

CITY OF  
SHERIDAN, WYOMING

**Financial and Compliance Report**

**June 30, 2025**





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SHERIDAN, WYOMING**

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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, 2025, 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, 2025, 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, which 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 there is not a guarantee that an audit conducted in accordance with GAAS and GAS 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, Wyoming'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, which raise substantial doubt about the City of Sheridan, Wyoming's ability to continue as a going concern for a reasonable period of time.

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

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension schedules, and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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 auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information, custodial funds combining statements and schedule of expenditures of federal awards, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2026 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 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 25, 2026

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**MANAGEMENT  
DISCUSSION  
& ANALYSIS**

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

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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, 2025. 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 4.6% or \$9 million during the fiscal year. The governmental type activities recorded an increase in net position of \$8.6 million which resulted in a 6.7% increase over last year. The business-type activities recorded an increase in net position of \$371 thousand or an increase of 0.5% compared to last year.

During the fiscal year, the City's total revenue increased by 11% to \$56.9 million from \$51.3 million last fiscal year. The governmental type activities recorded a \$1.9 million dollar increase in revenues, while the business-type activities recorded a \$3.6 million dollar increase resulting in a net total revenue increase for the year of \$5.6 million. This increase in revenue in FY25 versus FY24 was a result of an increase in operating and capital grants and contributions of \$1.1 million, property taxes increase of \$174 thousand, miscellaneous revenue increase of \$2.5 million, other taxes increase of \$290 thousand, charges for services increase of \$1.4 million, and investment income increase of \$95 thousand. The City's total expenses increased by 7.4% in the current fiscal year to \$47.9 million from \$44.6 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 \$35.7 million, \$17.1 million, \$18.2 million, \$11.9 million, and \$10.4 million as of June 30, 2021, 2022, 2023, 2024 and 2025, 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)**

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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 is 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 2024 and 2025 combined net position increased by approximately 4.6%.

**City of Sheridan's Net Position**

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

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

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Total Percent Change</b>
	<b>2025</b>	<b>2025</b>	<b>2025</b>	
Current and Other Assets	\$ 44,381,440	\$ 24,373,206	\$ 68,754,646	9.0%
Capital Assets	111,098,478	91,290,646	202,389,124	0.9%
<b>Total Assets</b>	<b>155,479,918</b>	<b>115,663,852</b>	<b>271,143,770</b>	<b>2.9%</b>
Pension Plan Items	1,991,783	430,238	2,422,021	(21.2)%
<b>Total Deferred Outflows of Resources</b>	<b>1,991,783</b>	<b>430,238</b>	<b>2,422,021</b>	<b>(21.2)%</b>
Current Liabilities	2,962,394	1,199,336	4,161,730	(1.9)%
Long-term Liabilities	11,986,671	45,420,618	57,407,289	(3.1)%
<b>Total Liabilities</b>	<b>14,949,065</b>	<b>46,619,954</b>	<b>61,569,019</b>	<b>(3.1)%</b>
Unavailable Property Tax Revenues	2,364,856	-	2,364,856	(14.3)%
Pension Plan Items	3,124,531	335,289	3,459,820	7.9%
<b>Total Deferred Inflows of Resources</b>	<b>5,489,387</b>	<b>335,289</b>	<b>5,824,676</b>	<b>(2.3)%</b>
Net Position				
Net Investment in Capital Assets	109,608,621	59,794,605	169,403,226	(0.1)%
Restricted	-	2,187,399	2,187,399	0.0%
Unrestricted	27,424,628	7,156,843	34,581,471	36.3%
<b>Total Net Position</b>	<b>\$ 137,033,249</b>	<b>\$ 69,138,847</b>	<b>\$ 206,172,096</b>	<b>4.5%</b>

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 \$8.6 million or 6.7%. The net position for business-type activities increased by \$371 thousand, or 0.5%.

**Results of Operations**

The City's total revenues come from numerous sources. Around 42.2% of the City's revenues come from other taxes, which include sales/use taxes, gas tax, severance tax, direct distribution, capital facilities tax, and mineral royalties. Direct distribution revenues are distributed to local governments each August and January and are subject to fluctuation through the state legislative process. Another 32.5% comes from fees charged for services, capital and operating grants and other support represents 15%, while property tax revenue represents about 5.9% of total revenues.

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

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

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

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Total Percent Change</b>
	<b>2025</b>	<b>2025</b>	<b>2025</b>	
Program Revenues				
Charges for Services	\$ 1,960,251	\$ 16,556,863	\$ 18,517,114	8.4%
Operating Grants and Contributions	327,943	655,467	983,410	0.4%
Capital Grants and Contributions	1,829,265	3,171,432	5,000,697	29.0%
General Revenues				
Property Taxes	3,360,153	-	3,360,153	5.5%
Special Assessments	4,199	-	4,199	(29.7)%
Other Taxes	24,030,385	-	24,030,385	1.2%
Miscellaneous Revenues	2,569,564	-	2,569,564	2714.3%
Investment Income	999,286	1,268,562	2,267,848	4.4%
Gain on Sale of Capital Assets	90,969	77,730	168,699	(99.7)%
<b>Total Revenues</b>	<b>35,172,015</b>	<b>21,730,054</b>	<b>56,902,069</b>	<b>10.9%</b>
Expenses				
General Government	5,980,044	-	5,980,044	3.0%
Health and Welfare	144,049	-	144,049	90.0%
Public Safety	9,662,013	-	9,662,013	26.6%
Public Works	10,708,008	-	10,708,008	5.5%
Parks and Recreation	2,801,723	-	2,801,723	4.9%
Conservation and Development	592,178	-	592,178	(20.4)%
Interest on Long-term Debt	59,434	-	59,434	21.9%
Solid Waste Fund	-	6,649,981	6,649,981	(1.7)%
Water Fund	-	7,122,968	7,122,968	6.0%
Sewer Fund	-	3,235,625	3,235,625	0.0%
Golf Fund	-	773,432	773,432	36.1%
Weed and Pest Fund	-	212,042	212,042	0.2%
<b>Total Expenses</b>	<b>29,947,449</b>	<b>17,994,048</b>	<b>47,941,497</b>	<b>7.4%</b>
Excess Before Transfers	5,224,566	3,736,006	8,960,572	33.5%
Transfers	3,365,419	(3,365,419)	-	0.0%
<b>Increase (decrease) in     Net Position</b>	<b>8,589,985</b>	<b>370,587</b>	<b>8,960,572</b>	<b>33.5%</b>
<b>Net position - beginning of year</b>	<b>128,443,264</b>	<b>68,768,260</b>	<b>197,211,524</b>	<b>3.5%</b>
<b>Net position - end of year</b>	<b>\$ 137,033,249</b>	<b>\$ 69,138,847</b>	<b>\$ 206,172,096</b>	<b>4.5%</b>

During fiscal year 2025, nearly 37.5% 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 20.2% of the total costs for City operations, while public works activities which include planning, engineering, code enforcement and streets accounted for 22.3% of the total costs. General government activities represented 12.5% 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 8.2% from the prior year and is estimated to decrease by at least 15% 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 \$1,802,987, \$1,735,588, \$1,947,500, \$2,633,288, and \$2,501,733 in direct distribution funding respectively for fiscal years 2021, 2022, 2023, 2024 and 2025. 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 \$30 million, an increase of 10.5% from last year’s amount of \$24.6 million. The City received \$2 million from those who directly benefited from charged services (i.e. permits, licenses, and fines). The City also received over \$2.2 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
	2024	2025		2024	2025	
General Government	\$ 5,804,204	\$ 5,980,044	3.0%	\$ 4,090,832	\$ 4,105,048	0.3%
Health and Welfare	75,798	144,049	90.0%	73,928	140,564	90.1%
Public Safety	7,629,379	9,662,013	26.6%	7,043,595	9,250,423	31.3%
Public Works	10,145,522	10,708,008	5.5%	8,091,759	9,506,981	17.5%
Parks and Recreation	2,670,020	2,801,723	4.9%	2,420,737	2,175,362	(10.1)%
Conservation and Development	744,195	592,178	(20.4)%	744,195	592,178	(20.4)%
Interest on Long-term Debt	48,755	59,434	21.9%	48,755	59,434	21.9%
<b>Total</b>	<b>\$ 27,117,873</b>	<b>\$ 29,947,449</b>	<b>10.4%</b>	<b>\$ 22,513,801</b>	<b>\$ 25,829,990</b>	<b>14.7%</b>

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)**

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***Financial Analysis of the City’s Funds***

The City’s combined fund balance in its governmental funds at June 30, 2025 was approximately \$38.9 million, an increase of \$6.8 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 \$0.29 million that is committed to debt payments and \$6 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**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Percent Change</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Percent Change</b>
Revenues	\$ 15,169,536	\$ 15,169,536	0.0%	\$ 15,169,536	\$ 20,356,706	34.2%
Expenditures						
General Government	\$ 4,198,226	\$ 4,257,876	1.4%	\$ 4,257,876	\$ 4,344,912	2.0%
Public Safety	8,838,380	8,838,380	0.0%	8,838,380	8,433,443	(4.6)%
Public Works	2,540,956	2,590,956	2.0%	2,590,956	2,269,752	(12.4)%
Parks and Recreation	943,197	980,967	4.0%	980,967	922,732	(5.9)%
Conservation and Development	268,070	268,070	0.0%	268,070	235,757	(12.1)%
Total	\$ 16,788,829	\$ 16,936,249	0.9%	\$ 16,936,249	\$ 16,206,596	(4.3)%

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, 2025, the City has invested \$202.4 million (net of depreciation) in a broad range of capital assets, including police and fire equipment, land, buildings, park facilities, automobiles, and water and sewer lines.

This represents an increase of 0.9% 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**

	<b>Governmental Activities 2024</b>	<b>Business-Type Activities 2024</b>	<b>Total 2024</b>	
Land	\$ 6,343,665	\$ 1,926,310	\$ 8,269,975	
Works of art	1,696,161	-	1,696,161	
Water rights	-	663,021	663,021	
Construction in progress	23,278,678	12,112,763	35,391,441	
Infrastructure	104,332,922	13,762,139	118,095,061	
Buildings	31,112,323	25,004,683	56,117,006	
Improvements, other than buildings	26,889,143	99,887,137	126,776,280	
Machinery and equipment	19,253,921	23,119,610	42,373,531	
Right-to-use leased equipment	1,800,300	1,202,051	3,002,351	
Right-to-use subscription IT assets	43,227	40,431	83,658	
Accumulated depreciation	(104,806,503)	(87,156,921)	(191,963,424)	
<b>Total</b>	<b>\$ 109,943,837</b>	<b>\$ 90,561,224</b>	<b>\$ 200,505,061</b>	
	<b>Governmental Activities 2025</b>	<b>Business-Type Activities 2025</b>	<b>Total 2025</b>	<b>Total Percent Change</b>
Land	\$ 6,343,665	\$ 1,926,310	\$ 8,269,975	0.0%
Works of art	1,717,761	-	1,717,761	1.3%
Water rights	-	1,442,448	1,442,448	117.6%
Construction in progress	6,063,497	7,404,950	13,468,447	(61.9)%
Infrastructure	124,947,141	17,643,533	142,590,674	20.7%
Buildings	31,352,899	25,004,683	56,357,582	0.4%
Improvements, other than buildings	29,031,675	103,847,259	132,878,934	4.8%
Machinery and equipment	21,257,433	25,123,610	46,381,043	9.5%
Right-to-use leased equipment	1,712,630	1,235,602	2,948,232	(1.8)%
Right-to-use subscription IT assets	43,227	40,431	83,658	(100.0)%
Accumulated depreciation	(111,371,450)	(92,378,180)	(203,749,630)	6.1%
<b>Total</b>	<b>\$ 111,098,478</b>	<b>\$ 91,290,646</b>	<b>\$ 202,389,124</b>	<b>0.9%</b>

This year's major capital asset additions included 3 patrol vehicles, 3 - ½ ton pickup truck, sander/spreader, ¾ ton crew truck, UTV, forklift, 4 deck mower, used unmarked police unit, 3 - ¾ ton various pickups, 4 different various loader, sander/spreader, service truck with crane, two snow plows, tandem dump truck, tarp deployment system and a UTV.

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

	Governmental Activities		Business-Type Activities		Total		Total Percent Change
	2024	2025	2024	2025	2024	2025	
Special							
Assessment							
Bonds	\$ 60,000	\$ 30,000	\$ -	\$ -	\$ 60,000	\$ 30,000	(50.0)%
Notes payable -							
State Loan and							
Investment							
Board	181,671	117,882	28,815,576	31,028,605	28,997,247	31,146,487	7.4%
Loan payable -							
Paid Firemen							
Pension							
Plan A	1,552,941	1,466,666	-	-	1,552,941	1,466,666	(5.6)%
Leases	1,293,995	1,158,694	406,457	439,686	1,700,452	1,598,380	(6.0)%
Subscription IT							
liability	28,227	-	26,375	26,375	54,602	26,375	(51.7)%
Compensated							
absences	1,231,491	1,500,275	470,248	613,060	1,701,739	2,113,335	24.2%
Landfill closure							
liability	-	-	7,454,269	8,140,073	7,454,269	8,140,073	9.2%
Landfill remediation							
liability	-	-	5,858,001	2,453,391	5,858,001	2,453,391	(58.1)%
Net pension							
liability	9,003,186	7,713,154	2,887,375	2,719,428	11,890,561	10,432,582	(12.3)%
Total	<u>\$ 13,351,511</u>	<u>\$ 11,986,671</u>	<u>\$ 45,918,301</u>	<u>\$ 45,420,618</u>	<u>\$ 59,269,812</u>	<u>\$ 57,407,289</u>	<u>(3.1)%</u>

At year end the City had \$57.4 million in outstanding debt, a decrease of 3.1% or approximately \$1.9 million from last year. More detailed information can be found in the notes to the financial statements.

***Future of the City***

The leading metric for measuring Sheridan's financial health remains the rate of increase or decrease of local sales and use (S&U) tax revenue. In a recent assessment of annual sales and use revenue changes for the top 12 cities in Wyoming, Sheridan was the only one that has not experienced a negative revenue growth over the past seven years. Sheridan has experienced an average of 7.4 percent growth in Sales and Use and is currently 8.5 percent higher than FY25 S&U revenues. Sales and Use revenue are the largest component of Sheridan's General Fund at about 36 percent with Sheridan having the third highest growth rate in the State and the ninth largest share of S&U tax revenue. In developing FY26 revenue projections, we considered the minimal FY25 growth trend, around 1.4 percent, and decided to not raise our revenue projections. However, as outlined above, S&U taxes have remained between 8.5 and 10 percent above FY25 numbers. For FY27, we are predicting a 3 percent increase raising Sales and Use revenue projections by almost \$200,000.

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

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Property taxes, which make up the second largest revenue share of the General Fund at around 13 percent. It traditionally grew at a rate of approximately 5 percent per year until Covid hit in 2020 which led to a rapid rise for the three years following 2021. In 2024 and 2025 the State Legislature took steps to address rapidly rising property taxes due to increased numbers of people coming to Wyoming and buying houses. In 2024, they capped the growth rate to no more than 4 percent per year, they provided long-term homeowners a 50 percent break on property valuation and doubled the exemption for combat or disabled veterans from \$3,000 to \$6,000. In 2025, they added another 25 percent exemption for all remaining property owners. All four of these measures went into effect in FY25 resulting in a \$473,000 reduction in expected property tax revenue, the end effect of which was to near it back to the original growth rate. Though slightly above what Sheridan would experience on a normal projection of 5 percent growth, the 4 percent cap to growth is projected to intersect the normal increase around 2034, after which the revenue will perform less than normal. There is a ballot measure before voters in 2026 that, if approved, will grant property owners a 50 percent across-the-board cut to their property taxes. If this occurs, it will set this revenue back between four to seven years from where it would otherwise be from the normal 5 percent growth line.

In FY26, the General-Purpose Excise Tax (GPET), otherwise known as the 5th Penny, performed congruently with the normal Sales and Use taxes providing 8.5 percent above budgetary predictions. This year, the GPET is up for consideration on the ballot at the general election in November. The City receives approximately 18.6 percent of each of the first four pennies of sales tax levied by the Legislature resulting in a total of 74.4 percent of a penny for every dollar spent on goods and services in Sheridan. The City receives from the single GPET penny, 62 percent of a penny for every dollar spent. This revenue is expected to provide just over \$5 million in FY27. Historically, about 48 percent of these revenues go toward projects for the community. Nearly 32 percent pays for partner services including sustaining our ambulance service, supporting Sheridan's air service, and contracting with a variety of nonprofits to provide services to improve the quality of life in Sheridan. Finally, around 12% goes toward the purchase of replacement equipment for the City to ensure reliability in service provision and 8 percent for various utility costs. If not approved will have a significant negative effect on the City of Sheridan's budget.

This year, the Legislature approved a measure that replaces Direct Distribution with an additional 8 percent portion of State Sales and Use tax revenue, making this fund permanent whereas Direct Distribution had to be approved every biennium. This is a welcome move which will provide a secure revenue stream into the future for Sheridan.

Sheridan continues to plan for maintenance of its infrastructure including the replacement of approximately 5,700 linear feet of water and sewer lines in the South Downtown area of the City, much of which dates back to the 1930s. Additionally, we are partnering with the State Lands Investment Board (SLIB) to replace two fire engines using matching funds from mineral royalty grants (MRG). Working with the local Senior Center, Sheridan was successful in obtaining a grant from the Wyoming Community Development Authority to replace a failing parking lot for seniors. Kendrick Pool opens in the Summer of 2026 after a year-long upgrade, and many other projects are in various levels of fund-raising through public benefit and Capital Facilities tax revenues.

***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	
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 37,318,879	\$ 18,084,618	\$ 55,403,497	\$ 1,499,513
Restricted cash and cash equivalents	-	-	-	2,670,812
Cash held with fiscal agent	121,907	-	121,907	-
Investments	-	-	-	1,691,157
Accounts receivable, net	227,626	2,544,359	2,771,985	257,018
Property tax receivable	2,396,466	-	2,396,466	-
Special assessments receivable	92,690	-	92,690	-
Due from primary government	-	-	-	385,771
Due from other governments	3,957,761	1,225,414	5,183,175	220,840
Due from component units	38,682	2,393,994	2,432,676	-
Lease receivable, current	-	-	-	141,593
Interest receivable	-	-	-	287,786
Prepaid items	227,429	35,221	262,650	39,443
Inventory	-	89,600	89,600	15,337
Lease receivable	-	-	-	4,850,326
Real estate held for sale	-	-	-	4,357,609
Notes receivable, current portion - primary government	-	-	-	84,736
Notes receivable, noncurrent portion - primary government	-	-	-	436,122
Restricted investments	-	-	-	6,542,706
Capital assets, not being depreciated	14,124,923	10,773,708	24,898,631	1,412,439
Capital assets, net of accumulated depreciation/amortization	96,973,555	80,516,938	177,490,493	49,857,765
Total assets	155,479,918	115,663,852	271,143,770	74,750,973
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension plan items	1,991,783	430,238	2,422,021	-
Total deferred outflows of resources	1,991,783	430,238	2,422,021	-

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**Statement of Net Position (Continued)**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>LIABILITIES</b>				
Accounts payable	\$ 2,398,631	\$ 327,341	\$ 2,725,972	\$ 63,844
Accrued liabilities	358,809	159,232	518,041	13,484
Accrued interest payable	19,914	198,748	218,662	24,497
Retainage payable	183,281	1,375	184,656	-
Deposits due to others	-	126,869	126,869	-
Due to other governments	-	-	-	43,327
Due to component unit	-	385,771	385,771	-
Due to primary government	-	-	-	2,432,676
Due to external parties	1,759	-	1,759	-
Unearned revenue - lease payment	-	-	-	4,445
Advanced payments on grants	-	-	-	205,954
Long-term liabilities				
Due within one year	635,157	1,926,175	2,561,332	539,039
Due in more than one year	11,351,514	43,494,443	54,845,957	4,196,116
Total liabilities	<u>14,949,065</u>	<u>46,619,954</u>	<u>61,569,019</u>	<u>7,523,382</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable property tax revenues	2,364,856	-	2,364,856	-
Lease related	-	-	-	4,705,893
Pension plan items	3,124,531	335,289	3,459,820	-
Total deferred inflows of resources	<u>5,489,387</u>	<u>335,289</u>	<u>5,824,676</u>	<u>4,705,893</u>
<b>NET POSITION</b>				
Net investment in capital assets	109,608,621	59,794,605	169,403,226	46,584,157
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	-	-	-	955,541
Unrestricted	27,424,628	7,156,843	34,581,471	14,982,000
Total net position	<u>\$ 137,033,249</u>	<u>\$ 69,138,847</u>	<u>\$ 206,172,096</u>	<u>\$ 62,521,698</u>

City of Sheridan, Wyoming  
Year Ended June 30, 2025  
**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	\$ 5,980,044	\$ 1,670,745	\$ 121,056	\$ 83,195
Health and welfare	144,049	-	3,485	-
Public safety	9,662,013	289,506	122,084	-
Public works	10,708,008	-	-	1,201,027
Parks and recreation	2,801,723	-	81,318	545,043
Conservation and development	592,178	-	-	-
Interest on long-term debt	59,434	-	-	-
Total governmental activities	<u>29,947,449</u>	<u>1,960,251</u>	<u>327,943</u>	<u>1,829,265</u>
Business-type activities				
Solid waste fund	6,649,981	6,644,074	-	2,970,262
Water fund	7,122,968	6,031,038	337,826	201,170
Sewer fund	3,235,625	3,330,445	31,200	-
Golf fund	773,432	530,274	-	-
Weed and pest fund	212,042	21,032	286,441	-
Total business-type activities	<u>17,994,048</u>	<u>16,556,863</u>	<u>655,467</u>	<u>3,171,432</u>
Total primary government	<u>\$ 47,941,497</u>	<u>\$ 18,517,114</u>	<u>\$ 983,410</u>	<u>\$ 5,000,697</u>
Component units	<u>\$ 4,223,620</u>	<u>\$ 2,398,672</u>	<u>\$ 3,186,733</u>	<u>\$ -</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				
Net position - end of year				

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

Governmental Activities	Business-type Activities	Total	Component Units
\$ (4,105,048)	\$ -	\$ (4,105,048)	\$ -
(140,564)	-	(140,564)	-
(9,250,423)	-	(9,250,423)	-
(9,506,981)	-	(9,506,981)	-
(2,175,362)	-	(2,175,362)	-
(592,178)	-	(592,178)	-
(59,434)	-	(59,434)	-
<u>(25,829,990)</u>	<u>-</u>	<u>(25,829,990)</u>	<u>-</u>
-	2,964,355	2,964,355	-
-	(552,934)	(552,934)	-
-	126,020	126,020	-
-	(243,158)	(243,158)	-
-	95,431	95,431	-
<u>-</u>	<u>2,389,714</u>	<u>2,389,714</u>	<u>-</u>
<u>(25,829,990)</u>	<u>2,389,714</u>	<u>(23,440,276)</u>	<u>-</u>
-	-	-	1,361,785
3,360,153	-	3,360,153	-
4,199	-	4,199	-
22,161,251	-	22,161,251	-
857,435	-	857,435	-
1,011,699	-	1,011,699	-
-	-	-	1,006,671
2,569,564	-	2,569,564	-
999,286	1,268,562	2,267,848	598,633
90,969	77,730	168,699	-
3,365,419	(3,365,419)	-	-
<u>34,419,975</u>	<u>(2,019,127)</u>	<u>32,400,848</u>	<u>1,605,304</u>
8,589,985	370,587	8,960,572	2,967,089
<u>128,443,264</u>	<u>68,768,260</u>	<u>197,211,524</u>	<u>59,554,609</u>
<u>\$ 137,033,249</u>	<u>\$ 69,138,847</u>	<u>\$ 206,172,096</u>	<u>\$ 62,521,698</u>

**Balance Sheet - Governmental Funds**

	General Fund	One Cent Fund	Debt Service Fund	Direct Distribution Fund
<b>ASSETS</b>				
Cash, cash equivalents and investments	\$ 15,321,085	\$ 3,676,268	\$ 292,374	\$ 1,240,968
Cash with fiscal agent	121,907	-	-	-
Accounts receivable	8,168	-	-	-
Property tax receivable	2,396,466	-	-	-
Special assessments receivable	-	-	92,690	-
Due from other governments	1,783,793	1,038,672	-	-
Due from component units	38,682	-	-	-
Due from other funds	87,663	-	-	-
Prepaid items	57,339	139,836	-	30,254
Total assets	<u>\$ 19,815,103</u>	<u>\$ 4,854,776</u>	<u>\$ 385,064</u>	<u>\$ 1,271,222</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 198,083	\$ 299,904	\$ -	\$ 181,420
Accrued liabilities	358,099	-	-	-
Accrued interest payable	-	-	4,354	15,560
Retainage payable	-	-	-	-
Due to other funds	-	-	-	-
Due to external parties	1,759	-	-	-
Total liabilities	<u>557,941</u>	<u>299,904</u>	<u>4,354</u>	<u>196,980</u>
Deferred inflows of resources				
Unavailable property tax revenues	2,376,524	-	-	-
Unavailable special assessments revenues	-	-	92,690	-
Total deferred inflows of resources	<u>2,376,524</u>	<u>-</u>	<u>92,690</u>	<u>-</u>
Fund balances				
Nonspendable				
Prepaid items	57,339	139,836	-	30,254
Committed				
By City Ordinances				
Reserves and emergency needs	6,000,000	-	-	-
Parkland dedication fund	-	-	-	-
Debt service	-	-	288,020	-
Assigned				
Encumbrances	20,064	137,297	-	287,972
Capital projects	-	-	-	-
Development impact fees	-	-	-	-
Unassigned	10,803,235	4,277,739	-	756,016
Total fund balances	<u>16,880,638</u>	<u>4,554,872</u>	<u>288,020</u>	<u>1,074,242</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 19,815,103</u>	<u>\$ 4,854,776</u>	<u>\$ 385,064</u>	<u>\$ 1,271,222</u>

Capital Tax Fund	Public Benefits Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 489,370	\$ -	\$ 165,695	\$ 16,133,119	\$ 37,318,879
-	-	-	-	121,907
-	218,990	468	-	227,626
-	-	-	-	2,396,466
-	-	-	-	92,690
983,336	-	9,079	142,881	3,957,761
-	-	-	-	38,682
-	-	-	-	87,663
-	-	-	-	227,429
<u>\$ 1,472,706</u>	<u>\$ 218,990</u>	<u>\$ 175,242</u>	<u>\$ 16,276,000</u>	<u>\$ 44,469,103</u>

\$ -	\$ -	\$ 1,261	\$ 1,717,963	\$ 2,398,631
-	-	710	-	358,809
-	-	-	-	19,914
-	-	-	183,281	183,281
-	87,663	-	-	87,663
-	-	-	-	1,759
<u>-</u>	<u>87,663</u>	<u>1,971</u>	<u>1,901,244</u>	<u>3,050,057</u>

-	-	-	-	2,376,524
-	-	-	-	92,690
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,469,214</u>

-	-	-	-	227,429
-	-	-	-	6,000,000
-	-	52,429	-	52,429
-	-	-	-	288,020
-	-	20,950	86,415	552,698
-	-	173,271	14,374,756	14,548,027
-	-	280,163	-	280,163
1,472,706	131,327	(353,542)	(86,415)	17,886,356
<u>1,472,706</u>	<u>131,327</u>	<u>173,271</u>	<u>14,374,756</u>	<u>38,949,832</u>
<u>\$ 1,472,706</u>	<u>\$ 218,990</u>	<u>\$ 175,242</u>	<u>\$ 16,276,000</u>	<u>\$ 44,469,103</u>

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City of Sheridan, Wyoming

June 30, 2025

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

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

Total fund balances - governmental funds		\$ 38,949,832
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		111,098,478
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	\$ 2,376,524	
Unavailable property taxes - governmental activities	(2,364,856)	
Unavailable special assessments revenues	<u>92,690</u>	104,358
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	1,991,783	
Pension plan items - deferred inflows of resources	<u>(3,124,531)</u>	(1,132,748)
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	(30,000)	
Notes payable	(117,882)	
Loan payable - Firemen's Pension Plan A	(1,466,666)	
Leases	(1,158,694)	
Compensated absences	(1,500,275)	
Pension liability	<u>(7,713,154)</u>	<u>(11,986,671)</u>
Net position of governmental activities		<u><u>\$ 137,033,249</u></u>

City of Sheridan, Wyoming

Year Ended June 30, 2025

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

**Governmental Funds**

	General Fund	One Cent Fund	Debt Service Fund	Direct Distribution Fund
Revenues				
Taxes	\$ 12,274,639	\$ 5,518,734	\$ -	\$ -
Licenses and permits	1,350,792	-	-	-
Intergovernmental	1,724,245	-	25,000	2,501,733
Special assessments	-	-	32,355	-
Fines, forfeitures and penalties	287,581	-	-	-
Charges for services	296,878	-	-	25,000
Pari-mutuel and lottery	857,435	-	-	-
Investment income	999,286	-	-	-
Contributions	-	-	-	-
Miscellaneous	213,891	-	-	-
Total revenues	<u>18,004,747</u>	<u>5,518,734</u>	<u>57,355</u>	<u>2,526,733</u>
Expenditures				
Current				
General government	4,471,229	-	-	560,031
Health and welfare	-	141,700	-	-
Public safety	8,735,605	613,577	-	156,135
Public works	2,267,788	669,936	999	1,262,404
Parks and recreation	894,063	578,901	-	31,250
Conservation and development	235,863	170,000	-	185,114
Capital outlay	-	680,653	-	702,626
Debt service - principal	23,826	-	315,645	220,317
interest	1,174	-	17,549	40,711
Total expenditures	<u>16,629,548</u>	<u>2,854,767</u>	<u>334,193</u>	<u>3,158,588</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,375,199</u>	<u>2,663,967</u>	<u>(276,838)</u>	<u>(631,855)</u>
Other financing sources (uses)				
Transfers in	2,142,890	-	302,572	-
Transfers out	(1,187,424)	(1,929,117)	-	(26,245)
Sale of general capital assets	31,399	-	-	-
Leases	-	-	-	277,177
Insurance recoveries	2,271,829	-	-	53,101
Total other financing sources (uses)	<u>3,258,694</u>	<u>(1,929,117)</u>	<u>302,572</u>	<u>304,033</u>
Net change in fund balances	4,633,893	734,850	25,734	(327,822)
Fund balances - beginning of year	<u>12,246,745</u>	<u>3,820,022</u>	<u>262,286</u>	<u>1,402,064</u>
Fund balances - end of year	<u>\$ 16,880,638</u>	<u>\$ 4,554,872</u>	<u>\$ 288,020</u>	<u>\$ 1,074,242</u>

Capital Tax Fund	Public Benefits Fund	Special Revenue Fund	Capital Projects Fund	Total Governmental Funds
\$ 5,224,702	\$ 1,011,699	\$ -	\$ -	\$ 24,029,774
-	-	-	-	1,350,792
-	-	160,462	142,881	4,554,321
-	-	-	-	32,355
-	-	-	-	287,581
-	-	-	-	321,878
-	-	-	-	857,435
-	-	-	-	999,286
-	-	104,620	-	104,620
-	-	2,509	28,234	244,634
<u>5,224,702</u>	<u>1,011,699</u>	<u>267,591</u>	<u>171,115</u>	<u>32,782,676</u>
-	-	-	219	5,031,479
-	-	2,349	-	144,049
-	-	80,565	-	9,585,882
-	-	-	301,315	4,502,442
-	-	5,424	-	1,509,638
-	-	1,201	-	592,178
-	-	94,819	8,458,206	9,936,304
-	-	-	-	559,788
-	-	-	-	59,434
<u>-</u>	<u>-</u>	<u>184,358</u>	<u>8,759,740</u>	<u>31,921,194</u>
<u>5,224,702</u>	<u>1,011,699</u>	<u>83,233</u>	<u>(8,588,625)</u>	<u>861,482</u>
-	-	1,000	17,704,091	20,150,553
(4,650,000)	(1,108,921)	-	(7,887,516)	(16,789,223)
-	-	-	-	31,399
-	-	-	-	277,177
-	-	-	-	2,324,930
<u>(4,650,000)</u>	<u>(1,108,921)</u>	<u>1,000</u>	<u>9,816,575</u>	<u>5,994,836</u>
574,702	(97,222)	84,233	1,227,950	6,856,318
898,004	228,549	89,038	13,146,806	32,093,514
<u>\$ 1,472,706</u>	<u>\$ 131,327</u>	<u>\$ 173,271</u>	<u>\$ 14,374,756</u>	<u>\$ 38,949,832</u>

City of Sheridan, Wyoming

Year Ended June 30, 2025

**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. \$ 6,856,318

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

Capital asset additions	\$ 8,042,677	
Depreciation	<u>(6,890,715)</u>	1,151,962

Capital transfers reported in governmental activities not reported in governmental funds 4,089

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	(31,399)	
Gain on disposal of capital assets	<u>90,969</u>	59,570

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

Unavailable special assessments current year	92,690	
Unavailable special assessments prior year	(120,846)	
Difference in unavailable property tax revenue current year	11,668	
Difference in unavailable property tax revenue prior year	<u>(10,072)</u>	(26,560)

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	(277,177)	
Principal paid on long-term debt	<u>559,788</u>	282,611

(Continued)

City of Sheridan, Wyoming  
Year Ended June 30, 2025

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

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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	\$ 9,003,186	
Pension liability - current year	(7,713,154)	
Deferred outflows - pension plan items - prior year	(2,719,893)	
Deferred outflows - pension plan items - current year	1,991,783	
Deferred inflows - pension plan items - prior year	3,093,388	
Deferred inflows - pension plan items - current year	<u>(3,124,531)</u>	\$ 530,779

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	(1,500,275)	
Compensated absences - prior year	<u>1,231,491</u>	<u>(268,784)</u>

Change in net position of governmental activities

\$ 8,589,985

City of Sheridan, Wyoming

June 30, 2025

**Statement of Net Position - Proprietary Funds**

	Solid Waste Fund	Water Fund	Sewer Fund
<b>ASSETS</b>			
Current assets			
Cash, cash equivalents and investments	\$ 6,741,950	\$ 7,693,368	\$ 3,494,101
Service receivables, net	918,257	853,388	559,501
Due from other governments	661,081	461,065	32,909
Due from component unit	-	2,393,994	-
Prepaid items	1,444	19,568	6,478
Inventory	-	77,688	11,912
Total current assets	<u>8,322,732</u>	<u>11,499,071</u>	<u>4,104,901</u>
Capital assets, net of accumulated depreciation	<u>11,233,801</u>	<u>66,840,149</u>	<u>12,217,803</u>
Total assets	<u>19,556,533</u>	<u>78,339,220</u>	<u>16,322,704</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension plan items	<u>240,290</u>	<u>103,896</u>	<u>86,052</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	130,961	115,674	47,702
Accrued liabilities	62,151	48,619	33,248
Accrued interest payable	65,406	92,073	35,372
Retainage payable	-	-	1,375
Deposits due to others	-	126,869	-
Due to component unit	-	385,771	-
Noncurrent liabilities			
Due within one year	349,316	1,141,154	399,414
Due in more than one year	8,206,417	15,433,540	6,395,273
Landfill closure, postclosure, and remediation liability	10,593,464	-	-
Net pension liability	<u>1,538,451</u>	<u>644,259</u>	<u>536,718</u>
Total liabilities	<u>20,946,166</u>	<u>17,987,959</u>	<u>7,449,102</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension plan items	<u>202,332</u>	<u>78,901</u>	<u>54,056</u>
<b>NET POSITION</b>			
Net investment in capital assets	2,907,973	50,475,752	5,566,142
Restricted			
Landfill closure and post closure - W.S. 35-11-532	2,187,399	-	-
Unrestricted (deficit)	<u>(6,447,047)</u>	<u>9,900,504</u>	<u>3,339,456</u>
Total net position (deficit)	<u>\$ (1,351,675)</u>	<u>\$ 60,376,256</u>	<u>\$ 8,905,598</u>

Golf Fund	Weed and Pest Fund	Totals
\$ 1,717	\$ 153,482	\$ 18,084,618
209,578	3,635	2,544,359
-	70,359	1,225,414
-	-	2,393,994
7,731	-	35,221
-	-	89,600
<u>219,026</u>	<u>227,476</u>	<u>24,373,206</u>
<u>830,344</u>	<u>168,549</u>	<u>91,290,646</u>
<u>1,049,370</u>	<u>396,025</u>	<u>115,663,852</u>
-	-	430,238
16,053	16,951	327,341
10,384	4,830	159,232
5,897	-	198,748
-	-	1,375
-	-	126,869
-	-	385,771
36,060	231	1,926,175
138,259	8,062	30,181,551
-	-	10,593,464
-	-	2,719,428
<u>206,653</u>	<u>30,074</u>	<u>46,619,954</u>
-	-	335,289
676,189	168,549	59,794,605
-	-	2,187,399
166,528	197,402	7,156,843
<u>\$ 842,717</u>	<u>\$ 365,951</u>	<u>\$ 69,138,847</u>

City of Sheridan, Wyoming

Year Ended June 30, 2025

**Statement of Revenues, Expenses, and Changes in Net Position**

**Proprietary Funds**

	Solid Waste Fund	Water Fund	Sewer Fund
Operating revenues			
Service fees	\$ 6,641,939	\$ 4,803,391	\$ 3,330,445
Other operating revenue	2,135	1,227,647	-
Total operating revenues	<u>6,644,074</u>	<u>6,031,038</u>	<u>3,330,445</u>
Operating expenses			
Salaries and benefits	2,763,543	2,050,938	1,200,585
Other operating expenses	1,748,623	1,437,116	938,915
Landfill closure and postclosure costs	1,134,779	-	-
Depreciation expense	907,917	3,413,543	1,018,756
Total operating expenses	<u>6,554,862</u>	<u>6,901,597</u>	<u>3,158,256</u>
Operating income (loss)	89,212	(870,559)	172,189
Nonoperating revenues (expenses)			
Intergovernmental	-	337,826	31,200
Investment income	395,083	599,853	267,743
Interest expense	(95,119)	(221,371)	(77,369)
Gain (loss) on sale of capital assets	50,853	23,606	3,271
Total nonoperating revenues (expenses)	<u>350,817</u>	<u>739,914</u>	<u>224,845</u>
Income (loss) before contributions and transfers	440,029	(130,645)	397,034
Capital grants and contributions	2,970,262	201,170	-
Transfers in	3,961,208	2,695,407	1,334,706
Transfers out	(4,462,185)	(5,503,171)	(1,615,310)
Net contributions and transfers	<u>2,469,285</u>	<u>(2,606,594)</u>	<u>(280,604)</u>
Change in net position	2,909,314	(2,737,239)	116,430
Net position (deficit) - beginning of year	<u>(4,260,989)</u>	<u>63,113,495</u>	<u>8,789,168</u>
Net position (deficit) - end of year	<u>\$ (1,351,675)</u>	<u>\$ 60,376,256</u>	<u>\$ 8,905,598</u>

Golf Fund	Weed and Pest Fund	Totals
\$ 530,274	\$ 21,032	\$ 15,327,081
-	-	1,229,782
<u>530,274</u>	<u>21,032</u>	<u>16,556,863</u>
273,672	132,152	6,420,890
356,495	52,319	4,533,468
-	-	1,134,779
<u>137,368</u>	<u>27,571</u>	<u>5,505,155</u>
<u>767,535</u>	<u>212,042</u>	<u>17,594,292</u>
(237,261)	(191,010)	(1,037,429)
-	286,441	655,467
-	5,883	1,268,562
(5,897)	-	(399,756)
-	-	77,730
<u>(5,897)</u>	<u>292,324</u>	<u>1,602,003</u>
(243,158)	101,314	564,574
-	-	3,171,432
254,015	-	8,245,336
-	(30,089)	(11,610,755)
<u>254,015</u>	<u>(30,089)</u>	<u>(193,987)</u>
10,857	71,225	370,587
<u>831,860</u>	<u>294,726</u>	<u>68,768,260</u>
<u>\$ 842,717</u>	<u>\$ 365,951</u>	<u>\$ 69,138,847</u>

City of Sheridan, Wyoming

Year Ended June 30, 2025

**Statement of Cash Flows - Proprietary Funds**

	Solid Waste Fund	Water Fund	Sewer Fund
<b>Cash Flows from Operating Activities</b>			
Cash receipts from customers	\$ 6,603,101	\$ 7,366,745	\$ 3,357,799
Cash paid to suppliers for goods and services	(5,546,033)	(1,117,897)	(915,067)
Cash paid to employees for services	(2,710,566)	(1,927,786)	(1,234,445)
Net cash provided by (used in) operating activities	<u>(1,653,498)</u>	<u>4,321,062</u>	<u>1,208,287</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Operating grants	-	337,826	31,200
Transfers in	3,961,208	2,695,407	1,334,706
Transfers out	(4,462,185)	(5,505,580)	(1,612,901)
Net cash provided by (used in) noncapital financing activities	<u>(500,977)</u>	<u>(2,472,347)</u>	<u>(246,995)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Capital grants from federal and state sources	4,272,602	2,604,832	88,881
Proceeds from notes payable	1,090,240	1,593,426	801,638
Principal payments on notes payable to the State Loan and Investments Board	(203,493)	(692,233)	(376,549)
Principal payments on leases	(104,100)	(16,827)	-
Interest paid on debt	(80,856)	(285,274)	(93,002)
Proceeds from sale of property and equipment	50,853	23,606	3,271
Purchases of property and equipment	(1,011,604)	(3,592,514)	(1,382,157)
Net cash provided by (used in) capital and related financing activities	<u>4,013,642</u>	<u>(364,984)</u>	<u>(957,918)</u>
<b>Cash Flows from Investing Activities</b>			
Interest on investments	395,083	(112,020)	267,743
Net cash provided by (used in) investing activities	<u>395,083</u>	<u>(112,020)</u>	<u>267,743</u>
 Net increase (decrease) in cash and cash equivalents	 2,254,250	 1,371,711	 271,117
 Cash and cash equivalents - beginning of year	 4,487,700	 6,321,657	 3,222,984
Cash and cash equivalents - end of year	<u>\$ 6,741,950</u>	<u>\$ 7,693,368</u>	<u>\$ 3,494,101</u>

Golf Fund	Weed and Pest Fund	Totals
\$ 430,154	\$ 22,027	\$ 17,779,826
(350,947)	(45,939)	(7,975,883)
(252,048)	(139,657)	(6,264,502)
(172,841)	(163,569)	3,539,441
-	286,441	655,467
254,015	-	8,245,336
-	(26,000)	(11,606,666)
254,015	260,441	(2,705,863)
-	-	6,966,315
198,266	-	3,683,570
-	-	(1,272,275)
(44,111)	-	(165,038)
-	-	(459,132)
-	-	77,730
(252,391)	-	(6,238,666)
(98,236)	-	2,592,504
-	5,883	556,689
-	5,883	556,689
(17,062)	102,755	3,982,771
18,779	50,727	14,101,847
\$ 1,717	\$ 153,482	\$ 18,084,618

(Continued)

City of Sheridan, Wyoming

Year Ended June 30, 2025

**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)	\$ 89,212	\$ (870,559)	\$ 172,189
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities			
Depreciation expense	907,917	3,413,543	1,018,756
Amortization of pension plan items	89,828	35,233	22,893
Landfill closure, postclosure and remediation costs	(2,718,806)	-	-
Increase (decrease) in cash resulting from changes in operating assets, deferred outflows and liabilities			
Service receivables, net	(40,973)	71,564	27,354
Due from other governments	-	-	-
Due from component unit	-	1,305,225	-
Prepaid items	18,786	(14,259)	(2,324)
Inventory	-	(523)	(506)
Accounts payable	37,389	43,946	25,303
Accrued liabilities	12,184	23,579	(7,389)
Retainage payable	-	(36,624)	1,375
Deposits due to others	-	(41,082)	-
Due to component unit	-	326,679	-
Compensated absences payable	52,931	104,335	(23,378)
Net pension liability	(101,966)	(39,995)	(25,986)
Net cash provided by (used in) operating activities	<u>\$ (1,653,498)</u>	<u>\$ 4,321,062</u>	<u>\$ 1,208,287</u>
Noncash capital and related financing activities			
Due from SAWS for water share liability	\$ -	\$ 711,873	\$ -
Contributions of capital assets	\$ -	\$ 2,409	\$ (2,409)

Golf Fund	Weed and Pest Fund	Totals
\$ (237,261)	\$ (191,010)	\$ (1,037,429)
137,368	27,571	5,505,155
-	-	147,954
-	-	(2,718,806)
(100,120)	(81)	(42,256)
-	1,076	1,076
-	-	1,305,225
8,664	-	10,867
-	-	(1,029)
(3,116)	6,380	109,902
7,804	(2,609)	33,569
-	-	(35,249)
-	-	(41,082)
-	-	326,679
13,820	(4,896)	142,812
-	-	(167,947)
<u>\$ (172,841)</u>	<u>\$ (163,569)</u>	<u>\$ 3,539,441</u>
\$ -	\$ -	\$ 711,873
\$ -	\$ (4,089)	\$ (4,089)

City of Sheridan, Wyoming

June 30, 2025

**Statement of Fiduciary Net Position**  
**Fiduciary Fund**

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	Custodial Funds
<b>ASSETS</b>	
Cash	\$ 277,705
Due from primary government	1,759
Total assets	<u>279,464</u>
<b>LIABILITIES</b>	
Account balances in excess of bank	465
Accounts payable	1,000
Total liabilities	<u>1,465</u>
<b>NET POSITION</b>	
Restricted for:	
Individuals, organizations, and other governments	<u>277,999</u>
Total net position	<u>277,999</u>
Total liabilities and net position	<u>\$ 279,464</u>

City of Sheridan, Wyoming

Year Ended June 30, 2025

**Statement of Changes in Fiduciary Net Position**

**Fiduciary Fund**

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	Custodial Funds
<b>ADDITIONS</b>	
Contributions	
Members	\$ 9,352
Seizures from suspected crime scenes	943
Mandated collections from perpetrators	76,692
Employees on behalf of others	1,486
Voluntary contributions	2,223
Total additions	<u>90,696</u>
<b>DEDUCTIONS</b>	
Payments to other governments	12,725
Refunded seizures from crime scenes	945
Court bond refunds	69,110
Payments to employees	200
Miscellaneous expense	2,065
Total deductions	<u>85,045</u>
Net increase in fiduciary net position	5,651
Net position - beginning of year	<u>272,348</u>
Net position - end of year	<u>\$ 277,999</u>

City of Sheridan, Wyoming

June 30, 2025

**Combining Statement of Net Position - Component Units**

	Sheridan Area Water Supply Joint Powers Board	Sheridan Economic and Educational Development Authority Joint Powers Board
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,361,340	\$ 68,152
Restricted cash and cash equivalents	2,670,812	-
Investments	531,644	820,894
Accounts receivable, net	257,018	-
Due from primary government	385,771	-
Due from other governments	-	6,895
Lease receivable, current	-	141,593
Interest receivable	-	287,786
Prepaid items	-	-
Inventory	-	-
Lease receivable	-	4,850,326
Real estate held for sale	-	4,357,609
Notes receivable, current portion - primary government	84,736	-
Notes receivable, noncurrent portion - primary government	436,122	-
Restricted investments	6,336,752	-
Capital assets, not being depreciated	1,412,439	-
Capital assets, net of depreciation	32,729,729	17,078,398
Total assets	46,206,363	27,611,653
<b>LIABILITIES</b>		
Accounts payable	14,633	12,835
Accrued liabilities	-	-
Accrued interest payable	24,497	-
Due to other governments	42,125	-
Due to primary government	2,393,994	-
Unearned revenue - lease payment	-	4,445
Advanced payments on grants	-	-
Long-term liabilities		
Due within one year	455,020	84,019
Due in more than one year	2,637,266	1,509,742
Total liabilities	5,567,535	1,611,041
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Lease related	-	4,705,893
Total deferred inflows of resources	-	4,705,893
<b>NET POSITION</b>		
Net investment in capital assets	31,049,882	15,484,637
Restricted by		
City of Sheridan/Sheridan Area Water Supply JPB agreement - water shares, capital and debt service	955,541	-
Unrestricted	8,633,405	5,810,082
Total net position	\$ 40,638,828	\$ 21,294,719

Sheridan County Travel and Tourism Joint Powers Board	Sheridan Downtown Development Authority	Total Component Units
\$ 66,125	\$ 3,896	\$ 1,499,513
-	-	2,670,812
338,619	-	1,691,157
-	-	257,018
-	-	385,771
213,945	-	220,840
-	-	141,593
-	-	287,786
39,443	-	39,443
15,337	-	15,337
-	-	4,850,326
-	-	4,357,609
-	-	84,736
-	-	436,122
205,954	-	6,542,706
-	-	1,412,439
49,638	-	49,857,765
<u>929,061</u>	<u>3,896</u>	<u>74,750,973</u>
36,376	-	63,844
13,484	-	13,484
-	-	24,497
1,202	-	43,327
38,682	-	2,432,676
-	-	4,445
205,954	-	205,954
-	-	539,039
49,108	-	4,196,116
<u>344,806</u>	<u>-</u>	<u>7,523,382</u>
-	-	4,705,893
<u>-</u>	<u>-</u>	<u>4,705,893</u>
49,638	-	46,584,157
-	-	955,541
534,617	3,896	14,982,000
<u>\$ 584,255</u>	<u>\$ 3,896</u>	<u>\$ 62,521,698</u>

City of Sheridan, Wyoming

Year Ended June 30, 2025

**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	\$ 2,208,211	\$ 2,144,786	\$ -	\$ -
Sheridan Economic and Educational Development Authority Joint Powers Board	693,323	193,068	3,087,708	-
Sheridan County Travel and Tourism Joint Powers Board	1,322,086	60,818	99,025	-
Sheridan Downtown Development Authority	-	-	-	-
Total component units	<u>\$ 4,223,620</u>	<u>\$ 2,398,672</u>	<u>\$ 3,186,733</u>	<u>\$ -</u>

General revenues  
 Lodging tax  
 Investment income  
 Total general revenues

Change in net position

Net position - beginning of year

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	Total Component Units
\$ (63,425)	\$ -	\$ -	\$ -	\$ (63,425)
-	2,587,453	-	-	2,587,453
-	-	(1,162,243)	-	(1,162,243)
-	-	-	-	-
<u>(63,425)</u>	<u>2,587,453</u>	<u>(1,162,243)</u>	<u>-</u>	<u>1,361,785</u>
-	-	1,006,671	-	1,006,671
381,507	180,855	36,112	159	598,633
<u>381,507</u>	<u>180,855</u>	<u>1,042,783</u>	<u>159</u>	<u>1,605,304</u>
318,082	2,768,308	(119,460)	159	2,967,089
<u>40,320,746</u>	<u>18,526,411</u>	<u>703,715</u>	<u>3,737</u>	<u>59,554,609</u>
<u>\$ 40,638,828</u>	<u>\$ 21,294,719</u>	<u>\$ 584,255</u>	<u>\$ 3,896</u>	<u>\$ 62,521,698</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. SAWS is considered a discretely presented component unit of the City because the relationship between the two entities is significant enough that not including it would cause the financial statements of the City to be misleading. Additionally, the relationship between the two entities is significant enough that not including it would cause the financial statements of the City to be misleading. 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. SEEDA is considered a discretely presented component unit of the City because the City has provided most of SEEDA's support and SEEDA is closely integrated with the City of Sheridan's economic development plans. Additionally, the relationship between the two entities is significant enough that not including it would cause the financial statements of the City to be misleading. Complete financial statements for the Sheridan Economic and Education Development Authority 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 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. The Board is considered a discretely presented component unit of the City because the City has provided most of the Board's support and the City is involved in promoting travel and tourism in the area. Additionally, the relationship between the two entities is significant enough that not including it would cause the financial statements of the City to be misleading. Complete financial statements for the Sheridan County Travel and Tourism Joint Powers Board can be obtained from its administrative office in Sheridan, Wyoming.

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 Authority is considered a discretely presented component unit of the City because the City is financially accountable, and the relationship is significant enough that not including it would cause the financial statements of the City to be misleading. 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, 2025, the City paid the Sheridan Recreation District \$303,200 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.

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

***Government-Wide and Fund Financial Statements***

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

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

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

***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

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

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.

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

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

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.

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.

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

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

The *golf fund* accounts for revenue and expenses associated with the operation and maintenance of the Sheridan Municipal Golf Course. 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.

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 non-operating revenues and expenses.

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

***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.

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 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 on 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 a 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. Withdrawals are available on the effective date of the transaction, except for the amount subject to hold back. The holdback represents an amount up to 10% of the total value of the pool participant's withdrawal, as determined by the pool administrator. This amount is typically held until the end of the month, when all account reconciliations are complete.

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

***Cash, Cash Equivalents and Investments (Continued)***

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. The Wyoming CLASS Board of Trustees is responsible for assuring compliance with the Indenture and the investment restrictions. It oversees, reviews, administers, and supervises the activities of the Trust's professional advisors.

***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.

***Restricted Cash, Cash Equivalents and Investments – Component Units***

SAWS has restricted cash, cash equivalents and investments related to an agreement with the City for purchases of future water supply in the amounts of \$531,519 and \$2,364,061, respectively. 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. Restricted cash and cash equivalents held for acquisition or construction of noncurrent assets totals \$2,139,293. Restricted investments for the acquisition or construction of noncurrent assets and debt service total \$2,135,320 and \$1,837,371, respectively.

The Sheridan County Travel and Tourism Board considers any investments that are legally restricted as withdrawal or usage to be presented as restricted investments. The Board has restricted investments of \$205,954 related to grants received in advance.

***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.

***Property Taxes***

The county assesses and levies both mineral and non-mineral ad valorem property taxes on behalf of the City. Taxes are generally levied on or about August 1 each year.

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

***Property Taxes (Continued)***

- **Non-Mineral Property Taxes:** These are valued and assessed annually as of January 1 at fair market value, in accordance with Wyoming Statute §39-13-103. A tax lien becomes enforceable on January 1. County Commissioners levy the taxes around August 1. Payments are due in two equal installments: the first due September 1 (delinquent after November 10), and the second on March 1 of the following year (delinquent May 10).
- **Mineral Property Taxes:** These are assessed based on the mineral production from the preceding calendar year, with a tax lien attaching at the time of severance, in accordance with Wyoming Statute §39-14-203(c). County Commissioners levy the taxes around August 1. The Wyoming Department of Revenue (Department) centrally collects mineral ad valorem taxes based on current monthly production reports. Taxes are due to the Department by the 25th day of the third month following the month of production, as established by House Bill 159, 2021 Legislative Session. The Department distributes these collections to the counties.

Mineral property tax collections are based on the current production while the county levy is based on the preceding calendar year's production, the Department's collections occur before the county's levy is formally set. The county distributes all collected property taxes to the appropriate taxing entities when received. Once the levy is established, the county reconciles the pre-collected taxes against the levy. This reconciliation can result in either an additional amount due or a refund for overpayment.

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 is recognized as of the lien date; however, revenue is not recognized until the levy date.

The City recognized property taxes levied in August 2024 as revenue for the fiscal year ended June 30, 2025. Property taxes received from mineral production in calendar years 2024 and 2025 were reported as unearned revenue in both the fund and government-wide financial statements as of June 30, 2025, because they were not yet levied, assessed or reconciled, and may result in a repayment of collected taxes. Mineral property taxes for 2024 calendar production were legally assessed on January 1, 2025, but were not levied until August 2025. Mineral property taxes for production in calendar year 2025 had not been assessed as of June 2025.

***Due from Other Governments***

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

**Notes to the Financial Statements**

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

***Inventories and Prepaid Items***

Water and Sewer Fund inventories are carried at the lower 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)
Land received in year ended June 30, 2025	3,230,000
Acquisition costs in relation to land received in year ended June 30, 2025	23,808
Development costs in relation to land received in year ended June 30, 2025	7,995
Real estate held for sale by SEEDA	<u>\$ 4,357,609</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 place the lease asset into service. Right-to-use leased assets are amortized over the shorter of the lease term or useful life 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 life 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 represent 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 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. Compensated absences are recognized as a liability when the leave is earned, and it is more likely than not that the benefit will be used or paid. The liability is measured using pay rates in effect at the reporting date and includes applicable salary-related payments. These amounts are reported in the government-wide and proprietary fund financial statements. In the governmental funds, compensated absences are recognized only to the extent that they have matured (i.e., are due for payment as a result of employee terminations or retirements).

**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 is 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 is discounted based on a borrowing rate determined by the City.

***Leases***

Lessee: The City is a lessee for a non-cancellable 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 non-cancellable 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 non-cancellable leases of 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 non-cancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable are 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.

**Notes to the Financial Statements**

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**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, 2025 were as follows:

General Fund	\$ 20,064
One Cent Fund	137,297
Direct Distribution Fund	287,972
Special Revenue Fund	20,950
Capital Projects Fund	86,415
	<u>\$ 552,698</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.

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

***Standards Issued and Implemented***

As of July 1, 2024, the City adopted GASB Statement No. 101, *Compensated Absences*. The provisions align recognition and measurement guidance for all types of compensated absences, including vacation, sick leave, and other paid time off under a unified model, which resulted in governments recognizing a liability that more appropriately reflects when an obligation for compensated absences occurred. The implementation required the City to recognize a liability for certain leave benefits that were previously not recorded or measured differently under prior guidance. The model is intended to provide greater consistency in application and improved comparability across governments. The impact on fund balance or net position was not significant to the City. As such, no restatement of balances was deemed necessary.

As of July 1, 2024, the City also adopted GASB Statement No. 102, *Certain Risk Disclosures*, which requires management to evaluate whether there are risks related to a government's vulnerabilities due to certain concentrations or constraints that require disclosure. A concentration, as defined by Statement 102, is a lack of diversity related to an aspect of a significant inflow or outflow of resources. 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. The requirements of the Statement are effective for reporting periods beginning after June 15, 2024. There was no impact on the fund balance or net position in 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 city administrator and mayor from each department head 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.

***Budgetary Basis***

Budgets for governmental and propriety funds are adopted on a modified cash (budgetary) basis.

No budget is established for custodial funds.

**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, 2025, the carrying amount of the City’s bank deposits and bank balances were \$37,876,319 and \$38,084,483, respectively. The amounts reported in the financial statements for pooled cash, cash equivalents and investments are as follows:

	Statement of Net Position	
	Primary Government	Custodial Funds
Cash, cash equivalents and investments		
Cash and cash equivalents	\$ 22,301,206	\$ 277,705
Petty cash	1,275	-
Certificates of deposit - non-negotiable	15,297,873	-
U.S. agency mortgage backed securities	1,370	-
Government sponsored enterprise obligations	9,966	-
Money market funds	17,509	-
WYO-STAR I	6,445	-
Wyoming CLASS	17,767,853	-
	\$ 55,403,497	\$ 277,705

**Notes to the Financial Statements**

**Note 3. Deposits and Investments (Continued)**

***Component Units***

At June 30, 2025, the carrying amount of the City's component units' bank deposits and bank balances were as follows:

<i>Component Units Statement of Net Position</i>	<u>Bank Balance</u>	<u>Carrying Amount</u>
Sheridan Area Water Supply Joint Powers Board		
Cash and cash equivalents	\$ 1,361,340	\$ 1,361,340
Restricted cash and cash equivalents	2,670,812	2,670,812
Sheridan Economic and Educational Development Authority Joint Powers Board		
Cash and cash equivalents	68,351	68,152
Sheridan County Travel and Tourism Joint Powers Board		
Cash and cash equivalents	47,988	66,125
Sheridan Downtown Development Authority		
Cash and cash equivalents	3,896	3,896
Total component units	<u>\$ 4,152,387</u>	<u>\$ 4,170,325</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.

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**Notes to the Financial Statements****Note 3. Deposits and Investments (Continued)****Investments**

On June 30, 2025, 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 3.95%	\$ 15,297,873	\$ 15,297,873	\$ -	\$ -	\$ -	Not rated
U.S. agency mortgage backed securities - GNMA, interest rates from 4.00% to 7.00%	9,966	-	649	7,089	2,228	Aaa
Government sponsored enterprise obligations - FNMA, interest rate of 5%	1,370	-	-	1,370	-	Aaa
Money market funds, interest rate of 0.01%	17,509	17,509	-	-	-	Not rated
WYO-STAR I, interest rate of 4.16%	6,445	6,445	-	-	-	Not rated
Wyoming CLASS, interest rate of 4.28%	17,767,853	17,767,853	-	-	-	AAAm
	<u>\$ 33,101,016</u>	<u>\$ 33,089,680</u>	<u>\$ 649</u>	<u>\$ 8,459</u>	<u>\$ 2,228</u>	

As of June 30, 2025, 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 4.16%	\$ 6,868,396	\$ 6,868,396	\$ -	\$ -	\$ -	Not rated
<i>Sheridan Economic and Educational Development Authority Joint Powers Board</i>						
WYO-STAR I, interest rate of 4.16%	820,894	820,894	-	-	-	Not rated
<i>Sheridan County Travel and Tourism Joint Powers Board</i>						
Wyoming CLASS, interest rate of 4.25%	544,573	544,573	-	-	-	AAAm
	<u>\$ 8,233,863</u>	<u>\$ 8,233,863</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 below 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, 2025, the City had 54% of its investments in Wyoming CLASS, 46% in certificates of deposits non-negotiable, 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 majority of 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, 2025, 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, 2025:

*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, 2025			
	Level 1	Level 2	Level 3	Total
U.S. agency mortgage backed securities	\$ -	\$ 1,370	\$ -	\$ 1,370
Government sponsored enterprise obligations	-	9,966	-	9,966
Total investments at fair value	<u>\$ -</u>	<u>\$ 11,336</u>	<u>\$ -</u>	11,336
Other investments not reported in classifications:				
Certificates of deposit - non-negotiable				15,297,873
Money market funds				17,509
WYO-STAR I				6,445
Wyoming CLASS				17,767,853
Total primary government investments				<u>\$ 33,101,016</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	\$ 2,304
Sewer Fund	1,037
Solid Waste Fund	937
Weed and Pest Fund	12
Total	<u>\$ 4,290</u>

***SAWS***

The City is responsible for billing user-free 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, 2025, was \$24,186.

**Notes to the Financial Statements**

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

Individual funds' interfund receivable and payable balances at June 30, 2025 are as follows:

	Due from	Due to
General fund	\$ 87,663	\$ -
Public benefit fund	-	87,663
	<u>\$ 87,663</u>	<u>\$ 87,663</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, 2025 were as follows:

	Transfers in	Transfers out
Primary Government		
<i>Governmental Activities</i>		
Governmental Funds		
General Fund	\$ 2,142,890	\$ 1,187,424
One Cent Fund	-	1,929,117
Debt Service Fund	302,572	-
Direct Distribution Fund	-	26,245
Capital Tax Fund	-	4,650,000
Public Benefits Fund	-	1,108,921
Special Revenue Fund	1,000	-
Capital Projects Fund	17,704,091	7,887,516
Total governmental funds	<u>20,150,553</u>	<u>16,789,223</u>
Other capital asset transfers reported in governmental activities	4,089	-
Total governmental activities	<u>20,154,642</u>	<u>16,789,223</u>
<i>Business-type Activities</i>		
Solid Waste Fund	3,961,208	4,462,185
Water Fund	2,695,407	5,503,171
Sewer Fund	1,334,706	1,615,310
Golf Fund	254,015	-
Weed and Pest Fund	-	30,089
Total business-type activities	<u>8,245,336</u>	<u>11,610,755</u>
Total primary government	<u>\$ 28,399,978</u>	<u>\$ 28,399,978</u>

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

Capital asset activity for the year ended June 30, 2025 was as follows:

	Balance June 30, 2024	Increases	Decreases	Transfers In (Out)	Balance June 30, 2025
Governmental activities					
Capital assets, not being depreciated					
Land	\$ 6,343,665	\$ -	\$ -	\$ -	\$ 6,343,665
Works of art	1,696,161	21,600	-	-	1,717,761
Construction in progress	23,278,678	7,102,445	(24,317,626)	-	6,063,497
Total capital assets, not being depreciated/amortized	31,318,504	7,124,045	(24,317,626)	-	14,124,923
Capital assets, being depreciated					
Infrastructure	104,332,922	21,988,679	-	(1,374,460)	124,947,141
Buildings	31,112,323	240,576	-	-	31,352,899
Improvements, other than buildings	26,889,143	768,072	-	1,374,460	29,031,675
Machinery and equipment	19,253,921	1,961,754	(156,158)	197,916	21,257,433
Right-to-use leased equipment	1,800,300	277,177	(164,487)	(200,360)	1,712,630
Right-to-use subscription IT assets	43,227	-	-	-	43,227
Total capital assets, being depreciated/amortized	183,431,836	25,236,258	(320,645)	(2,444)	208,345,005
Less accumulated depreciation for					
Infrastructure	66,021,679	3,118,221	-	(55,633)	69,084,267
Buildings	13,768,299	1,165,303	-	-	14,933,602
Improvements, other than buildings	10,853,363	1,203,314	-	55,633	12,112,310
Machinery and equipment	13,533,179	1,132,578	(156,158)	181,762	14,691,361
Right-to-use leased equipment	615,574	256,890	(163,077)	(188,295)	521,092
Right-to-use subscription IT assets	14,409	14,409	-	-	28,818
Total accumulated depreciation	104,806,503	6,890,715	(319,235)	(6,533)	111,371,450
Total capital assets being depreciated, net	78,625,333	18,345,543	(1,410)	4,089	96,973,555
Governmental activities capital assets, net	\$ 109,943,837	\$ 25,469,588	\$ (24,319,036)	\$ 4,089	\$ 111,098,478

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

	Balance June 30, 2024	Increases	Decreases	Transfers In (Out)	Balance June 30, 2025
Business-type activities					
Capital assets, not being depreciated					
Land	\$ 1,926,310	\$ -	\$ -	\$ -	\$ 1,926,310
Water rights	663,021	779,427	-	-	1,442,448
Construction in progress	12,112,763	3,360,565	(8,068,378)	-	7,404,950
Total capital assets not being depreciated	14,702,094	4,139,992	(8,068,378)	-	10,773,708
Capital assets, being depreciated					
Infrastructure	13,762,139	4,108,257	-	(226,863)	17,643,533
Buildings	25,004,683	-	-	-	25,004,683
Improvements, other than buildings	99,887,137	3,960,122	-	-	103,847,259
Machinery and equipment	23,119,610	1,900,407	(333,748)	437,341	25,123,610
Right-to-use leased equipment	1,202,051	198,266	-	(164,715)	1,235,602
Right-to-use subscription IT assets	40,431	-	-	-	40,431
Total capital assets, being depreciated	163,016,051	10,167,052	(333,748)	45,763	172,895,118
Less accumulated depreciation for					
Infrastructure	2,448,204	516,166	-	(2,648)	2,961,722
Buildings	18,046,384	424,779	-	-	18,471,163
Improvements, other than buildings	49,030,545	2,867,035	-	-	51,897,580
Machinery and equipment	16,684,575	1,486,112	(333,748)	244,985	18,081,924
Right-to-use leased equipment	933,736	197,586	-	(192,485)	938,837
Right-to-use subscription IT assets	13,477	13,477	-	-	26,954
Total accumulated depreciation	87,156,921	5,505,155	(333,748)	49,852	92,378,180
Total capital assets, being depreciated, net	75,859,130	4,661,897	-	(4,089)	80,516,938
Business-type activities capital assets, net	\$ 90,561,224	\$ 8,801,889	\$ (8,068,378)	\$ (4,089)	\$ 91,290,646

**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	\$	653,549
Public safety		587,187
Public works		4,453,191
Parks and recreation		1,196,788
Total depreciation expense - governmental activities	\$	<u>6,890,715</u>
Business-type activities		
Solid Waste Fund	\$	907,917
Water Fund		3,413,543
Sewer Fund		1,018,756
Golf Fund		137,368
Weed and Pest Fund		27,571
Total depreciation expense - business-type activities	\$	<u>5,505,155</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, 2025, was as follows:

	Balance June 30, 2024	Increases Transfers In	Decreases Transfers Out	Balance June 30, 2025
Capital assets, not being depreciated				
Land	\$ 548,155	\$ -	\$ -	\$ 548,155
Reservoir water shares	836,246	-	-	836,246
Construction in progress	-	28,038	-	28,038
Total capital assets, not being depreciated	<u>1,384,401</u>	<u>28,038</u>	<u>-</u>	<u>1,412,439</u>
Capital assets, being depreciated				
Infrastructure - water system	48,795,898	-	-	48,795,898
Total capital assets, being depreciated	<u>48,795,898</u>	<u>-</u>	<u>-</u>	<u>48,795,898</u>
Total accumulated depreciation	15,304,788	761,381	-	16,066,169
Total capital assets being depreciated, net	<u>33,491,110</u>	<u>(761,381)</u>	<u>-</u>	<u>32,729,729</u>
Total capital assets, net	<u>\$ 34,875,511</u>	<u>\$ (733,343)</u>	<u>\$ -</u>	<u>\$ 34,142,168</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, 2025, was as follows:

	Balance June 30, 2024	Increases Transfers In	Decreases Transfers Out	Balance June 30, 2025
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	1,883,918	485,038	-	2,368,956
Improvements	9,050	2,898	-	11,948
Total accumulated depreciation	1,892,968	487,936	-	2,380,904
Total capital assets being depreciated, net	17,566,334	(487,936)	-	17,078,398
Total capital assets, net	\$ 17,590,142	\$ (487,936)	\$ (23,808)	\$ 17,078,398

Capital asset activity for the Sheridan County Travel and Tourism Joint Powers Board for the year ended June 30, 2025, was as follows:

	Balance June 30, 2024	Increases Transfers In	Decreases Transfers Out	Balance June 30, 2025
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	56,856	16,806	-	73,662
Total accumulated depreciation	56,856	16,806	-	73,662
Total capital assets being depreciated, net	\$ 66,444	\$ (16,806)	\$ -	\$ 49,638

**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, 2025, SEEDA received payments totaling \$40,002 and recognized \$0 in lease revenue and \$63,232 in interest revenue in the Statement of Revenues, Expenditures and Changes in Fund Balance. As of June 30, 2025, SEEDA's receivable for the lease and interest were \$1,656,885 and \$287,786, 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, 2025, the balance of the deferred inflow of resources was \$1,370,859. During the year ended June 30, 2025, the amount of rent revenue recognized in the Statement of Activities was \$54,277.

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 terms 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, 2025, SEEDA recognized lease and interest revenue of \$138,791 and \$68,209, respectively. As of June 30, 2025, SEEDA's receivable for the lease was \$3,335,034. 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, 2025, the balance of the deferred inflow of resources was \$3,335,034.

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, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Governmental activities					
Lease receivable A	\$ 1,656,885	\$ -	\$ -	\$ 1,656,885	\$ -
Lease receivable B	3,473,825	-	(138,791)	3,335,034	141,593
Total lease receivable	<u>\$ 5,130,710</u>	<u>\$ -</u>	<u>\$ (138,791)</u>	<u>\$ 4,991,919</u>	<u>\$ 141,593</u>

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

The future minimum lease payments receivable as of June 30, 2025 is as follows:

Year ended June 30,	Principal	Interest	Total
2026	\$ 141,593	\$ 129,116	\$ 270,709
2027	144,451	125,390	269,841
2028	147,366	121,020	268,386
2029	158,313	116,403	274,716
2030	200,451	109,189	309,640
2031-2035	1,798,947	410,734	2,209,681
2036-2040	1,871,995	159,555	2,031,550
2041-2045	528,803	11,581	540,384
	\$ 4,991,919	\$ 1,182,988	\$ 6,174,907

***Lease Payable******Governmental Activities***

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, 2025, the value of the lease liability was \$151,666. 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 \$159,798.

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, 2025, the value of the lease liability was \$203,723. 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 \$130,303.

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, 2025, the value of the lease liability was \$50,634. 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 \$29,708.

**Note 7. Leases (Continued)**

***Lease Payable (Continued)***

***Governmental Activities (Continued)***

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, 2025, the value of the lease liability was \$151,652. 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 \$92,000.

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, 2025, the value of the lease liability was \$241,263. 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 \$58,943.

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, 2025, the value of the lease liability was \$58,876. 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 \$24,850.

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, 2025, the value of the lease liability was \$48,782. 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 \$13,415.

On August 28, 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 \$88,195 at the start of the lease. As of June 30, 2025, the value of the lease liability was \$63,116. The City is required to make annual principal and interest payments of \$18,528. The lease has an interest rate of 6.75%. 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 \$88,195 and had accumulated amortization of \$10,106.

On June 25, 2025, 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 \$188,982 at the start of the lease. As of June 30, 2025, the value of the lease liability was \$188,982. The City is required to make annual principal and interest payments of \$42,657. The lease has an interest rate of 6.35%. 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 \$188,982 and had accumulated amortization of \$1,969.

**Notes to the Financial Statements****Note 7. Leases (Continued)*****Lease Payable (Continued)******Governmental Activities (Continued)***

The future principal and interest lease payments as of June 30, 2025, were as follows:

Year ended June 30,	Principal	Interest	Total
2026	\$ 279,481	\$ 43,748	\$ 323,229
2027	280,984	42,244	323,228
2028	497,605	29,129	526,734
2029	60,887	6,110	66,997
2030	39,737	2,920	42,657
	<u>\$ 1,158,694</u>	<u>\$ 124,151</u>	<u>\$ 1,282,845</u>

***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, 2025, the value of the lease liability was \$57,001. 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 \$211,872.

***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, 2025, the value of the lease liability was \$228,530. 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 \$706,313.

***Golf Fund***

On October 25, 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 \$198,266 at the start of the lease. As of June 30, 2025, the value of the lease liability was \$154,155. The City is required to make annual principal and interest payments of \$44,111. The lease has an imputed interest rate of 5.63%. 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 \$198,266 and had accumulated amortization of \$20,653.

**Notes to the Financial Statements**

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**Note 7. Leases (Continued)**

*Lease Payable (Continued)*

*Business-Type Activities (Continued)*

The future principal and interest lease payments as of June 30, 2025, were as follows:

Year ended June 30,	Principal	Interest	Total
2026	\$ 200,062	\$ 18,759	\$ 218,821
2027	158,329	10,783	169,112
2028	39,534	4,577	44,111
2029	41,761	2,351	44,112
	<u>\$ 439,686</u>	<u>\$ 36,470</u>	<u>\$ 476,156</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.

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

*Business-Type Activities*

The future principal and interest subscription IT liability payments as of June 30, 2025, were as follows:

Year ended June 30,	Principal	Interest	Total
2026	\$ 12,906	\$ 1,150	\$ 14,056
2027	13,469	587	14,056
	<u>\$ 26,375</u>	<u>\$ 1,737</u>	<u>\$ 28,112</u>

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**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, 2025:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Special assessment bonds	\$ 60,000	\$ -	\$ (30,000)	\$ 30,000	\$ 5,000
Notes payable	181,671	-	(63,789)	117,882	65,382
Loan payable					
Firemen's Pension Plan A	1,552,941	-	(86,275)	1,466,666	86,274
Leases	1,293,995	277,177	(412,478)	1,158,694	279,481
Subscription IT liabilities	28,227	-	(28,227)	-	-
Compensated absences	1,231,491	268,784	-	1,500,275	199,020
Net pension liability	9,003,186	-	(1,290,032)	7,713,154	-
Governmental activity long-term liabilities	<u>\$ 13,351,511</u>	<u>\$ 545,961</u>	<u>\$ (1,910,801)</u>	<u>\$ 11,986,671</u>	<u>\$ 635,157</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, 2025.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities					
Landfill postclosure liability	\$ 7,454,269	\$ 685,804	\$ -	\$ 8,140,073	\$ -
Landfill remediation liability	5,858,001	419,513	(3,824,123)	2,453,391	-
Notes payable	28,815,576	3,485,304	(1,272,275)	31,028,605	1,666,499
Leases	406,457	198,266	(165,037)	439,686	200,062
Subscription IT liabilities	26,375	-	-	26,375	12,906
Compensated absences	470,248	142,812	-	613,060	46,708
Net pension liability	2,887,375	-	(167,947)	2,719,428	-
Business-type activity long-term liabilities	<u>\$ 45,918,301</u>	<u>\$ 4,931,699</u>	<u>\$ (5,429,382)</u>	<u>\$ 45,420,618</u>	<u>\$ 1,926,175</u>

**Notes to the Financial Statements**

**Note 9. Long-Term Debt (Continued)**

***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% (\$6,000 as of June 30, 2025) 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, 2025, were as follows:

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025
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	\$ 60,000	\$ -	\$ (30,000)	\$ 30,000
Special assessment bonds total	<u>\$ 60,000</u>	<u>\$ -</u>	<u>\$ (30,000)</u>	30,000
Less current portion				5,000
Long-term portion special assessment bonds				<u>\$ 25,000</u>

The debt service requirement for the special assessment bonds as of June 30, 2025 is as follows:

Year ended June 30,	Principal	Interest	Total
2026	\$ 5,000	\$ 1,233	\$ 6,233
2027	25,000	1,038	26,038
	<u>\$ 30,000</u>	<u>\$ 2,271</u>	<u>\$ 32,271</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, 2024	Additions	Reductions	Balance June 30, 2025
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	\$ 109,171	\$ -	\$ (53,789)	\$ 55,382
WAM/WCCA Joint Oversight Board loan, City Hall Improvements - Windows 0% interest, term of 10 years, due August 2031	72,500	-	(10,000)	62,500
Total notes payable	<u>\$ 181,671</u>	<u>\$ -</u>	<u>\$ (63,789)</u>	117,882
Less current portion				65,382
Total				<u>\$ 52,500</u>

The debt service requirements for the governmental notes payable as of June 30, 2025 are as follows:

Year ended June 30,	Principal	Interest	Total
2026	\$ 65,382	\$ 2,968	\$ 68,350
2027	10,000	1,068	11,068
2028	10,000	-	10,000
2029	10,000	-	10,000
2030	10,000	-	10,000
2031-2035	12,500	-	12,500
	<u>\$ 117,882</u>	<u>\$ 4,036</u>	<u>\$ 121,918</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. One payment was made during the fiscal year ended June 30, 2025, in the amount of \$86,275. The loan balance as of June 30, 2025 was \$1,466,666.

**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, 2025 are as follows:

Year ended June 30,	Principal	Interest	Total
2026	\$ 86,274	\$ -	\$ 86,274
2027	86,275	-	86,275
2028	86,275	-	86,275
2029	86,275	-	86,275
2030	86,275	-	86,275
2031-2035	431,372	-	431,372
2036-2040	431,372	-	431,372
2041-2045	172,548	-	172,548
	<u>\$ 1,466,666</u>	<u>\$ -</u>	<u>\$ 1,466,666</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 note's 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.

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**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, 2024	Additions	Reductions	Balance June 30, 2025
<b>Water Fund</b>				
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	\$ 36,240	\$ -	\$ (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	93,554	-	(11,694)	81,860
State Loan and Investment Board loan, North Main Project Street Reconstruction, Drinking Water SRF #101, due in annual installments of \$9,501, including interest of 1.5%, due August 2031	71,119	-	(8,444)	62,675
State Loan and Investment Board loan, Sugarland Utilities Project, Drinking Water SRF #110, due in annual installments of \$106,073, including interest of 1.5%, due October 2030	699,889	-	(94,883)	605,006
State Loan and Investment Board loan, Wyoming Park Improvements Phase 2 Drinking Water SRF #135, granted 50% principal forgiveness, due in annual installments of \$23,596, including interest of 1.5%, due October 2033	217,596	-	(19,948)	197,648
State Loan and Investment Board loan, Wyoming Park Improvement Phase III Drinking Water SRF #148, granted 50% principal forgiveness, due in annual installments of \$16,893, including interest of 1.5%, due September 2035	184,244	-	(13,806)	170,438

(Continued)

**Notes to the Financial Statements**

**Note 9. Long-Term Debt (Continued)**

***Business-Type Activities (Continued)***

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025
<b>Water Fund (Continued)</b>				
State Loan and Investment Board loan, 5th Street Water Main Project, Drinking Water SRF #166, granted 50% principal forgiveness, due in annual installments of \$21,467, including interest of 1.5%, due September 2036	\$ 251,839	\$ -	\$ (18,485)	\$ 233,354
State Loan and Investment Board loan, Water Meter Replacement Project, Clean Water SRF #154, granted 50% principal forgiveness, due in annual installments of \$34,978, with 0% interest, due September 2038	524,665	-	(34,978)	489,687
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	811,427	-	(54,095)	757,332
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	435,682	-	(31,120)	404,562
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 \$27,417, including interest of 1.5%, due November 2038	365,827	-	(20,857)	344,970
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 \$26,850, including interest of 1.5%, due September 2038	358,261	-	(21,150)	337,111

(Continued)

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

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025
<b>Water Fund (Continued)</b>				
State Loan and Investment Board loan, Upgrades at Water Treatment Plants, Drinking Water SRF #123, granted 50% principal forgiveness, due in annual installments of \$151,692, including interest of 1.5%, due June 2038	\$ 1,797,006	\$ -	\$ (129,481)	\$ 1,667,525
State Loan and Investment Board loan, Leopard Street Waterline Project, Drinking Water SRF #157, granted 50% principal forgiveness, due in annual installments of \$27,990, including interest of 1.5%, due September 2038	373,469	-	(21,820)	351,649
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	632,205	-	(32,099)	600,106
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	587,025	-	(40,412)	546,613
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	398,183	-	(17,978)	380,205
				(Continued)

**Notes to the Financial Statements**

**Note 9. Long-Term Debt (Continued)**

***Business-Type Activities (Continued)***

<b>Water Fund (Continued)</b>	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025
State Loan and Investment Board loan, North Heights Waterline Project, Drinking Water SRF #243, granted 25% principal forgiveness, due in annual installments of \$131,341, including 2.5% interest, due September 2044	\$ 1,443,992	\$ 603,509	\$ -	\$ 2,047,501
State Loan and Investment Board loan, Airport Transmission Main Project, Drinking Water SRF #238, granted 25% principal forgiveness, due in annual installments of \$14,946, including 2.5% interest, due September 2044	232,993	-	-	232,993
State Loan and Investment Board loan, Terra Turner Water Main Replacement Project, Drinking Water SRF #252, due in annual installments of \$113,582, including 1.25% interest, due September 2044	1,286,824	713,176	(1,027)	1,998,973
State Loan and Investment Board loan, Sheridan Main Street Dow to Burkitt Project, Drinking Water SRF #250, due in annual installments of \$227,258, including 1.25% interest, due September 2044	4,000,000	-	(411)	3,999,589
Water fund amortizing debt	14,802,040	1,316,685	(608,928)	15,509,797

**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, 2024	Additions	Reductions	Balance June 30, 2025
<b>Water Fund (Continued)</b>				
State Loan and Investment Board loan, Northeast Transmission Main Extension Project, Drinking Water SRF #263, including interest of 1.5%	\$ -	\$ 276,741	\$ -	\$ 276,741
Projects currently in construction	-	276,741	-	276,741

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

<b>Water Fund (Continued)</b>				
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	\$ 322,049	\$ -	\$ (64,490)	\$ 257,559
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	282,114	-	(18,815)	263,299
Amortizing debt with SAWS	604,163	-	(83,305)	520,858
Total debt for water fund	15,406,203	1,593,426	(692,233)	16,307,396

(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 note's 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, 2024	Additions	Reductions	Balance June 30, 2025
<b>Sewer Fund</b>				
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	\$ 66,853	\$ -	\$ (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	495,687	-	(61,961)	433,726
State Loan and Investment Board loan, WWTP Biosolids Project, Clean Water SRF #152, due in annual installments of \$198,686, including interest of 1.5%, due April 2038	2,353,007	-	(166,088)	2,186,919
State Loan and Investment Board loan, Loucks Street Phase II Project, Clean Water SRF #166, granted 50% principal forgiveness, due in annual installments of \$8,886, including interest of 1.5%, due September 2038	118,567	-	(6,523)	112,044
State Loan and Investment Board loan, North End Utilities Project, Clean Water SRF #168, granted 25% principal forgiveness, due in annual installments of \$56,524, including interest of 1.5%, due September 2039	798,755	-	(43,772)	754,983
State Loan and Investment Board loan, North Sheridan Interchange Project, Clean Water SRF #164, granted 10% principal forgiveness, due in annual installments of \$41,827, including interest of 1.5%, due October 2040	623,538	-	(31,177)	592,361
State Loan and Investment Board loan, Sheridan Main Street Dow to Burkitt Project, Clean Water SRF #196, due in annual installments of \$96,585, including interest of 1.25%, due April 2045	1,700,000	-	(175)	1,699,825
Sewer fund amortizing debt	6,156,407	-	(376,549)	5,779,858
				(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, 2024	Additions	Reductions	Balance June 30, 2025
<b>Sewer Fund (Continued)</b>				
State Loan and Investment Board loan, WWTP South Clarifier Component Replacement, Clean Water SRF #200, including interest of 1.25%	\$ 68,790	\$ 35,487	\$ -	\$ 104,277
State Loan and Investment Board loan, WWTP Upgrades Project, Clean Water SRF #202, including interest of 0%	-	766,151	-	766,151
Projects currently in construction	68,790	801,638	-	870,428
Total debt for sewer fund	6,225,197	801,638	(376,549)	6,650,286

	Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025
<b>Solid Waste Fund</b>				
State Loan and Investment Board loan, Landfill Cell Closure and Permanent Cap, Clean Water SRF #181, granted 25% principal forgiveness, due in annual installments of \$187,843, including interest of 1.5%, due March 2044	\$ 3,225,000	\$ -	\$ (136,036)	\$ 3,088,964
State Loan and Investment Board loan, Landfill Cell Closure and Permanent Cap, Clean Water SRF #181ADD, due in annual installment of \$85,231, including interest of 1.25%, due April 2044	1,500,000	-	(67,457)	1,432,543
Solid waste fund amortizing debt	4,725,000	-	(203,493)	4,521,507
				(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, 2024	Additions	Reductions	Balance June 30, 2025
<b>Solid Waste Fund</b>				
State Loan and Investment Board loan, Sheridan Landfill Remediation Corrective Measures Construction Project, Clean Water SRF #198, including interest of 1.25%	\$ 58,531	\$ 951,941	\$ -	\$ 1,010,472
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	138,299	-	2,538,944
Projects currently in construction	2,459,176	1,090,240	-	3,549,416
Total debt for solid waste fund	7,184,176	1,090,240	(203,493)	8,070,923
Total for all business-type activities	<u>\$ 28,815,576</u>	<u>\$ 3,485,304</u>	<u>\$ (1,272,275)</u>	31,028,605
Less current portion				1,666,499
				<u>\$ 29,362,106</u>

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, 2025 are as follows:

Year ended June 30,	Principal	Interest	Total
2026	\$ 1,666,499	\$ 255,080	\$ 1,921,579
2027	1,843,301	356,176	2,199,477
2028	1,870,669	332,331	2,203,000
2029	1,886,906	308,887	2,195,793
2030	1,854,595	285,147	2,139,742
2031-2035	8,967,766	1,082,073	10,049,839
2036-2040	7,414,057	535,675	7,949,732
2041-2045	5,034,754	179,322	5,214,076
2046-2050	336,830	2,625	339,455
2051-2055	127,692	-	127,692
2056-2060	25,536	-	25,536
	<u>\$ 31,028,605</u>	<u>\$ 3,337,316</u>	<u>\$ 34,365,921</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, 2025 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	\$ 16,307,396	2045	19%	\$ 18,512,994	\$ 913,604	\$ 4,803,391
Sewer	6,650,286	2045	14%	7,301,795	453,918	3,330,445
Solid Waste	8,070,923	2044	4%	8,551,132	298,612	6,641,939

***Component Units***

A summary of long-term debt activity for the year ended, June 30, 2025 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	\$ 1,677,780	\$ -	\$ 84,019	\$ 1,593,761	\$ 84,019
Total long-term liabilities	\$ 1,677,780	\$ -	\$ 84,019	\$ 1,593,761	\$ 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
2026	\$ 84,019	\$ -	\$ 84,019
2027	75,442	-	75,442
2028	76,950	30,194	107,144
2029	78,489	28,686	107,175
2030	80,059	27,147	107,206
2031-2035	424,964	111,551	536,515
2036-2040	469,195	68,188	537,383
2041-2043	304,643	20,311	324,954
Total	<u>\$ 1,593,761</u>	<u>\$ 286,077</u>	<u>\$ 1,879,838</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 construct the buildings which are related to each of the lease agreements. Pledged revenues recognized during the year ended June 30, 2025 exceeded the principal and interest requirements for the debt collateralized by those 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	\$ 1,593,761	2043	2%	\$ 1,879,838	\$ 84,019	\$ 3,407,354
	<u>\$ 1,593,761</u>			<u>\$ 1,879,838</u>	<u>\$ 84,019</u>	<u>\$ 3,407,354</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, 2024	Additions	Reductions	Balance June 30, 2025	Current portion
State Land and Investment Board loan, Big Goose Water Pipeline Loan #047, due in annual installments of \$338,654, including interest of 1.5%, due in December 2028	\$ 1,514,961	\$ -	\$ (312,880)	\$ 1,202,081	\$ 318,974
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 1.5%, due in December 2037	629,763	-	(41,361)	588,402	41,951
State Land and Investment Board loan, Control Valve Project Loan #209, due in annual installments of \$53,589, including interest of 1.5%, due in December 2037	660,334	-	(42,354)	617,980	43,109
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	317,299	-	(21,153)	296,146	21,153
State Land and Investment Board loan, Big Goose Water Treatment Plant Loan #125 due in annual installments of \$35,979 including interest of 1.5%, due in June 2037	417,733	-	(30,056)	387,677	29,833
Total	<u>\$ 3,540,090</u>	<u>\$ -</u>	<u>\$ (447,804)</u>	<u>\$ 3,092,286</u>	<u>\$ 455,020</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	
2026	\$ 455,020	\$ 44,326	\$ 499,346
2027	465,286	34,059	499,345
2028	471,870	27,475	499,345
2029	370,896	20,793	391,689
2030	145,056	15,635	160,691
2031-2035	752,014	51,439	803,453
2036-2040	432,144	8,565	440,709
	<u>\$ 3,092,286</u>	<u>\$ 202,292</u>	<u>\$ 3,294,578</u>

Sheridan Area Water Supply Joint Powers Board has pledged future customer revenues to repay its debt. Pledged revenues of \$1,942,960 recognized during the year ended June 30, 2025, 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:

**SAWS**

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	\$ 1,202,081	2029	16%	\$ 1,246,962	\$ 338,655
Booster Station Replacement Loan # 126	588,402	2039	2%	639,225	49,970
Control Valve Loan #209	617,980	2039	2%	685,554	53,589
Water Meter Replacement Loan #158	296,146	2039	1%	296,146	21,153
Big Goose Water Treatment Plant Loan #125	387,677	2037	2%	426,691	35,979
	<u>\$ 3,092,286</u>			<u>\$ 3,294,578</u>	<u>\$ 499,346</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, 2025, was \$1,030,936, while the employees' portion was \$621,046.

For the year ended June 30, 2025, the City's statutorily required contributions to the PEPP pension plan was \$831,315. As of July 1, 2025, 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.

- 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 in benefits based on the length of time remaining until age 60.
- 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 in 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 (COLA) adjustment provided to retirees. In addition, a COLA 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 Wyoming 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 9.50% of their annual covered salary and the employer is statutorily required to contribute 9.50% of the annual covered payroll for a total of 19.00%. 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 13.42% 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, 2025, \$386,139, while the employees' portion was \$160,555. As of July 1, 2025, the employer contribution rate will increase by 1.80% from 13.42% to 15.22% and there will be no increase in employee contribution rates.

For the year ended June 30, 2025, the City's statutorily required contributions to the LEPP pension plan was \$301,953. As of July 1, 2025, there will be .90% increase in employee and employer statutorily required contribution rates. The statutorily required contribution rates will increase from 9.5% to 10.4%.

The LEPP statutorily provides retirement, disability and death benefits according to predetermined amounts determined by salary, age and years of service. The State Legislature must grant any COLA adjustment provided to retirees. In addition, a COLA 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, 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 overfunded. 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 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.

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.

***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, 2025, was \$294,210, while the employees' portion was \$206,775. The City's statutorily required and actual contributions to the Fire B plan for the year ended June 30, 2025, was \$294,210, while the employees' portion was \$206,775. As of July 1, 2025, 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 COLA adjustment provided to retirees. In addition, a COLA 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***

On June 30, 2025, the City reported a total liability of \$10,432,582 for its proportionate share of the net pension liability. The net pension liability (asset) was determined by an actuarial valuation as of January 1, 2024, 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, 2024 is based on the results of an actuarial valuation as of January 1, 2024, rolled forward to a measurement date of December 31, 2024.

The schedule below shows the City's proportionate share of the net pension liability (asset) as of June 30, 2025, the proportionate portion at the measurement date of December 31, 2024, and the change in the proportion from the previous measurement date.

	Pension liability (asset) at June 30, 2025	Proportion at December 31, 2024	Increase (decrease) from December 31, 2023
Public Employees' Pension Plan	\$ 8,328,679	0.399347200%	0.008921500%
Law Enforcement Pension Plan	1,831,701	1.363734100%	0.018509800%
Paid Fire A Pension Plan	677,757	7.892360300%	(0.145134100%)
Paid Fire B Pension Plan	(405,555)	4.169429000%	0.133863000%
	<u>\$ 10,432,582</u>		

For the year ended June 30, 2025, the City recognized pension expense of \$778,500.

On June 30, 2025, 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	
Difference between actual and expected experience rate	\$ 540,042	\$ 346,407	\$ -	\$ 115,676	\$ 1,002,125
Changes in assumptions	-	143,091	-	117,691	260,782
Change in employer's proportion	349,648	67,849	-	37,739	455,236
Amortizing deferred outflows	889,690	557,347	-	271,106	1,718,143
Contributions subsequent to measurement date	417,394	139,775	-	146,709	703,878
Total	<u>\$ 1,307,084</u>	<u>\$ 697,122</u>	<u>\$ -</u>	<u>\$ 417,815</u>	<u>\$ 2,422,021</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	\$ (1,054,490)	\$ (359,033)	\$ (203,867)	\$ (274,211)	\$ (1,891,601)
Difference between actual and expected experience rate	(10,028)	(45,851)	-	(83,635)	(139,514)
Changes in assumptions	-	(1,339,697)	-	(66,616)	(1,406,313)
Change in employer's proportion	-	-	-	(22,392)	(22,392)
Amortizing deferred inflows	<u>\$ (1,064,518)</u>	<u>\$ (1,744,581)</u>	<u>\$ (203,867)</u>	<u>\$ (446,854)</u>	<u>\$ (3,459,820)</u>

The City reported \$703,879 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, 2026. 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)
2026	\$ (720,105)
2027	510,811
2028	(1,076,888)
2029	(474,036)
2030	13,054
Thereafter	5,487
	<u>\$ (1,741,677)</u>

**Notes to the Financial Statements**

**Note 10. Pension Plans (Continued)**

***Actuarial Assumptions***

The total pension liability in the December 31, 2024 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, 2024
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	23 years
LEPP	20 years
Fire A	10 years
Fire B	23 years
Asset valuation method	5 year smoothed market
Inflation	2.25%
Projected salary increases	
PEPP	2.5% to 6.5%, including inflation
LEPP	5.25% to 9.25%, including inflation
Fire B	4.50% to 7.50%, including inflation
Payroll growth rate	
PEPP, LEPP, Fire B	2.50%
Cost of living increase	0.00%
Investment rate of return	6.80%
Retirement Age	
PEPP, LEPP, 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 B, Fire A	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 the MP-2020 Ultimate Scale
LEPP, Fire B	Pub-2010 Safety Employee Mortality Table, amount-weighted, fully generational, projected with the MP-2020 Ultimate Scale
PEPP, LEPP, 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, 2024. 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 2024. 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%	0.41%	0.40%
Gold	1.50%	2.33%	0.90%
Fixed income	20.00%	3.79%	4.22%
Equity	51.50%	6.51%	8.19%
Marketable alternatives	16.00%	4.54%	5.38%
Private real assets	10.50%	6.23%	7.74%
Total	100.00%	5.53%	6.75%

***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 4.08% (based on the daily rate closest to but not later than the measurement date of the Bond Buyer "20-GO Bond 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	\$ 13,873,820	\$ 8,328,679	\$ 3,736,606
Law Enforcement Pension Plan	3,842,367	1,831,701	174,154
Paid Fire A Pension Plan	1,527,726	677,757	62,926
Paid Fire B Pension Plan	1,013,064	(405,555)	1,582,731

***Payables to the Pension Plan*** – On June 30, 2025, 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 \$8,140,073 reported as landfill closure and post closure care liability at June 30, 2025, 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 \$963,293 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 2025.

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 an addition of expenditures in the amount of \$715,266 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***

During the fiscal year the City increased a liability in the Solid Waste Fund for remediation of groundwater contamination at the Sheridan Solid Waste Disposal Facility by \$419,513. 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, \$3,824,123 was expended toward remediation activities, reducing the liability to an ending balance of \$2,453,391 as of June 30, 2025. 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.

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 \$6,000,000 of fund balance within the general fund for reserves and emergency needs.

To support future park and open space needs, the City Council has committed \$52,4298 of fund balance for park land dedication, to be used for the acquisition or improvement of park land and open space.

The City has assigned \$280,163 of fund balance for development impact fees to be used for infrastructure and growth-related purposes, as determined through the City's budgeting process.

The Solid Waste Fund had a deficit unrestricted net position at June 30, 2025 of \$6,447,047. 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. 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 \$257,559 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 \$263,299 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. 798,138

**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	\$ 1,940,039	
Water shares purchased	81,043	2,021,082
Payments due to the City for reimbursement of shared SAWS overhead costs		372,912
Payments due to the City for reimbursement of payroll and overhead costs for Sheridan County Travel and Tourism Joint Powers Board		38,682
		38,682
Total due from component units		\$ 2,432,676

**Due from Primary Government**

Payments due from the City for user fees to SAWS	\$ 385,771	
Total due to primary government		\$ 385,771

**Note 14. Insurance Recovery**

The City received insurance proceeds related to damage of a capital asset during the fiscal year. The recovery is reported as miscellaneous revenue in the Statement of Activities. Costs associated with the restoration or replacement of the asset are reported separately in accordance with applicable accounting guidance.

**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 2025 were \$217,182.

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 2025 and 2024 were as follows for the City's participation in the Unemployment Compensation Act Program:

	Fiscal Year Ended 2025	Fiscal Year Ended 2024
Unpaid claims, beginning of year	\$ -	\$ -
Incurred claims	25,222	18,596
Claim payments	(25,222)	(18,596)
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, 2025, the City paid \$2,992,623 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, 2025, the City has committed \$38.5 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	\$ 681,607	\$ 518,393
Blacktooth Park Restroom Phase VI	430,000	-	430,000
Kendrick Pool	5,631,923	4,375,705	1,256,218
Downtown Bathrooms	36,862	32,556	4,306
Residence Hill	14,000,000	412,629	13,587,371
East Downtown Improvements	500,000	85,156	414,844
East 5th St Corridor Phase II	2,500,000	-	2,500,000
5th St Bridge Repairs	3,500,000	202,208	3,297,792
Beltway Project	400,000	8,386	391,614
12th St Realignment	287,018	265,250	21,768
Total governmental activities	28,485,803	6,063,497	22,400,538
Business-type activities			
Sewer Fund			
Sewer Creek Crossing	750,000	56,263	693,737
WWTP South Clarifier	1,259,000	105,652	1,153,348
WWTP Facility Improvements	7,800,000	1,047,638	6,752,362
Total sewer fund	9,809,000	1,209,553	8,599,447
Water Fund			
Water Creek Crossing	750,000	74,952	675,048
North Heights Waterline Replacement	5,500,000	5,156,012	343,988
Northeast Transmission Main	4,000,000	624,938	3,375,062
SWTP Floor Project	255,000	206,895	48,105
BGWTP Porch Repairs	195,534	24,977	170,557
Total water fund	10,700,534	6,087,774	4,612,760
Solid Waste Fund			
Landfill Building	3,000,000	107,623	2,892,377
Total solid waste fund	3,000,000	107,623	2,892,377
Total business-type activities	23,509,534	7,404,950	16,104,584
Total primary government	\$ 51,995,337	\$ 13,468,447	\$ 38,505,122

**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. 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.

GASB Statement No. 105, *Subsequent Events*, requires governments to enhance the consistency and usefulness of financial reporting for events that occur after the date of the financial statements but before the statements are available to be issued. Subsequent events, as defined by Statement No. 105, are transactions or other events occurring during this period, with the date the financial statements are available to be issued defined as the date the statements are complete in accordance with generally accepted accounting principles and all necessary approvals for issuance have been obtained. The Statement clarifies which subsequent events should be recognized in the financial statements and which should be disclosed in the notes, and it requires disclosure of the date through which subsequent events have been evaluated. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026.

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

**Note 19. Subsequent Events**

As of September 18, 2025, the Northeast Wyoming Growth Alliance ("NEW Growth Alliance") was formally dissolved as an entity and agreed upon percentages for member investment returns were established. The cause of the termination was due to the original intent of the NEW Growth Alliance was not fully performed as intended and all parties (Cities of Buffalo, Gillette, and Sheridan) agreed to dissolve the entity. The initial collection of funds from the City of Sheridan, Wyoming, was \$50,000. Another \$131,514 was transferred in 2019, and no funds have been transferred since. As of July 21, 2025, the value of the amount transferred to the City, minus any official allocations and transfers on behalf of the New Growth Alliance equaled \$229,316.

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**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

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City of Sheridan, Wyoming  
Year Ended June 30, 2025

**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	\$ 12,036,392	\$ 12,036,392	\$ 12,321,445	\$ 285,053
Licenses and permits	978,500	978,500	1,373,976	395,476
Intergovernmental	120,000	120,000	1,724,245	1,604,245
Fines, forfeitures, and penalties	288,000	288,000	288,131	131
Charges for services	300,257	300,257	296,878	(3,379)
Pari-mutuel and lottery	700,000	700,000	857,435	157,435
Investment income	550,000	550,000	1,008,876	458,876
Miscellaneous revenues	196,387	196,387	2,485,720	2,289,333
Total revenues	<u>15,169,536</u>	<u>15,169,536</u>	<u>20,356,706</u>	<u>5,187,170</u>
Expenditures				
Current				
General government	4,198,226	4,257,876	4,344,912	(87,036)
Public safety	8,838,380	8,838,380	8,433,443	404,937
Public works	2,540,956	2,590,956	2,269,752	321,204
Parks and recreation	943,197	980,967	922,732	58,235
Conservation and development	268,070	268,070	235,757	32,313
Total expenditures	<u>16,788,829</u>	<u>16,936,249</u>	<u>16,206,596</u>	<u>729,653</u>
Excess (deficiency) of revenues over expenditures	<u>(1,619,293)</u>	<u>(1,766,713)</u>	<u>4,150,110</u>	<u>5,916,823</u>
Other financing sources (uses)				
Transfers in	2,079,747	2,079,747	2,142,890	63,143
Transfers out	(460,454)	(535,454)	(1,159,654)	(624,200)
Proceeds from sale of capital assets	-	-	31,399	31,399
Total other financing sources (uses)	<u>1,619,293</u>	<u>1,544,293</u>	<u>1,014,635</u>	<u>(529,658)</u>
Net change in fund balances	-	(222,420)	5,164,745	<u>\$ 5,387,165</u>
Fund balance - beginning of year	<u>10,932,050</u>	<u>10,932,050</u>	<u>10,932,050</u>	
Fund balance - end of year	<u>\$ 10,932,050</u>	<u>\$ 10,709,630</u>	<u>\$ 16,096,795</u>	

City of Sheridan, Wyoming  
Year Ended June 30, 2025

**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	\$ 4,881,471	\$ 4,881,471	\$ 5,408,319	\$ 526,848
Investment income	76,242	76,242	-	(76,242)
Total revenues	<u>4,957,713</u>	<u>4,957,713</u>	<u>5,408,319</u>	<u>450,606</u>
Expenditures				
Current				
General government	418,895	418,895	259,104	159,791
Health and welfare	141,700	141,700	141,700	-
Public safety	733,915	742,915	625,996	116,919
Public works	614,400	614,400	665,331	(50,931)
Parks and recreation	518,700	528,700	587,827	(59,127)
Conservation and development	170,000	170,000	170,000	-
Capital outlay	227,500	419,500	297,772	121,728
Total expenditures	<u>2,825,110</u>	<u>3,036,110</u>	<u>2,747,730</u>	<u>288,380</u>
Excess of revenues over expenditures	<u>2,132,603</u>	<u>1,921,603</u>	<u>2,660,589</u>	<u>738,986</u>
Other financing uses				
Transfers out	<u>(1,843,118)</u>	<u>(1,929,118)</u>	<u>(1,929,117)</u>	<u>1</u>
Total other financing uses	<u>(1,843,118)</u>	<u>(1,929,118)</u>	<u>(1,929,117)</u>	<u>1</u>
Net change in fund balance	289,485	(7,515)	731,472	<u>\$ 738,987</u>
Fund balance - beginning of year	<u>2,910,280</u>	<u>2,910,280</u>	<u>2,910,280</u>	
Fund balance - end of year	<u>\$ 3,199,765</u>	<u>\$ 2,902,765</u>	<u>\$ 3,641,752</u>	

City of Sheridan, Wyoming  
Year Ended June 30, 2025

**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	\$ 2,501,731	\$ 2,501,731	\$ 2,501,733	\$ 2
Charges for services	24,000	24,000	25,000	1,000
Investment income	53,556	53,556	-	(53,556)
Total revenues	<u>2,579,287</u>	<u>2,579,287</u>	<u>2,526,733</u>	<u>(52,554)</u>
Expenditures				
Current				
General government	458,800	513,800	404,734	109,066
Public safety	186,300	186,300	153,695	32,605
Public works	1,444,508	1,479,118	1,399,113	80,005
Parks and recreation	31,250	31,250	31,250	-
Conservation and development	390,000	390,000	194,771	195,229
Capital outlay	-	368,180	429,949	(61,769)
Total expenditures	<u>2,510,858</u>	<u>2,968,648</u>	<u>2,613,512</u>	<u>355,136</u>
Excess (deficiency) of revenues over expenditures	<u>68,429</u>	<u>(389,361)</u>	<u>(86,779)</u>	<u>302,582</u>
Other financing uses				
Transfers out	<u>(26,245)</u>	<u>(26,245)</u>	<u>(26,245)</u>	-
Total other financing uses	<u>(26,245)</u>	<u>(26,245)</u>	<u>(26,245)</u>	-
Net change in fund balances	42,184	(415,606)	(113,024)	<u>\$ 302,582</u>
Fund balance - beginning of year	<u>1,299,932</u>	<u>1,299,932</u>	<u>1,299,932</u>	
Fund balance - end of year	<u>\$ 1,342,116</u>	<u>\$ 884,326</u>	<u>\$ 1,186,908</u>	

City of Sheridan, Wyoming  
Year Ended June 30, 2025

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

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 4,904,440	\$ 4,904,440	\$ 5,120,183	\$ 215,743
Investment income	9,948	9,948	-	(9,948)
Total revenues	<u>4,914,388</u>	<u>4,914,388</u>	<u>5,120,183</u>	<u>205,795</u>
Other financing uses				
Transfers out	(4,914,388)	(4,914,388)	(4,650,000)	264,388
Total other financing uses	<u>(4,914,388)</u>	<u>(4,914,388)</u>	<u>(4,650,000)</u>	<u>264,388</u>
Net change in fund balance	-	-	470,183	<u>\$ 470,183</u>
Fund balance - beginning of year	<u>897,990</u>	<u>897,990</u>	<u>897,990</u>	
Fund balance - end of year	<u>\$ 897,990</u>	<u>\$ 897,990</u>	<u>\$ 1,368,173</u>	

City of Sheridan, Wyoming  
Year Ended June 30, 2025

**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	\$ 1,056,451	\$ 1,056,451	\$ 1,011,699	\$ (44,752)
Total revenues	<u>1,056,451</u>	<u>1,056,451</u>	<u>1,011,699</u>	<u>(44,752)</u>
Other financing uses				
Transfers out	(1,056,451)	(1,113,409)	(1,108,921)	4,488
Total other financing uses	<u>(1,056,451)</u>	<u>(1,113,409)</u>	<u>(1,108,921)</u>	<u>4,488</u>
Net change in fund balance	-	(56,958)	(97,222)	<u>\$ (40,264)</u>
Fund balance - beginning of year	<u>228,549</u>	<u>228,549</u>	<u>228,549</u>	
Fund balance - end of year	<u>\$ 228,549</u>	<u>\$ 171,591</u>	<u>\$ 131,327</u>	

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City of Sheridan, Wyoming  
Year Ended June 30, 2025

**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	\$ 192,287	\$ 192,287	\$ 160,461	\$ (31,826)
Contributions	-	-	104,620	104,620
Miscellaneous revenues	-	-	2,530	2,530
Total revenues	<u>192,287</u>	<u>192,287</u>	<u>267,611</u>	<u>75,324</u>
Expenditures				
Current				
Health and welfare	8,500	15,433	2,349	13,084
Public safety	182,787	273,435	79,853	193,582
Parks and recreation	2,000	8,107	5,424	2,683
Conservation and development	-	43,638	1,201	42,437
Capital outlay	-	239,295	105,270	134,025
Total expenditures	<u>193,287</u>	<u>579,908</u>	<u>194,097</u>	<u>385,811</u>
Excess (deficiency) of revenues over expenditures	<u>(1,000)</u>	<u>(387,621)</u>	<u>73,514</u>	<u>461,135</u>
Other financing sources				
Transfers in	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Total other financing sources	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Net change in fund balance	-	(386,621)	74,514	<u>\$ 461,135</u>
Fund balance - beginning of year	<u>103,719</u>	<u>103,719</u>	<u>103,719</u>	
Fund balance - end of year	<u>\$ 103,719</u>	<u>\$ (282,902)</u>	<u>\$ 178,233</u>	

City of Sheridan, Wyoming

Last 10 fiscal years

**Schedule of Changes in Net Pension Liability and Related Ratios**

**(Unaudited)**

	2025	2024	2023	2022
<b>Primary Government</b>				
<b>Public Employees Pension Plan</b>				
Proportion of the net pension liability	0.399347200%	0.390425700%	0.375147900%	0.359993751%
Proportionate share of the net pension liability	\$ 8,328,679	\$ 8,863,371	\$ 10,252,095	\$ 5,488,902
Covered payroll	\$ 8,091,893	\$ 7,333,434	\$ 6,773,418	\$ 6,551,627
Proportionate share of the net pension liability as a percentage of its covered payroll	102.93%	120.86%	151.36%	83.78%
Plan fiduciary net position as a percentage of the total pension liability	82.46%	80.19%	75.47%	86.03%
<b>Wyoming Law Enforcement Retirement Plan</b>				
Proportion of the net pension liability	1.363734100%	1.345224300%	1.325734800%	1.288601783%
Proportionate share of the net pension liability	\$ 1,831,701	\$ 1,817,183	\$ 4,516,177	\$ 3,666,569
Covered payroll	\$ 2,444,535	\$ 2,250,053	\$ 2,139,807	\$ 2,140,770
Proportionate share of the net pension liability as a percentage of its covered payroll	74.93%	80.76%	211.06%	171.27%
Plan fiduciary net position as a percentage of the total pension liability	87.88%	86.90%	70.30%	75.62%
<b>Paid Firemen's Pension Plan A</b>				
Proportion of the net pension liability	7.892360300%	8.037494400%	8.175757200%	8.702659754%
Proportionate share of the net pension liability	\$ 677,757	\$ 1,247,242	\$ 3,023,278	\$ 8,508,696
Covered payroll	\$ -	\$ -	\$ -	\$ 5,711
Proportionate share of the net pension liability as a percentage of its covered payroll	N/A	N/A	N/A	148,993.79%
Plan fiduciary net position as a percentage of the total pension liability	93.85%	89.37%	77.49%	42.90%
<b>Paid Firemen's Pension Plan B</b>				
Proportion of the net pension liability (asset)	4.169429000%	4.035566000%	3.827605700%	3.682529264%
Proportionate share of the net pension liability (asset)	\$ (405,555)	\$ (37,235)	\$ 419,890	\$ (557,185)
Covered payroll	\$ 1,569,865	\$ 1,350,485	\$ 1,196,189	\$ 1,103,781
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-25.83%	-2.76%	35.10%	-50.48%
Plan fiduciary net position as a percentage of the total pension liability	103.89%	100.40%	94.92%	107.43%

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

2021	2020	2019	2018	2017	2016
0.356808894%	0.350154006%	0.335674335%	0.322448996%	0.309558400%	0.294162808%
\$ 7,754,741	\$ 8,228,359	\$ 10,222,260	\$ 7,349,711	\$ 7,483,575	\$ 6,852,075
\$ 6,352,866	\$ 6,086,422	\$ 5,845,281	\$ 5,727,912	\$ 5,519,133	\$ 5,130,417
122.07%	135.19%	174.88%	128.31%	135.59%	133.56%
79.24%	76.83%	69.17%	76.35%	73.42%	73.40%
1.262762177%	1.281365398%	1.252586654%	1.270164757%	1.329358600%	1.327450060%
\$ 860,221	\$ 1,104,521	\$ 3,032,165	\$ 1,092,906	\$ 1,003,558	\$ 997,180
\$ 2,029,757	\$ 1,997,027	\$ 1,902,663	\$ 1,950,301	\$ 2,057,571	\$ 1,996,481
42.38%	55.31%	159.36%	56.04%	48.77%	49.95%
91.82%	89.05%	71.22%	87.99%	88.11%	87.49%
8.394891128%	8.185487213%	8.161158962%	8.117383059%	8.056056600%	7.953947175%
\$ 27,181,667	\$ 21,329,365	\$ 18,525,850	\$ 18,160,929	\$ 14,780,670	\$ 14,750,947
\$ 5,509	\$ 5,371	\$ 10,949	\$ 15,847	\$ 15,727	\$ 14,276
493,421.65%	397,091.47%	169,207.44%	114,602.87%	93,982.30%	103,325.29%
21.77%	27.32%	29.99%	34.28%	38.91%	40.05%
3.716260594%	3.730254406%	3.705987039%	3.831061969%	3.699170000%	3.816322995%
\$ (86,590)	\$ 265,126	\$ 777,635	\$ 1,579,732	\$ 1,167,507	\$ 1,166,826
\$ 1,061,289	\$ 1,045,530	\$ 993,615	\$ 1,080,731	\$ 976,229	\$ 991,727
-8.16%	25.36%	78.26%	146.17%	119.59%	117.66%
101.27%	95.93%	87.07%	77.98%	80.16%	79.33%

**Schedule of Pension Contributions  
 (Unaudited)**

	2025	2024	2023	2022
<b>Primary Government</b>				
<b>Public Employees Pension Plan</b>				
Statutorily required contribution	\$ 831,315	\$ 766,122	\$ 710,311	\$ 636,097
Contributions in relation to the statutorily required contribution	(831,315)	(766,122)	(710,311)	(636,097)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 8,872,092	\$ 8,176,329	\$ 7,580,694	\$ 6,788,655
Contributions as a percentage of covered	9.37%	9.37%	9.37%	9.37%
<b>Wyoming Law Enforcement Retirement Plan</b>				
Statutorily required contribution	\$ 301,953	\$ 214,717	\$ 210,115	\$ 188,581
Contributions in relation to the statutorily required contribution	(301,953)	(214,717)	(210,115)	(188,581)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 3,178,453	\$ 2,496,709	\$ 2,443,198	\$ 2,192,802
Contributions as a percentage of covered	9.50%	8.60%	8.60%	8.60%
<b>Paid Firemen's Pension Plan A</b>				
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%
<b>Paid Firemen's Pension Plan B</b>				
Statutorily required contribution	\$ 294,210	\$ 252,048	\$ 223,211	\$ 181,433
Contributions in relation to the statutorily required contribution	(294,210)	(252,048)	(223,211)	(181,433)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 1,838,813	\$ 1,575,300	\$ 1,395,069	\$ 1,209,553
Contributions as a percentage of covered	16.00%	16.00%	16.00%	15.00%

2021	2020	2019	2018	2017	2016
\$ 579,841	\$ 554,273	\$ 519,012	\$ 475,714	\$ 471,545	\$ 454,004
(579,841)	(554,273)	(519,012)	(475,714)	(471,545)	(454,004)
<u>\$ -</u>					
\$ 6,357,906	\$ 6,248,850	\$ 6,021,021	\$ 5,683,560	\$ 5,633,751	\$ 5,424,182
9.12%	8.87%	8.62%	8.37%	8.37%	8.37%
\$ 172,760	\$ 176,915	\$ 173,412	\$ 170,593	\$ 170,196	\$ 183,992
(172,760)	(176,915)	(173,412)	(170,593)	(170,196)	(183,992)
<u>\$ -</u>					
\$ 2,008,837	\$ 2,057,151	\$ 2,016,419	\$ 1,983,640	\$ 1,979,023	\$ 2,139,442
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%
\$ 152,473	\$ 137,879	\$ 125,523	\$ 122,560	\$ 124,294	\$ 125,777
(152,473)	(137,879)	(125,523)	(122,560)	(124,294)	(125,777)
<u>\$ -</u>					
\$ 1,089,093	\$ 1,060,608	\$ 1,046,025	\$ 1,021,333	\$ 1,035,783	\$ 1,048,142
14.00%	13.00%	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)	\$ 20,356,706	\$ 5,408,319
Differences - Budgetary Basis to GAAP		
Due from other funds	(1,342,688)	-
Due from other governments	1,262,557	110,415
Miscellaneous	-	-
Insurance proceeds	<u>(2,271,828)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 18,004,747</u>	<u>\$ 5,518,734</u>
Expenditures		
Actual amounts (Budgetary) from the Schedule of Revenues, Expenditures, and Changes in Fund Balances compared to Budget (Budgetary Basis)	\$ 16,206,596	\$ 2,747,730
Differences - Budgetary Basis to GAAP		
Accounts payable	176,197	265,387
Accrued liabilities	330,107	-
Accrued interest payable	-	-
Due to external parties	1,759	-
Prepaid items	(57,339)	(139,836)
Capital outlay	(27,771)	(20,390)
Capital outlay - right-to-use leased equipment	-	-
Miscellaneous	-	1,876
Insurance proceeds	<u>-</u>	<u>-</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 16,629,549</u>	<u>\$ 2,854,767</u>

Direct Distribution Fund	Capital Tax Fund	Public Benefits Fund	Special Revenue Fund
\$ 2,526,733	\$ 5,120,183	\$ 1,011,699	\$ 267,611
-	-	-	-
-	104,519	-	-
-	-	-	(20)
-	-	-	-
<u>\$ 2,526,733</u>	<u>\$ 5,224,702</u>	<u>\$ 1,011,699</u>	<u>\$ 267,591</u>
\$ 2,613,512	\$ -	\$ -	\$ 194,097
12,572	-	-	4,250
-	-	-	711
(56)	-	-	-
-	-	-	-
100,154	-	-	-
102,129	-	-	(14,700)
277,177	-	-	-
-	-	-	-
53,100	-	-	-
<u>\$ 3,158,588</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184,358</u>

**Notes to Required Supplementary Information**

**Note 1. Basis of Budgeting (Continued)**

***Budgets***

Annual budgets are adopted on a budgetary basis of accounting, which may include elements of both cash and accrual accounting depending on the fund. Encumbered appropriations are re-appropriated in the ensuing year's budget.

***Legal Level of Control***

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

***Budget Amendments***

During the 2025 fiscal year, it was necessary to amend the originally adopted budgets. 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	\$ 222,420
One Cent Fund	297,000
Direct Distribution Fund	457,790
Special Revenue Fund	386,621
Public Benefits Fund	56,958
	<u>\$ 1,420,789</u>

***Excess of Expenditures over Appropriations***

	<u>Final Budget</u>	<u>Expenditures</u>	<u>Excess Expenditures</u>
<i>General Fund</i>			
General government	\$ 4,257,876	\$ 4,344,912	\$ (87,036)
<i>One Cent Fund</i>			
Public works	614,400	665,331	(50,931)
Parks and recreation	528,700	587,827	(59,127)
<i>Direct Distribution Fund</i>			
Capital outlay	368,180	429,949	(61,769)
	<u>\$ 5,769,156</u>	<u>\$ 6,028,019</u>	<u>\$ (258,863)</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, 2024, measurement date.

***Changes of Assumptions***

The assumptions used in the actuarial valuation were adopted on 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 decreased from 7.00% to 6.80%. The expected rate of return on assets for Paid Fire A Pension Plan was lowered to 1.00% on January 1, 2020, and returned to 6.80% on April 1, 2022, as the 2022 legislative session provided a long-term funding solution for the plan. There have been no actuarial assumption changes or methods since the prior valuation for all plans. See the table below:

***PEPP:***

Measurement Date (Plan Year End)	Discount rate	Investment rate of return	Real return net of inflation	Inflation	Salary increases	Payroll growth rate
2024	6.80%	6.80%	4.55%	2.25%	2.50% - 6.50%	2.50%
2023	6.80%	6.80%	4.55%	2.25%	2.50% - 6.50%	2.50%
2022	6.80%	6.80%	4.55%	2.25%	2.50% - 6.50%	2.50%
2021	6.80%	6.80%	4.55%	2.25%	2.50% - 6.50%	2.50%
2020	7.00%	7.00%	4.75%	2.25%	2.50% - 6.50%	2.50%
2019	7.00%	7.00%	4.75%	2.25%	2.50% - 6.50%	2.50%
2018	7.00%	7.00%	3.52%	2.25%	4.75% - 8.75%	2.50%
2017	7.00%	7.75%	4.75%	3.25%	4.25% - 6.00%	4.25%
2016	7.75%	7.75%	4.50%	3.25%	4.25% - 6.00%	4.25%

***LEPP:***

Measurement Date (Plan Year End)	Discount rate	Investment rate of return	Real return net of inflation	Inflation	Salary increases	Payroll growth rate
2024	6.80%	6.80%	4.55%	2.25%	5.25% - 9.25%	2.50%
2023	6.80%	6.80%	4.55%	2.25%	5.25% - 9.25%	2.50%
2022	6.80%	6.80%	4.55%	2.25%	5.25% - 9.25%	2.50%
2021	5.17%	6.80%	4.55%	2.25%	3.00% - 7.00%	2.50%
2020	7.00%	7.00%	4.75%	2.25%	4.75% - 8.75%	2.50%
2019	7.00%	7.00%	4.75%	2.25%	4.75% - 8.75%	2.50%
2018	5.92%	7.00%	3.52%	2.25%	4.75% - 8.75%	2.50%
2017	7.00%	7.75%	4.75%	3.25%	4.25% - 8.00%	4.25%
2016	7.75%	7.75%	4.50%	3.25%	4.25% - 8.00%	4.25%

**Notes to Required Supplementary Information**

**Note 2. Explanation of Changes to Pension Plans (Continued)**

***Changes of Assumptions (Continued)***

***Fire A:***

Measurement Date (Plan Year End)	Discount rate	Investment rate of return	Real return net of inflation	Inflation	Salary increases	Payroll growth rate
2024	6.80%	6.80%	4.55%	2.25%	N/A	N/A
2023	6.80%	6.80%	4.55%	2.25%	4.50%	N/A
2022	6.80%	6.80%	4.55%	2.25%	4.50%	N/A
2021	6.80%	6.80%	4.55%	2.25%	4.50%	N/A
2020	1.95%	1.00%	4.75%	2.25%	4.50%	N/A
2019	3.09%	7.00%	4.75%	2.25%	4.50%	N/A
2018	4.01%	7.00%	3.52%	2.25%	4.50%	N/A
2017	3.75%	8.00%	4.75%	3.25%	4.25%	3.25%
2016	4.38%	8.00%	4.50%	3.25%	4.25%	3.25%

***Fire B:***

Measurement Date (Plan Year End)	Discount rate	Investment rate of return	Real return net of inflation	Inflation	Salary increases	Payroll growth rate
2024	6.80%	6.80%	4.55%	2.25%	4.50% - 7.50%	2.50%
2023	6.80%	6.80%	4.55%	2.25%	4.50% - 7.50%	2.50%
2022	5.53%	6.80%	4.55%	2.25%	4.50% - 7.50%	2.50%
2021	6.80%	6.80%	4.55%	2.25%	4.50% - 7.50%	2.50%
2020	7.00%	1.00%	4.75%	2.25%	4.50% - 7.50%	2.50%
2019	7.00%	7.00%	4.75%	2.25%	4.50% - 7.50%	2.50%
2018	7.00%	7.00%	3.52%	2.25%	4.50% - 7.50%	2.50%
2017	5.65%	8.00%	4.75%	3.25%	4.25% - 7.00%	4.25%
2016	6.59%	8.00%	4.50%	3.25%	4.25% - 7.00%	4.25%



**SUPPLEMENTARY  
INFORMATION**

City of Sheridan, Wyoming  
 June 30, 2025

**Combining Statement of Net Position - Custodial Funds**

	Northeast Wyoming Growth Alliance Fund	Law Evidence Fund	Crime Victims Fund	Court Bond Fund
<b>ASSETS</b>				
Cash and cash equivalents	\$ 229,316	\$ 22,536	\$ 100	\$ 20,179
Due from primary government	-	-	-	-
Total assets	<u>229,316</u>	<u>22,536</u>	<u>100</u>	<u>20,179</u>
<b>LIABILITIES</b>				
Account balances in excess of bank	-	-	-	-
Accounts payable	-	-	-	1,000
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
<b>NET POSITION</b>				
Restricted for:				
Individuals, organizations, and other governments	<u>229,316</u>	<u>22,536</u>	<u>100</u>	<u>19,179</u>
Total net position	<u>229,316</u>	<u>22,536</u>	<u>100</u>	<u>19,179</u>
Total liabilities and net position	<u>\$ 229,316</u>	<u>\$ 22,536</u>	<u>\$ 100</u>	<u>\$ 20,179</u>

Employee Relief Fund	Employee Relations Committee Fund	Total
\$ 5,574	\$ -	\$ 277,705
-	1,759	1,759
<u>5,574</u>	<u>1,759</u>	<u>279,464</u>
-	465	465
-	-	1,000
<u>-</u>	<u>465</u>	<u>1,465</u>
5,574	1,294	277,999
<u>5,574</u>	<u>1,294</u>	<u>277,999</u>
<u>\$ 5,574</u>	<u>\$ 1,759</u>	<u>\$ 279,464</u>

City of Sheridan, Wyoming  
Year Ended June 30, 2025

**Combining Statement of Changes in Custodial Funds Net Position**

	Northeast Wyoming Growth Alliance Fund	Law Evidence Fund	Crime Victims Fund	Court Bond Fund
<b>ADDITIONS</b>				
Contributions				
Members	\$ 9,352	\$ -	\$ -	\$ -
Seizures from suspected crime scenes	-	943	-	-
Mandated collections from perpetrators	-	-	12,825	63,867
Employees on behalf of others	-	-	-	-
Voluntary contributions	-	-	-	-
Total additions	<u>9,352</u>	<u>943</u>	<u>12,825</u>	<u>63,867</u>
<b>DEDUCTIONS</b>				
Payments to other governments	-	-	12,725	-
Refunded seizures from crime scenes	-	945	-	-
Court bond refunds	-	-	-	69,110
Payments to employees	-	-	-	-
Miscellaneous expense	-	-	-	-
Total deductions	<u>-</u>	<u>945</u>	<u>12,725</u>	<u>69,110</u>
Net increase (decrease) in fiduciary net position	9,352	(2)	100	(5,243)
Net position - beginning of year	219,964	22,538	-	24,422
Net position - end of year	<u>\$ 229,316</u>	<u>\$ 22,536</u>	<u>\$ 100</u>	<u>\$ 19,179</u>

Employee Relief Fund	Employee Relations Committee Fund	Total
\$ -	\$ -	\$ 9,352
-	-	943
-	-	76,692
1,486	-	1,486
-	2,223	2,223
<u>1,486</u>	<u>2,223</u>	<u>90,696</u>
-	-	12,725
-	-	945
-	-	69,110
200	-	200
-	2,065	2,065
<u>200</u>	<u>2,065</u>	<u>85,045</u>
1,286	158	5,651
4,288	1,136	272,348
<u>\$ 5,574</u>	<u>\$ 1,294</u>	<u>\$ 277,999</u>

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City of Sheridan, Wyoming

Year Ended June 30, 2025

**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	23-DG-11021600-047	\$ 1,470
Cooperative Forestry Assistance	10.664	22-DG-11021600-021	732
Total U.S. Department of Agriculture			<u>2,202</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	P22AP01511	402,163
Outdoor Recreation Acquisition, Development and Planning	15.916	P21AP12205	142,881
Total U.S. Department of Interior			<u>545,044</u>
U.S. Department of Justice			
Direct			
Bulletproof Vest Partnership Program	16.607	-	1,158
Total U.S. Department of Justice			<u>1,158</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-2024-BI-OP-01	926
State and Community Highway Safety	20.600	OP-2025-BI-OP-02	7,495
State and Community Highway Safety	20.600	AL-2024-BI-AL-01	1,251
State and Community Highway Safety	20.600	AL-2025-BI-AL-03	6,021
State and Community Highway Safety	20.600	CP-2024-BI-CP-02	564
State and Community Highway Safety	20.600	CP-2025-BI-CP-02	3,499
Total Highway Safety Cluster			<u>19,756</u>
Total U.S. Department of Transportation			<u>19,756</u>

(Continued)

City of Sheridan, Wyoming  
Year Ended June 30, 2025

**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	-	\$ 83,195
Passed through the Wyoming Office of State Loan and Investment Board			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	ARPA Grant WS-1014	<u>1,201,027</u>
Total U.S. Department of the Treasury			<u>1,284,222</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 #200	35,487
Clean Water State Revolving Fund	66.458	CWSRF #202	<u>547,815</u>
Total Clean Water State Revolving Fund			<u>583,302</u>
Drinking Water State Revolving Fund	66.468	DWSRF #243	572,937
Drinking Water State Revolving Fund	66.468	DWSRF #252	<u>33,999</u>
Total Drinking Water State Revolving Fund			<u>606,936</u>
Total U.S. Environmental Protection Agency			<u>1,190,238</u>
U.S. Department of Health and Human Services			
Passed through the Wyoming Association of Sheriffs and Chiefs of Police			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	EUDL 2024	6,576
Block Grants for Prevention and Treatment of Substance Abuse	93.959	EUDL 2025	<u>574</u>
Total U.S. Department of Health and Human Services			<u>7,150</u>
U.S. Department of Homeland Security			
Passed through the Wyoming Department of Homeland Security			
Homeland Security Grant Program	97.067	23-SHSP-CSHE-PD-AET	<u>19,333</u>
Total Homeland Security Grant Program			<u>19,333</u>
Total U.S. Department of Homeland Security			<u>19,333</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$ 3,069,103</u>

**Notes to the Schedule of Expenditures of Federal Awards**

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**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, 2025. 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 accrual 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.

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

**INDEPENDENT AUDITOR'S REPORT**

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

We have audited, in accordance with 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, 2025, 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 25, 2026.

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.



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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001, 2025-002, 2025-003 and 2025-004 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 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 item 2025-005.

### **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 25, 2026

***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, 2025. 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, 2025.

***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 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. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

*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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-006 to be a material weakness.

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* require 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 25, 2026

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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? No

Noncompliance material to financial statements noted? Yes

**Federal Awards**

Internal control over major federal programs:

Material weaknesses identified? Yes

Significant deficiencies identified? No

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
66.458	Clean Water State Revolving Fund
66.468	Drinking Water State Revolving Fund

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**

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***Material Weakness in Internal Control over Financial Reporting***

***2025-001 – 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***

Management concurs with the finding.

See Corrective Action Plan.

**Section II – Financial Statement Findings (Continued)**

---

***Material Weakness in Internal Control over Financial Reporting (Continued)***

***2025-002 – 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 numerous errors that were not detected by management, indicating a lack of routine review of accounts and financial records. Additionally, management was unable to identify all material 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***

The deficiencies were attributed, in part, to the absence of a formal review process and limited training and experience of personnel responsible for preparing and reviewing accounting records.

***Effect or Potential Effect***

Numerous journal entries were required to correct the balances for the governmental and proprietary 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.

**Section II – Financial Statement Findings (Continued)**

---

***Material Weakness in Internal Control over Financial Reporting (Continued)***

***2025-002 – 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 attend additional training on GASB reporting standards and GAAP requirements.

***View of Responsible Officials***

Management concurs with the finding.

See Corrective Action Plan.

***2025-003 - 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.

**Section II – Financial Statement Findings (Continued)**

---

***Material Weakness in Internal Control over Financial Reporting (Continued)***

***2025-003 - Schedule of Expenditures of Federal Awards (Continued)***

***Condition***

The City prepared the Schedule of Expenditures of Federal Awards (SEFA); however, a federal grant totaling approximately \$1,200,000 was not identified and included in the SEFA. As a result, the SEFA initially provided for audit was incomplete and did not reflect all federal expenditures for the fiscal year.

***Cause***

The Treasurer's Office did not have copies of the grant agreements and therefore was not aware that the funding included federal awards. In addition, the City does not have a formal process to ensure all grant agreements are reviewed and federal funding sources are identified when preparing the SEFA.

***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, because the SEFA initially omitted approximately \$1,200,000 of federal expenditures, the major program determination was based on incomplete information. As a result, one program was selected and tested as a major program that would not have otherwise required testing once the additional federal expenditures were identified.

***Recommendation***

We recommend the City implement procedures to ensure all federal awards are identified and properly reported on the SEFA. This should include obtaining and maintaining grant agreements during the grant setup process to identify federal funding sources, capturing required SEFA information at the time the grant is established, and implementing a reconciliation and review process to ensure the SEFA agrees to grant activity recorded in the City's financial records.

***Views of Responsible Officials***

Management concurs with the finding.

See Corrective Action Plan.

**Section II – Financial Statement Findings (Continued)**

---

***Material Weakness in Internal Control over Financial Reporting (Continued)***

***2025-004 – Improper Revenue Recognition***

***Criteria***

An internal control structure should be designed to identify adjusting journal entries that are significant to the City's financial statements, which are prepared in accordance with U.S. GAAP. Fundamental concepts in an adequate system of internal control are the identification and prevention or detection of errors on a timely basis.

***Condition***

Throughout the fiscal year, the City records revenues on a cash basis as cash is received. However, governmental fund financial statements should be prepared using the modified accrual basis of accounting, which requires intergovernmental revenues to be recognized when they are measurable and available. The City does not have a process in place to consistently identify revenues earned from other governments that were receivable at year-end. As a result, revenues from other governments in the governmental funds were not always recognized in the proper period.

***Cause***

The City does not have processes and controls in place to review intergovernmental revenues and related receivables at year-end to ensure revenues earned but not yet received from other governments are identified and recorded in the proper period in accordance with U.S. GAAP.

***Effect or Potential Effect***

Without processes and controls in place, the financial statements could be improperly stated in accordance with U.S. GAAP.

***Recommendation***

We recommend that the City create processes to track and review revenue for proper recognition.

***Views of Responsible Officials***

Management concurs with the finding.

See Corrective Action Plan.

**Schedule of Findings and Questioned Costs (Continued)**

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**Section II – Financial Statement Findings (Continued)**

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***Material Weakness in Internal Control and Noncompliance (Continued)***

***2025-005 – Budget Violation***

**Criteria**

According to Governmental Accounting Standards Board (GASB) standards and Wyoming State Statutes (§16-4-103 through §16-4-111, Uniform Municipal Fiscal Procedures Act) governmental entities are required to adopt annual budgets. The Act requires that the budget includes appropriations for each fund for which a budget is legally required, as well as collective budgets for all the funds by functions, activities, and projects. A “department” is defined as a functional unit within a fund that carries out a specific activity, such a police department within a city’s general fund or the office of an elected official. State statute further requires that no officer or employee an entity may make expenditures or incur encumbrance in excess of the total appropriation for any department. Compliance with these requirements necessitates ongoing monitoring of budget-to-actual results at the fund and department/function level.

**Condition**

Review of budgetary compliance showed that General fund’s general government function (\$87,036), One Cent fund’s public works (\$50,931) and parks and recreation (\$59,127) functions, and Direct Distribution fund’s capital outlay (\$61,769) function exceeded their respective budgeted amounts during fiscal year 2025. In addition, the budget amendments for the fiscal year 2025 were reported and monitored at the total fund total, rather than by function within each fund. Additionally, the City netted golf fund expenses against revenues to avoid potential budget violations.

**Cause**

The over-expenditures occurred due to insufficient monitoring of budget-to-actual activity throughout the fiscal year and the lack of timely budget amendments when expenditures approached or exceeded the approved budget amount.

**Effect or Potential Effect**

Expenditures in excess of the legally adopted function-level budgets are not compliance with Wyoming State Statutes. Monitoring budgets solely at the fund level limits the governing body’s ability to oversee financial activity of individual departments and functions and to ensure expenditures remain within authorized spending levels. In the golf fund, expenses were netted against revenues, resulting in a material audit adjustment of \$114,351.

**Recommendation**

We recommend the City implement procedures to regularly monitor actual expenditures in comparison to the legally adopted budget at the fund and function level throughout the fiscal year. Expenses should not be netted against revenue. When expenditures approach or exceed approved budget amounts, the City should prepare and obtain governing body approval of formal budget amendments in accordance with Wyoming State Statutes. Implementing these procedures will help ensure expenditures remain within authorized spending levels and improve overall budgetary oversight.

**Section II – Financial Statement Findings (Continued)**

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*Material Weakness in Internal Control and Noncompliance (Continued)*

*2025-005 – Budget Violation (Continued)*

*Views of Responsible Officials*

Management concurs with the finding.

See Corrective Action Plan.

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**Section III – Federal Award Findings and Questioned Costs**

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***Material Weakness in Internal Control over Compliance***

***Finding 2025-006 - Procurement and Suspension and Debarment***

**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:** 2021

**Federal Program:** Clean Water State Revolving Fund

**Assistance Listing Number (ALN):** 66.458

**Federal Agency:** U.S. Environmental Protection Agency

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

**Grant Year:** 2024

***Criteria***

Government-wide requirements for non-procurement suspension and debarment are contained in 2 CFR Part 180 and 2 CFR 200.214. Non-Federal entities are prohibited from contracting with or making subawards to parties that are suspended or debarred. Prior to entering into covered transactions expected to equal or exceed \$25,000, the non-Federal entity must verify that the vendor is not suspended or debarred. Verification may be accomplished by checking the System for Award Management (SAM.gov) or through other acceptable methods as outlined in federal regulations.

***Condition***

The City did not perform or document verification procedures to ensure that contractors used in the program were not suspended or debarred prior to entering into covered transactions. Independently we reviewed that the contractors were not suspended or debarred.

***Cause:***

The City does not have a control system in place to ensure that the required suspension and debarment is verified and documented.

***Effect or Potential Effect***

Failure to verify that contractors were not suspended or debarred resulted in noncompliance with federal procurement requirements. As a result, there is an increased risk that federal funds could be paid to ineligible contractors. If contractors used in the program had been suspended or debarred, the City could be required to repay the granting agency for the related expenditures.

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

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***Material Weakness in Internal Control over Compliance (Continued)***

***Finding 2025-006 - Procurement and Suspension and Debarment (Continued)***

***Questioned Costs***

None

***Context***

For the COVID-19 – Coronavirus State and Local Fiscal Recovery Funds grant, of the 16 covered transactions tested, the City did not maintain formal documentation for any of the 16 transactions to demonstrate that the vendors were not suspended or debarred.

For the Clean Water State Revolving Fund grant, of the 23 covered transactions tested, the City did not maintain formal documentation for 9 transactions to demonstrate that the vendors were not suspended or debarred.

Acceptable documentation may include a certification from the vendor, a suspension and debarment clause included in the contract, or evidence of a SAM.gov search performed and retained in the procurement file.

***Identification as a repeat finding***

This is not a repeat finding.

***Recommendation***

We recommend the City strengthen its procurement procedures to ensure suspension and debarment verification is performed and documented prior to entering into covered transactions funded with federal awards. Verification may be accomplished by checking System for Award Management (SAM.gov), obtaining vendor certification, or including a suspension and debarment certification in the contract.

***Views of Responsible Officials***

Management concurs with the finding.

See Corrective Action Plan.



## Summary Schedule of Prior Year Audit Findings

### ***Material Weakness in Internal Control over Financial Reporting***

#### ***2024-001 – Preparation of Financial Statement***

**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.

#### ***2024-002 – 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 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.

**Status**

This finding has been repeated.

#### ***2024-003 – Schedule of Expenditures of Federal Awards***

**Name of Contact Person:**

Darla Hawkins, City Treasurer, City of Sheridan, Wyoming

**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.



## Summary Schedule of Prior Year Audit Findings (Continued)

### *Material Weakness in Internal Control over Financial Reporting (Continued)*

#### **Status**

This finding has been repeated.

### *Material Weakness in Internal Control and Noncompliance*

#### **2024-004 – Penalty of Perjury**

#### **Name of Contact Person:**

Darla Hawkins, City Treasurer, City of Sheridan, Wyoming

#### **Condition**

The City's expenditures were not certified under penalty of perjury as 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.

#### **Status**

This finding has been corrected.

### *Material Weakness in Internal Control and Noncompliance*

#### **2024-005 – Budget Violation**

#### **Name of Contact Person:**

Darla Hawkins, City Treasurer, City of Sheridan, Wyoming

#### **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.

#### **Status**

This finding has been repeated.



## Summary Schedule of Prior Year Audit Findings (Continued)

### ***Significant Deficiency in Internal Control over Major Federal Programs***

#### ***2024-006 – Allowable Costs/Cost Principles***

**Name of Contact Person:**

Darla Hawkins, City Treasurer, City of Sheridan, Wyoming

**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.

**Status**

This finding has been corrected.

#### ***2024-007 – Reporting***

**Name of Contact Person:**

Darla Hawkins, City Treasurer, City of Sheridan, Wyoming

**Condition**

The City did not submit the required federal financial reports on 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.

**Status**

This finding has been corrected.



## Corrective Action Plan

### *Financial Statement Findings*

#### *Material Weakness in Internal Control over Financial Reporting*

##### *2025-001 – 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. The City also acknowledges that training and onboarding require time; however, steady progress is being made as staff gain experience and familiarity with processes and systems.

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, recognizing that skill development will continue to improve over time.

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 ongoing progress and continuous improvement efforts.

**Proposed Completion Date:** June 30, 2028



## Corrective Action Plan

### *Financial Statement Findings (Continued)*

### *Material Weakness in Internal Control over Financial Reporting (Continued)*

#### *2025-002 – Material Audit Adjustments*

##### **Name of Contact Person:**

Darla Hawkins, City Treasurer, City of Sheridan, Wyoming

##### **Corrective Action Plan:**

The City has made measurable progress in adapting to the new ERP financial system; however, additional module integration is needed to further improve efficiency, accuracy, and the timeliness of financial reporting.

To enhance financial accuracy, staff will continue refining processes, implementing standardized workflows, expanding requirements for detailed supporting documentation, and strengthening internal controls to reduce the risk of material audit adjustments. Routine reconciliation and review procedures will be formalized to identify and correct errors more promptly, ensuring compliance with GAAP. Ongoing training will remain a priority to fully leverage ERP system capabilities and maintain accurate records. Staff will receive targeted system training, and accounting personnel will participate in additional instruction on GASB reporting standards and GAAP requirements, recognizing that continued learning and system familiarity will drive improvement over time.

To monitor progress and support ongoing improvements, staff will conduct periodic internal audits, gather user feedback, and further refine processes to enhance compliance and transparency. These efforts will strengthen financial reporting, improve internal controls, and proactively address issues prior to audit, supporting overall financial accuracy and audit readiness.

**Proposed Completion Date:** June 30, 2028

#### *2025-003 – Schedule of Expenditures of Federal Awards*

##### **Name of Contact Person:**

Darla Hawkins, City Treasurer, City of Sheridan, Wyoming

##### **Corrective Action Plan:**

The City has experienced challenges in completing the Schedule of Expenditures of Federal Awards (SEFA) due to staff turnover and resulting knowledge gaps. To address these issues, the City is prioritizing a stronger understanding of SEFA requirements while enhancing grant tracking processes.

In response to auditor recommendations, the City will conduct a comprehensive review of all federal grants to ensure accurate classification and reporting within the SEFA. A standardized process will be developed to capture all required SEFA information at the time of initial grant setup, along with procedures to obtain any missing data. Cross training efforts will be implemented to maintain continuity during personnel transitions, and detailed Standard Operating Procedures (SOPs) will be established to support consistency. Additionally, the City will implement formal reconciliation and review procedures to verify that SEFA information is accurately recorded and properly aligned with underlying grant activity, strengthening overall accuracy and compliance.

**Proposed Completion Date:** June 30, 2026



## Corrective Action Plan

### *Financial Statement Findings (Continued)*

#### *Material Weakness in Internal Control and Noncompliance*

##### *2025-004 – Improper Revenue Recognition*

**Name of Contact Person:**

Darla Hawkins, City Treasurer, City of Sheridan, Wyoming

**Corrective Action Plan:**

The City will implement procedures to review intergovernmental revenues and related receivables at year-end to ensure revenues are recognized in the appropriate period in accordance with U.S. GAAP. As part of the year-end closing process, management will review grant agreements, state and federal reimbursement requests, and other supporting documentation to identify revenues that have been earned but not yet received. The City will record the necessary receivable and revenue adjustments to ensure proper recognition in the governmental fund financial statements.

**Proposed Completion Date:** June 30, 2026

##### *2025-005 – Budget Violation*

**Name of Contact Person:**

Darla Hawkins, City Treasurer, City of Sheridan, Wyoming

**Corrective Action Plan:**

The City will implement procedures to regularly review budget-to-actual activity throughout the fiscal year to ensure expenditures remain within the legally adopted budget. Management will monitor expenditures and identify when spending approaches the approved budget levels. If expenditures are expected to exceed the adopted budget, the City will prepare and present budget amendments to the governing body for approval in accordance with Wyoming State Statutes. These procedures will be incorporated into the City's financial management and year-end review processes to strengthen compliance with budget requirements.

**Proposed Completion Date:** June 30, 2026

***Corrective Action Plan***

***Federal Awards Findings***

***Material Weakness in Internal Control over Compliance***

***Finding 2025-006 - Procurement and Suspension and Debarment***

**Name of Contact Person:**

Darla Hawkins, City Treasurer, City of Sheridan, Wyoming

**Corrective Action Plan:**

The City will strengthen its procurement procedures to ensure verification of suspension and debarment status is performed prior to entering into covered transactions funded with federal awards. Management will verify vendors are not suspended or debarred by checking the System for Award Management (SAM.gov) or by obtaining vendor certification prior to awarding contracts. Documentation of the verification will be maintained with the procurement records to ensure compliance with federal requirements.

**Proposed Completion Date:** June 30, 2026