

**FREMONT COUNTY
SCHOOL DISTRICT NUMBER 24**

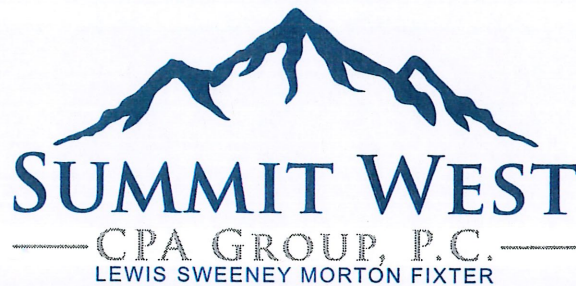
FINANCIAL REPORT

JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Fremont County School District Number 24
Shoshoni, Wyoming

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Fremont County School District Number 24 as of and for the year ended June 30, 2022, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fremont County School District Number 24, as of June 30, 2022, 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 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 Fremont County School District Number 24 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

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 of Fremont County School District Number 24's ability to continue as a going concern for 12 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Fremont County School District Number 24'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 Fremont County School District Number 24's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and required Governmental Accounting Standards Board pension schedules on pages 4-15, and 48-51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fremont County School District Number 24's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the 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 12, 2022, on our consideration of Fremont County School District Number 24's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fremont County School District Number 24's internal control over financial reporting and compliance.

SUMMIT WEST CPA GROUP, P.C.

Summit West CPA Group, P.C.

Lander, Wyoming

December 12, 2022

Management's Discussion and Analysis

Fremont County School District Number 24 Management Discussion and Analysis For the Fiscal Year Ended June 30, 2022

This section of the Fremont County School District Number 24 comprehensive Financial Report presents a discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2022. A comparative analysis of government-wide data will be presented. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

The overall condition of all funds, governmental activities and business-type activities, remains extremely strong for the District. All goals related to financial activities have been met and if revenue and expenditure patterns can be maintained, the resources for next year will be available.

The District saw its assessed valuation decreased from \$119.2 million in 2021 to \$104.6 million in 2022. Over this same time period, the County's assessed value decreased from \$627.7 million in 2020 to \$573.8 million in 2022.

While the enrollment of the District has remained relatively steady, the administration and board will continue to monitor student membership (ADM) in order to be prepared for funding issues that may arise.

The District saw a decrease in long-term debt of approximately 15% in 2022 due to compensated absence balances decreasing.

Salaries and benefits made up 76% of the general fund expenditures.

Overview of the Financial Statements

This annual report consists of two parts: management's discussion and analysis (this section) and the basic financial statements. The basic financial statements include two kinds of statements that present different views of the District:

The first two statements are *District-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.

The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide statements.

The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short-term*, as well as what finances remain for future spending.

Proprietary funds statements offer *short- and long-term* financial information about the activities the District operated *like businesses*, such as food service and internal service.

Fiduciary funds statements provide information about the financial relationship in which the District acts solely as a *trustee or agent* for the benefit of others. The most common of these are student activity accounts.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and are related to one another.

**Fremont County School District Number 24
Management Discussion and Analysis**

**Figure A-1
Fremont County School District Number 24
Annual Financial Report**

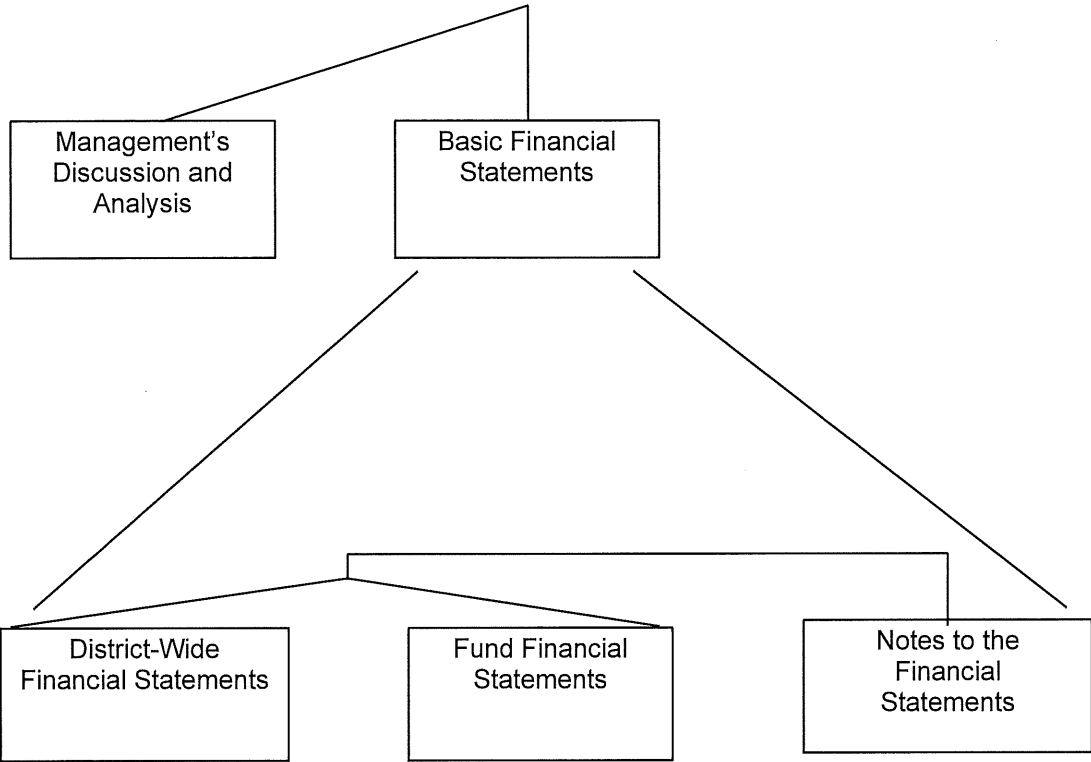


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities that are covered and the types of information contained. The remainder of this overview section highlights the structure and contents of each statement.

**Fremont County School District Number 24
Management Discussion and Analysis**

**Figure A-2
Major Features of the District-Wide and Fund Financial Statements**

Fund Financial Statements

	District-Wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the District operates similar to private businesses: food service and preschool daycare	Instances in which the District administers resources on behalf of someone else, such as student activity monies
Required Financial Statements	Statements of Net Position Statements of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balance	Statement of Net Position Statement of Revenues, Expenses, and Changes in Net Position Statement of Cash Flows	Statement of Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of Asset Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term
Type of Inflow/Outflow Information	All revenues and expenses during the year, regardless of when cash is received or paid out	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

District-Wide Financial Statements

The District-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred outflow of resources, liabilities and deferred inflow of resources. All of the current year revenue and expenses are accounted for in the statement of activities regardless of when cash was received or paid.

Fremont County School District Number 24 Management Discussion and Analysis

District-Wide Financial Statements (cont.)

The two District-wide financial statements report the District's *net position* and changes. Net position, the difference between the District's assets, deferred outflow of resources, liabilities and deferred inflow of resources, is one way to measure the District's financial health or *position*.

Over time, increases or decreases in the District's net position are an indicator of whether the financial position is improving or deteriorating, respectively.

However, to assess the District's overall financial health, one needs to consider other factors such as changes in the District's property tax base, condition of school buildings, pending litigation, legislative issues, and student count numbers.

In the District-wide financial statements, the District's activities are divided into two categories:

- A. *Governmental activities*: Most of the District's basic services are included in this category, such as regular and special education, transportation, and administration. The District is a Recapture District and as such is almost totally funded through its property taxes, the excess of which is rebated to the State.
- B. *Business-type activities*: The District charges fees to help cover the cost of certain services. The District's food service program is an example.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law, while other funds have been established to control and manage money for particular reasons, or to show that we are properly using certain revenues.

The District has three kinds of funds:

- A. *Governmental funds*: Most of the District's basic services are included in governmental funds, which generally focus on, (1) how cash and other financial assets that can readily be converted to cash flow in and out and, (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information following the governmental funds statements explains the relationship (or differences) between them.
- B. *Proprietary funds*: Services for which the District charges a price or fee are generally reported in proprietary funds. Proprietary funds are reported the same way as the District-wide statements. The District's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information, such as cash flow. *Internal service funds* (the other kind of proprietary fund) are optional and available to report activities that provide supplies and services for other District programs and activities. The Food Service Fund and Preschool Daycare Fund are the two proprietary funds in the District.

Fremont County School District Number 24 Management Discussion and Analysis

Fund Financial Statements (cont.)

C. *Fiduciary funds*: The District is the trustee, or *fiduciary*, for assets that belong to others, such as the student activity funds, agency funds, pension trust funds and private purpose trust funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance operations. The District has one Health Benefit trust fund to account for.

Financial Analysis of the District as a Whole

As shown in Figure A-3, the District's *combined* net position was \$45,754,567 at June 30, 2022.

**Figure A-3
Condensed Statement of Net Position**

	Governmental Activities <u>2022</u>	Business-Type Activities <u>2022</u>	Total School District <u>2022</u>
Current Assets	\$ 13,191,987	\$ 320,491	\$ 13,512,478
Non-Current Assets	44,517,443	0	44,517,443
Total Assets	57,709,430	320,491	58,029,921
Deferred Outflow of Resources - Pension	998,055	38,110	1,036,165
Total Deferred Outflow of Resources	998,055	38,110	1,036,165
Current Liabilities	1,020,405	11,137	1,031,542
Non-Current Liabilities	3,423,493	127,484	3,550,977
Total Liabilities	4,443,898	138,621	4,582,519
Deferred Inflow of Resources - Pension	2,672,938	102,062	2,775,000
Deferred Inflow of Resources - Taxes	5,954,000	0	5,954,000
Total Deferred Inflow of Resources	8,626,938	102,062	8,729,000
Net investment in Capital Assets	44,517,443	0	44,517,443
Restricted for Excess Tax Collections	268,249	0	268,249
Restricted for Debt Service	100	0	100
Restricted for Maintenance	2,862,411	0	2,862,411
Restricted for Student Activities	285,888		285,888
Restricted for Special Projects	(244,534)	0	(244,534)
Restricted for Capital Improvements	843,656	0	843,656
Unrestricted	(2,896,564)	117,918	(2,778,646)
Total Net Position	\$ 45,636,649	\$ 117,918	\$ 45,754,567

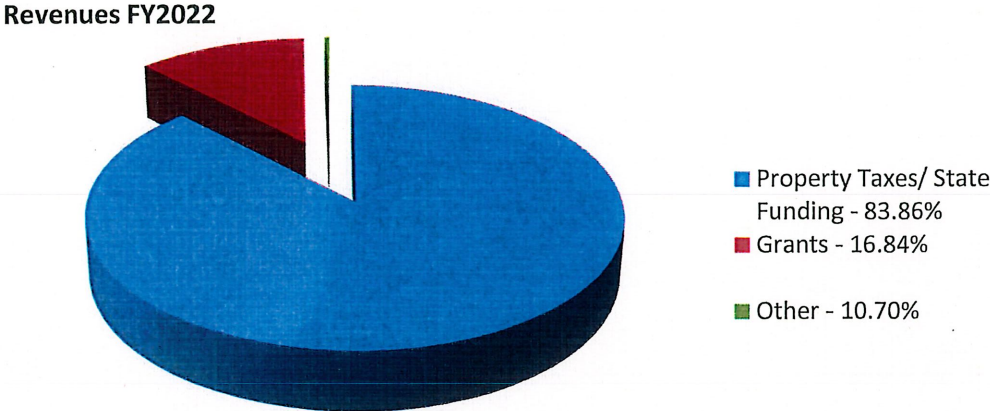
**Fremont County School District Number 24
Management Discussion and Analysis**

**Figure A-4
Changes in Net Position**

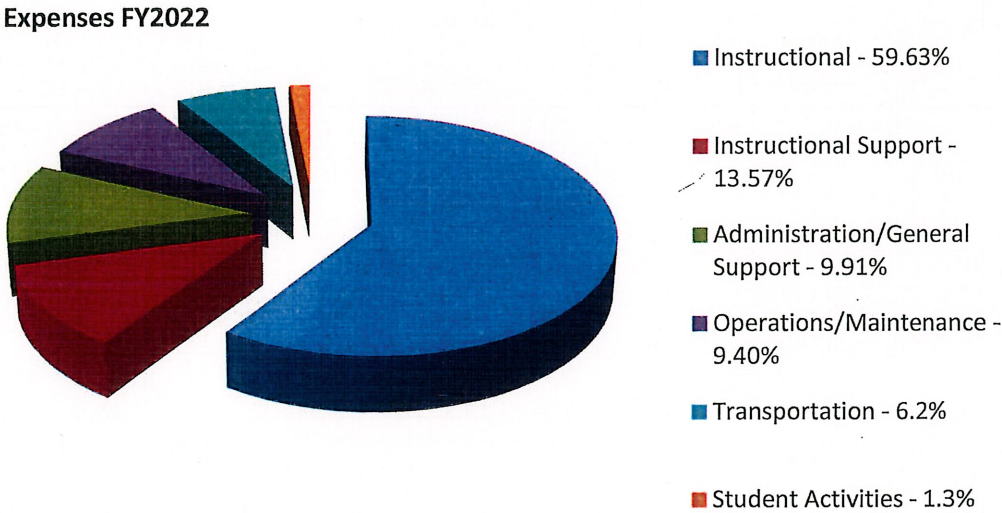
	Governmental Activities	Governmental Activities	Business- Type Activities	Business- Type Activities	Total School District	Total School District
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
REVENUES						
Program Revenues						
Charges for Service	\$ 0	\$ 0	\$ 185,109	\$ 89,044	\$ 185,109	\$ 89,044
Operating Grants	1,141,567	1,423,142	274,246	232,943	1,415,813	1,656,085
Capital Grants	0	0	0	0	0	0
General Revenues						
Property Tax	3,175,383	3,462,947	0	0	3,175,383	3,462,947
State Aid	5,245,332	4,469,532	0	0	5,245,332	4,469,532
Other	28,733	(904,053)	22	7	28,755	(904,046)
Transfers	(281,107)	(150,000)	281,107	150,000	0	0
Total Revenue	9,309,908	8,301,568	740,484	471,994	10,050,392	8,773,562
EXPENSES						
Instruction	5,103,253	5,603,953	0	0	5,103,253	5,603,953
Instructional Support	985,305	1,275,192	0	0	985,305	1,275,192
Administration/General Support	936,426	931,242	0	0	936,426	931,242
Operations and Maintenance	794,892	883,078	0	0	794,892	883,078
Transportation	629,903	582,238	0	0	629,903	582,238
Major Maintenance	144,246	0	0	0	144,246	0
Student Activities	132,378	121,900	0	0	132,378	121,900
Other	0	0	578,665	435,151	578,665	435,151
Total Expenses	8,726,403	9,397,603	578,665	435,151	9,305,068	9,832,754
Increase (Decrease)	\$ 583,505	\$(1,096,035)	\$ 161,819	\$ 36,843	\$ 745,324	\$(1,059,192)

**Fremont County School District Number 24
Management Discussion and Analysis**

**Figure A-5
Sources of Revenue FY2022**



**Figure A-6
Expenses FY2022**



Fremont County School District Number 24 Management Discussion and Analysis

Governmental Activities

Total governmental activities expenses amounted to \$8,726,403. The governmental activities had an increase in net position of \$583,505. The ending net position for all governmental activities was \$45,636,649. These net positions will be used to fund future programming, capital improvements and for maintenance of adequate cash flow.

Figure A-7 presents the cost of the District's major activities. The table shows the total cost and the net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs, such as consolidated grant funds and major maintenance) of each activity.

**Figure A-7
Net Cost of Governmental Activities**

	Total Cost of Services <u>2022</u>	Total Cost of Services <u>2021</u>	Net Cost of Services <u>2022</u>	Net Cost of Services <u>2021</u>
Instruction	\$ 5,103,253	\$ 5,603,953	\$ (4,367,281)	\$ (4,600,937)
Instructional Support	985,305	1,275,192	(985,305)	(1,275,192)
Administration/General Support	936,426	931,242	(936,426)	(931,242)
Operational and Maintenance	794,892	883,078	(794,892)	(883,078)
Transportation	629,903	582,238	(629,903)	(582,238)
Major Maintenance	144,246	0	261,349	420,125
Student Activities	132,378	121,900	(132,378)	(121,900)
Total	\$ 8,726,403	\$ 9,397,603	\$ (7,584,836)	\$ (7,974,461)

Instruction expenses include those directly related to the teaching of pupils.

Instructional support expenses include the costs of technical and specialist personnel who assist instructional staff.

Administration and general support include those expenses associated with central, school and business administration plus board and technology services.

Operational and maintenance expenses include those involved with the general upkeep of the buildings and grounds.

Transportation expenses represent those incurred in transporting students to and from school, as well as to and from school activities, as provided by State law.

Major maintenance expenses are incurred from providing maintenance to our buildings which are outside of routine.

Fremont County School District Number 24 Management Discussion and Analysis

Business-Type Activities

The District's Food Service program is operated as business-type programs. Sales and federal reimbursements fell \$63,493 short of funding the program. Food service deficits are the responsibility of the General Fund.

The District's Preschool Daycare program is operated as business-type programs. Tuition fell \$55,795 short of funding the program. Preschool Daycare deficits are the responsibility of the General Fund.

The District had established an Internal Service Fund for the benefit of its employees. In June 2012, the District fully funded an irrevocable trust managed by a third party to pay out all liabilities associated with the previously established Internal Service Fund.

Capital Assets

At the end of the fiscal year 2022, the District had \$44,517,443 invested in land, buildings, equipment and contents, and vehicles. Figure A-8 shows 2022 balances compared with 2021.

**Figure A-8
Governmental Capital Assets (Net of Depreciation)**

	<u>2022</u>	<u>2021</u>
Construction in Process	\$ 138,306	\$ 0
Land	93,935	93,935
Buildings and Improvements	49,244,771	49,244,771
Equipment and Contents	693,961	662,235
Vehicles	<u>2,153,700</u>	<u>1,869,398</u>
Total	52,324,673	51,870,339
Less Accumulated Depreciation	<u>7,807,230</u>	<u>6,571,170</u>
Total	<u>\$44,517,443</u>	<u>\$45,299,169</u>

Business-Type Capital Assets (Net of Depreciation)

	<u>2022</u>	<u>2021</u>
Equipment and Contents	\$ 32,263	\$ 32,263
Less Accumulated Depreciation	<u>32,263</u>	<u>32,263</u>
Total	<u>\$ 0</u>	<u>\$ 0</u>

Fremont County School District Number 24 Management Discussion and Analysis

Compensated Absences

At the end of the year, the District had \$141,197 in compensated absences. This represents a decrease of approximately 15% from the prior year as shown in Figure A-9.

**Figure A-9
Outstanding Compensated Absences**

	<u>2022</u>	<u>2021</u>	<u>Percentage Change</u>
Compensated Absences	\$ 141,197	\$ 175,805	-15%

Current Issues

The District is continuing to monitor our enrollment figures. The District's enrollment is up slightly compared to the previous year. Administration will continue to monitor the funding model and legislation to ensure that adequate funding is available.

General Fund Budgetary Highlights

In 2022, the District revised the annual operating budget:

Transfer to the Depreciation Reserve to replace assets, including technology, building repair/maintenance and small capital projects, as well as other depreciable items. There was also an additional transfer to the Food Services Fund.

Economic Factors and Next Year's Budgets

Due to COVID, there has been an influx of special ESSER/ARP dollars coming into the District. We are leveraging those to best meet the needs of students and the loss of education due to COVID.

Between years of recalibration, the Funding Model monitoring process required by W.S. 21-13-309(u) provides the Legislature with information to examine costs pressures on the State's funding formula. The monitoring process includes an analysis of market pressures on various funding model components including salaries and non-personnel categories. After receiving testimony from the State's consultants, the Joint Education Committee (JEC) forwarded a recommendation to the Joint Appropriations Committee (JAC) to institute External Cost Adjustments (ECA) to four categories including professional labor, non-professional labor, educational materials, and energy. During the 2022 Budget Session, the Legislature enacted a partial ECA adjustment without any adjustments for district personnel through Senate Enrolled Act 0012. The remaining ECA adjustments for educational materials and energy will be time-limited to FY 2022-23 only, representing a single, non-cumulative adjustment that will expire at the end of the fiscal year.

Additional changes to law enacted during the 2022 Budget Session will impact FCSD #24's fiscal operations going forward. Below is a summary of bills impacting K-12 fiscal operations:

- **Senate File 0032 – Monthly ad valorem tax revisions**, modifies the monthly payments of ad valorem taxes on mineral production from the second month after production to the third. Redirects ad valorem tax payments to the Department of Revenue and requires tracking of deferred payments.
- **House Bill 0030 – School finance-increasing cash reserves**, temporarily increases the limit of school district cash reserves from 15 percent to 30 percent for FY 2022 through 2026. Reserves in excess of 15 percent will be accounted for separately and may not be used for capital construction.

Fremont County School District Number 24 Management Discussion and Analysis

Economic Factors and Next Year's Budgets (cont.)

- **Senate File 0032 – K-3 reading assessment and intervention program**, requires school districts to assess students in kindergarten through grade three not less than three times per year. Direct the State Superintendent to adopt criteria and screening instruments to measure reading progress. Appropriates \$300,000 in total for all school districts for FY 2023-24 professional development expenditures in excess of the amount provided under the funding model.

Funding model resources are allocated to the District primarily on a measure of student enrollment referred to as average daily membership (ADM). The funding model utilizes the greater of the previous year's ADM or the three-year average calculated at the district level. Funding for FY 2022-23 will be based on the average ADM from school years 2019-20, 2020-21 and 2021-22. The Funding Model's health insurance component will be reduced due to changes in the State of Wyoming's Health Insurance Plan.

Senate File 0060 of the 2021 General Session and SF0032 of the 2022 Budget Session significantly modified the collection process for mineral-based ad valorem taxes. On January 1, 2022, 50 percent of production from calendar year 2020 and all of production from calendar year 2021 was eligible for deferral and future payables due at 8 percent per year beginning December 1, 2023. The transition to the new tax collection schedule has required estimates on the actual tax collections the District requires to calculate funding model entitlement payments from the WDE. The Wyoming school finance system relies on a level of anticipated ad valorem taxes to be collected during the course of a fiscal year creating a moving target for school districts. The availability of data to determine entitlement payments and ensure districts receive the proper level of resources has been limited. This has led to large swings between estimated and actual tax collections triggering tax excess or shortfall adjustments. This new mineral ad valorem tax collection schedule will continue to present significant challenges for the District to estimate funding model entitlement payments and cash flow operations.

In August 2022, the Board voted to discontinue the NSLP in the District, in order to provide better food choices to students. We will continue to utilize Free & Reduced Applications and will monitor this closely throughout the year.

The current climate of inflation is eroding the purchasing power of the District and that's a concern. Leveraging federal funds to relieve pressure on the general fund budget will perhaps result in actual expenditures dropping below the proposed budget. This budget reflects a balance between allocating the resources of the District responsibly while recognizing the need to compensate the employees of the District in a manner that will address not only the retention of the current staff but also the recruitment of new employees. The District has been chosen to be a part of the Wyoming Teacher Apprenticeship Pilot which will help us to continue to grow our own. As the number of students going into education continues to decrease, the District will have to be creative in filling positions within the rules and regulations.

All funds are legally required to be budgeted and appropriated. The District's Board of Trustees annually adopts a budget and approves related appropriations. The Board of Trustees may amend the budget after it is approved and also authorizes transfers between the various budgetary programs in any fund. The amounts reported as the original budgeted amounts in the budgetary statement reflect the amounts when original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts after approved budget amendments during fiscal year 2022.

Additional information continues to be received after the mandated July date for the budget adoption. This results in variances in the anticipated revenues and expenditures. The needs of the District can vary once the school year begins and although the largest portion of the budget remains as planned, the variances in expenditures reflect additional or changed needs throughout the year. The District follows the mandated budget timeline set by the State.

Fremont County School District Number 24 Management Discussion and Analysis

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or request for additional information should be addressed to:

Kay Watson, CFO/Business Manager
Fremont County School District Number 24
404 Wrangler Way
Shoshoni, WY 82649
Office: 307-876-2583
Fax: 307-876-2469
Email: kwatson@fremont24.com

Government-Wide Financial Statements

FREMONT COUNTY SCHOOL DISTRICT NUMBER 24
STATEMENT OF NET POSITION
JUNE 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Recreation Board
ASSETS				
Current Assets				
Cash	\$ 812,972	\$ 301,318	\$ 1,114,290	\$ 283,689
Investments	5,736,981	0	5,736,981	0
Cash with fiscal agent	116,430	0	116,430	6,640
Property taxes receivable	6,426,571	0	6,426,571	159,344
Other receivables	95,996	0	95,996	0
Inventories	3,037	19,173	22,210	0
Total Current Assets	<u>13,191,987</u>	<u>320,491</u>	<u>13,512,478</u>	<u>449,673</u>
Noncurrent Assets				
Nondepreciated capital assets	232,241	0	232,241	61,090
Depreciated capital assets, net	44,285,202	0	44,285,202	665,598
Total Noncurrent Assets	<u>44,517,443</u>	<u>0</u>	<u>44,517,443</u>	<u>726,688</u>
TOTAL ASSETS	<u>\$ 57,709,430</u>	<u>\$ 320,491</u>	<u>\$ 58,029,921</u>	<u>\$ 1,176,361</u>
DEFERRED OUTFLOW OF RESOURCES				
Pension	998,055	38,110	1,036,165	0
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>998,055</u>	<u>38,110</u>	<u>1,036,165</u>	<u>0</u>
LIABILITIES				
Current Liabilities				
Accounts payable and accrued expenses	\$ 695,677	\$ 11,137	\$ 706,814	\$ 1,918
Unearned revenue	268,249	0	268,249	0
Current portion of compensated absences	56,479	0	56,479	0
Total Current Liabilities	<u>1,020,405</u>	<u>11,137</u>	<u>1,031,542</u>	<u>1,918</u>
Noncurrent Liabilities				
Compensated absences	84,718	0	84,718	0
Net pension liability	3,338,775	127,484	3,466,259	0
Total Noncurrent Liabilities	<u>3,423,493</u>	<u>127,484</u>	<u>3,550,977</u>	<u>0</u>
TOTAL LIABILITIES	<u>4,443,898</u>	<u>138,621</u>	<u>4,582,519</u>	<u>1,918</u>
DEFERRED INFLOW OF RESOURCES				
Pension	2,672,938	102,062	2,775,000	0
Property taxes	5,954,000	0	5,954,000	162,319
TOTAL DEFERRED INFLOW OF RESOURCES	<u>8,626,938</u>	<u>102,062</u>	<u>8,729,000</u>	<u>162,319</u>
NET POSITION				
Net investment in capital asset	44,517,443	0	44,517,443	726,688
Restricted for				
Excess tax collections	268,249	0	268,249	0
Debt service	100	0	100	0
Maintenance	2,862,411	0	2,862,411	0
Student Activities	285,888	0	285,888	0
Special projects	(244,534)	0	(244,534)	0
Capital improvements	843,656	0	843,656	0
Unrestricted	(2,896,564)	117,918	(2,778,646)	285,436
TOTAL NET POSITION	<u>\$ 45,636,649</u>	<u>\$ 117,918</u>	<u>\$ 45,754,567</u>	<u>\$ 1,012,124</u>

See Notes to Financial Statements

FREMONT COUNTY SCHOOL DISTRICT NUMBER 24
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit Recreation Board
					Governmental Activities	Business-Type Activities	Total	
Primary Government								
Governmental Activities								
Instruction								
Regular	\$ 4,496,120	\$ 0	\$ 0	\$ 0	\$ (4,496,120)	\$ 0	\$ (4,496,120)	\$ 0
Special	496,042	0	735,972	0	239,930	0	239,930	0
Vocational	111,091	0	0	0	(111,091)	0	(111,091)	0
Instructional support								
Instructional staff	522,939	0	0	0	(522,939)	0	(522,939)	0
Pupil	462,366	0	0	0	(462,366)	0	(462,366)	0
General support								
Administration	587,404	0	0	0	(587,404)	0	(587,404)	0
Business	249,274	0	0	0	(249,274)	0	(249,274)	0
Board	99,748	0	0	0	(99,748)	0	(99,748)	0
Operations and maintenance	794,892	0	0	0	(794,892)	0	(794,892)	0
Transportation	629,903	0	0	0	(629,903)	0	(629,903)	0
Major maintenance	144,246	0	405,595	0	261,349	0	261,349	0
Student Activities	132,378	0	0	0	(132,378)	0	(132,378)	0
Total Governmental Activities	8,726,403	0	1,141,567	0	(7,584,836)	0	(7,584,836)	
Business-Type Activities								
Food service	421,355	83,608	274,246	0	0	(63,501)	(63,501)	
Preschool Daycare	157,310	101,501	0	0	0	(55,809)	(55,809)	
Total Primary Government	\$ 9,305,068	\$ 185,109	\$ 1,415,813	\$ 0	\$ (7,584,836)	\$ (119,310)	\$ (7,704,146)	
Component Units								
Recreation board	\$ 235,321	\$ 0	\$ 0	\$ 0				(235,321)
General Revenues								
Property taxes					3,175,383	0	3,175,383	117,006
Intergovernmental					5,245,332	0	5,245,332	0
Investment earnings					13,668	22	13,690	779
Miscellaneous income					15,065	0	15,065	19,807
Transfers					(281,107)	281,107	0	0
Total general revenues and transfers					8,168,341	281,129	8,449,470	137,592
Change in net position					583,505	161,819	745,324	(97,729)
Restated Net Position - July 1					45,053,144	(43,901)	45,009,243	1,109,853
Net Position - June 30					\$ 45,636,649	\$ 117,918	\$ 45,754,567	\$ 1,012,124

See Notes to Financial Statements

Fund Financial Statements

FREMONT COUNTY SCHOOL DISTRICT NUMBER 24
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	<u>General Fund</u>	<u>Major Fund Major Maintenance Funds</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 45,659	95	\$ 767,218	\$ 812,972
Investments	2,699,533	2,862,316	175,132	5,736,981
Cash with fiscal agent	116,330	0	100	116,430
Receivables				
Taxes	6,426,571	0	0	6,426,571
Grants	0	0	12,193	12,193
Other	83,803	0	0	83,803
Due from other funds	187,253	0	262,000	449,253
Inventory	3,037	0	0	3,037
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 9,562,186</u>	<u>\$ 2,862,411</u>	<u>\$ 1,216,643</u>	<u>\$ 13,641,240</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 563,397	\$ 0	\$ 132,280	\$ 695,677
Due to other funds	250,000	0	199,253	449,253
Unearned revenue	268,249	0	0	268,249
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>1,081,646</u>	<u>0</u>	<u>331,533</u>	<u>1,413,179</u>
DEFERRED INFLOW OF RESOURCES				
Property taxes	6,487,171	0	0	6,487,171
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FUND BALANCE				
Nonspendable				
Inventories	3,037	0	0	3,037
Restricted for				
Excess tax collections - W.S. 21-13-313(d)	268,249	0	0	268,249
Maintenance	0	2,862,411	0	2,862,411
Student Activity	0	0	285,888	285,888
Debt service	0	0	97	97
Capital improvements	0	0	843,656	843,656
Unassigned	1,722,083	0	(244,531)	1,477,552
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balance	<u>1,993,369</u>	<u>2,862,411</u>	<u>885,110</u>	<u>5,740,890</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows and Fund Balance	<u>\$ 9,562,186</u>	<u>\$ 2,862,411</u>	<u>\$ 1,216,643</u>	<u>\$ 13,641,240</u>

See Notes to Financial Statements

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 24
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2022**

Total Fund Balances - Governmental Funds \$ 5,740,890

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 the governmental funds. The cost of assets is \$52,324,673 and the accumulated depreciation is \$7,807,230. 44,517,443

Receivables will be collected after this year and are not considered available soon enough to pay for current period's expenditures and, therefore, are deferred in the governmental funds. 533,171
Property taxes

Deferred outflows (inflows) of resources related to pensions are applicable to future periods and, therefore, not reported in the governmental fund statements. (1,674,883)

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

Long-term liabilities at year-end consist of:

Net pension liability	(3,338,775)	
Compensated absences payable	(141,197)	(3,479,972)

Total Net Position - Governmental Activities \$ 45,636,649

FREMONT COUNTY SCHOOL DISTRICT NUMBER 24
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022

	<u>General Fund</u>	<u>Major Fund Major Maintenance Funds</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Taxes	\$ 2,897,828	\$ 0	\$ 0	\$ 2,897,828
Intergovernmental	5,093,411	405,595	735,972	6,234,978
Investment income	7,582	5,107	979	13,668
Student activities	0	0	151,921	151,921
Other revenue	15,065	0	0	15,065
Total Revenues	8,013,886	410,702	888,872	9,313,460
EXPENDITURES				
Current				
General government				
Instruction				
Regular	2,838,311	0	931,997	3,770,308
Special	537,140	0	0	537,140
Vocational	120,295	0	0	120,295
Instructional support				
Instructional staff	566,266	0	0	566,266
Pupil	500,674	0	0	500,674
General support				
Administration	636,072	0	0	636,072
Business	269,299	0	0	269,299
Board	99,748	0	0	99,748
Operations and maintenance	843,964	0	0	843,964
Transportation	804,980	0	0	804,980
Major maintenance	0	144,246	0	144,246
Student Activities	0	0	132,378	132,378
Facilities acquisition, construction, and improvement services	0	0	187,115	187,115
Total Expenditures	7,216,749	144,246	1,251,490	8,612,485
Excess of revenues over (under) expenditures	797,137	266,456	(362,618)	700,975
OTHER FINANCING SOURCES (USES)				
Operating transfers in (out)	(402,007)	0	120,900	(281,107)
Total Other Financing Sources (Uses)	(402,007)	0	120,900	(281,107)
Excess of revenues and other sources over (under) expenditures and other uses	395,130	266,456	(241,718)	419,868
FUND BALANCE - JULY 1	1,598,239	2,595,955	1,126,828	5,321,022
FUND BALANCE - JUNE 30	\$ 1,993,369	\$ 2,862,411	\$ 885,110	\$ 5,740,890

FREMONT COUNTY SCHOOL DISTRICT NUMBER 24
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Total Net Change in Fund Balances - Governmental Funds \$ 419,868

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

Capital outlays are reported in governmental funds as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the period:

Depreciation expense	(1,236,060)	
Capital outlays	<u>454,334</u>	(781,726)

Because some revenues will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred revenues increased by this amount this year:

Property taxes		277,555
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Governmental funds report District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.

District pension contributions subsequent to measurement date	321,752	
Cost of benefits earned net of employee contributions (pension expense from pension schedule)	<u>311,448</u>	633,200

Governmental funds do not reflect expenses which will be paid by future financial resources. However, accrued obligations at year-end are reflected in the statement of activities and expenses.

Accrued compensated absences		<u>34,608</u>
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Total Change in Net Position of Governmental Activities \$ 583,505

FREMONT COUNTY SCHOOL DISTRICT NUMBER 24
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Food Service	Preschool Daycare Fund
ASSETS		
Current Assets		
Cash	\$ 124,103	\$ 177,215
Inventory	<u>19,173</u>	<u>0</u>
Total Current Assets	<u>143,276</u>	<u>177,215</u>
TOTAL ASSETS	<u>143,276</u>	<u>177,215</u>
DEFERRED OUTFLOW OF RESOURCES		
Pension	<u>28,123</u>	<u>9,987</u>
LIABILITIES		
Accounts payable and accrued expenses	9,397	1,740
Net pension liability	<u>94,078</u>	<u>33,406</u>
TOTAL LIABILITIES	<u>103,475</u>	<u>35,146</u>
DEFERRED INFLOW OF RESOURCES		
Pension	<u>75,318</u>	<u>26,744</u>
NET POSITION		
Unrestricted	<u>(7,394)</u>	<u>125,312</u>
TOTAL NET POSITION	<u><u>\$ (7,394)</u></u>	<u><u>\$ 125,312</u></u>

FREMONT COUNTY SCHOOL DISTRICT NUMBER 24
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	<u>Food Service</u>	<u>Preschool Daycare Fund</u>
OPERATING REVENUES		
Charges for services	\$ 83,608	\$ 101,501
OPERATING EXPENSES		
Salaries	114,121	79,127
Employee benefits	110,487	72,406
Purchased services	2,646	0
Supplies and materials	9,990	5,777
Direct food costs	184,111	0
Total Operating Expenses	<u>421,355</u>	<u>157,310</u>
Operating income (loss)	<u>(337,747)</u>	<u>(55,809)</u>
NONOPERATING REVENUES (EXPENSES)		
Federal reimbursements	274,246	0
Investment income	<u>8</u>	<u>14</u>
Total Nonoperating Revenues	<u>274,254</u>	<u>14</u>
Income (loss) before operating transfers	(63,493)	(55,795)
OPERATING TRANSFER IN	<u>100,000</u>	<u>181,107</u>
Net income (loss)	36,507	125,312
NET POSITION - JULY 1	<u>(43,901)</u>	<u>0</u>
NET POSITION - JUNE 30	<u>\$ (7,394)</u>	<u>\$ 125,312</u>

See Notes To Financial Statements

FREMONT COUNTY SCHOOL DISTRICT NUMBER 24
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2022

	<u>Food Service</u>	<u>Preschool Daycare Fund</u>
INCREASE (DECREASE) IN CASH		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and other funds	\$ 83,608	\$ 101,501
Cash payments for goods and services	(196,145)	(5,777)
Cash paid to and on behalf of employees	(211,362)	(99,630)
	(323,899)	(3,906)
Net Cash Used in Operating Activities	(323,899)	(3,906)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income	8	14
	8	14
Net Cash Provided by Investing Activities	8	14
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Cash received from federal sources	260,667	0
Loans (to) from other funds	(45,410)	0
Operating transfer from other fund	100,000	181,107
	315,257	181,107
Net Cash Provided by Noncapital Financing Activities	315,257	181,107
NET CHANGE IN CASH	(8,634)	177,215
CASH - BEGINNING OF YEAR	132,737	0
CASH - END OF YEAR	\$ 124,103	\$ 177,215
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating income (loss)	\$ (337,747)	\$ (55,809)
Adjustments to reconcile operating loss to net cash used for operating activities		
Commodity support	13,579	0
(Increase) decrease in deferred pension outflows/(inflows)	(8,422)	16,757
(Increase) decrease in inventory	(12,977)	0
Increase (decrease) in vouchers and claims payable	(5,681)	1,740
Increase (decrease) in net pension liability	27,349	33,406
	(323,899)	(3,906)
Net Cash Used in Operating Activities	\$ (323,899)	\$ (3,906)

SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING ACTIVITIES

None

See Notes To Financial Statements

FREMONT COUNTY SCHOOL DISTRICT NUMBER 24
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022

	Health Benefits <u>Trust</u>
ASSETS	
Cash	<u>\$ 106,986</u>
TOTAL ASSETS	<u><u>\$ 106,986</u></u>
LIABILITIES	
Due to participants	<u>106,986</u>
TOTAL LIABILITIES	<u><u>106,986</u></u>
NET POSITION	
Restricted	<u>0</u>
TOTAL NET POSITION	<u><u>\$ 0</u></u>

FREMONT COUNTY SCHOOL DISTRICT NUMBER 24
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2022

	Health Benefits Trust
ADDITIONS	
Interest income	\$ 0
DEDUCTIONS	
Benefits	<hr style="width: 100%;"/> 0
Change in net position	0
NET POSITION HELD IN TRUST - JULY 1	<hr style="width: 100%;"/> 0
NET POSITION HELD IN TRUST - JUNE 30	<hr style="width: 100%;"/> \$ 0 <hr style="width: 100%;"/>

Notes to Financial Statements

FREMONT COUNTY SCHOOL DISTRICT NUMBER 24
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Organization and Summary of Significant Accounting Policies

General Information

Fremont County School District Number 24 operates under an elected board of trustees format and provides educational services to the children of the District. The District offers an educational program for grades Kindergarten through 12. The District operates Shoshoni High School (grades 9-12), Shoshoni Middle School (grades 7-8), and Shoshoni Elementary School (grades K-6).

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Fremont County School District Number 24, this includes general operations, food service, and student-related activities of the District. The following activities are also included within the reporting entity.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board, and (1) the District is able to significantly influence the programs or services performed or provided by the organization; (2) the District is legally entitled to or can otherwise access the organization's resources; (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The Shoshoni Recreation District is the only component unit of the District.

The Shoshoni Recreation District has been included as a discretely presented component unit in the financial statements. The Board of Trustees of the District (1) appoint three of the ten board members to the recreation board, and (2) approve up to 1 mill tax levy for recreation authorized by Title 18, Chapter 9, Article 2 of the Wyoming Statutes. Separate financial statements of the recreation district may be obtained by contacting the Shoshoni Recreation District, P.O. Box 261, Shoshoni, WY 82649.

The financial statements of Fremont County School District Number 24 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Basis of Presentation

The District's basic financial statements consist of government-wide statements, consisting of a statement of net position, and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

NOTE 1 - Organization and Summary of Significant Accounting Policies (cont.)

Basis of Presentation (cont.)

1. Government-Wide Financial Statements (cont.)

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, 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 which are not classified as program revenues are presented as general revenues of the District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

2. Fund Financial Statements

During the year, 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. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major governmental fund and proprietary fund are presented in separate columns. Non-major funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are food service charges. Operating expenses for the District's enterprise fund include food production costs, supplies, administrative costs, and depreciation on capital assets. The principal operating revenues of the District's internal service fund are contributions to the employee's health reimbursement arrangements from the District's other funds. Operating expenses for the internal service fund include claims paid on behalf of the District's employees. All revenues or expenses not meeting this definition are reported as non-operating revenues and expenses.

Fund Accounting

The District uses funds to maintain its financial records with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

1. Governmental Funds

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

NOTE 1 - Organization and Summary of Significant Accounting Policies (cont.)

Fund Accounting (cont.)

Major Funds

General Fund

The general fund is the operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose, provided it is expended or transferred according to the general laws of Wyoming.

Major Maintenance Funds

The major maintenance fund is used to account for financial resources to be used specifically for major maintenance of District facilities.

Non-Major Governmental Funds

The other governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose.

2. Proprietary Fund

Enterprise Fund - The enterprise fund is used to account separately for operations that are financed and operated in a manner similar to private business enterprises—where the intent of the governing body is that the costs of providing goods or services are financed or recovered in part through user charges. The District's two enterprise funds are the food service fund and the preschool daycare fund.

3. Fiduciary Fund

Fiduciary fund reporting focuses on net positions and changes in net positions. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are, therefore, not available to support the District's own programs. The District has one trust fund.

Measurement Focus and Basis of Accounting

1. Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets plus total deferred outflows less total liabilities and total deferred inflows) is used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position.

NOTE 1 - Organization and Summary of Significant Accounting Policies (cont.)

Measurement Focus and Basis of Accounting (cont.)

2. Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue to be available if collected within 60 days of the end of the fiscal period.

Revenue from federal, state, and other grants designated for payment of specific District expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Budget and Budgetary Accounting

The amounts reported as the original budgeted amounts in the budgetary statement reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts after approved budget amendments during fiscal year 2022.

The District follows these procedures in establishing the budgetary data reflected for the General Fund in the financial statements. The Special Revenue, Debt Service, and Capital Projects Funds are also required to adopt budgets; although, that data is not presented in the financial statements.

- Prior to May 15, the Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing that July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years. In addition, more detailed line budgets are included for administrative control. The level of control for the detailed budgets is at the department head/function level.
- Public hearings are conducted within the District to obtain taxpayer comments.
- Prior to August 1, the budget is legally enacted through passage of a motion.
- The District can, after public notice, transfer budgeted amounts between departments within any funds.
- Budgets for the General, Special Revenue, Debt Service, and Capital Project Funds are adopted on a basis and perspective which can differ significantly from generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended by the Board. Management exercises control by line item.
- All appropriations, except capital projects funds, lapse each fiscal year-end.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the District considers cash and cash equivalents to consist of all cash, either on hand or in banks, including time deposits, and any highly liquid debt instruments purchased with a maturity of three months or less.

NOTE 1 - Organization and Summary of Significant Accounting Policies (cont.)

Inventory

On government-wide financial statements and the proprietary fund financial statements, inventories are presented at realizable value on a first-in, first-out basis. Inventory consists of expendable supplies and food held for use and accounted for using the consumption method by which inventory acquisitions are recorded in inventory accounts when purchased and are charged to expense when consumed or sold.

In the fund financial statements, the cost of inventory items is recorded as expenditure in the governmental fund types when purchased. Significant amounts of supply inventories on hand at year-end are reported as assets and are fully reserved in the equity section of the balance sheet.

Property Taxes

The District's property taxes are levied at the County level on October 1 of each year. The County Assessor is responsible for assessment of all taxable real property within Fremont County. Property tax valuations are split into two categories. Non-mineral property is annually valued and assessed on January 1. Property taxes are collected by the County Treasurer, who remits to each unit its respective share of the collections. Provided the payments are timely, the tax can be paid in two equal installments on November 10 and May 10, or the tax may be paid in full on December 31 without interest accrual. Taxes collected are distributed after the end of each month.

The levy becomes an enforceable lien against the property as of January 1 of the preceding levy year. Thus, in accordance with GASB Codification Section N50, a property tax receivable has been recorded equal to 50 percent of the amount levied for the District on the following August. This amount is deferred and will be recognized in the period for which the taxes are levied. A one percent allowance has been recorded against the receivable at year-end.

The collection of mineral based ad valorem taxes was significantly modified during the 2021 and 2022 Legislative Sessions. Beginning with mineral production year 2022, mineral ad valorem taxes are collected by the State of Wyoming and then submitted to the County treasurer who in turn submits funds to the District. For the mineral production year 2021, mineral producers have the option to defer payment of taxes until December 1, 2023 at which time the taxes are due eight percent per year until paid. Beginning with 2022 mineral production, payment of taxes will be due on or before the 25th day of the third month following the month of production.

District property tax revenues are recognized when levied to the extent that they result in current receivables, which means when collected within the current period or expected to be collected within 60 days of the fiscal year end to be used to pay liabilities of the current period on the fund financial statements. Property taxes which are not current receivables are offset as deferred inflows of resources. Mineral property taxes for 2022 production received by June 20, 2022 are not considered legally assessed and as such offset as unearned revenue in the fund financial statements and on the government-wide financial statements. Property tax revenue received by the District for fiscal year 2022 was more than estimated resulting in a tax excess collection per W.S. 21-13-313(d) in the amount of \$268,249.

Capital Assets

General capital assets result from expenditures in the governmental funds and include property, plant, and equipment. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District capitalizes items costing \$5,000 or more that have estimated useful lives in excess of one year. The District possesses insignificant infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

NOTE 1 - Organization and Summary of Significant Accounting Policies (cont.)

Capital Assets (cont.)

All reported capital assets, except for land and land improvements, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives.

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	50 years
Furniture and equipment	5-10 years
Vehicles	8 years

Compensated Absences

Compensated absences, consisting of vacation and sick leave, are reported in the fund financial statements in the period paid. For purposes of the government-wide financial statements, the liability for compensated absences is reflected when vested to the employees.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds. The bonds and capital leases, and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until the maturity date of each installment.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's Wyoming Retirement System (WRS) Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balance

The District uses the fund balance definitions in GASB Codification Section 1800 for financial reporting for all governmental fund types. The definitions provide more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints.

Nonspendable fund balance – amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation.

Committed fund balance – amounts constrained to specific purposes by the District itself, enacted by resolution of the District's Board of Directors. Committed fund balance cannot be used for any other purpose unless the commitment expires as set forth in the resolution, or a new resolution is enacted by the District's Board of Directors.

NOTE 1 - Organization and Summary of Significant Accounting Policies (cont.)

Fund Balance (cont.)

Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the District's Board of Directors or by an official or body to which the District's Board of Directors delegates authority.

Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The District applies nonspendable, restricted, committed, assigned, and then unassigned resources when an expense is incurred for purposes that satisfy the related definition and criteria for the related net position classification shown above.

The board has not elected to adopt a minimum fund balance policy as of June 30, 2022.

It is the policy of the School District that negative fund balances are the responsibility of the general fund.

Net Position

Net position is a function of assets plus deferred outflows of resources minus liabilities minus deferred inflows of resources equals net position. The caption "net investment in capital assets" consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" in the governmental fund financial statements. Interfund receivables and payables are eliminated in the government-wide financial statements, except those with business-type and fiduciary funds, which are reported in the government-wide financial statements as "internal balances."

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. For Fremont County School District Number 24, the elements related to pensions reported in the district-wide Statement of Net Position are considered deferred outflows of resources. The three areas included in deferred outflow of resources are as follows: The effect of the net change in the District's proportion of the collective net pension liability. The difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension system not included in pension expense. Lastly, the District contributions to the Wyoming Retirement System subsequent to the measurement date due to fiscal year versus calendar year timing differences.

NOTE 1 - Organization and Summary of Significant Accounting Policies (cont.)

Deferred Outflows and Inflows of Resources (cont.)

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue-property taxes. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability within the Wyoming Retirement System and the difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension system not included in pension expense.

New and Upcoming Accounting Pronouncements

The following are Statements of the Governmental Accounting Standards Board (GASB) that are or will be applicable to the District. At June 30, 2022, the District was aware of the following new standards issued by GASB:

Implemented in the Current Year

- GASB Statement No. 87, *Leases*, effective for reporting periods beginning after June 15, 2021.
- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for reporting periods beginning after December 15, 2020.
- GASB Statement No. 92, *Omnibus 2020*, effective for reporting periods beginning after June 15, 2021.

Not Yet Implemented

- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for fiscal year beginning after June 15, 2022.
- GASB Statement No. 101, *Compensated Absences*, effective for fiscal year beginning after December 15, 2023

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Statement No. 87 is effective beginning in the fiscal year ending June 30, 2022.

NOTE 1 - Organization and Summary of Significant Accounting Policies (cont.)

New and Upcoming Accounting Pronouncements (cont.)

In June 2018, The GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and also to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared using the current financial resources measurement. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

In January 2020, the GASB issued Statement No. 92, Omnibus 2020. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.
- The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits.
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements.
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

Earlier application is encouraged and is permitted by topic.

NOTE 1 - Organization and Summary of Significant Accounting Policies (cont.)

New and Upcoming Accounting Pronouncements (cont.)

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

In June 2022, the GASB issued Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement 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.

This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

The School District is evaluating the impact that the above GASB statements will have on its financial reporting.

FREMONT COUNTY SCHOOL DISTRICT NUMBER 24
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - Budgetary Basis of Accounting

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (Non-GAAP Basis) presented for the general fund is 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 as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the fund liability is incurred (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General fund.

<u>Net Change in Fund Balance</u>	
GAAP basis	\$ 395,130
Net adjustment for revenue accruals	372,412
Net adjustment for expenditure accruals	3,772
Budget basis	\$ 771,314

NOTE 3 - Deposits and Investments

Statutes authorize the District to invest primarily in various federal government instruments, savings certificates of savings and loan associations, bank certificates of deposits, Wyoming State Treasurer Investment Pool, and Wyoming Government Investment Pool. The District has elected to invest cash in excess of immediate needs in the Wyoming Government Investment Pool.

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. At year-end, the carrying amount of the District's bank deposits (for both the primary government and the component units) was \$1,504,965 and the bank balance was \$1,025,881. Of the bank balance, \$500,000 was covered by federal depository insurance; \$632,8687 was covered by collateral held in the pledging banks' trust departments.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District will minimize the custodial credit risk by limiting investments to the types of securities allowed by State law and by pre-qualifying the financial institutions, broker/dealers intermediaries, and advisors with which the District would do business.

The Wyoming Government Investment Fund is an external investment pool that invests primarily in U.S. Government Agency Obligations and short-term commercial obligations. The pooled securities are held in safekeeping by a third party trust in the pool's name. The pool reports their investments at amortized cost, which they believe approximates fair value. The Wyoming Government Investment Fund is not rated. At June 30, 2022, the District had \$5,736,981 invested in the fund.

FREMONT COUNTY SCHOOL DISTRICT NUMBER 24
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - Deposits and Investments (cont.)

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. The District minimizes the concentration of the credit risk by diversification so that the impact of potential losses from any one type of deposit and/or security or issuer will be minimized.

As of June 30, 2022 the District had deposits in three financial institutions. All of these institutions held over 5% of the District's total deposits.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity is to changes in market interest rates.

Fair Value of Investments

The Wyoming Government Investment Fund invests 100% in bonds which are owned by the Wyoming State Treasurer. The pool pays each participant an individual interest based on the ratio of that participant's cash balance as a percentage of the total cash balance of the pool. Income is distributed to participants based on each entity's average daily cash balance in the pool. Interest is calculated and credited monthly. The District does not own any of the underlying bonds and only has the right to the corresponding cash balance. Management has determined the Wyoming Government Investment Fund qualifies as a type I investment.

The District defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in accordance with the Government Accounting Standards Board Statement (GASB) Number 72, *Fair Value Measurement and Application*. This statement establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1 Fair Value Measurements

The fair value of government and municipal obligations, corporate obligations, and equities are based on quoted values of the shares held by the District at year-end. One hundred percent of the investments held by the pool, on behalf of the District, fall into this category.

Level 2 Fair Value Measurements

These are inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation or by other means.

Level 3 Fair Value Measurements

These are largely unobservable inputs for the asset or liability; they should be used only when relevant Level 1 and Level 2 inputs are unavailable.

NOTE 4 - Receivables

Receivables at June 30, 2022, consisted of property taxes, accounts, and intergovernmental grants. Taxes receivable represent uncollected taxes and interest thereon, net of an allowance for uncollectible which amounts to approximately \$152,000 for governmental funds and \$4,876 for the recreation district. Other receivables are considered collectible in full. Grant receivables at June 30, 2022 consisted of \$12,193 of various State and federal grants in the special revenue funds. Other receivables at June 30, 2022 consisted of employee retirement reimbursements from the State.

FREMONT COUNTY SCHOOL DISTRICT NUMBER 24
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - Capital Assets

Capital Assets activity for the fiscal year ended June 30, 2022, is as follows:

	Balance June 30, 2021	Additions	Deductions	Balance June 30, 2022
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 93,935	\$ 0	\$ 0	\$ 93,935
Construction in process	0	138,306	0	138,306
Total Capital Assets, Not Being Depreciated	93,935	138,306	0	232,241
Capital Assets, Being Depreciated				
Buildings and improvements	49,244,771	0	0	49,244,771
Equipment and contents	662,235	31,726	0	693,961
Vehicles	1,869,398	284,302	0	2,153,700
Total Capital Assets, Being Depreciated	51,776,404	316,028	0	52,092,432
Less Accumulated Depreciation				
Buildings and improvements	5,053,267	1,017,056	0	6,070,323
Equipment and contents	453,325	65,270	0	518,595
Vehicles	1,064,578	153,734	0	1,218,312
Total Accumulated Depreciation	6,571,170	1,236,060	0	7,807,230
Capital Assets, Being Depreciated, Net	45,205,234	(920,032)	0	44,285,202
Governmental Activities Capital Assets, Net	\$ 45,299,169	\$ (781,726)	\$ 0	\$ 44,517,443

FREMONT COUNTY SCHOOL DISTRICT NUMBER 24
 NOTES TO FINANCIAL STATEMENTS

NOTE 5 - Capital Assets (cont.)

	Balance June 30, 2021	Additions	Deductions	Balance June 30, 2022
Business-Type Activities				
Capital Assets, Being Depreciated				
Equipment and contents	25,651	0	0	25,651
Less accumulated depreciation	25,651	0	0	25,651
Business-Type Activities Capital Assets, Net	0	0	0	0
Component Unit - Recreation Board				
Capital Assets, Not Being Depreciated				
Land	61,090	0	0	61,090
Total Capital Assets, Not Being Depreciated	61,090	0	0	61,090
Capital Assets, Being Depreciated				
Buildings and improvements	1,078,371	0	0	1,078,371
Equipment and contents	84,449	0	0	84,449
Vehicles	62,082	0	0	62,082
Total Capital Assets, Being Depreciated	1,224,902	0	0	1,224,902
Less Accumulated Depreciation				
Buildings and improvements	404,538	21,298	0	425,836
Equipment and contents	64,606	6,780	0	71,386
Vehicles	62,082	0	0	62,082
Total Accumulated Depreciation	531,226	28,078	0	559,304
Capital Assets, Being Depreciated, Net	693,676	(28,078)	0	665,598
Component Unit Capital Assets, Net	\$ 754,766	\$ (28,078)	\$ 0	\$ 726,688

Depreciation expense was charged to governmental functions as follows:

Governmental Activities

Instruction	
Regular	\$ 1,066,824
General Support	
Operations and maintenance	15,502
Transportation	153,734
Total Depreciation Expense-Governmental Activities	<u>\$ 1,236,060</u>

Business-Type Activities

Food Service	<u>\$ 0</u>
Recreation District	<u>\$ 28,078</u>

NOTE 6 - Defined Benefit Pension Plans

General Information About the Pension Plan

Plan Descriptions - Substantially all qualified employees of the State, Public School Systems, and other political subdivisions of Wyoming which have elected to participate are eligible for the Public Employees Pension Plan, a cost-sharing, multiple employer defined benefit pension plan administered by the Wyoming Retirement System (WRS). Benefit provisions under the Plan are established by State statute. WRS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the WRS website.

Employees terminating prior to normal retirement can elect to withdraw all employee contributions plus accumulated interest through the date of termination or, if they are vested, they may elect to remain in the Plan and be eligible for early retirement reduced benefits at age 50 (Tier 1 employees) and 55 (Tier 2 employees).

Benefits Provided - WRS 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: 100% joint and survivor annuity, and a 50% joint and survivor annuity. The benefit amounts under these options are determined on an actuarially equivalent basis. Any cost of living adjustments provided to retirees must be granted by the State Legislature. In addition a cost of living adjustment will not be approved by the legislature unless the Plan is 100% funded after the COLA is awarded.

Benefits are determined based on two tiers:

Tier 1 are members who joined WRS by August 31, 2012. The Plan allows for normal retirement after four years of service and attainment of age 60. Early retirement is allowed provided the employee has completed four years of service and attained age 50 or 25 years of service. Benefits are calculated as 2.125% of employee's highest average salary for each year of credited service for the first 15 years of service plus 2.25% of the highest average salary for any years of service credit exceeding 15 years. This amount is reduced by 5% per year that the employee is under age 60.

Tier 2 are members who joined WRS after August 31, 2012. The Plan allows for normal retirement after four years of service and attainment of age 65. Early retirement is allowed provided the employee has completed four years of service and attained age 55 or 25 years of service. Benefits are calculated as 2% of employee's highest average salary for each year of credited service. This amount is reduced by 5% per year that the employee is under age 65.

All employees may also retire upon normal retirement on the bases that the sum of the employee's age and service is at least 85.

Contributions - The Plan statutorily requires 18.62% of the participant's salary to be contributed to the Plan. Contributions consist of 9.25% of the participant's salary as employee contributions and 9.37% as employer contributions. The amount of contributions designated as employee contributions represent the portion of total contributions that a participant retains ownership of and can elect to receive as a refund upon termination of employment. Employers can elect to cover all or a portion of the employee's contribution at their discretion. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

NOTE 6 - Defined Benefit Pension Plans (cont.)

General Information About the Pension Plan (cont.)

For the year ended June 30, 2022, the contributions from the District that are recognized as part of pension expense for the Plan were as follows:

Contributions - employer	\$ 389,576
Contributions - employee (paid by employer)	\$ 231,584

As of June 30, 2022, the District reported a net pension liability of \$3,466,259 for its proportionate share of the net pension liability of the Plan.

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of December 31, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021 rolled forward to December 31, 2021 using generally accepted actuarial procedures. The District's proportion of the net pension liability is .22734 percent, which was an increase of .172 percent from its .22695 percent proportionate share at December 31, 2020.

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

For the year ended June 30, 2022, the District recognized pension expense of \$(176,099). At June 30, 2022, the District reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Pension contributions subsequent to measurement date	321,752	0
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	7,349	106,135
Net differences between expected and actual experience on net (inflows)/outflows of resources	64,906	5,479
Net differences between projected and actual earnings on Plan investments	361,667	2,663,386
Changes in Assumptions	<u>280,491</u>	<u>0</u>
Total	<u><u>1,036,165</u></u>	<u><u>2,775,000</u></u>

FREMONT COUNTY SCHOOL DISTRICT NUMBER 24
NOTES TO FINANCIAL STATEMENTS

NOTE 6 - Defined Benefit Pension Plans (cont.)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (cont.)

The \$321,752 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>June 30</u> <u>Year Ending</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Total</u>
2022	\$ (361,635)	414,328	122,004	\$ 274,169	\$ 448,866
2023	0	363,742	122,107	274,169	760,018
2024	0	0	122,990	336,983	459,973
2025	0	0	0	391,730	391,730

Actuarial Assumptions - The total pension liabilities in the January 1, 2021 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	January 1, 2020
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll Closed
Actuarial Assumptions:	
Discount Rate	6.80%
Inflation	2.25%
Projected Salary Increase	2.5% - 6.5% per year
Investment Rate of Return	6.80%
Mortality	RP-2014 Employee Mortality Table

Discount Rate - The discount rate used to measure the total pension liability was 6.80% for the Plan. The projection of cash flows used to determine the discount rate assumed contributions from participating employers will be made on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Wyoming State Statutes. Based on those assumptions, the WRS fiduciary net position was projected to be available to make all the projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

NOTE 6 - Defined Benefit Pension Plans (cont.)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (cont.)

DISCOUNT RATE			
Single Discount Rate	Long-Term Expected Rate of Return	Long-Term Municipal Bond Rate*	Last year ending December 31 in the 2021 to 2120 projection period for which projected benefit payments are fully funded
6.80%	6.80%	1.84%	2120

*Source: 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 GO AA Index" as of December 31, 2021. In describing this index, Fidelity notes that the municipal curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.

In determining the long-term expected rate of return, the Plan assumes a long-term investment rate of return of 6.80%. The long-term rate of return is determined through a 4.55% net real rate of return and an inflation rate of 2.25%. The following table represents a comparison of an annual money-weighted rate of return, net of investment expenses compared to the expected real rate of return.

Annual money-weighted rate of return, net of expenses for the fiscal year ended December 31, 2021	Annual money-weighted rate of return, net of expenses for the fiscal year ended December 31, 2020	Expected Rate of Return net investment expenses
17.19%	11.03%	6.80%

The table below reflects the assumed asset allocation of the Plan's portfolio, the long-term expected rate of return for each asset class and the expected rate of return is presented arithmetic and geometric. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

FREMONT COUNTY SCHOOL DISTRICT NUMBER 24
 NOTES TO FINANCIAL STATEMENTS

NOTE 6 - Defined Benefit Pension Plans (cont.)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (cont.)

Major Portfolio Class	Target Allocation	Arithmetic Real Return	Arithmetic Nominal Return	Geometric Return	Geometric Nominal Return
Tactical Cash	2.00%	-0.50%	1.70%	-0.50%	1.71%
Fixed Income	21.00%	1.63%	3.83%	1.32%	3.52%
Core Plus	5.00%	0.27%	2.47%	0.20%	2.40%
US Government	9.00%	0.25%	2.45%	0.00%	2.50%
Opportunistic	4.00%	2.60%	4.80%	2.05%	4.25%
Private Debt	3.00%	6.73%	8.93%	5.25%	7.45%
Equity	48.50%	7.54%	9.74%	5.63%	7.83%
US Equity	19.00%	5.99%	8.19%	4.60%	6.80%
Developed International	12.70%	6.84%	9.04%	5.30%	7.50%
Emerging Markets	7.80%	8.59%	10.79%	6.20%	8.40%
Private Equity	9.00%	10.91%	13.11%	7.76%	9.96%
Marketable Alternative	19.00%	4.63%	6.83%	3.74%	5.94%
Private Real Assets	9.50%	5.99%	8.19%	4.84%	7.04%
Private Natural Resources	2.5-7.5%	8.71%	10.91%	6.32%	8.52%
Private Infrastructure	2.5-7.5%	5.95%	8.15%	5.10%	7.30%
Real Estate	2.5-7.5%	4.54%	6.74%	3.90%	6.10%
Total	100.00%	5.44%	7.64%	4.17%	6.37%

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	WRS
1% Decrease	5.80%
Net Pension Liability	\$6,395,200
Current Discount Rate	6.80%
Net Pension Liability	\$ 3,466,259
1% Increase	7.80%
Net Pension Liability	\$ 1,038,328

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued WRS financial reports.

Payable to the Pension Plan

At June 30, 2022, the District reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

FREMONT COUNTY SCHOOL DISTRICT NUMBER 24
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - Long-Term Debt

The following is a summary of changes in long-term debt of the District for the year:

	Balance Beginning of Year	Additions	Payments	Balance End of Year	Current Portion of Long-Term Debt
Net pension liability	4,932,630	0	1,466,371	3,466,259	0
Accrued compensated Absences	175,805	114,731	149,339	141,197	56,479
Total	\$ 5,108,435	\$ 114,731	\$ 1,615,710	\$ 3,607,456	\$ 56,479

The payments of the long-term debt are to be funded by the General Fund.

Accrued Compensated Absences

Compensation for vacation and sick leave is recorded as expenditures in the year paid to employees. Vacation vests with employees at their anniversary date of employment. Generally, employees earn one sick day for each month worked. Up to 120 days of compensation for sick leave vests with employees at \$75 per day. The liability for vested, unpaid compensated absences is included in the financial statements as accrued compensated absences.

NOTE 8 - Health Benefit Plan

In fiscal year 2011, the District established an irrevocable trust managed by a third party to administer the benefits under a health care reimbursement plan for the benefit of its employees. The trust funded the plan with approximately \$150,000 per year for five years (beginning September 2011) for the benefit of its employees. The employees may request reimbursement for qualified medical expenses incurred to the extent of the amount contributed to their account by the trust. Any unused amount for a plan year will carry forward into the following plan year for future qualified medical expenses that may incur. Individuals may request reimbursement for qualified medical expenses; any amounts unused by the participant upon separation will be forfeited.

NOTE 9 - Due To/From Other Funds and Transfers

Interfund receivables and payable balances as of June 30, 2021, are as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 187,253	\$ 250,000
Non-Major Governmental Funds	250,000	199,253
Food Service Fund	12,000	0
	\$ 449,253	\$ 449,253

Interfund Transfers	Transfers To Other Funds	Transfers From Other Funds
General Fund	\$ 402,007	\$ 0
Enterprise Funds	0	281,107
Special Revenue Funds	181,107	0
Depreciation Reserve Funds	7,935	309,942
	\$ 591,049	\$ 591,049

FREMONT COUNTY SCHOOL DISTRICT NUMBER 24
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - Due To/From Other Funds and Transfers (cont.)

The purpose of the transfer from the General Fund to the Enterprise Fund was to finance the food service operations. The purpose of the transfer from the Special Revenue Funds to the Enterprise Fund was to finance preschool operations. The purpose of the transfer from the General Fund to the Depreciation Reserve Funds was to clear out due to/due from amounts to set aside \$250,000 for future capital purchases.

Due to/from balances represent non-interest bearing amounts owed to or from programs for administrative services rendered and for payments made on behalf of the related funds. Amounts are generally due on demand.

NOTE 10 - Contingencies

1. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2022.

2. Litigation

The District is contingently liable in respect to lawsuits and claims in the ordinary course of its operations. In the opinion of District personnel, the settlement of such contingencies would not affect the financial position of the District at June 30, 2022. Should any claims prove to be a detriment to the District, they will be recorded as expenditure in the period in which a liability is realized.

3. Property and Liability Risk Management

Real and personal property owned by the District is subject to loss from natural disasters and actions of others. In addition, the District has the potential to be named as a responsible party in liability claims. The District purchases commercial insurance packages to offset such losses, should they occur.

NOTE 11 - Subsequent Events

Subsequent events were considered for disclosure through December 12, 2022, the date of this report.

Required Supplementary Information

FREMONT COUNTY SCHOOL DISTRICT NUMBER 24
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND
YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance With
	Original	Final	Budgetary	Final Budget
			Basis	Positive
				(Negative)
REVENUES				
Taxes	\$ 3,164,490	\$ 3,164,490	\$ 3,278,223	\$ 113,733
Intergovernmental	4,601,063	4,601,063	5,085,428	484,365
Investment income	5,200	5,200	7,582	2,382
Other revenue	0	0	15,065	15,065
	<u>7,770,753</u>	<u>7,770,753</u>	<u>8,386,298</u>	<u>615,545</u>
Total Revenues				
EXPENDITURES				
Current				
General government				
Instruction				
Regular	3,138,898	2,965,596	2,838,311	127,285
Special	511,927	511,927	537,140	(25,213)
Vocational	100,816	100,816	120,295	(19,479)
Instructional support				
Instructional staff	446,647	446,647	566,266	(119,619)
Pupil	736,905	612,678	500,674	112,004
General support				
Administration	655,479	655,479	636,072	19,407
Business	283,728	283,728	264,752	18,976
Board	94,673	94,673	99,748	(5,075)
Operations and maintenance	861,705	861,705	844,739	16,966
Transportation	716,479	751,737	804,980	(53,243)
	<u>7,547,257</u>	<u>7,284,986</u>	<u>7,212,977</u>	<u>72,009</u>
Total Expenditures				
Excess of revenues over (under) expenditures	<u>223,496</u>	<u>485,767</u>	<u>1,173,321</u>	<u>687,554</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers (out)	<u>(50,000)</u>	<u>(350,000)</u>	<u>(402,007)</u>	<u>(52,007)</u>
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>(350,000)</u>	<u>(402,007)</u>	<u>(52,007)</u>
Excess of revenues and other sources over (under) expenditures and other uses	173,496	135,767	771,314	635,547
FUND BALANCE - JULY 1	<u>1,598,239</u>	<u>1,598,239</u>	<u>1,598,239</u>	
FUND BALANCE - JUNE 30	<u>\$ 1,771,735</u>	<u>\$ 1,734,006</u>	<u>\$ 2,369,553</u>	

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 24
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
WYOMING RETIREMENT SYSTEM
PUBLIC EMPLOYEES PENSION PLAN**

Calendar Year*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
District's proportion of the net pension liability	0.20299%	0.22288%	0.23193%	0.23345%	0.23850%	0.23216%	0.22696%	0.22734%
District's proportionate share of the net pension liability	\$ 3,582,171	\$ 5,191,715	\$ 5,606,950	\$ 5,321,116	\$ 7,262,917	\$ 5,609,312	\$ 4,932,627	\$ 4,932,630
District's covered-employee payroll	\$ 3,979,603	\$ 4,107,244	\$ 4,280,698	\$ 4,167,696	\$ 4,154,500	\$ 4,166,140	\$ 4,039,660	\$ 4,145,079
District's proportionate share of the net pension liability as a percentage of its covered payroll	90.01%	126.40%	130.98%	127.68%	174.82%	134.64%	122.11%	119.00%
Plan fiduciary net position as a percentage of the total pension liability	79.08%	73.40%	73.42%	76.35%	69.17%	76.83%	79.24%	86.03%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

FREMONT COUNTY SCHOOL DISTRICT NUMBER 24
SCHEDULE OF DISTRICT CONTRIBUTIONS
WYOMING RETIREMENT SYSTEM
PUBLIC EMPLOYEES PENSION PLAN

	Fiscal Year							
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Contractually required contributions	\$ 709,853	\$ 682,626	\$ 711,452	\$ 692,671	\$ 703,524	\$ 743,436	\$ 748,957	\$ 774,163
Contributions in relation to the contractually required contribution	<u>709,853</u>	<u>682,626</u>	<u>711,452</u>	<u>692,671</u>	<u>703,524</u>	<u>743,436</u>	<u>748,957</u>	<u>774,163</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's covered payroll	\$ 4,472,926	\$ 4,107,244	\$ 4,280,698	\$ 4,167,696	\$ 4,128,662	\$ 4,219,273	\$ 4,133,150	\$ 4,157,695
Contributions as a percentage of covered employee payroll	15.87%	16.62%	16.62%	16.62%	17.04%	17.62%	18.12%	18.62%

Note: Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

FREMONT COUNTY SCHOOL DISTRICT NUMBER 24
NOTES TO REQUIRED SUPPLEMENTARY
PENSION INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

Changes of benefit terms -

There are no changes in benefit terms from the prior year.

Changes in assumptions -

The assumptions used in the actuarial valuation were adopted at the November 17, 2021 and the February 17, 2022 meetings and were first utilized with the actuarial valuation report for the year beginning January 1, 2021. The new assumptions are reflected in these valuation results. 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. The expected rate of return on assets for the plan was decreased from 7.00% to 6.80%. Other than the changes mentioned above, there have been no actuarial assumption changes or methods since the prior valuation for all plans.

Changes in the composition of the population -

There are no changes in the composition of the population from the prior year.

Supplementary Information

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 24
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	<u>Combined Special Revenue Funds</u>	<u>Combined Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS				
Cash and investments in treasury	\$ 185,562	\$ 581,656	\$ 0	\$ 767,218
Investments	175,132	0	0	175,132
Cash with fiscal agent	0	0	100	100
Receivables				
Grants	12,193	0	0	12,193
Due from other funds	0	262,000	0	262,000
	<u>0</u>	<u>262,000</u>	<u>0</u>	<u>262,000</u>
Total Assets	<u>\$ 372,887</u>	<u>\$ 843,656</u>	<u>\$ 100</u>	<u>\$ 1,216,643</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable and accrued expenses	\$ 132,280	\$ 0	\$ 0	\$ 132,280
Due to other funds	199,253	0	0	199,253
	<u>199,253</u>	<u>0</u>	<u>0</u>	<u>199,253</u>
Total Liabilities	<u>331,533</u>	<u>0</u>	<u>0</u>	<u>331,533</u>
Fund Balance				
Restricted for:				
Student Activity	285,888	0	0	285,888
Debt service	0	0	97	97
Capital improvements	0	843,656	0	843,656
Unassigned	(244,534)	0	3	(244,531)
	<u>(244,534)</u>	<u>0</u>	<u>3</u>	<u>(244,531)</u>
Total Fund Balance	<u>41,354</u>	<u>843,656</u>	<u>100</u>	<u>885,110</u>
Total Liabilities and Fund Balance	<u>\$ 372,887</u>	<u>\$ 843,656</u>	<u>\$ 100</u>	<u>\$ 1,216,643</u>

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 24
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022**

	Combined Special Revenue Funds	Combined Capital Projects Fund	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES				
Intergovernmental	\$ 735,972	\$ 0	\$ 0	\$ 735,972
Investment income	0	976	3	979
Student activities	151,921	0	0	151,921
	<u>887,893</u>	<u>976</u>	<u>3</u>	<u>888,872</u>
Total Revenues				
EXPENDITURES				
Current				
General government				
Instruction				
Regular	931,997	0	0	931,997
Student activities	132,378	0	0	132,378
Facilities acquisition, construction, and improvement services	0	187,115	0	187,115
	<u>1,064,375</u>	<u>187,115</u>	<u>0</u>	<u>1,251,490</u>
Total Expenditures				
Excess of revenues over (under) expenditures	(176,482)	(186,139)	3	(362,618)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	0	309,942	0	309,942
Operating transfers out	(181,107)	(7,935)		(189,042)
	<u>(181,107)</u>	<u>(7,935)</u>	<u></u>	<u>(189,042)</u>
Excess of revenues and other sources over (under) expenditures and other uses	(357,589)	115,868	3	(241,718)
FUND BALANCE - JULY 1	<u>398,943</u>	<u>727,788</u>	<u>97</u>	<u>1,126,828</u>
FUND BALANCE - JUNE 30	<u>\$ 41,354</u>	<u>\$ 843,656</u>	<u>\$ 100</u>	<u>\$ 885,110</u>

FREMONT COUNTY SCHOOL DISTRICT NUMBER 24
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Education			
Passed through State Department of Education			
Title I Grants to Local Educational Agencies	84.010A	T1SUBR22	\$ 82,451
Title I Grants to Local Educational Agencies	84.010A	1003SUBR21	22,912
Title I Grants to Local Educational Agencies	84.010A	1003SUBR22	41,176
Total Title I Grants to Local Education Agencies			<u>146,539</u>
<i>Special Education Cluster</i>			
Special Education	84.027A*	SEPDSUBR22	129,629
Special Education	84.027A*	611ARP21	20,576
Special Education - Preschool	84.173A	PSCHSUBR21	713
Total Special Education Cluster			<u>150,918</u>
Vocational Education - Basic Grants to States	84.048A	PERK21	169
Vocational Education - Basic Grants to States	84.048A	PERK22	8,089
Total Vocational Education			<u>8,258</u>
Title IV - Student Support and Academic Enrichment	84.424A	T4SUBR20	16,407
Title IV - Student Support and Academic Enrichment	84.424A	T4SUBR21	10,249
Title IV - Student Support and Academic Enrichment	84.424A	T4SUBR22	31,756
Total Student Support and Academic Enrichment			<u>58,412</u>
Education Stabilization Fund	84.425D*	ESSER I	39,610
Education Stabilization Fund	84.425D*	ESSER II	340,569
Education Stabilization Fund	84.425D*	GEER	43,867
Education Stabilization Fund	84.425D*	FASTBRIDGE	5,700
Education Stabilization Fund	84.425D*	SEL	16,907
Education Stabilization Fund	84.425U*	ESSER III	11,886
Total Education Stabilization Fund			<u>458,539</u>
Governmor's Emergency Education Relief Fund	84.425C	GEER-ADMN	1,987
Supporting Effective Instruction State Grants	84.367A	T2SUBR22	199
Total Department of Education			<u>824,852</u>
U.S. Department of Treasury			
Passed through State Department of Education			
Coronavirus Relief Fund - PPE	21.019	125PPE20	(1,637)
Coronavirus Relief Fund	21.019	125TECH20	10,617
Coronavirus Relief Fund	21.019	125TECH20	757
Total U.S. Department of Treasury			<u>9,737</u>
U.S. Department of Agriculture			
Passed through State Department of Education			
<i>Child Nutrition Cluster</i>			
National School Lunch Program	10.555*	223WY312N1199	160,609
School Breakfast Program	10.553*	223WY312N1199	42,172
Supply Chain Assistance	10.555*	223WY312N1199	10,939
Value of USDA Commodities	10.555*		13,579
Total Child Nutrition Cluster			<u>227,299</u>
Fresh Fruit and Vegetable Program	10.582	223WY379L1603	13,688
Total U.S. Department of Agriculture			<u>240,987</u>
Total Federal Financial Assistance			<u>\$ 1,075,576</u>

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Fremont County School District Number 24 and is presented on the modified accrual basis of accounting, except for amounts presented under the U.S. Department of Agriculture, which are presented on the accrual basis. The information in this schedule is presented in accordance with the requirements of Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations.

The District is eligible to apply a 10-14% de minimis indirect cost rate on certain grants that have been awarded. The District has evaluated the application of indirect costs on a grant-by-grant basis.

NOTE B - COMMODITIES

Nonmonetary assistance, such as food received from the United States Department of Agriculture, as reported at fair market value.

* Indicates cluster program

Compliance Section

MICHAEL B. LEWIS, CPA
SARAH L. SWEENEY, CPA
LORIELLE MORTON, CPA
TIMOTHY R. FIXTER, CPA, CFE



ERIC ANDREWS, CPA
BRYAN BROWN, CPA

RICHARD F. FAGNANT, CPA
OF COUNSEL

**INDEPENDENT AUDITOR'S 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**

Board of Trustees
Fremont County School District Number 24
Shoshoni, Wyoming

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Fremont County School District Number 24, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Fremont County School District Number 24's basic financial statements and have issued our report thereon dated December 12, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fremont County School District Number 24's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control (Finding 2022-001), described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency.

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*.

Fremont County School District Number 24's Response to the Finding

Fremont County School District Number 24's response to the finding identified in our audit is described above. Fremont County School District Number 24's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

SUMMIT WEST CPA GROUP, P.C.

Summit West CPA Group, P.C.
Lander, Wyoming
December 12, 2022

MICHAEL B. LEWIS, CPA
SARAH L. SWEENEY, CPA
LORIELLE MORTON, CPA
TIMOTHY R. FIXTER, CPA, CFE



ERIC ANDREWS, CPA
BRYAN BROWN, CPA

RICHARD F. FAGNANT, CPA
OF COUNSEL

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

To the Board of Trustees
Fremont County School District 24

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Fremont County School District Number 24's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Fremont County School District Number 24's major federal programs for the year ended June 30, 2022. Fremont County School District Number 24'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, Fremont County School District Number 24 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 Fremont County School District Number 24 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 Fremont County School District Number 24'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 Fremont County School District Number 24'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 Fremont County School District Number 24'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 generally

accepted auditing standards, *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 Fremont County School District Number 24's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Fremont County School District Number 24'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 Fremont County School District Number 24'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 Fremont County School District Number 24'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.

SUMMIT WEST CPA GROUP, P.C.

Summit West CPA Group, P.C.
Lander, Wyoming
December 12, 2022

**FREMONT COUNTY SCHOOL DISTRICT NUMBER 24
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency identified not considered to be material weakness?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> None Reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards

Internal control over major programs:		
Material weakness identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Significant deficiency identified not considered to be material weakness?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.425 *	Education Stabilization Fund

* *Indicates a Cluster Program*

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
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FREMONT COUNTY SCHOOL DISTRICT NUMBER 24
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 2022-001 - SEGREGATION OF DUTIES

Condition

The number of employees performing accounting and bookkeeping duties is not sufficient to provide an adequate segregation of duties.

Criteria

Circumstances permitting, accounting and bookkeeping duties should be assigned to different individuals to promote safeguarding of assets and accuracy of financial information.

Cause

The District has limited resources that minimize the possibility to segregate the functions within the business office.

Effect

Because of the limited number of individuals involved in the accounting and bookkeeping functions, there is a greater risk that assets will not be properly safeguarded and that errors in financial information will occur and not be detected in a timely manner.

Questioned Costs

Not applicable

Sampling Method

Not applicable

Recommendation

Although it is not cost efficient to increase the number of employees performing accounting and bookkeeping functions, all employees - either supervising or performing the duties - and the Board of Trustees of the District should constantly be aware of this deficiency in internal controls.

Response and Views of Responsible Officials

See Corrective Action Plan and Response to Findings

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None



Fremont County School District #24
404 Wrangler Way
Shoshoni, WY 82649



Administration (307) 876-2583 Secondary 7-12 (307) 876-2576 Elementary K-6 (307) 876-2563
Fax: (307) 876-2469 or Secondary (307) 876-9325

Bruce Thoren, Superintendent
Christina Mills, Sec. Principal / Andrea Gilbertson, Elem Principal / Kay Watson, Business Manager / Ted Robinson, SPED Director

**CORRECTIVE ACTION PLAN AND RESPONSE TO FINDINGS
YEAR ENDED JUNE 30, 2022**

CORRECTIVE ACTION

ITEM 2022-001 SEGREGATION OF DUTIES

Since we are a small district office it is difficult to maintain a constant segregation of duties with limited resources. We continue to practice oversight at each level to ensure proper segregation of duties, to the highest extent possible. As time allows, we will continue to cross-train office staff. We must, however, take into consideration the additional work created by segregation of duties, and do not wish to duplicate redundant work. The District realizes that there are limitations to separation of duties in an office of this size. District personnel have and will continue to avail themselves of various classes and training to assist in the internal controls and procedures of the District office.

Because there is awareness, each level of management is charged with the responsibility to follow-up on any circumstances or transactions that they perceive to be unusual.

Contact person: Kay Watson

Anticipated Completion Date: Unknown

FREMONT COUNTY SCHOOL DISTRICT NUMBER 24
SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

Finding 2021-001 - SEGREGATION OF DUTIES

Condition: Condition still exists.