

**BIG HORN COUNTY SCHOOL DISTRICT NUMBER TWO  
LOVELL, WYOMING  
FINANCIAL STATEMENTS  
JUNE 30, 2023**



Seckman & Thomas, Certified Public Accountants, PC  
544 Gateway Drive  
Powell, Wyoming 82435

**BIG HORN COUNTY SCHOOL DISTRICT NUMBER TWO**  
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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees and Management of Big Horn County School District Number Two  
Lovell, 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, each major fund of Big Horn County School District Number Two, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Big Horn County School District Number Two's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund of Big Horn County School District Number Two, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Big Horn County School District Number Two'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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Big Horn County School District Number Two'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 Big Horn County School District Number Two's ability to continue as a going concern for a reasonable period of time.

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

#### ***Required Supplementary Information***

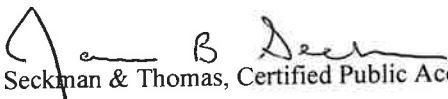
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule and the schedule of changes in net pension liability and the schedule of contributions on pages 3-8, 34 and 35 be presented to supplement the basic 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 Big Horn County School District Number Two's basic financial statements. The schedule of expenditures all general and special revenue funds and the 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 schedule of expenditures all general and special revenue funds and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2023, on our consideration of Big Horn County School District Number Two'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 the Big Horn County School District Number Two'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 Big Horn County School District Number Two's internal control over financial reporting and compliance.



Seckman & Thomas, Certified Public Accountants, P.C.

November 13, 2023

**Big Horn County School District Two**  
Management's Discussion and Analysis  
June 30, 2023

As management of the Big Horn County School District Two, 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, 2023. We encourage readers to consider the information presented here in conjunction with the District's financial statements, notes to the financial statements and various supplementary information, which follow this section.

**Financial Highlights**

- The District's total combined Net Position was \$21,398,592 at June 30, 2023 which compares to \$21,501,370 at the beginning of the fiscal year, an decrease of \$102,778 primarily due to the capitalization and depreciation of capital assets, changes of GASB 68 net pension liability.
- During the year, the District's expenses for governmental activities were \$14,207,778. The District's revenue generated in taxes and intergovernmental revenues for governmental activities was \$14,028,204. For the District's general fund, special revenue fund, the capital construction fund, the depreciation reserve fund and business-type activities total expenses were \$14,859,088. The District's revenue generated in taxes, grants and intergovernmental revenue for the above funds total \$14,532,854.
- During the year the District incurred \$0 in additional long-term debt. The District's total long term debt at June 30, 2023 was \$0. The District had no bonded indebtedness.

**Overview of the Financial Statements**

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

**Government-wide financial statements.**

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

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

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.

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 only one business-type activity, the enterprise fund, food service fund.

**Big Horn County School District Two**  
Management's Discussion and Analysis  
June 30, 2023

**Fund financial statements.**

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

All of the funds of the District can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

- **Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. Such information may be useful in evaluating a government's near-term financing requirements. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities reported in the Statement of Net Position and the Statement of Activities and the governmental funds are reconciled in the financial statements. The general fund, special revenue fund and capital construction fund are considered major funds and are reported as separate columns in the fund financial statements. All other governmental funds of the District are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.
- **Proprietary funds.** Proprietary funds are used to account for services for which the District charges participants a fee. These funds, like the government-wide statements, provide both long- and short-term financial information. The Enterprise Fund -Food Service is the only fund in this category for the District.
- **Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District is the trustee, or fiduciary, for these funds and is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary Net Position and a statement of changes in fiduciary Net Position.

**Notes to the financial statements.**

The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 18 to 33.

**Big Horn County School District Two**  
**Management's Discussion and Analysis**  
**June 30, 2023**

**Other information.**

Due to the District's implementation of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements -and Management's Discussion and Analysis -for State and Local Governments

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

**Financial Analysis of the District as a Whole**

The Statement of Net Position provides the perspective of the District as a whole. The following provides a summary of the District's Net Position at June 30, 2023 and June 30, 2022:

	<b>Condensed Statement of Net Assets</b>					
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total School District</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total School District</b>
Current and other assets	\$ 6,534,862	\$ 124,942	\$ 6,659,804	\$ 7,337,038	\$ 170,614	\$ 7,507,652
Deferred outflows	1,604,733	-	\$ 1,604,733	1,106,552	-	1,106,552
Capital assets	<u>24,653,334</u>	<u>-</u>	<u>24,653,334</u>	<u>24,449,044</u>	<u>-</u>	<u>24,449,044</u>
Total assets & deferred outflows	<u>\$ 32,792,929</u>	<u>\$ 124,942</u>	<u>\$ 32,917,871</u>	<u>\$ 32,892,634</u>	<u>\$ 170,614</u>	<u>\$ 33,063,248</u>
Current liabilities	814,308	5,419	819,727	778,599	69,105	847,704
Deferred Inflows	2,267,868	-	2,267,868	5,485,896	-	5,485,896
Net Pension Liability	<u>8,378,571</u>	<u>-</u>	<u>8,378,571</u>	<u>5,228,278</u>	<u>-</u>	<u>5,228,278</u>
Total liabilities& deferred inflows	<u>\$ 11,460,747</u>	<u>\$ 5,419</u>	<u>\$ 11,466,166</u>	<u>\$ 11,492,773</u>	<u>\$ 69,105</u>	<u>\$ 11,561,878</u>
Net Assets:						
Invested in capital asses, net of related debt	\$ 24,653,334	\$ -	\$ 24,653,334	\$ 24,449,044	\$ -	\$ 24,449,044
Restricted	1,858,567	-	1,858,567	2,805,831	-	2,805,831
Unrestricted	<u>(5,232,832)</u>	<u>119,523</u>	<u>(5,113,309)</u>	<u>(5,855,014)</u>	<u>101,509</u>	<u>(5,753,505)</u>
Total net assets	<u>\$ 21,279,069</u>	<u>\$ 119,523</u>	<u>\$ 21,398,592</u>	<u>\$ 21,399,861</u>	<u>\$ 101,509</u>	<u>\$ 21,501,370</u>

The net investment in capital assets is \$24,653,334 which is the net book value of capital assets e.g., land, buildings, equipment) of \$24,653,334, less any related debt used to acquire those assets that is still outstanding of \$0. 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.

The remaining deficient balance of unrestricted Net Position (\$5,232,832) represent the amount the districts future obligations exceed its present asset position. This deficient is not an indication that the District has significant resources available to meet financial obligations next year, but rather the result of having long-term commitments that are more than currently available resources.

The District's total Net Position decreased by \$102,778 during the year ended June 30, 2023 due to an depreciation expense and increased expenses. The total cost of all governmental activities this year was \$14,207,778 and of the business-type activity was \$651,310. The amount paid by the State Foundation program was \$8,289,334 or 59% of governmental funds revenues. The District's assessed valuation was up significantly to \$57,409,313.

**Big Horn County School District Two**  
**Management's Discussion and Analysis**  
**June 30, 2023**

District changes in Net Position for the years ending June 30, 2023 and 2022

	Changes in the District's Net Assets					
	Governmental Activities	Business-Type Activities	Total School District	Governmental Activities	Business-Type Activities	Total School District
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ -	\$ 163,861	\$ 163,861	\$ -	\$ 11,592	\$ 11,592
Operating grants and contributions	2,331,623	504,650	2,836,273	2,568,511	655,354	3,223,865
Total Program revenues	2,331,623	668,511	3,000,134	2,568,511	666,946	3,235,457
<b>General revenues:</b>						
Taxes	2,935,661	-	2,935,661	2,229,136	-	2,229,136
Intergovernmental	8,760,920	-	8,760,920	9,259,469	-	9,259,469
Miscellaneous	58,782	813	59,595	42,289	23	42,312
Transfers	-	-	-	-	-	-
Total revenues	14,086,986	669,324	14,756,310	14,099,405	666,969	14,766,374
<b>Expenses:</b>						
Instruction	7,173,493	-	7,173,493	6,531,004	-	6,531,004
Instructional Support	2,150,096	-	2,150,096	2,218,132	-	2,218,132
General Support	4,094,318	-	4,094,318	4,103,940	-	4,103,940
Community Support	113,875	-	113,875	99,652	-	99,652
Capital Outlay	675,996	-	675,996	567,728	-	567,728
Interest	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Food Services	-	651,310	651,310	-	750,726	750,726
Total Expenses	14,207,778	651,310	14,859,088	13,520,456	750,726	14,271,182
Change in net assets	\$ (120,792)	\$ 18,014	\$ (102,778)	\$ 578,949	\$ (83,757)	\$ 495,192

## Financial Analysis of the District's Funds

### Governmental Funds:

#### Revenues

General fund revenues increased from \$11,516,301 in FY 2022 to \$11,739,626 in FY 2023. The district had to pay back \$0 to state foundation program in 2023. Major maintenance and capital project revenues from the State of Wyoming increased by approximately \$129,000 from the prior year. The increase is due to the start of major capital projects being funded by the school facility commission. Special revenue grants fund revenue decreased by approximately \$350,000, due to a decrease in federal covid grants in the special revenue fund.

#### Expenditures

The total expenditures of the general fund were \$11,062,271 in 2022 compared to \$11,895,669 in 2023. Expenditures in the capital maintenance account were \$695,808 in 2022 and \$1,852,551 in 2023.

### Proprietary Fund

The total revenues were up in the food service fund and expenditures were up due to the increase in food costs in the Food Services fund. The administration made a decision not to increase lunch prices. Food costs and salary increases in the lunch fund. We will remain diligent in watching this fund to insure its continued viability.



**Big Horn County School District Two**  
Management's Discussion and Analysis  
June 30, 2023

**General Fund Budgetary Highlights**

No budget amendments were made for the fiscal year ended June 30, 2023. There were no over expenditures noted in the budget. The budgetary comparison schedule is presented on page 34 of the notes to the financial statements. The schedule is presented for the general fund, special revenue fund, debt service fund and capital projects fund.

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

The District's investment in capital assets for its governmental activities as of June 30, 2023 was \$24,653,332 and June 30, 2022 amounts to \$24,449,044 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, and vehicles. The District had major building improvements in 2023.

<b>District's Capital Assets (Governmental Activities - net of depreciation)</b>		
Land	\$ 735,427	\$ 735,427
Buildings and Improvements	36,333,832	35,472,838
Machinery and Equipment	4,173,722	4,122,696
Construction in Progress	338,188	73,653
Total Capital Assets	41,581,169	40,404,614
Less Accumulated Depreciation	(16,927,835)	(15,955,570)
Capital Assets Net of Depreciation	<u>\$ 24,653,332</u>	<u>\$ 24,449,044</u>
<b>Districts Capital Assets (Business-type activities - net of depreciation)</b>		
Equipment	\$ 43,874	\$ 43,874
Less Accumulated Depreciation	43,874	43,874
	<u>\$ -</u>	<u>\$ -</u>

**Long-Term Debt**

As of June 30, 2023 the District had bonded debt outstanding of \$0 and a capital leases totaling \$0.

**Factors Affecting the District's Future**

With continued uncertainty in school funding, declining enrollment and its relationship to funding and the involvement of the capital facilities commission in Major Maintenance and Minor and Major Capital Construction funding we must continue to be cautious in all decisions affecting the financial position of the District. The District has ongoing capital improvement projects described under commitments page 29 of the financial statements. The District is in the process of evaluating to replace or remodel school facilities.

**Big Horn County School District Two**  
**Management's Discussion and Analysis**  
June 30, 2023

**Requests 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 the Superintendent of Schools, 502 Hampshire Avenue, Lovell, Wyoming 82431.

## **BASIC FINANCIAL STATEMENTS**

**BIG HORN COUNTY SCHOOL DISTRICT NUMBER TWO**  
**STATEMENT OF NET POSITION**  
**June 30, 2023**

	Governmental Activities	Business-type Activities	Total
<hr/>			
ASSETS			
<hr/>			
Current assets			
Cash and Cash Equivalents	\$ 3,451,996	\$ 109,577	\$ 3,561,573
Property Taxes Receivable	2,357,428	-	2,357,428
Due from other Governments	5,729	-	5,729
Prepaid Expenses	719,709	-	719,709
Inventories	-	15,365	15,365
	<u>6,534,862</u>	<u>124,942</u>	<u>6,659,804</u>
<hr/>			
Non-Current Assets			
Capital Assets, Nondepreciable	1,073,615	-	1,073,615
Capital Assets, Net	<u>23,579,719</u>	<u>-</u>	<u>23,579,719</u>
	<u>24,653,334</u>	<u>-</u>	<u>24,653,334</u>
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TOTAL ASSETS	<u>31,188,196</u>	<u>124,942</u>	<u>31,313,138</u>
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Deferred Outflows of Resources			
Pensions Plan Items	<u>1,604,733</u>	<u>-</u>	<u>1,604,733</u>
<hr/>			
LIABILITIES			
<hr/>			
Current Liabilities			
Accounts Payable	\$ 19,058	\$ -	\$ 19,058
Accrued Expenses	795,250	5,419	800,669
Capital Lease Payable	-	-	-
	<u>814,308</u>	<u>5,419</u>	<u>819,727</u>
<hr/>			
Long-Term Liabilities			
Capital Lease Payable	-	-	-
Net Pension Liability	<u>8,378,571</u>	<u>-</u>	<u>8,378,571</u>
	<u>8,378,571</u>	<u>-</u>	<u>8,378,571</u>
TOTAL LIABILITIES	<u>9,192,879</u>	<u>5,419</u>	<u>9,198,298</u>
<hr/>			
Deferred Inflows of Resources			
Deferred Revenue	2,267,868	-	2,267,868
Pension Plan Items	<u>53,113</u>	<u>-</u>	<u>53,113</u>
	<u>2,320,981</u>	<u>-</u>	<u>2,320,981</u>
<hr/>			
NET POSITION			
Investment in Capital Assets, Net of Related Debt	24,653,334	-	24,653,334
Restricted for Special Revenue	309	-	309
Restricted for Capital Projects	1,858,258	-	1,858,258
Unrestricted	<u>(5,232,832)</u>	<u>119,523</u>	<u>(5,113,309)</u>
TOTAL NET POSITION	<u>\$ 21,279,069</u>	<u>\$ 119,523</u>	<u>\$ 21,398,592</u>

**BIG HORN COUNTY SCHOOL DISTRICT NUMBER TWO**  
**STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2023**

FUNCTION/PROGRAM	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Instruction	\$ 7,173,493	\$ -	\$ 1,442,477	\$ -
Instructional Support	2,150,096	-	-	-
General Support	4,094,318	-	-	-
Community Support	113,875	-	-	-
Capital Outlay	675,996	-	-	889,146
Total Governmental Activities	14,207,778	-	1,442,477	889,146
Business type-Activities				
Food Service Fund	651,310	163,861	504,650	-
Total Business-type Activities	651,310	163,861	504,650	-
Total School District	\$ 14,859,088	\$ 163,861	\$ 1,947,127	\$ 889,146

General Revenues:

Tax revenues

Intergovernmental:

Interest Income

Transfers

Miscellaneous revenue

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

See accompanying notes to financial statements

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
(5,731,016)	-	(5,731,016)
(2,150,096)	-	(2,150,096)
(4,094,318)	-	(4,094,318)
(113,875)	-	(113,875)
<u>213,150</u>	<u>-</u>	<u>213,150</u>
<u>(11,876,155)</u>	<u>-</u>	<u>(11,876,155)</u>
<u>-</u>	<u>17,201</u>	<u>17,201</u>
<u>-</u>	<u>17,201</u>	<u>17,201</u>
<u>(11,876,155)</u>	<u>17,201</u>	<u>(11,858,954)</u>
2,935,661	-	2,935,661
8,760,920	-	8,760,920
34,058	813	34,871
-	-	-
<u>24,724</u>	<u>-</u>	<u>24,724</u>
<u>11,755,363</u>	<u>813</u>	<u>11,756,176</u>
(120,792)	18,014	(102,778)
<u>21,399,861</u>	<u>101,509</u>	<u>21,501,370</u>
<u>\$ 21,279,069</u>	<u>\$ 119,523</u>	<u>\$ 21,398,592</u>

**BIG HORN COUNTY SCHOOL DISTRICT NUMBER TWO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2023**

	Governmental Fund Types			
	General	Special Revenue	Capital Project	Totals
<b>ASSETS</b>				
Cash and Investments	\$ 1,539,471	\$ 54,267	\$ 1,858,258	\$ 3,451,996
Property Taxes Receivable, Net	2,357,428	-	-	2,357,428
Due from Other Governments	-	5,729	-	5,729
Prepaid Expense	719,709	-	-	719,709
<b>TOTAL ASSETS</b>	<b>\$ 4,616,608</b>	<b>\$ 59,996</b>	<b>\$ 1,858,258</b>	<b>\$ 6,534,862</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 19,058	\$ -	\$ -	\$ 19,058
Accrued Expenses	774,573	-	-	774,573
<b>TOTAL LIABILITIES</b>	<b>793,631</b>	<b>-</b>	<b>-</b>	<b>793,631</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Property Tax Revenues	2,208,181	-	-	2,208,181
Deferred Grant Revenue	-	59,687	-	59,687
	2,208,181	59,687	-	2,267,868
<b>FUND EQUITY</b>				
Nonspendable	-	-	-	-
Restricted	-	309	1,858,258	1,858,567
Committed	-	-	-	-
Assigned	-	-	-	-
Unreserved - Undesignated	1,614,796	-	-	1,614,796
<b>TOTAL FUND EQUITY</b>	<b>1,614,796</b>	<b>309</b>	<b>1,858,258</b>	<b>3,473,363</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 4,616,608</b>	<b>\$ 59,996</b>	<b>\$ 1,858,258</b>	

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

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	24,653,334
Long term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.	-
Long term liabilities, including compensated absences, are not due and payable in the current period and therefore, are not reported in the funds. Vacation payable.	(20,677)
Deferred outflows and inflows of resources related to pensions applicable to future periods	(6,826,951)
	<b>\$ 21,279,069</b>

**BIG HORN COUNTY SCHOOL DISTRICT NUMBER TWO**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE -**  
**ALL GOVERNMENTAL FUNDS**  
**For the Fiscal Year Ended June 30, 2023**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Project</u>	<u>Totals</u>
<u>REVENUES</u>				
Taxes	\$2,935,661	\$ -	\$ -	\$2,935,661
Intergovernmental	8,760,920	1,442,477	889,146	11,092,543
Interest	18,321	-	15,737	34,058
Other	24,724	-	-	24,724
 TOTAL REVENUE	 11,739,626	 1,442,477	 904,883	 14,086,986
<u>EXPENDITURES</u>				
Current				
Instruction	6,508,163	559,170	-	7,067,333
Instructional Support	1,246,855	882,903	-	2,129,758
General Support	4,028,604	-	-	4,028,604
Community Support	112,047	-	-	112,047
Capital Outlay	-	-	1,852,551	1,852,551
Debt Service				
Principal Retirement	-	-	-	-
Interest	-	-	-	-
 TOTAL EXPENDITURES	 11,895,669	 1,442,073	 1,852,551	 15,190,293
 Excess (Deficiency) of Revenue Over (Under) Expenditures	 (156,043)	 404	 (947,668)	 (1,103,307)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer In (Out)	-	-	-	-
 Total Other Financing Sources (Uses)	 -	 -	 -	 -
 Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	 (156,043)	 404	 (947,668)	 (1,103,307)
 Fund Balance - Beginning Of Year	 1,770,839	 (95)	 2,805,926	 4,576,670
 Fund Balance - Ending Of Year	 \$1,614,796	 \$ 309	 \$ 1,858,258	 \$3,473,363

See accompanying notes to financial statements



**BIG HORN COUNTY SCHOOL DISTRICT NUMBER TWO**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ACTIVITIES**  
**For the Year June 30, 2023**

Amounts reported for governmental activities in the statement of activities  
 (page 12) are different because:

Net change in fund balances - total governmental funds (page 12)	\$ (1,103,307)
--	----------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current year.

The details of the difference are as follows:

Capital outlay	1,176,555	
Loss on Sale	-	
Depreciation	<u>(972,265)</u>	
Net adjustment		204,290

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

The details of the difference are as follows:

Capital lease new	-	
Compensated absences	-	
Capital lease principal payments	<u>-</u>	
Net adjustment		<u>-</u>

Deferred outflows of resources resulting in a future use of resources:

Net pension liability	778,225
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Change in net assets of governmental activities (page 10)	<u>\$ (120,792)</u>
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**BIG HORN COUNTY SCHOOL DISTRICT NUMBER TWO**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year June 30, 2023**

	<u>Enterprise</u>
<b>ASSETS</b>	
Cash	\$ 109,577
Inventory	15,365
Property and equipment, net	<u>-</u>
Total assets	<u>\$ 124,942</u>
<b>Liabilities</b>	
Accounts payable	\$ -
Accrued liabilities	<u>5,419</u>
Total liabilities	<u>\$ 5,419</u>
<b>Net Position</b>	
Unrestricted	<u>119,523</u>
Total Net Position	<u>\$ 119,523</u>

**BIG HORN COUNTY SCHOOL DISTRICT NUMBER TWO**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**For the Year June 30, 2023**

	<u>Enterprise</u>
<u>OPERATING REVENUES</u>	
Food Sales	\$ 163,861
Total Operating Revenues	<u>163,861</u>
<u>OPERATING EXPENSES</u>	
Salaries and Wages	169,068
Benefits	95,500
Supplies	21,574
Food Costs	358,908
Purchased Services	<u>6,260</u>
Total Operating Expenses	<u>651,310</u>
OPERATING INCOME	(487,449)
<u>NON-OPERATING REVENUE (EXPENSES)</u>	
Interest	813
Federal Subsidy	<u>504,650</u>
Income (Loss) Before Transfer	18,014
Transfer In	<u>-</u>
CHANGE IN NET POSITION	18,014
Net Position - Beginning of Fiscal Year	<u>101,509</u>
Net Position - End of Fiscal Year	<u>\$ 119,523</u>

**BIG HORN COUNTY SCHOOL DISTRICT NUMBER TWO**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**For the Year June 30, 2023**

	<u>Enterprise</u>
<u>CASH FLOWS OPERATING ACTIVITIES:</u>	
Cash received from services	\$ 163,861
Cash paid to suppliers	450,428
Cash paid to employees	<u>264,568</u>
Net Cash Provided by Operating Activities	(551,135)
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</u>	
Grants Received	504,650
Transfers In (Out)	<u>-</u>
Net Cash Provided by Noncapital Financing Activities	504,650
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>	
Acquisition of Capital Assets	<u>-</u>
Net Cash Used In Capital and Related Financing Activities	<u>-</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>	
Interest on Deposits	<u>813</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(45,672)
Cash and Cash Equivalents, Beginning of Year	<u>155,249</u>
Cash and Cash Equivalents, End of Year	<u>\$ 109,577</u>
Operating Income (Loss)	\$ (487,449)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	-
Change in assets and liabilities (Increase) Decrease in	
Accounts Payable	(63,686)
Inventory	<u>-</u>
Total Adjustments	<u>(63,686)</u>
Net Cash Provided by Operating Activities	<u>\$ (551,135)</u>

**BIG HORN COUNTY SCHOOL DISTRICT NUMBER TWO**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**For the Year June 30, 2023**

	<u>Agency Funds</u>
ASSETS	
Cash	<u>\$ 164,771</u>
Total Assets	<u>\$ 164,771</u>
Liabilities:	
Accounts payable	\$ -
Due to Student groups	<u>164,771</u>
Total Liabilities	164,771
Net Position	
Held in trust	<u>-</u>
Total Net Position	<u>\$ -</u>

**BIG HORN COUNTY SCHOOL DISTRICT #2**  
**Notes to Financial Statements**  
**June 30, 2023**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The Board of Trustees (Board) is the level of government which has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of Big Horn County School District Two. The Board receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the District serves as the nucleus for the reporting entity under the provisions of GASB pronouncements for its basic financial statements. Using this premise, the District is not financially accountable for any other organizations and thus, include only the financial statements of the District. Big Horn County School District Two has no component units nor is it considered a component unit of any other government. The financial statements have been prepared in conformity with generally accepted accounting principles as applied to governmental units.

**Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of Net Position and the statement of changes in Net Position) report information on all of the nonfiduciary activities of the primary government. 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. Fiduciary funds are excluded from the statement.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment 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.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary 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.

**BIG HORN COUNTY SCHOOL DISTRICT #2**  
**Notes to Financial Statements**  
**June 30, 2023**

**I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Board adopted GASB Statement 34, Basic Financial Statements and Management Discussion and Analysis for State and Local Governments during the fiscal year ended June, 2004. The adoption of this Statement is meant to present the information in a format more closely resembling that of the private sector and to provide the user with more managerial analysis regarding the financial results and the Board's financial outlook.

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 expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so 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.

Net position represents the difference between assets plus deferred outflows and liabilities plus deferred inflows. Net position invested in capital assets, net of related debt consists of capital assets net of accumulated depreciation, reduced by outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use by enabling legislation, creditors, grantors, or laws.

**BIG HORN COUNTY SCHOOL DISTRICT #2**  
**Notes to Financial Statements**  
**June 30, 2023**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 the accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific federal and state grant sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

The *capital projects fund* accounts for the proceeds of specific revenue sources for major maintenance and minor or major capital projects that is restricted, committed or assigned to expenditures for specified purposes as well as providing a depreciation account for the replacement of capital assets.

The *depreciation reserve fund* accounts for the capital projects which are not financed by the school facility commission as allowed by Wyoming State Statutes,

The District reports the following proprietary fund:

The *school lunch fund* is a proprietary fund that receives monies from food sales, federal and state grants, transfers from the general fund and expenses to provide food services.

The *agency fund* - The agency fund accounts for resources held in a custodial capacity by the District, and consists of funds that are the property of students or others.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Restricted net position for the government wide financial statements, net position is reported as restricted when constraints placed on the net position is either: externally imposed by creditors, grantors, contributors of laws or regulations of other governments or imposed by law the constitutional provisions of enabling legislation.



**BIG HORN COUNTY SCHOOL DISTRICT #2**  
**Notes to Financial Statements**  
**June 30, 2023**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, fund balance reporting and governmental fund type definitions. This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

**Nonspendable** – The nonspendable fund balance category includes amounts that cannot be spent because they are in nonspendable form, or legally or contractually required to be maintained intact.

**Restricted** – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

**Committed** – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the school board. Those committed amounts cannot be used of any other purpose unless the school board removes or changes the specified use. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those requirements.

**Assigned** – Amounts in the assigned fund balance classification are intended to be used by the district for specific purposes but do not meet the criteria to be classified as restricted or committed. In the general fund, assigned amounts represent intended uses established by the school board.

**Unassigned** – Unassigned fund balance is the residual classification for the General fund and includes all spendable amounts not contained in the other classifications.

The district applies restricted resources first when expenditures are incurred for the purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**BIG HORN COUNTY SCHOOL DISTRICT #2**  
**Notes to Financial Statements**  
**June 30, 2023**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The school board is the district's highest level of decision making authority and may commit fund balance for specific purposes pursuant to formal actions such as ordinances or resolution. These committed amounts cannot be used for any other purpose unless the school board removes or changes the use through a formal action described above.

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 fund are charges to students and faculty for food services. 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.

Assets, liabilities, and Net Position or equity

1. Cash and Cash Equivalents

For the purpose of the statement of cash flows, the District considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

2. Investments

Investments are carried at fair value and consist primarily of money market accounts and certificates of deposit. The District had two CD's as of June 30, 2023.

Wyoming State Statutes allow the District to invest in U.S. and state and local government securities and accounts of any bank and savings associations which are federally insured.

3. Accounts Receivable

The District considers all accounts receivable to be fully collectible at June 30, 2023 and, therefore no allowance for doubtful accounts is deemed necessary.

4. Interfund Balances

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. As of June 30, 2023, there were no interfund balances.

**BIG HORN COUNTY SCHOOL DISTRICT #2**  
**Notes to Financial Statements**  
**June 30, 2023**

**I SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

5. Property Taxes

Property taxes attach as an enforceable lien on property as of May 11. Taxes are levied on or about August 1 and payable in two installments on September 1 and March 1. The County bills and collects its own property taxes and also taxes for all municipalities and political subdivisions within the County, including Big Horn County School District Two. District property tax revenues are recognized when levied to the extent that they result in current receivables, which means when collected within the current period or expected to be collected within 60 days of the fiscal year end to be used to pay liabilities of the current period.

The District is required by Wyoming Statutes to levy taxes of 25 mills of assessed valuation for all school purposes, exclusive of bond interest and redemption. The combined tax rate to finance general school services other than the payment of principal and interest on long-term debt for the year ended June 30, 2023 was 27.0 mills, consisting of 25 mandatory mills, 1 mill for Recreation and 1.0 mill BOCES, .5 for Big Horn County and .5 for Northwest Wyoming.

6. Inventories

Inventory is valued at the lower of cost (first-in, first-out) or market. Governmental fund type inventories are recorded using the purchase method whereby they are recorded as expenditures when purchased. Supply inventories for the General Fund at June 30, 2023 were not material and, therefore, were not recorded at year end.

Enterprise fund 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 in the Lunch Fund consists of USDA food commodities held for consumption.

7. Deferred outflows of resources and deferred Inflows of resources

A deferred inflow of resources represents an acquisition of net position by the District that is applicable to a future reporting periods and a deferred outflow of resources is a consumption of net position by the District that is applicable to future reporting periods.

**BIG HORN COUNTY SCHOOL DISTRICT #2**  
**Notes to Financial Statements**  
**June 30, 2023**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**8. Capital Assets**

Capital assets, which include property, plant, 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 \$5,000 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 estimated fair value at the date of donation. 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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation expense is not allocated in the government wide financial statements but shown as a single line item.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	20
Machinery and equipment	7-15

**Compensated absences**

Full time employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with the District. Employees sick pay and vacation benefits do not vest. Therefore the potential liability for sick pay and vacation is not recorded in the financial statements.

**9. 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

## **BIG HORN COUNTY SCHOOL DISTRICT #2**

### **Notes to Financial Statements**

**June 30, 2023**

amounts of revenues and expenses during the reporting period.  
Actual results could differ from those estimates.

## **II. Stewardship, compliance, and accountability**

### **Budgets and Budgetary Accounting**

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

1. 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.
2. A public hearing is conducted on the third Wednesday in July to obtain public comments.
3. The budget is adopted by the third Thursday of July.
4. 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.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. Budgets for all funds are adopted on a modified accrual basis (GAAP). Such basis is consistent with generally accepted accounting principles (GAAP).
7. 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.

### **Budget Amendments**

The District did not amend its budget during the year.

**BIG HORN COUNTY SCHOOL DISTRICT #2**  
**Notes to Financial Statements**  
**June 30, 2023**

**III. Detailed Notes on All Funds**

Cash and Investments

Wyoming statutes allow the District to deposit uninvested funds with federal banks, state banks, and federal or state savings and loan institutions. All deposits must be fully insured by the FDIC, the FSLIC or secured by a pledge of financial institution assets.

Wyoming statutes allow investments in bonds or obligations issued by or guaranteed by the United States, repurchase agreements involving bonds or obligations issued by or guaranteed by the United States, mortgage backed securities that are obligations of or guaranteed or insured by the United States (excluding high risk items) bankers acceptances of United States banks eligible for purchase by the Federal Reserve System, guaranteed investment contracts issued by a United States commercial bank or insurance company, a commingled fund of securities listed in this paragraph held by a bank authorized to do business in the State of Wyoming, Bonds of the Wyoming Natural Gas Pipeline authority, and shares of diversified money market funds that invest their funds as prescribed by law. The District currently has no investments of these types.

The carrying value of cash and investments at June 30, 2023 totaled \$3,561,573. The deposits with financial institutions as of the same date were in the amount of \$3,900,654.

The District's deposits and investments as of June 30, 2023 are categorized below to give an indication of the level of risk assumed by the entity at year-end.

1. Totally insured under Federal Depository Insurance	\$ 750,000
2. Secured with security held by the financial institution or its agent in the name of the City evidenced by properly executed joint custody receipts	3,150,654
3 Uninsured and Uncollateralized	<u>-</u>
Total Bank Balance	<u>\$ 3,900,654</u>

**BIG HORN COUNTY SCHOOL DISTRICT #2**  
**Notes to Financial Statements**  
**June 30, 2023**

Capital Assets

A summary of changes in capital assets follows:

Summary of Governmental Funds Capital Assets

Description	Balance at 6/30/22	Additions	Deletions	Balance at 6/30/23
Land	\$ 735,427	\$ -	\$ -	\$ 735,427
Buildings	35,472,838	860,994	-	36,333,832
Machinery and Equipment	4,122,696	51,026	-	4,173,722
Construction in Progress	73,653	264,535	-	338,188
Total	40,404,614	1,176,555	-	41,581,169
Less Accumulated Depreciation	(15,955,570)	(972,265)	-	(16,927,835)
Net Capital Assets	<u>\$ 24,449,044</u>			<u>\$ 24,653,334</u>

Summary of Proprietary Fund Capital Assets

Description	Balance at 6/30/22	Additions	Deletions	Balance at 6/30/23
Machinery and Equipment	43,874	-	-	43,874
Accumulated Depreciation	(43,874)	-	-	(43,874)
Net Book Value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2023 the District contracted with various insurance companies for property insurance (including boiler and machinery), general liability insurance, professional insurance and vehicle insurance. The coverages 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 Compensations System a premium based on a rate per covered payroll. This rate is calculated based on accident history and administrative cost.

**BIG HORN COUNTY SCHOOL DISTRICT #2**  
**Notes to Financial Statements**  
**June 30, 2023**

Long Term Debt

Changes in long-term debt:

DESCRIPTION	BEGINNING BALANCE	ADDITIONS	DELETIONS	ENDING BALANCE	DUE ONE YEAR
Net Pension Liability	\$ 5,228,278	\$ 3,150,293	\$ -	\$ 8,378,571	\$ -
Accrued Vacation	20,677	-	-	20,677	-
	<u>\$ 5,248,955</u>	<u>\$ 3,150,293</u>	<u>\$ -</u>	<u>\$ 8,399,248</u>	<u>\$ -</u>

Payments required retiring the above capital leases payable are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ -	\$ -	\$ -
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The District retired all capital leases in prior years.

The District is not obligated for special assessment debt.

**OPERATING TRANSFERS**

\$0 was transferred from the general fund to supplement the lunch fund.  
\$0 was transferred from the general fund to the depreciation reserve fund.

**SUBSEQUENT EVENTS**

Management has evaluated and is not aware of any subsequent events which materially affect the current financial statements and related disclosures from June 30, 2023 to the date of the audit report.



**BIG HORN COUNTY SCHOOL DISTRICT #2**  
**Notes to Financial Statements**  
**June 30, 2023**

**FEDERAL AND STATE GRANTS**

The District receives grant funds from various Federal and State agencies for special projects. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material. Depending on the complexity of the grant project, completion of the project may span more than one fiscal year.

**COMMITMENTS**

The District completed all major construction commitments at year end.

**RECENT PRONOUNCEMENTS**

GASB Statement No. 87, Leases. Requires the inclusion of a lease liability and underlying asset for right to use assets and liabilities. The district had no leases meeting this definition.

GASB Statement No. 96, Subscription Based Information Technology Arrangements (SBITA). The District's SBITA's are not material to the district's financials and are not recorded within.

**DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES**

Unavailable revenues is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and grants. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available. In the government wide statement of net position, the property tax revenue is reported as deferred inflow of resources in the year they are assessed.

Pension plan item in the government wide statement of net position, deferred inflows and outflows of resources are reported for the unrecognized items related to the Districts share of projected and actual earnings on pension plan investments, contributions to the retirement plan made after the plan reporting year end December 31 and changes in assumptions.

**BIG HORN COUNTY SCHOOL DISTRICT #2**  
**Notes to Financial Statements**  
**June 30, 2023**

**PUBLIC EMPLOYEES' PENSION PLAN**

The Board participates in the Public Employees' Pension Plan ("PEPP"), a statewide cost-sharing multiple- employer public employee retirement system administered by the State of Wyoming Retirement System Board. Substantially all Board full-time employees are eligible to participate. The PEPP provides retirement, disability and death benefits according to predetermined formulas. Benefits are established by Title 9, Chapter 3 of the Wyoming Statutes.

PEPP members are required to contribute 9.25% of their annual covered salary, the District has elected to pay 5.57% of the employees share and the employee pays the remaining 3.68% and the Board is required to contribute 9.37% of the annual covered payroll for a total of 18.62%.

Legislation enacted in 1979 allows the employer to pay any or all of the employees' contribution in addition to the matching contribution. Contribution rates are established by Title 9, Chapter 3 of the Wyoming Statutes.

The District's contributions to the PEPP for the years ended December 31, 2023, 2022, and 2021 were \$1,072,328, \$1,148,008, and \$1,131,602, respectively, equal to the required contributions for each year.

***Pension Plan Fiduciary Net Pension***

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 each individual pension plans' fiduciary net position is available on the Wyoming Retirement System website at <http://retirement.state.wy.us>.

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

At June 30, 2023, the District reported a total liability of \$8,378,571, for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation January 1, 2023. The District's proportion of the net pension liability was based on a projection of the District's long- term share of contributions to the pension plans relative to the projected contributions of all participating governmental entities, actuarially determined. At June 30, 2023, the District's liability as well as their proportion and increase from its proportion measured at December 31, 2022 were as follows.

	Pension Liability at <u>June 30, 2023</u>	Proportion at <u>December 31, 2022</u>	Increase (decrease) from <u>December 31, 2020</u>
Public Employees' Pension Plan	<u>\$ 8,378,571</u>	0.306913%	-0.0363092%

**BIG HORN COUNTY SCHOOL DISTRICT #2**  
**Notes to Financial Statements**  
**June 30, 2023**

***Payables to the Pension Plan***

At June 30, 2023, the District reported \$13,502 as payable to the pension plan.

For the year ended June 30, 2023, the District recognized pension expense of \$1,208,732. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows <u>Resources</u>	Deferred Inflows <u>Resources</u>
Net difference between projected and actual earnings on pension plan investment	\$ 721,231	\$ 0
Difference between actual and expected experience	42,017	53,113
Changes in Assumptions	224,860	0
Total	\$ 988,108	\$ 53,113
District contributions subsequent to the measurement date	<u>616,680</u>	<u>0</u>
Total	<u>\$ 1,604,788</u>	<u>\$ 53,113</u>

The District reported \$1,604,788 as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Deferred Outflows/Inflows <u>of Resources</u>
Year ended June 30,	
2023	\$ (223,282)
2024	134,889
2025	243,696
2026	<u>779,693</u>

***Actuarial Assumptions***

The total pension liability in the December 31, 2022 measurement date was determined using the following actuarial assumptions, applied to all period included in the measurements.

The current actuarial assumptions and methods used in the January 1, 2023 valuation were based upon an experience study that covered a five-year period ending December 31, 2012. Differences between assumptions and actual experience since the prior valuation are identified as actuarial gains and losses. These gains and losses impact the unfunded actuarial liability and future funding requirements determined in subsequent valuations.

**BIG HORN COUNTY SCHOOL DISTRICT #2**  
**Notes to Financial Statements**  
**June 30, 2023**

**Actuarial Assumptions and Methods**

Valuation Date	1/1/2023
Actuarial cost method	Individual Entry Age Normal
Amortization method	Level percent or level dollar
open	
Remaining amortization period	25 years
Asset valuation method	5- year
Actuarial assumptions:	
Investment net rate of return	7.00%
Projected salary increases (includes inflation)	2.5% to 6.5%
Assumed inflation rate	2.50%
Investment rate of return	6.8%
Mortality	RP-2000 Combined Mortality Table, fully generational

The long term expected rate of return on pension plan investments was determined using a building- block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges 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 adding expected inflation.

For each major asset class that is included in the pension plans' target allocation as of January 1, 2023, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long- Term Expected Real Rate of Return</u>
Cash	0.50%	0.30%
Gold	1.50%	2.34%
Fixed income	20.00%	3.59%
Equity	51.50%	7.09%
Marketable alternatives	16.00%	5.14%
Private markets	10.50%	6.05%
	<u>100.00%</u>	

***Discount Rate***

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions for participating governmental entities will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**BIG HORN COUNTY SCHOOL DISTRICT #2**  
**Notes to Financial Statements**  
**June 30, 2023**

***Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the District Rate***

The following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate.

	1% Decrease	Current	1% Increase
Pension Plan	(6.00%)	Discount Rate (7.00%)	(8.00%)
Public Employees' Pension Plan	\$12,372,141	\$8,378,571	\$5,068,985

The Wyoming Retirement System has plan assets of \$8,406,590,596 and a total pension liability of \$11,139,404,858 creating a net pension liability of \$2,732,814,262. Total contributions were \$355,409,631. Net investment income for the plan was (645,251,728). Total benefit payments were \$660,862,406. The District's prorated share of the net pension liability is based on the ratio of actual contributions paid to the Wyoming Retirement System by the District to total paid by all participants of the plan or .3065913%.

## **SUPPLEMENTARY INFORMATION**

**BIG HORN COUNTY SCHOOL DISTRICT NUMBER TWO**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**BUDGETARY COMPARISON SCHEDULE**  
**For the Fiscal Year Ended June 30, 2023**

	General Fund			Special Revenue		
	Original Budget	Final Budget	Actual Budget Basis	Original Budget	Final Budget	Actual Budget Basis
<b>REVENUES</b>						
Taxes	\$ 1,833,500	\$ 1,833,500	\$ 2,935,661	\$ -	\$ -	\$ -
Intergovernmental	9,040,000	9,040,000	8,760,920	3,077,144	3,077,144	1,499,439
Interest	10,000	10,000	18,321	-	-	-
Other	8,000	8,000	24,724	-	-	-
<b>TOTAL REVENUE</b>	<b>10,891,500</b>	<b>10,891,500</b>	<b>11,739,626</b>	<b>3,077,144</b>	<b>3,077,144</b>	<b>1,499,439</b>
<b>EXPENDITURES</b>						
Current						
Instruction	6,605,487	6,605,487	6,508,427	566,576	566,576	534,222
Instructional Support	1,354,477	1,354,477	1,246,855	2,427,439	2,427,439	882,088
General Support	4,306,312	4,306,312	4,228,623	83,129	83,129	83,129
Community Support	111,784	111,784	111,784	-	-	-
Capital Outlay	317,790	317,790	-	-	-	-
Debt Service						
Principal Retirement	-	-	-	-	-	-
Interest	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>12,695,850</b>	<b>12,695,850</b>	<b>12,095,689</b>	<b>3,077,144</b>	<b>3,077,144</b>	<b>1,499,439</b>
Excess (Deficiency) of Revenue Over (Under) Expenditures	(1,804,350)	(1,804,350)	(356,063)	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>						
Operating Transfer In (Out)	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Excess (Deficiency) of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	\$ (1,804,350)	\$ (1,804,350)	\$ (356,063)	\$ -	\$ -	\$ -

Original Budget	Capital Projects		Depreciation Reserve		
	Final Budget	Actual Budget Basis	Original Budget	Final Budget	Actual Budget Basis
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,383,940	2,383,940	889,146	-	-	-
-	-	2,299	-	-	11,673
-	-	-	-	-	-
2,383,940	2,383,940	891,445	-	-	11,673
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3,263,914	3,263,914	1,209,851	2,275,852	2,275,852	642,700
-	-	-	-	-	-
-	-	-	-	-	-
3,263,914	3,263,914	1,209,851	2,275,852	2,275,852	642,700
(879,974)	(879,974.00)	(318,406)	(2,275,852)	(2,275,852)	(631,027)
-	-	-	-	-	-
-	-	-	-	-	-
\$ (879,974)	\$ (879,974)	\$ (318,406)	\$ (2,275,852)	\$ (2,275,852)	\$ (631,027)



**BIG HORN COUNTY SCHOOL DISTRICT NUMBER 2**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
Last 10 fiscal years\*\*  
(Unaudited)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Public Employees Pension Plan</b>									
District's proportion of the net pension liability (asset)	0.306591%	0.342901%	0.347574%	0.349152%	0.354741%	0.359353%	0.363136%	0.3551235%	0.3509029%
District's proportionate share of the net pension liability	\$ 8,378,571	\$ 5,228,278	\$ 7,554,042	\$ 8,204,817	\$ 10,802,901	\$ 8,190,867	\$ 8,778,816	\$ 8,272,062	\$ 6,192,357
District's covered - employee payroll	\$ 5,535,606	\$ 6,240,542	\$ 6,188,449	\$ 6,069,006	\$ 6,177,302	\$ 6,383,457	\$ 6,474,372	\$ 6,193,616	\$ 5,998,378
District's proportionate share of the net pension liability (asset) as a percentage of its covered employees	151.36%	83.78%	122.07%	135.19%	174.88%	128.31%	135.59%	133.56%	103.2%
Plan fiduciary net position as a percentage of the total pension liability	75.47%	86.03%	79.24%	76.83%	69.17%	76.35%	73.42%	73.40%	79.08%

**SCHEDULE OF PENSION CONTRIBUTIONS**  
Last 10 fiscal years\*  
(Unaudited)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Public Employees Pension Plan</b>									
Contractually required contributions	\$ 1,072,328	\$ 1,148,008	\$ 1,131,602	\$ 1,079,017	\$ 1,036,436	\$ 1,049,472	\$ 1,079,491	\$ 1,029,950	\$ 930,154
Contributions in relation to the contractually required contributions	\$ 1,072,328	\$ 1,148,008	\$ 1,131,602	\$ 1,079,017	\$ 1,036,436	\$ 1,049,472	\$ 1,079,491	\$ 1,029,950	\$ 930,154
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 5,759,012	\$ 6,165,456	\$ 6,245,044	\$ 6,123,820	\$ 6,053,949	\$ 6,314,513	\$ 6,495,132	\$ 9,197,052	\$ 5,861,084
Contributions as a percentage of covered employee payroll	18.62%	18.62%	18.12%	17.62%	17.12%	16.62%	16.62%	16.62%	15.87%

\* Information for years prior to 2014 is not available.

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

**BIG HORN COUNTY SCHOOL DISTRICT NUMBER TWO**  
**SCHEDULE OF EXPENDITURES -**  
**ALL GENERAL AND SPECIAL REVENUE FUNDS**  
**For The Year Ended June 30, 2023**

	<u>General</u>	<u>Special Revenue</u>
Instruction		
Salaries and Wages	\$ 4,196,364	\$ 288,774
Benefits	1,844,379	90,808
School Supplies	415,116	154,563
Capital Outlay	<u>52,304</u>	<u>25,025</u>
	6,508,163	559,170
Instructional Support		
Salaries and Wages	725,529	180,013
Benefits	334,340	16,243
School Supplies	181,224	458,170
Capital Outlay	<u>5,762</u>	<u>228,477</u>
	1,246,855	882,903
General Support		
Salaries and Wages	1,650,748	-
Benefits	748,429	-
School Supplies	1,407,363	-
Capital Outlay	<u>222,064</u>	<u>-</u>
	4,028,604	-
Community Support		
Salaries and Wages	-	-
Benefits	-	-
School Supplies	112,047	-
Capital Outlay	<u>-</u>	<u>-</u>
	<u>112,047</u>	<u>-</u>
Total	<u>\$ 11,895,669</u>	<u>\$ 1,442,073</u>

**BIG HORN COUNTY SCHOOL DISTRICT NUMBER TWO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2023**

<u>FEDERAL PROGRAM TITLE</u>	<u>Federal CFDA Number</u>	<u>Pass Through ID</u>		<u>Expenditures</u>
<u>U.S. Department of Education Pass Through Wyoming Department of Education</u>				
After School Learning	84.287	2022306003	\$	152,984
Career and Technical Education	84.048			25,000
Special Education - Grants to States	84.027	2022206005		259,513
Special Education - Preschool Grant	84.173	2022202007		5,588
Total Special Education				265,101
Title I Grants to Local Education Agencies	84.010	202T12306001		269,472
Title IV Drug Free	84.424	2022302002		22,251
Title II Supporting Effective Instruction	84.367	202T22309001		90,341
ESSER II Funds	84.425D	2022106007	*	302,523
GEER Funds	84.425C	2022102016	*	24,156
ARP ESSER III Funds	84.425U	2022105010	*	288,545
Total Education Stabilization Fund				<u>615,224</u>
Total U.S. Department of Education				1,440,373
 <u>U.S. Department of Agriculture Passed Through Wyoming Department of Education</u>				
Nutrition CCC	10.555	None	*	25,904
Federal Child Nutrition	10.555	None	*	<u>478,747</u>
Total U.S. Department of Agriculture				504,651
			\$	<u><u>1,945,024</u></u>

Note: The above schedule of expenditures of federal awards summarizes activity of the school district's federal award programs. The schedule has been prepared on the accrual basis of accounting.

No indirect costs allocations.

\* Major Federal Programs

See accompanying notes to the financial statements

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

To the Board or Trustees and Management of Big Horn County School District Number Two  
Lovell, Wyoming

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund of Big Horn County School District Number Two, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Big Horn County School District Number Two's basic financial statements, and have issued our report thereon dated November 13, 2023.

**Report on Internal Control over Financial Reporting**

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

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

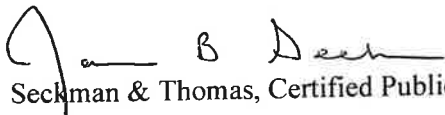
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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

**Report on Compliance and Other Matters**

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

**Purpose of This Report**

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



Seckman &amp; Thomas, Certified Public Accountants, P.C.

November 13, 2023

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

To the Board of Trustees and Management of Big Horn County School District Number Two  
Lovell, Wyoming

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

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

We have audited Big Horn County School District Number Two'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 Big Horn County School District Number Two's major federal programs for the year ended June 30, 2023. Big Horn County School District Number Two'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, Big Horn County School District Number Two complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

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

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

We are required to be independent of Big Horn County School District Number Two 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 Big Horn County School District Number Two's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Big Horn County School District Number Two'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 Big Horn County School District Number Two's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Big Horn County School District Number Two's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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



Seckman & Thomas, Certified Public Accountants, P.C.

November 13, 2023

**BIG HORN COUNTY SCHOOL DISTRICT NUMBER TWO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year Ended June 30, 2022

**SECTION 1 - SUMMARY OF THE AUDITOR'S RESULTS**

Financial Statements

- |    |   |                    |                   |
|----|---|--------------------|-------------------|
| 1. | Type of auditors report issued:   | Unmodified Opinion |                   |
| 2. | Internal control over financial reporting:  |                    |                   |
|    | Material weakness(es) identified?   | _____ yes          | _____ <u>X</u> no |
|    | Significant deficiency(ies) identified<br>not considered to be material weaknesses? | _____ yes          | _____ <u>X</u> no |
| 3. | Noncompliance material to the financial<br>statements noted?                        | _____ yes          | _____ <u>X</u> no |

Federal Awards

- |    |  |                                    |                     |
|----|--|------------------------------------|---------------------|
| 4. | Internal Control over major programs:  |                                    |                     |
|    | Material weakness(es) identified?  | _____ yes                          | _____ <u>X</u> no   |
|    | Significant deficiency(ies) identified<br>not considered to be material weaknesses?  | _____ yes                          | _____ <u>X</u> none |
| 5. | Type of auditors report issued on compliance<br>for major programs   | Unmodified Opinion                 |                     |
| 6. | Any audit findings disclosed that are required to<br>be reported in accordance with 2 CFR<br>200.516(a)?                   | _____ yes                          | _____ <u>X</u> no   |
| 7. | Identification of major programs<br>Department of Education<br>Education Stabilization Fund (ESF)<br>National School Lunch | CFDA No. 84.425<br>CFDA No. 10.555 |                     |
| 8. | Dollar threshold used to distinguish between<br>Type A and Type B programs:  | \$750,000.00                       |                     |
| 9. | Auditee qualified as low-risk auditee:   | _____ yes                          | _____ <u>X</u> no   |



**BIG HORN COUNTY SCHOOL DISTRICT NUMBER TWO**  
**SCHEDULE OF FINDING AND QUESTIONED COSTS**  
Year Ended June 30, 2023

Section II Financial Statement Findings:

There were no financial statement findings in the current year.

Section III Federal Award Findings and Questioned Costs

There were no audit findings related to federal awards in the current year,

Prior Years Findings and Questioned Costs

There were no audit findings relative to federal funds in the prior year's audit.