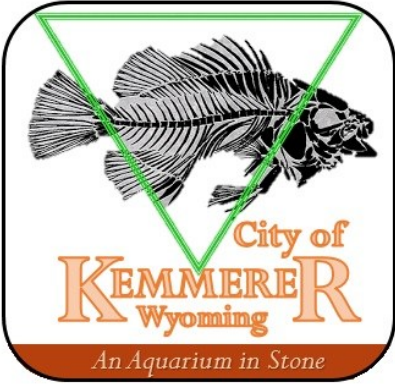


CITY OF KEMMERER



FINANCIAL STATEMENTS

June 30, 2021

CITY OF KEMMERER
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INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Kemmerer, Wyoming

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Kemmerer, Wyoming (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2021, on our consideration of the City'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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's internal control over financial reporting and compliance.



JONES SIMKINS LLC
Logan, Utah
December 29, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF KEMMERER
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

INTRODUCTION

As management of the City of Kemmerer, Wyoming (the City), we offer the readers of the City's financial statements this narrative overview and analysis of the financial statements of the City for the fiscal year ended June 30, 2021. When read in conjunction with the financial statements, this section's financial highlights, overview and analysis should assist the reader in gaining a more complete knowledge of the City's financial performance.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of June 30, 2021 by \$21,615,144 (net position). Of this amount, \$2,311,476 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$185,912.
- At the close of the year, the City's general fund reported ending fund balance of \$3,475,955. Of this amount \$3,459,889 is available for spending at the City's discretion (*assigned and unassigned fund balance*).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements.

This report complies with the City's reporting requirement with Governmental Accounting Standards Board Statement No. 34. In addition to the Management's Discussion and Analysis, the report consists of government wide financial statements, fund financial statements, notes to the financial statements, and supplemental information. The first several statements are highly condensed and present a government-wide view of the City's finances. The governmental activities of the City include general government, police protection, streets and public building operation and maintenance and parks and recreation-oriented activities. The major business-type activity of the City includes the Kemmerer Municipal Airport.

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

CITY OF KEMMERER
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

The *statement of net position*, a component of the government-wide financial statements, presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as *net position*. The City's capital assets (land, buildings, equipment, etc.) are included in this statement and reported net of their accumulated depreciation. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. In evaluating the City's overall condition, however, additional non-financial factors should be considered such as the City's economic outlook, changes in its demographics, and the condition of its capital assets and infrastructure.

The *statement of activities* presents revenue and expense information showing how the City's net position changed during the fiscal year. To understand the basis of how these numbers are determined, it is important to note that changes in net position are reported whenever an event occurs that requires a revenue or expense to be recognized, regardless of when the related cash is received or disbursed (the accrual basis of accounting). For example, tax revenues are reported when the taxes are legally due, even though they may not be collected for some time after that date; and an obligation to pay a supplier is reported as an expense when the goods or services are received, even though the bill may not be paid until sometime later.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by intergovernmental revenues and taxes (*governmental activities*) from other functions that are designed to recover all or a significant portion of their costs through user fees and charges (*business type activities*). The government-wide financial statements can be found on pages 13 and 14 of this report.

Fund financial statements - A *fund* is a grouping of related accounts (revenues, expenses, assets and liabilities) that is used to control resources that have been segregated for specific activities. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds utilized by the City can be divided into two categories: *governmental funds and proprietary funds*.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the *government-wide financial statements*. However, for accounting and reporting purposes, government fund numbers are determined with a different approach. At the fund level, the focus is on changes in short-term spendable resources and the balance available to spend, rather than the long-term focus used for determining government-wide numbers. Because the focus is so different between fund statements and government-wide statements, reconciliation between the two types is necessary to understand how the numbers differ. Such reconciliation is provided on pages 16 and 18 of this report.

The General Fund is the primary operating governmental fund of the City.

CITY OF KEMMERER
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

Proprietary Funds - The City maintains one proprietary fund. *Proprietary funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses a proprietary fund to account for the operation of the Airport Fund. The Airport fund financial statements are on pages 19 to 22 of this report.

Notes to the financial statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 23 of this report.

Other information - The budgetary comparison statement for the general fund can be found on page 55 of this report.

CITY OF KEMMERER
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A comparative analysis of government-wide data is presented. The tables provided hereafter showing net position, changes in net position, and capital assets contain comparative data.

Net Position - As stated earlier, an analysis of net position is probably the most important financial measurement to assist with understanding the financial position of the City, and whether the financial position improves or deteriorates each year. The following table presents summary information from the Statement of Net Position in the basic financial statements.

SCHEDULE OF NET POSITION

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current and other assets \$	4,028,894	3,481,360	401,019	392,965	4,429,913	3,874,325
Capital assets	14,113,559	14,178,233	5,395,240	5,851,006	19,508,799	20,029,239
Total assets	18,142,453	17,659,593	5,796,259	6,243,971	23,938,712	23,903,564
Deferred outflows of resources	264,054	342,901	6,244	7,302	270,298	350,203
Current liabilities	532,939	429,922	13,920	25,817	546,859	455,739
Non-current liabilities	1,372,001	1,347,650	50,286	56,798	1,422,287	1,404,448
Total liabilities	1,904,940	1,777,572	64,206	82,615	1,969,146	1,860,187
Deferred inflows of resources	610,873	582,118	13,847	10,406	624,720	592,524
Net investment in capital assets	13,908,428	14,134,265	5,395,240	5,851,006	19,303,668	19,985,271
Unrestricted	1,982,266	1,508,539	329,210	307,246	2,311,476	1,815,785
Total net position	\$ 15,890,694	15,642,804	5,724,450	6,158,252	21,615,144	21,801,056

As depicted at June 30, 2020, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$21.8 million (net position), and at June 30, 2021, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$21.6 million (net position). 89% of this amount is represented by the City's net investment in capital assets. Due to the nature of these assets – long-term assets which are not readily convertible to liquid assets – they are not considered to be available for spending or appropriation.

CITY OF KEMMERER
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

Changes in Net Position - As taken from the Statement of Activities in the basic financial statements, the following table depicts the changes in net position for 2021 and 2020.

CHANGES IN NET POSITION

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues:						
Program revenues:						
Charges for services	\$ 884,673	844,808	125,812	98,566	1,010,485	943,374
Operating grants and contributions	537,432	583,330	-	-	537,432	583,330
Capital grants and contributions	39,489	36,121	69,997	586,682	109,486	622,803
General revenues:						
Taxes	2,264,758	1,942,169	-	-	2,264,758	1,942,169
Interest	13,163	41,398	-	-	13,163	41,398
Mineral royalties	203,041	202,415	-	-	203,041	202,415
Lottery revenues	16,798	12,317	-	-	16,798	12,317
Net transfers from Joint Powers Board	987	13,057	-	-	987	13,057
Gain on sale of capital assets	-	500	-	6,000	-	6,500
Miscellaneous	66,764	143,803	4,744	4,077	71,508	147,880
Transfers	(10,413)	(97,686)	10,413	97,686	-	-
Total revenues and transfers	<u>4,016,692</u>	<u>3,722,232</u>	<u>210,966</u>	<u>793,011</u>	<u>4,227,658</u>	<u>4,515,243</u>
Expenses:						
General government	833,256	1,078,495	-	-	833,256	1,078,495
Public safety	702,421	722,655	-	-	702,421	722,655
Streets and highways	945,685	896,226	-	-	945,685	896,226
Parks and recreation	699,443	701,693	-	-	699,443	701,693
Sanitation	332,692	353,291	-	-	332,692	353,291
Municipal court	28,956	23,150	-	-	28,956	23,150
Building inspections	9,432	11,292	-	-	9,432	11,292
South Lincoln Training and Event Center	214,131	181,134	-	-	214,131	181,134
Interest on long-term debt	2,786	2,235	-	-	2,786	2,235
Airport	-	-	644,768	620,522	644,768	620,522
Total expenses	<u>3,768,802</u>	<u>3,970,171</u>	<u>644,768</u>	<u>620,522</u>	<u>4,413,570</u>	<u>4,590,693</u>
Change in net position	247,890	(247,939)	(433,802)	172,489	(185,912)	(75,450)
Net position - beginning	<u>15,642,804</u>	<u>15,890,743</u>	<u>6,158,252</u>	<u>5,985,763</u>	<u>21,801,056</u>	<u>21,876,506</u>
Net position - ending	<u>\$ 15,890,694</u>	<u>15,642,804</u>	<u>5,724,450</u>	<u>6,158,252</u>	<u>21,615,144</u>	<u>21,801,056</u>

CITY OF KEMMERER
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021

Governmental activities - Governmental activities increased the City's net position by \$247,890 compared to a decrease in net position of \$247,939 in the prior year. The primary reason for this change is related to tax increases, including sales and use, property, and other taxes, of approximately \$323,000. In addition, general governmental expenses decreased by approximately \$245,000 due in large part to decreases in salaries and related costs.

Business-type activities - The business type activity is the Kemmerer Municipal Airport. These activities decreased net position by \$433,802 compared to an increase in net position of \$172,489 in the prior year. The primary reason for this change is related to significant decreases in capital grants and contributions in the current year, approximately \$517,000, as several large grant-funded projects were completed or nearly completed in 2020.

GENERAL FUND BUDGET HIGHLIGHTS

Schedules for revenues and departmental expenditures of the general fund can be seen on pages 61-62.

The differences between the original budget and the final amounts represent changes made by the council as additional facts and information became available. They included economic factors and corrections that needed to be made to the original adopted budget.

Because of the trending shift in the local and statewide economy, the City closely monitored the amount of funding coming in and expenditures going out. Throughout the fiscal year, overtime worked and unnecessary expenditures were also held down.

LONG-TERM LIABILITIES

At year-end, the City had \$1,486,001 in total long-term liabilities for governmental activities, of which \$114,000 is due within one year, and \$50,286 for business-type activities. Long-term liabilities consist of compensated absences, direct borrowings for equipment purchases, and the City's net pension liability.

REQUESTS FOR INFORMATION

This financial report is designed to provide citizens, customers, investors, creditors and others with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the City of Kemmerer, Natasia Diers, City Clerk/Treasurer, City of Kemmerer, 220 Wyoming Highway 233, Kemmerer, WY 83101, telephone number (307) 828-4075.

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BASIC FINANCIAL STATEMENTS

CITY OF KEMMERER
STATEMENT OF NET POSITION
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
Cash and investments	\$ 3,621,952	377,809	3,999,761
Due from other governments	298,584	19,742	318,326
Receivables, net	92,292	3,468	95,760
Inventories	16,066	-	16,066
Nondepreciable capital assets	3,169,956	199,947	3,369,903
Depreciable capital assets	23,497,845	12,914,639	36,412,484
Accumulated depreciation	(12,554,242)	(7,719,346)	(20,273,588)
Total assets	18,142,453	5,796,259	23,938,712
<u>Deferred Outflows of Resources</u>			
Pensions	264,054	6,244	270,298
Total deferred outflows of resources	264,054	6,244	270,298
<u>Liabilities</u>			
Payables and accrued expenses	153,228	13,690	166,918
Court bonds and other funds held	27,050	230	27,280
Unearned revenue	238,661	-	238,661
Long-term liabilities			
Due within one year	114,000	-	114,000
Due in more than one year	288,116	-	288,116
Net pension liability	1,083,885	50,286	1,134,171
Total liabilities	1,904,940	64,206	1,969,146
<u>Deferred Inflows of Resources</u>			
Property taxes	134,000	-	134,000
Pensions	476,873	13,847	490,720
Total deferred inflows of resources	610,873	13,847	624,720
<u>Net Position</u>			
Net investment in capital assets	13,908,428	5,395,240	19,303,668
Unrestricted	1,982,266	329,210	2,311,476
Total net position	\$ 15,890,694	5,724,450	21,615,144

The accompanying notes are an integral part of these financial statements.

CITY OF KEMMERER
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental:							
General government	\$ 833,256	-	250,155	1,500	(581,601)	-	(581,601)
Public safety	702,421	44,334	-	37,989	(620,098)	-	(620,098)
Streets and highways	945,685	57,506	26,560	-	(861,619)	-	(861,619)
Parks and recreation	699,443	219,404	260,717	-	(219,322)	-	(219,322)
Sanitation	332,692	514,680	-	-	181,988	-	181,988
Municipal court	28,956	26,235	-	-	(2,721)	-	(2,721)
Building inspection/zoning	9,432	-	-	-	(9,432)	-	(9,432)
South Lincoln Training and Event Center	214,131	22,514	-	-	(191,617)	-	(191,617)
Interest on long-term debt	2,786	-	-	-	(2,786)	-	(2,786)
Total governmental activities	<u>3,768,802</u>	<u>884,673</u>	<u>537,432</u>	<u>39,489</u>	<u>(2,307,208)</u>	<u>-</u>	<u>(2,307,208)</u>
Business-type activities:							
Airport	<u>644,768</u>	<u>125,812</u>	<u>-</u>	<u>69,997</u>	<u>-</u>	<u>(448,959)</u>	<u>(448,959)</u>
Total business-type activities	<u>644,768</u>	<u>125,812</u>	<u>-</u>	<u>69,997</u>	<u>-</u>	<u>(448,959)</u>	<u>(448,959)</u>
Total primary government	<u>\$ 4,413,570</u>	<u>1,010,485</u>	<u>537,432</u>	<u>109,486</u>	<u>(2,307,208)</u>	<u>(448,959)</u>	<u>(2,756,167)</u>
General revenues:							
Taxes:							
					\$ 1,969,300	-	1,969,300
					133,549	-	133,549
					75,295	-	75,295
					86,614	-	86,614
					<u>2,264,758</u>	<u>-</u>	<u>2,264,758</u>
					13,163	-	13,163
					203,041	-	203,041
					16,798	-	16,798
					987	-	987
					66,764	4,744	71,508
					<u>(10,413)</u>	<u>10,413</u>	<u>-</u>
					<u>2,555,098</u>	<u>15,157</u>	<u>2,570,255</u>
					<u>247,890</u>	<u>(433,802)</u>	<u>(185,912)</u>
					<u>15,642,804</u>	<u>6,158,252</u>	<u>21,801,056</u>
					<u>\$ 15,890,694</u>	<u>5,724,450</u>	<u>21,615,144</u>

The accompanying notes are an integral part of these financial statements.

CITY OF KEMMERER
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	General	Total Governmental Funds
<u>Assets</u>		
Cash and investments	\$ 3,621,952	3,621,952
Due from other governments	298,584	298,584
Receivables	92,292	92,292
Inventories	16,066	16,066
	4,028,894	4,028,894
<u>Liabilities</u>		
Payables and accrued expenses	153,228	153,228
Court bonds and other funds held	27,050	27,050
Unearned revenue	238,661	238,661
	418,939	418,939
<u>Deferred Inflows of Resources</u>		
Unavailable revenue - property taxes	134,000	134,000
	134,000	134,000
<u>Fund Balances</u>		
Nonspendable: inventories	16,066	16,066
Assigned	918,392	918,392
Unassigned	2,541,497	2,541,497
	3,475,955	3,475,955
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,028,894	4,028,894

The accompanying notes are an integral part of these financial statements.

CITY OF KEMMERER
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2021

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances - governmental funds	\$	3,475,955
Deferred outflows of resources related to pensions are not reported in the funds.		264,054
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$ 3,169,956	
Infrastructure	10,600,243	
Buildings and improvements	7,348,897	
Furniture and equipment	5,548,705	
Accumulated depreciation	<u>(12,554,242)</u>	
		14,113,559
Long-term liabilities, including debt and related accrued interest, compensated absences, and net pension liability are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences	\$ (196,985)	
Direct borrowing - capital leases	(205,131)	
Net pension liability	<u>(1,083,885)</u>	
		(1,486,001)
Deferred inflows of resources related to pensions are not reported in the funds.		<u>(476,873)</u>
Net position of governmental activities	\$	<u><u>15,890,694</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF KEMMERER
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year Ended June 30, 2021

	General	Total Governmental Funds
Revenues:		
Taxes	\$ 2,264,758	2,264,758
Licenses and permits	44,334	44,334
Intergovernmental	796,760	796,760
Charges for services	814,104	814,104
Fines and forfeitures	26,235	26,235
Miscellaneous	79,927	79,927
Total revenues	4,026,118	4,026,118
Expenditures:		
Current:		
General government	863,882	863,882
Public safety	733,829	733,829
Streets and highways	1,012,845	1,012,845
Parks and recreation	665,479	665,479
Sanitation	308,216	308,216
Municipal court	28,956	28,956
Building inspection/zoning	9,432	9,432
South Lincoln Training and Event Center	111,913	111,913
Debt service	64,221	64,221
Total expenditures	3,798,773	3,798,773
Excess of revenues over expenditures	227,345	227,345
Other financing sources (uses):		
Proceeds from issuance of capital lease	222,598	222,598
Transfers from Joint Powers Board - debt service	987	987
Transfers to Airport Fund	(10,413)	(10,413)
Total other financing sources	213,172	213,172
Net change in fund balance	440,517	440,517
Fund balance - beginning	3,035,438	3,035,438
Fund balance - ending	\$ 3,475,955	3,475,955

The accompanying notes are an integral part of these financial statements.

CITY OF KEMMERER
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

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

Net change in fund balance - total governmental funds	\$	440,517
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets are allocated over their estimated useful lives as depreciation expense.

Capital outlays	\$	494,894	
Depreciation expense		<u>(559,568)</u>	(64,674)

The net effect of transactions involving net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense is to decrease net position.		54,428
--	--	--------

Some expenses reported in the Statement of Activities (e.g., compensated absences) do not require the use of current financial resources and, therefore, are not reported as expenditures in the government funds.		(21,218)
--	--	----------

The issuance of long-term debt (e.g. direct borrowings) provides current financial resources to governmental funds but results in an increase in long-term liabilities in the Statement of Net Position. Repayment of principal on long-term debt is an expenditure in governmental funds, but reduces liabilities in the Statement of Net Position. In the Statement of Activities, interest expense is recognized as it accrues, regardless of when it is due. This amount is the net effect of these differences in the treatment of long-term debt and related items.		<u>(161,163)</u>
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Change in net position of governmental activities	\$	<u><u>247,890</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF KEMMERER
STATEMENT OF NET POSITION –
PROPRIETARY FUNDS
June 30, 2021

	<u>Airport Fund</u>	<u>Total Proprietary Funds</u>
<u>Assets</u>		
Current assets:		
Cash and investments	\$ 377,809	377,809
Due from other governments	19,742	19,742
Receivables, net	3,468	3,468
Total current assets	401,019	401,019
Non-current assets:		
Nondepreciable capital assets	199,947	199,947
Depreciable capital assets	12,914,639	12,914,639
Accumulated depreciation	(7,719,346)	(7,719,346)
Total non-current assets	5,395,240	5,395,240
Total assets	5,796,259	5,796,259
<u>Deferred Outflows of Resources</u>		
Pensions	6,244	6,244
Total deferred outflows of resources	6,244	6,244
<u>Liabilities</u>		
Current liabilities:		
Payables and accrued expenses	13,690	13,690
Customer deposits	230	230
Total current liabilities	13,920	13,920
Net pension liability	50,286	50,286
Total liabilities	64,206	64,206
<u>Deferred Inflows of Resources</u>		
Pensions	13,847	13,847
Total deferred inflows of resources	13,847	13,847
<u>Net Position</u>		
Net investment in capital assets	5,395,240	5,395,240
Unrestricted	329,210	329,210
Total net position	\$ 5,724,450	5,724,450

The accompanying notes are an integral part of these financial statements.

CITY OF KEMMERER
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION –
PROPRIETARY FUNDS
Year Ended June 30, 2021

	<u>Airport Fund</u>	<u>Total Proprietary Funds</u>
Operating revenues:		
Connection fees	\$ 79,633	79,633
Charges for services	46,179	46,179
Miscellaneous	4,744	4,744
	<u>130,556</u>	<u>130,556</u>
Total operating revenues		
Operating expenses:		
Personnel services	79,315	79,315
Aviation fuel purchases	25,707	25,707
Contractual services	13,521	13,521
Supplies	2,326	2,326
Utilities and telephone	17,328	17,328
Maintenance	46,564	46,564
Miscellaneous, administration	4,241	4,241
Depreciation	455,766	455,766
	<u>644,768</u>	<u>644,768</u>
Total operating expenses		
Operating loss	<u>(514,212)</u>	<u>(514,212)</u>
Non-operating revenues:		
Grant proceeds	69,997	69,997
	<u>69,997</u>	<u>69,997</u>
Total non-operating revenues		
Loss before transfers	(444,215)	(444,215)
Transfer from the General Fund	10,413	10,413
	<u>(433,802)</u>	<u>(433,802)</u>
Change in net position		
Net position - beginning	6,158,252	6,158,252
Net position - ending	<u>\$ 5,724,450</u>	<u>5,724,450</u>

The accompanying notes are an integral part of these financial statements.

CITY OF KEMMERER
STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS
Year Ended June 30, 2021

	<u>Airport Fund</u>	<u>Total Proprietary Funds</u>
<u>Cash flows from operating activities:</u>		
Receipts from customers and users	\$ 130,556	130,556
Payments to suppliers	(121,584)	(121,584)
Payments to employees	(81,328)	(81,328)
	<u>(72,356)</u>	<u>(72,356)</u>
<u>Net cash used in operating activities</u>		
<u>Cash flows from non-capital financing activities:</u>		
Interfund transfers	<u>10,413</u>	<u>10,413</u>
<u>Net cash provided by non-capital financing activities</u>	<u>10,413</u>	<u>10,413</u>
<u>Cash flows from capital and related financing activities:</u>		
Capital grant proceeds	<u>50,255</u>	<u>50,255</u>
<u>Net cash provided by capital and related financing activities</u>	<u>50,255</u>	<u>50,255</u>
<u>Cash flows from investing activities:</u>	<u>-</u>	<u>-</u>
<u>Net decrease in cash</u>	(11,688)	(11,688)
<u>Cash - beginning</u>	<u>389,497</u>	<u>389,497</u>
<u>Cash - ending</u>	<u>\$ 377,809</u>	<u>377,809</u>

(continued)

The accompanying notes are an integral part of these financial statements.

(continued)

CITY OF KEMMERER
STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS
Year Ended June 30, 2021

	<u>Airport Fund</u>	<u>Total Proprietary Funds</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ <u>(514,212)</u>	<u>(514,212)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	455,766	455,766
Pension expense (benefit)	(2,013)	(2,013)
Net change in assets and liabilities:		
Decrease in payables and accrued expenses	<u>(11,897)</u>	<u>(11,897)</u>
Total adjustments	<u>441,856</u>	<u>441,856</u>
Net cash used in operating activities	\$ <u><u>(72,356)</u></u>	<u><u>(72,356)</u></u>
Non-cash capital and related financing activities:		
Total capital grant proceeds	\$ 69,997	69,997
Less capital grant proceeds due from other governments in the current year	<u>(19,742)</u>	<u>(19,742)</u>
Cash received from grant proceeds	\$ <u><u>50,255</u></u>	<u><u>50,255</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF KEMMERER
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1 – Summary of Significant Accounting Policies

The City of Kemmerer, Wyoming (the City), operates as an incorporated governmental entity within the State of Wyoming. The City operates under the Council-Mayor form of government and provides the following services: public safety (police and fire), culture-recreation, streets and public improvements, community development, planning and zoning, and general administrative services. In addition, the City operates an airport.

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant accounting policies of the City are discussed below.

Financial Reporting Entity

The City's basic financial statements include the accounts of all City operations. The accounting policies of the City conform to generally accepted accounting principles.

The City has no oversight responsibility for any other governmental entity due to the determination that no other entities are considered to be controlled by or dependent on, the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective government board.

In June of 1982, the City entered into an agreement with Lincoln County, Wyoming, to form a joint powers board to plan, create, expand, finance, and operate an airport near Kemmerer, Wyoming. Effective April 14, 1986, this agreement was amended to transfer all powers, duties and authority of the joint powers board to the City as managing agent of the airport, and such amendment provides for financial assistance from the Lincoln County.

On June 28, 1991, the City agreed to form, with the Town of Diamondville, Wyoming, the Kemmerer-Diamondville Water and Wastewater Joint Powers Board (KDJPB) in accordance with applicable provisions of Wyoming statutes. The purpose of the KDJPB is to administer, operate, and maintain water treatment and distribution systems and the wastewater collection and treatment facilities for the benefit of Kemmerer and Diamondville and their residents.

On February 26, 1992, the City entered into two separate agreements with the KDJPB related to the KDJPB assuming responsibility for operation of the water and wastewater systems effective March 5, 1992. These agreements were substantially modified effective October 27, 1992.

CITY OF KEMMERER
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1 – Summary of Significant Accounting Policies (continued)

The first modified agreement conveys certain real and personal property constituting the City's water and wastewater systems, which had been leased to the KDJPB under the prior agreement. The KDJPB accepted the City's right, title, and interest in the property subject to all indebtedness thereon. Applicable water rights were not transferred, but the City has granted the KDJPB exclusive use of these water rights. During the year ended June 30, 1994, the necessary legal procedures to transfer both of the systems were completed; however, the debt has not been transferred and remains with the City. The KDJPB assumed responsibility for payment on the various loans. In the event of voluntary or involuntary default by the KDJPB under this agreement, the board will reconvey all property to the City, which would once again assume responsibility for operation of the water and wastewater systems.

Audited financial statements can be obtained from the KDJPB by writing to 220 WY-233, Kemmerer, Wyoming, 83101.

Basic Financial Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. Governmental activities are usually financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The City's public safety, streets and highways, culture-recreation, engineering and city safety, sanitation, municipal court, building inspection and zoning, and event center, and general administrative services are classified as governmental activities. The City's airport services are classified as business-type activities. The City has no fiduciary activities.

Government-Wide Financial Statements

In the government-wide Statement of Net Position, both the governmental and business-type activities columns are (a) presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term liabilities and obligations. The City's net position is reported in three parts: net investment in capital assets; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (general, public safety, streets and highways, etc.). The functions are also supported by general government revenues (property taxes, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating grants and contributions, and capital grants and contributions.

CITY OF KEMMERER
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1 – Summary of Significant Accounting Policies (continued)

Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function or business-type activity) are normally covered by general revenue (property or sales taxes, certain intergovernmental revenues, interest income, etc.). The City does not allocate indirect costs.

These government-wide statements focus more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year's activities.

Fund Financial Statements

The City's accounting system is organized on a fund basis. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the government establishes for accountability purposes in accordance with statutes, laws, regulations, restrictions, or specific purposes.

Separate financial statements are provided for governmental funds and proprietary funds. The emphasis of fund financial statements is on major individual funds, as defined by GASB Statement No. 34, with each displayed as a separate column. All remaining governmental and proprietary funds are aggregated and reported as non-major funds in their respective fund financial statements.

The following fund types are used by the City:

Governmental Funds

The focus of the governmental funds' measurement (in the fund financial statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income.

- The General Fund is the general operating fund of the City and is the City's only major governmental fund. It is used to account for all financial resources except those required to be accounted for in another fund.

CITY OF KEMMERER
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1 – Summary of Significant Accounting Policies (continued)

Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Proprietary funds distinguish operating revenues and expenses from non-operating 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. Revenues and expenses not meeting this definition, such as investment earnings, are reported as non-operating.

Proprietary funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity is (a) financed with debt that is solely secured by a pledge of the fund's net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

The City's only proprietary fund consists of the Airport fund which accounts for the operations of the City's airport.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transaction or events for recognition in the financial statements. The following provides a summary of the measurement focus and basis of accounting used by the City.

Economic Resources Measurement Focus and Accrual Basis of Accounting

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

CITY OF KEMMERER
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1 – Summary of Significant Accounting Policies (continued)

Current Financial Resources Measurement Focus and Modified Accrual Basis of Accounting

The governmental funds 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 City considers revenues to be available if they are collected within 60 days (the availability period) of the end of the current fiscal period. An exception to this policy is expenditure-drive grant revenues, which generally are considered to be available if the eligible expenditures have been made. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. However, debt service and compensated absences expenditures are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, motor vehicle taxes, other taxes, and interest income associated with the current fiscal period that are susceptible to accrual, and received in the availability period (within 60 days of year-end), are recognized as revenues of the fiscal period they are intended to finance. All taxes and internally dedicated resources are reported as general revenues. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. Program revenues, which include charges to customers and contributions for operational or capital requirements, are recorded as revenue when earned and the amount is received within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered measurable and available only when cash is received by the government.

Proprietary funds

Proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish between operating revenues and non-operating items. Operating revenues generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. Subsidies and grants to proprietary funds, which finance either capital projects or current operations, are reported as non-operating revenue or capital contributions. Other revenues that do not result from providing services are reported as non-operating revenues.

For proprietary fund financial statements, operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets.

CITY OF KEMMERER
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1 – Summary of Significant Accounting Policies (continued)

Financial Statement Amounts

Cash and Cash Equivalents

For the purposes of the Statement of Net Position, the term “cash and cash equivalents” includes all demand deposit accounts, savings accounts, certificates of deposit, or other short-term, highly liquid investments. For the purposes of the Statement of Cash Flows, the enterprise funds consider all highly liquid investments (including restricted assets) with original maturities of three months or less to be cash equivalents.

Pooled Cash and Cash Equivalents

Wherever possible, the City’s cash accounts are pooled into common pooled accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has equity therein. An individual fund’s equity in the pooled cash accounts is available on demand and is considered to be cash equivalents for purposes of these financial statements. Negative balances incurred in pooled cash at year-end are treated as interfund payables of the deficit account and interfund receivables in other funds with positive balances. Investments of the pool are reported at fair value.

Interfund Balances and Transactions

During the course of operations, transactions sometimes occur between individual funds that may result in amounts owed between funds. Interfund receivables and payables between funds within governmental activities or between funds within business-type activities are eliminated in the Statement of Net Position. Transfers are used to report flows of cash (or other assets) between funds without equivalent flows of assets in return or a requirement for repayment. In the government-wide Statement of Activities, transfers between governmental funds have been eliminated. In the fund financial statements, transfers are reported as other financing sources or uses.

Receivables and Due from Other Governments

Receivables and amounts due from other governments consist of all revenues earned at year-end but received after year-end. All receivables and due from other governments balances are reported net of any allowance for uncollectible accounts. Allowances for uncollectible accounts are based upon historical trends. Receivables and due from other governments balances for governmental activities include sales taxes, franchise taxes, property taxes, other taxes, and grants. Business-type activities report receivables and due from other governments for utility service fees and grants.

CITY OF KEMMERER
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1 – Summary of Significant Accounting Policies (continued)

Inventories

Inventories are valued at the lower of cost (first-in, first-out method) or market and consist of shop supplies for maintenance of City equipment. In the governmental fund financial statements, expenditures are recorded as inventory is used (consumption method).

Capital Assets

Capital assets are reported in the government-wide financial statements. Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at cost or estimated cost if actual cost is not available. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Donated capital assets are valued at their estimated fair value on the date donated. Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the expected asset life are expensed as incurred.

Depreciation on all depreciable assets has been provided over the estimated useful lives using the straight-line method. The ranges of estimated useful lives are as follows:

Buildings and improvements	30 years
Machinery and equipment	5 to 49 years
Infrastructure	12 to 50 years
Automobiles and trucks	5 to 10 years

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Items qualifying for reporting in this category are related to pensions.

CITY OF KEMMERER
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1 – Summary of Significant Accounting Policies (continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The following items qualify for reporting in this category.

- Property taxes for future periods are reported in both the governmental funds balance sheet and the entity-wide statement of net position. Property tax revenues are not recognized prior to the period which they are intended to finance, even if an enforceable lien is in place prior to the beginning of the intended period. Thus, property taxes received or receivable as of year-end, which are intended to finance the following fiscal year, are recorded as deferred inflows.
- Pension related items.

Pension Related Assets, Liabilities and Deferred Outflows and Inflows of Resources

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 (the System) and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. 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.

Compensated Absences

The City's policies regarding vacation time permit employees to accumulate unused vacation leave. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds do not report a long-term liability for compensated absences while proprietary funds report the entire liability. Compensated absences related to governmental activities are usually liquidated by the General Fund. In the government-wide financial statements, the liability for governmental activities compensated absences is included in current liabilities.

CITY OF KEMMERER
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1 – Summary of Significant Accounting Policies (continued)

Long-term Liabilities

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, long-term liabilities and obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, and similar items, when material, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Debt issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred. Prepaid insurance costs are recorded as an asset and recognized as an expense in a systematic and rational manner over the duration of the related debt. The long-term liabilities consist of direct borrowings and accrued compensated absences.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources and payments of principal and interest are reported as expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. The accounting for proprietary fund long-term liabilities is the same in the fund statements as it is in the government-wide statements.

Equity Classifications

Equity in the government-wide financial statements and proprietary fund financial statements is classified as net position and displayed in three components:

- Net investment in capital assets – consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.
- Restricted net position – consists of net position with constraints placed on their use whether by: 1) external groups such as creditors, grantors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

CITY OF KEMMERER
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balance Classifications

Governmental fund equity is classified as fund balance in the fund financial statements. Fund balance is further classified based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- *Nonspendable* – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has classified the inventories assets as nonspendable.
- *Restricted* – This classification includes amounts for which constraints have been placed on the use of resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed* – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- *Assigned* – This classification includes amounts that are constrained by the City’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council. No other governing body or officials have this authority delegated to them. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.
- *Unassigned* – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by the offsetting of assigned fund balance amounts.

CITY OF KEMMERER
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1 – Summary of Significant Accounting Policies (continued)

Net position flow assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund balance flow assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property Tax Calendar

Lincoln County assesses all taxable property other than centrally assessed property, which is assessed by the State of Wyoming, by January 1 of each year. The City must adopt a final tax rate prior to the third Monday of July. Property taxes are levied by Lincoln County on or about August 1 and are payable in two installments in November and May. Lincoln County collects all property tax payments and remits the collections to the City monthly. State law allows anyone to pay the delinquent taxes on a property and obtain an enforceable lien on that property. Therefore, the City's delinquent property taxes are insignificant.

CITY OF KEMMERER
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 2 – Deposits and Investments

The City’s deposits and investments consist of the following:

<u>Financial Statement Description</u>	<u>Deposits</u>	<u>Investments</u>	<u>Cash</u>	<u>Total</u>
Pooled cash and investments:				
Demand deposits	\$ 1,335,814	-	-	1,335,814
Total pooled cash and investments	<u>1,335,814</u>	<u>-</u>	<u>-</u>	<u>1,335,814</u>
Other cash and investments:				
Cash-on-hand	-	-	1,130	1,130
Demand deposits	389	-	-	389
Wyo-Star investment pool	-	1,298,997	-	1,298,997
Wyoming Government Investment Fund	-	236,527	-	236,527
Certificates of deposit	1,126,904	-	-	1,126,904
Total other cash and investments	<u>1,127,293</u>	<u>1,535,524</u>	<u>1,130</u>	<u>2,663,947</u>
Total cash and investments	<u>\$ 2,463,107</u>	<u>1,535,524</u>	<u>1,130</u>	<u>3,999,761</u>

The State of Wyoming has established laws regarding the investment of public funds (Wyoming Statutes, 9-4). The City’s adopted investment policy refers to State laws and indicates the City will comply with State laws.

Deposits and Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the City’s deposits may not be returned. State law specifies the types of financial institutions in which the City can deposit monies. In addition, State law requires that all deposits in financial institutions be fully insured by the Federal Deposit Insurance Corporation or secured by a pledge of collateral or the furnishing of a surety bond. At June 30, 2021, all deposits of the City were fully collateralized or insured.

Investment Pools

The City has investments in WYO-STAR, a government investment pool operated by the State of Wyoming Treasurer’s Office. WYO-STAR is available for investments of funds administered by any local government entity within the State of Wyoming.

CITY OF KEMMERER
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 2 – Deposits and Investments (continued)

Investment Pools (continued)

WYO-STAR is not registered with the SEC as an investment company. WYO-STAR is authorized and regulated by the laws of the State of Wyoming. Deposits in WYO-STAR are not insured or otherwise guaranteed by the State of Wyoming, and participants share proportionally in any realized gains or losses on investments.

WYO-STAR operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of WYO-STAR are allocated monthly based on the participant's average balance in relation to the total balance of the pool. The fair value of the WYO-STAR investment pool is approximately equal to the value of the pool shares.

The City has investments with the Wyoming Government Investment Fund (WGIF), an investment pool authorized by the State of Wyoming and managed by a private investment management firm. WGIF is available for investments of funds administered by any local government entity within the State of Wyoming. WGIF offers cash management investments providing daily liquidity as well as fixed-rate, fixed-term investments.

WGIF is not registered with the SEC as an investment company. Deposits in WGIF are not insured or otherwise guaranteed by the State of Wyoming, and participants share proportionally in any realized gains or losses on investments.

WGIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of WGIF are allocated monthly based on the participant's average balance in relation to the total balance of the pool. The fair value of the WGIF investment pool is approximately equal to the value of the pool shares.

Amounts held in investment pools are carried at amortized cost and are considered cash and cash equivalents.

CITY OF KEMMERER
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 2 – Deposits and Investments (continued)

Investments

Wyoming statutes (W.S. 9-4-831) specifically identify the types of investments that may be held by the City and the conditions for making investment transactions. Accordingly, the City may invest in the following investments:

- United States treasury bills, notes, or bonds or any other obligation issued by the United States treasury or guaranteed by the United States;
- bonds, notes, debentures or any other obligation or securities issued by or guaranteed by any federal government agency or instrumentality;
- repurchase agreements involving securities which are authorized investments that have been previously mentioned and subject to certain limitations, mortgage-backed securities that are obligations of or guaranteed or insured issuances of the United States, its agencies, instrumentalities or organizations created by an act of Congress excluding those defined as high risk;
- bankers' acceptances eligible for purchase by the federal reserve system;
- guaranteed investment contracts if issued by a United States commercial bank or insurance company whose credit rating is of the highest category;
- a commingled fund of eligible securities if the securities are held through a trust department of a bank authorized to do business in the State of Wyoming or through a trust company authorized to do business in the State of Wyoming with total capital of at least \$10,000,000; bonds of the Wyoming Natural Gas Pipeline Authority and the Wyoming Infrastructure Authority;
- commercial paper of corporations organized and existing under the laws of any state of the United States with a maturity of not more than 270 days and rated by Moody's as P-1 or by Standard and Poor's as A-1 or equivalent ratings indicating that the commercial paper issued by a corporation is of the highest quality rating;
- diversified money market funds in which the City does not own more than 10% of the net position of the funds and subject to several other limits.

The City may also enter into contracts which are determined to be necessary or appropriate to hedge risk or to place the obligation of the bonds, in whole or in part, on the interest rate, cash flow, or other basis; but these contracts may not be used for investment.

CITY OF KEMMERER
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 2 – Deposits and Investments (continued)

Custodial Credit Risk

For an investment, 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 that are in the possession of an outside party. The City requires that all deposits (time or regular) that exceed the FDIC threshold be collateralized at 110% of the fair market value of the deposit. The City also requires that all securities are to be held in the name of the City and all securities that are held as collateral are held by an independent third party.

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's investment policy limits the City's investment portfolio to maturities of less than five years and a weighted average maturity of three years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for reducing exposure to credit risk is to comply with State law. At June 30, 2021, the City did not hold any investments.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's policy for reducing exposure to credit risk is to comply with State law.

CITY OF KEMMERER
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 3 – Receivables and Due from Other Governments

The City's receivables and amounts due from other governments consist of the following:

Governmental activities:

Due from other governments:

Property tax	\$ 134,000
Sales tax	116,021
Other	<u>48,563</u>

Total due from other governments 298,584

Receivables 92,292

Total governmental activities \$ 390,876

Business-type activities:

Due from other governments: \$ 19,742

Receivables:

Airport	\$ 69,471
Less allowance for doubtful accounts	<u>(66,003)</u>

Total receivables 3,468

Total business-type activities \$ 23,210

CITY OF KEMMERER
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 4 – Payables and Accrued Expenses

The City’s payables and accrued expenses consist of the following:

Governmental activities:

Payables and accrued expenses:

Payables to vendors	\$ 101,053
Payroll and benefits	50,185
Other	<u>1,990</u>

Total governmental activities \$ 153,228

Business-type activities:

Payables and accrued expenses:

Payables to vendors	\$ 12,650
Payroll and benefits	<u>1,040</u>

Total business-type activities \$ 13,690

CITY OF KEMMERER
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 5 – Capital Assets

Capital assets activity is as follows:

	July 1, 2020	Additions	Deletions	June 30, 2021
<u>Governmental activities</u>				
Capital assets not being depreciated:				
Land	\$ 3,149,956	20,000	-	3,169,956
Construction in process	193,061	-	(193,061)	-
Total capital assets not being depreciated	3,343,017	20,000	(193,061)	3,169,956
Capital assets being depreciated:				
Infrastructure	10,600,243	-	-	10,600,243
Buildings and improvements	7,313,905	34,992	-	7,348,897
Furniture and equipment	4,915,742	632,963	-	5,548,705
Total capital assets being depreciated	22,829,890	667,955	-	23,497,845
Accumulated depreciation for:				
Infrastructure	(5,874,244)	(219,458)	-	(6,093,702)
Furniture and equipment	(4,082,867)	(183,083)	-	(4,265,950)
Buildings and improvements	(2,037,563)	(157,027)	-	(2,194,590)
Total accumulated depreciation	(11,994,674)	(559,568)	-	(12,554,242)
Total governmental activities capital assets, net	\$ 14,178,233	128,387	(193,061)	14,113,559

CITY OF KEMMERER
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 5 – Capital Assets (continued)

Depreciation expense is charged to the functions of the City as follows:

General government	\$ 57,577
Public safety	23,314
Streets and highways	310,598
Parks and recreation	41,386
Sanitation	24,476
Events center	<u>102,217</u>
	<u>\$ 559,568</u>

CITY OF KEMMERER
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 5 – Capital Assets (continued)

	July 1, 2020	Additions	Deletions	June 30, 2021
<u>Business-type activities</u>				
Capital assets not being depreciated:				
Land	\$ 199,947	-	-	199,947
Construction in process	-	-	-	-
Total capital assets not being depreciated	199,947	-	-	199,947
Capital assets being depreciated:				
Buildings, runway, and improvements	11,701,946	-	-	11,701,946
Machinery and equipment	1,173,915	-	-	1,173,915
Vehicles	38,778	-	-	38,778
Total capital assets being depreciated	\$ 12,914,639	-	-	12,914,639
Accumulated depreciation for:				
Buildings, runway, and improvements	\$ (6,941,042)	(410,518)	-	(7,351,560)
Machinery and equipment	(267,610)	(45,248)	-	(312,858)
Vehicles	(54,928)	-	-	(54,928)
Total accumulated depreciation	(7,263,580)	(455,766)	-	(7,719,346)
Total capital assets being depreciated, net	5,651,059	(455,766)	-	5,195,293
Total business-type activities capital assets, net	\$ 5,851,006	(455,766)	-	5,395,240

CITY OF KEMMERER
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 6 – Long-term Liabilities

Changes in long-term liabilities are as follows:

<u>Governmental activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Direct Borrowings:					
Capital lease	\$ 43,019	222,598	(60,486)	205,131	43,000
Note payable	949	-	(949)	-	-
Compensated absences	175,767	70,645	(49,427)	196,985	71,000
Total governmental long-term liabilities	<u>\$ 219,735</u>	<u>293,243</u>	<u>(110,862)</u>	<u>402,116</u>	<u>114,000</u>

Governmental Activities

The City has the following direct borrowing pertaining to governmental activities:

Capital lease payable to First Bank of Wyoming in monthly installments of \$3,987, including imputed interest of 2.83%, matures January 2026, and secured by equipment. In an event of default provisions include, but are not limited to, the following: the timing of the repayment of outstanding amounts become immediately due, the lessor may require that the equipment be returned in a good state of condition and then sell or release the equipment, or the lessor may exercise any other right, remedy, or privilege which may be available to the Lessor under the law.

\$ 205,131

\$ 205,131

CITY OF KEMMERER
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 6 – Long-term Liabilities (continued)

The following is a schedule of the future minimum lease payments under the capital lease and the present value of the net minimum lease payments:

<u>Year</u>	<u>Amount</u>
2022	\$ 47,841
2023	47,841
2024	47,841
2025	47,841
2026	<u>27,907</u>
Net minimum lease payments	219,271
Less amount representing interest	<u>(14,140)</u>
Present value of minimum lease payments	\$ <u><u>205,131</u></u>

As of June 30, 2021, the cost of assets financed by capital leases is \$222,598 net of accumulated depreciation of \$9,275.

CITY OF KEMMERER
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 7 – Net Position and Fund Equities

Restricted net position represents monies required to be maintained to satisfy third party agreements or legal requirements. At June 30, 2021, none of the City’s net position is considered restricted.

Nonspendable, restricted, committed, and assigned fund balance represent monies required to be maintained to satisfy third party agreements, legal requirements, enabling legislation, or the assignment of the City’s appointed designee. The following schedule details fund equity balances:

Governmental Activities:

Nonspendable	
Inventory	\$ <u>16,066</u>
Assigned	
Council, funds from private donor	307,906
Street maintenance	273,613
Equipment replacement	181,357
Building maintenance	100,000
Kitchen fee escrow	12,167
Youth program	11,468
Reserve for golf carts	9,797
Reserve for fall festival	1,431
Reserved for lodging taxes	16,575
Reserve for club house	3,130
Flex spending program	814
Scholarships	<u>134</u>
	<u>918,392</u>
Unassigned	<u>2,541,497</u>
Total fund balances	\$ <u><u>3,475,955</u></u>

CITY OF KEMMERER
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 8 – Retirement Plans

The City participates in the Wyoming Retirement System (the "System"), a statewide cost-sharing multiple-employer public employee retirement system. The System is established and governed by the respective sections of Wyoming state statute. The statute provides for the administration of the System under the direction of the Wyoming State Retirement Board whose members are appointed by the Governor. The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. A copy of the report may be obtained by writing to the Wyoming Retirement System, 6101 Yellowstone Road, Suite 500, Cheyenne, Wyoming 82002 or by calling 1-307-777-7691.

Substantially all City employees are eligible to participate in following retirement plans offered by the System based upon eligibility and hiring status: 1) Public Employees Pension Plan (PEPP); 2) Law Enforcement Pension Plan (LEPP); and 3) Wyoming Deferred Compensation Plan.

Public Employees Pension Plan

PEPP is a cost-sharing multiple-employer defined benefit, contributory retirement plan covering all non-law enforcement full-time employees of the City.

PEPP statutorily requires 18.12% of the participant's salary to be contributed to PEPP, consisting of 9.00% of the participant's salary as employee contributions and 9.12% as employer contributions. The amount of contributions designated as employee contributions represent the portion of total contributions that a participant retains ownership of and can elect to receive as a refund upon termination of employment. Employers can elect to cover all or a portion of the employee's contribution at their discretion.

Through legislation passed during the 2014 legislative session, two tiers of benefits were established for participants of this plan.

- Tier 1, PEPP allows for normal retirement after four years of service and attainment of age 60. Early retirement is allowed provided the employee has completed four years of service and attained age 50 or 25 years of service but will result in a reduction of benefits based on the length of time remaining to age 60.

CITY OF KEMMERER
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 8 – Retirement Plans (continued)

- Tier 2, PEPP allows for normal retirement after four years of service and attainment of age 65. Early retirement is allowed provided the employee has completed four years of service and attained age 55, or 25 or more years of service, but will result in a reduction of benefits based on the length of time remaining to age 65. All employees may also retire upon normal retirement on the bases that the sum of the member's age and service is at least 85.

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

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

Contributions to PEPP for the year ended June 30, 2021 were \$144,576.

Law Enforcement Pension Plan

LEPP is a cost-sharing multiple-employer defined benefit, contributory retirement plan covering all law enforcement employees of the City.

LEPP statutorily requires participants to contribute 8.6% of their salary to LEPP and the employer is required to contribute 8.6% of each participant's salary.

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

Contributions to LEPP for the year ended June 30, 2021 were \$55,089.

CITY OF KEMMERER
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 8 – Retirement Plans (continued)

Wyoming Deferred Compensation Plan

The Wyoming Deferred Compensation Plan (WDCP) administered by the System is an IRS Section 457 Deferred Compensation Plan. WDCP is available as a supplemental plan to the defined benefit retirement plans. Contributions may be made into WDCP (subject to plan and Internal Revenue Code limitations) by employees and employer contributions may be made into WDCP at rates determined by the City. Upon qualifying for distributions, benefits are paid out in lump sums, or as periodic benefit payments, at the option of the participant based on individual account balances and WDCP provisions. WDCP’s account balances are fully vested to the participants at the time of deposit.

Investments in WDCP are individually directed by WDCP participants among WRS approved investment options of varying degrees of risk and earnings potential. Participants may transfer their funds between these options daily. Investments of WDCP are valued daily. In addition to employee contributions, WDCP also accepts employer contributions on behalf of the employees, provided such contribution when added to the employees’ deferred contribution does not exceed the maximum deferral permitted by the IRS.

Contributions to WDCP for the year ended June 30, 2021 were \$18,570.

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

At June 30, 2021, the City reported an entity-wide net pension liability of \$1,134,171, of which \$1,083,885 is related to governmental activities and \$50,286 is related to the City’s airport proprietary fund.

	Measured at:		December 31,	
	December 31, 2020		2019	
Net	Pension	Proportionate	Proportionate	Change
Pension Liability	Liability	Share	Share	
PEPP	\$ 1,005,722	0.048340%	0.046594%	0.001747%
LEPP	128,449	0.193451%	0.183811%	0.009639%
Total net pension liability	<u>\$ 1,134,171</u>			

CITY OF KEMMERER
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 8 – Retirement Plans (continued)

The net pension liability was measured at December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020 and rolled forward using generally accepted actuarial procedures. The proportion of the net pension liability was based upon actual historical employer contributions to the plan from the census data submitted to the plan for pay periods ending in 2020.

For the year ended June 30, 2021, the City recognized entity-wide actuarial pension expense of approximately \$73,000. At June 30, 2021, the City reported entity-wide deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 50,831	15,442
Net difference between projected and actual earnings on pension plan investments	-	302,586
Changes in assumptions	82,143	114,382
Changes in proportion	27,624	58,310
Contributions subsequent to the measurement date	<u>109,700</u>	<u>-</u>
	<u>\$ 270,298</u>	<u>490,720</u>

Deferred outflows of resources related to pensions resulting from City contributions of \$109,700 made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Net Deferred (Inflows) Outflows of Resources</u>
2022	\$ (90,513)
2023	(53,141)
2024	(148,644)
2025	<u>(37,824)</u>
	<u>\$ (330,122)</u>

CITY OF KEMMERER
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 8 – Retirement Plans (continued)

Actuarial Assumptions

The total pension liability based on the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>PEPP</u>	<u>LEPP</u>
Projected salary increases, includes inflation	2.50% to 6.50%	4.75% to 8.75%
Assumed inflation rate	2.25%	2.25%
Investment rate of return	7.00%	7.00%

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table, fully generational, projected with Scale MP-2017 for males and females with no set back with a multiplier of 100%. Post-retirement mortality rates were based on the RP-2014 Healthy Annuitant Mortality Table, fully generational, projected with Scale MP-2017 for males with no set back with a multiplier of 100% and for females with no set back with a multiplier of 88%.

Discount Rate

The discount rate used to measure the total pension liability for all plans was 7%. The projection of cash flows used to determine the discount rate assumed contributions from participating employers will be made based on the actuarially determined rates based on the Wyoming State Retirement Board’s funding policy, which establishes the contractually required rates under Wyoming state statutes. Based on those assumptions, the Systems’ fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members.

Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

The assumed asset allocation of the plans’ portfolio, the long-term expected rate of return for each asset class, and the expected rate of return is presented arithmetically and geometrically below over a 20-year time frame.

CITY OF KEMMERER
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 8 – Retirement Plans (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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plans target asset allocation as of January 1, 2020, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Arithmetic Real Return</u>	<u>Arithmetic Nominal Return</u>	<u>Geometric Real Return</u>	<u>Geometric Nominal Return</u>
Tactical Cash	2.0%	-1.0%	1.1%	-1.0%	1.1%
Fixed Income	21.0%	1.3%	3.4%	1.0%	3.1%
Equity	48.5%	7.3%	9.4%	5.2%	7.3%
Marketable Alternatives	19.0%	4.5%	6.6%	3.5%	5.6%
Private Markets	9.5%	5.8%	7.9%	4.5%	6.6%
Total	100%	5.23%	7.33%	3.82%	5.92%

CITY OF KEMMERER
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 8 – Retirement Plans (continued)

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate:

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6 percent) or 1-percentage-point higher (8 percent) than the current rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	6.00%	7.00%	8.00%
 <i>PEPP</i>			
Proportionate share of net pension liability	\$ 1,646,184	1,005,722	553,596
 <i>LEPP</i>			
Proportionate share of net pension liability (asset)	\$ 348,336	128,449	(45,242)

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Wyoming Retirement System financial report.

CITY OF KEMMERER
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 9 – Operating Leases

Governmental activities:

The City leases various equipment under operating leases. Lease rental expense under operating leases for the year ended June 30, 2021 was approximately \$31,000. Future minimum non-cancelable operating lease payments are approximately as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2022	\$ 21,000
2023	9,000
2024	8,000
2025	<u>5,000</u>
	<u>\$ 43,000</u>

Note 10 – Risk Management

The nature of the City's operations makes it susceptible to lawsuits, legal actions, and other judgements. The City is also subject to risk of casualty and theft losses with respect to capital assets. The City mitigates risk of loss through the purchase of commercial liability and property insurance arranged through private insurance carriers and through participation in a local government risk pool. The City pays an annual premium for its general insurance coverage. The pool was created to be self-sustaining through member premiums. There have been no claim settlements which exceeded the City's insurance coverage for the past three years.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF KEMMERER
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2021

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues:				
Taxes	\$ 1,843,107	1,843,107	2,264,758	421,651
Licenses and permits	29,050	29,050	44,334	15,284
Intergovernmental	872,436	965,524	796,760	(168,764)
Charges for services	765,085	765,085	814,104	49,019
Fines and forfeitures	16,000	16,000	26,235	10,235
Miscellaneous revenues	98,615	446,839	79,927	(366,912)
	<u>3,624,293</u>	<u>4,065,605</u>	<u>4,026,118</u>	<u>(39,487)</u>
Expenditures:				
General government	974,362	983,025	863,882	119,143
Public safety	710,903	778,494	733,829	44,665
Streets and highways	656,032	868,808	1,012,845	(144,037)
Parks and recreation	675,813	753,103	665,479	87,624
Sanitation	341,667	341,667	308,216	33,451
Municipal court	29,252	29,252	28,956	296
Building inspection/zoning	11,721	11,721	9,432	2,289
South Lincoln Training and Event Center	110,810	145,802	111,913	33,889
Debt service	988	988	64,221	(63,233)
	<u>3,511,548</u>	<u>3,912,860</u>	<u>3,798,773</u>	<u>114,087</u>
Excess of revenues over expenditures	<u>112,745</u>	<u>152,745</u>	<u>227,345</u>	<u>74,600</u>
Other financing sources (uses):				
Proceeds from issuance of capital lease	-	-	222,598	222,598
Contribution from Joint Powers Board - debt service	988	988	987	(1)
Transfers to the Airport Fund	(81,133)	(101,133)	(10,413)	90,720
	<u>(80,145)</u>	<u>(100,145)</u>	<u>213,172</u>	<u>313,317</u>
Total other financing uses	<u>(80,145)</u>	<u>(100,145)</u>	<u>213,172</u>	<u>313,317</u>
Net change in fund balance	<u>\$ 32,600</u>	<u>52,600</u>	440,517	<u>387,917</u>
Fund balance - beginning			<u>3,035,438</u>	
Fund balance - ending			<u>\$ 3,475,955</u>	

CITY OF KEMMERER
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>	<u>December 31,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>
<u>Public Employee Pension Plan</u>							
Proportion of the net pension liability	0.046275%	0.048340%	0.046594%	0.047669%	0.048238%	0.047631%	0.046813%
Proportionate share of the net pension liability	\$ 1,005,722	1,135,961	1,418,911	1,086,546	1,166,156	1,109,485	766,342
Covered employee payroll	\$ 823,911	840,257	811,360	846,787	860,040	848,358	852,514
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	122.07%	135.19%	174.88%	128.31%	135.59%	130.78%	89.89%
Plan fiduciary net position as a percentage of the total pension liability	79.24%	76.83%	69.17%	76.35%	73.42%	73.40%	79.08%
<u>Law Enforcement Pension Plan</u>							
Proportion of the net pension liability	0.188557%	0.193451%	0.183811%	0.200809%	0.231497%	0.225678%	0.218642%
Proportionate share of the net pension liability	\$ 128,449	166,752	444,956	172,785	174,762	169,529	72,174
Covered employee payroll	\$ 303,085	301,496	279,207	308,336	358,309	354,744	297,972
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	42.38%	55.31%	159.36%	56.04%	48.77%	47.79%	24.22%
Plan fiduciary net position as a percentage of the total pension liability	91.82%	89.05%	71.22%	87.99%	88.11%	87.49%	94.76%

CITY OF KEMMERER
SCHEDULE OF CONTRIBUTIONS

	Year Ended June 30, 2021	Year Ended June 30, 2020	Year Ended June 30, 2019	Year Ended June 30, 2018	Year Ended June 30, 2017	Year Ended June 30, 2016	Year Ended June 30, 2015
<u>Public Employee Pension Plan</u>							
Contractually required contribution	\$ 144,576	150,811	141,865	129,644	149,038	143,170	166,231
Contributions in relation to the contractually required contribution	<u>144,576</u>	<u>150,811</u>	<u>141,865</u>	<u>129,644</u>	<u>149,038</u>	<u>143,170</u>	<u>166,231</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered employee payroll	\$ 797,881	855,908	832,541	780,048	896,739	861,432	1,047,454
Contributions as a percentage of covered employee payroll	18.12%	17.62%	17.04%	16.62%	16.62%	16.62%	15.87%
<u>Law Enforcement Pension Plan</u>							
Contractually required contribution	\$ 55,089	53,619	53,459	47,314	60,865	63,781	76,061
Contributions in relation to the contractually required contribution	<u>55,089</u>	<u>53,619</u>	<u>53,459</u>	<u>47,314</u>	<u>60,865</u>	<u>63,781</u>	<u>76,061</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered employee payroll	\$ 320,285	311,738	310,808	275,081	353,866	370,820	442,215
Contributions as a percentage of covered employee payroll	17.20%	17.20%	17.20%	17.20%	17.20%	17.20%	17.20%

CITY OF KEMMERER
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2021

Note 1 – Budget Presentation

A Budgetary Comparison Schedule is presented for the General Fund as required by generally accepted accounting principles (GAAP). Budgets for governmental funds are adopted on a GAAP basis.

Annual appropriated budgets are adopted for all governmental and business-type funds. All annual appropriations lapse at fiscal year end. Each fund adopts a “balanced budget” in accordance with State law. As allowed by State law, the City Council may authorize increases to or uses of unreserved fund balances. In the budget presentations, authorized increases to fund balance are shown as positive changes in fund balance and authorized decreases are shown as negative changes in fund balance.

Note 2 – Budget Adoption and Monitoring

The budget is required to be prepared in a format acceptable to the Wyoming Department of Audit, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year. In addition, appropriations cannot exceed budgeted revenues.

The proposed budget is presented to the City Council for review. The City Council holds public hearings and may add to, subtract from, or change appropriations. The City must adopt the budget during the last quarter of the fiscal year.

State statute requires that City officers shall not incur expenditures or encumbrances in excess of total appropriations of the City’s general fund budget as adopted or subsequently amended.

Only the City Council at a properly advertised public hearing can make increases in total fund appropriations. The final budget information presented is after all approved amendments.

Note 3 – Schedules of the Proportionate Share of the Net Pension Liability and Contributions

Generally accepted accounting standards require the presentation of 10 years of the City’s proportionate share of the net pension liability and the City’s annual contributions. Transition provisions in the accounting standard indicate that information should be presented for as many years as are available. The City determined that it is not practicable to provide information prior to 2014.

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SUPPLEMENTARY INFORMATION

CITY OF KEMMERER
SCHEDULE OF REVENUES – GENERAL FUND
Year Ended June 30, 2021

Taxes:	
Sales and use taxes	\$ 1,689,508
General property taxes	133,549
Lodging taxes	76,098
Severance taxes	98,151
Gas taxes	91,960
Franchise taxes	75,295
Motor vehicle taxes	86,614
Cigarette taxes	13,583
Total taxes	<u>2,264,758</u>
Licenses and permits:	
Building permits	23,289
Occupational licenses	11,885
Liquor licenses	8,910
Animal and other licenses	250
Total licenses and permits	<u>44,334</u>
Intergovernmental:	
Grants and local contributions	96,044
Distribution of state surplus	250,155
Frontier Area Park and Recreation District	200,362
Mineral royalties	203,041
State of Wyoming - Highway Maintenance	26,560
Lottery revenues	16,798
Lincoln County Recreation Commission	3,800
Total intergovernmental	<u>796,760</u>
Charges for services:	
Sanitation fees, late charges	514,680
Golf course fees	169,494
South Lincoln Training and Event Center	22,514
Other fees	57,506
Recreation fees	39,246
Old City Hall rental	10,664
Total charges for services	<u>814,104</u>
Fines and forfeitures	<u>26,235</u>
Miscellaneous revenues:	
Interest and investment earnings	13,163
Local contributions and grants	17,983
Various other, fees	28,079
Reimbursements	20,242
Sale of capital assets	-
Rents	460
Total miscellaneous revenues	<u>79,927</u>
Total revenues	<u>\$ 4,026,118</u>

CITY OF KEMMERER
SCHEDULE OF DEPARTMENTAL EXPENDITURES
GENERAL FUND
Year Ended June 30, 2021

	Personnel Services	Supporting Services	Capital Outlay	Total
General government				
Legislative	\$ 8,921	\$ 7,953	\$ -	\$ 16,874
Economic development	-	192,421	20,000	212,421
City administration	416,839	97,123	-	513,962
Legal services	-	20,790	-	20,790
City hall	61,618	38,217	-	99,835
Total general government	<u>487,378</u>	<u>356,504</u>	<u>20,000</u>	<u>863,882</u>
Public safety				
Police administration	575,531	101,464	54,722	731,717
Animal control	-	2,112	-	2,112
Total public safety	<u>575,531</u>	<u>103,576</u>	<u>54,722</u>	<u>733,829</u>
Streets and highways				
Administration	-	83,594	-	83,594
Street maintenance	328,954	222,539	377,758	929,251
Total streets and highways	<u>328,954</u>	<u>306,133</u>	<u>377,758</u>	<u>1,012,845</u>
Parks and recreation				
Administration	78,678	6,483	-	85,161
Leisure programs	4,121	40,043	-	44,164
Park maintenance	46,047	57,706	-	103,753
Recreational facility	85,745	86,651	-	172,396
Old City Hall	-	19,033	-	19,033
Golf course, ball field	127,112	106,438	7,422	240,972
Total parks and recreation	<u>341,703</u>	<u>316,354</u>	<u>7,422</u>	<u>665,479</u>
Sanitation				
Operations	<u>150,849</u>	<u>157,367</u>	<u>-</u>	<u>308,216</u>
Municipal court				
Administration	<u>15,502</u>	<u>13,454</u>	<u>-</u>	<u>28,956</u>
Building inspection/zoning	<u>-</u>	<u>9,432</u>	<u>-</u>	<u>9,432</u>
South Lincoln Training and Event Center				
Operations	<u>18,534</u>	<u>58,387</u>	<u>34,992</u>	<u>111,913</u>
Debt service (lease payments)	<u>-</u>	<u>64,221</u>	<u>-</u>	<u>64,221</u>
Total expenditures	<u>\$ 1,918,451</u>	<u>\$ 1,385,428</u>	<u>\$ 494,894</u>	<u>\$ 3,798,773</u>

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GOVERNMENTAL AUDIT REPORTS



Certified Public Accountants

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

To the Mayor and City Council
City of Kemmerer, 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, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Kemmerer, Wyoming (the City) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 29, 2021.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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'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's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



JONES SIMKINS LLC
Logan, Utah
December 29, 2021