivable***

The District considers all accounts receivable to be fully collectible at June 30, 2013 and, therefore no allowance for doubtful accounts is deemed necessary. There are no receivables in excess of 90 days past due.

***Interfund Balances***

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

***Capital Assets***

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

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated. The District maintains a capitalization threshold of \$100,000 for buildings, \$50,000 for site improvements and software, and \$5,000 for equipment and vehicles. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets, except land, construction in progress and software in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Building and improvements	10-50 years
Equipment and vehicles	5-10 years
Software	3 years

LARAMIE COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

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

***Compensated Absences***

Compensated absences are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means, such as payment for unused accumulated vacation leave upon termination of services. As the District does not liquidate their liability for compensated absences until leave is actually taken or the employee terminates, no expenditure or liability is recorded in the governmental funds until they are paid or, in the case of termination payments for unused leave, due for payment. However, on the government-wide financial statements, the expenditure and related liability are recorded.

Vacation leave is granted with pay to all employees working on a twelve-month basis as specified in negotiated agreements between recognized representatives of the employee units and the Board. All vacation time is cumulative and may be carried into subsequent years in accordance with negotiated agreements. Any vacation accrued at separation shall be paid at that time.

Sick leave and leave for personal circumstances with pay, not connected with sick leave, are granted to employees at various terms and rates according to the negotiated agreements for each unit. Sick leave may be accrued from year to year by employees without limit; however, employees are not compensated for unused sick leave upon termination of employment, except employees who retire after ten consecutive years of full-time employment with the district immediately prior to separation. Sick leave is paid from \$20-\$40 per day, dependent on the number of unused sick days, for unused sick leave up to a maximum of 250 days. Sick leave is paid at the daily rate for the Superintendent and Assistant Superintendents.

***Accrued Liabilities and Long-Term Obligations***

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

Payables and accrued liabilities that will be paid from governmental funds are generally reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. Liabilities that mature or come due for payment during the fiscal year are generally considered to have been made with current available financial resources. Long-term capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

***Fund Balance***

The District reports fund balance in the governmental fund financial statements in one of the following five categories. Nonspendable fund balance represents amounts that are not in spendable form which for the District includes inventories and prepaid amounts. Restricted fund balance represents amounts constrained to a specific purpose by their providers, through constitutional provisions, or by enabling legislation. Committed fund balance represents amounts constrained to a specific purpose by the Board of Trustees through a formal motion. Amounts reported as committed cannot be used for any other purpose unless the Board of Trustees makes another formal motion.

# LARAMIE COUNTY SCHOOL DISTRICT NO. 1

## NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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

#### Assets, Liabilities and Net Position or Equity (Continued)

##### *Fund Balance (Continued)*

Assigned fund balance represents amounts constrained by the District's intent to use them for a specific purpose. According to the District's fund balance policy, intent will be expressed through items such as a statement by the Board of Trustees, Superintendent or Budget Officers. Unassigned fund balance represents amounts that have not been restricted, committed or assigned to a specific purpose.

The District has a fund balance policy that states that when both restricted and unrestricted (committed, assigned, and unassigned) resources are available for a given expenditure, the District will consider restricted funds to have been used first. It is also the policy of the District that unrestricted funds will be used in the following order: committed, assigned, and unassigned.

Encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. The District's encumbrances have been included within fund balance and are as follows:

General Fund (Assigned)	\$	5,228,627
Grants Fund (Restricted)		571,704
Special Building Fund (Committed)		1,151,584
Non-major Funds (Restricted)		2,778,938
Total encumbrances	\$	<u>9,730,853</u>

##### *Net Position*

Net position represents the difference between assets and liabilities. Net position reported as net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

##### *Property Taxes*

Property is annually valued and assessed January 1. Taxes are levied on or about August 1 and payable in two installments on September 1 and March 1. The County bills and collects its own property taxes and also taxes for all municipalities and political subdivisions within the County, including Laramie County School District No. 1. If not paid, property taxes attach as an enforceable lien on property as of May 11. District property tax revenues are recognized when levied to the extent that they result in current receivables, which means when collected within the current period or expected to be collected within 60 days of the fiscal year end to be used to pay liabilities of the current period on the fund financial statements. Property taxes which are not current receivables are offset by deferred revenues on the fund financials, but are reported on the government-wide financial statements as revenue and receivables, with no amount being deferred when levied. Property taxes receivable reported on the fund financials and on the government-wide financial statements are both shown net of an allowance for uncollectible accounts in the amount of \$222,370, at June 30, 2013. Property taxes receivable of \$29,441,081 for the fiscal year 2014 is reported on the government wide financial statement and the fund financial statements and is included in deferred revenue.

LARAMIE COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

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

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

***Property Taxes (Continued)***

The District is required by Wyoming Statutes to levy taxes of twenty-five mills of assessed valuation for all school purposes, exclusive of bond interest and redemption. In addition, a county-wide school property tax of six mills and a recreation district tax for one mill are levied. The combined tax rate to finance general school services other than the payment of principal and interest on long-term debt for the year ended June 30, 2013 was thirty-two mills.

***Deficit Fund Balance***

The following funds had a deficit balance at June 30, 2013:

Grants Fund	\$ (1,666,930)
Capital Projects Fund	\$ (162,396)

These fund deficits are due to requests for reimbursements not meeting the availability requirement.

***Accounting Estimates***

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual amounts could differ from those estimates.

**Note 2. Cash and Investments**

Cash and investments as of June 30, 2013 are classified in the accompanying financial statements as follows:

Statement of net position:	
Cash and cash equivalents	\$ 9,555,653
Investments	71,141,748
Fiduciary funds:	
Cash	1,560,373
Investments	185,436
Total cash and investments	<u>\$ 82,443,210</u>

Cash and investments as of June 30, 2013 consist of the following:

Cash on hand	\$ 2,900
Deposits with financial institutions	11,113,126
Certificates of deposit	488,417
Investments	
W GIF	70,838,767
Total cash and investments	<u>\$ 82,443,210</u>

# LARAMIE COUNTY SCHOOL DISTRICT NO. 1

## NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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### **Note 2. Cash and Investments (Continued):**

#### Investments Authorized by the District's Investment Policy:

The District follows the guidelines set forth in Wyoming State Statute 9-4-831 as it relates to the investment of public funds. The Statute and District policies generally allow the District to invest in U.S., state and local government securities and accounts of any bank and savings associations which are federally insured. Stocks and bonds of private corporations as well as reverse repurchase agreements are a prohibited investment means for the District. The policy allows investment in shares in a diversified money market fund with a stable share value of one dollar (\$1.00). All investments made during the year were made within these statutory limits. The District's investment policy does not contain any specific provisions intended to limit the District's exposure to interest rate risk, credit risk and concentration of credit risk.

The District's investment activity is conducted in one local government investment pool. The Wyoming Government Investment Fund (WGIF) was established pursuant to the Wyoming Statutory Trust Act. Shares of this fund are offered exclusively to Wyoming governmental entities. The fair value of the District's position in this fund is the same as the value of the pool shares.

Credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Under investment agreement with WGIF, the District has invested monies at a fixed contract rate of interest. The WGIF fund continues to hold an AAAM rating by Standard & Poor's ("S&P") indicating that "safety is excellent," and the pool has "superior capacity to maintain principal value and limit exposure to loss."

Custodial credit risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits held in District bank accounts are insured by Federal depository insurance or are collateralized with securities held by the custodian bank under safekeeping or federal reserve receipts in the name of the District and the financial institution in accordance with Wyoming State Statutes and District policy. As of June 30, 2013, the primary government had balances in the bank of \$15,834,984, which were fully collateralized or insured. As of June 30, 2013, the Cheyenne Community Recreation District, a blended component unit of the District, had balances in the bank of \$40,357, which was fully insured.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of government investment pools.

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

LARAMIE COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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**Note 2. Cash and Investments (Continued):**

**Interest rate risk:** Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

The WGIF's investment policy limits its exposure to market value fluctuations due to changes in interest rates by requiring that the Fund's portfolio maintain a dollar-weighted average maturity of less than sixty days. The weighted average maturity of the Fund's entire portfolio at June 30, 2013 was 45 days.

**Discretely Presented Component Unit:**

**Custodial credit risk:** Custodial risk for deposits is the risk that, in the event of the failure of a depository financial institution, PODER will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits held in the PODER bank accounts are insured by Federal depository insurance. As of June 30, 2013, PODER had balances in the bank of \$363,505, of which, only \$250,000 was insured.

LARAMIE COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

**Note 3. Capital Assets**

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance June 30, 2012	Additions	Deletions/ Transfers	Balance June 30, 2013
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 6,900,488	\$ 979,354	\$ -	\$ 7,879,842
Construction in progress	12,543,159	7,429,786	(17,287,374)	2,685,571
Software in progress	-	771,670	-	771,670
Total capital assets, not being depreciated	<u>19,443,647</u>	<u>9,180,810</u>	<u>(17,287,374)</u>	<u>11,337,083</u>
Capital assets, being depreciated:				
Site improvements	22,807,212	2,282,098	-	25,089,310
Buildings	274,929,216	14,431,087	(392,190)	288,968,113
Equipment	24,593,683	3,251,886	(165,104)	27,680,465
Total capital assets, being depreciated	<u>322,330,111</u>	<u>19,965,071</u>	<u>(557,294)</u>	<u>341,737,888</u>
Less accumulated depreciation for:				
Site improvements	6,458,788	1,030,376	-	7,489,164
Buildings	58,336,403	7,179,257	(392,190)	65,123,470
Equipment	14,388,345	2,080,066	(158,127)	16,310,284
Total accumulated depreciation	<u>79,183,536</u>	<u>10,289,699</u>	<u>(550,317)</u>	<u>88,922,918</u>
Total capital assets, being depreciated, net	<u>243,146,575</u>	<u>9,675,372</u>	<u>(6,977)</u>	<u>252,814,970</u>
Governmental activities capital assets, net	<u>\$ 262,590,222</u>	<u>\$ 18,856,182</u>	<u>\$ (17,294,351)</u>	<u>\$ 264,152,053</u>
<b>Business-type activities</b>				
Capital assets, being depreciated:				
Equipment	\$ 1,028,223	\$ 92,188	\$ -	\$ 1,120,411
Less accumulated depreciation for:	<u>395,814</u>	<u>83,112</u>	<u>-</u>	<u>478,926</u>
Business-type activities capital assets, net	<u>\$ 632,409</u>	<u>\$ 9,076</u>	<u>\$ -</u>	<u>\$ 641,485</u>

LARAMIE COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

**Note 3. Capital Assets (Continued)**

Depreciation expense was charged to governmental functions as follows:

Regular instruction	\$ 58,719
Special education instruction	85,757
Vocational education instruction	48,343
Pupil services	2,249
Instructional staff services	98,662
Business services	256,026
Operation & maintenance of plant services	289,819
Pupil transportation services	1,079,036
Other support services	7,861
Central services	8,363,227
<b>Total</b>	<b><u><u>\$ 10,289,699</u></u></b>

**Construction Commitments**

The construction in progress represents construction related to improvements at various schools. Actual signed and unexpended contracts for these and other miscellaneous projects at June 30, 2013 approximate \$14,030,320 and will be funded by the Capital Projects and Special Building funds.

Discretely Presented Component Unit: Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance June 30, 2012	Additions	Deletions/ Transfers	Balance June 30, 2013
Capital assets, not being depreciated				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	123,259	-	123,259
Total capital assets, not being depreciated	<u>-</u>	<u>123,259</u>	<u>-</u>	<u>123,259</u>
Capital assets, being depreciated:				
Buildings and improvements	-	-	-	-
Total capital assets, being depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Less accumulated depreciation for:				
Buildings and improvements	-	-	-	-
Total accumulated depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets, being depreciated, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets, net	<u><u>\$ -</u></u>	<u><u>\$ 123,259</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 123,259</u></u>

**LARAMIE COUNTY SCHOOL DISTRICT NO. 1**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2013

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

The composition of due to/from other funds as of June 30, 2013 are as follows:

	<u>Due From</u>	<u>Due To</u>
<b>Governmental funds:</b>		
General fund	\$ 3,384,306	\$ -
Grants fund	-	3,341,001
Major maintenance fund	500,000	-
Capital projects fund	-	500,000
Special building fund	120,690	-
Recreation board fund	-	91,290
<b>Proprietary funds:</b>		
Nutrition services fund	-	271,492
<b>Fiduciary funds:</b>		
Other employee benefits fund	-	370
Private purpose trust fund	199,157	-
	<u>\$ 4,204,153</u>	<u>\$ 4,204,153</u>

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

Interfund transfers for the year ended June 30, 2013 are as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	-	4,312,928
Grants fund	-	1,133,040
Capital projects fund	23,186	-
Special building fund	4,026,544	-
Recreation board fund	196,238	-
Enterprise fund	1,200,000	-
	<u>\$ 5,445,968</u>	<u>\$ 5,445,968</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

During the year ended June 30, 2013 the District made transfers from the General Fund in the amount of \$3,000,000 to the Special Building Fund to provide enhancements related to ongoing facility construction.

**LARAMIE COUNTY SCHOOL DISTRICT NO. 1**

**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2013

**Note 5. Capital Leases and Compensated Absences**

The District has entered into various leases which contain termination provisions in the event funds are not appropriated. Since the 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. The cost of assets acquired through capital leases existing as of June 30, 2013 is \$109,522.

**Transportation Equipment**

During the year ending June 30, 2013 the District entered into one additional lease for the purchase of transportation equipment. This lease is to be paid over a five year period beginning in 2013. As of June 30, 2013, the District had one outstanding lease payable through fiscal year ending June 30, 2017 with an interest rate of 1.65%. The District has accounted for these transactions as capital leases.

Following is a schedule by year of anticipated lease payments under the capital leases, as of June 30, 2013:

Year Ending June 30,	<u>Principal</u>	<u>Imputed Interest</u>	<u>Total</u>
2014	\$ 20,131	\$ 1,362	\$ 21,493
2015	20,463	1,030	21,493
2016	20,801	692	21,493
2017	21,141	349	21,490
	<u>\$ 82,536</u>	<u>\$ 3,433</u>	<u>\$ 85,969</u>

The capital lease obligations for the transportation equipment are paid through the General Fund.

Long-term liability activity within governmental and business type activities for the year ended June 30, 2013 was as follows:

	<u>Capital Leases</u>		<u>Compensated Absences</u>	
	<u>Governmental</u>	<u>Enterprise</u>	<u>Governmental</u>	<u>Enterprise</u>
Balance, June 30, 2012	\$ 3,681,927	\$ 224	\$ 2,700,853	\$ 70,817
Additions	109,522	-	441,656	3,245
Reductions	(3,708,913)	(224)	(450,654)	(10,621)
Balance, June 30, 2013	<u>\$ 82,536</u>	<u>\$ -</u>	<u>\$ 2,691,855</u>	<u>\$ 63,441</u>
Current Portion	<u>\$ 20,131</u>	<u>\$ -</u>	<u>\$ 426,090</u>	<u>\$ 8,242</u>

**Capital Lease Commitments**

The District entered into a 48 month lease agreement for copiers for the period July 1, 2013 through June 30, 2017. The total obligation over the term of the lease is \$1,269,740 with an implied interest rate of 12.74% and will be paid through the General, Grants and Nutrition Services Funds. Since the lease provides for transfer of title to the District upon completion of payments and exercise of a bargain purchase option, the District will account for this lease as a capital lease.

# LARAMIE COUNTY SCHOOL DISTRICT NO. 1

## NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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### **Note 6. Retirement Plan**

The District contributes to the Wyoming Retirement System (System), a statewide cost-sharing multiple-employer public employee retirement system administered by the State of Wyoming Retirement System Board. The System provides retirement, disability and death benefits according to predetermined formulas. Benefits are established by Title 9, Chapter 3 of the Wyoming Statutes. The System issues a publicly available financial report that includes audited financial statements and required supplementary information for the System. The report may be obtained by writing to the Wyoming Retirement System, 6101 Yellowstone Rd., Suite 500, Cheyenne, Wyoming 82002.

Plan members are required to contribute 7.0% of their annual covered salary and the District is required to contribute 7.12% of the annual covered payroll. Legislation enacted in 1979 allows the employer to pay any or all of the employees' contribution in addition to the matching contribution. However, under the State of Wyoming funding model, the District is only reimbursed for paying up to a 5.57% employee contribution. The District elected to only pay 5.57% of annual covered salary on behalf of the employees with the other 1.43% being paid by the employees. Contribution rates are established by Title 9, Chapter 3 of the Wyoming Statutes. The District's contributions to the System for the years ending June 30, 2013, 2012 and 2011 were \$14,349,449, \$14,653,101, and \$15,030,074 respectively, which equaled 100% of the required contributions for each year.

### **Note 7. Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During the year ended June 30, 2013, the District contracted with various insurance companies for property insurance (including boiler and machinery), general liability insurance, professional insurance and vehicle insurance. The coverage under each type of insurance policy varies in amount and deductible.

As of July 1, 2006, the District utilizes a Contingent Premium program through Blue Cross Blue Shield of Wyoming which is accounted for in the General Fund. Under this program the District pays a monthly claims funding amount into the plan. This amount is based on a 90/110 Contingent Premium program for the period July 1, 2006 through June 30, 2015 with settlement on the total nine year period to include all claims. In the event of termination of the plan at the end of the contract period, gains will be paid to the District and losses will be due from the District up to 10% of the total claims funding for the nine year period of the contract.

The nine year payment plan included an automatic increase in premiums during the second year of 10% and a funding formula which computes the premiums for years three through nine based on prior year claims incurred but not reported. The estimated incurred but unreported claims recorded as of June 30, 2013 is \$500,000. As of June 30, 2013, sufficient premiums had been collected to cover the estimate for incurred but unreported claims resulting in a gain to the District of \$14,692,411, which is equal to 10% of total claims funding for the contract period to date. This gain has been included in prepaid items as of June 30, 2013.

The District currently reports all of its risk management activities in its General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

The District has not had significant settlements exceeding insurance coverage in any of the past three fiscal years. The District has had no significant reductions in insurance coverage from coverage in the prior year.

LARAMIE COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS  
June 30, 2013

**Note 8. Operating Leases**

The District entered into a 22 month lease agreement for 11 modular units in June of 2013. The lease stream payments will begin upon substantial completion of lessor's scope of work which is not expected until fiscal year 2014. The lease agreement requires monthly payments of \$16,565. This lease is reported as an operating lease and accordingly is not capitalized. As of June 30, 2013, no payments for the lease had been made as substantial completion had not been achieved.

Discretely Presented Component Unit:

During May of 2013, PODER entered into an operating lease for land and a building which will serve as the new operating location of the charter school. The lease is to be paid over a 74 month period beginning in June of 2013. However, due to the ability of PODER to terminate the lease in the event PODER fails to obtain its re-charter certification in July of 2015, the lease term is considered to be 26 months beginning in June of 2013. In the event of termination of the lease, PODER will be subject to penalties which have been included in the calculation of the monthly rent expense of \$19,750 on a straight-line basis through July of 2015. Monthly rent payments, excluding the estimated termination penalties, under the operating lease through July of 2015 are as follows:

June 2013 – July 2013	\$5,000
August 2013 – July 2014	\$5,833
August 2014 – July 2015	\$7,500

In the event the lease is not terminated, the lease will extend to July of 2019, at which point monthly lease payments will escalate to \$26,667 in August of 2015 through July of 2019. A bargain purchase option will also become available upon completion of payments in July of 2019.

**Note 9. Pension Benefits and Postemployment Benefits Other Than Pensions**

*Plan Descriptions.* The District participates in one single-employer defined benefit pension plan, being the Retention Bonus Plan, and two single-employer defined benefit postemployment healthcare plans, being the Early Retirement Health Insurance Plan and the Implicit Rate Subsidy Health Insurance Plan. The Board of Trustees (the "Board") has the authority for establishing and amending any of these plans. None of these plans issue a separate report.

Under the Retention Bonus plan, a retention bonus is granted to an employee who has completed a minimum of ten (10) years of continuous satisfactory service as an employee of the District, upon completion of his/her contract during the year in which he/she reaches the aforementioned qualifications. The employee shall be eligible for a one (1)-time retention bonus of one (1) percent per year of employment of his/her placement on the salary schedule upon leaving the District. Any employee meeting the retention bonus requirements, or his/her estate, shall be paid the retention bonus when separation is forced due to sickness or death. An employee who completes any portion of a contract year and then is forced to terminate due to sickness or death shall receive credit for a full contract year when computing the retention bonus. Upon written notification, the employee may elect full payment of the retention bonus at the time of separation, or the employee may elect to defer all, or a portion, of the retention bonus until the first pay period of the next calendar year following the date of termination. Employees whose absence is the result of a Board approved leave of absence shall remain eligible for the retention bonus.

LARAMIE COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

**Note 9. Pension Benefits and Postemployment Benefits Other Than Pensions (Continued)**

Under the Early Retirement Health Insurance Plan, the District offers qualifying employees an early retirement incentive program, which includes continuing medical insurance benefits. Employees qualify for the benefit by (1) agreeing to accept early retirement and (2) meeting the eligibility requirements of the Wyoming Retirement System and/or completing 20 years of service with the District. The medical insurance benefit continues for ten years, or until the participant reaches age 65, whichever is shorter. The payment of health insurance benefits is equal to the amount paid for single coverage up to a maximum of \$400 per month or a maximum of \$400 per month towards family coverage. There were 348 persons eligible for this program and 225 participants at June 30, 2013.

Under the Implicit Rate Subsidy Health Insurance Plan, the District allows retiring employees to remain on the District's health insurance plan, as long as the retiring employee pays their full premium each month. Employees qualify for the benefit by retiring with the District. In this situation, the retired employee may remain on the District's health insurance plan until the participant reaches age 65.

*Funding Policy.* The District finances these programs on a "pay-as-you-go" basis. The Board has the authority for establishing and amending the funding policy.

*Annual Pension and OPEB Cost and Net Pension and OPEB Obligation.* The District's annual pension and other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 27 for the pension benefit and GASB Statement 45 for the postemployment benefits other than pensions. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual pension and OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net pension and OPEB obligation:

	Pension	OPEB	
	Retention Bonus Plan	Early Retirement Health Insurance Plan	Implicit Rate Subsidy Health Insurance Plan
Annual Required Contribution	\$ 737,948	\$ 612,965	\$ 912,749
Interest on net pension and OPEB obligation	109,628	(37,925)	82,777
Adjustment to annual required contribution	(152,399)	52,721	(115,072)
Annual pension and OPEB cost	695,177	627,761	880,454
Contributions made	(1,074,274)	(975,994)	(725,889)
Increase in net pension and OPEB obligation	(379,097)	(348,233)	154,565
Net pension and OPEB obligation - beginning of year	6,551,533	(948,116)	2,069,425
Net pension and OPEB obligation - end of year	\$ 6,172,436	\$ (1,296,349)	\$ 2,223,990

**LARAMIE COUNTY SCHOOL DISTRICT NO. 1**

**NOTES TO FINANCIAL STATEMENTS**

June 30, 2013

**Note 9. Pension Benefits and Postemployment Benefits Other Than Pensions (Continued)**

The District's annual pension and OPEB cost, the percentage of annual pension and OPEB cost contributed to the plan, and the net pension and OPEB obligation for 2013, 2012 and 2011 for each of the plans were as follows:

Year Ended	Annual pension and OPEB cost	Percentage of pension and OPEB cost contributed	Net pension and OPEB obligation
<b>Pension - Retention Bonus Plan:</b>			
6/30/2013	\$ 695,177	154.5%	\$ 6,172,436
6/30/2012	638,382	176.4%	6,551,533
6/30/2011	890,816	85.0%	7,038,967
<b>OPEB - Early Retirement Health Insurance Plan:</b>			
6/30/2013	627,761	155.5%	(1,296,349)
6/30/2012	638,396	151.2%	(948,116)
6/30/2011	774,610	127.6%	(621,457)
<b>OPEB - Implicit Rate Subsidy Health Insurance Plan</b>			
6/30/2013	880,454	82.4%	2,223,990
6/30/2012	858,978	77.9%	2,069,425
6/30/2011	1,122,246	58.6%	1,879,438

**Funded Status and Funding Progress.** The funded status of the plans as of June 30, 2013, being the actuarial valuation date, was as follows:

	Pension		OPEB	
	Retention Bonus Plan	Early Retirement Health Insurance Plan	Implicit Rate Subsidy Health Insurance Plan	
Actuarial accrued liability (a)	\$ 12,257,807	\$ 7,094,378	\$ 8,796,872	
Actuarial value of plan assets (b)	-	-	-	
Unfunded actuarial accrued liability (funding excess) (a) - (b)	\$ 12,257,807	\$ 7,094,378	\$ 8,796,872	
Funded ratio (b) / (a)	0%	0%	0%	
Covered payroll (c)	\$ 115,247,901	\$ 115,247,901	\$ 115,247,901	
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ((a) - (b)) / (c)	10.64%	6.16%	7.63%	

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

LARAMIE COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

**Note 9. Pension Benefits and Postemployment Benefits Other Than Pensions (Continued)**

*Actuarial Methods and Assumptions.* Projections of benefits are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits in force at the valuation date. Actuarial calculations reflect long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

	Pension	OPEB	
	Retention Bonus Plan	Early Retirement Health Insurance Plan	Implicit Rate Subsidy Health Insurance Plan
Actuarial valuation date	6/30/2012, rolled forward to 6/30/2013	6/30/2012, rolled forward to 6/30/2013	6/30/2012, rolled forward to 6/30/2013
Actuarial cost method	Entry Age	Entry Age	Entry Age
Amortization method	Level dollar, open	Level dollar, open	Level dollar, open
Remaining amortization period	30 years	30 years	30 years
Asset valuation method	Fair value of assets	Fair value of assets	Fair value of assets
Actuarial assumptions:			
Investment rate of return *	4.0%	4.0%	4.0%
Healthcare Cost Trend Rate (HCCTR)	N/A	7.9% for 2012; decreasing approximately 0.6% each year until 5.1% in year 2017 and after	7.9% for 2012; decreasing approximately 0.6% each year until 5.1% in year 2017 and after
Assumed rates of increase applied to retiree premiums	N/A	Same as HCCTR	Same as HCCTR
Projected salary increases	3.0%	N/A	N/A

\* Includes inflation at 3.5%: funded basis.

**Note 10. Subsequent Event**

On September 16, 2013, the District purchased twenty-four acres of land for a purchase price of \$2,100,519. On the same date, sixteen of the twenty-four acres were traded for 16 acres in a more suitable location. The resulting two parcels of land were acquired as potential sites for three new elementary schools.

On August 3, 2013, the District entered into a one year lease agreement for the building that houses the East High CLAS program for the period August 1, 2013 through July 31, 2014. The lease agreement requires annual payment of \$24,700. This lease will be reported as an operating lease and accordingly not capitalized.

# LARAMIE COUNTY SCHOOL DISTRICT NO. 1

## NOTES TO FINANCIAL STATEMENTS

June 30, 2013

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### Note 11. Recent Pronouncements

In June 2012, the Governmental Accounting Standards Board issued GASB Statement No. 68, Accounting and Financial Reporting for Pensions, which replaces GASB Statement No. 27, Accounting for Pensions by State and Local Government Employers for most government pensions. Statement 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of the pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI).

GASB Statement No. 68 is effective for years beginning after June 15, 2014 with the effects of changes made to comply with this statement reported as adjustments to prior periods. The effect that the adoption of GASB Statement No. 68 will have on the District's financial statements has not been determined.

In March 2012, the GASB issued GASB Statement No. 65, Items Previously Reported as Assets and Liabilities. Statement No. 65 was issued to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2012. Accounting changes adopted to conform to the provisions of this statement should be applied retroactively by restating financial statements, if practical, for all periods presented. If restatement is not practical, the cumulative effect of applying this statement, if any, should be reported as a restatement of beginning net position for the earliest period restated. The District is currently evaluating the impact that the provisions of this statement will have on the District's financial statements.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**LARAMIE COUNTY SCHOOL DISTRICT NO. 1**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis (See Note 1)</u>	<u>Variance with Final Budget Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1, 2012	\$ 28,036,472	\$ 28,036,472	\$ 28,556,662	\$ 520,190
<b>Revenues</b>				
Local	28,941,431	28,941,431	29,197,545	256,114
County	8,500,801	8,500,801	8,545,027	44,226
State	152,845,956	152,845,956	152,070,138	(775,818)
Federal	467,000	467,000	713,869	246,869
Other and fund transfers	-	-	27,300	27,300
<b>Total revenues</b>	<u>190,755,188</u>	<u>190,755,188</u>	<u>190,553,879</u>	<u>(201,309)</u>
<b>Expenditures</b>				
Instruction	116,024,004	114,024,004	113,955,753	68,251
Instructional support	20,197,984	19,697,984	18,416,658	1,281,326
General support	60,427,277	62,427,277	61,135,725	1,291,552
Non-instructional support	701,209	1,201,209	1,200,196	1,013
Debt service and fund transfers	1,015,000	1,015,000	1,015,000	-
<b>Total expenditures</b>	<u>198,365,474</u>	<u>198,365,474</u>	<u>195,723,332</u>	<u>2,642,142</u>
Budgetary fund balance, June 30, 2013	<u>\$ 20,426,186</u>	<u>\$ 20,426,186</u>	<u>\$ 23,387,209</u>	<u>\$ 2,961,023</u>

See Accompanying Notes to Required Supplementary Information

**LARAMIE COUNTY SCHOOL DISTRICT NO. 1**  
**BUDGETARY COMPARISON SCHEDULE**  
**GRANTS FUND**  
**For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts Budgetary Basis (See Note 1)</u>	<u>Variance with Final Budget Positive(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1, 2012	\$ (2,864,864)	\$ (2,864,864)	\$ (3,442,497)	\$ (577,633)
<b>Revenues</b>				
Local	1,400,000	1,400,000	1,364,123	(35,877)
State	5,658,565	5,658,565	5,661,054	2,489
Federal	13,271,949	13,559,949	11,730,955	(1,828,994)
Other and fund transfers	-	-	43,714	43,714
Total revenues	<u>20,330,514</u>	<u>20,618,514</u>	<u>18,799,846</u>	<u>(1,818,668)</u>
<b>Expenditures</b>				
Instruction	9,948,557	9,748,557	9,400,134	348,423
Instructional support	7,278,920	7,216,920	6,935,594	281,326
General support	626,045	1,176,045	1,129,057	46,988
Non-instructional support	149,287	149,287	89,762	59,525
Debt service and fund transfers	1,211,319	1,211,319	1,119,984	91,335
Total expenditures	<u>19,214,128</u>	<u>19,502,128</u>	<u>18,674,531</u>	<u>827,597</u>
Budgetary fund balance, June 30, 2013	<u>\$ (1,748,478)</u>	<u>\$ (1,748,478)</u>	<u>\$ (3,317,182)</u>	<u>\$ (1,568,704)</u>

See Accompanying Notes to Required Supplementary Information

**LARAMIE COUNTY SCHOOL DISTRICT NO. 1**  
**Notes to Required Supplementary Information**  
**June 30, 2013**

(1) EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY AND GAAP REVENUES AND EXPENDITURES

	<b>General Fund</b>	<b>Grants Fund</b>
<b>Revenues:</b>		
Actual amounts (budgetary basis) from the budgetary comparison schedule	\$ 190,553,879	\$ 18,799,846
Differences - budget to GAAP:		
Transfers included in budget revenue	(11,450)	(43,715)
Adjustments to accrue property tax receivables, interest and other revenues	185,852	(308,843)
Proceeds from sale of capital assets	(55,584)	-
Discretely presented component unit	(1,527,988)	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u>\$ 189,144,709</u>	<u>\$ 18,447,288</u>
<b>Expenditures:</b>		
Actual amounts (budgetary basis) from the budgetary comparison schedule	\$ 195,723,332	\$ 18,674,531
Differences - budget to GAAP:		
Encumbrances	(5,228,627)	(571,704)
Accrual for accounts payable, prepaid items and other expenditures	(3,133,017)	164,875
Transfers included in budget expenditures	(4,324,378)	(1,176,755)
Capital outlay from proceeds of capital lease	109,522	-
Discretely presented component unit	(1,527,988)	-
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 181,618,844</u>	<u>\$ 17,090,947</u>

**LARAMIE COUNTY SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF FUNDING PROGRESS**  
For the Year Ended June 30, 2013

**Pension - Retention Bonus Plan**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
6/30/2013	-	12,257,807	12,257,807	0%	115,247,901	10.64%
6/30/2012	-	11,672,842	11,672,842	0%	111,891,166	10.43%
6/30/2011	-	12,581,640	12,581,640	0%	112,301,090	11.20%
6/30/2010	-	11,909,592	11,909,592	0%	107,981,817	11.03%
6/30/2009	-	11,485,645	11,485,645	0%	80,336,691	14.30%
6/30/2008	-	11,349,178	11,349,178	0%	77,996,787	14.55%

**OPEB - Early Retirement Health Insurance Plan**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
6/30/2013	-	7,094,378	7,094,378	0%	115,247,901	6.16%
6/30/2012	-	7,567,953	7,567,953	0%	111,891,166	6.76%
6/30/2011	-	7,661,690	7,661,690	0%	112,301,090	6.82%
6/30/2010	-	7,996,292	7,996,292	0%	107,981,817	7.41%
6/30/2009	-	7,103,269	7,103,269	0%	80,336,691	8.84%
6/30/2008	-	7,659,827	7,659,827	0%	77,996,787	9.82%

**OPEB - Implicit Rate Subsidy Health Insurance Plan**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a)/c)
6/30/2013	-	8,796,872	8,796,872	0%	115,247,901	7.63%
6/30/2012	-	8,726,995	8,726,995	0%	111,891,166	7.80%
6/30/2011	-	9,733,476	9,733,476	0%	112,301,090	8.67%
6/30/2010	-	9,430,446	9,430,446	0%	107,981,817	8.73%
6/30/2009	-	9,526,343	9,526,343	0%	80,336,691	11.86%
6/30/2008	-	9,719,120	9,719,120	0%	77,996,787	12.46%

**Schedule of Employer Contributions - Retention Bonus**

Year Ended	Annual Required Contribution (a)	Actual Contributions (b)	Percentage Contributed (b/a)
6/30/2013	737,948	1,074,274	145.58%
6/30/2012	672,553	1,125,816	167.39%
6/30/2011	918,103	756,773	82.43%
6/30/2010	863,794	1,295,712	150.00%
6/30/2009	781,048	1,620,806	207.52%
6/30/2008	844,789	434,884	51.48%

**OTHER SUPPLEMENTARY INFORMATION**

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**LARAMIE COUNTY SCHOOL DISTRICT NO. 1**  
**NON-MAJOR FUNDS**  
**COMBINING BALANCE SHEET**  
**June 30, 2013**

	<u>Special Revenue Funds</u>		<u>Capital Projects Fund</u>	<u>Total</u>
	<u>CCRD Fund</u>	<u>Major Maintenance Fund</u>		
<b>ASSETS</b>				
Cash and cash equivalents	\$ 40,357	\$ 290,297	\$ 1,156,231	\$ 1,486,885
Cash with fiscal agent	-	26,534	-	26,534
Investments	2,164,976	4,465,633	-	6,630,609
Receivables				
Property taxes	-	-	-	-
Accounts	-	-	-	-
Due from other governments	-	-	197,301	197,301
Accrued interest receivable	-	-	-	-
Due from other funds	-	500,000	-	500,000
Inventory	-	-	-	-
Prepaid items	-	-	-	-
<b>Total assets</b>	<u>\$ 2,205,333</u>	<u>\$ 5,282,464</u>	<u>\$ 1,353,532</u>	<u>\$ 8,841,329</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 721,469	\$ 107,380	\$ 828,849
Accrued liabilities	-	-	-	-
Due to other funds	91,290	-	500,000	591,290
Deferred revenue	-	-	182,813	182,813
Deposits held for others	-	26,534	725,735	752,269
<b>Total liabilities</b>	<u>91,290</u>	<u>748,003</u>	<u>1,515,928</u>	<u>2,355,221</u>
<b>Fund balances:</b>				
<b>Nonspendable:</b>				
Inventories	-	-	-	-
Prepaid items	-	-	-	-
<b>Restricted for:</b>				
Grants	-	-	-	-
CCRD projects	2,114,043	-	-	2,114,043
Major maintenance projects	-	4,534,461	-	4,534,461
Capital projects	-	-	837,707	837,707
<b>Committed to:</b>				
Driver's education reserve	-	-	-	-
Music uniform reserve	-	-	-	-
Equipment reserve	-	-	-	-
Career and technical education reserve	-	-	-	-
Future land purchases	-	-	-	-
District enhancements	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	(1,000,103)	(1,000,103)
<b>Total fund balances</b>	<u>2,114,043</u>	<u>4,534,461</u>	<u>(162,396)</u>	<u>6,486,108</u>
<b>Total liabilities and fund balances</b>	<u>\$ 2,205,333</u>	<u>\$ 5,282,464</u>	<u>\$ 1,353,532</u>	<u>\$ 8,841,329</u>

**LARAMIE COUNTY SCHOOL DISTRICT NO. 1**  
**NON-MAJOR FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**For the Year Ended June 30, 2013**

	<u>Special Revenue Funds</u>			<u>Total</u>
	<u>CCRD Fund</u>	<u>Major Maintenance Fund</u>	<u>Capital Projects Fund</u>	
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	-	5,871,566	3,134,994	9,006,560
Charges for services	-	-	-	-
Indirect cost reimbursement	-	-	-	-
Investment earnings	1,118	4,298	-	5,416
Miscellaneous	-	-	54,657	54,657
<b>Total revenues</b>	<u>1,118</u>	<u>5,875,864</u>	<u>3,189,651</u>	<u>9,066,633</u>
<b>Expenditures</b>				
<b>Current:</b>				
<b>Instruction</b>				
Regular	-	-	-	-
Special education	-	-	-	-
Vocational education	-	-	-	-
Other instruction	-	-	-	-
<b>Support services</b>				
Pupil services	-	-	-	-
Instructional staff services	-	-	-	-
General administration services	-	-	-	-
School administration services	-	-	-	-
Business services	-	-	-	-
Operation & maintenance of plant services	-	5,635,514	-	5,635,514
Pupil transportation services	-	-	-	-
Central services	-	-	-	-
Other support services	-	-	-	-
Community services	831	-	-	831
Employee benefit funding	-	-	-	-
Capital outlay	-	-	2,613,568	2,613,568
Debt service				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
<b>Total expenditures</b>	<u>831</u>	<u>5,635,514</u>	<u>2,613,568</u>	<u>8,249,913</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>287</u>	<u>240,350</u>	<u>576,083</u>	<u>816,720</u>
<b>Other financing sources (uses)</b>				
Operating transfers in (out)	196,238	-	23,186	219,424
Proceeds from capital leases	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>196,238</u>	<u>-</u>	<u>23,186</u>	<u>219,424</u>
<b>Net change in fund balances</b>	196,525	240,350	599,269	1,036,144
Fund balances, July 1, 2012	1,917,518	4,294,111	(761,665)	5,449,964
<b>Fund balances, June 30, 2013</b>	<u>\$ 2,114,043</u>	<u>\$ 4,534,461</u>	<u>\$ (162,396)</u>	<u>\$ 6,486,108</u>

**LARAMIE COUNTY SCHOOL DISTRICT NO. 1**  
**RECONCILIATION SCHEDULE**  
**WDE 601 FORM**  
**For the Year Ended June 30, 2013**

	<u>Revenues</u>	<u>Expenditures</u>
<b>General Fund:</b>		
Reported on WDE 601	\$ 190,574,531	\$ 190,515,357
Amounts not reported on WDE 601:		
Capital outlay from proceeds of lease	-	109,522
Amounts reported on WDE 601:		
Transfers	(11,450)	(4,324,378)
Proceeds from sale of capital assets	(55,584)	-
Discretely presented component unit	(1,548,640)	(1,548,640)
Accrual adjustments	185,852	(3,133,017)
Total per fund financial statements	<u>\$ 189,144,709</u>	<u>\$ 181,618,844</u>
<b>Special Revenue Fund:</b>		
Reported on WDE 601	\$ 24,662,788	\$ 23,551,160
Amounts reported on WDE 601:		
Transfers	-	(1,133,040)
Discretely presented component unit	(30,791)	(30,791)
Accrual adjustments	(308,845)	339,132
Total per fund financial statements	<u>\$ 24,323,152</u>	<u>\$ 22,726,461</u>
Reported by fund:		
Grants fund	\$ 18,447,288	\$ 17,090,947
Major maintenance fund	5,875,864	5,635,514
Total per fund financial statements	<u>\$ 24,323,152</u>	<u>\$ 22,726,461</u>
<b>Capital Projects Fund:</b>		
Reported on WDE 601	\$ 9,097,508	\$ 6,079,691
Amounts reported on WDE 601:		
Transfers	(4,049,730)	-
Accrual adjustments	(820,919)	(814,984)
Total per fund financial statements	<u>\$ 4,226,859</u>	<u>\$ 5,264,707</u>
Reported by fund:		
Capital projects fund	\$ 3,189,651	\$ 2,613,568
Special building fund	1,037,208	2,651,139
Total per fund financial statements	<u>\$ 4,226,859</u>	<u>\$ 5,264,707</u>

**LARAMIE COUNTY SCHOOL DISTRICT NO. 1  
RECONCILIATION SCHEDULE  
WDE 601 FORM  
For the Year Ended June 30, 2013**

	<u>Revenues</u>	<u>Expenditures</u>
<b>Enterprise Fund:</b>		
Reported on WDE 601	\$ 6,592,660	\$ 6,379,953
Amounts not reported on WDE 601:		
Equipment purchase	-	(92,413)
Depreciation	-	83,112
Amounts reported on WDE 601:		
Transfers	(1,200,000)	-
Nonoperating revenues	(3,375,695)	-
Accrual adjustments	56,914	(13,456)
Total per fund financial statements	<u>\$ 2,073,879</u>	<u>\$ 6,357,196</u>
<b>Private Purpose Trust Fund:</b>		
Reported on WDE 601 and per fund financial statements	<u>\$ 7,610</u>	<u>\$ 3,087</u>
<b>Pension Trust Fund:</b>		
Reported on WDE 601	\$ 822	\$ 181,764
Accrual adjustments	-	130
Total per fund financial statement	<u>\$ 822</u>	<u>\$ 181,894</u>
<b>Agency Fund:</b>		
Reported on WDE 601	<u>\$ 3,489,398</u>	<u>\$ 2,739,728</u>

Note: The Agency Fund does not report a fund financial statement for revenues and expenditures.

**SINGLE AUDIT SECTION**

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**LARAMIE COUNTY SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2013**

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantors Numbers</u>	<u>Expenditures</u>
<b>U.S. Department of Education:</b>			
Direct Program:			
Impact Aid PL874	84.041	N/A	\$ <u>580,194</u>
Passed Through the Wyoming Department of Education:			
Title I Grants to Local Educational Agencies:			
Title I	84.010A	111101T1A00	2,977
Title I	84.010A	1211012T1A00	1,219,663
Title I	84.010A	1311013T1A00	3,271,419
Title I Part A Cluster			<u>4,494,059</u>
Title I - Neglected & Delinquent	84.013A	1211012T1D00	25,543
Title I - Neglected & Delinquent	84.013A	1311013T1D00	6,669
			<u>32,212</u>
			<u>4,526,271</u>
English Language Acquisition Grants:			
Title III	84.365A	1211012T3E00	14,045
Title III	84.365A	1311013T3E00	29,400
			<u>43,445</u>
Improving Teacher Quality State Grants:			
Title II-A	84.367A	1211012T2A00	912,604
Title II-A	84.367A	1311013T2A00	547,833
			<u>1,460,437</u>
Fund for the Improvement of Education	84.215X	U215X100136	222,990
School Improvement Grants:			
School Improvement - Pioneer Park	84.377A	1011010AGIA1	291,193
School Improvement - Cole	84.377A	12110123GIA0	169,115
School Improvement - Triumph - Recovery Act	ARRA-84.388A	1111011AGIA1	423,740
School Improvement Grants Cluster			<u>884,048</u>

**LARAMIE COUNTY SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2013**

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantors Numbers</u>	<u>Expenditures</u>
<b>U.S. Department of Education (continued)</b>			
Passed Through the Wyoming Department of Education: (continued)			
Vocational Education - Basic Grants to States:			
Perkins	84.048A	1211012VEA00	83,728
Perkins	84.048A	1311013VEA00	260,129
			<u>343,857</u>
<i>Special Education Cluster:</i>			
Special Education Grants to States:			
Title VI-B Flow Through	84.027A	1211012T6100	1,700,107
Title VI-B Flow Through	84.027A	1311013T6100	1,671,327
			<u>3,371,434</u>
Special Education - Preschool Grants			
Title VI-B 5 yr. Old	84.173A	1211012T6900	15,021
			<u>3,386,455</u>
Special Education Cluster			
College Access Challenge Grant Program:			
U.W. WY CACG	84.378A		37,820
Education of Homeless Children and Youth:			
McKinney Homeless Grant	84.196A	1311013HOMA0	19,660
			<u>19,660</u>
Education of Homeless Children and Youth Cluster			
Total U.S. Department of Education			<u>11,505,177</u>
<b>U.S. Department of Agriculture:</b>			
Passed through the Wyoming Department of Education:			
National School Lunch Program	10.555		2,141,247
National School Breakfast Program	10.553		493,784
Food Distribution	10.550		311,821
Summer Food Service Program for Children	10.559		40,371
			<u>2,987,223</u>
Child Nutrition Cluster			
Child and Adult Care Food Program	10.558		11,037
Fresh Fruit & Vegetable Program	10.582		313,750
			<u>3,312,010</u>
Total U.S. Department of Agriculture			<u>3,312,010</u>

**LARAMIE COUNTY SCHOOL DISTRICT NO. 1**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2013**

<u>Federal Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantors Numbers</u>	<u>Expenditures</u>
<b>U.S. Department of Energy:</b>			
Passed through the Wyoming Business Council:			
Energy Efficiency & Conservation - Recovery Act	ARRA-81.128	DE-EE0000835	54,219
Total U.S. Department of Energy			<u>54,219</u>
<b>U.S. Department of Health &amp; Human Services:</b>			
Passed through the Wyoming Department of Workforce Services:			
Temporary Assistance for Needy Families	93.558	5060033	126,331
Total U.S. Department of Health & Human Services			<u>126,331</u>
<b>U.S. Department of Transportation:</b>			
Passed through the Wyoming Department of Transportation:			
Cheyenne Change Attitudes Now	20.600	FY12-SA04	5,816
Cheyenne Change Attitudes Now	20.600	SA-2013-13-SA-04	59,372
Total U.S. Department of Transportation			<u>65,188</u>
<b>National Endowment for the Arts:</b>			
Passed through Wyoming Arts Council:			
Promotion of the Arts Partnership Agreements	45.025	6557556	2,000
Total National Endowment for the Arts			<u>2,000</u>
Total Expenditures of Federal Awards			<u>\$ 15,064,925</u>

**Notes:**

Schedule prepared on the modified accrual basis of accounting.  
The value of non-cash awards for USDA commodities was \$311,821.

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

Honorable Board of Trustees and Superintendent  
Laramie County School District #1  
Cheyenne, Wyoming

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Laramie County School District #1 (the "School District") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated November 12, 2013.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified a certain deficiency in internal control that we consider to be a material weakness.

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. We consider the deficiency in the accompanying schedule of findings and questioned costs as item 2013-001 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2013-002.

### **The School District's Response to Findings**

The School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 School District'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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mc Gee, Heurne & Paing, LLP*

Cheyenne, Wyoming  
November 12, 2013

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

Honorable Board of Trustees and Superintendent  
Laramie County School District #1  
Cheyenne, Wyoming

**Report on Compliance for Each Major Federal Program**

We have audited Laramie County School District #1's (the "School District") 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 the School District's major Federal programs for the year ended June 30, 2013. The School District's major Federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

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

## Report on Internal Control Over Compliance

Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District'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 the School District's internal control over compliance.

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

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

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

*Mc Gee, Hearne & Paiz, LLP*

Cheyenne, Wyoming  
November 12, 2013

**LARAMIE COUNTY SCHOOL DISTRICT #1**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

June 30, 2013

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**Section I - Summary of Auditor's Results**

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**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? Yes

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

Non-compliance material to financial statements noted? Yes

**Federal Awards**

Internal control over major programs:

Material weaknesses identified? No

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

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

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

Identification of major programs:

Title I 84.010A

Impact Aid PL874 84.041

Fund for the Improvement of Education-Teaching American History 84.215X

School Improvement Grants Cluster 84.377A & ARRA-84.388A

Dollar threshold used to distinguish between type A and type B programs: \$ 451,948

Auditee qualified as low-risk auditee? Yes

(Continued)

LARAMIE COUNTY SCHOOL DISTRICT #1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2013

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**Section II - Financial Statement Findings**

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**2013-001: Audit Adjustments**

**Condition:** Adjusting journal entries were identified through the audit process that were necessary for the financial statements of the discretely presented component unit, PODER Academy ("PODER"), to be fairly presented in conformity with accounting principles generally accepted in the United States of America (GAAP).

**Criteria:** Under professional standards, the control deficiency exists as the PODER personnel did not identify the adjusting journal entries, which were material to the financial statements prepared in accordance with GAAP.

**Cause:** PODER did not establish a control system to properly review year end accrual balances and/or lease agreements to ensure proper recognition and treatment.

**Effect:** Material adjustments identified during the audit relating to PODER included, but were not limited to:

- Recognition of accounts payable balances related to construction in progress at year end,
- Proper recognition of an operating lease under GAAP, and
- Proper recognition of accrued payroll expenses.

**Auditee Response:** With regard to the accounts payable and accrued payroll expenses adjustments, the primary issue was that PODER's outsourced Chief Financial Officer (CFO) failed to perform a thorough review of accounts prior to submitting information to the auditor. The construction in progress payment was made late in July 2013 and rather than reviewing the invoice, an assumption was made that a late July 2013 invoice on work that had not yet been completed would not affect fiscal year 2013. In addition, the accrued payroll expenses had been reviewed, but a journal entry was never made.

As a corrective action, PODER's CFO will create a check list to include all relevant items regarding leases, accounts payable and accruals. The check list will be signed by PODER's CFO and provided to the Executive Director of PODER prior to submitting the trial balance to the auditor.

In addition, PODER's CFO will meet with the audit firm in May or early June to discuss any relevant issues regarding the upcoming audit prior to making year end entries.

**2013-002: Collateralization of Deposits**

**Condition:** As of June 30, 2013, PODER was under collateralized by \$113,505 within their checking account at Wells Fargo Bank.

**Criteria:** PODER is required by Wyoming State Statute to maintain collateral on its depository balances which exceeded Federal depository insurance limits.

**Cause:** PODER was not aware of their requirement to comply with Title 9 of Wyoming State Statute regarding collateralization of funds. As Wyoming State Statute 21-3-304 defines a charter school as a public school within the school district that grants its charter and states that the charter school must comply with the requirements of the state constitution, we have concluded that PODER is required to ensure its funds are adequately insured and/or collateralized.

LARAMIE COUNTY SCHOOL DISTRICT #1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

June 30, 2013

---

**2013-002: Collateralization of Deposits (Continued)**

**Effect:** Should the financial institution utilized by PODER fail, any funds which are over the Federal deposit insurance limits could be lost unless they are appropriately collateralized.

**Recommendation:** We recommend procedures be implemented to ensure PODER's depository balances are adequately collateralized at all times.

**Auditee Response:** PODER will work with Wells Fargo Bank to ensure that their entire balance is collateralized at all times. Currently, PODER has an account balance that is much less than \$250,000, but PODER is going to be pro-active in collateralizing the account before the balance reaches the required threshold.

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

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None

LARAMIE COUNTY SCHOOL DISTRICT #1

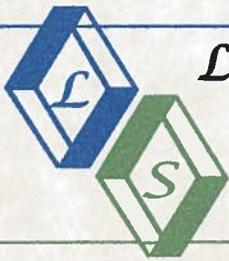
SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2013

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**Summary Schedule of Prior Audit Findings**

<b>Finding</b>	<b>Status</b>
<b><u>2012-01: Budgetary Compliance:</u></b>	
The District is required by Wyoming Statute to adopt a budget for each fund and limit its expenditures to its budgeted appropriations. The Grants Fund over expended its legal budget in its Instructional Support and General Support categories by approximately \$24,000 and \$26,000, respectively.	In order to eliminate similar issues from happening again, all District grant managers now review staffing and other grant expenditure reports monthly. In addition, in January and February of each fiscal year Human Resources reviews staffing with all grant managers. This allows the District to find any errors or omissions early and make necessary adjustments before fiscal year end. Contact Name: Mike Wiggam, Program Administrator of Finance, (307) 771-2110.



*LOVELETT,  
SKOGEN &  
ASSOCIATES, P.C.*

*Certified Public Accountants  
104 South Wolcott St., Suite 735  
Casper, Wyoming 82601  
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[www.cpawyoming.com](http://www.cpawyoming.com)*

January 6, 2014

Department of Education  
Finance Unit  
Hathaway Bldg., 2nd Floor  
2300 Capital Avenue  
Cheyenne, WY 82002-0050

RE: Johnson County School District #1

Enclosed please find the financial report for Johnson County School District #1 for the fiscal year ended June 30, 2013.

Sincerely,

*Roxy L. Skogen, CPA*  
*LOVELETT, SKOGEN & ASSOCIATES, P.C.*

cc: Johnson County School District #1

RECEIVED

JAN - 8 2014

WY. DEPT. OF EDUCATION  
DATA/TECH SERVICES

*Roxy L. Skogen, CPA, CFE*

*Michael J. Cometto, CPA, CFE*