



CITY OF KEMMERER, WYOMING

FINANCIAL STATEMENTS

June 30, 2025

CITY OF KEMMERER, WYOMING
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INDEPENDENT AUDITOR'S REPORT

To the Mayor and City Council
City of Kemmerer, Wyoming

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kemmerer, Wyoming (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 10 to the financial statements, during the year ended June 30, 2025, the City adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for

the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City'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 15, 2025, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 15, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF KEMMERER, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

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, 2025. 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, 2025 by \$21,301,966 (net position). Of this amount, \$3,718,131 (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 \$876,092. \$119,000 of this decrease was related to the City adjusting the way that liabilities for compensated absences are recognized with the adoption of GASB Statement No. 101 *Compensated Absences* (GASB 101).
- At the close of the year, the City's general fund reported ending fund balance of \$5,102,120. Of this amount \$5,086,054 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, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

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, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

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 53 of this report.

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.

Effective July 1, 2024, the City adopted the provisions of GASB Statement No. 101 *Compensated Absences* (GASB 101). As a result of this change in accounting principle, it was not considered appropriate for the City to restate prior-period information presented in the management's discussion and analysis for earlier periods than those presented in the basic financial statements. Therefore, information for periods prior to 2024 have not been restated which could affect the comparability and analysis of information in the management's discussion and analysis. See Note 10 to the financial statements for further information regarding the change in accounting principle and its effect on beginning net position.

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.

CITY OF KEMMERER, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

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>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> |
| Current and other assets \$ | 5,715,342 | 5,557,362 | 272,256 | 270,457 | 5,987,598 | 5,827,819 |
| Capital assets | 13,039,891 | 13,631,624 | 4,370,811 | 4,864,672 | 17,410,702 | 18,496,296 |
| Total assets | 18,755,233 | 19,188,986 | 4,643,067 | 5,135,129 | 23,398,300 | 24,324,115 |
| Deferred outflows of resources | 315,476 | 447,413 | 9,382 | 9,486 | 324,858 | 456,899 |
| Current liabilities | 376,493 | 436,366 | 17,536 | 15,737 | 394,029 | 452,103 |
| Non-current liabilities | 1,427,258 | 1,491,677 | 47,211 | 52,679 | 1,474,469 | 1,544,356 |
| Total liabilities | 1,803,751 | 1,928,043 | 64,747 | 68,416 | 1,868,498 | 1,996,459 |
| Deferred inflows of resources | 545,722 | 603,451 | 6,972 | 3,046 | 552,694 | 606,497 |
| Net investment in capital assets | 12,940,295 | 13,471,243 | 4,370,811 | 4,864,672 | 17,311,106 | 18,335,915 |
| Restricted | 272,729 | 183,738 | - | - | 272,729 | 183,738 |
| Unrestricted | 3,508,212 | 3,449,924 | 209,919 | 208,481 | 3,718,131 | 3,658,405 |
| Total net position | \$ 16,721,236 | 17,104,905 | 4,580,730 | 5,073,153 | 21,301,966 | 22,178,058 |

As depicted at June 30, 2024, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$22.2 million (net position), and at June 30, 2025, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$21.3 million (net position). Approximately 81% 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, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

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 2025 and 2024.

CHANGES IN NET POSITION

| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
|---|--------------------------------|-------------------|---------------------------------|------------------|-------------------|-------------------|
| | <u>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> | <u>2025</u> | <u>2024</u> |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 1,056,813 | 1,071,989 | 133,894 | 172,223 | 1,190,707 | 1,244,212 |
| Operating grants and contributions | 576,800 | 595,108 | - | - | 576,800 | 595,108 |
| Capital grants and contributions | 4,873 | 4,500 | 152,069 | 83,190 | 156,942 | 87,690 |
| General revenues: | | | | | | |
| Taxes | 2,604,890 | 2,748,351 | - | - | 2,604,890 | 2,748,351 |
| Impact assistance | 93,333 | 140,000 | - | - | 93,333 | 140,000 |
| Interest | 141,779 | 95,505 | - | - | 141,779 | 95,505 |
| Mineral royalties | 184,441 | 183,820 | - | - | 184,441 | 183,820 |
| Lottery revenues | 25,704 | 27,324 | - | - | 25,704 | 27,324 |
| Gain on sale of capital assets | 36,000 | 25,680 | - | - | 36,000 | 25,680 |
| Miscellaneous | 49,045 | 68,348 | 3,615 | 3,909 | 52,660 | 72,257 |
| Transfers | (66,379) | (74,610) | 66,379 | 74,610 | - | - |
| Total revenues and transfers | <u>4,707,299</u> | <u>4,886,015</u> | <u>355,957</u> | <u>333,932</u> | <u>5,063,256</u> | <u>5,219,947</u> |
| Expenses: | | | | | | |
| General government | 1,242,494 | 961,908 | - | - | 1,242,494 | 961,908 |
| Streets and highways | 1,107,138 | 954,426 | - | - | 1,107,138 | 954,426 |
| Public safety | 935,251 | 974,014 | - | - | 935,251 | 974,014 |
| Parks and recreation | 898,999 | 823,354 | - | - | 898,999 | 823,354 |
| Sanitation | 433,776 | 335,664 | - | - | 433,776 | 335,664 |
| South Lincoln Training and Event Center | 224,627 | 247,772 | - | - | 224,627 | 247,772 |
| Building inspections | 89,434 | 29,394 | - | - | 89,434 | 29,394 |
| Municipal court | 36,734 | 32,083 | - | - | 36,734 | 32,083 |
| Interest on long-term debt | 3,515 | 5,103 | - | - | 3,515 | 5,103 |
| Airport | - | - | 848,380 | 738,600 | 848,380 | 738,600 |
| Total expenses | <u>4,971,968</u> | <u>4,363,718</u> | <u>848,380</u> | <u>738,600</u> | <u>5,820,348</u> | <u>5,102,318</u> |
| Change in net position | (264,669) | 522,297 | (492,423) | (404,668) | (757,092) | 117,629 |
| Net position - beginning, as restated | <u>16,985,905</u> | <u>16,582,608</u> | <u>5,073,153</u> | <u>5,477,821</u> | <u>22,059,058</u> | <u>22,060,429</u> |
| Net position - ending | <u>\$ 16,721,236</u> | <u>17,104,905</u> | <u>4,580,730</u> | <u>5,073,153</u> | <u>21,301,966</u> | <u>22,178,058</u> |

CITY OF KEMMERER, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2025

Governmental activities - Governmental activities resulted in a decrease to the City's net position by \$264,669 compared to an increase in net position of \$522,297 in the prior year, a 151% change from the prior year. The City saw overall decreases in revenue of approximately \$188,000, or 4%. However, overall expenses increased by approximately \$608,000, nearly 14%. The increase in expenses is driven largely by an increase in salary and benefits costs of approximately \$329,000 and an increase in repairs and maintenance costs of approximately \$195,000.

Business-type activities - The business-type activity is the Kemmerer Municipal Airport. These activities experienced a decrease in net position of \$492,423 compared to a decrease in net position of \$404,668 in the prior year, a 21% change from the prior year. This change is due primarily to an increase in repairs and maintenance costs of approximately \$122,000 offset by an increase in capital grants and contributions of approximately \$69,000.

GENERAL FUND BUDGET HIGHLIGHTS

The City approved two amendments in fiscal year 2025 to the original budget amending revenues and expenditures in the general fund by \$32,025 and \$32,025, respectively. The City experienced positive revenue budget to actual variances of approximately \$99,000, \$71,000, and \$110,000 related to taxes, charges for services, and interest and investment earnings, respectively, and an overall positive revenue variance of approximately \$331,000. In addition, the City experienced an overall positive expenditure budget to actual variance of approximately \$75,000.

LONG-TERM LIABILITIES

At year-end, the City had \$1,583,258 in total long-term liabilities for governmental activities, of which \$156,000 is due within one year, and \$47,211 for business-type activities. Long-term liabilities consist of compensated absences, a lease liability, 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, WYOMING
STATEMENT OF NET POSITION
June 30, 2025

| | <u>Primary Government</u> | | |
|---|------------------------------------|-------------------------------------|-----------------------|
| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
| <u>Assets</u> | | | |
| Cash and investments | \$ 5,348,698 | 268,788 | 5,617,486 |
| Due from other governments | 262,222 | - | 262,222 |
| Receivables, net | 88,356 | 3,468 | 91,824 |
| Inventories | 16,066 | - | 16,066 |
| Nondepreciable capital assets | 3,169,956 | 199,947 | 3,369,903 |
| Depreciable capital assets | 24,716,374 | 13,780,187 | 38,496,561 |
| Accumulated depreciation and amortization | <u>(14,846,439)</u> | <u>(9,609,323)</u> | <u>(24,455,762)</u> |
| Total assets | <u>18,755,233</u> | <u>4,643,067</u> | <u>23,398,300</u> |
| <u>Deferred Outflows of Resources</u> | | | |
| Pensions | <u>315,476</u> | <u>9,382</u> | <u>324,858</u> |
| Total deferred outflows of resources | <u>315,476</u> | <u>9,382</u> | <u>324,858</u> |
| <u>Liabilities</u> | | | |
| Payables and accrued expenses | 190,630 | 17,306 | 207,936 |
| Other liabilities | 29,863 | 230 | 30,093 |
| Long-term liabilities | | | |
| Due within one year | 156,000 | - | 156,000 |
| Due in more than one year | 223,596 | - | 223,596 |
| Net pension liability | <u>1,203,662</u> | <u>47,211</u> | <u>1,250,873</u> |
| Total liabilities | <u>1,803,751</u> | <u>64,747</u> | <u>1,868,498</u> |
| <u>Deferred Inflows of Resources</u> | | | |
| Property taxes | 120,000 | - | 120,000 |
| Pensions | <u>425,722</u> | <u>6,972</u> | <u>432,694</u> |
| Total deferred inflows of resources | <u>545,722</u> | <u>6,972</u> | <u>552,694</u> |
| <u>Net Position</u> | | | |
| Net investment in capital assets | 12,940,295 | 4,370,811 | 17,311,106 |
| Restricted | 272,729 | - | 272,729 |
| Unrestricted | <u>3,508,212</u> | <u>209,919</u> | <u>3,718,131</u> |
| Total net position | <u>\$ 16,721,236</u> | <u>4,580,730</u> | <u>21,301,966</u> |

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

CITY OF KEMMERER, WYOMING
STATEMENT OF ACTIVITIES
Year Ended June 30, 2025

| 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 | \$ 1,242,494 | - | 301,125 | - | (941,369) | - | (941,369) |
| Streets and highways | 1,107,138 | 17,853 | - | - | (1,089,285) | - | (1,089,285) |
| Public safety | 935,251 | 33,750 | - | 4,873 | (896,628) | - | (896,628) |
| Parks and recreation | 898,999 | 329,875 | 275,675 | - | (293,449) | - | (293,449) |
| Sanitation | 433,776 | 593,409 | - | - | 159,633 | - | 159,633 |
| South Lincoln Training and Event Center | 224,627 | 46,378 | - | - | (178,249) | - | (178,249) |
| Building inspection/zoning | 89,434 | - | - | - | (89,434) | - | (89,434) |
| Municipal court | 36,734 | 35,548 | - | - | (1,186) | - | (1,186) |
| Interest on long-term liabilities | 3,515 | - | - | - | (3,515) | - | (3,515) |
| Total governmental activities | 4,971,968 | 1,056,813 | 576,800 | 4,873 | (3,333,482) | - | (3,333,482) |
| Business-type activities: | | | | | | | |
| Airport | 848,380 | 133,894 | - | 152,069 | - | (562,417) | (562,417) |
| Total business-type activities | 848,380 | 133,894 | - | 152,069 | - | (562,417) | (562,417) |
| Total primary government | \$ 5,820,348 | 1,190,707 | 576,800 | 156,942 | (3,333,482) | (562,417) | (3,895,899) |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Sales, use, and other taxes | | | | \$ 2,238,968 | - | 2,238,968 | |
| Property tax | | | | 182,170 | - | 182,170 | |
| Franchise taxes | | | | 94,512 | - | 94,512 | |
| Vehicle registration taxes | | | | 89,240 | - | 89,240 | |
| Total taxes | | | | 2,604,890 | - | 2,604,890 | |
| Interest and investment earnings | | | | 141,779 | - | 141,779 | |
| Mineral royalties | | | | 184,441 | - | 184,441 | |
| Impact assistance | | | | 93,333 | - | 93,333 | |
| Lottery revenues | | | | 25,704 | - | 25,704 | |
| Gain on disposal of assets | | | | 36,000 | - | 36,000 | |
| Miscellaneous | | | | 49,045 | 3,615 | 52,660 | |
| Transfers | | | | (66,379) | 66,379 | - | |
| Total general revenues and transfers | | | | 3,068,813 | 69,994 | 3,138,807 | |
| Change in net position | | | | (264,669) | (492,423) | (757,092) | |
| Net position - beginning, as restated | | | | 16,985,905 | 5,073,153 | 22,059,058 | |
| Net position - ending | | | | \$ 16,721,236 | 4,580,730 | 21,301,966 | |

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

CITY OF KEMMERER, WYOMING
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2025

| | General | Nonmajor Fund | Total Governmental Funds |
|---|---------------------|------------------|--------------------------------|
| <u>Assets</u> | | | |
| Cash and investments | \$ 5,075,969 | 272,729 | 5,348,698 |
| Due from other governments | 262,222 | - | 262,222 |
| Receivables | 88,356 | - | 88,356 |
| Inventories | 16,066 | - | 16,066 |
| | <u>\$ 5,442,613</u> | <u>272,729</u> | <u>5,715,342</u> |
| <u>Liabilities</u> | | | |
| Payables and accrued expenses | \$ 190,630 | - | 190,630 |
| Other liabilities | 29,863 | - | 29,863 |
| | <u>220,493</u> | <u>-</u> | <u>220,493</u> |
| <u>Deferred Inflows of Resources</u> | | | |
| Unavailable revenue - property taxes | 120,000 | - | 120,000 |
| | <u>120,000</u> | <u>-</u> | <u>120,000</u> |
| <u>Fund Balances</u> | | | |
| Nonspendable: inventories | 16,066 | - | 16,066 |
| Restricted | - | 272,729 | 272,729 |
| Assigned | 976,266 | - | 976,266 |
| Unassigned | 4,109,788 | - | 4,109,788 |
| | <u>5,102,120</u> | <u>272,729</u> | <u>5,374,849</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 5,442,613</u> | <u>272,729</u> | <u>5,715,342</u> |

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

CITY OF KEMMERER, WYOMING
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2025

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

| | | |
|--|----|--------------------------|
| Total fund balances - governmental funds | \$ | 5,374,849 |
| | | |
| Deferred outflows of resources related to pensions are not reported in the funds. | | 315,476 |
| | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | |
| | | |
| Land | \$ | 3,169,956 |
| Infrastructure | | 10,974,865 |
| Buildings and improvements | | 7,870,703 |
| Furniture and equipment | | 5,545,378 |
| Right-to-use equipment | | 325,428 |
| Accumulated depreciation and amortization | | <u>(14,846,439)</u> |
| | | 13,039,891 |
| | | |
| Long-term liabilities, including lease liabilities, and related accrued interest, compensated absences, and the net pension liability are not due and payable in the current period and, therefore, are not reported in the funds. | | |
| | | |
| Compensated absences | \$ | (280,000) |
| Lease liability | | (99,596) |
| Net pension liability | | <u>(1,203,662)</u> |
| | | (1,583,258) |
| | | |
| Deferred inflows of resources related to pensions are not reported in the funds. | | <u>(425,722)</u> |
| | | |
| Net position of governmental activities | \$ | <u><u>16,721,236</u></u> |

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

CITY OF KEMMERER, WYOMING
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
Year Ended June 30, 2025

| | General | Nonmajor Fund | Total Governmental Funds |
|---|---------------------|------------------|--------------------------------|
| Revenues: | | | |
| Taxes | \$ 2,604,890 | - | 2,604,890 |
| Impact assistance | - | 93,333 | 93,333 |
| Licenses and permits | 33,749 | - | 33,749 |
| Intergovernmental | 791,818 | - | 791,818 |
| Charges for services | 987,515 | - | 987,515 |
| Fines and forfeitures | 35,549 | - | 35,549 |
| Interest and investment earnings | 141,779 | - | 141,779 |
| Miscellaneous | 79,045 | - | 79,045 |
| Total revenues | 4,674,345 | 93,333 | 4,767,678 |
| Expenditures: | | | |
| Current: | | | |
| General government | 1,214,833 | - | 1,214,833 |
| Public safety | 888,379 | 4,342 | 892,721 |
| Streets and highways | 786,323 | - | 786,323 |
| Parks and recreation | 864,264 | - | 864,264 |
| Sanitation | 368,202 | - | 368,202 |
| Municipal court | 36,734 | - | 36,734 |
| Building inspection/zoning | 89,434 | - | 89,434 |
| South Lincoln Training and Event Center | 113,634 | - | 113,634 |
| Debt service | 64,301 | - | 64,301 |
| Total expenditures | 4,426,104 | 4,342 | 4,430,446 |
| Excess of revenues over expenditures | 248,241 | 88,991 | 337,232 |
| Other financing sources (uses): | | | |
| Transfers to Airport Fund | (66,379) | - | (66,379) |
| Total other financing sources (uses) | (66,379) | - | (66,379) |
| Net change in fund balance | 181,862 | 88,991 | 270,853 |
| Fund balance - beginning | 4,920,258 | 183,738 | 5,103,996 |
| Fund balance - ending | \$ 5,102,120 | 272,729 | 5,374,849 |

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

CITY OF KEMMERER, WYOMING
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2025

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

| | | |
|---|----|---------|
| Net change in fund balance - total governmental funds | \$ | 270,853 |
|---|----|---------|

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 and amortization expense.

| | | | |
|---------------------------------------|----|------------------|-----------|
| Capital outlays | \$ | 67,795 | |
| Depreciation and amortization expense | | <u>(665,528)</u> | (597,733) |

| | | |
|--|--|-------|
| The net effect of transactions involving the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense is to increase net position. | | 7,425 |
|--|--|-------|

| | | |
|--|--|----------|
| 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. | | (12,000) |
|--|--|----------|

| | | |
|--|--|---------------|
| The issuance of long-term liabilities (e.g. lease liabilities) 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 liabilities 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 liabilities and related items. | | <u>66,786</u> |
|--|--|---------------|

| | | |
|---|----|-------------------------|
| Change in net position of governmental activities | \$ | <u><u>(264,669)</u></u> |
|---|----|-------------------------|

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

CITY OF KEMMERER, WYOMING
STATEMENT OF NET POSITION –
PROPRIETARY FUNDS
June 30, 2025

| | <u>Airport Fund</u> | <u>Total Proprietary Funds</u> |
|---------------------------------------|-------------------------|--|
| <u>Assets</u> | | |
| Current assets: | | |
| Cash and investments | \$ 268,788 | 268,788 |
| Receivables, net | 3,468 | 3,468 |
| Total current assets | 272,256 | 272,256 |
| Non-current assets: | | |
| Nondepreciable capital assets | 199,947 | 199,947 |
| Depreciable capital assets | 13,780,187 | 13,780,187 |
| Accumulated depreciation | (9,609,323) | (9,609,323) |
| Total non-current assets | 4,370,811 | 4,370,811 |
| Total assets | 4,643,067 | 4,643,067 |
| <u>Deferred Outflows of Resources</u> | | |
| Pensions | 9,382 | 9,382 |
| Total deferred outflows of resources | 9,382 | 9,382 |
| <u>Liabilities</u> | | |
| Current liabilities: | | |
| Payables and accrued expenses | 17,306 | 17,306 |
| Other liabilities | 230 | 230 |
| Total current liabilities | 17,536 | 17,536 |
| Net pension liability | 47,211 | 47,211 |
| Total liabilities | 64,747 | 64,747 |
| <u>Deferred Inflows of Resources</u> | | |
| Pensions | 6,972 | 6,972 |
| Total deferred inflows of resources | 6,972 | 6,972 |
| <u>Net Position</u> | | |
| Net investment in capital assets | 4,370,811 | 4,370,811 |
| Unrestricted | 209,919 | 209,919 |
| Total net position | \$ 4,580,730 | 4,580,730 |

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

CITY OF KEMMERER, WYOMING
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION –
PROPRIETARY FUNDS
Year Ended June 30, 2025

| | <u>Airport Fund</u> | <u>Total Proprietary Funds</u> |
|--------------------------------|-------------------------|--|
| Operating revenues: | | |
| Connection fees | \$ 89,069 | 89,069 |
| Charges for services | 44,825 | 44,825 |
| Miscellaneous | 3,615 | 3,615 |
| | <hr/> | <hr/> |
| Total operating revenues | 137,509 | 137,509 |
| | <hr/> | <hr/> |
| Operating expenses: | | |
| Personnel services | 106,347 | 106,347 |
| Aviation fuel purchases | 35,353 | 35,353 |
| Contractual services | 15,152 | 15,152 |
| Supplies | 4,061 | 4,061 |
| Utilities and telephone | 21,953 | 21,953 |
| Insurance | 3,471 | 3,471 |
| Maintenance | 162,086 | 162,086 |
| Miscellaneous, administration | 6,096 | 6,096 |
| Depreciation | 493,861 | 493,861 |
| | <hr/> | <hr/> |
| Total operating expenses | 848,380 | 848,380 |
| | <hr/> | <hr/> |
| Operating loss | (710,871) | (710,871) |
| | <hr/> | <hr/> |
| Non-operating revenues: | | |
| Grant proceeds | 152,069 | 152,069 |
| | <hr/> | <hr/> |
| Total non-operating revenues | 152,069 | 152,069 |
| | <hr/> | <hr/> |
| Loss before transfers | (558,802) | (558,802) |
| | <hr/> | <hr/> |
| Transfer from the General Fund | 66,379 | 66,379 |
| | <hr/> | <hr/> |
| Change in net position | (492,423) | (492,423) |
| | <hr/> | <hr/> |
| Net position - beginning | 5,073,153 | 5,073,153 |
| | <hr/> | <hr/> |
| Net position - ending | \$ 4,580,730 | 4,580,730 |
| | <hr/> <hr/> | <hr/> <hr/> |

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

CITY OF KEMMERER, WYOMING
STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS
Year Ended June 30, 2025

| | <u>Airport Fund</u> | <u>Total Proprietary Funds</u> |
|--|-------------------------|--|
| <u>Cash flows from operating activities:</u> | | |
| Receipts from customers and users | \$ 188,225 | 188,225 |
| Payments to suppliers | (246,373) | (246,373) |
| Payments to employees | (107,785) | (107,785) |
| Net cash used in operating activities | <u>(165,933)</u> | <u>(165,933)</u> |
| <u>Cash flows from non-capital financing activities:</u> | | |
| Interfund transfers | <u>66,379</u> | <u>66,379</u> |
| Net cash provided in non-capital financing activities | <u>66,379</u> | <u>66,379</u> |
| <u>Cash flows from capital and related financing activities:</u> | | |
| Capital grant proceeds | <u>152,069</u> | <u>152,069</u> |
| Net cash provided by capital and related financing activities | <u>152,069</u> | <u>152,069</u> |
| <u>Cash flows from investing activities:</u> | <u>-</u> | <u>-</u> |
| Net increase in cash | 52,515 | 52,515 |
| Cash - beginning | <u>216,273</u> | <u>216,273</u> |
| Cash - ending | <u>\$ 268,788</u> | <u>268,788</u> |

(continued)

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

(continued)

CITY OF KEMMERER, WYOMING
STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS
Year Ended June 30, 2025

| | <u>Airport Fund</u> | <u>Total Proprietary Funds</u> |
|---|-------------------------|--|
| Reconciliation of operating loss to net cash used in operating activities: | | |
| Operating loss | \$ (710,871) | (710,871) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | |
| Depreciation | 493,861 | 493,861 |
| Pension expense | (1,438) | (1,438) |
| Net change in assets and liabilities: | | |
| Decrease in receivables | 50,716 | 50,716 |
| Increase in payables and accrued expenses | 1,799 | 1,799 |
| Total adjustments | <u>544,938</u> | <u>544,938</u> |
| Net cash used in operating activities | <u>\$ (165,933)</u> | <u>(165,933)</u> |

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

CITY OF KEMMERER, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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 following is a description of the governmental funds of the City:

- The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- Special Revenue Funds are used by the Town to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes.

CITY OF KEMMERER, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

The General Fund is the Town’s only major governmental fund (see description above). The Town’s only nonmajor governmental fund consists of the Impact Assistance Fund, organized in fiscal year 2024, which is a special revenue fund established to receive various impact assistance payments to help the City mitigate the impacts associated with large industrial projects.

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, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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 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, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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 |

Leases

The City leases equipment under a noncancellable lease. The City recognizes a lease liability and a right-to-use lease asset (lease asset) in the government-wide financial statements with an initial, individual value of \$25,000 or more. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of its useful life or lease term. Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

CITY OF KEMMERER, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

Leases (continued)

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

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

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.

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.

CITY OF KEMMERER, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

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. In the government-wide financial statements, the liability for governmental activities compensated absences is included in current liabilities.

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 lease liabilities 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.

CITY OF KEMMERER, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

Net Position

For government-wide financial statements and proprietary fund financial statements, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position and is comprised of 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”.

Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called fund balance. 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.

CITY OF KEMMERER, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balance Classifications (continued)

- *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.

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.

CITY OF KEMMERER, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 1 – Summary of Significant Accounting Policies (continued)

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, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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 | \$ 2,705,399 | - | - | 2,705,399 |
| Total pooled cash and investments | <u>2,705,399</u> | <u>-</u> | <u>-</u> | <u>2,705,399</u> |
| Other cash and investments: | | | | |
| Cash-on-hand | - | - | 1,130 | 1,130 |
| Demand deposits | 389 | - | - | 389 |
| Wyo-Star investment pool | - | 1,462,574 | - | 1,462,574 |
| Wyoming Government Investment Fund | - | 271,154 | - | 271,154 |
| Certificates of deposit | 1,176,840 | - | - | 1,176,840 |
| Total other cash and investments | <u>1,177,229</u> | <u>1,733,728</u> | <u>1,130</u> | <u>2,912,087</u> |
| Total cash and investments | <u>\$ 3,882,628</u> | <u>1,733,728</u> | <u>1,130</u> | <u>5,617,486</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, 2025, all deposits of the City were fully collateralized or insured.

CITY OF KEMMERER, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 2 – Deposits and Investments (continued)

Investments

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 is unrated and 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 WGIF are carried at amortized cost and are considered cash and cash equivalents.

The City also has investments in WYO-STAR, an investment pool authorized by the State of Wyoming and regulated by the Wyoming State Treasurer with oversight by the Wyoming State Loan and Investment Board. WYO-STAR issues separate external financial statements which can be obtained from the Wyoming State Treasurer's Office. WYO-STAR is unrated and is not registered with the SEC as an investment company. 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.

Fair Value

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

CITY OF KEMMERER, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 2 – Deposits and Investments (continued)

The City's governmental activities have the following recurring fair value measurements as of June 30, 2025:

- WYO-STAR is priced using significant other observable inputs, primarily the fair value of the WYO-STAR investment pool managed by the State of Wyoming multiplied by the City's shares as a percentage of total shares (Level 2 inputs).
- The fair value of interest-bearing certificate of deposit accounts is based on the outstanding balance of the accounts (Level 2 inputs).

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.

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, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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 | \$ 120,000 |
| Sales, use, and other taxes | 139,557 |
| Other | <u>2,665</u> |

Total due from other governments 262,222

Receivables 88,356

Total governmental activities \$ 350,578

Business-type activities:

Receivables:

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

Total business-type activities \$ 3,468

CITY OF KEMMERER, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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 | \$ 91,957 |
| Payroll and benefits | 97,787 |
| Other | <u>886</u> |

Total governmental activities \$ 190,630

Business-type activities:

Payables and accrued expenses:

| | |
|----------------------|--------------|
| Payables to vendors | \$ 16,266 |
| Payroll and benefits | <u>1,040</u> |

Total business-type activities \$ 17,306

CITY OF KEMMERER, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 5 – Capital Assets

Capital assets activity is as follows:

| | July 1, 2024 | Additions | Deletions | June 30, 2025 |
|--|-----------------|-----------|-----------|------------------|
| <u>Governmental activities</u> | | | | |
| Capital assets not being depreciated or amortized: | | | | |
| Land | \$ 3,169,956 | - | - | 3,169,956 |
| Total capital assets not being depreciated or amortized | 3,169,956 | - | - | 3,169,956 |
| Capital assets being depreciated or amortized: | | | | |
| Infrastructure | 10,974,865 | - | - | 10,974,865 |
| Buildings and improvements | 7,870,703 | - | - | 7,870,703 |
| Furniture and equipment | 5,484,833 | 73,795 | (13,250) | 5,545,378 |
| Right-to-use equipment | 325,428 | - | - | 325,428 |
| Total capital assets being depreciated or amortized | 24,655,829 | 73,795 | (13,250) | 24,716,374 |
| Accumulated depreciation and amortization for: | | | | |
| Infrastructure | (6,764,740) | (223,145) | - | (6,987,885) |
| Buildings and improvements | (2,716,986) | (185,698) | - | (2,902,684) |
| Furniture and equipment | (4,533,234) | (191,599) | 13,250 | (4,711,583) |
| Right-to-use equipment | (179,201) | (65,086) | - | (244,287) |
| Total accumulated depreciation and amortization | (14,194,161) | (665,528) | 13,250 | (14,846,439) |
| Total capital assets being depreciated or amortized, net | 10,461,668 | (591,733) | - | 9,869,935 |
| Total governmental activities capital assets, net | \$ 13,631,624 | (591,733) | - | 13,039,891 |

CITY OF KEMMERER, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 5 – Capital Assets (continued)

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

| | |
|----------------------|-------------------|
| General government | \$ 90,881 |
| Public safety | 42,530 |
| Streets and highways | 320,816 |
| Parks and recreation | 34,735 |
| Sanitation | 65,574 |
| Events center | <u>110,992</u> |
| | <u>\$ 665,528</u> |

CITY OF KEMMERER, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 5 – Capital Assets (continued)

| | July 1, 2024 | Additions | Deletions | June 30, 2025 |
|--|-----------------|-----------|-----------|------------------|
| <u>Business-type activities</u> | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 199,947 | - | - | 199,947 |
| Total capital assets not being depreciated | 199,947 | - | - | 199,947 |
| Capital assets being depreciated: | | | | |
| Buildings, runway, and improvements | 12,468,594 | - | - | 12,468,594 |
| Machinery and equipment | 1,272,815 | - | - | 1,272,815 |
| Vehicles | 38,778 | - | - | 38,778 |
| Total capital assets being depreciated | 13,780,187 | - | - | 13,780,187 |
| Accumulated depreciation for: | | | | |
| Buildings, runway, and improvements | (8,609,718) | (439,152) | - | (9,048,870) |
| Machinery and equipment | (466,966) | (54,709) | - | (521,675) |
| Vehicles | (38,778) | - | - | (38,778) |
| Total accumulated depreciation | (9,115,462) | (493,861) | - | (9,609,323) |
| Total capital assets being depreciated, net | 4,664,725 | (493,861) | - | 4,170,864 |
| Total business-type activities capital assets, net | \$ 4,864,672 | (493,861) | - | 4,370,811 |

CITY OF KEMMERER, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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> |
|---|------------------------------|------------------|-------------------|---------------------------|------------------------------------|
| Lease liability | \$ 160,381 | - | (60,785) | 99,596 | 62,000 |
| Compensated absences | <u>268,000</u> | <u>12,000</u> | <u>-</u> | <u>280,000</u> | <u>94,000</u> |
| Total governmental long-term liabilities | <u>\$ 428,381</u> | <u>12,000</u> | <u>(60,785)</u> | <u>379,596</u> | <u>156,000</u> |

The change in the compensated absences liability is presented as a net change.

As of June 30, 2025, the City has no unused lines of credit.

Governmental Activities

The City has entered into a 60-month lease agreement as lessee for the acquisition and use of street equipment. As of June 30, 2025, the value of the lease liability was \$99,596. The City is required to make monthly principal and interest payments of \$5,358. The lease has an interest rate of 2.65%. The equipment has a five-year estimated useful life. The value of the right-to-use asset as of the end of the current fiscal year was \$325,428 and had accumulated amortization of \$244,287.

The following is a schedule of future principal and interest payments required under this lease:

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-------------|------------------|-----------------|----------------|
| 2026 | \$ 62,000 | 1,885 | 63,885 |
| 2027 | <u>37,596</u> | <u>329</u> | <u>37,925</u> |
| Totals | <u>\$ 99,596</u> | <u>2,214</u> | <u>101,810</u> |

CITY OF KEMMERER, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 7 – Net Position and Fund Balances

The following schedule details governmental fund balances:

Governmental Activities:

| | | |
|------------------------------------|----|-------------------------|
| Nonspendable | | |
| Inventories | \$ | <u>16,066</u> |
| | | |
| Restricted: | | |
| Impact assistance | | <u>272,729</u> |
| | | |
| Assigned | | |
| Council, funds from private donors | | 308,368 |
| Street maintenance | | 273,613 |
| Equipment replacement | | 181,357 |
| Building maintenance | | 100,000 |
| Other | | <u>112,928</u> |
| | | <u>976,266</u> |
| | | |
| Unassigned | | <u>4,109,788</u> |
| | | |
| Total fund balances | \$ | <u><u>5,374,849</u></u> |

Restricted fund balance/net position represent monies required to be maintained to satisfy third party agreements, legal requirements, or enabling legislation. Assigned fund balances represent the assignment of monies by the Mayor and City Council. Net position restricted by enabling legislation includes net position restricted for impact assistance.

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. Reports can be obtained on the Wyoming Retirement System website (retirement.wyo.gov).

CITY OF KEMMERER, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 8 – Retirement Plans (continued)

Substantially all City employees are eligible to participate in the 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 (WDCP).

Public Employees Pension Plan

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

PEPP statutorily requires 18.62% of the participant's salary to be contributed to PEPP. Contributions consist of 9.25% of the participant's salary as employee contributions and 9.37% as employer contributions. The amount of contributions designated as employee contributions represent the portion of total contributions that a participant retains ownership of and can elect to receive as a refund upon termination of employment. Employers can elect to cover all or a portion of the employee's contribution at their discretion.

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, or upon meeting the requirements of the Rule of 85 (participant's age plus years of service equal or exceed 85). 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 normal retirement.
- Tier 2, PEPP allows for normal retirement after four years of service and attainment of age 65, or upon meeting the requirements of the Rule of 85. Early retirement is allowed provided the employee has completed four years of service and attained age 55 or 25 years of service, but will result in a reduction of benefits based on the length of time remaining to normal retirement.

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 (COLA) provided to retirees must be granted by the State Legislature. In addition, a COLA will not be approved by the legislature unless PEPP is 100% funded after the COLA is awarded.

CITY OF KEMMERER, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 8 – Retirement Plans (continued)

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) and 65 (Tier 2 employees).

Contributions to PEPP for the year ended June 30, 2025 were \$198,618.

Law Enforcement Pension Plan

LEPP is a cost-sharing multiple-employer defined benefit, contributory retirement plan covering all law enforcement employees of the City. Effective July 1, 2024, LEPP statutorily required total contribution rate increased to 19.00% of each participant's salary with both employee contributions and employer contributions at 9.50% each. This compares to the previous total contribution rate of 17.20% with both employee and employer contributions at 8.60% each which was in effect from July 1, 2002 to June 30, 2024.

LEPP statutorily provides retirement, disability and death benefits according to predetermined amounts determined by salary, age, and years of service of the participant. The State Legislature must grant any COLA provided to retirees. In addition, a COLA will not be approved by the legislature unless the plan is 100% funded after the COLA is awarded. Participants may withdraw from LEPP at any time and receive refunds of participant contributions and accumulated interest. Contributions to LEPP for the year ended June 30, 2025 were \$89,826.

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, 2025 were \$17,550.

CITY OF KEMMERER, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 8 – Retirement Plans (continued)

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

At June 30, 2025, the City reported an entity-wide net pension liability of \$1,250,873, of which \$1,203,662 is related to governmental activities and \$47,211 is related to the City’s airport proprietary fund.

| | Measured at: | | December 31, | |
|------|---------------------|---------------------|---------------------|------------|
| | December 31, 2024 | | 2023 | |
| Net | Pension Liability | Proportionate Share | Proportionate Share | Change |
| PEPP | \$ 944,211 | 0.045273% | 0.046409% | -0.001136% |
| LEPP | 306,662 | 0.228315% | 0.229041% | -0.000726% |
| | <u>\$ 1,250,873</u> | | | |

The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024 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 calendar year 2024. For the year ended June 30, 2025, the City recognized entity-wide actuarial pension expense of approximately \$105,000. At June 30, 2025, the City reported entity-wide deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------|-------------------------------|
| Difference between expected and actual experience | \$ 119,219 | 8,813 |
| Net difference between projected and actual earnings on pension plan investments | - | 179,655 |
| Changes in assumptions | 23,956 | 224,291 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 43,146 | 19,935 |
| Contributions subsequent to the measurement date | 138,537 | - |
| | <u>\$ 324,858</u> | <u>432,694</u> |

CITY OF KEMMERER, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 8 – Retirement Plans (continued)

Deferred outflows of resources related to pensions resulting from City contributions of \$138,537 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:

| Year Ending June 30, | Net Deferred (Inflows) Outflows of Resources |
|-------------------------|---|
| 2026 | \$ (107,935) |
| 2027 | 10,148 |
| 2028 | (103,486) |
| 2029 | (45,100) |
| | \$ (246,373) |

Actuarial Assumptions

The total pension liability in the 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | PEPP | LEPP |
|---|----------------|----------------|
| Projected salary increases, includes inflation | 2.50% to 6.50% | 5.25% to 9.25% |
| Assumed inflation rate | 2.25% | 2.25% |
| Investment rate of return | 6.80% | 6.80% |

Pre-retirement mortality rates were based on the Pub-2010 General Employee Mortality Table, amount weighted, fully generational, projected with the MP-2020 Ultimate Scale for males and females with no set back with a multiplier of 100%. Post-retirement mortality rates were based on the Pub-2010 General Healthy Annuitant Mortality Table, amount weighted, fully generational, projected with MP-2020 Ultimate Scale for males and females with no set back with a multiplier of 100%. Disabled mortality rates were based on the Pub-2010 General Disabled Retiree Mortality Table, amount weighted, fully generational, projected with MP-2020 Ultimate Scale for males and females with no set back with a multiplier of 100%.

CITY OF KEMMERER, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 8 – Retirement Plans (continued)

Discount Rate

The discount rate used to measure the total pension liability for all plans was 6.80%. The long-term expected rate of return used to measure the total pension liability for all plans was 6.80%. 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 System’s 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 each plan’s 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 period.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate arithmetic expected future real rates of return (expected 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 each plan’s target asset allocation as amended and effective on July 1, 2024 and return estimates as of January 1, 2024, these best estimates are summarized in the following table:

| Asset Class | Target Allocation | Arithmetic Real Return | Arithmetic Nominal Return | Geometric Real Return | Geometric Nominal Return |
|-------------------------|----------------------|------------------------------|---------------------------------|-----------------------------|--------------------------------|
| Tactical Cash | 0.5% | 0.4% | 3.1% | 0.4% | 3.1% |
| Gold | 1.5% | 0.9% | 3.6% | 2.3% | 5.0% |
| Fixed Income | 20.0% | 4.2% | 6.9% | 3.8% | 6.5% |
| Equity | 51.5% | 8.2% | 10.9% | 6.5% | 9.2% |
| Marketable Alternatives | 16.0% | 5.4% | 8.1% | 4.5% | 7.2% |
| Private Markets | 10.5% | 7.7% | 10.4% | 6.2% | 8.9% |
| Total | 100% | 6.75% | 9.45% | 5.53% | 8.23% |

CITY OF KEMMERER, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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 6.80% for all plans, 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 (5.80%) or 1-percentage-point higher (7.80%) than the current rate:

| | 1% Decrease 5.80% | Discount Rate 6.80% | 1% Increase 7.80% |
|---|----------------------|---------------------------|----------------------|
| <i>PEPP</i> | | | |
| Proportionate share of net pension liability | \$ 1,572,855 | 944,211 | 423,614 |
| <i>LEPP</i> | | | |
| Proportionate share of net pension liability | \$ 643,285 | 306,662 | 31,440 |

Pension plan fiduciary net position

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

Note 9 – 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.

CITY OF KEMMERER, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 10 – Change in Accounting Principle

On July 1, 2024, the City implemented GASB Statement No. 101, *Compensated Absences* (GASB 101), which requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The cumulative effect of adopting GASB 101 is reflected as an adjustment to beginning net position. The impact of the adoption of GASB 101 on beginning net position is summarized below:

| | 6/30/2024 As Previously Reported | Change in Accounting Principle | 6/30/2024 As Restated |
|---------------------------------|--|--------------------------------------|--------------------------|
| <i>Governmental Activities:</i> | | | |
| Net position | \$ <u>17,104,905</u> | <u>(119,000)</u> | <u>16,985,905</u> |
| Total net position | \$ <u><u>17,104,905</u></u> | <u><u>(119,000)</u></u> | <u><u>16,985,905</u></u> |

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF KEMMERER, WYOMING
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2025

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance</u> |
|--|----------------------------|-------------------------|---------------------|-----------------|
| Revenues: | | | | |
| Taxes | \$ 2,506,270 | 2,506,270 | 2,604,890 | 98,620 |
| Licenses and permits | 35,450 | 35,450 | 33,749 | (1,701) |
| Intergovernmental | 788,937 | 820,962 | 791,818 | (29,144) |
| Charges for services | 916,586 | 916,586 | 987,515 | 70,929 |
| Fines and forfeitures | 16,000 | 16,000 | 35,549 | 19,549 |
| Interest and investment earnings | 32,129 | 32,129 | 141,779 | 109,650 |
| Miscellaneous revenues | 16,100 | 16,100 | 79,045 | 62,945 |
| Total revenues | <u>4,311,472</u> | <u>4,343,497</u> | <u>4,674,345</u> | <u>330,848</u> |
| Expenditures: | | | | |
| General government | 1,008,256 | 1,008,256 | 1,214,833 | (206,577) |
| Public safety | 1,023,964 | 1,023,964 | 888,379 | 135,585 |
| Streets and highways | 905,153 | 905,153 | 786,323 | 118,830 |
| Parks and recreation | 949,895 | 981,920 | 864,264 | 117,656 |
| Sanitation | 362,319 | 362,319 | 368,202 | (5,883) |
| Municipal court | 30,752 | 30,752 | 36,734 | (5,982) |
| Building inspection/zoning | 72,551 | 72,551 | 89,434 | (16,883) |
| South Lincoln Training and Event Center | 115,920 | 115,920 | 113,634 | 2,286 |
| Debt service - principal and interest | - | - | 64,301 | (64,301) |
| Total expenditures | <u>4,468,810</u> | <u>4,500,835</u> | <u>4,426,104</u> | <u>74,731</u> |
| Excess (deficiency) of revenues over expenditures | <u>(157,338)</u> | <u>(157,338)</u> | <u>248,241</u> | <u>405,579</u> |
| Other financing uses: | | | | |
| Transfers to the Airport Fund | <u>(95,878)</u> | <u>(95,878)</u> | <u>(66,379)</u> | <u>29,499</u> |
| Total other financing uses | <u>(95,878)</u> | <u>(95,878)</u> | <u>(66,379)</u> | <u>29,499</u> |
| Net change in fund balance | <u>\$ (253,216)</u> | <u>(253,216)</u> | 181,862 | <u>435,078</u> |
| Fund balance - beginning | | | <u>4,920,258</u> | |
| Fund balance - ending | | | <u>\$ 5,102,120</u> | |

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

| | December 31, 2024 | December 31, 2023 | December 31, 2022 | December 31, 2021 | December 31, 2020 | December 31, 2019 | December 31, 2018 | December 31, 2017 | December 31, 2016 | December 31, 2015 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <u>Public Employee Pension Plan</u> | | | | | | | | | | |
| Proportion of the net pension liability | 0.045273% | 0.046409% | 0.044249% | 0.040875% | 0.046275% | 0.048340% | 0.046594% | 0.047669% | 0.048238% | 0.047631% |
| Proportionate share of the net pension liability | \$ 944,211 | 1,053,577 | 1,209,240 | 623,222 | 1,005,722 | 1,135,961 | 1,418,911 | 1,086,546 | 1,166,156 | 1,109,485 |
| Covered employee payroll | \$ 917,366 | 871,716 | 798,928 | 743,886 | 823,911 | 840,257 | 811,360 | 846,787 | 860,040 | 848,358 |
| Proportionate share of the net pension liability as a percentage of its covered-employee payroll | 102.93% | 120.86% | 151.36% | 83.78% | 122.07% | 135.19% | 174.88% | 128.31% | 135.59% | 130.78% |
| Plan fiduciary net position as a percentage of the total pension liability | 82.46% | 80.19% | 75.47% | 86.03% | 79.24% | 76.83% | 69.17% | 76.35% | 73.42% | 73.40% |
| <u>Law Enforcement Pension Plan</u> | | | | | | | | | | |
| Proportion of the net pension liability | 0.228315% | 0.229041% | 0.233832% | 0.194605% | 0.188557% | 0.193451% | 0.183811% | 0.200809% | 0.231497% | 0.225678% |
| Proportionate share of the net pension liability | \$ 306,662 | 309,398 | 796,558 | 553,726 | 128,449 | 166,752 | 444,956 | 172,785 | 174,762 | 169,529 |
| Covered employee payroll | \$ 409,262 | 383,100 | 377,417 | 323,300 | 303,085 | 301,496 | 279,207 | 308,336 | 358,309 | 354,744 |
| Proportionate share of the net pension liability as a percentage of its covered-employee payroll | 74.93% | 80.76% | 211.06% | 171.27% | 42.38% | 55.31% | 159.36% | 56.04% | 48.77% | 47.79% |
| Plan fiduciary net position as a percentage of the total pension liability | 87.88% | 86.90% | 70.30% | 75.62% | 91.82% | 89.05% | 71.22% | 87.99% | 88.11% | 87.49% |

CITY OF KEMMERER, WYOMING
SCHEDULE OF CONTRIBUTIONS

| | Year Ended June 30, 2025 | Year Ended June 30, 2024 | Year Ended June 30, 2023 | Year Ended June 30, 2022 | 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 |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| <u>Public Employee Pension Plan</u> | | | | | | | | | | |
| Contractually required contribution | \$ 198,618 | 173,134 | 170,790 | 142,651 | 144,576 | 150,811 | 141,865 | 129,644 | 149,038 | 143,170 |
| Contributions in relation to the contractually required contribution | 198,618 | 173,134 | 170,790 | 142,651 | 144,576 | 150,811 | 141,865 | 129,644 | 149,038 | 143,170 |
| Contribution deficiency (excess) | \$ - | - | - | - | - | - | - | - | - | - |
| Covered employee payroll | \$ 1,066,692 | 929,828 | 917,240 | 766,117 | 797,881 | 855,908 | 832,541 | 780,048 | 896,739 | 861,432 |
| Contributions as a percentage of covered employee payroll | 18.62% | 18.62% | 18.62% | 18.62% | 18.12% | 17.62% | 17.04% | 16.62% | 16.62% | 16.62% |
| <u>Law Enforcement Pension Plan</u> | | | | | | | | | | |
| Contractually required contribution | \$ 89,826 | 77,024 | 69,177 | 60,867 | 55,089 | 53,619 | 53,459 | 47,314 | 60,865 | 63,781 |
| Contributions in relation to the contractually required contribution | 89,826 | 77,024 | 69,177 | 60,867 | 55,089 | 53,619 | 53,459 | 47,314 | 60,865 | 63,781 |
| Contribution deficiency (excess) | \$ - | - | - | - | - | - | - | - | - | - |
| Covered employee payroll | \$ 472,768 | 447,814 | 402,192 | 353,878 | 320,285 | 311,738 | 310,808 | 275,081 | 353,866 | 370,820 |
| Contributions as a percentage of covered employee payroll | 19.00% | 17.20% | 17.20% | 17.20% | 17.20% | 17.20% | 17.20% | 17.20% | 17.20% | 17.20% |

CITY OF KEMMERER, WYOMING
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2025

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.

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SUPPLEMENTARY INFORMATION

CITY OF KEMMERER, WYOMING
SCHEDULE OF REVENUES – GENERAL FUND
Year Ended June 30, 2025

| | |
|--|---------------------|
| Taxes: | |
| Sales and use taxes | \$ 1,945,485 |
| General property taxes | 182,170 |
| Lodging taxes | 110,099 |
| Severance taxes | 85,542 |
| Gas taxes | 88,256 |
| Franchise taxes | 94,512 |
| Motor vehicle taxes | 89,240 |
| Cigarette taxes | 9,586 |
| Total taxes | <u>2,604,890</u> |
| Licenses and permits: | |
| Building permits | 10,424 |
| Occupational licenses | 14,829 |
| Liquor licenses | 8,250 |
| Animal and other licenses | 246 |
| Total licenses and permits | <u>33,749</u> |
| Intergovernmental: | |
| Grants and local contributions | 53,698 |
| Distribution of state surplus | 301,125 |
| Frontier Area Park and Recreation District | 226,850 |
| Mineral royalties | 184,441 |
| Lottery revenues | 25,704 |
| Lincoln County Recreation Commission | - |
| Total intergovernmental | <u>791,818</u> |
| Charges for services: | |
| Sanitation fees, late charges | 593,409 |
| Golf course fees | 218,046 |
| South Lincoln Training and Event Center | 46,378 |
| Other fees | 17,853 |
| Recreation fees | 75,309 |
| Old City Hall rental | 36,520 |
| Total charges for services | <u>987,515</u> |
| Fines and forfeitures | <u>35,549</u> |
| Interest and investment earnings | <u>141,779</u> |
| Miscellaneous revenues: | |
| Various other, fees | 14,815 |
| Sale of capital assets | 30,000 |
| Reimbursements | 16,811 |
| Local contributions and grants | 16,909 |
| Rents | 510 |
| Total miscellaneous revenues | <u>79,045</u> |
| Total revenues | <u>\$ 4,674,345</u> |

CITY OF KEMMERER, WYOMING
SCHEDULE OF DEPARTMENTAL EXPENDITURES
GENERAL FUND
Year Ended June 30, 2025

| | Personnel Services | Supporting Services | Capital Outlay | Total |
|---|-----------------------|------------------------|-------------------|---------------------|
| General government | | | | |
| Legislative | \$ 89,116 | \$ 119,748 | \$ - | \$ 208,864 |
| Economic development | - | 95,026 | - | 95,026 |
| City administration | 468,047 | 173,119 | 44,995 | 686,161 |
| Legal services | - | 50,427 | - | 50,427 |
| City hall | 104,089 | 47,466 | 22,800 | 174,355 |
| Total general government | <u>661,252</u> | <u>485,786</u> | <u>67,795</u> | <u>1,214,833</u> |
| Public safety | | | | |
| Police administration | 781,887 | 104,239 | - | 886,126 |
| Animal control | - | 2,253 | - | 2,253 |
| Total public safety | <u>781,887</u> | <u>106,492</u> | <u>-</u> | <u>888,379</u> |
| Streets and highways | | | | |
| Administration | - | 119,001 | - | 119,001 |
| Street maintenance | 370,757 | 296,565 | - | 667,322 |
| Total streets and highways | <u>370,757</u> | <u>415,566</u> | <u>-</u> | <u>786,323</u> |
| Parks and recreation | | | | |
| Administration | 91,485 | 5,303 | - | 96,788 |
| Leisure programs | 2,627 | 22,241 | - | 24,868 |
| Park maintenance | 118,161 | 53,782 | - | 171,943 |
| Recreational facility | 129,878 | 83,226 | - | 213,104 |
| Old City Hall | - | 21,729 | - | 21,729 |
| Golf course, ball field | 194,845 | 140,987 | - | 335,832 |
| Total parks and recreation | <u>536,996</u> | <u>327,268</u> | <u>-</u> | <u>864,264</u> |
| Sanitation | | | | |
| Operations | 161,634 | 206,568 | - | 368,202 |
| Municipal court | | | | |
| Administration | 15,502 | 21,232 | - | 36,734 |
| Building inspection/zoning | - | 89,434 | - | 89,434 |
| South Lincoln Training and Event Center | | | | |
| Operations | 32,950 | 80,684 | - | 113,634 |
| Debt service (lease payments) | - | 64,301 | - | 64,301 |
| Total expenditures | <u>\$ 2,560,978</u> | <u>\$ 1,797,331</u> | <u>\$ 67,795</u> | <u>\$ 4,426,104</u> |

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GOVERNMENTAL AUDIT REPORT

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

To the Mayor and City Council
City of Kemmerer, Wyoming

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Kemmerer, Wyoming (the City) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 15, 2025.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2025-001, that we consider to be a material weakness.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 15, 2025

CITY OF KEMMERER, WYOMING
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2025

Finding 2025-001

Criteria: The segregation of duties and responsibilities and access between different individuals for custody of assets, recordkeeping for those assets, and reconciliation of those asset accounts is an important control activity needed to adequately protect the City's assets and ensure accurate financial reporting.

Condition: Although the City has implemented policies and procedures to allow for segregation of duties when possible, the size of the City and number of staff result in the same individual having access to cash payments, the cash drawer, the general ledger, and bank reconciliations. In addition, material auditor-proposed adjustments were required to make the financial statements and associated supplementary information conform to generally accepted accounting principles which appears to be directly related to an insufficient number of staff.

Effect or Potential Effect: Without sufficient segregation of duties, the risk significantly increases that errors and fraud, including misappropriation of assets, and material financial statement misstatements could occur and not be detected within a timely basis.

Cause: The City's limited size and staffing resources have made it difficult for management to always provide sufficient staffing to fully segregate incompatible duties in a cost-effective manner.

Recommendation: Management and those charged with governance should consider a formal evaluation of their risks associated with the lack of segregation of duties. In response to the identified risks, consideration should be given to identifying and implementing controls that could help mitigate the risks associated with lack of segregation of duties, such as increasing staffing or providing increased management oversight and an independent reconciliation of accounts.

Views of Responsible Officials: Management and the Mayor and City Council will continue to search for ways to segregate duties in day-to-day operations. In addition, as a compensating control, the Mayor and City Council will continue its close review of financial activity within the City. The City will also continue to improve its ability to record transactions in accordance with Generally Accepted Accounting Principles and prepare accurate trial balances and schedules.