



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

Basic Financial Statements

For the Year Ended June 30, 2023

(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, 2023, 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, 2023, 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.

***Emphasis of Matter – Change in Accounting Principle***

As described in Note 13 to the financial statements, in 2023, the District adopted new accounting guidance, GASB Statement No. 96, Subscription-Based Information Technology Arrangements. Our opinions are not modified with respect to this matter.

***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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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, and changes in net pension liability and related ratios and pension contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 13, 2023, 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*

Sheridan, Wyoming  
November 13, 2023

## **MANAGEMENT DISCUSSION AND ANALYSIS**

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2023  
(UNAUDITED)

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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, 2023. 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 \$19,249,757 at June 30, 2023 which compares to \$19,806,526 at the beginning of the fiscal year, a decrease of \$556,769 or 2.8%.

During the year, the District's costs for governmental activities were \$6,825,529. The District's revenue generated in operating grants, taxes and other revenues for governmental activities was \$5,881,650. The combined net costs for the District's governmental activities and business-type activities were \$7,145,527. The District's revenue generated in charges for services, operating grants, taxes and other revenue for the above activities totaled \$6,588,758.

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 pension liability of \$3,804,677 and \$2,017,801 as of June 30, 2023 and 2022, 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**

	<b>2022-2023</b>	<b>2021-2022</b>	<b>Change</b>	<b>% Change</b>
<b>Elementary School</b>	88.377	85.832	2.545	2.97%
<b>Middle School</b>	41.192	34.356	6.836	19.90%
<b>High School</b>	52.333	47.138	5.195	11.02%
<b><i>Yearly Totals</i></b>	<b><i>181.902</i></b>	<b><i>167.326</i></b>	<b><i>14.576</i></b>	<b><i>8.71%</i></b>

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2023  
(UNAUDITED)

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***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 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

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2023  
(UNAUDITED)

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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 had no fiduciary funds during the fiscal year.

**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**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2023  
(UNAUDITED)

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**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, 2023 in comparison with 2022.

<b>Condensed Statement of Net Position</b>						
	<b>As of June 30, 2023</b>			<b>As of June 30, 2022</b>		
	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total School District</b>	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total School District</b>
<b><u>ASSETS</u></b>						
Current & Other Assets	\$ 2,907,761	\$ 121,422	\$ 3,029,183	\$ 3,286,522	\$ 107,747	\$ 3,394,269
Capital Assets	18,893,307	1,242,061	20,135,368	18,893,232	865,169	19,758,401
Total Assets	21,801,068	1,363,483	23,164,551	22,179,754	972,916	23,152,670
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	679,625	22,487	702,112	420,137	14,314	434,451
<b><u>LIABILITIES</u></b>	4,455,755	137,033	4,592,788	2,529,427	81,881	2,611,308
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	23,346	772	24,118	1,300,108	44,294	1,344,402
<b><u>NET POSITION</u></b>						
Net Investment in Capital Assets	18,562,836	1,242,061	19,804,897	18,893,232	865,169	19,758,401
Restricted	1,608,546	-	1,608,546	1,137,318	-	1,137,318
Unrestricted	(2,169,790)	6,104	(2,163,686)	(1,260,194)	(4,114)	(1,264,308)
Total Net Position	\$ 18,001,592	\$ 1,248,165	\$ 19,249,757	\$ 18,770,356	\$ 861,055	\$ 19,631,411

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
For the Year Ended June 30, 2023  
(UNAUDITED)

<b>Changes in District's Net Position</b>						
	<b>For the Year Ended June 30, 2023</b>			<b>For the Year Ended June 30, 2022</b>		
	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total School District</b>	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total School District</b>
<b><u>REVENUES</u></b>						
Charges for Services	\$ -	\$ 116,838	\$ 116,838	\$ -	\$ 64,249	\$ 64,249
Operating Grants & Contributions	1,672,052	79,643	1,751,695	1,135,393	139,672	1,275,065
Capital Grants & Contributions	77,666	-	77,666	-	-	-
<b><u>GENERAL REVENUES</u></b>						
Taxes	2,982,106	-	2,982,106	2,675,285	-	2,675,285
Government Aid	1,418,355	-	1,418,355	2,260,513	-	2,260,513
Interest Earnings	82,241	222	82,463	5,668	11	5,679
Miscellaneous	159,635	-	159,635	151,885	-	151,885
Transfers	(510,405)	510,405	-	(91,657)	91,657	-
Total Revenues, net of transfers	5,881,650	707,108	6,588,758	6,137,087	295,589	6,432,676
<b><u>EXPENSES</u></b>						
Instruction	3,091,475	-	3,091,475	2,768,328	-	2,768,328
Instructional Support	505,651	-	505,651	459,717	-	459,717
General Support	1,445,577	-	1,445,577	1,526,519	-	1,526,519
District Facility Construction/Maint.	694,082	-	694,082	278,101	-	278,101
Student activities	27,384	-	27,384	18,042	-	18,042
Adult education	199,898	-	199,898	167,345	-	167,345
Depreciation and amortization (unallocated)	861,462	-	861,462	757,865	-	757,865
Food Services	-	271,722	271,722	-	198,950	198,950
Teacherages	-	48,276	48,276	-	41,850	41,850
Total Expenses	6,825,529	319,998	7,145,527	5,975,917	240,800	6,216,717
Change in Net Position	(943,879)	387,110	(556,769)	161,170	54,789	215,959
Net Position - Beginning of Year	18,770,356	861,055	19,631,411	18,653,996	806,266	19,460,262
Prior period adjustment	175,115	-	175,115	(44,810)	-	(44,810)
<b>Net Position - End of Year</b>	<b>\$ 18,001,592</b>	<b>\$ 1,248,165</b>	<b>\$ 19,249,757</b>	<b>\$ 18,770,356</b>	<b>\$ 861,055</b>	<b>\$ 19,631,411</b>

## **BASIC FINANCIAL STATEMENTS**

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**DISTRICT-WIDE STATEMENT OF NET POSITION**  
As of June 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b><u>ASSETS</u></b>			
Current assets:			
Cash and cash equivalents	\$ 2,427,994	\$ 112,855	\$ 2,540,849
Cash held by County Treasurer	29,954	-	29,954
Due from other governments	94,061	-	94,061
Property taxes receivable	307,667	-	307,667
Other receivables	41	1,550	1,591
Prepays and inventory	48,044	7,017	55,061
Capital assets, not being depreciated	713,281	610,432	1,323,713
Capital assets, net	18,180,026	631,629	18,811,655
Total capital assets, net	18,893,307	1,242,061	20,135,368
Total assets	21,801,068	1,363,483	23,164,551
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Related to pensions	679,625	22,487	702,112
<b><u>LIABILITIES</u></b>			
Accounts payable	38,031	2,633	40,664
Accrued wages payable and other liabilities	322,998	12,548	335,546
Long-term liabilities:			
Due within one year	115,274	-	115,274
Due after one year	296,627	-	296,627
Net pension liability	3,682,825	121,852	3,804,677
Total liabilities	4,455,755	137,033	4,592,788
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Related to pensions	23,346	772	24,118
<b><u>NET POSITION</u></b>			
Net investment in capital assets	18,562,836	1,242,061	19,804,897
Restricted for:			
Grants	129,756	-	129,756
Capital maintenance	798,239	-	798,239
Excess tax collection (W.S. 21-13-313(d))	369,455	-	369,455
Debt service	34,610	-	34,610
Student activities	54,229	-	54,229
Adult education	222,257	-	222,257
Unrestricted	(2,169,790)	6,104	(2,163,686)
Total net position	\$ 18,001,592	\$ 1,248,165	\$ 19,249,757

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

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**DISTRICT-WIDE STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2023

Functions/Programs	Program Revenues				Net Revenue (Expense) and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Instruction	\$ 3,091,475	\$ -	\$ 871,939	\$ -	\$ (2,219,536)	\$ -	\$ (2,219,536)
Instructional support	505,651	-	118,394	-	(387,257)	-	(387,257)
General support	1,445,577	-	529,989	-	(915,588)	-	(915,588)
District facility construction/maintenance	694,082	-	-	77,666	(616,416)	-	(616,416)
Student activities	27,384	-	21,966	-	(5,418)	-	(5,418)
Adult education	199,898	-	129,764	-	(70,134)	-	(70,134)
Depreciation/amortization - unallocated	861,462	-	-	-	(861,462)	-	(861,462)
	<u>6,825,529</u>	<u>-</u>	<u>1,672,052</u>	<u>77,666</u>	<u>(5,075,811)</u>	<u>-</u>	<u>(5,075,811)</u>
Business-type activities:							
Food services	271,722	56,198	79,643	-	-	(135,881)	(135,881)
Teacherage	48,276	60,640	-	-	-	12,364	12,364
Total business-type activities	<u>319,998</u>	<u>116,838</u>	<u>79,643</u>	<u>-</u>	<u>-</u>	<u>(123,517)</u>	<u>(123,517)</u>
Total primary government	<u>\$ 7,145,527</u>	<u>\$ 116,838</u>	<u>\$ 1,751,695</u>	<u>\$ 77,666</u>	<u>(5,075,811)</u>	<u>(123,517)</u>	<u>(5,199,328)</u>
<u>General revenues</u>							
Property taxes levied for:							
General purposes					2,669,846	-	2,669,846
Specific purposes of major building and facility maintenance					312,260	-	312,260
State aid					1,418,355	-	1,418,355
Unrestricted investment earnings (losses)					82,241	222	82,463
Unrestricted miscellaneous revenue					159,635	-	159,635
Transfers in (out), net					(510,405)	510,405	-
Total general revenues and transfers					<u>4,131,932</u>	<u>510,627</u>	<u>4,642,559</u>
Change in net position					(943,879)	387,110	(556,769)
Net position - beginning (restated, Note 12)					<u>18,945,471</u>	<u>861,055</u>	<u>19,806,526</u>
Net position - ending					<u>\$ 18,001,592</u>	<u>\$ 1,248,165</u>	<u>\$ 19,249,757</u>

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, 2023

	General Fund	Grant Programs Fund	Major Maintenance Fund	Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
<b><u>ASSETS</u></b>						
Cash and cash equivalents	\$ 946,739	\$ 69,565	\$ 819,239	\$ 312,394	\$ 280,057	\$ 2,427,994
Cash held by County Treasurer	-	-	-	681	29,273	29,954
Due from other funds	-	-	-	-	5,337	5,337
Due from other governments	5,103	88,958	-	-	-	94,061
Property taxes receivable	307,667	-	-	-	-	307,667
Other receivables	-	-	-	-	41	41
Prepaid expenses	47,094	-	-	-	950	48,044
Total assets	<u>\$ 1,306,603</u>	<u>\$ 158,523</u>	<u>\$ 819,239</u>	<u>\$ 313,075</u>	<u>\$ 315,658</u>	<u>\$ 2,913,098</u>
<b><u>LIABILITIES</u></b>						
Accounts payable	\$ 7,841	\$ -	\$ 21,000	\$ 7,455	\$ 1,735	\$ 38,031
Accrued wages payable	292,317	28,767	-	37	1,877	322,998
Due to other funds	5,337	-	-	-	-	5,337
Total liabilities	<u>305,495</u>	<u>28,767</u>	<u>21,000</u>	<u>7,492</u>	<u>3,612</u>	<u>366,366</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>						
Unavailable property taxes	307,667	-	-	-	-	307,667
Total deferred inflows of resources	<u>307,667</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>307,667</u>
<b><u>FUND BALANCE</u></b>						
Nonspendable	47,094	-	-	-	950	48,044
Restricted for:						
Grant agreements	-	129,756	-	-	-	129,756
Capital maintenance	-	-	798,239	-	-	798,239
Excess tax collection (W.S. 21-13-313(d))	369,455	-	-	-	-	369,455
Debt service	-	-	-	-	34,610	34,610
Student activities	-	-	-	-	54,229	54,229
Adult education	-	-	-	-	222,257	222,257
Capital projects	-	-	-	305,583	-	305,583
Unrestricted	276,892	-	-	-	-	276,892
Total fund balances	<u>693,441</u>	<u>129,756</u>	<u>798,239</u>	<u>305,583</u>	<u>312,046</u>	<u>2,239,065</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,306,603</u>	<u>\$ 158,523</u>	<u>\$ 819,239</u>	<u>\$ 313,075</u>	<u>\$ 315,658</u>	<u>\$ 2,913,098</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, 2023

**Total fund balances - governmental funds** \$ 2,239,065

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	28,769,372	
Accumulated depreciation	(10,218,321)	
Right-to-use subscription assets, net	342,256	18,893,307

Receivables not available under modified accrual; however, considered available at the government-wide level.		307,667
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Deferred outflows of resources related to pensions which are not reported in governmental funds.		679,625
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Deferred inflows of resources related to pensions which are not reported in governmental funds.		(23,346)
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Long-term liabilities, including subscription liabilities, 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:

Subscriptions payable	(330,471)	
Accrued compensated absences	(81,430)	
Net pension liability	(3,682,825)	(4,094,726)

<b>Total net position - governmental activities</b>		\$ 18,001,592
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The notes to financial statements are an integral part of this statement.

**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, 2023**

	General Fund	Grant Programs Fund	Major Maintenance Fund	Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
<b><u>REVENUES</u></b>						
Taxes	\$ 2,630,097	\$ -	\$ -	\$ -	\$ 101,372	\$ 2,731,469
Intergovernmental revenues	1,990,970	1,094,396	312,260	77,666	-	3,475,292
Contributions	-	-	-	-	22,049	22,049
Interest	44,169	4,335	30,781	1,593	1,280	82,158
Miscellaneous	18,528	-	-	1,599	28,392	48,519
Total revenues	<u>4,683,764</u>	<u>1,098,731</u>	<u>343,041</u>	<u>80,858</u>	<u>153,093</u>	<u>6,359,487</u>
<b><u>EXPENDITURES</u></b>						
Current:						
Instruction	2,175,435	731,852	-	-	-	2,907,287
Instructional support	465,861	99,373	-	-	-	565,234
General support	1,235,033	87,344	-	55,171	-	1,377,548
Maintenance	631,631	-	51,761	-	-	683,392
Student activities	-	-	-	-	27,384	27,384
Adult education	-	-	-	-	199,898	199,898
Capital outlays	480,044	154,721	181,461	77,684	-	893,910
Debt service:						
Principal	90,979	6,370	-	-	-	97,349
Total expenditures	<u>5,078,983</u>	<u>1,079,660</u>	<u>233,222</u>	<u>132,855</u>	<u>227,282</u>	<u>6,752,002</u>
Excess (deficiency) of revenue over expenditures	(395,219)	19,071	109,819	(51,997)	(74,189)	(392,515)
<b><u>OTHER FINANCING SOURCES (USES)</u></b>						
Subscriptions	400,464	27,356	-	-	-	427,820
Transfers in (out), net	(121,000)	-	-	(389,405)	-	(510,405)
Total other financing sources (uses)	<u>279,464</u>	<u>27,356</u>	<u>-</u>	<u>(389,405)</u>	<u>-</u>	<u>(82,585)</u>
Net change in fund balance	(115,755)	46,427	109,819	(441,402)	(74,189)	(475,100)
Fund balance - beginning (restated, Note 12)	<u>809,196</u>	<u>83,329</u>	<u>688,420</u>	<u>746,985</u>	<u>386,235</u>	<u>2,714,165</u>
Fund balance - ending	<u>\$ 693,441</u>	<u>\$ 129,756</u>	<u>\$ 798,239</u>	<u>\$ 305,583</u>	<u>\$ 312,046</u>	<u>\$ 2,239,065</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, 2023**

**Total net change in fund balances - governmental funds** \$ (475,100)

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	893,910	
Depreciation and amortization expense	(861,462)	
Gain (loss) on sale of assets	(7,181)	25,267

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds		39,749
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Debt proceeds provide current financial resources to governmental funds, but the issuance of debt increase long-term liabilities on the statement of net position. Repayment of debt principal is an expenditure on the governmental funds, but reduces long-term liabilities on the statement of net position.

Subscriptions issued	(427,820)	
Principal paid on subscriptions payable	97,349	(330,471)

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	(8,070)	
Change in net pension liability	(1,731,504)	
Change in deferred outflows of resources - pensions	259,488	
Change in deferred inflows of resources - pensions	1,276,762	(203,324)

<b>Change in net position of governmental activities</b>		<b>\$ (943,879)</b>
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**FREMONT COUNTY SCHOOL DISTRICT #2****STATEMENT OF NET POSITION****PROPRIETARY FUNDS**

As of June 30, 2023

	Enterprise Funds		
	Food Service Fund	Teacherage Fund	Total
<b><u>ASSETS</u></b>			
Current assets:			
Cash and cash equivalents	\$ 27,136	\$ 85,719	\$ 112,855
Other receivables	1,550	-	1,550
Prepays	-	3,467	3,467
Inventory	3,550	-	3,550
	<u>32,236</u>	<u>89,186</u>	<u>121,422</u>
Noncurrent assets:			
Capital assets, not being depreciated	-	610,432	610,432
Capital assets, net	434	631,195	631,629
Total noncurrent assets	<u>434</u>	<u>1,241,627</u>	<u>1,242,061</u>
Total assets	<u>32,670</u>	<u>1,330,813</u>	<u>1,363,483</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Related to pensions	<u>22,487</u>	<u>-</u>	<u>22,487</u>
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable	2,633	-	2,633
Accrued wages payable	8,758	-	8,758
Rental deposits	-	3,790	3,790
Total current liabilities	<u>11,391</u>	<u>3,790</u>	<u>15,181</u>
Noncurrent liabilities:			
Net pension liability	121,852	-	121,852
Total liabilities	<u>133,243</u>	<u>3,790</u>	<u>137,033</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Related to pensions	<u>772</u>	<u>-</u>	<u>772</u>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	434	1,241,627	1,242,061
Unrestricted	(79,292)	85,396	6,104
Total net position (deficit)	<u>\$ (78,858)</u>	<u>\$ 1,327,023</u>	<u>\$ 1,248,165</u>

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

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**STATEMENT OF REVENUES, EXPENSE, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
For the Year Ended June 30, 2023

	Enterprise Funds		
	Food Service Fund	Teacherage Fund	Total
<b><u>OPERATING REVENUES</u></b>			
Charges for services	\$ 56,198	\$ 60,640	\$ 116,838
Total operating revenues	56,198	60,640	116,838
<b><u>OPERATING EXPENSES</u></b>			
Salaries	99,600	-	99,600
Employee benefits	77,140	-	77,140
Purchase services	-	5,333	5,333
Supplies	94,858	30,554	125,412
Depreciation	124	12,389	12,513
Total operating expenses	271,722	48,276	319,998
Operating income (loss)	(215,524)	12,364	(203,160)
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>			
Intergovernmental	79,643	-	79,643
Interest income	71	151	222
Transfers in (out), net	121,000	389,405	510,405
Total non-operating revenues (expenses)	200,714	389,556	590,270
Net income (loss)	(14,810)	401,920	387,110
Net position (deficit) - beginning	(64,048)	925,103	861,055
Net position (deficit) - ending	\$ (78,858)	\$ 1,327,023	\$ 1,248,165

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, 2023

	Enterprise Funds		
	Food Service Fund	Teachergage Fund	Total
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Receipts from customers	\$ 58,263	\$ 60,640	\$ 118,903
Payments to employees for services	(167,969)	(594)	(168,563)
Payments to suppliers for goods and services	(93,606)	(40,339)	(133,945)
Net cash provided (used) by operating activities	(203,312)	19,707	(183,605)
<b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u></b>			
Federal reimbursement	79,643	-	79,643
Interfund activity	121,000	27,757	148,757
Net cash provided (used) by noncapital financing activities	200,643	27,757	228,400
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u></b>			
Purchases of capital assets	-	(27,757)	(27,757)
Net cash provided (used) by capital and related financing activities	-	(27,757)	(27,757)
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Interest on investments	71	151	222
Net cash provided by (used) investing activities	71	151	222
Net change in cash and cash equivalents	(2,598)	19,858	17,260
Cash and cash equivalents - beginning	29,734	65,861	95,595
Cash and cash equivalents - ending	\$ 27,136	\$ 85,719	\$ 112,855
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	(215,524)	12,364	(203,160)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	124	12,389	12,513
Changes in assets and liabilities:			
Receivables	2,065	-	2,065
Inventory and prepaids	4,987	(3,467)	1,520
Accounts payable	(3,735)	(985)	(4,720)
Accrued wages payable	5,094	(594)	4,500
Net pension resources	3,677	-	3,677
Net cash provided (used) by operating activities	\$ (203,312)	\$ 19,707	\$ (183,605)

**NON-CASH NON-CAPITAL FINANCING ACTIVITIES**

Non-cash activity included in operations was \$6,881 as the estimated value of food commodities received from the State under the Federal School Lunch Program.

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, 2023

**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, 2023

**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, 2023

**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, 2023

**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. For this purpose, the District considers property tax revenues to be “available” if they are collected by the District fiscal year-end. Grants are recognized as revenue when qualified expenditures are incurred and a contractual claim exists with the grantor agency. All other revenues are considered to be available if they are collected within 60 days after fiscal year-end. 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, 2023

**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, 2023

**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, 2023 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, 2023 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.

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.

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2023

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Net Position (Continued)**

- 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.

**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 available at fiscal yearend.

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2023

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 2023 levy; therefore, at June 30, 2023, the property tax receivable consists of unpaid property taxes from the August 2022 levy. Effective, January 1, 2022, mineral ad valorem property taxes are billed and collected monthly by the Department of Revenue, with a true-up following the annual assessment on January 1.

Budgetary Basis of Accounting

While the District is reporting financial position, results of operations, and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The budgetary comparison schedules presented are on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Proceeds from capital leases and the associated capital outlay expenditure are not recorded on the cash basis (budget) but are recorded on the GAAP basis.
2. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
3. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

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.

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2023

**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, 2023, 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. 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, 2023, 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, 2023

**4. RECEIVABLES**

Receivables in the district-wide statement of net position at June 30, 2023, 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, 2023 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 466,088	\$ -	\$ -	\$ 466,088
Construction-in-progress	30,327	706,514	489,648	247,193
Total capital assets not being depreciated	496,415	706,514	489,648	713,281
Capital assets being depreciated/amortized:				
Buildings and improvements	25,685,823	128,000	35,313	25,778,510
Furniture and equipment	1,108,338	96,032	104,064	1,100,306
Transportation equipment	1,177,274	-	-	1,177,274
Right-to-use subscriptions	-	427,821	-	427,821
Total capital assets being depreciated/amortized	27,971,435	651,853	139,377	28,483,911
Accumulated depreciation/amortization for:				
Buildings and improvements	(7,601,955)	(672,964)	(29,622)	(8,245,297)
Furniture and equipment	(943,292)	(50,553)	(102,573)	(891,272)
Transportation equipment	(1,029,371)	(52,381)	-	(1,081,752)
Right-to-use subscriptions	-	(85,564)	-	(85,564)
Total accumulated depreciation/ amortization	(9,574,618)	(861,462)	(132,195)	(10,303,885)
Total capital assets, net	18,396,817			18,180,026
Governmental activities capital assets, net	<u>\$ 18,893,232</u>			<u>\$ 18,893,307</u>

# FREMONT COUNTY SCHOOL DISTRICT #2

## NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

### 5. CAPITAL ASSETS (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-type Activities:</b>				
Capital assets not being depreciated:				
Teacherage:				
Land	\$ 582,675	\$ -	\$ -	\$ 582,675
Construction-in-progress	-	27,757	-	27,757
Total capital assets not being depreciated	582,675	27,757	-	610,432
Capital assets being depreciated:				
Food Service:				
Furniture and equipment	43,985	-	1,852	42,133
Accumulated depreciation	(43,427)	(124)	(1,852)	(41,699)
Food service capital assets, net	558			434
Teacherage:				
Buildings and improvements	444,073	361,648	-	805,721
Furniture and equipment	27,215	-	-	27,215
Accumulated depreciation	(189,352)	(12,389)	-	(201,741)
Teacherage capital assets, net	281,936			631,195
Business-type activities capital assets, net	\$ 865,169			\$ 1,242,061

### 6. LONG-TERM LIABILITIES

Long-term liabilities activity of the District for the year ended June 30, 2023 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Amount Due Within One Year
<b>Governmental Activities:</b>					
Compensated absences	\$ 73,360	\$ 8,070	\$ -	\$ 81,430	\$ 40,715
Subscriptions payable	-	427,820	97,349	330,471	74,559
Net pension liability	1,951,321	1,731,504	-	3,682,825	-
Total governmental activity long-term liabilities	\$ 2,024,681	\$ 2,167,394	\$ 97,349	\$ 4,094,726	\$ 115,274
<b>Business-type Activities:</b>					
Net pension liability	\$ 66,480	\$ 55,372	\$ -	\$ 121,852	\$ -

## FREMONT COUNTY SCHOOL DISTRICT #2

### NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2023

#### 6. LONG-TERM LIABILITIES (Continued)

The District has multiple Subscription-Based Information Technology Arrangements with various renewal terms ranging from three to five years. The discount rate applied by the District in evaluating these software leases was equivalent to the prime rate plus 1 percent. The Future minimum lease payments under the software leases together with the present value of net minimum lease payments as of June 30, 2023, were as follows:

##### Governmental Activities:

<u>Year Ended June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2024	\$ 74,559	\$ 22,790	\$ 97,349
2025	79,685	17,664	97,349
2026	85,174	12,175	97,349
2027	91,053	6,296	97,349
	<u>\$ 330,471</u>	<u>\$ 58,925</u>	<u>\$ 389,396</u>

#### 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, 2023, inter-fund receivables and payables were as follows:

	<u>Due from Other funds</u>	<u>Due to Other Funds</u>
<b>Governmental Activities:</b>		
General fund	\$ -	\$ 5,337
Nonmajor funds	5,337	-
	<u>\$ 5,337</u>	<u>\$ 5,337</u>

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2023

**8. INTER-FUND BALANCES AND ACTIVITIES (Continued)**

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.

Transfers to and from other funds during the year ended June 30, 2023 were as follows:

	<u>Transfers from Other Funds</u>	<u>Transfers to Other Funds</u>
<b>Governmental Activities:</b>		
General fund	\$ -	\$ 121,000
Capital projects fund	-	389,405
	-	510,405
<b>Business-type Activities:</b>		
Food services fund	121,000	-
Teacherage fund	389,405	-
	510,405	-
	<u>\$ 510,405</u>	<u>\$ 510,405</u>

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 the year ended June 30, 2023, the general fund made the following transfers:

- \$121,000 to the food services fund for general operation support.

During the year ended June 30, 2023, the capital projects fund incurred \$389,405 of capital outlays for the teacherage fund, which were recorded as capital contributions/transfers 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, 2023

**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, 2023, the fiduciary net position as a percentage of total pension liability decreased from 86.03 percent on January 1, 2022 to 75.47 percent on January 1, 2023. The net pension liability as a percentage of covered employee payroll increased from 83.78 percent to 151.36 percent as of January 1, 2022 and 2023, respectively. The net pension liability was \$2.73 billion as of January 1, 2023 compared to \$1.52 billion as of January 1, 2022. This is an increase 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. The contribution rate for fiscal year 2023 was 18.62 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, 2023

**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

An actuarial valuation of each WRS defined benefit plan is performed annually. The funded status of each plan is shown in the Schedules of Funding Progress, which is located in the Actuarial section of the WRS ACFR. It is important to note that in November 2021 and also in February 2022, the WRS Board changed the assumptions used by the actuary to value the plans. The new assumptions are reflected in the valuation results and have been incorporated into the District's proportionate share of the net pension liability. In general, the new assumptions reflect an update to the mortality tables, adjustments to the demographic and salary scale, as well as a lower long-term investment return.

For all plans except the Paid Firemen's Pension Plan A, beginning July 1, 2012 all future COLA's must be granted by the State Legislators. In addition, the WRS board cannot recommend the COLA unless the plan is considered actuarially sound and the unfunded liability must not drop below 100% after the award of the COLA.

The results of the actuarial valuation are dependent upon the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contributions rates and funding periods

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, 2022 the best estimates are summarized in the following table:

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2023

**9. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM (Continued)**

Actuarial Assumptions (Continued)

Asset Class	Target Allocation	Arithmetic Real Return	Geometric Real Return
Cash	0.50%	0.32%	0.30%
Gold	1.50%	0.72%	2.34%
Fixed income	20.00%	4.05%	3.59%
Equity	51.50%	9.00%	7.09%
Marketable alternatives	16.00%	6.02%	5.14%
Private markets	10.50%	7.67%	6.05%
Total	100.00%	7.23%	5.86%

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 6.80% and the municipal bond rate is 4.05%, which is based upon fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's 20-Year Municipal GO AA Index as of December 31, 2022.

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.

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

At June 30, 2023, the District reported a total liability of \$3,804,677 for its proportionate share of the net pension liability. The net pension liability was determined by an actuarial valuation as of January 1, 2022, 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, 2020. The net pension liability as of December 31, 2022 is based on the results of an actuarial valuation as of January 1, 2022, rolled forward to a measurement date of December 31, 2022, and taking into consideration information from the recent experience study.

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2023

**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 schedule below shows the District's proportionate share of the net pension liability at June 30, 2023, the proportionate portion at the measurement date of December 31, 2022, and the change in the proportion from the previous measurement date.

	Net Pension liability at <u>June 30, 2023</u>	Proportion at <u>December 31, 2022</u>	Increase (decrease) from <u>December 31, 2021</u>
Public Employees' Pension Plan:			
FCSD#2	<u>3,804,677</u>	0.139%	0.007%

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
<b>Non-cash pension expense (revenue)</b>	<u>\$ 195,254</u>	<u>\$ 3,677</u>
<b>Deferred outflows of resources</b>		
Net difference between expected and actual earning on pension plan investments	\$ 18,469	\$ 611
Change of assumptions	98,838	3,270
Net difference between projected and actual earnings on pension plan investments	317,018	10,489
Contributions subsequent to the measurement date	<u>245,299</u>	<u>8,117</u>
Total deferred outflows of resources	<u>\$ 679,625</u>	<u>\$ 22,487</u>
<b>Deferred inflows of resources</b>		
Difference between expected an actual experience	\$ 23,346	\$ 772
Net difference between projected and actual earnings on pension plan investments	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>\$ 23,346</u>	<u>\$ 772</u>

The District reported \$253,416 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, 2023. 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:

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2023

**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)

		Public Employee Pension Plan	
		Deferred Outflows	Deferred Inflows
		of Resources	of Resources
Year ended December 31,			
2023	\$	(91,080)	\$ (10,311)
2024		71,564	(10,311)
2025		114,157	(3,496)
2026		354,055	-
		<u>448,696</u>	<u>(24,118)</u>

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 (5.80 percent)	Discount Rate (6.80 percent)	1% Increase (7.80 percent)
Proportionate share of net pension liability	\$ 5,618,142	\$ 3,804,677	\$ 2,301,807

Other Detailed Information

For more detailed information regarding the Plan see the separately issued 2022 Wyoming Retirement System Comprehensive Annual Financial Report which is available at <https://retirement.wyo.gov/about/reports>.

**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, 2023.

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
For the Year Ended June 30, 2023

**10. COMMITMENTS AND CONTINGENCIES (Continued)**

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, 2023.

**11. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through November 13, 2023, 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, 2023.

**12. PRIOR PERIOD ADJUSTMENTS**

Payroll Accruals

Beginning fund balance for the general fund has been restated due to errors in the calculation of prior year payroll accruals. As a result, beginning fund balance as of July 1, 2022, increased by \$175,115 for the general fund and capital projects fund. Furthermore, beginning net position as of July 1, 2022, increased by \$175,115.

Unrecorded Capital Contributions

In the prior year ended June 30, 2022, the capital projects fund incurred \$25,192 of expenditures on behalf of the teacherage fund, which was not recorded as a capital contribution. This amount was recorded as construction in progress in governmental activities on the statement of net position. As a result, beginning fund balance as of July 1, 2022, increased by \$25,192 for the capital projects fund.

**13. CHANGE IN ACCOUNTING PRINCIPLE**

During the fiscal year the District adopted Government Accounting Standards Board (GASB) Statement No. 96 Subscription-Based Information Technology Arrangements (SBITA). The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for software purchases and commitments by governments. The adoption of this new accounting pronouncement did not require a restatement of the District's June 30, 2022 net position.

## **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, 2023

	Original Budget	Final Budget	Actual - Budgetary Basis	Variance from Final Budget
<b><u>REVENUES</u></b>				
Taxes	\$ 1,954,106	\$ 2,706,591	\$ 2,630,097	\$ (76,494)
Intergovernmental revenues	2,375,189	1,685,756	1,986,740	300,984
Interest	5,500	40,000	44,169	4,169
Miscellaneous	16,650	25,000	18,211	(6,789)
Total revenues	<u>4,351,445</u>	<u>4,457,347</u>	<u>4,679,217</u>	<u>221,870</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Instruction	2,302,415	2,309,403	2,152,759	(156,644)
Instructional support	574,952	574,952	465,706	(109,246)
General support	1,440,492	1,499,646	1,349,667	(149,979)
Maintenance	833,126	788,087	647,283	(140,804)
Total expenditures	<u>5,150,985</u>	<u>5,172,088</u>	<u>4,615,415</u>	<u>(556,673)</u>
Excess (deficiency) of revenues				
Over (under) expenditures	<u>(799,540)</u>	<u>(714,741)</u>	<u>63,802</u>	<u>(334,803)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Operating transfers in (out)	-	(723,810)	(121,000)	602,810
Total other financing sources (uses)	<u>-</u>	<u>(723,810)</u>	<u>(121,000)</u>	<u>602,810</u>
Net change in fund balance	<u>\$ (799,540)</u>	<u>\$ (1,438,551)</u>	<u>\$ (57,198)</u>	<u>\$ 268,007</u>
<b><u>BUDGETARY TO GAAP REPORTING RECONCILIATION</u></b>				
Net change in fund balance - budgetary basis			\$ (57,198)	
Revenue accruals			405,011	
Expenditure accruals			(463,568)	
Net change in fund balance - GAAP basis			<u>\$ (115,755)</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, 2023

	Original Budget	Final Budget	Actual - Budgetary Basis	Variance from Final Budget
<b><u>REVENUES</u></b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues	2,461,863	999,140	999,139	(1)
Interest	100	4,335	4,335	-
Miscellaneous	-	-	-	-
Total revenues	<u>2,461,963</u>	<u>1,003,475</u>	<u>1,003,474</u>	<u>(1)</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Instruction	-	735,726	735,722	(4)
Instructional support	-	99,372	99,373	1
General support	2,461,863	212,709	212,709	-
Maintenance	-	4,500	4,500	-
Total expenditures	<u>2,461,863</u>	<u>1,052,307</u>	<u>1,052,304</u>	<u>(3)</u>
Excess (deficiency) of revenues				
Over (under) expenditures	<u>100</u>	<u>(48,832)</u>	<u>(48,830)</u>	<u>(4)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Operating transfers in (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under)				
expenditures and other sources (uses)	<u>\$ 100</u>	<u>\$ (48,832)</u>	<u>\$ (48,830)</u>	<u>\$ (4)</u>
<b><u>BUDGETARY TO GAAP REPORTING RECONCILIATION</u></b>				
Net change in fund balance - budgetary basis			\$ (48,830)	
Revenue accruals			122,613	
Expenditure accruals			(27,356)	
Net change in fund balance - GAAP basis			<u>\$ 46,427</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, 2023**

	Original Budget	Final Budget	Actual - Budgetary Basis	Variance from Final Budget
<b><u>REVENUES</u></b>				
Intergovernmental revenues	\$ 288,008	\$ 288,008	\$ 312,260	\$ 24,252
Interest	500	20,000	30,781	10,781
Total revenues	<u>288,508</u>	<u>308,008</u>	<u>343,041</u>	<u>35,033</u>
<b><u>EXPENDITURES</u></b>				
Current:				
Maintenance	<u>700,000</u>	<u>700,000</u>	<u>212,222</u>	<u>(487,778)</u>
Total expenditures	<u>700,000</u>	<u>700,000</u>	<u>212,222</u>	<u>(487,778)</u>
Excess (deficiency) of revenues				
Over (under) expenditures	<u>(411,492)</u>	<u>(391,992)</u>	<u>130,819</u>	<u>(452,745)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Operating transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over (under)				
expenditures and other sources (uses)	<u>\$ (411,492)</u>	<u>\$ (391,992)</u>	<u>\$ 130,819</u>	<u>\$ (452,745)</u>
<b><u>BUDGETARY TO GAAP REPORTING RECONCILIATION</u></b>				
Net change in fund balance - budgetary basis			\$ 130,819	
Revenue accruals			-	
Expenditure accruals			<u>(21,000)</u>	
Net change in fund balance - GAAP basis			<u>\$ 109,819</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\*

	<b>District's Proportionate Share of the Net Pension Liability (Asset)</b>	<b>District's Proportionate Share of the Net Pension Liability (Asset)</b>	<b>District's Covered Employee Payroll</b>	<b>District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
<b><u>Public Employee Pension Plan</u></b>					
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%
December 31, 2021	0.132%	\$ 2,017,801	\$ 2,411,866	83.66%	86.03%
December 31, 2022	0.139%	\$ 3,804,677	\$ 2,615,141	145.49%	75.47%

\* 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 - 2022.

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\*

	<b>Contractually Required Contributions</b>	<b>Actual Employer Contributions</b>	<b>Contributions Deficiency (Excess)</b>	<b>District's Covered Employee Payroll</b>	<b>Contributions as a Percentage of Covered Employee Payroll</b>
<b><u>Public Employee Pension Plan</u></b>					
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%
December 31, 2021	\$ 443,062	\$ 443,062	\$ -	\$ 2,411,866	18.37%
December 31, 2022	\$ 486,940	\$ 486,940	\$ -	\$ 2,615,141	18.62%

\* 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 - 2022.

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

## **SUPPLEMENTAL INFORMATION**

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**COMBINING BALANCE SHEET**  
**NON-MAJOR GOVERNMENTAL FUNDS**  
As of June 30, 2023

	Debt Service	Student Activities	Adult Education	Total Nonmajor Governmental Funds
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ -	\$ 54,887	\$ 225,170	\$ 280,057
Cash held by County Treasurer	29,273	-	-	29,273
Due from other funds	5,337	-	-	5,337
Other receivables	-	41	-	41
Prepaid expenses	-	-	950	950
Total assets	<u>\$ 34,610</u>	<u>\$ 54,928</u>	<u>\$ 226,120</u>	<u>\$ 315,658</u>
<b><u>LIABILITIES</u></b>				
Accounts payable	\$ -	\$ -	\$ 1,735	\$ 1,735
Accrued wages payable	-	699	1,178	1,877
Total liabilities	<u>-</u>	<u>699</u>	<u>2,913</u>	<u>3,612</u>
<b><u>FUND BALANCE</u></b>				
Nonspendable	-	-	950	950
Restricted for:				
Debt service	34,610	-	-	34,610
Student activities	-	54,229	-	54,229
Adult education	-	-	222,257	222,257
Total fund balance	<u>34,610</u>	<u>54,229</u>	<u>223,207</u>	<u>312,046</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 34,610</u>	<u>\$ 54,928</u>	<u>\$ 226,120</u>	<u>\$ 315,658</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, 2023

	Debt Service	Student Activities	Adult Education	Total Nonmajor Governmental Funds
<b><u>REVENUES</u></b>				
Taxes	\$ -	\$ -	\$ 101,372	\$ 101,372
Contributions	-	22,049	-	22,049
Interest	-	668	612	1,280
Miscellaneous	-	-	28,392	28,392
Total revenues	-	22,717	130,376	153,093
<b><u>EXPENDITURES</u></b>				
Current:				
Student activities	-	27,384	-	27,384
Adult education	-	-	199,898	199,898
Total expenditures	-	27,384	199,898	227,282
Excess of revenues over (under) expenditures	-	(4,667)	(69,522)	(74,189)
Fund balance - beginning	34,610	58,896	292,729	386,235
Fund balance - ending	\$ 34,610	\$ 54,229	\$ 223,207	\$ 312,046

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, 2023

Program Title	Federal ALN	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	84.010A	T1SUBR22	\$ 67,113
Grants to Local Education Agencies	84.010A	T1SUBR23	135,258
Total Title IA Cluster			<u>\$ 202,371</u>
Title IIA			
Teacher and Principal Training	84.367A	T2SUBR21	7,921
Teacher and Principal Training	84.367A	T2SUBR22	15,789
			<u>23,710</u>
Special Education Cluster:			
Special Education Grants to State	84.027A	SPEDSUBR21	9,302
Special Education Grants to State	84.027A	SPEDSUBR22	34,521
Special Education Grants to State-ARP	84.027A	611ARP23	22,990
Special Education Grants to State-ARP	84.173A	SPEDSUBR22	578
Special Education Preschool Grants	84.173A	SPEDSUBR22	422
Total Special Education Cluster			<u>67,813</u>
Title IVA			
Student Support and Academic Enrichment	84.424A	T4SUBR21	2,936
Student Support and Academic Enrichment	84.424A	T4SUBR22	27,012
			<u>29,948</u>
Education Stabilization Fund	84.425R *	GEERII21	18,338
Education Stabilization Fund	84.425D *	ESSERII21	785,413
Education Stabilization Fund	84.425U *	ARPESSE	8,368
			<u>812,119</u>
Subtotal Department of Education			<u>1,135,961</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	12,201
National School Lunch Program	10.555	NA	39,760
Summer Food Service Program	10.559	NA	4,172
Commodities	10.555	NA	6,881
Child Nutrition Discretionary Grants	10.555	223WY901	13,642
Total Child Nutrition Cluster			<u>76,656</u>
Child and Adult Care Food Program (CACFP)	10.558	NA	3,230
			<u>3,230</u>
Subtotal Department of Agriculture			<u>79,886</u>
<b>Total Federal Funds Expended</b>			<u><b>\$ 1,215,847</b></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**  
**For the Year Ended June 30, 2023**

**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 approved a indirect cost rate with the Wyoming Department of Education for 8.22 percent on restricted programs and 13.13 percent unrestricted programs. 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**



CERTIFIED PUBLIC ACCOUNTANTS

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**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, 2023, 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 13, 2023.

**Report on 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) as a basis for designing 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

*Carver Florek & James, CPAs*

Sheridan, Wyoming  
November 13, 2023

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

*Independent Auditor's Report*

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Fremont County School District #2's (the District) compliance with the types of compliance requirements identified as subject to audit 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, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the 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, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Sheridan, Wyoming  
November 13, 2023

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended June 30, 2023

**SECTION I – Summary of the Auditors’ Results:**

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness identified? ☐ Yes ☒ No
- Significant deficiency identified? ☐ Yes ☒ No

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:

- Material weakness identified? ☐ Yes ☒ No
- Significant deficiency identified? ☐ Yes ☒ 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.

Any audit findings disclosed that are required  
To be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

For the year ended June 30, 2023, the District had one major program:

- Education Stabilization Fund ALN 84.425.

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

Auditee qualified as a low-risk auditee? ☒ Yes ☐ No

**FREMONT COUNTY SCHOOL DISTRICT #2**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended June 30, 2023

**SECTION II – GAGAS Financial Statement Findings – None noted**

**SECTION III – Federal Awards Findings – None noted**

**SECTION IV – Summary Schedule of Prior Year Findings – None noted**