

WESTON COUNTY SCHOOL DISTRICT NO. SEVEN  
FINANCIAL REPORT  
JUNE 30, 2013

**LEO RILEY & Co.**  
*Certified Public Accountants*

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**INDEPENDENT AUDITORS' REPORT**

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

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Weston County School District No. Seven 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 budgetary comparison information on pages 25 through 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consists of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2013 on our consideration of Weston County School District No. Seven's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Weston County School District No. Seven's internal control over financial reporting and compliance.

### NOTICE

**The accompanying financial statements, supplementary information and our independent auditors' reports are for the purpose of meeting local, state and federal requirements and are for the use of those entities, management, and the Board of Trustees, and should not be used or relied upon by any other party for any purpose. Additional users of these financial statements, supplementary information, and our independent auditors' reports are hereby advised that the liability of Leo Riley & Co., CPAs to third party users who use or rely on this information may be limited pursuant to 1995 Wyo. Sess. Laws, Chapter 155 creating Wyo. Stat. §33-3-201. However, the financial statements, supplementary information, and our independent auditors' report on the financial statements are a matter of public record and their distribution is not limited.**

  
December 16, 2013

WESTON COUNTY SCHOOL DISTRICT NO. SEVEN

STATEMENT OF NET POSITION  
JUNE 30, 2013

|   | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> | <u>Total</u>         |
|---|------------------------------------|-------------------------------------|----------------------|
| <b>ASSETS</b>                                   |                                    |                                     |                      |
| Current assets                                  |                                    |                                     |                      |
| Cash and cash equivalents (Notes 1 and 2)       |                                    |                                     |                      |
| Unrestricted                                    | \$ 941,981                         | \$ 10,943                           | \$ 952,924           |
| Restricted                                      | 1                                  |                                     | 1                    |
| Investments                                     | 398,730                            |                                     | 398,730              |
| Property taxes receivable (Note 1)              | 26,850                             |                                     | 26,850               |
| Inventories (Note 1)                            |                                    | 3,731                               | 3,731                |
| Total current assets                            | <u>\$ 1,367,562</u>                | <u>\$ 14,674</u>                    | <u>\$ 1,382,236</u>  |
| Capital assets (Notes 1 and 3)                  |                                    |                                     |                      |
| Nondepreciable                                  | \$ 342,495                         | \$                                  | \$ 342,495           |
| Depreciable (net)                               | 10,636,741                         | 58,225                              | 10,694,966           |
| Total capital assets (net)                      | <u>\$ 10,979,236</u>               | <u>\$ 58,225</u>                    | <u>\$ 11,037,461</u> |
| Total assets                                    | <u>\$ 12,346,798</u>               | <u>\$ 72,899</u>                    | <u>\$ 12,419,697</u> |
| <b>LIABILITIES</b>                              |                                    |                                     |                      |
| Current liabilities                             |                                    |                                     |                      |
| Accounts payable                                | \$ 44,919                          | \$                                  | \$ 44,919            |
| Accrued expenses                                | 28,871                             |                                     | 28,871               |
| Unearned revenue                                | 55                                 |                                     | 55                   |
| Current portion of capital leases payable       | 19,153                             |                                     | 19,153               |
| Total current liabilities                       | <u>\$ 92,998</u>                   | <u>\$</u>                           | <u>\$ 92,998</u>     |
| Long-term liabilities                           |                                    |                                     |                      |
| Compensated absences                            | \$ 67,479                          | \$                                  | \$ 67,479            |
| Capital leases payable (Note 4)                 | 66,301                             |                                     | 66,301               |
|   | <u>\$ 133,780</u>                  | <u>\$</u>                           | <u>\$ 133,780</u>    |
| Current portion of capital leases payable       | ( 19,153)                          |                                     | ( 19,153)            |
| Total long-term liabilities                     | <u>\$ 114,627</u>                  | <u>\$</u>                           | <u>\$ 114,627</u>    |
| Total liabilities                               | <u>\$ 207,625</u>                  | <u>\$</u>                           | <u>\$ 207,625</u>    |
| <b>NET POSITION</b>                             |                                    |                                     |                      |
| Invested in capital assets, net of related debt | \$ 10,912,935                      | \$ 58,225                           | \$ 10,971,160        |
| Restricted                                      | 411,357                            |                                     | 411,357              |
| Unrestricted                                    | 814,881                            | 14,674                              | 829,555              |
| Total net position                              | <u>\$ 12,139,173</u>               | <u>\$ 72,899</u>                    | <u>\$ 12,212,072</u> |

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

WESTON COUNTY SCHOOL DISTRICT NO. SEVEN

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013

| Functions/Programs               | Net Revenue (Expenses)<br>and Changes in Net Position |                         |  |  |                            |                             |                |
|----------------------------------|---|-------------------------|--|--|----------------------------|-----------------------------|----------------|
|                                  | Expenses  | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities | Business-type<br>Activities | Total          |
| <b>Governmental Activities</b>   |   |                         |  |  |                            |                             |                |
| Instruction                      |   |                         |  |  |                            |                             |                |
| Regular instruction              | \$ 2,891,275  | \$ 71,313               | \$ 172,037                               | \$                                     | \$( 2,819,962)             | \$                          | \$( 2,819,962) |
| Special instruction              | 696,021   |                         |  |  | ( 523,984)                 |                             | ( 523,984)     |
| Activities                       | 266,074   |                         |  |  | ( 266,074)                 |                             | ( 266,074)     |
| Instructional support            |   |                         |  |  |                            |                             |                |
| Special student services         | 642,614   |                         |  |  | ( 642,614)                 |                             | ( 642,614)     |
| Library services                 | 120,469   |                         |  |  | ( 120,469)                 |                             | ( 120,469)     |
| Staff development                | 42,754  |                         | 149,482                                  |  | 106,728                    |                             | 106,728        |
| Computer technology              | 252,205   |                         |  |  | ( 252,205)                 |                             | ( 252,205)     |
| General support                  |   |                         |  |  |                            |                             |                |
| Central administration           | 226,776   |                         |  |  | ( 226,776)                 |                             | ( 226,776)     |
| School administration            | 353,693   |                         |  |  | ( 353,693)                 |                             | ( 353,693)     |
| Business administration          | 182,040   |                         |  |  | ( 182,040)                 |                             | ( 182,040)     |
| Operations and maintenance       | 613,919   |                         |  |  | ( 613,919)                 |                             | ( 613,919)     |
| Transportation                   | 350,379   |                         |  |  | ( 350,379)                 |                             | ( 350,379)     |
| Community support                | 66,131  | 10,039                  |  |  | ( 56,092)                  |                             | ( 56,092)      |
| Total governmental activities    | \$ 6,704,350  | \$ 81,352               | \$ 321,519                               | \$                                     | \$( 6,301,479)             | \$                          | \$( 6,301,479) |
| <b>Proprietary Activities</b>    |   |                         |  |  |                            |                             |                |
| Food service operations          | \$ 163,645  | \$ 51,116               | \$ 44,601                                | \$ 5,937                               | \$                         | \$( 61,991)                 | \$( 61,991)    |
| <b>General Revenue:</b>          |   |                         |  |  |                            |                             |                |
| District property taxes          |   |                         |  |  | \$ 865,968                 | \$                          | \$ 865,968     |
| County property taxes            |   |                         |  |  | 258,008                    |                             | 258,008        |
| Fines and forfeitures            |   |                         |  |  | 117,780                    |                             | 117,780        |
| State equalization payments      |   |                         |  |  | 4,476,097                  |                             | 4,476,097      |
| Other state revenue              |   |                         |  |  | 320,129                    |                             | 320,129        |
| Investment earnings              |   |                         |  |  | 1,516                      |                             | 1,516          |
| Other revenue                    |   |                         |  |  | 51,789                     |                             | 51,789         |
| Transfer                         |   |                         |  |  | ( 60,000)                  | 60,000                      |                |
| Total general revenue            |   |                         |  |  | \$ 6,031,287               | \$ 60,000                   | \$ 6,091,287   |
| Change in net assets             |   |                         |  |  | \$( 270,192)               | \$( 1,991)                  | \$( 272,183)   |
| Net position - Beginning of year |   |                         |  |  | 12,409,365                 | 74,890                      | 12,484,255     |
| Net position - End of year       |   |                         |  |  | \$ 12,139,173              | \$ 72,899                   | \$ 12,212,072  |

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

WESTON COUNTY SCHOOL DISTRICT NO. SEVEN

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013

|                                     | Major Funds       |                   |                       |                  | Total               |
|-------------------------------------|-------------------|-------------------|-----------------------|------------------|---------------------|
|                                     | General Fund      | Major Maintenance | Special Programs Fund | Non Major Funds  |                     |
| <b>ASSETS</b>                       |                   |                   |                       |                  |                     |
| Cash and cash equivalents           |                   |                   |                       |                  |                     |
| Unrestricted                        | \$ 876,619        | \$ 52,241         | \$ 55                 | \$ 13,066        | \$ 941,981          |
| Restricted                          |                   |                   |                       | 1                | 1                   |
| Investments                         | 53,169            | 345,561           |                       |                  | 398,730             |
| Property taxes receivable           | 25,961            |                   |                       | 889              | 26,850              |
| Total assets                        | <u>\$ 955,749</u> | <u>\$ 397,802</u> | <u>\$ 55</u>          | <u>\$ 13,956</u> | <u>\$ 1,367,562</u> |
| <b>LIABILITIES</b>                  |                   |                   |                       |                  |                     |
| Accounts payable                    | \$ 44,919         | \$                | \$                    | \$               | \$ 44,919           |
| Accrued expenses                    | 28,871            |                   |                       |                  | 28,871              |
| Unearned revenues                   | 10,817            |                   | 55                    | 401              | 11,273              |
| Total liabilities                   | <u>\$ 84,607</u>  | <u>\$</u>         | <u>\$ 55</u>          | <u>\$ 401</u>    | <u>\$ 85,063</u>    |
| <b>FUND BALANCES</b>                |                   |                   |                       |                  |                     |
| Restricted                          |                   |                   |                       |                  |                     |
| Major maintenance                   | \$                | \$ 397,802        | \$                    | \$               | \$ 397,802          |
| Recreation                          |                   |                   |                       | 13,555           | 13,555              |
| Unassigned                          | 871,142           |                   |                       |                  | 871,142             |
| Total fund balances                 | <u>\$ 871,142</u> | <u>\$ 397,802</u> | <u>\$</u>             | <u>\$ 13,555</u> | <u>\$ 1,282,499</u> |
| Total liabilities and fund balances | <u>\$ 955,749</u> | <u>\$ 397,802</u> | <u>\$ 55</u>          | <u>\$ 13,956</u> | <u>\$ 1,367,562</u> |

Reconciliation of the Balance Sheet to the Statement of Net Position

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

|  |               |                      |
|--|---------------|----------------------|
| Fund balance reported in Governmental Funds - Balance Sheet  |               | \$ 1,282,499         |
| Capital assets not reported on balance sheet   | \$ 18,613,081 |                      |
| Less: Accumulated depreciation   | ( 7,633,845)  | 10,979,236           |
| Liabilities not reported on balance sheet  |               |                      |
| Compensated absences   | \$( 67,479)   |                      |
| Capital lease payable  | ( 66,301)     | ( 133,780)           |
| Unearned revenues for property taxes receivable as revenues in the government-wide statement of net position |               | 11,218               |
| Total net position - government activities   |               | <u>\$ 12,139,173</u> |

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

WESTON COUNTY SCHOOL DISTRICT NO. SEVEN

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

|  | Major Funds         |                   |                       | Non Major Funds    | Total               |
|--|---------------------|-------------------|-----------------------|--------------------|---------------------|
|  | General Fund        | Major Maintenance | Special Programs Fund |                    |                     |
| <b>REVENUES</b>                                    |                     |                   |                       |                    |                     |
| Local sources                                      | \$ 932,734          | \$ 325            | \$                    | \$ 44,252          | \$ 977,311          |
| County sources                                     | 377,183             |                   |                       |                    | 377,183             |
| State sources                                      | 4,516,891           | 279,335           | 59,342                |                    | 4,855,568           |
| Federal sources                                    |                     |                   | 227,152               |                    | 227,152             |
| Total revenue                                      | <u>\$ 5,826,808</u> | <u>\$ 279,660</u> | <u>\$ 286,494</u>     | <u>\$ 44,252</u>   | <u>\$ 6,437,214</u> |
| <b>EXPENDITURES</b>                                |                     |                   |                       |                    |                     |
| Current -  |                     |                   |                       |                    |                     |
| Instruction  | \$ 3,112,229        | \$                | \$ 137,012            | \$                 | \$ 3,249,241        |
| Instructional support                              | 898,074             |                   | 149,482               |                    | 1,047,556           |
| General support                                    | 1,631,880           | 131,526           |                       |                    | 1,763,406           |
| Community support                                  | 19,196              |                   |                       | 45,764             | 64,960              |
| Debt service -                                     |                     |                   |                       |                    |                     |
| Principal  | 50,609              |                   |                       |                    | 50,609              |
| Interest   | 2,789               |                   |                       |                    | 2,789               |
| Total expenditures                                 | <u>\$ 5,714,777</u> | <u>\$ 131,526</u> | <u>\$ 286,494</u>     | <u>\$ 45,764</u>   | <u>\$ 6,178,561</u> |
| REVENUES OVER (UNDER)<br>EXPENDITURES              | <u>\$ 112,031</u>   | <u>\$ 148,134</u> | <u>\$</u>             | <u>\$ ( 1,512)</u> | <u>\$ 258,653</u>   |
| <b>OTHER FINANCING SOURCES<br/>(USES)</b>          |                     |                   |                       |                    |                     |
| Proceeds from the issuance<br>of lease obligations | \$ 34,255           | \$                | \$                    | \$                 | \$ 34,255           |
| Operating transfers in (out)                       | ( 66,148)           |                   |                       | 6,148              | ( 60,000)           |
| Total other financing<br>sources (uses)            | <u>\$ ( 31,893)</u> | <u>\$</u>         | <u>\$</u>             | <u>\$ 6,148</u>    | <u>\$ ( 25,745)</u> |
| <b>NET CHANGES IN<br/>FUND BALANCE</b>             | <u>\$ 80,138</u>    | <u>\$ 148,134</u> | <u>\$</u>             | <u>\$ 4,636</u>    | <u>\$ 232,908</u>   |
| <b>FUND BALANCES -<br/>Beginning of year</b>       | <u>791,004</u>      | <u>249,668</u>    | <u></u>               | <u>8,919</u>       | <u>1,049,591</u>    |
| <b>FUND BALANCES -<br/>End of year</b>             | <u>\$ 871,142</u>   | <u>\$ 397,802</u> | <u>\$</u>             | <u>\$ 13,555</u>   | <u>\$ 1,282,499</u> |

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

WESTON COUNTY SCHOOL DISTRICT NO. SEVEN

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

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

Total net changes in fund balances per the statement of  
revenues, expenditures and changes in fund balances \$ 232,908

All capital outlays to purchase or build capital assets  
are reported in governmental funds as expenditures.  
However, for governmental activities those capital  
outlays other than non-capitalized items are shown  
in the statement of net position and allocated over  
their estimated useful lives as annual depreciation  
expenses in the statement of activities. This is the  
amount by which capital outlay exceeds depreciation  
in the period

|                        |            |            |
|------------------------|------------|------------|
| Capital assets         |            |            |
| - Additions            | \$ 96,554  |            |
| - Depreciation expense | ( 589,518) | ( 492,964) |

Because some property taxes will not be collected for  
several months after the District's year ends, they  
are not considered as "available" revenues in the  
governmental funds. They are, however, recorded  
as revenues in the statement of activities

|                                |             |           |
|--------------------------------|-------------|-----------|
| Unearned revenue               |             |           |
| - Recorded in the prior year   | \$( 23,553) |           |
| - Recorded in the current year | 11,218      | ( 12,335) |

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         |           |           |
| - Recorded in the prior year | \$ 53,324 |           |
| - Recorded in current year   | ( 67,479) | ( 14,155) |

Capital leases issued in the current year are another  
source in funds in the governmental funds but it  
increases long-term liabilities in the statement of  
net position and does not affect the statement of  
activities

( 34,255)

Repayment of bond and capital lease principal is an  
expenditure in the governmental funds, but it reduces  
long-term liabilities in the statement of net position and  
does not affect the statement of activities

50,609

Total change in net position per the statement of activities \$( 270,192)

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

WESTON COUNTY SCHOOL DISTRICT NO. SEVEN

STATEMENT OF NET POSITION -  
 PROPRIETARY FUND  
 JUNE 30, 2013

|  | Business-Type Activities<br>Enterprise Funds |
|--|--|
|  | <u>Food<br/>Services<br/>Fund</u>            |
| ASSETS   |  |
| Current assets                                     |  |
| Cash and cash equivalents                          |  |
| Unrestricted                                       | \$ 10,943                                    |
| Inventory  | <u>3,731</u>                                 |
| Total current assets                               | <u>\$ 14,674</u>                             |
| Capital assets                                     |  |
| Depreciation (net)                                 | <u>\$ 58,225</u>                             |
| Total capital assets, net                          | <u>\$ 58,225</u>                             |
| Total assets                                       | <u>\$ 72,899</u>                             |
| NET POSITION                                       |  |
| Invested in capital assets, net<br>of related debt | \$ 58,225                                    |
| Unrestricted                                       | <u>14,674</u>                                |
| Total net position                                 | <u>\$ 72,899</u>                             |

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

WESTON COUNTY SCHOOL DISTRICT NO. SEVEN  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION - PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2013

|   | Business-Type Activities<br>Enterprise Funds |
|---|--|
|   | Food<br>Services<br>Fund                     |
| REVENUES:                                   |  |
| User charges                                | \$ 51,116                                    |
| OPERATING EXPENSES:                         |  |
| Salaries                                    | \$ 62,069                                    |
| Employee benefits                           | 34,770                                       |
| Supplies                                    | 6,067  |
| Direct food costs                           | 49,990                                       |
| Commodities                                 | 1,780  |
| Depreciation                                | 8,969  |
|   | \$ 163,645                                   |
| OPERATING INCOME (LOSS)                     | \$( 112,529)                                 |
| NON OPERATING REVENUES (EXPENSES)           |  |
| Government sources                          | 44,601                                       |
| INCOME (LOSS) BEFORE OPERATING<br>TRANSFERS | \$( 67,928)                                  |
| TRANSFERS IN                                |  |
| Operating transfers                         | \$ 60,000                                    |
| Contributed capital                         | 5,937  |
|   | \$ 65,937                                    |
| CHANGE IN NET POSITION                      | \$( 1,991)                                   |
| NET POSITION - Beginning of year            | 74,890                                       |
| NET POSITION - End of year                  | \$ 72,899                                    |

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

WESTON COUNTY SCHOOL DISTRICT NO. SEVEN

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

|  | Business-Type Activities<br>Enterprise Funds |
|--|--|
|  | <u>Food<br/>Services<br/>Fund</u>            |
| CASH FLOWS FROM OPERATING<br>ACTIVITIES  |  |
| User charges   | \$ 51,117                                    |
| Payments to employees  | ( 62,071)                                    |
| Payments for benefits  | ( 34,770)                                    |
| Payments to suppliers  | <u>( 57,245)</u>                             |
| Net cash received from (used for)<br>operating activities                              | <u>\$ ( 102,969)</u>                         |
| CASH FLOWS FROM NONCAPITAL<br>FINANCING ACTIVITIES                                     |  |
| Operating grants received  | \$ 44,601                                    |
| Transfer   | <u>60,000</u>                                |
| Net cash received from (used for)<br>noncapital financial activities                   | <u>\$ 104,601</u>                            |
| NET INCREASE (DECREASE) IN CASH  | \$ 1,632                                     |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR  | <u>9,311</u>                                 |
| CASH AND CASH EQUIVALENTS - END OF YEAR  | <u>\$ 10,943</u>                             |
| RECONCILIATION OF OPERATING INCOME<br>TO NET CASH PROVIDED BY OPERATING<br>ACTIVITIES: |  |
| Operating income (loss)  | \$( 112,529)                                 |
| Adjustments:   |  |
| Depreciation   | 8,969  |
| Increase in inventory  | <u>591</u>                                   |
|  | <u>\$ ( 102,969)</u>                         |

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

WESTON COUNTY SCHOOL DISTRICT NO. SEVEN

STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 JUNE 30, 2013

|                           | Private<br>Purpose<br>Trust<br><u>Scholarship<br/>Trusts</u> | Employee<br>Benefit<br>Trust<br><u>HRA<br/>Account</u> | Agency<br>Fund<br><u>Student<br/>Activity</u> |
|---------------------------|--|--|---|
| <b>Assets</b>             |  |  |   |
| Cash and cash equivalents | \$ 48,638  | \$ 67,209  | \$ 94,535                                     |
| Investments               | 110,465  |  |   |
| Total assets              | <u>\$ 159,103</u>  | <u>\$ 67,209</u>                                       | <u>\$ 94,535</u>                              |
| <b>Liabilities</b>        |  |  |   |
| Due to employees          | \$   | \$ 67,209  | \$  |
| Due to students           |  |  | 94,535  |
| Total liabilities         | <u>\$</u>  | <u>\$ 67,209</u>                                       | <u>\$ 94,535</u>                              |
| <b>Net position:</b>      |  |  |   |
| Scholarship principal     | <u>\$ 159,103</u>  | <u>\$</u>  | <u>\$</u>                                     |
| Total net position        | <u>\$ 159,103</u>  | <u>\$</u>  | <u>\$</u>                                     |

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

WESTON COUNTY SCHOOL DISTRICT NO. SEVEN  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

|                                  | Private<br>Purpose<br>Trust<br><u>Scholarship<br/>Trusts</u> |
|----------------------------------|--|
| ADDITIONS:                       |  |
| District contribution            | \$   |
| Investment earnings              | 15,725   |
|                                  | <u>\$ 15,725</u>   |
| DEDUCTIONS:                      |  |
| Scholarships                     | \$ 11,400  |
| Administrative costs             | 2,186  |
| Employee benefits                |  |
|                                  | <u>\$ 13,586</u>   |
| CHANGES IN NET POSITION          | \$ 2,139   |
| NET POSITION - BEGINNING OF YEAR | <u>156,964</u>   |
| NET POSITION - END OF YEAR       | <u>\$ 159,103</u>  |

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

WESTON COUNTY SCHOOL DISTRICT NO. SEVEN

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Weston County School District No. Seven provides education for citizens in Upton, Wyoming and the surrounding area under Wyoming State Statutes.

All operations of the District are controlled by a five member Board of Trustees, elected in School-wide elections, and responsible for all of the District's activities. The financial statements include all of the School's operations controlled by the Board of Trustees. Based on the criteria for determining the reporting entity (separate legal entity and fiscal or financial dependency on other governments), the School is considered to be an independent reporting entity and has no component units.

Basis of Presentation and Basis of Accounting

**Government-wide Statements** - The statement of net position and the statement of activities show information about the overall financial position and activities of the school district with the exception of the scholarship trust fund, employee benefit trust and the student activity fund (fiduciary funds). Eliminations have been made to minimize the double-counting of internal activities.

These statements are reported using the economic resources measurement focus and the accrual basis of accounting. The activities of the School are generally financed through property taxes, state equalization funding, and federal and state grants. Revenues are recorded when earned and expenses are recorded at the time the liability is incurred, regardless of when the related cash flows take place. On the accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which eligibility requirements have been met.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include fees for services (primarily school lunch and breakfast charges) and grants and contributions that are restricted to a particular program. Revenues that are not classified as program revenues, including all property taxes, are presented as general revenues.

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

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

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

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

CONVERSE COUNTY WEED AND PEST CONTROL DISTRICT  
A COMPONENT UNIT OF CONVERSE COUNTY, WYOMING

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

**Fund Financial Statements** - These statements provide information about the School's funds, including a separate statement for the District's fiduciary funds (the scholarship trust, employee benefit trust, and student activity funds). The emphasis of fund financial statements is on major governmental funds. All major funds are presented individually in their own column.

Governmental funds - These funds use the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. State and other governmental revenues applicable to the current fiscal year and collected 60 days after year end are recognized as revenue.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt and payments for compensated absences which are recognized as expenditures when paid. General capital asset acquisitions are reported as expenditures in governmental funds and proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary funds - These funds (enterprise and internal service funds) use the economic resources measurement focus and the accrual basis of accounting similar to the basis used for the government-wide financial statements. Revenues are recorded when earned and expenses are recorded at the time the liability is incurred, regardless of when the related cash flows take place. Operating revenues consist of charges for services, primarily provided school meals, and nonoperating revenue consists of governmental grants and fund transfers. All assets and liabilities are recorded in the enterprise funds financial statements.

Major funds - Generally accepted accounting principles require that the general fund be reported as a major fund and that all other governmental or enterprise funds whose assets, liabilities, revenues, or expenditures are at least 10% of the corresponding totals for all governmental or all enterprise funds and for that same element are at least 5% of the combined totals of the governmental and enterprise funds also be reported as major funds. Accordingly, the District reports the following major governmental funds:

General fund - This is the District's primary operating fund and it accounts for all financial resources of the District except those required to be accounted for in other funds.

Major maintenance - This fund accounts for state funds provided to the District for major maintenance projects.

Special programs fund - This fund accounts for federal and state funds provided to the District for special programs.

Non major funds - All other funds that do not meet the definition of a major fund are presented as a single column in the fund financial statements. The funds that are classified as non major funds are the debt service and recreation funds.

WESTON COUNTY SCHOOL DISTRICT NO. SEVEN

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary fund types. The District uses the enterprise fund to account for food services activities. This fund is operated on the enterprise concept as it is designated to be self-supporting from an operational point of view.

Fiduciary fund types. Agency funds account for assets held in a custodial capacity. These funds account for money held on behalf of others in the scholarship, employee benefit trusts and student activity fund.

Budgets

The budgets are prepared on the cash basis of accounting in accordance with Wyoming State Statute. All budgetary appropriations lapse at June 30, the end of the fiscal year.

The original budget is adopted by the School Board and is filed with the Wyoming Department of Education. When amendments are made during the year on approval of the School Board, the amendments are filed with the Wyoming Department of Education.

Under Wyoming Department of Education requirements, the budget should not be exceeded in any major category.

Property Taxes

Property taxes are levied, billed, and collected by Weston County on behalf of the School District. Taxes are levied on or about August 1 and payable in two installments by November 15 and May 15. Property tax revenues are recognized when levied. Property taxes uncollected at June 30, 2013 are recorded as property taxes receivable.

Wyoming Statute requires the District to assess property taxes of 25 mills on the property within the District. Wyoming Statute also requires the District to share with other District's within Weston County a 6 mill tax on all property of the District. The District has assessed all mill levies required under Wyoming Statute.

The School District has also formed the N.W. Wyoming Recreation Board which under Wyoming State Statute is allowed to assess 1 mill. The Recreation Board has levied this 1 mill.

Inventories

Inventories of the food services fund are accounted for at the lower of cost (first-in, first-out method) or market.

Capital Assets

Capital assets are carried at actual or estimated historical cost based on appraisals. Major additions and betterments with a cost in excess of \$2,000 are recorded as additions to fixed assets. Repairs and maintenance costs are not capitalized. Depreciation is computed using the straight-line method over the following estimated useful lives:

WESTON COUNTY SCHOOL DISTRICT NO. SEVEN

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

|                           |               |
|---------------------------|---------------|
| Land improvements         | 15 - 20 years |
| Building and improvements | 20 - 40 years |
| Equipment                 | 5 - 10 years  |
| Transportation equipment  | 10 years      |

Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. Capital leases are recognized as liability on the governmental fund financial statements when due.

Deferred Outflows/Inflows of Resources

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

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

Estimates

Management is required to make estimates and assumptions that may affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Cash and Cash Equivalents - Food Services Fund

For the purposes of the statement of cash flows, the food services fund considers all highly liquid investments with a maturity of twelve months or less when purchased to be cash equivalents.

New GASB Pronouncements

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

WESTON COUNTY SCHOOL DISTRICT NO. SEVEN

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

NOTE 2. CASH AND INVESTMENTS

Cash

Cash consists of checking accounts held at institutions within the District and certificates of deposit.

Custodial risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. At June 30, 2013, the District's deposits were fully insured or collateralized.

Investments

Wyoming State Statutes authorize the District to invest in securities issued or guaranteed by the U.S. Treasury or agencies of the United States Government, and repurchase agreements involving such securities, mortgage backed securities that are obligations of or guaranteed or insured issues of the United States and its agencies, guaranteed investment contracts, certificates of deposit of a bank or savings and loan association that are fully insured or secured by a pledge of assets, and shares of a diversified money market fund. As of June 30, 2013, the enterprise and agency funds had no investments.

The District invests in the Wyoming Government Investment Fund (WGIF) which is administered by the Wyoming State Treasurer. These approved investments are carried at cost, which approximates market and may be liquidated as needed. These investment pools have not been assigned a risk category since the District is not issued securities, but rather owns an undivided beneficial interest in the assets of these pools. Due to the short-term nature of the pool's assets and liabilities, the carrying value as recorded in the statement of assets and liabilities approximates fair value. The following table reflects the District balance in each of the investment pools at June 30, 2013.

|                        |                   |
|------------------------|-------------------|
| General Fund           | \$ 53,169         |
| Major Maintenance Fund | 345,561           |
|                        | <u>\$ 398,730</u> |

WESTON COUNTY SCHOOL DISTRICT NO. SEVEN

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 2. CASH AND INVESTMENTS (Continued)

Investments in the fiduciary fund (scholarship trust fund) are held by a trustee that controls all investment decisions.

| <u>Investment</u>   | <u>Maturities</u> | <u>Fair Value</u> |
|---|-------------------|-------------------|
| <u>Held by Trustee:</u>                                     |                   |                   |
| Money Market  | N/A               | \$ 4,252          |
| Dodge & Cox Income Fund                                     | N/A               | 10,462            |
| Wells Fargo Adv Care Bond Fund                              | N/A               | 10,391            |
| Wells Fargo Adv High Income Fund                            | N/A               | 5,855             |
| Wells Fargo Adv Short-term Bond                             | N/A               | 10,011            |
| Dreyfus Emerging Markets Debt Local Currency<br>Fund Class  | N/A               | 4,624             |
| PIMCO Foreign Bond Fund USD Hedged Instl                    | N/A               | 4,160             |
| Wells Fargo Advantage International Bond Fund               | N/A               | 4,092             |
| Artisan Mid Cap Fund  | N/A               | 3,422             |
| J.P. Morgan Mid Cap Value Fund Class I                      | N/A               | 2,511             |
| T. Rowe Price Blue Chip Growth Fund                         | N/A               | 7,082             |
| Wells Fargo Advantage C&B Large Cap Value<br>Fund Class I   | N/A               | 4,916             |
| Wells Fargo Advantage Index Fund Admin Class                | N/A               | 2,866             |
| Wells Fargo Adv Special Small Cap Fund                      | N/A               | 1,632             |
| WFA Small Company Growth                                    |                   | 1,637             |
| Invesco International Growth Fund                           | N/A               | 3,037             |
| Templeton Foreign Fund Advisor Shares                       | N/A               | 3,068             |
| Vanguard FTSE Emerging Markets ETF                          | N/A               | 2,987             |
| Wells Fargo Advantage Emerging Markets<br>Equity Fund Class | N/A               | 3,111             |
| Driehaus Active Income Fund                                 | N/A               | 3,456             |
| Gateway Fund  | N/A               | 4,428             |
| Ben Int   |                   | 2,273             |
| Credit Suisse Commodity Return Strategy<br>Common Fund      | N/A               | 4,094             |
| DJ Wilshire International Real Estate                       | N/A               | 2,972             |
| Vanguard Reit Viper   | N/A               | 3,126             |
| Total investment held by trustee                            |                   | <u>\$ 110,465</u> |

NOTE 3. CAPITAL ASSETS

Capital asset activity during 2013 was as follows:

|                                     | <u>Balance</u><br><u>June 30, 2012</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u><br><u>June 30, 2013</u> |
|-------------------------------------|--|------------------|------------------|--|
| Governmental Activities             |  |                  |                  |  |
| Nondepreciable assets               |  |                  |                  |  |
| Land                                | \$ 323,521                             | \$ .             | \$               | \$ 323,521                             |
| Construction in progress            |  | 18,974           |                  | 18,974                                 |
| Total nondepreciable<br>assets      | <u>\$ 323,521</u>                      | <u>\$ 18,974</u> | <u>\$</u>        | <u>\$ 342,495</u>                      |
| Depreciable capital assets          |  |                  |                  |  |
| Land improvements                   | \$ 1,151,214                           | \$               | \$               | \$ 1,151,214                           |
| Buildings                           | 15,186,329                             | 17,635           |                  | 15,203,964                             |
| Equipment                           | 1,000,547                              | 25,690           |                  | 1,026,237                              |
| Transportation equipment            | 854,915                                | 34,255           |                  | 889,170                                |
| Total depreciable<br>capital assets | <u>\$ 18,193,005</u>                   | <u>\$ 77,580</u> | <u>\$</u>        | <u>\$ 18,270,585</u>                   |

WESTON COUNTY SCHOOL DISTRICT NO. SEVEN

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 3. CAPITAL ASSETS (Continued)

|                                | Balance<br>June 30, 2012 | Additions         | Deletions | Balance<br>June 30, 2013 |
|--------------------------------|--------------------------|-------------------|-----------|--------------------------|
| Accumulated depreciation       |                          |                   |           |                          |
| Land improvements              | \$ 329,360               | \$ 64,358         | \$        | \$ 393,718               |
| Buildings                      | 5,342,963                | 406,679           |           | 5,749,642                |
| Equipment                      | 666,718                  | 60,109            |           | 726,827                  |
| Transportation equipment       | 705,285                  | 58,372            |           | 763,657                  |
| Total accumulated depreciation | <u>\$ 7,044,326</u>      | <u>\$ 589,518</u> | <u>\$</u> | <u>\$ 7,633,844</u>      |
| Net depreciable capital assets | <u>\$ 11,148,679</u>     | <u>\$</u>         | <u>\$</u> | <u>\$ 10,636,741</u>     |
| Net capital assets             | <u>\$ 11,472,200</u>     |                   |           | <u>\$ 10,979,236</u>     |
| Proprietary Activities         |                          |                   |           |                          |
| Cost of assets                 |                          |                   |           |                          |
| Buildings                      | \$ 91,782                | \$                | \$        | \$ 91,782                |
| Equipment                      | 210,911                  | 5,937             |           | 216,848                  |
| Total cost of assets           | <u>\$ 302,693</u>        | <u>\$ 5,937</u>   | <u>\$</u> | <u>\$ 308,630</u>        |
| Accumulated depreciation       |                          |                   |           |                          |
| Buildings                      | \$ 45,511                | \$ 2,294          | \$        | \$ 47,805                |
| Equipment                      | 195,926                  | 6,674             |           | 202,600                  |
| Total accumulated depreciation | <u>\$ 241,437</u>        | <u>\$ 8,968</u>   | <u>\$</u> | <u>\$ 250,405</u>        |
| Net capital assets             | <u>\$ 61,256</u>         |                   |           | <u>\$ 58,225</u>         |

At June 30, 2013, \$ 255,879 of assets included in transportation equipment, and \$ 157,685 of transportation equipment accumulated depreciation is attributable to assets under capital leases

Depreciation expense was charged to functions as follows:

|                            |                   |
|----------------------------|-------------------|
| Governmental Activities    |                   |
| Instruction                |                   |
| Regular instruction        | \$ 463,753        |
| Instructional support      |                   |
| Library services           | 1,129             |
| Computer technology        | 17,941            |
| General support            |                   |
| Central administration     | 23,324            |
| School administration      | 7,611             |
| Business administration    | 2,560             |
| Operations and maintenance | 11,148            |
| Transportation             | 61,313            |
| Community support          | 739               |
|                            | <u>\$ 589,518</u> |
| Proprietary Activities     |                   |
| School Lunch               | <u>\$ 8,968</u>   |

NOTE 4. LONG-TERM DEBT

Lease Purchase Obligations Payable

These leases have been capitalized in the capital assets account.

WESTON COUNTY SCHOOL DISTRICT NO. SEVEN

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 4. LONG-TERM DEBT (Continued)

On November 19, 2008, the School District entered into a lease purchase agreement to acquire two student transport vehicles. The lease is with FirstTier Bank of Upton and is for a purchase amount of \$146,039 with semi-annual payments of \$16,191 due on December 1 and June 1 of every year until fully paid on June 1, 2013. The lease is cancellable.

On December 28, 2011, the School District entered into a lease purchase agreement to acquire a student transport vehicle. The lease is with First State Bank of Newcastle and is for a purchase amount of \$57,400 with semi-annual payments of \$6,842 due on December 1 and June 1 of every year until fully paid on June 1, 2016. The lease is cancellable.

On January 29, 2013, the School District entered into a lease purchase agreement to acquire a student transportation vehicle. The lease is with First State Bank of Newcastle and is for a purchase amount of \$34,255 with annual payments of \$7,332 due on June 1 of every year until fully paid on June 1, 2017. The lease is cancellable.

Annual requirements to retire capital lease obligations as of June 30, 2013 are as follows:

First State Bank of Newcastle Lease Purchase Obligation

| <u>Year Ending<br/>June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u>     |
|--------------------------------|------------------|-----------------|------------------|
| 2014                           | \$ 12,626        | \$ 1,059        | \$ 13,685        |
| 2015                           | 13,001           | 684             | 13,685           |
| 2016                           | 13,388           | 297             | 13,685           |
|                                | <u>\$ 39,015</u> | <u>\$ 2,040</u> | <u>\$ 41,055</u> |

First State Bank of Newcastle Lease Purchase Obligation

| <u>Year Ending<br/>June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u>     |
|--------------------------------|------------------|-----------------|------------------|
| 2014                           | \$ 6,528         | \$ 804          | \$ 7,332         |
| 2015                           | 6,719            | 613             | 7,332            |
| 2016                           | 6,917            | 415             | 7,332            |
| 2017                           | 7,122            | 210             | 7,332            |
|                                | <u>\$ 27,286</u> | <u>\$ 2,042</u> | <u>\$ 29,328</u> |

Total Lease Purchase Obligations

| <u>Year Ending<br/>June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u>     |
|--------------------------------|------------------|-----------------|------------------|
| 2014                           | \$ 19,154        | \$ 1,863        | \$ 21,017        |
| 2015                           | 19,720           | 1,297           | 21,017           |
| 2016                           | 20,305           | 712             | 21,017           |
| 2017                           | 7,122            | 210             | 7,332            |
|                                | <u>\$ 66,301</u> | <u>\$ 4,082</u> | <u>\$ 70,383</u> |

WESTON COUNTY SCHOOL DISTRICT NO. SEVEN

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 4. LONG-TERM DEBT (Continued)

A summary of the changes in the general long-term liabilities for the year ended June 30, 2013, is presented below:

|                            | Balance<br>June 30,<br>2012 | Additions        | Principal<br>Reductions | Balance<br>June 30,<br>2013 |
|----------------------------|-----------------------------|------------------|-------------------------|-----------------------------|
| Compensated absences       | \$ 53,323                   | \$ 14,156        | \$                      | \$ 67,479                   |
| Lease Purchase Obligations | 82,655                      | 34,255           | 50,609                  | 66,301                      |
|                            | <u>\$ 135,978</u>           | <u>\$ 48,411</u> | <u>\$ 50,609</u>        | <u>\$ 133,780</u>           |

Interest Expense

Total interest paid during the year was \$2,789. Transportation expenses include \$2,789 of interest expense.

NOTE 5. COMPENSATED ABSENCES

Vacation

The District offers vacation to 12 month employees based on years of service as follows:

- Employees with 1 to 3 years of service are entitled to ½ days per month or 6 days per year.
- Employees with 3 to 10 years of service are entitled to 1 day per month or 12 days per year.
- Employees with more than 10 years of service are entitled to 1¼ days per month or 15 days per year.

The District will buy back unused vacation at the end of the fiscal year. Alternatively, the employee may carry unused vacation forward until November 30th at which time the District will buy back unused vacation days at the employees' average "daily rate".

Annual Leave

The District offers annual leave as follows:

- Nine month certified and classified staff are entitled to receive 10 days of leave per year.
- Twelve month employees are entitled to receive 12 days of leave per year.

The District will buy back unused annual leave at the end of the fiscal year at the employees' average "daily rate" plus \$20 per day.

Sick Leave

As of June 30, 2007, the District no longer allows new employees to accrue sick leave. Individuals hired before June 30, 2007 are allowed to accumulate sick leave.

WESTON COUNTY SCHOOL DISTRICT NO. SEVEN

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 5. COMPENSATED ABSENCES (Continued)

Employees with accumulated sick leave who leave the District will be paid for any accumulated sick leave at  $\frac{1}{4}$  of the employees' average "daily rate" up to a maximum of 60 days.

The accumulated compensated absences at June 30, 2013 as follows:

|              |                  |
|--------------|------------------|
| General fund | \$ <u>67,479</u> |
|--------------|------------------|

NOTE 6. PENSION PLAN

The District participates in the Wyoming Retirement System ("System"), a statewide cost-sharing multiple-employer public employee retirement system administered by the State of Wyoming Retirement System Board. Substantially all District 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, First Floor East, Herschler Building, 122 West 25th Street, Cheyenne, Wyoming 82002.

Plan members are required to contribute a percentage of their annual covered salary and the District is required to contribute a percentage of the annual covered payroll as follows:

| <u>Plan Member<br/>Contribution</u> | <u>District<br/>Contribution</u> |
|-------------------------------------|----------------------------------|
| 7.00%                               | 7.12%                            |

Legislation enacted in 1979 allows the employer to pay any or all of the employees' contribution in addition to the matching contribution. The District currently pays 100% of the required employees' contribution. Contribution rates are established by Title 9, Chapter 3 of the Wyoming Statutes. The District's contributions to the System for the years ended June 30, 2013, 2012 and 2011 were \$449,225, \$407,130, and \$413,709, respectively, equal to the required contributions for each year.

NOTE 7. RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has transferred its risk by purchasing property and liability insurance from a commercial enterprise. There has been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

WESTON COUNTY SCHOOL DISTRICT NO. SEVEN

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 8. INTERFUND TRANSFERS

Transfers In (Out) consist of the following:

|                   | <u>Transfer In</u> | <u>Transfer Out</u> |
|-------------------|--------------------|---------------------|
| General Fund      | \$                 | \$ 66,148           |
| Food Service Fund | 60,000             |                     |
| Recreation Fund   | 6,148              |                     |
|                   | <u>\$ 66,148</u>   | <u>\$ 66,148</u>    |

The transfer from the General Fund to the Food Service Fund is to subsidize operations.

The transfer from the General Fund to the Recreation Fund represents pool expense paid by the General Fund.

NOTE 9. FUND BALANCE

Fund Balance

Governmental fund equity is classified as fund balance. In accordance with Governmental Accounting Board Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classified governmental fund balances as follows:

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

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

The fund balances for the governmental funds have been restricted as follows:

|                   |                   |
|-------------------|-------------------|
| Major funds       |                   |
| Major maintenance | <u>\$ 397,802</u> |
| Non-major funds   |                   |
| Recreation fund   | <u>\$ 13,555</u>  |

WESTON COUNTY SCHOOL DISTRICT NO. SEVEN

NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 10. FUND BALANCE SET ASIDE FOR STABILIZATION ARRANGEMENTS

For the fiscal year ended June 30, 2013, the Board of Trustees budgeted the following stabilization amounts:

|              |                   |
|--------------|-------------------|
| Cash reserve | <u>\$ 453,000</u> |
|--------------|-------------------|

Wyoming State Statute 16-4-105 "Accumulated Retained Earnings or Fund Surplus; Capital Improvement Reserve" gives the School District the option to set aside a portion of the General Fund balance as a cash reserve to meet funding emergencies or budget shortfalls and imbalances.

In addition, this statute gives the School District the option to establish a capital improvements reserve for the purpose of purchasing or replacing equipment or a depreciation reserve. The amount appropriated to a capital improvements or depreciation reserve may not exceed 10% of the total revenues for the budget year.

WESTON COUNTY SCHOOL DISTRICT NO. SEVEN

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2013

|  | Original/<br>Final<br>Budget | Actual              | Variance<br>Favorable<br>(Unfavorable) |
|--|------------------------------|---------------------|--|
| <b>REVENUES:</b>                           |                              |                     |  |
| Local sources                              |                              |                     |  |
| Taxes                                      |                              |                     |  |
| Special district taxes                     | \$ 683,139                   | \$ 695,630          | \$ 12,491                              |
| Motor vehicle taxes                        | 130,000                      | 133,490             | 3,490                                  |
| Car company taxes                          | 12,000                       | 23,118              | 11,118                                 |
| Penalties and interest on delinquent taxes |                              | 4,351               | 4,351                                  |
|  | <u>\$ 825,139</u>            | <u>\$ 856,589</u>   | <u>\$ 31,450</u>                       |
| Other                                      |                              |                     |  |
| Cooperative programs                       | \$ 71,000                    | \$ 71,313           | \$ 313                                 |
| Interest on investments                    | 1,000                        | 903                 | ( 97)                                  |
| Interest on school district funds          | 1,000                        | 271                 | ( 729)                                 |
| Sale of fixed assets                       |                              | 1,201               | 1,201                                  |
| Miscellaneous                              | 16,000                       | 16,333              | 333                                    |
|  | <u>\$ 89,000</u>             | <u>\$ 90,021</u>    | <u>\$ 1,021</u>                        |
| Total local sources                        | <u>\$ 914,139</u>            | <u>\$ 946,610</u>   | <u>\$ 32,471</u>                       |
| County sources                             |                              |                     |  |
| Taxes                                      |                              |                     |  |
| County equalization taxes                  | \$ 219,487                   | \$ 221,874          | \$ 2,387                               |
| Motor vehicle tax                          | 37,000                       | 34,927              | ( 2,073)                               |
| Car company taxes                          | 3,000                        | 4,216               | 1,216                                  |
| Penalties and interest on delinquent taxes |                              | 890                 | 890                                    |
|  | <u>\$ 259,487</u>            | <u>\$ 261,907</u>   | <u>\$ 2,420</u>                        |
| Other                                      |                              |                     |  |
| Fines and forfeitures                      | \$ 30,000                    | \$ 119,354          | \$ 89,354                              |
| Forest reserve                             |                              | 77                  | 77                                     |
|  | <u>\$ 30,000</u>             | <u>\$ 119,431</u>   | <u>\$ 89,431</u>                       |
| Total county sources                       | <u>\$ 289,487</u>            | <u>\$ 381,338</u>   | <u>\$ 91,851</u>                       |
| State sources                              |                              |                     |  |
| Foundation program                         | \$ 4,452,634                 | \$ 4,451,097        | \$( 1,537)                             |
| Taylor grazing                             | 6,316                        | 3,201               | ( 3,115)                               |
| Other state restricted revenue             |                              | 37,593              | 37,593                                 |
| Cooperative service incentive              | 25,000                       | 25,000              |  |
| Total state sources                        | <u>\$ 4,483,950</u>          | <u>\$ 4,516,891</u> | <u>\$ 32,941</u>                       |
| <b>TOTAL REVENUES</b>                      | <u>\$ 5,687,576</u>          | <u>\$ 5,844,839</u> | <u>\$ 157,263</u>                      |

(Continued)

(The accompanying notes to the required supplementary information are an integral part of this schedule)

WESTON COUNTY SCHOOL DISTRICT NO. SEVEN

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2013

|   | Original/<br>Final<br>Budget | Actual              | Variance<br>Favorable<br>(Unfavorable) |
|---|------------------------------|---------------------|--|
| <b>EXPENDITURES:</b>                    |                              |                     |  |
| Instruction                             |                              |                     |  |
| General instruction                     |                              |                     |  |
| Salaries                                | \$ 1,465,881                 | \$ 1,462,023        | \$ 3,858                               |
| Employee benefits                       | 754,975                      | 692,453             | 62,522                                 |
| Purchased services                      | 28,000                       | 29,353              | ( 1,353)                               |
| Supplies and materials                  | 153,500                      | 118,525             | 34,975                                 |
| Capital outlay                          | 3,000                        | 3,672               | ( 672)                                 |
| Other                                   | 5,000                        | 2,993               | 2,007                                  |
| Total general instruction               | <u>\$ 2,410,356</u>          | <u>\$ 2,309,019</u> | <u>\$ 101,337</u>                      |
| Special instruction                     |                              |                     |  |
| Salaries                                | \$ 305,900                   | \$ 299,301          | \$ 6,599                               |
| Employee benefits                       | 232,100                      | 184,588             | 47,512                                 |
| Purchased services                      | 31,000                       | 32,623              | ( 1,623)                               |
| Supplies and materials                  | 4,000                        | 3,870               | 130                                    |
| Total special instruction               | <u>\$ 573,000</u>            | <u>\$ 520,382</u>   | <u>\$ 52,618</u>                       |
| Student activities                      |                              |                     |  |
| Salaries                                | \$ 129,000                   | \$ 127,086          | \$ 1,914                               |
| Employee benefits                       | 26,000                       | 25,222              | 778                                    |
| Purchased services                      | 85,200                       | 90,752              | ( 5,552)                               |
| Supplies and materials                  | 36,200                       | 31,930              | 4,270                                  |
| Capital outlay                          | 5,000                        | 5,000               |  |
| Total student activities                | <u>\$ 281,400</u>            | <u>\$ 279,990</u>   | <u>\$ 1,410</u>                        |
| Vocational education                    |                              |                     |  |
| Purchased services                      | \$ 1,000                     | \$ 151              | \$ 849                                 |
| Supplies and materials                  | 17,000                       | 12,668              | 4,332                                  |
| Capital outlay                          | 3,000                        |                     | 3,000                                  |
| Total vocational education              | <u>\$ 21,000</u>             | <u>\$ 12,819</u>    | <u>\$ 8,181</u>                        |
| Total instruction                       | <u>\$ 3,285,756</u>          | <u>\$ 3,122,210</u> | <u>\$ 163,546</u>                      |
| Instructional support                   |                              |                     |  |
| Supporting services - students          |                              |                     |  |
| Salaries                                | \$ 169,975                   | \$ 167,890          | \$ 2,085                               |
| Employee benefits                       | 80,600                       | 75,847              | 4,753                                  |
| Purchased services                      | 171,500                      | 148,248             | 23,252                                 |
| Supplies and materials                  | 4,000                        | 2,369               | 1,631                                  |
| Capital outlay                          | 1,500                        | 867                 | 633                                    |
| Total supporting services -<br>students | <u>\$ 427,575</u>            | <u>\$ 395,221</u>   | <u>\$ 32,354</u>                       |

(Continued)

(The accompanying notes to the required supplementary information are an integral part of this schedule)

WESTON COUNTY SCHOOL DISTRICT NO. SEVEN

GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS)  
FOR THE YEAR ENDED JUNE 30, 2013

|  | Original/<br>Final<br>Budget | Actual       | Variance<br>Favorable<br>(Unfavorable) |
|--|------------------------------|--------------|--|
| EXPENDITURES (Continued):                          |                              |              |  |
| Instructional support                              |                              |              |  |
| Supporting services - instructional staff          |                              |              |  |
| Salaries   | \$ 242,315                   | \$ 235,972   | \$ 6,343                               |
| Employee benefits                                  | 158,800                      | 145,107      | 13,693                                 |
| Purchased services                                 | 32,000                       | 28,749       | 3,251                                  |
| Supplies and materials                             | 33,100                       | 33,496       | ( 396)                                 |
| Capital outlay                                     | 52,000                       | 50,656       | 1,344                                  |
| Total supporting services -<br>instructional staff | \$ 518,215                   | \$ 493,980   | \$ 24,235                              |
| Total instructional support                        | \$ 945,790                   | \$ 889,201   | \$ 56,589                              |
| General support                                    |                              |              |  |
| General administration                             |                              |              |  |
| Salaries   | \$ 430,875                   | \$ 420,496   | \$ 10,379                              |
| Employee benefits                                  | 221,700                      | 209,189      | 12,511                                 |
| Purchased services                                 | 67,000                       | 53,725       | 13,275                                 |
| Supplies and materials                             | 33,500                       | 33,927       | ( 427)                                 |
| Capital outlay                                     | 2,000                        | 4,385        | ( 2,385)                               |
| Other  | 7,000                        | 7,708        | ( 708)                                 |
| Total general administration                       | \$ 762,075                   | \$ 729,430   | \$ 32,645                              |
| Operations and maintenance                         |                              |              |  |
| Salaries   | \$ 214,625                   | \$ 207,149   | \$ 7,476                               |
| Employee benefits                                  | 110,700                      | 95,853       | 14,847                                 |
| Purchased services                                 | 36,100                       | 42,320       | ( 6,220)                               |
| Supplies and materials                             | 248,600                      | 254,794      | ( 6,194)                               |
| Capital outlay                                     | 25,000                       | 6,581        | 18,419                                 |
| Total operations and maintenance                   | \$ 635,025                   | \$ 606,697   | \$ 28,328                              |
| Transportation services                            |                              |              |  |
| Salaries   | \$ 108,625                   | \$ 108,304   | \$ 321                                 |
| Employee benefits                                  | 22,000                       | 20,542       | 1,458                                  |
| Purchased services                                 | 66,300                       | 63,301       | 2,999                                  |
| Supplies and materials                             | 69,050                       | 60,648       | 8,402                                  |
| Capital outlay                                     | 53,400                       | 53,399       | 1                                      |
| Total transportation services                      | \$ 319,375                   | \$ 306,194   | \$ 13,181                              |
| Total general support                              | \$ 1,716,475                 | \$ 1,642,321 | \$ 74,154                              |

(Continued)

(The accompanying notes to the required supplementary information  
are an integral part of this schedule)

WESTON COUNTY SCHOOL DISTRICT NO. SEVEN  
 GENERAL FUND  
 BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS)  
 FOR THE YEAR ENDED JUNE 30, 2013

|   | <u>Original/<br/>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|---------------------------------------|---------------------|---|
| EXPENDITURES (Continued):   |                                       |                     |   |
| Community Support   |                                       |                     |   |
| Salaries  | \$ 13,660                             | \$ 13,663           | \$( 3)  |
| Employee benefits   | 3,500                                 | 2,951               | 549   |
| Purchased services  | 450                                   | 36                  | 414   |
| Supplies and materials  | 1,200                                 | 687                 | 513   |
| Total community support   | <u>\$ 18,810</u>                      | <u>\$ 17,337</u>    | <u>\$ 1,473</u>                                 |
| TOTAL EXPENDITURES  | <u>\$ 5,966,831</u>                   | <u>\$ 5,671,069</u> | <u>\$ 295,762</u>                               |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER (UNDER) EXPENDITURES  | \$( 279,255)                          | \$ 173,770          |   |
| OTHER FINANCING USES:   |                                       |                     |   |
| Operating transfers out   | <u>( 60,000)</u>                      | <u>( 66,148)</u>    |   |
| EXCESS (DEFICIENCY) OF REVENUES<br>AND OTHER FINANCING SOURCES<br>OVER (UNDER) EXPENDITURES AND<br>OTHER FINANCING USES | <u>\$( 339,255)</u>                   | <u>\$ 107,622</u>   |   |

(The accompanying notes to the required supplementary information  
are an integral part of this schedule)

WESTON COUNTY SCHOOL DISTRICT NO. SEVEN  
 MAJOR MAINTENANCE FUND  
 BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS)  
 FOR THE YEAR ENDED JUNE 30, 2013

|   | <u>Original/<br/>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|---|---------------------------------------|-------------------|---|
| REVENUES:   |                                       |                   |   |
| Local sources   | \$ 500                                | \$ 325            | \$( 175)  |
| State sources   | <u>279,335</u>                        | <u>279,335</u>    | <u>          </u>                               |
| Total revenues  | <u>\$ 279,835</u>                     | <u>\$ 279,660</u> | <u>\$( 175)</u>                                 |
| EXPENDITURES:   |                                       |                   |   |
| Capital Outlay  | <u>\$ 554,437</u>                     | <u>\$ 156,477</u> | <u>\$ 397,960</u>                               |
| EXCESS (DEFICIENCY) OF REVENUES<br>OVER (UNDER) EXPENDITURES  | \$( 274,602)                          | \$ 123,183        |   |
| OTHER FINANCING USES:   |                                       |                   |   |
| Operating transfers out   | <u>          </u>                     | <u>          </u> |   |
| EXCESS (DEFICIENCY) OF REVENUES<br>AND OTHER FINANCING SOURCES<br>OVER (UNDER) EXPENDITURES AND<br>OTHER FINANCING USES | <u>\$( 274,602)</u>                   | <u>\$ 123,183</u> |   |

(The accompanying notes to the required supplementary information  
are an integral part of this schedule)

WESTON COUNTY SCHOOL DISTRICT NO. SEVEN

SPECIAL PROGRAMS FUND  
 BUDGETARY COMPARISON SCHEDULE (NON-GAAP BASIS)  
 FOR THE YEAR ENDED JUNE 30, 2013

|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | Variance<br>Favorable<br>(Unfavorable) |
|---|----------------------------|-------------------------|-------------------|--|
| REVENUES:   |                            |                         |                   |  |
| State sources   | \$ 96,220                  | \$ 98,001               | \$ 59,342         | \$( 38,659)                            |
| Federal sources   | <u>300,046</u>             | <u>245,519</u>          | <u>225,175</u>    | <u>( 20,344)</u>                       |
| Total revenues  | <u>\$ 396,266</u>          | <u>\$ 343,520</u>       | <u>\$ 284,517</u> | <u>\$( 59,003)</u>                     |
| EXPENDITURES:   |                            |                         |                   |  |
| Grant expenditures  | <u>\$ 300,101</u>          | <u>\$ 343,520</u>       | <u>\$ 286,494</u> | <u>\$ 57,026</u>                       |
| EXCESS (DEFICIENCY) OF<br>REVENUES OVER (UNDER)<br>EXPENDITURES | <u>\$ 96,165</u>           | <u>\$ _____</u>         | <u>\$( 1,977)</u> |  |

(The accompanying notes to the required supplementary information  
 are an integral part of this schedule)

WESTON COUNTY SCHOOL DISTRICT NO. SEVEN  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1. BUDGET TO GAAP RECONCILIATION

The financial statement Statement of Revenues, Expenditures and Changes in Fund Balance on page 6 of this report is prepared on the generally accepted accounting principles (GAAP) basis. The required supplementary information - Budgetary Comparison - General Fund (Non-GAAP Basis), Major Maintenance Fund - Budgetary Comparison Schedule (Non-GAAP Basis) and Special Programs Fund - Budgetary Comparison Schedule (Non-GAAP Basis) - contained on pages 25 through 30 of this report is prepared on the legally enacted basis (cash basis). This results in differences when revenue and expenses are recognized for accounting purposes. Under the GAAP basis, revenues are recognized when measurable and available while the cash basis recognizes revenues when received. For expenditures, the GAAP basis recognizes them when incurred while the cash basis recognizes expenditures when paid.

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

General Fund

|  |                     |
|--|---------------------|
| Inflows budgetary basis  | \$ 5,844,839        |
| Differences - budget to GAAP   |                     |
| Property taxes receivable at June 30, 2012,<br>included as an inflow in the year ending<br>June 30, 2013 | ( 55,908)           |
| Property taxes receivable at June 30, 2013<br>included as an inflow in the year ending<br>June 30, 2013  | 25,961              |
| Deferred revenue deferred at June 30, 2012,<br>included as an inflow in the year ending<br>June 30, 2012 | 22,733              |
| Deferred revenue deferred at June 30, 2013,<br>included as an inflow in the year ending<br>June 30, 2013 | ( 10,817)           |
| Revenues GAAP basis  | <u>\$ 5,826,808</u> |
| Outflows budgetary basis   | \$ 5,671,069        |
| Differences - budget to GAAP   |                     |
| Accounts payable at June 30, 2012 included as<br>an outflow in the year ending June 30, 2013             | ( 35,466)           |
| Accounts payable at June 30, 2013 included as<br>an outflow in the year ending June 30, 2013             | 44,919              |
| Assets purchased under capital lease   | 34,255              |
| Expenditures GAAP Basis  | <u>\$ 5,714,777</u> |

Major Maintenance Fund

|  |                   |
|--|-------------------|
| Outflows budgetary basis   | \$ 156,477        |
| Differences - budget to GAAP   |                   |
| Accounts payable at June 30, 2012 included as<br>an outflow in the year ending June 30, 2013 | ( 24,951)         |
| Accounts payable at June 30, 2013 included as<br>an outflow in the year ending June 30, 2013 |                   |
| Expenditures GAAP Basis  | <u>\$ 131,526</u> |

WESTON COUNTY SCHOOL DISTRICT NO. SEVEN  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1. BUDGET TO GAAP RECONCILIATION (Continued)

Special Programs Fund

|   |                   |
|---|-------------------|
| Inflows budgetary basis   | \$ 284,517        |
| Differences - budget to GAAP  |                   |
| Deferred revenue deferred at June 30, 2012<br>included as an inflow in the year ending<br>June 30, 2013 | 2,032             |
| Deferred revenue deferred at June 30, 2013<br>included as an inflow in the year ending<br>June 30, 2013 | ( 55)             |
| Revenues GAAP Basis   | <u>\$ 286,494</u> |

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

Board of Trustees  
Weston County School District No. Seven  
Upton, 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 and the business-type activities, each major fund and the aggregate remaining fund information of Weston County School District No. Seven, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Weston County School District No. Seven's basic financial statements and have issued our report thereon dated December 16, 2013.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Weston County School District No. Seven's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Weston County School District No. Seven's internal control. Accordingly, we do express an opinion on the effectiveness of Weston County School District No. Seven'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 internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. See item 13-1.

## **Compliance and Other Matters**

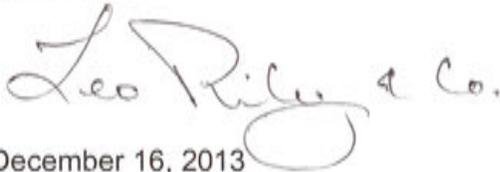
As part of obtaining reasonable assurance about whether Weston County School District No. Seven's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of 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*.

## **Weston County School District No. Seven's Response to Findings**

Weston County School District No. Seven's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Weston County School District No. Seven's response was not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of This Report**

This 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.

Leo Riley & Co.

December 16, 2013

WESTON COUNTY SCHOOL DISTRICT NO. SEVEN

SCHEDULE OF FINDINGS AND RESPONSES  
JUNE 30, 2013

**FINDINGS - FINANCIAL STATEMENTS AUDIT**

**SIGNIFICANT DEFICIENCIES**

13-1 Separation of Duties

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

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

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

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

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

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

WESTON COUNTY SCHOOL DISTRICT NO. SEVEN

STATUS OF PRIOR YEAR FINDINGS

JUNE 30, 2013

Findings:

Internal Control Over Financial Reporting

12-1 Separation of Duties

Ongoing comment and concern.

12-2 Auditor Involvement in Internal Control

Management has the skills, knowledge and experience necessary to detect and correct material misstatement in a timely manner.