

NATRONA COUNTY SCHOOL DISTRICT NO. 1
CASPER, WYOMING

FINANCIAL AND COMPLIANCE REPORT

JUNE 30, 2015

PREPARED BY DEPARTMENT OF BUSINESS SERVICES

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INDEPENDENT AUDITOR'S REPORT

Honorable Superintendent and
Board of Trustees
Natrona County School District No. 1
Casper, Wyoming

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Natrona County School District No. 1, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Natrona County School District No. 1's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Natrona County School District No. 1, as of June 30, 2015, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management discussion and analysis and pension schedules in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Natrona County School District No. 1's basic financial statements. The budgetary comparison information and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison information and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the

budgetary comparison information and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2015 on our consideration of the Natrona County School District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Natrona County School District No. 1's internal control over financial reporting and compliance.



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming

November 20, 2015

NATRONA COUNTY SCHOOL DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

(Unaudited)

As management of the Natrona County School District No. 1, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the years ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the District's financial statements, notes to the financial statements and various supplementary information, which follow this section.

Financial Highlights

The District's total combined net position was \$298,266,117 at June 30, 2015, which compares to \$197,160,137 at the beginning of the fiscal year, an increase of \$101,105,980 (51%).

- During the year, the District's expenses for governmental activities were \$208,133,342.
- The District's total revenue generated in taxes, other revenues and transfers for governmental activities was \$184,909,268.
- For the District's governmental funds total expenses were \$308,816,906.
- The District's total governmental funds revenue was \$309,732,984 of which \$52,288,137 was generated in taxes.
- The District participates in the Public Employees' Pension Plan ("PEPP"), a statewide cost-sharing multiple-employer public employee retirement system administered by the State of Wyoming Retirement System Board. Recently enacted governmental accounting standards require the District to record its proportional share of the overall plan's net position. This resulted in recording a net pension liability of \$109,198,714 and \$93,237,396 as of June 30, 2015 and June 30, 2014, respectively. All plan components, including the major components of participation, eligibility, investment strategy, benefit structure, contribution rates and plan administration are controlled by the State of Wyoming. Readers should be aware the District is required to record the net position but has no control of the plan elements that affect the net position.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. However, fluctuations from year to year need to be reviewed in light of the timing of funding.

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

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

NATRONA COUNTY SCHOOL DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

(Unaudited)

The District participates in oversight of the Natrona County Recreation Joint Powers Board (Recreation Board) and recognizes the Recreation Board as a component unit. The Recreation Board provides funding to the District for recreational education activities for students. They also provide funding through grants to other agencies offering recreational education for Natrona County children and youth.

The District also participates in the oversight of the Casper Area Education Foundation (Foundation) and recognizes the Foundation as a component unit. The Foundation is a private not-for-profit organization primarily fund-raising to provide scholarships and financial support for educational programs. As the Foundation is tax-exempt organization it provides a vehicle for charitable donations.

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

All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. Such information may be useful in evaluating a government's near-term financing requirements. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities reported in the Statement of Net Position and the Statement of Activities and the governmental funds are reconciled in the financial statements.

Proprietary funds. Proprietary funds are used to account for services for which the District charges participants a fee. These funds, like the government-wide statements, provide both long- and short-term financial information. The Enterprise Fund - Cafeteria Fund is the only fund in this category for the District.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District is the trustee, or fiduciary, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The District has two funds in this category, the Student Activities Fund and the Construction Retainage Fund.

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

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

NATRONA COUNTY SCHOOL DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

(Unaudited)

Financial Analysis of the District as a Whole

The Statement of Net Position provides the perspective of the District as a whole. The following provides a summary of the District's net position at June 30, 2015:

	Condensed Statement of Net Position					
	2013-2014	2013-2014	2013-2014	2014-2015	2014-2015	2014-2015
	Governmental Activities	Business-Type Activities	Total School District	Governmental Activities	Business-Type Activities	Total School District
	As Restated					
Current and other assets	\$ 94,346,131	\$ 476,544	\$ 94,822,675	\$ 107,806,319	\$ 520,762	\$ 108,327,081
Capital assets	254,948,247	120,679	255,068,926	362,871,560	99,700	362,971,260
Total assets	<u>349,294,378</u>	<u>597,223</u>	<u>349,891,601</u>	<u>470,677,879</u>	<u>620,462</u>	<u>471,298,341</u>
Deferred outflows of resources	<u>8,687,528</u>	<u>143,633</u>	<u>8,831,161</u>	<u>18,782,928</u>	<u>282,757</u>	<u>19,065,685</u>
Current liabilities	19,770,675	270,796	20,041,471	33,377,588	369,872	33,747,460
Long-term liabilities	4,661,485	35,173	4,696,658	3,967,596	35,456	4,003,052
Net pension liability	91,720,947	1,516,449	93,237,396	107,445,548	1,753,166	109,198,714
Total liabilities	<u>116,153,107</u>	<u>1,822,418</u>	<u>117,975,525</u>	<u>144,790,732</u>	<u>2,158,494</u>	<u>146,949,226</u>
Deferred inflows of resources	<u>43,587,100</u>	<u>-</u>	<u>43,587,100</u>	<u>45,148,683</u>	<u>-</u>	<u>45,148,683</u>
Net investment in capital assets	252,771,156	120,679	252,891,835	358,151,089	99,700	358,250,789
Restricted	4,128,345	-	4,128,345	6,564,217	-	6,564,217
Unrestricted	(58,657,802)	(1,202,241)	(59,860,043)	(65,193,914)	(1,354,975)	(66,548,889)
Total net position	<u>\$ 198,241,699</u>	<u>\$ (1,081,562)</u>	<u>\$ 197,160,137</u>	<u>\$ 299,521,392</u>	<u>\$ (1,255,275)</u>	<u>\$ 298,266,117</u>

The net investment in capital assets is \$358,250,789, which is the net book value of capital assets (e.g., land, buildings, and equipment) less related debt. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources

The District's total net position increased \$101,105,980 during the year ended June 30, 2015. The total cost of all governmental activities this year was \$208,133,342 and of the business-type activity was \$6,233,043.

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NATRONA COUNTY SCHOOL DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

(Unaudited)

	Change in the District's Net Position					
	2013-2014 Governmental Activities	2013-2014 Business-Type Activities	2013-2014 Total School District	2014-2015 Governmental Activities	2014-2015 Business-Type Activities	2014-2015 Total School District
Revenues						
Program revenues						
Charges for services	\$ 130,068	\$ 1,900,624	\$ 2,030,692	\$ 120,878	\$ 1,794,202	\$ 1,915,080
Operating and capital grants and contributions	68,764,551	3,173,418	71,937,969	124,382,889	2,996,128	127,379,017
General revenues:						
Taxes	56,469,590	-	56,469,590	60,611,028	-	60,611,028
Governmental aid	123,802,155	-	123,802,155	125,552,751	-	125,552,751
Miscellaneous	14,040	-	14,040	14,489	-	14,489
Total revenues	249,180,404	5,074,042	254,254,446	310,682,035	4,790,330	315,472,365
Expenses						
Regular instruction	(81,746,167)	-	(81,746,167)	(89,251,427)	-	(89,251,427)
Special ed instruction	(28,474,360)	-	(28,474,360)	(33,310,056)	-	(33,310,056)
Vocational ed instruction	(1,705,865)	-	(1,705,865)	(1,907,541)	-	(1,907,541)
Pupil services	(14,134,147)	-	(14,134,147)	(15,348,032)	-	(15,348,032)
Instructional staff services	(10,831,165)	-	(10,831,165)	(12,000,513)	-	(12,000,513)
General admin services	(1,474,269)	-	(1,474,269)	(1,479,778)	-	(1,479,778)
School admin services	(11,220,064)	-	(11,220,064)	(12,042,271)	-	(12,042,271)
Business services	(2,594,508)	-	(2,594,508)	(2,876,050)	-	(2,876,050)
O & M of plant services	(22,750,256)	-	(22,750,256)	(27,487,656)	-	(27,487,656)
Pupil transportation	(10,555,980)	-	(10,555,980)	(11,108,805)	-	(11,108,805)
Central services	(4,852,163)	-	(4,852,163)	(1,084,360)	-	(1,084,360)
Other support services	(164,747)	-	(164,747)	(216,301)	-	(216,301)
Interest on long term debt	(26,919)	-	(26,919)	(20,552)	-	(20,552)
Food services	-	(5,948,276)	(5,948,276)	-	(6,233,043)	(6,233,043)
Total expenses	(190,530,610)	(5,948,276)	(196,478,886)	(208,133,342)	(6,233,043)	(214,366,385)
Excess (deficiency) of						
revenues over expenses	58,649,794	(874,234)	57,775,560	102,548,693	(1,442,713)	101,105,980
Transfers	(827,000)	827,000	-	(1,269,000)	1,269,000	-
Change in net position	57,822,794	(47,234)	57,775,560	101,279,693	(173,713)	101,105,980
Net position -						
beginning of year	222,390,497	338,488	222,728,985	198,241,699	(1,081,562)	197,160,137
Prior period adjustment	(81,971,592)	(1,372,816)	(83,344,408)	-	-	-
Net position - beginning of year as restated	140,418,905	(1,034,328)	139,384,577	198,241,699	(1,081,562)	197,160,137
Net position - end of year	\$ 198,241,699	\$ (1,081,562)	\$ 197,160,137	\$ 299,521,392	\$ (1,255,275)	\$ 298,266,117

NATRONA COUNTY SCHOOL DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

(Unaudited)

Financial Highlights of the District's Funds

Governmental Funds

General Fund

The General Fund receives a majority of its revenue through the State of Wyoming School Foundation Block Grant. The Block Grant is comprised of tax collections and a foundation entitlement. Taxes for the year were \$52,288,137 or 29% of total general revenue, and the foundation entitlement was \$126,491,701 or 70% of total General Fund revenue. The District expended \$110,297,475 on student instruction through the General Fund. This represents 62% of this fund's total expenditures. The balance of expenditures is in support of class room instruction.

Program Fund

The Program Fund experienced a 20% increase in program grant revenues. Federal grants accounted for the majority of this increase.

Capital Maintenance Fund

The funding for this activity remains stable and is provided by the State of Wyoming to do major maintenance on existing District facilities.

Capital Projects

During the year, the District continued design and construction on two new elementary schools, and three high schools. The funding for these projects is provided by State Capital Construction grants from the State of Wyoming.

Proprietary Funds

Cafeteria Fund

The District experienced an anticipated loss in the operation of this program. The District will continue to use a combination of meal price increases, cost containment, and fund transfers to return this activity to self-sufficiency.

Budgetary Highlights

Routine budget transfers occurred during the fiscal year ended June 30, 2015. These transfers did not increase or decrease the overall budget.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

(Unaudited)

Capital Assets

District's Capital Assets (Governmental Activities) (Net of depreciation)

	2013-2014	2014-2015
Land and improvements	\$ 30,179,135	\$ 30,197,927
Buildings and improvements	138,967,836	175,013,620
Equipment	1,337,608	1,551,810
Vehicles	4,813,926	4,918,942
Construction in progress	79,649,742	151,189,261
Total	<u>\$ 254,948,247</u>	<u>\$ 362,871,560</u>

Long-term debt

The following is a summary of the governmental funds debt transactions, excluding net pension liability, of the District for the year ended June 30, 2015:

Debt outstanding at July 1, 2014	\$ 5,168,891
New debt issued	3,409,264
Debt retired	<u>760,329</u>
Debt outstanding at June 30, 2015	<u>\$ 7,817,826</u>

Factors Affecting the District's Future

The District receives approximately 83% of its revenues from state and federal sources. This means a significant portion of the District's resources come from sources outside of the control of the Board of Trustees. Obtaining sufficient resources to educate the students of Natrona County will largely be dependent on the state and federal agencies currently providing funding.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Superintendent, Steve Hopkins, 970 North Glenn Road, Casper, WY 82601.

BASIC FINANCIAL STATEMENTS

NATRONA COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF NET POSITION

June 30, 2015

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Recreation Board	Casper Area Education Foundation
ASSETS					
Current assets					
Cash and cash equivalents	\$ 42,435,683	\$ 209,463	\$ 42,645,146	\$ 264,984	\$ 13,182
Investments	-	-	-	-	360,247
Property tax receivable	46,287,453	-	46,287,453	1,493,745	-
Due from other governments	17,651,761	94,555	17,746,316	-	4,129
Prepaid item	427,283	-	427,283	-	-
Receivables net of \$88,742 allowance	-	88,742	88,742	-	-
Inventories	532,639	128,002	660,641	-	-
Asset held on behalf of the State of Wyoming	471,500	-	471,500	-	-
Land	20,914,431	-	20,914,431	-	-
Construction in progress	151,189,261	-	151,189,261	-	-
Capital assets, net of accumulated depreciation	190,767,868	99,700	190,867,568	-	-
Total assets	<u>470,677,879</u>	<u>620,462</u>	<u>471,298,341</u>	<u>1,758,729</u>	<u>377,558</u>
DEFERRED OUTFLOWS OF RESOURCES					
Pension plan items	18,782,928	282,757	19,065,685	-	-
Total deferred outflows of resources	<u>18,782,928</u>	<u>282,757</u>	<u>19,065,685</u>	<u>-</u>	<u>-</u>
LIABILITIES					
Current liabilities					
Accounts payable	23,717,758	165,596	23,883,354	-	-
Accrued wages payable	4,428,678	4,603	4,433,281	-	-
Advance payments on grants	909,422	-	909,422	-	-
Due to primary government	-	-	-	-	15,000
Due to other government	471,500	-	471,500	-	-
Deferred student meal revenue	-	197,317	197,317	-	-
Noncurrent liabilities					
Due within one year	3,850,230	2,356	3,852,586	-	-
Due in more than one year	3,967,596	35,456	4,003,052	-	-
Net pension liability	107,445,548	1,753,166	109,198,714	-	-
Total liabilities	<u>144,790,732</u>	<u>2,158,494</u>	<u>146,949,226</u>	<u>-</u>	<u>15,000</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred property tax revenue	45,148,683	-	45,148,683	1,456,409	-
Total deferred inflows of resources	<u>45,148,683</u>	<u>-</u>	<u>45,148,683</u>	<u>1,456,409</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	358,151,089	99,700	358,250,789	-	-
Restricted for					
Federal, state, and local grants	1,689,962	-	1,689,962	302,320	-
Permanently restricted for Foundation	-	-	-	-	226,706
Temporarily restricted for Foundation	-	-	-	-	25,758
Major maintenance - WS 21-15-109	4,874,255	-	4,874,255	-	-
Unrestricted	(65,193,914)	(1,354,975)	(66,548,889)	-	110,094
Total net position (deficit)	<u>\$ 299,521,392</u>	<u>\$ (1,255,275)</u>	<u>\$ 298,266,117</u>	<u>\$ 302,320</u>	<u>\$ 362,558</u>

See accompanying notes to the financial statements

NATRONA COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction				
Regular	\$ 89,251,427	\$ 120,878	\$ 3,619,234	\$ -
Special	33,310,056	-	6,251,388	-
Vocational education	1,907,541	-	390,712	-
Support services				
Pupil services	15,348,032	-	-	-
Instructional staff services	12,000,513	-	7,423,523	-
General administration services	1,479,778	-	195,356	-
School administration services	12,042,271	-	586,068	-
Business services	2,876,050	-	-	-
Operation and maintenance of plant services	27,487,656	-	-	-
Pupil transportation services	11,108,805	-	-	-
Central services	1,084,360	-	-	105,916,608
Other support services	216,301	-	-	-
Interest on long-term debt	20,552	-	-	-
Total governmental activities	<u>208,133,342</u>	<u>120,878</u>	<u>18,466,281</u>	<u>105,916,608</u>
Business-type activities				
Cafeteria Fund	6,233,043	1,794,202	2,996,128	-
Total business-type activities	<u>6,233,043</u>	<u>1,794,202</u>	<u>2,996,128</u>	<u>-</u>
Total primary government	<u>\$ 214,366,385</u>	<u>\$ 1,915,080</u>	<u>\$ 21,462,409</u>	<u>\$ 105,916,608</u>
Component units				
Recreation Board	\$ (1,581,055)	\$ -	\$ -	\$ -
Casper Area Education Foundation	(55,918)	-	-	-
Total component units	<u>\$ (1,636,973)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues				
Taxes				
Property taxes, levied for general purposes				
Property taxes, levied for specific purpose				
Federal, State and Local aid not restricted to specific purposes				
State Foundation Program				
Other state sources				
Other sources				
Unrestricted investment earnings				
Contributions, gifts, and grants				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning of year				
Prior period adjustment				
Net position (deficit) - beginning of year as restated				
Net position (deficit) - end of year				

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total	Recreation Board	Casper Area Education Foundation
\$ (85,511,315)	\$ -	\$ (85,511,315)	\$ -	\$ -
(27,058,668)	-	(27,058,668)	-	-
(1,516,829)	-	(1,516,829)	-	-
(15,348,032)	-	(15,348,032)	-	-
(4,576,990)	-	(4,576,990)	-	-
(1,284,422)	-	(1,284,422)	-	-
(11,456,203)	-	(11,456,203)	-	-
(2,876,050)	-	(2,876,050)	-	-
(27,487,656)	-	(27,487,656)	-	-
(11,108,805)	-	(11,108,805)	-	-
104,832,248	-	104,832,248	-	-
(216,301)	-	(216,301)	-	-
(20,552)	-	(20,552)	-	-
<u>(83,629,575)</u>	<u>-</u>	<u>(83,629,575)</u>	<u>-</u>	<u>-</u>
-	(1,442,713)	(1,442,713)	-	-
-	(1,442,713)	(1,442,713)	-	-
<u>(83,629,575)</u>	<u>(1,442,713)</u>	<u>(85,072,288)</u>	<u>-</u>	<u>-</u>
-	-	-	(1,581,055)	-
-	-	-	-	(55,918)
-	-	-	<u>(1,581,055)</u>	<u>(55,918)</u>
53,694,949	-	53,694,949	-	-
6,916,079	-	6,916,079	1,710,006	-
123,100,597	-	123,100,597	-	-
1,932,612	-	1,932,612	-	-
519,542	-	519,542	-	-
14,489	-	14,489	164	19,549
-	-	-	-	13,617
<u>(1,269,000)</u>	<u>1,269,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>184,909,268</u>	<u>1,269,000</u>	<u>186,178,268</u>	<u>1,710,170</u>	<u>33,166</u>
<u>101,279,693</u>	<u>(173,713)</u>	<u>101,105,980</u>	<u>129,115</u>	<u>(22,752)</u>
281,275,118	291,254	281,566,372	173,205	385,310
<u>(83,033,419)</u>	<u>(1,372,816)</u>	<u>(84,406,235)</u>	<u>-</u>	<u>-</u>
<u>198,241,699</u>	<u>(1,081,562)</u>	<u>197,160,137</u>	<u>173,205</u>	<u>385,310</u>
<u>\$ 299,521,392</u>	<u>\$ (1,255,275)</u>	<u>\$ 298,266,117</u>	<u>\$ 302,320</u>	<u>\$ 362,558</u>

NATRONA COUNTY SCHOOL DISTRICT NO. 1

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General	Program Fund	Capital Maintenance Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 29,959,140	\$ 1,246,367	\$ 5,866,191
Property taxes receivable	46,287,453	-	-
Due from other governments	-	1,895,587	-
Prepaid item	427,283	-	-
Inventories	532,639	-	-
Asset held on behalf of the State of Wyoming	471,500	-	-
Total assets	<u>\$ 77,678,015</u>	<u>\$ 3,141,954</u>	<u>\$ 5,866,191</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 4,004,592	498,778	\$ 991,936
Accrued wages payable	4,384,886	43,792	-
Advance payments on grants	-	909,422	-
Due to other government	471,500	-	-
Total liabilities	<u>8,860,978</u>	<u>1,451,992</u>	<u>991,936</u>
Deferred inflows of resources			
Deferred property tax revenue	45,513,242	-	-
Total deferred inflows of resources	<u>45,513,242</u>	<u>-</u>	<u>-</u>
Fund balances			
Nonspendable			
Prepaid item	427,283	-	-
Inventory	532,639	-	-
Restricted			
Federal, state, and local grants	-	1,689,962	-
Major maintenance projects - WS 21-15-109	-	-	4,874,255
Committed			
Capital projects and other	14,109,031	-	-
Assigned	9,773,682	-	-
Unassigned	(1,538,840)	-	-
Total fund balances (deficits)	<u>23,303,795</u>	<u>1,689,962</u>	<u>4,874,255</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 77,678,015</u>	<u>\$ 3,141,954</u>	<u>\$ 5,866,191</u>

See accompanying notes to the financial statements

Capital Projects Fund	Total Governmental Funds
\$ 5,363,985	\$ 42,435,683
-	46,287,453
12,480,863	14,376,450
-	427,283
-	532,639
-	471,500
<u>\$ 17,844,848</u>	<u>\$ 104,531,008</u>

\$ 18,222,452	\$ 23,717,758
-	4,428,678
-	909,422
-	471,500
<u>18,222,452</u>	<u>29,527,358</u>

-	45,513,242
<u>-</u>	<u>45,513,242</u>

-	427,283
-	532,639
-	1,689,962
-	4,874,255
-	14,109,031
-	9,773,682
(377,604)	(1,916,444)
<u>(377,604)</u>	<u>29,490,408</u>
<u>\$ 17,844,848</u>	<u>\$ 104,531,008</u>

NATRONA COUNTY SCHOOL DISTRICT NO. 1

**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

June 30, 2015

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

Total fund balances - governmental funds		\$ 29,490,408
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		362,871,560
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Property taxes revenue - current year	364,559	
Reimbursements from School Facilities Department - current year	3,275,311	3,639,870
Deferred outflows are not available to pay for current period expenditures and therefore the underlying resources are not reported in the governmental funds.		
Pension plan items	9,962,363	
Difference in investment returns - pensions	8,820,565	18,782,928
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(3,097,355)	
Lease purchase obligations	(1,445,160)	
Retainage payable	(3,275,311)	
Net pension liability	(107,445,548)	(115,263,374)
Net position of governmental activities		\$ 299,521,392

See accompanying notes to the financial statements

NATRONA COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2015

	General Fund	Program Fund	Capital Maintenance Fund
Revenues			
Taxes	\$ 52,288,137	\$ -	\$ -
Intergovernmental revenues	126,491,701	19,535,586	6,916,079
Charges for services	120,878	-	-
Miscellaneous	574,581	-	-
Investment income	9,659	-	4,400
Total revenues	179,484,956	19,535,586	6,920,479
Expenditures			
Instruction			
Regular	82,063,284	4,372,974	-
Special	26,544,585	5,894,880	-
Vocational education	1,689,606	399,431	-
Support services			
Pupil services	14,924,751	8,781	-
Instructional staff services	4,806,924	6,908,974	-
General administration services	1,274,965	182,986	-
School administration services	11,174,043	465,236	-
Business services	2,804,812	-	-
Operation and maintenance of plant services	16,570,164	-	5,786,931
Pupil transportation services	10,825,510	-	-
Central services	4,303,715	-	-
Other support services	216,301	-	-
Facilities, acquisitions and construction services	-	-	-
Debt service			
Principal	535,422	-	-
Interest	20,552	-	-
Total expenditures	177,754,634	18,233,262	5,786,931
Excess (deficiency) of revenues over expenditures	1,730,322	1,302,324	1,133,548
Other financing sources (uses)			
Transfers out	(4,646,539)	-	-
Transfers in	430	-	-
Proceeds from lease purchase obligation	983,052	-	-
Total other financing sources (uses)	(3,663,057)	-	-
Net change in fund balances	(1,932,735)	1,302,324	1,133,548
Fund balances (deficits) - beginning of year	25,236,530	387,638	3,740,707
Fund balances (deficits) - end of year	\$ 23,303,795	\$ 1,689,962	\$ 4,874,255

Capital Projects Fund	Total Governmental Funds
\$ -	\$ 52,288,137
103,791,533	256,734,899
-	120,878
-	574,581
-	14,489
103,791,533	309,732,984
-	86,436,258
-	32,439,465
-	2,089,037
-	14,933,532
-	11,715,898
-	1,457,951
-	11,639,279
-	2,804,812
-	22,357,095
-	10,825,510
-	4,303,715
-	216,301
107,042,079	107,042,079
-	535,422
-	20,552
107,042,079	308,816,906
(3,250,546)	916,078
-	(4,646,969)
3,377,539	3,377,969
-	983,052
3,377,539	(285,948)
126,993	630,130
(504,597)	28,860,278
\$ (377,604)	\$ 29,490,408

NATRONA COUNTY SCHOOL DISTRICT NO. 1

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2015

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

Net change in fund balances - total governmental funds		\$ 630,130
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded the depreciation expense and loss on disposal of buildings in the current period.		
Capital outlay	\$ 146,169,644	
Reclassification of prior year construction in progress to fixed assets	(31,273,021)	
Loss on disposal of vehicles	(55,335)	
Depreciation expense	<u>(6,917,975)</u>	107,923,313
Pension expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:		
Pension liability - prior year	91,720,947	
Pension liability - current year	(107,445,548)	
Deferred outflows - pension contributions and differences in investment returns - prior year	(8,687,528)	
Deferred outflows - pension contributions and differences in investment returns - current year	<u>18,782,928</u>	(5,629,201)
Issuance of capital leases provides current financial resources to governmental funds.		(983,052)
Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		535,422
Long-term liabilities for compensated absences and retainages are not due and payable in the current period and therefore are not reported in the funds.		
Retainage payable - current year	(3,275,311)	
Retainage payable - prior year	1,179,561	
Compensated absences - current year	(3,097,355)	
Compensated absences - prior year	<u>2,991,800</u>	(2,201,305)
Revenues in the statement of activities that do not provide current financial revenues are not reported as revenues in the funds.		
Property tax revenue - current year	364,559	
Property tax revenue - prior year	(415,942)	
Due from component unit - prior year	(1,069,307)	
Reimbursements from School Facilities Department - current year	3,275,311	
Reimbursements from School Facilities Department - prior year	<u>(1,150,235)</u>	1,004,386
Change in net position of governmental activities		<u>\$ 101,279,693</u>

See accompanying notes to the financial statements

NATRONA COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF NET POSITION
 PROPRIETARY FUND
 June 30, 2015

	Business-Type Activities- Enterprise Fund Cafeteria Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 209,463
Due from other governments	94,555
Receivables net of \$88,742 allowance	88,742
Inventories	128,002
Total current assets	520,762
Capital assets, net of accumulated depreciation	99,700
Total assets	620,462
DEFERRED OUTFLOWS OF RESOURCES	
Pension plan items	282,757
Total deferred outflows of resources	282,757
LIABILITIES	
Current liabilities	
Accounts payable	165,596
Accrued wages payable	4,603
Deferred student meal revenue	197,317
Compensated absences	37,812
Total current liabilities	405,328
Noncurrent liabilities	
Net pension liability	1,753,166
Total noncurrent liabilities	1,753,166
Total liabilities	2,158,494
NET POSITION	
Net investment in capital assets	99,700
Unrestricted	(1,354,975)
Total net position	\$ (1,255,275)

See accompanying notes to the financial statements

NATRONA COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUND
 Year Ended June 30, 2015

	Business-Type Activities- Enterprise Fund Cafeteria Fund
Operating revenues	
Charges for services	\$ 1,794,202
Total operating revenues	<u>1,794,202</u>
Operating expenses	
Salaries	1,727,453
Benefits	1,360,850
Direct food costs including supplies and maintenance	3,123,761
Depreciation expense	20,979
Total operating expenses	<u>6,233,043</u>
Operating loss	(4,438,841)
Nonoperating revenues	
Federal subsidy	2,996,128
Total nonoperating revenues	<u>2,996,128</u>
Loss before transfers	(1,442,713)
Transfers in	<u>1,269,000</u>
Change in net position	(173,713)
Net position - beginning of year	291,254
Prior period adjustment	<u>(1,372,816)</u>
Net deficit - beginning of year, as restated	(1,081,562)
Net deficit - end of year	<u>\$ (1,255,275)</u>

See accompanying notes to the financial statements

NATRONA COUNTY SCHOOL DISTRICT NO. 1

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended June 30, 2015**

	Business-Type Activities- Enterprise Fund Cafeteria Fund
Cash flows from operating activities	
Receipts from customers and users	\$ 1,884,181
Payments to suppliers for goods and services	(2,792,142)
Payments to employees for services	(2,985,857)
	<u>(3,893,818)</u>
Net cash and cash equivalents used in operating activities	
	<u>(3,893,818)</u>
Cash flows from noncapital financing activities	
Operating transfers in	1,269,000
Federal subsidy	2,638,639
	<u>3,907,639</u>
Net cash and cash equivalents provided by noncapital financing activities	
	<u>3,907,639</u>
Net increase in cash and cash equivalents	13,821
Cash and cash equivalents - beginning of year	<u>195,642</u>
Cash and cash equivalents - end of year	<u>\$ 209,463</u>

See accompanying notes to the financial statements

NATRONA COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF CASH FLOWS (CONTINUED)
 PROPRIETARY FUND

Year Ended June 30, 2015

	Business-Type Activities- Enterprise Fund Cafeteria Fund
Reconciliation of operating loss to net cash and cash equivalents used in operating activities	
Operating loss	\$ (4,438,841)
Adjustments to reconcile operating loss to net cash and cash equivalent used in operating activities	
Depreciation	20,979
Amortization of differences on pension plan investment earnings	33,195
Commodities share of federal subsidy	320,909
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets, deferred outflows, and liabilities	
Receivables	(12,219)
Inventories	18,402
Deferred outflow - pension plan items	(172,319)
Accounts payable	(7,692)
Accrued wages payable	4,603
Deferred student meal revenue	102,198
Compensated absences	250
Net pension liability	236,717
Net cash and cash equivalents used in operating activities	\$ (3,893,818)

Schedule of non-cash transactions

USDA commodities valued at \$320,909

See accompanying notes to the financial statements

NATRONA COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2015

	<u>Construction Retainage Fund</u>	<u>Student Activities Fund</u>
ASSETS		
Cash	\$ 5,328,257	\$ 1,973,159
Total assets	<u>\$ 5,328,257</u>	<u>\$ 1,973,159</u>
LIABILITIES		
Accounts payable	\$ -	\$ 84,347
Retainage payable	5,328,257	-
Due to student groups	-	1,888,812
Total liabilities	<u>\$ 5,328,257</u>	<u>\$ 1,973,159</u>

See accompanying notes to the financial statements

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies

Reporting Entity

Natrona County School District No. 1 serves constituents of the City of Casper as well as a number of other communities within Natrona County, Wyoming. The District provides public education for students from kindergarten through grade twelve in four senior high schools, eight junior/middle schools, twenty-two elementary schools and four rural schools.

The District's Board of Trustees has responsibility over all activities related to public elementary and secondary school education within Natrona County. The District receives funding from federal, state and local government sources and must comply with requirements from these funding sources. Generally accepted accounting principles require that the reporting entity include the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete. The accompanying financial statements present the District and its component units, entities for which the District is considered financially accountable. The discretely presented component units are reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the District.

Discretely Presented Component Units

The District has participated in the creation of the Natrona County Recreation Joint Powers Board (Recreation Board) as authorized by Wyoming Statutes. Three out of five members of the governing body of the Recreation Board are members of the District's Board of Trustees. The Recreation Board does not have a quorum without the three members of the District's Board of Trustees. The Recreation Board is a separate legal entity and is accountable for its own activities. The Natrona County Recreation Joint Powers Board does not issue separate financial statements.

The Casper Area Education Foundation (Foundation) is a discretely presented component unit of the District. The Foundation is a legally separate, tax exempt organization. The Foundation acts primarily as a fund-raising organization to provide scholarship awards to high school seniors and provides support of educational programs in the District. The Foundation does not issue separate financial statements. The Foundation operates on a calendar year, and the results of its operations have not been restated to conform to the District's year end. Due to the differing year ends, certain transactions that occurred between the two entities created timing differences between revenues, expenses, assets, and liabilities.

The Foundation is a private not-for-profit organization that reports its financial results under the Financial Reporting for Not-for-Profit Organizations and Accounting for Contributions Received and Contributions Made Topics of the FASB Accounting Standards Codification (ASC) (Topics). As such, certain presentation features are different from GASB presentation features. No modifications have been made to the Foundation's financial information in the District's financial reporting entity for these differences.

Government-Wide and Fund Financial Statements

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

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

government is reported separately from its legally separate component units for which the primary government is financially accountable.

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The District reports the following major governmental funds:

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

The *program fund* is a special revenue fund that accounts for the proceeds of specific federal, state, and local grant sources that are legally restricted to expenditure for specified purposes.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies (Continued)

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

The *capital maintenance fund* is a special revenue fund that accounts for the proceeds from capital maintenance property taxes levied on the District's behalf and the State's matching funds. Capital maintenance expenditures provided for these sources are recorded in this fund.

The *capital projects fund* accounts for the proceeds of specific revenue sources that are restricted to expenditures for the construction and renovation of several school and district facilities. The fund also accounts for the associated acquisition of land for new building construction. The *capital projects fund* also accounts for the accumulation of resources for, and the payment of, expenditures associated with technological improvements throughout the District.

The District reports the following major proprietary fund:

The *cafeteria fund* accounts for the activities of the District's cafeterias, which prepare and serve breakfast and lunch to District students. Major sources of revenue include charges for services and operating grants from the Federal government.

Additionally, the District reports the following funds:

The *student activities fund* is an agency fund used to account for the District's many student activities. The District's responsibility for these activities is fiduciary in nature.

The *construction retainage fund* is an agency fund used to account for the District's construction retainage amounts that have been deposited in a joint account with the contractor.

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

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

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

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the District considers all cash on hand and demand deposits to be cash equivalents.

Accounts Receivable

The District considers all accounts receivable to be fully collectible at June 30, 2015, except for the receivable for unpaid meal recorded in the cafeteria fund. The District recorded \$88,742 as an allowance for doubtful accounts, which represents 50% of the total receivable.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 of each year. Property taxes are levied on or about August 1 and are due in two installments. The first installment becomes due on September 1 and delinquent on November 10; the second becomes due on March 1 and delinquent on May 10. The County bills and collects its own property taxes as well as taxes for all municipalities and political subdivisions within the County, including Natrona County School District No. 1. District property tax revenues are recognized when levied to the extent that they result in current receivables, which means when collected within the current period or expected to be collected within 60 days of the fiscal year end to be used to pay liabilities of the current period. Property taxes which are not current receivables are offset by deferred revenues on the fund financials, but are reported on the government-wide financial statements as revenue and receivables, with no amount being deferred when levied. Property taxes receivable are recognized as of the lien date; however, revenue is not recognized until the levy date.

The District is permitted by Wyoming Statutes to levy taxes up to twenty-five mills of assessed valuation for all school purposes, exclusive of bond interest and redemption. An additional six mills must also be levied on the assessed valuation of the county. The District may also levy up to one mill for the Recreation Board. The combined tax rate related to financing general school services other than the payment of principal and interest on long-term debt for the year ended June 30, 2015 was thirty-two mills all of which was levied.

Inventories and Prepaid Items

Inventory is valued at average cost. Inventory in the General Fund consists of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Reported inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

Proprietary fund inventories are accounted for using the consumption method by which inventory acquisitions are recorded in inventory accounts when purchased or received by other means and are charged to expense when consumed or sold. Inventory in the Cafeteria Fund consists of food product including USDA food commodities held for consumption.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity (Continued)

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$100,000 for buildings and building improvements, \$50,000 for land and land improvements, \$5,000 for machinery and equipment and vehicles, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Land improvements	20 years
Buildings and improvements	25 – 50 years
Machinery and equipment	5 – 20 years
Vehicles	5 – 12 years

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wyoming Retirement System (“WRS”) plans and additions to/deductions from WRS’s fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources

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 has two types of items that qualify for reporting in this category. Unavailable revenue is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide Statement of Net Position, only property taxes are reported as a deferred inflow of resources. Property taxes are recognized as an inflow of resources in the year they are levied.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity (Continued)

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report 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 government only has one item that qualifies for reporting in this category. It is the pension plan items reported in the government-wide and proprietary funds statement of net position. The pension plan items are the result of differences between projected and actual earning on pension plan items, as well as, the District's contributions subsequent to the measurement date used by the Wyoming Retirement System for the pension plan liability.

Compensated Absences

The District's permanent classified and certified staff, including administrators, earn nine to twelve days sick leave a year with unlimited accumulation. When a classified or certified employee, or administrator leaves the District, all days accumulated above 50 are paid at \$40, \$55 or \$60 a day, respectively.

All administrators are entitled to vacation leave at the beginning of their contract year. Administrators are not paid for unused vacation leave when they resign or retire. Also, Administrators cannot carry-over unused vacation from one contract year to the next. Classified staff earns vacation leave on a graduated scale depending on the length of service. At a minimum, one-half of the earned days must be taken within the year earned. The remainder is vested and can be accumulated up to a maximum of 30 days.

All accumulated vacation and vested sick leave pay, along with applicable employee benefits, are accrued when incurred in the government-wide and proprietary statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Use of Estimates

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

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Inflows of Resources, and Net Position or Equity (Continued)

Fund Balances

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. The major maintenance fund balance is restricted by Wyoming State Statute 21-15-109. Committed fund balance is a limitation imposed by the District’s Board of Trustees, the highest level of authority, through approval in the minutes. The District does not have a written policy to assign amounts to a specific purpose; however the Board considers the Board’s budget reserve and the District encumbrances as assigned amounts. Unassigned fund balance in the General Fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes. Proprietary fund equity is classified the same as in the government-wide statements.

The capital project fund has a deficit fund balance as of June 30, 2015. This deficit will be financed through transfers from the Board’s general fund budget priorities. The deficit net position in the cafeteria fund is the result of recognizing the net pension liability as required by recently enacted governmental accounting standards.

When both restricted and unrestricted fund balances are available for use, it is the District’s policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

At June 30, 2015 the District’s general fund assigned fund balance consisted of the Board’s budget reserve and District encumbrances in the amounts of \$8,825,000 and \$948,682, respectively.

The District’s general fund committed balances comprise of the Board’s budget priorities which consisted of the following as of June 30, 2015:

Elementary Preschool - Facilities	\$ 700,000
Safety and Security Facility Projects	500,000
Contingency for unfunded items related to the high schools renovation and construction	12,700,685
Former CYJH Gym Project	208,346
Total Committed	<u><u>\$ 14,109,031</u></u>

Note 2. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

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

Prior to May 15, the Superintendent submits to the Board of Trustees a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. A public hearing is conducted on the third Wednesday in July to obtain public comments. The budget is adopted by the third Thursday of July.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

Note 2. Stewardship, Compliance, and Accountability (Continued)

Budgets and Budgetary Accounting (Continued)

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

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

Budgets for the general, special revenue and capital project fund are adopted on a cash basis (NON-GAAP). Such basis is not consistent with generally accepted accounting principles (GAAP).

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

Note 3. Deposits and Investments

Custodial credit risk – deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District, Recreation Board and Foundation lack a deposit policy for custodial credit risk; however, Wyoming State statute §9-4-820 requires all political subdivisions to collateralize bank deposits in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2015, the District's bank balances in excess of FDIC were collateralized with securities held by the pledging financial institution's trust department or agent, in joint custody of the bank and the District.

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NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

Note 3. Deposits and Investments (Continued)

Investments Held by the Foundation

The Foundation accounts for its investments at their fair values. Unrealized gains and losses are included in the change in net position. The Foundation's investments are classified and disclosed based on quoted prices available in active markets for indicated investments as of the reporting date.

As of June 30, 2015, the Foundation had the following investments:

Investment Types	Fair Value	Interest Rate	Investment Maturities		S&P Rating
			1 year or less	1 to 5 years	
Mutual funds	\$ 338,605	n/a	\$ 338,605	\$ -	n/a
Corporate bonds	21,642	5.75-6.0%	-	21,642	A1-AA+
	<u>\$ 360,247</u>		<u>\$ 338,605</u>	<u>\$ 21,642</u>	

Mutual funds and corporate bonds may be held by the Foundation. The Foundation is not subject to the state statutes which restrict investments to governmental securities. The mutual funds noted above are not rated by Moody's or Standard and Poor's.

Note 4. Transfers

The composition of transfer balances as of June 30, 2015, is as follows:

	Transfers in	Transfers out
General Fund	\$ -	\$ 4,646,539
Capital Projects Fund	3,377,539	-
Cafeteria Fund	1,269,000	-
	<u>\$ 4,646,539</u>	<u>\$ 4,646,539</u>

Interfund transfers reflect the general fund's support of other specific District activities accounted for in the Capital Projects Fund and Cafeteria Fund approved by the Board of Trustees.

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NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

Note 5. Capital Assets

A summary of changes in governmental-activities capital assets are follows:

	Primary Government			Balance June 30, 2015
	Balance June 30, 2014	Additions	Retirements	
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 20,914,431	\$ -	\$ -	\$ 20,914,431
Construction in progress	79,649,742	113,243,564	41,704,045	151,189,261
Total capital assets, not being depreciated	100,564,173	113,243,564	41,704,045	172,103,692
Capital assets, being depreciated				
Land improvements	12,666,025	642,931	-	13,308,956
Buildings and improvements	217,172,017	41,061,113	-	258,233,130
Machinery and equipment	6,866,762	483,150	-	7,349,912
Vehicles	11,625,119	1,169,910	572,499	12,222,530
Total capital assets, being depreciated	248,329,923	43,357,104	572,499	291,114,528
Less accumulated depreciation for				
Land improvements	3,401,321	624,139	-	4,025,460
Buildings and improvements	78,204,181	5,015,329	-	83,219,510
Machinery and equipment	5,529,154	268,948	-	5,798,102
Vehicles	6,811,193	1,009,559	517,164	7,303,588
Total accumulated depreciation	93,945,849	6,917,975	517,164	100,346,660
Total capital assets, being depreciated, net	154,384,074	36,439,129	55,335	190,767,868
Governmental activities capital assets, net	<u>\$ 254,948,247</u>	<u>\$ 149,682,693</u>	<u>\$ 41,759,380</u>	<u>\$ 362,871,560</u>

The depreciation expense for governmental activities in the amounts of \$20,216, \$5,734,708, \$145,922, \$7,570, and \$1,009,559, was charged to business services, operation and maintenance of plant services, regular instruction, student activities, and pupil transportation services, respectively. The District has \$12,222,532 in assets under capital leases with accumulated amortization of \$7,303,589. The amortization expense for the fiscal year ended June 30, 2015 was \$1,009,559.

Summary of changes in business-type activities capital assets are as follows:

	Balance June 30, 2014	Additions	Retirements	Balance June 30, 2015
	Business-type activities			
Capital assets, being depreciated				
Machinery and equipment	\$ 823,247	\$ -	\$ -	\$ 823,247
Total capital assets, being depreciated	823,247	-	-	823,247
Less accumulated depreciation for				
Machinery and equipment	702,568	20,979	-	723,547
Total accumulated depreciation	702,568	20,979	-	723,547
Business-type activities capital assets, net	<u>\$ 120,679</u>	<u>\$ (20,979)</u>	<u>\$ -</u>	<u>\$ 99,700</u>

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

Note 6. Long-term Debt

Wyoming Statute §21-13-703 limits the amount of indebtedness for the District to not more than 10% of the assessed value of taxable property within the District. The District complied with this debt limitation.

The following is a summary of debt transactions of the District for the year ended June 30, 2015.

	Balance June 30, 2014	New Debt Incurred	Debt Retired	Balance June 30, 2015	Due Within One Year
Governmental Activities					
Compensated absences	\$ 2,991,800	\$ 330,462	\$ 224,907	\$ 3,097,355	\$ 193,017
Lease purchase obligations	997,530	983,052	535,422	1,445,160	381,902
Retainage payable	1,179,561	2,095,750	-	3,275,311	3,275,311
Net pension liability	91,720,947	15,724,601	-	107,445,548	-
	<u>\$ 96,889,838</u>	<u>\$ 19,133,865</u>	<u>\$ 760,329</u>	<u>\$ 115,263,374</u>	<u>\$ 3,850,230</u>
Business-type Activities					
Compensated absences	\$ 37,562	\$ 2,995	\$ 2,745	\$ 37,812	\$ 2,356
Net pension liability	1,516,449	236,717	-	1,753,166	-
	<u>\$ 1,554,011</u>	<u>\$ 239,712</u>	<u>\$ 2,745</u>	<u>\$ 1,790,978</u>	<u>\$ 2,356</u>

Long-term debt related to governmental activities is generally liquidated by the general fund except for the retainage payable which is liquidated by the major maintenance fund.

Debt outstanding at June 30, 2015 is comprised of the following issues:

Lease Purchase Obligations

Vehicles, due in annual payments of \$226,806 at 1.80% interest through June 2018, collateralized by buses	\$ 659,971
Vehicles, due in annual payments of \$203,215 at 1.40% interest through June 2019, collateralized by buses	785,189
	<u>\$ 1,445,160</u>

Future minimum lease payments under capital leases together with the present value of net minimum lease payments as of June 30, 2015 are as follows:

Year ended June 30,	
2016	\$ 430,021
2017	430,021
2018	430,021
2019	203,216
Total minimum payments	<u>1,493,279</u>
Less amount representing interest	48,119
Net future minimum lease payments	<u>\$ 1,445,160</u>

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

Note 7. Pension Plan

The District participates in the Public Employees' Pension Plan ("PEPP"), 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 PEPP provides retirement, disability and death benefits according to predetermined formulas. Benefits are established by Title 9, Chapter 3 of the Wyoming Statutes. All plan components, including the major components of participation, eligibility, investment strategy, benefit structure, contribution rates and plan administration are controlled by the State of Wyoming. Readers should be aware the District is required to record the net position but has no control of the plan elements that affect the net position.

PEPP members are required to contribute 8.25% of their annual covered salary and the District is required to contribute 7.62% of the annual covered payroll. Legislation enacted in 1979 allows the employer to pay any or all of the employees' contribution in addition to the matching contribution. The District currently pays 13.815% of the required employee's contribution and the employees pay 2.055%. Contribution rates are established by Title 9, Chapter 3 of the Wyoming Statutes. The District's contributions to the PEPP for the years ended June 30, 2015, 2014 and 2013 were \$15,484,073, \$14,459,706, and \$13,780,051, while the employees' portion was \$2,295,274, \$1,562,460, and \$1,506,803, respectively, equal to the required contributions for each year. As of July 1, 2015, the employer contribution rate will increase by 0.75% from 7.62% to 8.37%.

In addition, District employees are eligible to participate voluntarily in the District's 403(b) annuity plan and the state sponsored 457 deferred compensation plans. As a part the employee benefit package, the District matches up to \$36 for all insurance eligible employees who elect to contribute to the deferred compensation plan.

Pension Plan Fiduciary Net Position

The Wyoming Retirement System issues a publicly available financial report which includes audited financial statements and required supplementary information for each plan. Detailed information about the pension plans' fiduciary net position is available in separately issued Wyoming Retirement System financial report. The report may be obtained from the Wyoming Retirement System website at <http://retirement.state.wy.us>.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the District reported a total liability of \$109,198,714 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation January 1, 2014. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating governmental entities, actuarially determined. At December 31, 2014, the District's liability as well as their proportion and increase from its proportion measured at December 31, 2013 was as follows:

	Pension liability at <u>December 31, 2014</u>	Proportion at <u>December 31, 2014</u>	Increase (decrease) from <u>December 31, 2013</u>
Public Employees' Pension Plan	<u>\$ 109,198,714</u>	6.187950480%	0.055551220%

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2015

Note 7. Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2015, the District recognized pension expense of \$21,210,867. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
	<u> </u>
Net difference between projected and actual earnings on pension plan	\$ 8,953,348
District's contributions subsequent to the measurement date	10,112,337
Total	<u>\$ 19,065,685</u>

The District reported \$10,112,337 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Deferred Outflows
	<u> </u>
Year ended June 30,	
2016	\$ 2,238,337
2017	2,238,337
2018	2,238,337
2019	2,238,337
	<u>\$ 8,953,348</u>

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NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

Note 7. Pension Plan (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2014 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions and Methods	
Valuation Date	1/1/2014
Actuarial cost method	Individual Entry Age Normal
Amortization method	Level percent or level dollar open
Remaining amortization period	30 years
Asset valuation method	5-year
Actuarial assumptions:	
Projected salary increases (includes inflation)	4.25% to 8.00%
Assumed inflation rate	3.25%
Mortality	RP-2000 Combined Mortality Table, fully generational

The current actuarial assumptions and methods used in the January 1, 2014 valuation were based upon an experience study that covered a five-year period ending December 31, 2011. Differences between assumptions and actual experience since the prior valuation are identified as actuarial gains and losses. These gains and losses impact the unfunded actuarial liability and future funding requirements determined in subsequent valuations.

The long term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation.

For each major asset class that is included in the pension plans' target allocation as of January 1, 2014, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.50%	0.50%
Fixed income	15.00%	9.80%
Equity	55.00%	6.66%
Marketable alternatives	15.50%	4.19%
Private markets	12.00%	7.13%
Total	<u>100.00%</u>	

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

Note 7. Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions for participating governmental entities will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate.

Pension Plan	1% Decrease (6.75)%	Current Discount Rate (7.75)%	1% Increase (8.75)%
Public Employees' Pension Plan	\$ 170,644,465	\$ 109,198,715	\$ 57,598,447

Payables to the pension plan

At June 30, 2015, the District reported \$49,742 as payable to the pension plan.

Prior Period Adjustment

As part of implementing the requirements of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* and Governmental Accounting Standards Board Statement No. 71, *Pensions Transition for Contributions Made Subsequent to the Measurement Date (an amendment of GASB Statement No. 68)*, the District adjusted its statements of net position for the portion of the pension liability attributable to periods before the year ended June 30, 2014. The table below illustrates the deferred outflows, net pension liability, and net position as originally stated and restated in governmental activities:

	Governmental Activities		
	June 30, 2014	Adjustments	As Restated June 30, 2014
Deferred outflows	\$ -	\$ 8,687,528	\$ 8,687,528
Net pension liability	-	91,720,947	91,720,947
Net position	281,275,118	(83,033,419)	198,241,699

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

Note 7. Pension Plan (Continued)

Prior Period Adjustment (Continued)

The table below illustrates the deferred outflows, net pension liability, and net position as originally stated and restated in business-type activities:

	Business-type Activities		
	June 30, 2014	Adjustments	As Restated June 30, 2014
Deferred outflows	\$ -	\$ 143,633	\$ 143,633
Net pension liability	-	1,516,449	1,516,449
Net position	291,254	(1,372,816)	(1,081,562)

Note 8. Risk Management Programs

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. As a result, the District carries a number of commercial insurance policies covering these and other risks. Policy limits include approximately \$559,634,763 on real and personal property; \$10,655,000 on computer equipment and media; \$1,145,000 on musical equipment; \$2,000,000 general liability aggregate; \$1,000,000 commercial auto liability; \$1,000,000 employee benefit liability aggregate; \$1,000,000 errors and omissions aggregate; \$5,000,000 excess liability; \$500,000 on employee dishonesty; and \$500,000 on forgery and alterations. The District also participates in two other risk management programs: Workers' Compensation Act and Unemployment Compensation Act.

Wyoming Statute §27-14-101 created the Wyoming Workers' Compensation Act, which is administered as an Enterprise Fund by the State of Wyoming. All employers within the State of Wyoming are participants of this plan unless the employer elects not to be covered under the plan. This act requires the District to obtain liability coverage for payment of benefits to employees for job-related injuries and diseases through the Workers' Compensation Fund. This act provides general protection from suits filed by employees against the District. The District makes monthly payments to the Department of Employment, State of Wyoming. This amount is based on salaries and a split rate between hazardous and non-hazardous positions. Amounts paid by the District to the State for Worker's Compensation during fiscal year 2015 were approximately \$1,624,000.

Wyoming Statute §27-3-101 created the Unemployment Compensation Act. This act requires the District to pay the cost of actual claims incurred. Changes in the balances of claim liabilities during fiscal year 2015 are as follows for the District's participation in the Unemployment Compensation Act Program:

Unpaid claims, beginning of fiscal year	2015 \$ -
Incurred claims	30,505
Claim payments	(30,505)
Unpaid claims, end of fiscal year	\$ -

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

Note 9. Insurance Benefits

The District participates in the State of Wyoming employee medical, life and dental insurance program that is co-administered with a third-party health provider/claim service company. The State self-insures medical and dental costs and assumes all the risk for claims incurred by plan participants. The State does not retain any risk of loss for the life insurance plan as the insurance provider assumes all the risk for claims incurred by participants.

The District contributes \$755 per month for single participant, \$1,500 for a participant plus a spouse, \$1,147 for a participant plus children, \$1,716 per participating family, or \$858 for married couples both of which are employed by the District or another State agency for insurance premiums for covered participants towards these plans. Participants are responsible for paying premium charges in excess of this amount. The District contributed \$32,426,576 to this plan for the year ended June 30, 2015.

The District participates in a long-term disability program and contributes 100% of the premium per month for each eligible employee at the rate of \$0.257 per \$100 of payroll. The District does not retain any risk of loss for the long-term disability program as the insurance carrier assumes all the risk for claims incurred by participants.

Additionally, the District contributed .6% of benefited payroll to the State as a subsidy for retiree health insurance benefits. The required contribution for the year ended June 30, 2015 was \$618,473.

Note 10. Commitments and Contingencies

As of June 30, 2015, the District had a complaint filed against them with the United States Department of Education, Office of Civil Rights. The complaint was dismissed subsequent to the year end.

At June 30, 2015, the District had several outstanding construction contracts. The District has engaged construction companies to build schools and perform certain capital maintenance and remodeling projects. The following projects are currently in progress or have been completed at June 30, 2015:

Project	Contract Amount	Completed	Outstanding
Major maintenance	\$ 2,839,050	\$ 967,377	\$ 1,871,673
CAPS	25,893,284	14,768,419	11,124,865
Dean Morgan Middle School (phases 3 & 4)	9,236,754	4,741,119	4,495,635
KHWS Renovations	96,804,147	55,970,829	40,833,318
Old CY	872,900	244,355	628,545
NCHS Main Building Renovations	111,955,099	50,709,989	61,245,110
NCHS SFAC/Swing Space	13,151,113	12,995,569	155,544
Lincoln Elementary	13,457,306	13,406,083	51,223
Pineview Elementary	913,429	629,108	284,321
Roosevelt High School	14,703,303	8,417,996	6,285,307
Total	<u>\$ 289,826,385</u>	<u>\$ 162,850,844</u>	<u>\$ 126,975,541</u>

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

Note 10. Commitments and Contingencies (Continued)

In December 2004, the District purchased a parcel of land for the development of the Fort Caspar Elementary School. The total purchase of this land, including expenses such as land appraisals and archeological investigation, was \$1,666,888 and was reimbursed by the State School Facilities Department. This land was determined to be unsuitable as a building site for the Fort Caspar Elementary School. In April 2006, the District purchased a more suitable site for the Fort Caspar Elementary School for \$1,570,000. The District has entered into an agreement with the State School Facilities Department to sell the parcel of land purchased in December 2004 and refund the proceeds to School Facilities Department. During the fiscal year ended June 30, 2015, the District determined the value of the land decreased and reduced the value to \$471,500 based on an appraisal.

Note 11. Transactions with Component Units

For the fiscal year ended June 30, 2015, the District received \$1,192,828 and \$36,118 from the Recreation Board and Foundation, respectively.

Note 12. Subsequent Events

The District did not have any other subsequent events through November 20, 2015, the date at which the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended June 30, 2015.

Note 13. Accounting Standards Issued, But Not Implemented

As of June 30, 2015, the Governmental Accounting Standards Board has issued the following standards which the Natrona County School District No. 1 may implement in its next fiscal year.

GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information about fair value should be disclosed in the notes to the financial statements.

Management has not concluded its assessment of the effect of implementing this guidance.

REQUIRED SUPPLEMENTARY INFORMATION

NATRONA COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL - (NON-GAAP)

GENERAL FUND

Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Revenues				
Taxes	\$ 47,537,051	\$ 47,537,051	\$ 52,825,329	\$ 5,288,278
Intergovernmental	131,608,142	131,608,142	126,517,458	(5,090,684)
Charges for services	130,000	130,000	120,878	(9,122)
Interest	17,000	17,000	9,659	(7,341)
Miscellaneous	450,000	450,000	574,581	124,581
Total revenues	<u>179,742,193</u>	<u>179,742,193</u>	<u>180,047,905</u>	<u>305,712</u>
Expenditures				
Instruction				
Elementary instruction	40,970,299	40,970,299	40,700,785	269,514
Junior high instruction	19,023,058	19,023,058	18,843,202	179,856
Senior high instruction	22,946,978	22,946,978	22,448,873	498,105
Programs for students with disabilities	20,613,468	20,613,468	21,292,247	(678,779)
Tuition for students with disabilities	1,500,000	1,500,000	2,766,174	(1,266,174)
Gifted and talented	426,205	426,205	539,203	(112,998)
Homebound instruction	200,000	200,000	160,182	39,818
Other special programs	1,748,981	1,748,981	1,786,053	(37,072)
Student activities	3,749,033	3,749,033	3,680,965	68,068
Vocational instruction	1,563,119	1,563,119	1,694,634	(131,515)
Total instructional services	<u>112,741,141</u>	<u>112,741,141</u>	<u>113,912,318</u>	<u>(1,171,177)</u>
Instructional support				
Counseling services	3,410,272	3,410,272	3,227,328	182,944
Student records services	408,615	408,615	427,372	(18,757)
Assessment services	432,501	432,501	511,151	(78,650)
Social work services	1,183,665	1,183,665	1,244,544	(60,879)
Health services	1,952,851	1,952,851	1,800,262	152,589
Psychological services	1,550,249	1,550,249	1,505,355	44,894
Speech services	1,577,438	1,577,438	1,542,597	34,841
Audiology services	179,341	179,341	136,542	42,799
Occupational therapy services	534,240	534,240	670,686	(136,446)
Physical therapy services	214,014	214,014	187,520	26,494
Supervision instruction services	78,714	78,714	57,473	21,241
Curriculum and instruction development services	1,249,133	1,249,133	1,122,051	127,082
Staff training services	1,621,315	1,621,315	940,107	681,208
School library services	2,221,716	2,221,716	2,044,786	176,930
Audiovisual services	249,574	249,574	254,500	(4,926)
Supervision of special education services	166,441	166,441	147,676	18,765
Total instructional support services	<u>17,030,079</u>	<u>17,030,079</u>	<u>15,819,950</u>	<u>1,210,129</u>

(Continued)

See notes to required supplementary information.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP)
 GENERAL FUND (CONTINUED)
 Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
General support				
Superintendent	\$ 388,025	\$ 388,025	\$ 336,549	\$ 51,476
Community relations	101,042	101,042	67,351	33,691
School administration	11,194,118	11,194,118	11,173,019	21,099
Business services	1,419,277	1,419,277	1,445,305	(26,028)
Warehouse/Purchasing services	731,653	731,653	726,090	5,563
Multimedia services	727,432	727,432	617,897	109,535
Board of education services	501,343	501,343	425,617	75,726
Employee relations	484,911	484,911	449,029	35,882
Building services	18,467,754	18,467,754	15,862,827	2,604,927
Equipment services	254,285	254,285	259,335	(5,050)
Grounds services	775,857	775,857	773,413	2,444
Security services	198,914	198,914	197,202	1,712
School transportation	9,951,366	9,951,366	9,439,215	512,151
Activity transportation	694,816	694,816	662,810	32,006
Staff transportation services	197,000	197,000	216,911	(19,911)
Personnel services	1,576,501	1,576,501	1,553,117	23,384
Information technology	2,887,328	2,887,328	2,746,000	141,328
Total general support services	<u>50,551,622</u>	<u>50,551,622</u>	<u>46,951,687</u>	<u>3,599,935</u>
Total expenditures	<u>180,322,842</u>	<u>180,322,842</u>	<u>176,683,955</u>	<u>3,638,887</u>
Excess (deficiency) of revenues over expenditures	<u>(580,649)</u>	<u>(580,649)</u>	<u>3,363,950</u>	<u>(3,944,599)</u>
Other financing sources (uses)				
Transfers in	-	-	430	430
Transfers out	(23,608,343)	(23,608,343)	(1,269,000)	22,339,343
Board budget reserve	(8,325,000)	(8,325,000)	-	8,325,000
Board reserve for priorities	(7,350,204)	(7,350,204)	(3,377,539)	3,972,665
Total other financing uses	<u>(39,283,547)</u>	<u>(39,283,547)</u>	<u>(4,646,109)</u>	<u>34,637,438</u>
Net change in fund balance	(39,864,196)	(39,864,196)	(1,282,159)	<u>\$ 38,582,037</u>
Fund balance - beginning of year	<u>24,621,383</u>	<u>24,621,383</u>	<u>24,621,383</u>	
Fund balance (deficit) - end of year	<u>\$ (15,242,813)</u>	<u>\$ (15,242,813)</u>	<u>\$ 23,339,224</u>	

See notes to required supplementary information.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL - (NON-GAAP)
 PROGRAM FUND
 Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 16,836,000	\$ 16,836,000	\$ 19,979,634	\$ 3,143,634
Total revenues	<u>16,836,000</u>	<u>16,836,000</u>	<u>19,979,634</u>	<u>3,143,634</u>
Expenditures				
Instructional services	9,906,000	9,906,000	10,771,925	(865,925)
Instructional support services	6,622,000	6,622,000	6,905,099	(283,099)
General support services	566,000	566,000	641,776	(75,776)
Total expenditures	<u>17,094,000</u>	<u>17,094,000</u>	<u>18,318,800</u>	<u>(1,224,800)</u>
Excess (deficiency) of revenues over expenditures	<u>(258,000)</u>	<u>(258,000)</u>	<u>1,660,834</u>	<u>\$ 1,918,834</u>
Fund balance (deficit) - beginning of year	<u>(625,054)</u>	<u>(625,054)</u>	<u>(625,054)</u>	
Fund balance (deficit) - end of year	<u>\$ (883,054)</u>	<u>\$ (883,054)</u>	<u>\$ 1,035,780</u>	

See notes to required supplementary information.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL - (NON-GAAP)
 CAPITAL MAINTENANCE FUND
 Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State maintenance grant	\$ 6,447,248	\$ 6,447,248	\$ 6,916,079	\$ 468,831
Interest	3,000	3,000	4,400	1,400
Total revenues	<u>6,450,248</u>	<u>6,450,248</u>	<u>6,920,479</u>	<u>470,231</u>
Expenditures				
Capital maintenance services	<u>10,518,121</u>	<u>10,518,121</u>	<u>5,117,134</u>	<u>5,400,987</u>
Total expenditures	<u>10,518,121</u>	<u>10,518,121</u>	<u>5,117,134</u>	<u>5,400,987</u>
Excess (deficiency) of revenues over expenditures	<u>(4,067,873)</u>	<u>(4,067,873)</u>	<u>1,803,345</u>	<u>\$ 5,871,218</u>
Fund balance - beginning of year	<u>4,062,846</u>	<u>4,062,846</u>	<u>4,062,846</u>	
Fund balance (deficit) - end of year	<u>\$ (5,027)</u>	<u>\$ (5,027)</u>	<u>\$ 5,866,191</u>	

See notes to required supplementary information.

NATRONA COUNTY SCHOOL DISTRICT NO 1

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 fiscal years
(Unaudited)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Public Employees Pension Plan				
District's proportion of the net pension liability (asset)	6.187975048%	*	*	*
District's proportionate share of the net pension liability (asset)	\$ 109,198,714	*	*	*
District's covered-employee payroll	105,778,015	*	*	*
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	103.23%	*	*	*
Plan fiduciary net position as a percentage of the total pension liability	79.08%	*	*	*

See notes to required supplementary information.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
*	*	*	*	*	*
*	*	*	*	*	*
*	*	*	*	*	*
*	*	*	*	*	*
*	*	*	*	*	*

NATRONA COUNTY SCHOOL DISTRICT NO 1

SCHEDULE OF PENSION CONTRIBUTIONS

Last 10 fiscal years
(Unaudited)

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Public Employees Pension Plan				
Contractually required contribution	\$ 16,402,744	*	*	*
Contributions in relations to the contractually required contributions	<u>(16,402,744)</u>	<u>*</u>	<u>*</u>	<u>*</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>*</u>	<u>*</u>	<u>*</u>
District's covered-employee payroll	\$ 105,778,015	*	*	*
Contributions as a percentage of covered-employee payroll	15.51%	*	*	*

See notes to required supplementary information

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
*	*	*	*	*	*
*	*	*	*	*	*
<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>	<u><u>*</u></u>
*	*	*	*	*	*
*	*	*	*	*	*

Natrona County School District No. 1

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015

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

	General Fund	Program Fund	Capital Maintenance Fund
Revenues			
Actual amounts (NON-GAAP) from the Budgetary Comparison Schedule	\$ 180,047,905	\$ 19,979,634	\$ 6,920,479
Differences - Budget Basis to GAAP			
Accrual of property taxes receivable	(614,333)	-	-
Accrual of due from other governments	-	(127,955)	-
Accrual of advance payments on grants	-	(316,093)	-
Accrual of deferred property tax revenue	51,384	-	-
 Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	 <u>\$ 179,484,956</u>	 <u>\$ 19,535,586</u>	 <u>\$ 6,920,479</u>
Expenditures			
Actual amounts (NON-GAAP) from the Budgetary Comparison Schedule	\$ 176,683,955	\$ 18,318,800	\$ 5,117,134
Differences - Budget Basis to GAAP			
Prepaid items	(22,779)	-	-
Inventories	(27,731)	-	-
Accrual of accounts payable	119,627	(121,859)	669,797
Accrual of wages payable	18,510	36,321	-
Proceeds from lease purchase obligation	983,052	-	-
 Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	 <u>\$ 177,754,634</u>	 <u>\$ 18,233,262</u>	 <u>\$ 5,786,931</u>

Note 2. Excess of Expenditures Over Appropriations

For the year ended June 30, 2015, expenditures exceeded appropriations in the general fund for instruction services by \$1,171,177. Expenditures exceeded appropriations in the program fund for instruction services, instructional support services, and general support services by \$865,925, \$283,099, and \$75,776, respectively. This is a violation of Wyoming State Statute §16-4-108.

OTHER SUPPLEMENTARY INFORMATION

NATRONA COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL - (NON-GAAP)
 CAPITAL PROJECTS FUND
 Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State capital construction grant	\$ 73,054,861	\$ 73,054,861	\$ 98,158,240	\$ 25,103,379
Total revenues	<u>73,054,861</u>	<u>73,054,861</u>	<u>98,158,240</u>	<u>25,103,379</u>
Expenditures				
Capital outlay - capital construction	80,119,000	80,119,000	96,435,685	(16,316,685)
Total expenditures	<u>80,119,000</u>	<u>80,119,000</u>	<u>96,435,685</u>	<u>(16,316,685)</u>
Excess (deficiency) of revenues over expenditures	(7,064,139)	(7,064,139)	1,722,555	8,786,694
Other financing sources				
Transfers in	7,064,139	7,064,139	3,377,539	(3,686,600)
Total other financing sources	<u>7,064,139</u>	<u>7,064,139</u>	<u>3,377,539</u>	<u>(3,686,600)</u>
Net change in fund balance	-	-	5,100,094	<u>\$ 5,100,094</u>
Fund balance - beginning of year	<u>263,891</u>	<u>263,891</u>	<u>263,891</u>	
Fund balance - end of year	<u>\$ 263,891</u>	<u>\$ 263,891</u>	<u>\$ 5,363,985</u>	

SINGLE AUDIT

NATRONA COUNTY SCHOOL DISTRICT NO. 1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass Through/ Grantor's Number	Expenditures
U.S. Department of Agriculture			
Passed through the State of Wyoming Department of Education			
<i>Child Nutrition Cluster</i>			
School Breakfast Program	10.553	-	\$ 442,380
National School Lunch Program	10.555	-	1,853,063
National School Lunch Program - USDA Commodities	10.555	-	320,909
Summer Food Service Program for Children	10.559	-	151,630
Total Child Nutrition Cluster			<u>2,767,982</u>
Child and Adult Care Food Program	10.558	-	<u>20,243</u>
Fresh Fruit and Vegetables Program	10.582	-	<u>171,324</u>
Total U.S. Department of Agriculture			<u>2,959,549</u>
U.S. Department of Defense National Security Agency Direct Programs			
Language Grant Program	12.900	14-1-0075	54,039
Language Grant Program	12.900	15-1-0216	3,642
Total U.S. Department of Defense National Security Agency Direct Programs			<u>57,681</u>
National Aeronautics and Space Administration Direct Program			
Education	43.008		<u>5,299</u>
Total National Aeronautics and Space Administration Direct Program			<u>5,299</u>
U.S. Department of Education			
Passed through the State of Wyoming Department of Education			
Title I Grants to Local Educational Agencies	84.010A	151301553AIA0	932
Title I Grants to Local Educational Agencies	84.010A	13130133AIA0	151,548
Title I Grants to Local Educational Agencies	84.010A	14130144AIA1	44,479
Title I Grants to Local Educational Agencies	84.010A	14130144AIA0	77,557
Title I Grants to Local Educational Agencies	84.010A	131301T1A00	99,915
Title I Grants to Local Educational Agencies	84.010A	141301T1A00	1,734,395
Title I Grants to Local Educational Agencies	84.010A	151301T1A00	3,159,045
Title I Grants to Local Educational Agencies	84.010A	131301T1D00	(3,901)
Title I Grants to Local Educational Agencies	84.010A	141301T1D00	226,694
Title I Grants to Local Educational Agencies	84.010A	1513015T1D00	350,583
Total Title I Grants to Local Educational Agencies			<u>5,841,247</u>
<i>Special Education Cluster (IDEA)</i>			
Special Education - Grants to States	84.027A	1313013T6100	287,446
Special Education - Grants to States	84.027A	1413014T6100	3,265,329
Special Education - Grants to States	84.027A	1313013T6900	8,474
Special Education - Grants to States	84.027A	1413014T6900	1,610
Total Special Education Cluster (IDEA)			<u>3,562,859</u>
Career and Technical Education - Basic Grants to States	84.048A	1413014VEA00	134,559
Career and Technical Education - Basic Grants to States	84.048A	1513015VEA00	303,434
			<u>437,993</u>

(Continued)

NATRONA COUNTY SCHOOL DISTRICT NO. 1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
 Year Ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass Through/ Grantors Number	Expenditures
U.S. Department of Education (Continued)			
Passed through the State of Wyoming Department of Education			
Education for Homeless Children and Youth	84.196A	1413014HOMAO	\$ 46,982
			<u>46,982</u>
English Language Acquisition State Grants	84.365A	1413014T3E00	12,225
English Language Acquisition State Grants	84.365A	1513015T3E00	17,855
			<u>30,080</u>
Improving Teacher Quality State Grants	84.367A	1313013T2A00	89,654
Improving Teacher Quality State Grants	84.367A	1413014T2A00	1,365,776
Improving Teacher Quality State Grants	84.367A	1513015T2A00	238,967
			<u>1,694,397</u>
Total U.S. Department of Education			<u>11,613,558</u>
U.S. Department of Health and Human Services Direct Program			
Drug-Free Communities Support Program Grants	93.276	H9SP11598A	89,060
Total U.S. Department of Health and Human Services Direct Program			<u>89,060</u>
Passed through the State of Wyoming Department of Education			
<i>Temporary Assistance for Needy Families Cluster</i>			
Temporary Assistance for Needy Families	93.558	-	307,365
Total Temporary Assistance for Needy Families Cluster			<u>307,365</u>
Total U.S. Department of Health and Human Services			<u>396,425</u>
Total Expenditures of Federal Awards			<u>\$ 15,032,512</u>

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2015

Note 1. Basis of Presentation

The accompanying schedule of expenditures of Federal awards includes the Federal grant activity of Natrona County School District No. 1 and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Commodities

Natrona County School District No. 1 purchases commodities from the United States Department of Agriculture at discounted prices. The value of commodities in the amount of \$320,909 was included in the Nutrition Cluster on the Schedule of Expenditures of Federal Awards.



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

INDEPENDENT AUDITOR'S REPORT

To the Honorable Superintendent and Members
of the Board of Trustees
Natrona County School District No. 1
Casper, Wyoming

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of Natrona County School District No. 1, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Natrona County School District No. 1's basic financial statements, and have issued our report thereon dated November 20, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Natrona County School District No. 1'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 Natrona County School District No. 1's internal control. Accordingly, we do not express an opinion on the effectiveness of Natrona County School District No. 1'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Natrona County School District No. 1’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management and the Board in a separate letter dated November 20, 2015.

Purpose of this Report

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



Porter, Muirhead, Cornia & Howard
Certified Public Accountants

Casper, Wyoming
November 20, 2015



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

INDEPENDENT AUDITOR'S REPORT

To the Honorable Superintendent and Members
of the Board of Trustees
Natrona County School District No. 1
Casper, Wyoming

Report on Compliance for Each Major Federal Program

We have audited Natrona County School District No. 1's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Natrona County School District No. 1's major federal programs for the year ended June 30, 2015. Natrona County School District No. 1's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Natrona County School District No. 1's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Natrona County School District No. 1's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Natrona County School District No. 1's compliance.

Opinion on Each Major Federal Program

In our opinion, Natrona County School District No. 1 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Natrona County School District No. 1 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Natrona County School District No. 1's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Natrona County School District No. 1's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2015-001, which we consider to be a material weakness.

Natrona County School District No. 1's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Natrona County School District No. 1's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Porter, Muirhead, Cornia & Howard
Certified Public Accountants

Casper, Wyoming

November 20, 2015

NATRONA COUNTY SCHOOL DISTRICT NO. 1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
Material weaknesses identified?	Yes
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major federal programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	Yes

Identification of major federal programs:

Special Education Cluster

Special Education - Grants to States	84.027A	\$ 3,562,859
Total Special Education Cluster		<u>3,562,859</u>

Child Nutrition Cluster

School Breakfast Program	10.553	442,380
National School Lunch Program	10.555	2,173,972
Summer Food Service Program for Children	10.559	151,630
Total Child Nutrition Cluster		<u>2,767,982</u>

Improving Teacher Quality State Grants	84.367A	1,694,397
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Temporary Assistance for Needy Families Cluster

Temporary Assistance for Needy Families	93.558	307,365
Total Temporary Assistance for Needy Families Cluster		<u>307,365</u>
		<u>\$ 8,332,603</u>

Dollar threshold used to distinguish between Type A and Type B programs:	\$450,975
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Auditee qualified as low-risk auditee?	No
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NATRONA COUNTY SCHOOL DISTRICT NO. 1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2015

SECTION II – FINANCIAL STATEMENT FINDINGS

None Reported

NATRONA COUNTY SCHOOL DISTRICT NO. 1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2015

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2015-001

U.S. Department of Health and Human Services, Passed through Wyoming Department of Education
Temporary Assistance for Needy Families Cluster
93.558 – Temporary Assistance for Needy Families

Criteria:

Only a financially needy family that consists of, at a minimum, a minor child living with a parent or other caretaker relative, may receive TANF assistance. Financially “needy” is defined as financially eligible according to the State’s quantified income and resource criteria to receive the benefit.

Condition:

The District’s eligibility and verification process consists of the District requesting a TANF application for each student requesting enrollment in the TANF preschool. The parents are required to provide pay stubs or an IRS Form 1040 as proof of income in order for the student to qualify because of economic need. The applications and proof of income are evaluated by the District’s Early Childhood Coordinator to determine eligibility. The Early Childhood Coordinator’s verification of eligibility is not reviewed by another individual. This resulted in an incorrect determination of eligibility for several students. Examples of incorrect determinations include (1) overtime was excluded from the definition of income without determining whether the overtime was a predictable or sporadic source of income, (2) inconsistent pay periods were used for the determination, (3) documents other than pay stubs or IRS Form1040 were used to verify income, and (4) families with income greater than the Federal income guidelines were determined to be eligible.

Questioned Costs:

None. The eligibility control testing was performed prior to the District’s fiscal year end. Once the audit revealed that there was a problem with the eligibility determinations, student applications for every TANF student were reviewed and a new determination of eligibility was made by management. The District determined that there was additional information on file internally for many of the families through the National School Lunch Program that was used to verify eligibility. After the new determination was performed an adjustment was made to the costs charge to the grant and reimbursements requested. Ultimately, at the end of the fiscal period, the District had correctly requested reimbursement for allowable costs. Our audit procedures confirmed that the new determinations that were made by management were correct.

Context:

Eligibility was tested on fifty-one students out of 186. An incorrect determination of eligibility was initially made on 16 of the students.

Effect: None

Cause:

The definition of income used and the requirements to verify amounts included on the enrollment application were unclear.

Recommendation:

The District employees with responsibility for eligibility determinations should obtain adequate training on the eligibility requirements. The determinations made by the Early Childhood Coordinator should be verified by the grant manager.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2015

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

2015-001 (Continued)

Views of responsible officials and planned corrective actions:

The District has re-examined protocols and processes for verifying and determining income eligibility for TANF applicants. The District has changed the personnel assigned to manage the grant and provided extensive training to generate an understanding of the compliance requirements through consultation with the State of Wyoming Department of Education. Finally, the newly trained grant manager will ensure quality control by conducting a final review of all TANF applications and income eligibility.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

June 30, 2015

2014-001

U.S. Department of Health and Human Services, Passed through Wyoming Department of Education

Temporary Assistance for Needy Families Cluster

93.558 – Temporary Assistance for Needy Families

Criteria:

Only a financially needy family that consists of, at a minimum, a minor child living with a parent or other caretaker relative, may receive TANF assistance. Financially “needy” is defined as financially eligible according to the State’s quantified income and resource criteria to receive the benefit.

Condition:

The District provided TANF assistance to children that may have failed to meet the definition of financially “needy”. The potential incorrect determination of eligibility resulted from an unclear definition of income utilized for the determination. The District excluded overtime from the definition of income without determining whether the overtime was a predictable or sporadic source of income. Additionally, the accuracy of child support amounts included on the enrollment application was not verified in some cases. The grant manager reviewed the eligibility determination and found that the additional verification of income should be obtained. The grant manager’s findings were not resolved.

Status:

Condition has not been corrected. Refer to the findings and questioned costs, 2015-001.

2014-002

U.S. Department of Health and Human Services, Passed through Wyoming Department of Education

Temporary Assistance for Needy Families Cluster

93.558 – Temporary Assistance for Needy Families

Criteria:

Only expenses related to services to TANF eligible children can be allocated to the TANF grant. All grant expenses must show the formula for how the allocation of expenses is determined for TANF eligible children enrolled.

Condition:

The District neglected to allocate expenses using a formula based on TANF eligible children. The annual salaries of the eight TANF preschool teachers paid with TANF funds were not allocated based on the number of TANF children in the classroom. During the grant period, the District’s allowable TANF costs exceeded the costs reimbursed by the grant, resulting in no questioned cost.

Status:

Condition has been corrected