



FREMONT COUNTY SCHOOL DISTRICT #2
DUBOIS, WYOMING

Basic Financial Statements

For the Year Ended June 30, 2025

(With Independent Auditor's Report Thereon)

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INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S 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, 2025, 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, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 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 schedules, and pension related schedules 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 nonmajor governmental 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 nonmajor governmental 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 nonmajor governmental 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 December 1, 2025, 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 Flook & James, CPAs

Sheridan, Wyoming
December 1, 2025

MANAGEMENT DISCUSSION AND ANALYSIS

FREMONT COUNTY SCHOOL DISTRICT #2
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025
(UNAUDITED)

As management of **Fremont County School District #2** (the “District”), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended **June 30, 2025**. We encourage readers to consider the information presented here in conjunction with the District’s **basic financial statements** and **accompanying notes**.

Financial Highlights

- The District’s **total net position** increased by **\$1,004,119** (5.2%) from **\$19,243,056** at June 30, 2024, to **\$20,247,175** at June 30, 2025.
- **Governmental activities** expenses totaled **\$7,312,049**, while **revenues** from taxes, grants, and other sources were **\$8,256,852**.
- The **Food Service, Rental Property Management Fund, and Preschool Fund**, which make up the District’s **business-type activities**, reported total revenues of **\$382,046** and expenses of **\$322,730**, resulting in a positive change in net position.
- The District continues to maintain a **strong financial position** with a healthy reserve balance in its General Fund.
- The District’s **pension liability** under the **Wyoming Retirement System’s Public Employees’ Pension Plan (PEPP)** decreased from **\$3,230,187** in FY 2024 to **\$2,928,313** in FY 2025.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis serve as an introduction to the District’s **basic financial statements**, which include three main components:

1. **Government-wide financial statements**
2. **Fund financial statements**
3. **Notes to the financial statements**

This report also includes **required supplementary information** and **other supplemental schedules** that provide additional financial detail.

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 indicate whether the District’s financial position is improving or deteriorating.

FREMONT COUNTY SCHOOL DISTRICT #2
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025
(UNAUDITED)

- The **Statement of Activities** presents information showing how the District's net position changed during the fiscal year. All revenues and expenses are recorded when the underlying event occurs, regardless of the timing of related cash flows.

The District's activities are classified as:

- **Governmental Activities**, which include the majority of instructional and support services funded primarily through taxes and intergovernmental revenues.
- **Business-Type Activities**, which are intended to recover a significant portion of their costs through user fees. For the District, these include the **Food Service Program, Teacherage (Rental Property Management)** and **Preschool Fund** operations.

Fund Financial Statements

Funds are accounting mechanisms used to track specific sources of funding and spending. The District uses **fund accounting** to ensure and demonstrate compliance with finance-related legal requirements.

- **Governmental Funds** account for most of the District's basic services. These statements focus on near-term inflows, outflows, and balances of spendable resources. Major funds include the **General Fund** and the **Special Revenue Fund**.
- **Proprietary Funds** account for activities that operate similarly to private businesses, such as the Food Service Fund and Teacherage Fund. These funds use full accrual accounting and provide both short- and long-term financial information.
- **Fiduciary Funds** are used to account for resources held for others. The District held **no fiduciary funds** during fiscal year 2025.

Notes to the Financial Statements

The notes provide additional information that is essential for a full understanding of the data presented in the government-wide and fund financial statements.

Capital Assets and Debt Administration

At June 30, 2025, the District had invested **\$19.4 million** in capital assets, including land, buildings, equipment, and vehicles (current year additions totaled \$763,674). Major capital projects during the year included building improvements and technology upgrades.

The District has **no outstanding bonded debt**, and continues to operate within state and local financial guidelines.

FREMONT COUNTY SCHOOL DISTRICT #2
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025
(UNAUDITED)

STUDENT ENROLLMENT COMPARISON

Student enrollment is a key factor influencing the District’s funding, staffing, and resource allocation. The following analysis provides a comparison of student enrollment for the fiscal year ended **June 30, 2025**, with prior years, highlighting trends and potential impacts on the District’s financial and operational planning.

	2024-2025	2023-2024	Change	% Change
Elementary School	73.424	81.443	-8.019	-9.85%
Middle School	48.869	44.270	4.599	10.39%
High School	55.92	59.539	-3.619	-6.08%
<i>Yearly Totals</i>	<i>178.213</i>	<i>185.252</i>	<i>-7.039</i>	<i>-3.80%</i>

Total student enrollment for Fremont County School District #2 decreased from **185.252** in 2023–2024 to **178.213** in 2024–2025, a decline of **7.039 students**, or **3.8%** overall. While total enrollment has decreased, trends vary by school level, indicating shifts in population within the District.

FREMONT COUNTY SCHOOL DISTRICT #2
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025
(UNAUDITED)

Financial Analysis of the District as a Whole. The **Statement of Net Position** presents the overall financial status of the District. The following section provides a comparative summary of the District's net position for **June 30, 2025** and **June 30, 2024**.

Condensed Statement of Net Position						
	As of June 30, 2025			As of June 30, 2024		
	Governmental Activities	Business- Type Activities	Total School District	Governmental Activities	Business- Type Activities	Total School District
<u>ASSETS</u>						
Current & Other Assets	\$ 4,091,090	\$ 210,149	\$ 4,301,239	\$ 2,839,855	\$ 126,940	\$ 2,966,795
Capital Assets	18,209,628	1,233,058	19,442,686	18,709,046	1,253,066	19,962,112
Total Assets	22,300,718	1,443,207	23,743,925	21,548,901	1,380,006	22,928,907
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	441,842	11,924	453,766	366,942	8,940	375,882
<u>LIABILITIES</u>	3,486,618	89,620	3,576,238	3,843,594	89,527	3,933,121
<u>DEFERRED INFLOWS OF RESOURCES</u>	364,443	9,835	374,278	125,553	3,059	128,612
<u>NET POSITION</u>						
Net Investment in Capital Assets	18,159,956	1,233,058	19,393,014	18,709,046	-	18,709,046
Restricted	1,877,788	-	1,877,788	1,610,800	-	1,610,800
Unrestricted	(1,146,245)	122,618	(1,023,627)	(2,373,150)	1,296,360	(1,076,790)
Total Net Position	\$ 18,891,499	\$ 1,355,676	\$ 20,247,175	\$ 17,946,696	\$ 1,296,360	\$ 19,243,056

FREMONT COUNTY SCHOOL DISTRICT #2
MANAGEMENT DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2025
(UNAUDITED)

Changes in District's Net Position						
	For the Year Ended June 30, 2025			For the Year Ended June 30, 2024		
	Governmental Activities	Business-Type Activities	Total School District	Governmental Activities	Business-Type Activities	Total School District
REVENUES						
Charges for Services	\$ 2,419	\$ 121,892	\$ 124,311	\$ 9,638	\$ 117,114	\$ 126,752
Operating Grants & Contributions	2,249,526	78,484	2,328,010	1,984,794	78,357	2,063,151
Capital Grants & Contributions	5,237	-	5,237	441,806	-	441,806
GENERAL REVENUES						
Taxes	2,858,640	-	2,858,640	2,725,343	-	2,725,343
Government Aid	3,132,803	-	3,132,803	2,006,242	-	2,006,242
Interest Earnings	109,805	2,345	112,150	94,205	1,140	95,345
Miscellaneous	77,747	-	77,747	87,607	75	87,682
Transfers	(179,325)	179,325	-	(114,306)	114,306	-
Total Revenues, net of transfer	8,256,852	382,046	8,638,898	7,235,329	310,992	7,546,321
EXPENSES						
Instruction	3,452,983	-	3,452,983	3,461,702	-	3,461,702
Instructional support	550,799	-	550,799	662,490	-	662,490
General support	2,018,484	-	2,018,484	2,337,025	-	2,337,025
Facilities acquisition and construction	-	-	-	14,377	-	14,377
Other sources	32,691	-	32,691	19,838	-	19,838
Depreciation and amortization (unallocated)	1,257,092	-	1,257,092	794,793	-	794,793
Food Services	-	246,733	246,733	-	199,966	199,966
Teacherages	-	72,955	72,955	-	52,711	52,711
Preschool	-	3,042	3,042	-	10,120	10,120
Total Expenses	7,312,049	322,730	7,634,779	7,290,225	262,797	7,553,022
Change in Net Position	944,803	59,316	1,004,119	(54,896)	48,195	(6,701)
Net Position - Beginning of Year	17,946,696	1,296,360	19,243,056	18,001,592	1,248,165	19,249,757
Prior period adjustment	-	-	-	-	-	-
Net Position - End of Year	\$ 18,891,499	\$ 1,355,676	\$ 20,247,175	\$ 17,946,696	\$ 1,296,360	\$ 19,243,056

BASIC FINANCIAL STATEMENTS

FREMONT COUNTY SCHOOL DISTRICT #2**STATEMENT OF NET POSITION**

As of June 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 3,598,797	\$ 202,230	\$ 3,801,027
Cash held by County Treasurer	31,397	-	31,397
Due from other governments	74,099	24	74,123
Property taxes receivable	315,626	-	315,626
Other receivables	13,720	312	14,032
Prepays and inventory	57,451	7,583	65,034
Capital assets not being depreciated	746,310	588,675	1,334,985
Capital assets being depreciated, net	17,463,318	644,383	18,107,701
Total assets	<u>22,300,718</u>	<u>1,443,207</u>	<u>23,743,925</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Related to pensions	441,842	11,924	453,766
Total deferred outflows of resources	<u>441,842</u>	<u>11,924</u>	<u>453,766</u>
<u>LIABILITIES</u>			
Accounts payable	85,137	7,277	92,414
Accrued wages payable and other liabilities	409,256	5,392	414,648
Noncurrent liabilities:			
Due within one year	57,883	-	57,883
Due after one year	82,980	-	82,980
Net pension liability	2,851,362	76,951	2,928,313
Total liabilities	<u>3,486,618</u>	<u>89,620</u>	<u>3,576,238</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Related to pensions	364,443	9,835	374,278
Total deferred inflows of resources	<u>364,443</u>	<u>9,835</u>	<u>374,278</u>
<u>NET POSITION</u>			
Net investment in capital assets	18,159,956	1,233,058	19,393,014
Restricted for:			
Grants	111,098	-	111,098
Capital maintenance	948,332	-	948,332
Excess tax collection (W.S. 21-13-313(d))	561,831	-	561,831
Debt service	36,053	-	36,053
Student activities	56,879	-	56,879
Adult education	163,595	-	163,595
Unrestricted	(1,146,245)	122,618	(1,023,627)
Total net position	<u>\$ 18,891,499</u>	<u>\$ 1,355,676</u>	<u>\$ 20,247,175</u>

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

FREMONT COUNTY SCHOOL DISTRICT #2

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2025

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
Primary Government:							
<i>Governmental Activities:</i>							
Instruction	\$ 3,452,983	\$ 2,419	\$ 1,415,844	\$ -	\$ (2,034,720)	\$ -	\$ (2,034,720)
Instructional support	550,799	-	64,535	-	(486,264)	-	(486,264)
General support	2,018,484	-	320,646	-	(1,697,838)	-	(1,697,838)
Facilities acquisition and construction	-	-	421,693	5,237	426,930	-	426,930
Other sources	32,691	-	26,808	-	(5,883)	-	(5,883)
Depreciation/amortization - unallocated	1,257,092	-	-	-	(1,257,092)	-	(1,257,092)
Total governmental activities	7,312,049	2,419	2,249,526	5,237	(5,054,867)	-	(5,054,867)
<i>Business-type Activities:</i>							
Food services	246,733	41,436	78,484	-	-	(126,813)	(126,813)
Teacherage	72,955	77,505	-	-	-	4,550	4,550
Preschool	3,042	2,951	-	-	-	(91)	(91)
Total business-type activities	322,730	121,892	78,484	-	-	(122,354)	(122,354)
Total primary government	\$ 7,634,779	\$ 124,311	\$ 2,328,010	\$ 5,237	(5,054,867)	(122,354)	(5,177,221)
General revenues and transfers							
Property taxes levied for:							
General purposes					2,503,494	-	2,503,494
Specific purposes of major building and facility maintenance					355,146	-	355,146
State aid					3,132,803	-	3,132,803
Unrestricted investment earnings (losses)					109,805	2,345	112,150
Unrestricted miscellaneous revenue					77,747	-	77,747
Transfers in (out), net					(179,325)	179,325	-
Total general revenues and transfers					5,999,670	181,670	6,181,340
Change in net position					944,803	59,316	1,004,119
Net position - beginning					17,946,696	1,296,360	19,243,056
Net position - ending					\$ 18,891,499	\$ 1,355,676	\$ 20,247,175

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, 2025

	General	Grant Programs	Major Maintenance	Capital Projects	Nonmajor Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash and cash equivalents	\$ 1,715,696	\$ 225,420	\$ 963,843	\$ 441,905	\$ 251,933	\$ 3,598,797
Cash held by County Treasurer	-	-	-	681	30,716	31,397
Due from other funds	150,000	-	-	-	5,337	155,337
Due from other governments	10,336	63,763	-	-	-	74,099
Property taxes receivable	299,399	-	-	-	16,227	315,626
Other receivables	-	-	-	13,420	300	13,720
Prepaid expenses	57,451	-	-	-	-	57,451
Total assets	<u>\$ 2,232,882</u>	<u>\$ 289,183</u>	<u>\$ 963,843</u>	<u>\$ 456,006</u>	<u>\$ 304,513</u>	<u>\$ 4,246,427</u>
<u>LIABILITIES</u>						
Accounts payable	\$ 38,508	\$ 58	\$ 15,511	\$ -	\$ 31,060	\$ 85,137
Accrued wages payable	380,530	28,027	-	-	699	409,256
Due to other funds	5,337	150,000	-	-	-	155,337
Total liabilities	<u>424,375</u>	<u>178,085</u>	<u>15,511</u>	<u>-</u>	<u>31,759</u>	<u>649,730</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Unavailable property taxes	299,399	-	-	-	16,227	315,626
Unavailable grant revenue	-	-	-	-	-	-
Total deferred inflows of resources	<u>299,399</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,227</u>	<u>315,626</u>
<u>FUND BALANCES</u>						
Nonspendable	57,451	-	-	-	-	57,451
Restricted for:						
Grants	-	111,098	-	-	-	111,098
Capital maintenance	-	-	948,332	-	-	948,332
Enterprise fund deficit	6,750	-	-	-	-	6,750
Excess tax collection (W.S. 21-13-313(d))	561,831	-	-	-	-	561,831
Debt service	-	-	-	-	36,053	36,053
Student activities	-	-	-	-	56,879	56,879
Adult education	-	-	-	-	163,595	163,595
Capital projects	-	-	-	456,006	-	456,006
Unassigned	883,076	-	-	-	-	883,076
Total fund balances	<u>1,509,108</u>	<u>111,098</u>	<u>948,332</u>	<u>456,006</u>	<u>256,527</u>	<u>3,281,071</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,232,882</u>	<u>\$ 289,183</u>	<u>\$ 963,843</u>	<u>\$ 456,006</u>	<u>\$ 304,513</u>	<u>\$ 4,246,427</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, 2025

Total fund balances - governmental funds	\$	3,281,071
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Amounts reported for governmental activities in the statement of net position 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	30,475,452	
Accumulated depreciation	<u>(12,265,824)</u>	18,209,628

Receivables not available under modified accrual; however, considered available at the government-wide level.		315,626
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Deferred outflows of resources related to pensions which are not reported in governmental funds.		441,842
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Deferred inflows of resources related to pensions which are not reported in governmental funds.		(364,443)
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Long-term 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:

Accrued compensated absences	(91,191)	
Notes payable	(49,672)	
Net pension liability	<u>(2,851,362)</u>	<u>(2,992,225)</u>

Total net position - governmental activities	\$	<u>18,891,499</u>
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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 - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	General	Grant Programs	Major Maintenance	Capital Projects	Nonmajor Funds	Total Governmental Funds
<u>REVENUES</u>						
Taxes	\$ 2,497,032	\$ -	\$ -	\$ -	\$ 145,804	\$ 2,642,836
Intergovernmental	3,790,934	1,700,006	355,146	5,237	2,448	5,853,771
Contributions	-	-	-	-	27,421	27,421
Interest	52,133	4,698	43,461	3,604	5,296	109,192
Miscellaneous	9,505	-	-	13,420	31,003	53,928
Total revenues	<u>6,349,604</u>	<u>1,704,704</u>	<u>398,607</u>	<u>22,261</u>	<u>211,972</u>	<u>8,687,148</u>
<u>EXPENDITURES</u>						
Current:						
Instruction	2,609,471	748,544	-	-	167,413	3,525,428
Instructional support	505,498	54,592	-	-	-	560,090
General support	1,888,810	79,181	95,902	-	-	2,063,893
Facilities acquisition and construction	-	-	-	-	-	-
Other sources	-	-	-	-	32,691	32,691
Capital outlay:						
Instruction	700	2,387	-	-	-	3,087
General support	68,180	192,062	283,202	-	-	543,444
Facilities acquisition and construction	-	164,660	-	46,483	-	211,143
Debt service:						
Principal	14,963	-	-	-	-	14,963
Interest	194	-	-	-	-	194
Total expenditures	<u>5,087,816</u>	<u>1,241,426</u>	<u>379,104</u>	<u>46,483</u>	<u>200,104</u>	<u>6,954,933</u>
Excess (deficiency) of revenue over expenditures	1,261,788	463,278	19,503	(24,222)	11,868	1,732,215
<u>OTHER FINANCING SOURCES (USES)</u>						
Debt proceeds	64,635	-	-	-	-	64,635
Transfers in (out), net	(379,325)	-	-	200,000	-	(179,325)
Total other financing sources (uses)	<u>(314,690)</u>	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>(114,690)</u>
Net change in fund balance	947,098	463,278	19,503	175,778	11,868	1,617,525
Fund balances - beginning	562,010	(352,180)	928,829	280,228	244,659	1,663,546
Fund balances - ending	<u>\$ 1,509,108</u>	<u>\$ 111,098</u>	<u>\$ 948,332</u>	<u>\$ 456,006</u>	<u>\$ 256,527</u>	<u>\$ 3,281,071</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, 2025

Total net change in fund balances - governmental funds **\$ 1,617,525**

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.

Capital outlays	757,674	
Depreciation and amortization expense	<u>(1,257,092)</u>	(499,418)

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

Property taxes	6,462	
Grants	<u>(257,433)</u>	(250,971)

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.

Proceeds from notes payable	(64,635)	
Principal payments on notes payable	<u>14,963</u>	(49,672)

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	(10,671)	
Change in net pension liability	302,000	
Change in deferred outflows of resources - pensions	74,900	
Change in deferred inflows of resources - pensions	<u>(238,890)</u>	<u>127,339</u>

Change in net position of governmental activities	<u><u>\$ 944,803</u></u>
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FREMONT COUNTY SCHOOL DISTRICT #2**STATEMENT OF NET POSITION****PROPRIETARY FUNDS**

As of June 30, 2025

	Enterprise Funds			
	Food Service	Teacherage	Preschool	Total
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 61,143	\$ 140,577	\$ 510	\$ 202,230
Due from other governments	24	-	-	24
Other receivables	312	-	-	312
Prepays	3,913	126	-	4,039
Inventory	3,544	-	-	3,544
Total current assets	68,936	140,703	510	210,149
Noncurrent assets:				
Capital assets not being depreciated	-	588,675	-	588,675
Capital assets being depreciated, net	186	644,197	-	644,383
Total noncurrent assets	186	1,232,872	-	1,233,058
Total assets	69,122	1,373,575	510	1,443,207
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Related to pensions	11,513	-	411	11,924
Total deferred outflows of resources	11,513	-	411	11,924
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable	274	7,003	-	7,277
Accrued wages payable	1,060	-	-	1,060
Rental deposits	-	4,332	-	4,332
Total current liabilities	1,334	11,335	-	12,669
Noncurrent liabilities:				
Net pension liability	73,418	-	3,533	76,951
Total noncurrent liabilities	73,418	-	3,533	76,951
Total liabilities	74,752	11,335	3,533	89,620
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Related to pensions	9,694	-	141	9,835
Total deferred inflows of resources	9,694	-	141	9,835
<u>NET POSITION (DEFICIT)</u>				
Net investment in capital assets	186	1,232,872	-	1,233,058
Unrestricted	(3,997)	129,368	(2,753)	122,618
Total net position (deficit)	\$ (3,811)	\$ 1,362,240	\$ (2,753)	\$ 1,355,676

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

FREMONT COUNTY SCHOOL DISTRICT #2
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2025

	Enterprise Funds			
	Food Service	Teacherage	Preschool	Total
<u>OPERATING REVENUES</u>				
Charges for services	\$ 41,436	\$ 77,505	\$ 2,951	\$ 121,892
Total operating revenues	<u>41,436</u>	<u>77,505</u>	<u>2,951</u>	<u>121,892</u>
<u>OPERATING EXPENSES</u>				
Salaries	76,503	1,313	3,042	80,858
Employee benefits	94,475	100	-	94,575
Purchased services	-	1,074	-	1,074
Supplies	75,631	44,584	-	120,215
Depreciation	124	25,884	-	26,008
Total operating expenses	<u>246,733</u>	<u>72,955</u>	<u>3,042</u>	<u>322,730</u>
Operating income (loss)	<u>(205,297)</u>	<u>4,550</u>	<u>(91)</u>	<u>(200,838)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>				
Intergovernmental	78,484	-	-	78,484
Interest income	525	1,799	21	2,345
Transfers in (out), net	179,325	-	-	179,325
Total non-operating revenues (expenses)	<u>258,334</u>	<u>1,799</u>	<u>21</u>	<u>260,154</u>
Change in net position	53,037	6,349	(70)	59,316
Net position (deficit) - beginning	(56,848)	1,355,891	(2,683)	1,296,360
Net position (deficit) - ending	<u>\$ (3,811)</u>	<u>\$ 1,362,240</u>	<u>\$ (2,753)</u>	<u>\$ 1,355,676</u>

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

FREMONT COUNTY SCHOOL DISTRICT #2

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended June 30, 2025

	Enterprise Funds			
	Food Service	Teacherage	Preschool	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Receipts from customers	\$ 44,131	\$ 78,055	\$ 2,994	\$ 125,180
Payments to employees for services	(169,042)	(1,413)	(3,042)	(173,497)
Payments to suppliers for goods and services	(83,042)	(37,283)	-	(120,325)
Net cash provided (used) by operating activities	(207,953)	39,359	(48)	(168,642)
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>				
Federal reimbursement	78,484	-	-	78,484
Interfund activity	179,325	-	-	179,325
Net cash provided (used) by non-capital financing activities	257,809	-	-	257,809
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Purchases of capital assets	-	(6,000)	-	(6,000)
Net cash provided (used) by capital and related financing activities	-	(6,000)	-	(6,000)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest on investments	525	1,799	21	2,345
Net cash provided by (used) investing activities	525	1,799	21	2,345
Net change in cash and cash equivalents	50,381	35,158	(27)	85,512
Cash and cash equivalents - beginning	10,762	105,419	537	116,718
Cash and cash equivalents - ending	\$ 61,143	\$ 140,577	\$ 510	\$ 202,230
Reconciliation of operating income (loss) to net cash provided by (used by) operating activities:				
Operating income (loss)	(205,297)	4,550	(91)	(200,838)
Adjustments to reconcile operating loss to net cash used in operating activities:				
Depreciation	124	25,884	-	26,008
Changes in assets and liabilities:				
Receivables	2,695	550	43	3,288
Inventory and prepaids	(4,676)	3,691	-	(985)
Accounts payable	(2,735)	3,427	-	692
Rental deposits	-	1,257	-	1,257
Accrued wages payable	(1,982)	-	-	(1,982)
Net pension resources	3,918	-	-	3,918
Net cash provided (used) by operating activities	\$ (207,953)	\$ 39,359	\$ (48)	\$ (168,642)

NON-CASH NON-CAPITAL FINANCING ACTIVITIES

Non-cash activity included in operations was \$5,935 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, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of 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) 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 and a statement of activities. The District's basic financial statements also include 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. Governmental and business-type activities are presented separately on a consolidated basis by column and are reflected on an economic resource and full accrual basis, which incorporates long-term assets, receivables, and long-term debt and obligations. 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 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 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 District 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, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 a fiscal and accounting entity, with a self-balancing set of accounts where financial resources, related liabilities, and residual fund 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 two categories of funds used by the district, governmental and proprietary. 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. 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 differences between governmental fund assets and liabilities are reported as fund balance. The following are the District's 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 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 always 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 is 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, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 the 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, net position, revenues, and expenses 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 in whole or in part through user charges. The District's Enterprise Funds account for food service, home rental programs also known as teacherage, and preschool activities.

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 Statement of Net Position and the Statement of Activities, and the Proprietary 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, 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.

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 the governmental fund 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 financial resources at the end of the period.

FREMONT COUNTY SCHOOL DISTRICT #2

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the governmental fund financial statements, the modified accrual basis of accounting is applied. Under the 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. All other revenues are considered to be available if they are collected within 60 days after fiscal year-end. Grants are recognized as revenue when qualified expenditures are incurred, and a contractual claim exists with the grantor agency. 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 in the Statement of Net Position include revenue accruals such as property tax, grants and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions that are measurable but not available are reported as deferred inflows of resources. 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.

Proprietary type funds and business-type activities’ receivables consist of all revenues earned at year-end and not yet received.

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.

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 governmental activities consist of expendable supplies held for consumption. Prepaid expenditures in reimbursable grants are offset by unearned revenues until expenditures are incurred. 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 funds. 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.

FREMONT COUNTY SCHOOL DISTRICT #2
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 costs of normal maintenance and repairs that do not add materially to the value of an asset or materially extend its useful life are not capitalized. Interest costs, net of any interest earned on 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 unallocated expense in the 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. The District's reported deferred outflows of resources relate primarily to the District's participation in the Wyoming Retirement System.

Accounts Payable and Accrued Expenses

Accounts Payable – Accounts payable include the payables recorded by the District at June 30, 2025 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, 2025 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 obligations of governmental funds are not reported as liabilities in the fund financial statements. Payments of principal and interest are reported as expenditures.

FREMONT COUNTY SCHOOL DISTRICT #2
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Net Position

1. District-Wide and Proprietary Fund Financial Statements:

For district-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- a. *Net investment in capital assets* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- b. *Restricted* net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- c. *Unrestricted* net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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:

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." The District's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

- a. *Nonspendable* fund balance represents amounts that are either not in a spendable form or are legally or contractually required to remain intact.
- b. *Restricted* fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

FREMONT COUNTY SCHOOL DISTRICT #2

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- c. *Committed* fund balance represents amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the District's Board prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation.
- d. *Assigned* fund balance represents amounts that are intended to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has by resolution authorized the finance director to assign fund balance. The Board may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- e. *Unassigned* fund balance represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

Operational Grants and Contributions

The District receives various operational grants at the state and federal level which aid in the funding of the educational programs. In the Statement of Activities this revenue is recognized when earned, and in the fund financial statements this revenue is recognized if measurable and available at fiscal year-end.

Property Tax

The District levies taxes on assessed property through Fremont County, who acts as the agent to levy and collect property tax within the County. The taxes are levied on the assessed valuation of the prior year according to the tax calendar below. Collections are distributed after the end of each month. Assessed valuation and tax levies are subject to adjustment for prior years (rebates and supplemental) as controlled by the County or State. The District does not 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 events occur prior to June 30th for the upcoming 2025 levy; therefore, at June 30, 2025, the property tax receivable consists of unpaid property taxes from the August 2024 levy. Effective January 1, 2022, mineral ad valorem property taxes are billed and collected monthly by the Wyoming Department of Revenue, with a true-up following the annual assessment on January 1.

FREMONT COUNTY SCHOOL DISTRICT #2

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Basis of Accounting

While the District is reporting financial position, results of operations, and changes in fund balance/net position on the basis of 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 are presented 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 financing lease purchase agreements 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 GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

Newly Adopted Standards

GASB Statement No. 101, Compensated Absences, requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

The District has implemented this standard for the year ended June 30, 2025. No beginning balances were impacted by this implementation.

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:

FREMONT COUNTY SCHOOL DISTRICT #2
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Deficit Fund Balances or Net Position

Wyoming Statutes prohibit the creation of a deficit fund balance in any individual fund of the District. For the year ended June 30, 2025, the District incurred a fund balance deficit in the Food Service Fund and Preschool Fund. These deficits are 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 funds. The District reports financial position, results of operations and changes in fund balance in accordance with 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. At June 30, 2025, all of the District's bank deposits were at financial institutions that were adequately secured.

3. DEPOSITS AND INVESTMENT IN THE WYOMING GOVERNMENT INVESTMENT FUND

The District 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.

4. RECEIVABLES

Receivables in the Statement of Net Position at June 30, 2025, consist 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. Accordingly, no allowance for uncollectible accounts has been recorded.

FREMONT COUNTY SCHOOL DISTRICT #2

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

5. CAPITAL ASSETS

Capital asset activity of the District for the year ended June 30, 2025 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<i>Governmental Activities:</i>				
Capital assets not being depreciated:				
Land	\$ 466,088	\$ -	\$ -	\$ 466,088
Construction-in-progress	290,250	528,719	538,747	280,222
Total capital assets not being depreciated	756,338	528,719	538,747	746,310
Capital assets being depreciated:				
Cost:				
Buildings and improvements	26,655,331	634,722	-	27,290,053
Furniture and equipment	1,128,834	68,345	-	1,197,179
Transportation equipment	1,177,274	64,635	-	1,241,909
Total cost	28,961,439	767,702	-	29,729,141
Accumulated depreciation for:				
Buildings and improvements	(8,937,936)	(1,164,392)	-	(10,102,328)
Furniture and equipment	(929,217)	(48,780)	-	(977,997)
Transportation equipment	(1,141,578)	(43,920)	-	(1,185,498)
Total accumulated depreciation	(11,008,731)	(1,257,092)	-	(12,265,823)
Total capital assets being depreciated, net	17,952,708			17,463,318
Governmental activities capital assets, net	\$ 18,709,046			\$ 18,209,628
	Beginning Balance	Additions	Deletions	Ending Balance
<i>Business-type Activities:</i>				
Capital assets not being depreciated:				
Teacherage fund:				
Land	\$ 582,675	\$ -	\$ -	\$ 582,675
Construction-in-progress	-	6,000	-	6,000
Total capital assets not being depreciated	582,675	6,000	-	588,675
Capital assets being depreciated:				
Food Service:				
Furniture and equipment	42,133	-	-	42,133
Accumulated depreciation	(41,823)	(124)	-	(41,947)
Food service, net	310	(124)	-	186
Teacherage:				
Buildings and improvements	869,871	-	-	869,871
Furniture and equipment	27,215	-	-	27,215
Accumulated depreciation	(227,005)	(25,884)	-	(252,889)
Teacherage, net	670,081	(25,884)	-	644,197
Total capital assets being depreciated, net	670,391	(26,008)	-	644,383
Business-type activities capital assets, net	\$ 1,253,066			\$ 1,233,058

FREMONT COUNTY SCHOOL DISTRICT #2

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

6. NONCURRENT LIABILITIES

Noncurrent liability activity of the District for the year ended June 30, 2025 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Amount Due Within One Year
Primary Government:					
<i>Governmental Activities:</i>					
Compensated absences	\$ 80,520	\$ 10,671	\$ -	\$ 91,191	\$ 45,596
Notes payable	-	64,635	14,963	49,672	12,287
Net pension liability	3,153,362	-	302,000	2,851,362	-
Total governmental activities	3,233,882	75,306	316,963	2,992,225	57,883
<i>Business-type Activities:</i>					
Net pension liability	76,825	126	-	76,951	-
Total business-type activities	76,825	126	-	76,951	-
Total primary government	\$ 3,310,707	\$ 75,432	\$ 316,963	\$ 3,069,176	\$ 57,883

Notes Payable

During the fiscal year ended June 30, 2025 the District entered into a note payable with Wyoming Community bank in the amount of \$64,635 with an interest rate of 5.4% and annual payments of \$15,122, maturing in October of 2029 for the purchase of a vehicle.

Future minimum note payments are comprised of the following as of June 30, 2025:

	Interest	Principal	Total Payments
2026	\$ 3,477	\$ 12,287	\$ 15,764
2027	2,617	13,147	15,764
2028	1,697	14,067	15,764
2029	712	10,171	10,883
	<u>\$ 8,503</u>	<u>\$ 49,672</u>	<u>\$ 58,175</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 liability insurance and vehicle insurance. Coverage limits and deductibles vary by policy type. No significant settlements have exceeded insurance coverage during the past three fiscal years. All risk management activities are accounted for in the General Fund.

Policy limits include approximately \$150,000,000 for real and personal property aggregate; \$5,000,000 for rental property; \$24,000,000 flood annual aggregate; \$2,000,000 auto liability; \$1,305,000 criminal acts aggregate; \$2,000,000 pollution clean-up aggregate; and \$2,000,000 for general liability.

FREMONT COUNTY SCHOOL DISTRICT #2
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

7. RISK MANAGEMENT (Continued)

The District also participates in a workers' compensation program and an unemployment compensation program, both administered by the Wyoming Department of Workforce Services. The District is not aware of any significant claims that would require accrual.

8. INTERFUND BALANCES AND ACTIVITIES

At June 30, 2025, interfund receivables and payables were as follows:

	Due from Other funds	Due to Other Funds
<u>Primary Government</u>		
<i>Governmental Activities:</i>		
General fund	\$ 150,000	\$ 5,337
Grant programs fund	-	150,000
Nonmajor funds	5,337	-
Total governmental activities	155,337	155,337
Total primary government	<u>\$ 155,337</u>	<u>\$ 155,337</u>

Interfund receivables and payables result from timing differences between when interfund transactions occur and when the related payments are made.

Transfers to and from other funds during the year ended June 30, 2025, were as follows:

	Transfers from Other Funds	Transfers to Other Funds
<u>Primary Government</u>		
<i>Governmental Activities:</i>		
General fund	\$ -	\$ 379,325
Capital projects fund	200,000	-
Total governmental activities	200,000	379,325
<i>Business-type Activities:</i>		
Food services fund	179,325	-
Total business-type activities	179,325	-
Total primary government	<u>\$ 379,325</u>	<u>\$ 379,325</u>

Transfers are used to move resources from the fund that collects the revenues to the fund authorized to expend them, as required by statute or budget. 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, 2025, the General Fund made the following transfers:

- \$179,325 to the Food Services Fund for general operation support.
- \$200,000 to the Capital Projects Fund for future capital projects.

FREMONT COUNTY SCHOOL DISTRICT #2

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

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. GASB 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 its 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 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.

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 methods and assumptions as those used 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, 2025, the fiduciary net position as a percentage of total pension liability increased from 80.19 percent on January 1, 2024 to 82.46 percent on January 1, 2025. The net pension liability as a percentage of covered employee payroll decreased from 120.86 percent to 102.93 percent as of January 1, 2024 and 2025, respectively. The net pension liability was \$2.08 billion as of January 1, 2025 compared to \$2.27 billion as of January 1, 2024. This is a decrease from the prior year.

Determination of Tier 1 versus Tier 2 Employees

Tier 1 employees are those whose first contribution to the Plan was on or before September 1, 2012, whereas Tier 2 employees are those whose first contribution to the Plan was 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 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 2025 was 18.62 percent.

FREMONT COUNTY SCHOOL DISTRICT #2

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

9. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM (Continued)

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 COLA 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).

Under 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.

Under 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 equals or exceeds 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 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 Legislature. In addition, the WRS board cannot recommend the COLA unless the plan is considered actuarially sound and the funded ratio 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 contribution rates and funding periods.

FREMONT COUNTY SCHOOL DISTRICT #2

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2025

9. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected arithmetic returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the Plan's target asset allocation as of January 1, 2024 the best estimates are summarized in the following table:

Asset Class	Target Allocation	Geometric Real Return	Arithmetic Real Return
Tactical cash	0.50%	0.41%	0.40%
Gold	1.50%	2.33%	0.90%
Fixed income	20.00%	3.79%	4.22%
Equity	51.50%	6.51%	8.19%
Marketable alternatives	16.00%	4.54%	5.38%
Private markets	10.50%	6.23%	7.74%
Total	100.00%	5.53%	6.75%

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 4.08%, 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, 2024.

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 determined to be sufficient 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, 2025, the District reported a total liability of \$2,928,313 for its proportionate share of the net pension liability. The net pension liability was determined by an actuarial valuation as of January 1, 2024, applied to all 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 related to 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, 2024 is based on the results of an actuarial valuation as of January 1, 2024, rolled forward to a measurement date of December 31, 2024, 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, 2025

9. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM (Continued)

The schedule below shows the District's proportionate share of the net pension liability at June 30, 2025, the proportionate portion at the measurement date of December 31, 2024, and the change in the proportion from the previous measurement date.

	Net Pension liability at June 30, 2025	Proportion at December 31, 2024	Increase (decrease) from December 31, 2023
Public Employee Pension Plan:			
FCSD#2	<u>\$ 2,928,313</u>	0.140%	-0.002%

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	Business-Type Activities
Non-cash pension expense (revenue)	<u>\$ (138,010)</u>	<u>\$ 3,918</u>
Deferred outflows of resources		
Net difference between expected and actual earning on pension plan investments	\$ 184,885	\$ 4,989
Contributions subsequent to the measurement date	256,956	6,935
Total deferred outflows of resources	<u>\$ 441,842</u>	<u>\$ 11,924</u>
Deferred inflows of resources		
Difference between expected an actual experience	\$ 3,433	\$ 93
Net difference between projected and actual earnings on pension plan investments	361,010	9,742
Total deferred inflows of resources	<u>\$ 364,443</u>	<u>\$ 9,835</u>

The District reported \$263,891 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 for the year ended June 30, 2025. 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:

	Public Employee Pension Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Year ended December 31,		
2025	\$ 82,497	\$ (138,150)
2026	73,403	107,319
2027	33,975	(249,753)
2028	-	(93,694)
	<u>\$ 189,875</u>	<u>\$ (374,278)</u>

FREMONT COUNTY SCHOOL DISTRICT #2
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

9. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM (Continued)

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 current discount rate of 6.80 percent along as well as rates one percentage point higher and lower:

	1% Decrease (5.80 percent)	Discount Rate (6.80 percent)	1% Increase (7.80 percent)
Proportionate share of net pension liability	\$ 4,877,952	\$ 2,928,313	\$ 1,313,768

Other Detailed Information

For more detailed information regarding the Plan see the separately issued 2024 Wyoming Retirement System Annual Comprehensive 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 materially affect the District's financial position as of June 30, 2025.

Litigation

The District is involved in various claims and lawsuits arising in the normal 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 relating to judgements, the District does not believe that the settlement of such contingencies would have a material adverse effect on the District's financial position at June 30, 2025.

11. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 1, 2025, the date the financial statements were available to be issued. No events were identified that materially affect the amounts reported as of June 30, 2025.

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, 2025

	Original Budget	Final Budget	Actual - Budgetary Basis	Variance from Final Budget
<u>REVENUES</u>				
Taxes	\$ 1,958,569	\$ 2,497,032	\$ 2,497,032	\$ -
Intergovernmental revenues	3,571,042	3,810,640	3,810,638	(2)
Interest	7,091	45,070	51,031	5,961
Miscellaneous	9,100	9,428	9,428	-
Total revenues	<u>5,545,802</u>	<u>6,362,170</u>	<u>6,368,129</u>	<u>5,959</u>
<u>EXPENDITURES</u>				
Instruction	2,842,006	2,761,902	2,591,430	(170,472)
Instructional support	599,251	620,618	500,392	(120,226)
General support	2,350,751	2,142,864	1,896,427	(246,437)
Total expenditures	<u>5,792,008</u>	<u>5,525,384</u>	<u>4,988,249</u>	<u>(537,135)</u>
Excess (deficiency) of revenues				
Over (under) expenditures	<u>(246,206)</u>	<u>836,786</u>	<u>1,379,880</u>	<u>(531,176)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating transfers in (out)	<u>(100,000)</u>	<u>-</u>	<u>(379,325)</u>	<u>(379,325)</u>
Total other financing sources (uses)	<u>(100,000)</u>	<u>-</u>	<u>(379,325)</u>	<u>(379,325)</u>
Net change in fund balance	<u>\$ (346,206)</u>	<u>\$ 836,786</u>	<u>\$ 1,000,555</u>	<u>\$ (910,501)</u>
<u>BUDGETARY TO GAAP REPORTING RECONCILIATION</u>				
Net change in fund balance - budgetary basis			\$ 1,000,555	
Revenue accruals			46,110	
Expenditure accruals			<u>(99,567)</u>	
Net change in fund balance - GAAP basis			<u>\$ 947,098</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, 2025

	Original Budget	Final Budget	Actual - Budgetary Basis	Variance from Final Budget
<u>REVENUES</u>				
Intergovernmental revenues	\$ 1,582,705	\$ 1,702,341	\$ 1,809,413	\$ 107,072
Contributions	-	(160)	(160)	-
Interest	-	5,684	5,924	240
Miscellaneous	-	6,000	6,000	-
Total revenues	<u>1,582,705</u>	<u>1,713,865</u>	<u>1,821,177</u>	<u>107,312</u>
<u>EXPENDITURES</u>				
Instruction	-	755,523	755,525	2
Instructional support	-	54,592	54,592	-
General support	1,582,705	271,244	271,243	(1)
Facilities acquisition and construction	-	356,723	356,722	(1)
Total expenditures	<u>1,582,705</u>	<u>1,438,082</u>	<u>1,438,082</u>	<u>-</u>
Excess (deficiency) of revenues				
Over (under) expenditures	<u>-</u>	<u>275,783</u>	<u>383,095</u>	<u>107,312</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
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>\$ -</u>	<u>\$ 275,783</u>	<u>\$ 383,095</u>	<u>\$ 107,312</u>
<u>BUDGETARY TO GAAP REPORTING RECONCILIATION</u>				
Net change in fund balance - budgetary basis			\$ 383,095	
Revenue accruals			(116,473)	
Expenditure accruals			196,656	
Net change in fund balance - GAAP basis			<u>\$ 463,278</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, 2025

	Original Budget	Final Budget	Actual - Budgetary Basis	Variance from Final Budget
<u>REVENUES</u>				
Intergovernmental revenues	\$ 349,209	\$ 355,146	\$ 355,146	\$ -
Interest	30,000	40,143	43,461	3,318
Miscellaneous	-	-	-	-
Total revenues	<u>379,209</u>	<u>395,289</u>	<u>398,607</u>	<u>3,318</u>
<u>EXPENDITURES</u>				
General support	<u>700,000</u>	<u>1,400,000</u>	<u>369,452</u>	<u>(1,030,548)</u>
Total expenditures	<u>700,000</u>	<u>1,400,000</u>	<u>369,452</u>	<u>(1,030,548)</u>
Excess (deficiency) of revenues				
Over (under) expenditures	<u>(320,791)</u>	<u>(1,004,711)</u>	<u>29,155</u>	<u>(1,027,230)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
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>\$ (320,791)</u>	<u>\$ (1,004,711)</u>	<u>\$ 29,155</u>	<u>\$ (1,027,230)</u>
<u>BUDGETARY TO GAAP REPORTING RECONCILIATION</u>				
Net change in fund balance - budgetary basis			\$ 29,155	
Revenue accruals			-	
Expenditure accruals			<u>(9,652)</u>	
Net change in fund balance - GAAP basis			<u>\$ 19,503</u>	

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

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

	District's Proportionate Share of the Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered Employee Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<u>Public Employee Pension Plan</u>					
December 31, 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%
December 31, 2023	0.142%	\$ 3,230,187	\$ 2,814,125	114.78%	80.19%
December 31, 2024	0.140%	\$ 2,928,313	\$ 2,977,987	98.33%	82.46%

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

	Contractually Required Contributions	Actual Employer Contributions	Contributions Deficiency (Excess)	District's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
<u>Public Employee Pension Plan</u>					
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%
December 31, 2023	\$ 523,991	\$ 523,991	\$ -	\$ 2,814,125	18.62%
December 31, 2024	\$ 554,501	\$ 554,501	\$ -	\$ 2,977,987	18.62%

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

SUPPLEMENTAL INFORMATION

FREMONT COUNTY SCHOOL DISTRICT #2**COMBINING BALANCE SHEET****NONMAJOR GOVERNMENTAL FUNDS**

As of June 30, 2025

	Debt Service	Student Activities	Adult Education	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ -	\$ 57,278	\$ 194,655	\$ 251,933
Cash held by County Treasurer	30,716	-	-	30,716
Due from other funds	5,337	-	-	5,337
Property taxes receivable	-	-	16,227	16,227
Other receivables	-	300	-	300
Prepaid expenses	-	-	-	-
Total assets	<u>\$ 36,053</u>	<u>\$ 57,578</u>	<u>\$ 210,882</u>	<u>\$ 304,513</u>
<u>LIABILITIES</u>				
Accounts payable	\$ -	\$ -	\$ 31,060	\$ 31,060
Accrued wages payable	-	699	-	699
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>699</u>	<u>31,060</u>	<u>31,759</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable property taxes	-	-	16,227	16,227
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>16,227</u>	<u>16,227</u>
<u>FUND BALANCES</u>				
Nonspendable	-	-	-	-
Restricted for:				
Debt service	36,053	-	-	36,053
Student activities	-	56,879	-	56,879
Adult education	-	-	163,595	163,595
Total fund balances	<u>36,053</u>	<u>56,879</u>	<u>163,595</u>	<u>256,527</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 36,053</u>	<u>\$ 57,578</u>	<u>\$ 210,882</u>	<u>\$ 304,513</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 – NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

	Debt Service	Student Activities	Adult Education	Total Nonmajor Governmental Funds
<u>REVENUES</u>				
Taxes	\$ -	\$ -	\$ 145,804	\$ 145,804
Intergovernmental	-	-	2,448	2,448
Contributions	-	27,421	-	27,421
Interest	458	2,867	1,971	5,296
Miscellaneous	-	-	31,003	31,003
Total revenues	<u>458</u>	<u>30,288</u>	<u>181,226</u>	<u>211,972</u>
<u>EXPENDITURES</u>				
Current:				
Instruction	-	-	167,413	167,413
Instructional support	-	-	-	-
General support	-	-	-	-
Non-instructional services	-	-	-	-
Facilities acquisition and construction	-	-	-	-
Other sources	-	32,691	-	32,691
Total expenditures	<u>-</u>	<u>32,691</u>	<u>167,413</u>	<u>200,104</u>
Excess of revenues over (under) expenditures	458	(2,403)	13,813	11,868
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in (out), net	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	458	(2,403)	13,813	11,868
Fund balances - beginning	35,595	59,282	149,782	244,659
Fund balances - ending	<u>\$ 36,053</u>	<u>\$ 56,879</u>	<u>\$ 163,595</u>	<u>\$ 256,527</u>

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

FREMONT COUNTY SCHOOL DISTRICT #2
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2025

Program Title	Federal ALN	Entity Identifying Number	Expenditures	Passed Through to Subrecipient
<u>U.S. Department of Agriculture</u>				
<i>Passed through State of Wyoming Department of Education:</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553		\$ 9,770	\$ -
National School Lunch Program	10.555	233WY312N1199	44,880	-
National School Lunch Program Food Distribution**	10.555	233WY379L1603	5,935	-
Child Nutrition Discretionary Grants			3,531	-
Total Child Nutrition Cluster			<u>64,116</u>	<u>-</u>
Child and Adult Care Food Program (CACFP)	10.558		<u>14,368</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>78,484</u>	<u>-</u>
<u>U.S. Department of Education</u>				
<i>Passed through State of Wyoming Department of Education:</i>				
Student Support and Academic Enrichment Program	84.424A	S424A230052	<u>35,642</u>	<u>-</u>
Tital I Grants LEA:				
Title I Grants to Local Educational Agencies	84.010A	* S010A230050	106,305	-
Title I Grants to Local Educational Agencies	84.010A	* S010A240050	299,587	-
Total Title I Grants LEA			<u>405,892</u>	<u>-</u>
Title II Teacher Quality Grants				
Teacher and Principal Training	84.367A	S367A220048	8,861	-
Teacher and Principal Training	84.367A	S367A230048	35,298	-
Total Title II Teacher Quality Grants			<u>44,159</u>	<u>-</u>
Special Education Cluster:				
IDEA - Special Education	84.027A	H027A230014	58,833	-
IDEA - Special Education	84.027A	H027A240014	2,059	-
Preschool	84.173A	H173A230076	585	-
Preschool	84.173A	H173A240076	596	-
Total Special Education Cluster			<u>62,073</u>	<u>-</u>
Rural Education Acheivement Program	84.358B	S358B230050	4,627	-
Rural Education Acheivement Program	84.358B	S358B240050	5,756	-
Education Stabilization Fund				
High Dosage Tutoring Grant	84.425U	S425U210051	149,252	-
Education Stabalization Fund	84.425U	S425U210051	373,957	-
GEER	84.425U		89,999	-
Total Education Stabilization Fund			<u>613,208</u>	<u>-</u>
Total U.S. Department of Education			<u>1,171,357</u>	<u>-</u>
Total Federal Funds Expended			<u>\$ 1,249,841</u>	<u>\$ -</u>

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

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, 2025

1. BASIS FOR PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes federal grant activity of Fremont County School District #2. The information in the SEFA 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 SEFA 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 11.82 percent on restricted programs and 16.94 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 SEFA at fair market value of commodities received and disbursed.

OTHER REPORTS

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

Independent Auditor's Report

To the 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, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 1, 2025.

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

Purpose of this Report

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

Carver Flook & James, CPAs

December 1, 2025
Sheridan, Wyoming

**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, 2025. 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, 2025.

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
December 1, 2025

FREMONT COUNTY SCHOOL DISTRICT #2
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2025

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

Type of auditor’s report issued on compliance for major federal programs: *Unmodified*

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

For the year ended June 30, 2025, the District had one major program:

- Title I ALN 84.010

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, 2025

SECTION II – GAGAS Financial Statement Findings

None reported

SECTION III – Federal Awards Findings

None reported