

SHERIDAN COUNTY SCHOOL DISTRICT #2

FINANCIAL REPORT

June 30, 2013

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PORTER, MUIRHEAD, CORNIA & HOWARD

(A Corporation of Certified Public Accountants)

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Supplementary Information and Schedule of Expenditures of Federal Awards

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

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

Honorable Superintendent and
Board of Trustees
Sheridan County School District #2
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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2013, on our consideration of Sheridan County School District #2's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sheridan County School District #2's internal control over financial reporting and compliance.

Porter, Muirhead, Cornia & Howard

Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, WY
November 18, 2013

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SHERIDAN COUNTY SCHOOL DISTRICT #2

MANAGEMENT'S DISCUSSION & ANALYSIS

JUNE 30, 2013

(UNAUDITED)

As management of Sheridan County School District #2 ("District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal 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 \$94,032,554 on June 30, 2013 which compares to \$92,174,526 on June 30, 2012, an increase of \$1,858,028 or 2.02%.
- The District had a total of \$52,373,605 in expenses related to governmental and business-type activities, with \$7,851,260 of these expenses being offset by program specific charges for services or grants and contributions. General revenues were adequate to provide for the remaining costs of these programs.
- Among the major funds, the General Fund had \$44,686,664 in fiscal year (FY) 2013 revenues which primarily consisted of the Wyoming State Foundation Program entitlement and property taxes. The General Fund's fund balance decreased by \$434,395 during the year.
- In fiscal year (FY) 2013, the General Fund transferred \$110,000 to the Food Service Fund to cover the deficit in that program. Charges for services in the Food Service Fund do not cover all of the expenses, so the transfer from the General Fund was necessary. The General Fund also transferred \$385,315 to the Capital Construction Fund and \$313,150 to the Early Retirement Fund.
- The District's student enrollment continued to increase for the seventh year in a row. Average Daily Membership (ADM), the basis for state funding, increased by 315.327 students over the past seven years. Over the past 27 years, however, ADM has decreased by 635.196 students, or 16.34%.
- The assessed valuation for the County and the District continues to be volatile due to the ties to the mineral industry.
- The District made its final payment on bonded debt on June 1, 2003. The only debt remaining for the District is for uncompensated absences, early retirement, and retainage.
- Each year since the 2003 Wyoming State Legislative Session, appropriations have been made to Sheridan County School District #2 for major and minor capital construction projects. The District is currently working with the School Facilities Commission on three projects. We currently hold Director Authorization letters to demolish and replace Henry A Coffeen Elementary School (\$16,212,917); provide security upgrades at Sheridan High School (\$800,000); and remodel Story Elementary School (\$1,349,559). The District has also received authorization to proceed with the purchase of land to build a sixth elementary school.

SHERIDAN COUNTY SCHOOL DISTRICT #2

MANAGEMENT'S DISCUSSION & ANALYSIS JUNE 30, 2013 (UNAUDITED)

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 assets and liabilities of the District, with the difference between the two reported as net position. Over time, increases or decreases in net positions 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 showing how the net assets of the District changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

The 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 for the food service program.

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 legal requirements. The fund financial statements provide more detailed information about the District's most significant funds, but not the District as a whole. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. Such information may be useful in evaluating the government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

SHERIDAN COUNTY SCHOOL DISTRICT #2

**MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2013
(UNAUDITED)**

The District maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Federal and State Grants Fund, the Major Maintenance Fund, the Capital Construction Fund, the Depreciation and School Building Repair Reserve Fund and the Debt Service Fund. All but the Debt Service Fund are considered to be major funds.

- **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 District maintains one proprietary fund which is the Food Service Fund. A proprietary fund is operated similar to a business.
- **Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District is the trustee or fiduciary for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. The District uses a trust fund to account for the resources held for student scholarships. The District uses agency funds to account for the resources held for student activities and groups and for contractor retainage.

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

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process. The District adopts an annual budget for all governmental funds. A budgetary comparison statement has been provided for the General Fund, the Federal and State Grants Fund, the Major Maintenance Fund, and Capital Construction Fund, and the Depreciation and School Building Repair Reserve Fund.

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SHERIDAN COUNTY SCHOOL DISTRICT #2

**MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2013
(UNAUDITED)**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The Statement of Net Position provides the perspective of the District as a whole. Following is a summary of the District's total net position as of June 30, 2013 compared to June 30, 2012. Net position may serve over time as a useful indicator of a government's financial situation.

Condensed Statement of Total Net Position

	Governmental Activities		Business-type Activities		Total School Activities	
	June 30, 2012	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	June 30, 2013
Assets						
Current assets	\$12,861,031	\$13,820,850	\$ 388,883	\$ 445,154	\$13,249,914	\$ 14,266,004
Capital assets, net	82,452,274	83,473,091	14,654	31,562	82,466,928	83,504,653
Total Assets	95,313,305	97,293,941	403,537	476,716	95,716,842	\$ 97,770,657
Liabilities						
Current liabilities	1,635,161	1,718,231	35,954	36,300	1,671,115	1,754,531
Long-term liabilities	1,858,457	1,974,093	12,744	9,479	1,871,201	1,983,572
Total Liabilities	3,493,618	3,692,324	48,698	45,779	3,542,316	3,738,103
Net Position						
Invested in capital assets, net of related debt	82,452,274	83,473,091	14,654	31,562	82,466,928	83,504,653
Restricted	27,991	906,177	-	-	27,991	906,177
Unrestricted	9,339,422	9,222,349	340,185	399,375	9,679,607	9,621,724
Total Net Position	\$91,819,687	\$93,601,617	\$ 354,839	\$ 430,937	\$92,174,526	\$ 94,032,554

The net investment in capital assets as of June 30, 2013 is \$83,504,653, which is the net book value of capital assets (e.g., land, buildings and improvements, furniture and equipment, vehicles, library collections, and construction in progress) less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to its 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 in the amount of \$906,177 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position in the amount of \$9,621,724 may be used to meet the District's ongoing obligations.

On a comparative basis, the District's combined net position increased \$1,858,028 from June 30, 2012 to June 30, 2013. The major reasons for this increase were the completed construction of Meadowlark Elementary School and the construction in progress of Henry A Coffeen Elementary School. Funds for major construction projects came from state and local sources rather than from debt incurred by the District.

SHERIDAN COUNTY SCHOOL DISTRICT #2

MANAGEMENT'S DISCUSSION & ANALYSIS

JUNE 30, 2013

(UNAUDITED)

Changes in the District's Total Net Position

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets. The following table presents a summary of the District's total net position for the fiscal year ended June 30, 2013 compared to the fiscal year ended June 30, 2012.

The District's total net position increased by \$1,858,028 from June 30, 2012 to June 30, 2013, which is \$7,110,356 less than the prior year's increase. The major reason for this decrease is the amount of capital grants and contributions received in the current fiscal year was considerably less than that of the prior fiscal year.

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SHERIDAN COUNTY SCHOOL DISTRICT #2

**MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2013
(UNAUDITED)**

	Governmental Activities		Business-type Activities		Total School Activities	
	June 30, 2012	June 30, 2013	June 30, 2012	June 30, 2013	June 30, 2012	June 30, 2013
Revenues						
Program Revenues						
Charges for services	\$ 43,659	\$ 63,135	\$ 702,832	\$ 689,534	\$ 746,491	\$ 752,669
Operating grants and contributions	4,340,912	3,659,943	665,277	696,034	5,006,189	4,355,977
Capital grants and contributions	9,330,233	2,742,614	-	-	9,330,233	2,742,614
General Revenues						
Property taxes	12,178,627	11,139,189	-	-	12,178,627	11,139,189
County sources	3,212,550	2,985,769	-	-	3,212,550	2,985,769
Major maintenance payments	1,016,898	1,731,981	-	-	1,016,898	1,731,981
State Foundation Program payments	28,090,253	30,317,948	-	-	28,090,253	30,317,948
State other	77,084	13,888	-	-	77,084	13,888
Earnings on investments	49,216	19,567	749	840	49,965	20,407
Miscellaneous income	132,832	171,191	-	-	132,832	171,191
Transfers	(47,600)	(110,000)	47,600	110,000	-	-
Total Revenues	58,424,664	52,735,225	1,416,458	1,496,408	59,841,122	54,231,633
Expenses						
Instruction	30,845,553	31,061,555	-	-	30,845,553	31,061,555
Instructional support	5,449,253	5,592,038	-	-	5,449,253	5,592,038
General administration services	930,097	993,071	-	-	930,097	993,071
School administration services	2,267,098	2,237,150	-	-	2,267,098	2,237,150
Business services	416,534	435,807	-	-	416,534	435,807
Staff relations and negotiations services	156,113	313,150	-	-	156,113	313,150
Operation and maintenance of plant services	4,250,374	4,489,679	-	-	4,250,374	4,489,679
Pupil transportation services	2,066,657	1,993,306	-	-	2,066,657	1,993,306
Central services	1,087,301	1,112,179	-	-	1,087,301	1,112,179
Facilities, acquisitions, and construction services	2,001,941	2,712,829	-	-	2,001,941	2,712,829
Community services	24,125	12,531	-	-	24,125	12,531
Food service expenditures	-	-	1,377,692	1,420,310	1,377,692	1,420,310
Total Expenses	49,495,046	50,953,295	1,377,692	1,420,310	50,872,738	52,373,605
Increase in Net Position	\$ 8,929,618	\$ 1,781,930	\$ 38,766	\$ 76,098	\$ 8,968,384	\$ 1,858,028

SHERIDAN COUNTY SCHOOL DISTRICT #2

MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2013
(UNAUDITED)

Governmental Funds

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds (General Fund, Federal and State Grants Fund, Major Maintenance Fund, Capital Construction Fund, Depreciation and School Building Repair Reserve Fund, Debt Service Fund and Early Retirement Fund) reported a combined fund balance of \$11,929,677.

BUDGETARY HIGHLIGHTS

During the year, the Board of Trustees revised the District's budget. Budget amendments were made to reflect changes in programs and related funding. For the fiscal year ended June 30, 2013, the District decreased the General Fund's instruction budget and increased the General Fund's transfer budget by \$198,500 to help fund the Early Retirement Fund. Detail of these budget amendments can be found on page 37 in the accompanying notes to the financial statements.

Total General Fund revenues were 100.00% of the budgeted revenue. General Fund expenditures were 98.27% of the amount budgeted.

A schedule showing the original and final budget amounts compared to the District's actual financial activity is provided in this report as required supplementary information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2013, the District had a net investment of \$83,473,091 in governmental capital assets, including school buildings, athletic facilities, buses and other vehicles, furniture and equipment, and library collections. Construction in progress as of June 30, 2013 was \$3,774,684, a decrease of \$8,218,275 from the previous fiscal year due to the completion of construction projects around the District during the year being reclassified to buildings and improvements. Depreciation expense for the year was \$2,573,598.

The following schedule shows capital asset balances net of depreciation for the fiscal years ended June 30, 2013 compared to June 30, 2012 for governmental activities. Additional information on the District's capital assets can be found in Note 3 to the basic financial statements.

	<u>June 30, 2012</u>	<u>June 30, 2013</u>	<u>Change</u>
Land	\$ 2,448,040	\$ 2,280,640	\$ (167,400)
Works of art	84,031	84,031	-
Buildings and improvements	65,151,398	74,494,810	9,343,412
Vehicles	1,714,450	1,755,762	41,312
Machinery and equipment	972,153	999,344	27,191
Library collections	89,243	83,820	(5,423)
Construction in progress	11,992,959	3,774,684	(8,218,275)
Total Net Capital Assets	<u>\$82,452,274</u>	<u>\$ 83,473,091</u>	<u>\$ 1,020,817</u>

Debt Administration. The District has no outstanding bonded debt obligations. Additional information on the District's long-term debt can be found in Note 3 to the basic financial statements.

SHERIDAN COUNTY SCHOOL DISTRICT #2

MANAGEMENT'S DISCUSSION & ANALYSIS

JUNE 30, 2013

(UNAUDITED)

ECONOMIC FACTORS FOR THE 2012-2013 BUDGET

Fiscal year 2007 was the first year of implementation for the new school funding model developed by Picus and Associates. During the 2010, 2011, 2012 and 2013 legislative session, no external cost adjustment to the model was approved.

For FY13, the County and District assessed valuations decreased by approximately 11.4%. While an increase in assessed valuation would indicate improvement in the local economy, any tax revenue received by the school district is subtracted from the amount calculated under the School Funding Model.

All certified and classified staff received salary increases for FY13.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Superintendent, Sheridan County School District #2, P.O. Box 919, Sheridan, WY 82801.

BASIC FINANCIAL STATEMENTS

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SHERIDAN COUNTY SCHOOL DISTRICT #2

STATEMENT OF NET POSITION

June 30, 2013

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 11,081,522	\$ 430,820	\$ 11,512,342
Cash held by County Treasurer	148,368	-	148,368
Receivables			
Property taxes receivable	291,073	-	291,073
Accounts receivable	246	-	246
Due from other governments	2,299,641	-	2,299,641
Inventory	-	14,334	14,334
Capital assets (non-depreciable)			
Land	2,280,640	-	2,280,640
Works of art	84,031	-	84,031
Construction in progress	3,774,684	-	3,774,684
Capital assets (net of accumulated depreciation)			
Buildings and improvements	74,494,810	-	74,494,810
Vehicles	1,755,762	-	1,755,762
Machinery and equipment	999,344	31,562	1,030,906
Library collections	83,820	-	83,820
Total assets	<u>97,293,941</u>	<u>476,716</u>	<u>97,770,657</u>
LIABILITIES			
Accounts payable	143,479	-	143,479
Accrued wages payable	497,563	-	497,563
Accrued payroll liabilities	1,077,189	13,028	1,090,217
Unearned lunch funds	-	23,272	23,272
Noncurrent liabilities			
Due within one year	318,786	474	319,260
Due in more than one year	1,655,307	9,005	1,664,312
Total liabilities	<u>3,692,324</u>	<u>45,779</u>	<u>3,738,103</u>
NET POSITION			
Invested in capital assets, net of related debt	83,473,091	31,562	83,504,653
Restricted for			
Major maintenance	906,177	-	906,177
Unrestricted	9,222,349	399,375	9,621,724
Total net position	<u>\$ 93,601,617</u>	<u>\$ 430,937</u>	<u>\$ 94,032,554</u>

See accompanying notes to financial statements

SHERIDAN COUNTY SCHOOL DISTRICT #2

STATEMENT OF ACTIVITIES

Year Ended June 30, 2013

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction				
Regular instruction	\$ 21,958,822	\$ -	\$ 1,493,742	\$ -
Special education instruction	6,819,877	-	553,236	-
Vocation education	1,016,717	-	53,638	-
Other instruction	1,266,139	-	-	-
Support services				
Pupil services	3,190,817	63,135	-	-
Instructional staff services	2,401,221	-	1,398,099	-
General administration services	993,071	-	-	-
School administration services	2,237,150	-	148,697	-
Business services	435,807	-	-	-
Staff relations and negotiations services	313,150	-	-	-
Operation and maintenance of plant services	4,489,679	-	-	-
Pupil transportation services	1,993,306	-	-	-
Central services	1,112,179	-	-	-
Facilities, acquisitions and construction services	2,712,829	-	-	2,742,614
Community services	12,531	-	12,531	-
Total governmental activities	<u>50,953,295</u>	<u>63,135</u>	<u>3,659,943</u>	<u>2,742,614</u>
Business-type activities				
Food service fund	1,420,310	689,534	696,034	-
Total business-type activities	<u>1,420,310</u>	<u>689,534</u>	<u>696,034</u>	<u>-</u>
Total school district	<u>\$ 52,373,605</u>	<u>\$ 752,669</u>	<u>\$ 4,355,977</u>	<u>\$ 2,742,614</u>
General revenues				
Property taxes				
Levied for general purposes				
Levied for specific purposes				
Major maintenance				
Federal, State and Local aid not restricted to specific purposes				
State Foundation Program				
State other				
County				
Unrestricted investment earnings				
Miscellaneous				
Transfers				
Total general revenues				
Change in net position				
Net position - beginning of year				
Net position - end of year				

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (20,465,080)	\$ -	\$ (20,465,080)
(6,266,641)	-	(6,266,641)
(963,079)	-	(963,079)
(1,266,139)	-	(1,266,139)
(3,127,682)	-	(3,127,682)
(1,003,122)	-	(1,003,122)
(993,071)	-	(993,071)
(2,088,453)	-	(2,088,453)
(435,807)	-	(435,807)
(313,150)	-	(313,150)
(4,489,679)	-	(4,489,679)
(1,993,306)	-	(1,993,306)
(1,112,179)	-	(1,112,179)
29,785	-	29,785
-	-	-
<u>(44,487,603)</u>	<u>-</u>	<u>(44,487,603)</u>
-	(34,742)	(34,742)
-	(34,742)	(34,742)
<u>(44,487,603)</u>	<u>(34,742)</u>	<u>(44,522,345)</u>
11,139,189	-	11,139,189
1,731,981	-	1,731,981
30,317,948	-	30,317,948
13,888	-	13,888
2,985,769	-	2,985,769
19,567	840	20,407
171,191	-	171,191
(110,000)	110,000	-
<u>46,269,533</u>	<u>110,840</u>	<u>46,380,373</u>
1,781,930	76,098	1,858,028
91,819,687	354,839	92,174,526
<u>\$ 93,601,617</u>	<u>\$ 430,937</u>	<u>\$ 94,032,554</u>

SHERIDAN COUNTY SCHOOL DISTRICT #2

**BALANCE SHEET
Governmental Funds
June 30, 2013**

	Major Funds		
	General Fund	Federal and State Grants Fund	Major Maintenance Fund
ASSETS			
Cash and cash equivalents	\$ 6,872,374	\$ 243,896	\$ 1,033,762
Cash held by County Treasurer	148,368	-	-
Property taxes receivable	291,073	-	-
Accounts receivable	246	-	-
Due from other governments	-	685,024	-
Due from other funds	1,798,746	-	-
Total assets	<u>\$ 9,110,807</u>	<u>\$ 928,920</u>	<u>\$ 1,033,762</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 15,835	\$ 59	\$ 127,585
Accrued wages payable	301,652	195,911	-
Accrued payroll liabilities	977,042	84,204	-
Due to other funds	-	648,746	-
Total liabilities	<u>1,294,529</u>	<u>928,920</u>	<u>127,585</u>
Deferred inflows of resources			
Deferred property tax revenues	172,942	-	-
Total deferred inflows of resources	<u>172,942</u>	<u>-</u>	<u>-</u>
Fund balances			
Restricted			
Major maintenance W.S. 21-15-109	-	-	906,177
Committed			
Depreciation and school building repair reserve fund	-	-	-
Capital construction fund	-	-	-
Early retirement fund	-	-	-
Unassigned	7,643,336	-	-
Total fund balances	<u>7,643,336</u>	<u>-</u>	<u>906,177</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,110,807</u>	<u>\$ 928,920</u>	<u>\$ 1,033,762</u>

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

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

Long-term liabilities, including early retirement benefits and accrued compensation for absences, are not due and payable in the current period and, therefore, are not reported in the funds.

Early retirement benefits

Compensated absences

Net position of governmental activities

See accompanying notes to financial statements

Major Funds		Nonmajor Fund	Total Governmental Funds
Depreciation and School Building Repair Reserve Fund	Capital Construction Fund	Early Retirement Fund	
\$ 2,301,915	\$ 50,811	\$ 578,764	\$ 11,081,522
-	-	-	148,368
-	-	-	291,073
-	-	-	246
-	1,614,617	-	2,299,641
-	-	-	1,798,746
<u>\$ 2,301,915</u>	<u>\$ 1,665,428</u>	<u>\$ 578,764</u>	<u>\$ 15,619,596</u>

\$ -	\$ -	\$ -	\$ 143,479
-	-	-	497,563
-	-	15,943	1,077,189
-	1,150,000	-	1,798,746
<u>-</u>	<u>1,150,000</u>	<u>15,943</u>	<u>3,516,977</u>
-	-	-	172,942
-	-	-	172,942

-	-	-	906,177
2,301,915	-	-	2,301,915
-	515,428	-	515,428
-	-	562,821	562,821
-	-	-	7,643,336
<u>2,301,915</u>	<u>515,428</u>	<u>562,821</u>	<u>11,929,677</u>
<u>\$ 2,301,915</u>	<u>\$ 1,665,428</u>	<u>\$ 578,764</u>	

83,473,091

172,942

\$ (560,506)	
(1,413,587)	(1,974,093)
	<u>\$ 93,601,617</u>

SHERIDAN COUNTY SCHOOL DISTRICT #2
STATEMENT OF REVENUES EXPENDITURES AND CHANGES IN FUND BALANCES
 Governmental Funds
 Year Ended June 30, 2013

	Major Funds		
	General Fund	Federal and State Grants Fund	Major Maintenance Fund
REVENUES			
Taxes	\$ 11,118,950	\$ -	\$ -
Intergovernmental revenues	33,282,986	3,659,942	1,731,981
Wyoming Department of Education adjustment	34,619	-	-
Charges for services	63,135	-	-
Miscellaneous	186,974	-	1,509
Total revenues	<u>44,686,664</u>	<u>3,659,942</u>	<u>1,733,490</u>
EXPENDITURES			
Instruction			
Regular instruction	20,555,404	1,493,741	-
Special education instruction	6,272,840	553,236	-
Vocation education	950,184	53,638	-
Other instruction	1,282,139	-	-
Total instruction	<u>29,060,567</u>	<u>2,100,615</u>	<u>-</u>
Support services			
Pupil services	3,186,204	-	-
Instructional staff services	936,214	1,398,099	-
General administration services	996,055	-	-
School administration services	2,106,983	148,697	-
Business services	405,024	-	-
Staff relations and negotiations services	-	-	-
Operation and maintenance of plant services	4,520,952	-	-
Pupil transportation services	2,026,978	-	-
Central services	1,073,617	-	-
Facilities, acquisitions and construction services	-	-	855,304
Community services	-	12,531	-
Total support services	<u>15,252,027</u>	<u>1,559,327</u>	<u>855,304</u>
Total expenditures	<u>44,312,594</u>	<u>3,659,942</u>	<u>855,304</u>
Excess (deficiency) of revenues over expenditures	<u>374,070</u>	<u>-</u>	<u>878,186</u>
Other financing sources (uses)			
Proceeds from sale of assets	-	-	-
Transfers in	-	-	-
Transfers out	(808,465)	-	-
Total other financing sources (uses)	<u>(808,465)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(434,395)	-	878,186
Fund balances - beginning of year	8,077,731	-	27,991
Fund balances - end of year	<u>\$ 7,643,336</u>	<u>\$ -</u>	<u>\$ 906,177</u>

See accompanying notes to financial statements

Major Funds		Nonmajor Fund	Total Governmental Funds
Depreciation and School Building Repair Reserve Fund	Capital Construction Fund	Early Retirement Fund	
\$ -	\$ -	\$ -	\$ 11,118,950
-	2,742,613	-	41,417,522
-	-	-	34,619
-	-	-	63,135
837	1,200	239	190,759
<u>837</u>	<u>2,743,813</u>	<u>239</u>	<u>52,824,985</u>
-	-	-	22,049,145
-	-	-	6,826,076
-	-	-	1,003,822
-	-	-	1,282,139
<u>-</u>	<u>-</u>	<u>-</u>	<u>31,161,182</u>
-	-	-	3,186,204
-	-	-	2,334,313
-	-	-	996,055
-	-	-	2,255,680
-	-	-	405,024
-	-	152,995	152,995
-	-	-	4,520,952
-	-	-	2,026,978
-	-	-	1,073,617
52,376	3,252,874	-	4,160,554
-	-	-	12,531
<u>52,376</u>	<u>3,252,874</u>	<u>152,995</u>	<u>21,124,903</u>
<u>52,376</u>	<u>3,252,874</u>	<u>152,995</u>	<u>52,286,085</u>
<u>(51,539)</u>	<u>(509,061)</u>	<u>(152,756)</u>	<u>538,900</u>
-	427,612	-	427,612
-	385,315	313,150	698,465
-	-	-	(808,465)
<u>-</u>	<u>812,927</u>	<u>313,150</u>	<u>317,612</u>
(51,539)	303,866	160,394	856,512
2,353,454	211,562	402,427	11,073,165
<u>\$ 2,301,915</u>	<u>\$ 515,428</u>	<u>\$ 562,821</u>	<u>\$ 11,929,677</u>

SHERIDAN COUNTY SCHOOL DISTRICT #2

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

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

Net change in fund balances-total governmental funds	\$	856,512
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay and loss on disposal exceeded depreciation in the current period:

Capital outlay	\$ 12,801,661	
Loss on disposal	(988,971)	
Additional construction in progress	3,938,676	
Less completed construction in progress	(12,156,951)	
Depreciation expense	<u>(2,573,598)</u>	1,020,817

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Compensated absences as of June 30, 2013	(1,413,587)	
Compensated absences as of June 30, 2012	1,448,106	
Early retirement benefits as of June 30, 2013	(560,506)	
Early retirement benefits as of June 20, 2012	400,351	
Retainage payable as of June 30, 2012	<u>10,000</u>	(115,636)

Some revenues reported in the statement of activities do not provide current financial resources and, therefore, are not reported as revenues in the governmental funds:

Deferred property tax revenue as of June 30, 2013	172,942	
Deferred property tax revenue as of June 30, 2012	<u>(152,705)</u>	<u>20,237</u>

Change in net assets of governmental activities		<u><u>\$ 1,781,930</u></u>
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SHERIDAN COUNTY SCHOOL DISTRICT #2

STATEMENT OF NET POSITION
Proprietary Fund
June 30, 2013

	<u>Food Service Fund</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 430,820
Inventory	14,334
Total current assets	<u>445,154</u>
Property and equipment	285,011
Less accumulated depreciation	<u>(253,449)</u>
Total capital assets net of accumulated depreciation	<u>31,562</u>
Total assets	<u>476,716</u>
LIABILITIES	
Current liabilities	
Accrued liabilities	13,028
Accrued compensated absences	474
Unearned lunch funds	<u>23,272</u>
Total current liabilities	<u>36,774</u>
Noncurrent liabilities	
Accrued compensated absences	<u>9,005</u>
Total noncurrent liabilities	<u>9,005</u>
NET POSITION	
Invested in capital assets, net of related debt	31,562
Unrestricted	<u>399,375</u>
Total net position	<u>\$ 430,937</u>

See accompanying notes to financial statements

SHERIDAN COUNTY SCHOOL DISTRICT #2

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION**

**Proprietary Fund
Year Ended June 30, 2013**

	<u>Food Service Fund</u>
Operating revenues	
Charges for services	<u>\$ 689,534</u>
Total operating revenues	<u>689,534</u>
Operating expenses	
Salaries	437,916
Benefits	163,175
Contractual services	17,805
Supplies	62,960
Direct food costs	634,189
Cost of commodities	89,753
Miscellaneous	9,425
Depreciation	5,087
Total operating expenses	<u>1,420,310</u>
Total (loss) from operations	<u>(730,776)</u>
Nonoperating revenues	
Federal subsidy	696,034
Interest income	840
Total nonoperating revenue	<u>696,874</u>
Net (loss) before transfers	(33,902)
Transfers in	<u>110,000</u>
Change in net position	76,098
Net position - beginning of year	<u>354,839</u>
Net position - end of year	<u><u>\$ 430,937</u></u>

See accompanying notes to financial statements

SHERIDAN COUNTY SCHOOL DISTRICT #2

STATEMENT OF CASH FLOWS

Proprietary Fund

Year Ended June 30, 2013

	<u>Food Service Fund</u>
Cash flows from operating activities	
Cash received from services	\$ 691,997
Cash paid to suppliers for goods and services	(752,731)
Cash paid to employees for services	(605,651)
Net cash used in operating activities	<u>(666,385)</u>
Cash flows from noncapital financing activities	
Transfers	110,000
Federal reimbursement	629,314
Net cash provided by noncapital financing activities	<u>739,314</u>
Cash flows from capital financing activities	
Net cash provided by capital financing activities	<u>-</u>
Cash flows from investing activities	
Purchase of capital assets	(21,995)
Interest income	840
Net cash used in investing activities	<u>(21,155)</u>
Net increase in cash and cash equivalents	51,774
Cash and cash equivalents - beginning of year	<u>379,046</u>
Cash and cash equivalents - end of year	<u>\$ 430,820</u>
Reconciliation of operating (loss) to net cash used in operating activities	
Operating (loss)	\$ (730,776)
Adjustments to reconcile operating (loss) to net cash used in operating activities	
Depreciation	5,087
Federal share of commodities	66,720
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities	
Accounts receivable	822
Inventory	(5,319)
Accrued liabilities	(1,295)
Accrued compensated absences	(3,265)
Unearned lunch funds	1,641
Net cash used in operating activities	<u>\$ (666,385)</u>
Non-cash transactions	
The Food Service Fund received USDA commodities valued at \$66,720	

See accompanying notes to financial statements

SHERIDAN COUNTY SCHOOL DISTRICT #2

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2013

	Private- Purpose Trust Fund	Agency Funds		Totals
		Student Activities Funds	Contractors Retainage Fund	
ASSETS				
Cash	\$ 104,469	\$ 262,599	\$ 242,578	\$ 609,646
Investments, at fair value	17,147	-	-	17,147
Total assets	<u>121,616</u>	<u>262,599</u>	<u>242,578</u>	<u>626,793</u>
LIABILITIES				
Due to student groups	-	262,599	-	262,599
Retainage payable	-	-	242,578	242,578
Total liabilities	<u>-</u>	<u>262,599</u>	<u>242,578</u>	<u>505,177</u>
NET POSITION				
Held in trust for scholarships	<u>\$ 121,616</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 121,616</u>

See accompanying notes to financial statements

SHERIDAN COUNTY SCHOOL DISTRICT #2

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Year Ended June 30, 2013

	<u>Private Purpose Trust Fund</u>
Additions	
Scholarship donations	\$ 17,253
Increase in the value of stock	421
Interest earnings	<u>179</u>
Total additions	<u>17,853</u>
Deductions	
Scholarship awards	<u>18,600</u>
Total deductions	<u>18,600</u>
Change in net position	(747)
Net position - beginning of year	<u>122,363</u>
Net position - end of year	<u><u>\$ 121,616</u></u>

See accompanying notes to financial statements

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SHERIDAN COUNTY SCHOOL DISTRICT # 2

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The Board of Trustees (Board) has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of Sheridan County School District #2 ("District"). The Board receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the District serves as the nucleus for the reporting entity under the provisions of GASB Statements No. 14 and No. 39 for its basic financial statements. Using this premise, the District is not financially accountable for any other organizations and thus, includes only the financial statements of the District. Sheridan County School District #2 has no component units nor is it considered a component unit of any other government.

Other Affiliations

The District owns shares in the Burn Cleuch Ditch Company in a proportion equivalent to its acreage of water rights. The District owns these shares in order to obtain an adequate supply of water for the District.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. 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.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The District's financial statements are meant to present District financial information in a format more closely resembling that of the private sector and to provide the user with more managerial analysis regarding the financial results and the Board's financial outlook.

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

SHERIDAN COUNTY SCHOOL DISTRICT # 2

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

The District reports the following major governmental funds:

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

The *federal and state grants fund* accounts for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes and is reported as a special revenue fund.

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

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

The *capital construction fund* accounts for the proceeds of specific revenue sources for capital projects that are restricted to expenditures for the construction and renovation of schools and buildings.

The District reports the following nonmajor governmental fund:

The *early retirement fund* is a debt service fund that accounts for the liability associated with early retirement benefits.

The District reports the following major proprietary fund:

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

Additionally, the District reports the following fund types:

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

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

SHERIDAN COUNTY SCHOOL DISTRICT # 2

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

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

Assets, Liabilities, and Net Position or Equity

Deposits and Investments

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

State statutes authorize the District to invest in securities issued or guaranteed by the U.S. Treasury or agencies of the United States government, bank certificates of deposit, shares or savings certificates of savings and loan associations, Tennessee Valley Authority bonds and notes and export-import bank notes and guaranteed participations.

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

Accounts Receivable

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

SHERIDAN COUNTY SCHOOL DISTRICT # 2

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

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

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 activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities.

Property Taxes

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

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

Inventories

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

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

Capital Assets

Capital assets, which include property, plant, equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

SHERIDAN COUNTY SCHOOL DISTRICT # 2

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

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

Capital Assets (Continued)

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-50
Machinery and equipment	10
Vehicles	5
Library collections	5

Compensated Absences

Classified employees who work on 9 month contracts are granted either 3 or 10 days leave of absence for illness each year without loss of salary. The leave is cumulative up to 18 or 60 days depending upon the job classification. The leave covers personal illness or illness in the immediate family (spouse, children, parents) requiring the employee's presence. Ten month employees are granted 11 days a year, cumulative to 66 days. Twelve month employees are granted 12 days a year cumulative to 72 days.

Professional staff members who are on nine-month contracts accumulate sick leave at the rate of 10 days per year accumulative to 60 days. Those on ten-month contracts accumulate 11 days of sick leave per year accumulative to 66 days. Staff members on eleven or twelve month contracts accumulate 12 days of sick leave per year accumulative to 72 days. Sick leave is to be used for the illness of a staff member or members of his or her family. Family members are defined as children, spouse, or parents.

Once accumulated sick leave has been used, classified employees with extended illnesses may receive their regular salary less the cost of a substitute with board approval. Certified and classified employees can apply for additional sick leave days from their respective sick leave banks. In no case can the combination of regular and extended sick leave exceed 180 days.

Classified employees on a 12 month basis with less than five years of employment are granted 12 days (accumulated at the rate of 1 day/month) of vacation annually with full pay. Employees with more than five years but less than ten on a twelve-month basis are granted 15 days (accumulated at the rate of 1¼ days/month) of vacation annually with full pay. Employees with more than ten years on a twelve-month basis are granted 18 days (accumulated at the rate of 1½ days/month) of vacation annually with full pay.

Employees who retire after ten (10) consecutive years of full-time employment with Sheridan County School District #2 are paid, at the current substitute rate (currently \$92 per day for certified staff) for unused sick leave. Intention to retire must be indicated, in writing, to the Superintendent of Schools by March 15 during the fiscal year prior to actual retirement in order to assure payment at the time of retirement. In the event of the death of an employee while under contract, the beneficiaries of staff employed for ten or more years are entitled to the unused sick leave at the current substitute rate. The maximum number of days to be used in computing the payment is either 18, 60, 66, or 72 days depending on the maximum number of days of sick leave that can be accumulated by the employee. Total accrued compensated absences at June 30, 2013 were \$1,423,066.

SHERIDAN COUNTY SCHOOL DISTRICT # 2

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 1. Summary of Significant Accounting Policies (Continued)

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

Use of Estimates

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

Reclassification

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

Fund Equity

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the District Board through approval of resolutions. Assigned fund balances is a limitation imposed by a designee of the District Board. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes. Proprietary fund equity is classified the same as in the government-wide statements.

If, in any given year, expenditures exceed revenues, it is the intent of the District's Board of Trustees to draw on unassigned fund balances first, followed in order by assigned, then committed, and then restricted, unless otherwise determined by Board motion.

Restricted Net Position

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

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

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

SHERIDAN COUNTY SCHOOL DISTRICT # 2

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 2. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

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

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

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

The budget is adopted by the third Wednesday of July.

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

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Funds, and Debt Service Fund.

Budgets for the General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Fund, and Enterprise Fund are adopted on a cash basis (NON-GAAP). Such basis is not consistent with generally accepted accounting principles (GAAP).

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

Note 3. Detailed Notes on All Funds

Deposits and Investments

As of June 30, 2013, the District had the following investments held by its Private-Purpose Trust Fund:

Fiduciary Funds:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>
Stocks (Donated)	\$ 17,147	Not rated
Total	<u>\$ 17,147</u>	

SHERIDAN COUNTY SCHOOL DISTRICT # 2

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 3. Detailed Notes on All Funds (Continued)

Deposits and Investments (Continued)

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investments are held in a money market investment account, and as a means of limiting its exposure to fair value losses arising from rising interest rates, the District attempts to match its investment maturities to expected cash flow needs. With this investment focus, investments are expected to reach maturity with limited gains or losses. The donated stock, while immaterial to the District's financial statements, is not subject to interest rate risk.

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. State statutes limit the type of investments the District can use. Statutes limit investments primarily to securities issued or guaranteed by the U.S. Treasury or agencies of the United States government. At June 30, 2013, the District's investments were donated stocks held in the fiduciary fund for scholarships.

Concentration of credit risk

The District does not have a formal policy that allows or limits an investment in any one issuer that is in excess of a specified percentage of the district's total investments. At June 30, 2013, the District held investments in trust that are in stocks. These investments were donated to the District to be held in a fiduciary fund with the proceeds to be used for student scholarships.

Custodial credit risk – deposits

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require that the District's deposits in excess of the Federal depository insurance amount be collateralized. At June 30, 2013, the District's deposits were fully insured or collateralized as required by State statutes.

Custodial credit risk – investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The fiduciary fund's donated stocks are held in a brokerage account which is covered by the Securities Investment Protection Corporation up to a ceiling of \$500,000.

SHERIDAN COUNTY SCHOOL DISTRICT # 2

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 3. Detailed Notes on All Funds (Continued)

Capital Assets

A summary of changes in capital assets follows:

	Beginning Balance July 1, 2012	Transfers and Additions	Transfers and Deletions	Ending Balance June 30, 2013
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 2,448,040	\$ -	\$ 167,400	\$ 2,280,640
Works of art	84,031	-	-	84,031
Construction in progress	11,992,959	3,938,676	12,156,951	3,774,684
Total capital assets, not being depreciated	14,525,030	3,938,676	12,324,351	6,139,355
Capital assets, being depreciated				
Buildings and improvements	86,402,926	12,156,951	2,697,552	95,862,325
Vehicles	3,686,426	368,399	207,808	3,847,017
Machinery and equipment	2,399,093	235,391	104,221	2,530,263
Library collections	954,866	40,920	52,303	943,483
Total capital assets, being depreciated	93,443,311	12,801,661	3,061,884	103,183,088
Less accumulated depreciation				
Buildings and improvements	21,251,528	1,991,968	1,875,981	21,367,515
Vehicles	1,971,976	327,087	207,808	2,091,255
Machinery and equipment	1,426,940	208,200	104,221	1,530,919
Library collections	865,623	46,343	52,303	859,663
Total accumulated depreciation	25,516,067	2,573,598	2,240,313	25,849,352
Total capital assets, being depreciated, net	67,927,244	10,228,063	821,571	77,333,736
Governmental activities capital assets, net	<u>\$ 82,452,274</u>	<u>\$ 14,166,739</u>	<u>\$ 13,145,922</u>	<u>\$ 83,473,091</u>
Business-type activities				
Capital assets, being depreciated				
Machinery and equipment	\$ 270,413	\$ 21,995	\$ 7,397	\$ 285,011
Less accumulated depreciation	255,759	5,087	7,397	253,449
Business-type activities capital assets, net	<u>\$ 14,654</u>	<u>\$ (16,908)</u>	<u>\$ -</u>	<u>\$ 31,562</u>

SHERIDAN COUNTY SCHOOL DISTRICT # 2

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 3. Detailed Notes on All Funds (Continued)

Capital Assets (Continued)

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

Governmental activities

Instruction

Regular instruction

\$ 208,200

Support services

Pupil services

46,343

Pupil transportation services

327,087

Facilities, acquisitions and construction services

1,991,968

Total depreciation expense - governmental activities

\$2,573,598

Business-type activities

Food service fund

\$ 5,087

Total depreciation expense - business-type activities

\$ 5,087

Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2013, is as follows:

	<u>Receivable</u>	<u>Payable</u>
Governmental funds		
General fund	\$ 1,798,746	\$ -
Federal and state grants fund	-	648,746
Capital construction fund	-	1,150,000
	<u>\$ 1,798,746</u>	<u>\$ 1,798,746</u>

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

Operating transfers during the year were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental funds		
General fund	\$ -	\$ 808,465
Capital construction fund	385,315	-
Early retirement fund	313,150	-
Enterprise fund		
Food service fund	110,000	-
	<u>\$ 808,465</u>	<u>\$ 808,465</u>

SHERIDAN COUNTY SCHOOL DISTRICT # 2

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 3. Detailed Notes on All Funds (Continued)

Interfund Receivables, Payables and Transfers (Continued)

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

Long-term Debt

Long-term liability activity for the year ended June 30, 2013 was as follows:

	<u>Balance</u> <u>June 30, 2012</u>	<u>New Debt</u> <u>Incurred</u>	<u>Debt</u> <u>Retired</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities					
Accrued compensated absences	\$ 1,448,106	\$ -	\$ 34,519	\$ 1,413,587	\$ 70,679
Early retirement benefits	400,351	313,150	152,995	560,506	248,107
Retainage payable	10,000	-	10,000	-	-
	<u>\$ 1,858,457</u>	<u>\$ 313,150</u>	<u>\$ 197,514</u>	<u>\$ 1,974,093</u>	<u>\$ 318,786</u>
Business-type Activities					
Accrued compensated absences	\$ 12,744	\$ -	\$ 3,265	\$ 9,479	\$ 474

In order to be eligible for early retirement benefits, the employee applicant must have been employed by the District for a minimum of 15-20 years, depending upon employee classification, and must have ten total years and five years of continuous/consecutive employment in this district immediately preceding the date of application for participation in the early retirement plan. In addition, the applicant must be at least fifty years old as of December 31 in the calendar year of application. The employee will receive an incentive based on their average FTE and hours worked over the last ten years and other fixed amounts, depending upon employee classification, and is payable in equal monthly installments for a period not exceeding three years. An employee participating in the plan prior to fiscal year 2012 retains the right to stay under the District's health and life insurance program while receiving early retirement benefits provided the employee pays the employee's premiums. However, participants entering the plan after June 30, 2011 are not eligible for this benefit. The employee receiving benefits under this plan will be responsible for all taxes accruing from such benefits. The cost of these benefits to the District is \$560,506 over the next five years. The present value of the benefits is \$557,712 calculated using the current interest rate paid by the District's primary investment. Since the difference between the actual cost and discounted costs is \$2,794, an immaterial amount to the District's financial statements, the District has recorded the actual cost in the financial statements. During the current year, expenditures of \$152,995 were recognized as retirement payments in the Early Retirement Fund to cover thirty-two (32) participants.

Accrued compensated absences are generally liquidated by the general fund or the food service fund and the retainage payable is generally liquidated by either the major maintenance fund or the capital construction fund.

SHERIDAN COUNTY SCHOOL DISTRICT # 2

NOTES TO FINANCIAL STATEMENTS
June 30, 2013

Note 3. Detailed Notes on All Funds (Continued)

Retirement Plan

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

Plan members are required to contribute 7.00% of their annual covered salary and the District is required to contribute 7.12% of the annual covered payroll. Legislation enacted in 1979 allows the employer to pay any or all of the employees' contribution in addition to the matching contribution. The District currently pays 5.57% of the required employee's contribution with the plan members paying the remaining 1.43%. 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 \$3,805,970, \$3,748,416, and \$4,030,087, respectively, which equaled 100% of the required contributions for each respective year. Effective September 1, 2013, the employee contribution will increase by 0.50% from 7.00% to 7.50%. In September 2014, the employer contribution rate will increase by 0.50% from 7.12% to 7.62%. The District will have the option to pay or not pay the additional employee contribution.

Budget Amendments

The District amended its budgets during the year as follows:

	<u>Increase</u>	<u>Decrease</u>
General Fund		
Instruction	\$ -	\$ 198,500
Transfer of funds - early retirement fund	198,500	-
	<u>\$ 198,500</u>	<u>\$ 198,500</u>

Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. During the year ended June 30, 2013, the District contracted with various insurance companies for property insurance (including boiler and machinery), general liability insurance, professional insurance and vehicle insurance. The coverage's under each type of insurance policy vary in amounts and deductibles. The District has not had significant settlements exceeding insurance coverage in any of the past three fiscal years.

The District pays into the State Worker's Compensations System a premium based on employees classified as hazardous. This rate is calculated based on accident history and administrative cost.

SHERIDAN COUNTY SCHOOL DISTRICT # 2

NOTES TO FINANCIAL STATEMENTS

June 30, 2013

Note 3. Detailed Notes on All Funds (Continued)

Commitments

Each year since the 2003 Wyoming State Legislative Session, appropriations have been made to Sheridan County School District #2 for major and minor capital construction projects. Total project appropriations as of June 30, 2013 were \$23,230,807. The following table presents construction projects that are currently in progress.

	<u>Project Allocation</u>	<u>Total Funds Available</u>	<u>Expended through June 30, 2013</u>	<u>Remaining Funds at June 30, 2013</u>
Sheridan Junior High School - hill stabilization project	\$ 1,279,726	\$ 1,279,726	\$ 1,193,845	\$ 85,881
Story School Renovation	1,349,559	1,349,559	408,039	941,520
Henry A Coffeen School - replacement	16,212,917	16,212,917	1,655,813	14,557,104
SJHS remodel	914,305	914,305	250,179	664,126
SHS security vestibule	3,474,300	3,474,300	266,808	3,207,492
	<u>\$ 23,230,807</u>	<u>\$ 23,230,807</u>	<u>\$ 3,774,684</u>	<u>\$ 19,456,123</u>

Note 4. Accounting Standards Issued, But Not Implemented

As of June 30, 2013, the Governmental Accounting Standards Board had issued the following standards which the District will implement in its next fiscal year.

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

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REQUIRED SUPPLEMENTARY INFORMATION

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SHERIDAN COUNTY SCHOOL DISTRICT #2

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

General Fund

Year Ended June 30, 2013

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Special district taxes	\$ 9,295,000	\$ 9,295,000	\$ 9,215,466	\$ (79,534)
Motor vehicle taxes	1,750,000	1,750,000	1,862,909	112,909
Car company taxes	14,000	14,000	26,239	12,239
Other local taxes	75,000	75,000	16,187	(58,813)
Total taxes	11,134,000	11,134,000	11,120,801	(13,199)
Intergovernmental revenues				
6-mill county taxes	2,245,000	2,245,000	2,207,367	(37,633)
County motor vehicle taxes	400,000	400,000	411,250	11,250
Car company tax	6,000	6,000	12,772	6,772
Delinquent county taxes	25,000	25,000	3,800	(21,200)
Fines and forfeitures	300,000	300,000	332,533	32,533
Forest reserve revenue	6,000	6,000	5,575	(425)
Foundation program	29,891,000	29,891,000	30,283,329	392,329
Audit adjustment - state foundation	-	-	34,619	34,619
Taylor grazing income	4,000	4,000	3,994	(6)
State shortfall grant	13,887	13,887	13,888	1
Total intergovernmental revenues	32,890,887	32,890,887	33,309,127	418,240
Charges for services				
Tuition	25,000	25,000	48,238	23,238
Student activities and fines	18,000	18,000	14,897	(3,103)
Total charges for services	43,000	43,000	63,135	20,135
Miscellaneous				
Earnings on investments	50,000	50,000	25,893	(24,107)
Rent	17,500	17,500	36,069	18,569
Sale of fixed assets	-	-	10,576	10,576
Miscellaneous	80,000	80,000	124,546	44,546
Total miscellaneous	147,500	147,500	197,084	49,584
Total revenues	44,215,387	44,215,387	44,690,147	474,760

(Continued)

See accompany note to required supplementary information

SHERIDAN COUNTY SCHOOL DISTRICT #2

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

General Fund (Continued)

Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES				
Instruction				
Elementary instruction				
Salaries	\$ 6,749,100	\$ 6,749,100	\$ 6,814,148	\$ (65,048)
Employee benefits	2,768,100	2,768,100	2,627,793	140,307
Purchased services	40,600	43,882	18,112	25,770
Supplies and materials	627,041	615,759	421,883	193,876
Capital outlay	45,719	53,719	152,807	(99,088)
Other objects	-	-	3,170	(3,170)
Total elementary instruction	10,230,560	10,230,560	10,037,913	192,647
Middle/Junior High school instruction				
Salaries	3,459,500	3,459,500	3,470,468	(10,968)
Employee benefits	1,398,250	1,398,250	1,361,310	36,940
Purchased services	19,883	20,595	14,371	6,224
Supplies and materials	206,140	205,907	145,087	60,820
Capital outlay	56,350	55,578	61,592	(6,014)
Other objects	1,575	1,868	1,353	515
Total middle/junior high school instruction	5,141,698	5,141,698	5,054,181	87,517
Senior High instruction				
Salaries	3,543,000	3,543,000	3,541,586	1,414
Employee benefits	1,446,150	1,446,150	1,424,319	21,831
Purchased services	18,740	20,791	29,191	(8,400)
Supplies and materials	237,185	227,614	197,336	30,278
Capital outlay	78,394	82,414	156,142	(73,728)
Other objects	1,000	1,000	114,256	(113,256)
Total senior high instruction	5,324,469	5,320,969	5,462,830	(141,861)
Special Education				
Salaries	3,779,100	3,679,850	3,634,598	45,252
Employee benefits	1,691,400	1,592,150	1,505,435	86,715
Purchased services	4,200	4,200	3,199	1,001
Supplies and materials	42,000	42,000	28,139	13,861
Capital outlay	14,400	14,400	10,382	4,018
Total special education	5,531,100	5,332,600	5,181,753	150,847
Special Education - Tuition				
Supplies and materials	605,000	605,000	593,117	11,883
Total special education - tuition	605,000	605,000	593,117	11,883

(Continued)

See accompany note to required supplementary information

SHERIDAN COUNTY SCHOOL DISTRICT #2

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

General Fund (Continued)
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Instruction (Continued)				
Gifted and Talented				
Salaries	\$ 64,700	\$ 64,700	\$ 64,517	\$ 183
Employee benefits	26,100	26,100	24,132	1,968
Purchased services	3,000	3,000	2,321	679
Supplies and materials	16,000	16,000	8,149	7,851
Capital outlay	1,000	1,000	1,200	(200)
Other objects	-	-	1,968	(1,968)
Total gifted and talented	<u>110,800</u>	<u>110,800</u>	<u>102,287</u>	<u>8,513</u>
Limited English Proficient				
Salaries	92,000	92,000	109,995	(17,995)
Employee benefits	58,300	58,300	47,351	10,949
Total limited English proficient	<u>150,300</u>	<u>150,300</u>	<u>157,346</u>	<u>(7,046)</u>
Homebound Programs				
Salaries	20,000	20,000	15,434	4,566
Employee benefits	1,780	1,780	2,678	(898)
Purchased services	500	500	5,105	(4,605)
Total homebound programs	<u>22,280</u>	<u>22,280</u>	<u>23,217</u>	<u>(937)</u>
Behavior Center				
Purchased services	161,235	161,235	161,235	-
Total behavior center	<u>161,235</u>	<u>161,235</u>	<u>161,235</u>	<u>-</u>
Junior High Activities				
Salaries	172,500	172,500	178,711	(6,211)
Employee benefits	50,100	50,100	46,734	3,366
Purchased services	32,945	32,945	20,087	12,858
Supplies and materials	34,318	34,318	34,120	198
Capital outlay	2,550	2,550	-	2,550
Other objects	900	900	657	243
Total junior high activities	<u>293,313</u>	<u>293,313</u>	<u>280,309</u>	<u>13,004</u>
Junior High Intramurals				
Purchased services	16,000	16,000	6,000	10,000
Supplies and materials	4,500	4,500	4,500	-
Capital outlay	2,000	2,000	-	2,000
Total junior high intramurals	<u>22,500</u>	<u>22,500</u>	<u>10,500</u>	<u>12,000</u>

(Continued)

See accompany note to required supplementary information

SHERIDAN COUNTY SCHOOL DISTRICT #2

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

General Fund (Continued)
Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES (Continued)				
Instruction (Continued)				
High School Activities				
Salaries	\$ 617,700	\$ 617,700	\$ 604,372	\$ 13,328
Employee benefits	190,545	190,545	156,652	33,893
Purchased services	146,490	146,490	162,006	(15,516)
Supplies and materials	45,200	45,200	40,051	5,149
Capital outlay	20,000	20,000	10,058	9,942
Other objects	17,235	17,235	22,375	(5,140)
Total high school activities	1,037,170	1,037,170	995,514	41,656
High School Vocational Instruction				
Salaries	634,000	634,000	632,524	1,476
Employee benefits	262,200	262,200	257,993	4,207
Purchased services	7,929	7,229	3,011	4,218
Supplies and materials	42,334	46,534	54,256	(7,722)
Capital outlay	4,942	4,942	2,400	2,542
Total high school vocational instruction	951,405	954,905	950,184	4,721
Total instruction	29,581,830	29,383,330	29,010,386	372,944
Instructional support				
Guidance services				
Salaries	583,500	583,500	596,443	(12,943)
Employee benefits	236,750	236,750	236,319	431
Purchased services	2,160	2,160	1,589	571
Supplies and materials	8,613	8,613	6,110	2,503
Capital outlay	3,000	3,000	2,813	187
Other objects	-	-	562	(562)
Total guidance services	834,023	834,023	843,836	(9,813)
Student Strategic Planning				
Salaries	93,000	93,000	92,228	772
Employee benefits	29,100	29,100	27,910	1,190
Purchased services	2,250	2,250	1,208	1,042
Supplies and materials	4,800	4,800	4,077	723
Capital outlay	1,000	1,000	1,200	(200)
Other objects	500	500	390	110
Total student strategic planning	130,650	130,650	127,013	3,637

(Continued)

See accompany note to required supplementary information

SHERIDAN COUNTY SCHOOL DISTRICT #2

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

General Fund (Continued)
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Instructional support (Continued)				
Student Information Systems				
Salaries	\$ 124,800	\$ 124,800	\$ 122,524	\$ 2,276
Employee benefits	46,650	46,650	44,821	1,829
Purchased services	14,400	14,400	4,236	10,164
Supplies and materials	66,300	66,300	52,777	13,523
Capital outlay	4,000	4,000	2,327	1,673
Other objects	500	500	-	500
Total student information systems	256,650	256,650	226,685	29,965
Assessment Services				
Salaries	77,660	77,660	49,361	28,299
Employee benefits	11,783	11,783	4,314	7,469
Purchased services	16,000	16,000	22,050	(6,050)
Supplies and materials	68,500	68,500	13,514	54,986
Other objects	500	500	610	(110)
Total assessment services	174,443	174,443	89,849	84,704
Social services				
Salaries	331,000	331,000	329,117	1,883
Employee benefits	121,400	121,400	116,072	5,328
Purchased services	500	500	101	399
Supplies and materials	2,500	2,500	2,406	94
Capital outlay	-	-	998	(998)
Total social services	455,400	455,400	448,694	6,706
Health services				
Salaries	179,700	179,700	175,133	4,567
Employee benefits	70,950	70,950	56,663	14,287
Purchased services	700	700	1,019	(319)
Supplies and materials	18,835	18,835	12,289	6,546
Capital outlay	8,540	8,540	11,112	(2,572)
Other objects	-	-	2,000	(2,000)
Total health services	278,725	278,725	258,216	22,509

(Continued)

See accompany note to required supplementary information

SHERIDAN COUNTY SCHOOL DISTRICT #2

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

General Fund (Continued)
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Instructional Support (Continued)				
Psychological services				
Salaries	\$ 295,000	\$ 295,000	\$ 297,091	\$ (2,091)
Employee benefits	127,100	127,100	117,084	10,016
Purchased services	2,000	2,000	5,359	(3,359)
Supplies and materials	4,300	4,300	8,500	(4,200)
Capital outlay	-	-	1,200	(1,200)
Total psychological services	428,400	428,400	429,234	(834)
Speech/Audiology services				
Salaries	265,000	265,000	267,732	(2,732)
Employee benefits	100,300	100,300	101,823	(1,523)
Purchased services	1,000	1,000	49,763	(48,763)
Supplies and materials	3,500	3,500	8,764	(5,264)
Capital outlay	1,200	1,200	-	1,200
Other objects	-	-	225	(225)
Total speech/audiology services	371,000	371,000	428,307	(57,307)
Occupational and Physical Therapy				
Salaries	58,700	58,700	57,059	1,641
Employee benefits	37,700	37,700	34,326	3,374
Purchased services	46,000	46,000	64,307	(18,307)
Supplies and materials	1,600	1,600	742	858
Total occupational and physical therapy	144,000	144,000	156,434	(12,434)
Other Support Services				
Purchased services	145,000	145,000	176,858	(31,858)
Total other support services	145,000	145,000	176,858	(31,858)
Staff Training				
Salaries	5,000	5,000	20,300	(15,300)
Employee benefits	1,070	1,070	4,357	(3,287)
Purchased services	83,000	78,000	36,093	41,907
Supplies and materials	14,850	14,850	10,049	4,801
Other objects	-	5,000	570	4,430
Total staff training	103,920	103,920	71,369	32,551

(Continued)

See accompany note to required supplementary information

SHERIDAN COUNTY SCHOOL DISTRICT #2

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

General Fund (Continued)
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
Instructional Support (Continued)				
Education Media Services				
Salaries	\$ 342,500	\$ 342,500	\$ 333,395	\$ 9,105
Employee benefits	165,050	165,050	174,279	(9,229)
Purchased services	3,548	3,348	80	3,268
Supplies and materials	69,278	69,628	75,997	(6,369)
Capital outlay	6,363	6,213	-	6,213
Other objects	-	-	2,200	(2,200)
Total education media services	<u>586,739</u>	<u>586,739</u>	<u>585,951</u>	<u>788</u>
Special Education Supervision				
Salaries	131,800	131,800	127,400	4,400
Employee benefits	59,150	59,150	56,891	2,259
Purchased services	2,000	-	29	(29)
Supplies and materials	2,500	2,000	1,303	697
Capital outlay	-	2,500	499	2,001
Other objects	-	-	50	(50)
Total special education supervision	<u>195,450</u>	<u>195,450</u>	<u>186,172</u>	<u>9,278</u>
Technology Integration				
Salaries	50,100	50,100	44,404	5,696
Employee benefits	12,450	12,450	20,092	(7,642)
Purchased services	16,100	16,100	9,117	6,983
Supplies and materials	17,000	17,000	13,171	3,829
Capital outlay	3,000	3,000	5,906	(2,906)
Other objects	1,500	1,500	-	1,500
Total technology integration	<u>100,150</u>	<u>100,150</u>	<u>92,690</u>	<u>5,960</u>
Total instructional support	<u>4,204,550</u>	<u>4,204,550</u>	<u>4,121,308</u>	<u>83,852</u>

(Continued)

See accompany note to required supplementary information

SHERIDAN COUNTY SCHOOL DISTRICT #2

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

General Fund (Continued)
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
EXPENDITURES (Continued)				
General Support				
Central Administration				
Salaries	\$ 284,600	\$ 284,600	\$ 286,734	\$ (2,134)
Employee benefits	99,800	99,800	83,755	16,045
Purchased services	114,900	114,900	140,026	(25,126)
Supplies and materials	35,500	35,500	29,774	5,726
Capital outlay	11,945	11,945	10,418	1,527
Other objects	10,000	10,000	6,854	3,146
Total central administration	556,745	556,745	557,561	(816)
Assistant Superintendent - Curriculum				
Salaries	268,500	268,500	259,519	8,981
Employee benefits	103,200	103,200	81,606	21,594
Purchased services	11,500	11,500	6,350	5,150
Supplies and maintenance	7,700	7,700	11,122	(3,422)
Capital outlay	2,200	2,200	3,165	(965)
Other objects	1,600	1,600	1,138	462
Total Assistant Superintendent - curriculum	394,700	394,700	362,900	31,800
School Administration				
Salaries	1,402,375	1,402,375	1,431,299	(28,924)
Employee benefits	643,900	643,900	634,066	9,834
Purchased services	4,750	4,750	13,509	(8,759)
Supplies and materials	3,350	3,382	10,419	(7,037)
Capital outlay	-	-	4,113	(4,113)
Other objects	6,400	6,368	4,045	2,323
Total school administration	2,060,775	2,060,775	2,097,451	(36,676)
Business Administration				
Salaries	298,500	298,500	278,629	19,871
Employee benefits	114,550	114,550	102,718	11,832
Purchased services	11,200	11,200	4,291	6,909
Supplies and maintenance	18,400	18,400	7,559	10,841
Capital outlay	5,000	5,000	900	4,100
Other objects	8,000	8,000	10,912	(2,912)
Total business administration	455,650	455,650	405,009	50,641

(Continued)

See accompany note to required supplementary information

SHERIDAN COUNTY SCHOOL DISTRICT #2
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
COMPARED TO BUDGET (NON-GAAP BASIS)

General Fund (Continued)
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
EXPENDITURES (Continued)				
General Support (Continued)				
Board of Education Services				
Purchased services	\$ 135,200	\$ 135,200	\$ 62,000	\$ 73,200
Supplies and maintenance	13,000	13,000	5,297	7,703
Capital outlay	6,000	6,000	-	6,000
Other objects	35,000	35,000	4,137	30,863
Total board of education services	189,200	189,200	71,434	117,766
Supervisor of Operations and Maintenance of Plant Services				
Salaries	246,400	246,400	247,481	(1,081)
Employee benefits	95,650	95,650	90,604	5,046
Purchased services	207,500	207,500	206,760	740
Supplies and maintenance	9,000	9,000	5,037	3,963
Other objects	2,000	2,000	-	2,000
Total supervisor of operations and maintenance of plant services	560,550	560,550	549,882	10,668
Operating Building Services				
Salaries	1,454,900	1,454,900	1,450,322	4,578
Employee benefits	644,950	644,950	658,305	(13,355)
Purchased services	257,600	257,600	147,650	109,950
Supplies and materials	1,282,300	1,282,300	1,239,163	43,137
Capital outlay	78,000	78,000	44,947	33,053
Other objects	1,100	1,100	3,052	(1,952)
Total operating building services	3,718,850	3,718,850	3,543,439	175,411
Care/Upkeep of Grounds Services				
Salaries	40,500	40,500	76,221	(35,721)
Employee benefits	5,600	5,600	10,765	(5,165)
Purchased services	125,000	125,000	188,339	(63,339)
Supplies and materials	66,500	66,500	40,481	26,019
Capital outlay	11,000	11,000	23,952	(12,952)
Other objects	-	-	250	(250)
Total care/upkeep of grounds services	248,600	248,600	340,008	(91,158)

(Continued)

See accompany note to required supplementary information

SHERIDAN COUNTY SCHOOL DISTRICT #2

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

General Fund (Continued)

Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
EXPENDITURES (Continued)				
General Support (Continued)				
Security Services				
Salaries	\$ -	\$ -	\$ 1,700	\$ (1,700)
Employee benefits	-	-	365	(365)
Purchased services	50,000	50,000	53,855	(3,855)
Supplies and materials	1,000	1,000	5,986	(4,986)
Total security services	<u>51,000</u>	<u>51,000</u>	<u>61,906</u>	<u>(10,906)</u>
Pupil Transportation				
To/From School				
Salaries	670,000	670,000	691,564	(21,564)
Employee benefits	281,600	281,600	315,265	(33,665)
Purchased services	115,500	115,500	70,290	45,210
Supplies and materials	329,000	329,000	298,816	30,184
Capital outlay	370,000	370,000	346,168	23,832
Other objects	3,500	3,500	2,918	582
Total pupil transportation to/from school	<u>1,769,600</u>	<u>1,769,600</u>	<u>1,725,021</u>	<u>44,579</u>
Transportation Activities				
Salaries	130,500	130,500	122,344	8,156
Employee benefits	31,000	31,000	28,813	2,187
Purchased services	13,500	13,500	12,782	718
Supplies and materials	60,000	60,000	74,206	(14,206)
Total transportation activities	<u>235,000</u>	<u>235,000</u>	<u>238,145</u>	<u>(3,145)</u>
Transportation Other				
Salaries	5,000	5,000	7,276	(2,276)
Employee benefits	1,200	1,200	1,704	(504)
Purchased services	15,000	15,000	31,537	(16,537)
Supplies and materials	25,000	25,000	16,238	8,762
Capital outlay	50,000	50,000	22,940	27,060
Total transportation other	<u>96,200</u>	<u>96,200</u>	<u>79,695</u>	<u>16,505</u>

(Continued)

See accompany note to required supplementary information

SHERIDAN COUNTY SCHOOL DISTRICT #2

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

General Fund (Continued)

Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
EXPENDITURES (Continued)				
General Support (Continued)				
Assistant Superintendent Instruction/Personnel				
Salaries	\$ 239,600	\$ 239,600	\$ 235,501	\$ 4,099
Employee benefits	96,500	96,500	91,426	5,074
Purchased services	10,500	10,500	12,061	(1,561)
Supplies and materials	9,000	9,000	14,555	(5,555)
Capital outlay	2,000	2,000	1,375	625
Other objects	27,000	27,000	17,591	9,409
Total Assistant Superintendent instruction/personnel	<u>384,600</u>	<u>384,600</u>	<u>372,509</u>	<u>12,091</u>
Technology Coordination				
Salaries	301,250	301,250	299,757	1,493
Employee benefits	149,400	149,400	125,417	23,983
Purchased services	66,000	66,000	56,116	9,884
Supplies and materials	173,500	173,500	125,637	47,863
Capital outlay	30,000	30,000	88,168	(58,168)
Other objects	2,000	2,000	6,391	(4,391)
Total technology coordination	<u>722,150</u>	<u>722,150</u>	<u>701,486</u>	<u>20,664</u>
Total general support	<u>11,443,620</u>	<u>11,443,620</u>	<u>11,106,446</u>	<u>337,424</u>
Total expenditures	<u>45,230,000</u>	<u>45,031,500</u>	<u>44,238,140</u>	<u>794,220</u>
Excess (deficiency) of revenues over expenditures	(1,014,613)	(816,113)	452,007	1,268,120
Other financing (uses)				
Operating transfers out	<u>(610,000)</u>	<u>(808,500)</u>	<u>(808,465)</u>	<u>(35)</u>
Net change in fund balance	<u>(1,624,613)</u>	<u>(1,624,613)</u>	<u>(356,458)</u>	<u>1,268,085</u>
Fund balance - beginning of year	<u>8,200,855</u>	<u>8,200,855</u>	<u>8,200,855</u>	<u>-</u>
Fund balance - end of year	<u>\$ 6,576,242</u>	<u>\$ 6,576,242</u>	<u>\$ 7,844,397</u>	<u>\$ 1,268,155</u>

See accompany note to required supplementary information

SHERIDAN COUNTY SCHOOL DISTRICT #2

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

Federal and State Grants Fund
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Federal sources	\$ 4,300,000	\$ 4,300,000	\$ 2,130,799	\$ (2,169,201)
Local sources	100,000	100,000	22,921	(77,079)
State sources	1,100,000	1,100,000	1,324,963	224,963
Total revenues	<u>5,500,000</u>	<u>5,500,000</u>	<u>3,478,683</u>	<u>(2,021,317)</u>
Expenditures				
Instruction	3,000,000	3,000,000	2,153,973	846,027
Instructional support	1,850,000	1,850,000	1,399,370	450,630
General support	600,000	600,000	148,697	451,303
Community support	50,000	50,000	12,531	37,469
Total expenditures	<u>5,500,000</u>	<u>5,500,000</u>	<u>3,714,571</u>	<u>1,785,429</u>
Excess (deficiency) of revenues over expenditures	-	-	(235,888)	(235,888)
Fund deficit - beginning of year	-	-	(214,328)	(214,328)
Fund deficit - end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (450,216)</u>	<u>\$ (450,216)</u>

See accompany note to required supplementary information

SHERIDAN COUNTY SCHOOL DISTRICT #2

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

Major Maintenance Fund
Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 1,731,980	\$ 1,731,980	\$ 1,731,981	\$ 1
Miscellaneous	18,020	18,020	2,787	(15,233)
Total revenue	1,750,000	1,750,000	1,734,768	(15,232)
Expenditures				
Purchased services	1,750,000	1,750,000	700,539	1,049,461
Supplies and materials	-	-	23,976	(23,976)
Equipment	-	-	3,204	(3,204)
Total expenditures	1,750,000	1,750,000	727,719	1,022,281
Excess (deficiency) of revenues over expenditures	-	-	1,007,049	1,007,049
Fund balance - beginning of year	27,984	27,984	27,984	-
Fund balance - end of year	\$ 27,984	\$ 27,984	\$ 1,035,033	\$ 1,007,049

See accompany note to required supplementary information

SHERIDAN COUNTY SCHOOL DISTRICT #2

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2013

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

	<u>General Fund</u>	<u>Federal and State Grants Fund</u>	<u>Major Maintenance Fund</u>
Revenues			
Actual amounts (budgetary basis) from the Budgetary Comparison Schedule	\$44,690,147	\$ 3,478,683	\$ 1,734,768
Differences - Budgetary Basis to GAAP			
Property taxes receivable	(3,483)	-	-
Due from other governments	-	181,259	-
Miscellaneous	-	-	(1,278)
	<u> </u>	<u> </u>	<u> </u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u><u>\$44,686,664</u></u>	<u><u>\$ 3,659,942</u></u>	<u><u>\$ 1,733,490</u></u>
Expenditures			
Actual amounts (budgetary basis) from the Budgetary Comparison Schedule	\$44,238,140	\$ 3,714,571	\$ 727,719
Differences - Budgetary Basis to GAAP			
Accounts payable	(31,408)	(57,658)	127,585
Accrued wages payable	105,862	3,029	-
	<u> </u>	<u> </u>	<u> </u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u><u>\$44,312,594</u></u>	<u><u>\$ 3,659,942</u></u>	<u><u>\$ 855,304</u></u>

OTHER SUPPLEMENTARY INFORMATION

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SHERIDAN COUNTY SCHOOL DISTRICT #2

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

Capital Construction Fund

Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenues	\$ 9,000,000	\$ 9,000,000	\$ 2,247,128	\$ (6,752,872)
Miscellaneous	-	-	428,812	428,812
Total revenue	<u>9,000,000</u>	<u>9,000,000</u>	<u>2,675,940</u>	<u>(6,324,060)</u>
Expenditures				
Building acquisition and construction services	9,500,000	9,500,000	3,221,710	6,278,290
Building improvement services	-	-	31,164	(31,164)
Total expenditures	<u>9,500,000</u>	<u>9,500,000</u>	<u>3,252,874</u>	<u>6,247,126</u>
Excess (deficiency) of revenue over expenditures	<u>(500,000)</u>	<u>(500,000)</u>	<u>(576,934)</u>	<u>(76,934)</u>
Other financing sources				
Transfers in	500,000	500,000	385,315	(114,685)
Total other financing sources	<u>500,000</u>	<u>500,000</u>	<u>385,315</u>	<u>(114,685)</u>
Excess (deficiency) of revenues and other financing sources over expenditures	-	-	(191,619)	(191,619)
Fund deficit - beginning of year	<u>(907,569)</u>	<u>(907,569)</u>	<u>(907,569)</u>	-
Fund deficit - end of year	<u>\$ (907,569)</u>	<u>\$ (907,569)</u>	<u>\$ (1,099,188)</u>	<u>\$ (191,619)</u>

SHERIDAN COUNTY SCHOOL DISTRICT #2

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 COMPARED TO BUDGET (NON-GAAP BASIS)
 Depreciation and School Building Repair Reserve Fund
 Year Ended June 30, 2013**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Miscellaneous	\$ -	\$ -	\$ 4,462	\$ 4,462
Total revenue	<u>-</u>	<u>-</u>	<u>4,462</u>	<u>4,462</u>
Expenditures				
Building acquisition and construction services	-	-	52,376	(52,376)
Total expenditures	<u>-</u>	<u>-</u>	<u>52,376</u>	<u>(52,376)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(47,914)</u>	<u>(47,914)</u>
Fund balance - beginning of year	<u>2,352,185</u>	<u>2,352,185</u>	<u>2,352,185</u>	<u>-</u>
Fund balance - end of year	<u>\$ 2,352,185</u>	<u>\$ 2,352,185</u>	<u>\$ 2,304,271</u>	<u>\$ (47,914)</u>

SHERIDAN COUNTY SCHOOL DISTRICT #2

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

Student Activities Funds

Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
Miscellaneous Activity Funds				
Assets				
Cash	\$ 115,962	\$ 130,471	\$ 137,787	\$ 108,646
Due from other funds	83	-	83	-
	<u>\$ 116,045</u>	<u>\$ 130,471</u>	<u>\$ 137,870</u>	<u>\$ 108,646</u>
Liabilities				
Due to student groups	\$ 116,045	130,471	137,870	\$ 108,646
	<u>\$ 116,045</u>	<u>\$ 130,471</u>	<u>\$ 137,870</u>	<u>\$ 108,646</u>
Sheridan High School Activity Funds				
Assets				
Cash	\$ 138,624	\$ 401,743	\$ 386,414	\$ 153,953
Due from other funds	29	-	29	-
	<u>\$ 138,653</u>	<u>\$ 401,743</u>	<u>\$ 386,443</u>	<u>\$ 153,953</u>
Liabilities				
Due to student groups	\$ 138,653	401,743	386,443	\$ 153,953
	<u>\$ 138,653</u>	<u>\$ 401,743</u>	<u>\$ 386,443</u>	<u>\$ 153,953</u>
All Student Activity Funds				
Assets				
Cash	\$ 254,586	\$ 532,214	\$ 524,201	\$ 262,599
Due from other funds	112	-	112	-
	<u>\$ 254,698</u>	<u>\$ 532,214</u>	<u>\$ 524,313</u>	<u>\$ 262,599</u>
Liabilities				
Due to student groups	\$ 254,698	\$ 532,214	\$ 524,313	\$ 262,599
	<u>\$ 254,698</u>	<u>\$ 532,214</u>	<u>\$ 524,313</u>	<u>\$ 262,599</u>

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FEDERAL FINANCIAL ASSISTANCE REPORTS

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SHERIDAN COUNTY SCHOOL DISTRICT #2

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass Through Grantors Number	Expenditures
<i>U.S. Department of Agriculture</i>			
Passed Through State of Wyoming			
Department of Education			
<i>Child Nutrition Cluster</i>			
School Breakfast Program	10.553	None	\$ 72,962
National School Lunch Program	10.555	None	480,765
Federal Share of USDA Commodities	10.555	None	66,720
Total Child Nutrition Cluster			<u>620,447</u>
Fresh Fruit and Vegetable Program	10.582	None	<u>75,587</u>
Total U.S. Department of Agriculture			<u>696,034</u>
<i>U. S. Department of Education</i>			
Passed Through State of Wyoming			
Department of Education			
<i>Title I, Part A Cluster</i>			
Title I Grants to Local Educational Agencies	84.010A	1317023T1A00	655,573
Title I Grants to Local Educational Agencies	84.010A	121702T1A00	309,425
Title I Grants to Local Educational Agencies	84.010A	111702T1A00	16,083
Title I Grants to Local Educational Agencies	84.010A	1317023T1D00	25,473
Title I Grants to Local Educational Agencies	84.010A	1217022T1D00	22,280
Title I Grants to Local Educational Agencies	84.010A	12170223A1A0	67,242
Total Title I, Part A Cluster			<u>1,096,076</u>
<i>Special Education Cluster (IDEA)</i>			
Special Education - Grants to States	84.027A	1317023T6100	618,198
Special Education - Grants to States	84.027A	1217022T6100	216,104
Special Education - Preschool Grants	84.173A	1317023T6900	6,578
Total Special Education Cluster (IDEA)			<u>840,880</u>
Career and Technical Education - Basic Grants to States Title I	84.048A	1317023VEA00	42,130
Career and Technical Education - Basic Grants to States Title I	84.048A	1217022VEA00	20,684
Total Career and Technical Education - Basic Grants to States Title I			<u>62,814</u>
Improving Teacher Quality State Grants	84.367A	1317023T2A00	239,750
Improving Teacher Quality State Grants	84.367A	1217022T2A00	79,825
Total Improving Teacher Quality State Grants			<u>319,575</u>
Total U.S. Department of Education			<u>2,319,345</u>
Total Federal Financial Assistance			<u>\$ 3,015,379</u>

See notes to schedule of expenditures of federal awards

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SHERIDAN COUNTY SCHOOL DISTRICT NO. 2

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2013

Note 1. Basis of Presentation

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of Sheridan County School District #2 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Commodities

Sheridan County School District #2 purchases commodities from the United States Department of Agriculture at discounted prices. The District purchased \$89,753 of commodities for \$23,033. The difference of \$66,720 is shown as Federal assistance on the Schedule of Expenditures of Federal Awards.

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PORTER, MUIRHEAD, CORNIA & HOWARD

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Sheridan County School District #2, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Sheridan County School District #2's basic financial statements, and have issued our report thereon dated November 18, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sheridan County School District #2's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sheridan County School District #2's internal control. Accordingly, we do not express an opinion on the effectiveness of Sheridan County School District #2's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Porter, Muirhead, Cornia & Howard
Porter, Muirhead, Cornia & Howard
Certified Public Accountants

Casper, WY
November 18, 2013



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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Sheridan County School District #2 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 Sheridan County School District #2'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 Sheridan County School District #2's internal control over compliance.

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

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

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

Porter, Muirhead, Cornia & Howard

Porter, Muirhead, Cornia & Howard
Certified Public Accountants

Casper, WY
November 18, 2013

SHERIDAN COUNTY SCHOOL DISTRICT #2

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2013**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weaknesses identified? No

Significant deficiencies identified that are not considered to be material weaknesses? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weaknesses identified? No

Significant deficiencies identified that are not considered to be material weaknesses? None reported

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

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Programs or Cluster</u>
10.553	Child Nutrition Cluster
10.555	School Breakfast Program
10.555	National School Lunch Program
	Federal Share of USDA Commodities
84.010A	Title I, Part A Cluster
	Title I Grants to Local Education Agencies

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

Auditee qualified as low-risk auditee? No

SHERIDAN COUNTY SCHOOL DISTRICT #2

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2013

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

SHERIDAN COUNTY SCHOOL DISTRICT #2

SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2013

SA-2012-01

U.S. Department of Education

Passed through State of Wyoming Department of Education

Title I, Part A Cluster

CFDA Number 84.010A – Title I Grants to Local Educational Agencies

CFDA Number 84.389A – Title I Grants to Local Educational Agencies – Recovery Act (ARRA)

Criteria:

In OMB Circular A-87, *Cost Principles for State and Local Governments*, Attachment A, section c.3. it states “any cost allocable to a particular Federal award or cost objective under the principles provided for in this Circular may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by law or terms of the Federal awards, or for other reasons.”

If employees split between Federal awards or a Federal award and a non-Federal award, the employee must have their pay allocated accordingly to the respective award based on the percentage of time that was actually spent related to that award.

It is important that expenditures charged to an award be for actual work performed under that award.

Condition:

Federal award money was used to compensate employees; however, of the four employees that were tested, there was one employee that had a greater portion of wages charged to the federal award than was allowable based on the percentage of time that the employee worked on the award.

Follow-up:

This condition was corrected in the current fiscal year.

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