



FREMONT COUNTY SCHOOL DISTRICT #2

DUBOIS, WYOMING

Basic Financial Statements

June 30, 2020

(With Independent Auditors' Report Thereon)

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fremont County School District #2 (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fremont County School District #2, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and pension related schedules as listed on the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fremont County School District #2's basic financial statements. The introductory section, combining fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 12, 2020, on our consideration of Fremont County School District #2'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 these reports 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 the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fremont County School District #2's internal control over financial reporting and compliance.

Carver Florek & James, CPAs

November 12, 2020
Sheridan, Wyoming

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

**MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2020
(UNAUDITED)**

As management of the Fremont County School District #2, we offer the readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the District’s financial statements, notes to the financial statements and various supplementary information, which follow this section.

Financial Highlights

The District’s total combined net position was \$19,404,526 at June 30, 2020 which compares to \$20,130,954 at the beginning of the fiscal year, a decrease of \$726,428 or 3.6%.

During the year, the District’s costs for governmental activities were \$5,601,185. The District’s revenue generated in operating grants, taxes and other revenues for governmental activities was \$4,335,838. The combined net costs for the District’s governmental activities and business-type activities were \$5,816,379. The Districts revenue generated in charges for services, operating grants, taxes and other revenue for the above activities totaled \$5,089,951.

The District participates in the Public Employees’ Pension Plan (“PEPP”), as statewide cost-sharing multiple-employer public employee retirement plan administered by the State of Wyoming Retirement System. Governmental accounting standards require the District to record its proportionate share of the overall plan’s net position. This resulted in recording a pension liability of \$2,881,709 and \$3,533,543 as of June 30, 2020 and 2019, respectively. All plan components, including the major components of participation, eligibility, investment strategy, benefit structure, contribution rates, and plan administration are overseen by the Wyoming Retirement System Board. The District has no control of the plan elements that affect the net position.

STUDENT ENROLLMENT COMPARISON

	2019-2020	2018-2019	Change	% Change
Elementary School	72.044	68.958	3.086	4.48%
Middle School	33.738	31.378	2.36	7.52%
High School	40.244	42.972	-2.728	-6.35%
<i>Yearly Totals</i>	<i>146.026</i>	<i>143.308</i>	<i>2.718</i>	<i>1.90%</i>

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

MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2020
(UNAUDITED)

OVERVIEW OF FINANCIAL STATEMENTS

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

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

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

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

The District's government-wide financial statements distinguish the functions of the District as being principally supported by taxes and intergovernmental revenues (*governmental activities*) as opposed to *business-type activities* that are intended to recover all of a significant portion of their costs through user fees and charges. The District has two programs included in *business-type activity*, Food Service Fund and Rental Property Management Fund (teacherages).

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related requirements. The fund financial statements provide more detailed information about the District's moves significant funds – not the District as a whole. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2020
(UNAUDITED)

money flows into and out of those funds and the balances left at year-end available for spending in the future periods. Such information may be useful in evaluating a government's near-term financing requirements. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities reported in the Statement of Net Position and the Statement of Activities and the governmental funds are reconciled in the financial statements. The general fund and special revenue fund are considered major funds that are reported as separate columns in the financial statements.

- **Proprietary Funds.** Proprietary funds are used to account for services for which the District charges participants a fee. These funds, like the government-wide statements, provide both long and short-term financial information. There are two fund types in this category, Enterprise and Internal Service Funds. The Food Service Fund and Teacherage Fund (Rental Property Management) makes up the enterprise funds for the District. The District currently does not hold an Internal Service Fund.
- **Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary and trust funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District is the trustee, or fiduciary, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. The District has two funds of the Agency Fund Type: Student Activities Fund and Adult Education Fund. The trust fund holds assets received to be used for a specific purpose.

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

Other Information

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

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

MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2020
(UNAUDITED)

Financial Analysis of the District as a Whole. The Statement of Net Position provides the perspective of the District as a whole. The following provides a summary of the District's net position at June 30, 2020 in comparison with 2019.

Condensed Statement of Net Position						
	2019-2020			2018-2019		
	Governmental Activities	Business- Type Activities	Total School District	Governmental Activities	Business- Type Activities	Total School District
<u>ASSETS</u>						
Current & Other Assets	\$ 4,618,230	\$ 97,796	\$ 4,716,026	\$ 4,292,430	\$ 149,584	\$ 4,442,014
Capital Assets	19,749,113	804,438	20,553,551	20,780,441	199,336	20,979,777
Total Assets	24,367,343	902,234	25,269,577	25,072,871	348,920	25,421,791
<u>DEFERRED OUTFLOWS OF RESOURCES</u>						
	299,540	10,252	309,792	854,978	29,959	884,937
<u>LIABILITIES</u>						
	3,382,853	112,361	3,495,214	3,884,039	130,941	4,014,980
<u>DEFERRED INFLOWS OF RESOURCES</u>						
	2,663,519	16,110	2,679,629	2,157,952	2,842	2,160,794
<u>NET POSITION</u>						
Net Investment in Capital Assets	19,749,113	804,438	20,553,551	20,780,014	199,336	20,979,350
Restricted	763,580	-	763,580	596,863	-	596,863
Unrestricted	(1,892,182)	(20,423)	(1,912,605)	(1,491,019)	45,760	(1,445,259)
Total Net Position	\$ 18,620,511	\$ 784,015	\$ 19,404,526	\$ 19,885,858	\$ 245,096	\$ 20,130,954

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

MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2020
(UNAUDITED)

Changes in District's Net Position						
	2019-2020			2018-2019		
	Governmental Activities	Business- Type Activities	Total School District	Governmental Activities	Business- Type Activities	Total School District
<u>REVENUES</u>						
Charges for Services	\$ -	\$ 76,953	\$ 76,953	\$ -	\$ 89,974	\$ 89,974
Operating Grants & Contributions	255,723	66,483	322,206	153,929	44,363	198,292
Capital Grants & Contributions	-	-	-	-	-	-
<u>GENERAL REVENUES</u>						
Taxes	2,604,965	-	2,604,965	2,371,202	-	2,371,202
Government Aid	2,018,962	-	2,018,962	2,308,415	-	2,308,415
Interest Earnings	25,875	77	25,952	23,646	119	23,765
Miscellaneous	45,241	333	45,574	108,683	-	108,683
Transfers	(614,928)	610,267	(4,661)	(289,478)	289,478	-
Total Revenues, net of transfers	4,335,838	754,113	5,089,951	4,676,397	423,934	5,100,331
<u>EXPENSES</u>						
Instruction	2,870,785	-	2,870,785	2,159,626	-	2,159,626
Instructional Support	512,146	-	512,146	501,742	-	501,742
General Support	1,115,482	-	1,115,482	1,186,539	-	1,186,539
District Facility Construction/Maint.	351,128	-	351,128	490,595	-	490,595
Depreciation (unallocated)	751,644	-	751,644	743,763	-	743,763
Food Services	-	170,989	170,989	-	160,502	160,502
Teacherages	-	44,205	44,205	-	46,787	46,787
Total Expenses	5,601,185	215,194	5,816,379	5,082,265	207,289	5,289,554
Change in Net Position	(1,265,347)	538,919	(726,428)	(405,868)	216,645	(189,223)
Net Position - Beginning of Year	19,885,858	245,096	20,130,954	20,291,726	28,451	20,320,177
Net Position - End of Year	\$ 18,620,511	\$ 784,015	\$ 19,404,526	\$ 19,885,858	\$ 245,096	\$ 20,130,954

BASIC FINANCIAL STATEMENTS

FREMONT COUNTY SCHOOL DISTRICT #2
DISTRICT-WIDE STATEMENT OF NET POSITION
As of June 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 2,258,432	\$ 75,242	\$ 2,333,674
Cash held by County Treasurer	46,246	-	46,246
Grants receivable	-	6,791	6,791
Due from other governments	9,781	-	9,781
Property taxes receivable	2,298,606	-	2,298,606
Prepays and inventory	5,165	15,763	20,928
Capital assets:			
Land	466,088	582,675	1,048,763
Construction in progress	198,286	-	198,286
Buildings and improvements	24,961,107	356,042	25,317,149
Equipment and vehicles	2,262,446	69,187	2,331,633
Less accumulated depreciation	<u>(8,138,814)</u>	<u>(203,466)</u>	<u>(8,342,280)</u>
Total capital assets, net of depreciation	<u>19,749,113</u>	<u>804,438</u>	<u>20,553,551</u>
Total assets	<u>24,367,343</u>	<u>902,234</u>	<u>25,269,577</u>
<u>DEFERRED OUTFLOWS OF RESOURCES - PENSIONS</u>	<u>299,540</u>	<u>10,252</u>	<u>309,792</u>
<u>LIABILITIES</u>			
Accounts payable	146,335	7,784	154,119
Accrued wages payable	367,295	9,211	376,506
Long-term liabilities:			
Portion due within one year	41,440	-	41,440
Portion due after one year	41,440	-	41,440
Net pension liability	<u>2,786,343</u>	<u>95,366</u>	<u>2,881,709</u>
Total liabilities	<u>3,382,853</u>	<u>112,361</u>	<u>3,495,214</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable property taxes	2,192,822	-	2,192,822
Deferred inflows relating to pensions	<u>470,697</u>	<u>16,110</u>	<u>486,807</u>
Total deferred inflows of resources	2,663,519	16,110	2,679,629
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	19,749,113	804,438	20,553,551
Restricted for:			
Grant agreements	78,928	-	78,928
Capital maintenance	607,745	-	607,745
Debt service	33,515	-	33,515
Food service fund deficit	43,392	-	43,392
Unrestricted	<u>(1,892,182)</u>	<u>(20,423)</u>	<u>(1,912,605)</u>
Total net position	<u>\$ 18,620,511</u>	<u>\$ 784,015</u>	<u>\$ 19,404,526</u>

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

FREMONT COUNTY SCHOOL DISTRICT #2
DISTRICT-WIDE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

Functions/Programs	Program Revenues			Primary Government			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Instruction	\$ 2,870,785	\$ -	\$ 255,723	\$ -	\$ (2,615,062)	\$ -	\$ (2,615,062)
Instructional support	512,146	-	-	-	(512,146)	-	(512,146)
General support	1,115,482	-	-	-	(1,115,482)	-	(1,115,482)
District facility construction/maintenance	351,128	-	-	-	(351,128)	-	(351,128)
Depreciation - unallocated	751,644	-	-	-	(751,644)	-	(751,644)
	<u>5,601,185</u>	<u>-</u>	<u>255,723</u>	<u>-</u>	<u>(5,345,462)</u>	<u>-</u>	<u>(5,345,462)</u>
Business-type activities:							
Food services	170,989	31,799	66,483	-	-	(72,707)	(72,707)
Teachorage	44,205	45,154	-	-	-	949	949
Total business-type activities	<u>215,194</u>	<u>76,953</u>	<u>66,483</u>	<u>-</u>	<u>-</u>	<u>(71,758)</u>	<u>(71,758)</u>
Total primary government	<u>\$ 5,816,379</u>	<u>\$ 76,953</u>	<u>\$ 322,206</u>	<u>\$ -</u>	<u>(5,345,462)</u>	<u>(71,758)</u>	<u>(5,417,220)</u>
General revenues:							
Property taxes levied for:							
General purposes					2,328,641	-	2,328,641
Specific purposes of major building and facility maintenance					276,324	-	276,324
State aid					2,018,962	-	2,018,962
Unrestricted investment earnings					25,875	77	25,952
Unrestricted miscellaneous revenue					45,241	333	45,574
Transfers in (out), net					(614,928)	610,267	(4,661)
Total general revenues and transfers					<u>4,080,115</u>	<u>610,677</u>	<u>4,690,792</u>
Change in net position					(1,265,347)	538,919	(726,428)
Net position - beginning					19,885,858	245,096	20,130,954
Net position - ending					<u>\$ 18,620,511</u>	<u>\$ 784,015</u>	<u>\$ 19,404,526</u>

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

FREMONT COUNTY SCHOOL DISTRICT #2
BALANCE SHEET
GOVERNMENTAL FUNDS
As of June 30, 2020

	Major Funds				
	General Fund	Grant Programs Fund	Major Maintenance Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and cash equivalents	\$ 920,013	\$ 151,334	\$ 664,802	\$ 522,283	\$ 2,258,432
Cash held by County Treasurer	18,068	-	-	28,178	46,246
Due from other funds	2,928	-	-	5,337	8,265
Due from other governments	9,781	-	-	-	9,781
Property taxes receivable	2,257,998	40,608	-	-	2,298,606
Prepaid expenses	5,165	-	-	-	5,165
Total assets	<u>\$ 3,213,953</u>	<u>\$ 191,942</u>	<u>\$ 664,802</u>	<u>\$ 555,798</u>	<u>\$ 4,626,495</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 48,572	\$ 40,706	\$ 57,057	\$ -	\$ 146,335
Accrued wages payable	338,523	28,772	-	-	367,295
Due to other funds	5,337	2,928	-	-	8,265
Total liabilities	<u>392,432</u>	<u>72,406</u>	<u>57,057</u>	<u>-</u>	<u>521,895</u>
Deferred inflows of resources:					
Deferred property taxes	<u>2,250,436</u>	<u>40,608</u>	<u>-</u>	<u>-</u>	<u>2,291,044</u>
Fund balances:					
Non-spendable	5,165	-	-	-	5,165
Restricted for:					
Grant agreements	-	78,928	-	-	78,928
Capital maintenance	-	-	607,745	-	607,745
Debt service	-	-	-	33,515	33,515
Food service fund deficit	43,392	-	-	-	43,392
Assigned for:					
Capital projects	-	-	-	522,283	522,283
Unrestricted	522,528	-	-	-	522,528
Total fund balances	<u>571,085</u>	<u>78,928</u>	<u>607,745</u>	<u>555,798</u>	<u>1,813,556</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,213,953</u>	<u>\$ 191,942</u>	<u>\$ 664,802</u>	<u>\$ 555,798</u>	<u>\$ 4,626,495</u>

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

FREMONT COUNTY SCHOOL DISTRICT #2
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
As of June 30, 2020

Total fund balances - governmental funds		\$ 1,813,556
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Asset cost and accumulated depreciation is as follows:		
Asset cost	27,887,927	
Accumulated depreciation	<u>(8,138,814)</u>	19,749,113
Receivables not available under modified accrual; however, considered available at the government-wide level.		98,222
Deferred outflows of resources related to pensions which are not reported in governmental funds.		299,540
Deferred inflows of resources related to pensions which are not reported in governmental funds.		(470,697)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Accrued compensated absences	(82,880)	
Net pension liability	<u>(2,786,343)</u>	<u>(2,869,223)</u>
Total net position - governmental activities		<u><u>\$ 18,620,511</u></u>

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

FREMONT COUNTY SCHOOL DISTRICT #2
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
For the Year Ended June 30, 2020

	Major Funds				Total Governmental Funds
	General Fund	Grant Programs	Major Maintenance	Non-Major Governmental Funds	
<u>REVENUES</u>					
Taxes	\$ 2,240,200	\$ -	\$ -	\$ -	\$ 2,240,200
Intergovernmental revenues	2,048,681	245,942	276,324	-	2,570,947
Interest	14,060	70	11,572	173	25,875
Miscellaneous	25,500	-	-	-	25,500
Total revenues	4,328,441	246,012	287,896	173	4,862,522
<u>EXPENDITURES</u>					
Current:					
Instruction	2,014,215	232,878	-	-	2,247,093
Instructional support	495,749	35,428	-	-	531,177
General support	1,147,209	-	-	-	1,147,209
Maintenance	438,127	40,690	110,230	-	589,047
Capital outlay	110,768	-	133,269	66,524	310,561
Total expenditures	4,206,068	308,996	243,499	66,524	4,825,087
Excess (deficiency) of revenue over expenditures	122,373	(62,984)	44,397	(66,351)	37,435
Other financing sources (uses):					
Transfers in (out), net	(284,661)	-	-	250,000	(34,661)
Net change in fund balances	(162,288)	(62,984)	44,397	183,649	2,774
Fund balance - beginning	733,373	141,912	563,348	372,149	1,810,782
Fund balance - ending	\$ 571,085	\$ 78,928	\$ 607,745	\$ 555,798	\$ 1,813,556

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

FREMONT COUNTY SCHOOL DISTRICT #2
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

Total net change in fund balances - governmental funds \$ 2,774

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

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

Capital outlays	310,561	
Loss on disposal of assets	(9,978)	
Transfer of fixed assets to agency funds	(580,267)	
Depreciation expense	<u>(751,644)</u>	(1,031,328)

Certain revenues are not recognized as current financial resources and, therefore, are not reported as revenues in governmental funds. As of June 30, 2020, there is no difference between the District-wide receivables balance and the governmental funds receivable balance. This amount represents the reversal of the prior year's receivables difference. 98,222

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

Lease purchase obligation payments	427	
Change in compensated absences	(15,242)	
Change in net pension liability	620,038	
Change in deferred outflows of resources - pensions	(555,438)	
Change in deferred inflows of resources - pensions	<u>(384,800)</u>	<u>(335,015)</u>

Change in net position of governmental activities \$ (1,265,347)

FREMONT COUNTY SCHOOL DISTRICT #2
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
As of June 30, 2020

	Enterprise Funds		
	Food Service Fund	Teacherage Fund	Total
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 45,158	\$ 30,084	\$ 75,242
Grants receivable	6,791	-	6,791
Inventory	15,763	-	15,763
Total current assets	67,712	30,084	97,796
Noncurrent assets:			
Land	-	582,675	582,675
Buildings and improvements	-	356,042	356,042
Equipment	69,187	-	69,187
Less accumulated depreciation	(66,772)	(136,694)	(203,466)
Total noncurrent assets	2,415	802,023	804,438
Total assets	70,127	832,107	902,234
<u>DEFERRED OUTFLOWS OF RESOURCES - PENSIONS</u>			
	10,252	-	10,252
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	3,084	4,700	7,784
Accrued wages payable	9,211	-	9,211
Total current liabilities	12,295	4,700	16,995
Noncurrent liabilities:			
Net pension liability	95,366	-	95,366
Total liabilities	107,661	4,700	112,361
<u>DEFERRED INFLOWS OF RESOURCES - PENSIONS</u>			
	16,110	-	16,110
<u>NET POSITION</u>			
Net investment in capital assets	2,415	802,023	804,438
Unrestricted	(45,807)	25,384	(20,423)
Total net position (deficit)	\$ (43,392)	\$ 827,407	\$ 784,015

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

FREMONT COUNTY SCHOOL DISTRICT #2

CHANGES IN NET POSITION

PROPRIETARY FUNDS

For the Year Ended June 30, 2020

	Enterprise Funds		
	Food Service Fund	Teacherage Fund	Total
<u>OPERATING REVENUES</u>			
Charges for services	\$ 31,799	\$ 45,154	\$ 76,953
Total operating revenues	<u>31,799</u>	<u>45,154</u>	<u>76,953</u>
<u>OPERATING EXPENSES</u>			
Salaries	72,475	-	72,475
Employee benefits	44,951	-	44,951
Supplies	52,456	33,364	85,820
Depreciation	1,107	10,841	11,948
Total operating expenses	<u>170,989</u>	<u>44,205</u>	<u>215,194</u>
Operating income (loss)	<u>(139,190)</u>	<u>949</u>	<u>(138,241)</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Intergovernmental	66,816	-	66,816
Interest income	54	23	77
Transfers in (out), net	31,746	578,521	610,267
Total non-operating revenues (expenses)	<u>98,616</u>	<u>578,544</u>	<u>677,160</u>
Net income (loss)	(40,574)	579,493	538,919
Net position (deficit) - beginning	<u>(2,818)</u>	<u>247,914</u>	<u>245,096</u>
Net position (deficit) - ending	<u>\$ (43,392)</u>	<u>\$ 827,407</u>	<u>\$ 784,015</u>

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

FREMONT COUNTY SCHOOL DISTRICT #2
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2020

	Enterprise Funds		
	Food Service Fund	Teacherage Fund	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from customers	\$ 25,008	\$ 45,154	\$ 70,162
Payments to employees for services	(108,670)	-	(108,670)
Payments to suppliers for goods and services	(61,984)	(31,740)	(93,724)
Payments for interfund services used	-	(724)	(724)
Net cash provided (used) by operating activities	(145,646)	12,690	(132,956)
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>			
Federal reimbursement	66,816	-	66,816
Transfers in	30,000	-	30,000
Net cash provided (used) by noncapital financing activities	96,816	-	96,816
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Purchases of capital assets	-	(36,784)	(36,784)
Net cash provided (used) by capital and related financing activities	-	(36,784)	(36,784)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest on investments	54	23	77
Net cash provided by (used) investing activities	54	23	77
Net increase in cash and cash equivalents	(48,776)	(24,071)	(72,847)
Cash and cash equivalents - beginning of year	93,934	54,155	148,089
Cash and cash equivalents - end of year	\$ 45,158	\$ 30,084	\$ 75,242
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	(139,190)	949	(138,241)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	1,107	10,841	11,948
Changes in assets and liabilities:			
Receivables	(6,791)	-	(6,791)
Inventory	(13,544)	-	(13,544)
Accounts payable	4,016	1,624	5,640
Accrued wages payable	7,577	-	7,577
Due to other funds	-	(724)	(724)
Net pension resources	1,179	-	1,179
Net cash provided (used) by operating activities	\$ (145,646)	\$ 12,690	\$ (132,956)

NON-CASH NON-CAPITAL FINANCING ACTIVITIES

Non-cash activity included in operations was \$5,381 as the estimated value of food commodities received from the State under the Federal School Lunch Program, and \$1,746 and \$578,521 of capital assets transferred from the General Fund to the Food Services Fund and Teacherage Fund, respectively.

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

FREMONT COUNTY SCHOOL DISTRICT #2
STATEMENT OF FIDUCIARY NET POSITION
As of June 30, 2020

	Agency Funds		
	Student Activities Fund	Adult Education Fund	Private Purpose Trust Fund
<u>ASSETS</u>			
Cash and cash equivalents	\$ 38,562	\$ 365,532	\$ 17,635
Total assets	\$ 38,562	\$ 365,532	\$ 17,635
<u>LIABILITIES</u>			
Due to adult education	\$ -	\$ 365,532	\$ -
Due to student groups	38,562	-	-
Total liabilities	38,562	365,532	-
<u>NET POSITION</u>			
Restricted for:			
Athletes	-	-	17,635
Total net position	\$ -	\$ -	\$ 17,635

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

FREMONT COUNTY SCHOOL DISTRICT #2
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2020

	Private Purpose Trust Fund
<u>ADDITIONS</u>	
Contributions	\$ 17,617
Interest	18
Total additions	17,635
Net income (decrease) in net position	17,635
Net position (deficit) - beginning	-
Net position (deficit) - ending	\$ 17,635

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

FREMONT COUNTY SCHOOL DISTRICT #2

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Nature of Operations

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

Basis of Presentation

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

1. District-wide Financial Statements

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

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

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

FREMONT COUNTY SCHOOL DISTRICT #2

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

2. Fund Financial Statements

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

The District's fiduciary funds are presented in the fund financial statements. As these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the district-wide statements.

Fund Accounting

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

1. Governmental Funds

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

General Fund

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

Special Revenue Funds

The Special Revenue Funds are comprised of the following:

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

FREMONT COUNTY SCHOOL DISTRICT #2

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

1. Governmental Funds (Continued)

Additionally, the District reports the following non-major governmental funds:

Capital Projects Fund

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

Debt Service Fund

The Debt Service Fund is used to account for financial resources accumulated and payments made of general long-term debt, principal and interest. This is a budgeted fund and this fund is considered a non-major fund for reporting purposes.

2. Proprietary Funds

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

Enterprise Funds

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

3. Fiduciary Funds

Agency and Trust Funds

The Agency Funds account for resources held in a custodial capacity by the District, and consist of student activity fund and adult education. The trust fund holds assets received to be used for a specific purpose.

FREMONT COUNTY SCHOOL DISTRICT #2

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

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

District-wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

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

Assets, Liabilities and Net Position

Cash and Cash Equivalents

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

FREMONT COUNTY SCHOOL DISTRICT #2

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

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

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

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

Inventories and Prepaid Expenses

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

Inventories are stated using first-in, first out for the Enterprise Fund. All inventories are accounted for using the consumption method by which inventory acquisitions are recorded in inventory accounts when purchased or received by other means and are charged to expense when consumed or sold.

Capital Assets and Depreciation

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

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

FREMONT COUNTY SCHOOL DISTRICT #2

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets and Depreciation (Continued)

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

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

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

Deferred Outflows of Resources

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

Accounts Payable and Accrued Expenses

Accounts Payable – Accounts payable in the governmental activities includes the payables recorded by the District at June 30, 2020 related to normal monthly expenditures and capital expenditures for all funds.

Accrued Wages Payable – Accrued wages payable consist of wages earned by employees through June 30, 2020 not yet paid and related payroll liabilities, such as FICA, retirement and health insurance.

Long-Term Debt

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

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

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

Compensated Absences

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

FREMONT COUNTY SCHOOL DISTRICT #2

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Inflows of Resources

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

Equity Classifications

1. District-wide and Proprietary Fund Financial Statements:

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

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

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

2. Governmental Fund Financial Statements:

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

- a. Non-Spendable – These fund balances are the net balance of assets and liabilities that are held legally, contractually, or in a "not in spendable form". This includes all legally or contractually restricted balances as well as prepaid, inventory, or other items considered "not in spendable form".
- b. Restricted – These fund balances are the net balance of assets and liabilities that have provisions that are externally imposed. These are grants or other funds that are restricted by debt covenants, the grantor, contributor, or by laws or regulations of external governments. In general, these include a legally enforceable requirement that the resources be used only for the specific purposes stipulated in the grants, debt covenant, or by law.

FREMONT COUNTY SCHOOL DISTRICT #2

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Governmental Fund Financial Statements (Continued)

- c. Assigned – Assigned fund balances are the net amounts of assets and liabilities constrained by the intent of the Board of Trustees. The intent will not be done by formal action of the Board of Trustees, but will be part of items such as the adopted budget or in a statement by the Board or by the Superintendent.
- d. Unassigned – Typically unassigned fund balances will be limited to the general fund and by definition they are the residual balance for fund balance.

Operational Grants and Contributions

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

Property Tax

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

Property Tax Calendar

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

Under GASB Standards, a receivable can be recorded at the earliest of the date of the assessment or the date a lien is placed on the property. The District believes that property taxes attach as an enforceable lien on property as of January 1 each year, accordingly, the assessed valuation approved by Fremont County in August of 2020 is the basis for determining the majority of the property taxes receivable and the corresponding deferred inflows of resources.

Use of Estimates

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

FREMONT COUNTY SCHOOL DISTRICT #2

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

Deficit Fund Balances or Net Position

Wyoming Statutes prohibits the creation of a deficit fund balance in any individual fund of the District. For the year ended June 30, 2020, the District incurred a fund balance deficit in the Food Service Fund which is primarily a result of the recognition of the net pension liability related to participation in the Wyoming retirement system.

Budget Requirements

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

The legal level of control at which expenditures may not legally exceed appropriations is the function level within a fund. For the year ended June 30, 2020, there were no expenditures in excess of budgets at the functional level. The Board may amend the budget once it is approved, and may authorize transfers within the various budgetary programs, in any fund. Unused appropriations typically lapse at the end of the year.

Deposits and Investment Requirements (Policies)

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

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

FREMONT COUNTY SCHOOL DISTRICT #2

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

3. DEPOSITS AND INVESTMENT IN THE WYOMING GOVERNMENT INVESTMENT FUND

In accordance with State law, the District deposits funds in financial institutions that are fully insured by the Federal Deposit Insurance Corporation (FDIC) or secured by a pledge of assets, including certain marketable securities authorized by law. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain State of Wyoming or political subdivision debt obligations or surety bonds. At June 30, 2020, all of the District's bank deposits were at financial institutions that were adequately secured.

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

4. RECEIVABLES

Receivables in the district-wide statement of net position at June 30, 2020, consisted primarily of property taxes receivable, grants receivable and amounts due from other governments. Taxes receivable, grants receivable and receivables due from other governments reported in the governmental funds balance sheet are considered fully collectible. Therefore, an allowance for uncollectible accounts is not applicable to these receivables.

FREMONT COUNTY SCHOOL DISTRICT #2

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

5. CAPITAL ASSETS

Capital asset activity of the District for the year ended June 30, 2020 is as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 1,048,763	\$ -	\$ -	\$ (582,675) *	\$ 466,088
Construction in progress	112,296	198,286	-	(112,296)	198,286
Total capital assets not being depreciated	<u>1,161,059</u>	<u>198,286</u>	<u>-</u>	<u>(694,971)</u>	<u>664,374</u>
Capital assets being depreciated:					
Buildings and improvements	24,824,816	24,496	-	111,795	24,961,107
Furniture and equipment	1,107,372	48,042	33,912	(43,775)	1,077,727
Transportation equipment	1,137,537	39,737	-	-	1,177,274
Equipment under capital lease	19,753	-	12,308	-	7,445
Total capital assets being depreciated	<u>27,089,478</u>	<u>112,275</u>	<u>46,220</u>	<u>68,020</u>	<u>27,223,553</u>
Accumulated depreciation for:					
Buildings and improvements	(5,712,139)	(624,425)	-	4,655	(6,331,909)
Furniture and equipment	(907,221)	(54,352)	(23,933)	42,029	(895,611)
Transportation equipment	(832,956)	(70,893)	-	-	(903,849)
Equipment under capital lease	(17,780)	(1,974)	(12,309)	-	(7,445)
Total accumulated depreciation	<u>(7,470,096)</u>	<u>(751,644)</u>	<u>(36,242)</u>	<u>46,684</u>	<u>(8,138,814)</u>
Total capital assets, being depreciated, net	<u>19,619,382</u>				<u>19,084,739</u>
Governmental activities capital assets, net	<u>\$ 20,780,441</u>				<u>\$ 19,749,113</u>
	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type Activities:					
Capital assets not being depreciated:					
Teacherage:					
Land	\$ -	\$ -	\$ -	\$ 582,675 *	\$ 582,675
Total capital assets not being depreciated	<u>-</u>	<u>-</u>	<u>-</u>	<u>582,675</u>	<u>582,675</u>
Capital assets being depreciated:					
Food Service:					
Equipment	25,412	-	-	43,775	69,187
Accumulated depreciation	(23,636)	(1,107)	-	(42,029)	(66,772)
Food service capital assets, net	<u>1,776</u>				<u>2,415</u>
Teacherage:					
Buildings and improvements	318,758	36,783	-	501	356,042
Accumulated depreciation	(121,198)	(10,841)	-	(4,655)	(136,694)
Teacherage capital assets, net	<u>197,560</u>				<u>219,348</u>
Business-type activities capital assets, net	<u>\$ 199,336</u>				<u>\$ 804,438</u>

* see Note 8 for further details

FREMONT COUNTY SCHOOL DISTRICT #2

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

6. LONG-TERM LIABILITIES

Long-term liabilities activity of the District for the year ended June 30, 2020 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Capital lease obligations	\$ 427	\$ -	\$ 427	\$ -	\$ -
Compensated absences	67,638	15,242		82,880	41,440
Net pension liability	3,406,381	-	620,038	2,786,343	-
Total governmental activity long-term liabilities	<u>3,474,446</u>	<u>15,242</u>	<u>620,465</u>	<u>2,869,223</u>	<u>41,440</u>
Business-type Activities:					
Net pension liability	<u>\$ 127,162</u>	<u>\$ -</u>	<u>\$ 31,796</u>	<u>\$ 95,366</u>	<u>\$ -</u>

7. RISK MANAGEMENT

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

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

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

8. INTER-FUND BALANCES AND ACTIVITIES

At June 30, 2020, inter-fund receivables and payables were as follows:

	Due from Other funds	Due to Other Funds
Governmental Activities:		
General fund	\$ 2,928	\$ 5,337
Grant programs fund	-	2,928
Debt service fund	5,337	-
	<u>\$ 8,265</u>	<u>\$ 8,265</u>

FREMONT COUNTY SCHOOL DISTRICT #2

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

8. INTER-FUND BALANCES AND ACTIVITIES (Continued)

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

Transfers to and from other funds during the year ended June 30, 2020 were as follows:

	<u>Transfers from Other Funds</u>	<u>Transfers to Other Funds</u>
Governmental Activities:		
General fund	\$ -	\$ 284,661
Capital projects fund	250,000	-
Capital assets	-	580,267
	<u>250,000</u>	<u>864,928</u>
Business-type Activities:		
Food services fund	31,746	-
Teacherage fund	578,521	-
	<u>610,267</u>	<u>-</u>
Fiduciary Funds:		
Student Activities Fund	4,661	-
	<u>4,661</u>	<u>-</u>
	<u>\$ 864,928</u>	<u>\$ 864,928</u>

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

During fiscal year end June 30, 2020, the general fund made the following transfers:

- \$250,000 to the capital projects fund to increase the District's capital project reserve.
- \$31,746 to the food services fund for general operation support.
- \$4,661 to the student activities fund as a donation.

During fiscal year end June 30, 2020, governmental funds transferred fixed assets with a net book value of \$1,746 and \$578,521 to the food services fund and teacherage fund, respectively.

FREMONT COUNTY SCHOOL DISTRICT #2

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

9. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM

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

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

Significant Accounting Policies

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

Actuarial Valuation

An actuarial valuation of the Plan's assets and net pension liability is performed annually. At the date of the most recent actuarial valuation, January 1, 2020, the fiduciary net position as a percentage of total pension liability increased from 69.17 percent on January 1, 2019 to 76.83 percent on January 1, 2020. The net pension liability as a percentage of covered employee payroll decreased from 174.88 percent to 135.19 percent as of January 1, 2019 and 2020, respectively. The net pension liability was \$2.35 billion as of January 1, 2020 compared to \$3.05 billion as of January 1, 2019. This is a decrease from the prior year.

Determination of Tier 1 versus Tier 2 Employees

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

Vesting

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

Contributions

As a condition of participation in the Plan, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by Wyoming State Statute and specified by the WRS Board. Contributions are actuarially determined as an amount that is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. During 2014, House Bill 46 increased the required contributions for participants in the Public Employee's Pension Plan as follows: This bill provided for an increase to take effect on July 1, 2015, which increased the total contribution from 15.87 percent to 16.62 percent. During 2018, House Bill 109 increased required pension plan contributions rates by 0.50 percent per fiscal year through fiscal year 2022.

FREMONT COUNTY SCHOOL DISTRICT #2

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

9. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM (Continued)

Benefits

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

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

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

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

Actuarial Assumptions

The current assumptions used in the actuarial valuation were adopted by the Wyoming Retirement System's Board effective August 23, 2017 and were first utilized with the January 1, 2018 valuation report. There have been no changes to the assumptions or methods since the prior actuarial valuation.

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

FREMONT COUNTY SCHOOL DISTRICT #2

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

9. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM (Continued)

Pension Related Deferred Outflows and Deferred Inflows

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	Business-Type Activities
Pension Expense (non cash)	<u>\$ 319,207</u>	<u>\$ 2,172</u>
Deferred outflows of resources		
Change of assumptions	98,270	3,297
Contributions subsequent to the measurement date	<u>201,270</u>	<u>6,955</u>
Total deferred outflows of resources	<u>\$ 299,540</u>	<u>\$ 10,252</u>
Deferred inflows of resources		
Difference between expected an actual experience	54,928	1,898
Net difference between projected and actual earnings on pension plan investments	<u>415,769</u>	<u>14,212</u>
Total deferred inflows of resources	<u>\$ 470,697</u>	<u>\$ 16,110</u>

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

The following table sets forth the District's proportionate share of the net pension liability calculated using the Discount Rate of 7 percent along with what it would be using 1 percentage point higher and lower than the current rate:

	<u>1% Decrease (6 percent)</u>	<u>Discount Rate (7 percent)</u>	<u>1% Increase (8 percent)</u>
Proportionate share of net pension liability	\$ 4,353,776	\$ 2,881,709	\$ 1,653,134

Other Detailed Information

For more detailed information regarding the Plan see the separately issued 2019 Wyoming Retirement System Comprehensive Annual Financial Report. This report is available at <http://retirement.state.wy.us/default.aspx>.

FREMONT COUNTY SCHOOL DISTRICT #2

NOTES TO BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2020

10. COMMITMENTS AND CONTINGENCIES

Grants

The District receives various Federal and State grants for specific purposes that are subject to review and audit by grantor agencies. This grant funding is consistent from year to year, and management believes any disallowances due to such reviews or audits, if any, would not have a material adverse effect on the overall financial position of the District at June 30, 2020.

Litigation

The District is contingently liable with respect to lawsuits and claims in the ordinary course of its operations. The financial statements do not include provisions for loss contingencies that may result from these proceedings. While the outcome of any proceedings cannot be predicted, due to insurance coverage maintained by the District and the State statute relating to judgements, the District does not believe that the settlement of such contingencies would have a materially adverse effect on the overall financial position of the District at June 30, 2020.

11. SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 12, 2020, the date the financial statements were available to be issued, and there were no matters that materially affect the carrying amounts of assets, liabilities, and fund balance as of June 30, 2020.

REQUIRED SUPPLEMENTAL INFORMATION SECTION

FREMONT COUNTY SCHOOL DISTRICT #2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:				
Taxes	\$ 2,522,294	\$ 2,522,294	\$ 2,240,200	\$ (282,094)
Intergovernmental revenues	2,060,769	2,060,769	2,048,681	(12,088)
Interest	22,000	22,000	14,060	(7,940)
Miscellaneous	16,650	16,650	25,500	8,850
Total revenues	<u>4,621,713</u>	<u>4,621,713</u>	<u>4,328,441</u>	<u>(293,272)</u>
Expenditures:				
Current:				
Instruction	2,173,647	2,173,785	2,014,215	159,570
Instructional support	543,058	589,058	495,749	93,309
General support	1,326,190	1,305,036	1,147,209	157,827
Maintenance and capital outlay	578,818	599,872	548,895	50,977
Total expenditures	<u>4,621,713</u>	<u>4,667,751</u>	<u>4,206,068</u>	<u>461,683</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>-</u>	<u>(46,038)</u>	<u>122,373</u>	<u>168,411</u>
Other financing sources (uses):				
Operating transfers in (out)	-	-	(284,661)	(284,661)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(284,661)</u>	<u>(284,661)</u>
Excess of revenues Over (under) expenditures and other sources (uses)	<u>\$ -</u>	<u>\$ (46,038)</u>	<u>\$ (162,288)</u>	<u>\$ (116,250)</u>

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

FREMONT COUNTY SCHOOL DISTRICT #2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GRANT PROGRAMS FUND
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:				
Intergovernmental revenues	\$ 300,000	\$ 353,118	\$ 245,942	\$ (107,176)
Interest	-	-	70	70
Total revenues	<u>300,000</u>	<u>353,118</u>	<u>246,012</u>	<u>(107,106)</u>
Expenditures:				
Current:				
Instruction	226,098	266,131	232,878	33,253
Instructional support	34,397	40,487	35,428	5,059
Maintenance and capital outlay	39,505	46,500	40,690	5,810
Total expenditures	<u>300,000</u>	<u>353,118</u>	<u>308,996</u>	<u>44,122</u>
Excess of revenues				
Over (under) expenditures and other sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (62,984)</u>	<u>\$ (62,984)</u>

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

FREMONT COUNTY SCHOOL DISTRICT #2
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
MAJOR MAINTENANCE FUND
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:				
Intergovernmental revenues	\$ 277,000	\$ 277,000	\$ 276,324	\$ (676)
Interest	9,000	9,000	11,572	2,572
Total revenues	<u>286,000</u>	<u>286,000</u>	<u>287,896</u>	<u>1,896</u>
Expenditures:				
Current:				
Maintenance and capital outlay	500,000	500,000	243,499	256,501
Total expenditures	<u>500,000</u>	<u>500,000</u>	<u>243,499</u>	<u>256,501</u>
Excess of revenues				
Over (under) expenditures and other sources (uses)	<u>\$ (214,000)</u>	<u>\$ (214,000)</u>	<u>\$ 44,397</u>	<u>\$ 258,397</u>

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

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

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

Public Employee Pension Plan

* In accordance with GASB 68, employers are required to disclose a 10-year history of their proportionate share of the "net pension liability" in their RSI. The 10-year schedule will need to be presented prospectively. Accordingly, the schedule presents information for years 2014 - 2019.

FREMONT COUNTY SCHOOL DISTRICT #2
SCHEDULE OF CONTRIBUTIONS
WYOMING RETIREMENT SYSTEM

For the Last 10 Years Ended December 31*

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

* Amounts presented are presented on a calendar year basis. Employers are required to report amounts prospectively in this table in future years to show 10 years of information. The schedule above is only for the calendar years ended in 2014 - 2019.

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

SUPPLEMENTAL INFORMATION SECTION

FREMONT COUNTY SCHOOL DISTRICT #2
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
As of June 30, 2020

	Capital Projects	Debt Service	Total Non-major Governmental Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 522,283	\$ -	\$ 522,283
Cash held by County Treasurer	-	28,178	28,178
Due from other funds	-	5,337	5,337
Total assets	\$ 522,283	\$ 33,515	\$ 555,798
<u>LIABILITIES AND FUND BALANCE</u>			
Fund balances:			
Restricted for:			
Debt service	\$ -	\$ 33,515	\$ 33,515
Unrestricted:			
Assigned for:			
Capital projects	522,283	-	522,283
Total fund balances	522,283	33,515	555,798
Total liabilities and fund balances	\$ 522,283	\$ 33,515	\$ 555,798

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

FREMONT COUNTY SCHOOL DISTRICT #2
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Non-major Governmental Funds</u>
<u>REVENUES</u>			
Interest	\$ 173	\$ -	\$ 173
Total revenues	<u>173</u>	<u>-</u>	<u>173</u>
<u>EXPENDITURES</u>			
Current:			
Capital outlay	<u>66,524</u>	<u>-</u>	<u>66,524</u>
Total expenditures	<u>66,524</u>	<u>-</u>	<u>66,524</u>
Excess of revenue over (under) expenditures	(66,351)	-	(66,351)
Other financing sources (uses):			
Transfers in (out), net	<u>250,000</u>	<u>-</u>	<u>250,000</u>
Sources over (under)			
Expenditures and other sources	183,649	-	183,649
Fund balance - beginning	<u>338,634</u>	<u>33,515</u>	<u>372,149</u>
Fund balance - ending	<u>\$ 522,283</u>	<u>\$ 33,515</u>	<u>\$ 555,798</u>

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

OTHER INDEPENDENT AUDITORS' REPORT

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Fremont County School District #2 (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 12, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Carver Florek & James, CPAs

November 12, 2020
Sheridan, WY