

# CITY OF KEMMERER



## FINANCIAL STATEMENTS

**June 30, 2022**

CITY OF KEMMERER  
TABLE OF CONTENTS  
June 30, 2022

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Balance Sheet – Governmental Funds	15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Net Position – Proprietary Funds	19
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	20
Statement of Cash Flows – Proprietary Funds	21
Notes to Financial Statements	23
Required Supplementary Information:	
Budgetary Comparison Schedule – General Fund	55
Schedule of the Proportionate Share of the Net Pension Liability	56
Schedule of Contributions	57
Notes to Required Supplementary Information	58

CITY OF KEMMERER  
TABLE OF CONTENTS  
June 30, 2022

	<u>Page</u>
Supplementary Information:	
Governmental Funds:	
Schedule of Revenues – General Fund	61
Schedule of Departmental Expenditures – General Fund	62
Governmental Audit Reports:	
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	65



Certified Public Accountants

www.jones-simkins.com

*Logan Office:*

1011 West 400 North, Suite 100  
Logan, UT 84323-0747  
Phone: (435) 752-1510 • (877) 752-1510

*Salt Lake City Office:*

41 North Rio Grande; Suite 101  
Salt Lake City, UT 84101  
Phone: (801) 561-6026

## INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council  
City of Kemmerer, Wyoming

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the City of Kemmerer, Wyoming (the City), as of and for the year ended June 30, 2022, 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 and each major fund of the City, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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.

#### ***Responsibilities of Management for the Financial Statements***

The City's 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.

### ***Auditors' 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 auditors' 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 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, 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.

### ***Change in Accounting Principle***

As described in the notes to the financial statements, the City adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2022, 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 28, 2022

## MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF KEMMERER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022

## 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, 2022. 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, 2022 by \$21,700,720 (net position). Of this amount, \$2,607,410 (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 \$93,768.
- At the close of the year, the City's general fund reported ending fund balance of \$3,705,795. Of this amount \$3,689,413 is available for spending at the City's discretion (*assigned and unassigned fund balance*).

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



CITY OF KEMMERER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022

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

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

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

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

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

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

CITY OF KEMMERER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022

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

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

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

CITY OF KEMMERER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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

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

SCHEDULE OF NET POSITION

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and other assets \$	4,640,229	4,028,894	374,998	401,019	5,015,227	4,429,913
Capital assets	14,126,300	14,113,559	5,244,240	5,395,240	19,370,540	19,508,799
<b>Total assets</b>	<b>18,766,529</b>	<b>18,142,453</b>	<b>5,619,238</b>	<b>5,796,259</b>	<b>24,385,767</b>	<b>23,938,712</b>
Deferred outflows of resources	630,948	264,054	7,283	6,244	638,231	270,298
Current liabilities	914,750	532,939	15,601	13,920	930,351	546,859
Non-current liabilities	1,432,762	1,372,001	31,161	50,286	1,463,923	1,422,287
<b>Total liabilities</b>	<b>2,347,512</b>	<b>1,904,940</b>	<b>46,762</b>	<b>64,206</b>	<b>2,394,274</b>	<b>1,969,146</b>
Deferred inflows of resources	901,866	610,873	27,138	13,847	929,004	624,720
Net investment in capital assets	13,849,070	13,908,428	5,244,240	5,395,240	19,093,310	19,303,668
Unrestricted	2,299,029	1,982,266	308,381	329,210	2,607,410	2,311,476
<b>Total net position</b>	<b>\$ 16,148,099</b>	<b>15,890,694</b>	<b>5,552,621</b>	<b>5,724,450</b>	<b>21,700,720</b>	<b>21,615,144</b>

As depicted at June 30, 2021, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$21.6 million (net position), and at June 30, 2022, the City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$21.7 million (net position). 88% of this amount is represented by the City's net investment in capital assets. Due to the nature of these assets – long-term assets which are not readily convertible to liquid assets – they are not considered to be available for spending or appropriation.

CITY OF KEMMERER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022

**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 2022 and 2021.

CHANGES IN NET POSITION

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues:						
Program revenues:						
Charges for services	\$ 939,598	884,673	167,559	125,812	1,107,157	1,010,485
Operating grants and contributions	527,446	537,432	-	-	527,446	537,432
Capital grants and contributions	1,500	39,489	199,453	69,997	200,953	109,486
General revenues:						
Taxes	2,429,763	2,264,758	-	-	2,429,763	2,264,758
Interest	9,295	13,163	-	-	9,295	13,163
Mineral royalties	178,654	203,041	-	-	178,654	203,041
Lottery revenues	19,793	16,798	-	-	19,793	16,798
Net transfers from Joint Powers Board	-	987	-	-	-	987
Miscellaneous Transfers	189,196	66,764	4,818	4,744	194,014	71,508
	(130,405)	(10,413)	130,405	10,413	-	-
Total revenues and transfers	<u>4,164,840</u>	<u>4,016,692</u>	<u>502,235</u>	<u>210,966</u>	<u>4,667,075</u>	<u>4,227,658</u>
Expenses:						
General government	573,942	833,256	-	-	573,942	833,256
Public safety	778,122	702,421	-	-	778,122	702,421
Streets and highways	978,431	945,685	-	-	978,431	945,685
Parks and recreation	992,879	699,443	-	-	992,879	699,443
Sanitation	360,605	332,692	-	-	360,605	332,692
Municipal court	30,293	28,956	-	-	30,293	28,956
Building inspections	6,528	9,432	-	-	6,528	9,432
South Lincoln Training and Event Center	171,942	214,131	-	-	171,942	214,131
Interest on long-term debt	6,501	2,786	-	-	6,501	2,786
Airport	-	-	674,064	644,768	674,064	644,768
Total expenses	<u>3,899,243</u>	<u>3,768,802</u>	<u>674,064</u>	<u>644,768</u>	<u>4,573,307</u>	<u>4,413,570</u>
Change in net position	265,597	247,890	(171,829)	(433,802)	93,768	(185,912)
Net position - beginning	<u>15,882,502</u>	<u>15,642,804</u>	<u>5,724,450</u>	<u>6,158,252</u>	<u>21,606,952</u>	<u>21,801,056</u>
Net position - ending	<u>\$ 16,148,099</u>	<u>15,882,502</u>	<u>5,552,621</u>	<u>5,724,450</u>	<u>21,700,720</u>	<u>21,615,144</u>

CITY OF KEMMERER  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2022

**Governmental activities** - Governmental activities increased the City's net position by \$265,597 compared to an increase in net position of \$247,890 in the prior year, a less than 7% change from the prior year.

**Business-type activities** - The business type activity is the Kemmerer Municipal Airport. These activities decreased net position by \$171,829 compared to a decrease in net position of \$433,802 in the prior year. The primary reason for this change is related to significant increases in capital grants and contributions in the current year of approximately \$129,000, as several large grant-funded projects were completed or nearly completed in 2022.

### **GENERAL FUND BUDGET HIGHLIGHTS**

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

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

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

### **LONG-TERM LIABILITIES**

At year-end, the City had \$1,546,762 in total long-term liabilities for governmental activities, of which \$114,000 is due within one year, and \$31,161 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.

This page intentionally left blank.

## BASIC FINANCIAL STATEMENTS

CITY OF KEMMERER  
STATEMENT OF NET POSITION  
June 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
Cash and investments	\$ 4,250,631	371,530	4,622,161
Due from other governments	278,773	-	278,773
Receivables, net	94,759	3,468	98,227
Inventories	16,066	-	16,066
Nondepreciable capital assets	3,252,538	322,870	3,575,408
Depreciable capital assets	23,990,626	13,084,641	37,075,267
Accumulated depreciation and amortization	<u>(13,116,864)</u>	<u>(8,163,271)</u>	<u>(21,280,135)</u>
Total assets	<u>18,766,529</u>	<u>5,619,238</u>	<u>24,385,767</u>
<u>Deferred Outflows of Resources</u>			
Pensions	<u>630,948</u>	<u>7,283</u>	<u>638,231</u>
Total deferred outflows of resources	<u>630,948</u>	<u>7,283</u>	<u>638,231</u>
<u>Liabilities</u>			
Payables and accrued expenses	294,542	15,371	309,913
Court bonds and other funds held	28,839	230	29,069
Unearned revenue	477,369	-	477,369
Long-term liabilities			
Due within one year	114,000	-	114,000
Due in more than one year	286,975	-	286,975
Net pension liability	<u>1,145,787</u>	<u>31,161</u>	<u>1,176,948</u>
Total liabilities	<u>2,347,512</u>	<u>46,762</u>	<u>2,394,274</u>
<u>Deferred Inflows of Resources</u>			
Property taxes	134,000	-	134,000
Pensions	<u>767,866</u>	<u>27,138</u>	<u>795,004</u>
Total deferred inflows of resources	<u>901,866</u>	<u>27,138</u>	<u>929,004</u>
<u>Net Position</u>			
Net investment in capital assets	13,849,070	5,244,240	19,093,310
Unrestricted	<u>2,299,029</u>	<u>308,381</u>	<u>2,607,410</u>
Total net position	<u>\$ 16,148,099</u>	<u>5,552,621</u>	<u>21,700,720</u>

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



CITY OF KEMMERER  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2022

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	\$ 573,942	-	276,196	1,500	(296,246)	-	(296,246)
Public safety	778,122	72,014	-	-	(706,108)	-	(706,108)
Streets and highways	978,431	58,164	-	-	(920,267)	-	(920,267)
Parks and recreation	992,879	226,917	251,250	-	(514,712)	-	(514,712)
Sanitation	360,605	525,745	-	-	165,140	-	165,140
Municipal court	30,293	17,340	-	-	(12,953)	-	(12,953)
Building inspection/zoning	6,528	-	-	-	(6,528)	-	(6,528)
South Lincoln Training and Event Center	171,942	39,418	-	-	(132,524)	-	(132,524)
Interest on long-term liabilities	6,501	-	-	-	(6,501)	-	(6,501)
Total governmental activities	3,899,243	939,598	527,446	1,500	(2,430,699)	-	(2,430,699)
Business-type activities:							
Airport	674,064	167,559	-	199,453	-	(307,052)	(307,052)
Total business-type activities	674,064	167,559	-	199,453	-	(307,052)	(307,052)
Total primary government	\$ 4,573,307	1,107,157	527,446	200,953	(2,430,699)	(307,052)	(2,737,751)
		General revenues:					
		Taxes:					
					\$ 2,136,151	-	2,136,151
					130,324	-	130,324
					79,657	-	79,657
					83,631	-	83,631
					2,429,763	-	2,429,763
					9,295	-	9,295
					178,654	-	178,654
					19,793	-	19,793
					189,196	4,818	194,014
					(130,405)	130,405	-
					2,696,296	135,223	2,831,519
					265,597	(171,829)	93,768
					15,882,502	5,724,450	21,606,952
					\$ 16,148,099	5,552,621	21,700,720

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

CITY OF KEMMERER  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2022

	General	Total Governmental Funds
<u>Assets</u>		
Cash and investments	\$ 4,250,631	4,250,631
Due from other governments	278,773	278,773
Receivables	94,759	94,759
Inventories	16,066	16,066
Total assets	4,640,229	4,640,229
<u>Liabilities</u>		
Payables and accrued expenses	294,542	294,542
Court bonds and other funds held	28,839	28,839
Unearned revenue	477,369	477,369
Total liabilities	800,750	800,750
<u>Deferred Inflows of Resources</u>		
Unavailable revenue - property taxes	134,000	134,000
Total deferred inflows of resources	134,000	134,000
<u>Fund Balances</u>		
Nonspendable: inventories	16,066	16,066
Assigned	922,529	922,529
Unassigned	2,766,884	2,766,884
Total fund balances	3,705,479	3,705,479
Total liabilities, deferred inflows of resources, and fund balances	\$ 4,640,229	4,640,229

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

CITY OF KEMMERER  
RECONCILIATION OF THE BALANCE SHEET  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
June 30, 2022

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

Total fund balances - governmental funds	\$	3,705,479
Deferred outflows of resources related to pensions are not reported in the funds.		630,948
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Land	\$ 3,169,956	
Construction in process	82,582	
Infrastructure	10,600,243	
Buildings and improvements	7,625,797	
Furniture and equipment	5,439,158	
Right-to-use equipment	325,428	
Accumulated depreciation and amortization	<u>(13,116,864)</u>	
		14,126,300
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	\$ (123,745)	
Lease liability	(277,230)	
Net pension liability	<u>(1,145,787)</u>	
		(1,546,762)
Deferred inflows of resources related to pensions are not reported in the funds.		<u>(767,866)</u>
Net position of governmental activities	\$	<u><u>16,148,099</u></u>

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

CITY OF KEMMERER  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES –  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2022

	General	Total Governmental Funds
Revenues:		
Taxes	\$ 2,429,763	2,429,763
Licenses and permits	72,015	72,015
Intergovernmental	727,393	727,393
Charges for services	850,243	850,243
Fines and forfeitures	17,340	17,340
Miscellaneous	78,568	78,568
Total revenues	4,175,322	4,175,322
Expenditures:		
Current:		
General government	963,087	963,087
Public safety	826,835	826,835
Streets and highways	671,741	671,741
Parks and recreation	976,571	976,571
Sanitation	336,129	336,129
Municipal court	30,293	30,293
Building inspection/zoning	6,528	6,528
South Lincoln Training and Event Center	69,433	69,433
Debt service	54,699	54,699
Total expenditures	3,935,316	3,935,316
Excess of revenues over expenditures	240,006	240,006
Other financing sources (uses):		
Proceeds from issuance of lease liability	119,923	119,923
Transfers to Airport Fund	(130,405)	(130,405)
Total other financing sources	(10,482)	(10,482)
Net change in fund balance	229,524	229,524
Fund balance - beginning	3,475,955	3,475,955
Fund balance - ending	\$ 3,705,479	3,705,479

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

CITY OF KEMMERER  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2022

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

Net change in fund balance - total governmental funds	\$	229,524
---	----	---------

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	\$	592,456	
Depreciation and amortization expense		<u>(571,897)</u>	20,559

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.	13,999
--	--------

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.	73,240
--	--------

The issuance of long-term liabilities (e.g. direct borrowings) provides current financial resources to governmental funds but results in an increase in long-term liabilities in the Statement of Net Position. Repayment of principal on long-term 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>(71,725)</u>
--	-----------------

Change in net position of governmental activities	\$	<u><u>265,597</u></u>
---	----	-----------------------

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

CITY OF KEMMERER  
STATEMENT OF NET POSITION –  
PROPRIETARY FUNDS  
June 30, 2022

	<u>Airport Fund</u>	<u>Total Proprietary Funds</u>
<u>Assets</u>		
Current assets:		
Cash and investments	\$ 371,530	371,530
Receivables, net	3,468	3,468
Total current assets	374,998	374,998
Non-current assets:		
Nondepreciable capital assets	322,870	322,870
Depreciable capital assets	13,084,641	13,084,641
Accumulated depreciation	(8,163,271)	(8,163,271)
Total non-current assets	5,244,240	5,244,240
Total assets	5,619,238	5,619,238
<u>Deferred Outflows of Resources</u>		
Pensions	7,283	7,283
Total deferred outflows of resources	7,283	7,283
<u>Liabilities</u>		
Current liabilities:		
Payables and accrued expenses	15,371	15,371
Customer deposits	230	230
Total current liabilities	15,601	15,601
Net pension liability	31,161	31,161
Total liabilities	46,762	46,762
<u>Deferred Inflows of Resources</u>		
Pensions	27,138	27,138
Total deferred inflows of resources	27,138	27,138
<u>Net Position</u>		
Net investment in capital assets	5,244,240	5,244,240
Unrestricted	308,381	308,381
Total net position	\$ 5,552,621	5,552,621

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

CITY OF KEMMERER  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION –  
PROPRIETARY FUNDS  
Year Ended June 30, 2022

	<u>Airport Fund</u>	<u>Total Proprietary Funds</u>
Operating revenues:		
Connection fees	\$ 85,872	85,872
Charges for services	81,687	81,687
Miscellaneous	4,818	4,818
	<u>172,377</u>	<u>172,377</u>
Total operating revenues		
Operating expenses:		
Personnel services	81,120	81,120
Aviation fuel purchases	83,328	83,328
Contractual services	11,985	11,985
Supplies	4,518	4,518
Utilities and telephone	20,921	20,921
Maintenance	22,277	22,277
Miscellaneous, administration	5,990	5,990
Depreciation	443,925	443,925
	<u>674,064</u>	<u>674,064</u>
Total operating expenses		
Operating loss	<u>(501,687)</u>	<u>(501,687)</u>
Non-operating revenues:		
Grant proceeds	199,453	199,453
	<u>199,453</u>	<u>199,453</u>
Total non-operating revenues		
Loss before transfers	(302,234)	(302,234)
Transfer from the General Fund	130,405	130,405
	<u>(171,829)</u>	<u>(171,829)</u>
Change in net position		
Net position - beginning	5,724,450	5,724,450
Net position - ending	<u>\$ 5,552,621</u>	<u>5,552,621</u>

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

CITY OF KEMMERER  
STATEMENT OF CASH FLOWS –  
PROPRIETARY FUNDS  
Year Ended June 30, 2022

	<u>Airport Fund</u>	<u>Total Proprietary Funds</u>
<u>Cash flows from operating activities:</u>		
Receipts from customers and users	\$ 172,377	172,377
Payments to suppliers	(147,338)	(147,338)
Payments to employees	(87,993)	(87,993)
	<u>(62,954)</u>	<u>(62,954)</u>
Net cash used in operating activities		
<u>Cash flows from non-capital financing activities:</u>		
Interfund transfers	<u>130,405</u>	<u>130,405</u>
Net cash provided by non-capital financing activities	<u>130,405</u>	<u>130,405</u>
<u>Cash flows from capital and related financing activities:</u>		
Capital grant proceeds	219,195	219,195
Acquisition and construction of capital assets	(292,925)	(292,925)
Net cash used in capital and related financing activities	<u>(73,730)</u>	<u>(73,730)</u>
<u>Cash flows from investing activities:</u>	<u>-</u>	<u>-</u>
Net decrease in cash	(6,279)	(6,279)
Cash - beginning	<u>377,809</u>	<u>377,809</u>
Cash - ending	<u>\$ 371,530</u>	<u>371,530</u>

(continued)

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



(continued)

CITY OF KEMMERER  
STATEMENT OF CASH FLOWS –  
PROPRIETARY FUNDS  
Year Ended June 30, 2022

	<u>Airport Fund</u>	<u>Total Proprietary Funds</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ <u>(501,687)</u>	<u>(501,687)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	443,925	443,925
Pension expense (benefit)	(6,873)	(6,873)
Net change in assets and liabilities:		
Increase in payables and accrued expenses	<u>1,681</u>	<u>1,681</u>
Total adjustments	<u>438,733</u>	<u>438,733</u>
Net cash used in operating activities	\$ <u><u>(62,954)</u></u>	<u><u>(62,954)</u></u>
Non-cash capital and related financing activities:		
Total acquisition and construction of capital assets	\$ <u>(292,925)</u>	<u>(292,925)</u>
Cash paid for acquisition and construction of capital assets	<u><u>(292,925)</u></u>	<u><u>(292,925)</u></u>
Total capital grant proceeds	\$ 199,453	199,453
Plus capital grant proceeds due from other governments in the prior year	<u>19,742</u>	<u>19,742</u>
Cash received from grant proceeds	\$ <u><u>219,195</u></u>	<u><u>219,195</u></u>

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

CITY OF KEMMERER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 1 – Summary of Significant Accounting Policies

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

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

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

**Financial Reporting Entity**

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

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

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

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

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

CITY OF KEMMERER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

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

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

**Basic Financial Statements**

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

*Government-Wide Financial Statements*

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

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

CITY OF KEMMERER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

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

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

*Fund Financial Statements*

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

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

The following fund types are used by the City:

*Governmental Funds*

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

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

CITY OF KEMMERER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

*Proprietary Funds*

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition, such as investment earnings, are reported as non-operating.

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

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

**Measurement Focus and Basis of Accounting**

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

*Economic Resources Measurement Focus and Accrual Basis of Accounting*

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

CITY OF KEMMERER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

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  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

**Financial Statement Amounts**

*Cash and Cash Equivalents*

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

*Pooled Cash and Cash Equivalents*

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

*Interfund Balances and Transactions*

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

*Receivables and Due from Other Governments*

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

CITY OF KEMMERER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

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  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

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  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

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. Compensated absences related to governmental activities are usually liquidated by the General Fund. In the government-wide financial statements, the liability for governmental activities compensated absences is included in current liabilities.

*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  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 1 – Summary of Significant Accounting Policies (continued)

*Equity Classifications*

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

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

*Fund Balance Classifications*

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

- *Nonspendable* – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has classified the inventories assets as nonspendable.
- *Restricted* – This classification includes amounts for which constraints have been placed on the use of resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

CITY OF KEMMERER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

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  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

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.

Note 2 – Change in Accounting Principle

On July 1, 2021, the City implemented GASB Statement No. 87, Leases, which establishes a single model for lease accounting and requires recognition of certain lease assets and liabilities. The adoption of this standard resulted in a \$8,192 change to beginning net position and no change in beginning fund balance.

CITY OF KEMMERER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 3 – Deposits and Investments

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

<u>Financial Statement Description</u>	<u>Deposits</u>	<u>Investments</u>	<u>Cash</u>	<u>Total</u>
Pooled cash and investments:				
Demand deposits	\$ 1,953,003	-	-	1,953,003
Total pooled cash and investments	<u>1,953,003</u>	<u>-</u>	<u>-</u>	<u>1,953,003</u>
Other cash and investments:				
Cash-on-hand	-	-	1,130	1,130
Demand deposits	389	-	-	389
Wyo-Star investment pool	-	1,303,770	-	1,303,770
Wyoming Government Investment Fund	-	236,965	-	236,965
Certificates of deposit	1,126,904	-	-	1,126,904
Total other cash and investments	<u>1,127,293</u>	<u>1,540,735</u>	<u>1,130</u>	<u>2,669,158</u>
Total cash and investments	<u>\$ 3,080,296</u>	<u>1,540,735</u>	<u>1,130</u>	<u>4,622,161</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, 2022, all deposits of the City were fully collateralized or insured.

CITY OF KEMMERER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 3 – Deposits and Investments (continued)

*Investment Pools*

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

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

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

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

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

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

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

CITY OF KEMMERER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 3 – Deposits and Investments (continued)

*Investments*

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

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

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



CITY OF KEMMERER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 3 – Deposits and Investments (continued)

*Custodial Credit Risk*

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City requires that all deposits (time or regular) that exceed the FDIC threshold be collateralized at 110% of the fair market value of the deposit. The City also requires that all securities are to be held in the name of the City and all securities that are held as collateral are held by an independent third party.

*Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investment policy limits the City's investment portfolio to maturities of less than five years and a weighted average maturity of three years.

*Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City's policy for reducing exposure to credit risk is to comply with State law.

*Concentration of Credit Risk*

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

CITY OF KEMMERER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 4 – Receivables and Due from Other Governments

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

Governmental activities:

Due from other governments:

Property tax	\$ 134,000
Sales tax	116,021
Other	<u>28,752</u>

Total due from other governments 278,773

Receivables 94,759

Total governmental activities \$ 373,532

Business-type activities:

Receivables:

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

Total receivables 3,468

Total business-type activities \$ 3,468

CITY OF KEMMERER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 5 – Payables and Accrued Expenses

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

Governmental activities:

Payables and accrued expenses:

Payables to vendors	\$ 230,953
Payroll and benefits	61,692
Other	<u>1,897</u>

Total governmental activities \$ 294,542

Business-type activities:

Payables and accrued expenses:

Payables to vendors	\$ 14,331
Payroll and benefits	<u>1,040</u>

Total business-type activities \$ 15,371

CITY OF KEMMERER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 6 – Capital Assets

Capital assets activity is as follows:

	July 1, 2021	Additions	Deletions	June 30, 2022
<u>Governmental activities</u>				
Capital assets not being depreciated or amortized:				
Land	\$ 3,169,956	-	-	3,169,956
Construction in process	-	82,582	-	82,582
Total capital assets not being depreciated or amortized	3,169,956	82,582	-	3,252,538
Capital assets being depreciated or amortized:				
Infrastructure	10,600,243	-	-	10,600,243
Buildings and improvements	7,348,897	276,900	-	7,625,797
Furniture and equipment	5,326,107	113,051	-	5,439,158
Right-to-use equipment	205,505	119,923	-	325,428
Total capital assets being depreciated or amortized	23,480,752	509,874	-	23,990,626
Accumulated depreciation and amortization for:				
Infrastructure	(6,093,702)	(224,294)	-	(6,317,996)
Buildings and improvements	(2,194,590)	(165,395)	-	(2,359,985)
Furniture and equipment	(4,256,675)	(133,179)	-	(4,389,854)
Right-to-use equipment	-	(49,029)	-	(49,029)
Total accumulated depreciation and amortization	(12,544,967)	(571,897)	-	(13,116,864)
Total governmental activities capital assets, net	\$ 14,105,741	20,559	-	14,126,300

CITY OF KEMMERER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 6 – Capital Assets (continued)

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

General government	\$ 57,576
Public safety	30,393
Streets and highways	306,690
Parks and recreation	50,253
Sanitation	24,476
Events center	<u>102,509</u>
	<u>\$ 571,897</u>

CITY OF KEMMERER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 6 – Capital Assets (continued)

	July 1, 2021	Additions	Deletions	June 30, 2022
<u>Business-type activities</u>				
Capital assets not being depreciated:				
Land	\$ 199,947	-	-	199,947
Construction in process	-	122,923	-	122,923
Total capital assets not being depreciated	199,947	122,923	-	322,870
Capital assets being depreciated:				
Buildings, runway, and improvements	11,701,946	170,002	-	11,871,948
Machinery and equipment	1,173,915	-	-	1,173,915
Vehicles	38,778	-	-	38,778
Total capital assets being depreciated	\$ 12,914,639	170,002	-	13,084,641
Accumulated depreciation for:				
Buildings, runway, and improvements	\$ (7,351,560)	(399,106)	-	(7,750,666)
Machinery and equipment	(312,858)	(44,819)	-	(357,677)
Vehicles	(54,928)	-	-	(54,928)
Total accumulated depreciation	(7,719,346)	(443,925)	-	(8,163,271)
Total capital assets being depreciated, net	5,195,293	(273,923)	-	4,921,370
Total business-type activities capital assets, net	\$ 5,395,240	(151,000)	-	5,244,240

CITY OF KEMMERER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 7 – 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	\$ 205,505	119,923	(48,198)	277,230	58,000
Compensated absences	196,985	55,674	(128,914)	123,745	56,000
Total governmental long-term liabilities	<u>\$ 402,490</u>	<u>175,597</u>	<u>(177,112)</u>	<u>400,975</u>	<u>114,000</u>

*Governmental Activities*

During the current fiscal year, the City entered into a 60-month lease agreement, as lessee for the acquisition and use of street equipment. An initial lease liability was recorded in the amount of \$300,652 during the current fiscal year. As of June 30, 2022, the value of the lease liability was \$277,230. 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 \$49,029.

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>
2023	\$ 58,000	6,301	64,301
2024	59,198	5,103	64,301
2025	60,786	3,515	64,301
2026	62,416	1,885	64,301
2027	36,830	329	37,159
Totals	<u>\$ 277,230</u>	<u>17,133</u>	<u>294,363</u>

CITY OF KEMMERER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 8 – Net Position and Fund Equities

Restricted net position represents monies required to be maintained to satisfy third party agreements or legal requirements. At June 30, 2022, none of the City’s net position is considered restricted.

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

Governmental Activities:

Nonspendable	
Inventory	\$ <u>16,066</u>
Assigned	
Council, funds from private donor	307,905
Street maintenance	273,613
Equipment replacement	181,357
Building maintenance	100,000
Kitchen fee escrow	10,945
Youth program	11,926
Reserve for golf carts	13,322
Reserve for fall festival	1,431
Reserved for lodging taxes	16,575
Reserve for club house	4,044
Flex spending program	814
Scholarships	<u>134</u>
	<u>922,529</u>
Unassigned	<u>2,766,884</u>
Total fund balances	\$ <u><u>3,705,479</u></u>



CITY OF KEMMERER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 9 – 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.state.wy.us/](http://retirement.state.wy.us/)).

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

*Public Employees Pension Plan*

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

PEPP statutorily required 18.62% of the participant's salary to be contributed to PEPP, consisting 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. Early retirement is allowed provided the employee has completed four years of service and attained age 50 or 25 years of service but will result in a reduction of benefits based on the length of time remaining to age 60.

CITY OF KEMMERER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 9 – Retirement Plans (continued)

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

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

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

Contributions to PEPP for the year ended June 30, 2022 were \$142,651.

*Law Enforcement Pension Plan*

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

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

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

Contributions to LEPP for the year ended June 30, 2022 were \$60,867.

CITY OF KEMMERER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 9 – Retirement Plans (continued)

*Wyoming Deferred Compensation Plan*

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

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

Contributions to WDCP for the year ended June 30, 2022 were \$19,225.

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

At June 30, 2022, the City reported an entity-wide net pension liability of \$1,176,948, of which \$1,145,787 is related to governmental activities and \$31,161 is related to the City’s airport proprietary fund.

	Measured at:		December 31,	
	December 31, 2021		2020	
Net	Pension	Proportionate	Proportionate	Change
Pension Liability	Liability	Share	Share	
PEPP	\$ 623,222	0.040875%	0.046275%	-0.005401%
LEPP	553,726	0.194605%	0.188557%	0.006048%
Total net pension liability	<u>\$ 1,176,948</u>			

CITY OF KEMMERER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 9 – Retirement Plans (continued)

The net pension liability was measured at December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021 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 2021.

For the year ended June 30, 2022, the City recognized entity-wide actuarial pension expense of approximately \$126,000. At June 30, 2022, the City reported entity-wide deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 43,355	2,698
Net difference between projected and actual earnings on pension plan investments	-	597,192
Changes in assumptions	474,424	68,622
Changes in proportion	13,948	126,492
Contributions subsequent to the measurement date	<u>106,504</u>	<u>-</u>
	<u>\$ 638,231</u>	<u>795,004</u>

Deferred outflows of resources related to pensions resulting from City contributions of \$106,504 made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Net Deferred (Inflows) Outflows of Resources</u>
2023	\$ (40,301)
2024	(132,456)
2025	(10,199)
2026	<u>(80,321)</u>
	<u>\$ (263,277)</u>

CITY OF KEMMERER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 9 – Retirement Plans (continued)

*Actuarial Assumptions*

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

	<u>PEPP</u>	<u>LEPP</u>
Projected salary increases, includes inflation	2.50% to 6.50%	4.75% to 8.75%
Assumed inflation rate	2.25%	2.25%
Investment rate of return	6.80%	6.80%

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

*Discount Rate*

The discount rate for PEPP was 6.80%. The discount rate for LEPP was 5.17%. 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 Board’s funding policy, which establishes the contractually required rates under Wyoming State Statutes. Based on those assumptions, the Systems’ fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability. The assumed asset allocation of the plans’ portfolios, 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.

CITY OF KEMMERER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 9 – Retirement Plans (continued)

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 the pension plans target asset allocation as of January 1, 2021, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Arithmetic Real Return</u>	<u>Arithmetic Nominal Return</u>	<u>Geometric Real Return</u>	<u>Geometric Nominal Return</u>
Tactical Cash	2.0%	-0.5%	1.7%	-0.5%	1.7%
Fixed Income	21.0%	1.6%	3.8%	1.3%	3.5%
Equity	48.5%	7.5%	9.7%	5.6%	7.8%
Marketable Alternatives	19.0%	4.6%	6.8%	3.7%	5.9%
Private Markets	9.5%	6.0%	8.2%	4.8%	7.0%
Total	100%	5.44%	7.64%	4.17%	6.37%

CITY OF KEMMERER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 9 – 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 PEPP and 5.17% for LEPP, 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% and 4.17%, respectively) or 1-percentage-point higher (7.80% and 6.17%, respectively) 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	\$ 1,149,837	623,222	186,688

	1% Decrease 4.17%	Discount Rate 5.17%	1% Increase 6.17%
<i>LEPP</i>			
Proportionate share of net pension liability (asset)	\$ 908,503	553,726	269,502

*Pension plan fiduciary net position*

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

CITY OF KEMMERER  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022

Note 10 – Risk Management

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



## REQUIRED SUPPLEMENTARY INFORMATION

CITY OF KEMMERER  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>				
Taxes	\$ 1,845,630	1,845,630	2,429,763	584,133
Licenses and permits	28,550	28,550	72,015	43,465
Intergovernmental	761,253	819,704	727,393	(92,311)
Charges for services	784,146	784,146	850,243	66,097
Fines and forfeitures	16,000	16,000	17,340	1,340
Miscellaneous revenues	31,778	468,244	78,568	(389,676)
<b>Total revenues</b>	<u>3,467,357</u>	<u>3,962,274</u>	<u>4,175,322</u>	<u>213,048</u>
<b>Expenditures:</b>				
General government	947,898	1,032,991	963,087	69,904
Public safety	751,058	808,468	826,835	(18,367)
Streets and highways	652,787	652,787	671,741	(18,954)
Parks and recreation	942,117	1,281,854	976,571	305,283
Sanitation	343,163	343,163	336,129	7,034
Municipal court	29,252	29,252	30,293	(1,041)
Building inspection/zoning	11,701	11,701	6,528	5,173
South Lincoln Training and Event Center	78,014	81,691	69,433	12,258
Debt service - principal and interest	-	-	54,699	(54,699)
<b>Total expenditures</b>	<u>3,755,990</u>	<u>4,241,907</u>	<u>3,935,316</u>	<u>306,591</u>
Excess (deficiency) of revenues over expenditures	<u>(288,633)</u>	<u>(279,633)</u>	<u>240,006</u>	<u>519,639</u>
<b>Other financing sources (uses):</b>				
Lease proceeds	-	-	119,923	119,923
Transfers to the Airport Fund	(88,062)	(97,062)	(130,405)	(33,343)
<b>Total other financing sources (uses)</b>	<u>(88,062)</u>	<u>(97,062)</u>	<u>(10,482)</u>	<u>86,580</u>
Net change in fund balance	<u>\$ (376,695)</u>	<u>(376,695)</u>	229,524	<u>606,219</u>
Fund balance - beginning			<u>3,475,955</u>	
Fund balance - ending			<u>\$ 3,705,479</u>	

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

	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
<b><u>Public Employee Pension Plan</u></b>								
Proportion of the net pension liability	0.040875%	0.046275%	0.048340%	0.046594%	0.047669%	0.048238%	0.047631%	0.046813%
Proportionate share of the net pension liability	\$ 623,222	1,005,722	1,135,961	1,418,911	1,086,546	1,166,156	1,109,485	766,342
Covered employee payroll	\$ 743,886	823,911	840,257	811,360	846,787	860,040	848,358	852,514
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	83.78%	122.07%	135.19%	174.88%	128.31%	135.59%	130.78%	89.89%
Plan fiduciary net position as a percentage of the total pension liability	86.03%	79.24%	76.83%	69.17%	76.35%	73.42%	73.40%	79.08%
<b><u>Law Enforcement Pension Plan</u></b>								
Proportion of the net pension liability	0.194605%	0.188557%	0.193451%	0.183811%	0.200809%	0.231497%	0.225678%	0.218642%
Proportionate share of the net pension liability	\$ 553,726	128,449	166,752	444,956	172,785	174,762	169,529	72,174
Covered employee payroll	\$ 323,300	303,085	301,496	279,207	308,336	358,309	354,744	297,972
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	171.27%	42.38%	55.31%	159.36%	56.04%	48.77%	47.79%	24.22%
Plan fiduciary net position as a percentage of the total pension liability	75.62%	91.82%	89.05%	71.22%	87.99%	88.11%	87.49%	94.76%

CITY OF KEMMERER  
SCHEDULE OF CONTRIBUTIONS

	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	Year Ended June 30, 2015
<b><u>Public Employee Pension Plan</u></b>								
Contractually required contribution	\$ 142,651	144,576	150,811	141,865	129,644	149,038	143,170	166,231
Contributions in relation to the contractually required contribution	<u>142,651</u>	<u>144,576</u>	<u>150,811</u>	<u>141,865</u>	<u>129,644</u>	<u>149,038</u>	<u>143,170</u>	<u>166,231</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered employee payroll	\$ 766,117	797,881	855,908	832,541	780,048	896,739	861,432	1,047,454
Contributions as a percentage of covered employee payroll	18.62%	18.12%	17.62%	17.04%	16.62%	16.62%	16.62%	15.87%
<b><u>Law Enforcement Pension Plan</u></b>								
Contractually required contribution	\$ 60,867	55,089	53,619	53,459	47,314	60,865	63,781	76,061
Contributions in relation to the contractually required contribution	<u>60,867</u>	<u>55,089</u>	<u>53,619</u>	<u>53,459</u>	<u>47,314</u>	<u>60,865</u>	<u>63,781</u>	<u>76,061</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered employee payroll	\$ 353,878	320,285	311,738	310,808	275,081	353,866	370,820	442,215
Contributions as a percentage of covered employee payroll	17.20%	17.20%	17.20%	17.20%	17.20%	17.20%	17.20%	17.20%

CITY OF KEMMERER  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2022

Note 1 – Budget Presentation

A Budgetary Comparison Schedule is presented for the General Fund as required by generally accepted accounting principles (GAAP). Budgets for governmental funds are adopted on a GAAP basis. Annual appropriated budgets are adopted for all governmental and business-type funds. All annual appropriations lapse at fiscal year end. Each fund adopts a “balanced budget” in accordance with State law. As allowed by State law, the City Council may authorize increases to or uses of unreserved fund balances. In the budget presentations, authorized increases to fund balance are shown as positive changes in fund balance and authorized decreases are shown as negative changes in fund balance.

Note 2 – Budget Adoption and Monitoring

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

The proposed budget is presented to the City Council for review. The City Council holds public hearings and may add to, subtract from, or change appropriations. The City must adopt the budget during the last quarter of the fiscal year. State statute requires that City officers shall not incur expenditures or encumbrances in excess of total appropriations of the City’s general fund budget as adopted or subsequently amended.

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

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

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

Note 4 – Changes in Actuarial Assumptions and Methods

The assumptions used in the actuarial valuation used to calculate the net pension liability reflect an update to the mortality tables, adjustments to the demographic and salary scale, as well as a lower long-term investment return.

This page intentionally left blank.

## SUPPLEMENTARY INFORMATION

CITY OF KEMMERER  
SCHEDULE OF REVENUES – GENERAL FUND  
Year Ended June 30, 2022

Taxes:	
Sales and use taxes	\$ 1,852,805
General property taxes	130,324
Lodging taxes	88,178
Severance taxes	86,931
Gas taxes	95,465
Franchise taxes	79,657
Motor vehicle taxes	83,631
Cigarette taxes	<u>12,772</u>
Total taxes	<u>2,429,763</u>
Licenses and permits:	
Building permits	49,827
Occupational licenses	12,710
Liquor licenses	9,000
Animal and other licenses	<u>478</u>
Total licenses and permits	<u>72,015</u>
Intergovernmental:	
Grants and local contributions	66,594
Distribution of state surplus	276,196
Frontier Area Park and Recreation District	176,799
Mineral royalties	178,654
State of Wyoming - Highway Maintenance	-
Lottery revenues	19,793
Lincoln County Recreation Commission	<u>9,357</u>
Total intergovernmental	<u>727,393</u>
Charges for services:	
Sanitation fees, late charges	525,745
Golf course fees	169,381
South Lincoln Training and Event Center	39,418
Other fees	58,164
Recreation fees	51,217
Old City Hall rental	<u>6,318</u>
Total charges for services	<u>850,243</u>
Fines and forfeitures	<u>17,340</u>
Miscellaneous revenues:	
Interest and investment earnings	9,295
Local contributions and grants	42,074
Various other, fees	21,586
Reimbursements	5,153
Rents	<u>460</u>
Total miscellaneous revenues	<u>78,568</u>
Total revenues	<u>\$ 4,175,322</u>



CITY OF KEMMERER  
SCHEDULE OF DEPARTMENTAL EXPENDITURES  
GENERAL FUND  
Year Ended June 30, 2022

	Personnel Services	Supporting Services	Capital Outlay	Total
General government				
Legislative	\$ 8,801	\$ 15,113	\$ -	\$ 23,914
Economic development	-	162,347	-	162,347
City administration	372,224	128,131	-	500,355
Legal services	-	19,265	-	19,265
City hall	124,762	49,862	82,582	257,206
Total general government	<u>505,787</u>	<u>374,718</u>	<u>82,582</u>	<u>963,087</u>
Public safety				
Police administration	631,255	113,621	79,106	823,982
Animal control	-	2,853	-	2,853
Total public safety	<u>631,255</u>	<u>116,474</u>	<u>79,106</u>	<u>826,835</u>
Streets and highways				
Administration	-	80,455	-	80,455
Street maintenance	237,662	353,624	-	591,286
Total streets and highways	<u>237,662</u>	<u>434,079</u>	<u>-</u>	<u>671,741</u>
Parks and recreation				
Administration	62,889	6,778	-	69,667
Leisure programs	6,617	23,410	-	30,027
Park maintenance	100,650	67,861	-	168,511
Recreational facility	73,565	90,500	276,900	440,965
Old City Hall	-	19,127	-	19,127
Golf course, ball field	91,310	123,019	33,945	248,274
Total parks and recreation	<u>335,031</u>	<u>330,695</u>	<u>310,845</u>	<u>976,571</u>
Sanitation				
Operations	169,006	167,123	-	336,129
Municipal court				
Administration	15,502	14,791	-	30,293
Building inspection/zoning	-	6,528	-	6,528
South Lincoln Training and Event Center				
Operations	192	69,241	-	69,433
Debt service (lease payments)	-	54,699	-	54,699
Total expenditures	<u>\$ 1,894,435</u>	<u>\$ 1,568,348</u>	<u>\$ 472,533</u>	<u>\$ 3,935,316</u>

This page intentionally left blank.

## GOVERNMENTAL AUDIT REPORTS



Certified Public Accountants

www.jones-simkins.com

*Logan Office:*

1011 West 400 North, Suite 100  
Logan, UT 84323-0747  
Phone: (435) 752-1510 • (877) 752-1510

*Salt Lake City Office:*

41 North Rio Grande; Suite 101  
Salt Lake City, UT 84101  
Phone: (801) 561-6026

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

To the Mayor and City Council  
City of Kemmerer, Wyoming

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Kemmerer, Wyoming (the City) as of and for the year ended June 30, 2022, 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 28, 2022.

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

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

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

### ***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*.

### **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 28, 2022