

Natrona County School District
No. 1

FINANCIAL AND COMPLIANCE REPORT
JUNE 30, 2018



NATRONA COUNTY SCHOOL DISTRICT NO. 1
CASPER, WYOMING

FINANCIAL AND COMPLIANCE REPORT

JUNE 30, 2018

PREPARED BY DEPARTMENT OF BUSINESS SERVICES

CONTENTS

Independent Auditor’s Report	1
Management’s Discussion and Analysis (Unaudited)	4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	12
Statement of Activities	16
Fund Financial Statements	
Balance Sheet – Governmental Funds	20
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	22
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Statement of Net Position – Proprietary Fund	26
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund	27
Statement of Cash Flows – Proprietary Fund	28
Statement of Fiduciary Net Position	30
Notes to the Financial Statements	31
Required Supplementary Information	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – (Non-GAAP) – General Fund (Unaudited)	56
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – (Non-GAAP) – Program Fund (Unaudited)	58
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – (Non-GAAP) – Capital Maintenance Fund (Unaudited)	59
Schedule of Changes in Net Pension Liability and Related Ratios (Unaudited)	60
Schedule of Pension Contributions (Unaudited)	62
Schedule of the Districts Proportionate Share of the Net OPEB Liability (Unaudited)	64
Schedule of the District Contributions (Unaudited)	66
Notes to Required Supplementary Information	68
Other Supplementary Information	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – (Non-GAAP) – Capital Projects Fund	71
Single Audit	
Schedule of Expenditures of Federal Awards	73
Notes to the Schedule of Expenditures of Federal Awards	75
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	76
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance	78
Schedule of Findings and Questioned Costs	80
Summary Schedule of Prior Year Findings	
Corrective Action Plan	

INDEPENDENT AUDITOR'S REPORT

Honorable Superintendent and Members
of the 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 aggregate 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, 2018, and the related notes to the financial statements, which collectively comprise 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.



MAIL: PO Box 2750
Casper, WY 82602-2750



PHONE: (307) 265-4311
FAX: (307) 265-5180



LOCATION: 600 East 1st Street
Casper, WY 82601

Auditor's Responsibility (Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our (1) unmodified audit opinion on the aggregate discretely presented component units, general, program, capital maintenance and capital projects funds, and the aggregate remaining fund information; and (2) qualified audit opinion on the governmental activities, business-type activities and cafeteria fund.

Basis for Qualified Opinion on the Governmental Activities, Business-type Activities and Cafeteria Fund

Information for the District's liability for other postemployment benefits (OPEB) for retiree health insurance was provided by the Wyoming Employee Group Insurance Plan (EGI). The District is responsible for a proportionate share of the EGI liability. Multiple calculations of the District's liability were provided by EGI, which were materially inconsistent. Underlying information for the EGI's liability was not provided for audit and therefore, was not audited. This resulted in the District's proportionate share of the liability being unaudited. Without recalculating the total OPEB liability at the EGI level, the effect on the liabilities, related deferred inflows and outflows and expenses of the governmental activities, business-type activities and cafeteria fund cannot be quantified or determined. Additionally, the census information used by EGI for the calculation of the liability was inconsistent with the District's records.

Qualified Opinion on the Governmental Activities, Business-type Activities and Cafeteria Fund

In our opinion, except for the effects, if any, of the matter described in the Basis for Qualified Opinion paragraph on the governmental activities, business-type activities and cafeteria fund, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and cafeteria fund information of Natrona County School District No. 1, as of June 30, 2018 and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinion on the General, Program, Capital Maintenance and Capital Projects funds, Aggregate Discretely Presented Component Units and Aggregate Remaining Fund Information

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate discretely presented component units, each major fund other than the cafeteria fund, and the aggregate remaining fund information, for Natrona County School District No. 1, as of June 30, 2018 and the respective changes in financial position 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, pension and other postemployment benefit 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.

Other Matters (Continued)

Required Supplementary Information (Continued)

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Natrona County School District No. 1's basic financial statements. The budgetary comparison information and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 19, 2018 on our consideration of 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Natrona County School District No. 1's 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

Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming

November 19, 2018

NATRONA COUNTY SCHOOL DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

(Unaudited)

As management of 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, 2018. 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 \$298,941,713 at June 30, 2018, which compares to \$288,167,152 at the beginning of the fiscal year, an increase of \$10,774,561 (3.7%).

- During the year, the District's expenses for governmental activities were \$216,281,050.
- The District's total general revenue generated in taxes, other revenues and transfers for governmental activities was \$190,430,456.
- The District's governmental funds total expenses were \$222,790,997.
- The District's total governmental funds revenue was \$235,420,641 of which \$37,978,529 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. 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 \$143,374,868 for June 30, 2018. 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.
- The District participates in the Employee Group Insurance plan with the State of Wyoming. Employees who retire with the district may be eligible for discounted insurance premiums if opting to retain insurance coverage through this plan. New governmental accounting standards require the District to record its proportional share of the net liability for other non-pension, postemployment benefits (OPEB), under which this retiree discount plan qualifies. This requirement resulted in recording a net OPEB liability as of June 30, 2018 of \$103,760,297 as well as an adjustment for the prior period ending June 30, 2017 of \$121,637,338. As a participant in the plan, the district is required to record this liability but has no control over the elements of the plan 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.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

(Unaudited)

Overview of the Financial Statements (Continued)

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.

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.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

(Unaudited)

Overview of the Financial Statements (Continued)

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 single statement of fiduciary net position and a statement of changes in fiduciary net position. The District has fund in this category, the Student Activities Fund.

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

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.

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, 2018:

	Condensed Statement of Net Position					
	As Restated 2016-2017 Governmental Activities	As Restated 2016-2017 Business-Type Activities	As Restated 2016-2017 Total School District	2017-2018 Governmental Activities	2017-2018 Business-Type Activities	2017-2018 Total School District
Current and other assets	\$ 105,485,187	\$ 1,174,098	\$ 106,659,285	\$ 104,622,487	\$ 1,347,116	\$ 105,969,603
Capital assets	488,798,595	121,742	488,920,337	496,622,572	103,704	496,726,276
Total assets	<u>594,283,782</u>	<u>1,295,840</u>	<u>595,579,622</u>	<u>601,245,059</u>	<u>1,450,820</u>	<u>602,695,879</u>
Deferred outflows of resources	44,747,226	677,189	45,424,415	47,322,769	713,037	48,035,806
Current liabilities	25,734,322	457,661	26,191,983	15,949,776	463,068	16,412,844
Long-term liabilities	6,588,062	31,153	6,619,215	4,791,644	29,441	4,821,085
Net pension liability	149,409,200	2,405,583	151,814,783	141,095,014	2,279,854	143,374,868
OPEB liability	19,213,520	253,098	19,466,618	102,408,499	1,351,798	103,760,297
Total liabilities	<u>200,945,104</u>	<u>3,147,495</u>	<u>204,092,599</u>	<u>264,244,933</u>	<u>4,124,161</u>	<u>268,369,094</u>
Deferred inflows of resources	147,274,839	1,469,447	148,744,286	82,769,461	651,417	83,420,878
Net investment in capital assets	478,945,685	121,742	479,067,427	491,926,574	103,704	492,030,278
Restricted	9,123,155	-	9,123,155	11,141,186	-	11,141,186
Unrestricted	(197,257,775)	(2,765,655)	(200,023,430)	(201,514,326)	(2,715,425)	(204,229,751)
Total net position	<u>\$ 290,811,065</u>	<u>\$ (2,643,913)</u>	<u>\$ 288,167,152</u>	<u>\$ 301,553,434</u>	<u>\$ (2,611,721)</u>	<u>\$ 298,941,713</u>

NATRONA COUNTY SCHOOL DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

(Unaudited)

Financial Analysis of the District as a Whole (Continued)

The net investment in capital assets is \$492,030,278, 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 \$10,774,561 during the year ended June 30, 2018. The total cost of all governmental activities this year was \$216,281,050 and of the business-type activity was \$5,903,187.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

(Unaudited)

	Change in the District's Net Position					
	2016-2017 Governmental Activities	2016-2017 Business-Type Activities	2016-2017 Total School District	2017-2018 Governmental Activities	2017-2018 Business-Type Activities	2017-2018 Total School District
Revenues						
Program revenues						
Charges for services	\$ 138,617	\$ 1,754,160	\$ 1,892,777	\$ 179,879	\$ 1,702,892	\$ 1,882,771
Operating and capital grants and contributions	78,617,250	3,317,503	81,934,753	36,256,560	3,202,487	39,459,047
General revenues						
Taxes	45,860,377	-	45,860,377	45,267,340	-	45,267,340
Governmental aid	145,770,826	-	145,770,826	146,067,836	-	146,067,836
Investment earnings	61,606	-	61,606	125,280	-	125,280
Total revenues	270,448,676	5,071,663	275,520,339	227,896,895	4,905,379	232,802,274
Expenses						
Regular instruction	(96,468,966)	-	(96,468,966)	(92,286,579)	-	(92,286,579)
Special ed instruction	(34,481,464)	-	(34,481,464)	(33,030,580)	-	(33,030,580)
Vocational ed instruction	(2,388,121)	-	(2,388,121)	(2,563,877)	-	(2,563,877)
Pupil services	(16,460,556)	-	(16,460,556)	(15,891,701)	-	(15,891,701)
Instructional staff services	(11,010,844)	-	(11,010,844)	(8,392,419)	-	(8,392,419)
General admin services	(1,592,901)	-	(1,592,901)	(1,221,069)	-	(1,221,069)
School admin services	(13,220,749)	-	(13,220,749)	(12,749,419)	-	(12,749,419)
Business services	(2,949,380)	-	(2,949,380)	(3,117,551)	-	(3,117,551)
O & M of plant services	(30,341,263)	-	(30,341,263)	(28,502,919)	-	(28,502,919)
Pupil transportation	(9,957,589)	-	(9,957,589)	(9,016,808)	-	(9,016,808)
Central services	(11,732,590)	-	(11,732,590)	(9,291,428)	-	(9,291,428)
Other support services	(271,556)	-	(271,556)	(134,884)	-	(134,884)
Interest on long term debt	(68,058)	-	(68,058)	(81,816)	-	(81,816)
Food services	-	(6,204,446)	(6,204,446)	-	(5,903,187)	(5,903,187)
Total expenses	(230,944,037)	(6,204,446)	(237,148,483)	(216,281,050)	(5,903,187)	(222,184,237)
Excess (deficiency) of						
revenues over expenses	39,504,639	(1,132,783)	38,371,856	11,615,845	(997,808)	10,618,037
Gain on disposal of assets	797,523	-	797,523	156,524	-	156,524
Transfers	(1,364,000)	1,364,000	-	(1,030,000)	1,030,000	-
Change in net position	38,938,162	231,217	39,169,379	10,742,369	32,192	10,774,561
Net position -						
beginning of year	371,928,756	(1,293,645)	370,635,111	290,811,065	(2,643,913)	288,167,152
Prior period adjustment	(120,055,853)	(1,581,485)	(121,637,338)	-	-	-
Net position - beginning of year, as restated	251,872,903	(2,875,130)	248,997,773	290,811,065	(2,643,913)	288,167,152
Net position - end of year	\$ 290,811,065	\$ (2,643,913)	\$ 288,167,152	\$ 301,553,434	\$ (2,611,721)	\$ 298,941,713

NATRONA COUNTY SCHOOL DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

(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 \$37,978,529 or 19.3% of total General Fund revenue, and the foundation entitlement was \$144,428,294 or 73.3% of total General Fund revenue. The District expended \$115,383,017 on student instruction through the General Fund. This represents 63.2% of this fund's total expenditures. The balance of expenditures is in support of class room instruction.

Program Fund

The Program Fund experienced a 22.2% decrease in program grant revenues. The Wyoming Bridges and the Wyoming Instructional Facilitator grants were eliminated and funding was included in the General Fund beginning in the fiscal year ending June 30, 2018. This change accounted for the majority of the decrease to the program fund.

Capital Maintenance Fund

The funding for this activity remains stable and is provided by the State of Wyoming to perform major maintenance on existing District facilities required to continue the use of the building or facility at its original capacity for its original intended use. The funding cannot be used for new construction or a project that increases facility square footage.

Capital Projects

During the year, construction was completed on two new high schools and one new elementary school. The majority of 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, 2018. These transfers did not increase or decrease the overall budget.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

(Unaudited)

Capital Assets

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

	<u>2016-2017</u>	<u>2017-2018</u>
Land and improvements	\$ 30,454,605	\$ 30,980,472
Buildings and improvements	187,487,300	452,969,101
Machinery and equipment	1,473,691	3,176,955
Vehicles	5,508,346	4,556,274
Construction in progress	<u>218,598,565</u>	<u>4,939,770</u>
Total	<u><u>\$443,522,507</u></u>	<u><u>\$496,622,572</u></u>

Long-term Debt

The following is a summary of the governmental funds debt transactions, excluding net pension and OPEB liabilities, of the District for the year ended June 30, 2018:

Debt outstanding at July 1, 2017	\$ 13,103,978
New debt issued	441,384
Debt retired	<u>5,728,683</u>
Debt outstanding at June 30, 2018	<u><u>\$ 7,816,679</u></u>

Factors Affecting the District's Future

The District receives approximately 83.5% 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, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 59,861,912	\$ 1,207,100	\$ 61,069,012
Cash held by a fiscal agent	381,319	-	381,319
Investments	-	-	-
Property taxes receivable	38,360,170	-	38,360,170
Due from other governments	4,581,402	43,666	4,625,068
Due from primary government	-	-	-
Due from component unit	192,195	-	192,195
Prepaid items	406,339	-	406,339
Receivables net of \$3,669 allowance	-	8,845	8,845
Inventories	414,800	87,505	502,305
Asset held on behalf of the State of Wyoming	424,350	-	424,350
Land	22,412,120	-	22,412,120
Construction in progress	4,939,770	-	4,939,770
Capital assets, net of accumulated depreciation	469,270,682	103,704	469,374,386
Total assets	601,245,059	1,450,820	602,695,879
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan items	41,992,950	642,808	42,635,758
Other postemployment benefit items	5,329,819	70,229	5,400,048
Total deferred outflows of resources	47,322,769	713,037	48,035,806

See accompanying notes to the financial statements

NATRONA COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF NET POSITION (CONTINUED)

June 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities			
Accounts payable	\$ 7,750,913	\$ 198,245	\$ 7,949,158
Accrued wages payable	4,627,277	128,589	4,755,866
Advance payments on grants	4,093	-	4,093
Due to other government	424,350	-	424,350
Due to primary government	-	-	-
Due to component unit	118,108	-	118,108
Deferred student meal revenue	-	133,949	133,949
Noncurrent liabilities			
Due within one year	3,025,035	2,285	3,027,320
Due in more than one year	4,791,644	29,441	4,821,085
Net pension liability	141,095,014	2,279,854	143,374,868
Other postemployment benefit liability	102,408,499	1,351,798	103,760,297
Total liabilities	<u>264,244,933</u>	<u>4,124,161</u>	<u>268,369,094</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable property tax revenue	37,688,741	-	37,688,741
Pension plan items	27,979,884	424,819	28,404,703
Other postemployment benefit items	17,100,836	226,598	17,327,434
Total deferred inflows of resources	<u>82,769,461</u>	<u>651,417</u>	<u>83,420,878</u>
NET POSITION			
Net investment in capital assets	491,926,574	103,704	492,030,278
Restricted			
Nonexpendable			
Permanently restricted for Foundation	-	-	-
Expendable			
Federal, state, and local grants	3,646,390	-	3,646,390
Major maintenance - WS 21-15-109	7,494,796	-	7,494,796
Temporarily restricted for Foundation	-	-	-
Unrestricted	(201,514,326)	(2,715,425)	(204,229,751)
Total net position (deficit)	<u>\$ 301,553,434</u>	<u>\$ (2,611,721)</u>	<u>\$ 298,941,713</u>

See accompanying notes to the financial statements

NATRONA COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction				
Regular	\$ 92,286,579	\$ 179,879	\$ 5,095,555	\$ -
Special	33,030,580	-	4,653,296	-
Vocational education	2,563,877	-	388,561	-
Support services				
Pupil services	15,891,701	-	109,798	-
Instructional staff services	8,392,419	-	3,023,838	-
General administration services	1,221,069	-	167,395	-
School administration services	12,749,419	-	140,771	-
Business services	3,117,551	-	309,843	-
Operation and maintenance of plant services	28,502,919	-	84,525	6,569,851
Pupil transportation services	9,016,808	-	55,917	88,557
Central services	9,291,428	-	29,909	15,538,744
Other support services	134,884	-	-	-
Interest on long-term debt	81,816	-	-	-
Total governmental activities	<u>216,281,050</u>	<u>179,879</u>	<u>14,059,408</u>	<u>22,197,152</u>
Business-type activities				
Cafeteria Fund	5,903,187	1,702,892	3,202,487	-
Total business-type activities	<u>5,903,187</u>	<u>1,702,892</u>	<u>3,202,487</u>	<u>-</u>
Total primary government	<u>\$ 222,184,237</u>	<u>\$ 1,882,771</u>	<u>\$ 17,261,895</u>	<u>\$ 22,197,152</u>
Component units				
Recreation Board	\$ 1,577,555	\$ -	\$ -	\$ -
Casper Area Education Foundation	261,994	-	-	-
Total component units	<u>\$ 1,839,549</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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
\$ (87,011,145)	\$ -	\$ (87,011,145)	\$ -	\$ -
(28,377,284)	-	(28,377,284)	-	-
(2,175,316)	-	(2,175,316)	-	-
(15,781,903)	-	(15,781,903)	-	-
(5,368,581)	-	(5,368,581)	-	-
(1,053,674)	-	(1,053,674)	-	-
(12,608,648)	-	(12,608,648)	-	-
(2,807,708)	-	(2,807,708)	-	-
(21,848,543)	-	(21,848,543)	-	-
(8,872,334)	-	(8,872,334)	-	-
6,277,225	-	6,277,225	-	-
(134,884)	-	(134,884)	-	-
(81,816)	-	(81,816)	-	-
(179,844,611)	-	(179,844,611)	-	-
-	(997,808)	(997,808)	-	-
-	(997,808)	(997,808)	-	-
(179,844,611)	(997,808)	(180,842,419)	-	-
-	-	-	(1,577,555)	-
-	-	-	-	(261,994)
-	-	-	(1,577,555)	(261,994)

(Continued)

NATRONA COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF ACTIVITIES (CONTINUED)

Year Ended June 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Net expense before general revenues and transfers	(179,844,611)	(97,808)	(180,842,419)
General revenues			
Taxes			
Property taxes, levied for general purposes	45,267,340	-	45,267,340
Property taxes, levied for specific purpose	-	-	-
Federal, State and Local aid not restricted to specific purposes			
State Foundation Program	144,428,294	-	144,428,294
Other state sources	109,118	-	109,118
Other sources	1,530,424	-	1,530,424
Unrestricted investment earnings	125,280	-	125,280
Contributions, gifts, and grants	-	-	-
Gain on disposal of capital assets	156,524	-	156,524
Transfers	(1,030,000)	1,030,000	-
Total general revenues and transfers	190,586,980	1,030,000	191,616,980
Change in net position	10,742,369	32,192	10,774,561
Net position (deficit) - beginning of year	410,866,918	(1,062,428)	409,804,490
Prior period adjustment	(120,055,853)	(1,581,485)	(121,637,338)
Net position (deficit) - beginning of year, as restated	290,811,065	(2,643,913)	288,167,152
Net position (deficit) - end of year	\$ 301,553,434	\$ (2,611,721)	\$ 298,941,713

See accompanying notes to the financial statements

Component Units	
Recreation Board	Casper Area Education Foundation
(1,577,555)	(261,994)
-	-
1,539,316	-
-	-
-	-
-	-
930	43,511
-	96,018
-	-
-	-
1,540,246	139,529
(37,309)	(122,465)
738,524	817,048
-	-
738,524	817,048
\$ 701,215	\$ 694,583

NATRONA COUNTY SCHOOL DISTRICT NO. 1

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2018

	<u>General Fund</u>	<u>Program Fund</u>	<u>Capital Maintenance Fund</u>
ASSETS			
Cash and cash equivalents	\$ 32,450,439	\$ 3,454,374	\$ 8,261,983
Cash held by a fiscal agent	381,319	-	-
Property taxes receivable	38,360,170	-	-
Due from other governments	-	384,743	-
Due from other funds	5,670	-	-
Due from component unit	-	192,195	-
Prepaid items	406,339	-	-
Inventories	414,800	-	-
Asset held on behalf of the State of Wyoming	424,350	-	-
Total assets	<u>\$ 72,443,087</u>	<u>\$ 4,031,312</u>	<u>\$ 8,261,983</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 3,214,781	\$ 199,673	\$ 761,517
Accrued wages payable	4,446,121	181,156	-
Advance payments on grants	-	4,093	-
Due to other government	424,350	-	-
Due to component unit	-	-	-
Due to other funds	-	-	5,670
Total liabilities	<u>8,085,252</u>	<u>384,922</u>	<u>767,187</u>
Deferred inflows of resources			
Unavailable property tax revenue	<u>38,219,197</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>38,219,197</u>	<u>-</u>	<u>-</u>
Fund balances			
Nonspendable			
Prepaid items	406,339	-	-
Inventories	414,800	-	-
Restricted			
Federal, state, and local grants	-	3,646,390	-
Major maintenance projects - WS 21-15-109	-	-	7,494,796
Committed			
Capital projects and other	12,057,179	-	-
Assigned			
Assigned	11,243,102	-	-
Unassigned			
Unassigned	<u>2,017,218</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>26,138,638</u>	<u>3,646,390</u>	<u>7,494,796</u>
Total liabilities, deferred inflow of resources and fund balances	<u>\$ 72,443,087</u>	<u>\$ 4,031,312</u>	<u>\$ 8,261,983</u>

Capital Projects Fund	Total Governmental Funds
\$ 15,695,116	\$ 59,861,912
-	381,319
-	38,360,170
3,015,424	3,400,167
-	5,670
-	192,195
-	406,339
-	414,800
-	424,350
<u>\$ 18,710,540</u>	<u>\$ 103,446,922</u>
\$ 3,574,942	\$ 7,750,913
-	4,627,277
-	4,093
-	424,350
118,108	118,108
-	5,670
<u>3,693,050</u>	<u>12,930,411</u>
-	38,219,197
<u>-</u>	<u>38,219,197</u>
-	406,339
-	414,800
-	3,646,390
-	7,494,796
15,017,490	27,074,669
-	11,243,102
-	2,017,218
<u>15,017,490</u>	<u>52,297,314</u>
<u>\$ 18,710,540</u>	<u>\$ 103,446,922</u>

NATRONA COUNTY SCHOOL DISTRICT NO. 1

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

June 30, 2018

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

Total fund balances - governmental funds		\$ 52,297,314
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		496,622,573
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Property tax revenue - current year	\$ 530,455	
Reimbursements from School Facilities Department - current year	<u>1,181,235</u>	1,711,690
Deferred outflows and inflows of resources are not available revenue or available to pay for current period expenditures and therefore the underlying resources are not reported in the governmental funds.		
Pension plan items, net - deferred outflows of resources	41,992,950	
Pension plan items, net - deferred inflows of resources	(27,979,884)	
Other postemployment benefit items, net - deferred outflows of resources	5,329,819	
Other postemployment benefit items, net - deferred inflows of resources	<u>(17,100,836)</u>	2,242,049
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	(3,120,681)	
Lease purchase obligations	(3,340,380)	
Retainage payable	(1,355,618)	
Net pension liability	(141,095,014)	
Other postemployment benefit liability	<u>(102,408,499)</u>	<u>(251,320,192)</u>
Net position of governmental activities		<u><u>\$ 301,553,434</u></u>

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, 2018

	General Fund	Program Fund	Capital Maintenance Fund
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Taxes	\$ 37,978,529	\$ -	\$ -
Intergovernmental revenues	158,209,613	12,761,019	6,569,851
Charges for services	179,879	-	-
Miscellaneous	483,260	-	-
Investment income	114,225	-	11,054
Total revenues	<u>196,965,506</u>	<u>12,761,019</u>	<u>6,580,905</u>
Expenditures			
Instruction			
Regular	85,184,329	4,049,279	-
Special	27,933,136	4,038,889	-
Vocational education	2,265,552	340,409	-
Support services			
Pupil services	15,309,000	4,000	-
Instructional staff services	5,284,565	2,679,786	-
General administration services	1,045,711	146,971	-
School administration services	12,284,510	46,282	-
Business services	2,686,514	261,975	-
Operation and maintenance of plant services	16,661,597	-	5,756,302
Pupil transportation services	7,831,519	-	-
Central services	4,104,070	-	-
Other support services	134,884	-	-
Facilities, acquisitions and construction services	-	-	-
Debt service			
Principal	1,622,937	-	-
Interest	81,816	-	-
Total expenditures	<u>182,430,140</u>	<u>11,567,591</u>	<u>5,756,302</u>
Excess (deficiency) of revenues over expenditures	14,535,366	1,193,428	824,603
Other financing sources (uses)			
Transfers out	(8,487,544)	-	-
Transfers in	-	-	-
Proceeds from the sale of assets	109,972	-	-
Total other financing sources (uses)	<u>(8,377,572)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	6,157,794	1,193,428	824,603
Fund balances - beginning of year	<u>19,980,844</u>	<u>2,452,962</u>	<u>6,670,193</u>
Fund balances - end of year	<u>\$ 26,138,638</u>	<u>\$ 3,646,390</u>	<u>\$ 7,494,796</u>

Capital Projects Fund	Total Governmental Funds
\$ -	\$ 37,978,529
19,113,211	196,653,694
-	179,879
-	483,260
-	125,279
19,113,211	235,420,641
-	89,233,608
-	31,972,025
-	2,605,961
-	15,313,000
-	7,964,351
-	1,192,682
-	12,330,792
-	2,948,489
88,557	22,506,456
-	7,831,519
-	4,104,070
-	134,884
22,948,407	22,948,407
-	1,622,937
-	81,816
23,036,964	222,790,997
(3,923,753)	12,629,644
-	(8,487,544)
7,457,544	7,457,544
-	109,972
7,457,544	(920,028)
3,533,791	11,709,616
11,483,699	40,587,698
\$ 15,017,490	\$ 52,297,314

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, 2018**

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

Net change in fund balances - total governmental funds \$ 11,709,616

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 gain on disposal of capital assets in the current period.

Capital outlay	\$ (126,478,754)	
Reclassification of prior year construction in progress to fixed assets	146,008,291	
Proceeds from the sale of capital assets	(226,137)	
Gain on disposal of capital assets	156,524	
Depreciation expense	<u>(11,635,947)</u>	7,823,977

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	149,409,200	
Pension liability - current year	(141,095,014)	
Other postemployment benefit liability - prior year	106,825,611	
Other postemployment benefit liability - current year	(102,408,499)	
Pension plan items, net - prior year	(34,760,367)	
Pension plan items, net - current year	14,013,066	
Other postemployment benefit items, net - prior year	13,230,242	
Other postemployment benefit items, net - current year	<u>(11,771,017)</u>	(6,556,778)

Repayment of principal and other reductions on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

1,739,106

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	(1,355,618)	
Retainage payable - prior year	4,773,424	
Compensated absences - current year	(3,120,681)	
Compensated absences - prior year	<u>3,251,068</u>	3,548,193

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

Unavailable property tax revenue - current year	530,455	
Unavailable property tax revenue - prior year	(2,581,648)	
Deferred revenue - prior year	(2,116,534)	
Reimbursements from School Facilities Department - current year	1,181,235	
Reimbursements from School Facilities Department - prior year	<u>(4,535,253)</u>	(7,521,745)

Change in net position of governmental activities

\$ 10,742,369

See accompanying notes to the financial statements

NATRONA COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF NET POSITION
 PROPRIETARY FUND
 June 30, 2018

	Business-Type Activities- Enterprise Fund Cafeteria Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 1,207,100
Due from other governments	43,666
Receivables net of \$3,669 allowance	8,845
Inventories	87,505
Total current assets	<u>1,347,116</u>
Capital assets, net of accumulated depreciation	<u>103,704</u>
Total assets	<u>1,450,820</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension plan items	642,808
Other postemployment benefit items	70,229
Total deferred outflows of resources	<u>713,037</u>
LIABILITIES	
Current liabilities	
Accounts payable	198,245
Accrued wages payable	128,589
Deferred student meal revenue	133,949
Compensated absences	2,285
Total current liabilities	<u>463,068</u>
Noncurrent liabilities	
Compensated absences	29,441
Net pension liability	2,279,854
Other postemployment benefit liability	1,351,798
Total noncurrent liabilities	<u>3,661,093</u>
Total liabilities	<u>4,124,161</u>
DEFERRED INFLOWS OF RESOURCES	
Pension plan items	424,819
Other postemployment benefit items	226,598
Total deferred inflows of resources	<u>651,417</u>
NET POSITION	
Net investment in capital assets	103,704
Unrestricted	(2,715,425)
Total net deficit	<u>\$ (2,611,721)</u>

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, 2018

	Business-Type Activities- Enterprise Fund Cafeteria Fund
Operating revenues	
Charges for services	\$ 1,702,892
Total operating revenues	1,702,892
Operating expenses	
Salaries	1,680,238
Benefits	1,356,205
Direct food costs including supplies and maintenance	2,848,706
Depreciation expense	18,038
Total operating expenses	5,903,187
Operating loss	(4,200,295)
Nonoperating revenues	
Federal subsidy	3,202,487
Total nonoperating revenues	3,202,487
Loss before transfers	(997,808)
Transfers in	1,030,000
Change in net position	32,192
Net deficit - beginning of year	(1,062,428)
Prior period adjustment	(1,581,485)
Net deficit - beginning of year, as restated	(2,643,913)
Net deficit - end of year	\$ (2,611,721)

See accompanying notes to the financial statements

NATRONA COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 Year Ended June 30, 2018

	Business-Type Activities- Enterprise Fund Cafeteria Fund
Cash flows from operating activities	
Receipts from customers and users	\$ 1,715,862
Payments to suppliers for goods and services	(2,485,690)
Payments to employees for services	(2,918,647)
Net cash and cash equivalents used in operating activities	(3,688,475)
Cash flows from noncapital financing activities	
Operating transfers in	1,030,000
Federal and state subsidy	2,835,778
Net cash and cash equivalents provided by noncapital financing activities	3,865,778
Net increase in cash and cash equivalents	177,303
Cash and cash equivalents - beginning of year	1,029,797
Cash and cash equivalents - end of year	\$ 1,207,100

(Continued)

See accompanying notes to the financial statements

NATRONA COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF CASH FLOWS (CONTINUED)

PROPRIETARY FUND

Year Ended June 30, 2018

	Business-Type Activities- Enterprise Fund Cafeteria Fund
	<hr/>
Reconciliation of operating loss to net cash and cash equivalents used in operating activities	
Operating loss	\$ (4,200,295)
Adjustments to reconcile operating loss to net cash and cash equivalent used in operating activities	
Depreciation	18,038
Amortization of pension plan items	306,011
Amortization of OPEB plan items	(19,107)
Commodities share of federal and state subsidy	370,617
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets, deferred inflows and outflow and liabilities	
Receivables	6,075
Inventories	(5,698)
Deferred outflow - pension plan items	12,129
Deferred outflow - OPEB plan items	1,195
Accounts payable	(1,903)
Accrued wages payable	285
Net pension liability	(125,729)
Other postemployment benefit liability	(55,406)
Deferred student meal revenue	6,895
Compensated absences	(1,582)
Net cash and cash equivalents used in operating activities	<hr/> <u>\$ (3,688,475)</u> <hr/>

Schedule of non-cash transactions

USDA commodities received valued at \$370,617

See accompanying notes to the financial statements

NATRONA COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2018

	<u>Student Activities Fund</u>
ASSETS	
Cash	\$ 2,186,872
Total assets	<u>\$ 2,186,872</u>
LIABILITIES	
Accounts payable	\$ 25,421
Due to student groups	<u>2,161,451</u>
Total liabilities	<u>\$ 2,186,872</u>

See accompanying notes to the financial statements

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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 aggregate discretely presented component units are reported in a separate columns in the government-wide financial statements (see note below for description) to emphasize that they are 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 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 Governmental Accounting Standards Board (GASB) presentation features. No modifications have been made to the Foundation's financial information in the District's financial reporting entity for these differences.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

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 non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund 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 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 aggregate 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.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

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

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.

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.

As a general rule, the effect of inter-fund 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 non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are 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 non-operating 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.

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.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

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

Accounts Receivable

The District considers all accounts receivable to be fully collectible at June 30, 2018, except for the receivable for unpaid meal recorded in the cafeteria fund. The District recorded \$3,669 as an allowance for doubtful accounts, which represents 29% 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, 2018 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.

Due from Other Governments

Due from other governments includes grant and reimbursements receivable from other governmental entities. The District has ongoing construction with long-term contract retainages which are paid by the District and then reimbursed by the Wyoming School Facilities Department, which are included as due from other governments. Due to their long-term nature these balances impact reconciliations and revenue recognition. As of June 30, 2018 and 2017, contractor retainages of \$1,181,235 and \$4,535,253, respectively, were included in due from other governments.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State of Wyoming Employee Group Insurance (EGI) plans and additions to/deductions from EGI’s fiduciary net position have been determined on the same basis as they are reported by EGI. For this purpose, EGI recognizes benefit payments when due and payable in accordance with the benefit terms.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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 and Deferred Inflows of Resources

In addition to assets and liabilities, the financial statements sometimes report a separate section for deferred outflows and inflows of resources. A deferred inflow of resources represents an acquisition of net position by the District that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position or fund balance sheet, but are not recognized in the financial statements as revenues, expenses, and reduction of liabilities or increase in assets until the period(s) to which they related. The District reports the following deferred inflows and outflows of resources:

Unavailable revenues – unavailable revenue is reported in the governmental funds' balance sheet. The governmental funds report unavailable revenues from property taxes. 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, property tax revenue is reported as a deferred inflow of resources in the year the taxes are levied.

Pension and OPEB-Related Amounts – In the government-wide and proprietary funds statement of net position, a deferred outflow or deferred inflow of resources is reported for the unrecognized items not yet charged to pension and OPEB expense related to the net pension and OPEB liabilities. This includes the unamortized portion of the net difference between projected and actual earnings on plan investments and other differences between expected and actual experience. Deferred outflows for the net difference between projected and actual investment earnings are recognized over a period of five years, while the deferred inflows or deferred outflows for the differences between expected and actual experience for economic/demographic assumptions are recognized over the remaining service life for all active and inactive members.

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 paid for up to 10 days, unused vacation annually. Administrators cannot carry-over unused vacation from one contract year to the next. Year-round, classified staff earn vacation leave on a graduated scale depending on the length of service. Annual leave is accrued monthly and can be accumulated up to a maximum of 30 days. Unused annual leave days are reimbursed at the classified professional's present rate of pay when employment is severed.

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, 2018

Note 1. Summary of Significant Accounting Policies (Continued)

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

Fund Balances

Governmental fund equity is classified as fund balance. Fund balance is further classified as non-spendable, restricted, committed, assigned, or unassigned. Non-spendable 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 deficit net position in the cafeteria fund is the result of recognizing the net pension liability as required by 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, 2018 the District's general fund assigned fund balance consisted of the Board's budget reserve and District encumbrances in the amounts of \$10,325,000 and \$918,102, respectively.

The District's general fund committed balances comprise of the Board's budget priorities for board goals and contingencies of \$12,057,179 as of June 30, 2018.

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.

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.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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

Budgets and Budgetary Accounting (Continued)

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

Deposits are placed with various financial institutions and are carried at cost. At June 30, 2018, the carrying amount of the District's bank deposits was \$63,255,384 and the bank balance was \$70,490,350. The difference between the carrying amount and the bank balance is a result of transactions in transit. All bank deposits at June 30, 2018 were covered by insurance or collateral held in joint custody with the financial institution.

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, 2018, 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.

Investments Held by the Foundation

The Foundation accounts for its investments at fair value. Unrealized gains and losses are included in the change in net position. The Foundation categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Foundation's investments are classified and disclosed based on quoted prices available in active markets (Level 1 inputs).

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

Note 3. Deposits and Investments (Continued)

Investments Held by the Foundation (Continued)

As of June 30, 2018, the Foundation had the following investments:

Investment Types	Fair Value	Interest Rate	Investment Maturities 1 year or less	Moody's / S&P Rating
Mutual funds	\$ 690,551	n/a	\$ 690,551	n/a
	\$ 690,551		\$ 690,551	

The Foundation is allowed to invest in mutual funds. 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. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2018, is as follows:

Due to/from other funds:

	Receivables	Payables
General Fund	\$ 5,670	\$ -
Capital Maintenance Fund	-	5,670
	\$ 5,670	\$ 5,670

The composition of transfer balances as of June 30, 2018, is as follows:

	Transfers in	Transfers out
General Fund	\$ -	\$ 8,487,544
Capital Projects Fund	7,457,544	-
Cafeteria Fund	1,030,000	-
	\$ 8,487,544	\$ 8,487,544

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.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 5. Capital Assets

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

	Primary Government			Balance June 30, 2018
	Balance June 30, 2017	Additions	Retirements	
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 20,824,431	\$ 1,587,689	\$ -	\$ 22,412,120
Construction in progress	130,931,086	20,016,975	146,008,291	4,939,770
Total capital assets, not being depreciated	<u>151,755,517</u>	<u>21,604,664</u>	<u>146,008,291</u>	<u>27,351,890</u>
Capital assets, being depreciated				
Land improvements	14,675,101	-	-	14,675,101
Buildings and improvements	415,740,951	145,047,652	1,587,689	559,200,914
Machinery and equipment	9,611,166	456,374	16,365	10,051,175
Vehicles	13,864,773	16,827	96,271	13,785,329
Total capital assets, being depreciated	<u>453,891,991</u>	<u>145,520,853</u>	<u>1,700,325</u>	<u>597,712,519</u>
Less accumulated depreciation for				
Land improvements	5,384,044	722,705		6,106,749
Buildings and improvements	96,708,796	9,869,702	346,685	106,231,813
Machinery and equipment	6,449,172	468,071	43,023	6,874,220
Vehicles	8,306,901	922,154	-	9,229,055
Total accumulated depreciation	<u>116,848,913</u>	<u>11,982,632</u>	<u>389,708</u>	<u>128,441,837</u>
Total capital assets, being depreciated, net	<u>337,043,078</u>	<u>133,538,221</u>	<u>1,310,617</u>	<u>469,270,682</u>
Governmental activities capital assets, net	<u>\$ 488,798,595</u>	<u>\$ 155,142,885</u>	<u>\$ 147,318,908</u>	<u>\$ 496,622,572</u>

Depreciation expense for governmental activities was recorded to the following functions:

Business services	\$ 73,674
Operating and maintenance of plant services	10,735,817
Regular instruction	250,987
Pupil transportation services	922,154
	<u>\$ 11,982,632</u>

The District has \$4,739,583 in assets acquired under capital leases with accumulated depreciation of \$702,774. The depreciation expense on these assets for the fiscal year ended June 30, 2018 was \$131,915.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 5. Capital Assets (Continued)

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

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018
Business-type activities				
Capital assets, being depreciated				
Machinery and equipment	\$ 899,398	\$ -	\$ -	\$ 899,398
Total capital assets, being depreciated	899,398	-	-	899,398
Less accumulated depreciation for				
Machinery and equipment	777,656	18,038	-	795,694
Total accumulated depreciation	777,656	18,038	-	795,694
Business-type activities capital assets, net	\$ 121,742	\$ (18,038)	\$ -	\$ 103,704

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, 2018.

	Balance June 30, 2017	New Debt Incurred	Debt Retired	Balance June 30, 2018	Due Within One Year
Governmental Activities					
Compensated absences	\$ 3,251,068	\$ 310,555	\$ 440,942	\$ 3,120,681	\$ 224,787
Lease purchase obligations	5,079,486	-	1,739,106	3,340,380	1,444,630
Retainage payable	4,773,424	130,829	3,548,635	1,355,618	1,355,618
Net pension liability	149,409,200	-	8,314,186	141,095,014	-
Other postemployment benefit liability	106,825,611	-	4,417,112	102,408,499	-
	<u>\$269,338,789</u>	<u>\$ 441,384</u>	<u>\$ 18,459,981</u>	<u>\$251,320,192</u>	<u>\$3,025,035</u>
Business-type Activities					
Compensated absences	\$ 33,308	\$ 2,900	\$ 4,482	\$ 31,726	\$ 2,285
Net pension liability	2,405,583	-	125,729	2,279,854	-
Other postemployment benefit liability	1,407,204	-	55,406	1,351,798	-
	<u>\$ 3,846,095</u>	<u>\$ 2,900</u>	<u>\$ 185,617</u>	<u>\$ 3,663,378</u>	<u>\$ 2,285</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 capital projects and capital maintenance funds.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

Note 6. Long-term Debt (Continued)

Lease Purchase Obligations

The District's lease purchase obligations outstanding at June 30, 2018 is comprised of the following:

Vehicles, due in annual payments of \$190,330 at 1.40% interest through June 2019, collateralized by buses	\$ 187,702
Vehicles, due in annual payments of \$318,595 at 1.249% interest through July 2020, collateralized by buses	625,439
Copiers, due in annual payments of \$201,027 at 1.40% interest through July 2020, collateralized by copiers	369,072
Vehicles, due in annual payments of \$217,650 at 1.79% interest through June 2021, collateralized by buses	629,927
Equipment, due in annual payments of \$529,305 at 1.94% interest through July 2021, collateralized by equipment	1,528,240
	\$ 3,340,380

Future minimum lease payments under capital leases together with the present value of net minimum lease payments as of June 30, 2018 are as follows:

Year ended June 30,	
2019	\$ 1,444,630
2020	1,251,238
2021	746,955
Total minimum payments	3,442,823
Less amount representing interest	102,443
Net future minimum lease payments	\$ 3,340,380

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. 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 8.37% 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 13.94% of the required employee's contribution and the employees pay 2.68%. Contribution rates are established by Title 9, Chapter 3 of the Wyoming Statutes.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

Note 7. Pension Plan (Continued)

The District's contributions to the PEPP for the years ended June 30, 2018, 2017 and 2016 were \$15,018,869, \$16,105,197, and \$16,539,693, while the employees' portion was \$2,877,880, \$2,610,790, and \$2,355,324, respectively, equal to the required contributions for each year. As of September 1, 2018, the employer contribution rate will increase by .25% from 13.94% to 14.19% and the employee contribution rate will increase by .25% from 2.68% to 2.93%.

Through legislation passed during the 2014 legislative session, two tiers of benefits were established for participants of this plan. For Tier 1 (first contribution before September 1, 2012), the Plan allows for normal retirement after four years of service and attainment of age 60. Early retirement is allowed provided the employee has completed four years of service and attained age 50 or 25 years of service but will result in a reduction of benefits based on the length of time remaining to age 60. For Tier 2 (first contribution on or after 9/1/2012), the Plan allows for normal retirement after four years of service and attainment of age 65. Early retirement is allowed provided the employee has completed four years of service and attained age 55, or 25 or more years of service, but will result in a reduction of benefits based on the length of time remaining to age 65. All employees may also retire upon normal retirement on the basis that the sum of the member's age and service is at least 85.

Benefits are established by Title 9, Chapter 3 of the Wyoming Statutes. The PEPP provides retirement, disability and death benefits according to predetermined formulas and allows retirees to select one of seven optional methods for receiving benefits, including two joint and survivor forms of benefits: a 100% joint and survivor annuity, and a 50% joint and survivor annuity. The benefit amounts under these options are determined on an actuarially equivalent basis. Any cost of living adjustment provided to retirees must be granted by the State Legislature. In addition, a cost of living adjustment will not be approved by the legislature unless the plan is 100% funded after the COLA is awarded.

Employees terminating prior to normal retirement can elect to withdraw all employee contributions plus accumulated interest through date of termination or, if they are vested, they may elect to remain in the Plan and be eligible for unreduced retirement benefits at age 60 (Tier 1 employee) or 65 (Tier 2 employee).

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 \$60 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>.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 7. Pension Plan (Continued)

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

At June 30, 2018, the District reported a total liability of \$143,374,868 for its proportionate share of the net pension liability. The net pension liability was determined by an actuarial valuation as of December 31, 2017, applied to all prior periods included in the measurement. Actuarial valuation involves estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. An experience study was conducted covering the five year period ending December 31, 2016. The net pension liability as of December 31, 2017 is based on the results of an actuarial valuation as of January 1, 2017, rolled forward to a measurement date of December 31, 2017, and taking into consideration information from the recent experience study.

The schedule below shows the District's proportionate share of the net pension liability at June 30, 2018, the proportionate portion at the measurement date of December 31, 2017, and the change in the proportion from the previous measurement date.

	Pension liability at June 30, 2018	Proportion at December 31, 2017	Increase (decrease) from December 31, 2016
Public Employees' Pension Plan	\$ 143,374,868	6.290190838%	0.010365807%

For the year ended June 30, 2018, the District recognized pension expense of \$30,995,334. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 18,052,975	\$ 23,395,371
Difference between actual and expected experience rate	-	5,009,332
Change in employer's proportion	567,204	-
Difference due to changes in assumptions	13,931,241	-
Amortizing deferred outflows and deferred inflows	32,551,420	28,404,703
District's contributions subsequent to the measurement date	10,084,338	-
Total	\$ 42,635,758	\$ 28,404,703

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

Note 7. Pension Plan (Continued)

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

The District reported \$10,084,340 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, 2019. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Deferred Outflows	Deferred Inflows
2019	\$ 14,691,746	\$ 8,380,350
2020	12,143,501	7,310,856
2021	4,857,346	6,699,108
2022	858,827	6,014,389
	<u>\$ 32,551,420</u>	<u>\$ 28,404,703</u>

Actuarial Assumptions

The total pension liability in the December 31, 2017 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions and Methods	
Valuation date	January 1, 2017
Actuarial cost method	Entry Age Normal
Inflation	3.25%
Salary increases	4.25% to 6.00%, including inflation
Payroll growth rate	4.25%
Cost of Living Increase	0.00%
Investment rate of return	7.75%, net of pension plan investment expense
Post-Retirement Mortality	RP-2000 Combined Mortality Table, generational projected with Scale BB Males: Set back 1 year with a 104% multiplier Females: No set back with a 90% multiplier
Pre-Retirement Mortality	RP-2000 Combined Mortality Table, generational projected with Scale BB Males: Set back 5 years with a 104% multiplier Females: Set back 4 years with a 90% multiplier

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

Note 7. Pension Plan (Continued)

Actuarial Assumptions (Continued)

The assumed rate of investment return was adopted by the plan’s trustees after considering input from the plan’s investment consultant(s) and actuary(s). Additional information about the assumed rate of investment return is included in the WRS actuarial valuation report as of January 1, 2017. In addition, an experience study was conducted covering the five-year period ending December 31, 2016 and information from this study was considered in measuring the pension liability at December 31, 2017. The assumed rate of investment return of 7.00% (real return net of inflation of 4.75%) falls within a reasonable range of the long-term expected rate of return.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected arithmetic returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return 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 by adding expected inflation. For each major asset class that is included in the pension plans target asset allocation as of January 1, 2018 these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Long-Term Expected Arithmetic Real Rate of Return
Cash	0.00%	0.40%	0.40%
Fixed income	20.00%	1.25%	1.77%
Equity	45.00%	4.96%	6.88%
Marketable alternatives	17.50%	2.79%	3.30%
Private markets	17.50%	5.06%	7.11%
Total	100.00%	3.85%	5.27%

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects 1) a long-term expected rate of return on pension plan investments (to the extent that the plan’s fiduciary net position is projected to be sufficient to pay benefits using a 100 year analysis) and 2) tax-exempt municipal bond rate based on an index of 20 year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

Note 7. Pension Plan (Continued)

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 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate.

Pension Plan	1% Decrease (6.00)%	Current Discount Rate (7.00)%	1% Increase (8.00)%
Public Employees' Pension Plan	\$ 216,695,262	\$ 143,374,868	\$ 82,226,712

Note 8. OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, and Prior Period Adjustment

On July 1, 2017, the District implemented GASB Statement No. 85, *Omnibus 2017*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and GASB Statement No. 57, *OPEB Measurement by Agent Employers and Agent Multiple-Employer Plans*. Specifically, Statements No. 85 and No. 75 recognize the long-term obligation for health and life insurance benefits offered to retirees and clarifies the timing of the measurement of pension and OPEB liabilities. Data needed to fully implement these standards for all periods presented are not available for the periods prior to July 1, 2017, and have, therefore, been estimated.

Prior Period Adjustment

As part of implement the requirements of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District adjusted its statements of net position for the portion of the OPEB liability attributable to periods before the year ended June 30, 2018. 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, 2017	Adjustments	As Restated
Deferred outflows - OPEB items	\$ -	\$ 5,983,278	\$ 5,983,278
Net OPEB liability	-	19,213,520	19,213,520
Deferred inflows - OPEB items	-	106,825,611	106,825,611
Net position	410,866,918	(120,055,853)	290,811,065

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 8. OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, and Prior Period Adjustment (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, 2017	Adjustments	As Restated
Deferred outflows - OPEB items	\$ -	\$ 78,817	\$ 78,817
Net OPEB liability	-	253,098	253,098
Deferred inflows - OPEB items	-	1,407,204	1,407,204
Net position	(1,062,428)	(1,581,485)	(2,643,913)

State of Wyoming Employee Group Insurance Retiree Health Plan

The District participates in a multi-employer defined benefit postemployment healthcare plan, the Retiree Health Insurance Plan, authorized by Wyoming Statute 9-3-202. The Legislature has the authority for establishing and amending the plan. This plan does not issue a separate report.

Any employee of a participating agency is eligible for retiree coverage under the group insurance plan at premium rates established by Employee Group Insurance (EGI), provided that:

1. The employee had coverage in effect under the plan for at least one year just prior to termination; and
2. The employee is eligible to receive a retirement benefit under the Wyoming Retirement System; and either:
 - a. Has attained age 50 with at least 4 years of service credit as an employee of one of the employing entities participating in the plan.
 - b. Has at least 20 years of service credit as an employee of one of the employing entities participating in the plan.

Required Monthly Contributions

Contributions are required for both retiree and dependent coverage. EGI provides a monthly subsidy based on employee's years of service up to a maximum of 30 years of service. The current contribution amounts are as follows:

<u>Non-Medicare</u>	<u>Medicare Eligible</u>
\$11.50 per month per year of credited service	\$5.75 per month per year of credited service

For the plan year ending June 30, 2018, there were 14,339 fully eligible active participants and 3,305 retirees and beneficiaries. The retiree's benefit description provides eligible retirees receive health care through one of three medical plans. All plans are available to those under age 65 while the Health Savings Plan is not available to those 65 and older. The actuarial valuation identified a dental benefit which is available, but does not believe there is an OPEB liability associated with this benefit since the benefit is full-contributory and there is no implicit subsidy.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

Note 8. OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, and Prior Period Adjustment (Continued)

Funding Policy

The District finances the program on a “pay-as-you-go” basis. The Legislature has the authority for establishing and amending the funding policy. For fiscal year 2018 the District’s post-retirement plan is considered an unfunded plan. While the Legislature has established a fund to account for retiree health insurance contributions, to pay explicit subsidies, for purposes of this latest actuarial evaluation the plan is considered unfunded and these dollars are not treated as an asset for this analysis.

Total OPEB Liability

The District’s total OPEB liability of \$103,760,297 was measured as of July 1, 2017 and was determined by an actuarial valuation as of that date. The estimated OPEB liability of \$108,232,816 as of July 1, 2016 was determined by the actuarial valuation performed as of July 1, 2017, as well.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	Actuarial Assumptions and Methods
Inflation	2.50%
Salary increases	3.00%
Discount rate	2.85% per annum (July 1, 2016) and 3.58% per annum (July 1, 2017) based on Bond Buyer General Obligation 20-Bond Municipal Bond I
Healthcare cost trend rates	6.50% for pre-Medicare medical and 7.50% for post-65 medical; both decreasing 0.25% - 0.50% per year until reaching the Ultimate trend rate of 4.50%
Mortality	RP-2006 Generational Mortality Tab projected using Scale MP- applied on agender-specific basis

In general, demographic assumptions are based on the December 31, 2016 actuarial experience study January 1, 2108 actuarial valuation for the Wyoming Retirement System and have not been assessed for reasonability.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

Note 8. OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, and Prior Period Adjustment (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1-percentage-point higher (4.58%) than the current discount rate:

	1% Decrease (2.58)%	Current Discount Rate (3.58)%	1% Increase (4.58)%
Net OPEB Liability	\$ 126,384,126	\$ 103,760,297	\$ 86,354,352

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that is 1-percentage-point lower (5.5% decreasing to 3.5%) or 1-percentage-point higher (7.5% decreasing to 5.5%) than the current healthcare cost trend rates:

	1% Decrease (5.5% decreasing to 3.5% over 10 years)	Healthcare Cost Trend Rate (6.5% decreasing to 4.5% over 10 years)	1% Increase (7.5% decreasing to 5.5%) over 10 years)
Net OPEB Liability	\$ 87,315,604	\$ 103,760,297	\$ 125,999,114

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized negative OPEB expense of \$5,384,000. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ 4,834,455	\$ -
Difference due to changes in assumptions	-	17,327,434
Amortizing deferred outflows and deferred inflows	4,834,455	17,327,434
District's contributions subsequent to the measurement date	565,593	-
Total	\$ 5,400,048	\$ 17,327,434

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 8. OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, and Prior Period Adjustment (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Deferred Outflows	Deferred Inflows
Year ended June 30,		
2019	\$ 596,846	\$ 2,139,189
2020	596,846	2,139,189
2021	596,846	2,139,189
2022	596,846	2,139,189
2023	596,846	2,139,189
Thereafter	1,850,225	6,631,489
	\$ 4,834,455	\$ 17,327,434

Note 9. 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 \$622,224,893 on real and personal property; \$10,654,847 on computer equipment and media; \$1,145,482 on musical equipment plus \$25,000 for band uniforms; \$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 altercations, as well as a \$500,000 pollution policy. The District also participates in other risk management programs to include: Workers' Compensation Act, Workers' Compensation Health and Safety Program, Workers' Compensation Drug Free Workplace Program, 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 2018 were \$832,074.

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 2018 are as follows for the District's participation in the Unemployment Compensation Act Program:

Unpaid claims, beginning of fiscal year	\$ -
Incurred claims	40,443
Claim payments	(40,443)
Unpaid claims, end of fiscal year	\$ -

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

Note 10. 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 \$833 per month for single participant, \$1,660 for a participant plus a spouse, \$1,267 for a participant plus children, \$1,900 per participating family, or \$950 for married couples when both 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 \$32,661,675 to this plan for the year ended June 30, 2018.

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 \$0.36 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, 2018 was \$565,592.

Note 11. Commitments and Contingencies

The District is involved in ongoing litigation and asserted claims. The District's insurance provides coverage for these claims; however, the District may be liable for its \$100,000 deductible related to any specific case. This aggregate deductible has not been accrued since the outcome of these matters are not presently determinable. In management's opinion, the resolution of each of these matters will not have a material adverse effect on the financial condition of the District. Additionally, the District has been named in a multi-party asbestos claim that is excluded under the District's insurance contract. The District's legal counsel has advised that the matter has a \$250,000 statutory cap, in aggregate. The District and its legal counsel intend to vigorously defend this matter and do not believe the outcome will have a material effect on the financial statement. The District has also been named in a multi-party construction claim that is excluded under the District's insurance contract. The District's legal counsel has advised that the matter has a \$500,000 statutory cap, in aggregate. The District and its legal counsel intend to vigorously defend this matter and do not believe the outcome will have a material effect on the District or its financial statements.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2018

Note 11. Commitments and Contingencies (Continued)

At June 30, 2018, 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, 2018:

Project	Contract Amount	Completed	Outstanding
Major maintenance	\$ 6,434,546	\$ 4,108,872	\$ 2,325,674
KHWS Track	1,355,467	1,324,653	30,814
KHWS Renovations	98,999,533	98,346,157	653,376
Journey Elementary School	15,608,528	15,585,832	22,696
District Preschool - Lincoln	628,720	344,930	283,790
NCHS Main Building Renovations	110,480,086	110,423,769	56,317
MACC	1,608,640	766,253	842,387
Midwest	217,646	211,521	6,125
Security	849,206	152,529	696,677
Southridge	1,165,579	1,086,066	79,513
Total	<u>\$ 237,347,951</u>	<u>\$ 232,350,582</u>	<u>\$ 4,997,369</u>

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, 2016, the District determined the value of the land decreased and reduced the value to \$424,350.

Note 12. Transactions with Component Unit

For the fiscal year ended June 30, 2018, the District received grant revenue of \$1,078,074 from the Recreation Board. In addition to the grant revenue, the District received \$131,892 from the Recreation Board for construction of the Midwest swimming pool. The District received \$188,500 from the Foundation for construction of the Stage Lift and Drama Classroom at Natrona County High School.

Note 13. Issued Standards Not Yet Implemented

GASB Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. The requirements of the Statement are effective for reporting periods beginning after December 15, 2018. Management has not completed its assessment of the effects of implementing this standard.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

Note 13. Issued Standards Not Yet Implemented (Continued)

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. The newly released ASU will change the way all nonprofit entities (NFP) classify net assets and prepare financial statements.

Adoption of FASB ASU 2016-14 will result in significant changes to financial reporting and disclosures. FASB has stated the update will improve NFP financial statements and provide more useful information to donors, grantors, creditors and other financial statement users. The standard is effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Management has not completed its assessment of the effect this standard will have on the organization.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, establishes accounting and financial reporting requirements related to debt, including direct borrowings and direct placements, and clarifies which liabilities governments should include when disclosing information related to debt. The requirements of the Statement are effective for reporting periods beginning after June 15, 2018. Management has not completed its assessment of the effects of implementing this standard.

Note 14. Subsequent Events

The District did not have any subsequent events through November 19, 2018 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, 2018.

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

(Unaudited)

Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Taxes	\$ 45,747,068	\$ 45,747,068	\$ 38,571,069	\$ (7,175,999)
Intergovernmental	148,100,821	148,100,821	158,190,849	10,090,028
Charges for services	141,000	141,000	179,879	38,879
Investment income	23,800	23,800	112,185	88,385
Miscellaneous	398,000	398,000	483,260	85,260
Total revenues	194,410,689	194,410,689	197,537,242	3,126,553
Expenditures				
Instruction				
Elementary instruction	44,558,790	44,558,790	42,813,932	1,744,858
Junior high instruction	19,404,898	19,404,898	18,709,342	695,556
Senior high instruction	24,571,709	24,571,709	24,104,214	467,495
Programs for students with disabilities	23,077,308	23,077,308	23,351,221	(273,913)
Tuition for students with disabilities	2,500,000	2,500,000	1,989,642	510,358
Gifted and talented	580,814	580,814	550,265	30,549
Summer school/extended day	1,596,577	1,596,577	976,439	620,138
Homebound instruction	200,000	200,000	60,321	139,679
Other special programs	1,607,632	1,607,632	1,053,497	554,135
Student activities	3,679,609	3,679,609	3,585,963	93,646
Vocational instruction	1,837,161	1,837,161	2,262,895	(425,734)
Total instructional services	123,614,498	123,614,498	119,457,731	4,156,767
Instructional support				
Counseling services	3,576,122	3,576,122	3,775,015	(198,893)
Assessment services	348,137	348,137	193,474	154,663
Social work services	1,251,282	1,251,282	1,214,634	36,648
Student records services	409,419	409,419	348,420	60,999
Health services	1,913,073	1,913,073	1,960,671	(47,598)
Psychological services	1,718,671	1,718,671	1,613,331	105,340
Speech services	1,666,023	1,666,023	1,635,610	30,413
Audiology services	143,590	143,590	33,363	110,227
Occupational therapy services	727,124	727,124	755,787	(28,663)
Physical therapy services	194,482	194,482	192,536	1,946
Curriculum and instruction development services	1,172,755	1,172,755	951,006	221,749
Staff training services	1,350,179	1,350,179	833,666	516,513
School library services	1,995,091	1,995,091	1,946,337	48,754
Instructional facilitators	3,299,871	3,299,871	1,368,476	1,931,395
Supervision of special education services	156,072	156,072	154,304	1,768
Total instructional support services	19,921,891	19,921,891	16,976,630	2,945,261
				(Continued)

See accompanying 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)**

(Unaudited)
Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
General support				
Superintendent	\$ 375,331	\$ 375,331	\$ 281,813	\$ 93,518
Community relations	38,450	38,450	8,497	29,953
School administration	11,963,259	11,963,259	12,284,869	(321,610)
Business services	1,545,984	1,545,984	1,560,849	(14,865)
Warehouse/Purchasing services	800,250	800,250	759,315	40,935
Multimedia services	308,480	308,480	366,800	(58,320)
Board of education services	508,116	508,116	456,331	51,785
Employee relations	382,483	382,483	328,357	54,126
Building services	18,866,338	18,866,338	14,956,034	3,910,304
Equipment services	148,053	148,053	325,319	(177,266)
Grounds services	793,765	793,765	824,243	(30,478)
Security services	244,161	244,161	831,386	(587,225)
School transportation	9,375,276	9,375,276	8,191,716	1,183,560
Activity transportation	625,430	625,430	613,371	12,059
Staff transportation services	145,000	145,000	131,107	13,893
Human resource services	1,351,651	1,351,651	1,323,373	28,278
Information technology	2,825,645	2,825,645	2,809,075	16,570
Total general support services	<u>50,297,672</u>	<u>50,297,672</u>	<u>46,052,455</u>	<u>4,245,217</u>
Total expenditures	<u>193,834,061</u>	<u>193,834,061</u>	<u>182,486,816</u>	<u>11,347,245</u>
Excess of revenues over expenditures	<u>576,628</u>	<u>576,628</u>	<u>15,050,426</u>	<u>14,473,798</u>
Other financing sources (uses)				
Transfers out	(1,030,000)	(1,030,000)	(1,030,000)	-
Proceeds from the sale of assets	-	-	109,972	109,972
Board priority - contingency	(7,457,544)	(7,457,544)	(7,457,544)	-
Board budget reserve	(10,325,000)	(10,325,000)	-	10,325,000
Total other financing uses	<u>(18,812,544)</u>	<u>(8,487,544)</u>	<u>(8,377,572)</u>	<u>10,434,972</u>
Net change in fund balance	<u>(18,235,916)</u>	<u>(7,910,916)</u>	<u>6,672,854</u>	<u>\$ 14,583,770</u>
Fund balance - beginning of year	<u>18,822,133</u>	<u>18,822,133</u>	<u>18,822,133</u>	
Fund balance - end of year	<u>\$ 586,217</u>	<u>\$ 10,911,217</u>	<u>\$ 25,494,987</u>	

See accompanying 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

(Unaudited)

Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 12,769,000	\$ 12,769,000	\$ 12,890,044	\$ 121,044
Total revenues	<u>12,769,000</u>	<u>12,769,000</u>	<u>12,890,044</u>	<u>121,044</u>
Expenditures				
Instructional services	8,333,000	8,333,000	8,374,097	(41,097)
Instructional support services	4,829,000	4,829,000	2,790,173	2,038,827
General support services	683,000	683,000	455,270	227,730
Total expenditures	<u>13,845,000</u>	<u>13,845,000</u>	<u>11,619,540</u>	<u>2,225,460</u>
Excess (deficiency) of revenues over expenditures	<u>(1,076,000)</u>	<u>(1,076,000)</u>	<u>1,270,504</u>	<u>\$ 2,346,504</u>
Fund balance - beginning of year	<u>2,083,109</u>	<u>2,083,109</u>	<u>2,083,109</u>	
Fund balance (deficit) - end of year	<u>\$ 1,007,109</u>	<u>\$ 1,007,109</u>	<u>\$ 3,353,613</u>	

See accompanying 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

(Unaudited)

Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State maintenance grant	\$ 6,555,950	\$ 6,555,950	\$ 6,569,851	\$ 13,901
Investment income	-	-	11,054	11,054
Total revenues	<u>6,555,950</u>	<u>6,555,950</u>	<u>6,580,905</u>	<u>24,955</u>
Expenditures				
Capital maintenance services	<u>14,373,304</u>	<u>14,373,304</u>	<u>5,868,588</u>	<u>8,504,716</u>
Total expenditures	<u>14,373,304</u>	<u>14,373,304</u>	<u>5,868,588</u>	<u>8,504,716</u>
Excess (deficiency) of revenues over expenditures	<u>(7,817,354)</u>	<u>(7,817,354)</u>	<u>712,317</u>	<u>\$ 8,529,671</u>
Fund balance - beginning of year	<u>7,543,996</u>	<u>7,543,996</u>	<u>7,543,996</u>	
Fund balance (deficit) - end of year	<u>\$ (273,358)</u>	<u>\$ (273,358)</u>	<u>\$ 8,256,313</u>	

See accompanying 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>2018</u>	<u>2017</u>	<u>2016</u>
Public Employees' Pension Plan			
District's proportion of the net pension liability (asset)	6.290190838%	6.279825000%	6.267813351%
District's proportionate share of the net pension liability (asset)	\$143,374,868	\$ 151,814,783	\$ 145,999,174
District's covered-employee payroll	111,737,540	111,963,327	109,315,296
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	128.31%	135.59%	133.56%
Plan fiduciary net position as a percentage of the total pension liability	76.35%	73.42%	73.40%

The amounts presented for each fiscal year were determined as of December 31.

*Information for years prior to 2015 is not available; the schedule will be completed as information becomes available.

2015	2014	2013	2012	2011	2010	2009
6.187975048%	*	*	*	*	*	*
\$ 109,198,714	*	*	*	*	*	*
105,778,015	*	*	*	*	*	*
103.23%	*	*	*	*	*	*
79.08%	*	*	*	*	*	*

NATRONA COUNTY SCHOOL DISTRICT NO 1

SCHEDULE OF PENSION CONTRIBUTIONS

Last 10 fiscal years
(Unaudited)

	2018	2017	2016
Public Employees' Pension Plan			
Contractually required contribution	\$ 17,896,749	\$ 18,714,987	\$ 18,895,017
Contributions in relation to the contractually required contribution	(17,896,749)	(18,714,987)	(18,895,017)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered-employee payroll	\$107,682,004	\$ 112,605,217	\$ 113,688,430
Contributions as a percentage of covered-employee payroll	16.62%	16.62%	16.62%

*Information for years prior to 2015 is not available; the schedule will be completed as information becomes available.

See accompanying notes to required supplementary information

2015	2014	2013	2012	2011	2010	2009
\$ 17,779,347	*	*	*	*	*	*
(17,779,347)	*	*	*	*	*	*
\$ -	*	*	*	*	*	*
\$ 112,031,172	*	*	*	*	*	*
15.87%	*	*	*	*	*	*

NATRONA COUNTY SCHOOL DISTRICT NO 1

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY

Last 10 fiscal years
(Unaudited)

	2018	2017	2016
Wyoming Employee Group Insurance Plan			
District's proportion of the net OPEB liability	13.117750%	*	*
District's proportionate share of the net OPEB liability (asset)	\$103,760,297	*	*
District's covered-employee payroll	106,572,565	*	*
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	97.36%	*	*
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	*	*

* Information for years prior to 2018 is not available; the schedule will be completed as information becomes available

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*

NATRONA COUNTY SCHOOL DISTRICT NO 1

SCHEDULE OF DISTRICT CONTRIBUTIONS

Last 10 fiscal years
(Unaudited)

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Wyoming Employee Group Insurance Plan			
Contractually required contribution	\$ 630,796	*	*
Contributions in relation to the contractually required contribution	<u>(630,796)</u>	<u>*</u>	<u>*</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>*</u>	<u>*</u>
District's covered-employee payroll	\$105,132,667	*	*
Contributions as a percentage of covered-employee payroll	0.6%	*	*

* Information for years prior to 2018 is not available; the schedule will be completed as information becomes available

2015	2014	2013	2012	2011	2010	2009
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2018

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

	General Fund	Program Fund	Capital Maintenance Fund
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Actual amounts (NON-GAAP) from the Budgetary Comparison Schedule	\$ 197,537,242	\$ 12,890,044	\$ 6,580,905
Differences - Budget Basis to GAAP			
Accrual of property taxes receivable	(592,541)	-	-
Accrual of due from other governments	-	(841,706)	-
Accrual of due from component unit	-	192,195	-
Accrual of advance payments on grants	-	520,486	-
Accrual of intergovernmental revenue	<u>20,805</u>	<u>-</u>	<u>-</u>
 Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	 <u>\$ 196,965,506</u>	 <u>\$ 12,761,019</u>	 <u>\$ 6,580,905</u>
 Expenditures			
Actual amounts (NON-GAAP) from the Budgetary Comparison Schedule	\$ 182,486,816	\$ 11,619,540	\$ 5,868,588
Differences - Budget Basis to GAAP			
Prepaid item	42,854	-	-
Inventories	12,076	-	-
Accrual of accounts payable	(302,825)	(66,871)	(112,286)
Accrual of wages payable	<u>191,219</u>	<u>14,922</u>	<u>-</u>
 Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	 <u>\$ 182,430,140</u>	 <u>\$ 11,567,591</u>	 <u>\$ 5,756,302</u>

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2018

Note 2. Budgeting

Annual budgets are adopted on the cash basis for all governmental funds. Legal spending control for the District monies is at the function level. The District may amend the budget after it is appropriated using the same procedures necessary to approve the original budget at the functional level. Management monitors expenditures at budgetary line item levels within each fund to enhance the accounting control system and may amend the budget at this level as long as the functional level budget is maintained.

Note 3. Excess of Expenditures Over Appropriations

For the year ended June 30, 2018, the program fund expenditures for instructional services exceeded appropriations by \$41,097. This is a violation of Wyoming Statute §16-4-108.

Note 4. Explanation of Changes to Pension Plan

Changes of assumptions due to experience analysis – There have been no changes of assumptions in the Public Employees' Pension Plan from January 1, 2016 to January 1, 2017. However, an experience study was conducted on behalf of all WRS's plans covering the five year period ended December 31, 2016. That study provided a detailed analysis concerning the development of the long term inflation rate, real rate of return and discount rate. The study also analyzed each major actuarial assumption (e.g. mortality, salary increases, retirement, termination and disability) and proposed assumptions consistent with the findings. The results of this study were incorporated in the liability calculations for the December 31, 2017 measurement date.

Change in benefits – There has been no changes in benefit provisions in the Public Employees' Pension Plan since the prior valuation.

Note 5. Explanation of Changes to OPEB Plan

Changes of assumptions – In the June 30, 2017 actuarial valuation, there was a change in the discount rate from 2.85% as of the June 30, 2016 measurement date to 3.58% as of the June 30, 2017 measurement date for the Wyoming Employee Group Insurance Plan.

Change in benefits – There has been no changes in benefit provisions in the Wyoming Employee Group Insurance Plan since the prior valuation.

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State capital construction grant	\$ 24,739,000	\$ 24,739,000	\$ 23,901,740	\$ (837,260)
Contribution from Recreation Board	-	-	131,892	131,892
Total revenues	<u>24,739,000</u>	<u>24,739,000</u>	<u>24,033,632</u>	<u>(705,368)</u>
Expenditures				
Capital outlay - capital construction	<u>29,065,700</u>	<u>29,065,700</u>	<u>26,987,286</u>	<u>2,078,414</u>
Total expenditures	<u>29,065,700</u>	<u>29,065,700</u>	<u>26,987,286</u>	<u>2,078,414</u>
Deficiency of revenues over expenditures	(4,326,700)	(4,326,700)	(2,953,654)	1,373,046
Other financing sources				
Transfers in	-	-	7,457,544	7,457,544
Total other financing sources	<u>-</u>	<u>-</u>	<u>7,457,544</u>	<u>7,457,544</u>
Net change in fund balance	(4,326,700)	(4,326,700)	4,503,890	<u>\$ 8,830,590</u>
Fund balance - beginning of year	<u>10,844,585</u>	<u>10,844,585</u>	<u>10,844,585</u>	
Fund balance - end of year	<u>\$ 6,517,885</u>	<u>\$ 6,517,885</u>	<u>\$ 15,348,475</u>	

SINGLE AUDIT

NATRONA COUNTY SCHOOL DISTRICT NO. 1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal 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	-	-	\$ 543,686
National School Lunch Program	10.555	-	-	2,007,845
National School Lunch Program - USDA Commodities	10.555	-	-	370,617
Summer Food Service Program for Children	10.559	-	-	134,318
Total Child Nutrition Cluster				<u>3,056,466</u>
Child and Adult Care Food Program	10.558	-	-	16,000
Fresh Fruit and Vegetables Program	10.582	-	-	128,250
Total U.S. Department of Agriculture				<u>3,200,716</u>
U.S. Department of Education				
Passed through the State of Wyoming Department of Education				
Title I Grants to Local Educational Agencies	84.010A	17130173AIA0	-	14,627
Title I Grants to Local Educational Agencies	84.010A	1713017T1A00	-	1,326,572
Title I Grants to Local Educational Agencies	84.010A	18130118T1A00	-	3,078,060
Title I Grants to Local Educational Agencies	84.010A	1713017T1D00	-	83,795
Title I Grants to Local Educational Agencies	84.010A	18130118T1D00	-	313,293
Total Title I Grants to Local Educational Agencies				<u>4,816,347</u>
<i>Special Education Cluster (IDEA)</i>				
Special Education Grants to States	84.027A	1613016T6100	-	640,599
Special Education Grants to States	84.027A	1713017T6100	-	2,570,186
				<u>3,210,785</u>
Special Education Preschool Grants	84.173A	1613016T6900	-	4,636
Special Education Preschool Grants	84.173A	1713017T6900	-	4,882
				<u>9,518</u>
Total Special Education Cluster (IDEA)				<u>3,220,303</u>
Career and Technical Education - Basic Grants to States	84.048A	1713017PS00	-	331,597
Total Career and Technical Education - Basic Grants to States				<u>331,597</u>
Education for Homeless Children and Youth	84.196A	1613016HOMA0	-	19,535
Education for Homeless Children and Youth	84.196A	18130118HOMA0	-	372
Total Education for Homeless Children and Youth				<u>19,907</u>
Direct				
Fund for the Improvement of Education	84.215	S215F160220		456,878
Total Fund for the Improvement of Education				<u>456,878</u>
Passed through the State of Wyoming Department of Education				
English Language Acquisition State Grants	84.365A	1713017T3E00	-	6,744
English Language Acquisition State Grants	84.365A	18130118T3E00	-	32,819
Total English Language Acquisition State Grants				<u>39,563</u>
Supporting Effective Instruction State Grant	84.367A	1713017T2A00	-	684,181
Supporting Effective Instruction State Grant	84.367A	18130118T2A00	-	904,716
Total Supporting Effective Instruction State Grant				<u>1,588,897</u>
Total U.S. Department of Education				<u>10,473,492</u>

(Continued)

See accompanying notes to the schedule of expenditures of federal awards

NATRONA COUNTY SCHOOL DISTRICT NO. 1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
 Year Ended June 30, 2018

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Provided to Subrecipients</u>	<u>Total Federal Expenditures</u>
U.S. Department of Health and Human Services Direct Program Passed through the State of Wyoming Department of Education <i>TANF Cluster</i>				
Temporary Assistance for Needy Families	93.558	-	-	<u>47,029</u>
Total U.S. Department of Health and Human Services				<u>47,029</u>
 Total Expenditures of Federal Awards				<u><u>\$ 13,721,237</u></u>

See accompanying notes to the schedule of expenditures of federal awards

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2018

Note 1. Basis of Presentation

The accompanying schedule of expenditures of Federal awards (“the “Schedule”) includes the federal award activity of Natrona County School District No. 1 under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Natrona County School District No. 1, it is not intended to and does not present the financial position, change in net assets, or cash flows of Natrona County School District No. 1.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditure are not allowable or are limited as to reimbursement. Food commodities are reported when distributed. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The District uses an indirect cost rate that ranges from 2.0 - 3.5% as approved by the Wyoming Department of Education.

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 aggregate 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, 2018, 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 19, 2018.

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.



MAIL: PO Box 2750
Casper, WY 82602-2750



PHONE: (307) 265-4311
FAX: (307) 265-5180

76

PMCH.COM   



LOCATION: 600 East 1st Street
Casper, WY 82601

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*.

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 19, 2018

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, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.



MAIL: PO Box 2750
Casper, WY 82602-2750



PHONE: (307) 265-4311
FAX: (307) 265-5180



LOCATION: 600 East 1st Street
Casper, WY 82601

Opinion on Each Major Federal Programs

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 other major federal programs for the year ended June 30, 2018.

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 the Uniform Guidance, 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 a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-001 that 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 and corrective action plan. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Porter, Muirhead, Cornia & Howard
Certified Public Accountants

Casper, Wyoming

November 19, 2018

NATRONA COUNTY SCHOOL DISTRICT NO. 1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified for all opinion units except for Governmental Activities, Business-type Activities and Cafeteria Fund, which were qualified
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 2 CFR 200.516(a)?	Yes

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
	Child Nutrition Cluster
10.553	School Breakfast Program
10.555	National School Lunch Program
10.555	National School Lunch Program - USDA Commodities
10.559	Summer Food Service Program for Children
	Special Education Cluster (IDEA)
84.027A	Special Education - Grants to States
84.173A	Special Education - Preschool Grants
84.215	Fund for the Improvement of Education
84.367A	Supporting Effective Instruction State Grant

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

NATRONA COUNTY SCHOOL DISTRICT NO. 1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2018

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters reported.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2018

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2018-001

Material Weakness

Direct Funding – U. S. Department of Education

Program – 84.215 - Fund for the Improvement of Education

Award ID – S215F160220

Criteria

Matching

The specific requirements for matching are unique to each Federal program and are found in the laws, regulations and the provision of contracts or grant agreements pertaining to the program. The grant agreement provided that the Federal grant funds could be used for up to 75% of the total cost of the project in the second year. The District was required to provide matching funds for 25% of the project costs. The District's grant budget narrative indicated that the match would be provided through in-kind donations of time and reduced ticket prices from several sources, including the Casper Mountain Snow Sports School, the Casper Mountain Biathlon Club Youth Program, the Boys and Girls Club of Central Wyoming, and District personnel.

Condition

The District provided documentation of student attendance to the Casper Mountain Snow Sports School and the Casper Mountain Biathlon Club Youth Program. The number of students attending each activity, the portion of the ticket price paid by the students, and the in-kind donation from reduced ticket prices was obtained and maintained. The system used by the District was capable of documenting the value of the in-kind contributions of the reduced ticket prices from these sources. The amounts from these sources were inadequate to meet the matching requirement for this grant.

The District lacked a system to document the value of the in-kind contributed services from the Boys and Girls Club of Central Wyoming. Although the District lacked a system to document the in-kind contributions, during the audit the District ultimately obtained a certification of the value of the services provided by the Boys and Girls Club of Central Wyoming, which was adequate to satisfy the matching requirement of this grant.

Questioned Costs

None.

Context

Approximately 70% of the required match was provided through in-kind donations from the Boys and Girls Club of Central Wyoming.

Effect

The District lacks a system to provide assurance and monitor that the matching requirements are being met from the in-kind contributions received.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2018

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

2018-001 (Continued)

Identification of a Repeat Finding

This is a repeat finding from the June 30, 2017 audit, 2017-001.

Cause

The grants management personnel do not have a procedure in place to obtain and maintain the documentation of the in-kind matching that was provided.

Recommendation

We recommend the District review the matching requirements and establish control policies and procedures that will help ensure compliance. We recommend a system be implemented to provide real-time documentation of the value of in-kind contributions. This should include third-party acknowledgement of the services provided to the District.

Views of Responsible Officials and Planned Corrective Actions

The District will review the matching requirements and establish control procedures accordingly. Please refer to the District's corrective action plan.



**970 N. Glenn Road
Casper, WY 82601**

Summary of Prior Year Findings

Finding: 2017-001

Status

The District has partially corrected this. The District created a form to track students who received discounted tickets, equipment rentals, or lessons for third party sponsored activities (Casper Mountain Snow Sports, Casper Mountain Biathlon Club, etc.). The responsible teacher completes a registration form indicating the equipment and tickets purchased. Teachers verify the student names and funds obtained from the student and paid to the third party. The form is signed by the teacher and retained by the District Grants office.

The District's process was not adequate to verify services provided from the other donating organizations.

Finding: 2017-002

Status

This condition has been corrected.



**970 N. Glenn Road
Casper, WY 82601**

Corrective Action Plan

Finding 2018-001

Name of Contact Person – Mr. Norm Cox, Director of Grants

Corrective Action

In order to ensure compliance with grant requirements regarding in-kind donations and matching funds, the following controls will be implemented and followed for current and future donors:

- For in-kind donations in the form of discounted tickets, equipment rentals, or lessons, the following process will be used to document receipt of the discount and number of attendees. As classes register for third party sponsored activities, the responsible teacher will fill out a registration form indicating the equipment and tickets purchased. Teachers will verify the student names and funds obtained from the student and paid to the third party. The form will be signed by the teacher and retained by the District Grants office.
- For in-kind donations in the form of services provided, the following process will be used to document the receipt of the services and the value thereof. The District will obtain a verification of services provided from the donating organization.
- A standardized form will be used to obtain certification from the donating organization of the value of the discounts or services donated.
- The Director of Grants will be responsible for obtaining certification of in-kind donations and ensuring grant compliance.

Proposed Completion Date – The District will implement these actions immediately.