

**NATRONA COUNTY SCHOOL DISTRICT NO. 1
CASPER, WYOMING**

FINANCIAL AND COMPLIANCE REPORT

JUNE 30, 2014

PREPARED BY DIVISION OF BUDGET AND FINANCE

CONTENTS

Independent Auditor’s Report	1
Management’s Discussion and Analysis (Unaudited)	4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements	
Balance Sheet – Governmental Funds	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Net Position – Proprietary Fund	19
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund	20
Statement of Cash Flows - Proprietary Fund	21
Statement of Fiduciary Net Position – Fiduciary Funds	23
Notes to Financial Statements	24
Required Supplementary Information	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – (Non-GAAP) – General Fund	38
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – (Non-GAAP) – Program Fund	40
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – (Non-GAAP) – Capital Maintenance Fund	41
Note to Required Supplementary Information	42
Other Supplementary Information	
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – (Non-GAAP) – Capital Projects Fund	44
Single Audit	
Schedule of Expenditures of Federal Awards	46
Notes to the Schedule of Expenditures of Federal Awards	48
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	49
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance	51
Schedule of Findings and Questioned Costs	54
Summary Schedule of Prior Year Findings	57



PORTER, MUIRHEAD, CORNIA & HOWARD

(A Corporation of Certified Public Accountants)

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Natrona County School District No. 1, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Natrona County School District No. 1's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Natrona County School District No. 1, as of June 30, 2014, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2014 on our consideration of the Natrona County School District No. 1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Natrona County School District No. 1's internal control over financial reporting and compliance.



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming

November 6, 2014

NATRONA COUNTY SCHOOL DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

(Unaudited)

As management of the Natrona County School District No. 1, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the years ended June 30, 2014. 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 \$281,566,372 at June 30, 2014, which compares to \$222,728,985 at the beginning of the fiscal year, an increase of \$58,837,387 (26%).

- During the year, the District's expenses for governmental activities were \$190,530,610.
- The District's total revenue generated in taxes, other revenues and transfers for governmental activities was \$249,180,404.
- For the District's governmental funds total expenses were \$243,616,114.
- The District's total governmental funds revenue was \$248,565,424 of which \$47,955,485 was generated in taxes.

Overview of the Financial Statements

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

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

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

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

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

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.

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.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

(Unaudited)

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

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

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

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

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

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

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NATRONA COUNTY SCHOOL DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

(Unaudited)

Financial Analysis of the District as a Whole

The Statement of Net Position provides the perspective of the District as a whole. The following provides a summary of the District's net position at June 30, 2014:

	Condensed Statement of Net Position					
	2012-2013 Governmental Activities	2012-2013 Business-Type Activities	2012-2013 Total School District	2013-2014 Governmental Activities	2013-2014 Business-Type Activities	2013-2014 Total School District
Current and other assets	\$ 39,314,777	\$ 369,317	\$ 39,684,094	\$ 94,346,131	\$ 476,544	\$ 94,822,675
Capital assets	203,333,960	142,241	203,476,201	254,948,247	120,679	255,068,926
Total assets	242,648,737	511,558	243,160,295	349,294,378	597,223	349,891,601
Current liabilities	16,983,759	130,984	17,114,743	19,770,675	270,796	20,041,471
Deferred inflows of resources	-	-	-	43,587,100	-	43,587,100
Long-term liabilities	3,274,481	42,086	3,316,567	4,661,485	35,173	4,696,658
Total liabilities	20,258,240	173,070	20,431,310	68,019,260	305,969	68,325,229
Net assets:						
Invested in capital assets, net of related debt	202,178,668	142,241	202,320,909	252,771,156	120,679	252,891,835
Restricted	3,245,971	-	3,245,971	4,128,345	-	4,128,345
Unrestricted	16,965,858	196,247	17,162,105	24,375,617	170,575	24,546,192
Total net position	\$ 222,390,497	\$ 338,488	\$ 222,728,985	\$ 281,275,118	\$ 291,254	\$ 281,566,372

The net investment in capital assets is \$253,889,365, 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 unrestricted net position of \$23,548,662 may be used to meet the District's ongoing obligations. This surplus is not an indication that the District has significant resources available to meet financial obligations next year, but rather the result of having current and long-term commitments that are less than currently available resources.

The District's total net position increased \$57,775,560 during the year ended June 30, 2014. The total cost of all governmental activities this year was \$190,530,610 and of the business-type activity was \$5,948,276. The amount paid by the State Foundation program was \$122,389,128 or 68% of general revenues.

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NATRONA COUNTY SCHOOL DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

(Unaudited)

	Change in the District's Net Position					
	2012-2013 Governmental Activities	2012-2013 Business-Type Activities	2012-2013 Total School District	2013-2014 Governmental Activities	2013-2014 Business-Type Activities	2013-2014 Total School District
Revenues:						
Program revenues:						
Charges for services	\$ 131,283	\$ 2,108,787	\$ 2,240,070	\$ 130,068	\$ 1,900,624	\$ 2,030,692
Operating and capital grants and contributions	33,356,717	2,913,430	36,270,147	68,764,551	3,173,418	71,937,969
General revenues:						
Taxes	54,741,072	-	54,741,072	56,469,590	-	56,469,590
Governmental aid	123,095,281	-	123,095,281	123,802,155	-	123,802,155
Miscellaneous	17,598	-	17,598	14,040	-	14,040
Total revenues	211,341,951	5,022,217	216,364,168	249,180,404	5,074,042	254,254,446
Expenses:						
Regular instruction	(79,449,780)	-	(79,449,780)	(81,746,167)	-	(81,746,167)
Special ed instruction	(28,405,105)	-	(28,405,105)	(28,474,360)	-	(28,474,360)
Vocational ed instruction	(1,485,228)	-	(1,485,228)	(1,705,865)	-	(1,705,865)
Pupil services	(13,454,569)	-	(13,454,569)	(14,134,147)	-	(14,134,147)
Instructional staff services	(11,225,947)	-	(11,225,947)	(10,831,165)	-	(10,831,165)
General admin services	(1,583,374)	-	(1,583,374)	(1,474,269)	-	(1,474,269)
School admin services	(11,035,996)	-	(11,035,996)	(11,220,064)	-	(11,220,064)
Business services	(2,559,354)	-	(2,559,354)	(2,594,508)	-	(2,594,508)
O & M of plant services	(22,143,177)	-	(22,143,177)	(22,750,256)	-	(22,750,256)
Pupil transportation	(8,576,476)	-	(8,576,476)	(10,555,980)	-	(10,555,980)
Central services	(4,530,778)	-	(4,530,778)	(4,852,163)	-	(4,852,163)
Other support services	(165,910)	-	(165,910)	(164,747)	-	(164,747)
Interest on long term debt	(91,461)	-	(91,461)	(26,919)	-	(26,919)
Food services	-	(5,853,907)	(5,853,907)	-	(5,948,276)	(5,948,276)
Total expenses	(184,707,155)	(5,853,907)	(190,561,062)	(190,530,610)	(5,948,276)	(196,478,886)
Excess (deficiency) of revenues over expenses	26,634,796	(831,690)	25,803,106	58,649,794	(874,234)	57,775,560
Transfers	(827,000)	827,000	-	(827,000)	827,000	-
Change in net position	25,807,796	(4,690)	25,803,106	57,822,794	(47,234)	57,775,560
Net position -						
beginning of year	196,582,701	343,178	196,925,879	222,390,497	338,488	222,728,985
Prior period adjustment	-	-	-	1,061,827	-	1,061,827
Net position - beginning of year as restated	196,582,701	343,178	196,925,879	223,452,324	338,488	223,790,812
Net position - end of year	\$ 222,390,497	\$ 338,488	\$ 222,728,985	\$ 281,275,118	\$ 291,254	\$ 281,566,372

NATRONA COUNTY SCHOOL DISTRICT NO. 1

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

(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 \$47,955,485 or 28% of total general revenue, and the foundation entitlement was \$122,389,128 or 71% of total General Fund revenue. The District expended \$102,734,459 on student instruction through the General Fund. This represents 61% of this fund's total expenditures. The balance of expenditures is in support of class room instruction.

Program Fund

The Program Fund experienced a 5% decrease in program grant revenues. Federal grants accounted for the majority of this decrease.

Capital Maintenance Fund

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

Capital Projects

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

Proprietary Funds

Cafeteria Fund

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

Budgetary Highlights

Routine budget transfers occurred during the fiscal year ended June 30, 2014. These transfers did not increase or decrease the overall budget.

NATRONA COUNTY SCHOOL DISTRICT NO. 1
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2014
 (Unaudited)

Capital Assets

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

	2012-2013	2013-2014
Land and improvements	\$ 30,081,386	\$ 30,179,135
Buildings and improvements	143,678,472	138,967,836
Equipment	1,455,115	1,337,608
Vehicles	4,254,879	4,813,926
Construction in progress	23,864,108	79,649,742
Total	\$ 203,333,960	\$ 254,948,247

Long-term debt

The following is a summary of the governmental funds debt transactions of the District for the year ended June 30, 2014:

Debt outstanding at July 1, 2013	\$ 5,498,117
New debt issued	2,274,119
Debt retired	2,603,345
Debt outstanding at June 30, 2014	\$ 5,168,891

Factors Affecting the District's Future

The District receives approximately 80% 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, 2014

	Primary Government			Recreation Board
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current assets				
Cash and cash equivalents	\$ 36,223,563	\$ 195,642	\$ 36,419,205	\$ 1,211,141
Property taxes receivable	45,340,202	-	45,340,202	1,437,406
Due from other governments	10,021,347	57,975	10,079,322	-
Due from component unit	1,069,307	-	1,069,307	-
Prepaid expenses	404,506	-	404,506	-
Receivables net of \$76,523 allowance	-	76,523	76,523	-
Inventories	501,206	146,404	647,610	-
Asset held on behalf of the State of Wyoming	786,000	-	786,000	-
Land	20,914,431	-	20,914,431	-
Construction in progress	79,649,742	-	79,649,742	-
Capital assets, being depreciated, net	154,384,074	120,679	154,504,753	-
Total assets	349,294,378	597,223	349,891,601	2,648,547
LIABILITIES				
Current liabilities				
Accounts payable	12,154,492	173,288	12,327,780	-
Accrued wages payable	5,729,448	-	5,729,448	-
Advance payments on grants	593,329	-	593,329	-
Due to other government	786,000	-	786,000	-
Due to primary government	-	-	-	1,069,307
Deferred revenue	-	95,119	95,119	-
Noncurrent liabilities				
Due within one year	507,406	2,389	509,795	-
Due in more than one year	4,661,485	35,173	4,696,658	-
Total liabilities	24,432,160	305,969	24,738,129	1,069,307
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue property taxes	43,587,100	-	43,587,100	1,406,035
Total deferred inflows of resources	43,587,100	-	43,587,100	1,406,035
NET ASSETS				
Invested in capital assets, net of related debt	252,771,156	120,679	252,891,835	-
Restricted for				
Federal, state, and local grants	387,638	-	387,638	173,205
Major maintenance - WS 21-15-109	3,740,707	-	3,740,707	-
Unrestricted	24,375,617	170,575	24,546,192	-
Total net position	\$ 281,275,118	\$ 291,254	\$ 281,566,372	\$ 173,205

See accompanying notes to the financial statements

NATRONA COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF ACTIVITIES
Year Ended June 30, 2014

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction				
Regular	\$ 81,746,167	\$ 130,068	\$ 3,740,592	\$ -
Special	28,474,360	-	5,193,897	-
Vocational education	1,705,865	-	324,619	-
Support services				
Pupil services	14,134,147	-	-	-
Instructional staff services	10,831,165	-	6,330,062	-
General administration services	1,474,269	-	162,309	-
School administration services	11,220,064	-	486,928	-
Business services	2,594,508	-	-	-
Operation and maintenance of plant services	22,750,256	-	-	-
Pupil transportation services	10,555,980	-	-	-
Central services	4,852,163	-	-	52,526,144
Other support services	164,747	-	-	-
Interest on long-term debt	26,919	-	-	-
Total governmental activities	<u>190,530,610</u>	<u>130,068</u>	<u>16,238,407</u>	<u>52,526,144</u>
Business-type activities				
Food Service Fund	<u>5,948,276</u>	<u>1,900,624</u>	<u>3,173,418</u>	<u>-</u>
Total business-type activities	<u>5,948,276</u>	<u>1,900,624</u>	<u>3,173,418</u>	<u>-</u>
Total primary government	<u>\$ 196,478,886</u>	<u>\$ 2,030,692</u>	<u>\$ 19,411,825</u>	<u>\$ 52,526,144</u>
Component unit				
Recreation Board	<u>1,785,839</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,785,839</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues				
Taxes				
Property taxes, levied for general purposes				
Property taxes, levied for specific purpose				
Federal, State and Local aid not restricted to specific purposes				
State Foundation Program				
Other state sources				
Other sources				
Interest and investment earnings				
Transfers				
Total general revenues				
Change in net assets				
Net position - beginning of year				
Prior period adjustment				
Net position - beginning of year as restated				
Net position - end of year				

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Recreation Board</u>
\$ (77,875,507)	\$ -	\$ (77,875,507)	\$ -
(23,280,463)	-	(23,280,463)	-
(1,381,246)	-	(1,381,246)	-
(14,134,147)	-	(14,134,147)	-
(4,501,103)	-	(4,501,103)	-
(1,311,960)	-	(1,311,960)	-
(10,733,136)	-	(10,733,136)	-
(2,594,508)	-	(2,594,508)	-
(22,750,256)	-	(22,750,256)	-
(10,555,980)	-	(10,555,980)	-
47,673,981	-	47,673,981	-
(164,747)	-	(164,747)	-
(26,919)	-	(26,919)	-
<u>(121,635,991)</u>	<u>-</u>	<u>(121,635,991)</u>	<u>-</u>
-	(874,234)	(874,234)	-
-	(874,234)	(874,234)	-
<u>(121,635,991)</u>	<u>(874,234)</u>	<u>(122,510,225)</u>	<u>-</u>
-	-	-	1,785,839
-	-	-	<u>1,785,839</u>
49,813,406	-	49,813,406	-
6,656,184	-	6,656,184	1,538,064
122,389,128	-	122,389,128	-
872,580	-	872,580	-
540,447	-	540,447	-
14,040	-	14,040	503
(827,000)	827,000	-	-
<u>179,458,785</u>	<u>827,000</u>	<u>180,285,785</u>	<u>1,538,567</u>
<u>57,822,794</u>	<u>(47,234)</u>	<u>57,775,560</u>	<u>(247,272)</u>
222,390,497	338,488	222,728,985	1,482,304
1,061,827	-	1,061,827	(1,061,827)
<u>223,452,324</u>	<u>338,488</u>	<u>223,790,812</u>	<u>420,477</u>
<u>\$ 281,275,118</u>	<u>\$ 291,254</u>	<u>\$ 281,566,372</u>	<u>\$ 173,205</u>

NATRONA COUNTY SCHOOL DISTRICT NO. 1

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014

	General	Program Fund	Capital Maintenance Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and cash equivalents	\$ 31,896,825	\$ -	\$ 4,062,846
Property tax receivable	45,340,202	-	-
Due from other governments	-	2,023,542	-
Due from other funds	467,432	-	-
Due from component unit	-	1,069,307	-
Prepaid expenses	404,506	-	-
Inventories	501,206	-	-
Asset held on behalf of the State of Wyoming	786,000	-	-
Total assets	<u>\$ 79,396,171</u>	<u>\$ 3,092,849</u>	<u>\$ 4,062,846</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts and contracts payable	\$ 3,648,622	567,672	\$ 322,139
Accrued wages payable	5,721,977	7,471	-
Due to other funds	-	467,432	-
Advance payments on grants	-	593,329	-
Due to other government	786,000	-	-
Total liabilities	<u>10,156,599</u>	<u>1,635,904</u>	<u>322,139</u>
Deferred inflows of resources			
Deferred revenue property taxes	44,003,042	-	-
Deferred due from component unit	-	1,069,307	-
Total deferred inflows of resources	<u>44,003,042</u>	<u>1,069,307</u>	<u>-</u>
Fund balances			
Nonspendable			
Prepaid expenses	404,506	-	-
Inventory	501,206	-	-
Restricted for			
Federal, state, and local grants	-	387,638	-
Major maintenance projects - WS 21-15-109	-	-	3,740,707
Committed to			
Capital projects and other	7,350,204	-	-
Assigned	10,244,324	-	-
Unassigned	6,736,290	-	-
Total fund balances (deficits)	<u>25,236,530</u>	<u>387,638</u>	<u>3,740,707</u>
Total liabilities and fund balances	<u>\$ 79,396,171</u>	<u>\$ 3,092,849</u>	<u>\$ 4,062,846</u>

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

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

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

 Property tax revenue - current year

 Reimbursements from School Facilities Department - current year

 Due from component unit

 Long-term liabilities, including bonds payable and lease purchase obligations are not due and payable in the current period and therefore are not reported in the funds.

 Net position of governmental activities

See accompanying notes to the financial statements

Capital Projects Fund	Total Governmental Funds
\$ 263,892	\$ 36,223,563
-	45,340,202
6,847,569	8,871,111
-	467,432
-	1,069,307
-	404,506
-	501,206
-	786,000
<u>\$ 7,111,461</u>	<u>\$ 93,663,327</u>

\$ 7,616,058	\$ 12,154,491
-	5,729,448
-	467,432
-	593,329
-	786,000
<u>7,616,058</u>	<u>19,730,700</u>

-	44,003,042
-	1,069,307
-	<u>45,072,349</u>

-	404,506
-	501,206
-	387,638
-	3,740,707
-	7,350,204
-	10,244,324
(504,597)	6,231,693
(504,597)	28,860,278
<u>\$ 7,111,461</u>	

254,948,247

415,942
1,150,235
1,069,307

(5,168,891)
\$ 281,275,118

NATRONA COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2014

	General Fund	Program Fund	Capital Maintenance Fund
Revenues			
Taxes	\$ 47,955,485	\$ -	\$ -
Intergovernmental revenues	124,703,688	16,230,928	6,656,185
Charges for services	130,068	-	-
Miscellaneous	587,878	-	-
Investment income	10,672	-	3,368
Total revenues	<u>173,387,791</u>	<u>16,230,928</u>	<u>6,659,553</u>
Expenditures			
Instruction			
Regular	77,960,653	4,053,827	-
Special	23,240,083	5,234,277	-
Vocational education	1,533,723	285,100	-
Support services			
Pupil services	14,121,648	12,499	-
Instructional staff services	4,412,077	6,419,089	-
General administration services	1,359,672	114,597	-
School administration services	10,793,500	418,994	-
Business services	2,505,175	-	-
Operation and maintenance of plant services	16,556,440	-	5,469,724
Pupil transportation services	10,994,414	-	-
Central services	4,117,839	-	-
Other support services	164,747	-	-
Facilities, acquisitions and construction services	-	-	-
Debt service			
Principal	1,103,250	-	-
Interest	26,919	-	-
Total expenditures	<u>168,890,140</u>	<u>16,538,383</u>	<u>5,469,724</u>
Excess (deficiency) of revenues over expenditures	4,497,651	(307,455)	1,189,829
Other financing sources (uses)			
Transfers out	(5,149,959)	-	-
Transfers in	3,634,487	-	-
Proceeds from lease financing	1,094,558	-	-
Total other financing sources (uses)	<u>(420,914)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	4,076,737	(307,455)	1,189,829
Fund balances (deficits) - beginning of year	<u>21,159,793</u>	<u>695,093</u>	<u>2,550,878</u>
Fund balances (deficits) - end of year	<u>\$ 25,236,530</u>	<u>\$ 387,638</u>	<u>\$ 3,740,707</u>

See accompanying notes to the financial statements

Capital Projects Fund	Total Governmental Funds
\$ -	\$ 47,955,485
52,287,152	199,877,953
-	130,068
-	587,878
-	14,040
52,287,152	248,565,424
-	82,014,480
-	28,474,360
-	1,818,823
-	14,134,147
-	10,831,166
-	1,474,269
-	11,212,494
-	2,505,175
-	22,026,164
-	10,994,414
-	4,117,839
-	164,747
52,717,867	52,717,867
-	1,103,250
-	26,919
52,717,867	243,616,114
(430,715)	4,949,310
(3,634,487)	(8,784,446)
4,322,959	7,957,446
-	1,094,558
688,472	267,558
257,757	5,216,868
(762,354)	23,643,410
\$ (504,597)	\$ 28,860,278

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, 2014

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

Net change in fund balances - total governmental funds		\$ 5,216,868
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded the depreciation expense and loss on disposal of buildings in the current period.</p>		
Capital outlay	\$ 59,139,783	
Reclassification of prior year construction in progress to fixed assets	(599,488)	
Loss on disposal of vehicles	(47,434)	
Depreciation expense	<u>(6,878,574)</u>	51,614,287
Issuance of capital leases provides current financial resources to governmental funds.		(1,094,558)
Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		1,103,251
<p>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.</p>		
Retainage payable - current year	(1,179,561)	
Retainage payable - prior year	1,155,292	
Compensated absences - current year	(2,991,800)	
Compensated absences - prior year	<u>3,336,602</u>	320,533
<p>Revenues in the statement of activities that do not provide current financial revenues are not reported as revenues in the funds.</p>		
Property tax revenue - current year	415,942	
Due from component unit - current year	1,069,307	
Due from component unit - prior year (prior period adjustment)	(1,061,827)	
Reimbursements from School Facilities Department - current year	1,150,235	
Reimbursements from School Facilities Department - prior year	<u>(911,244)</u>	662,413
Change in net position of governmental activities		<u>\$ 57,822,794</u>

See accompanying notes to the financial statements

NATRONA COUNTY SCHOOL DISTRICT NO. 1

**STATEMENT OF NET POSITION
PROPRIETARY FUND**

June 30, 2014

	Business-Type Activities- Enterprise Fund Cafeteria Fund
ASSETS	
Current assets	
Cash and cash equivalents	\$ 195,642
Due from other governments	57,975
Receivables net of \$76,523 allowance	76,523
Inventories	146,404
Total current assets	<u>476,544</u>
Noncurrent assets	
Machinery and equipment, net of accumulated depreciation	<u>120,679</u>
Total assets	<u>597,223</u>
LIABILITIES	
Current liabilities	
Accounts payable	173,288
Deferred revenue	95,119
Compensated absences	37,562
Total current liabilities	<u>305,969</u>
NET POSITION	
Invested in capital assets, net of related debt	120,679
Unrestricted	<u>170,575</u>
Total net position	<u>\$ 291,254</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, 2014

	Business-Type Activities- Enterprise Fund Cafeteria Fund
Operating revenues	
Charges for services	\$ 1,900,624
Total operating revenues	1,900,624
Operating expenses	
Salaries	1,658,531
Benefits	1,122,180
Direct food costs including supplies and maintenance	3,146,003
Depreciation expense	21,562
Total operating expenses	5,948,276
Net loss from operations	(4,047,652)
Nonoperating revenues	
Federal subsidy	3,173,418
Total nonoperating revenues	3,173,418
Net loss before transfers	(874,234)
Transfers in	827,000
Change in net position	(47,234)
Net position - beginning of year	338,488
Net position - end of year	\$ 291,254

See accompanying notes to the financial statements

NATRONA COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 Year Ended June 30, 2014

	Business-Type Activities- Enterprise Fund Cafeteria Fund
Cash Flows from Operating Activities	
Receipts from customers and users	\$ 1,919,220
Payments to suppliers for goods and services	(2,824,181)
Payments to employees for services	<u>(2,787,908)</u>
Net cash and cash equivalents used in operating activities	<u>(3,692,869)</u>
Cash Flows from Noncapital Financing Activities	
Operating transfers in	827,000
Federal subsidy	<u>2,858,397</u>
Net cash and cash equivalents provided by noncapital financing activities	<u>3,685,397</u>
Net decrease in cash and cash equivalents	(7,472)
Cash and cash equivalents - beginning of year	<u>203,114</u>
Cash and cash equivalents - end of year	<u><u>\$ 195,642</u></u>

See accompanying notes to the financial statements

NATRONA COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF CASH FLOWS (CONTINUED)
 PROPRIETARY FUND

Year Ended June 30, 2014

	Business-Type Activities- Enterprise Fund Cafeteria Fund
Reconciliation of operating loss to net cash and cash equivalents used in operating activities	
Operating loss	\$ (4,047,652)
Adjustments to reconcile operating loss to net cash and cash equivalents used in operating activities	
Depreciation	21,562
USDA commodities received without payment	314,062
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities	
Inventories	(37,217)
Receivables	(76,523)
Accounts payable	44,977
Deferred revenue	95,119
Accrued wages payable	(159)
Compensated absences	(7,038)
Net cash and cash equivalents used in operating activities	\$ (3,692,869)

Schedule of non-cash transactions

USDA commodities valued at \$314,062 at June 30, 2014.

See accompanying notes to the financial statements

NATRONA COUNTY SCHOOL DISTRICT NO. 1

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

June 30, 2014

	<u>Construction Retainage Fund</u>	<u>Student Activities Fund</u>
ASSETS		
Cash	\$ 1,420,497	\$ 1,867,169
Total assets	<u>1,420,497</u>	<u>1,867,169</u>
LIABILITIES		
Accounts payable	-	83,015
Retainage payable	1,420,497	
Due to student groups	<u>-</u>	<u>1,784,154</u>
Total liabilities	<u>1,420,497</u>	<u>1,867,169</u>
NET POSITION		
Restricted	<u>-</u>	<u>-</u>
Total net position	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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 unit, an entity for which the District is considered financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is legally separate from the District.

Discretely Presented Component Unit

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.

Government-Wide and Fund Financial Statements

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

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

The District reports the following major governmental funds:

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

The *program fund* is a special revenue fund that accounts for the proceeds of specific federal, state, and local grant sources that are legally restricted to expenditure for specified purposes. The *program fund* also accounts for the proceeds from capital maintenance property taxes levied on the District's behalf and the State's matching funds. Capital maintenance expenditures associated with these sources are recorded in this fund.

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 District recognizes this as a special revenue 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.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

Cash and Cash Equivalents

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

Accounts Receivable

The District considers all accounts receivable to be fully collectible at June 30, 2014, except for the receivable for unpaid meal recorded in the cafeteria fund. The District recorded \$76,523 as an allowance for doubtful accounts, which represents 50% of the total receivable.

Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Due from other funds/Due to other funds". These amounts are eliminated in the governmental and business-type activities columns of the statement of activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (Continued)

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

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, 2014 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 Lunch 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.

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.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (Continued)

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

Capital Assets (Continued)

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

Deferred Outflows

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category. Unavailable revenue is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide Statement of Net Position, only property taxes are reported as a deferred inflow of resources. Property taxes are recognized as an inflow of resources in the year they are levied.

Compensated Absences

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

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

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

Use of Estimates

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

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 1. Summary of Significant Accounting Policies (Continued)

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

Fund Balances

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

The capital project fund has a deficit fund balance as of June 30, 2014. This deficit will be financed through transfers from the Board's general fund budget priorities.

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, 2014 the District's general fund assigned fund balance consisted of the Board's budget reserve and District encumbrances in the amounts of \$8,325,000 and \$1,919,324, respectively.

The District's general fund committed balances comprise of the Board's budget priorities which consisted of the following as of June 30, 2014:

CAPS - program development and leadership	\$ 389,407
Contingency for unfunded items related to the high schools renovation and construction	6,722,897
Former CYJH Gym Project	237,900
Total Committed	<u>\$ 7,350,204</u>

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net position – governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that “Long-term liabilities, including bonds payable and lease purchase obligations, are not due and payable in the current period and therefore, are not reported in the funds.”

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 2. Reconciliation of Government-Wide and Fund Financial Statements (Continued)

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position (Continued)

The details of this \$(5,168,891) difference are as follows:

Compensated absences	\$ (2,991,800)
Capital lease obligations	(997,530)
Retainage payable	(1,179,561)
	<u>\$ (5,168,891)</u>

Note 3. 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.

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. Encumbrances outstanding at year end are immaterial.

Note 4. Cash

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. Neither the District nor Recreation Board, a discretely presented component unit, has 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, 2014, 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.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS
June 30, 2014

Note 5. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2014, is as follows:

Due to/from other funds:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 467,432	\$ -
Program Fund	-	467,432
	<u>\$ 467,432</u>	<u>\$ 467,432</u>

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

Transfers:

	<u>Transfers in</u>	<u>Transfers out</u>
General Fund	\$ 3,634,487	\$ 5,149,959
Capital Projects Fund	4,322,959	3,634,487
Cafeteria Fund	827,000	-
	<u>\$ 8,784,446</u>	<u>\$ 8,784,446</u>

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

Note 6. Capital Assets

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

	<u>Primary Government</u>			
	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Retirements</u>	
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 20,534,445	\$ 379,986	\$ -	\$ 20,914,431
Construction in progress	23,864,108	56,385,122	599,488	79,649,742
Total capital assets, not being depreciated	<u>44,398,553</u>	<u>56,765,108</u>	<u>599,488</u>	<u>100,564,173</u>
Capital assets, being depreciated				
Land improvements	12,337,915	328,110	-	12,666,025
Buildings and improvements	216,900,639	271,378	-	217,172,017
Machinery and equipment	6,665,150	201,612	-	6,866,762
Vehicles	11,010,513	1,573,575	958,969	11,625,119
Total capital assets being depreciated	<u>246,914,217</u>	<u>2,374,675</u>	<u>958,969</u>	<u>248,329,923</u>
Less accumulated depreciation for				
Land improvements	2,790,974	610,347	-	3,401,321
Buildings and improvements	73,222,167	4,982,014	-	78,204,181
Machinery and equipment	5,210,035	319,119	-	5,529,154
Vehicles	6,755,634	967,094	911,535	6,811,193
Total accumulated depreciation	<u>87,978,810</u>	<u>6,878,574</u>	<u>911,535</u>	<u>93,945,849</u>
Total capital assets, being depreciated, net	<u>158,935,407</u>	<u>(4,503,899)</u>	<u>47,434</u>	<u>154,384,074</u>
Governmental activities capital assets, net	<u>\$ 203,333,960</u>	<u>\$ 52,261,209</u>	<u>\$ 646,922</u>	<u>\$ 254,948,247</u>

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 6. Capital Assets (Continued)

The depreciation expense for governmental activities in the amounts of \$5,698,666, \$115,911, \$7,570, \$89,333, and \$967,094, was charged to operation and maintenance of plant services, regular instruction, student activities, business services, and pupil transportation services, respectively.

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

	<u>Balance June 30, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2014</u>
Business-type activities				
Capital assets being depreciated				
Machinery and equipment	\$ 823,247	\$ -	\$ -	\$ 823,247
Total capital assets being depreciated	<u>823,247</u>	<u>-</u>	<u>-</u>	<u>823,247</u>
Less accumulated depreciation for				
Machinery and equipment	681,006	21,562	-	702,568
Total accumulated depreciation	<u>681,006</u>	<u>21,562</u>	<u>-</u>	<u>702,568</u>
Business-type activities capital assets, net	<u>\$ 142,241</u>	<u>\$ (21,562)</u>	<u>\$ -</u>	<u>\$ 120,679</u>

Note 7. 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, 2014.

	<u>Balance June 30, 2013</u>	<u>New Debt Incurred</u>	<u>Debt Retired</u>	<u>Balance June 30, 2014</u>	<u>Due Within One Year</u>
Governmental Activities					
Compensated absences	\$ 3,336,602	\$ -	\$ 344,802	\$ 2,991,800	\$ 190,294
Capital leases	1,006,223	1,094,558	1,103,251	997,530	317,112
Retainage payable	1,155,292	1,179,561	1,155,292	1,179,561	-
	<u>\$ 5,498,117</u>	<u>\$ 2,274,119</u>	<u>\$ 2,603,345</u>	<u>\$ 5,168,891</u>	<u>\$ 507,406</u>
Business-type Activities					
Compensated absences	\$ 44,600	\$ -	\$ 7,038	\$ 37,562	\$ 2,389

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

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 7. Long-term Debt (Continued)

Debt outstanding at June 30, 2014 is comprised of the following issues:

Capital Leases Payable

Lease/purchase for Xerox copiers, due in annual payments of \$151,144 at 1.81% interest through April 2015	\$ 124,915
Vehicles, due in annual payments of \$226,806 at 1.80% interest through June 2018	872,615
	\$ 997,530

Future minimum lease payments under capital leases together with the present value of net minimum lease payments as of June 30, 2014 are as follows:

Year ended June 30,	
2014	\$ 352,759
2015	226,806
2016	226,806
2017	226,806
Total minimum payments	1,033,177
Less amount representing interest	35,647
Net future minimum lease payments	\$ 997,530

Note 8. Retirement Commitments

The District's full-time and regular part-time employees participate in the Wyoming Retirement System (System), a cost-sharing multiple-employer public employee retirement system. The plan provides retirement benefits at age 60 with early retirement options available. The plan also provides disability and death benefits. Benefits are established by state statute. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Wyoming Retirement System, 6101 Yellowstone Road, Fifth Floor, Cheyenne, Wyoming 82002 or by calling (307) 777-7691.

The System statutorily requires 14.12% of the covered employee's salary to be contributed to the plan of which 1.43% is paid by the employee and the remaining 12.69% is paid by the District. The District's contributions to the System for the years ended June 30, 2014, 2013 and 2012 were \$14,459,706, \$13,780,051 and \$13,760,974, respectively, equal to the required contributions for each year.

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

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

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 \$560,398,000 on real and personal property; \$10,655,000 on computer equipment and media; \$1,145,000 on musical equipment; \$2,000,000 general liability aggregate; \$1,000,000 commercial auto liability; \$1,000,000 employee benefit liability aggregate; \$1,000,000 errors and omissions aggregate; \$5,000,000 excess liability; \$500,000 on employee dishonesty; and \$500,000 on forgery and alterations. The District also participates in two other risk management programs: Workers' Compensation Act and Unemployment Compensation Act.

Wyoming Statute §27-14-101 created the Wyoming Workers' Compensation Act, which is administered as an Enterprise Fund by the State of Wyoming. All employers within the State of Wyoming are participants of this plan unless the employer elects not to be covered under the plan. This act requires the District to obtain liability coverage for payment of benefits to employees for job-related injuries and diseases through the Workers' Compensation Fund. This act provides general protection from suits filed by employees against the District. The District makes monthly payments to the Department of Employment, State of Wyoming. This amount is based on salaries and a split rate between hazardous and non-hazardous positions. Amounts paid by the District to the State for Worker's Compensation during fiscal year 2014 were approximately \$1,406,061.

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 2014 are as follows for the District's participation in the Unemployment Compensation Act Program:

	2014
Unpaid claims, beginning of fiscal year	\$ -
Incurred claims	35,555
Claim payments	(35,555)
Unpaid claims, end of fiscal year	\$ -

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 \$663 per month for single participant, \$1,317 for a participant plus a spouse, \$1,008 for a participant plus children, \$1,506 per participating family, or \$753 for married couples both of which are employed by the District or another State agency for insurance premiums for covered participants towards these plans. Participants are responsible for paying premium charges in excess of this amount. The District contributed \$28,126,396 to this plan for the year ended June 30, 2014.

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

Additionally, the District contributed .6% of benefited payroll to the State as a subsidy for retiree benefits. The required contribution for the year ended June 30, 2014 was \$588,916.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 11. Commitments and Contingencies

The District is involved in ongoing litigation and several 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 is not presently determinable. In management's opinion, the resolution of these matters will not have a material adverse effect on the financial condition of the District.

At June 30, 2014, 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, 2014:

Project	Contract Amount	Completed	Outstanding
Major maintenance	\$ 473,160	\$ 171,756	\$ 301,404
CAPS	38,694,946	3,819,936	34,875,010
Dean Morgan Middle School	12,198,242	8,339,837	3,858,405
KHWS Renovations	92,267,103	17,926,874	74,340,229
Midwest	76,824	43,598	33,226
NCHS Main Building Renovations	107,106,581	11,329,920	95,776,661
NCHS SFAC/Swing Space	14,139,509	13,322,070	817,439
North Casper Elementary	13,058,601	4,498,119	8,560,482
Pineview Elementary	913,429	253,195	660,234
Roosevelt High School	1,239,264	831,565	407,699
Southridge Elementary	10,798,628	10,769,118	29,510
Total	<u>\$ 290,966,287</u>	<u>\$ 71,305,988</u>	<u>\$ 219,660,299</u>

In December 2004, the District purchased a parcel of land for the development of the Fort Casper 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 Casper Elementary School. In April 2006, the District purchased a more suitable site for the Fort Casper 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 to reimburse the School Facilities Division \$1,666,888 upon the sale of the property. During the fiscal year ended June 30, 2012, the District determined the value of the land decreased and reduced the value to \$786,000 based on an appraisal. The District plans to hold the land until the value increases to at least the amount originally paid.

Note 12. Transactions with Component Unit and Prior Period Adjustment

For the fiscal year the District received \$1,061,827 and also recorded a receivable of \$1,069,307 from the Recreation Board for professional development.

While preparing the financial statements for the fiscal year ended June 30, 2014, the District realized that the amount received from the Recreation Board in 2014 represented their allocation for the fiscal year ended June 30, 2013. This resulted in a prior period adjustment increasing the District's total net position by \$1,061,827 and decreasing the Recreation Board's total net position by the same amount.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO FINANCIAL STATEMENTS

June 30, 2014

Note 13. Subsequent Events

The District did not have any other subsequent events through November 6, 2014, 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, 2014.

Note 14. Accounting Standards Issued, But Not Implemented

As of June 30, 2014, the Governmental Accounting Standards Board has issued the following standards which the Natrona County School District No. 1 may implement in its next fiscal year.

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

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REQUIRED SUPPLEMENTARY INFORMATION

NATRONA COUNTY SCHOOL DISTRICT NO. 1

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

GENERAL FUND

Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 46,992,201	\$ 46,992,201	\$ 47,355,141	\$ 362,940
Intergovernmental	124,101,067	124,101,067	124,690,112	589,045
Charges for services	131,250	131,250	130,068	(1,182)
Interest	21,000	21,000	10,672	(10,328)
Miscellaneous	459,000	459,000	587,878	128,878
Total revenues	<u>171,704,518</u>	<u>171,704,518</u>	<u>172,773,871</u>	<u>1,069,353</u>
Expenditures				
Instruction				
Elementary instruction	39,577,541	39,577,541	39,488,440	89,101
Junior high instruction	18,584,479	18,584,479	18,364,389	220,090
Senior high instruction	23,385,852	23,385,852	22,073,622	1,312,230
Programs for students with disabilities	19,948,272	19,948,272	19,777,012	171,260
Tuition for students with disabilities	1,500,000	1,500,000	1,166,024	333,976
Gifted and talented	358,401	358,401	406,606	(48,205)
Homebound instruction	200,000	200,000	174,973	25,027
Other special programs	1,601,371	1,601,371	1,597,456	3,915
Student activities	3,774,256	3,774,256	3,361,749	412,507
Vocational instruction	1,273,575	1,273,575	1,523,280	(249,705)
Total instruction services	<u>110,203,747</u>	<u>110,203,747</u>	<u>107,933,551</u>	<u>2,270,196</u>
Instructional support				
Counseling services	3,296,285	3,296,285	3,283,074	13,211
Student records services	394,023	394,023	380,470	13,553
Assessment services	340,695	340,695	387,661	(46,966)
Social work services	1,127,286	1,127,286	1,164,008	(36,722)
Health services	1,926,083	1,926,083	1,781,125	144,958
Psychological services	1,509,201	1,509,201	1,453,078	56,123
Speech services	1,535,718	1,535,718	1,479,961	55,757
Audiology services	172,927	172,927	152,150	20,777
Occupational therapy services	529,562	529,562	478,464	51,098
Physical therapy services	213,157	213,157	180,134	33,023
Supervision instruction services	85,554	85,554	58,236	27,318
Curriculum and instruction development services	1,280,991	1,280,991	1,334,646	(53,655)
Staff training services	1,383,718	1,383,718	1,017,199	366,519
School library services	2,223,129	2,223,129	1,883,252	339,877
Audiovisual services	213,339	213,339	234,746	(21,407)
Supervision of special education services	170,235	170,235	154,232	16,003
Total instructional support services	<u>16,401,903</u>	<u>16,401,903</u>	<u>15,422,436</u>	<u>979,467</u>

(Continued)

See note to required supplementary information.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP)
 GENERAL FUND (Continued)
 Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
General support				
Superintendent	\$ 381,073	\$ 381,073	\$ 352,081	\$ 28,992
Community relations	102,855	102,855	65,099	37,756
School administration	10,747,538	10,747,538	10,795,562	(48,024)
Business services	1,413,730	1,413,730	1,230,889	182,841
Warehouse/Purchasing services	634,101	634,101	743,842	(109,741)
Multimedia services	664,271	664,271	530,419	133,852
Board of education services	495,402	495,402	475,225	20,177
Employee relations	496,084	496,084	449,391	46,693
Building services	17,974,179	17,974,179	15,877,756	2,096,423
Equipment services	328,747	328,747	267,596	61,151
Grounds services	759,085	759,085	735,832	23,253
Security services	197,410	197,410	179,514	17,896
School transportation	9,773,802	9,773,802	8,885,760	888,042
Activity transportation	651,151	651,151	667,658	(16,507)
Staff transportation services	217,000	217,000	162,944	54,056
Personnel services	1,518,041	1,518,041	1,504,274	13,767
Information technology	3,006,701	3,006,701	2,748,039	258,662
Total general support services	<u>49,361,170</u>	<u>49,361,170</u>	<u>45,671,881</u>	<u>3,689,289</u>
Total expenditures	<u>175,966,820</u>	<u>175,966,820</u>	<u>169,027,868</u>	<u>6,938,952</u>
Excess (deficit) of revenues over expenditures	<u>(4,262,302)</u>	<u>(4,262,302)</u>	<u>3,746,003</u>	<u>(8,008,305)</u>
Other financing sources (uses)				
Transfers in	3,223,188	3,223,188	3,634,487	411,299
Transfers out	(11,320,992)	(11,320,992)	(827,000)	10,493,992
Board budget reserve	(7,825,000)	(7,825,000)	-	7,825,000
Board reserve for priorities	(2,027,049)	(2,027,049)	(4,322,959)	(2,295,910)
Total other financing uses	<u>(17,949,853)</u>	<u>(17,949,853)</u>	<u>(1,515,472)</u>	<u>16,434,381</u>
Change in fund balance	(22,212,155)	(22,212,155)	2,230,531	<u>\$ 24,442,686</u>
Fund balance - beginning of year	<u>22,390,852</u>	<u>22,390,852</u>	<u>22,390,852</u>	
Fund balance - end of year	<u>\$ 178,697</u>	<u>\$ 178,697</u>	<u>\$ 24,621,383</u>	

See note to required supplementary information.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL - (NON-GAAP)
 PROGRAM FUND
 Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	<u>\$ 17,125,000</u>	<u>\$ 17,125,000</u>	<u>\$ 17,246,642</u>	<u>\$ 121,642</u>
Total revenues	<u>17,125,000</u>	<u>17,125,000</u>	<u>17,246,642</u>	<u>121,642</u>
Expenditures				
Current				
Instructional services	9,900,000	9,900,000	9,736,164	163,836
Instructional support services	6,600,000	6,600,000	6,462,213	137,787
General support services	<u>746,000</u>	<u>746,000</u>	<u>540,215</u>	<u>205,785</u>
Total expenditures	<u>17,246,000</u>	<u>17,246,000</u>	<u>16,738,592</u>	<u>507,408</u>
Excess (deficit) of revenues over expenditures	<u>(121,000)</u>	<u>(121,000)</u>	<u>508,050</u>	<u>629,050</u>
Change in fund balance	(121,000)	(121,000)	508,050	<u>\$ 629,050</u>
Fund balance (deficit) - beginning of year	<u>(1,133,104)</u>	<u>(1,133,104)</u>	<u>(1,133,104)</u>	
Fund balance (deficit) - end of year	<u>\$ (1,254,104)</u>	<u>\$ (1,254,104)</u>	<u>\$ (625,054)</u>	

See note to required supplementary information.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL - (NON-GAAP)
 CAPITAL MAINTENANCE FUND
 Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
State maintenance grant	\$ 5,915,869	\$ 5,915,869	\$ 6,656,185	\$ 740,316
Interest	5,000	5,000	3,368	(1,632)
Total revenues	<u>5,920,869</u>	<u>5,920,869</u>	<u>6,659,553</u>	<u>738,684</u>
Expenditures				
Current				
Capital maintenance services	<u>9,225,249</u>	<u>9,225,249</u>	<u>5,898,051</u>	<u>3,327,198</u>
Total expenditures	<u>9,225,249</u>	<u>9,225,249</u>	<u>5,898,051</u>	<u>3,327,198</u>
Change in fund balance	<u>(3,304,380)</u>	<u>(3,304,380)</u>	<u>761,502</u>	<u>\$ 4,065,882</u>
Fund balance - beginning of year	<u>3,301,344</u>	<u>3,301,344</u>	<u>3,301,344</u>	
Fund balance (deficit) - end of year	<u>\$ (3,036)</u>	<u>\$ (3,036)</u>	<u>\$ 4,062,846</u>	

See note to required supplementary information.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2014

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

	General Fund	Program Fund	Capital Maintenance Fund
Revenues			
Actual amounts (budgetary basis) from the Budgetary Comparison Schedule	\$ 172,773,871	\$ 17,246,642	\$ 6,659,553
Differences - Budget Basis to GAAP			
Accrual of property taxes receivable	1,029,862	-	-
Accrual of grants receivable	-	(422,385)	-
Accrual of deferred grant revenue	-	(593,329)	-
Accrual of deferred property tax revenue	(415,942)	-	-
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 173,387,791	\$ 16,230,928	\$ 6,659,553
Expenditures			
Actual amounts (budgetary basis) from the Budgetary Comparison Schedule	\$ 169,027,868	\$ 16,738,592	\$ 5,898,051
Differences - Budget Basis to GAAP			
Prepaid expenses	(14,643)	-	-
Inventories	(10,365)	-	-
Accrual of accounts payable	(1,718,776)	6,354	(428,327)
Accrual of salaries and benefits payable	511,498	(206,563)	-
Proceeds from lease financing	1,094,558	-	-
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	\$ 168,890,140	\$ 16,538,383	\$ 5,469,724

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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 51,392,776	\$ 51,392,776	\$ 49,191,711	\$ (2,201,065)
Total revenues	51,392,776	51,392,776	49,191,711	(2,201,065)
Expenditures				
Current				
Capital outlay - capital construction	58,704,000	58,704,000	49,146,677	9,557,323
Total expenditures	58,704,000	58,704,000	49,146,677	9,557,323
Excess (deficit) of expenditures over revenues	(7,311,224)	(7,311,224)	45,034	7,356,258
Other financing sources (uses)				
Transfers in	10,493,992	10,493,992	4,322,959	(6,171,033)
Transfers out	(3,223,188)	(3,223,188)	(3,634,487)	(411,299)
Total other financing sources	7,270,804	7,270,804	688,472	(6,582,332)
Change in fund balance	(40,420)	(40,420)	733,506	\$ 773,926
Fund balance (deficit) - beginning of year	(469,615)	(469,615)	(469,615)	
Fund balance (deficit) - end of year	\$ (510,035)	\$ (510,035)	\$ 263,891	

SINGLE AUDIT

NATRONA COUNTY SCHOOL DISTRICT NO. 1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass Through/ Grantor's Number	Expenditures
U.S. Department of Agriculture			
Passed through the State of Wyoming Department of Education			
<i>Child Nutrition Cluster</i>			
School Breakfast Program	10.553	-	\$ 471,072
National School Lunch Program	10.555	-	1,950,293
National School Lunch Program - USDA Commodities	10.555	-	314,062
Summer Food Service Program for Children	10.559	-	124,718
Total Child Nutrition Cluster			2,860,145
Child and Adult Food Care Program	10.558	-	17,910
Fresh Fruit and Vegetables Program	10.582	-	294,404
Total U.S. Department of Agriculture			3,172,459
Department of Defense National Security Agency			
Language Grant Program	12.900	H98230-13-1-0115	58,613
Language Grant Program	12.900	H98230-14-1-0079	2,846
Total Department of Defense National Security Agency			61,459
U.S. Department of Education			
Passed through the State of Wyoming Department of Education			
<i>Title I, Part A</i>			
Title I - Grants to Local Educational Agencies	84.010A	12130123AIA0	97,258
Title I - Grants to Local Educational Agencies	84.010A	13130133AIA0	143,744
Title I - Grants to Local Educational Agencies	84.010A	1313013T1A00	1,359,507
Title I - Grants to Local Educational Agencies	84.010A	1413014T1A00	2,437,927
Title I - Grants to Local Educational Agencies	84.010A	1313013T1D00	306,983
Title I - Grants to Local Educational Agencies	84.010A	1413014T1D00	244,875
Total Title I, Part A			4,590,294
Passed through the State of Wyoming Department of Education			
<i>Special Education Cluster</i>			
Special Education - Grants to States	84.027A	1213012T6100	211,173
Special Education - Grants to States	84.027A	1313013T6100	2,930,129
Special Education - Grants to States	84.027A	1413014T6100	4,985
Special Education - Grants to States			3,146,287
Special Education - Preschool Grants	84.173A	1213012T6900	6,474
Special Education - Preschool Grants	84.173A	1313013T6900	2,475
Special Education - Preschool Grants			8,949
Total Special Education Cluster			3,155,236
Passed through the State of Wyoming Department of Education			
Career and Technical Education - Basic Grants to States	84.048A	1313013VEA00	133,104
Career and Technical Education - Basic Grants to States	84.048A	1413014VEA00	166,090
Career and Technical Education - Basic Grants to States			299,194

(Continued)

NATRONA COUNTY SCHOOL DISTRICT NO. 1

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year Ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass Through/ Grantors Number	Expenditures
U.S. Department of Education (Continued)			
Passed through the State of Wyoming Department of Education Education for Homeless Children and Youth	84.196	1313013HOMA0	\$ 41,591 <u>41,591</u>
Passed through the State of Wyoming Department of Education Twenty-First Century Community Learning Centers	84.287C	1313011C5C00	<u>98,479</u> <u>98,479</u>
Passed through the State of Wyoming Department of Education English Language Acquisition State Grants	84.365A	1313013T3E00	20,999
English Language Acquisition State Grants	84.365A	1413014T3E00	31,011
English Language Acquisition State Grants	84.365A	1213012T3I00	1,550 <u>53,560</u>
Passed through the State of Wyoming Department of Education Improving Teacher Quality State Grants	84.367A	1213012T2A00	31,414
Improving Teacher Quality State Grants	84.367A	1313013T2A00	1,299,950
Improving Teacher Quality State Grants	84.367A	1413014T2A00	68,885 <u>1,400,249</u>
Passed through the State of Wyoming Department of Education <i>School Improvement Grants Cluster</i> ARRA - School Improvement Grants, Recovery Act	84.388A	1113011AGIA0	70,036 <u>70,036</u>
Total U.S. Department of Education			<u>9,708,639</u>
U.S. Department of Health and Human Services			
Direct program			
Drug-Free Communities Support Program Grants	93.276	H79SP011598-08	57,297
Drug-Free Communities Support Program Grants	93.276	5H79SP011598-09	35,940 <u>93,237</u>
Passed through the State of Wyoming Department of Education <i>Temporary Assistance for Needy Families Cluster</i> Temporary Assistance for Needy Families	93.558	-	415,972 <u>509,209</u>
Total U.S. Department of Health and Human Services			<u>509,209</u>
Total Federal Grants			<u>\$ 13,451,766</u>

NATRONA COUNTY SCHOOL DISTRICT NO. 1

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2014

Note 1. Basis of Presentation

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

Note 2. Commodities

Natrona County School District No. 1 purchases commodities from the United States Department of Agriculture at discounted prices. The value of commodities in the amount of \$314,062 was included in the Nutrition Cluster on the Schedule of Expenditures of Federal Awards.

Note 3. Fiscal Agent

During the year ended June 30, 2014, the District acted as fiscal agent for federal funds received on behalf of preschools within the State. The State contracts with the preschools using Temporary Assistance for Needy Families funds, CFDA 93.558, and the District pays the funds to the preschools at the State's instructions. Total funds disbursed to the preschools were \$36,865.



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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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, 2014, 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 6, 2014.

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.

To the Honorable Superintendent and Members
of the Board of Trustees
Natrona County School District No. 1
Page 2

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 6, 2014



PORTER, MUIRHEAD, CORNIA & HOWARD

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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 Circular A-133 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, 2014. Natrona County School District No. 1's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Natrona County School District No. 1 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-002 to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-001 to be a significant deficiency.

To the Honorable Superintendent and Members
of the Board of Trustees
Natrona County School District No. 1
Page 3

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

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



Porter, Muirhead, Cornia & Howard
Certified Public Accountants

Casper, Wyoming
November 6, 2014

NATRONA COUNTY SCHOOL DISTRICT NO. 1
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2014

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified?	No
Significant deficiencies identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs	
Material weaknesses identified?	Yes
Significant deficiencies identified?	Yes
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	Yes

Identification of major programs:

Special Education Cluster

Special Education - Grants to States	84.027A	\$ 3,146,287
Special Education - Preschool Grants	84.173A	<u>8,949</u>
Total Special Education Cluster		<u>3,155,236</u>

Temporary Assistance for Needy Families - Wyoming Early Enrichment Program	93.558	<u>415,972</u>
		<u><u>\$ 3,571,208</u></u>

Dollar threshold used to distinguish between Type A and Type B programs:	\$403,553
Auditee qualified as low-risk auditee?	Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

None Reported

NATRONA COUNTY SCHOOL DISTRICT NO. 1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year Ended June 30, 2014

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2014-001

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

93.558 – Temporary Assistance for Needy Families – Wyoming Early Enrichment Programs

Criteria:

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

Condition:

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

Questioned Costs:

None

Context:

Eligibility was tested on thirty-eight children out of 156. This sample included two children in which the overtime was excluded without determining the predictability of the income and the child support was not verified for one child. We believe these circumstances were not isolated incidents.

Effect:

None

Cause:

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

Recommendation:

The District employees with responsibility for eligibility determinations should obtain adequate training on the eligibility requirements. The quality control procedures performed by the grant manager must include a final review and resolution of the questioned eligibility.

Views of responsible officials and planned corrective actions:

The district has re-examined protocols and processes for verifying and determining eligibility and will provide training for all personnel with those responsibilities. The corrective measure is the grant manager (preschool coordinator) will insure quality control by conducting a final review of all TANF applications and income eligibility from all families who apply.

NATRONA COUNTY SCHOOL DISTRICT NO. 1

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year Ended June 30, 2014

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

2014-002

U.S. Department of Health and Human Services

Passed through Wyoming Department of Education

93.558 – Temporary Assistance for Needy Families – Wyoming Early Enrichment Programs

Criteria:

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

Condition/Context:

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

Questioned Costs:

None

Effect:

None

Cause:

The grant was awarded to the District by the Wyoming Department of Education (WDE) based on serving 158 eligible children. The District's budget was presented to the WDE outlining that the award would be spent for certified salaries and benefits at the District's eight preschools. The District served more than the number of eligible children that were outlined in the grant application. As long as 158 eligible children continued to be enrolled, the District believed it was unnecessary to allocate the costs incurred at the TANF preschool for the teacher salaries and benefits based on eligible children.

Recommendation:

Expenses that relate to services provided to TANF eligible children should be allocated to the TANF grant based on eligible children enrolled.

Views of responsible officials and planned corrective actions:

The District believed and was given written permission from the Wyoming Department of Education to treat the TANF grant funds as a block grant. Our understanding was that as long as we served the 158 eligible children, for whom the District received funding, that additional children could be served and that TANF grant funds always are supplemented by Title I federal preschool funds. The allocation of TANF funds during the 2012-13 and 2013-14 school years appears out of the ordinary because of conflicting and erratic information provided to the District by Wyoming Department of Education staff. TANF grant funds are by no means sufficient to serve all 380 preschool age children served by the District. The corrective measure the District will implement is the allocation of TANF grant funds to schools, based on the percentage of income eligible children in each school program. Supplemental funding for all preschool programs will be provided by Title I federal preschool funds.

NATRONA COUNTY SCHOOL DISTRICT NO. 1
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
Year Ended June 30, 2014

None.