FREMONT COUNTY ASSOCIATION OF GOVERNMENTS

FINANCIAL REPORT

JUNE 30, 2023

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Fremont County Association of Governments
Riverton, Wyoming

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the blended component unit, and each major fund of Fremont County Association of Governments (Association), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the blended component units, each major fund, and the aggregate remaining fund information of the Fremont County Association of Governments, as of June 30, 2023, and the respective changes in financial position, 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 the Fremont County Association of Governments 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 the Association'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 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 the Fremont County Association of Governments' internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fremont County Association of Governments' 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, and each major fund of Fremont County Association of Governments 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.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fremont County Association of Governments' basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2024, on our consideration of Fremont County Association of Governments' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fremont County Association of Governments' internal control over financial reporting and compliance.

Summit West CPA Group, P.C.

Summit West CPA Group, P.C.
Lander, Wyoming
November 7, 2024

FREMONT COUNTY ASSOCIATION OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2023
(Unaudited)

As management of the Fremont County Association of Governments, we offer readers of the Association's financial statements this narrative overview and analysis of the financial activities of the Association for the year ended June 30, 2023. We encourage readers to consider the information presented in conjunction with the Association's financial statements, notes to the financial statements and various supplementary information which follow this section.

Financial Highlights

- The Association's total Governmental Activities net position was $707,036 at June 30, 2022, which compares to $1,181,149 as of June 30, 2023. The net increase of $474,113 is the Association adhering to budgeted amounts and addition of the new ½% Economic Development sales tax.

- The Association's governmental funds revenue was $2,383,982 including the Wind River Transportation Authority (WRTA) component unit which generated $1,382,755 in grant revenues, fares, and contractual agreements.

- The Association's general fund and special revenue funds (including WRTA) total expenses for FY 2023 were $2,354,451.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Association's basic financial statements. The Association'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 Association's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Association's assets, deferred outflows, deferred inflows and liabilities, with the difference between them 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 Association 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 Association's government-wide financial statements distinguish the functions of the Association 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.

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 Association, 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 Association's most significant funds - not the Association as a whole.

The Association only has governmental 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 programs. The relationship (or differences) between governmental activities reported in the Statement of Net Position and the Statement of Activities and the governmental funds are reconciled in the financial statements. The general fund, and grants fund are considered major funds and are reported as separate columns in the fund financial statements. All other governmental funds of the Association are combined into a single, aggregated presentation.

Notes to the Financial Statements

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

Other Information

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

Financial Analysis of the Association as a Whole

The Statement of Net Position provides the perspective of the Association as a whole. The following provides a summary of the Association's net position at June 30, 2023:

Condensed Statement of Net Position

	2021-2022 Governmental Activities	2022-2023 Governmental Activities
Current and other assets	$ 1,002,642	$ 1,029,876
Capital assets	478,512	817,266
Total Assets	1,481,154	1,847,142
Deferred outflow of resources - pension	191,195	432,083
Current liabilities	156,334	122,492
Long-term liabilities	191,195	733,228
Total Liabilities	347,529	855,720
Deferred Inflows of Resources - Pension	407,280	242,356
Net Position		
Net investment in capital assets	478,512	817,266
Unrestricted	439,028	363,883
Total Net Position	$ 917,540	$ 1,181,149

The Statement of Net Position offers a holistic view of FCAG's financial standing as of June 30, 2023, including the impact of GASB 68 on the Association's pension-related liabilities and deferred outflows, which influences unrestricted funds significantly.

Changes in the Association's Net Position

	2021-2022 Governmental Activities	2022-2023 Governmental Activities
Revenues		
Program Revenues		
Charges for services	$ 481,157	$ 297,864
Operating grants and contributions	1,279,498	1,544,263
Capital grants and contributions	0	0
General Revenues		
Membership dues	27,850	31,500
Investment	314	2,428
Miscellaneous	17,195	73,141
Intergovernmental	289,183	434,789
Loss on disposal	0	0
Total revenues	1,878,805	2,383,985
Expenses		
General government	525,899	618,167
Transportation	603,844	709,788
Community development	435,926	512,409
Other costs	2,128	0
Debt service - interest	45	53
Depreciation	56,960	69,455
Total expenses	1,624,802	1,909,872
Change in net position	$ 254,003	$ 474,113

Financial Analysis of the Association's Funds
Governmental Funds

Revenues

In fiscal year 2023, total revenues for Governmental Activities reached $2,383,982, up from $1,878,805 in fiscal year 2022. This increase was largely driven by higher operating grants and contributions, which rose from $1,279,498 in 2021-2022 to $1,544,263 in 2022-2023. Membership dues and intergovernmental revenues also saw increases, further strengthening the Association's financial position.

Expenditures

Total expenses for Governmental Activities in fiscal year 2023 were $1,909,872, an increase from $1,624,802 in the previous year. Key expense categories included general government ($618,167), transportation ($709,788), and community development ($512,409). The rise in expenses reflects enhanced resource allocation across various functions to meet growing demands and support the Association's operations effectively.

Change in Net Position

The net position for Governmental Activities increased by $474,113 in fiscal year 2023, compared to an increase of $254,003 in 2022. This growth demonstrates the Association's successful management of both revenue enhancements and expenditure controls, positioning it favorably for future operations.

Capital Asset and Debt Administration

Capital Assets

The Association's investment in capital assets for Governmental Activities, after accounting for accumulated depreciation, increased significantly from $478,512 as of June 30, 2022, to $817,266 as of June 30, 2023. This increase primarily reflects key acquisitions and updates in vehicles and equipment, enhancing the Association's operational capacity and supporting the needs of WRTA.

Association's Capital Assets (Governmental Activities)

Net of Depreciation	2021-2022	2022-2023
Buildings and improvements	$ 205,210	$ 197,468
Land	28,805	28,805
Vehicles	218,034	566,914
Equipment and contents	26,463	24,079
Total	$ 478,512	$ 817,266

Factors Affecting the Association's Future

The Fremont County Association of Governments is positioned on a stable financial footing for the immediate future. The ½% Economic Development Tax remains a crucial funding source, bolstering the successful operation of public transportation across Fremont County. As sales tax revenues continue to grow annually, this funding enhances the ability of agencies such as the Wind River Transportation Authority to leverage additional grant dollars, thereby expanding their positive impact on the community.

The support derived from the ½% Economic Development Tax has enabled WRTA to make significant enhancements to its services, including expanded routes and the renewal of an aging fleet. These improvements have fostered a consistent increase in ridership, as community members gain greater access to dependable and efficient public transportation options. By strategically combining local funding with external grants, WRTA is better positioned to meet the community's evolving transit needs.

The Community Services Block Grant program benefited in recent years from supplemental CARES Act funding, which temporarily expanded administrative resources and facilitated the hiring of an additional CSBG Assistant Coordinator. With the CARES funding now fully expended, CSBG funding is projected to decrease substantially in the coming fiscal year, stabilizing at traditional block grant levels. This recalibration will allow FCAG to maintain a steady and sustainable approach to funding essential community services.

In the years ahead, FCAG remains committed to prudent fiscal stewardship and adaptability in its service provision to meet the needs of Fremont County. Through the strategic management of stable funding sources and the maximization of grant opportunities, FCAG is well-prepared to support sustainable growth and enhance service delivery across the region.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Association's finances, as well as demonstrate accountability for funds the Association receives. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to Tim Nichols, Administrator, 2554 Airport Road, Riverton, WY 82501.

FREMONT COUNTY ASSOCIATION OF GOVERNMENTS
STATEMENT OF NET POSITION
JUNE 30, 2023

		Primary Government
		Governmental Activities
ASSETS		
Current Assets		
Cash and investments	$	581,476
Taxes receivable		80,831
Grant receivables		354,913
Prepaid assets		12,656
Total Current Assets		1,029,876
Noncurrent Assets		
Nondepreciated capital assets		28,805
Depreciated capital assets, net		788,461
Total Noncurrent Assets		817,266
TOTAL ASSETS		1,847,142
DEFERRED OUTFLOW OF RESOURCES		
Pension		432,083
TOTAL DEFERRED OUTFLOW OF RESOURCES		432,083
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses		105,292
Compensated absences		17,200
Total Current Liabilities		122,492
Noncurrent Liabilities		
Net pension liability		733,228
Total Noncurrent Liabilities		733,228
TOTAL LIABILITIES		855,720
DEFERRED INFLOW OF RESOURCES		
Pension		242,356
TOTAL DEFERRED INFLOW OF RESOURCES		242,356
NET POSITION		
Net investment in capital assets		817,266
Unrestricted		363,883
TOTAL NET POSITION	$	1,181,149

See Notes to Financial Statements

FREMONT COUNTY ASSOCIATION OF GOVERNMENTS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Function/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Primary Government Governmental Activities
Primary Government					
Governmental Activities					
General government	$ 618,167	$ 0	$ 609	$ 0	$ (617,558)
Transportation	709,788	297,864	1,030,053	0	618,129
Community development	512,409	0	513,601	0	1,192
Debt service - interest	53	0	0	0	(53)
Depreciation	69,455	0	0	0	(69,455)
Total Governmental Activities	1,909,872	297,864	1,544,263	0	(67,745)
		General Revenues			
		Membership dues			$ 31,500
		Intergovernmental			140,559
		Taxes			294,230
		Investment earnings			2,428
		Rents			19,571
		Miscellaneous revenues			53,570
		Total general revenues			541,858
		Change in net position			474,113
		Restated Net Position - July 1			707,036
		Net Position - June 30			$ 1,181,149

See Notes to Financial Statements

FREMONT COUNTY ASSOCIATION OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Special Revenue Funds WRTA Fund	CSBG Fund	Total Governmental Funds
ASSETS				
Cash and investments	$ 455,712	$ 110,988	$ 14,776	$ 581,476
Receivables				
Taxes	66,741	26,746	0	93,487
Grants	0	288,150	66,763	354,913
Total Assets	522,453	425,884	81,539	1,029,876
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable and accrued expenses	8,100	69,222	27,970	105,292
Total Liabilities	8,100	69,222	27,970	105,292
FUND BALANCE				
Unassigned	514,353	356,662	53,569	924,584
Total Fund Balance	514,353	356,662	53,569	924,584
TOTAL LIABILITIES, AND FUND BALANCE	$ 522,453	$ 425,884	$ 81,539	$ 1,029,876

See Notes to Financial Statements

FREMONT COUNTY ASSOCIATION OF GOVERNMENTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Total Fund Balances - Governmental Funds	$ 924,584
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. The cost of assets is $2,584,716 and the accumulated depreciation is $1,767,450	817,266
Deferred outflows of resources related to pensions are applicable to future periods and, therefore, not reported in the governmental fund statements. but are reported in the Statement of Net Position	432,083
Deferred inflows of resources related to pensions are applicable to future periods and, therefore, not reported in the governmental fund statements. but are reported in the Statement of Net Position	(242,356)
Liabilities, such as bonds and leases, are not due and payable in the current period and, therefore, are not reported in the funds: Liabilities at year-end consist of:	
Net pension liability	(733,228)
Compensated absences payable	(17,200)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	$ 1,181,149

FREMONT COUNTY ASSOCIATION OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	General Fund	Special Revenue Funds: WRTA Fund	Special Revenue Funds: CSBG Funds	Total Governmental Funds
REVENUES				
Member dues	$ 31,500	$ 0	$ 0	$ 31,500
Intergovernmental	434,789	34,730	0	469,519
Fares and contract services	0	297,864	0	297,864
Investment income	1,769	659	0	2,428
Grant revenue	0	1,030,662	513,601	1,544,263
Other revenue	19,568	18,840	0	38,408
Total Revenues	487,626	1,382,755	513,601	2,383,982
EXPENDITURES				
Governmental activities				
Salaries and benefits	49,945	778,614	0	828,559
Other costs	0	0	12,923	12,923
Transportation	0	795,657	0	795,657
Office	27,739	30,532	16,041	74,312
Community- program	7,262	0	440,375	447,637
Admin costs	3,785	97,392	0	101,177
Purchased services	0	9,122	85,064	94,186
Total Expenditures	88,731	1,711,317	554,403	2,354,451
Excess of revenues over (under) expenditures	398,895	(328,562)	(40,802)	29,531
OTHER FINANCING SOURCES (USES)				
Operating transfers in	0	315,000	0	315,000
Operating transfers out	(315,000)	0	0	(315,000)
Total Other Financing Sources (Uses)	(315,000)	315,000	0	0
Excess of revenues and other sources over (under) expenditures and other uses	83,895	(13,562)	(40,802)	29,531
RESTATED FUND BALANCE - JULY 1	430,458	370,224	94,371	895,053
FUND BALANCE - JUNE 30	$ 514,353	$ 356,662	$ 53,569	$ 924,584

FREMONT COUNTY ASSOCIATION OF GOVERNMENTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Total Net Change in Fund Balances - Governmental Funds		$ 29,531
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the period:		
Depreciation expense	(69,455)	
Capital outlays	525,162	455,707
Pension expense reported in the Statement of Activities is based on the changes in the net pension liability and differs from the pension contributions reported in the governmental funds:		
Change in Deferred Outflows related to Pensions	240,888	
Change in Deferred Inflows related to Pensions	(245,902)	(5,014)
Governmental funds do not reflect expenses which will be paid by future financial resources. However, accrued obligations at year-end are reflected in the statement of activities and expenses.		
Accrued compensated absences		(1,097)
TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 474,113

See Notes to Financial Statements

NOTE 1 - Organization and Summary of Significant Accounting Policies

General Information

Fremont County Association of Governments (the Association) operates any, or all of the projects allowed a Joint Powers Board as set forth in Section 16-1-104 c., Wyoming Statutes, 1077 amended. The board consists of seven (7) members, all of whom shall be qualified electors of Fremont County, Wyoming. At present, this board consists of six (6) mayors of Fremont County, and one (1) county commissioner. Fremont County Association of Governments' "Mission" since 1976 is "Cooperating to Enhance Quality Public Services."

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the Association are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Association. For Fremont County Association of Governments, this includes general operations. The following activities are also included within the reporting entity:

In accordance with GAAP, when a component unit is blended, its financial activities are reported as part of the primary government. The Wind River Transportation Authority (WRTA) is the only component unit of the Association and is presented as a blended component unit. As a result, WRTA's funds are subject to the same financial reporting requirements as the primary government's funds and are combined within the Association's financial statements.

WRTA's funds are included with those of the primary government in the appropriate fund financial statements and combining statements, if presented. The Association's general fund serves as the primary operating fund for the reporting entity, and thus WRTA's general fund is classified and reported as a special revenue fund, in line with GAAP guidance for blended component units.

WRTA was established to provide transportation services to residents of Fremont County, Wyoming, and operates under the same governing board as the Association, reflecting its close operational integration with the primary government.

The most significant of the Association's accounting policies are described below:

Basis of Presentation

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

<u>Government-Wide Financial Statements</u>

The statement of net position and the statement of activities display information about the Association as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Governmental activities, which normally are supported by intergovernmental revenues, are reported separately.

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

Basis of Presentation (cont.)

Government-Wide Financial Statements (cont.)

The statement of net position presents the financial condition of the governmental activities of the Association at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Association's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Association. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Association.

Fund Financial Statements

During the year, the Association segregates transactions related to certain Association functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Association at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major governmental fund is presented in separate columns.

Fund Accounting

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

Governmental Funds

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

Major Funds

General Fund - The general fund is the operating fund of the Association and is used to account for all financial resources not accounted for and reported in another fund. The general fund balance is available to the Association for any purpose, provided it is expended or transferred according to the general laws of Wyoming.

Special Revenue Fund - The special revenue fund accounts for all financial resources, generally from granting agencies, that are restricted, committed, or assigned, for a specific purpose.

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

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

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

Fund Financial Statements

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

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

Budget and Budgetary Accounting

The amounts reported as the original budgeted amounts in the budgetary statement reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts after approved budget amendments during fiscal year 2023.

The Association follows these procedures in establishing the budgetary data reflected for the General and Special Revenue Funds in the financial statements.

Prior to May 15, the administrator submits to the board a proposed operating budget for the fiscal year commencing that July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years. In addition, more detailed line budgets are included for administrative control. The level of control for the detailed budgets is at the department head/function level.

Public hearings are conducted within the Association to obtain taxpayer comments.

Prior to August 1, the budget is legally enacted through passage of a motion.

The Association can, after public notice, transfer budgeted amounts between departments within any funds.

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

Budget and Budgetary Accounting (cont.)

Budgets for the General and Special Revenue are adopted on a basis and perspective which can differ significantly from generally accepted accounting principles (GAAP). The primary difference is that revenues and expenditures are recorded when received or paid in cash (budget) as opposed to when revenue is susceptible to accrual and when fund liability is incurred for expenditures (GAAP).

All appropriations, except capital project funds, lapse each fiscal year-end.

Cash and Cash Equivalents

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

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The Association possesses insignificant infrastructure.

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

Description	Estimated Lives
Buildings and improvements	3-50 years
Furniture and equipment	3-40 years
Vehicles	3-5 years

Fixed Assets

The Association has a capitalization threshold of $1,000 for assets that have estimated useful lives in excess of one year.

Compensated Absences

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

Accrued Liabilities and Long-Term Obligations

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

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

Accrued Liabilities and Long-Term Obligations (cont.)

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

Pensions

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

Grant Advances

Grant advances are amounts received from grant and contract sponsors that have not been earned.

Fund Balance

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

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

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

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

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

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

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

The board has not elected to adopt a minimum fund balance policy as of June 30, 2023.

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

Fund Balance (cont.)

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

Net Position

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

The Association applies restricted and then unrestricted resources when an expense is incurred for purposes that satisfy the related definition and criteria for the related net position classification shown above for fund financial statements.

Interfund Activity

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

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

Estimates

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

Deferred Outflows and Inflows of Resources

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

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

Deferred Outflows and Inflows of Resources (cont.)

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This financial statement element represents an acquisition of net position that applies to a future period and, therefore, will not be recognized as revenue until that time. The Association has one item that qualifies for reporting in this category, related to pensions, which is reported in the Association-wide Statement of Net Position. This item represents the effect of changes in the Association's proportion of the collective net pension liability within the Wyoming Retirement System, as well as the difference between the Association's contributions and its proportionate share of total contributions to the pension system during the measurement periods that are not included in pension expense..

New and Upcoming Accounting Pronouncements

The following are Statements of the Governmental Accounting Standards Board (GASB) that are or will be applicable to the District. At June 30, 2023, the association was aware of the following new standards issued by GASB:

Implemented in the Current Year

- GASB Statement No. 96, Subscription based information technology arrangements, effective for reporting periods beginning after June 15, 2022.

Not Yet Implemented

- GASB Statement No. 101, *Compensated Absences*, effective for fiscal year beginning after December 15, 2023.

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

Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

This Statement provides an exception for short-term SBITAs. Short-term SBITAs have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources.

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

New and Upcoming Accounting Pronouncements (cont.)

This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

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

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

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

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

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

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

NOTE 2 - Budgetary Basis of Accounting

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

A. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).

B. Expenditures are recorded when paid in cash (budget) as opposed to when the fund liability is incurred (GAAP).

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

		General Fund
GAAP Basis	$	398,895
Net adjustment for revenue items		873,765
Net adjustment for expenditure items		(1,345,416)
Budget Basis	$	(72,756)

NOTE 3 - Deposits and Investments

Statutes authorize the Association to invest primarily in various federal government instruments, savings certificates of savings and loan associations, bank certificates of deposits, Wyoming State Treasurer Investment Pool, and Wyoming Government Investment Pool. The Association has elected to invest cash in excess of immediate needs in Wyoming. The Association's cash and investments are subject to several types of risk, which are examined in more detail below.

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Association's deposits may not be returned to it. At year-end, the carrying amount of the Association's bank deposits was $534,347. The entire bank balance was covered by federal depository insurance.

Custodial Credit Risk of Investments

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

NOTE 3 - Deposits and Investments (cont.)

Custodial Credit Risk of Investments (cont.)

The Wyo-Star Investment Pool is an external investment pool administered by the Wyoming State Treasurer. The Association had $47,399 invested in Wyo-Star Investment Pool as of June 30, 2023. The pool invests in U.S. Treasury and Government Agency securities, and repurchase agreements collateralized with similar securities. The pooled securities are held in safekeeping by a third-party trust in the pool's name. The pool reports their investments at amortized cost, which they believe approximates fair value.

Concentration of Credit Risk

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

As of June 30, 2023 the Association had deposits in four financial institutions.

Interest Rate Risk

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

Fair Value of Investments

The Association has elected to invest money with a state financial institution, Wyo-Star, which provides investments in accordance with state statute as well as the Association's Policy. These investments include certificates of deposit, U.S. Treasury notes, and U.S. government agency bonds.

The Association defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in accordance with the Government Accounting Standards Board.

Statement (GASB) No. 72, *Fair Value Measurement and Application*. This statement establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1 - Fair Value Measurements
The fair value of government and municipal obligations, corporate obligations, and equities are based on quoted values of the shares held by the Association at year-end. One hundred percent of the Wyo-Star investments fall into this category.

Level 2 - Fair Value Measurements
These are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation or by other means. None of the investments held by the Association, fall into this category.

Level 3 - Fair Value Measurements
These are largely unobservable inputs for the asset or liability; they should be used only when relevant Level 1 and Level 2 inputs are unavailable. None of the investments held by the Association, fall into this category.

Management has determined that the fair value hierarchy reporting requirements of GASB Statement No. 72 do not apply to Certificates of Deposit or the Wyoming CLASS external investment pool.

NOTE 4 - Receivables

Receivables at June 30, 2023, consisted of accounts and intergovernmental grants, totaling $448,400. This included $93,487 in taxes and contracts for services receivable, which comprised intergovernmental receivables. Additionally, grants receivable amounted to $354,913, consisting of funds from the Formula Grant for Other Than Urbanized Areas and amounts for reimbursement of capital outlay.

NOTE 5 - Capital Assets

Capital assets activity for the fiscal year ended June 30, 2023, was as follows:

	Balance June 30, 2022	Transfers and Additions	Deductions	Balance June 30, 2023
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	$ 28,805	$ 0	$ 0	$ 28,805
Total Capital Assets, Not Being Depreciated	**28,805**	**0**	**0**	**28,805**
Capital Assets, Being Depreciated				
Buildings and improvements	349,333	0	0	349,333
Vehicles	1,389,696	525,162	0	1,914,858
Equipment and contents	291,720	0	0	291,720
Total Capital Assets, Being Depreciated	**2,030,749**	**525,162**	**0**	**2,555,911**
Less Accumulated Depreciation				
Buildings and improvements	143,369	8,496	0	151,865
Vehicles	1,289,802	58,142	0	1,347,944
Equipment and contents	264,824	2,817	0	267,641
Total Accumulated Depreciation	1,697,995	69,455	0	1,767,450
Capital Assets, Being Depreciated, Net	**332,754**	**455,707**	**0**	**788,461**
Governmental Activities Capital Assets, Net	**$ 361,559**	**$ 455,707**	**$ 0**	**$ 817,266**

NOTE 5 - Capital Assets (cont.)

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Administrative	$ 5,474
WRTA	63,981
Total Depreciation Expense	$ 69,455

NOTE 6 - Defined Benefit Pension Plans

General Information About the Pension Plan

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

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

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

Benefits are determined based on two tiers:

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

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

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

NOTE 6 - **Defined Benefit Pension Plans (cont.)**

General Information About the Pension Plan (cont.)

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

Employers can elect to cover all or a portion of the employee's contribution at their discretion. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

For the year ended June 30, 2023, the contributions from the Association that are recognized as part of pension expense for the Plan were as follows:

Contributions - employer	$55,147
Contributions - employee (partially paid by employer)	$54,441

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

As of June 30, 2023, the Association reported a net pension liability of $733,228 for its proportionate share of the net pension liability of the Plan.

The Association's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of December 31, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022, rolled forward to December 31, 2022 using generally accepted actuarial procedures. The Association's proportion of the net pension liability was based on a projection of the Association's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Association's proportionate share of the Plan's net pension liability was 0.268305% as of December 31, 2022, and 0.216865% as of December 31, 2021.

For the year ended June 30, 2023, the Association recognized pension expense of $57,860. At June 30, 2023, the Association reported deferred outflows of resources related to pensions from the following sources:

NOTE 6 - Defined Benefit Pension Plans (cont.)

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

	Deferred Outflows	Deferred Inflows
Pension contributions subsequent to measurement date	$ 52,980	$ 0
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	83,039	62,404
Net differences between expected and actual experience on net (inflows)/outflows of resources	7,229	47,277
Changes in assumptions	15,905	0
Net differences between projected and actual earnings on plan investments	272,930	132,675
Total	$ 432,083	$ 242,356

The $52,980 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year end June 30	2020	2021	2022	2023	Total
2024	47,655	70,119	7,211	(93,709)	31,276
2025	0	10,096	23,324	(93,709)	(60,289)
2026	0	0	37,369	(76,869)	(39,500)
2027	0	0	0	(68,233)	(68,233)

Actuarial Assumptions - The total pension liabilities in the January 1, 2022 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	January 1, 2022
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll Closed
Actuarial Assumptions:	
Discount Rate	6.80%
Inflation	2.25%
Projected Salary Increase	2.5% - 6.5%
Investment Rate of Return	6.80%
Mortality	Pub-2010 General Health Annuitant Mortality Table Projected with MP-2020

NOTE 6 - Defined Benefit Pension Plans (cont.)

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

Discount Rate - The discount rate used to measure the total pension liability was 7.00% for the Plan. The projection of cash flows used to determine the discount rate assumed contributions from participating employers will be made on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Wyoming State Statutes. Based on those assumptions, the WRS fiduciary net position was projected to be available to make all the projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

DISCOUNT RATE			
Single Discount Rate	Long-Term Expected Rate of Return	Long-Term Municipal Bond Rate*	Last year ending December 31 in the 2022 to 2121 projection period for which projected benefit payments are fully funded
6.80%	6.80%	4.05%	2121

*Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year GO AA Index" as of December 31, 2022. In describing this index, Fidelity notes that the municipal curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.

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

Annual money-weighted rate of return, net of expenses for the fiscal year ended December 31, 2022	Annual money-weighted rate of return, net of expenses for the fiscal year ended December 31, 2021	Expected rate of return net investment expenses
-6.99%	17.19%	6.80%

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

NOTE 6 - Defined Benefit Pension Plans (cont.)

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

Major Portfolio Class	Target Allocation	Arithmetic Real Return	Arithmetic Nominal Return	Geometric Return	Geometric Nominal Return
Tactical Cash	**5.00%**	**0.32%**	**2.90%**	**0.30%**	**2.89%**
Fixed Income	**21.00%**	**1.63%**	**3.83%**	**1.32%**	**3.52%**
Core Plus	5.00%	0.27%	2.47%	0.20%	2.40%
US Government	9.00%	0.25%	2.45%	0.00%	2.50%
Opportunistic	4.00%	2.60%	4.80%	2.05%	4.25%
Private Debt	3.00%	6.73%	8.93%	5.25%	7.45%
Equity	**48.50%**	**7.54%**	**9.74%**	**5.63%**	**7.83%**
US Equity	19.00%	5.99%	8.19%	4.60%	6.80%
Developed International	12.70%	6.84%	9.04%	5.30%	7.50%
Emerging Markets	7.80%	8.59%	10.79%	6.20%	8.40%
Private Equity	9.00%	10.91%	13.11%	7.76%	9.96%
Marketable Alternative	**19.00%**	**4.63%**	**6.83%**	**3.74%**	**5.94%**
Private Real Assets	**9.50%**	**5.99%**	**8.19%**	**4.84%**	**7.04%**
Private Natural Resources	2.5-7.5%	8.71%	10.91%	6.32%	8.52%
Private Infrastructure	2.5-7.5%	5.95%	8.15%	5.10%	7.30%
Real Estate	2.5-7.5%	4.54%	6.74%	3.90%	6.10%
Total	**100.00%**	**5.44%**	**7.64%**	**4.17%**	**6.37%**

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

	WRS
1% Decrease	5.80%
Net Pension Liability	$754,767
Current Discount Rate	6.80%
Net Pension Liability	$733,228
1% Increase	7.80%
Net Pension Liability	$122,544

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

NOTE 6 - Defined Benefit Pension Plans (cont.)

Payable to the Pension Plan

At June 30, 2023, the Association reported a payable of $0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

NOTE 7 - Long-Term Debt

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

	Balance Beginning of Year	Additions	Deletions	Balance End of Year	Due Within One Year
Net pension liability	407,280	325,948	0	733,228	0
	$ 407,280	$ 325,948	$ 0	$ 733,228	$ 0

NOTE 8 - Due To/From Other Funds and Transfers

Interfund transfers as of June 30, 2023, are as follows:

	Transfers To Other Funds	Transfers From Other Funds
General fund	$ 315,000	$ 0
WRTA Special Revenue fund	0	315,000
	$ 315,000	$ 315,000

The purpose of the transfer was to supplement the Wind River Transportation Authority (WRTA) program using funds from the 1/2 cent collections designated for the Fremont County Association of Governments (FCAG). This transfer supported WRTA's operational and service objectives within the region.

NOTE 9 - Contingencies

A. Grants

The Association received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Association at June 30, 2023.

B. Litigation

The Association is contingently liable in respect to lawsuits and claims in the ordinary course of its operations. In the opinion of Association personnel, the settlement of such contingencies would not affect the financial position of the Association at June 30, 2023. Should any claims prove to be a detriment to the Association, they will be recorded as expenditure in the period in which a liability is realized.

C. Property and Liability Risk Management

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

NOTE 10 - Change in Presentation of Component Unit and Correction of Error

In accordance with GASB Statement No. 100, Accounting Changes and Error Corrections, the financial presentation of the Wind River Transportation Authority (WRTA) was modified for the year ended June 30, 2023. Previously reported as a discretely presented component unit, WRTA is now shown as a blended component unit to better reflect its financial accountability and operational integration with the primary government.

Additionally, prior financial statements included errors in both the amount recorded as capital assets as of June 30, 2022, and in the calculation of depreciation expense. Depreciation had previously been calculated on a calendar-year basis rather than a fiscal-year basis. The restatement of beginning net position reflects adjustments for both the correction of the capital asset amount and the change in depreciation calculation. Prior periods have been adjusted to ensure consistency and enhance comparability with the current presentation.

NOTE 11 - Subsequent Events

Subsequent events were considered for reporting through November 7, 2024 which is the date the financial statements were available to be issued.

FREMONT COUNTY ASSOCIATION OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BASIS)
GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Budgetary Basis	Variance With Final Budget Positive (Negative)
REVENUES				
Member dues	$ 31,500	$ 31,500	$ 31,500	$ 0
Intergovernmental	315,000	459,110	434,789	(24,321)
Investment income	0	1,769	1,769	0
Grant revenue	0	318,263	0	(318,263)
Other revenue	17,171	50,060	19,568	(30,492)
Total Revenues	363,671	860,702	487,626	(373,076)
EXPENDITURES				
Governmental activities				
Salaries and benefits	31,030	30,598	49,945	(19,347)
Other costs	0	10,000	0	10,000
Transportation	315,000	640,012	315,000	325,012
Office	1,000	0	27,739	(27,739)
Community- program	0	0	7,262	(7,262)
Admin costs	2,200	12,694	3,785	8,909
Purchased services	14,441	10,747	0	10,747
Total Expenditures	363,671	704,051	403,731	300,320
Excess of revenues over (under) expenditures	(0)	156,651	83,895	(72,756)
FUND BALANCE - JULY 1	430,458	430,458	430,458	
FUND BALANCE - JUNE 30	$ 430,458	$ 587,109	$ 514,353	

FREMONT COUNTY ASSOCIATION OF GOVERNMENTS
SCHEDULE OF THE ASSOCIATION'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
WYOMING RETIREMENT SYSTEM
PUBLIC EMPLOYEES PENSION PLAN

Calendar Year*

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Association's proportion of the net pension liability	0.02585%	0.02635%	0.02436%	0.02559%	0.02682%	0.03017%	0.18630%	0.02169%	0.02683%
Association's proportionate share of the net pension liability	$ 447,113	$ 582,519	$ 588,937	$ 606,037	$ 816,632	$ 709,086	$ 437,784	$ 330,659	$ 733,228
Association's covered-employee payroll	481,724	436,500	435,650	467,325	467,025	542,000	362,016	444,487	510,763
Association's proportionate share of the net pension liability as a percentage of its covered payroll	92.82%	133.45%	135.19%	129.68%	174.86%	130.83%	120.93%	74.39%	143.56%
Plan fiduciary net position as a percentage of the total pension liability	79.08%	73.40%	73.42%	76.35%	69.17%	79.08%	79.24%	86.03%	75.47%

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

Note: Information is not available before 2015

FREMONT COUNTY ASSOCIATION OF GOVERNMENTS
SCHEDULE OF ASSOCIATION CONTRIBUTIONS
WYOMING RETIREMENT SYSTEM
PUBLIC EMPLOYEES PENSION PLAN

Fiscal Year

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contributions	$ 76,816	$ 72,529	$ 72,419	$ 77,650	$ 78,348	$ 93,252	$ 60,653	$ 80,007	$ 93,460
Contributions in relation to the contractually required contribution	76,816	72,529	72,419	77,650	78,348	93,252	60,653	80,007	93,460
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Association's covered payroll	$ 484,033	$ 436,500	$ 435,650	$ 467,325	$ 459,900	$ 528,800	$ 334,730	$ 429,683	$ 501,934
Contributions as a percentage of covered employee payroll	15.87%	16.62%	16.62%	16.62%	17.04%	17.63%	18.12%	18.62%	18.62%

Note: Information is not available before 2015

FREMONT COUNTY ASSOCIATION OF GOVERNMENTS
NOTES TO REQUIRED SUPPLEMENTARY
PENSION INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023

Changes of benefit terms - There are no changes in benefit terms from prior year.

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

Changes in assumptions - There are no changes in assumptions from the prior year.

FREMONT COUNTY ASSOCIATION OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Transportation			
Passed through Wyoming Department of Transportation			
Formula Grant for Other Than Urbanized Areas	20.509	N/A	$ 741,903
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526	N/A	288,150
Total Department of Transportation			1,030,053
U.S. Department of Health and Human Services			
Passed through Wyoming Department of Health			
Community Service Block Grant	93.569	N/A	467,529
National Highway Traffic Safety Administration			
State and Community Highway Safety	20.600	N/A	2,145
Total Federal Financial Assistance			$ 1,499,727

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Board of Directors
Fremont County Association of Governments
Riverton, 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, each major fund of Fremont County Association of Governments, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Fremont County Association of Governments' basic financial statements, and have issued our report thereon dated .

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as findings 2022-001, 2023-003, 2023-004 and 2023-005 that we consider to be a significant deficiency and finding 2023-002 that we considered to be a material weakness

Report on Compliance and Other Matters

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

Fremont County Association of Governments' Response to Findings

Fremont County Association of Governments' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Fremont County Association of Governments' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Summit West CPA Group, P.C.

Summit West CPA Group, P.C.
Lander, Wyoming
November 7, 2024

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

To the Board of Directors
Fremont County Association of Governments
Riverton, Wyoming

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Fremont County Association of Governments compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Fremont County Association of Governments major federal programs for the year ended June 30, 2023. Fremont County Association of Governments major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Fremont County Association of Governments 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 Fremont County Association of Governments and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Fremont County Association of Governments compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Fremont County Association of Governments' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Fremont County Association of Governments compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Fremont County Association of Governments compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Fremont County Association of Governments compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Fremont County Association of Governments internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Fremont County Association of Governments 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items Finding 2023-001 and Finding 2023-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Fremont County Association of Governments response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Fremont County Association of Governments response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Fremont County Association of Governments is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Fremont County Association of Government's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Fremont County Association of Government's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance as described in the accompanying schedule of findings and questioned costs as item 2023-001, that we consider to be a significant deficiency and item 2023-002 that we considered to be a material weakness.

Fremont County Association of Government's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Fremont County Association of Government's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

SUMMIT WEST CPA GROUP, P.C.

Summit West CPA Group, P.C.
Lander, Wyoming
November 7, 2024

FREMONT COUNTY ASSOCIATION OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness identified?	_X_ Yes	____ No
Significant deficiency identified not considered to be material weakness?	_X_ Yes	____ None Reported
Noncompliance material to financial statements noted?	____ Yes	_X_ No

Federal Awards

Internal control over major programs:		
Material weakness identified?	____ Yes	_X_ No
Significant deficiency identified not considered to be material weakness?	_X_ Yes	____ None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	_X_ Yes	__ No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
20.509	Formula Grant for Other than Urbanized Areas

* *Indicates a Cluster Program*

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000	
Auditee qualified as low-risk auditee?	__Yes	_X_ No

SECTION II - FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCY

Finding 2023-001: SEGREGATION OF DUTIES

Repeat Finding from Prior Year
Yes

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

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

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

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

Questioned Costs
Not applicable

Sampling Method
Not applicable

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

Response and Views of Responsible Officials
See Corrective Action Plan and Response to Findings.

SECTION II - FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESS

Finding 2023-002: DUPLICATE OF ACCOUNTING RECORDS

Repeat Finding from Prior Year
No

Condition
The entity changed its accounting practices by transitioning from a single system to three separate systems. During this conversion, much of the accounting data was duplicated, making it challenging to audit the records effectively.

Criteria
Accounting records should be maintained accurately and consistently to facilitate reliable financial reporting and auditing processes

Cause
The transition to multiple accounting systems resulted in the duplication of entries, which has compromised the integrity of the financial records.

Effect
The duplication of accounting records increases the complexity of the audit process, creating a higher risk of errors and misstatements in the financial statements. This condition can hinder the entity's ability to provide a clear and accurate representation of its financial position.

Questioned Costs
Not applicable

Sampling Method
Not applicable

Recommendation
The entity should review and streamline its accounting practices to eliminate duplication during the transition to the new systems. Implementing a more robust data reconciliation process will help ensure the accuracy of the financial records and facilitate a smoother audit process.

Response and Views of Responsible Officials
See Corrective Action Plan and Response to Findings.

FREMONT COUNTY ASSOCIATION OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCY

Finding 2023-003: OVERSTATED PAYROLL LIABILITIES

Repeat Finding from Prior Year
No

Condition
The entity has failed to properly recognize and clear payroll liabilities in a timely manner, resulting in overstated liabilities on the financial statements.

Criteria
Liabilities should be accurately recorded and cleared in the accounting system when incurred to ensure that the financial statements accurately reflect the entity's obligations and financial position.

Cause
There appears to be a lack of timely review and reconciliation processes for payroll transactions, leading to delays in clearing payroll liabilities and resulting in the overstatement of those liabilities

Effect

The failure to clear payroll liabilities promptly may result in an overstatement of liabilities on the financial statements, which could mislead stakeholders regarding the entity's true financial obligations and position.

Questioned Costs
Not applicable

Sampling Method
Not applicable

Recommendation
The entity should implement procedures to ensure timely recognition and clearing of payroll liabilities. This could include regular reviews of payroll entries and reconciling liabilities at the end of each reporting period to ensure all obligations are accurately reflected in the financial statements.

Response and Views of Responsible Officials
See Corrective Action Plan and Response to Findings.

SECTION II - FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCY

Finding 2023-004: MISCLASSIFICATION OF EXPENDITURES

Repeat Finding from Prior Year
No

Condition
The entity has incorrectly categorized expenditures, leading to misclassification of expenses in the financial statements.

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Criteria
Expenses should be accurately classified to reflect the true nature of expenditures, ensuring that financial statements provide a clear and accurate representation of the entity's financial position.

Cause
The transition to multiple accounting systems, as noted in Finding 2023-002 regarding duplicate accounting records, has contributed to confusion and errors in the classification of expenses

Effect

The entity should establish clear guidelines and training for staff involved in recording expenditures to ensure accurate classification. Additionally, implementing a review process to reconcile and verify the proper categorization of expenses would help improve the accuracy of the financial statements.

Questioned Costs
Not applicable

Sampling Method
Not applicable

Recommendation
The entity should implement procedures to ensure timely recognition and clearing of payroll liabilities. This could include regular reviews of payroll entries and reconciling liabilities at the end of each reporting period to ensure all obligations are accurately reflected in the financial statements.

Response and Views of Responsible Officials
See Corrective Action Plan and Response to Findings.

SECTION II - FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCY

Finding 2023-005: INADEQUATE PAYROLL CONTROLS

Repeat Finding from Prior Year
No

Condition
While conducting testing for internal controls over payroll, it was identified that the entity does not maintain employment contracts that clearly specify compensation for all employees. According to discussions with the Director, Timothy Nichols, the entity has never implemented such contracts. The Director independently determines all compensation amounts and corresponding raises, ensuring they fall within the budgeted amounts for the fiscal year, which is then approved by the board. However, the board does not approve changes in pay or track pay rates for each employee..

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Criteria
Employment contracts should be established to document the terms of employment, including duties, compensation, and payment frequency. This ensures clarity and accountability in payroll processes, supporting accurate financial reporting.

Cause
The absence of a formal policy or procedure for creating and maintaining employment contracts has led to the current state of inadequate payroll controls.

Effect
The lack of formal employment contracts creates an opportunity for employees involved in the payroll process to circumvent controls and alter pay rates without proper approval or documentation. This increases the risk that employees may not be compensated accurately, potentially leading to misstatements in payroll expenses and financial reporting.

Questioned Costs
Not applicable

Sampling Method
Random

Recommendation
It is recommended that the entity develop formal employment contracts for all employees. These contracts should outline each individual's duties, compensation, payment frequency, and any other relevant employment details. For any changes in compensation, it is advisable to create a contract that includes the employee's approval of the changes to ensure proper documentation and oversight.

Response and Views of Responsible Officials
See Corrective Action Plan and Response to Findings.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

FINDING 2023-001 - SEGREGATION OF DUTIES

Refer to the above description. Applicable to all major programs.

Finding 2023-002: DUPLICATE OF ACCOUNTING RECORDS

Refer to the above description. Applicable to all major programs.

CORRECTIVE ACTION

FINDING 2023-001: SEGREGATION OF DUTIES

Classes of financial transactions have been segregated to the extent possible among the existing employees. However, because of the limited number of employees involved in the accounting and bookkeeping functions, a corrective action plan to remedy the lack of segregation of duties is not cost justified. Rather, each level of management, the Board of Directors and Administrator, are aware of the concept of "segregation of duties" and are also aware of potential problems that may occur when accounting and bookkeeping duties cannot be segregated.

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

Contact person: Tim Nichols

Anticipated completion date: Unknown

ITEM 2023-002: DUPLICATE ACCOUNTING RECORDS

In response to Finding 2023-002, we clarify that the duplication of accounting records originated from the implementation of an FY22 audit recommendation. The auditing firm was designated to address and reconcile these duplicate entries; however, this task was not completed, leading to a backlog that impacted the timely completion of the FY23 audit. We have since undertaken a comprehensive reconciliation of all duplicate entries, ensuring accurate and complete financial records moving forward. With this corrective action finalized, we are now positioned to prevent reoccurrence and maintain a streamlined, efficient accounting process.

Contact person: Tim Nichols

Anticipated completion date: November 29, 2024

ITEM 2023-003: OVERSTATED LIABILITIES

In response to Finding 2023-003, the Association has implemented substantial corrective measures to address the timely recognition and clearing of payroll liabilities. Following this finding, key personnel have completed formal training to ensure compliance with State and Federal standards. Furthermore, the Association has established continuous engagement with a specialized accounting consultant to reinforce procedural accuracy and provide ongoing oversight. These actions are designed to strengthen our internal controls, ensuring that payroll liabilities are accurately recorded and cleared, thus providing an authentic representation of the Association's financial obligations.

Contact person: Tim Nichols

Anticipated completion date: November 29, 2024

ITEM 2023-004: MISCLASSIFICATION OF EXPENDITURES

In response to Finding 2023-004, the Association acknowledges that the separation of accounts following the FY22 audit introduced complexities in our chart of accounts, leading to similarities between two key accounts and resulting in expenditure misclassifications. To rectify this, we have undertaken an extensive and resource-intensive restructuring of our organization wide chart of accounts. This reorganization ensures that all classifications align precisely with federal standards and streamlines reporting practices across accounts. Through these corrective actions, the Association is committed to maintaining compliant, transparent financial records and preventing future misclassifications.

Contact person: Tim Nichols

Anticipated completion date: August 30, 2024

ITEM 2023-005: INADEQUATE PAYROLL CONTROLS

In response to Finding 2023-005 regarding inadequate payroll controls, the Association recognizes that, historically, there has been no formal Job Classification and Pay Structure matrices under which positions could be systematically categorized. We are currently developing this matrix alongside a comprehensive organization-wide Personnel Handbook. This handbook will establish clear guidelines for the approval process of payroll adjustments, define position classifications, and refine both board oversight and administrator authority.

Additionally, the implementation of employment contracts for each position will delineate duties, compensation, and payment terms, corresponding directly with the newly established classification and pay matrix. Through these structured initiatives, the Association is committed to upholding a transparent and compliant payroll process, which supports accurate financial reporting and aligns with state and federal audit requirements.

Contact person: Tim Nichols

Anticipated completion date: January 1, 2024

FREMONT COUNTY ASSOCIATION OF GOVERNMENTS
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022

Finding 2022-001: Segregation of Duties - still present