



FREMONT COUNTY SCHOOL DISTRICT #2
DUBOIS, WYOMING

Basic Financial Statements

For the Year Ended June 30, 2021

(With Independent Auditors' Report Thereon)

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

School Board of Trustees
Fremont County School District #2
Dubois, Wyoming

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fremont County School District #2 (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards are 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 combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 the District's internal control over financial reporting and compliance.

Carver Florek & James, CPAs

November 12, 2021
Sheridan, Wyoming

MANAGEMENT DISCUSSION AND ANALYSIS

**FREMONT COUNTY SCHOOL DISTRICT #2
DUBOIS, WYOMING**

**MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2021
(UNAUDITED)**

As management of the Fremont County School District #2, we offer the readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2021. 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 \$19,460,262 at June 30, 2021 which compares to \$19,824,932 at the beginning of the fiscal year, a decrease of \$364,670 or 2%.

During the year, the District’s costs for governmental activities were \$5,712,168. The District’s revenue generated in operating grants, taxes and other revenues for governmental activities was \$5,325,247. The combined expenses for the District’s governmental activities and business-type activities were \$5,997,004. The Districts revenue generated in charges for services, operating grants, taxes and other revenue for the above activities totaled \$5,632,334.

The District participates in the Public Employees’ Pension Plan (“PEPP”), as statewide cost-sharing multiple-employer public employee retirement plan administered by the State of Wyoming Retirement System. Governmental accounting standards require the District to record its proportionate share of the overall plan’s net position. This resulted in recording a net pension liability of \$2,805,397 and \$2,881,709 as of June 30, 2021 and 2020, respectively. All plan components, including the major components of participation, eligibility, investment strategy, benefit structure, contribution rates, and plan administration are overseen by the Wyoming Retirement System Board. The District has no control of the plan elements that affect the net position.

STUDENT ENROLLMENT COMPARISON

	2020-2021	2019-2020	Change	% Change
Elementary School	77.402	72.044	5.358	7.44%
Middle School	32.549	33.738	-1.189	-3.52%
High School	42.784	40.244	2.54	6.31%
<i>Yearly Totals</i>	<i>152.735</i>	<i>146.026</i>	<i>6.709</i>	<i>4.59%</i>

**FREMONT COUNTY SCHOOL DISTRICT #2
DUBOIS, WYOMING**

MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2021
(UNAUDITED)

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are 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 or other factors.

The *statement of activities* presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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 of a significant portion of their costs through user fees and charges. The District has two programs included in *business-type activity*, Food Service Fund and Rental Property Management Fund (teacherages).

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 moves significant funds – not the District as a whole. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

- **Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how

**FREMONT COUNTY SCHOOL DISTRICT #2
DUBOIS, WYOMING**

MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2021
(UNAUDITED)

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. The general fund and special revenue fund are considered major funds that are reported as separate columns 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. There are two fund types in this category, Enterprise and Internal Service Funds. The Food Service Fund and Teacherage Fund (Rental Property Management) makes up the enterprise funds for the District. The District currently does not hold an Internal Service Fund.
- **Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary and trust 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. The District has two funds of the Agency Fund Type: Student Activities Fund and Adult Education Fund. The trust fund holds assets received to be used for a specific purpose.

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 and other supplementary information that further explains and supports the information in the financial statements.

**FREMONT COUNTY SCHOOL DISTRICT #2
DUBOIS, WYOMING**

MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2021
(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, 2021 in comparison with 2020.

Condensed Statement of Net Position						
	As of June 30, 2021			As of June 30, 2020		
	Governmental Activities	Business- Type Activities	Total School District	Governmental Activities	Business- Type Activities	Total School District
<u>ASSETS</u>						
Current & Other Assets	\$ 3,013,603	\$ 106,220	\$ 3,119,823	\$ 4,618,230	\$ 97,796	\$ 4,716,026
Capital Assets	19,247,565	825,740	20,073,305	19,749,113	804,438	20,553,551
Total Assets	22,261,168	931,960	23,193,128	24,367,343	902,234	25,269,577
<u>DEFERRED OUTFLOWS OF RESOURCES</u>						
	278,564	10,613	289,177	299,540	10,252	309,792
<u>LIABILITIES</u>						
	3,269,757	112,838	3,382,595	3,382,853	112,361	3,495,214
<u>DEFERRED INFLOWS OF RESOURCES</u>						
	615,979	23,469	639,448	2,663,519	16,110	2,679,629
<u>NET POSITION</u>						
Net Investment in Capital Assets	19,247,565	825,740	20,073,305	19,749,113	804,438	20,553,551
Restricted	1,383,398	-	1,383,398	763,580	-	763,580
Unrestricted	(1,976,967)	(19,474)	(1,996,441)	(1,892,182)	(20,423)	(1,912,605)
Total Net Position	\$ 18,653,996	\$ 806,266	\$ 19,460,262	\$ 18,620,511	\$ 784,015	\$ 19,404,526

**FREMONT COUNTY SCHOOL DISTRICT #2
DUBOIS, WYOMING**

MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2021
(UNAUDITED)

Changes in District's Net Position						
	For the Year Ended June 30, 2021			For the Year Ended June 30, 2020		
	Governmental Activities	Business- Type Activities	Total School District	Governmental Activities	Business- Type Activities	Total School District
REVENUES						
Charges for Services	\$ -	\$ 53,498	\$ 53,498	\$ -	\$ 76,953	\$ 76,953
Operating Grants & Contributions	910,714	146,203	1,056,917	255,723	66,483	322,206
Capital Grants & Contributions	-	-	-	-	-	-
GENERAL REVENUES						
Taxes	2,591,283	-	2,591,283	2,604,965	-	2,604,965
Government Aid	1,898,219	-	1,898,219	2,018,962	-	2,018,962
Interest Earnings	7,592	24	7,616	25,875	77	25,952
Miscellaneous	47,263	(22,462)	24,801	45,241	333	45,574
Transfers	(129,824)	129,824	-	(614,928)	610,267	(4,661)
Total Revenues, net of transfers	5,325,247	307,087	5,632,334	4,335,838	754,113	5,089,951
EXPENSES						
Instruction	2,285,862	-	2,285,862	2,870,785	-	2,870,785
Instructional Support	530,252	-	530,252	512,146	-	512,146
General Support	1,193,032	-	1,193,032	1,115,482	-	1,115,482
District Facility Construction/Maint.	786,272	-	786,272	351,128	-	351,128
Student activities	9,801	-	9,801			
Adult education	169,024	-	169,024			
Depreciation (unallocated)	737,925	-	737,925	751,644	-	751,644
Food Services	-	250,372	250,372	-	170,989	170,989
Teacherages	-	34,464	34,464	-	44,205	44,205
Total Expenses	5,712,168	284,836	5,997,004	5,601,185	215,194	5,816,379
Change in Net Position	(386,921)	22,251	(364,670)	(1,265,347)	538,919	(726,428)
Net Position - Beginning of Year	18,620,511	784,015	19,404,526	19,885,858	245,096	20,130,954
Prior period adjustment	420,406	-	420,406	-	-	-
Net Position - End of Year	\$ 18,653,996	\$ 806,266	\$ 19,460,262	\$ 18,620,511	\$ 784,015	\$ 19,404,526

BASIC FINANCIAL STATEMENTS

FREMONT COUNTY SCHOOL DISTRICT #2
DISTRICT-WIDE STATEMENT OF NET POSITION
As of June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 2,707,236	\$ 101,759	\$ 2,808,995
Cash held by County Treasurer	65,600	-	65,600
Due from other governments	195,814	-	195,814
Property taxes receivable	37,756	-	37,756
Other receivables	345	3,481	3,826
Prepays and inventory	1,365	6,467	7,832
Internal balances	5,487	(5,487)	-
Capital assets:			
Land	466,088	582,675	1,048,763
Construction in progress	159,962	-	159,962
Buildings and improvements	25,183,161	394,075	25,577,236
Equipment and vehicles	2,255,107	71,200	2,326,307
Less accumulated depreciation	(8,816,753)	(222,210)	(9,038,963)
Total capital assets, net of depreciation	19,247,565	825,740	20,073,305
Total assets	22,261,168	931,960	23,193,128
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows relating to pensions	278,564	10,613	289,177
<u>LIABILITIES</u>			
Accounts payable	78,468	6,471	84,939
Accrued wages payable and other liabilities	428,905	3,402	432,307
Long-term liabilities:			
Portion due within one year	29,976	-	29,976
Portion due after one year	29,976	-	29,976
Net pension liability	2,702,432	102,965	2,805,397
Total liabilities	3,269,757	112,838	3,382,595
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable property taxes	-	-	-
Deferred inflows relating to pensions	615,979	23,469	639,448
Total deferred inflows of resources	615,979	23,469	639,448
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	19,247,565	825,740	20,073,305
Restricted for:			
Grant agreements	175,677	-	175,677
Capital maintenance	702,544	-	702,544
Food service fund deficit	57,380	-	57,380
Debt service	34,610	-	34,610
Student activities	60,136	-	60,136
Adult education	353,051	-	353,051
Unrestricted	(1,976,967)	(19,474)	(1,996,441)
Total net position	\$ 18,653,996	\$ 806,266	\$ 19,460,262

The notes to financial statements are an integral part of this statement.

FREMONT COUNTY SCHOOL DISTRICT #2
BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2021

	General Fund	Grant Programs Fund	Major Maintenance Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash and cash equivalents	\$ 848,587	\$ 201,670	\$ 707,868	\$ 530,624	\$ 418,487	\$ 2,707,236
Cash held by County Treasurer	36,327	-	-	-	29,273	65,600
Due from other funds	12,923	8,000	-	200,000	5,337	226,260
Due from other governments	4,553	188,697	-	-	2,564	195,814
Other receivables	-	-	-	-	345	345
Property taxes receivable	37,756	-	-	-	-	37,756
Prepaid expenses	913	452	-	-	-	1,365
Total assets	<u>\$ 941,059</u>	<u>\$ 398,819</u>	<u>\$ 707,868</u>	<u>\$ 730,624</u>	<u>\$ 456,006</u>	<u>\$ 3,234,376</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable	\$ 70,855	\$ 1,191	\$ 5,324	\$ -	\$ 1,098	\$ 78,468
Accrued wages payable	407,731	15,140	-	-	6,034	428,905
Due to other funds	13,337	206,359	-	-	1,077	220,773
Total liabilities	<u>491,923</u>	<u>222,690</u>	<u>5,324</u>	<u>-</u>	<u>8,209</u>	<u>728,146</u>
Deferred inflows of resources:						
Deferred property taxes	<u>29,273</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,273</u>
Fund balances:						
Non-spendable	913	452	-	-	-	1,365
Restricted for:						
Grant agreements	-	175,677	-	-	-	175,677
Capital maintenance	-	-	702,544	-	-	702,544
Food service fund deficit	57,380	-	-	-	-	57,380
Debt service	-	-	-	-	34,610	34,610
Student activities	-	-	-	-	60,136	60,136
Adult education	-	-	-	-	353,051	353,051
Assigned for:						
Capital projects	-	-	-	730,624	-	730,624
Unrestricted	361,570	-	-	-	-	361,570
Total fund balances	<u>419,863</u>	<u>176,129</u>	<u>702,544</u>	<u>730,624</u>	<u>447,797</u>	<u>2,476,957</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 941,059</u>	<u>\$ 398,819</u>	<u>\$ 707,868</u>	<u>\$ 730,624</u>	<u>\$ 456,006</u>	<u>\$ 3,234,376</u>

The notes to financial statements are an integral part of this statement.

FREMONT COUNTY SCHOOL DISTRICT #2
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
As of June 30, 2021

Total fund balances - governmental funds \$ 2,476,957

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 as assets in governmental funds. Asset cost and accumulated depreciation is as follows:

Asset cost	28,064,318	
Accumulated depreciation	<u>(8,816,753)</u>	19,247,565

Receivables not available under modified accrual; however, considered available at the government-wide level.	29,273
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Deferred outflows of resources related to pensions which are not reported in governmental funds.	278,564
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Deferred inflows of resources related to pensions which are not reported in governmental funds.	(615,979)
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Accrued compensated absences	(59,952)	
Net pension liability	<u>(2,702,432)</u>	<u>(2,762,384)</u>

Total net position - governmental activities \$ 18,653,996

FREMONT COUNTY SCHOOL DISTRICT #2
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
For the Year Ended June 30, 2021

	General Fund	Grant Programs Fund	Major Maintenance Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>REVENUES</u>						
Taxes	\$ 2,375,872	\$ -	\$ -	\$ -	\$ 137,348	\$ 2,513,220
Intergovernmental revenues	1,917,685	739,334	288,008	-	-	2,945,027
Contributions	-	-	-	-	11,687	11,687
Interest	5,540	65	483	233	1,254	7,575
Miscellaneous	15,991	-	-	8,108	22,412	46,511
Total revenues	<u>4,315,088</u>	<u>739,399</u>	<u>288,491</u>	<u>8,341</u>	<u>172,701</u>	<u>5,524,020</u>
<u>EXPENDITURES</u>						
Current:						
Instruction	2,014,306	337,570	-	-	-	2,351,876
Instructional support	472,899	41,462	-	-	-	514,361
General support	1,026,611	61,102	-	-	-	1,087,713
Maintenance	571,460	56,962	96,652	-	-	725,074
Student activities	-	-	-	-	9,801	9,801
Adult education	-	-	-	-	169,024	169,024
Capital outlays	51,210	145,102	97,040	-	-	293,352
Total expenditures	<u>4,136,486</u>	<u>642,198</u>	<u>193,692</u>	<u>-</u>	<u>178,825</u>	<u>5,151,201</u>
Excess (deficiency) of revenue over expenditures	178,602	97,201	94,799	8,341	(6,124)	372,819
Other financing sources (uses):						
Transfers in (out), net	<u>(329,824)</u>	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>(129,824)</u>
Net change in fund balances	(151,222)	97,201	94,799	208,341	(6,124)	242,995
Fund balance - beginning (restated, Note 12)	<u>571,085</u>	<u>78,928</u>	<u>607,745</u>	<u>522,283</u>	<u>453,921</u>	<u>2,233,962</u>
Fund balance - ending	<u>\$ 419,863</u>	<u>\$ 176,129</u>	<u>\$ 702,544</u>	<u>\$ 730,624</u>	<u>\$ 447,797</u>	<u>\$ 2,476,957</u>

The notes to financial statements are an integral part of this statement.

FREMONT COUNTY SCHOOL DISTRICT #2
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Total net change in fund balances - governmental funds \$ 242,995

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the period:

Capital outlays	293,352	
Transfer of fixed assets to enterprise funds	(56,975)	
Depreciation expense	<u>(737,925)</u>	(501,548)

Certain revenues are not recognized as current financial resources and, therefore, are not reported as revenues in governmental funds. This amount represents the reversal of the prior year's receivables difference, combined with the recognition of current year unavailable revenues (excluding the subsequent year property taxes receivable) (68,949)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. These activities include:

Change in compensated absences	22,928	
Change in net pension liability	83,911	
Change in deferred outflows of resources - pensions	(20,976)	
Change in deferred inflows of resources - pensions	<u>(145,282)</u>	<u>(59,419)</u>

Change in net position of governmental activities \$ (386,921)

FREMONT COUNTY SCHOOL DISTRICT #2
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of June 30, 2021

	Enterprise Funds		
	Food Service Fund	Teacherage Fund	Total
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 56,790	\$ 44,969	\$ 101,759
Other receivables	3,481	-	3,481
Inventory	6,387	-	6,387
Prepays	80	-	80
Total current assets	<u>66,738</u>	<u>44,969</u>	<u>111,707</u>
Noncurrent assets:			
Land	-	582,675	582,675
Buildings and improvements	-	394,075	394,075
Equipment	43,985	27,215	71,200
Less accumulated depreciation	<u>(43,149)</u>	<u>(179,061)</u>	<u>(222,210)</u>
Total noncurrent assets	<u>836</u>	<u>824,904</u>	<u>825,740</u>
Total assets	<u>67,574</u>	<u>869,873</u>	<u>937,447</u>
<u>DEFERRED OUTFLOWS OF RESOURCES - PENSIONS</u>			
	<u>10,613</u>	<u>-</u>	<u>10,613</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	2,208	4,263	6,471
Accrued wages payable	2,477	-	2,477
Rental deposits	-	925	925
Due to other funds	4,448	1,039	5,487
Total current liabilities	<u>9,133</u>	<u>6,227</u>	<u>15,360</u>
Noncurrent liabilities:			
Net pension liability	102,965	-	102,965
Total liabilities	<u>112,098</u>	<u>6,227</u>	<u>118,325</u>
<u>DEFERRED INFLOWS OF RESOURCES - PENSIONS</u>			
	<u>23,469</u>	<u>-</u>	<u>23,469</u>
<u>NET POSITION</u>			
Net investment in capital assets	836	824,904	825,740
Unrestricted	<u>(58,216)</u>	<u>38,742</u>	<u>(19,474)</u>
Total net position (deficit)	<u>\$ (57,380)</u>	<u>\$ 863,646</u>	<u>\$ 806,266</u>

The notes to financial statements are an integral part of this statement.

FREMONT COUNTY SCHOOL DISTRICT #2

CHANGES IN NET POSITION

PROPRIETARY FUNDS

For the Year Ended June 30, 2021

	Enterprise Funds		
	Food Service Fund	Teacherage Fund	Total
<u>OPERATING REVENUES</u>			
Charges for services	\$ 16,318	\$ 37,180	\$ 53,498
Total operating revenues	<u>16,318</u>	<u>37,180</u>	<u>53,498</u>
<u>OPERATING EXPENSES</u>			
Salaries	74,392	-	74,392
Employee benefits	66,912	-	66,912
Supplies	108,637	23,834	132,471
Depreciation	431	10,630	11,061
Total operating expenses	<u>250,372</u>	<u>34,464</u>	<u>284,836</u>
Operating income (loss)	<u>(234,054)</u>	<u>2,716</u>	<u>(231,338)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Intergovernmental	146,203	-	146,203
Interest income	11	13	24
Miscellaneous gain (loss)	(549)	(21,913)	(22,462)
Transfers in (out), net	74,401	55,423	129,824
Total non-operating revenues (expenses)	<u>220,066</u>	<u>33,523</u>	<u>253,589</u>
Net income (loss)	(13,988)	36,239	22,251
Net position (deficit) - beginning	<u>(43,392)</u>	<u>827,407</u>	<u>784,015</u>
Net position (deficit) - ending	<u>\$ (57,380)</u>	<u>\$ 863,646</u>	<u>\$ 806,266</u>

The notes to financial statements are an integral part of this statement.

FREMONT COUNTY SCHOOL DISTRICT #2
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2021

	Enterprise Funds		
	Food Service Fund	Teacherage Fund	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from customers	\$ 19,628	\$ 37,180	\$ 56,808
Payments to employees for services	(133,441)	925	(132,516)
Payments to suppliers for goods and services	(100,217)	(24,270)	(124,487)
Net cash provided (used) by operating activities	<u>(214,030)</u>	<u>13,835</u>	<u>(200,195)</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>			
Federal reimbursement	146,203	-	146,203
Interfund activity	79,448	1,037	80,485
Net cash provided (used) by noncapital financing activities	<u>225,651</u>	<u>1,037</u>	<u>226,688</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest on investments	11	13	24
Net cash provided by (used) investing activities	<u>11</u>	<u>13</u>	<u>24</u>
Net increase in cash and cash equivalents	11,632	14,885	26,517
Cash and cash equivalents - beginning of year	45,158	30,084	75,242
Cash and cash equivalents - end of year	<u>\$ 56,790</u>	<u>\$ 44,969</u>	<u>\$ 101,759</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	(234,054)	2,716	(231,338)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	431	10,630	11,061
Changes in assets and liabilities:			
Receivables	3,310	-	3,310
Inventory and prepaids	9,296	-	9,296
Accounts payable	(876)	(436)	(1,312)
Accrued wages payable	(6,734)	925	(5,809)
Net pension resources	14,597	-	14,597
Net cash provided (used) by operating activities	<u>\$ (214,030)</u>	<u>\$ 13,835</u>	<u>\$ (200,195)</u>

NON-CASH NON-CAPITAL FINANCING ACTIVITIES

Non-cash activity included in operations was \$4,572 as the estimated value of food commodities received from the State under the Federal School Lunch Program, and \$599 and \$55,424 of capital assets transferred from the General Fund to the Food Services Fund and Teacherage Fund, respectively.

The notes to financial statements are an integral part of this statement.

FREMONT COUNTY SCHOOL DISTRICT #2
NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the Fremont County School District #2 (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

Reporting Entity

The School Board of Trustees (the Board) is the level of government which has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the District.

Nature of Operations

The operations of the District consist of providing educational services to the residents of Dubois, Wyoming and the surrounding area within Fremont County, Wyoming. The District operates under a locally elected seven-member Board form of government and provides educational and supportive services as mandated by the State of Wyoming and/or federal agencies.

Basis of Presentation

The District's basic financial statements consist of district-wide statements, including a statement of net position, a statement of activities, and fund financial statements.

1. **District-wide Financial Statements**

The statement of net position and the statement of activities display information about the District as a whole. Both the governmental and business-type activities are presented on a consolidated basis by column and are reflected on a full accrual, economic resource basis which incorporates long-term assets, receivables and long-term debt and obligations. These statements include the financial activities of the primary government, except fiduciary funds. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which generally rely on fees and charges for support.

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities.

Direct expenses are those specifically associated with a service, program, or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, such as taxes, that are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from general revenues of the District.

FREMONT COUNTY SCHOOL DISTRICT #2
NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

2. Fund Financial Statements

The District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The operation of each fund is considered an independent fiscal and separate accounting entity, with a self-balancing set of accounts where financial resources, related liabilities, and residual equity balances and changes therein are booked. The fund statements are presented on a current financial resource and modified cash basis of accounting. Since the governmental fund statements are presented on a different measurement focus and basis of accounting as compared to the district-wide statements, a reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund statements to the governmental column of the district-wide statements.

Fund Accounting

As described above, the District uses funds to maintain its financial records with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The following is a brief description of the major funds used by the District.

1. Governmental Funds

Governmental Funds are those through which most governmental functions are typically financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities are reported as fund balance. The following are the Districts major governmental funds.

General Fund

The General Fund is the primary operating fund of the District. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, and charges for services and interest income. The General Fund is a budgeted fund and is considered a major fund for reporting purposes.

Special Revenue Funds

The Special Revenue Funds are comprised of the following:

Grant Programs: This fund tracks the activity associated with federal, state and other grant activities of the District. This fund budgeted and is considered a major fund for reporting purposes.

Major Maintenance: This fund tracks the maintenance activities of the District. This fund is budgeted and is considered a major fund for reporting purposes.

FREMONT COUNTY SCHOOL DISTRICT #2
NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

1. Governmental Funds (Continued)

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources accumulated and payments made for the acquisition and improvement of sites; construction and remodel of facilities; and procurement of equipment, textbooks and supplies necessary for providing educational programs to students within the District. The revenue of the fund consists primarily of capital construction funds received from Wyoming Schools Facilities Department. This is a budgeted fund and this fund is considered a major fund for reporting purposes.

2. Proprietary Funds

Proprietary Funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and payments relating to the government's business activities are accounted for through Proprietary Funds. The measurement focus is on determination of operating income, financial position, changes in net position and cash flows. Operating revenues include charges for services. Operating expenses include costs of services as well as materials, contracts, personnel, and depreciation. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses. The following is a description of the District's Proprietary Funds.

Enterprise Funds

The Enterprise Funds account for operations that are financed in a manner similar to private business enterprises, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The District's Enterprise Funds account for food service (a nonmajor fund), and home rental programs, also known as teacherage.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe how transactions are recorded within the financial statements. Basis of accounting refers to when transactions are recorded regardless of the measurement focus applied.

District-wide and Proprietary Fund Financial Statements

In the district-wide Statement of Net Position and the Statement of Activities, and the proprietary and fiduciary fund statements, the "economic resources" measurement focus is applied. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position and cash flows. All assets and liabilities (whether current or noncurrent, financial or nonfinancial) associated with their activities are reported, and the accrual basis of accounting is applied. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset is used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

FREMONT COUNTY SCHOOL DISTRICT #2
NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

Governmental Fund Financial Statements

In the governmental fund financial statements, a “current financial resources” measurement focus is applied. Under this focus, only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

In the governmental fund financial statements, the modified accrual basis of accounting is applied. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available”. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District has defined “available” as collected within 60 days after year end. Sales and use taxes, franchise taxes, and court fines are not considered susceptible to accrual. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general long-term debt principal and interest, claims and judgments, and accrued compensated absences, which are recorded as expenditures to the extent they have matured.

Assets, Liabilities and Net Position

Cash and Cash Equivalents

Cash and cash equivalents include all demand and savings accounts and other liquid investments with an original maturity of three months or less.

Receivables

Receivables in governmental funds and governmental activities include revenue accruals such as property tax, grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available at the fund level.

Propriety type funds and business-type activity’s material receivables consist of all revenues earned at year-end and not yet received. There are not material receivables to be accounted for in the described fund activities.

The District calculates its allowance for uncollectible accounts using historical collection data and, in most cases, fully allows for delinquent taxes over one year and reports only the net current delinquent taxes.

FREMONT COUNTY SCHOOL DISTRICT #2
NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

Inventories and Prepaid Expenses

Inventories of consumable supplies are valued at the lower of cost (determined on a first in, first out basis) or market. Inventory in the General Fund and government activities consist of expendable supplies held for consumption. Purchases of non-inventory items are recorded as expenditures. Prepaid expenditures in reimbursable grants are offset by deferred revenues until expenditures are recognized. Prepaid expenditures related to insurance or service contracts are recorded as an asset and offset by a reserve for prepaid insurance.

Inventories are stated using first-in, first out for the Enterprise Fund. All 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.

Capital Assets and Depreciation

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund or proprietary fund type operations and whether they are reported in the district-wide or fund financial statements.

The District's capitalization threshold is \$2,500 for equipment, \$12,500 for land improvements, and \$25,000 for buildings and improvements. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs to these assets that do not add materially to the value of the asset or materially extend the assets' useful lives are not capitalized. Interest costs, net of interest earned on any invested capital debt proceeds, are capitalized when incurred by proprietary funds.

Depreciation of all exhaustible capital assets is recorded as an operating expense in proprietary fund financial statements and an allocated expense in the District-wide Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	20-50 years
Building improvements	15-25 years
Furniture and equipment	5-17 years
Transportation equipment	5-12 years

In the governmental fund financial statements, capital asset acquisitions are accounted for as capital outlay expenditures.

Deferred Outflows of Resources

A deferred outflow of resources is a consumption of net position that applies to a future reporting period and therefore will be reported as an outflow or expense in future years. All the District's reported deferred outflows of resources relate solely to the District's participation in the Wyoming Retirement System.

FREMONT COUNTY SCHOOL DISTRICT #2
NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

Accounts Payable and Accrued Expenses

Accounts Payable – Accounts payable in the governmental activities includes the payables recorded by the District at June 30, 2021 related to normal monthly expenditures and capital expenditures for all funds.

Accrued Wages Payable – Accrued wages payable consist of wages earned by employees through June 30, 2021 not yet paid and related payroll liabilities, such as FICA, retirement and health insurance.

Long-Term Debt

Accounting treatment of long-term debt varies depending upon the source of repayment and the measurement focus applied, and whether the debt is reported in the district-wide or fund financial statements.

All long-term debt to be repaid from governmental activities, business-type activities, and proprietary fund resources are reported as liabilities are incurred. The long-term debt consists primarily of accrued compensated absences and net pension liability. Long-term debt is reported net of discounts and amounts deferred from refunds, if applicable.

Long-term debt of governmental funds is not reported as liabilities in the fund financial statements. Payments of principal and interest are reported as expenditures.

Compensated Absences

Compensated absences are reported as accrued in the district-wide and proprietary fund financial statements. The District's policies regarding vacation and compensatory time permit employees to accumulate varying amounts as determined by how many months per year the employee works.

Deferred Inflows of Resources

A deferred inflow of resources is an acquisition of net position by the District that applies to a future reporting period and therefore will be recognized as an inflow or revenue in future years. The District's reported deferred inflows of resources relate to the District's participation in the Wyoming Retirement System and its recognition of property taxes receivable.

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FREMONT COUNTY SCHOOL DISTRICT #2
NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

Equity Classifications

1. District-wide and Proprietary Fund Financial Statements:

Equity is classified as net position and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net position, with constraints placed on the use, either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position - All other net positions that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

It is the District’s policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

2. Governmental Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balances are further classified as (which is reflective of the policy approved by the District):

- a. Non-Spendable – These fund balances are the net balance of assets and liabilities that are held legally, contractually, or in a “not in spendable form”. This includes all legally or contractually restricted balances as well as prepaid, inventory, or other items considered “not in spendable form”.
- b. Restricted – These fund balances are the net balance of assets and liabilities that have provisions that are externally imposed. These are grants or other funds that are restricted by debt covenants, the grantor, contributor, or by laws or regulations of external governments. In general, these include a legally enforceable requirement that the resources be used only for the specific purposes stipulated in the grants, debt covenant, or by law.
- c. Assigned – Assigned fund balances are the net amounts of assets and liabilities constrained by the intent of the Board of Trustees. The intent will not be done by formal action of the Board of Trustees, but will be part of items such as the adopted budget or in a statement by the Board or by the Superintendent.
- d. Unassigned – Typically unassigned fund balances will be limited to the general fund and by definition they are the residual balance for fund balance.

FREMONT COUNTY SCHOOL DISTRICT #2
NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operational Grants and Contributions

The District receives various operations grants at the state and federal level which aid in the funding of the educational programs. In the district-wide statement of activities this revenue is recognized when earned, and in the fund financial statements this revenue is recognized if earned and received within 60 days of the fiscal year end.

Property Tax

The District levies taxes on assessed property through Fremont County, who acts as the agent to levy and collect property tax within the County. The taxes are levied on the assessed valuation of the prior year according to the tax calendar below. Collections are distributed after the end of each month. Assessed valuation and tax levies are subject to adjustment for prior years (rebates and supplemental) as controlled by the County or State. The District does record estimates for these adjustments as they are adjusted to current year tax receipts when they are approved. In addition, the State adjusts its entitlement funding based on property tax collections. The tax calendar is as follows:

Property Tax Calendar

August 10	Taxes are levied
September 1	First of two equal installment payments is due
November 10	First installment is delinquent
March 1	Second installment is due
May 10	Second installment is delinquent

Under GASB Standards, a receivable can be recorded at the earliest of the date of the assessment or the date a lien is placed on the property. Neither of these items occur prior to June 30th for the upcoming 2021 levy; therefore, at June 30, 2021, the property tax receivable consists of unpaid property taxes from the August 2020 levy.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

New Accounting Pronouncements

GASB Statement No. 84, Fiduciary Activities - This statement establishes standards of accounting and financial reporting for fiduciary activities, including establishing criteria on whether a government is controlling the assets of the fiduciary activity, and the beneficiaries with whom a fiduciary relationship exists.

As a result of implementing this statement, the District now reports the Student Activity and Adult Education funds as nonmajor governmental funds. These funds were previously reported as agency funds.

FREMONT COUNTY SCHOOL DISTRICT #2
NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The District is subject to various local, state and federal laws and other contractual regulations. The following is a discussion of relevant matters affecting the District:

Deficit Fund Balances or Net Position

Wyoming Statutes prohibits the creation of a deficit fund balance in any individual fund of the District. For the year ended June 30, 2021, the District incurred a fund balance deficit in the Food Service Fund which is primarily a result of the recognition of the net pension liability related to participation in the Wyoming retirement system.

Budget Requirements

The District prepares its annual operating budget under the provisions of Wyoming State Statutes for all the funds. The District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP). The Statements of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual presented for the general fund and major special revenue funds are presented on the budgetary basis.

The legal level of control at which expenditures may not legally exceed appropriations is the function level within a fund. For the year ended June 30, 2021, there were expenditures in excess of budgets totaling \$166,649 in the grant programs fund. The Board may amend the budget once it is approved, and may authorize transfers within the various budgetary programs, in any fund. Unused appropriations typically lapse at the end of the year.

Deposits and Investment Requirements (Policies)

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Wyoming or political subdivision debt obligations or surety bonds.

The District follows State Statutes by limiting its investments to FDIC insured/pledged institutions or State investment funds.

3. DEPOSITS AND INVESTMENT IN THE WYOMING GOVERNMENT INVESTMENT FUND

In accordance with State law, the District deposits funds in financial institutions that are fully insured by the Federal Deposit Insurance Corporation (FDIC) or secured by a pledge of assets, including certain marketable securities authorized by law. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Wyoming or political subdivision debt obligations or surety bonds. At June 30, 2021, all of the District's bank deposits were at financial institutions that were adequately secured.

The District also has funds on deposit with the Wyoming Government Investment Fund (WGIF). The WGIF invests in short-term commercial paper and certain U.S. Government agency obligations. Due to the short-term nature of these investments, the WGIF reports their investments at amortized costs, which approximate fair value, and are classified as "cash equivalents" in the accompanying district-wide statement of net position. The investments with the WGIF are investments not subject to credit risk categorization. However, the degree of risk and rate of return depends on the underlying portfolio of investments.

FREMONT COUNTY SCHOOL DISTRICT #2
NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

4. RECEIVABLES

Receivables in the district-wide statement of net position at June 30, 2021, consisted primarily of property taxes receivable, grants receivable and amounts due from other governments. Taxes receivable, grants receivable and receivables due from other governments reported in the governmental funds balance sheet are considered fully collectible. Therefore, an allowance for uncollectible accounts is not applicable to these receivables.

5. CAPITAL ASSETS

Capital asset activity of the District for the year ended June 30, 2021 is as follows:

	Beginning Balance	Increases / Transfers	Decreases / Transfers	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 466,088	\$ -	\$ -	\$ 466,088
Construction in progress	198,286	254,983	293,307	159,962
Total capital assets not being depreciated	<u>664,374</u>	<u>254,983</u>	<u>293,307</u>	<u>626,050</u>
Capital assets being depreciated:				
Buildings and improvements	24,961,107	293,307	71,253	25,183,161
Furniture and equipment	1,077,727	38,369	45,708	1,070,388
Transportation equipment	1,177,274	-	-	1,177,274
Equipment under capital lease	7,445	-	-	7,445
Total capital assets being depreciated	<u>27,223,553</u>	<u>331,676</u>	<u>116,961</u>	<u>27,438,268</u>
Accumulated depreciation for:				
Buildings and improvements	(6,331,909)	(628,300)	(14,728)	(6,945,481)
Furniture and equipment	(895,611)	(44,133)	(45,258)	(894,486)
Transportation equipment	(903,849)	(65,492)	-	(969,341)
Equipment under capital lease	(7,445)	-	-	(7,445)
Total accumulated depreciation	<u>(8,138,814)</u>	<u>(737,925)</u>	<u>(59,986)</u>	<u>(8,816,753)</u>
Total capital assets, being depreciated, net	<u>19,084,739</u>			<u>18,621,515</u>
Governmental activities capital assets, net	<u>\$ 19,749,113</u>			<u>\$ 19,247,565</u>

FREMONT COUNTY SCHOOL DISTRICT #2
NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

5. CAPITAL ASSETS (Continued)

	Beginning Balance	Increases / Transfers	Decreases / Transfers	Ending Balance
Business-type Activities:				
Capital assets not being depreciated:				
Teacherage:				
Land	\$ 582,675	\$ -	\$ -	\$ 582,675
Total capital assets not being depreciated	<u>582,675</u>	<u>-</u>	<u>-</u>	<u>582,675</u>
Capital assets being depreciated:				
Food Service:				
Furniture and equipment	69,187	919	26,121	43,985
Accumulated depreciation	(66,772)	(431)	(24,054)	(43,149)
Food service capital assets, net	<u>2,415</u>			<u>836</u>
Teacherage:				
Buildings and improvements	356,042	84,660	46,627	394,075
Furniture and equipment	-	27,215	-	27,215
Accumulated depreciation	(136,694)	(67,081)	(24,714)	(179,061)
Teacherage capital assets, net	<u>219,348</u>			<u>242,229</u>
Business-type activities capital assets, net	<u>\$ 804,438</u>			<u>\$ 825,740</u>

6. LONG-TERM LIABILITIES

Long-term liabilities activity of the District for the year ended June 30, 2021 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 82,880	\$ -	\$ 22,928	\$ 59,952	\$ 29,976
Net pension liability	<u>2,786,343</u>	<u>-</u>	<u>83,911</u>	<u>2,702,432</u>	<u>-</u>
Total governmental activity long-term liabilities	<u>\$2,869,223</u>	<u>\$ -</u>	<u>\$ 106,839</u>	<u>\$2,762,384</u>	<u>\$ 29,976</u>
Business-type Activities:					
Net pension liability	<u>\$ 95,366</u>	<u>\$ 7,599</u>	<u>\$ -</u>	<u>\$ 102,965</u>	<u>\$ -</u>

FREMONT COUNTY SCHOOL DISTRICT #2
NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

7. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District is a participant in the School Risk Retention Program (SRRP) managed by the Wyoming School Board Association (WSBA) for property insurance, general liability insurance, professional insurance and vehicle insurance. The coverage under each type of insurance policy varies in amounts and deductibles. The District has not had significant settlements exceeding insurance coverage in any of the past three fiscal years. All risk management activities are accounted for in the General Fund.

Policy limits include approximately \$200,000,000 for real and personal property aggregate; \$5,000,000 for rental property; \$25,000,000 flood annual aggregate; \$5,000,000 auto liability; \$1,205,000 criminal acts aggregate; \$4,001,000 pollution clean-up aggregate; \$2,000,000 general liability; and \$25,000 for student accidents aggregate.

The District also participates in a worker's compensation program and an unemployment compensation program, both administered by the Wyoming Department of Workforce Services. The District does not believe any significant claims exist or would be required to be accrued.

8. INTER-FUND BALANCES AND ACTIVITIES

At June 30, 2021, inter-fund receivables and payables were as follows:

	Due from Other funds	Due to Other Funds
Governmental Activities:		
General fund	\$ 12,923	\$ 13,337
Grant programs fund	8,000	206,359
Capital projects fund	200,000	-
Nonmajor funds	5,337	1,077
	\$ 226,260	\$ 220,773
Business-type Activities:		
Food services fund	-	4,448
Teacherage fund	-	1,039
	-	5,487
	\$ 226,260	\$ 226,260

These inter-fund receivables and payables resulted from the time lag between the dates that inter-fund goods and services are provided or expenditures requiring reimbursement occur, and dates settlement payments between funds are made.

FREMONT COUNTY SCHOOL DISTRICT #2
NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

8. INTER-FUND BALANCES AND ACTIVITIES (Continued)

Transfers to and from other funds during the year ended June 30, 2021 were as follows:

	Transfers from Other Funds	Transfers to Other Funds
Governmental Activities:		
General fund	\$ -	\$ 329,824
Capital projects fund	200,000	-
	200,000	329,824
Business-type Activities:		
Food services fund	75,000	599
Teacherage fund	55,423	-
	130,423	599
	\$ 330,423	\$ 330,423

Transfers are used to move revenue from one fund to another, wherein the fund required to collect the monies, transfers cash to the fund that statute or budget requires them to be expended. In addition, unrestricted revenues collected in the general fund may be transferred to finance various programs accounted for in other funds in accordance with budgetary authorizations.

During fiscal year end June 30, 2021, the general fund made the following transfers:

- \$200,000 to the capital projects fund to increase the District’s capital project reserve.
- \$75,000 to the food services fund for general operation support.

During fiscal year end June 30, 2021, governmental funds transferred fixed assets with a net book value of \$55,423 to the teacherage fund.

9. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM

Plan Description

The District employees participate in the Wyoming Retirement System (WRS or the Plan), which is a multiple employer cost sharing defined benefit plan. Current accounting standards require the District to recognize a liability for its proportionate share of the net pension liability. The District’s liability is required to be determined on a basis that is consistent with the manner in which contributions to the plan are determined. The District derived their portion of the net pension liability by applying the actual contribution as a percentage of total contributions to the Plan.

The District reports its share of the net pension liability, along with certain related deferred inflows and deferred outflows, on the statement of net position, and the related current year expense is reported in the District-wide statement of activities. The District also presents two schedules related to pensions in the required supplementary information section of this report, including the Schedule of Proportionate Share of the Net Pension Liability, and the Schedule of Contributions.

FREMONT COUNTY SCHOOL DISTRICT #2
NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

9. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM (Continued)

Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows and inflows of resources and pension expense, this information has been determined using the same basis as reported by WRS. Benefit payments are recognized when due and payable in accordance with benefit terms and investments are reported at fair value.

Actuarial Valuation

An actuarial valuation of the Plan's assets and net pension liability is performed annually. At the date of the most recent actuarial valuation, January 1, 2021, the fiduciary net position as a percentage of total pension liability increased from 76.83 percent on January 1, 2020 to 79.24 percent on January 1, 2021. The net pension liability as a percentage of covered employee payroll decreased from 135.19 percent to 122.07 percent as of January 1, 2020 and 2021, respectively. The net pension liability was \$2.17 billion as of January 1, 2021 compared to \$2.35 billion as of January 1, 2020. This is a decrease from the prior year.

Determination of Tier 1 versus Tier 2 Employees

Tier 1 employees are those whose first contribution to the Plan on or before September 1, 2012, whereas Tier 2 employees are those whose first contribution to the Plan is after September 1, 2012.

Vesting

Participants are vested within the Plan after four years of service constituted by 48 months of service.

Contributions

As a condition of participation in the Plan, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by Wyoming State Statute and specified by the WRS Board. Contributions are actuarially determined as an amount that is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. During 2018, House Bill 109 increased required pension plan contributions rates by 0.50 percent per fiscal year through fiscal year 2022. The statutorily required contribution rate for the year ended June 30, 2021 was 18.12 percent.

Benefits

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

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

FREMONT COUNTY SCHOOL DISTRICT #2
NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

9. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM (Continued)

Benefits (Continued)

Tier 1, the Plan allows for normal retirement after four years of service and attainment of age 60. Early retirement is allowed provided the employee has completed four years of service and attained age 50 or 25 years of service but will result in a reduction of benefits based on the length of time remaining to age 60.

Tier 2, the Plan allows for normal retirement after four years of service and attainment of age 65. Early retirement is allowed provided the employee has completed four years of service and attained age 55, or 25 or more years of service but will result in a reduction of benefits based on the length of time remaining to age 65. All employees may also retire upon normal retirement on the basis that the sum of the member's age and service is at least 85.

Actuarial Assumptions

Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Plan permitted under Wyoming Code is 30 years.

The total pension liability for both the Public Employees Plan in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation		2.25%
Salary increases	2.5% -6.5%, including inflation	
Payroll growth rate		2.50%
Investment rate of return	7.00%, net of investment expenses	

Mortality rates were based on the RP – 2014 mortality table for healthy males or females as appropriate with the following post-retirement mortality offsets:

- Males: no set back with a multiplier of 100%
- Females: no set back with a multiplier of 100%

Mortality rates were based on the RP – 2014 combined mortality table for healthy males or females as appropriate with the following pre-retirement mortality offsets:

- Males: no set back with a multiplier of 100%
- Females: no set back with a multiplier of 88%

The assumed rate of investment return was adopted by the Plan's trustees after considering input from the Plan's investment consultant and actuary. Additional information about the assumed rate of investment return was included in the Plan's actuarial valuation report as of January 1, 2020. In addition, an experience study was conducted covering the five-year period ended December 31, 2016. The assumed rate of investment return of 7.00% (real return net of inflation of 4.75%) falls within a reasonable range of the long-term rate of return.

FREMONT COUNTY SCHOOL DISTRICT #2
NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

9. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected arithmetic returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the Plan’s target asset allocation as of January 1, 2020 the best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Geometric Real Rate of Return</u>	<u>Long-Term Expected Arithmetic Real Rate of Return</u>
Cash	2.00%	-1.00%	-1.00%
Fixed income	21.00%	1.00%	1.34%
Equity	48.50%	5.23%	7.42%
Marketable alternatives	19.00%	3.47%	4.33%
Private markets	9.50%	4.53%	5.58%
Total	<u>100.00%</u>	<u>3.82%</u>	<u>5.23%</u>

Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects 1) a long-term expected rate of return on pension plan investments (to the extent that the Plan’s fiduciary net position is projected to be sufficient to pay benefits using a 100-year analysis) and 2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). For purposes of this valuation, the expected rate of return on pension plan investments is 7.00% and the municipal bond rate is 2.00%, which is based on the weekly rate closest to but not later than the measurement date of the “state and local bonds” rate from the Federal Reserve statistical release (H.15).

The projection of cash flows used to determine the rate assumed that plan member contributions and employer contributions will be made at the current contribution rate. Based on these assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

FREMONT COUNTY SCHOOL DISTRICT #2
NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

9. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM (Continued)

Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

At June 30, 2021, the District reported a total liability of \$2,805,397 for its proportionate share of the net pension liability. The net pension liability was determined by an actuarial valuation as of January 1, 2020, applied to all prior periods included in the measurement. Actuarial valuation involves estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. An experience study was conducted covering the five-year period ending December 31, 2016. The net pension liability as of December 31, 2020 is based on the results of an actuarial valuation as of January 1, 2020, rolled forward to a measurement date of December 31, 2020, and taking into consideration information from the recent experience study.

The schedule below shows the District's proportionate share of the net pension liability at June 30, 2021, the proportionate portion at the measurement date of December 31, 2020, and the change in the proportion from the previous measurement date.

	<u>Net Pension liability at June 30, 2021</u>	<u>Proportion at December 31, 2020</u>	<u>Increase (decrease) from December 31, 2019</u>
Public Employees' Pension Plan:			
FCSD#2	<u>2,805,397</u>	0.129%	0.006%

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Non-cash pension expense (revenue)	<u>\$ (82,347)</u>	<u>\$ (14,596)</u>
Deferred outflows of resources		
Net difference between expected and actual earning on pension plan investments	\$ 51,354	\$ 1,957
Change of assumptions	16,784	639
Contributions subsequent to the measurement date	210,426	8,017
Total deferred outflows of resources	<u>\$ 278,564</u>	<u>\$ 10,613</u>
Deferred inflows of resources		
Difference between expected an actual experience	\$ 23,499	\$ 895
Net difference between projected and actual earnings on pension plan investments	592,480	22,574
Total deferred inflows of resources	<u>\$ 615,979</u>	<u>\$ 23,469</u>

FREMONT COUNTY SCHOOL DISTRICT #2
NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

9. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM (Continued)

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

The District reported \$218,443 as deferred outflows of resources related to the pension resulting from the District's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense as follows:

Year ended December 31,	Public Employee Pension Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
2021	\$ 35,830	\$ (217,840)
2022	18,407	(79,469)
2023	16,497	(272,189)
2024	-	(69,950)
	\$ 70,734	\$ (639,448)

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

The following table sets forth the District's proportionate share of the net pension liability calculated using the discount rate of seven percent along with what it would be using one percentage point higher and lower than the current rate:

	1% Decrease (6 percent)	Discount Rate (7 percent)	1% Increase (8 percent)
Proportionate share of net pension liability	\$ 4,395,738	\$ 2,805,397	\$ 1,478,244

Other Detailed Information

For more detailed information regarding the Plan see the separately issued 2020 Wyoming Retirement System Comprehensive Annual Financial Report which is available at <https://retirement.wyo.gov/about/reports>.

FREMONT COUNTY SCHOOL DISTRICT #2
NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

10. COMMITMENTS AND CONTINGENCIES

Grants

The District receives various Federal and State grants for specific purposes that are subject to review and audit by grantor agencies. This grant funding is consistent from year to year, and management believes any disallowances due to such reviews or audits, if any, would not have a material adverse effect on the overall financial position of the District at June 30, 2021.

Litigation

The District is contingently liable with respect to lawsuits and claims in the ordinary course of its operations. The financial statements do not include provisions for loss contingencies that may result from these proceedings. While the outcome of any proceedings cannot be predicted, due to insurance coverage maintained by the District and the State statute relating to judgements, the District does not believe that the settlement of such contingencies would have a materially adverse effect on the overall financial position of the District at June 30, 2021.

State Foundation Repayment

In 2020-2021, the Department of Audit conducted an audit of ADM for all Wyoming School Districts. The District's audit result is currently in review process with the Department of Audit and Wyoming Department of Education. The preliminary result and effect of this audit shows the district owes \$320,780. However, the District believes that this amount will be less due to hold harmless rules that were in effect in the audited year.

11. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 12, 2021, the date the financial statements were available to be issued, and there were no matters that materially affect the carrying amounts of assets, liabilities, and fund balance as of June 30, 2021.

12. PRIOR PERIOD RESTATEMENT

GASB Statement No. 84

As a result of implementing GASB Statement No. 84 Fiduciary Activities (as described in Note 1), the restated beginning fund balance for the Student Activities and Adult Education Funds was increased by \$58,238 and \$362,168, respectively.

Additionally, beginning net position for governmental activities increased by \$420,406.

REQUIRED SUPPLEMENTAL INFORMATION

FREMONT COUNTY SCHOOL DISTRICT #2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:				
Taxes	\$ 2,330,600	\$ 2,330,600	\$ 2,375,872	\$ 45,272
Intergovernmental revenues	2,390,435	2,390,435	1,917,685	(472,750)
Interest	17,000	17,000	5,540	(11,460)
Miscellaneous	16,650	16,650	15,991	(659)
Total revenues	<u>4,754,685</u>	<u>4,754,685</u>	<u>4,315,088</u>	<u>(439,597)</u>
Expenditures:				
Current:				
Instruction	2,193,106	2,194,011	2,014,306	179,705
Instructional support	594,124	601,040	472,899	128,141
General support	1,299,785	1,302,483	1,026,611	275,872
Maintenance and capital outlay	667,670	667,151	622,670	44,481
Total expenditures	<u>4,754,685</u>	<u>4,764,685</u>	<u>4,136,486</u>	<u>628,199</u>
Excess (deficiency) of revenues				
Over (under) expenditures	<u>-</u>	<u>(10,000)</u>	<u>178,602</u>	<u>188,602</u>
Other financing sources (uses):				
Operating transfers in (out)	<u>-</u>	<u>-</u>	<u>(329,824)</u>	<u>(329,824)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(329,824)</u>	<u>(329,824)</u>
Excess of revenues				
Over (under) expenditures and other sources (uses)	<u>\$ -</u>	<u>\$ (10,000)</u>	<u>\$ (151,222)</u>	<u>\$ (141,222)</u>

The notes to financial statements are an integral part of this statement.

FREMONT COUNTY SCHOOL DISTRICT #2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GRANT PROGRAMS FUND
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:				
Intergovernmental revenues	\$ 286,000	\$ 286,000	\$ 739,334	\$ 453,334
Interest	-	-	65	65
Total revenues	<u>286,000</u>	<u>286,000</u>	<u>739,399</u>	<u>453,399</u>
Expenditures:				
Current:				
Instruction	249,971	249,971	337,570	(87,599)
Instructional support	30,703	30,703	41,462	(10,759)
General support	45,246	45,246	61,102	(15,856)
Maintenance and capital outlay	149,629	149,629	202,064	(52,435)
Total expenditures	<u>475,549</u>	<u>475,549</u>	<u>642,198</u>	<u>(166,649)</u>
Excess of revenues				
Over (under) expenditures and other sources (uses)	<u>\$ (189,549)</u>	<u>\$ (189,549)</u>	<u>\$ 97,201</u>	<u>\$ 286,750</u>

The notes to financial statements are an integral part of this statement.

FREMONT COUNTY SCHOOL DISTRICT #2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
MAJOR MAINTENANCE FUND
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:				
Intergovernmental revenues	\$ 286,000	\$ 286,000	\$ 288,008	\$ 2,008
Interest	-	-	483	483
Total revenues	<u>286,000</u>	<u>286,000</u>	<u>288,491</u>	<u>2,491</u>
Expenditures:				
Current:				
Maintenance and capital outlay	800,000	800,000	193,692	606,308
Total expenditures	<u>800,000</u>	<u>800,000</u>	<u>193,692</u>	<u>606,308</u>
Excess of revenues				
Over (under) expenditures and other sources (uses)	<u>\$ (514,000)</u>	<u>\$ (514,000)</u>	<u>\$ 94,799</u>	<u>\$ 608,799</u>

The notes to financial statements are an integral part of this statement.

FREMONT COUNTY SCHOOL DISTRICT #2
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
WYOMING RETIREMENT SYSTEM
For the Last 10 Years Ended December 31*

	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered Employee Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<u>Public Employee Pension Plan</u>					
December 31, 2014	0.133%	\$ 2,351,973	\$ 2,329,902	100.95%	79.08%
December 31, 2015	0.126%	\$ 2,926,163	\$ 2,198,742	133.08%	73.40%
December 31, 2016	0.119%	\$ 2,877,646	\$ 2,051,639	140.26%	73.42%
December 31, 2017	0.117%	\$ 2,670,911	\$ 2,047,437	130.45%	76.35%
December 31, 2018	0.116%	\$ 3,533,543	\$ 2,015,080	175.35%	69.17%
December 31, 2019	0.123%	\$ 2,881,709	\$ 2,180,279	132.17%	76.83%
December 31, 2020	0.129%	\$ 2,805,397	\$ 2,351,741	119.29%	79.24%

* In accordance with GASB 68, employers are required to disclose a 10-year history of their proportionate share of the "net pension liability" in their RSI. The 10-year schedule will need to be presented prospectively. Accordingly, the schedule presents information for years 2014 - 2020.

The notes to financial statements are an integral part of this statement.

FREMONT COUNTY SCHOOL DISTRICT #2
SCHEDULE OF CONTRIBUTIONS
WYOMING RETIREMENT SYSTEM
For the Last 10 Years Ended December 31*

	<u>Contractually Required Contributions</u>	<u>Actual Employer Contributions</u>	<u>Contributions Deficiency (Excess)</u>	<u>District's Covered Employee Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll**</u>
<u>Public Employee Pension Plan</u>					
December 31, 2014	\$ 369,756	\$ 369,756	\$ -	\$ 2,329,902	15.87%
December 31, 2015	\$ 365,695	\$ 365,695	\$ -	\$ 2,198,742	16.63%
December 31, 2016	\$ 340,982	\$ 340,982	\$ -	\$ 2,051,639	16.62%
December 31, 2017	\$ 340,284	\$ 340,284	\$ -	\$ 2,047,437	16.62%
December 31, 2018	\$ 338,325	\$ 338,325	\$ -	\$ 2,015,080	16.79%
December 31, 2019	\$ 378,974	\$ 378,974	\$ -	\$ 2,180,279	17.38%
December 31, 2020	\$ 420,227	\$ 420,227	\$ -	\$ 2,351,741	17.87%

* Amounts presented are presented on a calendar year basis. Employers are required to report amounts prospectively in this table in future years to show 10 years of information. The schedule above is only for the calendar years ended in 2014 - 2020.

** In 2014, House Bill 46 increased contributions from 14.62% to 15.87% effective on September 1, 2014. This bill also provided for an increase, requiring a contribution of 16.62%, to take effect on July 1, 2015. In 2018, House Bill 109 required an increase in pension plan contribution rates by 0.50% per fiscal year through fiscal year 2022, effective on September 1, 2018.

The notes to financial statements are an integral part of this statement.

OTHER SUPPLEMENTAL INFORMATION

FREMONT COUNTY SCHOOL DISTRICT #2
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
As of June 30, 2021

	<u>Debt Service</u>	<u>Student Activities</u>	<u>Adult Education</u>	<u>Total Non-major Governmental Funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ -	\$ 60,958	\$ 357,529	\$ 418,487
Cash held by County Treasurer	29,273	-	-	29,273
Due from other governments	-	-	2,564	2,564
Other receivables	-	345	-	345
Due from other funds	5,337	-	-	5,337
Total assets	<u>\$ 34,610</u>	<u>\$ 61,303</u>	<u>\$ 360,093</u>	<u>\$ 456,006</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 1,098	\$ 1,098
Accrued wages payable	-	699	5,335	6,034
Due to other funds	-	468	609	1,077
Total liabilities	<u>-</u>	<u>1,167</u>	<u>7,042</u>	<u>8,209</u>
Fund balances:				
Restricted for:				
Debt service	34,610	-	-	34,610
Student activities	-	60,136	-	60,136
Adult education	-	-	353,051	353,051
Total fund balances	<u>34,610</u>	<u>60,136</u>	<u>353,051</u>	<u>447,797</u>
Total liabilities and fund balances	<u>\$ 34,610</u>	<u>\$ 61,303</u>	<u>\$ 360,093</u>	<u>\$ 456,006</u>

The notes to financial statements are an integral part of this statement.

FREMONT COUNTY SCHOOL DISTRICT #2
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	<u>Debt Service</u>	<u>Student Activities</u>	<u>Adult Education</u>	<u>Total Non-major Governmental Funds</u>
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ 137,348	\$ 137,348
Contributions	-	11,687	-	11,687
Interest	1,095	12	147	1,254
Miscellaneous	-	-	22,412	22,412
Total revenues	<u>1,095</u>	<u>11,699</u>	<u>159,907</u>	<u>172,701</u>
<u>EXPENDITURES</u>				
Current:				
Student activities	-	9,801	-	9,801
Adult education	-	-	169,024	169,024
Total expenditures	<u>-</u>	<u>9,801</u>	<u>169,024</u>	<u>178,825</u>
Excess of revenues over (under) expenditures	1,095	1,898	(9,117)	(6,124)
Fund balance - beginning (restated, Note 12)	<u>33,515</u>	<u>58,238</u>	<u>362,168</u>	<u>453,921</u>
Fund balance - ending	<u>\$ 34,610</u>	<u>\$ 60,136</u>	<u>\$ 353,051</u>	<u>\$ 447,797</u>

The notes to financial statements are an integral part of this statement.

FREMONT COUNTY SCHOOL DISTRICT #2
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

Program Title	Federal CFDA Number	Grantor's Number	Expenditures
<u>U.S. Department of Education</u>			
Passed through State of Wyoming Department of Education			
Title IA			
Grants to Local Education Agencies	84.101A	200702T1SUBR1900	\$ 1,134
Grants to Local Education Agencies	84.101A	210702T1SUBR2000	171,379
Total Title IA Cluster			<u>\$ 172,513</u>
Title IIA			
Teacher and Principal Training	84.367A	210702T2SUBR2000	20,445
			<u>20,445</u>
Special Education Cluster:			
Special Education Grants to State	84.027A	200702SPEDSUBR1900	40,323
Special Education Grants to State	84.027A	210702SPEDSUBR2000	29,449
Special Education Preschool Grants	84.173A	200702PSCHSUBR1900	414
Total Special Education Cluster			<u>70,186</u>
Title IVA			
Student Support and Academic Enrichment	84.424A	210702T4SUBR2000	17,465
			<u>17,465</u>
Education for Homeless Children and Youth	84.196A	210702HOMESUBR20A1	3,436
			<u>3,436</u>
Coronavirus Relief Fund	21.019 *	125TECH20	155,766
Coronavirus Relief Fund	21.019 *	ESSER	41,565
Coronavirus Relief Fund	21.019 *	125NUTR20	3,000
			<u>200,331</u>
CARES Act	84.425C *	GEER-ADM	5,824
CARES Act	84.425D *	ESSER	5,240
CARES Act	84.425D *	ESSERII21	36,797
CARES Act	84.425D *	ESSER	82,896
			<u>130,757</u>
Subtotal Department of Education			<u>615,133</u>
<u>U.S. Department of Agriculture</u>			
Passed through State of Wyoming Department of Education			
Child Nutrition Cluster:			
School Breakfast Program	10.553	NA	1,863
National School Lunch Program	10.555	NA	14,641
Summer Meal Program	10.559	NA	109,156
Commodities	10.555	NA	4,572
Child Nutrition Discretionary Grants	10.579	NA	9,505
Total Child Nutrition Cluster			<u>139,737</u>
Fresh Fruit and Vegetable Program	10.582	NA	3,466
			<u>3,466</u>
Subtotal Department of Agriculture			<u>143,203</u>
Total Federal Funds Expended			<u>\$ 758,336</u>

The notes to financial statements are an integral part of this statement.

FREMONT COUNTY SCHOOL DISTRICT #2
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

1. BASIS FOR PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes federal grant activity of Fremont County School District #2. The information in the schedule is presented in accordance with requirements of Title 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Federal program expenditures included in the accompanying schedule are presented on the modified accrual basis of accounting as described in Note 1 to the District's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has not elected to utilize the 10 percent de minimis indirect cost rate.

The District did not pass through any funds to subrecipients.

There were no loans/loan guarantees.

Items with an asterisk (*) are major programs.

Non-monetary assistance is reported in the schedule at fair market value of commodities received and disbursed.

OTHER INDEPENDENT AUDITORS' REPORT

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

To the School Board of Trustees
Fremont County School District #2
Dubois, 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, each major fund, and the aggregate remaining fund information of Fremont County School District #2 (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 12, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001, that we consider to be significant

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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*.

The District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Carver Florek & James, CPAs

November 12, 2021
Sheridan, Wyoming

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the School Board of Trustees
Fremont County School District #2
Dubois, Wyoming

Report on Compliance for Each Major Federal Program

We have audited Fremont County School District #2 (the District) in compliance with the requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District'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 the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District 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, 2021.

Report on Internal Control over Compliance

Management of the District 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 the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Carver Flock & James, CPAs

November 12, 2021
Sheridan, Wyoming

FREMONT COUNTY SCHOOL DISTRICT #2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

SECTION I – Summary of the Auditors’ Results:

Financial Statements

An unmodified opinion was issued regarding the financial statements of Fremont County School District #2.

Internal control over financial reporting:

- Material weakness identified? Yes X No
- Significant deficiency identified? X Yes No

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness identified? Yes X No
- Significant deficiency identified? Yes X No
- Audit finding required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

An unmodified report was issued regarding compliance for each major program and on internal control over compliance required by the OMB’s Uniform Guidance.

For the year ended June 30, 2021, the District had two major programs: CARES Act, CFDA # 84.425 and Coronavirus Relief Fund CFDA # 21.019.

The threshold for Type A programs was \$750,000.

The District was determined to be a high-risk auditee.

FREMONT COUNTY SCHOOL DISTRICT #2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

SECTION II – GAGAS Financial Statement Findings:

Finding 2021-001: Grant Programs Fund Balance

Criteria: The Grant Programs Fund should be reconciled on an annual basis. This includes analyzing deficit or excess balances by grant for grants that are complete.

Condition: During the year ended June 30, 2021, we found that the District had outstanding fund balances for various grants that had closed in previous years.

Cause: The District did not fully analyze the ending fund balances for all grants in connection with the year-end close process.

Effect: The Grant Programs Fund may be misstated.

Recommendation: District management should continue to monitor and verify all grant expenditures and revenues during the year. As part of the year-end close, management should analyze deficit and excess balances by grant, paying close attention to those grants that are complete.

Corrective Action Plan:

Please see the letter from the District as found on the following page for their responses to findings.

SECTION III – Federal Awards Findings – None noted

SECTION IV – Summary Schedule of Prior Year Findings:

The audit report for the year ended June 30, 2020 contained no findings.



FREMONT COUNTY
SCHOOL DISTRICT NO. 2

700A North 1st St.
PO Box 188
Dubois, WY 82513
Phone: 307.455.5545



Carver, Florek & James CPA's
Attn: Alex Florek
33 West Brundage, STE 201
Sheridan, WY 82801

November 12, 2021

RE: FCSD2 2021-001 Corrective Action Plan

The District will identify and correct any outstanding grant balances in the Grant Programs Fund. The District will analyze grant balances annually to ensure there are no deficit or excess balances.

Sincerely,

A handwritten signature in black ink, appearing to read 'Amanda K. Ysen', is written over a light blue horizontal line.

Amanda K. Ysen
Business Manager