

CARBON COUNTY
SCHOOL DISTRICT #1

Financial and Compliance Report

June 30, 2022





**CARBON COUNTY
SCHOOL DISTRICT #1**

Financial and Compliance Report

June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Superintendent and Members
of the Board of Trustees
Carbon County School District #1
Rawlins, Wyoming

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying 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 the Carbon County School District #1, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Carbon County School District #1's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Carbon County School District #1, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, (*Government Auditing Standards*). 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 Carbon County School District #1 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.



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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 Carbon County School District #1's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Carbon County School District #1'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 Carbon County School District #1'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, pension schedules, and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carbon County School District #1's basic financial statements. The budgetary comparison information 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 budgetary comparison information and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022 on our consideration of Carbon County School District #1's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Carbon County School District #1's 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 Carbon County School District #1's internal control over financial reporting and compliance.

Porter, Muirhead, Cornia & Howard

Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming
December 15, 2022

**Management's Discussion and Analysis
(Unaudited)**

As management of Carbon County School District #1 ("District"), we offer 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, 2022. 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 \$93,784,174 at June 30, 2022 which compares to \$93,170,002 at the beginning of the fiscal year.

During the year, the District's total governmental activities expenses were \$802,152 less than the \$37,936,623 generated in taxes and other revenues for governmental activities.

The District had \$37,134,471 in expenses related to governmental activities; of which \$8,264,453 of these expenses were offset by program specific charges for services or grants and contributions.

The District decreased its outstanding long-term debt by \$2,053,974, excluding the net pension liability. The outstanding long-term debt includes \$12,690,000 on bonds for construction and \$525,910 in accrued compensated absences. The District participates in the Public Employees' Pension Plan, a statewide cost-sharing multiple-employer public employee retirement plan administered by the State of Wyoming Retirement System. The District recognized a net pension liability of \$13,961,295. 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 liability.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The District's 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 required information, and other supplementary information, in addition to the 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, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference 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.

The statement of activities presents information for all of the current year's revenues and expenses regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The decrease in total liabilities occurred due to the payments on bonds, construction retainage and the adjustment of the net pension liability.

**Management's Discussion and Analysis
(Unaudited)**

Government-wide financial statements (Continued)

Both of 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 or a significant portion of their costs through user fees and charges. The District has two business-type activities: the enterprise fund - food service fund and the aquatic center fund.

The District also participates in the oversight of the Board of Cooperative Higher Educational Services (BOCHES) and the District's Recreation Board (Recreation Board), recognizing both as component units. BOCHES provides educational services, to postsecondary education, vocational-technical education and adult education through a cooperative effort with Western Wyoming Community College. The Recreation Board provides grants to fund public recreation projects within the District's boundaries.

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 information about the District's most significant funds.

All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end available for spending in 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, major maintenance, capital construction, grants, and debt service funds are considered major funds and are reported as separate columns in the fund financial statements. The District has two non-major governmental funds, the student activities and scholarship funds that are reported as Other Governmental Funds.

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-term and short-term financial information. The enterprise funds - food service and aquatic center are funds in this category for the District.

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

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

June 30, 2022

**Management's Discussion and Analysis
(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, 2022:

Condensed Statements of Net Position

	2020-2021	2021-2022	2020-2021	2021-2022	2020-2021	2021-2022
	Governmental Activities		Business-Type Activities		Total	
Current and other assets	\$ 33,087,205	\$ 44,239,850	\$ 684,038	\$ 763,860	\$ 33,771,243	\$ 45,003,710
Capital assets	112,210,407	108,906,661	-	-	112,210,407	108,906,661
Total assets	145,297,612	153,146,511	684,038	763,860	145,981,650	153,910,371
Deferred outflow of resources	4,802,398	4,120,074	109,425	82,427	4,911,823	4,202,501
Current liabilities	2,944,030	5,653,971	69,019	73,554	3,013,049	5,727,525
Noncurrent liabilities	13,172,436	11,072,936	19,411	12,503	13,191,847	11,085,439
Net pension liability	19,622,473	13,729,194	331,729	232,101	19,954,202	13,961,295
Total liabilities	35,738,939	30,456,101	420,159	318,158	36,159,098	30,774,259
Deferred inflows of resources	21,317,701	33,184,962	246,672	369,477	21,564,373	33,554,439
Net investment in capital assets	99,599,420	98,847,716	-	-	99,599,420	98,847,716
Restricted						
State Statutes	2,877,599	6,573,649	-	-	2,877,599	6,573,649
Bond indenture	2,278,168	2,203,278	-	-	2,278,168	2,203,278
Scholarships	243,444	227,864	-	-	-	227,864
Donors	29,046	12,816	-	-	29,046	12,816
Unrestricted (deficit)	(11,984,307)	(14,239,801)	126,632	158,652	(11,857,675)	(14,081,149)
Total net position	\$ 93,043,370	\$ 93,625,522	\$ 126,632	\$ 158,652	\$ 93,170,002	\$ 93,784,174

**Management's Discussion and Analysis
(Unaudited)**

Financial Analysis of the District as a Whole (Continued)

The net investment in capital assets is \$98,847,716, which is the net book value of capital assets less related debt used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources. Usually, an additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. Recording the net pension liability of \$13,961,295 results in a negative unrestricted net position of \$14,239,801. Without the pension liability there is a negative balance of unrestricted net position of \$119,854.

For governmental activities, the District's total net position increased by \$582,152 during the year ended June 30, 2022. The total cost of all governmental activities this year was \$37,134,471 and of the business-type activity was \$1,713,913. The amount that taxpayers paid for these activities through property taxes was \$14,835,344.

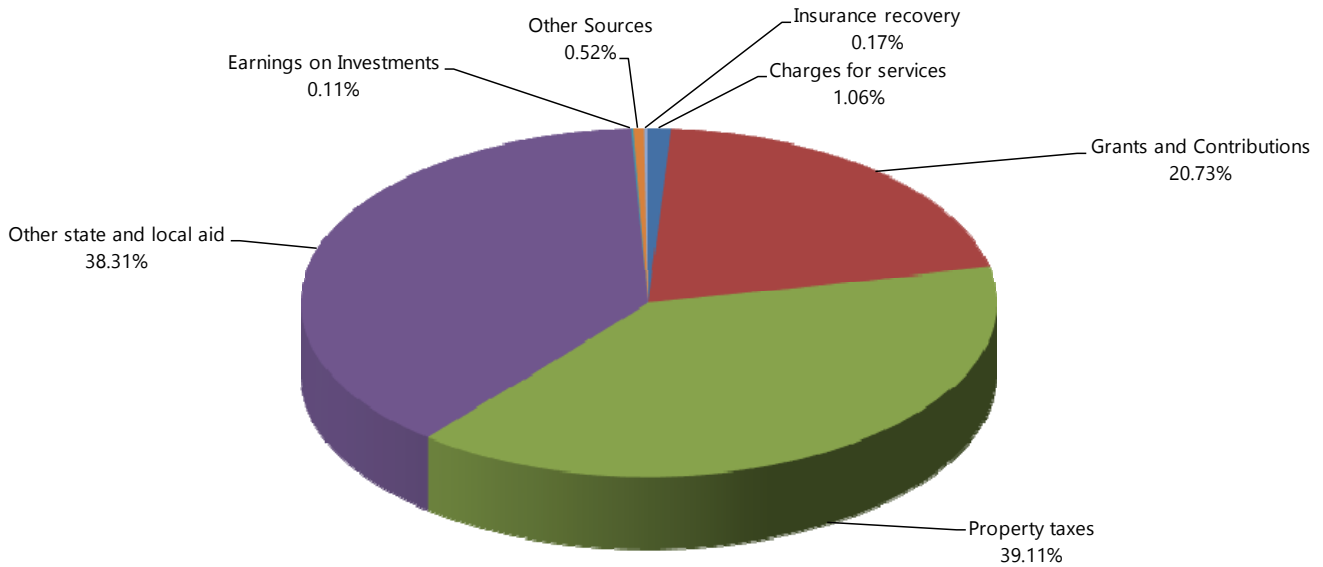
June 30, 2022

**Management's Discussion and Analysis
(Unaudited)****Changes in Net Position**

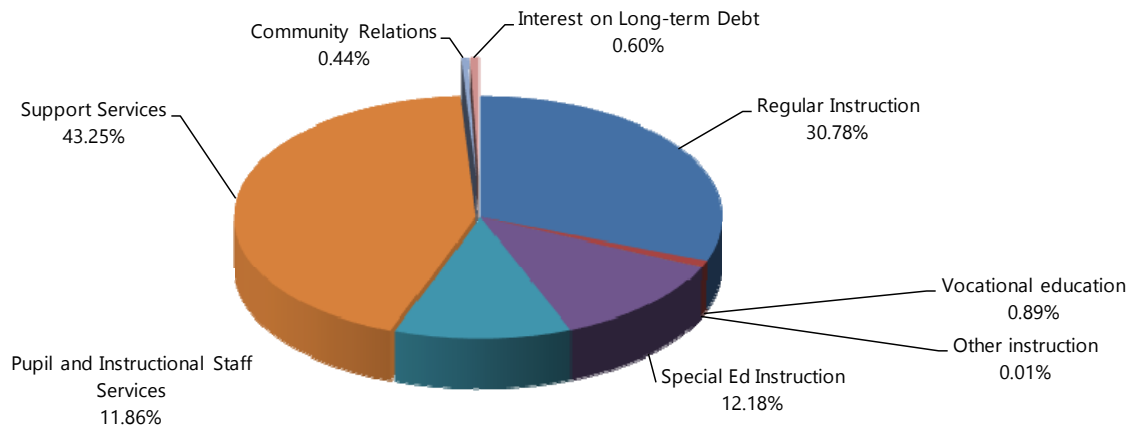
	2020-2021	2021-2022	2020-2021	2021-2022	2020-2021	2021-2022
	Governmental-Type Activities		Business-Type Activities		Total	
Revenues						
Program revenues						
Charges for services	\$ 98,090	\$ 402,178	\$ 83,390	\$ 87,029	\$ 181,480	\$ 489,207
Operating grants and contributions	3,915,646	6,185,380	1,379,245	1,416,148	5,294,891	7,601,528
Capital grants	1,587,125	1,676,895	-	-	1,587,125	1,676,895
General revenues						
Taxes	18,579,448	14,835,344	-	-	18,579,448	14,835,344
Investments	21,453	39,921	1,521	1,099	22,974	41,020
Gain (loss) on sale of capital assets	(79,108)	1,127	-	-	(79,108)	1,127
Other state and local aid	10,133,700	14,534,838	-	-	10,133,700	14,534,838
Miscellaneous	399,408	196,760	27,535	21,657	426,943	218,417
Insurance recovery	101,121	64,180	-	-	101,121	64,180
Total revenues	34,756,883	37,936,623	1,491,691	1,525,933	36,248,574	39,462,556
Expenses						
Regular instruction	11,797,986	11,428,343	-	-	11,797,986	11,428,343
Special ed instruction	4,351,173	4,521,786	-	-	4,351,173	4,521,786
Vocational education	381,394	332,138	-	-	381,394	332,138
Other instruction	64,228	4,323	-	-	64,228	4,323
Pupil services	2,859,623	3,281,277	-	-	2,859,623	3,281,277
Instructional staff services	1,105,046	1,122,924	-	-	1,105,046	1,122,924
General admin services	203,519	139,320	-	-	203,519	139,320
School admin services	1,823,293	2,215,606	-	-	1,823,293	2,215,606
Business services	722,975	319,620	-	-	722,975	319,620
O&M of plant services	5,611,227	7,606,002	-	-	5,611,227	7,606,002
Pupil transportation	2,102,791	2,417,065	-	-	2,102,791	2,417,065
Central services	3,150,418	3,174,892	-	-	3,150,418	3,174,892
Other support services	277,767	186,385	-	-	277,767	186,385
Community relations	71,345	162,963	-	-	71,345	162,963
Interest on long-term debt	325,320	221,827	-	-	325,320	221,827
Food service fund	-	-	1,110,770	1,091,290	1,110,770	1,091,290
Aquatic center fund	-	-	543,715	622,623	543,715	622,623
Total expenses	34,848,105	37,134,471	1,654,485	1,713,913	36,502,590	38,848,384
Excess (deficiency) of revenues over expenditures	(91,222)	802,152	(162,794)	(187,980)	(254,016)	614,172
Transfers	(100,000)	(220,000)	100,000	220,000	-	-
Change in net position	(191,222)	582,152	(62,794)	32,020	(254,016)	614,172
Net position - beginning of year, as restated	93,234,592	93,043,370	189,426	126,632	93,424,018	93,170,002
Net position - end of year	\$ 93,043,370	\$ 93,625,522	\$ 126,632	\$ 158,652	\$ 93,170,002	\$ 93,784,174

Management's Discussion and Analysis
(Unaudited)

Carbon County School District #1
Revenues by Source - Governmental Activities
Year Ended June 30, 2022



Carbon County School District #1
Expenses by Function - Governmental Activities



June 30, 2022

**Management's Discussion and Analysis
(Unaudited)**

Financial Analysis of the District's Funds**Governmental Funds*****Revenues***

General fund revenues, increased to \$29,345,662 in FY 2022 from \$29,079,205 in FY 2021 due to an increase in taxes and intergovernmental revenues.

Enterprise Funds: Food Service Fund and Aquatic Center Fund

The total food service fund revenues for FY 2022 were \$1,012,738 a decrease of \$102,606 from the prior year. The expenses incurred to provide this program decreased by \$19,480 from the prior year. The food service fund had a net loss before transfers of \$78,552 in FY 2022, compared to a net income before transfers of \$4,574 in FY 2021. The aquatic center fund for FY 2022 had revenue of \$513,195 with expenses incurred to provide this program of \$622,623.

Capital Asset and Debt Administration***Capital Assets***

The District's investment in capital assets for its governmental activities as of June 30, 2022 is \$110,583,668 (net of accumulated depreciation). This investment in capital assets includes land, site improvements, buildings and equipment (which include vehicles and buses).

District's Capital Assets Net of Depreciation (Governmental Activities)

	2020-2021	2021-2022
Land	\$ 1,019,694	\$ 1,019,694
Construction in progress	59,599	657,313
Buildings and improvements	110,462,480	107,247,467
Vehicles	1,205,143	1,103,514
Furniture and equipment	542,784	555,680
Total	<u>\$ 113,289,700</u>	<u>\$ 110,583,668</u>

Additional information regarding the District's capital assets can be found in the Notes to Financial Statements.

Long-Term Debt

The following is a summary of the District's debt transactions related to, bonds, and accrued compensated absences, excluding the net pension liability, of the District for the year ended June 30, 2022:

Debt outstanding at July 1, 2021	\$ 15,269,884
Debt retired	2,053,974
Debt outstanding at June 30, 2022	<u>\$ 13,215,910</u>

**Management's Discussion and Analysis
(Unaudited)**

Budgetary Information

During the fiscal year ended June 30, 2022, the District amended the general and grants fund budgets. The general fund budget was amended for transfers between functions with no change on total budgeted expenditures. The grants fund was amended to increase total expenditures by \$773,720.

Factors Affecting the District's Future

Factors that may impact the District's future include: decreased enrollment and maintaining current facilities. Impacts from decreased enrollment would decrease the funding guarantee for our District. Maintaining current facilities would be dependent on any action taken by the School Facilities Department, and would require the District to review or alter scenarios or modify facilities in reaction to any decisions made by the School Facilities Department.

The District is currently an entitlement district, but with the decreased enrollment and a 42% increase in assessed valuation. The District may become a recapture district, which would require the District to pay the State for excess taxes collected.

The COVID 19 pandemic has impacted the district mostly by supplies and materials increase in cost and the availability. The District may continue to experience impacts to its operations, due to any economic recession or depression that may occur in the future. Therefore, the District cannot reasonably estimate the impact at this time.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances as well as demonstrate accountability for funds the District receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Margaret Quintrall, Business Manager, 615 Rodeo Street, Rawlins, Wyoming 82301.

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**FINANCIAL
STATEMENTS**

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Carbon County School District #1

June 30, 2022

Statement of Net Position

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	BOCHES	Recreation Board
ASSETS					
Current assets					
Cash and cash equivalents	\$ 14,931,543	\$ 868,632	\$ 15,800,175	\$ 731,827	\$ 837,315
Cash held by fiscal agent	1,747,473	-	1,747,473	18,841	7,571
Property taxes receivable	24,489,054	-	24,489,054	1,746,899	706,218
Accounts receivable	-	3,170	3,170	-	-
Due from other governments	448,037	13,277	461,314	90	-
Internal balances	162,182	(162,182)	-	-	-
Prepaid items	15,058	-	15,058	2,320	-
Inventory	-	40,963	40,963	-	-
Restricted cash - bond proceeds	769,496	-	769,496	-	-
Capital assets, not being depreciated	1,677,007	-	1,677,007	165,168	-
Capital assets, net of accumulated depreciation	108,906,661	-	108,906,661	44,779	-
Total assets	153,146,511	763,860	153,910,371	2,709,924	1,551,104
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on refunding	184,552	-	184,552	-	-
Pension plan items	3,935,522	82,427	4,017,949	170,115	-
Total deferred outflows of resources	4,120,074	82,427	4,202,501	170,115	-
LIABILITIES					
Current liabilities					
Accounts payable	861,438	11,188	872,626	9,289	-
Accrued salaries payable	1,171,804	34,068	1,205,872	15,532	-
Advanced payment on grants	127,755	-	127,755	-	-
Unearned revenue	1,364,930	25,871	1,390,801	-	-
Noncurrent liabilities					
Due within one year:					
Bonds, compensated absences, lease-purchase obligation	2,128,044	2,427	2,130,471	6,754	-
Due in more than one year:					
Bonds, compensated absences, lease-purchase obligation	11,072,936	12,503	11,085,439	32,007	-
Net pension liability	13,729,194	232,101	13,961,295	626,264	-
Total liabilities	30,456,101	318,158	30,774,259	689,846	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable property tax revenue	22,842,936	-	22,842,936	1,610,551	644,221
Pension plan items	10,342,026	369,477	10,711,503	581,446	-
Total deferred inflows of resources	33,184,962	369,477	33,554,439	2,191,997	644,221
NET POSITION					
Net investment in capital assets	98,847,716	-	98,847,716	154,799	-
Restricted by					
State Statutes	6,573,649	-	6,573,649	-	906,883
Bond indenture	2,203,278	-	2,203,278	-	-
Scholarships	227,864	-	227,864	-	-
Donors	12,816	-	12,816	-	-
Unrestricted (deficit)	(14,239,801)	158,652	(14,081,149)	(156,603)	-
Total net position	\$ 93,625,522	\$ 158,652	\$ 93,784,174	\$ (1,804)	\$ 906,883

See accompanying notes to the financial statements 13

Carbon County School District #1

Year Ended June 30, 2022

Statement of Activities

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction				
Regular instruction	\$ 11,428,343	\$ 68,516	\$ 2,944,524	\$ -
Special instruction	4,521,786	-	1,151,597	-
Vocational education	332,138	-	89,197	-
Other instruction	4,323	-	-	-
Support services				
Pupil services	3,281,277	333,662	318,159	-
Instructional staff services	1,122,924	-	502,715	-
General administration services	139,320	-	210,124	-
School administration services	2,215,606	-	13,745	-
Business services	319,620	-	292	-
Operation and maintenance of plant services	7,606,002	-	-	1,569,646
Pupil transportation services	2,417,065	-	-	-
Central services	3,174,892	-	955,027	107,249
Other support services	186,385	-	-	-
Community relations	162,963	-	-	-
Interest on long-term debt	221,827	-	-	-
Total governmental activities	<u>37,134,471</u>	<u>402,178</u>	<u>6,185,380</u>	<u>1,676,895</u>
Business-type activities				
Food service fund	1,091,290	17,593	972,852	-
Aquatic center fund	622,623	69,436	443,296	-
Total business-type activities	<u>1,713,913</u>	<u>87,029</u>	<u>1,416,148</u>	<u>-</u>
Total primary government	<u>\$ 38,848,384</u>	<u>\$ 489,207</u>	<u>\$ 7,601,528</u>	<u>\$ 1,676,895</u>
Component units				
BOCHES	\$ 1,407,389	\$ 194,386	\$ 13,515	\$ -
Recreation Board	632,163	-	-	-
Total component units	<u>\$ 2,039,552</u>	<u>\$ 194,386</u>	<u>\$ 13,515</u>	<u>\$ -</u>
		General revenues		
		Taxes		
		Property taxes, levied for general purposes		
		Property taxes, levied for debt services		
		Property taxes, levied for specific purposes		
		Recreation		
		BOCHES		
		Other state and local aid		
		Unrestricted investment earnings		
		Unrestricted miscellaneous revenue		
		Insurance recovery		
		Transfers		
		Gain on sale of capital assets		
		Total general revenues and transfers		
		Change in net position		
		Net position (deficit) - beginning of year		
		Net position (deficit) - end of year		

See accompanying notes to the financial statements 14

Net (Expenses) Revenues and Changes in Net Position

Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	BOCHES	Component Unit Recreation Board
\$ (8,415,303)	\$ -	\$ (8,415,303)	\$ -	\$ -
(3,370,189)	-	(3,370,189)	-	-
(242,941)	-	(242,941)	-	-
(4,323)	-	(4,323)	-	-
(2,629,456)	-	(2,629,456)	-	-
(620,209)	-	(620,209)	-	-
70,804	-	70,804	-	-
(2,201,861)	-	(2,201,861)	-	-
(319,328)	-	(319,328)	-	-
(6,036,356)	-	(6,036,356)	-	-
(2,417,065)	-	(2,417,065)	-	-
(2,112,616)	-	(2,112,616)	-	-
(186,385)	-	(186,385)	-	-
(162,963)	-	(162,963)	-	-
(221,827)	-	(221,827)	-	-
<u>(28,870,018)</u>	<u>-</u>	<u>(28,870,018)</u>	<u>-</u>	<u>-</u>
-	(100,845)	(100,845)	-	-
-	(109,891)	(109,891)	-	-
-	(210,736)	(210,736)	-	-
<u>(28,870,018)</u>	<u>(210,736)</u>	<u>(29,080,754)</u>	<u>-</u>	<u>-</u>
-	-	-	(1,199,488)	-
-	-	-	-	(632,163)
-	-	-	<u>(1,199,488)</u>	<u>(632,163)</u>
12,578,449	-	12,578,449	-	-
2,256,895	-	2,256,895	-	-
-	-	-	-	534,100
-	-	-	1,335,916	-
14,534,838	-	14,534,838	-	-
39,921	1,099	41,020	1,021	1,138
196,760	21,657	218,417	-	-
64,180	-	64,180	-	-
(220,000)	220,000	-	-	-
1,127	-	1,127	-	-
<u>29,452,170</u>	<u>242,756</u>	<u>29,694,926</u>	<u>1,336,937</u>	<u>535,238</u>
582,152	32,020	614,172	137,449	(96,925)
93,043,370	126,632	93,170,002	(139,253)	1,003,808
<u>\$ 93,625,522</u>	<u>\$ 158,652</u>	<u>\$ 93,784,174</u>	<u>\$ (1,804)</u>	<u>\$ 906,883</u>

Carbon County School District #1

June 30, 2022

Balance Sheet**Governmental Funds**

	General Fund	Grants Fund	Major Maintenance Fund
ASSETS			
Cash and cash equivalents	\$ 9,681,681	\$ 153,212	\$ 2,154,347
Cash held by fiscal agent	236,375	-	-
Property taxes receivable	21,214,903	-	-
Due from other governments	-	448,037	-
Due from other funds	601,237	-	-
Advances to other funds	-	-	-
Restricted cash - bond proceeds	-	-	-
Prepaid items	10,560	4,498	-
Total assets	<u>\$ 31,744,756</u>	<u>\$ 605,747</u>	<u>\$ 2,154,347</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 182,873	\$ 254,305	\$ 412,240
Accrued salaries payable	1,070,818	100,986	-
Due to other funds	3,900	98,620	358,915
Advances from other funds	369,789	-	-
Advanced payment on grants	-	127,755	-
Unearned revenue - property tax	1,364,930	-	-
Total liabilities	<u>2,992,310</u>	<u>581,666</u>	<u>771,155</u>
Deferred inflows of resources			
Unavailable property tax revenue	21,127,635	-	-
Unavailable grant revenue	-	11,265	-
Total deferred inflows of resources	<u>21,127,635</u>	<u>11,265</u>	<u>-</u>
Fund balances			
Nonspendable			
Prepaid items	10,560	-	-
Long-term interfund advances	-	-	-
Restricted			
Major maintenance W.S. 21-15-109	-	-	1,383,192
Buildings and equipment W.S. 21-13-504	-	-	-
Bond indenture	-	-	-
Excess tax collections W.S. 21-13-313 (d)	2,934,590	-	-
Scholarships	-	-	-
Donors	-	12,816	-
Assigned - student activities	-	-	-
Unassigned	4,679,661	-	-
Total fund balances	<u>7,624,811</u>	<u>12,816</u>	<u>1,383,192</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 31,744,756</u>	<u>\$ 605,747</u>	<u>\$ 2,154,347</u>

See accompanying notes to the financial statements 16

Capital Construction Fund	Debt Service Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
\$ 2,333,748	\$ -	\$ 608,555	\$ 14,931,543
-	1,511,098	-	1,747,473
-	3,274,151	-	24,489,054
-	-	-	448,037
107,249	-	-	708,486
369,789	-	-	369,789
769,496	-	-	769,496
-	-	-	15,058
<u>\$ 3,580,282</u>	<u>\$ 4,785,249</u>	<u>\$ 608,555</u>	<u>\$ 43,478,936</u>
\$ 1,449	\$ -	\$ 2,876	\$ 853,743
-	-	-	1,171,804
76,432	-	8,437	546,304
-	-	-	369,789
-	-	-	127,755
-	-	-	1,364,930
<u>77,881</u>	<u>-</u>	<u>11,313</u>	<u>4,434,325</u>
-	3,351,467	-	24,479,102
-	-	-	11,265
-	<u>3,351,467</u>	-	<u>24,490,367</u>
-	-	-	10,560
369,789	-	-	369,789
-	-	-	1,383,192
2,255,867	-	-	2,255,867
769,496	1,433,782	-	2,203,278
-	-	-	2,934,590
-	-	227,864	227,864
-	-	-	12,816
-	-	369,378	369,378
107,249	-	-	4,786,910
<u>3,502,401</u>	<u>1,433,782</u>	<u>597,242</u>	<u>14,554,244</u>
<u>\$ 3,580,282</u>	<u>\$ 4,785,249</u>	<u>\$ 608,555</u>	<u>\$ 43,478,936</u>

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Carbon County School District #1

June 30, 2022

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

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

Total fund balances - governmental funds		\$ 14,554,244
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		110,583,668
Property tax receivables and intergovernmental revenue that do not provide financial resources are offset by deferred inflows of resources in the funds.		
Difference in unavailable property tax revenue	\$ 1,636,166	
Difference in unavailable grant revenue	<u>11,265</u>	1,647,431
Difference between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.		
Pension plan items - deferred outflows of resources	3,935,522	
Pension plan items - deferred inflows of resources	<u>(10,342,026)</u>	(6,406,504)
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.		
Bonds payable, including accrued interest	(12,697,695)	
Deferred charge on refunding (to be amortization as interest)	184,552	
Compensated absences	(510,980)	
Net pension liability	<u>(13,729,194)</u>	<u>(26,753,317)</u>
Net position of governmental activities		<u>\$ 93,625,522</u>

Carbon County School District #1

Year Ended June 30, 2022

Statement of Revenues, Expenditures and Changes in Fund Balances**Governmental Funds**

	General Fund	Grants Fund	Major Maintenance Fund
Revenues			
Taxes	\$ 13,465,610	\$ -	\$ -
Intergovernmental revenues	15,740,682	5,757,647	1,569,647
Charges for services	70,231	-	-
Investment income	13,905	64	16,120
Miscellaneous	55,234	151,155	-
Total revenues	<u>29,345,662</u>	<u>5,908,866</u>	<u>1,585,767</u>
Expenditures			
Instruction			
Regular instruction	9,766,586	2,601,340	-
Special instruction	3,775,751	1,151,597	-
Vocation education	294,645	89,197	-
Support services			
Pupil services	2,728,109	318,159	-
Instructional staff services	611,430	502,715	-
General administration services	95,734	210,124	-
School administration services	1,934,496	13,745	-
Business services	633,844	292	-
Operation and maintenance of plant services	3,473,058	82,900	1,200,681
Pupil transportation services	2,506,801	-	-
Central services	2,293,078	955,027	-
Other support services	186,628	-	-
Facilities acquisition and construction services	7,942	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>28,308,102</u>	<u>5,925,096</u>	<u>1,200,681</u>
Excess (deficiency) of revenues over expenditures	<u>1,037,560</u>	<u>(16,230)</u>	<u>385,086</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	(870,000)	-	-
Proceeds from the sale of capital assets	18,750	-	-
Insurance recovery	64,180	-	-
Total other financing sources	<u>(787,070)</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	250,490	(16,230)	385,086
Fund balances - beginning of year	7,374,321	29,046	998,106
Fund balances - end of year	<u>\$ 7,624,811</u>	<u>\$ 12,816</u>	<u>\$ 1,383,192</u>

See accompanying notes to the financial statements 19

Capital Construction Fund	Debt Service Fund	Total Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 2,171,037	\$ -	\$ 15,636,647
107,249	-	-	23,175,225
-	-	333,662	403,893
8,723	-	1,110	39,922
266	-	138,188	344,843
<u>116,238</u>	<u>2,171,037</u>	<u>472,960</u>	<u>39,600,530</u>
-	-	-	12,367,926
-	-	-	4,927,348
-	-	-	383,842
-	-	287,556	3,333,824
-	-	-	1,114,145
-	-	154,111	459,969
52,764	-	-	2,001,005
-	-	-	634,136
95,686	-	-	4,852,325
-	-	-	2,506,801
-	-	-	3,248,105
-	-	-	186,628
100,313	-	-	108,255
-	1,945,000	-	1,945,000
-	286,190	-	286,190
<u>248,763</u>	<u>2,231,190</u>	<u>441,667</u>	<u>38,355,499</u>
<u>(132,525)</u>	<u>(60,153)</u>	<u>31,293</u>	<u>1,245,031</u>
650,000	-	-	650,000
-	-	-	(870,000)
-	-	-	18,750
-	-	-	64,180
<u>650,000</u>	<u>-</u>	<u>-</u>	<u>(137,070)</u>
517,475	(60,153)	31,293	1,107,961
2,984,926	1,493,935	565,949	13,446,283
<u>\$ 3,502,401</u>	<u>\$ 1,433,782</u>	<u>\$ 597,242</u>	<u>\$ 14,554,244</u>

Carbon County School District #1

Year Ended June 30, 2022

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the Statement of Activities**

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

Net change in fund balances - total governmental funds		\$ 1,107,961
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed the depreciation expense and gain on disposal of assets in the current period.		
Capital outlay	\$ 1,238,162	
Depreciation expense	(3,926,571)	
Cost basis of asset disposition	(178,126)	
Accumulated depreciation of asset dispositions	<u>160,503</u>	(2,706,032)
Pension 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.		
Net pension liability - prior year	19,622,473	
Net pension liability - current year	(13,729,194)	
Pension plan items, net - prior year	2,408,051	
Pension plan items, net - current year	<u>(6,406,504)</u>	1,894,826
Governmental funds report payments of long-term debt as expenditures and the issuance of long-term debt as revenue. However, in the statement of activities, the issuance of long-term debt and the principal paid on long-term debt is reported as an increase or reduction of the long-term liabilities.		
Principal payments on bonds	1,945,000	
Payment on series 2012 premium amortization	97,887	
Amortization of deferred charge on refunding	(36,914)	
Accrued interest on bond - current year	(7,695)	
Accrued interest on bond - prior year	<u>11,082</u>	2,009,360
Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available.		
Prior year total liability for compensated absences	516,226	
Current year total liability for compensated absences	<u>(510,980)</u>	5,246
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Difference in unavailable property tax revenue - prior year	(3,376,640)	
Difference in unavailable property tax revenue - current year	1,636,166	
Difference in unavailable grant revenue - current year	<u>11,265</u>	(1,729,209)
Changes in net position of governmental activities		<u>\$ 582,152</u>

See accompanying notes to the financial statements 21

Carbon County School District #1

June 30, 2022

Statement of Net Position

Proprietary Funds

	Business-type Activities		
	Food Service Fund	Aquatic Center Fund	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 406,901	\$ 461,731	\$ 868,632
Accounts receivable	3,170	-	3,170
Due from other governments	13,277	-	13,277
Inventory	40,963	-	40,963
Total current assets	<u>464,311</u>	<u>461,731</u>	<u>926,042</u>
DEFERRED OUTFLOW OF RESOURCES			
Pension plan items	62,696	19,731	82,427
Total deferred outflows of resources	<u>62,696</u>	<u>19,731</u>	<u>82,427</u>
LIABILITIES			
Current liabilities			
Accounts payable	7,066	4,122	11,188
Accrued salaries payable	11,990	22,078	34,068
Due to other funds	90,457	71,725	162,182
Unearned revenue	25,871	-	25,871
Total current liabilities	<u>135,384</u>	<u>97,925</u>	<u>233,309</u>
Noncurrent liabilities			
Due within one year	1,828	599	2,427
Due in more than one year	9,419	3,084	12,503
Net pension liability	209,527	22,574	232,101
Total liabilities	<u>356,158</u>	<u>124,182</u>	<u>480,340</u>
DEFERRED INFLOW OF RESOURCES			
Pension plan items	210,267	159,210	369,477
Total deferred inflows of resources	<u>210,267</u>	<u>159,210</u>	<u>369,477</u>
NET POSITION			
Unrestricted	(39,418)	198,070	158,652
Total net position (deficit)	<u>\$ (39,418)</u>	<u>\$ 198,070</u>	<u>\$ 158,652</u>

See accompanying notes to the financial statements 22

Carbon County School District #1

Year Ended June 30, 2022

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

	Business-type Activities		
	Food Service Fund	Aquatic Center Fund	Total
Operating revenues			
Charges for services	\$ 17,593	\$ 69,436	\$ 87,029
Miscellaneous	21,657	-	21,657
Total operating revenues	<u>39,250</u>	<u>69,436</u>	<u>108,686</u>
Operating expenses			
Salaries	385,083	309,512	694,595
Employee benefits	186,795	158,464	345,259
Purchased services	11,121	9,013	20,134
Supplies and materials	508,291	145,634	653,925
Total operating expenses	<u>1,091,290</u>	<u>622,623</u>	<u>1,713,913</u>
Operating loss	<u>(1,052,040)</u>	<u>(553,187)</u>	<u>(1,605,227)</u>
Nonoperating revenues			
Federal subsidy	972,852	-	972,852
Grants	-	443,296	443,296
Interest income	636	463	1,099
Total nonoperating revenues	<u>973,488</u>	<u>443,759</u>	<u>1,417,247</u>
Net loss before transfers	<u>(78,552)</u>	<u>(109,428)</u>	<u>(187,980)</u>
Transfers in	<u>70,000</u>	<u>150,000</u>	<u>220,000</u>
Change in net position	<u>(8,552)</u>	<u>40,572</u>	<u>32,020</u>
Net position (deficit) - beginning of year	<u>(30,866)</u>	<u>157,498</u>	<u>126,632</u>
Net position (deficit) - end of year	<u>\$ (39,418)</u>	<u>\$ 198,070</u>	<u>\$ 158,652</u>

See accompanying notes to the financial statements 23

Carbon County School District #1

Year Ended June 30, 2022

Statement of Cash Flows

Proprietary Funds

	Business-type Activities		
	Food Service Fund	Aquatic Center Fund	Total
Cash flows from operating activities			
Cash received from customers	\$ 26,240	\$ 69,436	\$ 95,676
Cash payments to suppliers for goods and services	(460,741)	(150,637)	(611,378)
Cash payments to employees for services	(580,388)	(414,917)	(995,305)
Net cash and cash equivalents used in operating activities	(1,014,889)	(496,118)	(1,511,007)
Cash flows from noncapital financing activities			
Transfers in	70,000	150,000	220,000
Payments from interfund activity	84,476	64,625	149,101
Payments from other governments	(255)	-	(255)
Subsidy received from federal grants	943,068	-	943,068
Subsidy received from local grants	-	443,296	443,296
Net cash and cash equivalents provided by noncapital financing activities	1,097,289	657,921	1,755,210
Cash flows from investing activities			
Interest income	636	463	1,099
Net cash and cash equivalents provided by investing activities	636	463	1,099
Net increase in cash and cash equivalents	83,036	162,266	245,302
Cash and cash equivalents - beginning of year	323,865	299,465	623,330
Cash and cash equivalents - end of year	\$ 406,901	\$ 461,731	\$ 868,632

(Continued)

Carbon County School District #1
Year Ended June 30, 2022
Statement of Cash Flows (Continued)
Proprietary Funds

	Business-type Activities		
	Food Service Fund	Aquatic Center Fund	Total
Reconciliation of operating loss to net cash and cash equivalents used in operating activities			
Operating loss	\$ (1,052,040)	\$ (553,187)	\$ (1,605,227)
Adjustments to reconcile operating loss to net cash and cash equivalents used in operating activities			
Amortization of pension plan items	89,116	57,987	147,103
Donated commodities - share of federal subsidy	45,380	-	45,380
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets, deferred inflows and outflows and liabilities			
Accounts receivable	11,106	-	11,106
Inventory	(10,323)	-	(10,323)
Deferred outflow - pension plan items	552	2,148	2,700
Accounts payable	1,957	4,010	5,967
Accrued salaries payable	(6,070)	6,285	215
Unearned revenue	(2,459)	-	(2,459)
Compensated absences	(2,168)	(3,673)	(5,841)
Net pension liability	(89,940)	(9,688)	(99,628)
Net cash and cash equivalents used in operating activities	<u>\$ (1,014,889)</u>	<u>\$ (496,118)</u>	<u>\$ (1,511,007)</u>

Note 1. Summary of Significant Accounting Policies

Reporting Entity

The Board of Trustees, a seven member group elected by the public, has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of Carbon County School District #1 (District). The District receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding entities. Generally accepted accounting principles require that the reporting entity include the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The accompanying financial statements present the financial activity of the District's discretely presented component units. The discretely presented component units are reported in a separate column in the government-wide financial statements (see note below for descriptions) to emphasize that they are legally separate from the District.

Discretely Presented Component Units

The Board of Cooperative Higher Educational Services (BOCHES) operates as the Carbon County Higher Education Center and is governed by a five-member board appointed by the District's Board of Trustees. Of the five members, four are members of the Board of Trustees. BOCHES is legally separate from the District. BOCHES provides educational services, including but not limited to postsecondary education, vocational-technical education and adult education, since these services can be provided more effectively through a cooperative effort with Western Wyoming Community College. The Board may impose up to 2 ½ mills on the District's assessed valuation for BOCHES operations. The BOCHES does not prepare separately issued financial statements.

The Recreation Board is legally separate from the District. The ten-member governing body of the Recreation Board is appointed by the District's Board of Trustees. Three of the ten members also serve on the District's Board of Trustees. The Recreation Board provides grants to fund public recreation projects within the District's boundaries. The District's Board can impose a tax for the Recreation Board not to exceed one mill of the District's assessed valuation for the purpose of operating the Recreation Board. The Recreation Board does not prepare separately issued financial statements.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. 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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Note 1. Summary of Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds and proprietary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund 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.

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 District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences, and claims and judgments, are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the District the right-to-use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The District reports the following major governmental funds:

- The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
- The *grants fund* is a special revenue fund that accounts for proceeds from federal, state and other local grant revenue sources that are restricted to expenditures for specific purposes.
- The *major maintenance fund* is a special revenue fund that accounts for the proceeds of specific revenue sources for major maintenance that are restricted to expenditures for specified purposes.
- The *capital construction fund* is a capital projects fund that accounts for the proceeds of specific revenue sources for major capital projects that are restricted for specified purposes. This fund also accounts for the depreciation reserve for school building repair established by the Board during the fiscal year 2009 according to Wyoming Statute 21-13-504; construction financed with Series 2012 and 2020 bonds; and repair and the maintenance reserve required by Series 2012 and 2020 bonds.
- The *debt service fund* accounts for tax levy collection and payments on the Series 2012 and 2020 bonds.

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The District reports the following non-major governmental funds as other governmental funds:

- The *student activities fund* accounts for student activities and school fundraising activities throughout the District.
- The *scholarship fund* is used to account for donations for scholarship funds that are received by the District that are to be awarded to current and former students for post-secondary education purposes.

Both the student activities fund and the scholarship fund are reported as governmental funds. These funds are aggregated as non-major funds.

The District reports the following major proprietary funds:

- The *food service fund* accounts for the activities of the District's breakfast and lunch programs.
- The *aquatic center fund* accounts for the activity of the District's aquatic center.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to students and faculty for food services and charges for the use of the aquatic center. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Liabilities, Deferred Inflows and Outflows of Resources and Net Position/Fund Balance

Cash and Cash Equivalents and Restricted Cash

The District considers all highly liquid investments with an original maturity date of three months or less when purchased to be cash equivalents.

The District considers any cash that is legally restricted as to withdrawal or usage to be presented as restricted cash.

For purposes of the statements of cash flows, the District's cash accounts consist of demand deposits and a money market account at Wyoming Government Investment Fund (WGIF), a governmental pool established in 1996 exclusively designed for Wyoming public entities. The WGIF Liquid Asset Series seeks to maintain a stable net asset value of \$1.00 and is managed to a maximum weighted average maturity of 60 days. Rated AAAM by Standard & Poor's.

The District has restricted cash and cash equivalents of \$769,496 related to proceeds from bonds received by the District for repairs and maintenance of the buildings constructed with the bond proceeds.

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Inflows and Outflows of Resources and Net Position/Fund Balance (Continued)

Cash Held by Fiscal Agent

Cash held by fiscal agent represents cash held by the County Treasurer.

Accounts Receivable

The District considers all accounts receivable to be fully collectible at June 30, 2022 and, therefore no allowance for doubtful accounts is deemed necessary.

Due from Other Governments

Due from other governments includes grants and reimbursements receivable from other governmental entities.

Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are reported as "due to/from other funds", while longer term balances are reported as "advances to/from other funds". These amounts are eliminated in the governmental and business-type activities columns of the statement of activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities.

Property Taxes

There are two different types of ad valorem property tax assessment methodologies: non-mineral and mineral. Non-mineral properties are annually valued and assessed on January 1 at fair market value, and mineral properties are valued and assessed on prior year mineral production. Non-mineral property taxes attach as an enforceable lien on assessed property as of January 1 of each year and mineral property taxes attached as an enforceable lien upon the severance of the mineral. Property taxes are levied on or about August 1 and are due in two installments. The first installment becomes due on or about September 1 and delinquent on November 10; the second becomes due on March 1 and delinquent on May 10. Carbon County bills and collects its own property taxes as well as for all municipalities and political subdivisions within the county including Carbon County School District #1.

The collection of mineral based ad valorem property 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 remitted to each county for distribution. Previously, each county billed and collected mineral ad valorem taxes. For the mineral production year 2021, mineral producers had the option to defer payment of taxes until December 1, 2023 at which time the taxes are due at eight percent per year until paid. Beginning with 2022, mineral based ad valorem property taxes are due on or before the 25th day of the third month following the month of production

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Inflows and Outflows of Resources and Net Position/Fund Balance (Continued)

Property Taxes (Continued)

District property tax revenues are recognized when levied to the extent 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 or the current period on the fund financial statements. Property taxes which are not current receivables are offset by deferred inflows of resources on the fund financial statements but are reported on the government-wide financial statements as revenue and receivables, with no amount being deferred when levied. Property taxes receivable are recognized as of the lien date; however, revenue is not recognized until the levy date. Mineral property taxes for 2022 production received by June 30, 2022 are not considered legally assessed and are recorded as unearned revenue in the fund and on the government-wide financial statements.

The District is required by Wyoming Statutes to levy taxes of twenty-five mills of assessed valuation for all school purposes, exclusive of bond interest and redemption. In addition, a county-wide school property tax of 6 mills is levied, BOCHES district tax for 2.5 mills, bonds and interest of 3.8 mills and a recreation district tax for 1 mill. The combined tax related to finance general school services other than the payment of principal and interest on long-term debt for the year ended June 30, 2022 was 34.5 mills.

Inventories and Prepaid Items

Inventory is valued at the lower of cost (first-in, first-out) or market. Enterprise fund type 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. Inventory for the food service fund consists of food products including USDA food commodities held for consumption.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The costs of prepaid items recorded as expenditures/expenses when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$100,000 for buildings and building improvements, \$50,000 for land and land improvements, \$5,000 for machinery and equipment and vehicles, and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Notes to the Financial Statements**Note 1. Summary of Significant Accounting Policies (Continued)*****Assets, Liabilities, Deferred Inflows and Outflows of Resources and Net Position/Fund Balance (Continued)******Capital Assets (Continued)***

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the District are depreciated using the straight line method over the following estimated useful lives.

Assets	Years
Buildings	50
Building improvements	20
Vehicles	8-12
Furniture and equipment	3-25

Pension Plan

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wyoming Retirement System ("WRS") plans and additions to/deductions from WRS'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. The District will liquidate pension liabilities by the general fund.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets and liabilities, the financial statements report a separate section for deferred outflows and inflows of resources. A deferred inflow of resources represents an acquisition of net assets that is applicable to a future reporting period and a deferred outflow of resources is a consumption of net assets that is applicable to a future reporting period. Both deferred inflows and outflows are reported in the statement of net position or fund balance sheet, but are not recognized in the financial statements as revenues, expenses, and reduction of liabilities or increase in assets until the period(s) to which they related. The District reports the following deferred inflows and outflows of resources:

Unavailable revenues and revenues applicable to future years – Unavailable revenue is reported in the governmental funds balance sheet. The governmental funds may report unavailable revenues from property taxes and intergovernmental revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide statement of net position, property tax revenue is reported as a deferred inflow of resources in in the year the tax lien attaches to the property.

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Inflows and Outflows of Resources and Net Position/Fund Balance (Continued)

Deferred Outflows and Deferred Inflows of Resources (Continued)

Pension-related amounts – In the government-wide and proprietary funds statement of net position, a deferred outflow or deferred inflow of resources is reported for the unrecognized items not yet charged to pension expense related to the net pension liability. This includes the unamortized portion of the net difference between projected and actual earnings on pension plan investments and other differences between expected and actual experience. Deferred outflows for the net difference between projected and actual investment earnings are recognized over a period of five years, while the deferred inflows or deferred outflows for the differences between expected and actual experience for economic/demographic assumptions are recognized over the remaining service life for all active and inactive members.

Deferred charge on refunding – Results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Unearned Revenue

Using both the accrual and modified basis of accounting, unearned revenues arise when resources are received by the District before it has a legal claim to them or before eligibility requirements are met. In subsequent period, when revenue recognition criteria are met, the liability for unearned revenue is removed and the revenue is recognized. Unearned revenues include property tax revenues collected and distributed by the county treasurer in advance of the fiscal year levy to which they apply. Advanced payments on grants represent cash received for grant expenditures that have not yet been used or do not meet the criteria for recognition as of year-end. Food service fund's deferred revenue includes meal prepayments.

Compensated Absences

The District's full-time certified staff earns ten days of sick leave per year and two days of personal leave with unlimited accumulation. Unused personal leave is converted to sick leave. The District's certified staff is compensated for their accumulated sick leave up to a maximum one hundred days based on a graduated scale depending on their length of service. The number of days accumulated, up to the maximum, is paid at the rate of \$8.50 for each accumulated eligible hour at the time the employee leaves the District.

The District's support personnel earn sick leave days each month with unlimited accumulation based on the number of hours worked. Support personnel who have a minimum of ten years of continuous service to the District are compensated for their accumulation, up to a maximum of ninety days at the daily rate of one-half the entry level rate on the salary schedule for each job class. All full-time support personnel are entitled to vacation leave with the District. Vacation leave is earned on a graduated scale depending on the length of service. Support personnel can accumulate up to 200 hours of vacation leave.

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Inflows and Outflows of Resources and Net Position/Fund Balance (Continued)

Compensated Absences (Continued)

The District's administrators earn twelve days or ninety-six hours per year with a maximum hour compensation based on the number of years worked. The number of days accumulated, is paid at the rate of \$55.00 per each 8-hour block of accumulated sick leave. Administrators earn twenty vacation days per year and after the administrator fulfills an entire contract year, the administrator may choose to receive a monetary amount that will be dependent on their annual salary.

Fund Balance and Net Position

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the District's Board of Trustees, the highest level of authority, through approval of resolutions. Assigned fund balances is a limitation imposed by a designee of the District board. Unassigned fund balance in the General fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes. Proprietary fund equity is classified the same as in the government-wide statements.

When both restricted and unrestricted fund balances are available for use, it is the District's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

Restricted Net Position

For the government-wide financial statements, net position is reported as restricted when constraints placed on net position are either: (1) Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Inflows and Outflows of Resources and Net Position/Fund Balance (Continued)

Use of Estimates (Continued)

The estimate for the pension liability and related items is significant to the District. It is reasonably possible that these estimates will change within one year of the date of the financial statement due to one or more future events. The effect of the change could be material to the financial statements and could result in a loss.

Standards Issued and Implemented

GASB Statement No. 87, *Leases*, is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. Under this standard, government lessors must recognize (a) a lease receivable and (b) a deferred inflow of resources and continue to report the leased asset in its financial statements; and report in its financial statements (a) lease revenue recognized over the term of the lease, corresponding with the reduction of the deferred inflow, (b) interest income on the receivable, and (c) note disclosures about the lease. Additionally, under this statement, a government entity that is a lessee must recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. The District must also report the (1) amortization expense for using the asset over the shorter of the term of the lease or the useful life of the underlying asset, (2) interest expense on the lease liability and (3) note disclosures about the lease. The Statement provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments and certain regulated leases. This statements also addresses accounting for lease terminations and modifications, sale-leaseback transactions, nonlease components embedded in lease contracts (such as service agreements), and leases with related parties. Management implemented this standard during the year ended June 30, 2022. There was no impact of the implementation of this standard in the current year. The District's leases met the exceptions provided in the Statement.

Note 2. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

Prior to May 15, the Superintendent submits to the Board of Trustees a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. A public hearing is conducted by the third Wednesday in July to obtain public comments.

The budget is adopted by the third Thursday of July.

Note 2. Stewardship, Compliance, and Accountability (Continued)

Budgets and Budgetary Accounting (Continued)

At the request of the Superintendent or upon its own motion after publication of notice, the Board of Trustees may by resolution transfer any unencumbered or unexpended appropriation balance or part thereof from one fund, department or account to another. All appropriations, excluding appropriations for capital projects, lapse at the close of the budget year to the extent they are not expended or encumbered. The level of expenditure control for budget purposes is the department level.

Formal budgetary integration is employed as a management control device during the year for the general fund, special revenue funds, and capital projects funds.

The District adopts all budgets on a cash basis (Non-GAAP). Such basis is not consistent with generally accepted accounting principles (GAAP).

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration during the year. Encumbrances outstanding at year end are immaterial.

Note 3. Deposits and Investments

Custodial Credit Risk - Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require that the District's deposits in excess of the Federal depository insurance amount be collateralized. Deposits held in the District's bank accounts are insured by federal depository insurance or are collateralized with securities held by the pledging institution's trust department or agent, in joint custody of the bank and the District. All deposits were covered by insurance or collateral held in joint custody with the financial institution. At June 30, 2022, the District was properly collateralized and insured as required by statutes.

Note 3. Deposits and Investments (Continued)

Custodial Credit Risk – Deposits (Continued)

At June 30, 2022, the carrying amount of the District’s bank deposits and bank balance were as follows:

	<u>Carrying Amount of Cash and Cash Equivalents</u>	<u>Bank Balance of Cash and Cash Equivalents</u>
<i>Government-wide Statement of Net Position</i>		
Governmental activities	\$ 15,701,039	\$ 13,376,062
Business-type activities	868,632	868,582
Total government-wide	<u>\$ 16,569,671</u>	<u>\$ 14,244,644</u>

The difference between the carrying amount and the bank balance is the result of the transaction in transit and cash equivalent without a bank balance. The District cash and cash equivalents carrying amount includes \$1,674,297 held in WGIF Liquid Asset Series, a money market investment rated AAAM by Standard and Poor’s. Management does not believe these cash equivalents are at risk as a result of not being fully insured or collateralized. The District has not incurred any losses related to uninsured deposits. The balances held in WGIF have no withdrawal restrictions.

At June 30, 2022, the carrying amount of the District component units’ bank deposits and bank balance were as follows:

	<u>Carrying Amount of Cash and Cash Equivalents</u>	<u>Bank Balance of Cash and Cash Equivalents</u>
<i>Component Units Statement of Net Position</i>		
BOCHES	\$ 731,827	\$ 252,268
Recreation Board	837,315	862,889
Total component units	<u>\$ 1,569,142</u>	<u>\$ 1,115,157</u>

The difference between the carrying amount and the bank balance is the result of the transaction in transit and cash equivalent without a bank balance. Included in the cash and cash equivalents above, BOCHES had cash equivalents of \$558,697 held in WGIF Liquid Asset Series.

Notes to the Financial Statements**Note 4. Capital Assets**

A summary of changes in capital assets for governmental activities follows:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 1,019,694	\$ -	\$ -	\$ 1,019,694
Construction in progress	59,599	748,571	150,857	657,313
Total capital assets, not being depreciated	<u>1,079,293</u>	<u>748,571</u>	<u>150,857</u>	<u>1,677,007</u>
Capital assets, being depreciated				
Buildings and improvements	141,989,213	271,186	-	142,260,399
Vehicles	4,560,460	243,853	178,126	4,626,187
Furniture and equipment	1,111,188	125,409	-	1,236,597
Total capital assets, being depreciated	<u>147,660,861</u>	<u>640,448</u>	<u>178,126</u>	<u>148,123,183</u>
Less accumulated depreciation				
Buildings and improvements	31,526,733	3,486,199	-	35,012,932
Vehicles	3,355,317	327,859	160,503	3,522,673
Furniture and equipment	568,404	112,513	-	680,917
Total accumulated depreciation	<u>35,450,454</u>	<u>3,926,571</u>	<u>160,503</u>	<u>39,216,522</u>
Total capital assets, being depreciated, net	<u>112,210,407</u>	<u>(3,286,123)</u>	<u>17,623</u>	<u>108,906,661</u>
Governmental activities capital assets, net	<u>\$ 116,561,940</u>	<u>\$ (2,537,552)</u>	<u>\$ 168,480</u>	<u>\$ 110,583,668</u>

Depreciation expenses were charged to function/programs of the District as follows:

Governmental activities	
Regular instruction	\$ 112,513
Pupil transportation	327,859
Operation and maintenance of plant services	3,486,199
Total depreciation expenses - governmental activities	<u>\$ 3,926,571</u>

Notes to the Financial Statements**Note 4. Capital Assets (Continued)**

A summary of changes in the District's business-type activity capital assets follows:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Business-type activities				
Capital assets, being depreciated				
Furniture and equipment	\$ 19,900	\$ -	\$ -	\$ 19,900
Total capital assets, being depreciated	19,900	-	-	19,900
Less accumulated depreciation				
Furniture and equipment	19,900	-	-	19,900
Total accumulated depreciation	19,900	-	-	19,900
Business-type activities capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

A summary of changes in BOCHES capital assets follows:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets, not being depreciated				
Land	\$ 165,168	\$ -	\$ -	\$ 165,168
Total capital assets, not being depreciated	165,168	-	-	165,168
Capital assets, being depreciated				
Buildings and improvements	165,429	-	-	165,429
Vehicles	129,276	-	-	129,276
Furniture and equipment	201,494	-	-	201,494
Total capital assets, being depreciated	496,199	-	-	496,199
Less accumulated depreciation				
Buildings and improvements	128,860	8,276	-	137,136
Vehicles	120,075	5,018	-	125,093
Furniture and equipment	185,845	3,346	-	189,191
Total accumulated depreciation	434,780	16,640	-	451,420
Total capital assets, being depreciated, net	61,419	(16,640)	-	44,779
Total capital assets, net	<u>\$ 226,587</u>	<u>\$ (16,640)</u>	<u>\$ -</u>	<u>\$ 209,947</u>

Note 5. Long-term Debt

The following is a summary of debt transactions of the District for the year ended June 30, 2022:

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
Series 2020 bonds	\$ 12,985,000	\$ -	\$ 295,000	\$ 12,690,000	\$ 2,045,000
Series 2012 bonds	1,650,000	-	1,650,000	-	-
Premium on Series 2012 bonds	97,887	-	97,887	-	-
Compensated absences	516,226	-	5,246	510,980	83,044
	<u>15,249,113</u>	<u>-</u>	<u>2,048,133</u>	<u>13,200,980</u>	<u>2,128,044</u>
Net pension liability	19,622,473	-	5,893,279	13,729,194	-
	<u>\$ 34,871,586</u>	<u>\$ -</u>	<u>\$ 7,941,412</u>	<u>\$ 26,930,174</u>	<u>\$ 2,128,044</u>
Business-type Activities					
Compensated absences	\$ 20,771	\$ -	\$ 5,841	\$ 14,930	\$ 2,427
Net pension liability	331,729	-	99,628	232,101	-
	<u>\$ 352,500</u>	<u>\$ -</u>	<u>\$ 105,469</u>	<u>\$ 247,031</u>	<u>\$ 2,427</u>

For the governmental activities, debt is generally liquidated by the general grant and major maintenance funds except for the debt related to Series 2012 and Series 2020 bonds which will be liquidated by the debt service fund.

Notes to the Financial Statements**Note 5. Long-term Debt (Continued)**

The summary of BOCHES debt transactions for the year ended June 30, 2022 was as follows:

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
Lease purchase obligations	\$ 13,950	\$ -	\$ 3,581	\$ 10,369	\$ 4,287
Compensated absences	27,274	1,118	-	28,392	2,467
	<u>41,224</u>	<u>1,118</u>	<u>3,581</u>	<u>38,761</u>	<u>6,754</u>
Net pension liability	980,715	-	354,451	626,264	-
	<u>\$ 1,021,939</u>	<u>\$ 1,118</u>	<u>\$ 358,032</u>	<u>\$ 665,025</u>	<u>\$ 6,754</u>

Advance Refunding

In October 2020, the District issued \$13,350,000 in general obligation building bonds with an interest rate of 1.49%. The proceeds were used to advance refund \$13,505,000 of the outstanding 2012 general obligation building bonds which had interest rates ranging from 3.375% to 4.0%. The proceeds of \$13,240,444 (net of \$109,556 paid in underwriting fees and issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payments on the refunded bonds. The District made its final payment of \$1,650,000 in December 2021 on the 2012 general obligation building bonds.

The refunding decreased the aggregate debt service payments by \$2,169,585 with an economic or present value gain of \$725,436. The reacquisition price exceeded the carrying amount of the old debt causing a deferred accounting loss of \$258,375. This amount is being reported as a deferred outflow of resources and amortized as an adjustment to interest expense over the life of the refunding debt.

Notes to the Financial Statements**Note 5. Long-term Debt (Continued)****Bonds**

The District issued general obligation bonds to provide funds for the acquisition and construction of facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. The bonds are secured by an ad valorem tax to be levied against all taxable property within the District. In the event of a default in the payment of principal or interest on the bonds, there is no provision for acceleration of maturity of the principal of the bonds. The debt service requirement on the Series 2020 bonds as of June 30, 2022 is as follows:

June 30,	Principal	Interest	Total Debt Service
2023	\$ 2,045,000	\$ 189,081	\$ 2,234,081
2024	2,070,000	158,611	2,228,611
2025	2,100,000	127,768	2,227,768
2026	2,130,000	96,478	2,226,478
2027	2,155,000	64,741	2,219,741
2028	2,190,000	32,631	2,222,631
	<u>\$ 12,690,000</u>	<u>\$ 669,310</u>	<u>\$ 13,359,310</u>

Note 6. Interfund Receivables, Payables and Transfers

The composition of the interfund balances as of June 30, 2022 is as follows:

	Interfund Receivable	Interfund Payable
Primary government		
General fund	\$ 601,237	\$ 3,900
Grants fund	-	98,620
Major maintenance fund	-	358,915
Capital construction fund	107,249	76,432
Nonmajor governmental funds	-	8,437
Business-type activities		
Food service fund	-	90,457
Aquatic center fund	-	71,725
	<u>\$ 708,486</u>	<u>\$ 708,486</u>

The outstanding balance between funds result mainly from the time lag between the dates (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Notes to the Financial Statements**Note 6. Interfund Receivables, Payables and Transfers (Continued)**

In March 2021, the District's general fund entered into two interfund loans with the capital construction fund in order to purchase two District buses. The interest rate on both loans is 2%. The general fund will make principal and interest payments to the capital construction fund in four even payments starting in March 2022. The principal amounts of the loans as of June 30, 2022 are \$93,188 and \$150,082. The loans are reported as advances from/to other funds.

In January 2022, the District's general fund entered into one interfund loan with the capital construction fund in order to purchase one District bus. The interest rate on the loan is 2%. The general fund will make principal and interest payments to the capital construction fund in four even payments starting in January 2023. The principal amount of the loan as of June 30, 2022 is \$126,520. The loan is reported as advances from/to other funds.

During the fiscal year ended June 30, 2022 the District had the following interfund transfers:

	<u>Transfers in</u>	<u>Transfers out</u>
<i>Governmental activities</i>		
General fund	\$ -	\$ 870,000
Capital construction fund	650,000	-
<i>Business-type activities</i>		
Food service fund	70,000	-
Aquatic center fund	150,000	-
	<u>\$ 870,000</u>	<u>\$ 870,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 7. Pension Plan***Pension Plan Fiduciary Net Position***

The Wyoming Retirement System issues a publicly available financial report which includes audited financial statements and required supplementary information for each plan. Detailed information about the pension plans' fiduciary net position is available in separately issued Wyoming Retirement System financial report. The report may be obtained from the Wyoming Retirement System website at <http://retirement.state.wy.us>.

Note 7. Pension Plan (Continued)

All eligible District employees are covered under the following retirement plan:

Public Employees' Pension Plan

The District participates in the Public Employees' Pension Plan ("PEPP"), a statewide cost-sharing multiple-employer defined benefit, contributory retirement plan administered by the State of Wyoming Retirement System Board. The Plan also covers employees of those political subdivisions and other statutorily allowed entities, which have elected to participate in the Plan. Substantially all District full-time employees are eligible to participate.

PEPP members are statutorily required to contribute 9.25% of their annual covered salary and the employer is statutorily required to contribute 9.37% of the annual covered payroll for a total of 18.62%. Legislation enacted in 1979 allows the employer to subsidize all or part of the employee contribution. The District has elected to contribute an additional 7.37% on behalf of eligible employees. Although paid by the District, for purposes of recording the net pension liability these additional contributions are considered to be employee contributions. The District currently pays 16.69% of covered payroll and the employees contribute the remaining portion, 1.93% of covered payroll. The District's contributions to the PEPP plan for the years ended June 30, 2022, 2021, and 2020, were \$2,866,578, \$2,758,217, and \$2,619,162, respectively, while the employees' portion was \$328,063, \$323,843, and \$319,339 respectively. The BOCHES has elected to contribute an additional 8% on behalf of eligible employees. Although paid by the BOCHES, for purposes of recording the net pension liability these additional contributions are considered to be employee contributions. The BOCHES currently pays 17.37% of covered payroll and the employees contribute the remaining portion, 1.25% of covered payroll. The BOCHES contributions to the PEPP for the years ended June 30, 2022, 2021 and 2020 were \$121,455, \$140,037, and \$143,491, respectively, while the employees' portion was \$8,740 for the year ended June 30, 2022.

For the years ended June 30, 2022, 2021, and 2020, the District's statutory required contributions to the PEPP pension plan were \$1,607,615, \$1,551,498, and \$1,479,257, respectively. For the years ended June 30, 2022, 2021, and 2020, BOCHES' statutory required contributions to the PEPP pension plan were \$65,517, \$73,942, and \$72,234.

The amount of contributions designated as employee contributions represents 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. Through legislation passed during the 2014 legislative session, two tiers of benefits were established for participants of this plan.

- For Tier 1 (first contribution before September 1, 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 but will result in a reduction of benefits based on the length of time remaining to age 60.
- For Tier 2 (first contribution on or after September 1, 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 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 on the basis that the sum of the member's age and service is at least 85.

Note 7. Pension Plan (Continued)

Public Employees' Pension Plan (Continued)

Benefits are established by Title 9, Chapter 3 of the Wyoming Statutes. The PEPP 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% joint and survivor annuity, and a 50% joint and survivor annuity. The benefit amounts under these options are determined on an actuarially equivalent basis. The State Legislature must grant any cost of living adjustment provided to retirees. 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

Employees terminating prior to normal retirement can elect to withdraw all employee contributions and 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).

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

At June 30, 2022, the District and BOCHES reported a total liability of \$13,961,295 and \$626,264, respectively, for their proportionate share of the net pension liability. The net pension liability was determined by an actuarial valuation as of December 31, 2021, applied to all prior periods included in the measurement. Actuarial valuation involves estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. An experience study was conducted covering the five year period ending December 31, 2020. The net pension liability as of December 31, 2021 is based on the results of an actuarial valuation as of January 1, 2021, rolled forward to a measurement date of December 31, 2021.

The schedule below shows the District and BOCHES' proportionate share of the net pension liability at June 30, 2022, the proportionate portion at the measurement date of December 31, 2021, and the change in the proportion from the previous measurement date.

	Pension liability June 30, 2022	Proportion at December 31, 2021	Increase (decrease) from December 31, 2020
District			
Public Employees' Pension Plan	\$ 13,961,295	0.915661962%	-0.0024650%
BOCHES			
Public Employees' Pension Plan	\$ 626,264	0.041073999%	-0.0040504%

For the year ended June 30, 2022, the District and BOCHES recaptured prior pension expense of \$237,037 and \$84,734, respectively.

Note 7. Pension Plan (Continued)

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

At June 30, 2022, the District and BOCHES reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	District	Component Unit	District	Component Unit
		BOCHES		BOCHES
Net difference between projected and actual earnings on pension plan investments	\$ 1,336,485	\$ 69,641	\$ 10,644,585	\$ 496,858
Changes in assumptions	1,129,753	50,678	-	-
Difference between actual and expected experience rate	262,507	12,841	21,076	1,057
Change in employer's proportion	305,332	4,156	45,842	83,531
Amortizing deferred outflows and deferred inflows	3,034,077	137,316	10,711,503	581,446
Contributions subsequent to the measurement date	983,872	32,799	-	-
Total	\$ 4,017,949	\$ 170,115	\$ 10,711,503	\$ 581,446

The District and BOCHES reported \$983,872 and \$32,799, respectively, as of June 30, 2022 as deferred outflows of resources related to contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and inflows related to pension will be recognized in pension expense as follows:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	District	Component Unit	District	Component Unit
		BOCHES		BOCHES
Year ended June 30,				
2023	\$ 2,165,819	\$ 99,080	\$ 3,535,380	\$ 205,238
2024	652,189	28,544	3,514,304	195,975
2025	216,069	9,692	2,084,008	109,456
2026	-	-	1,577,811	70,777
	\$ 3,034,077	\$ 137,316	\$ 10,711,503	\$ 581,446

Note 7. Pension Plan (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2021 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions and Methods	
Valuation date	January 1, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	26 years
Asset valuation method	5 Year smoothed market
Inflation	2.25%
Salary increases	2.5% to 6.5%, including inflation
Payroll growth rate	2.50%
Cost of living increase	0.00%
Investment net rate of return	6.80%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Based on an experience study that covered a five year period ending December 31, 2020.
Post-Retirement Mortality	PUB-2010 General Healthy Annuitant Mortality Table, amount weighted, fully generational, projected with Scale MP-2020 Ultimate Scale Males: No set back with a multiplier of 100% Females: No set back with a multiplier of 103%
Pre-Retirement Mortality	PUB-2010 General Healthy Annuitant Mortality Table, amount weighted, fully generational, projected with Scale MP-2020 Ultimate Scale Males: No set back with a multiplier of 100% Females: No set back with a multiplier of 100%

The plan's trustees adopted the assumed rate of investment return after considering input from the plan's investment consultant(s) and actuary(s). Additional information about the assumed rate of investment return is included in the WRS actuarial valuation report as of January 1, 2021. In addition, a five-year experience study was completed as of December 31, 2020 and this study provides a detailed analysis regarding recommendations on the long-term rates for inflation and the real rate of return. The assumed rate of investment return of 6.80% (real return net of inflation of 4.55%) falls within a reasonable range of the long-term expected rate of return.

Note 7. Pension Plan (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building block method in which expected future real rates of return (expected arithmetic returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Each major asset class is included in the pension plans target asset allocation for the fiscal year 2021. These best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Long-Term Expected Arithmetic Real Rate of Return
Cash	2.00%	-0.50%	-0.50%
Fixed income	21.00%	1.32%	1.63%
Equity	48.50%	5.63%	7.54%
Marketable alternatives	19.00%	3.74%	4.63%
Private markets	9.50%	4.84%	5.99%
Total	100.00%	4.17%	5.44%

Discount Rate

The discount rate used to measure the Public Employees Plan total pension liability was 6.80%. Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects 1) a long-term expected rate of return on pension plan investments (to the extent that the plan’s fiduciary net position is projected to be sufficient to pay benefits using a 100 year analysis) and 2) tax-exempt municipal bond rate based on an index of 20 year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For purpose of this valuation, the expected rate of return on pension plan investments is 6.80%, the municipal bond rate is 1.84% (based on the daily rate closest to but not later than the measurement date of the Fidelity “20-Year Municipal GO AA Index”); and the resulting single discount rates listed above.

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

The following table presents the proportionate share of the net unfunded pension liability calculated using the discount rate applicable, 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.

Note 7. Pension Plan (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (Continued)

Pension Plan	1% Decrease (5.80%)	Current Single Discount Rate Assumption (6.80%)	1% Increase (7.80%)
District			
Public Employees' Pension Plan	\$ 25,758,417	\$ 13,961,295	\$ 4,182,150
BOCHES			
Public Employees' Pension Plan	\$ 1,155,450	\$ 626,264	\$ 187,599

Payables to the pension plan

At June 30, 2022 BOCHES reported \$10,254 as payable to the pension plan and the District had no amount payable to the pension plan.

Note 8. 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. During the year ended June 30, 2022 the District contracted with various insurance companies for property insurance (including boiler and machinery), general liability insurance, professional insurance and vehicle insurance. The coverage's under each type of insurance policy vary in amounts and deductibles. The District has not had significant settlements exceeding insurance coverage in any of the past three fiscal years.

The District pays into the State Worker's Compensation System a premium based on a rate per covered payroll. This rate is calculated based on accident history and administrative cost. For the year ended June 30, 2022, the District paid \$97,195 into the State Worker's Compensation System.

The District participates in the Associated School Boards Workers' Compensation Fund ("Fund"). The Fund provides coverage for the protection of the District, the board of trustees and employees. The Fund provides compensation for work-related injuries arising out of accidental bodily injury or death to persons acting within the scope of their employment. This fund covers the employees that are not covered by the State Worker's Compensation System. For the year ended June 30, 2022, the District paid \$65,407 into the Fund.

The District participates in the Wyoming Educator Benefit Trust (WEBT). WEBT sets premium rates each year based on projected medical costs. The District paid \$3,556,679 in premiums to Blue Cross Blue Shield, WEBT's third party administrator. Were the District to withdraw from coverage through WEBT, the District would not be responsible for any specific liabilities nor is it entitled to any of the reserves. As a participating employer, if the trust is dissolved the District may be entitled to a residual portion of the plan reserves.

Notes to the Financial Statements

Note 9. Transactions with Discretely Presented Component Unit

During the fiscal year ended June 30, 2022, the District received \$443,296 from the Recreation Board to operate the swimming pool.

Note 10. Commitments and Contingencies

As of June 30, 2022, the District had the following outstanding contract commitments:

	Contract Amount	Completed Amount	Outstanding Amount
LSRV Parking Lot	\$ 689,280	\$ 255,357	\$ 433,923

Note 11. Issued Standards Not Yet Implemented

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides accounting and financial reporting guidance for subscription-based information technology arrangements. The requirements of the Statement are effective for reporting periods after June 15, 2021. Management has not completed its assessment of the effects of implementing this standard.



**REQUIRED
SUPPLEMENTARY
INFORMATION**

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Carbon County School District #1

Year Ended June 30, 2022

Schedule of Revenues, Expenditures and Changes in Fund Balance**Budget and Actual (Budgetary Basis)****General Fund (Unaudited)**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local sources	\$ 12,886,820	\$ 12,886,820	\$ 15,722,385	\$ 2,835,565
County sources	3,766,871	3,766,871	4,443,803	676,932
State sources	12,782,159	12,782,159	13,161,798	379,639
Other sources	-	-	292,959	292,959
Total revenues	<u>29,435,850</u>	<u>29,435,850</u>	<u>33,620,945</u>	<u>4,185,095</u>
Expenses				
Instruction	16,213,188	15,713,188	14,893,209	819,979
Instructional support	2,262,563	2,262,563	2,257,854	4,709
Support services - general support	10,763,081	11,263,081	10,941,313	321,768
Total expenditures	<u>29,238,832</u>	<u>29,238,832</u>	<u>28,092,376</u>	<u>1,146,456</u>
Excess of revenues over expenditures	<u>197,018</u>	<u>197,018</u>	<u>5,528,569</u>	<u>5,331,551</u>
Other financing sources (uses)				
Proceeds from the sale of capital assets	22,000	22,000	82,930	60,930
Transfers out	<u>(1,050,000)</u>	<u>(1,050,000)</u>	<u>(870,000)</u>	<u>180,000</u>
Total other financing sources (uses)	<u>(1,028,000)</u>	<u>(1,028,000)</u>	<u>(787,070)</u>	<u>240,930</u>
Net change in fund balance	(830,982)	(830,982)	4,741,499	<u>\$ 5,572,481</u>
Fund balance - beginning of year	<u>4,627,296</u>	<u>4,627,296</u>	<u>4,627,296</u>	
Fund balance - end of year	<u>\$ 3,796,314</u>	<u>\$ 3,796,314</u>	<u>\$ 9,368,795</u>	

Carbon County School District #1

Year Ended June 30, 2022

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

Grants Fund (Unaudited)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Federal sources	\$ 3,000,000	\$ 3,000,000	\$ 6,312,726	\$ 3,312,726
State sources	70,000	70,000	77,045	7,045
Local sources	850,000	850,000	151,155	(698,845)
Investment	-	-	64	64
Total revenues	<u>3,920,000</u>	<u>3,920,000</u>	<u>6,540,990</u>	<u>2,620,990</u>
Expenditures				
Instruction	3,000,000	3,773,720	3,796,326	(22,606)
Instructional support	800,000	800,000	832,036	(32,036)
Support services	400,000	1,400,000	1,231,589	168,411
Total expenditures	<u>4,200,000</u>	<u>5,973,720</u>	<u>5,859,951</u>	<u>113,769</u>
Excess (deficiency) of revenues over expenditures	<u>(280,000)</u>	<u>(2,053,720)</u>	<u>681,039</u>	<u>2,734,759</u>
Other financing uses				
Transfers out	(900,000)	(900,000)	-	900,000
Other uses	-	(1,000,000)	-	1,000,000
Total other financing uses	<u>(900,000)</u>	<u>(1,900,000)</u>	<u>-</u>	<u>1,900,000</u>
Net change in fund balance	(1,180,000)	(3,953,720)	681,039	<u>\$ 4,634,759</u>
Fund deficit - beginning of year	<u>(626,409)</u>	<u>(626,409)</u>	<u>(626,409)</u>	
Fund balance (deficit) - end of year	<u>\$ (1,806,409)</u>	<u>\$ (4,580,129)</u>	<u>\$ 54,630</u>	

Carbon County School District #1

Year Ended June 30, 2022

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

Major Maintenance Fund (Unaudited)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 1,500,000	\$ 1,500,000	\$ 1,569,647	\$ 69,647
Interest	8,000	8,000	16,120	8,120
Total revenues	<u>1,508,000</u>	<u>1,508,000</u>	<u>1,585,767</u>	<u>77,767</u>
Expenditures				
Capital outlay	2,000,000	2,000,000	788,441	1,211,559
Total expenditures	<u>2,000,000</u>	<u>2,000,000</u>	<u>788,441</u>	<u>1,211,559</u>
Excess (deficiency) of revenues over expenditures	<u>(492,000)</u>	<u>(492,000)</u>	<u>797,326</u>	<u>\$ 1,289,326</u>
Fund balance - beginning of year	<u>998,106</u>	<u>998,106</u>	<u>998,106</u>	
Fund balance - end of year	<u>\$ 506,106</u>	<u>\$ 506,106</u>	<u>\$ 1,795,432</u>	

Carbon County School District #1
 Last 10 fiscal years**

**Schedule of Changes in Net Pension Liability and Related Ratios
 (Unaudited)**

	2022	2021	2020	2019
Public Employees' Pension Plan - District				
Proportion of the net pension liability	0.915661962%	0.918127000%	0.906558800%	0.881330800%
Proportionate share of the net pension liability	\$ 13,961,295	\$ 19,954,202	\$ 21,303,465	\$ 26,839,087
Covered payroll	\$ 16,664,388	\$ 16,346,951	\$ 15,757,921	\$ 15,347,095
Proportionate share of the net pension liability as a percentage of its covered payroll	83.78%	122.07%	135.19%	174.88%
Plan fiduciary net position as a percentage of the total pension liability	86.03%	79.24%	76.83%	69.17%
Public Employees' Pension Plan - BOCHES				
Proportion of the net pension liability	0.041073999%	0.045124400%	0.044803800%	0.045923800%
Proportionate share of the net pension liability	\$ 626,264	\$ 980,715	\$ 1,052,856	\$ 1,398,513
Covered payroll	\$ 747,517	\$ 803,425	\$ 778,785	\$ 799,696
Proportionate share of the net pension liability as a percentage of its covered payroll	83.78%	122.07%	135.19%	174.88%
Plan fiduciary net position as a percentage of the total pension liability	86.03%	79.24%	76.83%	69.17%

*Information for years prior to 2015 is not available; the schedule will be completed as information becomes available.

**The amounts presented for each fiscal year were determined as of 12/31.

2018	2017	2016	2015	2014	2013
0.873909800%	0.878644000%	0.879573764%	0.920754768%	*	*
\$ 19,919,380	\$ 21,241,221	\$ 20,488,333	\$ 16,248,488	*	*
\$ 15,523,938	\$ 15,665,390	\$ 15,340,416	\$ 15,739,497	*	*
128.31%	135.59%	133.56%	103.23%	*	*
76.35%	73.42%	73.40%	79.08%	*	*
0.050785600%	0.058371000%	0.052624645%	0.055306551%	*	*
\$ 1,157,578	\$ 1,411,120	\$ 1,225,812	\$ 975,991	*	*
\$ 902,144	\$ 1,040,700	\$ 917,813	\$ 945,417	*	*
128.31%	135.59%	133.56%	103.23%	*	*
76.35%	73.42%	73.40%	79.08%	*	*

Carbon County School District #1
 Last 10 fiscal years
Schedule of Pension Contributions
(Unaudited)

	2022	2021	2020	2019
Public Employees' Pension Plan - District				
Statutorily required contribution	\$ 1,607,615	\$ 1,551,498	\$ 1,479,257	\$ 1,280,637
Contributions in relations to the statutorily required contributions	<u>(1,607,615)</u>	<u>(1,551,498)</u>	<u>(1,479,257)</u>	<u>(1,280,637)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 17,157,044	\$ 17,012,039	\$ 16,677,080	\$ 14,856,578
Contributions as a percentage of covered payroll	9.37%	9.12%	8.87%	8.62%
Public Employees' Pension Plan - BOCHES				
Statutorily required contribution	\$ 65,517	\$ 73,942	\$ 72,234	\$ 67,753
Contributions in relations to the statutorily required contributions	<u>(65,517)</u>	<u>(73,942)</u>	<u>(72,234)</u>	<u>(67,753)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 699,221	\$ 810,768	\$ 814,363	\$ 785,998
Contributions as a percentage of covered payroll	9.37%	9.12%	8.87%	8.62%

*Information for years prior to 2015 is not available; the schedule will be completed as information becomes available.

2018	2017	2016	2015	2014	2013
\$ 1,257,678	\$ 1,300,539	\$ 1,325,450	\$ 1,207,802	*	*
(1,257,678)	(1,300,539)	(1,325,450)	(1,207,802)	*	*
\$ -	\$ -	\$ -	\$ -	*	*
\$ 15,026,022	\$ 15,538,100	\$ 15,835,723	\$ 15,850,420	*	*
8.37%	8.37%	8.37%	7.62%	*	*
\$ 67,161	\$ 80,854	\$ 85,958	\$ 78,025	*	*
(67,161)	(80,854)	(85,958)	(78,025)	*	*
\$ -	\$ -	\$ -	\$ -	*	*
\$ 802,401	\$ 965,998	\$ 1,026,977	\$ 1,023,950	*	*
8.37%	8.37%	8.37%	7.62%	*	*

Notes to Required Supplementary Information**Note 1. Explanation of Differences Between Budgetary Basis and GAAP Basis**

	General Fund	Grants Fund	Major Maintenance Fund
Revenues			
Actual amounts from the Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Budgetary Basis)	\$ 33,620,945	\$ 6,540,990	\$ 1,585,767
Differences - Budgetary Basis to GAAP			
Property taxes receivable	(4,089,764)	-	-
Intergovernmental revenue	(120,466)	(632,124)	-
Charges for services	(65,290)	-	-
Miscellaneous revenue	237	-	-
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 29,345,662</u>	<u>\$ 5,908,866</u>	<u>\$ 1,585,767</u>
Expenditures			
Actual amounts from the Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Budgetary Basis)	\$ 28,092,376	\$ 5,859,951	\$ 788,441
Differences - Budgetary Basis to GAAP			
Prepaid items	6,008	(4,498)	-
Accounts payable	134,184	90,558	412,240
Accrued salaries payable	34,293	(20,254)	-
Interfund payable to depreciation reserve	46,567	-	-
Due to other government	(5,326)	(661)	-
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 28,308,102</u>	<u>\$ 5,925,096</u>	<u>\$ 1,200,681</u>

Notes to Required Supplementary Information**Note 2. Budgeting*****Budgets***

Annual budgets are adopted on the cash basis for all governmental funds.

Legal spending control for the District monies is at the function level. The District may amend the budget after it is appropriated using the same procedures necessary to approve the original budget at the functional level. Management monitors expenditures at budgetary line item levels within each fund to enhance the accounting control system and may amend the budget at this level as long as the functional level budget is maintained.

Budget Amendments

During the 2022 fiscal year end, it was necessary to amend the originally adopted budget. The expenditure budgets for the following general fund and grants fund were amended through budget transfers between departments or funds and from unanticipated revenues.

	<u>Amendments</u>
General fund	
Instruction	\$ (500,000)
Support services - general support	<u>500,000</u>
Total general fund	<u>\$ -</u>
Grants fund	
Instruction	\$ 773,720
Support services	1,000,000
Other uses	<u>(1,000,000)</u>
Total grants fund	<u>\$ 773,720</u>

Excess of Expenditures over Appropriations

For the year ended June 30, 2022, the grants fund expenditures exceeded appropriations in the instruction and instructional support functions by \$22,606 and \$32,036, respectively.

Note 3. Explanation of Changes to the Pension Plan

Changes of assumptions – An experience study was conducted on behalf of all WRS plans covering the five year period ending December 31, 2020. That study provided a detailed analysis concerning the development of the long term inflation rate, real rate of return and discount rate. The study also analyzed each major actuarial assumption (e.g. mortality, salary increases, retirement, termination and disability) and proposed assumptions consistent with the findings. For further information on the experience study and related assumption recommendation, the reader is directed to request the December 31, 2020 Wyoming Retirement System Experience Study.

Change in benefits – There have been no changes in benefit provisions since the prior valuation.

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**OTHER
SUPPLEMENTARY
INFORMATION**

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Carbon County School District #1

Year Ended June 30, 2022

Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

Capital Construction Fund - Depreciation Reserve - Activity (Unaudited)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$ 5,000	\$ 5,000	\$ 9,544	\$ 4,544
Other sources	-	-	264	264
Total revenues	5,000	5,000	9,808	4,808
Expenditures				
Instruction	100,000	100,000	-	100,000
Instructional support	100,000	100,000	-	100,000
Support services - general support	200,000	200,000	52,764	147,236
Capital outlay	1,500,000	1,500,000	184,379	1,315,621
Total expenditures	1,900,000	1,500,000	237,143	1,315,621
Deficiency of revenues over expenditures	(1,895,000)	(1,495,000)	(227,335)	1,320,429
Other financing sources				
Transfers in	200,000	200,000	650,000	450,000
Total other financing sources	200,000	200,000	650,000	450,000
Net change in fund balance	(1,695,000)	(1,295,000)	422,665	\$ 1,717,665
Fund balance - beginning of year	2,204,440	2,204,440	2,204,440	
Fund balance (deficit) - end of year	\$ 509,440	\$ 909,440	\$ 2,627,105	

Note to the budgetary presentation

The Depreciation Reserve activity is included in the Capital Construction fund on the Balance Sheet and Statement of Revenues and Expenditures - Governmental Funds.

Carbon County School District #1
 Year Ended June 30, 2022

**Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budgetary Basis)**

Capital Construction Fund - Repair & Maintenance Bond Reserve - Activity (Unaudited)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other sources - investment income	\$ 5,000	\$ 5,000	\$ 1,163	\$ (3,837)
Total revenues	5,000	5,000	1,163	(3,837)
Expenditures				
Support services	200,000	200,000	15,900	184,100
Operations and maintenance	50,000	50,000	-	50,000
Total expenditures	250,000	250,000	15,900	184,100
Deficiency of revenues over expenditures	(245,000)	(245,000)	(14,737)	(230,263)
Net change in fund balance	(245,000)	(245,000)	(14,737)	\$ 230,263
Fund balance - beginning of year	784,233	784,233	784,233	
Fund balance - end of year	\$ 539,233	\$ 539,233	\$ 769,496	

Note to the budgetary presentation

The Repairs and Maintenance Reserve activity is included in the Capital Construction fund on the Balance Sheet and Statement of Revenues and Expenditures - Governmental Funds.



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Carbon County School District #1

Year Ended June 30, 2022

Schedule of Expenditures of Federal Awards

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<i>U.S. Department of Agriculture</i>			
Passed through Wyoming Department of Education			
<i>Child Nutrition Cluster</i>			
School Breakfast Program	10.553	223WY312N1199	\$ 163,245
National School Lunch Program	10.555	223WY312N1199	654,091
Supply Chain Assistance (SCA) Funds	10.555	223WY312N1199	29,550
National School Lunch Program - USDA Commodities	10.555	223WY312N1199	45,380
Summer Food Service Program for Children	10.559	223WY312N1199	31,528
Fresh Fruit and Vegetable Program	10.582	223WY379L1603	49,058
Total Child Nutrition Cluster			972,852
Total U.S. Department of Agriculture			972,852
<i>U.S. Department of Education</i>			
Passed Through Wyoming Department of Education			
Title I Grants to Local Educational Agencies	84.010A	1404014T1A00	214,584
Title I Grants to Local Educational Agencies	84.010A	1504015T1A00	565,369
Title I Grants to Local Educational Agencies	84.010A	2004011003SUBR1900	12,445
Title I Grants to Local Educational Agencies	84.010A	2104011003SUBR1900	58,438
Title I Grants to Local Educational Agencies	84.010A	1003SUBR22	14,523
Title I Grants to Local Educational Agencies	84.010A	210401T1NDSP22000	9,181
Total Title I Grants to Local Educational Agencies			874,540
<i>Special Education Cluster (IDEA)</i>			
Special Education - Grants to States	84.027A	1404014T6100	482,680
Special Education - Grants to States	84.027A	1504015T6100	387,925
Special Education - Grants to States	84.027A	200401T6A0	1,257
			871,862
Special Education - Preschool Grants	84.173A	1404014T6900	9,398
			9,398
Total Special Education Cluster (IDEA)			881,260
Career and Technical Education - Basic Grants to States	84.048A	1404014VEA00	165
Career and Technical Education - Basic Grants to States	84.048A	1504015VEA00	53,687
Career and Technical Education - Basic Grants to States	84.048A	V048A210050	5,612
Career and Technical Education - Basic Grants to States	84.048A	V048A210050	2,646
Career and Technical Education - Basic Grants to States	84.048A	PERK22	8,484
Total Career and Technical Education - Basic Grants to States Grants to States			70,594
Education for Homeless Children and Youth	84.196A	210401HOMESUBR20A9	26,240
Total Education for Homeless Children and Youth			26,240

(Continued)

Carbon County School District #1

Year Ended June 30, 2022

Schedule of Expenditures of Federal Awards (Continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
<i>U.S. Department of Education (Continued)</i>			
Passed Through Wyoming Department of Education (Continued)			
English Language Acquisition State Grants	84.365A	190401T3ELA1800	2,098
English Language Acquisition State Grants	84.365A	200401T3SUBR1900	7,367
English Language Acquisition State Grants	84.365A	1404014T3E00	17,130
English Language Acquisition State Grants	84.365A	1504015T3E00	260
Total English Language Acquisition State Grants			26,855
Supporting Effective Instruction State Grants	84.367A	1404014T2A00	205,256
Supporting Effective Instruction State Grants	84.367A	1504015T2A00	67,167
Total Supporting Effective Instruction State Grants			272,423
Comprehensive Literacy Development	84.371C	CLSD22	60,801
Total Comprehensive Literacy Development			60,801
Student Support and Academic Enrichment Program	84.424A	200401T4SUBR1900	292
Student Support and Academic Enrichment Program	84.424A	210401T4SUBR2000	19,914
Student Support and Academic Enrichment Program	84.424A	220401T4SUBR2100	128,766
Total Student Support and Academic Enrichment			148,972
Education Stabilization Fund			
COVID 19 - Governor's Emergency Education Relief (GEER) Fund	84.425C	200401GEERSUBR2000	12,180
COVID 19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	200401ESSERSUPB2000	29,507
COVID 19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	210401ESSERSUB2100	2,882,447
COVID 19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	200401A2	74,640
Total Education Stabilization Fund			2,998,774
Total U.S. Department of Education			5,360,459
<i>U.S. Department of Health and Human Services</i>			
Passed Through Wyoming Department of Education			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	SAMHSA21	308,915
Total U.S. Department of Health and Human Services			308,915
Total Expenditures of Federal Awards			\$ 6,642,226

Notes to Schedule Of Expenditures Of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards, ("the Schedule") includes the federal award activity of Carbon County School District #1 under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Carbon County School District #1, it is not intended to and does not present the financial position, change in net assets, or cash flows of Carbon County School District #1.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. No federal financial assistance has been provided to subrecipients. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditure are not allowable or are limited as to reimbursement. Food commodities and supplies are reported when distributed. Negative amounts shown on the Schedule represent adjustment or credit made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. Food Donation

Nonmonetary assistance is reported in this Schedule at the fair market value of the commodities received and disbursed. At June 30, 2022, the Schedule reports food commodities totaling \$45,380.

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

INDEPENDENT AUDITOR'S REPORT

To the Honorable Superintendent and Members
of the Board of Trustees
Carbon County School District # 1
Rawlins, Wyoming

We have audited, 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 (*Government Auditing Standards*), 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 Carbon County School District #1, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Carbon County School District #1's basic financial statements, and have issued our report thereon dated December 15, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Carbon County School District #1's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Carbon County School District #1's internal control. Accordingly, we do not express an opinion on the effectiveness of Carbon County School District #1'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 have not



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been identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carbon County School District #1's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Carbon County School District #1's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Carbon County School District #1's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Carbon County School District #1's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming
December 15, 2022

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

INDEPENDENT AUDITOR'S REPORT

To the Honorable Superintendent and Members
of the Board of Trustees
Carbon County School District #1
Rawlins, Wyoming

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Carbon County School District #1's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Carbon County School District #1's major federal programs for the year ended June 30, 2022. Carbon County School District #1'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, Carbon County School District #1 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Carbon County School District #1 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 Carbon County School District #1's compliance with the compliance requirements referred to above.



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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 Carbon County School District #1'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 Carbon County School District #1's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Carbon County School District #1's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Carbon County School District #1'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 Carbon County School District #1'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 Carbon County School District #1'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.



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming
December 15, 2022

Carbon County School District #1
 Year Ended June 30, 2022
Schedule of Findings and Questioned Costs

Section I – Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

Material weaknesses identified? Yes

Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

Material weaknesses identified? No

Significant deficiencies identified? None reported

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

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

Identification of major federal programs:

<u>Federal Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
84.027A/84.173A	Special Education Cluster (IDEA)
84.425C	COVID 19 - Governor's Emergency Education Relief (GEER) Fund
84.425D	COVID 19 - Elementary and Secondary School Emergency Relief (ESSER) Fund
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? No

Schedule of Findings and Questioned Costs (Continued)

Section II – Financial Statement Findings

**Material Weakness in Internal Control over Financial Reporting
2022-001: Financial Statement Preparation**

Criteria

The Auditing Standards Board (ASB) Issued guidance to auditors related to an entity's internal controls over external financial reporting (i.e. financial statements presented in conformity with generally accepted accounting principles (GAAP) and issued to outside third parties). Many small organizations rely on their auditor to generate these annual financial statements, including the related footnotes. Auditing standards emphasize that the auditor cannot be part of the entity's system of internal control over external financial reporting. Consequently, the entity must have personnel who are capable of preparing external financial statements in conformity with GAAP even though the auditor may draft the statements on behalf of the entity.

Condition

The District is lacking the capability to prepare GAAP basis financial statements.

Cause

In our judgement, the District's accounting personnel are limited in their knowledge and experience to prepare accurate GAAP basis financial statements and related footnotes. The District regularly prepares budgetary basis financial reports, however, the District's budgetary basis differs significantly from GAAP.

Effect or Potential Effect

Since the people charged with preparing support for and reviewing the District's financial statements are not well-versed in GAAP requirements, their support and review may have limited benefit. The financial statements could include undetected errors and irregularities or omit information which is important to readers of the financial statements.

Recommendation

In our judgment, management and those charged with governance need to understand the importance of this communication as it relates to external GAAP basis financial statements. While accounting personnel, management, and those charged with governance have the skills to prepare non-GAAP financial reports, we recommend accounting personnel to attend training to improve their skill in preparing GAAP basis financial reports, specifically courses geared toward reporting requirements for governmental organizations.

Views of Responsible Officials and Planned Corrective Actions

See Corrective Action Plan.

Carbon County School District #1

Year Ended June 30, 2022

Schedule of Findings and Questioned Costs (Continued)

Section III – Federal Award Findings and Questioned Costs

None reported.

Carbon County School District One

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Summary Schedule of Prior Audit Findings

None

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Carbon County School District One

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Corrective Action Plan

Section II – Financial Statement Findings

Finding – 2022-001 – Financial Statement Preparation

Name of Contact Person – Margaret Quintrall, Business Manager

Corrective Action

While Carbon County School District #1 understands the issued guidelines under governmental auditing standards, the District does not see a significant value from the technical compliance with this statement or a cost benefit to the District. The District's accounting personnel have the skills and understand the District's finances to find and correct material misstatements on the budgetary basis. The lack of familiarity with all required disclosures for formal financial reporting in accordance with GAAP reflects more on the esoteric nature of many required disclosures than the management/oversight capabilities of the District's personnel. The District Business Manager and Assistant Business Manager will consider attending specific trainings and courses related to governmental accounting.

Proposed Completion Date: June 30, 2023