

Management Council  
Wyoming Legislative Service Office  
State of Wyoming  
213 Capital Building  
Cheyenne, Wyoming 82002

We are pleased to present this report related to our audit of the statement of cash disbursements of Wyoming Legislative Service Office, State of Wyoming for the two years ended June 30, 2012. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for Wyoming Legislative Service Office's financial reporting process.

Statement on Auditing Standards No. 114 requires the auditor to communicate certain matters to keep those charged with governance adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. The following summarizes these communications.

#### The Auditor's Responsibility under Professional Standards

Our responsibility under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States has been described to you in our arrangement letter dated July 12, 2012.

#### Accounting Practices

- *Adoption of, or Change in, Accounting Policies:* Management has the ultimate responsibility for the appropriateness of the accounting policies used by the entity. The entity did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period.
- *Significant or Unusual Transactions:* We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.
- *Alternative Treatments Discussed with Management:* We did not discuss with management any alternative treatments within accounting principles generally accepted in the United States of America for accounting policies and practices related to material items during the current audit period.

#### Management's Judgments and Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. There were no areas where it was necessary for management to form significant accounting estimates in connection with the preparation of the financial statements.

### Audit Adjustments

There were no audit adjustments made to the original trial balance presented to us to begin our audit.

### Uncorrected Misstatements

There were no uncorrected misstatements to the original trial balance presented to us to begin our audit.

### Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.

### Consultation with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

### Significant Issues Discussed with Management

No significant issues arising from the audit were discussed or were the subject of correspondence with management.

### Difficulties Encountered in Performing the Audit

We did not encounter any difficulties in dealing with management during the audit.

### Certain Written Communications between Management and Our Firm

A copy of the audit representation letter between our firm and the management of the Council is attached to this letter.

This report is intended solely for the information and use of the Management Council and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to Wyoming Legislative Service Office.

*McBee, Hearne & Paig, LLP*

Cheyenne, Wyoming  
December 11, 2012

**WYOMING LEGISLATIVE SERVICE OFFICE  
STATE OF WYOMING**

**STATEMENT OF CASH DISBURSEMENTS**

**BIENNIUM ENDED  
JUNE 30, 2012**

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**INDEPENDENT AUDITOR'S REPORT**

To the Management Council of the Wyoming Legislative Service Office  
State of Wyoming  
Cheyenne, Wyoming

We have audited the accompanying statement of cash disbursements of the Wyoming Legislative Service Office, State of Wyoming for the two years ended June 30, 2012, as listed in the table of contents. This financial statement is the responsibility of the Management Council of the Wyoming Legislative Service Office, State of Wyoming. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Wyoming Legislative Service Office's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 to the financial statements, the Wyoming Legislative Service Office's accounting records are maintained on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The financial statements of the Wyoming Legislative Service Office, State of Wyoming are intended to present the cash disbursements of only that portion of the funds of the Wyoming Legislative Service Office that are attributable to the transactions of the Wyoming Legislative Service Office, State of Wyoming. The statement does not purport to, and does not, present fairly the financial position of the State of Wyoming as of June 30, 2012, the changes in its financial position, or, where applicable, its cash flows for the two years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the Wyoming Legislative Service Office, State of Wyoming's cash disbursements for the two years ended June 30, 2012, on the basis of accounting described in Note 1 to the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2012 on our consideration of the Wyoming Legislative Service Office, State of Wyoming's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the Wyoming Legislative Service Office, State of Wyoming's statement of cash disbursements. The accompanying supplementary information is presented for purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of the Wyoming Legislative Service Office, members of the Management Council, and management and is not intended to be, and should not be, used by anyone other than these specified parties.

*McGee, Hearne & Paiz, LLP*

Cheyenne, Wyoming  
December 7, 2012

**WYOMING LEGISLATIVE SERVICE OFFICE  
STATE OF WYOMING**

**STATEMENT OF CASH DISBURSEMENTS  
Two Years Ended June 30, 2012**

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Cash Disbursements	
Salaries	\$ 8,544,960
Employee benefits	2,177,283
Travel in-state	1,554,810
Travel out-of-state	236,947
Dues	468,499
Registrations	62,157
Communications	188,519
General administrative support	1,539,559
Publications - Digest, Session Laws, Statutes	59,972
Contract services	139,575
Special projects	3,551
Laptop computers	135,000
Artwork/Facilities - 2008 Budget Appropriation	32,309
Budget Session - 2010 Appropriation:	
Task Force on Wind Energy	9,949
Select Committee - Development Programs	6,334
Legislative Redistricting	163,386
PDA	3,928
Legislator Elect Compensation and Per Diem Supplement	23,091
Artwork/Facilities	33,955
General Session - 2011 Appropriation:	
Technology Enhancement Projects	72,866
Energy Producing States Coalition	24,500
Nuclear Energy Production TF	12,621
Medicaid Options Study	1,590
Medicaid Cost Study	1,670
Wyoming Health Insurance Exchange Steering Committee	10,000
School Finance Recalibration - 2010 Budget Appropriation	805,047
LSO Laptop Computers	9,174
Constituent Service Allowance	317,639
Budget Session - 2012 Appropriation - Effective Immediately:	
Energy Producing State Coalition	50
Wyoming Health Insurance Exchange Steering Committee	1,035
Contractor Residency Program	3,578
<b>Total cash disbursements</b>	<b>\$ 16,643,554</b>

See Notes to Financial Statement.

**WYOMING LEGISLATIVE SERVICE OFFICE  
STATE OF WYOMING**

**NOTES TO FINANCIAL STATEMENT**

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**Note 1. Nature of Operations and Summary of Significant Accounting Policies**

Nature of operations: The Wyoming Legislative Service Office, State of Wyoming (LSO) was created by an Act of the Forty-First Legislature, Chapter 113, Sessions Laws of Wyoming 1971. It commenced operations on March 1, 1971. The Office provides research and bill drafting services for Legislative standing or interim committees and for individual legislators, including pre-filing and distribution of proposed legislation prior to legislative sessions; revision and recompilation of the laws of Wyoming; and accounting for all Legislative expenditures. Office staff prepares administrative rule reviews and reports for the Management Council, conduct program evaluations of executive agencies under the direction of the Management Audit Committee; and conduct fiscal studies and budget analyses for the Joint Appropriations Committee and other Legislative Committees.

The office acts as an agency of the State of Wyoming. The policies, rules and regulations governing the general operations of the LSO and its relationship to legislative standing committees and individual legislators are made by a Management Council composed of 13 legislators – six members from each House and one member elected at large from the House of which the Chairman of the Management Council is not a member. The Director is employed by and subject to the direction of the Management Council. Other employees are employed by the Director with the approval of the Management Council.

Basis of accounting: All elements of disbursements are accounted for by the central accounting office of the State of Wyoming on the cash basis, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Description of funds: The accounts of the LSO are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of accounts which comprises its cash disbursements. The funds used by the LSO are as follows:

- Fund 001 – General Fund
- Fund 009 – School Foundation Program
- Fund 489 – LSO Laptop Computers
- Fund 549 – Constituent Service Allowance

Budget: Formal budgetary accounting is employed as a management control of the LSO. Appropriations of State funds that are unobligated at the end of the biennium cannot be carried over to future periods.

The budget of the LSO, known as the feed bill, is introduced in whole or in part in the House of Representatives or the Senate, or both, within five (5) days after the budget session convenes. When a feed bill has passed the house of origin, the bill shall be referred to the standing appropriations committee of the opposite house which shall meet, consider and recommend adoption or modification.



**WYOMING LEGISLATIVE SERVICE OFFICE  
STATE OF WYOMING**

**NOTES TO FINANCIAL STATEMENT**

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**Note 2. Retirement Plan**

The LSO participates in the Wyoming Retirement System (the "System"), a statewide cost sharing, multiple-employer, public employee retirement system administered by the State of Wyoming Retirement System Board. Substantially all LSO full-time employees are eligible to participate. The System provides retirement, disability and death benefits according to predetermined formulas. Benefits are established by Title 9, Chapter 3 of the Wyoming Statutes. The System issues a publicly available financial report which includes audited financial statements and required supplementary information for the System. The report may be obtained by writing to the Wyoming Retirement System, 6101 Yellowstone Road, Suite 500, Cheyenne, Wyoming 82002. Plan members are required to contribute 7% 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 LSO currently pays 100% of the required employee's contribution. Contribution rates are established by Title 9, Chapter 3 of the Wyoming Statutes. The Office contributions to the System for the two years ended each June 30, 2012, 2010 and 2008 were \$615,795, \$582,109 and \$511,921, respectively.

**Note 3. Compensated Absences**

Employees earn vacation leave based on their number of years of service, and sick leave of one day per month. Employees are vested and allowed to carry forward up to 360 hours of vacation leave to the next calendar year. In addition, employees are paid for one half of accumulated sick leave upon termination of employment with a maximum carry forward to the next calendar year of one half (½) of 960 hours. At June 30, 2012 the liability for compensated absences and the related payroll tax liability was \$672,000. This amount is not reflected in the accompanying cash basis financial statements as it is a liability under the accrual basis of accounting.

**Note 4. Risk Management**

The nature of the LSO's operations makes is susceptible to lawsuits, legal actions, and other judgments. The LSO mitigates its risk of material loss from these situations through participation in the State of Wyoming self-insurance program. Wyoming Statute § 1-41-103 created the State self-insurance fund to handle liability insurance claims brought against the State. The range of losses financed includes general liability, automobile liability, police liability, medical malpractice liability and civil rights.

The State generally does not maintain reserves; losses are covered by a combination of appropriations from the State's general fund in the year in which the payment occurs and by assessing State agencies a pro rata share of anticipated claim expenditures for the fiscal year. The Department of Administration and Information estimates a liability for claims against the State as a whole including incurred but not reported claims (IBNR's), but does not make the estimate for each individual department of the State including the LSO. No liabilities for these claims are reflected in the financial statements of the LSO. Management believes that any claims that may exist would be immaterial to the LSO.

**WYOMING LEGISLATIVE SERVICE OFFICE  
STATE OF WYOMING**

**NOTES TO FINANCIAL STATEMENT**

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**Note 5. Special Activities and Projects**

The budget and actual balances for Artwork/Facilities – 2008 Budget Appropriation, and Artwork/Facilities – 2010 Budget Appropriation consist of the following:

	<u>Budget</u>	<u>Actual</u>
Artwork/Facilities - 2008 Budget Appropriation:		
Committee secretary desks	\$ 17,386	\$ 17,386
Architectural and interior design consulting	8,060	3,667
Miscellaneous furnishings and projects	34,354	11,256
	<u>\$ 59,800</u>	<u>\$ 32,309</u>
Artwork/Facilities - 2010 Budget Appropriation:		
Miscellaneous furnishings and projects	\$ 25,000	\$ 24,557
Miscellaneous furnishings and projects	9,398	9,398
	<u>\$ 34,398</u>	<u>\$ 33,955</u>

**Note 6. Projects Appropriated Not Yet Started**

Wireless alarm system	\$ 15,000
Capital public outreach	7,500
Reproduction artwork/leadership offices	5,000
	<u>\$ 27,500</u>

**Note 7. Operating Leases**

The LSO has entered into three copier leases. All leases are for 60 months. The first lease expires during the year ending June 30, 2014 and requires monthly lease payments of \$2,034. The second and third leases expire during the year ending June 30, 2015 and require monthly lease payments of \$633 and \$166, respectively. Combined monthly payment commitments under these leases are \$2,833.

<u>Year Ended June 30,</u>	
2013	\$ 33,997
2014	19,760
2015	5,793
	<u>\$ 59,550</u>

WYOMING LEGISLATIVE SERVICE OFFICE  
STATE OF WYOMING

SCHEDULE OF CASH DISBURSEMENTS  
BUDGET TO ACTUAL

Two Years Ended June 30, 2012

	Budget Amounts		Actual	Variance
	Original	Final		
Cash Disbursements				
Salaries	\$ 9,810,376	\$ 10,316,321	\$ 8,544,960	\$ (1,771,361)
Employee benefits	2,444,988	2,528,916	2,177,283	(351,633)
Travel in-state	1,961,507	1,968,509	1,554,810	(413,699)
Aircraft travel	10,000	10,000	-	(10,000)
Travel out-of-state	309,700	296,345	236,947	(59,398)
Dues	466,327	473,867	468,499	(5,368)
Registrations	85,600	78,060	62,157	(15,903)
Communications	220,000	226,840	188,519	(38,321)
General administrative support	926,710	1,713,323	1,539,559	(173,764)
Publications - Digest, Session Laws, Statutes	430,000	430,000	59,972	(370,028)
Contract services	173,920	173,920	139,575	(34,345)
Special projects	10,000	10,000	3,551	(6,449)
Laptop computers	135,000	135,000	135,000	-
Artwork/Facilities - 2008 Budget Appropriation	59,800	59,800	32,309	(27,491)
Legislative and Executive Task Force - Capitol Building	50,000	50,000	-	(50,000)
Budget Session - 2010 Appropriation:				
Task Force on Wind Energy	17,739	17,739	9,949	(7,790)
Selection Committee - Developmental Programs	21,780	21,780	6,334	(15,446)
Legislative Redistricting	285,000	285,000	163,386	(121,614)
PDA	20,000	20,000	3,928	(16,072)
Legislator Elect Compensation and Per Diem Supplement	25,000	25,000	23,091	(1,909)
Artwork/Facilities	34,398	34,398	33,955	(443)
General Session - 2011 Appropriation:				
Technology Enhancement Projects	250,000	290,702	72,866	(217,836)
Energy Producing States Coalition	-	24,500	24,500	-
Nuclear Energy Production TF	-	18,000	12,621	(5,379)
Medicaid Options Study	-	20,000	1,590	(18,410)
Medicaid Cost Study	-	20,000	1,670	(18,330)
Wyoming Health Insurance Exchange Steering Committee	-	10,000	10,000	-
School Finance Recalibration - 2010 Budget Appropriation	1,438,325	1,438,325	805,047	(633,278)
LSO Laptop Computers	16,667	36,667	9,174	(27,493)
Constituent Service Allowance	396,913	396,913	317,639	(79,274)
Artwork/Facilities - 2012 Budget Appropriation	-	27,500	-	(27,500)
Budget Session - 2012 Appropriation - Effective Immediately:				
Energy Producing State Coalition	-	50,500	50	(50,450)
Nuclear Energy Production TF	-	18,000	-	(18,000)
Wyoming Health Insurance Exchange Steering Committee	-	25,000	1,035	(23,965)
Contractor Residency Program	-	20,000	3,578	(16,422)
	<u>\$ 19,599,750</u>	<u>\$ 21,270,925</u>	<u>\$ 16,643,554</u>	<u>\$ (4,627,371)</u>

**WYOMING LEGISLATIVE SERVICE OFFICE  
STATE OF WYOMING**

**SCHEDULE OF CASH DISBURSEMENTS  
BUDGET TO ACTUAL - BY FUND CATEGORY  
Two Years Ended June 30, 2012**

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Cash Disbursements:</b>				
Fund 001 - General Fund	\$ 17,747,845	\$ 19,399,020	\$ 15,511,694	\$ (3,887,326)
Fund 009 - Foundation Program	1,438,325	1,438,325	805,047	(633,278)
Fund 489 - LSO Laptop Computers	16,667	36,667	9,174	(27,493)
Fund 549 - Constituent Service Allowance	396,913	396,913	317,639	(79,274)
	<u>\$ 19,599,750</u>	<u>\$ 21,270,925</u>	<u>\$ 16,643,554</u>	<u>\$ (4,627,371)</u>

The budgetary basis of accounting utilized is the basis of cash receipts and disbursements.

**WYOMING LEGISLATIVE SERVICE OFFICE  
STATE OF WYOMING**

**SCHEDULE OF FUNCTIONAL ANALYSIS - CASH BASIS  
Two Years Ended June 30, 2012**

	Legislative Service Office	Special Activities	Select and Interim Committees
<b>Salaries</b>			
Permanent and temporary	\$ 5,579,845	\$ -	\$ -
Legislators - session	-	-	-
Legislators - interim	-	25,363	1,181,559
Session staff	-	-	-
	<u>5,579,845</u>	<u>25,363</u>	<u>1,181,559</u>
<b>Employee Benefits</b>	<u>1,992,033</u>	<u>2,344</u>	<u>35,501</u>
<b>Travel In-State</b>			
Mileage	18,142	18,114	200,374
Per diem	40,282	42,784	270,644
	<u>58,424</u>	<u>60,898</u>	<u>471,018</u>
<b>Travel Out-of-State</b>			
Common carrier	8,947	108,701	-
Per diem	21,874	93,836	-
	<u>30,821</u>	<u>202,537</u>	<u>-</u>
<b>Dues</b>			
National Conference of State Legislators	-	-	228,486
The Energy Council	-	-	64,000
Council of State Governments	-	-	168,473
Miscellaneous	7,020	-	-
	<u>7,020</u>	<u>-</u>	<u>460,959</u>
<b>Registrations</b>	<u>16,019</u>	<u>45,163</u>	<u>-</u>
<b>Communications</b>			
Telecommunications	145,693	-	-
Network video fee	4,280	-	-
Session video conference sites	358	-	-
Tandberg maintenance room 302	1,876	-	-
Postage	36,312	-	-
	<u>188,519</u>	<u>-</u>	<u>-</u>
<b>General Administrative Support</b>	<u>1,539,559</u>	<u>-</u>	<u>-</u>
Publications - Digest, Session Laws, Statutes	-	-	-
Contract Services	134,450	-	5,125
Special Projects	3,551	-	-
Laptop Computers	135,000	-	-

General Session	Legislative Interim	Budget Sessions	Budget Hearings	Projects and Other	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,579,845
697,812	-	337,062	-	-	1,034,874
-	-	-	44,325	-	1,251,247
343,957	156,389	168,422	10,226	-	678,994
1,041,769	156,389	505,484	54,551	-	8,544,960
87,100	13,102	42,386	4,817	-	2,177,283
82,255	-	49,361	4,180	-	372,426
530,524	-	264,905	33,245	-	1,182,384
612,779	-	314,266	37,425	-	1,554,810
-	1,129	-	-	-	118,777
-	2,460	-	-	-	118,170
-	3,589	-	-	-	236,947
-	-	-	-	-	228,486
-	-	-	-	-	64,000
-	-	-	-	-	168,473
-	520	-	-	-	7,540
-	520	-	-	-	468,499
-	975	-	-	-	62,157
-	-	-	-	-	145,693
-	-	-	-	-	4,280
-	-	-	-	-	358
-	-	-	-	-	1,876
-	-	-	-	-	36,312
-	-	-	-	-	188,519
-	-	-	-	-	1,539,559
33,515	-	26,457	-	-	59,972
-	-	-	-	-	139,575
-	-	-	-	-	3,551
-	-	-	-	-	135,000

(Continued)

**WYOMING LEGISLATIVE SERVICE OFFICE  
STATE OF WYOMING**

**SCHEDULE OF FUNCTIONAL ANALYSIS - CASH BASIS (Continued)**

**Two Years Ended June 30, 2012**

	Legislative Service Office	Special Activities	Select and Interim Committees
<b>Special Appropriations</b>			
Artwork/Facilities - 2008 Budget Appropriation	\$ -	\$ -	\$ -
<b>Budget Session - 2010 Appropriation:</b>			
Task Force on Wind Energy	-	-	-
Select Committee - Developmental Programs - 2010	-	-	-
Legislative Redistricting	-	-	-
PDA	-	-	-
Legislator Elect Compensation and Per Diem Supplement	-	-	-
Artwork/Facilities	-	-	-
<b>General Session - 2011 Appropriation:</b>			
Technology Enhancements Projects	-	-	-
Energy Producing States Coalition	-	-	-
Nuclear Energy Production TF	-	-	-
Medicaid Options Study	-	-	-
Medicaid Cost Study	-	-	-
Wyoming Health Insurance Exchange Steering Committee	-	-	-
School Finance Recalibration - 2010 Budget Appropriation	-	-	-
LSO Laptop Computers	-	-	-
Constituent Service Allowance	-	-	-
<b>Budget Session - 2012 Appropriation - Effective Immediately:</b>			
Energy Producing State Coalition	-	-	-
Wyoming Health Insurance Exchange Steering Committee	-	-	-
Contractor Residency Program	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 9,685,241</u>	<u>\$ 336,305</u>	<u>\$ 2,154,162</u>

General Session	Legislative Interim	Budget Sessions	Budget Hearings	Projects and Other	Total
\$ -	\$ -	\$ -	\$ -	\$ 32,309	\$ 32,309
-	-	-	-	9,949	9,949
-	-	-	-	6,334	6,334
-	-	-	-	163,386	163,386
-	-	-	-	3,928	3,928
-	-	-	-	23,091	23,091
-	-	-	-	33,955	33,955
-	-	-	-	72,866	72,866
-	-	-	-	24,500	24,500
-	-	-	-	12,621	12,621
-	-	-	-	1,590	1,590
-	-	-	-	1,670	1,670
-	-	-	-	10,000	10,000
-	-	-	-	805,047	805,047
-	-	-	-	9,174	9,174
-	-	-	-	317,639	317,639
-	-	-	-	50	50
-	-	-	-	1,035	1,035
-	-	-	-	3,578	3,578
-	-	-	-	1,532,722	1,532,722
<u>\$ 1,775,163</u>	<u>\$ 174,575</u>	<u>\$ 888,593</u>	<u>\$ 96,793</u>	<u>\$ 1,532,722</u>	<u>\$ 16,643,554</u>





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

To the Management Council of the Wyoming Legislative Service Office  
State of Wyoming  
Cheyenne, Wyoming

We have audited the statement of cash disbursements of the Wyoming Legislative Service Office, State of Wyoming, which was prepared on the modified cash basis of accounting, for the two years ended June 30, 2012, and have issued our report thereon dated December 7, 2012. 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.

Internal Control over Financial Reporting

Management of the Wyoming Legislative Service Office is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Wyoming Legislative Service Office, State of Wyoming's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Wyoming Legislative Service Office, State of Wyoming's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Wyoming Legislative Service Office, State of Wyoming's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Wyoming Legislative Service Office, State of Wyoming'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*.

This report is intended solely for the information and use of the Management Council and others within the entity and is not intended to be and should not be used by anyone other than those specified parties.

*McGee, Hearne & Paiz, LLP*

Cheyenne, Wyoming  
December 7, 2012