

City of Sheridan, Wyoming

FINANCIAL AND COMPLIANCE REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2020



CITY OF SHERIDAN, WYOMING
FINANCIAL AND COMPLIANCE REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
City of Sheridan, Wyoming

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Sheridan, Wyoming ("City"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



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Opinions

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

Other Matters

Required Supplementary Information

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

Schedule of Expenditures of Federal Awards

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sheridan, Wyoming's basic financial statements. The accompanying 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* (Uniform Guidance) is presented for purposes of additional analysis, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2020, on our consideration of the City of Sheridan, Wyoming's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Sheridan, Wyoming's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Sheridan, Wyoming's internal control over financial reporting and compliance.



Porter, Muirhead, Cornia & Howard
Certified Public Accountants

Casper, Wyoming
December 11, 2020

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CITY OF SHERIDAN, WYOMING

MANAGEMENT'S DISCUSSION & ANALYSIS

June 30, 2020

(Unaudited)

This section of the City of Sheridan's ("City") annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2020. Please read it in conjunction with the Auditor's Report at the front of this report and the City's financial statements which immediately follow this section.

FINANCIAL HIGHLIGHTS

The City participates in the Public Employees' Pension Plan ("PEPP"), a statewide cost-sharing multiple-employer public employee retirement plan administered by the State of Wyoming Retirement System. Under current GAAP the City was required to record its proportional share of the overall plan's net position. This resulted in recording a net pension liability of \$30.9 million, \$32.6 million, \$28.2 million and \$24.4 million as of June 30, 2020, 2019, 2018 and 2017, respectively. All plan components, including the major components of participation, eligibility, investment strategy, benefit structure, contribution rates and plan administration are overseen by the Wyoming Retirement System's Board. The City has no control over the plan elements that affect the net position.

The City's total net position increased by 0.4% or \$0.6 million during the fiscal year. The governmental type activities recorded an increase in net position of \$4.2 million which resulted in a 5.0% increase over last year. The business-type activities recorded a decrease in net position of \$3.6 million or a decrease of 4.1% compared to last year.

During the fiscal year, the City's total revenue increased by 6.2% to \$42.0 million from \$39.6 million last fiscal year. The governmental type activities recorded a \$3.0 million increase in revenues, while the business-type activities recorded a \$0.6 million decrease resulting in a net revenue increase for the year of \$2.4 million. This increase in revenue in FY20 versus FY19 was a result increases in Grants and Contributions funding of \$1.7 million, Charges for Services of \$196 thousand, Property Taxes of \$589 thousand, Other Taxes of \$93 thousand, and Investment Income of \$41 thousand. There were also decreases in Special Assessments of \$10 thousand and Miscellaneous Revenues of \$171 thousand. The City's total expenses increased by 13.1% in the current fiscal year to \$41.4 million from \$36.6 million last fiscal year. This drop is mainly attributed to the decrease in the pension expense. In FY19, the pension expense was \$3.18 million versus FY20 of \$6.5 million.

USING THE ANNUAL REPORT

This annual report consists of the *Management's Discussion and Analysis*, the *Basic Financial Statements*, *Required Supplementary Information*. The basic financial statements consist of *government-wide financial statements* and the *fund financial statements*.

The *government-wide financial statements* include the statement of net position and the statement of activities which provide both long-term and short-term information about the overall financial status of the City.

The fund financial statements are the remaining statements and focus on the individual parts of the City government, presenting information in greater detail than the government-wide statements.

- The *Governmental funds* statements explain how general government departments such as street maintenance were funded in the short term and what remains for future spending.
- *Proprietary funds* statements offer short-term and long-term financial information about the activities the government operates like a business, such as the water and sewer system.
- *Fiduciary funds* statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others.

CITY OF SHERIDAN, WYOMING

MANAGEMENT'S DISCUSSION & ANALYSIS

June 30, 2020

(Unaudited)

The Basic Financial Statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. Following the notes are the *required supplementary information* statements, which further explain and support the information in the basic financial statements.

Government-Wide Statements

The government-wide statements help to answer the question ‘Is the City better or worse off as a result of the current year activities?’ These statements include all of the City’s assets and liabilities as well as the current year’s revenues and expenses using the accrual basis of accounting, which is similar to those used by private-sector companies.

The change in *net position* (the difference between total assets, deferred outflows, liabilities, and deferred inflows) is one way to measure whether the City’s financial health is improving or deteriorating. However, when assessing the overall health of the City one needs to consider additional non-financial factors such as changes in the City’s property tax base, condition of City roads and its water and sewer distribution system, decisions of State Legislators concerning distribution of certain tax revenues, as well as economic factors such as inflation.

The government-wide financial statements of the City are divided into two categories:

- *Governmental Activities*-Included here are most of the City’s basic services, such as public safety, street maintenance, code enforcement, parks and recreation and general administration. These services are mainly financed through property taxes, sales and use taxes, mineral royalties, and severance taxes.
- *Business-Type Activities*-The City charges fees to customers to help cover the costs of certain services it provides. The City’s solid waste system, water and sewer systems, and golf course are included here.
- The government-wide financial statements include not only the City of Sheridan (known as the primary government), but also includes the legally separate entities of the Sheridan Area Water Supply, Sheridan Economic and Educational Development Authority and Sheridan County Travel and Tourism. Due to the appointment of the board members of these entities or the level of funding the City provides, the City has authority to affect these entities. Financial information for these component units are reported separately from the financial information presented for the primary government itself.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Fund Financial Statements

The fund financial statements provide more detailed information about the most significant *funds* used by the City. The City is required to show detailed information for its major funds. The City uses funds to keep track of specific sources of funding and spending for particular purposes. The three funds the City uses are as follows:

- *Governmental Funds*-Includes most of the City’s basic services, such as streets, public safety, and special construction projects. These statements provide a detailed short-term view of the City’s current financial resources. They focus on how cash and other financial assets flow in and out and the balances left at year-end that are available for spending.
- *Proprietary Funds*-Includes services for which the City charges a fee, such as utility services. These statements provide both long- and short-term financial information. The City’s enterprise funds (a type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information.

CITY OF SHERIDAN, WYOMING

MANAGEMENT'S DISCUSSION & ANALYSIS

June 30, 2020

(Unaudited)

- *Fiduciary Funds*-Includes funds where the City is responsible for assets that can be used only for their intended purposes. These funds are reported separately and are not included in the City's activities because they cannot be used to finance its operations.

Financial Position

As explained, net position is the difference between assets and liabilities. Between fiscal years 2019 and 2020 combined net assets increased by approximately 0.4%.

CITY OF SHERIDAN'S NET POSITION

	Governmental Activities		Business- Type Activities		Total		Total Percent Change
	2019	2020	2019	2020	2019	2020	
Current and Other Assets	\$ 17,553,097	\$ 24,133,279	\$ 14,905,919	\$ 15,404,427	\$ 32,459,016	\$ 39,537,706	21.8%
Capital Assets	99,218,344	102,705,839	99,245,589	96,643,497	198,463,933	199,349,336	0.4%
Total Assets	116,771,441	126,839,118	114,151,508	112,047,924	230,922,949	238,887,042	3.4%
Pension Plan Items	6,746,998	4,996,355	1,881,538	1,427,113	8,628,536	6,423,468	(25.6)%
Total Deferred Outflows of Resources	6,746,998	4,996,355	1,881,538	1,427,113	8,628,536	6,423,468	(25.6)%
Long-term Liabilities	4,238,044	5,060,688	22,478,847	23,406,626	26,716,891	28,467,314	6.6%
Net Pension Liability	27,439,364	26,728,525	5,118,546	4,198,847	32,557,910	30,927,372	(5.0)%
Other Liabilities	3,780,617	4,277,770	814,324	994,153	4,594,941	5,271,923	14.7%
Total Liabilities	35,458,025	36,066,983	28,411,717	28,599,626	63,869,742	64,666,609	1.2%
Property Tax Revenues	1,627,024	1,724,576	-	-	1,627,024	1,724,576	6.0%
Pension Plan Items	2,857,198	6,269,833	615,152	1,444,737	3,472,350	7,714,570	122.2%
Total Deferred Inflows of Resources	4,484,222	7,994,409	615,152	1,444,737	5,099,374	9,439,146	85.1%
Net Position							
Net Investment in							
Capital Assets	98,193,472	101,801,944	80,625,626	78,116,622	178,819,098	179,918,566	0.6%
Restricted	177,727	188,307	3,444,252	-	3,621,979	188,307	(94.8)%
Unrestricted (Deficit)	(14,795,007)	(14,216,170)	2,936,299	5,314,052	(11,858,708)	(8,902,118)	(24.9)%
Total Net Position	\$ 83,576,192	\$ 87,774,081	\$ 87,006,177	\$ 83,430,674	\$ 170,582,369	\$ 171,204,755	0.4%

Unrestricted net position includes funds that have been committed or assigned by the City Council for special projects, such as capital projects and replacement reserves. It is important to understand that funds committed or assigned by the City Council are not considered restricted. The unrestricted (deficit) is caused by the pension liability.

The net position of government-type activities increased by \$4.2 million or 5.0%. The net position for business-type activities decreased by \$3.6 million, or 4.1%. However, the resources of business-type activities cannot be used to make up any net asset deficiencies in the governmental activities. The City can generally only use this net position to fund enterprise activities such as water and sewer operations and solid waste activities.

CITY OF SHERIDAN, WYOMING

MANAGEMENT'S DISCUSSION & ANALYSIS

June 30, 2020

(Unaudited)

Results of Operations

The City's total revenues come from numerous sources. Around 40% of the City's revenues come from other taxes, which include sales/use taxes, gas tax, severance tax, direct distribution, capital facilities tax, and mineral royalties. Direct distribution revenues are distributed to local governments each August and January and are subject to fluctuation through the state legislative process. Another 32% comes from fees charged for services, capital grants and other support represents 20%, while property tax revenue represents about 6% of total revenues.

CHANGES IN CITY OF SHERIDAN'S NET POSITION

	Governmental Activities		Business- Type Activities		Total		Total Percentage Change
	2019	2020	2019	2020	2019	2020	
Program Revenues							
Charges for Services	\$ 1,161,217	\$ 1,116,374	\$ 11,985,687	\$ 12,227,006	\$ 13,146,904	\$ 13,343,380	1.5%
Operating Grants and Contributions	28,019	12,381	-	39,058	28,019	51,439	83.6%
Capital Grants and Contributions	4,793,977	7,317,300	1,851,329	1,011,207	6,645,306	8,328,507	25.3%
General Revenues							
Property Taxes	2,032,861	2,622,028	-	-	2,032,861	2,622,028	29.0%
Special Assessments	21,062	11,333	-	-	21,062	11,333	(46.2)%
Other Taxes	16,906,140	16,999,562	-	-	16,906,140	16,999,562	0.6%
Miscellaneous Revenues	220,132	37,315	161,864	174,100	381,996	211,415	(44.7)%
Investment Income	162,528	216,559	240,317	227,003	402,845	443,562	10.1%
Total Revenues	25,325,936	28,332,852	14,239,197	13,678,374	39,565,133	42,011,226	6.2%
Expenses							
General Administration	5,606,991	5,475,950	-	-	5,606,991	5,475,950	(2.3)%
Public Safety	6,133,420	9,626,127	-	-	6,133,420	9,626,127	56.9%
Health and Welfare	181,127	200,535	-	-	181,127	200,535	10.7%
Public Works	4,463,668	4,350,510	-	-	4,463,668	4,350,510	(2.5)%
Parks and Recreation	731,131	774,967	-	-	731,131	774,967	6.0%
Interest on Long-term Debt	69,770	103,970	-	-	69,770	103,970	49.0%
Unallocated Depreciation	5,786,630	6,080,392	-	-	5,786,630	6,080,392	5.1%
Water Fund	-	-	5,775,926	6,259,910	5,775,926	6,259,910	8.4%
Sewer Fund	-	-	3,008,491	2,706,609	3,008,491	2,706,609	(10.0)%
Solid Waste Fund	-	-	4,137,535	5,012,160	4,137,535	5,012,160	21.1%
Golf Fund	-	-	573,168	671,925	573,168	671,925	17.2%
Weed and Pest Fund	-	-	127,665	125,785	127,665	125,785	(1.5)%
Total Expenses	22,972,737	26,612,451	13,622,785	14,776,389	36,595,522	41,388,840	13.1%
Excess (Deficiency)							
Before Transfers	2,353,199	1,720,401	616,412	(1,098,015)	2,969,611	622,386	(79.0)%
Transfers	416,894	2,477,488	(416,894)	(2,477,488)	-	-	0.0%
Net Capital Assets Contributed to/from							
Component Units	-	-	3,754,370	-	3,754,370	-	(100.0)%
Increase (Decrease) in Net Position	2,770,093	4,197,889	3,953,888	(3,575,503)	6,723,981	622,386	(90.7)%
Net position - beginning	80,148,062	83,576,192	83,052,289	87,006,177	163,200,351	170,582,369	4.5%
Prior period adjustment	658,037	-	-	-	658,037	-	0.0%
Net position - restated	80,806,099	83,576,192	83,052,289	87,006,177	163,858,388	170,582,369	4.1%
Total net position	\$ 83,576,192	\$ 87,774,081	\$ 87,006,177	\$ 83,430,674	\$ 170,582,369	\$ 171,204,755	0.4%

CITY OF SHERIDAN, WYOMING

MANAGEMENT'S DISCUSSION & ANALYSIS

June 30, 2020

(Unaudited)

During fiscal year 2020, nearly 36% of the total cost of all programs and services were expended by the business type activities or the enterprise funds. Our public safety programs, such as the police and fire rescue departments, accounted for 23% of the total costs for City operations, while public works activities which include planning, engineering, code enforcement and streets accounted for 11% of the total costs. General administration activities represented 13% of City operations total costs.

Governmental Activities

Other taxes are the primary source of revenues for the governmental activities. Due to recent legislation and other factors the following items should be noted:

- The City's property tax valuation increased 6.0% from the prior year and is estimated to increase by 6.0% for the upcoming fiscal year.
- The cap placed on severance tax and mineral royalty distributions is still in place with no change expected for the upcoming fiscal year. The State Legislature continues to approve direct distributions to cities, towns, and counties to alleviate the loss in funding from the cap. There have been discussions about reducing or removing direct distribution funding altogether from the State budget, thus increasing the burden on local communities to find other funding sources to cover this potential loss in revenue from the State.
- The City received \$2,202,788, \$1,980,333, \$1,744,913, \$1,762,809 and \$1,769,549 in direct distribution funding respectively for fiscal years 2016, 2017, 2018, 2019 and 2020. The City has already received \$901,657 for fiscal year 2021. As in the past, the State Legislature has requested that direct distribution funds not be used for salary adjustments, additional personnel, or increased personnel benefits.
- The cost of all governmental activities this year was approximately \$26.6 million, an increase of 15.8% from last year's amount of \$23.0 million. The City received \$1.1 million from those who directly benefited from charged services (i.e. permits, licenses, and fines). The City also received over \$7.3 million from other governments and organizations that subsidized certain programs through grants and contributions.

Net Cost of City of Sheridan's Governmental Activities

	Total Cost			Net Cost (Revenues)		
	Of Services		Percentage	Of Services		Percentage
	2019	2020		2019	2020	
General Administration	\$ 5,606,991	\$ 5,475,950	(2.3)%	\$ 3,808,947	\$ 3,707,146	(2.7)%
Health and Welfare	181,127	200,535	10.7%	181,127	200,535	10.7%
Public Safety	6,133,420	9,626,127	56.9%	5,929,346	9,344,990	57.6%
Public Works	4,463,668	4,350,510	(2.5)%	2,064,855	3,091,191	49.7%
Parks and Recreation	731,131	774,967	6.0%	(851,151)	(4,361,828)	412.5%
Interest on long-term debt	69,770	103,970	49.0%	69,770	103,970	49.0%
Unallocated depreciation	5,786,630	6,080,392	5.1%	5,786,630	6,080,392	5.1%
Total	\$ 22,972,737	\$ 26,612,451	15.8%	\$ 16,989,524	\$ 18,166,396	6.9%

The City's business-type activities are operating at proper funding levels, except for the Golf Course which requires General Fund subsidies.

CITY OF SHERIDAN, WYOMING

MANAGEMENT'S DISCUSSION & ANALYSIS

June 30, 2020

(Unaudited)

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's combined fund balance in its governmental funds at June 30, 2020 was approximately \$18.1 million, an increase of \$6.7 million versus last year. Other items that should be noted are as follows:

- The cap on severance tax and mineral royalty revenues by the State Legislature still remains.
- The City has \$25,900 that is restricted for SID payments and \$2.95 million in commitments related to general cash reserves. These amounts affect availability of the City's funds

General Fund Budgetary Highlights

General Fund Budget Analysis

	Original Budget	Final Budget	Percentage Change	Final Budget	Actual	Percentage Change
Revenues	\$ 10,789,800	\$ 10,976,479	1.7%	\$ 10,976,479	\$ 11,348,579	3.4%
Expenditures						
General Administration	\$ 2,196,995	\$ 2,313,209	5.3%	\$ 2,313,209	\$ 2,217,001	(4.2)%
Health and Welfare	161,460	161,460	0.0%	161,460	180,382	11.7%
Public Safety	5,292,910	5,300,107	0.1%	5,300,107	4,953,901	(6.5)%
Public Works	4,108,235	4,095,335	(0.3)%	4,095,335	3,813,068	(6.9)%
Parks and Recreation	624,030	624,030	0.0%	624,030	645,989	3.5%
Capital Outlay	-	366,082	0.0%	366,082	347,778	(5.0)%
Total	\$ 12,383,630	\$ 12,860,223	3.8%	\$ 12,860,223	\$ 12,158,119	(5.5)%

During the year, the City Council revised the City budget several times. Budget amendments fall into the following categories:

- Amendments and appropriations for prior year encumbrances and unappropriated funds not included in the beginning account balances.
- Appropriation of unanticipated income.
- Transfer of appropriations to prevent budget overruns.

Taking into account these amendments and transfers, actual expenditures were below final budget appropriations.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2020, the City has invested \$199.3 million (net of depreciation) in a broad range of capital assets, including police and fire equipment, land, buildings, park facilities, automobiles, and water and sewer lines.

This represents an increase of 0.4% over last year. More detailed information concerning the City's capital assets can be found in the notes to the financial statements.

CITY OF SHERIDAN, WYOMING

MANAGEMENT'S DISCUSSION & ANALYSIS

June 30, 2020

(Unaudited)

<i>City of Sheridan's Capital Assets</i>							
	Governmental		Business-Type		Total		Total
	Activities		Activities				Percentage
	2019	2020	2019	2020	2019	2020	Change
Land	\$ 6,360,353	\$ 6,382,186	\$ 1,091,984	\$ 1,091,984	\$ 7,452,337	\$ 7,474,170	0.3%
Works of art	1,296,580	1,390,803	-	-	1,296,580	1,390,803	7.3%
Water rights	-	-	350,000	350,000	350,000	350,000	0.0%
Construction							
in progress	9,780,368	17,662,496	8,618,461	2,390,432	18,398,829	20,052,928	9.0%
Infrastructure	101,503,164	101,875,492	5,868,723	12,746,239	107,371,887	114,621,731	6.8%
Buildings	26,763,055	26,958,218	24,157,510	24,164,205	50,920,565	51,122,423	0.4%
Improvements, other							
than buildings	13,782,651	13,797,391	99,950,039	100,177,710	113,732,690	113,975,101	0.2%
Machinery and							
equipment	15,635,712	16,315,413	21,699,339	23,036,340	37,335,051	39,351,753	5.4%
Accumulated							
Depreciation	(75,903,539)	(81,676,160)	(62,490,467)	(67,313,413)	(138,394,006)	(148,989,573)	7.7%
Total	\$ 99,218,344	\$ 102,705,839	\$ 99,245,589	\$ 96,643,497	\$ 198,463,933	\$ 199,349,336	0.4%

This year's major capital asset additions included Leopard Street Waterline replacement, North End Infrastructure Extension, generator, security fencing, various utility and maintenance vehicles, sprayer, irrigation system, Linden Hill land, one front load and three side loading trash trucks, landfill compactor, exhaust system at fire station, new boilers at city hall and the fire station, server and software upgrades, playground equipment, E-911 phone system, municipal court software, and sculptures

Outstanding Long-Term Debt

<i>City of Sheridan's Outstanding Debt</i>							
	Governmental		Business-Type		Total		Total
	Activities		Activities				Percent
	2019	2020	2019	2020	2019	2020	Change
Special Assessment							
Bonds	\$ 485,000	\$ 400,000	\$ -	\$ -	\$ 485,000	\$ 400,000	(17.5)%
Capital Leases	539,872	503,895	829,690	1,440,082	1,369,562	1,943,977	41.9%
State Loan and							
Investment Board	2,082,862	2,959,586	17,790,273	17,086,793	19,873,135	20,046,379	0.9%
Compensated absences	1,130,310	1,197,207	414,632	441,639	1,544,942	1,638,846	6.1%
Landfill closure liability	-	-	3,444,252	4,438,112	3,444,252	4,438,112	28.9%
Net pension liability	27,439,364	26,728,525	5,118,546	4,198,847	32,557,910	30,927,372	(5.0)%
Total	\$ 31,677,408	\$ 31,789,213	\$ 27,597,393	\$ 27,605,473	\$ 59,274,801	\$ 59,394,686	0.2%

At year end the City had \$59.4 million in outstanding debt, an increase of 0.2% or approximately \$0.1 million from last year. More detailed information can be found in the notes to the financial statements.

CITY OF SHERIDAN, WYOMING

MANAGEMENT'S DISCUSSION & ANALYSIS

June 30, 2020

(Unaudited)

FUTURE OF THE CITY

- Through State Legislation, severance tax and mineral royalty revenues continue to be capped.
- The State of Wyoming is experiencing dramatic revenue losses as a result of decreased oil, gas, and coal production, in addition to the outbreak of the Covid-19 virus. It is expected that the State may decrease future funding to municipalities to make up for these revenue losses.
- The City prepared its FY21 budget with a 25% decrease to sales and use tax revenue, and an overall General Fund revenue decrease of 4.6%, while budgeting the use of \$867,000 of cash reserves. However, through December 2020, the YTD sales and use tax collections are 5.3% above the FY20 amount.
- For FY21, the City budgeted \$1,740,000 in Direct Distribution revenue. This amount is \$29,549 less than the FY20 budgeted amount due to proposed 2020 legislation. Through December 2020, \$901,657 has been received. If that same amount is received for the second distribution, the total FY21 Direct Distribution amount will be \$1,803,313, a \$63,313 increase over the budgeted amount. These funds are to help alleviate the effect of capping the severance tax and mineral royalty revenues. The State Legislature has requested that direct distribution funding not be used for salary adjustments, additional personnel or increased personnel benefits. Pending 2021 Legislative changes, the direct distribution may be drastically reduced.
- The City's financial software is in desperate need of replacement. Research into new software has been underway for the past year and it is expected that a decision regarding a purchase will be made before the end of the current fiscal year. In November 2019, the City Council voted to set aside \$225,000 of FY19 General Fund surplus as an assigned fund balance for the future purchase of an ERP software system. The City Council will again be asked, in December 2020, to set aside another \$375,000 from the FY20 General Fund surplus.
- In November 2020, Sheridan County residents voted to reapproved the Capital Facilities Tax with the expectation of the tax continuing for an additional eight years using current collections as estimates. This will enable the City to continue working on its Capital Improvement Plan.
- In November 2018, the residents also voted to approve the continuation of the General Purpose Excise Tax (One Cent Tax), the other optional tax for a total sales and use tax rate of 6%, extending the existing tax through fiscal year 2023. The GPET (One Cent Tax) will be voted on again in November 2022 to extend the existing tax through fiscal year 2027.
- State Legislative efforts to "fully fund" pensions for all public employees, especially Fire Plan A & B, Law Enforcement, and Civilian pensions, continue to be a concern and the unknown full impacts of the federal Affordable Health Care act are reasons City officials are considering increases to reserves.
- Current projects of the City include the Emergency Hillside Stabilization project, HVAC upgrade at The Hub, Malcolm Wallop Park Habitat Enhancements, North Sheridan Interchange, North Heights Waterline Replacement, East 5th Street Corridor, Main Street Lane Configuration, Parks and Pathway Improvements, and South Downtown Improvements.

CITY OF SHERIDAN, WYOMING

MANAGEMENT'S DISCUSSION & ANALYSIS

June 30, 2020

(Unaudited)

Requests for Information

The financial report is designed to provide a general overview of the City of Sheridan, Wyoming's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information, including separately issued reports for the Sheridan Area Water Supply, the Sheridan Economic and Educational Development Authority, and the Sheridan County Travel & Tourism Joint Powers Board, should be addressed to the Office of the Treasurer, 55 Grinnell Plaza, Sheridan, WY 82801.

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BASIC FINANCIAL STATEMENTS

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CITY OF SHERIDAN, WYOMING

STATEMENT OF NET POSITION

June 30, 2020

	<u>Primary Government</u>			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and cash equivalents	\$ 16,058,094	\$ 9,493,248	\$ 25,551,342	\$ 6,229,572
Restricted cash and cash equivalents	25,900	-	25,900	3,174,302
Investments	2,445	36,742	39,187	-
Accounts receivable, net	239,998	2,189,267	2,429,265	250,163
Special assessments receivable, net	585,627	-	585,627	-
Due from other governments	7,055,014	397,973	7,452,987	440,731
Due from component units	166,201	3,230,890	3,397,091	-
Prepaid items	-	-	-	938
Inventory	-	56,307	56,307	-
Real estate held for sale	-	-	-	1,794,072
Notes receivable	-	-	-	905,494
Capital assets, not being depreciated	25,435,485	3,832,416	29,267,901	2,853,535
Capital assets, net of accumulated depreciation	77,270,354	92,811,081	170,081,435	43,870,584
Total assets	<u>126,839,118</u>	<u>112,047,924</u>	<u>238,887,042</u>	<u>59,519,391</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension plan items	4,996,355	1,427,113	6,423,468	-
Total deferred outflows of resources	<u>4,996,355</u>	<u>1,427,113</u>	<u>6,423,468</u>	<u>-</u>
				(Continued)

See accompanying notes to the financial statements

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CITY OF SHERIDAN, WYOMING

STATEMENT OF NET POSITION (CONTINUED)

June 30, 2020

	<u>Primary Government</u>			
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Units</u>
LIABILITIES				
Accounts payable	\$ 3,775,917	\$ 384,205	\$ 4,160,122	\$ 335,160
Accrued liabilities	378,491	166,849	545,340	9,541
Accrued interest payable	123,362	310,030	433,392	70,098
Deposits due to others	-	133,069	133,069	-
Due to primary government	-	-	-	3,397,091
Long-term liabilities				
Due within one year	227,894	1,315,331	1,543,225	380,924
Due in more than one year	4,832,794	22,091,295	26,924,089	4,804,801
Net pension liability	26,728,525	4,198,847	30,927,372	-
Total liabilities	<u>36,066,983</u>	<u>28,599,626</u>	<u>64,666,609</u>	<u>8,997,615</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable property tax revenues	1,724,576	-	1,724,576	-
Pension plan items	6,269,833	1,444,737	7,714,570	-
Unavailable revenue - intergovernmental revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,423</u>
Total deferred inflows of resources	<u>7,994,409</u>	<u>1,444,737</u>	<u>9,439,146</u>	<u>30,423</u>
NET POSITION				
Net investment in capital assets	101,801,944	78,116,622	179,918,566	41,588,970
Restricted by				
Debt service requirements	188,307	-	188,307	-
Sheridan Area Water Supply JPB agreement	-	-	-	1,037,480
SEEDA grant agreement	-	-	-	30,423
Unrestricted (deficit)	<u>(14,216,170)</u>	<u>5,314,052</u>	<u>(8,902,118)</u>	<u>7,834,480</u>
Total net position	<u><u>\$ 87,774,081</u></u>	<u><u>\$ 83,430,674</u></u>	<u><u>\$ 171,204,755</u></u>	<u><u>\$ 50,491,353</u></u>

See accompanying notes to the financial statements

CITY OF SHERIDAN, WYOMING

STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General administration	\$ 5,475,950	\$ 1,116,374	\$ 5,000	\$ 647,430
Health and welfare	200,535	-	-	-
Public safety	9,626,127	-	-	281,137
Public works	4,350,510	-	-	1,259,319
Parks and recreation	774,967	-	7,381	5,129,414
Interest on long-term debt	103,970	-	-	-
Unallocated depreciation	6,080,392	-	-	-
Total governmental activities	<u>26,612,451</u>	<u>1,116,374</u>	<u>12,381</u>	<u>7,317,300</u>
Business-type activities				
Solid waste fund	5,012,160	5,077,819	38,058	-
Water fund	6,259,910	4,039,776	-	976,832
Sewer fund	2,706,609	2,775,481	-	28,795
Golf fund	671,925	314,117	1,000	-
Weed and pest fund	125,785	19,813	-	5,580
Total business-type activities	<u>14,776,389</u>	<u>12,227,006</u>	<u>39,058</u>	<u>1,011,207</u>
Total primary government	<u>\$ 41,388,840</u>	<u>\$ 13,343,380</u>	<u>\$ 51,439</u>	<u>\$ 8,328,507</u>
Component units	<u>\$ 3,357,316</u>	<u>\$ 1,872,627</u>	<u>\$ -</u>	<u>\$ 867,323</u>
General revenues				
Taxes				
Property taxes, levied for general purposes				
Special assessments, levied for debt service				
Sales, severance, royalties, cigarette, gasoline, use taxes				
Franchise taxes				
Lodging tax				
Miscellaneous revenues				
Net investment income				
Special item - cancellation of construction contract				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning of year				
Net position - end of year				

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Position

Primary Government

Governmental Activities	Business-type Activities	Total	Component Units
\$ (3,707,146)	\$ -	\$ (3,707,146)	\$ -
(200,535)	-	(200,535)	-
(9,344,990)	-	(9,344,990)	-
(3,091,191)	-	(3,091,191)	-
4,361,828	-	4,361,828	-
(103,970)	-	(103,970)	-
(6,080,392)	-	(6,080,392)	-
(18,166,396)	-	(18,166,396)	-
-	103,717	103,717	-
-	(1,243,302)	(1,243,302)	-
-	97,667	97,667	-
-	(356,808)	(356,808)	-
-	(100,392)	(100,392)	-
-	(1,499,118)	(1,499,118)	-
(18,166,396)	(1,499,118)	(19,665,514)	-
-	-	-	(617,366)
2,622,028	-	2,622,028	-
11,333	-	11,333	-
16,095,149	-	16,095,149	-
904,413	-	904,413	-
-	-	-	768,943
37,315	174,100	211,415	50,039
216,559	227,003	443,562	154,743
-	-	-	(296,939)
2,477,488	(2,477,488)	-	-
22,364,285	(2,076,385)	20,287,900	676,786
4,197,889	(3,575,503)	622,386	59,420
83,576,192	87,006,177	170,582,369	50,431,933
\$ 87,774,081	\$ 83,430,674	\$ 171,204,755	\$ 50,491,353

CITY OF SHERIDAN, WYOMING

**BALANCE SHEET -
GOVERNMENTAL FUNDS**

June 30, 2020

	General Fund	One Cent Fund	Debt Service Fund
ASSETS			
Cash and cash equivalents	\$ 5,142,005	\$ 736,426	\$ 285,492
Restricted cash and cash equivalents	-	-	25,900
Investments	2,445	-	-
Accounts receivable, net	29,610	-	-
Special assessments receivable, net	-	-	585,627
Due from other funds	210,388	-	-
Due from other governments	2,880,702	689,084	-
Due from component units	3,966	-	-
Total assets	<u>\$ 8,269,116</u>	<u>\$ 1,425,510</u>	<u>\$ 897,019</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 334,005	\$ 111,702	\$ -
Accrued liabilities	369,776	6,055	123,362
Compensated absences payable	40,082	-	-
Due to other funds	-	-	-
Total liabilities	<u>743,863</u>	<u>117,757</u>	<u>123,362</u>
Deferred inflows of resources			
Unavailable property tax revenues	1,730,820	-	-
Unavailable special assessments revenues	-	-	585,350
Total deferred inflows of resources	<u>1,730,820</u>	<u>-</u>	<u>585,350</u>
Fund balances			
Restricted			
Debt service	-	-	25,900
Reserves and emergency needs	2,791,484	-	-
Committed			
Debt service	-	-	162,407
Assigned			
Purchases on order	5,458	750	-
ERP software system	590,000	-	-
Various capital projects	-	-	-
Unassigned	2,407,491	1,307,003	-
Total fund balances	<u>5,794,433</u>	<u>1,307,753</u>	<u>188,307</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,269,116</u>	<u>\$ 1,425,510</u>	<u>\$ 897,019</u>

See accompanying notes to the financial statements

Capital Tax Fund	Public Benefits Fund	Special Revenue Fund	Total Governmental Funds
\$ 503,806	\$ -	\$ 9,390,365	\$ 16,058,094
-	-	-	25,900
-	-	-	2,445
-	210,388	-	239,998
-	-	-	585,627
-	-	-	210,388
652,333	-	2,832,895	7,055,014
-	-	162,235	166,201
<u>\$ 1,156,139</u>	<u>\$ 210,388</u>	<u>\$ 12,385,495</u>	<u>\$ 24,343,667</u>

\$ -	\$ -	\$ 2,690,728	\$ 3,136,435
-	-	2,660	501,853
-	-	-	40,082
-	210,388	-	210,388
<u>-</u>	<u>210,388</u>	<u>2,693,388</u>	<u>3,888,758</u>

-	-	-	1,730,820
-	-	-	585,350
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,316,170</u>

-	-	-	25,900
-	-	-	2,791,484
-	-	-	162,407
-	-	10,241	16,449
-	-	-	590,000
-	-	9,681,866	9,681,866
1,156,139	-	-	4,870,633
<u>1,156,139</u>	<u>-</u>	<u>9,692,107</u>	<u>18,138,739</u>
<u>\$ 1,156,139</u>	<u>\$ 210,388</u>	<u>\$ 12,385,495</u>	<u>\$ 24,343,667</u>

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CITY OF SHERIDAN, WYOMING

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET POSITION**

June 30, 2020

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

Total fund balances - governmental funds		\$ 18,138,739
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		102,705,839
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Unavailable property taxes - governmental funds	\$ 1,730,820	
Unavailable property taxes - governmental activities	<u>(1,724,576)</u>	6,244
Deferred outflows and inflows for pension items are not available to pay for current period expenditures and therefore the underlying resources are not reported in the governmental funds		
Pension plan items - deferred outflows of resources	4,996,355	
Pension plan items - deferred inflows of resources	<u>(6,269,833)</u>	(1,273,478)
Other long-term assets related to special assessments are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		585,350
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.		
Special assessment bonds	(400,000)	
Notes payable	(2,959,586)	
Capital leases	(503,895)	
Retainage payable	(639,482)	
Compensated absences	(1,197,207)	
Compensated absences due and payable in the general fund	40,082	
Pension liability	<u>(26,728,525)</u>	<u>(32,388,613)</u>
Net position of governmental activities		<u><u>\$ 87,774,081</u></u>

See accompanying notes to the financial statements

CITY OF SHERIDAN, WYOMING

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

Year Ended June 30, 2020

	General Fund	One Cent Fund	Debt Service Fund
Revenues			
Taxes	\$ 9,528,972	\$ 3,784,485	\$ -
Licenses and permits	790,905	-	-
Intergovernmental	283,055	-	1,134,677
Special assessments	-	-	90,852
Fines, forfeitures and penalties	254,300	-	-
Charges for services	71,169	-	-
Net investment income	87,483	27,106	-
Contributions	304,375	-	40,000
Miscellaneous revenues	28,320	-	-
Total revenues	<u>11,348,579</u>	<u>3,811,591</u>	<u>1,265,529</u>
Expenditures			
Current			
General administration	2,217,001	1,863,864	-
Health and welfare	180,382	-	-
Public safety	4,953,901	178,697	-
Public works	3,813,068	-	1,700
Parks and recreation	645,989	33,568	-
Capital outlay	347,778	142,094	-
Debt service - principal	-	-	177,673
interest	-	-	103,970
Total expenditures	<u>12,158,119</u>	<u>2,218,223</u>	<u>283,343</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(809,540)</u>	<u>1,593,368</u>	<u>982,186</u>
Other financing sources (uses)			
Transfers in	2,127,375	-	163,071
Transfers out	(508,938)	(2,305,230)	(1,134,677)
Other financing source	366,082	-	-
Total other financing sources (uses)	<u>1,984,519</u>	<u>(2,305,230)</u>	<u>(971,606)</u>
Net change in fund balances	1,174,979	(711,862)	10,580
Fund balances - beginning of year	<u>4,619,454</u>	<u>2,019,615</u>	<u>177,727</u>
Fund balances - end of year	<u><u>\$ 5,794,433</u></u>	<u><u>\$ 1,307,753</u></u>	<u><u>\$ 188,307</u></u>

See accompanying notes to the financial statements

Capital Tax Fund	Public Benefits Fund	Special Revenue Fund	Total Governmental Funds
\$ 3,617,312	\$ 904,413	\$ 1,780,164	\$ 19,615,346
-	-	-	790,905
-	-	4,686,965	6,104,697
-	-	-	90,852
-	-	-	254,300
-	-	-	71,169
12,443	-	89,528	216,560
-	-	1,447,947	1,792,322
-	-	-	28,320
<u>3,629,755</u>	<u>904,413</u>	<u>8,004,604</u>	<u>28,964,471</u>
-	-	381,531	4,462,396
-	-	13,089	193,471
-	-	417,912	5,550,510
-	-	334,227	4,148,995
-	-	71,397	750,954
-	-	8,819,239	9,309,111
-	-	-	177,673
-	-	-	103,970
<u>-</u>	<u>-</u>	<u>10,037,395</u>	<u>24,697,080</u>
<u>3,629,755</u>	<u>904,413</u>	<u>(2,032,791)</u>	<u>4,267,391</u>
-	-	9,418,341	11,708,787
(3,527,459)	(928,237)	(1,234,067)	(9,638,608)
-	-	8,995	375,077
<u>(3,527,459)</u>	<u>(928,237)</u>	<u>8,193,269</u>	<u>2,445,256</u>
102,296	(23,824)	6,160,478	6,712,647
<u>1,053,843</u>	<u>23,824</u>	<u>3,531,629</u>	<u>11,426,092</u>
<u>\$ 1,156,139</u>	<u>\$ -</u>	<u>\$ 9,692,107</u>	<u>\$ 18,138,739</u>

CITY OF SHERIDAN, WYOMING

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES Year Ended June 30, 2020

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

Change in fund balances as reported in the governmental fund statement.	\$ 6,712,647
---	--------------

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of those assets is allocated
over their estimated useful lives and reported as depreciation expense.

Capital asset additions	\$ 8,521,095	
Transferred from water fund	372,328	
Transferred from weed and pest fund	34,982	
Retainage for projects in construction	639,482	
Depreciation	<u>(6,080,392)</u>	3,487,495

The issuance of long-term debt provides current financial resources
to governmental funds, while these amounts are deferred and then
amortized in the statement of activities.

Issuance of Clean Water loan	(933,421)
------------------------------	-----------

Certain revenues are not recognized as current financial resources and,
therefore, are not reported as revenues in governmental funds.

Unavailable special assessments June 30, 2020	585,350	
Unavailable special assessments June 30, 2019	(664,869)	
Difference in unavailable property tax revenue - current year	<u>6,244</u>	(73,275)

The repayment of principal on long-term debt and capital leases
consumes current financial resources of governmental funds while it is
not recognized as an expense in the statement of activities.

177,674

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

Pension liability as of June 30, 2019	27,439,364	
Pension liability as of June 30, 2020	(26,728,525)	
Deferred outflows - pension items as of June 30, 2019	(6,746,998)	
Deferred outflows - pension items as of June 30, 2020	4,996,355	
Deferred inflows - pension items as of June 30, 2019	2,857,198	
Deferred inflows - pension items as of June 30, 2020	<u>(6,269,833)</u>	(4,452,439)

(Continued)

CITY OF SHERIDAN, WYOMING

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES (CONTINUED)
Year Ended June 30, 2020

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

Compensated absences recognized in the funds - current year	\$	40,082	
Compensated absences recognized in the funds - prior year		(54,495)	
Total compensated absences - current year		(1,197,207)	
Total compensated absences - prior year		<u>1,130,310</u>	\$ (81,310)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available.

Retainage payable		(639,482)	
Change in net position of governmental activities		<u>\$ 4,197,889</u>	

See accompanying notes to the financial statements

CITY OF SHERIDAN, WYOMING

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

June 30, 2020

	Solid Waste Fund	Water Fund	Sewer Fund
ASSETS			
Current assets			
Cash and cash equivalents	\$ 3,182,690	\$ 4,426,816	\$ 1,737,961
Service receivables, net	718,857	1,007,743	446,039
Investments	5,182	31,560	-
Due from other governments	360,000	-	-
Due from component unit	-	3,230,890	-
Inventory	-	49,022	7,285
Total current assets	<u>4,266,729</u>	<u>8,746,031</u>	<u>2,191,285</u>
Capital assets, net of accumulated depreciation	<u>8,155,800</u>	<u>73,110,689</u>	<u>14,632,896</u>
Total assets	<u>12,422,529</u>	<u>81,856,720</u>	<u>16,824,181</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension plan items	<u>581,354</u>	<u>566,863</u>	<u>267,005</u>
LIABILITIES			
Current liabilities			
Accounts payable	209,725	108,185	38,152
Accrued liabilities	69,204	58,514	34,993
Accrued interest payable	35,074	179,329	90,361
Deposits due to others	-	133,069	-
Compensated absences payable, current portion	9,577	6,280	-
Capital leases payable, current portion	163,077	14,459	-
Notes payable, current portion	202,568	598,573	298,127
Total current liabilities	<u>689,225</u>	<u>1,098,409</u>	<u>461,633</u>
Long-term liabilities			
Net pension liability	1,633,000	1,769,534	779,465
Landfill closure and postclosure liability	4,438,112	-	-
Compensated absences payable	153,082	145,676	123,196
Capital leases payable	974,691	120,805	-
Notes payable	114,174	10,369,950	5,503,401
Total long-term liabilities	<u>7,313,059</u>	<u>12,405,965</u>	<u>6,406,062</u>
DEFERRED INFLOWS OF RESOURCES			
Pension plan items	<u>604,678</u>	<u>523,180</u>	<u>296,470</u>
NET POSITION			
Net investment in capital assets	6,701,290	62,006,902	8,831,368
Restricted			
Landfill closure and post closure - W.S. 35-11-532	1,347,399	-	-
Reserves and emergency needs	1,329,971	2,678,318	1,131,523
Unrestricted (deficit)	<u>(4,981,739)</u>	<u>3,710,809</u>	<u>(35,870)</u>
Total net position	<u>\$ 4,396,921</u>	<u>\$ 68,396,029</u>	<u>\$ 9,927,021</u>

See accompanying notes to the financial statements

Golf Fund	Weed and Pest Fund	Totals
\$ 21,867	\$ 123,914	\$ 9,493,248
13,202	3,426	2,189,267
-	-	36,742
-	37,973	397,973
-	-	3,230,890
-	-	56,307
35,069	165,313	15,404,427
619,623	124,489	96,643,497
654,692	289,802	112,047,924
-	11,891	1,427,113
21,988	6,155	384,205
-	4,138	166,849
5,266	-	310,030
-	-	133,069
-	-	15,857
22,670	-	200,206
-	-	1,099,268
49,924	10,293	2,309,484
-	16,848	4,198,847
-	-	4,438,112
-	3,828	425,782
144,380	-	1,239,876
-	-	15,987,525
144,380	20,676	26,290,142
-	20,409	1,444,737
452,573	124,489	78,116,622
-	-	1,347,399
-	-	5,139,812
7,815	125,826	(1,173,159)
\$ 460,388	\$ 250,315	\$ 83,430,674

CITY OF SHERIDAN, WYOMING

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - PROPRIETARY FUNDS**

Year Ended June 30, 2020

	Solid Waste Fund	Water Fund	Sewer Fund
Operating revenues			
Service fees	\$ 5,075,751	\$ 4,026,788	\$ 2,775,481
Other operating revenue	2,068	12,988	-
Total operating revenues	<u>5,077,819</u>	<u>4,039,776</u>	<u>2,775,481</u>
Operating expenses			
Salaries and benefits	2,034,293	1,635,272	1,053,938
Other operating expenses	1,193,675	963,277	603,392
Landfill closure and postclosure costs	993,860	-	-
Depreciation expense	743,255	3,417,113	917,091
Total operating expenses	<u>4,965,083</u>	<u>6,015,662</u>	<u>2,574,421</u>
Operating income (loss)	112,736	(1,975,886)	201,060
Nonoperating revenues (expenses)			
Net investment income	58,240	131,293	34,221
Interest expense	(47,077)	(244,248)	(132,188)
Total nonoperating revenues (expenses)	<u>11,163</u>	<u>(112,955)</u>	<u>(97,967)</u>
Income (loss) before contributions and transfers	123,899	(2,088,841)	103,093
Capital grants and contributions	38,058	976,832	28,795
Transfers in	207,466	824,969	1,388,103
Transfers out	(1,172,732)	(2,876,239)	(1,095,184)
Net contributions and transfers	<u>(927,208)</u>	<u>(1,074,438)</u>	<u>321,714</u>
Change in net position	(803,309)	(3,163,279)	424,807
Net position - beginning of year	<u>5,200,230</u>	<u>71,559,308</u>	<u>9,502,214</u>
Net position - end of year	<u><u>\$ 4,396,921</u></u>	<u><u>\$ 68,396,029</u></u>	<u><u>\$ 9,927,021</u></u>

See accompanying notes to the financial statements

Golf Fund	Weed and Pest Fund	Totals
\$ 311,938	\$ 19,813	\$ 12,209,771
2,179	174,100	191,335
314,117	193,913	12,401,106
-	74,695	4,798,198
576,989	37,999	3,375,332
-	-	993,860
89,415	13,091	5,179,965
666,404	125,785	14,347,355
(352,287)	68,128	(1,946,249)
90	3,159	227,003
(5,521)	-	(429,034)
(5,431)	3,159	(202,031)
(357,718)	71,287	(2,148,280)
1,000	5,580	1,050,265
306,485	-	2,727,023
-	(60,356)	(5,204,511)
307,485	(54,776)	(1,427,223)
(50,233)	16,511	(3,575,503)
510,621	233,804	87,006,177
\$ 460,388	\$ 250,315	\$ 83,430,674

CITY OF SHERIDAN, WYOMING

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds		
	Solid Waste Fund	Water Fund	Sewer Fund
Cash Flows from Operating Activities			
Cash receipts from customers	\$ 5,058,207	\$ 3,731,723	\$ 2,745,849
Cash paid to suppliers for goods and services	(1,107,922)	(930,286)	(618,549)
Cash paid to employees for services	(1,843,819)	(1,489,530)	(978,286)
Net cash provided by (used in) operating activities	2,106,466	1,311,907	1,149,014
Cash Flows from Noncapital Financing Activities			
Transfers in	207,466	824,969	12,193
Transfers out	(1,172,732)	(1,128,000)	(1,095,184)
Net cash provided by (used in) noncapital financing activities	(965,266)	(303,031)	(1,082,991)
Cash Flows from Capital and Related Financing Activities			
Capital grants from federal and state sources	38,058	976,832	28,795
Acquisition of notes payable and capital leases	939,639	134,471	86,384
Principal payments on notes payable to the State Loan and Investments Board	(201,197)	(565,508)	(271,804)
Principal payments on capital leases	(179,209)	(13,916)	-
Interest paid on capital debt	(31,896)	(243,540)	(102,250)
Proceeds from sale of property and equipment	290,450	-	-
Purchases of property and equipment	(2,095,199)	(1,050,535)	(12,193)
Net cash used in capital and related financing activities	(1,239,354)	(762,196)	(271,068)
Cash Flows from Investing Activities			
Purchase of investment securities	17,517	36,546	-
Interest on investments	58,240	86,466	34,221
Net cash provided by investing activities	75,757	123,012	34,221
Net increase (decrease) in cash and cash equivalents	(22,397)	369,692	(170,824)
Cash and cash equivalents - beginning of year	3,205,087	4,057,124	1,908,785
Cash and cash equivalents - end of year	\$ 3,182,690	\$ 4,426,816	\$ 1,737,961

See accompanying notes to the financial statements

Business-type Activities - Enterprise Funds

Golf Fund	Weed and Pest Fund	Totals
\$ 328,584	\$ 191,042	\$ 12,055,405
(580,517)	(45,241)	(3,282,515)
-	(67,587)	(4,379,222)
(251,933)	78,214	4,393,668
306,485	-	1,351,113
-	(60,356)	(3,456,272)
306,485	(60,356)	(2,105,159)
1,000	5,580	1,050,265
-	-	1,160,494
-	-	(1,038,509)
(21,948)	-	(215,073)
(6,212)	-	(383,898)
-	-	290,450
(16,400)	(56,378)	(3,230,705)
(43,560)	(50,798)	(2,366,976)
-	-	54,063
90	3,159	182,176
90	3,159	236,239
11,082	(29,781)	157,772
10,785	153,695	9,335,476
\$ 21,867	\$ 123,914	\$ 9,493,248

(Continued)

CITY OF SHERIDAN, WYOMING

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED) Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds		
	Solid Waste Fund	Water Fund	Sewer Fund
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 112,736	\$ (1,975,886)	\$ 201,060
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities			
Depreciation expense	743,255	3,417,113	917,091
Loss on sale of assets	(9,947)	-	-
Amortization of pension items	574,531	462,812	241,646
Landfill closure and postclosure costs	993,860	-	-
Increase (decrease) in cash resulting from changes in operating assets, deferred outflows and liabilities			
Service receivables, net	(19,612)	(296,451)	(29,632)
Due from other governments	-	-	-
Due from component unit	-	(16,602)	-
Inventory	-	3,324	(2,595)
Deferred outflows - pension plan items	(7,320)	(3,056)	(4,984)
Accounts payable	95,700	29,667	(12,562)
Accrued liabilities	10,255	13,492	3,609
Deposits due to others	-	5,000	-
Compensated absences payable	19,535	(30)	6,364
Net pension liability	(406,527)	(327,476)	(170,983)
Net cash provided by (used in) operating activities	<u>\$ 2,106,466</u>	<u>\$ 1,311,907</u>	<u>\$ 1,149,014</u>
Noncash capital and related financing activities			
Capital assets transferred from water fund	\$ -	\$ (1,748,239)	\$ 1,375,910
Due from SAWS for water share liability	\$ -	\$ 44,827	\$ -

See accompanying notes to the financial statements

<u>Golf Fund</u>	<u>Weed and Pest Fund</u>	<u>Totals</u>
\$ (352,287)	\$ 68,128	\$ (1,946,249)
89,415	13,091	5,179,965
-	-	(9,947)
-	20,793	1,299,782
-	-	993,860
14,467	(122)	(331,350)
-	(2,749)	(2,749)
-	-	(16,602)
-	-	729
-	(412)	(15,772)
(3,528)	(7,242)	102,035
-	302	27,658
-	-	5,000
-	1,138	27,007
-	(14,713)	(919,699)
<u>\$ (251,933)</u>	<u>\$ 78,214</u>	<u>\$ 4,393,668</u>
\$ -	\$ -	\$ (372,329)
\$ -	\$ -	\$ 44,827

CITY OF SHERIDAN, WYOMING

**STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS**

June 30, 2020

	Agency Funds		
	Crime Victims Fund	Employee Relief Fund	Total
ASSETS			
Cash and cash equivalents	\$ 908	\$ 468	\$ 1,376
Total assets	<u>\$ 908</u>	<u>\$ 468</u>	<u>\$ 1,376</u>
LIABILITIES			
Accounts payable	\$ 908	\$ 468	\$ 1,376
Total liabilities	<u>\$ 908</u>	<u>\$ 468</u>	<u>\$ 1,376</u>

See accompanying notes to the financial statements

CITY OF SHERIDAN, WYOMING

COMBINING STATEMENT OF NET POSITION - COMPONENT UNITS

June 30, 2020

	Major	Nonmajor		
		Sheridan Economic		
	Sheridan Area	and Educational	Sheridan County	Total
	Water Supply	Development	Travel	Component
		Authority	and Tourism	Units
ASSETS				
Cash and cash equivalents	\$ 5,507,435	\$ 661,661	\$ 60,476	\$ 6,229,572
Restricted cash and cash equivalents	3,143,879	30,423	-	3,174,302
Accounts receivable, net	250,163	-	-	250,163
Due from other governments	237,356	131,848	71,527	440,731
Prepaid items	-	500	438	938
Real estate held for sale	-	1,794,072	-	1,794,072
Notes receivable	905,494	-	-	905,494
Capital assets, not being depreciated	2,162,478	691,057	-	2,853,535
Capital assets, net of depreciation	31,269,997	12,600,587	-	43,870,584
Total assets	43,476,802	15,910,148	132,441	59,519,391
LIABILITIES				
Accounts payable	8,345	309,412	17,403	335,160
Accrued liabilities	-	-	9,541	9,541
Accrued interest payable	70,098	-	-	70,098
Due to primary government	3,230,890	-	166,201	3,397,091
Long-term liabilities				
Due within one year	380,924	-	-	380,924
Due in more than one year	4,754,225	30,423	20,153	4,804,801
Total liabilities	8,444,482	339,835	213,298	8,997,615
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue -				
intergovernmental revenues	-	30,423	-	30,423
	-	30,423	-	30,423
NET POSITION				
Net investment in capital assets	28,297,326	13,291,644	-	41,588,970
Restricted by				
Sheridan Area Water Supply				
JPB agreement	1,037,480	-	-	1,037,480
SEEDA grant agreement	-	30,423	-	30,423
Unrestricted	5,697,514	2,217,823	(80,857)	7,834,480
Total net position	\$ 35,032,320	\$ 15,539,890	\$ (80,857)	\$ 50,491,353

See accompanying notes to the financial statements

CITY OF SHERIDAN, WYOMING

COMBINING STATEMENT OF ACTIVITIES - COMPONENT UNITS

Year Ended June 30, 2020

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Major component unit				
Sheridan Area Water Supply	\$ 2,021,609	\$ 1,830,420	\$ -	\$ 237,356
Nonmajor component units				
Sheridan Economic and Educational Development Authority	443,700	-	-	629,967
Sheridan County				
Travel and Tourism	892,007	42,207	-	-
Total nonmajor component units	<u>1,335,707</u>	<u>42,207</u>	<u>-</u>	<u>629,967</u>
Total component units	<u>\$ 3,357,316</u>	<u>\$ 1,872,627</u>	<u>\$ -</u>	<u>\$ 867,323</u>
General revenues				
Lodging tax				
Net investment income				
Miscellaneous revenues				
Special item - cancellation of construction contract				
Total general revenues and special item				
Change in net position				
Net position - beginning of year				
Net position - end of year				

See accompanying notes to the financial statements

Major	Nonmajor		
Sheridan Area Water Supply	Sheridan Economic and Educational Development Authority	Sheridan County Travel and Tourism	Total Component Units
\$ 46,167	\$ -	\$ -	\$ 46,167
-	186,267	-	186,267
-	-	(849,800)	(849,800)
-	186,267	(849,800)	(617,366)
-	-	768,943	768,943
143,320	11,423	-	154,743
50,039	-	-	50,039
-	(296,939)	-	(296,939)
193,359	(285,516)	768,943	204,782
239,526	(99,249)	(80,857)	59,420
34,792,794	15,639,139	-	50,431,933
\$ 35,032,320	\$ 15,539,890	\$ (80,857)	\$ 50,491,353

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CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 1. The Reporting Entity and Significant Accounting Policies

Nature of Operations

The City of Sheridan (the “City”) provides a broad range of services to citizens, including general government, public safety, streets, sanitation, health, cultural, social services, and park facilities. It also operates water, sewer and sanitation utilities, an emergency response system, and several recreational facilities.

Reporting Entity

The City of Sheridan is a municipal corporation governed by an elected mayor and six-member council. As required by accounting principles generally accepted in the United States of America, these financial statements include all of the governmental activities and business-type activities relevant to the operations of the City. The accompanying financial statements of the City are to include those separately administered organizations for which the elected officials of the City are financially accountable or those that it would be misleading to exclude. Financial accountability is determined based on the appointment of a voting majority of the governing board and, either the City's ability to impose its will or the presence of a potential financial benefit or burden to the City. The City has determined that the following outside agencies meet the above criteria and, therefore, have been included as component units in the City's basic financial statements.

Discretely Presented Component Units. The component units' columns in the government-wide financial statements present the financial data of the City's discretely presented component units. They are reported in separate columns to emphasize that they are legally separate from the City. All of the component units described below issue their own financial statements.

1. The *Sheridan Area Water Supply Joint Powers Board* (SAWS) was created under Wyoming Statutes §16-1-101 through 16-1-109 under agreements with the City and Sheridan County. It is jointly funded by both governments for the purpose of providing water to Sheridan area residents, including the County and City governments. The Board consists of six members: three Sheridan County Commissioners, the City Mayor, and two City Council Members. Complete financial statements for the Sheridan Area Water Supply can be obtained from its administrative office in Sheridan, Wyoming.
2. The *Sheridan Economic and Educational Development Authority Joint Powers Board* (SEEDA) was created to foster collaboration in construction and operation of facilities and programs furthering the educational and economic development of Sheridan County. The governing board of this component unit is appointed collectively by the City and Northern Wyoming Community College. Complete financial statements for the Sheridan Economic and Education Development Authority Joint Powers Board can be obtained from its administrative office in Sheridan, Wyoming.
3. The *Sheridan County Travel and Tourism Joint Powers Board* (Board) was created to promote travel and tourism within Sheridan County, Wyoming, the City of Sheridan, the Town of Dayton, the Town of Ranchester and the Town of Clearmont. The Board is governed by a nine-member board consisting of two Sheridan County-appointed members, four City of Sheridan-appointed members, one each for the Town of Dayton, Town of Ranchester and Town of Clearmont. Complete financial statements for the Sheridan County Travel and Tourism Joint Powers Board can be obtained from its administrative office in Sheridan, Wyoming.

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 1. The Reporting Entity and Significant Accounting Policies (Continued)

Related Organization

The Sheridan Recreation District is a legally-separate related organization for which the City has no significant financial accountability. The Sheridan Recreation District is governed by a five-member board consisting of two City-appointed members, two Sheridan County School District #2-appointed members, and one at-large member appointed by the City and Sheridan County School District #2 in alternating years.

Sheridan County School District #2 imposes a one mill levy on its assessed valuation to be expended by the Sheridan Recreation District as outlined in Wyoming Statute §18-9-201 in addition to its other sources of revenue. This jointly established system of public recreation operates, maintains, and assists with improving parks located in the City of Sheridan, Wyoming, and surrounding areas in Sheridan County, Wyoming, as well as providing recreational services to youths and adults. For the year ended June 30, 2020, the City paid the Sheridan Recreation District \$171,500 for services associated with maintaining community parks and facilities and coordinating programs at these facilities. Further financial information is available from the Sheridan Recreation District.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 1. The Reporting Entity and Significant Accounting Policies (Continued)

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in the individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *one cent fund* is a special revenue fund which accounts for the resources collected through the optional one cent sales and use tax and the expenditures of those funds.

The *debt service fund* accounts for resources to pay special assessment debt, two lease purchase agreements of the general government and E-911 phone system loan.

The *capital tax fund* is a special revenue fund which accounts for the resources collected through the capital facilities tax and the expenditures of those funds.

The *public benefits fund* is a special revenue fund which accounts for the resources collected through the franchise tax and the expenditures of those funds.

The *special revenue fund* is used to account for proceeds from specific revenue sources, which are required to be accounted for separately and used for specific purposes.

The government reports the following major proprietary funds:

The *solid waste fund* accounts for revenue and expenses of the department responsible for maintaining a dependable system for collecting and disposing of solid waste material in the City.

The *water fund* accounts for revenue and expenses of the departments responsible for providing a safe, potable water supply adequate for fire protection, domestic and industrial usage.

The *sewer fund* accounts for revenue and expenses of the departments responsible for maintaining a dependable system for collecting and treating wastewater in the City.

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 1. The Reporting Entity and Significant Accounting Policies (Continued)

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

The *golf fund* accounts for revenue and expenses associated with the operation and maintenance of the Sheridan Municipal Golf Course. In the current year, the golf fund did not meet the criteria to be reported as a major fund. Since it is management's intention that this would be a significant fund in the future, it has been reported separately for consistency with prior and future years.

The *weed and pest fund* accounts for revenue and expenses associated with services related to weed and pest control in the City.

Additionally, the government reports the following fund types:

The *agency funds* are used to account for the funds that are collected on behalf of other entities that have not yet been remitted. They are custodial in nature (assets equal liabilities) and do not involve measurement or results of operations.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, sewer, solid waste, weed and pest and golf enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents

The amounts shown on the balance sheet as cash and cash equivalents represent cash on deposit in banks with original maturities of three months or less, and petty cash. Money market funds held by any investment pool or included in any brokerage account are not considered cash equivalents, since these holdings are normally temporary in nature. The City's intent is to reinvest these proceeds in other investments. The City considers the account with WYO-STAR to be cash equivalents due to the City's ability and intent to withdraw the monies at any time.

WYO-STAR is an authorized government investment pool offered exclusively to Wyoming Governmental entities by the Wyoming State Treasurer's Office. The value of the City's investments in WYO-STAR equals the value of its WYO-STAR shares. Each participant's position in the WYO-STAR investment pool is calculated by the proportion of the cost of their contribution to the total funds invested in the pool multiplied by the pool's total fair value as of any specific date. WYO-STAR investments consist of short-term bonds and cash with a weighted average maturity which does not exceed 90 days, with a benchmark using Bank of America 3 month U.S. T-Bills index.

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 1. The Reporting Entity and Significant Accounting Policies (Continued)

Restricted Cash and Cash Equivalents

SAWS has restricted cash and cash equivalents of \$3,143,879 by an agreement with the City for purchases of future water supply. This agreement states that SAWS is responsible for 33% of the cost of future water supply purchases and the City is responsible for 67%. SAWS recorded a liability of \$2,913,745 for the 67% of the restricted cash and cash equivalents held at year end as a due to the City.

Investments

State statutes authorize the types of investments in which the City may invest. Among these authorized investments are certificates of deposit, money market funds, commercial paper, obligations of the U.S. Treasury, agencies and instrumentalities of the U.S. Government, mortgage backed securities, guaranteed investment contracts, and repurchase agreements with banks with the underlying securities being obligations of the U.S. Treasury or agencies and instrumentalities of the U.S. Government.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Any advances between funds reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade, utility, and property tax receivables, are shown net of an allowance for uncollectible accounts. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectible.

Property taxes attach as an enforceable lien on property as of January 1. The current year property taxes were levied as of July 1, 2019 and were due in two installments. Installments are due on September 1 and March 1 and are collectible on November 10 and May 10. If the first installment payment is made after November 10, the entire amount is due by December 31. Delinquent taxes have been recognized as revenue to the extent they have been collected within 60 days after June 30, 2020. Property taxes receivable are included in “due from other governments” in the accompanying balance sheet. Property taxes are assessed, billed, collected, and distributed by the Sheridan County Treasurer and the Sheridan County Assessor. Property taxes which are not current receivables are offset by deferred revenues on the fund financials, but are reported on the government-wide financial statements as revenues and receivables, with no amount being deferred. Property taxes receivable are recognized as of the lien date; however, revenue is not recognized until the levy date.

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 1. The Reporting Entity and Significant Accounting Policies (Continued)

Inventories

Water and Sewer Fund inventories are carried at the lower of cost or market (first-in, first-out method). Inventories of the governmental fund types are recorded as expenditures when purchased. Any reported inventories of the general fund would be equally offset by a fund balance reserve, which indicates that it would not constitute available spendable resources.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

	Years
Infrastructure	20-40
Buildings	40
Improvements, other than buildings	5-20
Machinery and equipment	5-20

Expenditures for maintenance and repairs of proprietary fund type property and equipment are charged to expense, while renewals and betterments are capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The City capitalizes net interest costs and interest earned as part of constructing various enterprise fund projects when material. No interest was capitalized during the year ended June 30, 2020.

Real Estate Held for Sale

As part of the City's commitment to economic development, SEEDA may receive donated land from the City to assist them in their mission. Below is detail of land donated and sold over the years:

Land received in year ended June 30, 2011	\$ 1,171,000
Land sold in year ended June 30, 2011	(152,079)
Land received in year ended June 30, 2014	1,628,641
Land sold in year ended June 30, 2016	(1,003,310)
Land sold in year ended June 30, 2017	(316,244)
Prior period adjustment for June 30, 2017	(121,380)
Land received in year ended June 30, 2018	587,444
Real estate held for sale	<u>\$ 1,794,072</u>

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 1. The Reporting Entity and Significant Accounting Policies (Continued)

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the financial statements include a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a decrease of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to the liabilities, the financial statements include a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred outflows and deferred inflows of resources as follows:

Unavailable Revenues – Unavailable revenue is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide statement of net position, property tax revenue is reported as a deferred inflow of resources in the year the taxes are levied.

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

Collections

The City owns various works of art used to beautify its public spaces. These items are not considered to be held for financial gain. All works of art are protected, kept unencumbered and preserved. The City capitalizes these works of art.

Short-Term Financing

The City did not issue any tax anticipation notes or use any other type of short-term financing for the year ended June 30, 2020.

Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation, sick and holiday leave benefits, which will be paid to the employees upon separation from the City. In governmental funds, the cost for these benefits is recognized when payments are made. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Unused sick or vacation pay is not recognized as a liability because it does not meet the criteria for accrual. Proprietary funds accrue vacation and sick leave, and the related benefits, in the period they are earned.

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 1. The Reporting Entity and Significant Accounting Policies (Continued)

Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported within the appropriate component of fund balance based on the classifications noted below. Encumbrances do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. Outstanding encumbrances at the end of fiscal year end June 30, 2020 were as follow:

General Fund	\$ 5,458
One Cent Fund	750
Special Revenue Fund	10,241
Sewer Fund	298
Water Fund	8,807
Solid Waste Fund	273
	<u>\$ 25,827</u>

Pensions

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

Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the fund financial statements, governmental fund types recognize proceeds from lease purchase obligations which are reported as other financing sources. Repayment of long-term debt (lease purchase obligations) is reported as debt service expenditures.

Fund Equity

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the City Council through approval of resolutions, the Council’s highest level of decision-making authority. Assigned fund balance is a limitation imposed by the City Council through measures less than a resolution or by their designee. Unassigned fund balance in the general fund is the net resources in excess of what can be properly classified in one of the above four categories.

Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes. Proprietary fund equity is classified the same as in the government-wide statements.

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 1. The Reporting Entity and Significant Accounting Policies (Continued)

Fund Equity (Continued)

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

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the state of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The estimate of pension liabilities is especially significant to the City. It is reasonably possible that this estimate will change within one year of the date of the financial statements due to one or more future events. The effect of the change could be material to the financial statements and could result in a loss.

Note 2. Stewardship, Compliance, and Accountability

Budgetary Accounting and Control

Appropriated budgets are established for all funds of the City except agency funds, which do not measure the results of operations. The City's procedures for establishing the budget each year are as follows:

- Operational budgets are submitted to the department heads in March of each year.
- From April through May of each year, these budgets are reviewed and refined as necessary by the City Administrator, department heads and the Treasurer's Office.
- The City Administrator and department heads present their proposed budget to the City Council around the middle of May of each year. The overall budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted at City Hall to obtain taxpayer comments during June of each year.
- Prior to June 30, the budget is legally enacted through passage of a resolution for the fiscal year beginning July 1 of each year.

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

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

Budgetary Basis

Budgets for governmental and propriety funds are adopted on a cash basis. Such budgets exclude depreciation, market adjustment, gains and losses on sales, inventory adjustments, contribution of capital assets, and bad debt, which are not recorded as revenues or expenditures.

Legal Level of Control

Budgeted amounts are as originally adopted, or as amended by the City Council. For all funds, expenditures cannot exceed budgeted amounts on a fund level basis based upon original and/or supplemental appropriations as approved by the City Council.

Note 3. Cash and Investments

Deposits

At June 30, 2020, the carrying amount of the City's bank deposits was \$6,813,375 and the bank balance was \$7,203,619. The difference between the carrying amount and the bank balance is a result of transactions in transit. In addition, the City had cash and cash equivalents of \$18,763,962 on deposit with the Treasurer of the State of Wyoming in WYO-STAR and \$1,280 in petty cash.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that the City's deposits in excess of the Federal depository insurance must be collateralized. In accordance with State statutes, the City maintains deposits at those depository banks authorized by the City Council. As of June 30, 2020, all of the City's bank deposits were covered by Federal depository insurance or collateral held by the pledging bank's trust department or by its agent under joint custody receipts. At June 30, 2020, the City's bank deposits were fully insured or collateralized as required by statutes. In addition, the City's deposits in WYO-STAR are held in trust by the Treasurer of the State of Wyoming and not comingled with other State funds; each entity has an individual interest in the pool. Management does not believe its cash balances are at significant risk as a result of not being fully insured or collateralized. The City has not incurred any losses related to uninsured deposits.

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 3. Cash and Investments (Continued)

Custodial Credit Risk – Deposits (Continued)

As of June 30, 2020, the City had the following investments:

Investment Type	Total	Investment Maturities (In Years)				Moody's Rating
		1 year	1-5 years	5-10 years	10 years +	
U.S. agency mortgage backed securities - GNMA, interest rates from 4.0% to 8.0%	\$ 33,733	\$ -	\$ -	\$ 3,240	\$ 30,493	Aaa
Government sponsored enterprise obligations						
FNMA, interest rate of 5%	2,882	-	-	-	2,882	Aaa
Money market	2,572	2,572	-	-	-	n/a
	<u>\$ 39,187</u>	<u>\$ 2,572</u>	<u>\$ -</u>	<u>\$ 3,240</u>	<u>\$ 33,375</u>	

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have a formal policy for interest rate risk. As a means of limiting its exposure to fair value losses arising from interest rates; the City attempts to match its investment maturities with its expected cash flow needs. With this investment focus, investments are expected to reach maturity with limited gains and losses.

Credit Risk

Generally, credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law does not allow governments to invest in corporate bonds, stocks or mutual funds and limits investments in commercial paper to short term maturities (not greater than 270 days) and to the top ratings issued by nationally recognized statistical rating organizations (Moody's and Standard and Poor's). Obligations of the U.S. Government and obligations specifically guaranteed by the U.S. Government are backed by the full faith and credit of the U.S. Government. The City invests in U.S. Government obligations, government sponsored entity obligations, and money market investments. Obligations of the government sponsored enterprises (GSEs) are not specifically guaranteed by the U.S. Government. Management believes its credit risk is nominal based on its investment focus.

Concentration of Credit Risk

The City does not have a formal policy that allows for or limits an investment in any one issuer to a specified percentage of the City's total investments. As of June 30, 2020, the City had 86% of its investments in GNMA securities, 7% in money market and 7% of the City's investments were in FNMA securities.

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 3. Cash and Investments (Continued)

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The City does not have a formal policy for custodial credit risk.

Note 4. Fair Value of Investments

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at June 30, 2020.

U.S. sponsored enterprise obligations and U.S. government agency mortgage backed securities – Valued using matrix pricing models for identical or similar assets in active markets.

The following categorizes the fair value measurements within the fair value hierarchy established by generally accepted accounting principles:

	Investments at Fair Value as of June 30, 2020			
	Level 1	Level 2	Level 3	Total
Government sponsored enterprise obligations	\$ -	\$ 2,882	\$ -	\$ 2,882
U.S. agency mortgage backed securities	-	33,733	-	33,733
Total investments at fair value	<u>\$ -</u>	<u>\$ 36,615</u>	<u>\$ -</u>	<u>36,615</u>
Other investments not reported in classifications:				
Money market				2,572
Total primary government investments				<u>\$ 39,187</u>

As of June 30, 2020, the City's investment portfolio includes the following investments that have fair values highly sensitive to interest rate changes:

Mortgage-backed securities – when interest rates fall, mortgages are refinanced and paid off early. The reduced stream of future interest payments diminishes the value of the investment.

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 5. Allowance for Uncollectible Receivables

The City's policy for estimating an allowance for uncollectible receivables is based on the average write-off as a percentage of net fund revenues in the proprietary fund types. The City has determined that uncollectible accounts for delinquent special assessments are immaterial and, therefore, no allowance has been required since June 30, 2000. Allowances for uncollectible receivables are as follows:

Water Fund	\$	5,015
Sewer Fund		2,172
Solid Waste Fund		2,874
Weed and Pest Fund		44
Total	\$	<u>10,105</u>

Note 6. Individual Fund Interfund Receivables, Payables, Transfers and Capital Transfers

Individual funds inter-fund receivable and payable balances at June 30, 2020 are as follows:

	Due from	Due to
General Fund	\$ 210,388	\$ -
Public Benefits Fund	-	210,388
	<u>\$ 210,388</u>	<u>\$ 210,388</u>

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

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 6. Individual Fund Interfund Receivables, Payables, Transfers and Capital Transfers (Continued)

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

Interfund transfers during the year ended June 30, 2020 were as follows:

	<u>Transfers in</u>	<u>Transfers out</u>
Primary Government		
Governmental Funds		
General Fund	\$ 2,127,375	\$ 508,938
One Cent Fund	-	2,305,230
Debt Service Fund	163,071	1,134,677
Capital Tax Fund	-	3,527,459
Public Benefits Fund	-	928,237
Special Revenue Fund	9,418,341	1,234,067
Total governmental funds	<u>11,708,787</u>	<u>9,638,608</u>
Other capital asset transfers		
reported in governmental activities	<u>407,309</u>	<u>-</u>
Total governmental activities - governmental funds	<u>12,116,096</u>	<u>9,638,608</u>
Proprietary Funds - Business-type Activities		
Sewer Fund	1,388,103	1,095,184
Water Fund	824,969	2,876,239
Solid Waste Fund	207,466	1,172,732
Golf Fund	306,485	-
Weed and Pest Fund	-	60,356
Total proprietary funds - business-type activities	<u>2,727,023</u>	<u>5,204,511</u>
	<u><u>\$ 14,843,119</u></u>	<u><u>\$ 14,843,119</u></u>

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 7. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Balance June 30, 2019	Increases Transfers In	Decreases Transfers Out	Balance June 30, 2020
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 6,360,353	\$ 21,833	\$ -	\$ 6,382,186
Works of art	1,296,580	94,223	-	1,390,803
Construction in progress	9,780,368	8,454,282	(572,154)	17,662,496
Total capital assets, not being depreciated	17,437,301	8,570,338	(572,154)	25,435,485
Capital assets being depreciated				
Infrastructure	101,503,164	372,328	-	101,875,492
Buildings	26,763,055	195,163	-	26,958,218
Improvements, other than buildings	13,782,651	14,740	-	13,797,391
Machinery and equipment	15,635,712	987,472	(307,771)	16,315,413
Total capital assets, being depreciated	157,684,582	1,569,703	(307,771)	158,946,514
Less accumulated depreciation for				
Infrastructure	48,485,015	3,778,556	-	52,263,571
Buildings	8,399,651	993,209	-	9,392,860
Improvements, other than buildings	6,971,255	577,021	-	7,548,276
Machinery and equipment	12,047,618	731,606	(307,771)	12,471,453
Total accumulated depreciation	75,903,539	6,080,392	(307,771)	81,676,160
Total capital assets being depreciated, net	81,781,043	(4,510,689)	-	77,270,354
Governmental activities capital assets, net	<u>\$ 99,218,344</u>	<u>\$ 4,059,649</u>	<u>\$ (572,154)</u>	<u>\$ 102,705,839</u>

Assets acquired through capital leases of \$960,150 are included in machinery and equipment above. The related accumulated depreciation on those assets was \$229,436 as of June 30, 2020.

Depreciation expense for the governmental activities has not been allocated to specific functions. All applicable amortization expense is reported with depreciation expense.

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 7. Capital Assets (Continued)

	Balance June 30, 2019	Increases Transfers In	Decreases Transfers Out	Balance June 30, 2020
Business-type activities				
Capital assets not being depreciated				
Land	\$ 1,091,984	\$ -	\$ -	\$ 1,091,984
Water rights	350,000	-	-	350,000
Construction in progress	8,618,461	1,153,959	(7,381,988)	2,390,432
Total capital assets not being depreciated	10,060,445	1,153,959	(7,381,988)	3,832,416
Capital assets, being depreciated				
Infrastructure	5,868,723	6,877,516	-	12,746,239
Buildings	24,157,510	6,695	-	24,164,205
Improvements, other than buildings	99,950,039	227,671	-	100,177,710
Machinery and equipment	21,699,339	1,974,523	(637,522)	23,036,340
Total capital assets being depreciated	151,675,611	9,086,405	(637,522)	160,124,494
Less accumulated depreciation for				
Infrastructure	141,286	295,559	-	436,845
Buildings	16,005,066	407,833	-	16,412,899
Improvements, other than buildings	34,614,439	2,904,330	-	37,518,769
Machinery and equipment	11,729,676	1,572,243	(357,019)	12,944,900
Total accumulated depreciation	62,490,467	5,179,965	(357,019)	67,313,413
Total capital assets, being depreciated, net	89,185,144	3,906,440	(280,503)	92,811,081
Business-type activities capital assets, net	\$ 99,245,589	\$ 5,060,399	\$ (7,662,491)	\$ 96,643,497

Assets acquired through capital leases of \$1,896,995 are included in machinery and equipment above. The related accumulated depreciation on those assets was \$529,969 as of June 30, 2020.

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 7. Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the business-type activities of the primary government as follows:

Solid waste fund	\$ 743,255
Water fund	3,417,113
Sewer fund	917,091
Golf fund	89,415
Weed and pest fund	13,091
Total depreciation expense - business-type activities	<u>\$ 5,179,965</u>

All applicable amortization expense is reported with depreciation expense.

Components Units

Capital asset activity for each component unit for the year ended June 30, 2020, was as follows:

Capital asset activity for the Sheridan Area Water Supply Joint Powers Board for the year ended June 30, 2020, was as follows:

	<u>Balance June 30, 2019</u>	<u>Increases Transfers In</u>	<u>Decreases Transfers Out</u>	<u>Balance June 30, 2020</u>
Capital assets, not being depreciated				
Land	\$ 548,155	\$ -	\$ -	\$ 548,155
Reservoir water shares	622,131	754,827	-	1,376,958
Construction in progress	31,128	206,237	-	237,365
Total capital assets, not being depreciated	<u>1,201,414</u>	<u>961,064</u>	<u>-</u>	<u>2,162,478</u>
Capital assets, being depreciated				
Infrastructure - water system	43,468,546	44,220	-	43,512,766
Total capital assets, being depreciated	<u>43,468,546</u>	<u>44,220</u>	<u>-</u>	<u>43,512,766</u>
Total accumulated depreciation	<u>11,533,291</u>	<u>709,478</u>	<u>-</u>	<u>12,242,769</u>
Total capital assets being depreciated, net	<u>31,935,255</u>	<u>(665,258)</u>	<u>-</u>	<u>31,269,997</u>
Governmental activities capital assets, net	<u>\$ 33,136,669</u>	<u>\$ 295,806</u>	<u>\$ -</u>	<u>\$ 33,432,475</u>

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 7. Capital Assets (Continued)

Component Units (Continued)

Capital asset activity for the Sheridan Economic and Educational Development Authority Joint Powers Board for the year ended June 30, 2020, was as follows:

	Balance June 30, 2019	Increases Transfers In	Decreases Transfers Out	Balance June 30, 2020
Capital assets not being depreciated				
Construction in progress	\$ 13,234,491	\$ 662,947	\$ (13,206,381)	\$ 691,057
Total capital assets not being depreciated	<u>13,234,491</u>	<u>662,947</u>	<u>(13,206,381)</u>	<u>691,057</u>
Capital assets being depreciated				
Buildings	-	12,909,442	-	12,909,442
Total capital assets being depreciated	<u>-</u>	<u>12,909,442</u>	<u>-</u>	<u>12,909,442</u>
Less accumulated depreciation for				
Buildings	-	308,855	-	308,855
Total accumulated depreciation	<u>-</u>	<u>308,855</u>	<u>-</u>	<u>308,855</u>
Total capital assets being depreciated, net	<u>-</u>	<u>12,600,587</u>	<u>-</u>	<u>12,600,587</u>
Governmental activities capital assets, net	<u><u>\$ 13,234,491</u></u>	<u><u>\$ 13,263,534</u></u>	<u><u>\$ (13,206,381)</u></u>	<u><u>\$ 13,291,644</u></u>

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 8. Long-Term Debt

The following is a summary of the changes in the long-term liabilities of the City for the year ended June 30, 2020:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Special assessment bonds	\$ 485,000	\$ -	\$ (85,000)	\$ 400,000	\$ 60,000
Notes payable	2,082,862	933,421	(56,697)	2,959,586	47,811
Capital leases	539,872	-	(35,977)	503,895	37,459
Compensated absences	1,130,310	1,197,207	(1,130,310)	1,197,207	82,624
Net pension liability	27,439,364	-	(710,839)	26,728,525	-
Governmental activity long-term liabilities	<u>\$ 31,677,408</u>	<u>\$ 2,130,628</u>	<u>\$ (2,018,823)</u>	<u>\$ 31,789,213</u>	<u>\$ 227,894</u>
Business-type activities					
Capital leases	\$ 829,690	\$ 825,464	\$ (215,072)	\$ 1,440,082	\$ 200,206
Landfill postclosure liability	3,444,252	993,860	-	4,438,112	-
Notes payable	17,790,273	335,029	(1,038,509)	17,086,793	1,099,268
Compensated absences	414,632	441,640	(414,632)	441,639	15,857
Net pension liability	5,118,546	-	(919,699)	4,198,847	-
Business-type activity long-term liabilities	<u>\$ 27,597,393</u>	<u>\$ 2,595,993</u>	<u>\$ (2,587,912)</u>	<u>\$ 27,605,473</u>	<u>\$ 1,315,331</u>

For the governmental activities, notes payable, capital leases, claims, judgements and compensated absences are generally liquidated by the general fund.

Special Assessment Bonds

Bonds were issued to finance the following specific construction projects. Special assessments were levied on property owners to fund the retirement of the bonds.

Special Assessment Bonds	Project	Component
Special Improvement District 77	Street Paving/Utility Replacement	N. Broadway
Special Improvement District 78	Street Paving/Utility Replacement	Comm. Park

The City is required to establish a debt retirement revolving fund as guarantee for payment at 2% of the principal issued, but not to exceed 20% (\$80,000 as of June 30, 2020) of the outstanding bond obligation of the Districts. Gas and cigarette taxes are pledged to fund the debt retirement revolving fund.

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 8. Long-Term Debt (Continued)

Special Assessment Bonds (Continued)

Special improvement district bonds outstanding as of June 30, 2020, were as follows:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020
Special Improvement District 77, issued August 1, 2007, interest at 4.35% to 5.0%; matures June 1, 2022, redeemable to the extent of assessment collections in direct numerical order on any interest date	\$ 215,000	\$ -	\$ (75,000)	\$ 140,000
Special Improvement District 78, issued September 15, 2012, interest at 0.75% to 4.15%; matures September 1, 2027, redeemable to the extent of assessment collections in direct numerical order on any interest date	270,000	-	(10,000)	260,000
	<u>\$ 485,000</u>	<u>\$ -</u>	<u>\$ (85,000)</u>	<u>400,000</u>
Less current portion				60,000
Total special assessment bonds				<u>\$ 340,000</u>

The debt service requirement for the special assessment bonds as of June 30, 2020 is as follows:

Year ended June 30,	Principal	Interest	Total
2021	\$ 60,000	\$ 14,953	\$ 74,953
2022	150,000	12,112	162,112
2023	50,000	5,738	55,738
2024	30,000	4,562	34,562
2025	30,000	3,610	33,610
2026-2030	80,000	4,604	84,604
	<u>\$ 400,000</u>	<u>\$ 45,579</u>	<u>\$ 445,579</u>

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 8. Long-Term Debt (Continued)

Notes Payable

The City has the following notes payable for projects currently in construction:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020
State Loan and Investment Board loan, North Sheridan Interchange Project, Clean Water SRF #164, granted 10% forgiveness, 2.5% interest, term of 20 years, amortization will be finalized one year after completion of construction	\$ 1,871,926	\$ -	\$ -	\$ 1,871,926
State Loan and Investment Board loan, Emergency Hillslides Stabilization Project, Clean Water SRF #176, granted 50% principal forgiveness, 2.5% interest	210,936	567,339	-	778,275
	<u>\$ 2,082,862</u>	<u>\$ 567,339</u>	<u>\$ -</u>	<u>2,650,201</u>
Less current portion				-
				<u>\$ 2,650,201</u>

The City has the following note payable:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020
Note with a bank issued November 1, 2019 for the purchase of equipment, due in annual installments of \$57,118, including interest of 3%, due November 15, 2025	\$ -	\$ 366,082	\$ (56,697)	\$ 309,385
	<u>\$ -</u>	<u>\$ 366,082</u>	<u>\$ (56,697)</u>	<u>309,385</u>
Less current portion				47,811
				<u>\$ 261,574</u>

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 8. Long-Term Debt (Continued)

Notes Payable (Continued)

The debt service requirements for the governmental notes payable as of June 30, 2020 is as follows:

Year ended June 30,	Principal	Interest	Total
2021	\$ 47,811	\$ 9,307	\$ 57,118
2022	901,467	74,102	975,569
2023	126,493	51,319	177,812
2024	129,883	47,903	177,786
2025	133,356	44,404	177,760
2026-2030	483,481	176,424	659,905
2031-2035	483,465	118,552	602,017
2036-2040	546,083	55,065	601,148
2041-2045	107,547	2,689	110,236
	<u>\$ 2,959,586</u>	<u>\$ 579,765</u>	<u>\$ 3,539,351</u>

Lease Purchase Agreements

The City has entered into three lease purchase agreements with a financial institution for items and improvements for the general fund. The general fund is responsible for the payments on these leases. The details of and obligations under these agreements are as follows:

Obligation under capital lease of a Caterpillar Wheel Loader, interest rate of 3.5%, annual payments of \$16,150 including interest through October 2025	\$ 120,680
Obligation under capital lease of a Caterpillar Motor Grader, interest rate of 3.2%, annual payments of \$15,798 including interest through June 2025	150,327
Obligation under capital lease of a Caterpillar Motor Grader, interest rate of 5.35%, annual payments of \$27,005 including interest through March 2028	232,888
	<u>\$ 503,895</u>

Future minimum lease payments under these lease agreements for the years ending June 30, are as follows:

2021	\$ 58,953
2022	58,953
2023	58,953
2024	58,953
2025	150,713
Thereafter	231,966
	<u>618,491</u>
Less amount representing interest	(114,596)
Net present value of minimum lease payments	<u>\$ 503,895</u>

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 8. Long-Term Debt (Continued)

Business-type Activities

The City's business-type activities have active amortizing notes payable on equipment and finished construction, and non-amortizing notes on construction-in-progress. Some of the terms of the notes payable require the City to be responsible for construction then transfer the asset to another entity who will be responsible for the amortizing debt.

The City has the following notes payable, all of which are collateralized by a pledge and assignment of revenues from the City's user fees, in the Water Fund, Sewer Fund, and Solid Waste Fund:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020
Water Fund				
State Loan and Investment Board loan, South Hill Waterline Replacement, Drinking Water SRF #37, due in annual installments of \$39,094, including interest of 2.5%, due August 2024	\$ 214,117	\$ -	\$ (34,210)	\$ 179,907
State Loan and Investment Board loan, North Main Project Street Reconstruction, Drinking Water SRF #101, due in annual installments of \$11,694, with 0% interest, due October 2031	152,026	-	(11,694)	140,332
State Loan and Investment Board loan, North Main Project Street Reconstruction, Drinking Water SRF #101, due in annual installments of \$10,002, including interest of 2.5%, due October 2031	109,317	-	(7,329)	101,988
State Loan and Investment Board loan, Sugarland Utilities Project, Drinking Water SRF #110, due in annual installments of \$111,191, including interest of 2.5%, due October 2030	1,136,609	-	(83,710)	1,052,899
State Loan and Investment Board loan, Wyoming Park Improvements Phase 2, Drinking Water SRF #135, granted 50% principal forgiveness, due in annual installments of \$25,382, including interest of 2.5%, due November 2033	310,752	-	(17,847)	292,905

(Continued)

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 8. Long-Term Debt (Continued)

Business-type Activities (Continued)

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2020</u>
Water Fund (Continued)				
State Loan and Investment Board loan, Wyoming Park Improvement Phase III Drinking Water SRF #148, granted 50% principal forgiveness, due in annual installments of \$18,052, including interest of 2.5%, due September 2035	\$ 246,677	\$ -	\$ (12,020)	\$ 234,657
State Loan and Investment Board loan, 5th Street Water Main Project, Drinking Water SRF #166, granted 50% principal forgiveness, due in annual installments of \$24,043, including interest of 2.5%, due September 2036	334,607	-	(15,816)	318,791
State Loan and Investment Board loan, Water Meter Replacement Project, Clean Water SRF #154, granted 50% principal forgiveness, due in annual installments of \$34,978, with 0% interest, due September 2038	699,553	-	(34,978)	664,575
State Loan and Investment Board loan, Water Meter Replacement Project, Drinking Water SRF #155, granted 50% principal forgiveness, due in annual installments of \$54,095, with 0% interest, due September 2038	1,081,902	-	(54,095)	1,027,807
State Loan and Investment Board loan, Hydropower Project, Drinking Water SRF #156, granted 50% principal forgiveness, due in annual installments of \$31,120, with 0% interest, due May 2038	591,283	-	(31,120)	560,163
				(Continued)

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 8. Long-Term Debt (Continued)

Business-type Activities (Continued)

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020
Water Fund (Continued)				
State Loan and Investment Board loan, Rehab 4 MG Water Tank Project, Drinking Water SRF #165, granted 50% principal forgiveness, due in annual installments of \$29,832, including interest of 2.5%, due November 2038	\$ 465,059	\$ -	\$ (20,404)	\$ 444,655
State Loan and Investment Board loan, Loucks Street Phase II Project, Drinking Water SRF #199, granted 24.5% principal forgiveness, due in annual installments of \$29,056, including interest of 2.5%, due September 2038	452,959	-	(18,849)	434,110
State Loan and Investment Board loan, Upgrades at Water Treatment Plants, Drinking Water SRF #123, granted 50% principal forgiveness, due in annual installments of \$154,323, including interest of 2.5%, due June 2038	2,303,839	-	(100,838)	2,203,001
State Loan and Investment Board loan, Leopard Street Waterline Project, Drinking Water SRF #157, granted 50% principal forgiveness, due in annual installments of \$30,277, including interest of 2.5%, due September 2038	462,502	6,561	(15,543)	453,520
State Loan and Investment Board loan, North End Utilities Project, Drinking Water SRF #208, due in annual installments of \$48,597, including interest of 2.5%, due September 2039	630,770	127,910	(1,091)	757,589
State Loan and Investment Board loan, Construction of New Utilities Center, Loan #JPA-15584 Sh of \$900,000, due in annual installments of \$69,910, including interest of 4.62%, due December 2034	775,656	-	(35,154)	740,502
Water fund amortizing debt	9,967,628	134,471	(494,698)	9,607,401

(Continued)

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 8. Long-Term Debt (Continued)

Business-type Activities (Continued)

The following notes are for projects currently in construction. Amortization will be finalized one year after completion of construction. The entire amount is considered long-term debt. The terms of the notes will be for 20 years.

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020
Water Fund (Continued)				
State Loan and Investment Board loan, North Sheridan Interchange Project, Drinking Water SRF #187, granted 50% forgiveness, 2.5% interest	\$ 455,629	\$ -	\$ -	\$ 455,629
Projects currently in construction	455,629	-	-	455,629

The following are notes with the City's component unit, Sheridan Area Water Supply Joint Powers Board (SAWS):

Water Fund (Continued)				
Sheridan Area Water Supply Joint Powers Board, repayment of Big Goose Water Pipeline Loan, due in annual installments of \$69,320, including interest of 2.5%, due October 2028	\$ 606,693	\$ -	\$ (54,153)	\$ 552,540
Sheridan Area Water Supply Joint Powers Board, repayment for construction loan, due in annual installments of \$25,771, including interest of 2.5%, due December 2036	369,610	-	(16,657)	352,953
Amortizing debt with SAWS	976,303	-	(70,810)	905,493
				(Continued)

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 8. Long-Term Debt (Continued)

Business-type Activities (Continued)

	<u>Balance June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2020</u>
Sewer Fund				
State Loan and Investment Board loan, Water Replacement Project, Clean Water SRF #47, due in annual installments of \$70,513, including interest of 2.5%, due September 2024	\$ 386,723	\$ -	\$ (60,873)	\$ 325,850
State Loan and Investment Board loan, Sheridan North Main Project, Clean Water SRF #109, due in annual installments of \$61,960, with 0% interest, due October 2031	805,491	-	(61,960)	743,531
State Loan and Investment Board loan, WWTP Biosolids Project, Clean Water SRF #152, due in annual installments of \$202,008, including interest of 2.5%, due April 2038	3,022,191	-	(140,893)	2,881,298
State Loan and Investment Board loan, Loucks Street Phase II Project, Clean Water SRF #166, granted 50% principal forgiveness, due in annual installments of \$9,617, including interest of 2.5%, due September 2038	149,918	-	(6,239)	143,679
State Loan and Investment Board loan, North End Utilities Project, Clean Water SRF #168, granted 25% principal forgiveness, due in annual installments of \$61,400, including interest of 2.5%, due September 2039	872,625	86,384	(1,839)	957,170
Sewer fund amortizing debt	<u>5,236,948</u>	<u>86,384</u>	<u>(271,804)</u>	<u>5,051,528</u>

(Continued)

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 8. Long-Term Debt (Continued)

Business-type Activities (Continued)

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020
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The following notes are for projects currently in construction. Amortization will be finalized one year after completion of construction. The entire amount is considered long-term debt. The terms of the notes will be for 20 years.

Sewer Fund (Continued)

State Loan and Investment Board loan,
North Sheridan Interchange Project,
Clean Water SRF #164, granted 10%
principal forgiveness, including interest
of 2.5%

\$ 750,000	\$ -	\$ -	\$ 750,000
750,000	-	-	750,000

Projects currently in construction

Solid Waste Fund

State Loan and Investment Board loan,
Landfill Improvements Project,
Clean Water SRF #135, due in annual
installments of \$211,457, including
interest of 2.5%, due May 2021

\$ 403,765	\$ -	\$ (201,197)	\$ 202,568
403,765	-	(201,197)	202,568

Solid waste amortizing debt

The following notes are for projects currently in construction. Amortization will be finalized one year after completion of construction. The entire amount is considered long-term debt. The terms of the notes will be for 20 years.

State Loan and Investment Board loan,
Landfill Cell Closure and Permanent Cap
Clean Water SRF #181, granted 25%
principal forgiveness, including interest
of 2.5%

\$ -	\$ 114,174	\$ -	\$ 114,174
-	114,174	-	114,174

Projects currently in construction

Total for all business-type activities

\$ 17,790,273	\$ 335,029	\$ (1,038,509)	\$ 17,086,793
			1,099,268
			\$ 15,987,525

Less current portion

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 8. Long-Term Debt (Continued)

Business-type Activities (Continued)

The debt service for projects in construction considers the eventual 20 year amortization of the debt. All debt related to projects in construction is included in these schedules regardless of contract provisions for some of the debt.

The debt service requirements for business-type activities as of June 30, 2020 are as follows:

Year ended June 30,	Principal	Interest	Total
2021	\$ 1,099,268	\$ 310,723	\$ 1,409,991
2022	968,862	340,238	1,309,100
2023	987,223	320,107	1,307,330
2024	1,007,830	299,482	1,307,312
2025	1,025,073	282,220	1,307,293
2026-2030	4,836,802	1,082,009	5,918,811
2031-2035	4,317,516	602,353	4,919,869
2036-2040	2,771,109	167,672	2,938,781
2041-2045	73,110	1,828	74,938
Total debt	<u>\$ 17,086,793</u>	<u>\$ 3,406,632</u>	<u>\$ 20,493,425</u>

The City has entered into a lease purchase agreement with a financial institution for items for the golf course. The Golf Fund is responsible for the payments on this lease. The details of and obligations under this agreement are as follows:

Obligation under capital lease of golf carts, annual payments
of \$28,161 including interest of 3.325%, with a final purchase
price of \$97,830, expires October 2022, collateralized by golf carts

\$ 167,050
<u>\$ 167,050</u>

Future minimum lease payments under this lease agreement for the years ending June 30, are as follows:

2021	\$ 28,161
2022	28,161
2023	125,990
	<u>182,312</u>
Less amount representing interest	(15,262)
Net present value of minimum lease payments	<u>\$ 167,050</u>

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 8. Long-Term Debt (Continued)

Business-type Activities (Continued)

The Solid Waste Fund also has the following capital leases outstanding as of June 30, 2020:

Obligation under capital lease of Caterpillar wheel loader, annual payments of \$30,238 plus interest at 3.2%, with a final balloon payment of \$60,000, expires July 2023, collateralized by equipment	\$ 138,101
Obligation under capital lease of dozer, annual payments of \$55,232, interest at 3.2%, with a final balloon payment of \$90,000, expires December 2023, collateralized by equipment	283,671
Obligation under capital lease of landfill compactor, annual payments of \$115,376, interest at 3.39%, with a final balloon payment of \$125,000, expires July 2026, collateralized by equipment	715,996
	<u>\$ 1,137,768</u>

Future minimum lease payments under these lease agreements for the years ending June 30, are as follows:

2021	\$ 200,846
2022	200,845
2023	200,845
2024	320,608
2025	115,376
Thereafter	240,376
	<u>1,278,896</u>
Less amount representing interest	(141,128)
Net present value of minimum lease payments	<u>\$ 1,137,768</u>

The Water Fund also has the following capital lease outstanding as of June 30, 2020:

Obligation under capital lease of excavator, annual payments of \$19,734, interest at 3.9%, with a final balloon payment of \$39,600, expires October 2025, collateralized by equipment	\$ 135,264
	<u>\$ 135,264</u>

Future minimum lease payments under this lease agreement for the years ending June 30, are as follows:

2021	\$ 19,734
2022	19,734
2023	19,734
2024	19,734
2025	19,734
Thereafter	59,334
	<u>158,004</u>
Less amount representing interest	(22,740)
Net present value of minimum lease payments	<u>\$ 135,264</u>

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 8. Long-Term Debt (Continued)

Proprietary Fund Revenues Pledged

The City has pledged future water fund, sewer fund, and solid waste fund customer revenues to repay debt in the respective proprietary funds. Pledged revenues recognized during the year ended June 30, 2020 exceeded the principal and interest requirements for the debt collateralized by those revenues. Proceeds from the debt were used to fund various projects, and the debt is payable solely from customer net revenues. The following table presents information on future revenues pledged to service this debt:

Fund	Debt	Payable Through	Principal and Interest as Percentage of Net Revenues	Principal and Interest Remaining	Principal and Interest Paid in Current Year	Net Revenues in Current Year
Water	\$ 10,968,523	2039	20%	\$ 13,068,438	\$ 803,230	\$ 4,026,788
Sewer	5,801,528	2039	13%	7,068,260	374,054	2,775,481
Solid Waste	316,742	2021	4%	363,097	211,457	5,075,751

Note 9. Operating Lease

The City obtained an operating lease for golf equipment. This operating lease was commenced on August 9, 2019, and terminates on September 30, 2024. Future lease payments will be as follows:

For the period:	
October 1, 2020 - September 30, 2021	\$ 36,368
October 1, 2021 - September 30, 2022	36,368
October 1, 2022 - September 30, 2023	36,368
October 1, 2023 - September 30, 2024	36,368
	<hr/>
Total future lease payments	\$ 145,472
	<hr/>
Operating lease expense for June 30, 2020	\$ 36,368

Note 10. Fund Equity

In order to meet future needs, the City Council has committed \$2,791,484 of fund equity within the general fund for reserves and emergency needs.

The Solid Waste Fund had a deficit unrestricted fund balance at June 30, 2020 of \$4,981,739.

The Sewer Fund had a deficit unrestricted fund balance at June 30, 2020 of \$35,870.

The City plans to eliminate the deficit balances through the receipt of grant and local matching revenues and future rate increases.

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 11. Pension Plans

Pension Plan Fiduciary Net Position

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

Public Employees' Pension Plan (PEPP)

The City participates in the Public Employees' Pension Plan ("PEPP"), a statewide cost-sharing multiple-employer defined benefit, contributory retirement plan administered by the State of Wyoming Retirement System Board. Substantially all city full-time employees are eligible to participate.

PEPP members are required to contribute 8.75% of their annual covered salary and the City is required to contribute 8.87% of the annual covered payroll. Legislation enacted in 1979 allows the employer to pay any or all of the employees' contribution in addition to the matching contribution. The City currently pays 10.62% of the covered payroll, while the employees pay the remaining 7.00%.

The City's contributions to the PEPP for the years ended June 30, 2020, 2019, and 2018, were \$663,363, \$606,815, and \$546,758, respectively, while the employees' portion was \$437,685, \$423,984, and \$397,849, respectively, equal to the required contributions for each year. As of July 1, 2020, the required employer contribution rate will increase by 0.50% from 10.62% to 11.12% and the required employee contribution rate will remain the same at 7.00%.

Through legislation passed during the 2014 legislative session, two tiers of benefits were established for participants of this plan. For Tier 1 (first contribution before 9/1/2012), the Plan allows for normal retirement after four years of service and attainment of age 60. Early retirement is allowed provided the employee has completed four years of service and attained age 50 or 25 or more years of service but will result in a reduction of benefits based on the length of time remaining to age 60. For Tier 2 (first contribution on or after 9/1/2012), the Plan allows for normal retirement after four years of service and attainment of age 65. Early retirement is allowed provided the employee has completed four years of service and attained age 55, or 25 or more years of service but will result in a reduction of benefits based on the length of time remaining to age 65. All employees may also retire upon normal retirement on the bases that the sum of the member's age and service is at least 85.

Benefits are established by Title 9, Chapter 3 of the Wyoming Statutes. The PEPP provides retirement, disability and death benefits according to predetermined formulas and allows retirees to select one of seven optional methods for receiving benefits, including two joint and survivor forms of benefits: a 100% joint and survivor annuity, and a 50% joint and survivor annuity. The benefit amounts under these options are determined on an actuarially equivalent basis. Any cost of living adjustment 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.

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

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 11. Pension Plans (Continued)

Law Enforcement Pension Plan

The City participates in the Law Enforcement Retirement Plan ("LEPP"), a statewide, cost-sharing, multiple-employer, defined benefit, contributory retirement plan administered by the State of Wyoming Retirement System Board. The LEPP covers any county sheriff, deputy county sheriff, municipal police officer, Wyoming correctional officer, Wyoming law enforcement academy instructor, University of Wyoming campus police officer, detention officer or dispatcher for law enforcement agencies and certain investigators of the Wyoming Livestock Board.

The LEPP statutorily provides retirement, disability and death benefits according to predetermined amounts primarily determined by salary, age and years of service of the participant. Any cost of living adjustment 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. Participants may withdraw from the plan at any time and receive refunds or participant contributions plus accumulated interest.

The LEPP is funded by amounts withheld from participating employees' salaries and by contributions from the City. These contributions are determined by state statutes and, as of June 30, 2020, the percentages to be contributed on compensation were 8.60% for the employees and the same for the City. The City currently pays 11.62% of the covered payroll and the police officers pay the remaining 5.58%.

For the years ended June 30, 2020, 2019, and 2018 the City's contributions to the Wyoming Law Enforcement Retirement Plan were \$239,041, \$234,308, and \$230,499, respectively, while the employees' portion was \$114,789, \$112,515, and \$110,687, respectively, equal to the required contributions for each year.

Paid Firemen's Pension Plan (Fire A and Fire B)

The City participates in the Paid Firemen's Pension Fund ("Fund"), a cost-sharing multiple-employer defined benefit, contributory retirement plan administered by the State of Wyoming Retirement System Board. All paid City firemen are eligible to participate. The Fund is comprised of two plans. Plan A relates to members hired prior to July 1, 1981 and who elected to participate and Plan B relates to members hired after July 1, 1981.

Plan A statutorily required participants to contribute 8% of their salary to a maximum not to exceed the salary of a Firemen First Class. Employers were required to contribute 21% of their salary. Effective April 1, 1997, required contributions have been suspended as the Plan had been determined to be actuarially over-funded. This plan is being reviewed to determine the appropriate measures to take to ensure this plan is adequately funded, as it is a closed plan.

Plan A statutorily provides retirement, disability and death benefits according to a percentage of a firefighter first class salary. Plan A also statutorily provides for an annual percentage increase in the benefit amounts beginning in the year following twelve (12) months of payments, by at least 3%. In the event the current actuarial valuation indicates the fair value of assets is greater than one hundred fifteen percent (115%) of the actuarial value of liabilities, the Board may increase the benefit by an amount determined affordable by the actuary but not greater than five percent (5%) of the benefit. Participants may withdraw from Plan A at any time and received refunds of participant contributions without interest.

Plan B provides retirement, disability and death benefits according to predetermined formulas. The State Legislature grants any cost of living adjustment provided to retirees. In addition, a cost of living adjustment will not be approved by the legislature unless the plan is 100% funded after the COLA is awarded. Participants may withdraw from the plan at any time and received refunds of participant contributions without interest.

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 11. Pension Plans (Continued)

Paid Firemen's Pension Plan (Fire A and Fire B) (Continued)

The City's contributions to Plan B for the years ended June 30, 2020, 2019, and 2018 were \$137,816, \$125,523, and \$122,560, respectively, while the employees' portion was \$103,419, \$96,705, and \$94,423, respectively, equal to the required contributions each year. As of July 1, 2020, the employee contribution rate will increase by 0.50% from 9.745% to 10.245% and the employer contribution rate will increase by 1% from 13% to 14%.

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

At June 30, 2020, the City reported a total liability of \$30,927,372 for its proportionate share of the net pension liability. The net pension liability was determined by an actuarial valuation as of January 1, 2019, applied to all prior periods included in the measurement. Actuarial valuation involves estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. An experience study was conducted covering the five year period ending December 31, 2016. The net pension liability as of December 31, 2019 is based on the results of an actuarial valuation as of January 1, 2019, rolled forward to a measurement date of December 31, 2019, and taking into consideration information from the recent experience study.

The schedule below shows the City's proportionate share of the net pension liability as June 30, 2020, the proportionate portion at the measurement date of December 31, 2019, and the change in the proportion from the previous measurement date.

	Pension liability at June 30, 2020	Proportion at December 31, 2019	Increase (decrease) from December 31, 2018
Public Employees' Pension Plan	\$ 8,228,360	0.350154006%	0.014479671%
Wyoming Law Enforcement Retirement Plan	1,104,521	1.281365398%	0.028778744%
Firemen's Pension Plan A	21,329,365	8.185487213%	0.024328251%
Firemen's Pension Plan B	265,126	3.730254406%	0.024267367%
	<u>\$ 30,927,372</u>		

For the year ended June 30, 2020, the City recognized pension expense of \$6,512,865.

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 11. Pension Plans (Continued)

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

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

	Deferred Outflows of Resources				Total
	PEPP	LEPP	Fire A	Fire B	Outflows
Net difference between projected and actual earnings on pension plan investments	\$ 1,549,091	\$ 503,229	\$ 562,275	\$ 348,269	\$ 2,962,864
Difference between actual and expected experience rate	-	196,506	-	15,267	211,773
Changes in assumptions	267,064	902,427	-	705,926	1,875,417
Change in employer's proportion	495,325	24,444	-	12,679	532,448
Amortizing deferred outflows	2,311,480	1,626,606	562,275	1,082,141	5,582,502
Contributions subsequent to measurement date	545,705	176,327	-	118,934	840,966
Total	<u>\$ 2,857,185</u>	<u>\$ 1,802,933</u>	<u>\$ 562,275</u>	<u>\$ 1,201,075</u>	<u>\$ 6,423,468</u>

	Deferred Inflows of Resources				Total
	PEPP	LEPP	Fire A	Fire B	Inflows
Net difference between projected and actual earnings on pension plan investments	\$ (2,794,082)	\$ (907,389)	\$ (949,531)	\$ (620,037)	\$ (5,271,039)
Difference between actual and expected experience rate	(154,177)	(91,015)	-	(228,323)	(473,515)
Changes in assumptions	-	(1,102,761)	-	(833,766)	(1,936,527)
Change in employer's proportion	-	(14,909)	-	(18,580)	(33,489)
Amortizing deferred inflows	<u>\$ (2,948,259)</u>	<u>\$ (2,116,074)</u>	<u>\$ (949,531)</u>	<u>\$ (1,700,706)</u>	<u>\$ (7,714,570)</u>

The City reported \$840,966 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows and deferred inflows related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Deferred Outflows	Deferred (Inflows)
2021	\$ 2,111,345	\$ (2,287,105)
2022	1,797,395	(2,237,815)
2023	1,451,575	(1,570,948)
2024	147,121	(1,351,621)
2025	72,047	(193,772)
Thereafter	3,019	(73,309)
	<u>\$ 5,582,502</u>	<u>\$ (7,714,570)</u>

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 11. Pension Plans (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2019 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions and Methods	
Valuation date	January 1, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level Percentage of Payroll, Closed
Remaining amortization period	29 years
Asset valuation method	5 Year smoothed market
Inflation	2.25%
Salary increases	
PEPP	2.5% to 6.5%, including inflation
LEPP	4.75% to 8.75%, including inflation
Fire A	4.5% includes inflation
Fire B	4.5% to 7.50%, including inflation
Payroll growth rate	2.50%
Cost of living increase	
PEPP, LEPP, Fire B	0.00%
Fire A	3.00%
Investment rate of return	7.00%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation pursuant to an experience study of the period 2012-2016
Post-Retirement Mortality	RP-2014 Healthy Annuitant Mortality Table, fully generational, projected with Scale MP-2017
PEPP, LEPP, Fire A, Fire B	Males: No set back with a multiplier of 100% Females: No set back with a multiplier of 88%
Pre-Retirement Mortality	RP-2014 Employee Mortality Table, fully generational, projected with Scale MP-2017
PEPP, LEPP, Fire A, Fire B	Males: No set back with a multiplier of 100% Females: No set back with a multiplier of 100%

The plan's trustees adopted the assumed rate of investment return after considering input from the plan's investment consultant(s) and actuary(s). Additional information about the assumed rate of investment return is included in the WRS actuarial valuation report as of January 1, 2019. In addition, a five-year experience study was completed as of December 31, 2016 and this study provides a detailed analysis regarding recommendations on the long-term rates for inflation and the real rate of return. The assumed rate of investment return of 7.00% (real return net of inflation of 4.75%) falls within a reasonable range of the long-term expected rate of return.

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 11. Pension Plans (Continued)

Actuarial Assumptions

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected arithmetic returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. For each major asset class that is included in the pension plans target allocation for the fiscal year 2019. These best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Long-Term Expected Arithmetic Real Rate of Return
Cash	2.00%	-0.20%	-0.20%
Fixed income	21.00%	1.32%	1.67%
Equity	48.50%	5.43%	7.42%
Marketable alternatives	19.00%	3.46%	4.33%
Private markets	9.50%	4.46%	5.58%
Total	100.00%	3.99%	5.30%

Discount Rate

The discount rate used to measure the Public Employees Plan, the Law Enforcement Plan, and the Paid Firemen's Retirement Fund Plan B total pension liability was 7.00%. The discount rate for the Paid Fireman's Retirement Fund Plan A total pension liability was 3.09%. Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects 1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits using a 100 year analysis) and 2) tax-exempt municipal bond rate based on an index of 20 year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met.)

For purposes of this valuation, the expected rate of return on pension plan investments is 7.00%, the municipal bond rate is 2.75% (based on the weekly rate closest to but not later than the measurement date of the "state and local bonds" rate from the Federal Reserve statistical release (H.15); and the resulting single discount rates listed above.

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 11. Pension Plans (Continued)

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

The following table represents the City's proportionate share of the net unfunded pension liability for each plan calculated using the discount rate applicable, as well as what the City'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.

	1% Decrease	Current Discount Rate	1% Increase
Primary government pension plans	(6.00%)	(7.00%)	(8.00%)
Public Employees' Pension Plan	\$ 12,431,665	\$ 8,228,360	\$ 4,720,317
	(6.00%)	(7.00%)	(8.00%)
Law Enforcement Pension Plan	2,462,351	1,104,521	(5,481)
	(2.09%)	(3.09%)	(4.09%)
Paid Firemen's Retirement Plan A	25,848,434	21,329,365	17,706,709
	(6.00%)	(7.00%)	(8.00%)
Paid Firemen's Retirement Plan B	1,173,536	265,126	(488,258)

Payables to the pension plan – At June 30, 2020, the City reported no payables to the pension plans.

Note 12. Landfill Postclosure and Monitoring Costs

State and Federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports the estimated liability for these closure and postclosure costs in the Solid Waste Fund (an enterprise fund) based on landfill capacity used as of each balance sheet date.

The current operating costs of the landfill are accounted for within the Solid Waste Fund of the City using the accrual basis of accounting. The \$4,438,112 reported as landfill closure and postclosure care liability at June 30, 2020, represents the cumulative amount estimated to date based on the use of 96% of the estimated capacity of the site. The City will recognize the remaining estimated cost of closure and postclosure care of \$199,218 as the remaining estimated capacity is filled. The calculation of the estimated liability has been based on what it would cost to perform all closure and postclosure care in 2020.

The estimate of this liability may change based on a change in inflation or deflation, technology, or applicable laws or regulations. At last year's rate of usage, the landfill would have an estimated remaining life of approximately 1.6 years. The current year expenditure for landfill closure and postclosure are reflected in the Solid Waste Fund was \$993,860.

The City has restricted fund balance for \$1,347,399. It is anticipated that future inflation costs will be financed in part from earnings on cash and grant awards. The remaining portion of anticipated future inflation costs and additional costs that may arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers, or both.

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 13. Primary Government and Component Units Transactions

The City has business transactions with its component units throughout the year which are recorded as arm's length transactions. A summary of these transactions is presented below:

Payments to SAWS

Big Goose Treated Water Pipeline Loan

The City owes \$552,540 to SAWS for the City's portion of a construction note. In the current year, the City made its required annual payments of \$69,320 towards the payment of the loan.

\$ 69,320

Big Goose Water Treatment Plant Loan

The City owes \$352,953 to SAWS for the City's portion of a construction note. In the current year, the City made its required annual payments of \$25,771 towards the payment of the loan.

25,771

These balances are recorded as notes receivable - long-term on the Statement of Net Position for SAWS and as long-term liabilities on the Statement of Net Position for the City.

Infrastructure Annexation Payment

The City made a payment on a portion of infrastructure that was annexed by the City of Sheridan.

50,039

Shared Overhead Costs

SAWS reimburses the City for shared overhead costs related to utility billings and collections as well as equipment maintenance.

917,785

Due from Component Units

In prior years, the City contributed to funds held by SAWS to be used to purchase additional water should it ever become necessary. These funds have continued to be held for such a contingency.

City funds held by SAWS for additional water purchases

\$ 2,106,399

Water shares purchased

807,345

\$ 2,913,744

Payments due to the City for reimbursement of shared SAWS overhead costs

317,146

Payments due to the City for reimbursement of payroll and overhead costs for Sheridan County Travel and Tourism

166,201

Total due from component units

\$ 3,397,091

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 14. Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets and natural disasters. The City manages their comprehensive property risk management and cyber coverage through Nationwide. The City's general liability insurance is provided by participation in the Local Government Liability Pool (LGLP). The LGLP manages the risk of the pool consuming its reserves by receiving an annual actuarial assessment of funding needs. The LGLP has never requested a reserve call on its members. All risk management activities are accounted for in each fund as appropriate. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

All heavy equipment owned by the City is covered by a blanket equipment policy. This blanket policy has coverage limits, which could be exceeded in the unlikely event that the City and the other jurisdictions were subject to a major disaster. In an effort to control potential losses, the City has implemented a risk containment policy, which provides for mandatory use of seat belts and hard hats, extraordinary caution on the part of employees and other preventive measures.

The City also participates in two other risk management programs: Workers' Compensation Act and Unemployment Compensation Act.

Wyoming Statute 27-14-101 created the Wyoming Workers' Compensation Act, which is administered as an enterprise fund by the State of Wyoming. All employers within the State of Wyoming are participants of this plan unless the employer elects not to be covered under the plan. This Act requires the City to obtain liability coverage for payment of benefits to employees for job-related injuries and diseases through the Workers' Compensation Fund. This Act provides general protection from suits filed by employees against the City. The City makes monthly payments to the Department of Employment, State of Wyoming. This amount is based on salaries and a split rate between hazardous and non-hazardous positions. Amounts paid by the City to the State for Workers' Compensation during fiscal year 2020 were approximately \$129,428.

Wyoming Statute 27-3-101 created the Unemployment Compensation Act. This Act requires the City to pay the cost of actual claims incurred. Changes in the balances of claims liabilities during fiscal year 2020 and 2019 were as follows for the City's participation in the Unemployment Compensation Act Program:

	Fiscal Year Ended 2020	Fiscal Year Ended 2019
Unpaid claims, beginning of year	\$ -	\$ -
Incurred claims	3,614	11,169
Claim payments	(3,614)	(11,169)
Unpaid claims, end of year	\$ -	\$ -

Note 15. Wyoming Educator Benefit Trust

The City participates in health care coverage through the Wyoming Educator Benefit Trust (WEBT). WEBT sets health care premium rates each year based on projected medical costs. In the year ended June 30, 2020, the City paid \$1,970,831 in premiums to WEBT. Were the City to withdraw from coverage through WEBT, the City would not be responsible for any specific liabilities nor is it entitled to any of the reserves. As a participating employer, if the trust is dissolved the City may be entitled to a residual portion of the plan reserves.

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 16. Commitments and Contingencies

The City is required by the Department of Environmental Quality to monitor a landfill site for possible contamination (Note 12). Should contamination be detected in the future, the City may be responsible for some or all of the cleanup costs.

As of the fiscal year ended June 30, 2020, the City has committed to fund various projects in the approximate amounts of \$18.2 million from future appropriations.

Project Name	Original Contract Amount	Expended To Date	Remaining Commitment
Primary government			
Governmental activities			
General Fund			
ICOP/Radars for New Patrol Vehicles	\$ 10,740	\$ 10,740	\$ -
Hillside Stabilization	10,000,000	7,517,220	2,482,780
East Downtown Improvements	116,000	115,519	481
Blacktooth Park	1,500,000	477,359	1,022,641
Pickleball Courts	155,000	148,648	6,352
Malcolm Wallop Park Habitat Enhancements	600,000	33,473	566,527
Sheridan Multi-Use Pathway Connection	750,000	20,814	729,186
Kendrick Pool	92,000	88,100	3,900
North Sheridan Interchange	11,000,000	8,929,444	2,070,556
East 5th Street Corridor	2,700,000	158,241	2,541,759
Main St Lane Configuration	2,500,000	55,245	2,444,755
ACOE 1135 Project	600,000	94,150	505,850
Kroe Lane Project	155,000	13,543	141,457
Total governmental activities	30,178,740	17,662,496	12,516,244
Business-type activities			
Sewer Fund			
North Sheridan Interchange	\$ 750,000	\$ 750,000	\$ -
Sanitary Sewer Creek Crossing Replacements	275,000	52,554	222,446
Total sewer fund	1,025,000	802,554	222,446
Water Fund			
North Sheridan Interchange	1,258,000	1,258,000	-
BGWTP Wall Reconstruction	40,000	14,000	26,000
BGWTP Utilidor	350,000	48,107	301,893
Total water fund	1,648,000	1,320,107	327,893
Solid waste fund			
Curbside Recycle	175,000	62,000	113,000
Landfill Cell Closure & Cell 10 Development	5,200,000	205,771	4,994,229
Total solid waste fund	5,375,000	267,771	5,107,229
Total business-type activities	8,048,000	2,390,432	5,657,568
Total primary government	\$ 38,226,740	\$ 20,052,928	\$ 18,173,812

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 16. Commitments and Contingencies (Continued)

Contingencies

At any time there may be several lawsuits pending against the City for various reasons. The outcome and eventual liability to the City, if any, in these cases is not known at this time; however, management and legal counsel estimate the potential claims against the City, not covered by insurance, resulting from such litigation would not materially affect the basic financial statements of the City.

COVID-19 Pandemic

During 2020, the world-wide coronavirus pandemic impacted national and global economies. The City is closely monitoring its operations, liquidity and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the current and future full impact to the City is not known.

Note 17. Special Item

During the year ended June 30, 2020, SEEDA was in the design and planning phase of a construction project with an outside entity. The entity terminated the agreement and notified SEEDA of its intent to no longer proceed with the project. The total amount recorded as construction in progress for this project was \$296,939. The reclassification of these costs are reflected on the government-wide statements as a special item because it is unusual in nature but under the control of management.

Note 18. Accounting Standards Issued, But Not Implemented

GASB Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. The requirements of this Statement are now effective for reporting periods beginning after December 15, 2019. GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponed the effective date for GASB Statement No. 84 for one year from the original effective date to provide relief to governments and other stakeholders in light of the COVID-19 pandemic.

GASB Statement No. 87, *Leases*, is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. Under this standard, government lessors must recognize (a) a lease receivable and (b) a deferred inflow of resources and continue to report the leased asset in its financial statements; and report in its financial statements (a) lease revenue recognized over the term of the lease, corresponding with the reduction of the deferred inflow, (b) interest income on the receivable, and (c) note disclosures about the lease. The requirements of this Statement are now effective for reporting periods beginning after June 15, 2021. GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponed the effective date for GASB Statement No. 87 for one year from the original effective date to provide relief to governments and other stakeholders in light of the COVID-19 pandemic.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, provides accounting and financial reporting guidance for subscription-based information technology arrangements. The requirements of the Statement are effective for reporting periods after June 15, 2021.

Management has not completed its assessment of the effects of implementing these standards.

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2020

Note 19. Subsequent Events

In September 2020, the City was awarded a Coronavirus Aid, Relief and Economic Security Act ("CARES Act") grant from the State of Wyoming Office of State Land and Investments (OSLI) for \$1,900,000.

In November 2020, the City was awarded a Land and Water Conservation Fund Grant for 929 Malcolm Wallop Pond for \$200,000.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF SHERIDAN, WYOMING

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND

BALANCE - BUDGET AND ACTUAL - GENERAL FUND

Year Ended June 30, 2020

(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 8,919,800	\$ 9,087,274	\$ 9,528,972	\$ 441,698
Licenses and permits	804,500	811,175	790,905	(20,270)
Intergovernmental	314,000	314,800	283,055	(31,745)
Fines, forfeitures, and penalties	252,000	252,000	254,300	2,300
Charges for services	84,500	84,500	71,169	(13,331)
Net investment income	80,000	80,000	87,483	7,483
Contributions	287,000	298,000	304,375	6,375
Miscellaneous revenues	48,000	48,730	28,320	(20,410)
Total revenues	<u>10,789,800</u>	<u>10,976,479</u>	<u>11,348,579</u>	<u>372,100</u>
Expenditures				
Current				
General administration	2,196,995	2,313,209	2,217,001	96,208
Health and welfare	161,460	161,460	180,382	(18,922)
Public safety	5,292,910	5,300,107	4,953,901	346,206
Public works	4,108,235	4,095,335	3,813,068	282,267
Parks and recreation	624,030	624,030	645,989	(21,959)
Capital outlay	-	366,082	347,778	18,304
Total expenditures	<u>12,383,630</u>	<u>12,860,223</u>	<u>12,158,119</u>	<u>702,104</u>
Deficiency of revenues over expenditures	<u>(1,593,830)</u>	<u>(1,883,744)</u>	<u>(809,540)</u>	<u>1,074,204</u>

(Continued)

See accompanying notes to required supplementary information

CITY OF SHERIDAN, WYOMING

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)**

Year Ended June 30, 2020

(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Other financing sources (uses)				
Transfers in	\$ 2,127,375	\$ 2,127,375	\$ 2,127,375	\$ -
Transfers out	(306,139)	(491,339)	(508,938)	(17,599)
Other financing source	<u>-</u>	<u>366,082</u>	<u>366,082</u>	<u>-</u>
Total other financing sources (uses)	<u>1,821,236</u>	<u>2,002,118</u>	<u>1,984,519</u>	<u>(17,599)</u>
Net change in fund balances	227,406	118,374	1,174,979	<u><u>\$ 1,056,605</u></u>
Fund balance - beginning of year	<u>4,619,454</u>	<u>4,619,454</u>	<u>4,619,454</u>	
Fund balance - end of year	<u><u>\$ 4,846,860</u></u>	<u><u>\$ 4,737,828</u></u>	<u><u>\$ 5,794,433</u></u>	

See accompanying notes to required supplementary information

CITY OF SHERIDAN, WYOMING

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - ONE CENT FUND**

Year Ended June 30, 2020

(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 3,600,000	\$ 3,600,000	\$ 3,784,485	\$ 184,485
Net investment income	-	-	27,106	27,106
Total revenues	<u>3,600,000</u>	<u>3,600,000</u>	<u>3,811,591</u>	<u>211,591</u>
Expenditures				
Current				
General administration	2,096,000	2,141,290	1,863,864	277,426
Public safety	214,130	241,244	178,697	62,547
Public works	-	9,754	-	9,754
Parks and recreation	35,000	36,367	33,568	2,799
Capital outlay	249,870	222,258	142,094	80,164
Total expenditures	<u>2,595,000</u>	<u>2,650,913</u>	<u>2,218,223</u>	<u>432,690</u>
Excess of revenues over expenditures	<u>1,005,000</u>	<u>949,087</u>	<u>1,593,368</u>	<u>644,281</u>
Other financing uses				
Transfers out	<u>(2,005,000)</u>	<u>(2,305,230)</u>	<u>(2,305,230)</u>	<u>-</u>
Total other financing uses	<u>(2,005,000)</u>	<u>(2,305,230)</u>	<u>(2,305,230)</u>	<u>-</u>
Net change in fund balance	(1,000,000)	(1,356,143)	(711,862)	<u><u>\$ 644,281</u></u>
Fund balance - beginning of year	<u>2,019,615</u>	<u>2,019,615</u>	<u>2,019,615</u>	
Fund balance - end of year	<u><u>\$ 1,019,615</u></u>	<u><u>\$ 663,472</u></u>	<u><u>\$ 1,307,753</u></u>	

See accompanying notes to required supplementary information

CITY OF SHERIDAN, WYOMING

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND
Year Ended June 30, 2020
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 1,134,677	\$ 1,134,677
Special assessments	62,800	62,800	90,852	28,052
Contributions	-	25,000	40,000	15,000
Total revenues	<u>62,800</u>	<u>87,800</u>	<u>1,265,529</u>	<u>1,177,729</u>
Expenditures				
Current				
Public works	1,700	1,700	1,700	-
Debt service - principal	75,977	132,674	177,673	(44,999)
interest	116,077	116,498	103,970	12,528
Total expenditures	<u>193,754</u>	<u>250,872</u>	<u>283,343</u>	<u>(32,471)</u>
Excess (deficiency) of revenues over expenditures	<u>(130,954)</u>	<u>(163,072)</u>	<u>982,186</u>	<u>1,145,258</u>
Other financing sources (uses)				
Transfers in	130,954	163,072	163,071	(1)
Transfers out	-	-	(1,134,677)	(1,134,677)
Total other financing sources (uses)	<u>130,954</u>	<u>163,072</u>	<u>(971,606)</u>	<u>(1,134,678)</u>
Net change in fund balance	-	-	10,580	<u><u>\$ 10,580</u></u>
Fund balance - beginning of year	<u>177,727</u>	<u>177,727</u>	<u>177,727</u>	
Fund balance - end of year	<u><u>\$ 177,727</u></u>	<u><u>\$ 177,727</u></u>	<u><u>\$ 188,307</u></u>	

See accompanying notes to required supplementary information

CITY OF SHERIDAN, WYOMING

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - CAPITAL TAX FUND**

Year Ended June 30, 2020

(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 3,300,000	\$ 3,300,000	\$ 3,617,312	\$ 317,312
Net investment income	-	-	12,443	12,443
Total revenues	<u>3,300,000</u>	<u>3,300,000</u>	<u>3,629,755</u>	<u>329,755</u>
Expenditures				
Current				
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>3,300,000</u>	<u>3,300,000</u>	<u>3,629,755</u>	<u>(329,755)</u>
Other financing (uses)				
Transfers out	<u>(3,300,000)</u>	<u>(3,527,459)</u>	<u>(3,527,459)</u>	<u>-</u>
Total other financing (uses)	<u>(3,300,000)</u>	<u>(3,527,459)</u>	<u>(3,527,459)</u>	<u>-</u>
Net change in fund balance	-	(227,459)	102,296	<u><u>\$ 329,755</u></u>
Fund balance - beginning of year	<u>1,053,843</u>	<u>1,053,843</u>	<u>1,053,843</u>	
Fund balance - end of year	<u><u>\$ 1,053,843</u></u>	<u><u>\$ 826,384</u></u>	<u><u>\$ 1,156,139</u></u>	

See accompanying notes to required supplementary information

CITY OF SHERIDAN, WYOMING

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - PUBLIC BENEFITS FUND
Year Ended June 30, 2020
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 950,000	\$ 950,000	\$ 904,413	\$ (45,587)
Total revenues	<u>950,000</u>	<u>950,000</u>	<u>904,413</u>	<u>(45,587)</u>
Expenditures				
Current				
Parks and recreation	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>950,000</u>	<u>950,000</u>	<u>904,413</u>	<u>(45,587)</u>
Other financing (uses)				
Transfers out	<u>(950,000)</u>	<u>(973,825)</u>	<u>(928,237)</u>	<u>45,588</u>
Total other financing (uses)	<u>(950,000)</u>	<u>(973,825)</u>	<u>(928,237)</u>	<u>45,588</u>
Net change in fund balance	-	(23,825)	(23,824)	<u>\$ 1</u>
Fund balance - beginning of year	<u>23,824</u>	<u>23,824</u>	<u>23,824</u>	
Fund balance - end of year	<u>\$ 23,824</u>	<u>\$ (1)</u>	<u>\$ -</u>	

See accompanying notes to required supplementary information

CITY OF SHERIDAN, WYOMING

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND**

Year Ended June 30, 2020

(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 2,404,036	\$ 2,399,549	\$ 1,780,164	\$ (619,385)
Intergovernmental	128,700	11,987,152	4,686,965	(7,300,187)
Net investment income	-	-	89,528	89,528
Contributions	1,784,384	1,716,404	1,447,947	(268,457)
Total revenues	<u>4,317,120</u>	<u>16,103,105</u>	<u>8,004,604</u>	<u>(8,098,501)</u>
Expenditures				
Current				
General administration	1,196,760	1,676,850	381,531	1,295,319
Health and welfare	10,000	10,000	13,089	(3,089)
Public safety	433,800	474,832	417,912	56,920
Public works	379,000	488,619	334,227	154,392
Parks and recreation	85,636	57,942	71,397	(13,455)
Capital outlay	9,421,164	24,438,711	8,819,239	15,619,472
Total expenditures	<u>11,526,360</u>	<u>27,146,954</u>	<u>10,037,395</u>	<u>17,109,559</u>
Deficiency of revenues over expenditures	<u>(7,209,240)</u>	<u>(11,043,849)</u>	<u>(2,032,791)</u>	<u>9,011,058</u>
Other financing sources (uses)				
Transfers in	7,286,500	8,029,341	9,418,341	1,389,000
Transfers out	(120,000)	(228,445)	(1,234,067)	(1,005,622)
Other financing source	<u>-</u>	<u>-</u>	<u>8,995</u>	<u>8,995</u>
Total other financing sources (uses)	<u>7,166,500</u>	<u>7,800,896</u>	<u>8,193,269</u>	<u>392,373</u>
Net change in fund balance	(42,740)	(3,242,953)	6,160,478	<u>\$ 9,403,431</u>
Fund balance - beginning of year	<u>3,531,629</u>	<u>3,531,629</u>	<u>3,531,629</u>	
Fund balance - end of year	<u>\$ 3,488,889</u>	<u>\$ 288,676</u>	<u>\$ 9,692,107</u>	

See accompanying notes to required supplementary information

CITY OF SHERIDAN, WYOMING

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 fiscal years
(Unaudited)

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Primary Government			
Public Employees Pension Plan			
Proportion of the net pension liability (asset)	0.350154006%	0.335674335%	0.322448996%
Proportionate share of the net pension liability (asset)	\$ 8,228,360	\$ 10,222,260	\$ 7,349,711
Covered payroll	\$ 6,086,422	\$ 5,845,281	\$ 5,727,912
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	135.19%	174.88%	128.31%
Plan fiduciary net position as a percentage of the total pension liability	76.83%	69.17%	76.35%
Wyoming Law Enforcement Retirement Plan			
Proportion of the net pension liability (asset)	1.281365398%	1.252586654%	1.270164757%
Proportionate share of the net pension liability (asset)	\$ 1,104,521	\$ 3,032,165	\$ 1,092,906
Covered payroll	\$ 1,997,027	\$ 1,902,663	\$ 1,950,301
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	55.31%	159.36%	56.04%
Plan fiduciary net position as a percentage of the total pension liability	89.05%	71.22%	87.99%
Paid Firemen's Pension Plan A			
Proportion of the net pension liability (asset)	8.185487213%	8.161158962%	8.117383059%
Proportionate share of the net pension liability (asset)	\$ 21,329,365	\$ 18,525,850	\$ 18,160,929
Covered payroll	\$ 5,371	\$ 10,949	\$ 15,847
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	397,094.13%	169,207.64%	114,602.87%
Plan fiduciary net position as a percentage of the total pension liability	27.32%	29.99%	34.28%
Paid Firemen's Pension Plan B			
Proportion of the net pension liability (asset)	3.730254406%	3.705987039%	3.831061969%
Proportionate share of the net pension liability (asset)	\$ 265,126	\$ 777,635	\$ 1,579,732
Covered payroll	\$ 1,045,530	\$ 993,615	\$ 1,080,731
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	25.36%	78.26%	146.17%
Plan fiduciary net position as a percentage of the total pension liability	95.93%	87.07%	77.98%

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

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

See accompanying notes to required supplementary information

2017	2016	2015	2014	2013	2012	2011
0.309558400%	0.294162808%	0.293415604%	*	*	*	*
\$ 7,483,575	\$ 6,852,075	\$ 5,177,882	*	*	*	*
\$ 5,519,133	\$ 5,130,417	\$ 5,015,683	*	*	*	*
135.59%	133.56%	103.23%	*	*	*	*
73.42%	73.40%	79.08%	*	*	*	*
1.329358600%	1.327450060%	1.263715835%	*	*	*	*
\$ 1,003,558	\$ 997,180	\$ 372,337	*	*	*	*
\$ 2,057,571	\$ 1,996,481	\$ 1,867,656	*	*	*	*
48.77%	49.95%	19.94%	*	*	*	*
88.11%	87.49%	94.76%	*	*	*	*
8.056056600%	7.953947175%	7.594531813%	*	*	*	*
\$ 14,780,670	\$ 14,750,947	\$ 12,499,661	*	*	*	*
\$ 15,727	\$ 14,276	\$ 15,068	*	*	*	*
93,982.30%	103,325.47%	82,955.81%	*	*	*	*
38.91%	40.05%	45.95%	*	*	*	*
3.699170000%	3.816322995%	3.831260855%	*	*	*	*
\$ 1,167,507	\$ 1,166,827	\$ (43,087)	*	*	*	*
\$ 976,229	\$ 991,727	\$ 940,673	*	*	*	*
119.59%	117.66%	-4.58%	*	*	*	*
80.16%	79.33%	100.98%	*	*	*	*

CITY OF SHERIDAN, WYOMING

SCHEDULE OF PENSION CONTRIBUTIONS

Last 10 fiscal years
(Unaudited)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Primary Government				
Public Employees Pension Plan				
Contractually required contribution	\$ 1,101,048	\$ 1,030,799	\$ 944,607	\$ 936,330
Contributions in relation to the contractually required contribution	<u>(1,101,048)</u>	<u>(1,030,799)</u>	<u>(944,607)</u>	<u>(936,330)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 6,248,854	\$ 6,021,022	\$ 5,683,556	\$ 5,633,755
Contributions as a percentage of covered payroll	17.62%	17.12%	16.62%	16.62%
Wyoming Law Enforcement Retirement Plan				
Contractually required contribution	\$ 353,830	\$ 346,823	\$ 341,186	\$ 340,392
Contributions in relation to the contractually required contribution	<u>(353,830)</u>	<u>(346,823)</u>	<u>(341,186)</u>	<u>(340,392)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,057,151	\$ 2,016,413	\$ 1,983,640	\$ 1,979,023
Contributions as a percentage of covered payroll	17.20%	17.20%	17.20%	17.20%
Paid Firemen's Pension Plan A				
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%
Paid Firemen's Pension Plan B				
Contractually required contribution	\$ 241,235	\$ 222,228	\$ 216,983	\$ 220,052
Contributions in relation to the contractually required contribution	<u>(241,235)</u>	<u>(222,228)</u>	<u>(216,983)</u>	<u>(220,052)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,060,607	\$ 1,046,025	\$ 1,021,337	\$ 1,035,783
Contributions as a percentage of covered payroll	22.745%	21.245%	21.245%	21.245%

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

See accompanying notes to required supplementary information

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 901,498	\$ 818,983	*	*	*	*
(901,498)	(818,983)	*	*	*	*
<u>\$ -</u>	<u>\$ -</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
\$ 5,424,176	\$ 5,160,573	*	*	*	*
16.62%	15.87%	*	*	*	*
\$ 367,984	\$ 348,310	*	*	*	*
(367,984)	(348,310)	*	*	*	*
<u>\$ -</u>	<u>\$ -</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
\$ 2,139,442	\$ 2,025,058	*	*	*	*
17.20%	17.20%	*	*	*	*
\$ -	\$ -	*	*	*	*
-	-	*	*	*	*
<u>\$ -</u>	<u>\$ -</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
\$ -	\$ -	*	*	*	*
0.00%	0.00%	*	*	*	*
\$ 222,677	\$ 225,632	*	*	*	*
(222,677)	(225,632)	*	*	*	*
<u>\$ -</u>	<u>\$ -</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
\$ 1,048,138	\$ 1,062,048	*	*	*	*
21.245%	21.245%	*	*	*	*

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CITY OF SHERIDAN, WYOMING

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2020

Note 1. Basis of Budgeting

Budgets

Annual budgets are adopted on the modified accrual basis for all governmental funds. Encumbered appropriations are re-appropriated in the ensuing year's budget.

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

Budget Amendments

During the 2020 fiscal year, it was necessary to amend the originally adopted budget. The expenditure budgets for the following funds were amended through transfers between funds, unspent funds from prior years, and unanticipated revenues and grants.

	Expenditures
General Fund	\$ 661,793
One Cent Fund	356,143
Special Revenue Funds	15,729,039
Capital Tax Fund	227,459
Public Benefits Fund	23,825
Sewer Fund	4,500
Water Fund	119,869
Solid Waste Fund	78,456
Golf Fund	75,200
Weed and Pest Fund	91,378
Debt Service Fund	57,118

Excess of Expenditures over Appropriations

For the year ended June 30, 2020, the debt service fund expenditures exceeded appropriations by \$32,471.

Note 2. Explanation of Changes to Pension Plans

Changes in assumptions – There have been no changes of assumptions in the Public Employees' Pension Plan, Law Enforcement Pension Plan, Paid Firemen's Pension Plan A, and Paid Firemen's Pension Plan B from January 1, 2018 to January 1, 2019.

Changes in benefits - There have been no changes in the benefit provisions of any pension plans since the prior valuation.

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SINGLE AUDIT SECTION

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CITY OF SHERIDAN, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<u>U.S. Department of Agriculture</u>				
Passed through the Wyoming State Forestry Division				
Cooperative Forestry Assistance	10.664	15-DG-11020000-039	\$ -	\$ 4,000
Direct				
Emergency Watershed Protection Program	10.923	NR188E49XXXXC004	-	3,958,168
Total U.S. Department of Agriculture			-	3,962,168
<u>U.S. Department of Justice</u>				
Direct				
Bulletproof Vest Partnership Program	16.607	-	-	2,865
Direct				
Public Safety Partnership and Community Policing Grants	16.710	2017UMWX0112	-	42,432
Total U.S. Department of Justice			-	45,297
<u>U. S. Department of Transportation</u>				
Passed through the Wyoming Association of Sheriffs and Chiefs of Police				
Alcohol Open Container Requirements	20.607	HS02020-DUI-154AL	-	7,349
<i>Highway Safety Cluster</i>				
State and Community Highway Safety	20.600	HS40220	-	14,819
National Priority Safety Programs	20.616	HS02019-DUI-405D	-	5,388
National Priority Safety Programs	20.616	HS02020-OP HVE-405B	-	8,259
Total Highway Safety Cluster			-	28,466
Total U.S. Department of Transportation			-	35,815
<u>U. S. Environmental Protection Agency</u>				
Passed through the Office of State Land and Investment Board				
<i>Clean Water State Revolving Fund Cluster</i>				
Capitalization Grants for Clean Water State Revolving Funds	66.458	CWSRF #168	-	95,982
Capitalization Grants for Clean Water State Revolving Funds	66.458	CWSRF #176	-	945,564
Capitalization Grants for Clean Water State Revolving Funds	66.458	CWSRF #181	-	126,860
Total Clean Water State Revolving Fund Cluster			-	1,168,406
Total U. S. Environmental Protection Agency			-	1,168,406

(Continued)

See accompanying notes to the schedule of expenditures of federal awards

CITY OF SHERIDAN, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<u>U. S. Department of Energy</u>				
Passed through the Wyoming Business Council				
State Energy Program	81.041	DE-EE0008670	\$ -	\$ 25,000
Total U. S. Department of Energy			<u>-</u>	<u>25,000</u>
<u>U. S. Department of Health and Human Services</u>				
Passed through the Wyoming Department of Transportation				
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	EUDL 2019	-	21,059
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	EUDL 2020	<u>-</u>	<u>8,457</u>
Total U.S. Department of Health and Human Services			<u>-</u>	<u>29,516</u>
<u>U. S. Department of Homeland Security</u>				
Direct				
Assistance to Firefighters Grant	97.044	EMW-2018-FO-01423	<u>-</u>	<u>80,632</u>
Total U.S. Department of Homeland Security			<u>-</u>	<u>80,632</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 5,346,834</u>

See accompanying notes to the schedule of expenditures of federal awards

CITY OF SHERIDAN, WYOMING

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2020

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the City of Sheridan, Wyoming under programs of the federal government for the year ended June 30, 2020 and is presented on the accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operation of the City of Sheridan, Wyoming, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Sheridan, Wyoming.

Note 2. Summary of Significant Accounting Policies for the Schedule

Expenditures reported on the Schedule are reported on the generally accepted accounting principles basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Any negative amounts shown in the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The City has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
City of Sheridan, Wyoming

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the remaining aggregate fund information of the City of Sheridan, Wyoming, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Sheridan, Wyoming's basic financial statements and have issued our report thereon dated December 11, 2020. The Sheridan Area Water Supply Joint Powers Board ("SAWS"), the Sheridan Economic and Educational Development Authority Joint Powers Board ("SEEDA"), and the Sheridan County Travel and Tourism Joint Powers Board ("Board") issue separate audited financial statements with separate reports on internal control over financial reporting and on compliance and other matters based on financial statements performed in accordance with *Government Auditing Standards*. We audit those financial statements and issue those separate reports. This report does not include those separate results of the testing of internal controls over financial reporting or compliance and other matters that are reported on separately.

Internal Control over Financial Reporting

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



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

We noted certain matters that we have reported to management of the City of Sheridan, Wyoming in a separate letter dated December 11, 2020.

Compliance and Other Matters

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

Purpose of this Report

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



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming
December 11, 2020

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
City of Sheridan, Wyoming

Report on Compliance for Each Major Federal Program

We have audited the City of Sheridan, Wyoming's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City of Sheridan, Wyoming's major federal program for the year ended June 30, 2020. The City of Sheridan, Wyoming's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City of Sheridan, Wyoming's basic financial statements include the operations of SAWS, SEEDA, and the Board as discretely presented component units. Our audit described below, did not include the operations of SAWS, SEEDA, and the Board because each component unit engaged auditors to perform its separate audit. Those reports did not include a schedule of expenditures of federal awards.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City of Sheridan, Wyoming's major federal program based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Sheridan, Wyoming's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Sheridan, Wyoming's compliance.



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Opinion on the Major Federal Program

In our opinion, the City of Sheridan, Wyoming complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the City of Sheridan, Wyoming 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 City of Sheridan, Wyoming's internal control over compliance with the types of compliance 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 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 City of Sheridan, Wyoming'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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Porter, Muirhead, Cornia & Howard
Certified Public Accountants

Casper, Wyoming
December 11, 2020

CITY OF SHERIDAN, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2020

Section I – Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

Material weaknesses identified? No

Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

Material weaknesses identified? No

Significant deficiencies identified? None reported

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

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

Identification of major federal programs:

CFDA Numbers	Name of Federal Program or Cluster
10.923	Emergency Watershed Protection Program

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

Auditee qualified as low-risk auditee? Yes

CITY OF SHERIDAN, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2020

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None



City of Sheridan
Summary Schedule of Prior Audit Findings
June 30, 2020

None.