

CITY OF
SHERIDAN, WYOMING

Financial and Compliance Report

June 30, 2024





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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 Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Sheridan, Wyoming (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely present component units, each major fund, and the aggregate remaining fund information of the City of Sheridan, Wyoming, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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



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Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Sheridan, Wyoming's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Sheridan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Sheridan's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension schedules, and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental

Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sheridan, Wyoming's basic financial statements. The budgetary comparison information and custodial funds combining statements as listed in the table of contents, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information as listed in the table of contents, 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 March 31, 2025 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 of 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
March 31, 2025

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**MANAGEMENT
DISCUSSION
& ANALYSIS**

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**Management's Discussion & Analysis
(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, 2024. 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's total net position increased by 3.5% or \$6.7 million during the fiscal year. The governmental type activities recorded an increase in net position of \$10.2 million which resulted in an 8.6% increase over last year. The business-type activities recorded a decrease in net position of \$3.4 million or a decrease of 4.8% compared to last year.

During the fiscal year, the City's total revenue increased by 3.8% to \$51.3 million from \$49.4 million last fiscal year. The governmental type activities recorded a \$392 thousand dollar increase in revenues, while the business-type activities recorded a \$1.5 million dollar increase resulting in a net total revenue increase for the year of \$1.9 million. This increase in revenue in FY24 versus FY23 was a result of a decrease in operating and capital grants and contributions of \$1.9 million, property taxes increase of \$370 thousand, miscellaneous revenue increase of \$998 thousand, other taxes increase of \$1.4 million, charges for services increase of \$302 thousand, and investment income increase of \$648 thousand. The City's total expenses increased by 13.7% in the current fiscal year to \$44.6 million from \$39.2 million last fiscal year.

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 liability. This resulted in recording a net pension liability of liability of \$30.9 million, \$35.7 million, \$17.1 million, \$18.2 million, and \$11.9 million as of June 30 2020, 2021, 2022, 2023 and 2024, 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 pension liability.

Using the Annual Report

This annual report consists of the Management's Discussion and Analysis, the Financial Statements, Required Supplementary Information, Supplementary Information and Compliance Section. The 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.

- *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.

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

The 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 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 three 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.
- *Component Units*-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 Sheridan Area Water Supply, Sheridan Economic and Educational Development Authority, Sheridan County Travel and Tourism, and Sheridan Downtown Development Authority. The City of Sheridan may appoint board members to their boards or is financially accountable for these entities. Financial information for these component units are reported separately from the financial information presented for the primary government itself. Complete financial statements for Sheridan Area Water Supply, Sheridan Economic and Educational Development Authority, and Sheridan County Travel and Tourism can be obtained from the entity's administrative offices.

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.

Management's Discussion & Analysis
(Unaudited)

- *Fiduciary Funds* – The City maintains one type of fiduciary fund, custodial funds. The fiduciary fund financial statements are prepared on the accrual basis of accounting. The fiduciary funds are used to account for resources held by the City in a trustee capacity or as an agent for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City reported assets, liabilities and changes in net position for custodial funds, representing fiduciary activities not held in a trust, all associated with other governmental organizations and/or individuals. The City does not adopt an annual appropriated budget for its fiduciary funds.

Financial Position

As explained, net position is the difference between assets and liabilities. Between fiscal years 2023 and 2024 combined net position increased by approximately 3.5%.

City of Sheridan's Net Position

| | Governmental Activities | Business-Type Activities | Total |
|---|------------------------------------|-------------------------------------|-----------------------|
| | 2023 | 2023 | 2023 |
| Current and Other Assets | \$ 34,834,017 | \$ 23,496,188 | \$ 58,330,205 |
| Capital Assets | 106,243,998 | 86,400,336 | 192,644,334 |
| Total Assets | 141,078,015 | 109,896,524 | 250,974,539 |
| Pension Plan Items | 5,323,926 | 652,435 | 5,976,361 |
| Total Deferred Outflows of Resources | 5,323,926 | 652,435 | 5,976,361 |
| Current Liabilities | 5,562,182 | 1,407,078 | 6,969,260 |
| Long-term Liabilities | 18,473,564 | 36,906,056 | 55,379,620 |
| Total Liabilities | 24,035,746 | 38,313,134 | 62,348,880 |
| Unavailable Property Tax Revenues | 2,599,679 | - | 2,599,679 |
| Pension Plan Items | 1,480,813 | 21,077 | 1,501,890 |
| Total Deferred Inflows of Resources | 4,080,492 | 21,077 | 4,101,569 |
| Net Position | | | |
| Net Investment in Capital Assets | 105,493,786 | 65,605,155 | 171,098,941 |
| Restricted | - | 2,187,399 | 2,187,399 |
| Unrestricted | 12,791,917 | 4,422,194 | 17,214,111 |
| Total Net Position | \$ 118,285,703 | \$ 72,214,748 | \$ 190,500,451 |

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

| | Governmental Activities | Business-Type Activities | Total | Total Percent Change |
|---|------------------------------------|-------------------------------------|-----------------------|-------------------------------------|
| | 2024 | 2024 | 2024 | |
| Current and Other Assets | \$ 38,358,741 | \$ 24,747,328 | \$ 63,106,069 | 8.2% |
| Capital Assets | 109,943,837 | 90,561,224 | 200,505,061 | 4.1% |
| Total Assets | 148,302,578 | 115,308,552 | 263,611,130 | 5.0% |
| Pension Plan Items | 2,719,893 | 354,672 | 3,074,565 | (48.6)% |
| Total Deferred Outflows of Resources | 2,719,893 | 354,672 | 3,074,565 | (48.6)% |
| Current Liabilities | 3,376,365 | 864,893 | 4,241,258 | (39.1)% |
| Long-term Liabilities | 13,351,511 | 45,918,302 | 59,269,813 | 7.0% |
| Total Liabilities | 16,727,876 | 46,783,195 | 63,511,071 | 1.9% |
| Unavailable Property Tax Revenues | 2,757,944 | - | 2,757,944 | 6.1% |
| Pension Plan Items | 3,093,387 | 111,769 | 3,205,156 | 113.4% |
| Total Deferred Inflows of Resources | 5,851,331 | 111,769 | 5,963,100 | 45.4% |
| Net Position | | | | |
| Net Investment in Capital Assets | 108,379,944 | 61,276,191 | 169,656,135 | (0.8)% |
| Restricted | - | 2,187,399 | 2,187,399 | 0.0% |
| Unrestricted | 20,063,320 | 5,304,670 | 25,367,990 | 47.4% |
| Total Net Position | \$ 128,443,264 | \$ 68,768,260 | \$ 197,211,524 | 3.5% |

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 net position of government-type activities increased by \$10.2 million or 8.6%. The net position for business-type activities decreased by \$3.4 million, or 4.8%.

Results of Operations

The City's total revenues come from numerous sources. Around 46.3% 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 33.3% comes from fees charged for services, capital and operating grants and other support represents 9.7%, while property tax revenue represents about 6.2% of total revenues.

Management's Discussion & Analysis
(Unaudited)**Changes in City of Sheridan's Net Position**

| | Governmental Activities | Business-Type Activities | Total |
|---|------------------------------------|-------------------------------------|-----------------------|
| | 2023 | 2023 | 2023 |
| Program Revenues | | | |
| Charges for Services | \$ 1,517,137 | \$ 14,209,815 | \$ 15,726,952 |
| Operating Grants and Contributions | 3,493,612 | 237,559 | 3,731,171 |
| Capital Grants and Contributions | 1,587,932 | 1,412,808 | 3,000,740 |
| General Revenues | | | |
| Property Taxes | 2,815,815 | - | 2,815,815 |
| Special Assessments | 2,690 | - | 2,690 |
| Other Taxes | 22,341,232 | - | 22,341,232 |
| Miscellaneous Revenues | 111,218 | 32,015 | 143,233 |
| Investment Income | 877,524 | 646,213 | 1,523,737 |
| Gain on Sale of Capital Assets | 53,553 | 96,106 | 149,659 |
| Total Revenues | 32,800,713 | 16,634,516 | 49,435,229 |
| Expenses | | | |
| General Government | 7,248,612 | - | 7,248,612 |
| Health and Welfare | 55,900 | - | 55,900 |
| Public Safety | 2,151,657 | - | 2,151,657 |
| Public Works | 11,948,009 | - | 11,948,009 |
| Parks and Recreation | 2,576,248 | - | 2,576,248 |
| Conservation and development | 600,945 | - | 600,945 |
| Interest on Long-term Debt | 23,875 | - | 23,875 |
| Solid Waste Fund | - | 5,499,427 | 5,499,427 |
| Water Fund | - | 5,648,283 | 5,648,283 |
| Sewer Fund | - | 2,684,888 | 2,684,888 |
| Golf Fund | - | 677,294 | 677,294 |
| Weed and Pest Fund | - | 125,092 | 125,092 |
| Total Expenses | 24,605,246 | 14,634,984 | 39,240,230 |
| Excess Before Transfers | 8,195,467 | 1,999,532 | 10,194,999 |
| Transfers | (309,453) | 309,453 | - |
| Increase in Net Position | 7,886,014 | 2,308,985 | 10,194,999 |
| Net position - beginning of year | 110,399,689 | 69,905,763 | 180,305,452 |
| Net position - end of year | \$ 118,285,703 | \$ 72,214,748 | \$ 190,500,451 |

Management's Discussion & Analysis
(Unaudited)

| | Governmental Activities | Business-Type Activities | Total | Total Percent Change |
|--|------------------------------------|-------------------------------------|-----------------------|-------------------------------------|
| | 2024 | 2024 | 2024 | |
| Program Revenues | | | | |
| Charges for Services | \$ 1,689,064 | \$ 15,390,136 | \$ 17,079,200 | 8.6% |
| Operating Grants and Contributions | 671,607 | 308,200 | 979,807 | (73.7)% |
| Capital Grants and Contributions | 2,243,401 | 1,633,983 | 3,877,384 | 29.2% |
| General Revenues | | | | |
| Property Taxes | 3,185,863 | - | 3,185,863 | 13.1% |
| Special Assessments | 5,974 | - | 5,974 | 122.1% |
| Other Taxes | 23,740,693 | - | 23,740,693 | 6.3% |
| Miscellaneous Revenues | 91,304 | - | 91,304 | (36.3)% |
| Investment Income | 1,441,973 | 730,213 | 2,172,186 | 42.6% |
| Gain on Sale of Capital Assets | 123,469 | 74,438 | 197,907 | (99.6)% |
| Total Revenues | 33,193,348 | 18,136,970 | 51,330,318 | 3.8% |
| Expenses | | | | |
| General Government | 5,804,204 | - | 5,804,204 | (19.9)% |
| Health and Welfare | 75,798 | - | 75,798 | 35.6% |
| Public Safety | 7,629,379 | - | 7,629,379 | 254.6% |
| Public Works | 10,145,522 | - | 10,145,522 | (15.1)% |
| Parks and Recreation | 2,670,020 | - | 2,670,020 | 3.6% |
| Conservation and Development | 744,195 | - | 744,195 | 23.8% |
| Interest on Long-term Debt | 48,755 | - | 48,755 | 104.2% |
| Solid Waste Fund | - | 6,765,445 | 6,765,445 | 23.0% |
| Water Fund | - | 6,721,235 | 6,721,235 | 19.0% |
| Sewer Fund | - | 3,234,970 | 3,234,970 | 20.5% |
| Golf Fund | - | 568,086 | 568,086 | (16.1)% |
| Weed and Pest Fund | - | 211,636 | 211,636 | 69.2% |
| Total Expenses | 27,117,873 | 17,501,372 | 44,619,245 | 13.7% |
| Excess Before Transfers | 6,075,475 | 635,598 | 6,711,073 | (34.2)% |
| Transfers | 4,082,086 | (4,082,086) | - | 0.0% |
| Increase (decrease) in Net Position | 10,157,561 | (3,446,488) | 6,711,073 | (34.2)% |
| Net position - beginning of year | 118,285,703 | 72,214,748 | 190,500,451 | 5.7% |
| Net position - end of year | \$ 128,443,264 | \$ 68,768,260 | \$ 197,211,524 | 3.5% |

During fiscal year 2024, nearly 39.2% 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 17.1% of the total costs for City operations, while public works activities which include planning, engineering, code enforcement and streets accounted for 22.7% of the total costs. General government activities represented 13.0% of City operations total costs.

**Management’s Discussion & Analysis
(Unaudited)**

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 13.1% from the prior year and is estimated to increase by at least 2% 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 \$1,769,549, \$1,802,987, \$1,735,588, \$1,947,500, and \$2,633,288 in direct distribution funding respectively for fiscal years 2020, 2021, 2022, 2023 and 2024. 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 \$27.1 million, an increase of 10.2% from last year’s amount of \$24.6 million. The City received \$1.7 million from those who directly benefited from charged services (i.e. permits, licenses, and fines). The City also received over \$2.9 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 | | Percent Change | Of Services | | Percent Change |
| | 2023 | 2024 | | 2023 | 2024 | |
| General Government | \$ 7,248,612 | \$ 5,804,204 | (19.9)% | \$ 2,679,813 | \$ 4,090,832 | 52.7% |
| Health and Welfare | 55,900 | 75,798 | 35.6% | 52,500 | 73,928 | 40.8% |
| Public Safety | 2,151,657 | 7,629,379 | 254.6% | 1,636,700 | 7,043,595 | 330.4% |
| Public Works | 11,948,009 | 10,145,522 | (15.1)% | 10,935,278 | 8,091,759 | (26.0)% |
| Parks and Recreation | 2,576,248 | 2,670,020 | 3.6% | 2,101,454 | 2,420,737 | 15.2% |
| Conservation and Development | 600,945 | 744,195 | N/A | 576,945 | 744,195 | 29.0% |
| Interest on Long-term Debt | 23,875 | 48,755 | 104.2% | 23,875 | 48,755 | 104.2% |
| Total | \$ 24,605,246 | \$ 27,117,873 | 10.2% | \$ 18,006,565 | \$ 22,513,801 | 25.0% |

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

**Management’s Discussion & Analysis
(Unaudited)**

Financial Analysis of the City’s Funds

The City’s combined fund balance in its governmental funds at June 30, 2024 was approximately \$32.1 million, an increase of \$5.9 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 \$0.26 million that is committed to debt payments and \$6.2 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 | Percent Change | Final Budget | Actual | Percent Change |
|---------------------------------|----------------------------|-------------------------|---------------------------|-------------------------|----------------------|---------------------------|
| Revenues | \$ 14,180,400 | \$ 14,180,400 | 0.0% | \$ 14,180,400 | \$ 15,148,192 | 6.8% |
| Expenditures | | | | | | |
| General Government | \$ 3,782,223 | \$ 4,032,223 | 6.6% | \$ 4,032,223 | \$ 4,102,212 | 1.7% |
| Public Safety | 7,783,186 | 7,783,186 | 0.0% | 7,783,186 | 7,463,189 | (4.1)% |
| Public Works | 3,015,798 | 3,015,798 | 0.0% | 3,015,798 | 2,705,620 | (10.3)% |
| Parks and Recreation | 907,126 | 907,126 | 0.0% | 907,126 | 941,111 | 3.7% |
| Conservation and Development | 231,927 | 381,927 | 64.7% | 381,927 | 267,270 | (30.0)% |
| Capital Outlay | - | - | 0.0% | - | 476,871 | 0.0% |
| Debt Service - principal | 86,275 | 86,275 | 0.0% | 86,275 | 101,275 | 17.4% |
| Total | <u>\$ 15,806,535</u> | <u>\$ 16,206,535</u> | <u>2.5%</u> | <u>\$ 16,206,535</u> | <u>\$ 16,057,548</u> | <u>(0.9)%</u> |

During the year, the City Council revised the City budget once. 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.

Management's Discussion & Analysis
(Unaudited)**Capital Asset and Debt Administration****Capital Assets**

As of June 30, 2024, the City has invested \$200.5 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 4.1% versus last year. More detailed information concerning the City's capital assets can be found in the notes to the financial statements.

City of Sheridan's Capital Assets

| | Governmental Activities 2023 | Business-Type Activities 2023 | Total 2023 | |
|-------------------------------------|---|--|-----------------------|-------------------------------------|
| Land | \$ 6,343,665 | \$ 1,644,458 | \$ 7,988,123 | |
| Works of art | 1,628,311 | - | 1,628,311 | |
| Water rights | - | 576,678 | 576,678 | |
| Construction in progress | 16,648,901 | 4,098,040 | 20,746,941 | |
| Infrastructure | 104,332,922 | 13,266,395 | 117,599,317 | |
| Buildings | 30,094,848 | 24,465,022 | 54,559,870 | |
| Improvements, other than buildings | 26,889,143 | 100,168,989 | 127,058,132 | |
| Machinery and equipment | 18,070,075 | 23,157,833 | 41,227,908 | |
| Right-to-use leased equipment | 611,542 | 1,846,880 | 2,458,422 | |
| Accumulated depreciation | (98,375,409) | (82,823,959) | (181,199,368) | |
| Total | \$ 106,243,998 | \$ 86,400,336 | \$ 192,644,334 | |
| | Governmental Activities 2024 | Business-Type Activities 2024 | Total 2024 | Total Percent Change |
| Land | \$ 6,343,665 | \$ 1,926,310 | \$ 8,269,975 | 3.5% |
| Works of art | 1,696,161 | - | 1,696,161 | 4.2% |
| Water rights | - | 663,021 | 663,021 | 15.0% |
| Construction in progress | 23,278,678 | 12,112,763 | 35,391,441 | 70.6% |
| Infrastructure | 104,332,922 | 13,762,139 | 118,095,061 | 0.4% |
| Buildings | 31,112,323 | 25,004,683 | 56,117,006 | 2.9% |
| Improvements, other than buildings | 26,889,143 | 99,887,137 | 126,776,280 | (0.2)% |
| Machinery and equipment | 19,253,921 | 23,119,610 | 42,373,531 | 2.8% |
| Right-to-use leased equipment | 1,800,300 | 1,202,051 | 3,002,351 | 22.1% |
| Right-to-use subscription IT assets | 43,227 | 40,431 | 83,658 | (100.0)% |
| Accumulated depreciation | (104,806,503) | (87,156,921) | (191,963,424) | 5.9% |
| Total | \$ 109,943,837 | \$ 90,561,224 | \$ 200,505,061 | 4.1% |

This year's major capital asset additions included 4 patrol vehicles, lifesaving equipment for the fire department, 4 trucks for water utilities, 2 trucks for wastewater, 1 truck for streets, 2 trucks for parks, 1 truck for recycling, various loaders and graders, a street sweeper, a dump truck, a Mack Rolloff with hook lift, and a loader snow blower.

**Management's Discussion & Analysis
(Unaudited)*****Outstanding Long-Term Debt*****City of Sheridan's Outstanding Debt**

| | Governmental Activities | | Business-Type Activities | | Total | | Total Percent Change |
|--|----------------------------|----------------------|-----------------------------|----------------------|----------------------|----------------------|----------------------------|
| | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | |
| Special Assessment Bonds | \$ 90,000 | \$ 60,000 | \$ - | \$ - | \$ 90,000 | \$ 60,000 | (33.3)% |
| Notes payable - State Loan and Investment Board | 244,040 | 181,671 | 19,748,418 | 28,815,576 | 19,992,458 | 28,997,247 | 45.0% |
| Loan payable - Paid Firemen Pension Plan A | 1,725,490 | 1,552,941 | - | - | 1,725,490 | 1,552,941 | (10.0)% |
| Leases | 386,060 | 1,293,995 | 751,709 | 406,458 | 1,137,769 | 1,700,453 | 49.5% |
| Subscription IT liability | - | 28,227 | - | 26,375 | - | 54,602 | 100.0% |
| Compensated absences | 1,141,357 | 1,231,491 | 428,801 | 470,248 | 1,570,158 | 1,701,739 | 8.4% |
| Landfill closure liability | - | - | 12,652,305 | 7,454,269 | 12,652,305 | 7,454,269 | (41.1)% |
| Landfill remediation liability | - | - | - | 5,858,001 | - | 5,858,001 | 100.0% |
| Net pension liability | 14,886,617 | 9,003,186 | 3,324,823 | 2,887,375 | 18,211,440 | 11,890,561 | (34.7)% |
| Total | <u>\$ 18,473,564</u> | <u>\$ 13,351,511</u> | <u>\$ 36,906,056</u> | <u>\$ 45,918,302</u> | <u>\$ 55,379,620</u> | <u>\$ 59,269,813</u> | <u>7.0%</u> |

At year end the City had \$59.3 million in outstanding debt, an increase of 7.0% or approximately \$3.9 million from last year. More detailed information can be found in the notes to the financial statements.

Future of the City

The best way to predict the future is by better understanding the conditions that have shaped the City's financial state. The City of Sheridan did exceptionally well during the years that the country was experiencing the effects of COVID. Not only did the City see sales and use revenues increase 2 to 3-fold, but building increased by a factor of four as well. As the rest of the country has re-opened, building continues to go strong, but there was a greater decline in the rate of other revenues associated with outside visitors.

By the end of FY24, sales and use, which comprise around 40% of the City's general fund was down from 13% at the beginning of the FY to an average of around 1% as the FY completed. Throughout FY25, those trends have remained with stagnated sales and use dipping into the negative level of growth from the previous year at points and then finally recovering to a positive level near where it started the year.

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

As a result, the City is predicting conservative, no-growth revenues for FY26 as it reviews the impact of national-level economic decisions on the local and regional economy and the industries associated with the City of Sheridan's economic manufacturing businesses.

For FY25, the City budgeted \$3,028,154 in Direct Distribution revenue. 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 2025 Legislative changes, the direct distribution appears to be slightly increased.

In November 2024, Sheridan County residents voted to reapprove the \$40,000,000 Capital Facilities Tax with the expectation of the tax continuing for an additional six to eight years using current collections as estimates. The City's agreed to reduce their tax share from a previous \$23,947,200 to a current share amount of \$22,720 in order to help provide more Capital Tax money for the County's smaller municipalities. Regardless, this will enable the City to continue working on its overall Capital Improvement Plan.

In November 2023, 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 2027. The GPET (One Cent Tax) will be voted on again in November 2026 to extend the existing tax through fiscal year 2031.

Current projects of the City include the Kendrick Park Pool renovation, Blacktooth Park improvements, a future western bypass, the installation of the NE water transmission line, Residence Hill infrastructure renovations, and various other projects aimed at maintaining current infrastructure functionality levels.

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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**FINANCIAL
STATEMENTS**

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Statement of Net Position

| | Primary Government | | | Component Units |
|---|----------------------------|-----------------------------|---------------|--------------------|
| | Governmental Activities | Business-type Activities | Total | |
| ASSETS | | | | |
| Cash, cash equivalents and investments | \$ 30,324,518 | \$ 14,101,847 | \$ 44,426,365 | \$ 1,562,750 |
| Restricted cash and cash equivalents | 98,063 | - | 98,063 | 2,430,102 |
| Cash held with fiscal agent | 98,546 | - | 98,546 | - |
| Investments | - | - | - | 1,765,095 |
| Accounts receivable | 262,928 | 2,502,103 | 2,765,031 | 272,305 |
| Property tax receivable | 2,894,408 | - | 2,894,408 | - |
| Special assessments receivable | 120,846 | - | 120,846 | - |
| Due from primary government | - | - | - | 59,092 |
| Due from fiduciary fund | 550 | - | 550 | - |
| Due from other governments | 4,217,714 | 5,021,373 | 9,239,087 | 213,241 |
| Due from component units | 27,279 | 2,987,346 | 3,014,625 | - |
| Lease receivable, current | - | - | - | 138,791 |
| Interest receivable | - | - | - | 264,557 |
| Prepaid items | 313,889 | 46,088 | 359,977 | 33,403 |
| Inventory | - | 88,571 | 88,571 | 34,397 |
| Lease receivable | - | - | - | 4,991,919 |
| Real estate held for sale | - | - | - | 1,095,806 |
| Notes receivable, current portion - primary government | - | - | - | 83,304 |
| Notes receivable, noncurrent portion - primary government | - | - | - | 520,859 |
| Restricted investments | - | - | - | 6,075,338 |
| Capital assets, not being depreciated | 31,318,504 | 14,702,094 | 46,020,598 | 2,188,495 |
| Capital assets, net of accumulated depreciation/amortization | 78,625,333 | 75,859,130 | 154,484,463 | 51,123,888 |
| Total assets | 148,302,578 | 115,308,552 | 263,611,130 | 72,853,342 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Pension plan items | 2,719,893 | 354,672 | 3,074,565 | - |
| Total deferred outflows of resources | 2,719,893 | 354,672 | 3,074,565 | - |

(Continued)

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Statement of Net Position (Continued)

| | Primary Government | | | Component Units |
|--|----------------------------|-----------------------------|-----------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total | |
| LIABILITIES | | | | |
| Accounts payable | \$ 2,972,375 | \$ 217,439 | \$ 3,189,814 | \$ 31,137 |
| Accrued liabilities | 297,813 | 125,663 | 423,476 | 12,344 |
| Accrued interest payable | 22,982 | 258,124 | 281,106 | 32,285 |
| Retainage payable | - | 36,624 | 36,624 | - |
| Deposits due to others | - | 167,951 | 167,951 | - |
| Due to other governments | - | - | - | 41,207 |
| Due to component unit | - | 59,092 | 59,092 | - |
| Due to primary government | - | - | - | 3,014,625 |
| Advanced payments on grants | 83,195 | - | 83,195 | 14,423 |
| Long-term liabilities | | | | |
| Due within one year | 613,836 | 1,534,671 | 2,148,507 | 529,643 |
| Due in more than one year | 12,737,675 | 44,383,631 | 57,121,306 | 4,724,108 |
| Total liabilities | <u>16,727,876</u> | <u>46,783,195</u> | <u>63,511,071</u> | <u>8,399,772</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable property tax revenues | 2,757,944 | - | 2,757,944 | - |
| Lease related | - | - | - | 4,898,961 |
| Pension plan items | 3,093,387 | 111,769 | 3,205,156 | - |
| Total deferred inflows of resources | <u>5,851,331</u> | <u>111,769</u> | <u>5,963,100</u> | <u>4,898,961</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 108,379,944 | 61,276,191 | 169,656,135 | 48,094,513 |
| Restricted by | | | | |
| Landfill closure and post closure - W.S. 35-11-532 | - | 2,187,399 | 2,187,399 | - |
| City of Sheridan/Sheridan Area Water Supply JPB agreement | - | - | - | 6,622,624 |
| Unrestricted | 20,063,320 | 5,304,670 | 25,367,990 | 4,837,472 |
| Total net position | <u>\$ 128,443,264</u> | <u>\$ 68,768,260</u> | <u>\$ 197,211,524</u> | <u>\$ 59,554,609</u> |

City of Sheridan, Wyoming
Year Ended June 30, 2024
Statement of Activities

| Function/Programs | Expenses | Program Revenues | | |
|---|----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government | | | | |
| Governmental activities | | | | |
| General government | \$ 5,804,204 | \$ 1,407,613 | \$ 305,759 | \$ - |
| Health and welfare | 75,798 | - | 1,870 | - |
| Public safety | 7,629,379 | 281,451 | 304,333 | - |
| Public works | 10,145,522 | - | - | 2,053,763 |
| Parks and recreation | 2,670,020 | - | 59,645 | 189,638 |
| Conservation and development | 744,195 | - | - | - |
| Interest on long-term debt | 48,755 | - | - | - |
| Total governmental activities | <u>27,117,873</u> | <u>1,689,064</u> | <u>671,607</u> | <u>2,243,401</u> |
| Business-type activities | | | | |
| Solid waste fund | 6,765,445 | 6,241,757 | - | 1,209,557 |
| Water fund | 6,721,235 | 5,464,996 | - | 424,426 |
| Sewer fund | 3,234,970 | 3,305,245 | 27,900 | - |
| Golf fund | 568,086 | 357,436 | - | - |
| Weed and pest fund | 211,636 | 20,702 | 280,300 | - |
| Total business-type activities | <u>17,501,372</u> | <u>15,390,136</u> | <u>308,200</u> | <u>1,633,983</u> |
| Total primary government | <u>\$ 44,619,245</u> | <u>\$ 17,079,200</u> | <u>\$ 979,807</u> | <u>\$ 3,877,384</u> |
| Component units | <u>\$ 4,102,342</u> | <u>\$ 2,042,983</u> | <u>\$ 714,343</u> | <u>\$ 837,314</u> |
| General revenues | | | | |
| Taxes | | | | |
| Property taxes, levied for general purposes | | | | |
| Special assessments, levied for debt service | | | | |
| Sales, severance, royalties, cigarette, gasoline, use taxes | | | | |
| Pari-mutuel and lottery | | | | |
| Franchise taxes | | | | |
| Lodging tax | | | | |
| Miscellaneous revenues | | | | |
| Investment income | | | | |
| Gain on sale of capital assets | | | | |
| Transfers | | | | |
| Total general revenues and transfers | | | | |
| Change in net position | | | | |
| Net position - beginning of year, as previously reported | | | | |
| Restatement for correction of an error | | | | |
| Net position - beginning of year, as restated | | | | |
| Net position - end of year | | | | |

Net (Expense) Revenue and Changes in Net Position
Primary Government

| Governmental Activities | Business-type Activities | Total | Component Units |
|----------------------------|-----------------------------|-----------------------|----------------------|
| \$ (4,090,832) | \$ - | \$ (4,090,832) | \$ - |
| (73,928) | - | (73,928) | - |
| (7,043,595) | - | (7,043,595) | - |
| (8,091,759) | - | (8,091,759) | - |
| (2,420,737) | - | (2,420,737) | - |
| (744,195) | - | (744,195) | - |
| (48,755) | - | (48,755) | - |
| <u>(22,513,801)</u> | <u>-</u> | <u>(22,513,801)</u> | <u>-</u> |
| - | 685,869 | 685,869 | - |
| - | (831,813) | (831,813) | - |
| - | 98,175 | 98,175 | - |
| - | (210,650) | (210,650) | - |
| - | 89,366 | 89,366 | - |
| - | (169,053) | (169,053) | - |
| <u>(22,513,801)</u> | <u>(169,053)</u> | <u>(22,682,854)</u> | <u>-</u> |
| - | - | - | (507,702) |
| 3,185,863 | - | 3,185,863 | - |
| 5,974 | - | 5,974 | - |
| 21,747,051 | - | 21,747,051 | - |
| 861,684 | - | 861,684 | - |
| 1,131,958 | - | 1,131,958 | - |
| - | - | - | 907,688 |
| 91,304 | - | 91,304 | - |
| 1,441,973 | 730,213 | 2,172,186 | 592,287 |
| 123,469 | 74,438 | 197,907 | - |
| 4,082,086 | (4,082,086) | - | - |
| <u>32,671,362</u> | <u>(3,277,435)</u> | <u>29,393,927</u> | <u>1,499,975</u> |
| 10,157,561 | (3,446,488) | 6,711,073 | 992,273 |
| 118,285,703 | 72,214,748 | 190,500,451 | 58,321,460 |
| - | - | - | 240,876 |
| <u>118,285,703</u> | <u>72,214,748</u> | <u>190,500,451</u> | <u>58,562,336</u> |
| <u>\$ 128,443,264</u> | <u>\$ 68,768,260</u> | <u>\$ 197,211,524</u> | <u>\$ 59,554,609</u> |

City of Sheridan, Wyoming

June 30, 2024

Balance Sheet - Governmental Funds

| | General Fund | One Cent Fund | Debt Service Fund | Direct Distribution Fund |
|---|----------------------|---------------------|-------------------------|--------------------------------|
| ASSETS | | | | |
| Cash, cash equivalents and investments | \$ 10,786,591 | \$ 3,061,852 | \$ 269,650 | \$ 1,277,430 |
| Restricted cash and cash equivalents | 14,868 | - | - | - |
| Cash with fiscal agent | 98,546 | - | - | - |
| Accounts receivable | 30,031 | - | - | 4,348 |
| Property tax receivable | 2,894,408 | - | - | - |
| Special assessments receivable | - | - | 120,846 | - |
| Due from fiduciary fund | 550 | - | - | - |
| Due from other governments | 1,493,165 | 928,257 | - | - |
| Due from component units | 27,279 | - | - | - |
| Due from other funds | 54,561 | - | - | - |
| Prepaid items | 49,461 | - | - | 264,428 |
| Total assets | <u>\$ 15,449,460</u> | <u>\$ 3,990,109</u> | <u>\$ 390,496</u> | <u>\$ 1,546,206</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | |
| Liabilities | | | | |
| Accounts payable | \$ 138,297 | \$ 170,087 | \$ - | \$ 128,524 |
| Accrued liabilities | 296,402 | - | - | - |
| Due to other funds | - | - | - | - |
| Accrued interest payable | - | - | 7,364 | 15,618 |
| Advanced payments on grants | - | - | - | - |
| Total liabilities | <u>434,699</u> | <u>170,087</u> | <u>7,364</u> | <u>144,142</u> |
| Deferred inflows of resources | | | | |
| Unavailable property tax revenues | 2,768,016 | - | - | - |
| Unavailable special assessments revenues | - | - | 120,846 | - |
| Total deferred inflows of resources | <u>2,768,016</u> | <u>-</u> | <u>120,846</u> | <u>-</u> |
| Fund balances | | | | |
| Nonspendable | | | | |
| Prepaid items | 49,461 | - | - | 264,428 |
| Committed | | | | |
| Reserves and emergency needs by City ordinances | 6,222,037 | - | - | - |
| Debt service | - | - | 262,286 | - |
| Assigned | | | | |
| Purchases on order | 44,076 | 12,420 | - | 320,880 |
| Various capital projects | - | - | - | - |
| Unassigned | 5,931,171 | 3,807,602 | - | 816,756 |
| Total fund balances | <u>12,246,745</u> | <u>3,820,022</u> | <u>262,286</u> | <u>1,402,064</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 15,449,460</u> | <u>\$ 3,990,109</u> | <u>\$ 390,496</u> | <u>\$ 1,546,206</u> |

| Capital Tax Fund | Public Benefits Fund | Special Revenue Fund | Capital Projects Fund | Total Governmental Funds |
|------------------------|----------------------------|----------------------------|-----------------------------|--------------------------------|
| \$ 19,201 | \$ - | \$ - | \$ 14,909,794 | \$ 30,324,518 |
| - | - | 83,195 | - | 98,063 |
| - | - | - | - | 98,546 |
| - | 228,549 | - | - | 262,928 |
| - | - | - | - | 2,894,408 |
| - | - | - | - | 120,846 |
| - | - | - | - | 550 |
| 878,803 | - | 168,411 | 749,078 | 4,217,714 |
| - | - | - | - | 27,279 |
| - | - | - | - | 54,561 |
| - | - | - | - | 313,889 |
| <u>\$ 898,004</u> | <u>\$ 228,549</u> | <u>\$ 251,606</u> | <u>\$ 15,658,872</u> | <u>\$ 38,413,302</u> |
| | | | | |
| \$ - | \$ - | \$ 23,401 | \$ 2,512,066 | \$ 2,972,375 |
| - | - | 1,411 | - | 297,813 |
| - | - | 54,561 | - | 54,561 |
| - | - | - | - | 22,982 |
| - | - | 83,195 | - | 83,195 |
| <u>-</u> | <u>-</u> | <u>162,568</u> | <u>2,512,066</u> | <u>3,430,926</u> |
| | | | | |
| - | - | - | - | 2,768,016 |
| - | - | - | - | 120,846 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,888,862</u> |
| | | | | |
| - | - | - | - | 313,889 |
| | | | | |
| - | - | - | - | 6,222,037 |
| - | - | - | - | 262,286 |
| - | - | 34,033 | 181,973 | 593,382 |
| - | - | 89,038 | 13,146,806 | 13,235,844 |
| 898,004 | 228,549 | (34,033) | (181,973) | 12,059,458 |
| <u>898,004</u> | <u>228,549</u> | <u>89,038</u> | <u>13,146,806</u> | <u>32,093,514</u> |
| | | | | |
| <u>\$ 898,004</u> | <u>\$ 228,549</u> | <u>\$ 251,606</u> | <u>\$ 15,658,872</u> | <u>\$ 38,413,302</u> |

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City of Sheridan, Wyoming

June 30, 2024

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

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

Total fund balances - governmental funds \$ 32,093,514

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 109,943,837

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 | \$ 2,768,016 | |
| Unavailable property taxes - governmental activities | (2,757,944) | |
| Unavailable special assessments revenues | <u>120,846</u> | 130,918 |

Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the post-retirement benefits (pension) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.

| | | |
|---|--------------------|-----------|
| Pension plan items - deferred outflows of resources | 2,719,893 | |
| Pension plan items - deferred inflows of resources | <u>(3,093,387)</u> | (373,494) |

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.

Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.

| | | |
|---|--------------------|---------------------|
| Special assessment bonds | (60,000) | |
| Notes payable | (181,671) | |
| Loan payable - Firemen's Pension Plan A | (1,552,941) | |
| Leases | (1,293,995) | |
| Subscription IT liabilities | (28,227) | |
| Compensated absences | (1,231,491) | |
| Pension liability | <u>(9,003,186)</u> | <u>(13,351,511)</u> |

Net position of governmental activities \$ 128,443,264

City of Sheridan, Wyoming

Year Ended June 30, 2024

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

| | General Fund | One Cent Fund | Debt Service Fund | Direct Distribution Fund |
|--|----------------------|---------------------|-------------------------|--------------------------------|
| Revenues | | | | |
| Taxes | \$ 11,881,595 | \$ 3,425,377 | \$ - | \$ - |
| Licenses and permits | 1,273,678 | - | - | - |
| Intergovernmental | 120,000 | - | 25,000 | 2,633,288 |
| Special assessments | - | - | 78,219 | - |
| Fines, forfeitures and penalties | 280,716 | - | - | - |
| Charges for services | 110,670 | - | - | 24,000 |
| Pari-mutuel and lottery | 861,684 | - | - | - |
| Investment income | 764,511 | 97,210 | - | 82,163 |
| Contributions | 185,759 | - | - | - |
| Miscellaneous | 87,657 | - | - | - |
| Total revenues | <u>15,566,270</u> | <u>3,522,587</u> | <u>103,219</u> | <u>2,739,451</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | 4,250,768 | 97 | - | 530,619 |
| Health and welfare | - | 74,000 | - | - |
| Public safety | 7,538,533 | 688,720 | - | 215,308 |
| Public works | 2,701,617 | 450,059 | 1,000 | 460,234 |
| Parks and recreation | 949,554 | 493,325 | - | - |
| Conservation and development | 267,164 | 197,000 | - | 263,826 |
| Capital outlay | 476,871 | 570,899 | - | 1,588,141 |
| Debt service - principal | 101,275 | - | 134,603 | 230,329 |
| interest | - | - | 23,810 | 24,945 |
| Total expenditures | <u>16,285,782</u> | <u>2,474,100</u> | <u>159,413</u> | <u>3,313,402</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(719,512)</u> | <u>1,048,487</u> | <u>(56,194)</u> | <u>(573,951)</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 1,968,501 | - | 104,163 | - |
| Transfers out | (283,844) | (42,118) | - | (150,000) |
| Sale of general capital assets | 81,469 | - | - | - |
| Leases | - | - | - | 1,180,497 |
| Subscription IT assets | 43,227 | - | - | - |
| Total other financing sources (uses) | <u>1,809,353</u> | <u>(42,118)</u> | <u>104,163</u> | <u>1,030,497</u> |
| Net change in fund balances | 1,089,841 | 1,006,369 | 47,969 | 456,546 |
| Fund balances - beginning of year | <u>11,156,904</u> | <u>2,813,653</u> | <u>214,317</u> | <u>945,518</u> |
| Fund balances - end of year | <u>\$ 12,246,745</u> | <u>\$ 3,820,022</u> | <u>\$ 262,286</u> | <u>\$ 1,402,064</u> |

| Capital Tax Fund | Public Benefits Fund | Special Revenue Fund | Capital Projects Fund | Total Governmental Funds |
|------------------------|----------------------------|----------------------------|-----------------------------|--------------------------------|
| \$ 5,065,330 | \$ 1,131,958 | \$ - | \$ 1,925,001 | \$ 23,429,261 |
| - | - | - | - | 1,273,678 |
| - | - | 248,933 | 2,433,502 | 5,460,723 |
| - | - | - | - | 78,219 |
| - | - | - | - | 280,716 |
| - | - | - | - | 134,670 |
| - | - | - | - | 861,684 |
| 19,201 | - | 7,998 | 470,890 | 1,441,973 |
| - | - | 69,295 | - | 255,054 |
| - | - | 3,647 | - | 91,304 |
| <u>5,084,531</u> | <u>1,131,958</u> | <u>329,873</u> | <u>4,829,393</u> | <u>33,307,282</u> |
| - | - | - | 28,480 | 4,809,964 |
| - | - | 1,798 | - | 75,798 |
| - | - | 151,626 | - | 8,594,187 |
| - | - | - | 1,145,756 | 4,758,666 |
| - | - | 5,740 | 29,804 | 1,478,423 |
| - | - | 16,205 | - | 744,195 |
| - | - | 227,262 | 8,979,239 | 11,842,412 |
| - | - | - | - | 466,207 |
| - | - | - | - | 48,755 |
| <u>-</u> | <u>-</u> | <u>402,631</u> | <u>10,183,279</u> | <u>32,818,607</u> |
| <u>5,084,531</u> | <u>1,131,958</u> | <u>(72,758)</u> | <u>(5,353,886)</u> | <u>488,675</u> |
| - | - | - | 17,722,163 | 19,794,827 |
| (4,186,527) | (903,409) | - | (10,146,843) | (15,712,741) |
| - | - | - | - | 81,469 |
| - | - | - | - | 1,180,497 |
| - | - | - | - | 43,227 |
| <u>(4,186,527)</u> | <u>(903,409)</u> | <u>-</u> | <u>7,575,320</u> | <u>5,387,279</u> |
| 898,004 | 228,549 | (72,758) | 2,221,434 | 5,875,954 |
| - | - | 161,796 | 10,925,372 | 26,217,560 |
| <u>\$ 898,004</u> | <u>\$ 228,549</u> | <u>\$ 89,038</u> | <u>\$ 13,146,806</u> | <u>\$ 32,093,514</u> |

City of Sheridan, Wyoming

Year Ended June 30, 2024

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

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

Change in fund balances as reported in the governmental fund statement. \$ 5,875,954

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 | \$ 10,472,789 | |
| Depreciation | <u>(6,814,950)</u> | 3,657,839 |

In the statement of activities, only the gain from the sale of capital
assets is reported, whereas in the governmental funds, the proceeds
from the sale, including insurance recoveries increase financial
resources. Thus, the change in net position differs from the change in
fund balance by the cost of the capital assets sold.

| | | |
|--|----------------|--------|
| Proceeds from the sale of capital assets | (81,469) | |
| Gain on disposal of capital assets | <u>123,469</u> | 42,000 |

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

| | | |
|---|----------------|-----------|
| Unavailable special assessments current year | 120,846 | |
| Unavailable special assessments prior year | (193,091) | |
| Unavailable grant revenue prior year | (167,481) | |
| Difference in unavailable property tax revenue current year | 10,072 | |
| Difference in unavailable property tax revenue prior year | <u>(7,749)</u> | (237,403) |

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

| | | |
|----------------------------------|----------------|-----------|
| Lease issued | (1,180,497) | |
| Subscription IT liability | (43,227) | |
| Principal paid on long-term debt | <u>466,207</u> | (757,517) |

(Continued)

City of Sheridan, Wyoming

Year Ended June 30, 2024

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

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 - prior year | \$ 14,886,617 | |
| Pension liability - current year | (9,003,186) | |
| Deferred outflows - pension plan items - prior year | (5,323,928) | |
| Deferred outflows - pension plan items - current year | 2,719,893 | |
| Deferred inflows - pension plan items - prior year | 1,480,813 | |
| Deferred inflows - pension plan items - current year | <u>(3,093,387)</u> | \$ 1,666,822 |

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 - current year | (1,231,491) | |
| Compensated absences - prior year | <u>1,141,357</u> | <u>(90,134)</u> |

Change in net position of governmental activities

\$ 10,157,561

City of Sheridan, Wyoming

June 30, 2024

Statement of Net Position - Proprietary Funds

| | Solid Waste Fund | Water Fund | Sewer Fund |
|---|-----------------------|----------------------|---------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash, cash equivalents and investments | \$ 4,487,700 | \$ 6,321,657 | \$ 3,222,984 |
| Service receivables, net | 877,284 | 924,952 | 586,855 |
| Due from other governments | 1,963,421 | 2,864,727 | 121,790 |
| Due from component unit | - | 2,987,346 | - |
| Prepaid items | 20,230 | 5,309 | 4,154 |
| Inventory | - | 77,165 | 11,406 |
| Total current assets | <u>7,348,635</u> | <u>13,181,156</u> | <u>3,947,189</u> |
| Capital assets, net of accumulated depreciation | <u>11,130,114</u> | <u>66,658,769</u> | <u>11,856,811</u> |
| Total assets | <u>18,478,749</u> | <u>79,839,925</u> | <u>15,804,000</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension plan items | <u>194,412</u> | <u>85,900</u> | <u>74,360</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable | 93,572 | 71,728 | 22,399 |
| Accrued liabilities | 49,967 | 25,040 | 40,637 |
| Accrued interest payable | 51,143 | 155,976 | 51,005 |
| Retainage payable | - | 36,624 | - |
| Deposits due to others | - | 167,951 | - |
| Due to component unit | - | 59,092 | - |
| Noncurrent liabilities | | | |
| Due within one year | 390,163 | 745,273 | 399,004 |
| Due in more than one year | 7,329,992 | 14,840,720 | 5,993,972 |
| Landfill closure, postclosure, and remediation liability | 13,312,270 | - | - |
| Net pension liability | <u>1,640,417</u> | <u>684,254</u> | <u>562,704</u> |
| Total liabilities | <u>22,867,524</u> | <u>16,786,658</u> | <u>7,069,721</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension plan items | <u>66,626</u> | <u>25,672</u> | <u>19,471</u> |
| NET POSITION | | | |
| Net investment in capital assets | 3,586,933 | 51,142,114 | 5,631,614 |
| Restricted | | | |
| Landfill closure and post closure - W.S. 35-11-532 | 2,187,399 | - | - |
| Unrestricted (deficit) | <u>(10,035,321)</u> | <u>11,971,381</u> | <u>3,157,554</u> |
| Total net position (deficit) | <u>\$ (4,260,989)</u> | <u>\$ 63,113,495</u> | <u>\$ 8,789,168</u> |

| Golf Fund | Weed and Pest Fund | Totals |
|-------------------|--------------------|----------------------|
| \$ 18,779 | \$ 50,727 | \$ 14,101,847 |
| 109,458 | 3,554 | 2,502,103 |
| - | 71,435 | 5,021,373 |
| - | - | 2,987,346 |
| 16,395 | - | 46,088 |
| - | - | 88,571 |
| <u>144,632</u> | <u>125,716</u> | <u>24,747,328</u> |
| <u>715,321</u> | <u>200,209</u> | <u>90,561,224</u> |
| <u>859,953</u> | <u>325,925</u> | <u>115,308,552</u> |
| - | - | 354,672 |
| 19,169 | 10,571 | 217,439 |
| 2,580 | 7,439 | 125,663 |
| - | - | 258,124 |
| - | - | 36,624 |
| - | - | 167,951 |
| - | - | 59,092 |
| - | 231 | 1,534,671 |
| 6,344 | 12,958 | 28,183,986 |
| - | - | 13,312,270 |
| - | - | 2,887,375 |
| <u>28,093</u> | <u>31,199</u> | <u>46,783,195</u> |
| - | - | 111,769 |
| 715,321 | 200,209 | 61,276,191 |
| - | - | 2,187,399 |
| 116,539 | 94,517 | 5,304,670 |
| <u>\$ 831,860</u> | <u>\$ 294,726</u> | <u>\$ 68,768,260</u> |

City of Sheridan, Wyoming

Year Ended June 30, 2024

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

| | Solid Waste Fund | Water Fund | Sewer Fund |
|--|------------------------|----------------------|---------------------|
| Operating revenues | | | |
| Service fees | \$ 6,241,757 | \$ 4,414,870 | \$ 3,305,245 |
| Other operating revenue | - | 1,050,126 | - |
| Total operating revenues | <u>6,241,757</u> | <u>5,464,996</u> | <u>3,305,245</u> |
| Operating expenses | | | |
| Salaries and benefits | 2,488,071 | 1,818,510 | 1,242,998 |
| Other operating expenses | 1,803,087 | 1,275,457 | 890,305 |
| Landfill closure and postclosure costs | 1,448,173 | - | - |
| Depreciation expense | 882,828 | 3,407,024 | 999,599 |
| Total operating expenses | <u>6,622,159</u> | <u>6,500,991</u> | <u>3,132,902</u> |
| Operating income (loss) | (380,402) | (1,035,995) | 172,343 |
| Nonoperating revenues (expenses) | | | |
| Intergovernmental | - | - | 27,900 |
| Investment income | 211,781 | 386,367 | 130,235 |
| Interest expense | (143,286) | (220,244) | (102,068) |
| Gain (loss) on sale of capital assets | 62,558 | 3,240 | 2,970 |
| Total nonoperating revenues (expenses) | <u>131,053</u> | <u>169,363</u> | <u>59,037</u> |
| Income (loss) before contributions and transfers | (249,349) | (866,632) | 231,380 |
| Capital grants and contributions | 1,209,557 | 424,426 | - |
| Transfers in | 4,883,948 | 5,118,999 | 182,553 |
| Transfers out | (5,314,562) | (6,939,397) | (2,139,426) |
| Net contributions and transfers | <u>778,943</u> | <u>(1,395,972)</u> | <u>(1,956,873)</u> |
| Change in net position | 529,594 | (2,262,604) | (1,725,493) |
| Net position (deficit) - beginning of year | (4,790,583) | 65,376,099 | 10,514,661 |
| Net position (deficit) - end of year | <u>\$ (4,260,989)</u> | <u>\$ 63,113,495</u> | <u>\$ 8,789,168</u> |

| Golf Fund | Weed and Pest Fund | Totals |
|-------------------|--------------------|----------------------|
| \$ 357,436 | \$ 20,702 | \$ 14,340,010 |
| - | - | 1,050,126 |
| <u>357,436</u> | <u>20,702</u> | <u>15,390,136</u> |
| 246,909 | 123,878 | 5,920,366 |
| 205,964 | 58,134 | 4,232,947 |
| - | - | 1,448,173 |
| <u>115,213</u> | <u>29,624</u> | <u>5,434,288</u> |
| <u>568,086</u> | <u>211,636</u> | <u>17,035,774</u> |
| (210,650) | (190,934) | (1,645,638) |
| - | 280,300 | 308,200 |
| - | 1,830 | 730,213 |
| - | - | (465,598) |
| <u>5,670</u> | <u>-</u> | <u>74,438</u> |
| <u>5,670</u> | <u>282,130</u> | <u>647,253</u> |
| (204,980) | 91,196 | (998,385) |
| - | - | 1,633,983 |
| 201,799 | - | 10,387,299 |
| - | (76,000) | (14,469,385) |
| <u>201,799</u> | <u>(76,000)</u> | <u>(2,448,103)</u> |
| (3,181) | 15,196 | (3,446,488) |
| <u>835,041</u> | <u>279,530</u> | <u>72,214,748</u> |
| <u>\$ 831,860</u> | <u>\$ 294,726</u> | <u>\$ 68,768,260</u> |

City of Sheridan, Wyoming

Year Ended June 30, 2024

Statement of Cash Flows - Proprietary Funds

| | Solid Waste Fund | Water Fund | Sewer Fund |
|---|------------------------|---------------------|---------------------|
| Cash Flows from Operating Activities | | | |
| Cash receipts from customers | \$ 6,248,070 | \$ 5,655,158 | \$ 3,179,865 |
| Cash paid to suppliers for goods and services | (2,917,155) | (1,355,645) | (935,519) |
| Cash paid to employees for services | (2,493,594) | (1,886,105) | (1,171,583) |
| Net cash provided by (used in) operating activities | <u>837,321</u> | <u>2,413,408</u> | <u>1,072,763</u> |
| Cash Flows from Noncapital Financing Activities | | | |
| Operating grants | - | - | 27,900 |
| Advance payment of grants | (112,840) | - | - |
| Transfers in | 4,883,948 | 5,118,999 | 182,553 |
| Transfers out | (5,314,562) | (6,939,397) | (2,139,426) |
| Net cash provided by (used in) noncapital financing activities | <u>(543,454)</u> | <u>(1,820,398)</u> | <u>(1,928,973)</u> |
| Cash Flows from Capital and Related Financing Activities | | | |
| Capital grants from federal and state sources | 1,209,557 | 424,426 | - |
| Proceeds from notes payable | 1,101,380 | 4,180,046 | 1,647,000 |
| Principal payments on notes payable to the State Loan and Investments Board | - | (653,424) | (343,386) |
| Principal payments on leases | (299,378) | (16,194) | - |
| Principal payments on subscription IT liabilities | (14,056) | - | - |
| Interest paid on debt | (198,681) | (196,502) | (107,819) |
| Proceeds from sale of property and equipment | 192,281 | 3,240 | 2,970 |
| Purchases of property and equipment | (4,059,646) | (5,328,551) | (264,718) |
| Net cash provided by (used in) capital and related financing activities | <u>(2,068,543)</u> | <u>(1,586,959)</u> | <u>934,047</u> |
| Cash Flows from Investing Activities | | | |
| Interest on investments | 211,781 | 373,010 | 130,235 |
| Net cash provided by investing activities | <u>211,781</u> | <u>373,010</u> | <u>130,235</u> |
| Net increase (decrease) in cash and cash equivalents | (1,562,895) | (620,939) | 208,072 |
| Cash and cash equivalents - beginning of year | 6,050,595 | 6,942,596 | 3,014,912 |
| Cash and cash equivalents - end of year | <u>\$ 4,487,700</u> | <u>\$ 6,321,657</u> | <u>\$ 3,222,984</u> |

| Golf Fund | Weed and Pest Fund | Totals |
|------------|--------------------|---------------|
| \$ 311,258 | \$ 9,100 | \$ 15,403,451 |
| (205,299) | (52,512) | (5,466,130) |
| (251,917) | (114,500) | (5,917,699) |
| (145,958) | (157,912) | 4,019,622 |
| - | 280,300 | 308,200 |
| - | - | (112,840) |
| 201,799 | - | 10,387,299 |
| - | (76,000) | (14,469,385) |
| 201,799 | 204,300 | (3,886,726) |
| - | - | 1,633,983 |
| - | - | 6,928,426 |
| - | - | (996,810) |
| (29,679) | - | (345,251) |
| - | - | (14,056) |
| (750) | - | (503,752) |
| 5,670 | - | 204,161 |
| (12,303) | (19,250) | (9,684,468) |
| (37,062) | (19,250) | (2,777,767) |
| - | 1,830 | 716,856 |
| - | 1,830 | 716,856 |
| 18,779 | 28,968 | (1,928,015) |
| - | 21,759 | 16,029,862 |
| \$ 18,779 | \$ 50,727 | \$ 14,101,847 |

(Continued)

City of Sheridan, Wyoming

Year Ended June 30, 2024

Statement of Cash Flows - Proprietary Funds (Continued)

| | Solid Waste Fund | Water Fund | Sewer Fund |
|---|------------------------|---------------------|---------------------|
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities | | | |
| Operating income (loss) | \$ (380,402) | \$ (1,035,995) | \$ 172,343 |
| Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities | | | |
| Depreciation expense | 882,828 | 3,407,024 | 999,599 |
| Amortization of pension plan items | 233,689 | 88,667 | 66,099 |
| Landfill closure, postclosure and remediation costs | 659,965 | - | - |
| Increase (decrease) in cash resulting from changes in operating assets, deferred outflows and liabilities | | | |
| Service receivables, net | 6,313 | (199,386) | (125,380) |
| Due from other governments | (1,897,353) | - | - |
| Due from component unit | - | 385,721 | - |
| Prepaid items | (20,230) | 5,902 | (4,154) |
| Inventory | - | (5,728) | (2,747) |
| Accounts payable | (53,104) | (50,405) | (38,313) |
| Accrued liabilities | 1,406 | (11,530) | 19,156 |
| Retainage payable | (252,526) | (5,904) | - |
| Deposits due to others | - | 3,827 | - |
| Due to other funds | - | - | - |
| Due to component unit | - | (24,053) | - |
| Compensated absences payable | 22,545 | (44,883) | 60,596 |
| Net pension liability | (263,163) | (99,849) | (74,436) |
| Net cash provided by (used in) operating activities | <u>\$ (1,060,032)</u> | <u>\$ 2,413,408</u> | <u>\$ 1,072,763</u> |
| Noncash capital and related financing activities | | | |
| Due from SAWS for water share liability | \$ - | \$ 13,357 | \$ - |
| Subscription-based IT arrangements | \$ 40,431 | \$ - | \$ - |

| Golf Fund | Weed and Pest Fund | Totals |
|---------------------|--------------------------|---------------------|
| \$ (210,650) | \$ (190,934) | \$ (1,645,638) |
| 115,213 | 29,624 | 5,434,288 |
| - | - | 388,455 |
| - | - | 659,965 |
| (518) | (93) | (319,064) |
| - | (11,509) | (1,908,862) |
| - | - | 385,721 |
| (12,787) | - | (31,269) |
| - | - | (8,475) |
| 13,452 | 5,622 | (122,748) |
| (301) | 1,482 | 10,213 |
| - | - | (258,430) |
| - | - | 3,827 |
| (45,660) | - | (45,660) |
| - | - | (24,053) |
| (4,707) | 7,896 | 41,447 |
| - | - | (437,448) |
| <u>\$ (145,958)</u> | <u>\$ (157,912)</u> | <u>\$ 2,122,269</u> |
| \$ - | \$ - | \$ 13,357 |
| \$ - | \$ - | \$ 40,431 |

City of Sheridan, Wyoming
 June 30, 2024
Statement of Fiduciary Net Position
Fiduciary Fund

| | Custodial Funds |
|--|--------------------|
| ASSETS | |
| Cash | \$ 273,398 |
| Total assets | <u>273,398</u> |
| LIABILITIES | |
| Due to primary government | 550 |
| Due to other governments | 500 |
| Total liabilities | <u>1,050</u> |
| NET POSITION | |
| Restricted for: | |
| Individuals, organizations, and other governments | <u>272,348</u> |
| Total net position | <u>272,348</u> |
| Total liabilities and net position | <u>\$ 273,398</u> |

City of Sheridan, Wyoming

Year Ended June 30, 2024

Statement of Changes in Fiduciary Net Position
Fiduciary Fund

| | <u>Custodial Funds</u> |
|--|----------------------------|
| ADDITIONS | |
| Contributions | |
| Members | \$ 9,678 |
| Seizures from suspected crime scenes | 1,208 |
| Mandated collections from perpetrators | 74,517 |
| Employees on behalf of others | 1,257 |
| Voluntary contributions | 1,204 |
| Total additions | <u>87,864</u> |
| DEDUCTIONS | |
| Payments to other governments | 16,648 |
| Court bond refunds | 68,901 |
| Payments to employees | 300 |
| Miscellaneous expense | 1,420 |
| Total deductions | <u>87,269</u> |
| Net increase in fiduciary net position | 595 |
| Net position - beginning of year | <u>271,753</u> |
| Net position - end of year | <u><u>\$ 272,348</u></u> |

City of Sheridan, Wyoming

June 30, 2024

Combining Statement of Net Position - Component Units

| | Sheridan Area Water Supply Joint Powers Board | Sheridan Economic and Educational Development Authority Joint Powers Board |
|---|--|--|
| ASSETS | | |
| Cash and cash equivalents | \$ 1,337,410 | \$ 137,326 |
| Restricted cash and cash equivalents | 2,415,679 | - |
| Investments | 509,712 | 879,208 |
| Accounts receivable, net | 264,445 | - |
| Due from primary government | 59,092 | - |
| Due from other governments | - | 5,403 |
| Lease receivable, current | - | 138,791 |
| Interest receivable | - | 264,557 |
| Prepaid items | - | - |
| Inventory | - | - |
| Lease receivable | - | 4,991,919 |
| Real estate held for sale | - | 1,095,806 |
| Notes receivable, current portion - primary government | 83,304 | - |
| Notes receivable, noncurrent portion - primary government | 520,859 | - |
| Restricted investments | 6,075,338 | - |
| Capital assets, not being depreciated | 2,164,687 | 23,808 |
| Capital assets, net of depreciation | 33,491,110 | 17,566,334 |
| Total assets | 46,921,636 | 25,103,152 |
| LIABILITIES | | |
| Accounts payable | 869 | - |
| Accrued liabilities | - | - |
| Accrued interest payable | 32,285 | - |
| Due to other governments | 40,300 | - |
| Due to primary government | 2,987,346 | - |
| Advanced payments on grants | - | - |
| Long-term liabilities | | |
| Due within one year | 444,924 | 84,019 |
| Due in more than one year | 3,095,166 | 1,593,761 |
| Total liabilities | 6,600,890 | 1,677,780 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Lease related | - | 4,898,961 |
| Total deferred inflows of resources | - | 4,898,961 |
| NET POSITION | | |
| Net investment in capital assets | 32,115,707 | 15,912,362 |
| Restricted by | | |
| City of Sheridan/Sheridan Area Water Supply JPB agreement - water shares, capital and debt service | 6,622,624 | - |
| Unrestricted | 1,582,415 | 2,614,049 |
| Total net position | \$ 40,320,746 | \$ 18,526,411 |

| Sheridan County Travel and Tourism Joint Powers Board | Sheridan Downtown Development Authority Joint Powers Board | Total Component Units |
|--|--|-----------------------------|
| \$ 84,277 | \$ 3,737 | \$ 1,562,750 |
| 14,423 | - | 2,430,102 |
| 376,175 | - | 1,765,095 |
| 7,860 | - | 272,305 |
| - | - | 59,092 |
| 207,838 | - | 213,241 |
| - | - | 138,791 |
| - | - | 264,557 |
| 33,403 | - | 33,403 |
| 34,397 | - | 34,397 |
| - | - | 4,991,919 |
| - | - | 1,095,806 |
| - | - | 83,304 |
| - | - | 520,859 |
| - | - | 6,075,338 |
| - | - | 2,188,495 |
| 66,444 | - | 51,123,888 |
| <u>824,817</u> | <u>3,737</u> | <u>72,853,342</u> |
| 30,268 | - | 31,137 |
| 12,344 | - | 12,344 |
| - | - | 32,285 |
| 907 | - | 41,207 |
| 27,279 | - | 3,014,625 |
| 14,423 | - | 14,423 |
| 700 | - | 529,643 |
| 35,181 | - | 4,724,108 |
| <u>121,102</u> | <u>-</u> | <u>8,399,772</u> |
| - | - | 4,898,961 |
| <u>-</u> | <u>-</u> | <u>4,898,961</u> |
| 66,444 | - | 48,094,513 |
| - | - | 6,622,624 |
| 637,271 | 3,737 | 4,837,472 |
| <u>\$ 703,715</u> | <u>\$ 3,737</u> | <u>\$ 59,554,609</u> |

City of Sheridan, Wyoming

Year Ended June 30, 2024

Combining Statement of Activities - Component Units

| | Expenses | Program Revenues | | |
|--|---------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Sheridan Area Water Supply Joint Powers Board | \$ 2,091,368 | \$ 1,806,224 | \$ 301,257 | \$ 831,911 |
| Sheridan Economic and Educational Development Authority Joint Powers Board | 723,912 | 188,894 | 175,000 | 5,403 |
| Sheridan County Travel and Tourism Joint Powers Board | 1,287,062 | 47,865 | 238,086 | - |
| Sheridan Downtown Development Authority | - | - | - | - |
| Total component units | <u>\$ 4,102,342</u> | <u>\$ 2,042,983</u> | <u>\$ 714,343</u> | <u>\$ 837,314</u> |

General revenues

Lodging tax

Investment income

Total general revenues

Change in net position

Net position - beginning of year, as previously reported

Restatement for correction of an error

Net position - beginning of year, as restated

Net position - end of year

| Sheridan Area Water Supply Joint Powers Board | Sheridan Economic and Educational Development Authority Joint Powers Board | Sheridan County Travel and Tourism Joint Powers Board | Sheridan Downtown Development Authority Joint Powers Board | Total Component Units |
|--|--|--|--|-----------------------------|
| \$ 848,024 | \$ - | \$ - | \$ - | \$ 848,024 |
| - | (354,615) | - | - | (354,615) |
| - | - | (1,001,111) | - | (1,001,111) |
| - | - | - | - | - |
| <u>848,024</u> | <u>(354,615)</u> | <u>(1,001,111)</u> | <u>-</u> | <u>(507,702)</u> |
| - | - | 907,688 | - | 907,688 |
| <u>383,450</u> | <u>172,004</u> | <u>36,668</u> | <u>165</u> | <u>592,287</u> |
| <u>383,450</u> | <u>172,004</u> | <u>944,356</u> | <u>165</u> | <u>1,499,975</u> |
| 1,231,474 | (182,611) | (56,755) | 165 | 992,273 |
| 38,848,396 | 18,709,022 | 760,470 | 3,572 | 58,321,460 |
| 240,876 | - | - | - | 240,876 |
| <u>39,089,272</u> | <u>18,709,022</u> | <u>760,470</u> | <u>3,572</u> | <u>58,562,336</u> |
| <u>\$ 40,320,746</u> | <u>\$ 18,526,411</u> | <u>\$ 703,715</u> | <u>\$ 3,737</u> | <u>\$ 59,554,609</u> |

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Note 1. The Reporting Entity and Significant Accounting Policies

Nature of Operations

The City of Sheridan, Wyoming (City) provides a broad range of services to its 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 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 a separate column to emphasize that they are legally separate from the City. All of the component units described below issue their own financial statements, with the exception of Sheridan Downtown Development Authority.

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.

The *Sheridan Economic and Educational Development Authority Joint Powers Board (SEEDA)* was created to foster collaboration in the 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.

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.

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

Reporting Entity (Continued)

The *Sheridan Downtown Development Authority* (Authority) was created to promote the health, safety, prosperity, security, and general welfare of Sheridan's downtown district, its property, business owners, and inhabitants. In addition, it is to assist in the development and redevelopment of the downtown district, including the overall planning to restore and provide for the economic viability of the district. The Authority is governed by a five-member board consisting of one City of Sheridan Council Member and four City of Sheridan-appointed members. The financial activity for the Sheridan Downtown Development Authority is included in the City of Sheridan's year-end financial and compliance report as a component unit of the City of Sheridan.

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, 2024, the City paid the Sheridan Recreation District \$223,200 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.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year-end and 90 days for the expenditure-driven grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, subscription-based information technology liabilities as well as expenditures related to compensated absences, claims and judgments, and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the City the right-to-use leased assets and right-to-use subscription IT assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases and subscriptions are reported as other financing sources.

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 net position, 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 City 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 *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 *direct distribution fund* is a special revenue fund which accounts for the resources derived specifically from State distributions and the expenditures of those funds. The State discourages the use of these funds for personnel costs such as salaries/wages and benefits.

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

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

The *debt service fund* is used to account for the resources and expenditures related to the City's general debt, not related to the Enterprise Funds. This fund accounts for the special assessment debt, lease purchase agreements, the E-911 phone system loan and other State loans of the general government.

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 *capital projects fund* is used to account for the resources and expenditures related to the acquisition, construction, or renovation of capital facilities or other equipment that ultimately become City fixed assets.

The City 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.

The *golf fund* accounts for revenue and expenses associated with the operation and maintenance of the Sheridan Municipal Golf Course. The golf fund does not meet the criteria for a major fund. However, the City reports this fund as major because it believes it is particularly important to the financial statement users.

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

The *fiduciary custodial funds* are used to account for cash and cash equivalents held by the City for other third-parties, specifically other governmental organizations.

The *Northeast Wyoming Growth Alliance Fund* is a partnership between the cities of Sheridan, Buffalo, and Gillette. The purpose is to provide resources and a common brand to market the northeast Wyoming region for outside business investment. These funds are used in professional service contracts for target industry assessments and recruitment strategies, as well as to develop branding, market materials, and business lead generation.

The *Law Evidence Fund* accounts for the cash that is collected in a case or from a crime scene and put into evidence. These funds are returned after the case is closed and the rightful owner requests their property.

The *Crime Victims Fund* accounts for the court ordered fine, which goes to the state that the judge specifies at judgment.

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

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

The *Court Bond Fund* accounts for bonds held by the City for ongoing cases that will be returned to individuals who fulfill their responsibilities as ordered by law or courts. This also includes restitution and victims compensation payments received that will be sent to the individual affected by the case.

The *Employee Relief Fund* provides emergency funding for City employees experiencing a financial hardship. The program is funded through voluntary employee donations through payroll deductions.

The *Employee Relations Committee Fund* accounts for funds collected through raffles, bake sales, and other fundraising events held at City Hall. These funds are used to pay for the meal for an employee's guest and door prizes at the annual Employee Recognition Party.

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.

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, Cash Equivalents and Investments

The City considers all demand deposits, money market accounts, petty cash and highly liquid investments with an original maturity date of three months or less when purchased to be cash and cash equivalents.

The City's cash and investments activity is accounted for in pooled cash and investments accounts. The accounting records for each applicable fund reflect its portion of the pooled cash and investments, and any separate unpooled bank accounts. When a particular fund overdraws its share of the pooled cash and investments, the deficit is recorded as a payable to the general fund and a corresponding entry is made in the general fund to reflect the receivable from the other fund.

For the purposes of the statement of cash flows, the City's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

The City follows the guidelines described in Wyoming Statute §9-4-831 as it relates to the investment of public funds. Wyoming 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 with maturities not more than 270 days, 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.

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

Cash, Cash Equivalents and Investments (Continued)

The City's investments are carried at fair value and consist of U.S. government agency mortgaged backed securities, government sponsored enterprise securities (GSEs), participation in WYO-STAR I, and participation in Wyoming CLASS.

WYO-STAR I is an authorized government investment pool established in 1987 offered exclusively to Wyoming governmental entities by the Wyoming State Treasurer's Office. The value of the City's investments in WYO-STAR I equals the value of the WYO-STAR I shares. Each participant's position in WYO-STAR I is calculated by the proportion of the cost of their share as a percentage of the total share invested in the pool. Income is distributed to participants based on each entity's average daily share balance in the pool. Interest is calculated and credited monthly. WYO-STAR I investments are carried at their fair value as determined at June 30 each year. WYO-STAR I's target asset allocation, as stated in its Master Investment Policy, comprises one hundred percent (100%) of short-term bonds and cash. The pool does not have guaranteed rate of return, and participants expose their investments to market losses as well as gains. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period or withdrawal penalty.

The Wyoming CLASS Indenture of Trust was adopted pursuant to the provisions of Wyoming Statute §17-23-101 *et seq.*, the Wyoming Statutory Trust Act. The Wyoming CLASS portfolio invests in U.S. Treasury securities, federal instrumentality securities, agency securities, repurchase agreements and triparty repurchase agreements, collateralized bank deposits commercial paper that, at the time of purchase is rated in its highest rating category by one or more nationally recognized statistical rating organizations that regularly rate such obligations, and government money market funds. The value of the City's investment in Wyoming CLASS equals the value of its Wyoming CLASS shares. There are no withdrawal penalties.

Restricted Cash, Cash Equivalents and Investments

The City and its component units consider any cash that is legally restricted as to withdrawal or usage to be presented as restricted cash.

SAWS has restricted cash, cash equivalents and investments 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%. Additionally, SAWS has restricted cash, cash equivalents, and investments for the acquisition or construction of noncurrent assets and debt service.

Interfund Balances

Activity between funds that is 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 noncurrent 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.

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

Property Taxes

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

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

City property tax revenues are recognized when levied to the extent they result in current receivables, which means when collected within the current period or expected to be collected within 60 days of the fiscal year end to be used to pay liabilities of the current period on the fund financial statements. Property taxes, which are not current receivables, are offset by deferred inflows of resources on the fund financial statements but are reported on the government-wide financial statements as revenue and receivables, with no amount being deferred when levied. Property taxes receivable are recognized as of the lien date; however, revenue is not recognized until the levy date. The City received property taxes from mineral production in calendar year 2023 and 2024, which have been reported as unearned revenue in the fund and government-wide financial statements as of June 30, 2024. Mineral property taxes for production in calendar year 2023 were legally assessed on January 1, 2024, but were not levied until August 2024. Mineral property taxes for production in calendar 2024 have not been assessed as of June 30, 2024.

The City is permitted by Wyoming Statutes to levy taxes up to 8 mills of assessed valuation for all general purposes, excluding state revenue, except for the payment of public debt and interest thereon. For the year ended June 30, 2024, the total tax levy, including all applicable local government and special district levies, was thirty-two mills.

The City has not recognized an allowance for uncollectible property taxes. This is based on an assessment that the amount of property taxes deemed uncollectible is minimal.

Notes to the Financial Statements**Note 1. The Reporting Entity and Significant Accounting Policies (Continued)*****Due from Other Governments***

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

Inventories and Prepaid Items

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.

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

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. The donated land is appraised and valued at the market value of the land at the time of donation. 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 |
| Land sold in year ended June 30, 2021 | (511,394) |
| Land sold in year ended June 30, 2022 | (186,872) |
| Real estate held for sale by SEEDA | <u>\$ 1,095,806</u> |

Capital Assets

Capital assets, which are acquired or constructed, are reported at historical cost or estimated historical cost (except for intangible right-to-use lease assets and right-to-use subscription IT assets, the measurement of which is discussed below) in the applicable governmental or business-type activities' columns in the government-wide financial statements. Capital assets are defined by the government as a long-term piece of property that the City owns or leases that exceeds a certain dollar threshold (identified below). Donated capital assets are recorded at acquisition 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.

Notes to the Financial Statements

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

Capital Assets (Continued)

Land, water rights, and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, right-to-use leased equipment, right-to-use subscription IT assets and infrastructure of the primary government are depreciated/amortized using the straight line method over the following estimated useful lives:

| | Years | Capitalization Threshold |
|-------------------------------------|-------|-----------------------------|
| Infrastructure | 35-80 | \$ 100,000 |
| Buildings | 40 | 50,000 |
| Improvements, other than buildings | 35-80 | 25,000 |
| Machinery and equipment | 8 | 10,000 |
| Right-to-use leased equipment | 5-10 | 25,000 |
| Right-to-use subscription IT assets | 3 | 25,000 |

Right-to- use leased assets are recognized at the lease commencement date and represent the City’s right to use an underlying asset for the lease term. Right-to-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to please the lease asset into service. Right-to-use leased assets are amortized over the shorter of the lease term or useful live of the underlying asset using the straight-line method.

Right-to-use subscription IT assets are recognized at the subscription commencement date and represent the City’s right to use the underlying IT asset for the subscription term. Right-to-use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription asset into service. Right-to-use subscription IT assets are amortized over the shorter of the subscription term or useful live of the underlying asset using the straight-line method.

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.

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.

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

Unearned Revenue

Using both the accrual and modified accrual basis of accounting, unearned revenues arise when resources are received by the City before it has a legal claim to them or before eligibility requirements are met. In subsequent periods, when revenue recognition criteria are met, the liability for unearned revenue is removed and the revenue is recognized. Advanced payments on grants represents cash received for grant expenditures that have not yet been used and do not meet the criteria for recognition as of year-end.

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 is a consumption of net assets 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 assets 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, special assessments, and grants, if any. 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 the City reports, property tax revenue which is reported as a deferred inflow of resources in the year the tax lien attaches to the property and deferred amounts related to leases.

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

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 in the governmental funds 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. The full liability for accrued vacation and sick leave is reported in the statement of net position.

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

Pension Plan

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

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 leases and other long-term debt as other financing sources. Repayment of long-term debt (leases) is reported as debt service expenditures.

Lease liabilities represent the City's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments are discounted based on a borrowing rate determined by the City.

Subscription liabilities represent the City's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of subscription payments are discounted based on a borrowing rate determined by the City.

Leases

Lessee: The City is a lessee for a noncancellable lease of equipment. The City recognized a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$25,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses the risk free rate determined using a period comparable to the lease terms as the discount rate for the leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

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

Leases (Continued)

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lessor: SEEDA is a lessor for two noncancellable leases of a buildings. SEEDA recognizes a lease receivable and a deferred inflow of resources. At the commencement of a lease, SEEDA initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how SEEDA determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- SEEDA uses the risk free rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

SEEDA monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Lease assets are reported with capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Interfund Transactions

Interfund transactions are treated and classified as revenues, expenditures, or expenses (the same as if these same transactions involved external organizations). These include billings from one fund to another for purchased goods or services. In the government-wide statement of activities, transactions, which constitute reimbursements, are eliminated in the reimbursed fund and accounted for as expenditures or expenses in the fund to which the transactions are applicable.

Fund Balance/Net Position

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the 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.

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

Fund Balance/Net Position (Continued)

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

When both restricted and unrestricted 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.

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 June 30, 2024 were as follows:

| | |
|--------------------------|-------------------|
| General Fund | \$ 44,076 |
| One Cent Fund | 12,420 |
| Direct Distribution Fund | 320,880 |
| Special Revenue Fund | 34,033 |
| Capital Projects Fund | 181,973 |
| | <u>\$ 593,382</u> |

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

Change in Budgetary Reporting Policy

During the fiscal year ended June 30, 2024, the City changed its method of budgetary reporting from the modified accrual basis of accounting to the modified cash (budgetary) basis of accounting. This change was made to better align the budgetary process with the City's financial management objectives.

Under the modified cash (budgetary) basis, revenues and expenditures are recognized in accordance with the legally adopted budget, which may differ from generally accepted accounting principles (GAAP). Previously, under the modified accrual basis, revenues were recognized when earned, and expenditures were recognized when incurred, regardless of when cash transactions occurred. This change in policy represents a change from budgetary reporting used in prior years and has been applied prospectively.

Standards Issued and Implemented

GASB Statement No. 100, *Accounting Changes and Error Corrections*, prescribes accounting and financial reporting for (1) each category of accounting change and (2) error corrections. Statement No. 100 also addresses how accounting changes and error corrections should be displayed in financial statements, disclosed in notes, and presented in required supplementary information and supplementary information. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023. There was no impact on the fund balance or net position of the City due to the implementation of this standard and primarily resulted in new and enhanced disclosures.

Note 2. Stewardship, Compliance, and Accountability

Budgetary Accounting and Control

Appropriated budgets are established for all funds of the City except custodial 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.

Notes to the Financial Statements

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

Budgetary Basis

Budgets for governmental and propriety funds are adopted on a modified cash (budgetary) basis. No budget is established for custodial funds.

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.

Budget Amendments

| | |
|--------------|---------------------|
| | <u>Expenditures</u> |
| General Fund | \$ 400,000 |

Excess of Budgeted Transfers

| | <u>Budget</u> | <u>Transfers</u> | <u>Variance with Final Budget</u> |
|----------------------|---------------|---------------------|---------------------------------------|
| Capital Tax Fund | \$ - | \$ 5,044,545 | \$ (5,044,545) |
| Public Benefits Fund | - | 903,409 | (903,409) |
| | <u>\$ -</u> | <u>\$ 5,947,954</u> | <u>\$ (5,947,954)</u> |

Notes to the Financial Statements

Note 3. Deposits and Investments

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Wyoming state statutes require that the City’s deposits in excess of the Federal depository insurance amount be collateralized. Deposits held in the City’s bank accounts are insured by federal depository insurance or are collateralized with securities held by the pledging institution’s trust department or agent, in joint custody of the bank and the City. All deposits were covered by insurance or collateral held in joint custody with the financial institution.

Primary Government

At June 30, 2024, the carrying amount of the City’s bank deposits and bank balances were \$27,804,747 and \$28,081,014, respectively. The amount reported in the financial statements for pooled cash, cash equivalents and investments is as follows:

| | Statement of Net Position | |
|--|---------------------------|--------------------|
| | Primary Government | Custodial Funds |
| Cash, cash equivalents and investments | | |
| Cash and cash equivalents | \$ 12,215,062 | \$ 273,398 |
| Restricted cash and cash equivalents | 98,063 | - |
| Petty cash | 1,275 | - |
| Certificates of deposit | 15,214,486 | - |
| GNMA | 11,746 | - |
| FNMA | 1,525 | - |
| Money market funds | 14,700 | - |
| WYO-STAR I | 6,179 | - |
| Wyoming CLASS | 16,961,392 | - |
| | <u>\$ 44,524,428</u> | <u>\$ 273,398</u> |

Restricted Cash and Cash Equivalents

The City has restricted cash, cash equivalents and investments of \$98,063 from the U.S. Department of Treasury for Coronavirus State and Local Fiscal Recovery Funds and for Performance Bonds held by the City. These funds are to be used for public health and economic impacts, premium pay, revenue loss and/or infrastructure.

Notes to the Financial Statements

Note 3. Deposits and Investments (Continued)

Component Units

At June 30, 2024, the carrying amount of the City's component units' bank deposits and bank balances were as follows:

| | <u>Bank Balance</u> | <u>Carrying Amount</u> |
|--|---------------------|------------------------|
| <i>Component Units Statement of Net Position</i> | | |
| Sheridan Area Water Supply Joint Powers Board | | |
| Cash and cash equivalents | \$ 1,337,410 | \$ 1,337,410 |
| Restricted cash and cash equivalents | 2,415,679 | 2,415,679 |
| Sheridan Economic and Educational Development Authority Joint Powers Board | | |
| Cash and cash equivalents | 137,326 | 137,326 |
| Sheridan County Travel and Tourism Joint Powers Board | | |
| Cash and cash equivalents | 95,839 | 84,277 |
| Restricted cash and cash equivalents | 14,423 | 14,423 |
| Sheridan Downtown Development Authority | | |
| Cash and cash equivalents | 3,737 | 3,737 |
| Total component units | <u>\$ 4,004,414</u> | <u>\$ 3,992,852</u> |

All component unit's bank balances were either fully insured or collateralized as required by State statutes. The difference between the carrying amount and the bank balance is the result of transactions in transit.

Restricted Cash and Cash Equivalents – Component Units

At June 30, 2024, SAWS had restricted cash and cash equivalents related to water supply and capital purchases in the amount of \$522,110 and \$1,893,569, respectively.

The Board has restricted cash and cash equivalents of \$14,423 related to grants received in advance.

Notes to the Financial Statements

Note 3. Deposits and Investments (Continued)

Investments

At June 30, 2024, 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 + | |
| Certificates of deposit - non-negotiable, interest rate of 4.74% | \$ 15,214,486 | \$ 15,214,486 | \$ - | \$ - | \$ - | Not rated |
| U.S. agency mortgage backed securities - GNMA, interest rates from 4.0% to 7.0% | 11,746 | - | 920 | 8,470 | 2,356 | Aaa |
| Government sponsored enterprise obligations - FNMA, interest rate of 5% | 1,525 | - | - | 1,525 | - | Aaa |
| Money market funds, interest rate of 0.15% | 14,700 | 14,700 | - | - | - | Not rated |
| WYO-STAR I, interest rate of 5.17% | 6,179 | 6,179 | - | - | - | Not rated |
| Wyoming CLASS, interest rate of 5.29% | 16,961,392 | 16,961,392 | - | - | - | AAAm |
| | <u>\$ 32,210,028</u> | <u>\$ 32,196,757</u> | <u>\$ 920</u> | <u>\$ 9,995</u> | <u>\$ 2,356</u> | |

As of June 30, 2024, the City's component units had the following investments:

| Investment Type | Total | Investment Maturities (In Years) | | | | Moody's Rating |
|---|---------------------|----------------------------------|-------------|-------------|-------------|----------------|
| | | 1 year | 1-5 years | 5-10 years | 10 years + | |
| <i>Sheridan Area Water Supply Joint Powers Board</i> | | | | | | |
| WYO-STAR I, interest rate of 5.17% | \$ 6,585,050 | \$ 6,585,050 | \$ - | \$ - | \$ - | Not rated |
| <i>Sheridan Economic and Educational Development Authority Joint Powers Board</i> | | | | | | |
| WYO-STAR I, interest rate of 5.17% | 879,208 | 879,208 | - | - | - | Not rated |
| <i>Sheridan County Travel and Tourism Joint Powers Board</i> | | | | | | |
| Wyoming CLASS, interest rate of 5.29% | 376,175 | 376,175 | - | - | - | AAAm |
| | <u>\$ 7,840,433</u> | <u>\$ 7,840,433</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | |

Note 3. Deposits and Investments (Continued)

Investments (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of investments 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. The City has adopted Wyoming State statute §9-4-31 as their investment policy which limits investments to those with highest credit rating from nationally recognized credit rating organizations.

Custodial Credit Risk – Investments

Custodial credit risk 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 held in the possession of an outside party. Custodial credit risk is for those investment securities that are uninsured, are not registered in the name of the government, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name. The City does not have a formal policy to address custodial credit risk. The City does not have any investments that are not registered in the name of the City. Custodial credit risk does not apply to a local government's indirect investments in securities through the use of government investment pools.

Concentration of Credit Risk

The concentration of credit risk is the risk of loss that may be caused by the City's investments in a single issuer. GASB 40 requires disclosure by issuer and amount of investments in any one issuer that represents five percent (5%) or more of total investments for the City. The information presented is based on concentrations of investments in the City's portfolio. Concentration risk does not arise in connection with U.S. government obligation and obligations explicitly guaranteed by the U.S. government. Likewise, concentration risk does not apply to position in external investment pools, and similar pooled investments, which are designed, in part to provide diversification. The City does not have a formal policy for concentration of credit risk.

At June 30, 2024, the City had 52% of its investments in Wyoming CLASS, 47% in certificates of deposits, and less than 1% in U.S. agency mortgage backed securities, government sponsored enterprise obligations, money market funds, and WYO-STAR I, combined.

Note 3. Deposits and Investments (Continued)

Investments (Continued)

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.

The City's investments are held in external investment pools with a focus on liquidity as a means of limiting its exposure to fair value losses arising from interest rates.

Wyoming CLASS pool seeks to maintain a stable net asset value of \$1.00. The funds' weighted average maturity is limited to a maximum of 60 days and a weighted average life of 120 days. In our view, a portfolio's weighted-average maturity is a key measure of a fund's tolerance and sensitivity to rising interest rates.

The WYO-STAR I investment portfolio, as stated in its Master Investment Policy, maintains funds in a cash portfolio and the rest in an extended cash portfolio, which may not exceed 35% of the market value of the portfolio at the time of purchase. The cash portfolio seeks to maintain weighted average maturity not to exceed 90 days and all securities must have a maximum maturity of 365 days. The market value of the portfolio must remain within +/-0.5% to 1% of amortized cost. The extended portfolio seeks to maintain maximum average cash flow weighted duration not to exceed three years and individual securities must not exceed a cash flow weighted duration of 5 years. Participants acknowledge there is a risk associated with investing in the pool and there is no guaranteed rate of return.

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.

As of June 30, 2024, the City's investment portfolio included mortgage backed securities that have fair values highly sensitive to interest rate changes. When interest rates fall, mortgages are refinanced and paid off early. The reduced stream of future interest payments diminishes the value of the investment.

Fair Value Measurements

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 assets. 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. The 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, 2024:

U.S. agency mortgage backed securities – Valued using quoted prices for identical or similar assets in active markets.

Government sponsored enterprise obligations – Valued using quoted prices for identical or similar assets in active markets.

Notes to the Financial Statements

Note 3. Deposits and Investments (Continued)

Investments (Continued)

Fair Value Measurements (Continued)

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, 2024 | | | |
|--|---|------------------|-------------|----------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| U.S. agency mortgage backed securities | \$ - | \$ 11,746 | \$ - | \$ 11,746 |
| Government sponsored enterprise obligations | - | 1,525 | - | 1,525 |
| Total investments at fair value | <u>\$ -</u> | <u>\$ 13,271</u> | <u>\$ -</u> | <u>13,271</u> |
| Other investments not reported in classifications: | | | | |
| Certificates of deposit - non-negotiable | | | | 15,214,486 |
| Money market funds | | | | 14,700 |
| WYO-STAR I | | | | 6,179 |
| Wyoming CLASS | | | | 16,961,392 |
| Total primary government investments | | | | <u>\$ 32,210,028</u> |

Note 4. Allowance for Uncollectible Service Receivables

The City's policy for estimating an allowance for uncollectible service 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 | \$ 2,068 |
| Sewer Fund | 1,055 |
| Solid Waste Fund | 1,142 |
| Weed and Pest Fund | 12 |
| Total | <u>\$ 4,277</u> |

SAWS

The City is responsible for billing user fee services. The money is collected by the City and deposited into a bank account for SAWS. All user fee receivables are shown net of an allowance for uncollectible accounts. SAWS' allowance for doubtful accounts for the year ended June 30, 2024 was \$25,594.

Notes to the Financial Statements

Note 5. Individual Fund Interfund Receivables, Payables, and Transfers

Individual funds' interfund receivable and payable balances at June 30, 2024 are as follows:

| | Due from | Due to |
|----------------------|------------------|------------------|
| General fund | \$ 54,561 | \$ - |
| Special Revenue fund | - | 54,561 |
| | <u>\$ 54,561</u> | <u>\$ 54,561</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.

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, 2024 were as follows:

| | Transfers in | Transfers out |
|---------------------------------|----------------------|----------------------|
| Primary Government | | |
| <i>Governmental Activities</i> | | |
| Governmental Funds | | |
| General Fund | \$ 1,968,501 | \$ 283,844 |
| One Cent Fund | - | 42,118 |
| Debt Service Fund | 104,163 | - |
| Direct Distribution Fund | - | 150,000 |
| Capital Tax Fund | - | 4,186,527 |
| Public Benefits Fund | - | 903,409 |
| Capital Projects Fund | 17,722,163 | 10,146,843 |
| Total governmental funds | <u>19,794,827</u> | <u>15,712,741</u> |
| <i>Business-type Activities</i> | | |
| Solid Waste Fund | 4,883,948 | 5,314,562 |
| Water Fund | 5,118,999 | 6,939,397 |
| Sewer Fund | 182,553 | 2,139,426 |
| Golf Fund | 201,799 | - |
| Weed and Pest Fund | - | 76,000 |
| Total business-type activities | <u>10,387,299</u> | <u>14,469,385</u> |
| Total primary government | <u>\$ 30,182,126</u> | <u>\$ 30,182,126</u> |

Notes to the Financial Statements**Note 6. Capital Assets*****Primary Government***

Capital asset activity for the year ended June 30, 2024 was as follows:

| | Balance June 30, 2023 | Increases | Decreases | Transfers In (Out) | Balance June 30, 2024 |
|---|-----------------------------|---------------------|-----------------------|-----------------------|-----------------------------|
| Governmental activities | | | | | |
| Capital assets, not being depreciated | | | | | |
| Land | \$ 6,343,665 | \$ - | \$ - | \$ - | \$ 6,343,665 |
| Works of art | 1,628,311 | 67,850 | - | - | 1,696,161 |
| Construction in progress | 16,648,901 | 7,741,039 | (1,111,262) | - | 23,278,678 |
| Total capital assets, not being depreciated/amortized | 24,620,877 | 7,808,889 | (1,111,262) | - | 31,318,504 |
| Capital assets, being depreciated | | | | | |
| Infrastructure | 104,332,922 | - | - | - | 104,332,922 |
| Buildings | 30,094,848 | 1,017,475 | - | - | 31,112,323 |
| Improvements, other than buildings | 26,889,143 | - | - | - | 26,889,143 |
| Machinery and equipment | 18,070,075 | 1,567,702 | (383,856) | - | 19,253,921 |
| Right-to-use leased equipment | 611,542 | 1,188,758 | - | - | 1,800,300 |
| Right-to-use subscription IT assets | - | 43,227 | - | - | 43,227 |
| Total capital assets, being depreciated/amortized | 179,998,530 | 3,817,162 | (383,856) | - | 183,431,836 |
| Less accumulated depreciation for | | | | | |
| Infrastructure | 62,722,605 | 3,299,074 | - | - | 66,021,679 |
| Buildings | 12,616,904 | 1,151,395 | - | - | 13,768,299 |
| Improvements, other than buildings | 9,713,172 | 1,140,191 | - | - | 10,853,363 |
| Machinery and equipment | 12,912,912 | 1,004,123 | (383,856) | - | 13,533,179 |
| Right-to-use leased equipment | 409,816 | 205,758 | - | - | 615,574 |
| Right-to-use subscription IT assets | - | 14,409 | - | - | 14,409 |
| Total accumulated depreciation | 98,375,409 | 6,814,950 | (383,856) | - | 104,806,503 |
| Total capital assets being depreciated, net | 81,623,121 | (2,997,788) | - | - | 78,625,333 |
| Governmental activities capital assets, net | <u>\$ 106,243,998</u> | <u>\$ 4,811,101</u> | <u>\$ (1,111,262)</u> | <u>\$ -</u> | <u>\$ 109,943,837</u> |

Notes to the Financial Statements**Note 6. Capital Assets (Continued)****Primary Government (Continued)**

| | Balance June 30, 2023 | Increases | Decreases | Transfers In (Out) | Balance June 30, 2024 |
|--|-----------------------------|--------------|----------------|-----------------------|-----------------------------|
| Business-type activities | | | | | |
| Capital assets, not being depreciated | | | | | |
| Land | \$ 1,644,458 | \$ - | \$ - | \$ 281,852 | \$ 1,926,310 |
| Water rights | 576,678 | 86,343 | - | - | 663,021 |
| Construction in progress | 4,098,040 | 9,289,349 | (1,274,626) | - | 12,112,763 |
| Total capital assets not being depreciated | 6,319,176 | 9,375,692 | (1,274,626) | 281,852 | 14,702,094 |
| Capital assets, being depreciated | | | | | |
| Infrastructure | 13,266,395 | 495,744 | - | - | 13,762,139 |
| Buildings | 24,465,022 | 539,661 | - | - | 25,004,683 |
| Improvements, other than buildings | 100,168,989 | - | - | (281,852) | 99,887,137 |
| Machinery and equipment | 23,157,833 | 547,997 | (795,845) | 209,625 | 23,119,610 |
| Right-to-use leased equipment | 1,846,880 | - | (435,204) | (209,625) | 1,202,051 |
| Right-to-use subscription IT assets | - | 40,431 | - | - | 40,431 |
| Total capital assets, being depreciated | 162,905,119 | 1,623,833 | (1,231,049) | (281,852) | 163,016,051 |
| Less accumulated depreciation for | | | | | |
| Infrastructure | 1,934,292 | 513,912 | - | - | 2,448,204 |
| Buildings | 17,630,545 | 415,839 | - | - | 18,046,384 |
| Improvements, other than buildings | 46,178,551 | 2,851,994 | - | - | 49,030,545 |
| Machinery and equipment | 15,902,190 | 1,427,534 | (795,846) | 150,697 | 16,684,575 |
| Right-to-use leased equipment | 1,178,381 | 211,532 | (305,480) | (150,697) | 933,736 |
| Right-to-use subscription IT assets | - | 13,477 | - | - | 13,477 |
| Total accumulated depreciation | 82,823,959 | 5,434,288 | (1,101,326) | - | 87,156,921 |
| Total capital assets, being depreciated, net | 80,081,160 | (3,810,455) | (129,723) | (281,852) | 75,859,130 |
| Business-type activities capital assets, net | \$ 86,400,336 | \$ 5,565,237 | \$ (1,404,349) | \$ - | \$ 90,561,224 |

Notes to the Financial Statements**Note 6. Capital Assets (Continued)****Primary Government (Continued)**

Depreciation expense was charged to functions/programs of the primary government as follows:

| | | |
|---|----|------------------|
| Governmental activities | | |
| General government | \$ | 680,750 |
| Public safety | | 575,006 |
| Public works | | 4,496,291 |
| Parks and recreation | | 1,062,903 |
| Total depreciation expense - governmental activities | \$ | <u>6,814,950</u> |
| Business-type activities | | |
| Solid Waste Fund | \$ | 882,828 |
| Water Fund | | 3,407,024 |
| Sewer Fund | | 999,599 |
| Golf Fund | | 115,213 |
| Weed and Pest Fund | | 29,624 |
| Total depreciation expense - business-type activities | \$ | <u>5,434,288</u> |

All applicable amortization expense is reported with depreciation expense.

Components Units

Capital asset activity for the Sheridan Area Water Supply Joint Powers Board for the year ended June 30, 2024, was as follows:

| | Balance June 30, 2023, as restated | Increases Transfers In | Decreases Transfers Out | Balance June 30, 2024 |
|---|--|---------------------------|----------------------------|-----------------------------|
| Capital assets, not being depreciated | | | | |
| Land | \$ 548,155 | \$ - | \$ - | \$ 548,155 |
| Reservoir water shares | 1,488,605 | 127,927 | - | 1,616,532 |
| Construction in progress | 301,010 | 3,669 | (304,679) | - |
| Total capital assets, not being depreciated | <u>2,337,770</u> | <u>131,596</u> | <u>(304,679)</u> | <u>2,164,687</u> |
| Capital assets, being depreciated | | | | |
| Infrastructure - water system | 47,659,308 | 1,136,590 | - | 48,795,898 |
| Total capital assets, being depreciated | <u>47,659,308</u> | <u>1,136,590</u> | <u>-</u> | <u>48,795,898</u> |
| Total accumulated depreciation | <u>14,517,728</u> | <u>787,060</u> | <u>-</u> | <u>15,304,788</u> |
| Total capital assets being depreciated, net | <u>33,141,580</u> | <u>349,530</u> | <u>-</u> | <u>33,491,110</u> |
| Total capital assets, net | <u>\$ 35,479,350</u> | <u>\$ 481,126</u> | <u>\$ (304,679)</u> | <u>\$ 35,655,797</u> |

Notes to the Financial Statements**Note 6. 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, 2024, was as follows:

| | Balance June 30, 2023 | Increases Transfers In | Decreases Transfers Out | Balance June 30, 2024 |
|---|-----------------------------|---------------------------|----------------------------|-----------------------------|
| Capital assets not being depreciated | | | | |
| Construction in progress | \$ - | \$ 23,808 | \$ - | \$ 23,808 |
| Total capital assets not being depreciated | - | 23,808 | - | 23,808 |
| Capital assets being depreciated | | | | |
| Buildings | 19,386,990 | - | - | 19,386,990 |
| Improvements | 72,312 | - | - | 72,312 |
| Total capital assets being depreciated | 19,459,302 | - | - | 19,459,302 |
| Less accumulated depreciation for | | | | |
| Buildings | 1,398,880 | 485,038 | - | 1,883,918 |
| Improvements | 6,152 | 2,898 | - | 9,050 |
| Total accumulated depreciation | 1,405,032 | 487,936 | - | 1,892,968 |
| Total capital assets being depreciated, net | 18,054,270 | (487,936) | - | 17,566,334 |
| Total capital assets, net | \$ 18,054,270 | \$ (464,128) | \$ - | \$ 17,590,142 |

Capital asset activity for the Sheridan County Travel and Tourism Joint Powers Board for the year ended June 30, 2024, was as follows:

| | Balance June 30, 2023 | Increases Transfers In | Decreases Transfers Out | Balance June 30, 2024 |
|---|-----------------------------|---------------------------|----------------------------|-----------------------------|
| Capital assets being depreciated | | | | |
| Machinery and equipment | \$ 123,300 | \$ - | \$ - | \$ 123,300 |
| Total capital assets being depreciated | 123,300 | - | - | 123,300 |
| Less accumulated depreciation for | | | | |
| Machinery and equipment | 38,653 | 18,203 | - | 56,856 |
| Total accumulated depreciation | 38,653 | 18,203 | - | 56,856 |
| Total capital assets being depreciated, net | \$ 84,647 | \$ (18,203) | \$ - | \$ 66,444 |

Notes to the Financial Statements**Note 7. Leases*****Lease Receivable – Component Unit***

In the year ended June 30, 2019, SEEDA entered into a lease agreement with a 20 year term and an interest rate of 3.27%. SEEDA did not receive monthly payments during lease years 1-4, resulting in an accrued interest receivable. In lease years 5-20, monthly payments will increase based on a rate per square foot schedule determined in the lease agreement.

During the year ended June 30, 2024, SEEDA received payments totaling \$35,558 and recognized \$0 in lease revenue and \$62,354 in interest revenue in the Statement of Revenues, Expenditures and Changes in Fund Balance. As of June 30, 2024, SEEDA's receivable for the lease and interest were \$1,656,885 and \$264,557, respectively. Additionally, SEEDA has a deferred inflow of resources associated with this lease that will be recognized as revenue systematically over the lease term, regardless of the availability of funds from the lessee. As of June 30, 2024, the balance of the deferred inflow of resources was \$1,425,136. During the year ended June 30, 2024, the amount of rent revenue recognized in the Statement of Activities was \$52,849.

The lessee has the option to terminate the lease or abate payments if SEEDA defaults on its obligations related to the lease agreement. The lease agreement specifies the term and conditions for exercising this option, including a notice period and a reasonable cure period for SEEDA to address any defaults. If SEEDA fails to remedy the default within the cure period. The lessee may exercise its right to terminate or reduce payments, as provided in the lease agreement.

In the year ended June 30, 2022, SEEDA entered into a lease agreement with a 21 year term and an interest rate of 2%. SEEDA will receive monthly payments of \$17,250 for lease years 1-7. In lease years 8-21, monthly payments will increase annually based on a rate per square foot schedule determined in the lease agreement.

During the year ended June 30, 2024, SEEDA recognized lease and interest revenue of \$136,045 and \$70,955, respectively. As of June 30, 2024, SEEDA's receivable for the lease was \$3,473,825. Additionally, SEEDA has a deferred inflow of resources associated with this lease that will be recognized as revenue systematically over the lease term, regardless of the availability of funds from the lessee. As of June 30, 2024, the balance of the deferred inflow of resources was \$3,473,825.

Under the terms of the lease agreement, the lessee has the option to terminate the lease or abate payments if SEEDA defaults on its obligations related to the lease agreement. The conditions for exercising this option are outlined in the lease, and the lessee is required to provide notice and allow SEEDA a reasonable period to cure any default. If the default is not cured within the specified time, the lessee may exercise its right to terminate or reduce payments as specified in the lease agreement.

The following is a summary of the changes in the lease receivable for the year ended June 30, 2024:

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Current Portion</u> |
|-------------------------|------------------------------|------------------|---------------------|---------------------------|----------------------------|
| Governmental activities | | | | | |
| Lease receivable A | \$ 1,656,885 | \$ - | \$ - | \$ 1,656,885 | \$ - |
| Lease receivable B | 3,609,870 | - | (136,045) | 3,473,825 | 138,791 |
| Total lease receivable | <u>\$ 5,266,755</u> | <u>\$ -</u> | <u>\$ (136,045)</u> | <u>\$ 5,130,710</u> | <u>\$ 138,791</u> |

Note 7. Leases (Continued)

Lease Payable

Governmental Activities

On March 12, 2015, the City entered into a 10 year lease agreement as lessee for the acquisition and use of equipment. An initial lease liability was recorded in the amount of \$200,360 at the start of the lease. As of June 30, 2024, the value of the lease liability was \$169,555. The City is required to make annual principal and interest payments of \$15,798 with a final balloon payment of \$91,760. The lease has an interest rate of 3.2%. The equipment has a 10 year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$200,360 and had accumulated amortization of \$188,296.

On October 22, 2015, the City entered into a 10 year lease agreement as lessee for the acquisition and use of equipment. An initial lease liability was recorded in the amount of \$164,487 at the start of the lease. As of June 30, 2024, the value of the lease liability was \$70,237. The City is required to make annual principal and interest payments of \$16,150 with a final balloon payment of \$42,560. The lease has an interest rate of 3.50%. The equipment has a 10 year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$164,487 and had accumulated amortization of \$148,978.

On March 12, 2019, the City entered into a 9 year lease agreement as lessee for the acquisition and use of equipment. An initial lease liability was recorded in the amount of \$246,695 at the start of the lease. As of June 30, 2024, the value of the lease liability was \$104,034. The City is required to make annual principal and interest payments of \$27,005 with a final balloon payment of \$92,240. The lease has an interest rate of 5.35%. The equipment has a 10 year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$246,695 and had accumulated amortization of \$134,971.

On July 17, 2023, the City entered into a 5 year lease agreement as lessee for the acquisition and use of equipment. An initial lease liability was recorded in the amount of \$339,921 at the start of the lease. As of June 30, 2024, the value of the lease liability was \$266,220. The City is required to make annual principal and interest payments of \$73,702. The lease has an imputed interest rate of 4.129%. The equipment has a 5 year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$339,921 and had accumulated amortization of \$62,319.

On July 17, 2023, the City entered into a 5 year lease agreement as lessee for the acquisition and use of equipment. An initial lease liability was recorded in the amount of \$77,500 at the start of the lease. As of June 30, 2024, the value of the lease liability was \$64,856. The City is required to make monthly principal and interest payments of \$1,525. The lease has an interest rate of 2.849%. The equipment has a 5 year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$77,500 and had accumulated amortization of \$14,208.

On July 17, 2023, the City entered into a 5 year lease agreement as lessee for the acquisition and use of equipment. An initial lease liability was recorded in the amount of \$240,000 at the start of the lease. As of June 30, 2024, the value of the lease liability was \$198,047. The City is required to make monthly principal and interest payments of \$4,286. The lease has an interest rate of 2.85%. The equipment has a 5 year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$240,000 and had accumulated amortization of \$44,000.

Notes to the Financial Statements

Note 7. Leases (Continued)

Lease Payable (Continued)

Governmental Activities (Continued)

On February 19, 2024, the City entered into a 5 year lease agreement as lessee for the acquisition and use of equipment. An initial lease liability was recorded in the amount of \$332,856 at the start of the lease. As of June 30, 2024, the value of the lease liability was \$281,144. The City is required to make annual principal and interest payments of \$51,713. The lease has an imputed interest rate of 4.129%. The equipment has an 8 year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$332,856 and had accumulated amortization of \$17,336.

On May 6, 2024, the City entered into a 5 year lease agreement as lessee for the acquisition and use of equipment. An initial lease liability was recorded in the amount of \$98,238 at the start of the lease. As of June 30, 2024, the value of the lease liability was \$76,938. The City is required to make annual principal and interest payments of \$21,300. The lease has an imputed interest rate of 4.129%. The equipment has a 5 year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$106,500 and had accumulated amortization of \$3,550.

On May 16, 2024, the City entered into a 5 year lease agreement as lessee for the acquisition and use of equipment. An initial lease liability was recorded in the amount of \$91,981 at the start of the lease. As of June 30, 2024, the value of the lease liability was \$62,964. The City is required to make annual principal and interest payments of \$18,589. The lease has an interest rate of 7%. The equipment has an 8 year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$91,981 and had accumulated amortization of \$1,916.

The future principal and interest lease payments as of June 30, 2024, were as follows:

| Year ended June 30, | Principal | Interest | Total |
|---------------------|--------------|------------|--------------|
| 2025 | \$ 330,916 | \$ 54,833 | \$ 385,749 |
| 2026 | 279,085 | 41,668 | 320,753 |
| 2027 | 232,390 | 29,653 | 262,043 |
| 2028 | 445,811 | 19,737 | 465,548 |
| 2029 | 5,793 | 19 | 5,812 |
| | \$ 1,293,995 | \$ 145,910 | \$ 1,439,905 |

Business-Type Activities

Water Fund

On October 14, 2015, the City entered into a 10 year lease agreement as lessee for the acquisition and use of equipment. An initial lease liability was recorded in the amount of \$187,872 at the start of the lease. As of June 30, 2024, the value of the lease liability was \$73,827. The City is required to make annual principal and interest payments of \$19,734. The lease has an interest rate of 3.90%. The equipment has a 10 year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$211,872 and had accumulated amortization of \$190,096.

Notes to the Financial Statements**Note 7. Leases (Continued)*****Lease Payable (Continued)******Business-Type Activities (Continued)******Solid Waste Fund***

On April 22, 2019, the City entered into a 7 year lease agreement as lessee for the acquisition and use of equipment. An initial lease liability was recorded in the amount of \$825,464 at the start of the lease. As of June 30, 2024, the value of the lease liability was \$332,630. The City is required to make annual principal and interest payments of \$115,375 with a final balloon payment of \$125,000. The lease has an interest rate of 3.39%. The equipment has a 7 year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$825,464 and had accumulated amortization of \$587,160.

Golf Fund

On October 5, 2019, the City entered into a 5 year lease agreement as lessee for the acquisition and use of equipment. An initial lease liability was recorded in the amount of \$164,715 at the start of the lease. As of June 30, 2024, the value of the lease liability was \$0. The City is required to make annual principal and interest payments of \$36,368. The lease has an imputed interest rate of 3.39%. The equipment has a 5 year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$164,715 and had accumulated amortization of \$156,480.

The future principal and interest lease payments as of June 30, 2024, were as follows:

| Year ended June 30, | Principal | Interest | Total |
|---------------------|-------------------|------------------|-------------------|
| 2025 | \$ 120,949 | \$ 14,160 | \$ 135,109 |
| 2026 | 164,606 | 10,104 | 174,710 |
| 2027 | 120,903 | 4,099 | 125,002 |
| | <u>\$ 406,458</u> | <u>\$ 28,363</u> | <u>\$ 434,821</u> |

All leases referenced above are secured by the assets listed in the accompanying disclosures. These assets serve as collateral for the respective lease obligations in accordance with the terms of the lease agreements.

Notes to the Financial Statements

Note 8. Subscription-Based Information Technology Arrangements (SBITAs)

Governmental Activities

On February 1, 2024, the City entered into a SBITA contract for the use of a communication software. An initial subscription IT liability was recorded in the amount of \$43,227 at the start of the subscription. As of June 30, 2024, the value of the subscription IT liability was \$28,227. The City is required to make annual payments, including interest of \$15,000 through February 2026. The subscription IT liability was valued using a discount rate of 4.16%. As of June 30, 2024, the total amount of right-to-use subscription asset, and the related accumulated amortization on right-to-use subscription asset was \$43,227 and \$14,409, respectively.

The future principal and interest subscription IT liability payments as of June 30, 2024, were as follows:

| Year ended June 30, | Principal | Interest | Total |
|---------------------|------------------|-----------------|------------------|
| 2025 | \$ 13,826 | \$ 1,174 | \$ 15,000 |
| 2026 | 14,401 | 599 | 15,000 |
| | <u>\$ 28,227</u> | <u>\$ 1,773</u> | <u>\$ 30,000</u> |

Business-Type Activities

On April 14, 2024, the City entered into a SBITA contract for the use of GPS and camera software. An initial subscription IT liability was recorded in the amount of \$40,431 at the start of the subscription. As of June 30, 2024, the value of the subscription IT liability was \$26,375. The City is required to make annual payments, including interest of \$14,059 through April 2026. The subscription IT liability was valued using a discount rate of 4.36%. As of June 30, 2024, the total amount of right-to-use subscription asset and the related accumulated amortization on right-to-use subscription asset was \$40,431 and \$13,477, respectively.

The future principal and interest subscription IT liability payments as of June 30, 2024, were as follows:

| Year ended June 30, | Principal | Interest | Total |
|---------------------|------------------|-----------------|------------------|
| 2025 | \$ 12,906 | \$ 1,150 | \$ 14,056 |
| 2026 | 13,469 | 587 | 14,056 |
| | <u>\$ 26,375</u> | <u>\$ 1,737</u> | <u>\$ 28,112</u> |

Notes to the Financial Statements**Note 9. 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, 2024:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|----------------------|---------------------|-----------------------|----------------------|------------------------|
| Governmental activities | | | | | |
| Special assessment bonds | \$ 90,000 | \$ - | \$ (30,000) | \$ 60,000 | \$ 10,000 |
| Notes payable | 244,040 | - | (62,369) | 181,671 | 63,834 |
| Loan payable | | | | | |
| Firemen's Pension Plan A | 1,725,490 | - | (172,549) | 1,552,941 | 86,275 |
| Leases | 386,060 | 1,180,497 | (272,562) | 1,293,995 | 330,916 |
| Subscription IT liabilities | - | 43,227 | (15,000) | 28,227 | 13,826 |
| Compensated absences | 1,141,357 | 1,231,491 | (1,141,357) | 1,231,491 | 108,985 |
| Net pension liability | 14,886,617 | - | (5,883,431) | 9,003,186 | - |
| Governmental activity long-term liabilities | <u>\$ 18,473,564</u> | <u>\$ 2,455,215</u> | <u>\$ (7,577,268)</u> | <u>\$ 13,351,511</u> | <u>\$ 613,836</u> |

For the governmental activities, special assessment bonds, notes payable, Firemen's Pension Plan A, leases and subscription IT liabilities are generally liquidated by the general fund, debt service fund, and direct distribution fund. Compensated absences and net pension liability are generally liquidated by the fund that is responsible for those applicable employees.

The City can issue general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. The City did not have any general obligation bonds at June 30, 2024.

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|----------------------|----------------------|-----------------------|----------------------|------------------------|
| Business-type activities | | | | | |
| Landfill postclosure liability | \$ 12,652,305 | \$ - | \$ (5,198,036) | \$ 7,454,269 | \$ - |
| Landfill remediation liability | - | 6,046,487 | (188,486) | 5,858,001 | - |
| Notes payable | 19,748,418 | 10,063,968 | (996,810) | 28,815,576 | 1,350,411 |
| Leases | 751,709 | - | (345,251) | 406,458 | 120,950 |
| Subscription IT liabilities | - | 40,431 | (14,056) | 26,375 | 12,906 |
| Compensated absences | 428,801 | 470,248 | (428,801) | 470,248 | 50,404 |
| Net pension liability | 3,324,823 | - | (437,448) | 2,887,375 | - |
| Business-type activity long-term liabilities | <u>\$ 36,906,056</u> | <u>\$ 16,621,134</u> | <u>\$ (7,608,888)</u> | <u>\$ 45,918,302</u> | <u>\$ 1,534,671</u> |

Notes to the Financial Statements

Note 9. Long-Term Debt

Governmental Activities

Special Assessment Bonds

The City issued special assessment bonds 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 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% (\$12,000 as of June 30, 2024) of the outstanding bond obligation of the districts. Gas and cigarette taxes are pledged to fund the debt retirement revolving fund.

Special improvement district bonds outstanding as of June 30, 2024, were as follows:

| | Balance June 30, 2023 | Additions | Reductions | Balance June 30, 2024 |
|--|--------------------------|-------------|--------------------|--------------------------|
| Special Improvement District 78, issued September 15, 2012, interest at 0.75% to 4.15%; matures September 1, 2026, redeemable to the extent of assessment collections in direct numerical order on any interest date | \$ 90,000 | \$ - | \$ (30,000) | \$ 60,000 |
| Special assessment bonds total | <u>\$ 90,000</u> | <u>\$ -</u> | <u>\$ (30,000)</u> | 60,000 |
| Less current portion | | | | <u>10,000</u> |
| Long-term portion special assessment bonds | | | | <u>\$ 50,000</u> |

The debt service requirement for the special assessment bonds as of June 30, 2024 is as follows:

| Year ended June 30, | Principal | Interest | Total |
|---------------------|------------------|-----------------|------------------|
| 2025 | \$ 10,000 | \$ 2,378 | \$ 12,378 |
| 2026 | 25,000 | 2,013 | 27,013 |
| 2027 | 25,000 | 1,038 | 26,038 |
| | <u>\$ 60,000</u> | <u>\$ 5,429</u> | <u>\$ 65,429</u> |

Notes to the Financial Statements

Note 9. Long-Term Debt (Continued)

Governmental Activities (Continued)

Notes Payable

The City has the following notes payable:

| | Balance June 30, 2023 | Additions | Reductions | Balance June 30, 2024 |
|---|--------------------------|-------------|--------------------|--------------------------|
| 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 | \$ 161,540 | \$ - | \$ (52,369) | \$ 109,171 |
| WAM/WCCA Joint Oversight Board loan, City Hall Improvements - Windows 0% interest, term of 10 years, due August 2031 | 82,500 | - | (10,000) | 72,500 |
| Total notes payable | <u>\$ 244,040</u> | <u>\$ -</u> | <u>\$ (62,369)</u> | 181,671 |
| Less current portion | | | | 63,834 |
| Total | | | | <u>\$ 117,837</u> |

The debt service requirements for the governmental notes payable as of June 30, 2024 are as follows:

| Year ended June 30, | Principal | Interest | Total |
|---------------------|-------------------|-----------------|-------------------|
| 2025 | \$ 63,834 | \$ 3,284 | \$ 67,118 |
| 2026 | 65,337 | 1,781 | 67,118 |
| 2027 | 10,000 | - | 10,000 |
| 2028 | 10,000 | - | 10,000 |
| 2029 | 10,000 | - | 10,000 |
| 2030-2034 | 22,500 | - | 22,500 |
| | <u>\$ 181,671</u> | <u>\$ 5,065</u> | <u>\$ 186,736</u> |

During fiscal year 2022 it was determined that Firemen’s Pension Plan A was actuarially underfunded. As a result the City entered into an agreement with the State of Wyoming, by and through the State Treasurer, for the City’s portion of the liability. The *Fire Pension Plan A Legislative Reserve Account* loan requires annual principal payments of \$86,275. The original loan balance was \$1,725,490. Two payments were made during the fiscal year ended June 30, 2024, in the amount of \$172,549. The loan balance as of June 30, 2024 was \$1,552,941.

Notes to the Financial Statements

Note 9. Long-Term Debt (Continued)

Governmental Activities (Continued)

Notes Payable (Continued)

The debt service requirements for the *Fire Pension Plan A Legislative Reserve Account* loan as of June 30, 2024 are as follows:

| Year ended June 30, | Principal | Interest | Total |
|---------------------|---------------------|-------------|---------------------|
| 2025 | \$ 86,275 | \$ - | \$ 86,275 |
| 2026 | 86,275 | - | 86,275 |
| 2027 | 86,275 | - | 86,275 |
| 2028 | 86,275 | - | 86,275 |
| 2029 | 86,275 | - | 86,275 |
| 2030-2034 | 431,372 | - | 431,372 |
| 2035-2039 | 431,372 | - | 431,372 |
| 2040-2044 | 258,822 | - | 258,822 |
| | <u>\$ 1,552,941</u> | <u>\$ -</u> | <u>\$ 1,552,941</u> |

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 payment of the debt.

Notes to the Financial Statements

Note 9. Long-Term Debt (Continued)

Business-Type Activities (Continued)

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, 2023 | Additions | Reductions | Balance June 30, 2024 |
|--|--------------------------|-----------|-------------|--------------------------|
| 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 1.5%*, due August 2024 | \$ 73,546 | \$ - | \$ (37,306) | \$ 36,240 |
| State Loan and Investment Board loan, North Main Project Street Reconstruction, Drinking Water SRF #101, due in annual installments of \$11,695, with 0% interest, due October 2031 | 105,248 | - | (11,694) | 93,554 |
| 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 1.5%*, due October 2031 | 79,058 | - | (7,939) | 71,119 |
| State Loan and Investment Board loan, Sugarland Utilities Project, Drinking Water SRF #110, due in annual installments of \$111,191, including interest of 1.5%*, due October 2030 | 791,457 | - | (91,568) | 699,889 |
| 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 1.5%*, due November 2033 | 236,798 | - | (19,202) | 217,596 |
| 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 1.5%*, due September 2035 | 197,151 | - | (12,907) | 184,244 |

(Continued)

Notes to the Financial Statements**Note 9. Long-Term Debt (Continued)****Business-Type Activities (Continued)**

| | Balance June 30, 2023 | Additions | Reductions | Balance June 30, 2024 |
|--|--------------------------|-----------|-------------|--------------------------|
| Water Fund (Continued) | | | | |
| 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 1.5%*, due September 2036 | \$ 268,973 | \$ - | \$ (17,134) | \$ 251,839 |
| State Loan and Investment Board loan, Water Meter Replacement Project, Clean Water SRF #154, granted 50% principal forgiveness, due in annual installments of \$34,977, with 0% interest, due September 2038 | 559,642 | - | (34,977) | 524,665 |
| 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 | 865,522 | - | (54,095) | 811,427 |
| 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 | 466,802 | - | (31,120) | 435,682 |
| 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 1.5%*, due November 2038 | 385,751 | - | (19,924) | 365,827 |
| 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 1.5%*, due September 2038 | 377,946 | - | (19,685) | 358,261 |

(Continued)

Notes to the Financial Statements**Note 9. Long-Term Debt (Continued)*****Business-Type Activities (Continued)***

| | Balance June 30, 2023 | Additions | Reductions | Balance June 30, 2024 |
|---|--------------------------|-----------|--------------|--------------------------|
| Water Fund (Continued) | | | | |
| 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 1.5%*, due June 2038 | \$ 1,902,729 | \$ - | \$ (105,723) | \$ 1,797,006 |
| 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 1.5%*, due September 2038 | 393,637 | - | (20,168) | 373,469 |
| 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 | 663,754 | - | (31,549) | 632,205 |
| 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 | 628,838 | - | (41,813) | 587,025 |
| State Loan and Investment Board loan, North Sheridan Interchange Project, Drinking Water SRF #187, granted 50% principal forgiveness due in annual installments of \$29,187, including interest of 2.5%, due October 2040 | 416,668 | - | (18,485) | 398,183 |
| Water fund amortizing debt | 8,413,520 | - | (575,289) | 7,838,231 |
| | | | | (Continued) |

Notes to the Financial Statements**Note 9. Long-Term Debt (Continued)****Business-Type Activities (Continued)**

The following are notes 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, 2023 | Additions | Reductions | Balance June 30, 2024 |
|--|--------------------------|------------------|------------|--------------------------|
| Water Fund (Continued) | | | | |
| State Loan and Investment Board loan, North Heights Waterline Project, Drinking Water SRF #243, granted 25% forgiveness, 2.5% interest | \$ 310,467 | \$ 1,133,525 | \$ - | \$ 1,443,992 |
| State Loan and Investment Board loan, Airport Transmission Main Project, Drinking Water SRF #238, granted 25% forgiveness, 2.5% interest | 93,238 | 139,755 | - | 232,993 |
| State Loan and Investment Board loan, Sheridan Main Street Dow to Burkitt Project, Drinking Water SRF #250, 1.25% interest | 1,071,537 | 2,928,463 | - | 4,000,000 |
| State Loan and Investment Board loan, Terra Turner Water Main Replacement Project, Drinking Water SRF #252, 1.25% interest | 2,295 | 1,284,529 | - | 1,286,824 |
| Projects currently in construction | <u>1,477,537</u> | <u>5,486,272</u> | <u>-</u> | <u>6,963,809</u> |

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 1.5%*, due October 2028 | \$ 381,823 | \$ - | \$ (59,774) | \$ 322,049 |
| 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 | 300,475 | - | (18,361) | 282,114 |
| Amortizing debt with SAWS | 682,298 | - | (78,135) | 604,163 |
| Total debt for water fund | <u>10,573,355</u> | <u>5,486,272</u> | <u>(653,424)</u> | <u>15,406,203</u> |

(Continued)

Since the portion payable by the primary government and SAWS is mandated by the grant and loan agreement, the related receivable from the primary government is recorded as a notes receivable, primary government to distinguish it from operational amounts due to and due from the primary government.

Notes to the Financial Statements**Note 9. Long-Term Debt (Continued)*****Business-Type Activities (Continued)***

| | Balance June 30, 2023 | Additions | Reductions | Balance June 30, 2024 |
|--|--------------------------|-----------|-------------|--------------------------|
| 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 1.5%*, due September 2024 | \$ 133,873 | \$ - | \$ (67,020) | \$ 66,853 |
| State Loan and Investment Board loan, Sheridan North Main Project, Clean Water SRF #109, due in annual installments of \$61,961, with 0% interest, due October 2031 | 557,648 | - | (61,961) | 495,687 |
| State Loan and Investment Board loan, WWTP Biosolids Project, Clean Water SRF #152, due in annual installments of \$202,008, including interest of 1.5%*, due April 2038 | 2,492,198 | - | (139,191) | 2,353,007 |
| 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 1.5%*, due September 2038 | 124,974 | - | (6,407) | 118,567 |
| 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 1.5%*, due September 2039 | 838,615 | - | (39,860) | 798,755 |
| State Loan and Investment Board loan, North Sheridan Interchange Project, Clean Water SRF #164, granted 10% principal forgiveness, including interest of 1.5%*, due October 2040 | 652,485 | - | (28,947) | 623,538 |
| State Loan and Investment Board loan, Sheridan Main Street Dow to Burkitt Project, Clean Water SRF #196, including interest of 1.25% interest, due April 2045 | 189,827 | 1,510,173 | - | 1,700,000 |
| Sewer fund amortizing debt | 4,989,620 | 1,510,173 | (343,386) | 6,156,407 |
| | | | | (Continued) |

Notes to the Financial Statements

Note 9. Long-Term Debt (Continued)

Business-Type Activities (Continued)

The following are notes 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, 2023 | Additions | Reductions | Balance June 30, 2024 |
|---|--------------------------|-----------|------------|--------------------------|
| Sewer Fund (Continued) | | | | |
| State Loan and Investment Board loan, WWTP South Clarifier Component Replacement, Clean Water SRF #200, 1.25% interest | \$ - | \$ 68,790 | \$ - | \$ 68,790 |
| Projects currently in construction | - | 68,790 | - | 68,790 |
| Total debt for sewer fund | 4,989,620 | 1,578,963 | (343,386) | 6,225,197 |

| | Balance June 30, 2023 | Additions | Reductions | Balance June 30, 2024 |
|---|--------------------------|-----------|------------|--------------------------|
| Solid Waste Fund | | | | |
| State Loan and Investment Board loan, Landfill Cell Closure and Permanent Cap, Clean Water SRF #181, granted 25% principal forgiveness, including interest of 1.5%*, due April 2044 | \$ 3,225,000 | \$ - | \$ - | \$ 3,225,000 |
| State Loan and Investment Board loan, Landfill Cell Closure and Permanent Cap, Clean Water SRF #181ADD, including interest of 1.25%, due April 2044 | 950,065 | 549,935 | - | 1,500,000 |
| Solid waste fund amortizing debt | 4,175,065 | 549,935 | - | 4,725,000 |

(Continued)

Notes to the Financial Statements

Note 9. Long-Term Debt (Continued)

Business-Type Activities (Continued)

The following are notes 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, 2023 | Additions | Reductions | Balance June 30, 2024 |
|--|--------------------------|----------------------|---------------------|--------------------------|
| Solid Waste Fund | | | | |
| State Loan and Investment Board loan, Sheridan Landfill Remediation Corrective Measures Construction Project, Clean Water SRF #198, including interest of 1.25% | \$ 10,378 | \$ 48,153 | \$ - | \$ 58,531 |
| State Loan and Investment Board loan, Sheridan Landfill Cell 10 Phase I Project, Clean Water SRF #197, including interest of 1.25% | - | 2,400,645 | - | 2,400,645 |
| Projects currently in construction | 10,378 | 2,448,798 | - | 2,459,176 |
| Total debt for solid waste fund | 4,185,443 | 2,998,733 | - | 7,184,176 |
| Total for all business-type activities | <u>\$ 19,748,418</u> | <u>\$ 10,063,968</u> | <u>\$ (996,810)</u> | <u>\$ 28,815,576</u> |
| Less current portion | | | | 1,350,411 |
| | | | | <u>\$ 27,465,165</u> |

* Interest rate for loan has been decreased from 2.5% to 1.5% during fiscal year 2024.

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, 2024 are as follows:

| Year ended June 30, | Principal | Interest | Total |
|---------------------|----------------------|---------------------|----------------------|
| 2025 | \$ 1,350,411 | \$ 177,919 | \$ 1,528,330 |
| 2026 | 1,732,692 | 325,418 | 2,058,110 |
| 2027 | 1,714,746 | 311,334 | 2,026,080 |
| 2028 | 1,740,327 | 289,862 | 2,030,189 |
| 2029 | 1,756,178 | 267,992 | 2,024,170 |
| 2030-2034 | 7,610,072 | 874,385 | 8,484,457 |
| 2035-2039 | 7,082,300 | 557,409 | 7,639,709 |
| 2040-2044 | 4,405,473 | 230,201 | 4,635,674 |
| 2045-2049 | 1,423,377 | 44,716 | 1,468,093 |
| | <u>\$ 28,815,576</u> | <u>\$ 3,079,236</u> | <u>\$ 31,894,812</u> |

Notes to the Financial Statements

Note 9. Long-Term Debt (Continued)

Proprietary Fund Revenues Pledged

The City has pledged future water fund, sewer fund, and solid waste fund customer revenues to meet the annual debt requirements in the respective proprietary funds. Proceeds from the debt have been used to improve, expand and replace the distribution system, source of supply, and treatment facilities. Pledged revenues recognized during the year ended June 30, 2024 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 | Revenue Pledged Through Fiscal Year | 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 | \$ 15,406,203 | 2045 | 20% | \$ 17,482,914 | \$ 873,668 | \$ 4,414,870 |
| Sewer | 6,225,197 | 2045 | 13% | 6,895,861 | 445,454 | 3,305,245 |
| Solid Waste | 7,184,176 | 2045 | 2% | 7,516,037 | 143,286 | 6,241,757 |

Component Units

A summary of long-term debt activity for the year ended, June 30, 2024 for the City's component units, is as follows:

Sheridan Economic and Educational Development Authority Joint Powers Board

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|-------------------|-----------|------------|----------------|---------------------|
| Wyoming Business Council loan, non-recourse promissory note, no interest years 1-3, 2% interest years 4-20, due July 2042, term of 20 years, payments began July 10, 2023 collateralized by the building | \$ 1,761,799 | \$ - | \$ 84,019 | \$ 1,677,780 | \$ 84,019 |
| Total long-term liabilities | \$ 1,761,799 | \$ - | \$ 84,019 | \$ 1,677,780 | \$ 84,019 |

Notes to the Financial Statements

Note 9. Long-Term Debt (Continued)

Component Units (Continued)

Sheridan Economic and Educational Development Authority Joint Powers Board (Continued)

The debt requirement on the Wyoming Business Council loan is as follows:

| Year ended June 30, | Principal | Interest | Total |
|---------------------|---------------------|-------------------|---------------------|
| 2025 | \$ 84,019 | \$ - | \$ 84,019 |
| 2026 | 84,019 | - | 84,019 |
| 2027 | 75,442 | 30,194 | 105,636 |
| 2028 | 76,950 | 28,686 | 105,636 |
| 2029 | 78,489 | 27,147 | 105,636 |
| 2030-2034 | 416,632 | 111,551 | 528,183 |
| 2035-2039 | 459,995 | 68,188 | 528,183 |
| Total | 402,234 | 20,311 | 422,545 |
| | <u>\$ 1,677,780</u> | <u>\$ 286,077</u> | <u>\$ 1,963,857</u> |

Sheridan Economic and Educational Development Authority Joint Powers Board has pledged future revenues to meet the annual debt requirements. Proceeds from the debt have been used to fund various projects. Pledged revenues recognized during the year ended June 30, 2024 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:

| Debt | Debt Amount | Revenue Pledged Through Fiscal Year | Principal and Interest as Percentage of Net Revenues | Principal and Interest Remaining | Principal and Interest Paid in Current Year | Net Revenues in Current Year |
|-------------------------------|---------------------|-------------------------------------|--|----------------------------------|---|------------------------------|
| Wyoming Business Council Loan | \$ 1,677,780 | 2043 | 17% | \$ 1,963,857 | \$ 84,019 | \$ 488,452 |
| | <u>\$ 1,677,780</u> | | | <u>\$ 1,963,857</u> | <u>\$ 84,019</u> | <u>\$ 488,452</u> |

Notes to the Financial Statements**Note 9. Long-Term Debt (Continued)****Component Units (Continued)****Sheridan Area Water Supply Joint Powers Board**

| | Balance June 30, 2023 | Additions | Reductions | Balance June 30, 2024 | Current portion |
|---|--------------------------|-------------|-------------------|--------------------------|--------------------|
| State Land and Investment Board loan, Big Goose Water Pipeline Loan #047, due in annual installments of \$338,654, including interest of 2.5%, due in December 2028 | \$ 1,808,646 | \$ - | \$ 293,686 | \$ 1,514,960 | \$ 313,371 |
| State Land and Investment Board loan, Booster Station Replacement Loan #126 and 126G due in combined annual installments of \$49,970, including interest of 0% and 2.5%, due in December 2038 | 666,445 | - | 36,682 | 629,763 | 40,330 |
| State Land and Investment Board loan, Control Valve Project Loan #209, due in annual installments of \$53,589, including interest of 2.5%, due in December 2038 | 696,603 | - | 36,269 | 660,334 | 41,008 |
| State Land and Investment Board loan, Water Meter Replacement Project Loan #158 due in annual installments of \$21,153 with 0% interest, due September 2038 | 338,453 | - | 21,153 | 317,300 | 21,153 |
| State Land and Investment Board loan, Big Goose Water Treatment Plant Loan #125 due in annual installments of \$35,978 including interest of 2.5%, due in June 2038 | 442,793 | - | 25,060 | 417,733 | 29,062 |
| Total | <u>\$ 3,952,940</u> | <u>\$ -</u> | <u>\$ 412,850</u> | <u>\$ 3,540,090</u> | <u>\$ 444,924</u> |

Notes to the Financial Statements

Note 9. Long-Term Debt (Continued)

Component Units (Continued)

Sheridan Area Water Supply Joint Powers Board

The debt requirement on the State Land and Investment Board loans is as follows:

| Year ended June 30, | Total | | Total |
|---------------------|---------------------|-------------------|---------------------|
| | Principal | Interest | |
| 2025 | \$ 444,924 | \$ 54,791 | \$ 499,715 |
| 2026 | 458,815 | 40,531 | 499,346 |
| 2027 | 465,300 | 34,045 | 499,345 |
| 2028 | 471,884 | 27,461 | 499,345 |
| 2029 | 368,793 | 20,778 | 389,571 |
| 2030-2034 | 742,922 | 60,531 | 803,453 |
| 2035-2039 | 587,452 | 15,264 | 602,716 |
| | <u>\$ 3,540,090</u> | <u>\$ 253,401</u> | <u>\$ 3,793,491</u> |

Sheridan Area Water Supply Joint Powers Board has pledged future customer revenues to repay its debt. Pledged revenues of \$2,107,481 recognized during the year ended June 30, 2024, 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 debt service requirements:

| Debt | Debt amount | Revenue Pledged Through Fiscal Year | Principal and Interest as Percentage of Net Revenues | Principal and Interest Remaining | Principal and Interest Paid in Current Year |
|--|---------------------|-------------------------------------|--|----------------------------------|---|
| Big Goose Water Pipeline Loan #047 | \$ 1,514,960 | 2029 | 16% | \$ 1,583,499 | \$ 338,655 |
| Booster Station Replacement Loan # 126 | 629,763 | 2039 | 2.4% | 689,399 | 49,970 |
| Control Valve Loan #209 | 660,334 | 2039 | 2.5% | 739,407 | 53,589 |
| Water Meter Replacement Loan #158 | 317,300 | 2039 | 1.0% | 317,300 | 21,153 |
| Big Goose Water Treatment Plant Loan #125 | 417,733 | 2038 | 1.7% | 463,886 | 35,978 |
| | <u>\$ 3,540,090</u> | | | <u>\$ 3,793,491</u> | <u>\$ 499,345</u> |

Note 10. 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 cost sharing multiple employer defined benefit, contributory retirement plan covering substantially all employees of the State and of the Public School Systems of Wyoming. The Plan also covers employees of those political subdivisions and other statutorily allowed entities, which have elected to participate in the Plan. Substantially all City full-time employees are eligible to participate.

PEPP members are statutorily required to contribute 9.25% of their annual covered salary and the employer is statutorily required to contribute 9.37% of the annual covered payroll for a total of 18.62%. Legislation enacted in 1979 allows the employer to subsidize all or part of the employee contribution. The City has elected to contribute an additional 2.25% on behalf of eligible employees. Although paid by the City, for purposes of recording the net pension liability these additional contributions are considered to be employee contributions. The City currently pays 11.62% of covered payroll and the employees contribute the remaining portion, 7.00% of covered payroll. The City's contributions to the PEPP plan for the year ended June 30, 2024, was \$950,090, while the employees' portion was \$572,344.

For the year ended June 30, 2024, the City's statutorily required contributions to the PEPP pension plan was \$766,122. As of July 1, 2024, the statutorily required employer contribution rate will not increase for the employer or the employee.

The amount of contributions designated as employee contributions represents the portion of total contributions that a participant retains ownership of and can elect to receive as a refund upon termination of employment. Employers can elect to cover all or a portion of the employee's contribution at their discretion. Through legislation passed during the 2014 legislative session, two tiers of benefits were established for participants of this plan.

- For Tier 1, the Plan allows for normal retirement after four years of service and attainment of age 60. Early retirement is allowed provided the employee has completed four years of service and attained age 50 or 25 years of service but will result in a reduction of benefits based on the length of time remaining to age 60.
- For Tier 2, the Plan allows for normal retirement after four years of service and attainment of age 65. Early retirement is allowed provided the employee has completed four years of service and attained age 55, or 25 years of service 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 when the sum of the member's age and service is at least 85.

Note 10. Pension Plans (Continued)

Public Employees' Pension Plan (PEPP) (Continued)

Benefits are established by Title 9, Chapter 3 of the Wyoming Statutes. The PEPP provides retirement, disability, and death benefits according to predetermined formulas and allows retirees to select one of seven optional methods for receiving benefits, including two joint and survivor forms of benefits: a 100% joint and survivor annuity, and a 50% joint and survivor annuity. The benefit amounts under these options are determined on an actuarially equivalent basis. The State Legislature must grant any cost of living adjustment provided to retirees. In addition, a cost of living adjustment will not be approved by the legislature unless the plan is 100% funded after the COLA is awarded.

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

Law Enforcement Pension Plan

The City participates in the Law Enforcement Retirement Plan (LEPP) a cost sharing, multiple employer defined benefit, contributory plan covering 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, Wyoming Gaming Commission and Wyoming Board of Outfitters. On July 1, 2023, full-time state park rangers were added as members of the Law Enforcement Pension Plan.

LEPP members are statutorily required to contribute 8.60% of their annual covered salary and the employer is statutorily required to contribute 8.60% of the annual covered payroll for a total of 17.2%. Legislation enacted in 1979 allows the employer to subsidize all or part of the employee contribution. The City has elected to contribute an additional 3.02% on behalf of eligible employees. Although paid by the City, for purposes of recording the net pension liability these additional contributions are considered to be employee contributions. The City currently pays 11.62% of covered payroll and the police officers contribute the remaining portion, 5.58% of covered payroll. The City's contributions to the LEPP plan for the year ended June 30, 2024, \$289,954, while the employees' portion was \$139,480. As of July 1, 2024, the employer contribution rate will increase by 1.8% from 11.62% to 13.42% and there will be no increase in employee contribution rates.

For the year ended June 30, 2024, the City's statutorily required contributions to the LEPP pension plan was \$214,717. As of July 1, 2024, there will be 0.9% increase in employer and employee statutorily required contribution rates. The statutorily required contribution rates will increase from 8.6% to 9.5%.

The LEPP statutorily provides retirement, disability and death benefits according to predetermined amounts determined by salary, age and years of service of the participant. The State Legislature must grant any cost of living adjustment provided to retirees. In addition, a cost of living adjustment will not be approved by the legislature unless the plan is 100% funded after the COLA is awarded. Participants may withdraw from the Plan at any time and receive refunds of participant contributions and accumulated interest.

Note 10. Pension Plans (Continued)

Paid Fire A Pension Plan

The City participated in the Paid Fire A Pension Plan, a cost sharing multiple employer defined benefit, contributory retirement plan covering paid firefighters who were employed prior to July 1, 1981 and who elected to participate.

The Plan statutorily required participants to contribute 8% of their salary to a maximum not to exceed the salary of a Firefighter First Class. Employers were required to contribute 21% of their salary. Effective April 1, 1997, required contributions were suspended as the Plan was determined to be actuarially over-funded. Due to increased benefits and the lack of contributions, the Paid Fire A Pension Plan assets steadily decreased. The decreasing Plan assets prompted the 2022 State of Wyoming legislature to pass a bill (Senate Enrolled Act 6) providing additional funding to the Plan. This bill created a new Fire A legislative reserve account which received two one-time contributions, an employer contribution in the amount of \$20 million and a contribution from the State of Wyoming's general fund in the amount of \$55 million. In addition, 40% of the annual fire insurance premium tax was transferred to the Fire A legislative reserve account and will continue to be transferred until there are no remaining members receiving benefits. The bill also removed the 3% annual benefit increase (COLA) after April 1, 2022 and benefits to surviving spouses will only be paid for marriages occurring before April 1, 2022.

The figures shown in this report for the Paid Fire A Pension Plan include the original Paid Fire A Pension Plan account combined with the newly created Fire A legislative reserve account. The Fire A legislative reserve account will only be used to pay for Fire A pension plan benefits once the funds in the original Paid Fire A Pension Plan account are exhausted. Any remaining funds in the Fire A legislative reserve account will revert to the general fund when there are no longer any obligations.

The Plan statutorily provides retirement, disability and death benefits according to a percentage of a firefighter first class salary. Participants may withdraw from the Plan at any time and receive refunds of participant contributions without interest.

Paid Fire B Pension Plan

The City participates in the Paid Fire B Pension Plan, a cost sharing multiple employer defined benefit, contributory retirement plan covering paid firefighters who were employed after July 1, 1981.

The Plan statutorily requires participants to contribute 11.245% of their salary to the Plan and the employer is required to contribute 16% of each participant's salary. Legislation enacted in 1979 allows the employer to subsidize all or part of the employee contribution. The City's contributions to the Fire B plan for the year ended June 30, 2024, was \$252,048, while the employees' portion was \$177,143.

The City's statutorily required and actual contributions to the Fire B plan for the year ended June 30, 2024, was \$252,048, while the employees' portion was \$177,143. As of July 1, 2024, there will be no increase in employer or employee statutorily required contributions rates.

The Plan 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 receive refunds of participant contributions without interest.

Notes to the Financial Statements

Note 10. Pension Plans (Continued)

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

At June 30, 2024, the City reported a total liability of \$11,890,561 for its proportionate share of the net pension liability. The net pension liability (asset) was determined by an actuarial valuation as of January 1, 2023, 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 (asset) are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. An experience study was conducted covering the five-year period ending December 31, 2020. The net pension liability (asset) as of December 31, 2023 is based on the results of an actuarial valuation as of January 1, 2023, rolled forward to a measurement date of December 31, 2023.

The schedule below shows the City's proportionate share of the net pension liability (asset) as of June 30, 2024, the proportionate portion at the measurement date of December 31, 2023, and the change in the proportion from the previous measurement date.

| | Pension liability (asset) at June 30, 2024 | Proportion at December 31, 2023 | Increase (decrease) from December 31, 2022 |
|--------------------------------|--|------------------------------------|---|
| Public Employees' Pension Plan | \$ 8,863,371 | 0.390425700% | 0.015277800% |
| Law Enforcement Pension Plan | 1,817,183 | 1.345224300% | 0.019489500% |
| Paid Fire A Pension Plan | 1,247,242 | 8.037494400% | (0.138262800%) |
| Paid Fire B Pension Plan | (37,235) | 4.035566000% | 0.207960300% |
| | <u>\$ 11,890,561</u> | | |

For the year ended June 30, 2024, the City recognized pension expense of \$620,990.

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | | | | Total Outflows |
|--|--------------------------------|---------------------|-------------------|-------------------|---------------------|
| | PEPP | LEPP | Fire A | Fire B | |
| Net difference between projected and actual earnings on pension plan investments | \$ - | \$ - | \$ 162,506 | \$ - | \$ 162,506 |
| Difference between actual and expected experience rate | 171,241 | 158,058 | - | 89,702 | 419,001 |
| Changes in assumptions | 90,981 | 1,019,485 | - | 227,010 | 1,337,476 |
| Change in employer's proportion | 424,568 | 74,457 | - | 46,192 | 545,217 |
| Amortizing deferred outflows | 686,790 | 1,252,000 | 162,506 | 362,904 | 2,464,200 |
| Contributions subsequent to measurement date | 379,715 | 105,539 | - | 125,111 | 610,365 |
| Total | <u>\$ 1,066,505</u> | <u>\$ 1,357,539</u> | <u>\$ 162,506</u> | <u>\$ 488,015</u> | <u>\$ 3,074,565</u> |

Notes to the Financial Statements

Note 10. Pension Plans (Continued)

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

| | Deferred Inflows of Resources | | | | Total Inflows |
|--|-------------------------------|-----------------------|-------------|---------------------|-----------------------|
| | PEPP | LEPP | Fire A | Fire B | |
| Net difference between projected and actual earnings on pension plan investments | \$ (314,181) | \$ (109,578) | \$ - | \$ (75,342) | \$ (499,101) |
| Difference between actual and expected experience rate | (38,719) | (94,871) | - | (154,125) | (287,715) |
| Changes in assumptions | - | (2,158,481) | - | (227,464) | (2,385,945) |
| Change in employer's proportion | - | (1,283) | - | (31,112) | (32,395) |
| Amortizing deferred inflows | <u>\$ (352,900)</u> | <u>\$ (2,364,213)</u> | <u>\$ -</u> | <u>\$ (488,043)</u> | <u>\$ (3,205,156)</u> |

The City reported \$610,365 as deferred outflows of resources related to contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows and inflows related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | Outflows/(Inflows) |
|---------------------|---------------------|
| 2025 | \$ (77,249) |
| 2026 | (555,076) |
| 2027 | 646,825 |
| 2028 | (773,544) |
| 2029 | 13,071 |
| Thereafter | 5,017 |
| | <u>\$ (740,956)</u> |

Notes to the Financial Statements

Note 10. Pension Plans (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2023 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, 2023 |
| Actuarial cost method | Entry Age Normal |
| Amortization method | |
| PEPP, LEPP, Fire B | Level Percentage of Payroll, Closed |
| Fire A | Level Dollar, Open |
| Remaining amortization period | |
| PEPP | 24 years |
| LEPP | 22 years |
| Fire A | 10 years |
| Fire B | 22 years |
| Asset valuation method | 5 year smoothed market |
| Assumed inflation rate | 2.25% |
| Projected salary increases | |
| PEPP | 2.5% to 6.5%, including inflation |
| LEPP | 5.25% to 9.25%, including inflation |
| Fire A | 4.50%, including inflation |
| Fire B | 4.50% to 7.50%, including inflation |
| Payroll growth rate | |
| PEPP, LEPP, Fire B | 2.50% |
| Fire A | 0.00% |
| Cost of living increase | 0.00% |
| Investment rate of return | 6.80% |
| Retirement Age | |
| PEPP, LEPP, Fire A, Fire B | |

Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2022 valuation pursuant to an experience study of the period 2016-2020.

Note 10. Pension Plans (Continued)

Actuarial Assumptions (Continued)

Actuarial Assumptions and Methods (Continued)

| Actuarial Assumptions and Methods (Continued) | |
|---|---|
| Post-Retirement Mortality | |
| PEPP | Pub-2010 General Healthy Annuitant Mortality Table, amount-weighted, fully generational, projected with MP-2020 Ultimate Scale |
| LEPP, Fire B, Fire A | Pub-2010 Safety Healthy Annuitant Mortality Table, amount-weighted, fully generational, projected with the MP-2020 Ultimate Scale |
| PEPP, LEPP, Fire A, Fire B | Males: No set back with a multiplier of 100% |
| PEPP | Females: No set back with a multiplier of 103% |
| LEPP, Fire B, Fire A | Females: No set back with a multiplier of 100% |
| Pre-Retirement Mortality | |
| PEPP | Pub-2010 General Employee Mortality Table, amount-weighted, fully generational, projected with MP-2020 Ultimate Scale |
| LEPP, Fire B, Fire A | Pub-2010 Safety Employee Mortality Table, amount-weighted, fully generational, projected with the MP-2020 Ultimate Scale |
| 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, 2023. In addition, a five-year experience study was completed as of December 31, 2020 and this study provides a detailed analysis regarding recommendations on the long-term rates for inflation and the real rate of return. The assumed rate of investment return of 6.80% (real return net of inflation of 4.55%) falls within a reasonable range of the long-term expected rate of return.

Notes to the Financial Statements**Note 10. Pension Plans (Continued)*****Actuarial Assumptions (Continued)***

The long-term expected rate of return on pension plan investments was determined using a building block method in which expected future real rates of return (expected arithmetic returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Each major asset class is included in the pension plans target asset allocation for the fiscal year 2023. 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 | 0.50% | -0.30% | -0.30% |
| Gold | 1.50% | 2.13% | 0.70% |
| Fixed income | 20.00% | 3.38% | 3.80% |
| Equity | 51.50% | 6.52% | 8.20% |
| Marketable alternatives | 16.00% | 4.39% | 5.23% |
| Private real assets | 10.50% | 5.97% | 7.48% |
| Total | 100.00% | 5.39% | 6.61% |

Discount Rate

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

For purposes of this valuation, the expected rate of return on pension plan investments is 6.80%, the municipal bond rate is 3.77% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"); and the resulting single discount rates listed above.

Note 10. Pension Plans (Continued)

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

The following table represents the City's proportionate share of the net unfunded pension liability (asset) for each plan calculated using the discount rate as previously discussed as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the rate used:

| | 1% Decrease | Current Single Discount Rate Assumption | 1% Increase |
|----------------------------------|---------------|--|--------------|
| | 5.80% | 6.80% | 7.80% |
| Primary government pension plans | | | |
| Public Employees' Pension Plan | \$ 14,075,322 | \$ 8,863,371 | \$ 4,544,237 |
| Law Enforcement Pension Plan | 3,666,980 | 1,817,183 | 304,533 |
| Paid Fire A Pension Plan | 2,179,931 | 1,247,242 | 433,760 |
| Paid Fire B Pension Plan | 1,244,348 | (37,235) | (1,101,094) |

Payables to the Pension Plan – At June 30, 2024, the City reported no payables to the pension plans.

Note 11. Landfill Post Closure, Monitoring Costs and Remediation

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 post closure 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 post closure 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 \$7,454,269 reported as landfill closure and post closure care liability at June 30, 2024, represents the cumulative amount estimated to date based on the use of 100% of the estimated capacity of cells T678, as well as 99% of cell 9. The City will recognize the remaining estimated costs of closure of \$30,390 as the remaining estimated capacity is filled. The post closure costs are updated each year to reflect the change in present value. The calculation of the estimated liability has been based on what it would cost to perform all closure and post closure care in 2024.

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 cell 9 would have an estimated remaining life of 0.18 years. In the current year the City adjusted its liability for landfill closure and post closure costs, resulting in a reduction of expenditures in the amount of \$4,771,360 reflected in the Solid Waste Fund.

The City has restricted fund balance for \$2,187,399. It is anticipated that future inflation costs will be financed in part from investment earnings and grant awards. The remaining portion of anticipated future inflation costs and additional costs that may arise from changes in post closure 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.

Note 11. Landfill Post Closure, Monitoring Costs and Remediation (Continued)

Remediation

The City has recorded a liability of \$6,046,487 in the Solid Waste Fund for remediation of groundwater contamination at the Sheridan Solid Waste Disposal Facility. This estimate is based on engineering studies and regulatory requirements and includes costs for excavating waste from unlined areas and relocating it to lined sections of the landfill, as well as associated environmental monitoring and remediation measures. During the fiscal year, \$188,486 was expended toward remediation activities, reducing the liability to an ending balance of \$5,858,001 as of June 30, 2024. The remediation efforts are mandated by federal and state environmental regulations, requiring the City to take corrective actions to prevent further contamination and ensure compliance with environmental standards. (See Note 19).

Actual costs may vary due to changes in project scope, inflation, technological advancements, or regulatory updates. The estimate does not include potential costs for future post-remediation monitoring or long-term maintenance. The City is evaluating various funding sources to cover remediation costs, including general funds, landfill fees, and potential grant opportunities. However, no third-party reimbursements have been recorded or anticipated as of the reporting date. The liability will be reassessed and adjusted annually as new information becomes available or as cost estimates are refined.

Note 12. Fund Balance/Net Position

In order to meet future needs, the City Council has committed \$6,222,037 of fund balance within the general fund for reserves and emergency needs.

The Solid Waste Fund had a deficit unrestricted net position at June 30, 2024 of \$10,035,321. The City plans to eliminate the deficit balance through the receipt of grant and local matching revenues and future rate increases.

The City has established capital and operating reserve balances in accordance with city ordinances, which mandates the allocation of funds for future capital projects and operational needs. The following reserves are designated for their respective purposes and are intended to ensure the financial stability and long-term sustainability of the City’s enterprise fund operations. The capital and operation reserves are as follows:

| | <u>Capital Reserves</u> | <u>Operating Reserves</u> |
|------------------|-------------------------|---------------------------|
| Solid Waste Fund | \$ 704,971 | \$ 625,000 |
| Water Fund | 2,678,318 | - |
| Sewer Fund | 1,131,523 | - |
| | <u>\$ 4,514,812</u> | <u>\$ 625,000</u> |

Notes to the Financial Statements

Note 13. Correction of an Error

In fiscal year 2024, SAWS identified infrastructure contributions made by developers in prior years had not been properly recorded as assets. The effect of including these additions on prior period and beginning net position is below:

| | |
|---|----------------------|
| Net position at June 30, 2023, as previously reported | \$ 38,848,396 |
| Net increase (decrease) due to correction of an error | |
| Water System Capital Assets | 248,574 |
| Accumulated Depreciation and Amortization | (7,698) |
| Net position at June 30, 2023, as restated | <u>\$ 39,089,272</u> |

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Notes to the Financial Statements

Note 14. 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 \$322,049 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 \$282,114 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.

Payments from SAWS

Shared Overhead Costs

SAWS reimburses the City for shared overhead costs related to utility billings and collections as well as equipment maintenance. 758,327

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 | \$ 1,868,393 | |
| Water shares purchased | 864,563 | 2,732,956 |
| | | |
| Payments due to the City for reimbursement of shared SAWS overhead costs | | 254,390 |
| Payments due to the City for reimbursement of payroll and overhead costs for Sheridan County Travel and Tourism Joint Powers Board | | <u>27,279</u> |
| Total due from component units | | <u><u>\$ 3,014,625</u></u> |

Due from Primary Government

| | | |
|--|---------------|-------------------------|
| Payments due from the City for user fees to SAWS | \$ 59,092 | |
| Total due to primary government | <u>59,092</u> | <u><u>\$ 59,092</u></u> |

Notes to the Financial Statements

Note 15. 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 2024 were \$227,121.

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 2024 and 2023 were as follows for the City's participation in the Unemployment Compensation Act Program:

| | Fiscal Year Ended 2024 | Fiscal Year Ended 2023 |
|----------------------------------|---------------------------|---------------------------|
| Unpaid claims, beginning of year | \$ - | \$ - |
| Incurred claims | 18,596 | 1,185 |
| Claim payments | (18,596) | (1,185) |
| Unpaid claims, end of year | <u>\$ -</u> | <u>\$ -</u> |

Note 16. 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, 2024, the City paid \$3,016,825 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.

Notes to the Financial Statements**Note 17. Commitments and Contingencies**

The City is required by the Department of Environmental Quality to monitor a landfill site for possible contamination (Note 11). 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, 2024, the City has committed \$31.3 million to fund various projects from future appropriations.

| Project Name | Original Contract Amount | Expended To Date | Remaining Commitment |
|-------------------------------------|-----------------------------|---------------------|-------------------------|
| Primary government | | | |
| Governmental activities | | | |
| ERP Financial Software | \$ 1,200,000 | \$ 618,873 | \$ 581,127 |
| Blacktooth Park Restroom Phase 4 | 1,123,000 | 4,962 | 1,118,038 |
| Kendrick Pool | 653,760 | 639,896 | 13,864 |
| Teal Springs Pathway | 165,979 | 17,097 | 148,882 |
| Downtown Bathrooms | 36,862 | 28,623 | 8,239 |
| Police Dept Boiler | 200,000 | 21,900 | 178,100 |
| Residence Hill | 14,000,000 | 156,717 | 13,843,283 |
| North Sheridan Interchange | 11,000,000 | 9,728,689 | 1,271,311 |
| East Downtown Improvements | 500,000 | 156 | 499,844 |
| East 5th St Corridor | 3,457,100 | 2,201,454 | 1,255,646 |
| 5th St Bridge Repairs | 3,500,000 | 137,252 | 3,362,748 |
| Main St Reconstruction - Jr High | 11,156,900 | 9,715,410 | 1,441,490 |
| Beltway Project | 400,000 | 7,649 | 392,351 |
| Total governmental activities | 47,393,601 | 23,278,678 | 24,114,923 |
| Business-type activities | | | |
| Sewer Fund | | | |
| North Sheridan Interchange | 750,000 | 750,000 | - |
| Sewer Creek Crossing | 750,000 | 1,788 | 748,212 |
| WWTP South Clarifier | 210,520 | 69,233 | 141,287 |
| WWTP Facility Improvements | 298,079 | 111,532 | 186,547 |
| Total sewer fund | 2,008,599 | 932,553 | 1,076,046 |
| Water Fund | | | |
| North Sheridan Interchange | 1,258,000 | 1,258,000 | - |
| Terra, Turner, Riverside | 1,874,364 | 1,801,716 | 72,648 |
| Water Creek Crossing | 750,000 | 1,841 | 748,159 |
| North Heights Waterline Replacement | 5,000,000 | 4,042,901 | 957,099 |
| Northeast Transmission Main | 4,000,000 | 118,869 | 3,881,131 |
| SWTP Floor Project | 255,000 | 16,002 | 238,998 |
| BGWTP Porch Repairs | 195,534 | 10,221 | 185,313 |
| Total water fund | 13,332,898 | 7,249,550 | 6,083,348 |
| Solid Waste Fund | | | |
| Landfill Cell 10 | 3,930,660 | 3,930,660 | - |
| Total solid waste fund | 3,930,660 | 3,930,660 | - |
| Total business-type activities | 19,272,157 | 12,112,763 | 7,159,394 |
| Total primary government | \$ 66,665,758 | \$ 35,391,441 | \$ 31,274,317 |

Note 17. 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 financial statements of the City.

Note 18. Accounting Standards Issued, But Not Implemented

GASB Statement No. 101, *Compensated Absences*, aligns recognition and measurement guidance for all types of compensated absences under a unified model, which will result in governments recognizing a liability that more appropriately reflects when they incur an obligation for compensated absences. The model also will lead to greater consistency in application and improved comparability across governments. The requirements of the Statement are effective for reporting periods beginning after December 15, 2023.

GASB Statement No. 102, *Certain Risk Disclosures*, requires governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. A concentration, as defined by Statement No. 102, is a lack of diversity related to an aspect of a significant inflow or outflow of resources, for example, a small number of companies that represent a majority of employment in a government's jurisdiction, or a government that relies on one revenue source for most of its revenue. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority, such as a voter-approved property tax cap or a state-imposed debt limit. The requirements of the Statement are effective for reporting periods beginning after June 15, 2024.

GASB Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. Key provisions of this Statement include (1) recognition and measurement of revenues and expenditures; (2) presentation enhancements; and (3) note disclosures. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, requires governments to separately disclose certain types of capital assets, including lease assets, intangible right-to-use assets, and subscription assets, to enhance transparency in financial statements. It also provides guidelines for capital assets held for sale, requiring disclosure of their cost and accumulated depreciation. These requirements are effective for fiscal years beginning after June 15, 2025, with early adoption encouraged.

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

Note 19. Subsequent Events

In December 2024, the City was awarded a Clean Water State Revolving Fund Loan from the State of Wyoming Office of State Land and Investments (OSLI) for \$2,630,000.

In December 2024, the City was awarded a Drinking Water State Revolving Fund Loan from the State of Wyoming Office of State Land and Investments (OSLI) for \$2,420,000.

Notes to the Financial Statements

Note 19. Subsequent Events (Continued)

In November 2024, the City entered into a formal agreement for the remediation of groundwater contamination at the Sheridan Solid Waste Disposal Facility. The total estimated cost of the remediation project is \$6,046,487. Although the agreement was executed after year-end, the City had knowledge of the environmental obligation as of the reporting date. In accordance with GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, the liability for the estimated remediation costs has been recognized in the financial statements as of June 30, 2024 as the City determined that an obligating event had occurred prior to year-end (See Note 11).



**REQUIRED
SUPPLEMENTARY
INFORMATION**

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City of Sheridan, Wyoming
Year Ended June 30, 2024

**Schedule of Revenues, Expenses and Changes in Fund Balance - Budget and Actual -
General Fund
(Unaudited)**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|----------------------|----------------------|----------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 11,815,252 | \$ 11,815,252 | \$ 11,865,505 | \$ 50,253 |
| Licenses and permits | 1,021,305 | 1,021,305 | 1,250,494 | 229,189 |
| Intergovernmental | 120,000 | 120,000 | 120,000 | - |
| Fines, forfeitures, and penalties | 290,000 | 290,000 | 280,166 | (9,834) |
| Charges for services | 100,000 | 100,000 | 110,670 | 10,670 |
| Pari-mutuel and lottery | 417,000 | 417,000 | 498,710 | 81,710 |
| Investment income | 150,000 | 150,000 | 754,920 | 604,920 |
| Contributions | 186,943 | 186,943 | 185,759 | (1,184) |
| Miscellaneous revenues | 79,900 | 79,900 | 81,968 | 2,068 |
| Total revenues | <u>14,180,400</u> | <u>14,180,400</u> | <u>15,148,192</u> | <u>967,792</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | 3,782,223 | 4,032,223 | 4,102,212 | (69,989) |
| Public safety | 7,783,186 | 7,783,186 | 7,463,189 | 319,997 |
| Public works | 3,015,798 | 3,015,798 | 2,705,620 | 310,178 |
| Parks and recreation | 907,126 | 907,126 | 941,111 | (33,985) |
| Conservation and development | 231,927 | 381,927 | 267,270 | 114,657 |
| Capital outlay | - | - | 476,871 | (476,871) |
| Debt service - principal | 86,275 | 86,275 | 101,275 | (15,000) |
| Total expenditures | <u>15,806,535</u> | <u>16,206,535</u> | <u>16,057,548</u> | <u>148,987</u> |
| Deficiency of revenues over expenditures | <u>(1,626,135)</u> | <u>(2,026,135)</u> | <u>(909,356)</u> | <u>1,116,779</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 1,968,500 | 1,968,500 | 1,968,500 | - |
| Transfers out | (290,226) | (290,226) | (283,844) | 6,382 |
| Sale of capital assets | - | - | 81,469 | 81,469 |
| Lease proceeds | - | - | 43,227 | 43,227 |
| Total other financing sources (uses) | <u>1,678,274</u> | <u>1,678,274</u> | <u>1,809,352</u> | <u>131,078</u> |
| Net change in fund balances | 52,139 | (347,861) | 899,996 | <u>\$ 1,247,857</u> |
| Fund balance - beginning of year | <u>10,773,353</u> | <u>10,773,353</u> | <u>10,773,353</u> | |
| Fund balance - end of year | <u>\$ 10,825,492</u> | <u>\$ 10,425,492</u> | <u>\$ 11,673,349</u> | |

City of Sheridan, Wyoming
Year Ended June 30, 2024

**Schedule of Revenues, Expenses and Changes in Fund Balance - Budget and Actual -
One Cent Fund
(Unaudited)**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---------------------|---------------------|---------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 5,390,944 | \$ 5,390,944 | \$ 3,403,423 | \$ (1,987,521) |
| Investment income | - | - | 95,335 | 95,335 |
| Total revenues | <u>5,390,944</u> | <u>5,390,944</u> | <u>3,498,758</u> | <u>(1,892,186)</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | 344,572 | 344,572 | 9,334 | 335,238 |
| Health and welfare | 74,000 | 74,000 | 74,000 | - |
| Public safety | 743,690 | 743,690 | 671,413 | 72,277 |
| Public works | 380,023 | 380,023 | 450,059 | (70,036) |
| Parks and recreation | 508,700 | 508,700 | 485,354 | 23,346 |
| Conservation and development | 200,000 | 200,000 | 197,000 | 3,000 |
| Capital outlay | 1,041,979 | 1,041,979 | 555,899 | 486,080 |
| Total expenditures | <u>3,292,964</u> | <u>3,292,964</u> | <u>2,443,059</u> | <u>849,905</u> |
| Excess of revenues over expenditures | <u>2,097,980</u> | <u>2,097,980</u> | <u>1,055,699</u> | <u>(1,042,281)</u> |
| Other financing uses | | | | |
| Transfers out | <u>(1,973,880)</u> | <u>(1,973,880)</u> | <u>(42,118)</u> | <u>1,931,762</u> |
| Total other financing uses | <u>(1,973,880)</u> | <u>(1,973,880)</u> | <u>(42,118)</u> | <u>1,931,762</u> |
| Net change in fund balance | 124,100 | 124,100 | 1,013,581 | <u>\$ 889,481</u> |
| Fund balance - beginning of year | <u>1,817,591</u> | <u>1,817,591</u> | <u>1,817,591</u> | |
| Fund balance - end of year | <u>\$ 1,941,691</u> | <u>\$ 1,941,691</u> | <u>\$ 2,831,172</u> | |

City of Sheridan, Wyoming
Year Ended June 30, 2024

**Schedule of Revenues, Expenses and Changes in Fund Balance - Budget and Actual -
Direct Distribution Fund
(Unaudited)**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|---------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ 2,633,287 | \$ 2,633,287 | \$ 2,633,288 | \$ 1 |
| Charges for services | 24,000 | 24,000 | 24,000 | - |
| Investment income | - | - | 80,916 | 80,916 |
| Total revenues | <u>2,657,287</u> | <u>2,657,287</u> | <u>2,738,204</u> | <u>80,917</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | 420,600 | 420,600 | 554,010 | (133,410) |
| Public safety | 206,950 | 206,950 | 228,412 | (21,462) |
| Public works | 762,700 | 762,700 | 463,994 | 298,706 |
| Conservation and development | 420,000 | 420,000 | 254,169 | 165,831 |
| Capital outlay | 659,700 | 659,700 | 403,144 | 256,556 |
| Debt service - principal | - | - | 230,329 | (230,329) |
| - interest | - | - | 9,327 | (9,327) |
| Total expenditures | <u>2,469,950</u> | <u>2,469,950</u> | <u>2,143,385</u> | <u>326,565</u> |
| Excess of revenues over expenditures | <u>187,337</u> | <u>187,337</u> | <u>594,819</u> | <u>407,482</u> |
| Other financing uses | | | | |
| Transfers out | <u>(150,000)</u> | <u>(150,000)</u> | <u>(150,000)</u> | <u>-</u> |
| Total other financing uses | <u>(150,000)</u> | <u>(150,000)</u> | <u>(150,000)</u> | <u>-</u> |
| Net change in fund balances | 37,337 | 37,337 | 444,819 | <u>\$ 407,482</u> |
| Fund balance - beginning of year | <u>872,262</u> | <u>872,262</u> | <u>872,262</u> | |
| Fund balance - end of year | <u>\$ 909,599</u> | <u>\$ 909,599</u> | <u>\$ 1,317,081</u> | |

City of Sheridan, Wyoming
Year Ended June 30, 2024

**Schedule of Revenues, Expenses and Changes in Fund Balance - Budget and Actual -
Capital Tax Fund
(Unaudited)**

| | Budgeted Amounts | | Actual Amounts | Variance with |
|----------------------------------|------------------|-------|----------------|--|
| | Original | Final | | Final Budget Positive (Negative) |
| Revenues | | | | |
| Taxes | \$ - | \$ - | \$ 5,044,545 | \$ 5,044,545 |
| Investment income | - | - | 19,187 | 19,187 |
| Total revenues | - | - | 5,063,732 | 5,063,732 |
| Other financing uses | | | | |
| Transfers out | - | - | (5,044,545) | (5,044,545) |
| Total other financing uses | - | - | (5,044,545) | (5,044,545) |
| Net change in fund balance | - | - | 19,187 | \$ 19,187 |
| Fund balance - beginning of year | - | - | - | |
| Fund balance - end of year | \$ - | \$ - | \$ 19,187 | |

City of Sheridan, Wyoming
Year Ended June 30, 2024

**Schedule of Revenues, Expenses and Changes in Fund Balance - Budget and Actual -
Public Benefits Fund
(Unaudited)**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|----------------------------------|------------------|-------|----------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ - | \$ - | \$ 1,131,958 | \$ 1,131,958 |
| Total revenues | - | - | 1,131,958 | 1,131,958 |
| Other financing uses | | | | |
| Transfers out | - | - | (903,409) | (903,409) |
| Total other financing uses | - | - | (903,409) | (903,409) |
| Net change in fund balance | - | - | 228,549 | \$ 228,549 |
| Fund balance - beginning of year | - | - | - | |
| Fund balance - end of year | \$ - | \$ - | \$ 228,549 | |

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City of Sheridan, Wyoming
Year Ended June 30, 2024

**Schedule of Revenues, Expenses and Changes in Fund Balance - Budget and Actual -
Special Revenue Fund
(Unaudited)**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|------------------|------------------|-------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ 440,326 | \$ 440,326 | \$ 248,933 | \$ (191,393) |
| Investment income | - | - | 7,978 | 7,978 |
| Contributions | 69,245 | 69,245 | 69,295 | 50 |
| Miscellaneous revenues | - | - | 3,647 | 3,647 |
| Total revenues | <u>509,571</u> | <u>509,571</u> | <u>329,853</u> | <u>(179,718)</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | 14,059 | 14,059 | - | 14,059 |
| Health and welfare | 8,500 | 8,500 | 1,798 | 6,702 |
| Public safety | 212,853 | 212,853 | 151,006 | 61,847 |
| Parks and recreation | 7,320 | 7,320 | 5,740 | 1,580 |
| Conservation and development | 60,168 | 60,168 | 16,205 | 43,963 |
| Capital outlay | 369,518 | 369,518 | 212,560 | 156,958 |
| Total expenditures | <u>672,418</u> | <u>672,418</u> | <u>387,309</u> | <u>285,109</u> |
| Deficiency of revenues over expenditures | <u>(162,847)</u> | <u>(162,847)</u> | <u>(57,456)</u> | <u>(464,827)</u> |
| Other financing sources | | | | |
| Transfers in | 13,144 | 13,144 | - | 13,144 |
| Total other financing sources | <u>13,144</u> | <u>13,144</u> | <u>-</u> | <u>13,144</u> |
| Net change in fund balance | <u>(149,703)</u> | <u>(149,703)</u> | <u>(57,456)</u> | <u>\$ (451,683)</u> |
| Fund balance - beginning of year | <u>161,794</u> | <u>161,794</u> | <u>161,794</u> | |
| Fund balance - end of year | <u>\$ 12,091</u> | <u>\$ 12,091</u> | <u>\$ 104,338</u> | |

City of Sheridan, Wyoming

Last 10 fiscal years

Schedule of Changes in Net Pension Liability and Related Ratios

(Unaudited)

| | 2024 | 2023 | 2022 | 2021 |
|---|--------------|---------------|--------------|---------------|
| Primary Government | | | | |
| Public Employees Pension Plan | | | | |
| Proportion of the net pension liability | 0.390425700% | 0.375147900% | 0.359993751% | 0.356808894% |
| Proportionate share of the net pension liability | \$ 8,863,371 | \$ 10,252,095 | \$ 5,488,902 | \$ 7,754,741 |
| Covered payroll | \$ 7,333,434 | \$ 6,773,418 | \$ 6,551,627 | \$ 6,352,866 |
| Proportionate share of the net pension liability as a percentage of its covered payroll | 120.86% | 151.36% | 83.78% | 122.07% |
| Plan fiduciary net position as a percentage of the total pension liability | 80.19% | 75.47% | 86.03% | 79.24% |
| Wyoming Law Enforcement Retirement Plan | | | | |
| Proportion of the net pension liability | 1.345224300% | 1.325734800% | 1.288601783% | 1.262762177% |
| Proportionate share of the net pension liability | \$ 1,817,183 | \$ 4,516,177 | \$ 3,666,569 | \$ 860,221 |
| Covered payroll | \$ 2,250,053 | \$ 2,139,807 | \$ 2,140,770 | \$ 2,029,757 |
| Proportionate share of the net pension liability as a percentage of its covered payroll | 80.76% | 211.06% | 171.27% | 42.38% |
| Plan fiduciary net position as a percentage of the total pension liability | 86.90% | 70.30% | 75.62% | 91.82% |
| Paid Firemen's Pension Plan A | | | | |
| Proportion of the net pension liability | 8.037494400% | 8.175757200% | 8.702659754% | 8.394891128% |
| Proportionate share of the net pension liability | \$ 1,247,242 | \$ 3,023,278 | \$ 8,508,696 | \$ 27,181,667 |
| Covered payroll | \$ - | \$ - | \$ 5,711 | \$ 5,509 |
| Proportionate share of the net pension liability as a percentage of its covered payroll | N/A | N/A | 148,993.79% | 493,421.65% |
| Plan fiduciary net position as a percentage of the total pension liability | 89.37% | 77.49% | 42.90% | 21.77% |
| Paid Firemen's Pension Plan B | | | | |
| Proportion of the net pension liability (asset) | 4.035566000% | 3.827605700% | 3.682529264% | 3.716260594% |
| Proportionate share of the net pension liability (asset) | \$ (37,235) | \$ 419,890 | \$ (557,185) | \$ (86,590) |
| Covered payroll | \$ 1,350,485 | \$ 1,196,189 | \$ 1,103,781 | \$ 1,061,289 |
| Proportionate share of the net pension liability (asset) as a percentage of its covered payroll | -2.76% | 35.10% | -50.48% | -8.16% |
| Plan fiduciary net position as a percentage of the total pension liability | 100.40% | 94.92% | 107.43% | 101.27% |

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

| 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---------------|---------------|---------------|---------------|---------------|---------------|
| 0.350154006% | 0.335674335% | 0.322448996% | 0.309558400% | 0.294162808% | 0.293415604% |
| \$ 8,228,359 | \$ 10,222,260 | \$ 7,349,711 | \$ 7,483,575 | \$ 6,852,075 | \$ 5,177,882 |
| \$ 6,086,422 | \$ 5,845,281 | \$ 5,727,912 | \$ 5,519,133 | \$ 5,130,417 | \$ 5,015,683 |
| 135.19% | 174.88% | 128.31% | 135.59% | 133.56% | 103.23% |
| 76.83% | 69.17% | 76.35% | 73.42% | 73.40% | 79.08% |
| 1.281365398% | 1.252586654% | 1.270164757% | 1.329358600% | 1.327450060% | 1.263715835% |
| \$ 1,104,521 | \$ 3,032,165 | \$ 1,092,906 | \$ 1,003,558 | \$ 997,180 | \$ 372,337 |
| \$ 1,997,027 | \$ 1,902,663 | \$ 1,950,301 | \$ 2,057,571 | \$ 1,996,481 | \$ 1,867,656 |
| 55.31% | 159.36% | 56.04% | 48.77% | 49.95% | 19.94% |
| 89.05% | 71.22% | 87.99% | 88.11% | 87.49% | 94.76% |
| 8.185487213% | 8.161158962% | 8.117383059% | 8.056056600% | 7.953947175% | 7.594531813% |
| \$ 21,329,365 | \$ 18,525,850 | \$ 18,160,929 | \$ 14,780,670 | \$ 14,750,947 | \$ 12,499,661 |
| \$ 5,371 | \$ 10,949 | \$ 15,847 | \$ 15,727 | \$ 14,276 | \$ 15,068 |
| 397,091.47% | 169,207.44% | 114,602.87% | 93,982.30% | 103,325.29% | 82,955.81% |
| 27.32% | 29.99% | 34.28% | 38.91% | 40.05% | 45.95% |
| 3.730254406% | 3.705987039% | 3.831061969% | 3.699170000% | 3.816322995% | 3.831260855% |
| \$ 265,126 | \$ 777,635 | \$ 1,579,732 | \$ 1,167,507 | \$ 1,166,826 | \$ (43,087) |
| \$ 1,045,530 | \$ 993,615 | \$ 1,080,731 | \$ 976,229 | \$ 991,727 | \$ 940,673 |
| 25.36% | 78.26% | 146.17% | 119.59% | 117.66% | -4.58% |
| 95.93% | 87.07% | 77.98% | 80.16% | 79.33% | 100.98% |

**Schedule of Pension Contributions
(Unaudited)**

| | 2024 | 2023 | 2022 | 2021 |
|--|--------------|--------------|--------------|--------------|
| Primary Government | | | | |
| Public Employees Pension Plan | | | | |
| Statutorily required contribution | \$ 766,122 | \$ 710,311 | \$ 636,097 | \$ 579,841 |
| Contributions in relation to the statutorily required contribution | (766,122) | (710,311) | (636,097) | (579,841) |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 8,176,329 | \$ 7,580,694 | \$ 6,788,655 | \$ 6,357,906 |
| Contributions as a percentage of covered | 9.37% | 9.37% | 9.37% | 9.12% |
| Wyoming Law Enforcement Retirement Plan | | | | |
| Statutorily required contribution | \$ 214,717 | \$ 210,115 | \$ 188,581 | \$ 172,760 |
| Contributions in relation to the statutorily required contribution | (214,717) | (210,115) | (188,581) | (172,760) |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 2,496,709 | \$ 2,443,198 | \$ 2,192,802 | \$ 2,008,837 |
| Contributions as a percentage of covered | 8.60% | 8.60% | 8.60% | 8.60% |
| Paid Firemen's Pension Plan A | | | | |
| Statutorily required contribution | \$ - | \$ - | \$ - | \$ - |
| Contributions in relation to the statutorily required contribution | - | - | - | - |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ - | \$ - | \$ - | \$ - |
| Contributions as a percentage of covered | 0.00% | 0.00% | 0.00% | 0.00% |
| Paid Firemen's Pension Plan B | | | | |
| Statutorily required contribution | \$ 252,048 | \$ 223,211 | \$ 181,433 | \$ 152,473 |
| Contributions in relation to the statutorily required contribution | (252,048) | (223,211) | (181,433) | (152,473) |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 1,575,300 | \$ 1,395,069 | \$ 1,209,553 | \$ 1,089,093 |
| Contributions as a percentage of covered | 16.00% | 16.00% | 15.00% | 14.00% |

| 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--------------|--------------|--------------|--------------|--------------|--------------|
| \$ 554,273 | \$ 519,012 | \$ 475,714 | \$ 471,545 | \$ 454,004 | \$ 393,236 |
| (554,273) | (519,012) | (475,714) | (471,545) | (454,004) | (393,236) |
| <u>\$ -</u> |
| \$ 6,248,850 | \$ 6,021,021 | \$ 5,683,560 | \$ 5,633,751 | \$ 5,424,182 | \$ 5,160,577 |
| 8.87% | 8.62% | 8.37% | 8.37% | 8.37% | 7.62% |
| \$ 176,915 | \$ 173,412 | \$ 170,593 | \$ 170,196 | \$ 183,992 | \$ 174,155 |
| (176,915) | (173,412) | (170,593) | (170,196) | (183,992) | (174,155) |
| <u>\$ -</u> |
| \$ 2,057,151 | \$ 2,016,419 | \$ 1,983,640 | \$ 1,979,023 | \$ 2,139,442 | \$ 2,025,058 |
| 8.60% | 8.60% | 8.60% | 8.60% | 8.60% | 8.60% |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| <u>\$ -</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| \$ 137,879 | \$ 125,523 | \$ 122,560 | \$ 124,294 | \$ 125,777 | \$ 127,446 |
| (137,879) | (125,523) | (122,560) | (124,294) | (125,777) | (127,446) |
| <u>\$ -</u> |
| \$ 1,060,608 | \$ 1,046,025 | \$ 1,021,333 | \$ 1,035,783 | \$ 1,048,142 | \$ 1,062,050 |
| 13.00% | 12.00% | 12.00% | 12.00% | 12.00% | 12.00% |

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

| | General Fund | One Cent Fund |
|--|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> |
| Revenues | | |
| Actual amounts (Budgetary) from the Schedule of Revenues, Expenditures, and Changes in Fund Balances compared to Budget (Budgetary Basis) | \$ 15,148,192 | \$ 3,498,758 |
| Differences - Budgetary Basis to GAAP | | |
| Accounts receivable | 28,872 | - |
| Due from other governments | 379,065 | 21,954 |
| Due from fiduciary fund | 550 | - |
| Accrued interest | 9,591 | 1,875 |
| | <u> </u> | <u> </u> |
| Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | <u>\$ 15,566,270</u> | <u>\$ 3,522,587</u> |
| Expenditures | | |
| Actual amounts (Budgetary) from the Schedule of Revenues, Expenditures, and Changes in Fund Balances compared to Budget (Budgetary Basis) | \$ 16,057,548 | \$ 2,443,059 |
| Differences - Budgetary Basis to GAAP | | |
| Accounts payable | 142,666 | 39,654 |
| Accrued liabilities | 74,035 | - |
| Accrued interest payable | - | 622 |
| Prepaid items | 11,533 | (9,235) |
| Capital outlay | - | - |
| Capital outlay - right-to-use leased equipment | - | - |
| | <u> </u> | <u> </u> |
| Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | <u>\$ 16,285,782</u> | <u>\$ 2,474,100</u> |

| Direct Distribution Fund | Capital Tax Fund | Public Benefits Fund | Special Revenue Fund |
|--------------------------------|------------------------|----------------------------|----------------------------|
| \$ 2,738,204 | \$ 5,063,732 | \$ 1,131,958 | \$ 329,853 |
| - | - | - | - |
| - | 20,785 | - | - |
| - | - | - | - |
| 1,247 | 14 | - | 20 |
| <u>\$ 2,739,451</u> | <u>\$ 5,084,531</u> | <u>\$ 1,131,958</u> | <u>\$ 329,873</u> |
| \$ 2,143,385 | \$ - | \$ - | \$ 387,309 |
| 93,206 | - | - | 14,702 |
| - | - | - | 620 |
| 15,618 | - | - | - |
| (119,304) | - | - | - |
| - | - | - | - |
| 1,180,497 | - | - | - |
| <u>\$ 3,313,402</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 402,631</u> |

Notes to Required Supplementary Information

Note 1. Basis of Budgeting (Continued)

Budgets

Annual budgets are adopted on the modified cash (budgetary) basis for all 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 2024 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 and unanticipated expenditures.

| | |
|--------------|---------------------|
| | <u>Expenditures</u> |
| General Fund | \$ 400,000 |

Excess of Expenditures over Appropriations

| | <u>Budget</u> | <u>Transfers</u> | <u>Variance with Final Budget</u> |
|----------------------|---------------|---------------------|---------------------------------------|
| Capital Tax Fund | \$ - | \$ 5,044,545 | \$ (5,044,545) |
| Public Benefits Fund | - | 903,409 | (903,409) |
| | <u>\$ -</u> | <u>\$ 5,947,954</u> | <u>\$ (5,947,954)</u> |

Notes to Required Supplementary Information

Note 2. Explanation of Changes to Pension Plans

Changes in Benefits Terms

There were no changes in benefit terms between the initial measurement date reflected below and the December 31, 2023 measurement date.

Changes of Assumptions

The assumptions used in the actuarial valuation were adopted at the November 17, 2021 and the February 17, 2022 meetings and were first utilized with the actuarial valuation report for the year beginning January 1, 2021. In general, the new assumptions reflect an update to the mortality tables, adjustments to the demographic and salary scale, as well as a lower long-term investment return. The expected rate of return on assets for all plans, except the Fire A pension plan, was decreased from 7.00% to 6.80%. With the decision to reinvest the assets of the Fire A pension plan in the commingled investment pool of the defined benefit plans as of April 1, 2022, the expected rate of return on assets was increased from 1.00% to 6.80%. There have been no actuarial assumption changes or methods since the prior valuation for all plans. See the table below:

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|----------------------------------|---------|---------|---------|---------|---------|---------|---------|
| Measurement Date (Plan Year End) | | | | | | | |
| Discount rate | 6.80% | 6.80% | 6.80% | 7.00% | 7.00% | 7.00% | 7.00% |
| LEPP | 6.80% | 6.80% | 5.17% | 7.00% | 7.00% | 5.92% | 7.00% |
| Fire A | 6.80% | 6.80% | 6.80% | 1.95% | 3.09% | 4.01% | 3.75% |
| Fire B | 6.80% | 5.53% | 6.80% | 7.00% | 7.00% | 7.00% | 5.65% |
| Investment rate of return | 6.80% | 6.80% | 6.80% | 7.00% | 7.00% | 7.00% | 7.75% |
| Fire A | 6.80% | 6.80% | 6.80% | 1.00% | 7.00% | 7.00% | 7.75% |
| Real return net of inflation | 4.55% | 4.55% | 4.55% | 4.75% | 4.75% | 3.52% | 4.75% |
| Inflation | 2.25% | 2.25% | 2.25% | 2.25% | 2.25% | 2.25% | 3.25% |
| Salary increases | 2.50% - | 2.50% - | 2.50% - | 2.50% - | 2.50% - | 4.75% - | 4.25% - |
| LEPP | 6.50% | 6.50% | 6.50% | 6.50% | 6.50% | 8.75% | 6.00% |
| Fire A | 5.25% - | 5.25% - | 3.00% - | 4.75% - | 4.75% - | 4.75% - | 4.25% - |
| Fire B | 9.25% | 9.25% | 7.00% | 8.75% | 8.75% | 8.75% | 8.00% |
| Fire A | 4.50% | 4.50% | 4.50% | 4.50% | 4.50% | 4.50% | 4.25% |
| Fire B | 4.50% - | 4.50% - | 4.50% - | 4.50% - | 4.50% - | 4.50% - | 4.25% - |
| Payroll growth rate | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% | 7.50% | 7.00% |
| Fire A | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% | 2.50% | 4.25% |
| Fire A | N/A | N/A | N/A | N/A | N/A | N/A | 3.25% |

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**SUPPLEMENTARY
INFORMATION**

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City of Sheridan, Wyoming
Year Ended June 30, 2024

**Schedule of Revenues, Expenses and Changes in Fund Balance - Budget and Actual -
Debt Service Fund**

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ - |
| Special assessments | 35,633 | 35,633 | 78,219 | 42,586 |
| Total revenues | <u>60,633</u> | <u>60,633</u> | <u>103,219</u> | <u>42,586</u> |
| Expenditures | | | | |
| Current | | | | |
| Public works | 1,000 | 1,000 | 1,000 | - |
| Debt service - principal | 131,507 | 131,507 | 134,603 | (3,096) |
| - interest | 32,289 | 32,289 | 24,648 | 7,641 |
| Total expenditures | <u>164,796</u> | <u>164,796</u> | <u>160,251</u> | <u>4,545</u> |
| Deficiency of revenues over expenditures | <u>(104,163)</u> | <u>(104,163)</u> | <u>(57,032)</u> | <u>47,131</u> |
| Other financing sources | | | | |
| Transfers in | 104,163 | 104,163 | 104,163 | - |
| Total other financing sources | <u>104,163</u> | <u>104,163</u> | <u>104,163</u> | <u>-</u> |
| Net change in fund balance | - | - | 47,131 | <u>\$ 47,131</u> |
| Fund balance - beginning of year | <u>278,252</u> | <u>278,252</u> | <u>278,252</u> | |
| Fund balance - end of year | <u>\$ 278,252</u> | <u>\$ 278,252</u> | <u>\$ 325,383</u> | |

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City of Sheridan, Wyoming
Year Ended June 30, 2024

**Schedule of Revenues, Expenses and Changes in Fund Balance - Budget and Actual -
Capital Projects Fund**

| | Budgeted Amounts | | Actual Amounts | Variance with |
|---|-----------------------|-----------------------|----------------------|--|
| | Original | Final | | Final Budget Positive (Negative) |
| Revenues | | | | |
| Taxes | \$ 6,521,434 | \$ 6,521,434 | \$ 1,925,001 | \$ (4,596,433) |
| Intergovernmental | 26,480,173 | 26,480,173 | 2,266,021 | (24,214,152) |
| Investment income | - | - | 460,862 | 460,862 |
| Contributions | 25,000 | 25,000 | - | (25,000) |
| Total revenues | <u>33,001,607</u> | <u>33,001,607</u> | <u>4,651,884</u> | <u>(28,349,723)</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | 30,000 | 30,000 | 28,480 | 1,520 |
| Public works | 1,317,356 | 1,317,356 | 912,139 | 405,217 |
| Parks and recreation | 33,185 | 33,185 | 29,804 | 3,381 |
| Capital outlay | 46,668,326 | 46,668,326 | 19,230,557 | 27,437,769 |
| Total expenditures | <u>48,048,867</u> | <u>48,048,867</u> | <u>20,200,980</u> | <u>27,847,887</u> |
| Deficiency of revenues over expenditures | <u>(15,047,260)</u> | <u>(15,047,260)</u> | <u>(15,549,096)</u> | <u>(501,836)</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 3,105,306 | 3,105,306 | 18,687,904 | 15,582,598 |
| Transfers out | <u>(170,000)</u> | <u>(170,000)</u> | <u>(6,000)</u> | <u>164,000</u> |
| Total other financing sources (uses) | <u>2,935,306</u> | <u>2,935,306</u> | <u>18,681,904</u> | <u>15,746,598</u> |
| Net change in fund balance | (12,111,954) | (12,111,954) | 3,132,808 | <u>\$ 15,244,762</u> |
| Fund balance - beginning of year | <u>10,368,467</u> | <u>10,368,467</u> | <u>10,368,467</u> | |
| Fund balance (deficit) - end of year | <u>\$ (1,743,487)</u> | <u>\$ (1,743,487)</u> | <u>\$ 13,501,275</u> | |

City of Sheridan, Wyoming
 June 30, 2024

Combining Statement of Net Position - Custodial Funds

| | Northeast Wyoming Growth Alliance Fund | Law Evidence Fund | Crime Victims Fund | Court Bond Fund |
|--|---|----------------------|-----------------------|--------------------|
| ASSETS | | | | |
| Cash | \$ 219,964 | \$ 22,538 | \$ 500 | \$ 24,972 |
| Total assets | <u>219,964</u> | <u>22,538</u> | <u>500</u> | <u>24,972</u> |
| LIABILITIES | | | | |
| Due to primary government | - | - | - | 550 |
| Due to other governments | - | - | 500 | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>500</u> | <u>550</u> |
| NET POSITION | | | | |
| Restricted for: | | | | |
| Individuals, organizations, and other governments | <u>219,964</u> | <u>22,538</u> | <u>-</u> | <u>24,422</u> |
| Total net position | <u>219,964</u> | <u>22,538</u> | <u>-</u> | <u>24,422</u> |
| Total liabilities and net position | <u>\$ 219,964</u> | <u>\$ 22,538</u> | <u>\$ 500</u> | <u>\$ 24,972</u> |

| Employee Relief Fund | Employee Relations Committee Fund | Total |
|-------------------------|--|-------------------|
| \$ 4,288 | \$ 1,136 | \$ 273,398 |
| <u>4,288</u> | <u>1,136</u> | <u>273,398</u> |
| - | - | 550 |
| - | - | 500 |
| - | - | <u>1,050</u> |
| 4,288 | 1,136 | 272,348 |
| <u>4,288</u> | <u>1,136</u> | <u>272,348</u> |
| <u>\$ 4,288</u> | <u>\$ 1,136</u> | <u>\$ 273,398</u> |

City of Sheridan, Wyoming
Year Ended June 30, 2024

Combining Statement of Changes in Custodial Funds Net Position

| | Northeast Wyoming Growth Alliance Fund | Law Evidence Fund | Crime Victims Fund | Court Bond Fund |
|--|---|----------------------|-----------------------|--------------------|
| ADDITIONS | | | | |
| Contributions | | | | |
| Members | \$ 9,678 | \$ - | \$ - | \$ - |
| Seizures from suspected crime scenes | - | 1,208 | - | - |
| Mandated collections from perpetrators | - | - | 16,248 | 58,269 |
| Employees on behalf of others | - | - | - | - |
| Voluntary contributions | - | - | - | - |
| Total additions | <u>9,678</u> | <u>1,208</u> | <u>16,248</u> | <u>58,269</u> |
| DEDUCTIONS | | | | |
| Payments to other governments | - | - | 16,648 | - |
| Court bond refunds | - | 6,318 | - | 62,583 |
| Payments to employees | - | - | - | - |
| Miscellaneous expense | - | - | - | - |
| Total deductions | <u>-</u> | <u>6,318</u> | <u>16,648</u> | <u>62,583</u> |
| Net increase (decrease) in fiduciary net position | 9,678 | (5,110) | (400) | (4,314) |
| Net position - beginning of year | 210,286 | 27,648 | 400 | 28,736 |
| Net position - end of year | <u>\$ 219,964</u> | <u>\$ 22,538</u> | <u>\$ -</u> | <u>\$ 24,422</u> |

| Employee Relief Fund | Employee Relations Committee Fund | Total |
|-------------------------|--|-------------------|
| \$ - | \$ - | \$ 9,678 |
| - | - | 1,208 |
| - | - | 74,517 |
| 1,257 | - | 1,257 |
| - | 1,204 | 1,204 |
| <u>1,257</u> | <u>1,204</u> | <u>87,864</u> |
| - | - | 16,648 |
| - | - | 68,901 |
| 300 | - | 300 |
| - | 1,420 | 1,420 |
| <u>300</u> | <u>1,420</u> | <u>87,269</u> |
| 957 | (216) | 595 |
| 3,331 | 1,352 | 271,753 |
| <u>\$ 4,288</u> | <u>\$ 1,136</u> | <u>\$ 272,348</u> |

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**COMPLIANCE
SECTION**

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City of Sheridan, Wyoming

Year Ended June 30, 2024

Schedule of Expenditures of Federal Awards

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | Total Federal Expenditures |
|--|--|--|----------------------------------|
| U.S. Department of Agriculture | | | |
| Passed through the Wyoming State Forestry Division | | | |
| Cooperative Forestry Assistance | 10.664 | 21-DG-11021600-018 | \$ 1,500 |
| Total U.S. Department of Agriculture | | | <u>1,500</u> |
| U.S. Department of the Interior | | | |
| Passed through the Wyoming Department of State Parks & Cultural Resources | | | |
| Outdoor Recreation Acquisition, Development and Planning | 15.916 | LWCF #56-00932 | 189,638 |
| Total U.S. Department of Interior | | | <u>189,638</u> |
| U.S. Department of Justice | | | |
| Direct | | | |
| Bulletproof Vest Partnership Program | 16.607 | - | 2,424 |
| Total U.S. Department of Justice | | | <u>2,424</u> |
| U. S. Department of Transportation | | | |
| Passed through the Wyoming Department of Transportation | | | |
| <i>Highway Safety Cluster</i> | | | |
| State and Community Highway Safety | 20.600 | OP-2023-BI-OP-01 | 895 |
| State and Community Highway Safety | 20.600 | OP-2024-BI-OP-01 | 4,654 |
| State and Community Highway Safety | 20.600 | AL-2023-BI-AL-01 | 1,740 |
| State and Community Highway Safety | 20.600 | AL-2024-BI-AL-01 | 7,978 |
| State and Community Highway Safety | 20.600 | CP-2024-BI-CP-02 | 4,909 |
| State and Community Highway Safety | 20.600 | PT-2024-BI-PT-02 | 4,420 |
| Total Highway Safety Cluster | | | <u>24,596</u> |
| National Priority Safety Programs | 20.616 | M5HVE-2023-BI-HV-02 | 913 |
| Total National Priority Safety Programs | | | <u>913</u> |
| Total U.S. Department of Transportation | | | <u>25,509</u> |

(Continued)

Schedule of Expenditures of Federal Awards (Continued)

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | Total Federal Expenditures |
|--|--|--|----------------------------------|
| U.S. Department of the Treasury | | | |
| Direct | | | |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Funds | 21.027 | - | \$ 112,840 |
| Passed through the Wyoming Office of State Loan and Investment Board | | | |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Funds | 21.027 | Grant ARPA-1014 | <u>1,776,525</u> |
| Total U.S. Department of the Treasury | | | <u>1,889,365</u> |
| U.S. Environmental Protection Agency | | | |
| Passed through the Wyoming Office of State Loan and Investment Board | | | |
| Clean Water State Revolving Fund | 66.458 | CWSRF #197 | 401,142 |
| Clean Water State Revolving Fund | 66.458 | CWSRF #200 | <u>6,120</u> |
| Total Clean Water State Revolving Fund | | | <u>407,262</u> |
| Drinking Water State Revolving Fund | 66.468 | DWSRF #243 | 1,180,399 |
| Drinking Water State Revolving Fund | 66.468 | DWSRF #252 | <u>995,895</u> |
| Total Drinking Water State Revolving Fund | | | <u>2,176,294</u> |
| Total U.S. Environmental Protection Agency | | | <u>2,583,556</u> |
| U.S. Department of Health and Human Services | | | |
| Passed through the Wyoming Association of Sheriffs and Chiefs of Police | | | |
| Substance Abuse and Mental Health Services Projects of Regional and National Significance | 93.243 | EUDL 2023 | 7,135 |
| Substance Abuse and Mental Health Services Projects of Regional and National Significance | 93.243 | EUDL 2024 | <u>2,432</u> |
| Total U.S. Department of Health and Human Services | | | <u>9,567</u> |

(Continued)

City of Sheridan, Wyoming
 Year Ended June 30, 2024

Schedule of Expenditures of Federal Awards (Continued)

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | Total Federal Expenditures |
|--|--|--|----------------------------------|
| U.S. Department of Homeland Security | | | |
| Direct | | | |
| Assistance to Firefighters Grant | 97.044 | - | \$ 6,552 |
| Assistance to Firefighters Grant | 97.044 | - | 127,644 |
| Total Assistance to Firefighters Grant | | | <u>134,196</u> |
| Passed through the Wyoming Department of Homeland Security | | | |
| Homeland Security Grant Program | 97.067 | 23-SHSP-CSHE-FD-AET | 31,053 |
| Total Homeland Security Grant Program | | | <u>31,053</u> |
| Total U.S. Department of Homeland Security | | | <u>165,249</u> |
| <i>Total Expenditures of Federal Awards</i> | | | <u><u>\$ 4,866,808</u></u> |

Notes to the Schedule of Expenditures of Federal Awards

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, 2024. 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

Expenditures reported on the Schedule are reported on the generally accepted accounting principles basis of accounting. No federal financial assistance has been provided to subrecipients. Such expenditures are recognized following 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.

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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Sheridan, Wyoming as of and for the year ended June 30, 2024, 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 March 31, 2025.

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 these financial statements and issue separate reports. This report does not include these separate results of the testing of internal controls over financial reporting or compliance and other matters that are reported on separately.

Report on 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.

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



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Casper, WY 82601

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002, and 2024-003 that we consider to be material weaknesses.

Report on 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 an instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2024-004 and 2024-005.

The City's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the City of Sheridan, Wyoming's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City of Sheridan, Wyoming's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Sheridan, Wyoming'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
March 31, 2025

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Sheridan, Wyoming's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City of Sheridan, Wyoming's major federal programs for the year ended June 30, 2024. The City of Sheridan, Wyoming's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Sheridan, Wyoming complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the City of Sheridan, Wyoming and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Sheridan, Wyoming's compliance with the compliance requirements referred to above.



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Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Sheridan, Wyoming's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Sheridan, Wyoming's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Sheridan, Wyoming's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-006 and 2024-007, to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City of Sheridan, Wyoming's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City of Sheridan, Wyoming's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Porter, Muirhead, Cornia & Howard
Certified Public Accountants

Casper, Wyoming
March 31, 2025

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Schedule of Findings and Questioned Costs

Section I – Summary of Auditor’s Results

Financial Statements

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

Internal control over financial reporting:

Material weaknesses identified? Yes

Significant deficiencies identified? None reported

Noncompliance material to financial statements noted? Yes

Federal Awards

Internal control over major federal programs:

Material weaknesses identified? No

Significant deficiencies identified? Yes

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)? Yes

Identification of major federal programs:

| Assistance Listing Number(s) | Name of Federal Program or Cluster |
|------------------------------|--|
| 21.027 | COVID-19 – Coronavirus State and Local Fiscal Recovery Funds |
| 66.468 | Drinking Water State Revolving Funds |

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

Auditee qualified as low-risk auditee? No

Section II – Financial Statement Findings

Material Weakness in Internal Control over Financial Reporting

2024-001 – Preparation of Financial Statements

Criteria

Government Auditing Standards issued by the Government Accountability Office (GAO) by the Comptroller General of the United States requires management to be responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.

Condition

The City of Sheridan’s management, in the course of their assigned duties, lack the specific skills and experience necessary to fully prepare external financial statements and related footnotes in accordance with generally accepted accounting principles in the United States of America (GAAP).

Cause

Management and accounting personnel do not possess sufficient expertise in GAAP-based financial reporting, which affects their ability to prepare accurate financial statements and related footnotes.

Effect or Potential Effect

Due to limited proficiency in GAAP requirements, the preparation and review of financial statements may not be as effective, increasing the risk of undetected errors, omissions, or misstatements. As a result, the financial statements may contain inaccuracies or lack essential disclosures, potentially misleading users.

Recommendation

We recommend that management and those charged with governance recognize the importance of GAAP-compliant financial reporting. While current personnel are capable of preparing non-GAAP financial reports, we advise that accounting staff attend training specifically focused on GAAP reporting requirements for governmental entities. Additionally, we recommend further training to enhance their proficiency in utilizing financial reporting software to produce GAAP-based financial information alongside budgetary reporting.

Views of Responsible Officials

The financial reporting deficiencies for this fiscal year may be attributed, in part or in whole, to the staff turnover, resulting in a shortage of personnel and institutional knowledge.

See Corrective Action Plan.

Schedule of Findings and Questioned Costs (Continued)

Section II – Financial Statement Findings (Continued)

Material Weakness in Internal Control over Financial Reporting (Continued)

2024-002 – Material Audit Adjustments

Criteria

Government Auditing Standards issued by the Government Accountability Office (GAO) by the Comptroller General of the United States requires management to be responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework. The City must have sufficient internal controls over the financial records and preparation of financial statements in place to allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements in a timely manner.

Condition

The accounting records presented for the audit contained errors that were not detected by management, indicating a lack of routine review of accounts and financial records. Additionally, the City was unable to identify all balances and necessary adjustments that were significant to the financial records and financial statements. As a result, material audit adjustments were required to correct misstatements and ensure the financial statements were presented in accordance with Generally Accepted Accounting Principles (GAAP). These deficiencies highlight weaknesses in internal controls over financial reporting, as management does not have sufficient procedures in place to detect and correct errors before the audit process. The absence of a robust review process increases the risk of material misstatements, potentially affecting the reliability of financial reporting.

Cause

Management lacks adequate review process for accounting records, which has resulted in undetected errors and discrepancies. Additionally, management did not identify all significant accruals necessary for the accurate preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.

Effect or Potential Effect

Journal entries were required to correct the balances for the governmental funds financial statements and government-wide financial statements. Without proper internal controls and review processes, the City's financial statements may contain undetected errors or omissions, leading to materially misstated financial information. This increases the risk of financial misrepresentation to users, including the governing body, oversight agencies, and the public. Additionally, continued deficiencies in financial reporting could result in noncompliance with audit and regulatory requirements, impacting the City's credibility and financial decision-making.

Schedule of Findings and Questioned Costs (Continued)

Section II – Financial Statement Findings (Continued)

Material Weakness in Internal Control over Financial Reporting (Continued)

2024-002 – Material Audit Adjustments (Continued)

Recommendation

Management and those charged with governance need to consider establishing routine reconciliation and review procedures to detect and correct accounting errors before the audit process to ensure accurate financial information is available in accordance with budgetary basis and GAAP. Additionally, we recommend accounting personnel attends additional training on GASB reporting standards and GAAP requirements.

View of Responsible Officials

Management acknowledges the deficiencies in financial reporting and recognizes the need for improved internal controls. The City has become proficient with the new ERP financial system but acknowledges more improvements are necessary. Once fully integrated, the ERP financial system will improve financial management related processes including budget and financial statement preparation. The City is committed to implementing corrective actions, including enhanced training and review procedures, to ensure accurate financial reporting in compliance with GAAP.

See Corrective Action Plan.

Schedule of Findings and Questioned Costs (Continued)

Section II – Financial Statement Findings (Continued)

Material Weakness in Internal Control over Financial Reporting (Continued)

2024-003 - Schedule of Expenditures of Federal Awards

Criteria

The City is responsible for the preparation of the Schedule of Expenditures of Federal Awards (SEFA) in accordance with Uniform Guidance §200.510(b) and for determining whether a single audit is required based on federal expenditures meeting or exceeding the \$750,000 threshold. At a minimum the SEFA must include the following items:

- 1) A list of individual federal programs by federal agency. For a cluster of programs, the cluster name and individual programs within the cluster must be identified, along with the applicable federal agency.
- 2) For federal awards received as a subrecipient, the pass-through entity name and identifying number assigned by the pass-through entity.
- 3) Total federal awards expended for each federal program and the Federal Assistance Listing Number (FAIN) or another identifying number when the FAIN information is unavailable. For program clusters, the total must also be included.
- 4) The total amount of federal awards provided to subrecipients from each program.
- 5) Loan and loan guarantees programs, as described in §200.502(b), must disclose outstanding balances in the notes to the schedule in addition to total expenditures.
- 6) Notes that describe the significant accounting policies used in preparing the schedule and whether 10% de minimis cost rate under §200.414, *Indirect (F&A) Costs*, was elected.

Condition

The City's internal controls lack an effective process for identifying and reconciling federal expenditures reported in the SEFA. Audit procedures revealed that the SEFA did not properly distinguish federal award expenditures from state and other non-federal funding sources. In addition, the SEFA did not reconcile with grant activity recorded in the City's financial records. Significant audit adjustments were required to correctly present federal expenditures for the fiscal year ended June 30, 2024.

Cause

The City has a single individual responsible for maintaining grant records and tracking associated expenditures. However, no formalized review process exists to verify the accuracy and completeness of the SEFA, including federal reimbursements receivable and other related financial documentation.

Section II – Financial Statement Findings (Continued)

Material Weakness in Internal Control over Financial Reporting (Continued)

2024-003 - Schedule of Expenditures of Federal Awards (Continued)

Effect or Potential Effect

Errors in the SEFA impact the accuracy of information reported to the federal government in the City's data collection form. Additionally, inaccurate SEFA amounts could result in incorrect major program determination potentially affecting compliance with federal audit requirements.

Recommendation

We recommend that the City conduct a comprehensive review of all federal grants administered to ensure accurate classification and reporting in the SEFA. We also recommend developing a formalized process for capturing required SEFA data during the initial grant setup, including a method to obtain any missing information. Additionally, we recommend the City implements a reconciliation and review process to ensure the SEFA information is correctly recorded and reconciled with grant activity.

Views of Responsible Officials

Management acknowledges the deficiencies in SEFA preparation. Staff has familiarized themselves with the federal financial reporting requirements for awards exceeding the reporting threshold and is committed to implementing necessary changes to address this finding.

See Corrective Action Plan.

Section II – Financial Statement Findings (Continued)

Material Weakness in Internal Control and Noncompliance

2024-004 – Penalty of Perjury

Criteria

Payments of public money require expenditures to be certified under penalty of perjury by the vendor or by an authorized person employed by the municipality receiving the items or for whom the services were rendered [Wyoming Constitution, Article 16, Section 7 and W.S. 16-4-108(b)].

Condition

The City's expenditures were not certified under penalty of perjury as a required by Wyoming Statutes and Wyoming Constitution. The necessary certification was not included in the payment process, resulting in noncompliance with statutory and constitutional requirements.

Cause

The City was unaware that this required certification was not being performed due to changes implemented during a software conversion. As a result, the certification process was unintentionally omitted.

Effect or Potential Effect

Failure to certify expenditures under penalty of perjury places the City out of compliance with Wyoming State Statutes and the Wyoming Constitution. This weakens financial controls, increasing the risk of unauthorized payments and reducing transparency in the expenditure approval process.

Recommendation

The City should require all vendors to sign the penalty of perjury statement before processing payments. In the events when it is not possible to obtain the vendors' signature, an employee of the City with direct knowledge of the transactions may sign the penalty of perjury. The City should consider integrating the certification requirement into the financial software system to prevent omission.

Views of Responsible Officials

Management acknowledges the oversight and has implemented a new process to generate a report of all pending checks by department. The report, which includes the required penalty of perjury statement, is now distributed to the applicable Department Heads for review and signature before payments are processed.

See Corrective Action Plan.

Section II – Financial Statement Findings (Continued)

Material Weakness in Internal Control and Noncompliance (Continued)

2024-005 – Budget Violation

Criteria

According to *Governmental Accounting Standards Board* (GASB) standards and Wyoming State Statutes (§16-4-110 through §16-4-111, Uniform Municipal Fiscal Procedures Act), governmental entities are required to adopt annual budgets for all funds. These budgets must be formally approved and monitored to ensure compliance with fiscal policies and to prevent expenditures from exceeding available resources. Proper budget adoption and oversight are essential for financial accountability, transparency, and effective expenditure control.

Condition

The City did not approve budgets for two major special revenue funds, the Capital Tax Fund and the Public Benefits Fund, as required by applicable regulations and accounting standards. These funds had been closed in the prior fiscal year due to administrative decisions. However, following personnel changes, it was determined that the funds should be reestablished for the current fiscal year. As a result, the two special revenue funds were not included in the budget approval process, leading to material over-expenditures. Without approved budgets, the entity was unable to track and control expenditures effectively, resulting in spending that exceeded the available resources for both funds during the fiscal period.

Cause

The underlying cause of this issue stems from the prior year's closure of these two major special revenue funds due to administrative decisions. After key personnel changes, it was determined that reestablishment of these funds was appropriate. However, the reestablishment process was not followed through with the proper approval of budgets for the current fiscal year. This oversight may be attributed to a breakdown in internal controls and communication following the personnel changes, which led to the funds not being included in the budgetary process.

The failure to approve these budgets appears to be the result of both an administrative oversight and a lack of sufficient guidance regarding the necessary reestablishment and budget approval procedures for the funds after the personnel changes.

Effect or Potential Effect

Failure to approve budgets for these special revenue funds led to material over expenditures and noncompliance with Wyoming State Statutes. Additionally, this can result in financial oversight by management, increasing the risk of inefficient resource allocation, fiscal mismanagement, and potential compliance issues.

Section II – Financial Statement Findings (Continued)

Material Weakness in Internal Control and Noncompliance (Continued)

2024-005 – Budget Violation (Continued)

Recommendation

We recommend that the City establish a formal review process to ensure that all active funds, including those reestablished, are properly included in the budget adoption process. Additionally, we recommend providing training to finance and administrative staff on Wyoming’s budgetary requirements and GASB standards to reinforce the importance of budget approval and oversight.

Views of Responsible Officials

Management acknowledges the oversight and is committed to implementing corrective measures to prevent recurrence. The City plans to enhance internal controls and improve communication between financial and administrative personnel to ensure all funds are properly budgeted and monitored in future fiscal years. Management has taken steps to approve the necessary budgets for these funds and will ensure that these funds are included in the budgeting process going forward. Additionally, management will implement more robust internal controls and provide further training to ensure that similar issues do not arise in the future.

See Corrective Action Plan.

Schedule of Findings and Questioned Costs (Continued)

Section III – Federal Award Findings and Questioned Costs

Significant Deficiency in Internal Control over Major Federal Programs

Finding 2024-006 – Allowable Costs/Cost Principles

Federal Program: COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

Assistance Listing Number (ALN): 21.027

Federal Agency: U.S. Department of the Treasury

Pass-Through Grantor: Wyoming Office of State Lands and Investments (OSLI)

Grant Year: 2024

Criteria

In accordance with 2 CFR 200.403(a) and (f), federal expenditures must:

- Be necessary, reasonable, and allocable to the specific federal award under which they are charged.
- Not be included as an expenditure or used to meet cost-sharing requirements of another federally financed program in the current or prior period.

Further, per 2 CFR 200.303 and the State and Local Fiscal Recovery Funds (SLFRF) Compliance and Reporting Guidance, recipients are required to:

- Maintain accounting records that support accurate, compliant financial data.
- Develop and implement internal controls to ensure that expenditures charged to SLFRF funding are eligible, properly documented, and not duplicated across funding sources.
- Submit accurate Project and Expenditure Reports and ensure that funds passed through from other entities are properly identified and reported.

These requirements collectively emphasize that expenditures must be tracked and reported separately by distinct grant award, even when received under the same Assistance Listing number, to prevent double reimbursement and misstatement of federal expenditures.

Condition

The City received two separate funding sources under Assistance Listing Number 21.027 (SLFRF):

1. A direct SLFRF award from the U.S. Department of the Treasury; and
2. A pass-through SLFRF award from the Wyoming State Lands and Investments (OSLI).

During our testing of expenditures charged to the OSLI-administered SLFRF grant in fiscal year 2024, we identified one instance where the City submitted and received reimbursement for an expenditure of \$50,744. The City previously had applied this same expenditure toward advance funding received under the direct SLFRF award from the U.S. Department of the Treasury in 2023. This resulted in a duplicate reimbursement of \$50,744, constituting an unallowable cost under federal cost principles and SLFRF compliance requirements.

Schedule of Findings and Questioned Costs (Continued)

Section III – Federal Award Findings and Questioned Costs (Continued)

Significant Deficiency in Internal Control over Major Federal Programs (Continued)

Finding 2024-006 – Allowable Costs/Cost Principles (Continued)

Cause

The duplication occurred due to turnover in key personnel and insufficient internal controls to reconcile prior advance-funded expenditures against current-year reimbursement requests. Additionally, the City does not have adequate procedures to track and allocate costs separately by individual SLFRF award or review SEFA preparation and grant reimbursement submissions for potential duplication of expenditures across funding sources under the same ALN.

Effect or Potential Effect

As a result of this deficiency, the City received duplicate reimbursement in the amount of \$50,744, resulting in an unallowable cost that may require repayment or other corrective action. Inaccurate reporting of federal expenditures on the Schedule of Expenditures of Federal Awards (SEFA) could lead to scrutiny from the federal grantor and require amendments or adjustments. This exposes the City to potential federal grantor review and the risk of losing eligibility for future federal funding if repeated noncompliance is identified or corrective actions are not implemented.

Questioned Costs

\$50,744

Context

During our testing of Allowable Costs/Cost Principles of expenditures charged to the SLFRF grant administered by the State Lands and Investments (OSLI), we identified one instance out of twenty-two tested, where the City submitted and received reimbursement for an expenditure that had already been previously applied to advance funding received under the direct SLFRF award from the U.S. Department of the Treasury in a prior period. Although both funding streams fall under Assistance Listing 21.027, they are separate awards with distinct reporting and compliance requirements. Federal regulations require that costs be tracked and reported by individual grant award to prevent duplication of reimbursements and improper reporting.

Identification as a Repeat Finding

This is a new finding for the fiscal year ended June 30, 2024.

Schedule of Findings and Questioned Costs (Continued)

Section III – Federal Award Findings and Questioned Costs (Continued)

Significant Deficiency in Internal Control over Major Federal Programs (Continued)

Finding 2024-006 – Allowable Costs/Cost Principles (Continued)

Recommendation

We recommend that the City implement internal controls to prevent expenditures reimbursed under one grant from being resubmitted for reimbursement under a separate grant award. The City should establish and maintain separate tracking systems for each distinct grant award, including reconciliation of prior expenditures before submitting new reimbursement requests. A secondary review of all grant reimbursement requests and SEFA preparation should be required to ensure proper cost allocation and compliance with federal regulations. Furthermore, the City should consult with the State Lands and Investments to determine the necessary corrective action regarding the \$50,744 questioned cost, including potential repayment. Finally, management should provide training to all personnel involved in federal grant administration to ensure understanding of cost principles, award-specific tracking requirements, and federal reporting expectations.

Views of Responsible Officials

Management concurs with the finding and acknowledges the deficiency in internal controls and cost allocation. The City will strengthen its internal reconciliation procedures, implement secondary reviews for all grant reimbursement submissions, and establish distinct tracking mechanisms for each SLFRF award. In addition, management will consult with the State Lands and Investments regarding the questioned cost and ensure any necessary corrective actions are taken. Staff training will be provided to improve awareness and compliance with federal grant requirements going forward.

See Corrective Action Plan.

Schedule of Findings and Questioned Costs (Continued)

Section III – Federal Award Findings and Questioned Costs (Continued)

Significant Deficiency in Internal Control over Major Federal Programs (Continued)

Finding 2024-007 – Reporting

Federal Program: COVID-19 – Coronavirus State and Local Fiscal Recovery Funds

Assistance Listing Number (ALN): 21.027

Federal Agency: U.S. Department of the Treasury

Grant Year: 2023

Criteria

In accordance with 2 CFR §200.303, the City is required to establish and maintain effective internal controls over federal awards to ensure accurate and timely reporting of expenditures in compliance with federal regulations. Additionally, 2 CFR §200.327 and the terms of the award require timely and accurate submission of required reports.

Condition

The City did not submit the required federal financial reports in a timely basis. Additionally, the amounts reported in the SLFRF Compliance Report – WY4581 – P&E Report – 2024 included encumbered amounts rather than actual expenditures incurred during the reporting period.

Cause

The City does not have adequate internal controls in place to ensure the timely preparation, reconciliation, review, and submission of required reports for federal awards. Additionally, turnover in key personnel during the reporting period contributed to these issues, as new staff did not have access to the proper login credentials or training necessary to prepare and submit reports timely and accurately. There was also no established process for reconciling reported expenditures to the City's general ledger and supporting documentation prior to submission.

Effect or Potential Effect

As a result of the lack of internal controls and reconciliation procedures, the City submitted inaccurate and untimely financial reports. Reporting encumbrances instead of actual expenditures misrepresents program activity and may impact the City's compliance with federal requirements. Continued inaccuracies could result in questioned costs, increased oversight by federal agencies, or delays in future funding.

Schedule of Findings and Questioned Costs (Continued)

Section III – Federal Award Findings and Questioned Costs (Continued)

Significant Deficiency in Internal Control over Major Federal Programs (Continued)

Finding 2024-007 – Reporting (Continued)

Questioned Costs

None noted, as expenditures were ultimately supported by documentation; however, the reporting inaccuracies are considered a significant deficiency in internal control over compliance.

Context

The State and Local Fiscal Recovery Funds (SLFRF) program, established under the American Rescue Plan Act, provides significant funding to municipalities for pandemic recovery and infrastructure initiatives. Accurate and timely reporting of expenditures is not only a regulatory requirement but also essential for transparency, accountability, and continued eligibility for funding. Internal control deficiencies in reporting may compromise the City's ability to demonstrate effective stewardship of federal funds and could trigger additional scrutiny, audits, or corrective action plans from federal agencies. Given the substantial financial and operational impact of SLFRF funds on the City's budget and community initiatives, it is imperative that robust processes are in place to ensure reports reflect actual expenditures and are reconciled to the City's general ledger. Strengthening these controls will protect the City from potential compliance risks, maintain public trust, and ensure uninterrupted access to federal resources critical for ongoing community projects.

Identification as a Repeat Finding

This is a new finding for the fiscal year ended June 30, 2024.

Recommendation

We recommend that the City develop and implement formal policies and procedures to ensure timely preparation, reconciliation, and submission of all federal reports. Management should assign clear oversight responsibility for federal reporting and establish a formal reconciliation process requiring that all reported amounts be reviewed and compared to the City's accounting records and supporting documentation prior to submission. Additionally, procedures should be developed to ensure that login credentials and system access for federal reporting platforms are promptly updated and assigned during periods of staff turnover.

Views of Responsible Officials

The City concurs with the finding. The City will implement new internal control procedures by June 30, 2025, to ensure timely submission and reconciliation of federal reports and the Treasurer will review and approve all submissions prior to filing.

See Corrective Action Plan.



Summary Schedule of Prior Year Audit Findings

Material Weakness in Internal Control over Financial Reporting

2023-001 – Unbalanced Trial Balance

Name of Contact Person:

Darla Hawkins, City Treasurer, City of Sheridan, Wyoming

Condition

The general, water and solid waste funds trial balances provided for the fiscal year ended June 30, 2023 audit were out of balance by \$2,751,968, \$28,747 and \$27,253, respectively.

Status

This finding has been corrected.

2023-002 – Preparation of Financial Statements

Name of Contact Person:

Darla Hawkins, City Treasurer, City of Sheridan, Wyoming

Condition

The City of Sheridan's management, in the course of their assigned duties, lack the specific skills and experience necessary to fully prepare external financial statements and related footnotes in accordance with generally accepted accounting principles in the United States of America (GAAP).

Status

This finding has been repeated.

2023-003 – Material Audit Adjustments

Name of Contact Person:

Darla Hawkins, City Treasurer, City of Sheridan, Wyoming

Condition

The accounting records presented for the audit contained errors that were undetected by management indicating a lack of routine review of accounts and other records. Additionally, the City was not able to identify all balances and necessary adjustments which were significant to the financial records and financial statements. Significant audit adjustments were required to correct accounting records and prevent the financial statements from being materially misstated in accordance with GAAP. Management does not have adequate internal control to ensure their accounting records are prepared and presented in accordance with the applicable financial reporting framework.

Status

This finding has been repeated.



Summary Schedule of Prior Year Audit Findings (Continued)

Material Weakness in Internal Control over Financial Reporting (Continued)

2023-004 – Schedule of Expenditures of Federal Awards

Name of Contact Person:

Darla Hawkins, City Treasurer, City of Sheridan, Wyoming

Condition

The City of Sheridan's internal control is lacking identification and reconciliation process of federal expenditures to be reported the SEFA. Audit procedures revealed that the SEFA did not properly differentiate expenditures of federal awards from expenditures from state and other non-federal agencies. In addition, the SEFA did not properly reconcile to the grant activity as recorded. Significant adjustments were necessary to properly present the schedule of federal expenditures for the fiscal year ended June 30, 2023. In addition, there were several grants listed as federal expenditures but were state or local funding.

Status

This finding has been repeated.



Corrective Action Plan

Financial Statement Findings

Material Weakness in Internal Control over Financial Reporting

2024-001 – Preparation of Financial Statements

Name of Contact Person:

Darla Hawkins, City Treasurer, City of Sheridan, Wyoming

Corrective Action Plan:

The City recognizes that deficiencies in financial reporting have been partially caused by staff turnover, resulting in personnel shortages and knowledge gaps, as well as challenges arising from the phased implementation of new financial software.

To address these issues, the City is committed to fully staffing the Treasury Department by prioritizing recruitment and retention efforts while providing comprehensive training on statutory requirements, GAAP-based financial statement preparation, and GASB standards. As the software reaches full implementation and system-related issues are resolved, staff will receive targeted training to ensure proficiency in its use. To improve financial statement preparation, the City will establish new procedures for continuously preparing and updating financial documents throughout the year. Standardized checklists and internal review processes will be developed to ensure compliance with GAAP and GASB standards, while periodic internal audits and staff feedback will guide continuous improvement efforts.

Proposed Completion Date: June 30, 2027

2024-002 – Material Audit Adjustments

Name of Contact Person:

Darla Hawkins, City Treasurer, City of Sheridan, Wyoming

Corrective Action Plan:

The City has made progress in adapting to the new ERP financial system but requires further module integration to improve efficiency, accuracy, and timely financial reporting.

To enhance financial accuracy, staff will refine processes, implement standardized workflows, develop requirements for more detailed supporting documentation, and strengthen internal controls to prevent material audit adjustments. Routine reconciliation and review procedures will be established to detect and correct errors in a timelier manner, ensuring compliance with GAAP. Ongoing training will be prioritized to maximize ERP system capabilities and maintain accurate records. Staff will receive targeted training, and accounting personnel will attend additional sessions on GASB reporting standards and GAAP requirements.

To monitor progress and continue efforts for improvements, staff will conduct periodic internal audits, gather user feedback, and refine processes to enhance compliance and transparency. These actions will improve financial reporting, strengthen controls, and proactively address errors before audits, ensuring financial accuracy and audit readiness.

Proposed Completion Date: June 30, 2026



Corrective Action Plan

Financial Statement Findings (Continued)

Material Weakness in Internal Control over Financial Reporting (Continued)

2024-003 – Schedule of Expenditures of Federal Awards

Name of Contact Person:

Darla Hawkins, City Treasurer, City of Sheridan, Wyoming

Corrective Action Plan:

The City has faced challenges in completing the Schedule of Expenditures of Federal Awards (SEFA) due to staff turnover and resulting knowledge gaps. To address this, the City is focusing on understanding SEFA requirements and improving tracking processes. In response to auditor recommendations, the City will conduct a comprehensive review of all federal grants to ensure accurate classification and reporting in the SEFA. A process for capturing required SEFA data during the initial grant setup will be developed, including a method to obtain any missing information. Cross training will be implemented to ensure continuity during personnel changes, and detailed Standard Operating Procedures (SOPs) will be created. The City will also implement a reconciliation and review process to ensure SEFA information is correctly recorded and reconciled with grant activity.

Proposed Completion Date: June 30, 2025

Material Weakness in Internal Control and Noncompliance

2024-004 – Penalty of Perjury

Name of Contact Person:

Darla Hawkins, City Treasurer, City of Sheridan, Wyoming

Corrective Action Plan:

Staff has implemented a new process to address the penalty of perjury statement. A report of all pending checks by department is now generated and delivered to each applicable Department Head for review. The perjury statement is included in the report, and Department Heads are required to review and sign it before checks can be processed. A tracking system has been established to monitor signatures, with follow-ups triggered if any Department Head fails to sign within the required timeframe.

Proposed Completion Date: June 30, 2025



Corrective Action Plan

Financial Statement Findings (Continued)

Material Weakness in Internal Control and Noncompliance

2024-005 – Budget Violation

Name of Contact Person:

Darla Hawkins, City Treasurer, City of Sheridan, Wyoming

Corrective Action Plan:

The City attempted a new budgeting approach, but it was not fully implemented due to a lack of communication and follow-up, along with personnel changes. As a result, the City has reverted to its standard budgeting practices for special revenue funds. Staff will establish a review process and necessary training to ensure that all active funds are properly included in the budgeting process.

Proposed Completion Date: June 30, 2025

Federal Awards Findings

Significant Deficiency in Internal Control over Major Federal Programs

Finding 2024-006 – Allowable Costs/Cost Principles

Name of Contact Person:

Darla Hawkins, City Treasurer, City of Sheridan, Wyoming

Corrective Action Plan:

With recent personnel changes, project managers with adequate knowledge of allowable costs are responsible for tracking all costs. In collaboration with the Treasury Department, new internal controls have been implemented, ensuring clear and effective tracking methods are maintained and practiced regularly.

Proposed Completion Date: June 30, 2025

Finding 2024-007 - Reporting

Name of Contact Person:

Darla Hawkins, City Treasurer, City of Sheridan, Wyoming

Corrective Action Plan:

Due to personnel changes, obtaining authorization to access the reporting site proved to be a challenging and time-consuming process. To prevent similar issues in the future, a cross-training program and centralized task list are being developed to ensure multiple staff members are familiar with all tasks and have backup access to logins when available.

Proposed Completion Date: June 30, 2025