

CITY OF DOUGLAS
FINANCIAL STATEMENTS
JUNE 30, 2019

SKOGEN,
COMETTO *Associates* PC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council
Douglas, Wyoming

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Douglas, Wyoming, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Douglas, Wyoming, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 - 17 and 61 and the schedules of proportionate share of net pension liability and defined benefit pension contributions pages 62 and 63 and notes to required supplementary information on page 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Auditors' Privity Notification

The accompanying basic financial statements, supplemental information, and our independent auditors' reports are for the purpose of meeting local and state requirements and for the use of those entities and the management and City Council and should not be used or relied upon by any other party for any purpose. Additional users of these financial statements, supplemental information, and independent auditors' reports are hereby advised that the liability of Skogen, Cometto & Associates, P.C. to third party users who use or rely on this information may be limited pursuant to 1995 Wyoming Session Laws, Chapter 155 creating Wyoming Statute §33-3-201.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Douglas, Wyoming's basic financial statements. The combining and individual nonmajor fund financial statements, and other supplemental information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2020 on our consideration of the City of Douglas, Wyoming's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Douglas, Wyoming's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Skogen, Cometto & Associates, P.C.

Casper, Wyoming
February 10, 2020

City of Douglas, Wyoming
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019
Unaudited

As management of the City of Douglas (City), we present to readers of the City's basic financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the City's financial statements, notes to the financial statements and various supplementary information.

FINANCIAL HIGHLIGHTS

Government-Wide:

The restricted and unrestricted assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$113,876,966 (net position). Of this amount, \$57,284,313 may be used to meet the government's ongoing General Fund, and other non-major governmental funds and business-type activity obligations to citizens and creditors. Specific expenditure restrictions are \$168,418 for the Perpetual Care Fund and \$26,029 for special police projects. The City also has \$56,398,206 invested in capital assets, net of debt obligations. The City's total net position, including all funds, increased by \$16,895,456.

The City's total net long-term liabilities increased by \$2,335,908 during the current fiscal year. Increases were due to a combination of factors including a increase in accrued compensated absences (\$33,366), a increase from recognition of landfill closure and post closure costs (\$11,989), a decrease from a change in post-employment benefits (\$39,052), decreases due to payments on notes payable and capital leases (\$57,905), and increase in net pension liability (\$2,360,781).

Fund Basis:

As of June 30, 2019, unreserved fund balance for the General Fund was \$32,423,888.

As of June 30, 2019, the City's other governmental funds reported combined ending fund balances of \$11,666,231 of which all is assigned for equipment replacement or capital projects except for \$194,447 which is restricted for police grants and cemetery perpetual care.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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 a private-sector business.

The statement of financial position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net

City of Douglas, Wyoming
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019
Unaudited

position may serve as a useful indicator of whether the net position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods such as revenues pertaining to uncollected taxes or expenses pertaining to earned but unused vacation and sick leave.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues, such as grant revenue (governmental activities), and from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

Governmental activities of the City include those related to legislative and legal, general government, public safety, public health, community and cultural, public works and direct assistance to other entities.

Business-type activities of the City include those related to water, sewer, sanitation and solid waste (landfill) utility services.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. 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 of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

City of Douglas, Wyoming
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019
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The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund.

Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements, located in the other supplementary information section of this report.

The City adopts an annual appropriated budget for its funds. A budgetary comparison is provided for each of the City's major governmental funds to demonstrate compliance with this budget. The budgetary comparison statements for the major governmental funds are located in the required supplementary information section of this report.

Proprietary funds are generally used to account for operations that provide services to the general public on a continuing basis or to internal City departments. Proprietary funds provide the same type of information contained in the business-type activities portion of the government-wide financial statements, only in more detail. The City maintains two different types of proprietary funds, enterprise and internal service.

Enterprise funds are used to report the same functions presented as business type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, sanitation, and solid waste management (landfill) utility operations. The City reports enterprise operations for the water, sewer, sanitation and solid waste management (landfill) utility operations. The water, sewer, and landfill funds are considered major funds.

Internal Service funds are accounting mechanisms used to accumulate and allocate costs among the City's various functions. The City uses an internal service fund to account for the operation of the City's Employee Health Insurance function. Because these services predominantly benefit governmental rather than business-type functions, they are incorporated into governmental activities in the government-wide financial statements. The internal service fund is presented in the proprietary fund financial statements

Fiduciary funds are used to account for resources held for the benefit of parties outside the government and consist of Perpetual Care, Deferred Compensation, Visible Memorials, Utility Deposits, and Historic Preservation. Fiduciary funds are not reflected in the accompanying government-wide financial statements because the resources of those funds are not available to support the City's programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The fiduciary fund financial statements can be found in the basic financial statements section of this report.

City of Douglas, Wyoming
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019
Unaudited

NOTES TO THE BASIC FINANCIAL STATEMENTS

The Notes to the Basic Financial Statements provide additional information and narrative disclosures that are essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budgetary compliance of the General Fund. The combining statements referred to earlier in connection with governmental funds and fiduciary funds are presented immediately following the required supplementary information.

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City of Douglas, Wyoming
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2019
 Unaudited

Net Position
 June 30 2019

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Current and other assets	\$ 46,528,175	\$ 20,373,672	\$ 66,901,847
Capital assets	29,250,486	27,639,205	56,889,691
Total assets	<u>75,778,661</u>	<u>48,012,877</u>	<u>123,791,538</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows relating to pensions	1,437,377	344,762	1,782,139
Total deferred outflows of resources	<u>1,437,377</u>	<u>344,762</u>	<u>1,782,139</u>
LIABILITIES			
Current liabilities	1,501,455	1,735,592	3,237,047
Long-term liabilities	6,276,307	1,729,336	8,005,643
Total liabilities	<u>7,777,762</u>	<u>3,464,928</u>	<u>11,242,690</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows relating to property taxes	454,022	-	454,022
Total deferred inflows of resources	<u>454,022</u>	<u>-</u>	<u>454,022</u>
NET POSITION			
Invested in capital assets, net of related debt	29,250,486	27,147,720	56,398,206
Restricted	194,447	-	194,447
Unrestricted	39,539,322	17,744,991	57,284,313
Total net position	<u>\$ 68,984,255</u>	<u>\$ 44,892,711</u>	<u>\$ 113,876,966</u>

City of Douglas, Wyoming
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2019
 Unaudited

Net Position
 June 30 2018

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Current and other assets	\$ 35,434,629	\$ 18,316,971	\$ 53,751,600
Capital assets	26,787,244	24,627,505	51,414,749
Total assets	<u>62,221,873</u>	<u>42,944,476</u>	<u>105,166,349</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows relating to pensions	468,444	97,468	565,912
Total deferred outflows of resources	<u>468,444</u>	<u>97,468</u>	<u>565,912</u>
LIABILITIES			
Current liabilities	1,975,652	534,205	2,509,857
Long-term liabilities	4,398,671	1,226,332	5,625,003
Total liabilities	<u>6,374,323</u>	<u>1,760,537</u>	<u>8,134,860</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows relating to pensions	37781	25734	63,515
relating to property taxes	435,239	-	435,239
Total deferred inflows of resources	<u>473,020</u>	<u>25,734</u>	<u>498,754</u>
NET POSITION			
Invested in capital assets, net of related debt	26,787,244	24,174,942	50,962,186
Restricted	181,952	-	181,952
Unrestricted	28,873,778	17,080,731	45,954,509
Total net position	<u>\$ 55,842,974</u>	<u>\$ 41,255,673</u>	<u>\$ 97,098,647</u>

City of Douglas, Wyoming
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019
Unaudited

OVERVIEW OF FINANCIAL POSITION

As noted earlier, financial position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$113,876,966 at the close of the most recent fiscal year.

A large portion of the City's financial position (49%) reflects its net investment of \$56,398,206 in capital assets (for example, land, buildings, infrastructure, vehicles and equipment), net of related debt used to acquire those assets and that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's financial position, \$194,447, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted financial position in all City funds of \$57,284,313 may be used to meet the government's ongoing obligations to citizens and creditors. Specific expenditure designations apply to the special revenue funds and to much of the capital project funds.

At June 30, 2019, the City is able to report positive balances in all three categories of financial position, for the government as a whole and business-type activities.

The City's net position increased \$16,895,456 during the current fiscal year. This increase is due to the change in net position of the Governmental Activities of \$13,141,281 and an increase in net position of Business –Type activities of \$3,754,175.

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City of Douglas, Wyoming
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2019
 Unaudited

Changes in Net Assets
For the year ended June 30, 2019

	Governmental Activities	Business-type Activities	Totals
Revenues			
Charges for services	\$ 843,247	\$ 5,828,917	\$ 6,672,164
Operating grants and contributions	403,057	-	403,057
Capital grants and contributions	47,222	2,174,848	2,222,070
Taxes			
Property	663,271	-	663,271
Sales	17,525,522	-	17,525,522
Other	1,242,139	-	1,242,139
Unrestricted interest earnings	583,096	244,126	827,222
Other	161,718	-	161,718
Total revenues	21,469,272	8,247,891	29,717,163
Expenses			
General government	2,502,173	-	2,502,173
Public safety	2,277,409	-	2,277,409
Highways and public works	723,724	-	723,724
Culture and recreation	1,353,064	-	1,353,064
Cemetery	253,920	-	253,920
Community service	1,217,701	-	1,217,701
Water	-	1,692,677	1,692,677
Sewer	-	1,224,640	1,224,640
Sanitation	-	447,785	447,785
Landfill	-	1,128,614	1,128,614
Total expenses	8,327,991	4,493,716	12,821,707
Change in net assets	13,141,281	3,754,175	16,895,456
Net assets - July 1	55,842,974	41,255,673	97,098,647
Prior Period Adjustment	-	(117,137)	(117,137)
Net assets - July 1, as restated	55,842,974	41,138,536	96,981,510
Net assets - June 30	\$ 68,984,255	\$ 44,892,711	\$ 113,876,966

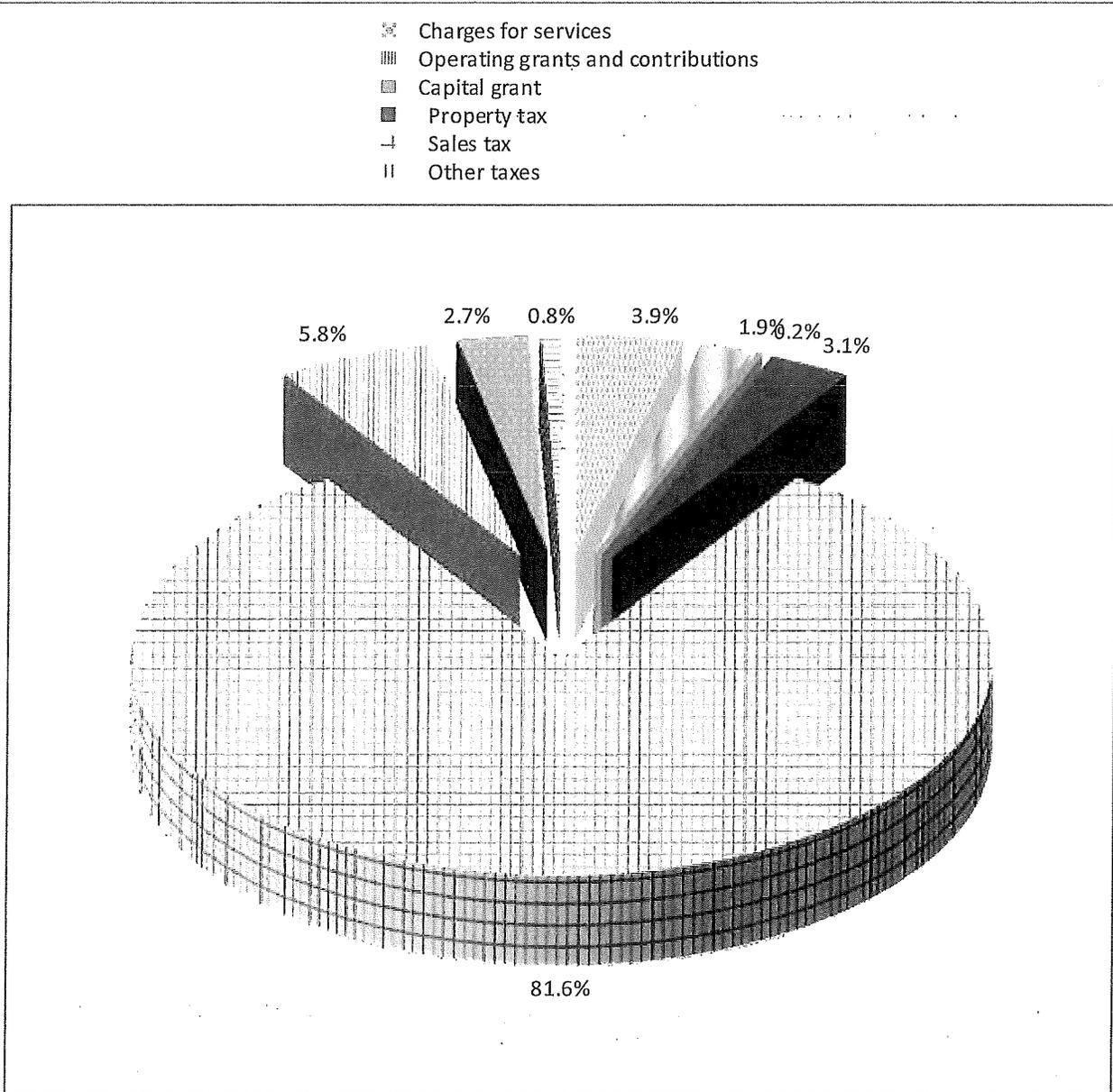
City of Douglas, Wyoming
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Changes in Net Assets
For the year ended June 30, 2018

	Governmental Activities	Business-type Activities	Totals
Revenues			
Charges for services	\$ 772,980	\$ 5,460,724	\$ 6,233,704
Operating grants and contributions	365,582	-	365,582
Capital grants and contributions	365,153	743,253	1,108,406
Taxes			
Property	654,581	-	654,581
Sales	11,601,764	-	11,601,764
Other	1,191,416	-	1,191,416
Unrestricted interest earnings	216,263	109,214	325,477
Other	188,741	-	188,741
Total revenues	<u>15,356,480</u>	<u>6,313,191</u>	<u>21,669,671</u>
Expenses			
General government	3,201,205	-	3,201,205
Public safety	2,137,528	-	2,137,528
Highways and public works	2,173,550	-	2,173,550
Culture and recreation	762,331	-	762,331
Cemetery	213,531	-	213,531
Community service	719,318	-	719,318
Water	-	1,544,026	1,544,026
Sewer	-	1,119,512	1,119,512
Sanitation	-	389,849	389,849
Landfill	-	1,600,864	1,600,864
Total expenses	<u>9,207,463</u>	<u>4,654,251</u>	<u>13,861,714</u>
Change in net assets	6,149,017	1,658,940	7,807,957
Net assets - July 1	49,291,483	39,596,733	88,888,216
Prior Period Adjustment	402,474	-	402,474
	<u>49,693,957</u>	<u>39,596,733</u>	<u>89,290,690</u>
Net assets - June 30	<u>\$ 55,842,974</u>	<u>\$ 41,255,673</u>	<u>\$ 97,098,647</u>

City of Douglas, Wyoming
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Revenues by Source – Governmental Activities

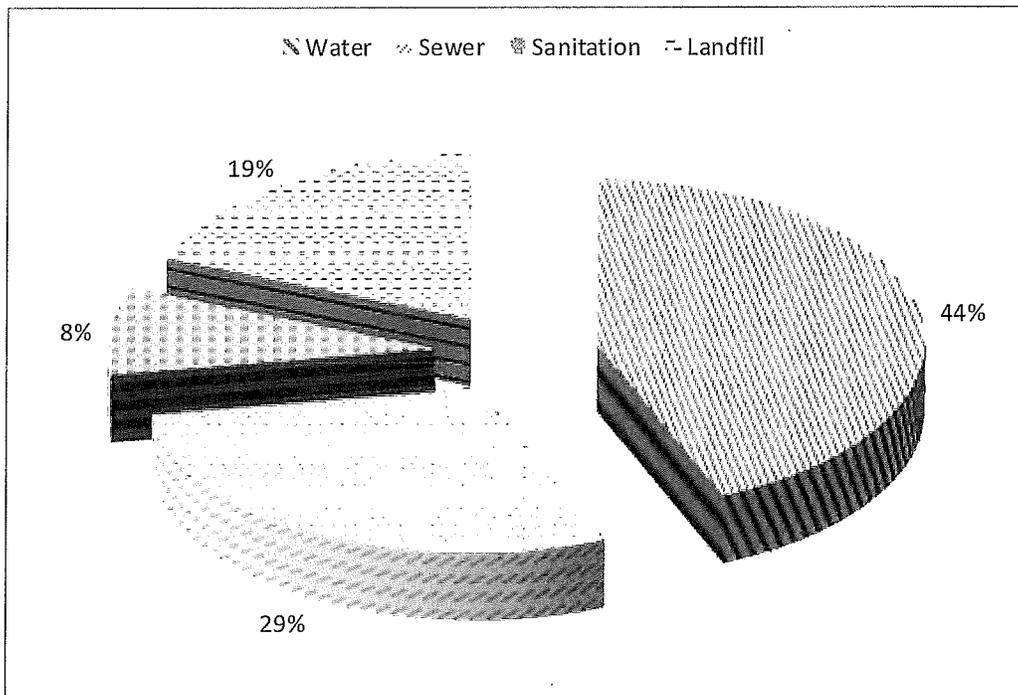


Mineral taxes, sales taxes, property taxes, franchise fees and other taxes are general revenues used to support overall government functions; therefore, these are not shown as program revenues. Governmental activities increased the City's net assets by \$6,149,018. Key factors of this change in governmental activities is the sales tax revenue increase of \$5,710,831 due to the continued strong economy from the energy related activities.

City of Douglas, Wyoming
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019
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BUSINESS-TYPE ACTIVITIES

The City's business-type activities consisting of the water, sewer, sanitation and landfill funds are mainly funded by fees for services. Business-type activities increased the City's overall financial position by \$3,754,1750 for the fiscal year mainly due to a continued strong economy due to the energy related activities.



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City of Douglas, Wyoming
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019
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Governmental funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resource available for spending at the end of the fiscal year.

At June 30, 2019, the City's governmental funds reported a combined ending fund balance of \$44,090,119, an increase of \$11,313,200. The increase is primarily due to increased revenues from sales tax collections.

The General Fund is the City's main operating funds. At June 30, 2019, unreserved fund balance of the General Fund was \$32,423,888, an increase of \$10,285,887 in comparison with the prior year. The increase in fund balance was mainly due to higher sales tax collections.

The fund balances of the capital projects funds represent assigned funds to be used for payment of current in-process and future capital projects.

Enterprise Funds

Enterprise Fund unrestricted financial position at June 30, 2019 amounted to \$17,744,991. The total increase in net position was \$3,754,175. Other factors concerning the finances of these funds are addressed in the discussion of the City's business-type activities.

Internal Service Funds

The Internal Service Fund has an unrestricted financial position of \$662,522 to cover the current costs related to employee health insurance premiums and operating costs.

Fiduciary Funds

The City maintains agency funds for the assets of the Perpetual Care, Visible Memorials, Utility Deposits, and Historic Preservation. They also maintain a Pension Trust Fund to account for the activity of the Deferred Compensation Plan and the Retirement Health Savings Plan.

BUDGETARY HIGHLIGHTS

The City adopts an annual budget for all funds. The City Council adopts budget adjustments during the year for supplemental appropriations which are generally contingent upon new or additional revenue sources or the spending of reserves.

City of Douglas, Wyoming
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Unaudited

General Fund

General Fund revenue was projected to be up approximately \$10.6 million due primarily to increased sales tax receipts. The fund balance projected for July 1, 2020 is \$20,020,865 compared to a \$13,770,310 original budgeted ending balance. This means that the City will start the 2019-2020 fiscal year with 12.2 million more in General Fund than was originally anticipated.

General Fund expenditures were approximately \$38,000 below the original budget. This included decreases in Non Department, City Council; increases in Municipal Court, Public Works Administration, Public Works Parks, and Public Works Swimming Pool.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business-type activities for the current fiscal year amounts to \$56,398,206 (net of debt obligation).

This investment in capital assets includes land, buildings and related systems, improvements, machinery and equipment, park facilities, and infrastructure.

Major capital projects in progress during the year included the Joint Justice Building, Little Boxelder Spring water line project, various water, sewer & street projects, equipment purchases and replacements and building repairs and maintenance.

Long-Term Debt

At the end of the current fiscal year, the City had total net long-term obligations outstanding of \$8,246,510. Of this amount, \$374,208 relates to the Landfill post closure liability and \$601,445 for accrued compensated absences.

Economic Factors and Next Year's Budgets and Rates

This fiscal year showed positive indicators associated with economic activity. Sales tax increases are generally considered a good indicator of such changes and have shown positive changes. The City of Douglas is facing an unsure future as we experience additional demands for services and volatile revenue streams. That being said, the outlook is improved compared with the last several years.

The optional 1% sales tax, a very important part of the City's revenue stream, was re-approved by the voters in 2018.

The City maintains reserves, whether restricted (legally mandated), designated (set by City policy), or unrestricted, in a number of funds. The reserve policy for the General Fund is to maintain a 25% operating reserve as a percentage of expenditures; the Health Care Fund is six months of claims and expenses. The Water Fund is to maintain \$2 million in reserves per City Ordinance 13.16.010. The Sewer Fund is to maintain \$1 million in reserves per City Ordinance 13.44.070; Sanitation's

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Unaudited

requirement is \$250,000 per City Ordinance 13.64.040, and the Landfill Fund is required to keep \$500,000 in reserve per City Ordinance 13.64.045.

The City's total anticipated expenditures for fiscal year 2020 will be approximately \$41,946,674. General Fund expenditures are anticipated to be \$9,148,749. Special Revenue expenditures are anticipated to be \$232,149. Enterprise Funds anticipate expenditures to be \$16,307,774 which includes capital expenditures for the Little Boxelder project, filter sand replacement, SCADA system replacement and various water and sewer main replacements. Capital Project Funds anticipate expenditures of \$14,857,202 which include North 5th Street, Cedar Street; Pearson Road – Storm Sewer, 2nd Street, Wind River Drive, Oak Street, Slurry Sealing, Cleaning East Antelope Creek, Washington Park irrigation and Keith Rider lower pond updates.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Douglas's finances for all those with an interest in the government's finances. Questions concerning any of the information should be addressed to the City Administrator or the Administrative Services Director/Treasurer, 101 North 4th Street, PO Box 1030, Douglas, WY 82633.

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

CITY OF DOUGLAS, WYOMING
STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Pooled cash and cash equivalents	\$ 10,287,297	\$ 3,000,528	\$ 13,287,825
Investments	32,116,568	14,546,351	46,662,919
Receivables:			
Accounts receivable - net	242,221	470,200	712,421
Grants receivable	-	2,293,893	2,293,893
Taxes receivable	3,835,299	-	3,835,299
Internal balances	(25,525)	25,525	-
Accrued interest receivable	72,315	37,175	109,490
Capital assets (net of accumulated depreciation):			
Land	3,969,937	153,290	4,123,227
Construction in process	10,887,143	5,061,537	15,948,680
Infrastructure	6,989,047	12,712,268	19,701,315
Other capital assets	7,404,359	9,712,110	17,116,469
Total assets	<u>75,778,661</u>	<u>48,012,877</u>	<u>123,791,538</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows relating to pensions	1,437,377	344,762	1,782,139
Total deferred outflows of resources	<u>1,437,377</u>	<u>344,762</u>	<u>1,782,139</u>
LIABILITIES			
Accounts payable and accrued expenses	1,321,512	1,674,473	2,995,985
Interest payable	-	195	195
Noncurrent liabilities			
Due within one year	179,943	60,924	240,867
Due in more than one year	6,276,307	1,729,336	8,005,643
Total liabilities	<u>7,777,762</u>	<u>3,464,928</u>	<u>11,242,690</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows relating to property taxes	454,022	-	454,022
Total deferred inflows of resources	<u>454,022</u>	<u>-</u>	<u>454,022</u>
NET POSITION			
Net investment in capital assets	29,250,486	27,147,720	56,398,206
Restricted for other purposes	194,447	-	194,447
Unrestricted	39,539,322	17,744,991	57,284,313
Total net position	<u>\$ 68,984,255</u>	<u>\$ 44,892,711</u>	<u>\$ 113,876,966</u>

See accompanying notes to financial statements.

**CITY OF DOUGLAS, WYOMING
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,502,173	\$ 656,089	\$ 302,877	\$ 27,777
Public safety	2,277,409	114,351	100,180	-
Highways and public works	723,724	-	-	19,445
Culture and recreation	1,353,064	46,457	-	-
Cemetery	253,920	26,350	-	-
Community service	1,217,701	-	-	-
Total governmental activities	<u>8,327,991</u>	<u>843,247</u>	<u>403,057</u>	<u>47,222</u>
Business-type activities:				
Water	1,692,677	2,543,528	-	2,169,886
Sewer	1,224,640	1,682,086	-	-
Sanitation	447,785	498,328	-	-
Landfill	1,128,614	1,104,975	-	4,962
Total business-type activities	<u>4,493,716</u>	<u>5,828,917</u>	<u>-</u>	<u>2,174,848</u>
Total primary government	<u>\$12,821,707</u>	<u>\$ 6,672,164</u>	<u>\$ 403,057</u>	<u>\$ 2,222,070</u>

General revenues:

Property taxes
 General sales and use tax
 Franchise fees
 Severance tax
 Mineral royalties
 Other taxes
 Unrestricted investment earnings
 Miscellaneous
 Total general revenues, transfers, and losses

Change in net position

Net position - beginning
Prior period adjustment
Net position - beginning, as restated

Net position - ending

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (1,515,430)	\$ -	\$ (1,515,430)
(2,062,878)	-	(2,062,878)
(704,279)	-	(704,279)
(1,306,607)	-	(1,306,607)
(227,570)	-	(227,570)
(1,217,701)	-	(1,217,701)
<u>(7,034,465)</u>	<u>-</u>	<u>(7,034,465)</u>
-	3,020,737	3,020,737
-	457,446	457,446
-	50,543	50,543
-	(18,677)	(18,677)
-	<u>3,510,049</u>	<u>3,510,049</u>
<u>(7,034,465)</u>	<u>3,510,049</u>	<u>(3,524,416)</u>
663,271	-	663,271
17,525,522	-	17,525,522
284,607	-	284,607
170,057	-	170,057
352,977	-	352,977
434,498	-	434,498
583,096	244,126	827,222
161,718	-	161,718
<u>20,175,746</u>	<u>244,126</u>	<u>20,419,872</u>
13,141,281	3,754,175	16,895,456
55,842,974	41,255,673	97,098,647
-	(117,137)	(117,137)
<u>55,842,974</u>	<u>41,138,536</u>	<u>96,981,510</u>
<u>\$ 68,984,255</u>	<u>\$ 44,892,711</u>	<u>\$ 113,876,966</u>

**FUND
FINANCIAL STATEMENTS**

**CITY OF DOUGLAS, WYOMING
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

	General Fund	Street Improvement Fund	Park Improvement Fund	Other Nonmajor Governmental Funds
ASSETS				
Pooled cash and cash equivalents	\$ 6,135,813	\$ 2,564,509	\$ 238,248	\$ 934,061
Investments	23,289,478	5,456,225	1,309,112	1,655,429
Receivables (net):				
General accounts receivable	73,570	-	-	81,635
Sales tax	3,336,578	-	-	-
Property tax	498,721	-	-	-
Due from other funds	-	49,589	13,689	-
Accrued interest	60,816	7,625	3,358	-
Total assets	<u>\$ 33,394,976</u>	<u>\$ 8,077,948</u>	<u>\$ 1,564,407</u>	<u>\$ 2,671,125</u>
LIABILITIES				
Accounts payable	\$ 268,840	\$ 52,051	\$ 315,116	\$ 176,510
Retainage payable	-	19,254	34,729	-
Accrued wages	209,012	-	-	-
Due to other funds	39,214	-	49,589	-
Total liabilities	<u>517,066</u>	<u>71,305</u>	<u>399,434</u>	<u>176,510</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable property taxes	454,022	-	-	-
Total deferred inflows of resources	<u>454,022</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted for:				
Police grants	-	-	-	26,029
Cemetery care	-	-	-	168,418
Assigned for:				
Equipment replacement	-	-	-	103,948
Capital projects	-	8,006,643	1,164,973	2,196,220
Unassigned	32,423,888	-	-	-
Total fund balances	<u>32,423,888</u>	<u>8,006,643</u>	<u>1,164,973</u>	<u>2,494,615</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 33,394,976</u>	<u>\$ 8,077,948</u>	<u>\$ 1,564,407</u>	<u>\$ 2,671,125</u>

See accompanying notes to financial statements.

CITY OF DOUGLAS, WYOMING
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Street Improvement Fund	Park Improvement Fund	Other Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 18,473,400	\$ -	\$ -	\$ -
Licenses and permits	68,109	-	-	-
Intergovernmental	1,263,780	-	-	127,957
Charges for services	616,124	-	-	4,000
Fines and forfeitures	41,432	-	-	-
Miscellaneous revenue	271,929	19,445	-	-
Investment earnings	440,408	98,957	21,792	21,939
Total revenues	<u>21,175,182</u>	<u>118,402</u>	<u>21,792</u>	<u>153,896</u>
EXPENDITURES				
Current:				
General government	1,821,013	-	-	-
Public safety	2,094,541	-	-	92,788
Highways and public works	1,229,410	-	-	-
Culture and recreation	736,512	-	638,158	-
Cemetery	264,018	-	-	-
Community service	1,217,701	-	-	-
Capital outlay	-	838,893	-	1,220,038
Total expenditures	<u>7,363,195</u>	<u>838,893</u>	<u>638,158</u>	<u>1,312,826</u>
Excess revenues over (under) expenditures	<u>13,811,987</u>	<u>(720,491)</u>	<u>(616,366)</u>	<u>(1,158,930)</u>
Other financing sources (uses)				
Operating transfers in	3,033	2,000,000	1,000,000	526,133
Operating transfers out	(3,529,133)	-	-	(3,033)
Total other financing sources (uses)	<u>(3,526,100)</u>	<u>2,000,000</u>	<u>1,000,000</u>	<u>523,100</u>
Net change in fund balances	10,285,887	1,279,509	383,634	(635,830)
Fund balances - beginning	<u>22,138,001</u>	<u>6,727,134</u>	<u>781,339</u>	<u>3,130,445</u>
Fund balances - ending	<u>\$ 32,423,888</u>	<u>\$ 8,006,643</u>	<u>\$ 1,164,973</u>	<u>\$ 2,494,615</u>

See accompanying notes to financial statements.

Total
Governmental
Funds

\$	18,473,400
	68,109
	1,391,737
	620,124
	41,432
	291,374
	583,096
	<u>21,469,272</u>

	1,821,013
	2,187,329
	1,229,410
	1,374,670
	264,018
	1,217,701
	2,058,931
	<u>10,153,072</u>

	<u>11,316,200</u>
--	-------------------

	3,529,166
	(3,532,166)
	<u>(3,000)</u>

	11,313,200
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	<u>32,776,919</u>
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\$	<u><u>44,090,119</u></u>
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**CITY OF DOUGLAS, WYOMING
BALANCE SHEET RECONCILIATION TO
STATEMENT OF NET POSITION
JUNE 30, 2019**

Total fund balances - governmental fund types: \$44,090,119

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	3,969,937	
Construction in progress	10,887,142	
Infrastructure, net of \$20,616,529 accumulated depreciation	6,989,047	
Buildings and improvements, net of \$1,836,816 accumulated depreciation	5,395,756	
Vehicles, net of \$2,808,782 accumulated depreciation	1,250,694	
Equipment, net of \$2,201,712 accumulated depreciation	<u>757,910</u>	29,250,486

One internal service fund is used by management to charge the cost of insurance to individual funds. A portion of the assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. 662,523

Long term liabilities that pertain to governmental funds are not due and payable in the current period and therefore are not reported as a fund liability. All liabilities - both current and long-term are reported in the statement of net position.

Compensated absences	(449,858)	
Net OPEB obligation	<u>(872,981)</u>	(1,322,839)

The pension activities consists of deferred outflows/inflows relating to pensions and the net pension liability which pertains to governmental activities. Deferred outflows relating to pensions represents an expenditure and deferred inflow relating to pensions represents revenues which apply to future periods. The pension activities relate to future periods and therefore are not reported as fund assets or liabilities. The pension activities are reported in the statement of net position. Balances at year end are:

Deferred outflows relating to pensions	1,437,377	
Net pension liability	<u>(5,133,411)</u>	<u>(3,696,034)</u>

Net position of governmental activities \$68,984,255

CITY OF DOUGLAS, WYOMING
STATEMENT OF CHANGES IN FUND BALANCES RECONCILIATION TO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Net changes in fund balances - total governmental funds \$ 11,313,200

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period, net of dispositions.

Loss on disposal of asset	(23,495)	
Capital outlays	3,495,773	
Depreciation expense	<u>(971,254)</u>	
		2,501,024

Transfer to agency fund

In the statement of activities certain operating expenses - compensated absences and postemployment benefits are measured by the amount earned during the year. In the governmental funds however, the expenditure for these items are measured by the amount of financial resources used (essentially, the amount paid.)

Compensated absences -current year	(449,858)	
Compensated absences -prior year	429,008	
Postemployment benefit - current year	(872,981)	
Postemployment benefit - prior year	<u>912,033</u>	
		18,202

Pension expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the government funds

Pension plan items - current year	1,437,377	
Pension plan items - prior year	(468,444)	
Pension liability - current year	(5,133,411)	
Pension liability - prior year	<u>3,229,233</u>	
		(935,245)

Internal service funds are used by the City to charge the cost of employees health insurance to individual funds. Some of the net revenue of the internal service fund is reported within the governmental activities.

244,100

Change in net position of governmental activities

\$ 13,141,281

See accompanying notes to financial statements.

CITY OF DOUGLAS, WYOMING
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2019

	Major Funds			Nonmajor Fund
	Water Fund	Sewer Fund	Landfill Fund	Sanitation Collection Fund
Assets				
Current Assets:				
Pooled cash and cash equivalents	\$ 1,227,281	\$ 1,243,776	\$ 321,556	\$ 207,915
Investments	7,499,659	4,816,710	1,623,239	606,743
Accounts receivable (net):				
General	2,171,830	85,305	36,733	25
Utility billing	222,281	128,754	71,743	47,422
Due from other funds	21,407	2,500	1,000	618
Accrued interest receivable	21,962	11,483	2,558	1,172
Total current assets	<u>11,164,420</u>	<u>6,288,528</u>	<u>2,056,829</u>	<u>863,895</u>
Capital Assets:				
Construction in progress	4,963,103	98,434	-	-
Land	-	-	153,290	-
Infrastructure	12,683,504	9,050,700	417,031	-
Buildings and improvements	13,391,701	2,388,172	1,689,609	-
Furniture, fixtures and equipment	472,924	572,351	1,140,333	33,437
Vehicles	382,306	520,184	49,148	630,487
Less: accumulated depreciation	(13,387,695)	(5,952,089)	(1,322,387)	(335,338)
Total capital assets	<u>18,505,843</u>	<u>6,677,752</u>	<u>2,127,024</u>	<u>328,586</u>
Deferred Outflows of Resources				
Deferred outflows relating to pensions	140,920	92,724	59,451	51,667
Total deferred outflows of resources	<u>140,920</u>	<u>92,724</u>	<u>59,451</u>	<u>51,667</u>
Total assets	<u>29,811,183</u>	<u>13,059,004</u>	<u>4,243,304</u>	<u>1,244,148</u>
Liabilities:				
Current Liabilities:				
Notes and leases payable, current	288	-	-	-
Accounts payable and other accrued liabilities	1,483,212	79,095	113,395	24,136
Accrued wages	12,791	9,597	7,472	5,409
Interest payable	-	-	195	-
Total current liabilities	<u>1,496,291</u>	<u>88,692</u>	<u>121,062</u>	<u>29,545</u>
Noncurrent Liabilities, net of current maturities:				
Compensated absences	28,732	21,277	18,982	21,962
Notes payable	-	-	117,277	-
Net pension liability	463,654	305,104	212,812	165,330
Landfill liability	-	-	374,208	-
Total noncurrent liabilities	<u>492,386</u>	<u>326,381</u>	<u>723,279</u>	<u>187,292</u>
Total liabilities	<u>1,988,677</u>	<u>415,073</u>	<u>844,341</u>	<u>216,837</u>
Deferred Inflows of Resources				
Deferred inflows relating to pensions	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position:				
Net Investment in capital assets	18,505,843	6,677,752	1,635,539	328,586
Unrestricted	9,316,663	5,966,179	1,763,424	698,725
Total net position	<u>\$ 27,822,506</u>	<u>\$ 12,643,931</u>	<u>\$ 3,398,963</u>	<u>\$ 1,027,311</u>

See accompanying notes to financial statements.

Total Enterprise Funds	Internal Service Fund
\$ 3,000,528	\$ 414,666
14,546,351	406,324
2,293,893	87,016
470,200	-
25,525	-
37,175	516
<u>20,373,672</u>	<u>908,522</u>
5,061,537	-
153,290	-
22,151,235	-
17,469,482	-
2,219,045	-
1,582,125	-
(20,997,509)	-
<u>27,639,205</u>	<u>-</u>
344,762	-
<u>344,762</u>	<u>-</u>
48,357,639	908,522
288	-
1,699,838	246,000
35,269	-
195	-
<u>1,735,590</u>	<u>246,000</u>
90,953	-
117,277	-
1,146,900	-
374,208	-
<u>1,729,338</u>	<u>-</u>
3,464,928	246,000
-	-
-	-
27,147,720	-
17,744,991	662,522
<u>\$ 44,892,711</u>	<u>\$ 662,522</u>

CITY OF DOUGLAS, WYOMING
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Major Funds			Nonmajor Fund
	Water Fund	Sewer Fund	Landfill Fund	Sanitation Collection Fund
Operating revenues:				
Charges for services	\$ 2,489,915	\$ 1,680,624	\$ 1,101,343	\$ 498,328
Tap fees	34,200	-	-	-
Other	19,413	1,462	3,632	-
Total operating revenues	<u>2,543,528</u>	<u>1,682,086</u>	<u>1,104,975</u>	<u>498,328</u>
Operating expenses:				
Costs of sales and services:				
Treatment	306,600	384,535	-	-
Collection and distribution	504,319	404,521	482,559	352,161
Customer service	96,079	-	-	-
Insurance claims and expenses	-	-	-	-
Administration	263,319	145,169	97,878	54,769
Professional services	39,213	2,821	-	-
Depreciation	483,147	287,594	152,228	40,855
Total operating expenses	<u>1,692,677</u>	<u>1,224,640</u>	<u>732,665</u>	<u>447,785</u>
Operating income	850,851	457,446	372,310	50,543
Nonoperating revenues (expenses):				
Interest revenue	127,533	84,479	24,023	8,091
Interest expense	-	-	(1,570)	-
Landfill postclosure costs	-	-	(394,379)	-
Total nonoperating revenues (expenses)	<u>127,533</u>	<u>84,479</u>	<u>(371,926)</u>	<u>8,091</u>
Income (loss) before capital contributions	978,384	541,925	384	58,634
Capital grants and contributions	<u>2,169,886</u>	<u>-</u>	<u>4,962</u>	<u>-</u>
Change in net position	3,148,270	541,925	5,346	58,634
Total net position - beginning	24,791,373	12,102,006	3,393,617	968,677
Prior Period Adjustment	(117,137)	-	-	-
Net position-beginning, as restated	<u>24,674,236</u>	<u>12,102,006</u>	<u>3,393,617</u>	<u>968,677</u>
Total net position - ending	<u>\$ 27,822,506</u>	<u>\$ 12,643,931</u>	<u>\$ 3,398,963</u>	<u>\$ 1,027,311</u>

See accompanying notes to financial statements.

Total Enterprise Funds	Internal Service Fund
\$ 5,770,210	\$ 1,372,150
34,200	-
24,507	-
<u>5,828,917</u>	<u>1,372,150</u>
691,135	-
1,743,560	-
96,079	-
-	1,135,990
561,135	-
42,034	-
963,824	-
<u>4,097,767</u>	<u>1,135,990</u>
1,731,150	236,160
244,126	7,940
(1,570)	-
(394,379)	-
<u>(151,823)</u>	<u>7,940</u>
1,579,327	244,100
<u>2,174,848</u>	-
3,754,175	244,100
41,255,673	418,422
(117,137)	-
<u>41,138,536</u>	<u>418,422</u>
<u>\$ 44,892,711</u>	<u>\$ 662,522</u>

CITY OF DOUGLAS, WYOMING
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Major Funds			Nonmajor Fund
	Water Fund	Sewer Fund	Landfill Fund	Sanitation Collection Fund
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 2,376,419	\$ 1,638,235	\$ 1,244,514	\$ 493,511
Receipts from internal sales	29,925	50,667	12,571	4,985
Payments for services and supplies	134,791	(273,944)	(153,590)	(75,420)
Payments to employees	(542,037)	(438,656)	(285,894)	(242,775)
Management fee paid	(254,845)	(142,346)	(97,878)	(54,769)
Other operating revenues	19,413	1,462	3,632	-
Net cash provided by operating activities	<u>1,763,666</u>	<u>835,418</u>	<u>723,355</u>	<u>125,532</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Postclosure costs	-	-	(394,379)	-
Net cash used in noncapital financing activities	<u>-</u>	<u>-</u>	<u>(394,379)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payments for capital acquisitions	(2,661,800)	(435,904)	(49,515)	(174,239)
Capital grants	191,039	-	4,962	-
Proceeds of notes payable	-	-	52,351	-
Principal payments on loans and leases	-	-	(97,883)	-
Interest paid	-	-	(2,458)	-
Net cash used in capital and related financing activities	<u>(2,470,761)</u>	<u>(435,904)</u>	<u>(92,543)</u>	<u>(174,239)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	127,533	84,479	24,023	10,198
Net proceeds (purchase) of investments	(3,573,509)	(1,484,977)	(167,646)	(204,977)
Net cash (used in) provided by investing activities	<u>(3,445,976)</u>	<u>(1,400,498)</u>	<u>(143,623)</u>	<u>(194,779)</u>
Net (decrease) increase in cash and cash equivalents	(4,153,071)	(1,000,984)	92,810	(243,486)
Cash and cash equivalents - beginning	5,380,352	2,244,760	228,746	451,401
Cash and cash equivalents - ending	<u>\$ 1,227,281</u>	<u>\$ 1,243,776</u>	<u>\$ 321,556</u>	<u>\$ 207,915</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income	\$ 850,851	\$ 457,446	\$ 372,310	\$ 50,543
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	483,147	287,594	152,228	40,855
Difference between actuarial calculated pension expense and actual contributions	71,581	51,393	31,202	29,368
(Increase) Decrease in accounts receivable	(117,771)	8,278	155,742	168
Increase (decrease) in accounts payable	472,895	27,780	13,231	2,683
Increase in accrued expenses	2,963	2,927	(1,358)	1,915
Total adjustments	<u>912,815</u>	<u>377,972</u>	<u>351,045</u>	<u>74,989</u>
Net cash provided by operating activities	<u>\$ 1,763,666</u>	<u>\$ 835,418</u>	<u>\$ 723,355</u>	<u>\$ 125,532</u>

See accompanying notes to financial statements.

Total Enterprise Funds	Internal Service Fund
\$ 5,752,679	\$ 1,285,134
98,148	-
(368,163)	(1,148,990)
(1,509,362)	-
(549,838)	-
24,507	-
<u>3,447,971</u>	<u>136,144</u>
<u>(394,379)</u>	<u>-</u>
<u>(394,379)</u>	<u>-</u>
(3,321,458)	-
196,001	-
52,351	-
(97,883)	-
(2,458)	-
<u>(3,173,447)</u>	<u>-</u>
246,233	7,940
(5,431,109)	(4,132)
<u>(5,184,876)</u>	<u>3,808</u>
(5,304,731)	139,952
<u>8,305,259</u>	<u>274,714</u>
<u>\$ 3,000,528</u>	<u>\$ 414,666</u>
\$ 1,731,150	\$ 236,160
963,824	-
183,544	-
46,417	(87,016)
516,589	(13,000)
6,447	-
<u>1,716,821</u>	<u>(100,016)</u>
<u>\$ 3,447,971</u>	<u>\$ 136,144</u>

**FIDUCIARY FUND
FINANCIAL STATEMENTS**

CITY OF DOUGLAS, WYOMING
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2019

	<u>Pension Trust Funds</u>	<u>Agency Funds</u>
Assets:		
Cash and cash equivalents	\$ -	\$ 61,093
Investments	<u>5,429,971</u>	<u>40,458</u>
Total assets	<u><u>\$ 5,429,971</u></u>	<u><u>\$ 101,551</u></u>
Liabilities:		
Due to others	<u>-</u>	<u>101,551</u>
Total liabilities	<u>-</u>	<u><u>\$ 101,551</u></u>
Net Position:		
Held in trust for pension benefits	<u>5,429,971</u>	
Total net assets	<u><u>\$ 5,429,971</u></u>	

See accompanying notes to financial statements.

CITY OF DOUGLAS, WYOMING
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	Pension Trust Funds
Additions:	
Contributions	\$ 181,073
Investment income (loss)	236,080
Total additions	417,153
Deductions:	
Benefits	184,310
Total deductions	184,310
Change in net assets	232,843
Total net position - beginning	5,197,128
Total net position - ending	\$ 5,429,971

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

CITY OF DOUGLAS, WYOMING
NOTES TO FINANCIAL STATEMENTS

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds, and Significant Accounting Policies

REPORTING ENTITY

For financial reporting purposes, the City includes all funds of the City of Douglas, Wyoming. The reporting entity for the City consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of its relationship with the primary government are such that its exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government. Although the City has an interest in the Douglas Housing Authority, Douglas Volunteer Fire Department, and the Douglas Community Club, they do not fall within the financial accountability requirements above, and this report does not contain any component units.

NATURE OF OPERATIONS

The City of Douglas, Wyoming provides services authorized by its charter to advance the welfare, health, comfort, safety, and convenience of its populace. The City provides for the public safety of its citizens by providing police and fire protection. The City also maintains the streets, provides water, sewer, sanitation, and landfill services as well as parking, parks, and recreation. The City operates under the Mayor-Council form of government.

BASIS OF PRESENTATION

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

CITY OF DOUGLAS, WYOMING
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds, and Significant Accounting Policies (Continued)

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for government funds.

The government-wide statement of net position presents the financial condition of the governmental activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program. Program revenues also include interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City. The comparison of direct expenses with program revenues identifies the extent to which each function is self-financing or draws from the general revenues of the City.

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

DESCRIPTION OF FUNDS

The City uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the City are grouped into the categories governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the City are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are

CITY OF DOUGLAS, WYOMING
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds, and Significant Accounting Policies (Continued)

assigned to the funds from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

Governmental and enterprise funds are organized as major funds or non-major funds with an emphasis placed on major funds. Governmental funds are considered major if it is a primary operating fund of the City and its total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10 percent of the total for all funds of that category or type and are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.

In addition, any other governmental fund that the City believes is particularly important to the financial statement users may be reported as a major fund.

The following are the City's major governmental funds:

General Fund

The general fund is the operating fund of the City and is used to account for all financial resources of the City except those required to be accounted for in another fund. The revenue of the fund consists primarily of general property and sales taxes, licenses and permits, revenue from state sources, and fines and forfeitures. The general fund balance is available for any purpose provided it is expended or transferred according to the laws of the State of Wyoming.

Street Improvement Capital Projects Fund

The street improvement capital projects fund is used to account for all financial resources to be used for the acquisition or construction of City streets. The revenue of the fund consists primarily of transfers from the general fund and federal, state, and local grants.

Park Improvement Fund

The park improvement fund is used to account for all financial resources to be used for the acquisition or construction of City parks. The revenue of the fund consists primarily of transfers from the general fund.

Proprietary Funds

Proprietary funds focus on the determination of changes in net assets, financial position and cash flows.

**CITY OF DOUGLAS, WYOMING
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds, and Significant Accounting Policies (Continued)

Enterprise Fund - The Water, Sewer, and Landfill Funds are the City's major enterprise funds. The funds are used to account for the operations on a self-supporting basis as required by State statute.

Internal Service Fund - The Internal Service Fund is used to account for the financing of the self-funded health plan provided by the City on a cost reimbursement basis.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position.

Agency Funds - Agency Funds are used to account for assets held by the City as a trustee or agent and the City's responsibility for these funds is fiduciary in nature. The City's agency funds include utility deposits, visible memorials, and Historic Preservation Commission funds.

Pension Trust Fund – The Pension Trust Fund accounts for assets held in trust and the receipt, investment, and distribution of deferred compensation and retirement health savings on behalf of current and former employees.

SIGNIFICANT ACCOUNTING POLICIES

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

Significant accounting policies followed by the City are as follows:

a) Measurement Focus and Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The government-wide, proprietary, and fiduciary fund financial statements are prepared using the economic resources and accrual basis of accounting. Governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenue, and in the recognition of expenses versus expenditures.

CITY OF DOUGLAS, WYOMING
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds, and Significant Accounting Policies (Continued)

Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within 60 days of fiscal year-end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, grants, fees, and rentals.

Revenue and expenses of the enterprise fund are recognized on the accrual basis. Revenue is recognized in the accounting period in which it is earned and becomes measurable. Expenses are recognized in the period in which they are incurred, if they are measurable.

Federal and State Grants and Entitlements

Federal and state grants and entitlements are recognized as revenue in the period the City is entitled to the resources and the amounts are available. Expenditure-driven programs currently reimbursable are recognized as revenue when the qualifying expenditures have been incurred and the amounts are available. Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Unearned Revenue

On governmental fund financial statements, receivables that will not be collected within the available period, including property taxes have also been reported as unearned revenue.

**CITY OF DOUGLAS, WYOMING
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds, and Significant Accounting Policies (Continued)

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation are not recognized in governmental funds.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and services. It also includes all revenue and expenses not related to capital and financing activities, noncapital financing, or investing activities. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

b) Budgetary Process

Formal budgetary integration is employed as a management control device during the year for all funds and annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The City Administrator submits an annual budget to the City Council in accordance with the City of Douglas Municipal Code and the Wyoming Municipal Fiscal Procedures Act. In June, the City Council adopts annual fiscal year appropriation budgets for all City governmental type funds. Annual appropriation budgets are also adopted for all proprietary funds.

All unencumbered appropriations lapse following the close of the budget year to the extent they are not expended. Encumbered appropriations are generally reappropriated in the ensuing year's budget.

Legal spending control for City monies is at the activity level within each department and individual fund. The City Council may amend the budget after it is approved. Management monitors expenditures at budgetary line item levels within each fund to enhance the accounting control system and may amend the budget at this level as long as the activity level budget is maintained.

c) Property Taxes

The County is permitted by Wyoming Statutes to levy up to 8 mills of the assessed valuation for the City except for the payment of public debt and the interest thereon. The

CITY OF DOUGLAS, WYOMING
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds, and Significant Accounting Policies (Continued)

combined tax rate to finance general governmental services other than the payment of principal and interest of long-term debt for the year ended June 30, 2019 was 8 mills, which means the City has no available tax margin and accordingly, cannot raise any additional taxes.

Property taxes attach as an enforceable lien on property as of January 1 each year. Property taxes are levied in the first week of August of each year and are payable in two installments on September and March 1. If the first installment payment is made after November 10, the entire amount is due by December 31. The County bills and collects its own property taxes and also taxes for all municipalities and political subdivisions within the county, including the City of Douglas.

d) Cash and Cash Equivalents and Investments

For purposes of the Proprietary Funds statements of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. The cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments.

e) Receivables and Allowance for Doubtful Accounts

The policy of the City has been to retain bad debts on the books until they are proven to be uncollectible. Accounts due exceeding 60 days are sent to collection. Accounts are written off when the City is notified by the collection agency that all collection efforts have been exhausted. The allowance is an estimated percent of the accounts sent to collection.

f) Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are recorded at cost if purchased, or at fair market value as of the date of the gift if received as a donation. The City maintains a capitalization threshold of \$5,000 for buildings, site improvements, and equipment and vehicles. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise funds is also capitalized.

CITY OF DOUGLAS, WYOMING
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds, and Significant Accounting Policies (Continued)

Starting July 1, 2003, the governmental funds began capitalizing infrastructure assets. Under the provisions of the Governmental Accounting Standards Board, the City estimated the value of infrastructure from prior years.

All reported capital assets except land, land improvements, and construction in progress are depreciated. Improvements are depreciated over the useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings	40	10 - 40
Infrastructure	30 - 50	40 - 60
Furniture and equipment	5 - 10	5 - 10
Transportation equipment	5 - 10	5 - 10

g) Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned and unused vacation and sick leave, which will be paid to employees upon separation from the City's service. In governmental funds, the cost of vacation and sick leave is recognized when payments are made to employees. The long-term obligation is recorded and expense recognized as the leave is earned in the governmental activities and proprietary funds.

h) Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements and all payables, accrued liabilities, and long-term obligations payable from enterprise funds are reported on the enterprise fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

i) Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position reports 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 expense or expenditure until then. The City has one item that meets this criterion, contributions made to the pension plan in the 2019 fiscal year. In addition to

CITY OF DOUGLAS, WYOMING
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds, and Significant Accounting Policies (Continued)

liabilities, the statement of net position will 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 then. The government has two items that meet the criterion for this category – property taxes receivable in accordance with GASB Statement No. 33 and deferrals of pension expense that result from the implementation of GASB Statement No. 68.

j) Net Position/Fund Balance

Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets; net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Balance

The City uses the fund balance definitions in GASB Codification Section 1800 for financial reporting for all governmental fund types. The classifications are intended to depict the nature of net resources that are reported in a governmental fund. An individual fund could include any combination of these classifications.

Nonspendable Fund Balance

These fund balances are the net balance of assets and liabilities that are either legally or contractually required to be maintained intact or are “not in spendable” form. This includes all legally or contractually restricted balances as well as prepaid expenses, inventory, and other items considered “not in spendable” form.

Restricted Fund Balance

These fund balances are the net balance of assets and liabilities that have provisions that are externally imposed. These are grants or other funds that are restricted by the debt covenants, grantor, contributor, or by laws or regulations of external governments. In general, these

CITY OF DOUGLAS, WYOMING
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. The Reporting Entity, Nature of Operations, Basis of Presentation, Description of Funds, and Significant Accounting Policies (Continued)

include legally enforceable requirements that the resources be used only for the specific purposes stipulated in the grant, debt covenant, or by law.

Committed Fund Balance

These fund balances are those imposed by a formal action taken by the Douglas City Council. Once the City Council has taken formal action the assets cannot be used for other purposes unless the City Council removes or changes the specified use by taking the same action it employed previously to commit the balances.

Assigned Fund Balance

Assigned fund balances are the net amounts of assets and liabilities constrained by the intent of the Douglas City Council. The intent will not be done by formal action of the City Council, but will be part of items such as the adopted budget or in a statement by the City Council or by the City Administrator.

Unassigned Fund Balance

Typically unassigned fund balances will be limited to the General Fund and by definition they are the residual balance for fund balance.

When an expenditure is incurred for purposes for which a combination of fund balances is available, the City applies restricted fund balances, committed fund balances, assigned fund balances, and unassigned fund balances, respectively.

k) Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds.

l) 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF DOUGLAS, WYOMING
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Budgetary Basis of Accounting

The City is reporting the budget and results of operations on the basis of generally accepted accounting principles (GAAP).

3. Cash and Investments

In order to facilitate effective cash management policies, the cash of all funds is pooled into common accounts for the purpose of increasing income through combined investment activities. At year end, the carrying amount of bank deposits was \$45,049,156 and the bank balance was \$45,053,201. The carrying amounts of bank deposits and the bank balance do not include external investment pools in the amounts of \$8,347,340 and \$8,347,340, respectively. The differences between the carrying amount and the bank balances are due to outstanding checks and deposits not yet processed by the bank. The bank balance was covered by collateral with a fair value of \$66,069,368 and FDIC insurance of \$500,000.

Cash includes amounts in demand deposit accounts. Investments include time deposits and government securities which are stated at fair market value. Each fund type's portion of this pool is displayed on the combined balance sheet as cash and investments.

Authorized deposits and assets limited as to use are controlled by state statute and include, but are not limited to, deposits in Wyoming banks, money market accounts, and treasury notes. Statutes also authorize the City to invest in the Wyoming Government Investment Fund (WGIF) and WYO Star, which were established pursuant to the Wyoming Statutory Trust Act.

The City deposits collections from all sources in interest bearing accounts established for each fund. Excess cash may be invested in obligations of the U.S. Treasury or certificates of deposits. The City's investment policy, which is governed by state statutes and City resolution, authorizes the investment instruments previously listed. The investments reported at June 30, 2019 were similar to those held during the fiscal year.

At June 30, 2019 the City had the following investments and maturities:

Investment Type	Fair Value	Less than 1	1 -5	6 - 10	More than 10
Certificates of Deposit	\$43,734,994	\$30,759,325	\$12,975,669	\$ -	\$ -
WYO Star	496,934	496,934	-	-	-
Wyoming Govt Investment Fund	230,435	230,435	-	-	-
Money Market Mutual Funds	292,780	292,780	-	-	-
United States Treasury Notes	2,190,000	500,000	1,690,000		
Retirement Investments	5,429,971	5,429,971	-	-	-
Total Investments	\$52,375,114	\$37,709,445	\$14,665,669	\$ -	\$ -

CITY OF DOUGLAS, WYOMING
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Cash and Investments (Continued)

Deposits and investments at June 30, 2019 consist of and appear in the financial statements as summarized below:

Cash and investments, statement of net position	\$ 59,950,744
Cash and investments, statement of fiduciary net position	5,531,522
	\$ 65,482,266
Cash in bank	\$ 13,106,402
Investments	8,640,120
Certificates of deposit	43,734,994
Petty cash	750
	\$ 65,482,266

Credit Risk – Generally credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Wyoming Government Investment Fund is currently rated AAAM from Standard and Poor’s Rating Service indicating that “safety is excellent,” and the pool has “superior capacity to maintain principal value and limit exposure to loss.” The rate of return depends on the underlying portfolio.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits held in City bank accounts are insured by Federal Depository Insurance or are collateralized with securities held by the custodian bank under safekeeping or Federal Reserve receipts in the name of the City and the financial institution in accordance with Wyoming State Statutes and City policy.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investment in marketable securities. Custodial credit risk does not apply to a local government’s indirect investment in securities through the use of a government investment pool.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of the City’s investment in a single issuer. According to the City’s investment policy, with the exception of U.S. Treasury securities, certificates of deposits, and authorized pools, not more than 25% of the total City portfolio may be invested in a single security type.

CITY OF DOUGLAS, WYOMING
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

3. Cash and Investments (Continued)

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market rates. The WGIF's investment policy limits its exposure to market by requiring that the Funds' portfolio maintain a dollar-weighted average maturity of less than ninety days. As a means of limiting its exposure to fair value losses arising from interest rate, the City attempts to match its investment maturities to expected cash flow needs.

The City's investments include certificates of deposit with interest rates from 1.05% to 3.55%. Investments in certificates of deposits are allowed under Wyoming Statutes. The certificates of deposit were collateralized by the financial institution, pledging its securities under properly executed joint custody receipts in the City's name. The City's investments also include U.S. Government Agency Obligations with rates of return from 1.5% to 3.63%.

In addition, the City invests funds in the Wyoming Government Investment Fund (WGIF), which was established pursuant to the Wyoming Statutory Trust Act and offered through U.S. Bank. Shares of the fund are offered exclusively to Wyoming governmental entities. WGIF invests in short-term commercial paper (maturity dates less than 90 days) and U.S. Government Agency Obligations. These investments are allowed under Wyoming Statutes. Due to the short-term nature of the investments, WGIF reports their investments at amortized cost, which they believe approximates fair value. As of June 30, 2019, the 7-day yield of WGIF was 2.28%.

The City also invests funds in WYO-Star, which was established pursuant to the Wyoming Statutory Trust Act and offered through the Wyoming State Treasurer. The investments with WYO-Star are investments not subject to credit risk categorization and the degree of risk and rate of return depends on the underlying portfolio. As of June 30, 2019, the current yield of WYO-Star was 2.29%.

4. Section 457 Deferred Compensation Plan

The City maintains two deferred compensation plans created in accordance with Internal Revenue Code Section 457. Both plans are used by City employees with only ICMA being offered to new employees. Employees defer a portion of their salary until future years. Deferred compensation is not available until termination, retirement, death, or financial hardship. The plans are reported in the employee's Deferred Compensation Fund. The plans' assets are presented at fair value.

All investments in deferred compensation plans are held in trust in the City's accounts and recorded at market value as determined by the respective fund managers based on quoted sales prices of the underlying securities.

CITY OF DOUGLAS, WYOMING
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Section 457 Deferred Compensation Plan (Continued)

The market value of the Plan's accounts at June 30, 2019 is as follows:

	Market Value
ICMA Retirement Corporation Plan	\$ 4,697,201
EQUI-VEST Plan	285,700
	\$ 4,982,901

The composition of the employee's Deferred Compensation Trust Fund investments at fair value is as follows:

	ICMA Retirement Corporation	EQUI-VEST Plan	Total
Managed domestic stock funds	\$ 991,120	\$ 80,182	\$ 1,071,302
Managed bond funds	255,804	189,152	444,956
Managed international stock funds	84,813	-	84,813
Managed money market funds	3,365,464	16,366	3,381,830
	\$ 4,697,201	\$ 285,700	\$ 4,982,901

5. Retirement Health Savings Plan

On June 27, 2005, the City created the City of Douglas Retirement Health Savings Plan. All full-time employees age 18 years old and above are eligible. Under the plan, the employee makes mandatory pre-tax contributions of sick leave. The health benefit is available upon separation of service, retirement, or death of the employee. The laws governing retirement health savings plans require the use of an integral part trust. The plan is reported in the Pension Trust Fund. The plan's assets are specified interest instruments reported at fair value of \$447,069.

CITY OF DOUGLAS, WYOMING
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Governmental activities:					
Capital assets not being depreciated					
Land	\$ 3,938,887	\$ 31,050	\$ -	\$ -	\$ 3,969,937
Construction in progress	10,718,238	1,805,135	(1,636,231)	-	10,887,142
Total capital assets not being depreciated	<u>14,657,125</u>	<u>1,836,185</u>	<u>(1,636,231)</u>	<u>-</u>	<u>14,857,079</u>
Capital assets being depreciated:					
Infrastructure	27,649,183	-	-	(43,607)	27,605,576
Buildings and improvements	4,429,437	1,189,298	1,636,231	(22,394)	7,232,572
Vehicles	4,028,404	117,913	-	(86,841)	4,059,476
Equipment	2,797,785	314,595	-	(152,758)	2,959,622
Total capital assets being depreciated	<u>38,904,809</u>	<u>1,621,806</u>	<u>1,636,231</u>	<u>(305,600)</u>	<u>41,857,246</u>
Less accumulated depreciation for:					
Infrastructure	(20,318,218)	(341,918)	-	43,607	(20,616,529)
Buildings and improvements	(1,649,580)	(194,617)	-	7,381	(1,836,816)
Vehicles	(2,595,697)	(299,926)	-	86,841	(2,808,782)
Equipment	(2,211,195)	(134,793)	-	144,276	(2,201,712)
Total accumulated depreciation	<u>(26,774,690)</u>	<u>(971,254)</u>	<u>-</u>	<u>282,105</u>	<u>(27,463,839)</u>
Total capital assets being depreciated, net	<u>12,130,119</u>	<u>650,552</u>	<u>1,636,231</u>	<u>(23,495)</u>	<u>14,393,407</u>
Governmental activities capital assets, net	<u>\$ 26,787,244</u>	<u>\$ 2,486,737</u>	<u>\$ -</u>	<u>\$ (23,495)</u>	<u>\$ 29,250,486</u>

Depreciation expense was charged to governmental functions as follows:

Governmental activities:	
General government	\$ 424,159
Public safety	325,429
Public works	<u>221,666</u>
Total depreciation expense - governmental activities	<u>\$ 971,254</u>

CITY OF DOUGLAS, WYOMING
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. Capital Assets (Continued)

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Business-type activities:					
Capital assets not being depreciated:					
Land	\$ 153,290	\$ -	\$ -	\$ -	\$ 153,290
Construction in progress	2,555,528	3,683,405	(1,177,396)	-	5,061,537
Total capital assets not being depreciated	2,708,818	3,683,405	(1,177,396)	-	5,214,827
Capital assets being depreciated:					
Infrastructure	20,911,370	78,354	1,177,396	(15,885)	22,151,235
Buildings and improvements	17,469,482	-	-	-	17,469,482
Equipment	2,062,385	156,660	-	-	2,219,045
Vehicles	1,511,415	174,239	-	(103,529)	1,582,125
Total capital assets being depreciated	41,954,652	409,253	1,177,396	(119,414)	43,421,887
Less accumulated depreciation for:					
Infrastructure	(9,098,117)	(356,735)	-	15,885	(9,438,967)
Buildings and improvements	(8,241,266)	(375,788)	-	-	(8,617,054)
Equipment	(1,607,662)	(151,954)	-	-	(1,759,616)
Vehicles	(1,206,056)	(79,345)	-	103,529	(1,181,872)
Total accumulated depreciation	(20,153,101)	(963,822)	-	119,414	(20,997,509)
Total capital assets being depreciated, net	21,801,551	(554,569)	1,177,396	-	22,424,378
Business-type activities capital assets, net	\$ 24,510,369	\$ 3,128,836	\$ -	\$ -	\$ 27,639,205

7. Defined Benefit Pension Plan

a) Plan Descriptions

Substantially all qualified employees of the State, Public School Systems, and other political subdivisions of Wyoming which have elected to participate are eligible for the Public Employee Pension Plan, a cost-sharing, multiple employer defined benefit pension plan administered by the Wyoming Retirement System (WRS). Benefit provisions under the Plan are established by State statute. WRS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information can be found on the WRS website. That report may be obtained by writing to Wyoming Retirement System, Herschler Building, Cheyenne, WY 82002 or by calling (307) 777-7691.

CITY OF DOUGLAS, WYOMING
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7. Defined Benefit Pension Plan (Continued)

Employees terminating prior to normal retirement can elect to withdraw all employee contributions plus accumulated interest through the date of termination or, if they are vested, they may elect to remain in the Plan and be eligible for retirement benefits. Public employees are eligible at age 60 (Tier 1 employees) and 65 (Tier 2 employees). Public employees may also retire upon meeting requirements of the "Rule of 85" (age + years of service equal to or exceed 85). Law Enforcement employees are eligible at age 60 with four years of service or upon meeting requirements of the "Rule of 85" (age + years of service equal to or exceed 85).

b) Benefits Provided

WRS Public Employee Pension Plan and Law Enforcement Pension Plan provide 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 – 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 adjustments (COLA) 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 the Plan is 100% funded after the COLA is awarded.

Public Employee Plan benefits are determined based on two tiers:

Tier 1 – members who joined WRS by August 31, 2012. The Plan allows for normal retirement after four years of service and attainment of age 60. Early retirement is allowed provided the employee has completed four years of service and attained age 50 or 25 years of service. Benefits are calculated as 2.125% of employee's highest average salary for each year of credited service for the first 15 years of service plus 2.25% of the highest average salary for any years of service credit exceeding 15 years. This amount is reduced by 5% per year the employee is under age 60.

Tier 2 – members who joined WRS after August 31, 2012. The Plan allows for normal retirement after four years of service and attainment of age 65. Early retirement is allowed provided the employee has completed four years of service and attained age 55 or 25 years of service. Benefits are calculated as 2% of employee's highest average salary for each year of credited service. This amount is reduced by 5% per year the employee is under age 65.

Law Enforcement Pension Plan

The Plan allows for normal retirement after four year of service and attainment of age 60 and at any age after twenty years of service. Benefits are calculated as 2.5% of employee's highest average salary for each year of credited service not to exceed 75% of average salary.

CITY OF DOUGLAS, WYOMING
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7. Defined Benefit Pension Plan (Continued)

c) Contributions

The Public Employee Pension Plan statutorily required 16.62% of the participant's salary to be contributed to the Plan. Contributions consisted of 8.25% of the participant's salary as employee contributions and 8.37% as employer contributions. Beginning September 1, 2018, the Plan statutorily required 17.12% of the participant's salary to be contributed to the Plan. Contributions consist of 8.50% of the participant's salary as employee contributions and 8.62% as employer contributions. Law Enforcement Pension Plan requires 17.12% for police officers' and 14.12% of non-police officers' salaries be contributed to the Plan. Covered police officer employees are required by State statute to contribute 8.62% of their salary to the plan and the City is required to contribute at least 8.62% of the participant's total salary. The City may pay any amount of the employee's salary as part of a total compensation package per City policy. The City's contributions for the years ended June 30, 2019, 2018, and 2017, were approximately \$627,378, \$639,096, and \$643,641, respectively, equal to the required contributions for each of those years.

For the year ended June 30, 2019, contributions from the City recognized as part of pension expense for the Plans are as follows:

Public Employee Pension Plan contributions	\$ 419,023
Law Enforcement Pension Plan contributions	208,355

Pension Liabilities, Pension Expenses, and Deferred Outflows of Resources Related to Pensions

As of June 30, 2019, the City reported a net pension liability of \$6,280,311 as its proportionate share of the net pension liability for the Plans as detailed below:

	Proportionate Share	Net Pension Liability
Public Employee Pension Plan	0.1452961%	\$ 4,424,688
Law Enforcement Pension Plan	0.7665577%	1,855,623
		<u>\$ 6,280,311</u>

CITY OF DOUGLAS, WYOMING
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7. Defined Benefit Pension Plan (Continued)

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of December 31, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019 using generally accepted actuarial procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Law Enforcement Pension Plan as of December 31, 2018 was .7665577%, which was an decrease of .1203468% from its .8869045% proportionate share at December 31, 2017. The City's proportionate share of the net pension liability for the Public Employee Plan as of December 31, 2018 was .1452961%, which was an increase of .0068162% from its .1384799% proportionate share at December 31, 2017.

For the year ended June 30, 2019, the City recognized pension expense of \$731,293. At June 30, 2019, the City's portion of the reported deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on plan investments	\$ 1,432,041
Change in Employer's proportion and differences between the employer's contribution and the employer's proportionate share of contributions	36,205
Deferred actual and expected experience	-
Amortizing deferred inflows and outflows	1,468,246
Pension contributions subsequent to measurement date	313,893
	\$ 1,782,139

The \$313,893 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

CITY OF DOUGLAS, WYOMING
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7. Defined Benefit Pension Plan (Continued)

<u>Year Ended June 30</u>	<u>Deferred Outflows of Resources</u>
2020	373,618
2021	373,618
2022	373,618
2023	347,392

d) Actuarial Assumptions

Total pension liabilities in the January 1, 2019 actuarial valuations were determined using the following actuarial assumptions for public employees and law enforcement:

Valuation Date	January 1, 2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent Open
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.25%
Projected Salary Increase	2.50%
Investment Rate of Return	7.00%
Mortality	RP-2014 Combined Mortality Table

e) Discount Rate

The discount rate used to measure the total pension liability was 7.00% for the Public Employee Plan and 5.92% for the Law Enforcement Plan. The projection of cash flows used to determine the discount rate assumed contributions from participating employers will be made 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 WRS 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:

CITY OF DOUGLAS, WYOMING
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7. Defined Benefit Pension Plan (Continued)

Discount Rate - Public Employees			
Single Discount Rate	Long-Term Expected Rate of Return	Long-Term Municipal Bond Rate*	Last year ending December 31 in the 2018 to 2117 projection period for which projected benefit payments are fully funded
7.00%	7.00%	3.71%	2117

Discount Rate - Law Enforcement			
Single Discount Rate	Long-Term Expected Rate of Return	Long-Term Municipal Bond Rate*	Last year ending December 31 in the 2018 to 2117 projection period for which projected benefit payments are fully funded
5.92%	7.00%	3.71%	2117

*Source: "State & local bonds" rate from Federal Reserve statistical release (H.15) as of December 31, 2018. The statistical release describes the rate as "Bond Buyer Index, general obligation, 20 years to maturity, mixed quality."

In determining the long-term expected rate of return, the Plan assumes a long-term investment rate of return of 7.00%. The long-term rate of return is determined through a 4.75% net real rate of return and an inflation rate of 2.25%. The following table represents a comparison of an annual money-weighted rate of return, net of investments expenses compared to the expected real rate of return.

Annual money-weighted rate of return, net of expenses for the fiscal year ended December 31, 2017	Expected Rate of Return net investment expenses
7.00%	4.75%

The table below reflects the assumed asset allocation of the Plan's portfolio, the long-term expected rate of return for each asset class and the expected rate of return is presented arithmetic and geometric. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

CITY OF DOUGLAS, WYOMING
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7. Defined Benefit Pension Plan (Continued)

Asset Class	Target Allocation	30 Year Geometric Expected Real Return	30 Year Arithmetic Expected Real Return
Cash	0.00%	0.30%	0.30%
Fixed Income	20.00%	1.50%	2.00%
Equity	49.00%	6.00%	7.40%
Marketable Alternatives	19.00%	3.10%	3.50%
Private Markets	12.00%	5.20%	7.00%
Total Plan (Real Return)	100.00%		

f) Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability for the Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Public Employees Pension Plan	\$ 613,644,711	\$ 4,424,688	\$ 299,624,268
	1% Decrease 4.92%	Current Discount Rate 5.92%	1% Increase 6.92%
Law Enforcement Pension Plan	\$ 279,380,985	\$ 1,855,623	\$ 109,503,185

g) Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued WRS financial reports.

Payable to the Pension Plan

At June 30, 2019, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

8. Internal Balances and Interfund Activity

Internal balances and interfund activity, if any, within and among the governmental and proprietary fund categories is reported as follows in the fund financial statements.

CITY OF DOUGLAS, WYOMING
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

8. Internal Balances and Interfund Activity (Continued)

1. Interfund loans – amounts provided with a requirement for repayment are reported as interfund receivables and payables.
2. Interfund services – sales or purchases of goods and services between funds are reported as revenues and expenditures/expenses.
3. Interfund reimbursements – repayments from funds responsible for certain expenditures/expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expense in the respective funds.
4. Interfund transfers – Flow of assets from one fund to another where repayment is not expected are reported as transfers in and out.

The composition of internal balances, which have been eliminated for the government-wide basic financial statements, as of June 30, 2019 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water Fund	General Fund	\$ 21,407
Sewer Fund	General Fund	2,500
Sanitation Fund	General Fund	618
Landfill Fund	General Fund	1,000
Street Improvement Fund	Park Improvement Fund	49,589
Park Improvement Fund	General Fund	13,689
		<u>\$ 88,803</u>

The following is a summary of operating transfers for the year ended June 30, 2019:

<u>Transfer To</u> <u>Receiving Fund</u>	<u>Transfer From</u> <u>Paying Fund</u>	<u>Amount</u>
Enterprise Fund	Agency Fund	\$ 931
Street Improvement Fund	General Fund	2,000,000
Other Capital Projects Funds	General Fund	1,525,000
Special Revenue Fund	General Fund	1,133
General Fund	Permanent Fund	3,033
Agency Fund	General Fund	3,000

9. Capital Leases

The City has entered into lease agreements for financing the acquisition of improvements and equipment. These leases qualify as capital leases for accounting purposes (title transfers at the end of the lease term) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. Any imputed interest on the 0% leases would not be material in amount.

CITY OF DOUGLAS, WYOMING
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. Capital Leases (Continued)

The following is an analysis of equipment and improvements leased under capital leases as of June 30, 2019:

	Enterprise Funds	General Fund
Improvements	\$ 18,617	\$ 31,443
Less: accumulated depreciation	(4,922)	(13,597)
Carrying amount	<u>\$ 13,695</u>	<u>\$ 17,846</u>

Future minimum lease payments under the capital leases and the present value of the net minimum lease payments at June 30, 2019 is \$288.

10. Long-Term Obligations

The following is a summary of long-term debt obligations for the City for the year ended June 30, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Employee compensated absences	\$ 429,008	\$ 192,453	\$ 171,603	\$ 449,858	\$ 179,943
Other post-employment benefits	912,033	-	39,052	872,981	-
Net pension liability	3,229,233	1,904,178	-	5,133,411	-
Total Governmental Activities	<u>4,570,274</u>	<u>2,096,631</u>	<u>210,655</u>	<u>6,456,250</u>	<u>179,943</u>
Business-Type Activities:					
Employee compensated absences	139,071	68,144	55,628	151,587	60,636
Note payable	174,798	40,362	97,883	117,277	-
Capital leases	672	-	384	288	288
Landfill liability	362,219	14,706	2,717	374,208	-
Net pension liability	690,327	456,573	-	1,146,900	-
Total Business-Type Activities	<u>1,367,087</u>	<u>579,785</u>	<u>156,612</u>	<u>1,790,260</u>	<u>60,924</u>
Total Long-Term Obligations	<u>\$ 5,937,361</u>	<u>\$ 2,676,416</u>	<u>\$ 367,267</u>	<u>\$ 8,246,510</u>	<u>\$ 240,867</u>

CITY OF DOUGLAS, WYOMING
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

10. Long-Term Obligations (Continued)

The City entered into an agreement with the City of Casper to provide disposal of solid waste. The agreement commenced July 1, 2013 and remains in force until otherwise terminated by either party. The City of Douglas agreed to pay the City of Casper a total of \$436,000 for buy-in to the City of Casper's facility infrastructure. The City of Douglas must pay the sum over a five-year period in five installments of \$87,200. The City of Douglas paid \$87,200 in June of 2019 with \$84,742 paid to principal and \$2,458 paid to interest at an imputed interest rate of 2.9%. This was the last payment under the agreement and is now paid in full.

11. Fund Equity

Restrictions of fund equity are established to either (1) satisfy legal covenants that require that a portion of the fund balance be segregated or (2) identify amounts with external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Assigned fund balances are the net amounts of assets and liabilities constrained by the intent of the Douglas City Council. The intent will not be done by formal action of the City Council, but will be part of items such as the adopted budget or in a statement by the City Council or by the City Administrator.

Assignments of fund balance in the general fund and designations of retained earnings of the proprietary funds are established to identify the portion of equity that is not appropriable for future expenses. Specific assignments/designations are summarized below:

Assignments for capital outlay or capital related projects for the ensuing fiscal year. As of June 30, 2019, \$1,970,000 has been assigned in the general fund.

Designations for future water, sewer, landfill, and sanitation costs - The designations for future water, sewer, landfill, and sanitation costs were created to segregate a portion of retained earnings that is not available for expenses as it is designated for capital outlay or as a depreciation reserve as follows:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Landfill Fund</u>	<u>Sanitation Fund</u>
Replacement reserve	\$ 4,402,816	\$ 3,800,882	\$ 1,086,521	\$ 636,985
Operating reserve	575,425	195,913	132,650	75,760
Specific capital outlay	384,000	180,000	-	-
Total designated retained earnings	<u>\$ 5,362,241</u>	<u>\$ 4,176,795</u>	<u>\$ 1,219,171</u>	<u>\$ 712,745</u>

The General Fund Equipment Reserve Fund had a deficit balance at June 30, 2019 in the amount of \$12,355. To resolve the deficit in the General Fund Equipment Reserve Fund the City Council will approve a transfer of funds from the General Fund to restore the fund balance.

CITY OF DOUGLAS, WYOMING
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

12. Municipal Solid Waste Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require that the City of Douglas place final cover on its landfill when closed and to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities of the landfill, a liability is being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste.

The recognition of these landfill closure and postclosure care costs is based on the estimate of future costs to be incurred by the City. In June of 2015, the City began transferring most waste to Casper and began the process of closure of the main acreage in the landfill. The estimated liability for landfill closure and postclosure care costs for the main acreage is \$359,502 as of June 30, 2019. The contract approved for closure was significantly lower than original engineering estimates. The State of Wyoming approved a grant in the amount of \$1,440,000 to assist in covering costs of closure.

The City was re-permitted to accept waste commercial and demolition only on July 1, 2017. Based on engineering estimates and a life expectancy of 34 years, the liability for the commercial and demolition portion of the landfill is \$14,706.

The actual costs of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. It is reasonably possible that the City's recorded estimate of its liability may change in the near term.

The City of Douglas is required by state and federal laws and regulations to make annual contributions to finance closure and postclosure care. To comply with this requirement, the City of Douglas participates in the State of Wyoming Financial Assurance Program for Municipal Landfills. The Department of Environmental Quality had approved the City's current landfill operating permit through 2014. As noted above, in June of 2015, the City began to transfer their waste to the Casper Landfill.

13. Partially Self-Funded Employee Health Care Plan

As an employee benefit, the City maintains a partially self-funded employee health care plan for all full time employees. The plan, accounted for in an internal service fund, provides extensive major medical, wellness, dental, and vision coverage. As of January 1, 2016, the plan requires single and family deductibles of \$750 and \$1,500 respectively, as well as an 80% co-insurance requirement for substantially all eligible health care expenses.

The plan is funded on an impress basis by assessing each operating department a fixed charge per employee for stop loss coverage premiums and a variable proportional charge per employee for direct health care costs incurred below the stop loss limits. The City believes there are adequate resources available in the various operating funds to provide sufficient funding for the plan.

CITY OF DOUGLAS, WYOMING
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

13. Partially Self-Funded Employee Health Care Plan (Continued)

The reported liability includes an amount for claims that have been incurred but not reported. The liability is management's best estimate based on available information. Medical claims in excess of \$35,000 per employee, and those exceeding an aggregate amount dependent upon the number of covered employees, are covered through a private insurance carrier to further protect the City.

Changes in the claims liability amount were:

Beginning liability	\$ 259,000
Current year claims and change in estimate	774,426
Claim payments	<u>(787,426)</u>
Ending liability	<u>\$ 246,000</u>

14. Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The City is a member of the Local Government Liability Pool (LGLP) and manages the risk of liability claims by participation in this self-insurance pool as well as purchasing commercial insurance. The LGLP was created to formulate, develop, and administer a program of modified self-funding for the LGLP's membership, obtain lower costs for liability coverage, and develop a comprehensive loss control program. The City pays an annual premium to the LGLP for the comprehensive loss control program and liability coverage. The City's agreement with the LGLP provides that the LGLP will be self-sustaining through member premiums and will provide individual loss coverage for members. The City also participates in the Wyoming workers compensation program.

The City minimizes risk as Wyoming statutes place limitations on liability claims which can be asserted against municipal entities. All general government risk management activities are accounted for in the General Fund. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. Policy limits include \$250,000 per claimant; \$500,000 per occurrence for all claimants; and \$5,000,000 for annual aggregate.

Policy limits for other insurance coverages include approximately \$17,769,648 for building blanket coverage; \$1,624,732 for business personal property; \$250,000 for theft, forgery, robbery, computer fraud; \$18,029,648 for equipment; and \$2,000 comprehensive deductible, \$5,000 collision deductible for auto coverage-listed vehicles.

CITY OF DOUGLAS, WYOMING
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

15. Post-Employment Benefits Other Than Pensions

To comply with the Governmental Accounting Standards Board, the City is required to have an actuarial valuation of the post-retirement benefit plan. The net result of which is to identify the actuarial accrued liability, the annual required contribution, and the net OPEB obligation. The retiree benefits offered by the City included in this actuarial valuation include the self-funded medical benefit plan. Currently, the retiree benefits are subsidized by the City based on age and years of service.

Plan Description. The City participates in a single-employer defined benefit postemployment healthcare plan, the *Retirees Health Insurance Plan*. The City Council has the authority for establishing and amending the plan. This plan does not issue a separate report.

A retiree is eligible for coverage under the group insurance plan at premium rates established by the City provided the retiree has had medical coverage in effect under the group insurance plan at the time of retirement and has accumulated 75 points (service plus age) at retirement.

Required Monthly Contributions. Contributions are required for both retiree and dependent coverage up to member age 65. The City is currently providing a subsidy to offset the retiree's contribution for the medical insurance program.

The current contribution amounts are provided here:

<u>Points At Retirement</u>	<u>% Paid by the Retiree</u>
75	50%
76	45%
77	40%
78	35%
79	30%
80	25%
81	20%
82	15%
83	10%
84	5%
85+	0%

As of June 30, 2019, there were 56 fully eligible active participants and 0 retirees.

GASB allows the use of one of the following actuarial cost methods for the valuation: Unit Credit, Entry Age, Attained Age, Aggregate, Frozen Entry Age, or Frozen Attained Age. These methods can be amortized on either a level dollar or a level percentage of earnings basis. This actuarial valuation assumes the use of the Entry Age method with amortization on a level dollar basis.

CITY OF DOUGLAS, WYOMING
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

15. Post-Employment Benefits Other Than Pensions (Continued)

Funding Policy. The City finances this program on a “pay-as-you-go” basis. The City Council has the authority for establishing and amending the funding policy. For fiscal 2019, the City’s post-retirement plan is considered an unfunded plan and is administered per Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Net OPEB Obligation. The City’s net OPEB liability of \$872,981 was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2016. Standard actuarial update procedures were used to project/discount from valuation to measurement dates. Actuarial assumptions used in the July 1, 2018 valuation were based on a review of plan experience during the period July 1, 2016 to June 30, 2018.

Discount Rate. Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* requires a discount rate that reflects the following:

1. The long-term expected rate of return on OPEB plan investment – to the extent that the OPEB plan’s fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
2. A yield or index rate of 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in 1. are not met.

The discount rate used to measure the City’s Total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long-Term Expected Return of Plan Investments (if any)	Municipal Bond 20- Year High Grade Rate Index	Discount Rate
June 30, 2019	June 30, 2019	4.00%	3.13%	3.13%

The components of the net OPEB liability were as follows:

Total OPEB liability	\$ 872,981
Measurement date	June 30, 2019
Reporting date	June 30, 2019
Covered payroll	\$ 3,928,835
Net OPEB liability as a percentage of covered payroll	22.22%
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%

CITY OF DOUGLAS, WYOMING
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

15. Post-Employment Benefits Other Than Pensions (Continued)

Changes in the total OPEB liability:

	Total OPEB Liability
Balance at June 30, 2018	\$ 912,033
Changes for the year	
Service cost	49,068
Interest cost	27,468
Difference between expected and actual	(135,868)
Changes of assumptions	20,280
Net changes	(39,052)
Balance at June 30, 2019	\$ 872,981

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.13 percent) or one percentage point higher (4.13 percent) than the current discount rate:

	1% Decrease 2.13%	Discount Rate 3.13%	1% Increase 4.13%
Total OPEB liability	\$ 953,712	\$ 872,981	\$ 797,601

Schedule of changes in the City's total OPEB liability and related ratios for the year ended June 30, 2019:

Service cost	\$ 49,068
Interest	27,468
Benefit payments	-
Difference between expected and actual experience	(135,868)
Changes of assumptions	20,280
Total OPEB liability-beginning	912,033
Total OPEB liability - ending	\$ 872,981
 Covered employee payroll	 \$ 3,928,835
 Total OPEB liability as a percentage of covered employee payroll	 22.22%

CITY OF DOUGLAS, WYOMING
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

15. Post-Employment Benefits Other Than Pensions (Continued)

This schedule is presented to illustrate the requirement to show information for the 10 years. However, until a full 10-year trend is compiled, the City is showing one year's presentation.

Actuarial valuations involve estimates and the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and net estimates are made about the future.

Actuarial Methods and Assumptions. Projections of benefits are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits in force at the valuation date. Actuarial calculations reflect long-term perspective and employ methods and assumptions that are designed to reduce short-term perspective and employee methods and assumptions that are designed to reduce shorter-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Significant methods and assumptions were as follows:

Actuarial valuation date	July 1, 2018
Actuarial cost method	Entry Age
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Fair value of assets
Actuarial assumptions:	
Investment rate of return	4%
Health Care Trend Rate (HCCTR):	
Medical and Drug Trend Rate	5.90% for 2019; 5.80% for 2020; decreasing 0.10% each year until 5% in year 2028 and thereafter
Assumed rates of increase applied to retiree premiums	Same as HCCTR
Inflation rate	2.25%
Projected salary increases	2.50%

16. Contingencies and Commitments

The City of Douglas received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund, or other applicable funds. However, in the opinion of management, any such disallowed claims would not have a material adverse effect on the overall financial position of the City as of June 30, 2019.

CITY OF DOUGLAS, WYOMING
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

16. Contingencies and Commitments (Continued)

Should the City become involved in litigation and asserted claims, insurance provides coverage for these claims. However, the City may be liable for its \$5,000 deductible. This deductible was not accrued since no litigation or claims are pending as of the end of the fiscal year, June 30, 2019.

At June 30, 2019 the City of Douglas, Wyoming was in the process of completing construction projects. The City was obligated under executed construction contracts as follows:

Project	Original Contract Amount	Paid to Date	Contract Remaining
Little Boxelder Spring line project	\$ 7,914,566	\$ 2,859,354	\$ 5,055,212
Pathway project	232,350	-	232,350
Miscellaneous Water/Sewer/Street Improvements	580,535	564,942	15,593
Dog Park project	129,877	-	129,877

17. Prior Period Adjustment

The prior year net position for the Water Fund was overstated due to an error in recording depreciation expense. Prior period adjustment is required to correct the error.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DOUGLAS, WYOMING
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 6,840,750	\$ 17,149,050	\$ 18,473,400	\$ 1,324,350
Licenses and permits	47,600	64,600	68,109	3,509
Intergovernmental revenues	1,095,387	1,240,750	1,263,780	23,030
Charges for services	605,338	604,563	616,124	11,561
Fines and forfeitures	50,000	41,000	41,432	432
Miscellaneous revenue	184,258	227,988	271,929	43,941
Investment earnings	125,000	275,000	440,408	165,408
Total revenues	<u>8,948,333</u>	<u>19,602,951</u>	<u>21,175,182</u>	<u>1,572,231</u>
EXPENDITURES				
Current:				
General government	2,021,464	2,280,827	1,821,013	459,814
Public safety	2,290,275	2,292,275	2,094,541	197,734
Highways and public works	1,288,077	1,288,777	1,229,410	59,367
Culture and recreation	769,953	771,225	736,512	34,713
Cemetery	277,809	278,809	264,018	14,791
Community service	1,471,150	1,471,150	1,217,701	253,449
Total expenditures	<u>8,118,728</u>	<u>8,383,063</u>	<u>7,363,195</u>	<u>1,019,868</u>
Excess revenues over expenditures	<u>829,605</u>	<u>11,219,888</u>	<u>13,811,987</u>	<u>2,592,099</u>
Other financing sources (uses)				
Transfers in	1,000	2,150	3,033	883
Transfers out	<u>(3,630,000)</u>	<u>(3,630,000)</u>	<u>(3,529,133)</u>	<u>100,867</u>
Total other financing sources (uses)	<u>(3,629,000)</u>	<u>(3,627,850)</u>	<u>(3,526,100)</u>	<u>101,750</u>
Net change in fund balances	<u>\$ (2,799,395)</u>	<u>\$ 7,592,038</u>	<u>\$ 10,285,887</u>	<u>\$ 2,693,849</u>

CITY OF DOUGLAS, WYOMING
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2019

Proportionate Share of the Net Pension Liability - A Schedule of the City of Douglas, Wyoming's proportionate share of the net pension liability follows:

	2018
December 31:	
Public Employee Pension Plan	
City Proportion of the Net Pension Liability	0.145296100%
City Proportionate Share of the Net Pension Liability (Asset)	\$ 4,424,689
City Covered Employee Payroll	\$ 2,457,906
City Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	180%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	69%
Law Enforcement Pension Plan	
City Proportion of the Net Pension Liability	0.766557700%
City Proportionate Share of the Net Pension Liability (Asset)	\$ 1,855,623
City Covered Employee Payroll	\$ 1,340,654
City Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	138%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	71%

Amounts were presented for the System year ended December 31 for both Tier 1 and Tier 2 combined as the breakdown was not available from the WRS.

Going forward, a full 10-year schedule will be presented as it becomes available.

2017	2016	2015	2014
0.138479900%	0.141909900%	0.133149329%	0.126680887%
\$ 3,156,428	\$ 3,430,672	\$ 3,101,511	\$ 2,235,528
\$ 2,459,667	\$ 2,522,831	\$ 2,291,122	\$ 2,110,653
128%	136%	135%	106%
76%	73%	73%	79%
0.886904500%	0.882478900%	0.857565866%	0.728771052%
\$ 763,132	\$ 666,200	\$ 644,203	\$ 214,723
\$ 1,365,374	\$ 1,381,970	\$ 1,292,496	\$ 1,038,568
56%	48%	50%	21%
88%	88%	87%	95%

**CITY OF DOUGLAS, WYOMING
DEFINED BENEFIT PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2019**

Defined Benefit Pension Contributions - A Schedule of the City of Douglas's pension contributions to the System as follows:

	2019	2018
Public Employee Pension Plan - Started July 2013		
Contractually required City contributions	\$ 439,421	\$ 408,504
City contributions in relation to the contractually required contributions	439,421	408,504
City contribution deficiency (excess)	-	-
City covered employee payroll	\$ 2,581,164	\$ 2,457,906
City contributions as a percentage of covered employee payroll	17.02%	16.62%
 Law Enforcement Pension Plan		
Contractually required City contributions	\$ 187,956	\$ 230,592
City contributions in relation to the contractually required contributions	187,956	230,592
City contribution deficiency (excess)	-	-
City covered employee payroll	\$ 1,092,771	\$ 1,340,654
City contributions as a percentage of covered employee payroll	17.20%	17.20%

Amounts were presented for the System year ended December 31 for both Tier 1 and Tier 2 combined as the breakdown was not available from the WRS. Going forward, a full 10-year schedule will be presented as it becomes available.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 408,797	\$ 419,295	\$ 363,601	\$ 306,954	\$ 276,137	N/A
<u>408,797</u>	<u>419,295</u>	<u>363,601</u>	<u>306,954</u>	<u>276,137</u>	<u>N/A</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 2,459,667</u>	<u>\$ 2,522,831</u>	<u>\$ 2,291,122</u>	<u>\$ 2,110,653</u>	<u>\$ 1,955,640</u>	<u>N/A</u>
16.62%	16.62%	15.87%	14.54%	14.12%	N/A
\$ 234,844	\$ 237,699	\$ 222,310	\$ 178,634	\$ 196,251	\$ 187,016
<u>234,844</u>	<u>237,699</u>	<u>222,310</u>	<u>178,634</u>	<u>196,251</u>	<u>187,016</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 1,365,374</u>	<u>\$ 1,381,970</u>	<u>\$ 1,292,496</u>	<u>\$ 1,038,568</u>	<u>\$ 1,140,994</u>	<u>\$ 1,087,302</u>
17.20%	17.20%	17.20%	17.20%	17.20%	17.20%

CITY OF DOUGLAS, WYOMING
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. Budgetary Basis of Accounting

The City is reporting the budget and financial position, results of operations, and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP).

2. Pension Liability

Changes of assumptions – The amounts reported for January 1, 2018 per the Wyoming Retirement System actuarial valuation had a number of changes in assumptions as follows: reduce current inflation assumption of 3.25% to 2.25%; increase real rate of return assumption from 4.50% to 4.75%; decrease in nominal rate of return from 7.75% to 7.00%; reduce the wage inflation assumption from 4.25% to 2.50%; reduce the payroll growth assumption from 4.25% to 2.50%; reduce the administrative expenses assumption from 6.50% per year to 2.50%; and update the post-retirement mortality, disable lives mortality, active life mortality to RP2014 table, projected generally using MP 2017. There were no changes in assumptions for January 1, 2019 reporting purposes.

OTHER SUPPLEMENTAL INFORMATION

CITY OF DOUGLAS, WYOMING
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Special Revenue Fund	Capital Projects Funds			
	Police Special Projects	Impact Assistance	CLG Projects	Fire Equipment	Capital Improvement Reserve
Assets					
Pooled cash and cash equivalents	\$ 18,511	\$ 21,526	\$ 2,812	\$ 116,303	\$ 26,052
Investments	-	-	-	-	315,012
Due from other funds	-	-	-	-	-
Accounts receivable	50,918	-	-	-	433
Total assets	<u>69,429</u>	<u>21,526</u>	<u>2,812</u>	<u>116,303</u>	<u>341,497</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	43,400	-	-	-	-
Total liabilities	<u>43,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances					
Restricted for:					
Police grants	26,029	-	-	-	-
Cemetery care	-	-	-	-	-
Assigned for:					
Equipment replacement	-	-	-	116,303	-
Capital projects	-	21,526	2,812	-	341,497
Total fund balances	<u>26,029</u>	<u>21,526</u>	<u>2,812</u>	<u>116,303</u>	<u>341,497</u>
Total liabilities and fund balances	<u>\$ 69,429</u>	<u>\$ 21,526</u>	<u>\$ 2,812</u>	<u>\$ 116,303</u>	<u>\$ 341,497</u>

Capital Projects Funds (Continued)						Permanent Fund	Total Nonmajor Governmental Funds
General Fund Equipment Reserve	Public Facilities	Brownfield Grant	Pool Renovation	Train Car Restoration	Economic Development	Cemetery Care	
\$ (22,249)	\$ 393,438	\$ (24,607)	\$ 127,314	\$ 52,678	\$ 186,409	\$ 35,874	\$ 934,061
101,581	1,005,745	-	100,592	-	-	132,499	1,655,429
-	-	-	-	-	-	-	-
129	2,119	27,777	214	-	-	45	81,635
<u>79,461</u>	<u>1,401,302</u>	<u>3,170</u>	<u>228,120</u>	<u>52,678</u>	<u>186,409</u>	<u>168,418</u>	<u>2,671,125</u>
91,816	38,124	3,170	-	-	-	-	176,510
<u>91,816</u>	<u>38,124</u>	<u>3,170</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>176,510</u>
-	-	-	-	-	-	-	26,029
-	-	-	-	-	-	168,418	168,418
(12,355)	-	-	-	-	-	-	103,948
-	1,363,178	-	228,120	52,678	186,409	-	2,196,220
(12,355)	1,363,178	-	228,120	52,678	186,409	168,418	2,494,615
<u>\$ 79,461</u>	<u>\$ 1,401,302</u>	<u>\$ 3,170</u>	<u>\$ 228,120</u>	<u>\$ 52,678</u>	<u>\$ 186,409</u>	<u>\$ 168,418</u>	<u>\$ 2,671,125</u>

CITY OF DOUGLAS, WYOMING
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Fund	Capital Projects Funds			
	Police Special Projects	Impact Assistance	CLG Projects	Fire Equipment	Capital Improvement Reserve
Revenues					
Intergovernmental	\$ 100,180	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	-
Interest	-	-	-	328	3,761
Total revenues	100,180	-	-	328	3,761
Expenditures					
Public safety	92,788	-	-	-	-
Capital outlay	-	-	-	-	-
Total expenditures	92,788	-	-	-	-
Excess revenues over (under) expenditures	7,392	-	-	328	3,761
Other financing sources (uses)					
Operating transfers in	1,133	-	-	100,000	-
Operating transfers out	-	-	-	-	-
Total other financing sources (uses)	1,133	-	-	100,000	-
Net change in fund balances	8,525	-	-	100,328	3,761
Fund balances - beginning	17,504	21,526	2,812	15,975	337,736
Fund balances - ending	\$ 26,029	\$ 21,526	\$ 2,812	\$ 116,303	\$ 341,497

Capital Projects Funds (Continued)

General Fund Equipment Reserve	Public Facilities	Brownfield Grant	Pool Renovation	Train Car Restoration	Economic Development	Cemetery Care	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 27,777	\$ -	\$ -	\$ -	\$ -	\$ 127,957
-	-	-	-	-	-	4,000	4,000
5,462	7,864	-	806	-	715	3,003	21,939
<u>5,462</u>	<u>7,864</u>	<u>27,777</u>	<u>806</u>	<u>-</u>	<u>715</u>	<u>7,003</u>	<u>153,896</u>
-	-	-	-	-	-	-	92,788
760,718	408,748	27,777	6,350	5,000	11,445	-	1,220,038
<u>760,718</u>	<u>408,748</u>	<u>27,777</u>	<u>6,350</u>	<u>5,000</u>	<u>11,445</u>	<u>-</u>	<u>1,312,826</u>
(755,256)	(400,884)	-	(5,544)	(5,000)	(10,730)	7,003	(1,158,930)
250,000	-	-	50,000	-	125,000	-	526,133
-	-	-	-	-	-	(3,033)	(3,033)
<u>250,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>125,000</u>	<u>(3,033)</u>	<u>523,100</u>
(505,256)	(400,884)	-	44,456	(5,000)	114,270	3,970	(635,830)
492,901	1,764,062	-	183,664	57,678	72,139	164,448	3,130,445
<u>\$ (12,355)</u>	<u>\$ 1,363,178</u>	<u>\$ -</u>	<u>\$ 228,120</u>	<u>\$ 52,678</u>	<u>\$ 186,409</u>	<u>\$ 168,418</u>	<u>\$ 2,494,615</u>

CITY OF DOUGLAS, WYOMING
COMBINING STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2019

	<u>Deposits</u>	<u>Visible Memorials</u>	<u>Historic Preservation Commission</u>	<u>Total Agency Funds</u>
Assets:				
Pooled cash and cash equivalents	\$ 46,856	\$ 3	\$ 14,234	\$ 61,093
Investments	40,458	-	-	40,458
Total assets	<u>\$ 87,314</u>	<u>\$ 3</u>	<u>\$ 14,234</u>	<u>\$ 101,551</u>
Liabilities:				
Due to others	\$ 87,314	\$ 3	\$ 14,234	\$ 101,551
Total liabilities	<u>\$ 87,314</u>	<u>\$ 3</u>	<u>\$ 14,234</u>	<u>\$ 101,551</u>

**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 Honorable Mayor and City Council
Douglas, Wyoming

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the City of Douglas, Wyoming, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Douglas, Wyoming's basic financial statements, and have issued our report thereon dated February 10, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Douglas, Wyoming'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 of Douglas, Wyoming's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Douglas, Wyoming's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Douglas, Wyoming's Response to Findings

City of Douglas, Wyoming's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Douglas, Wyoming's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

Skogen, Cometto & Associates, P.C.

Casper, Wyoming
February 10, 2020

**CITY OF DOUGLAS, WYOMING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

**Finding 2019-001: Prior Period Adjustment
Material Weakness**

Criteria: Internal control is a process, affected by the District's Board of Trustees, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of its financial reporting, (b) effectiveness and efficiency of operations, and (c) compliance with applicable laws and regulations.

Internal control consists of five interrelated components:

- Control environment
- Risk assessment
- Control activities
- Information and communication
- Monitoring

Condition: The City noted an asset in the Water Fund that had not been properly depreciated since it was placed in service.

Effect: In the current year prior to the correction, the net position is overstated and accumulated depreciation is understated in the Water Fund.

Recommendation: We recommend depreciation schedules be reviewed carefully to ensure depreciation is recorded properly when the asset is placed in service.

View of responsible officials and planned corrective action: The lack of depreciation on a particular asset was missed in year-end review. Procedures will be implemented to ensure depreciation schedules are reviewed thoroughly when assets are added and at year end so corrections can be made as necessary to prevent this error in the future.

**CITY OF DOUGLAS, WYOMING
RESOLUTION OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

**Finding 2018-001: Prior Period Adjustment
Material Weakness**

Condition: The City recorded an audit entry in the prior year for additional accounts payable found in the 2016 audit. The entry was recorded as an increase to accounts payable and a decrease to net position in the Public Facilities Fund. The actual expenditures were also recorded, reducing net position a second time. The audit entry to the accounts payable account was not reversed and carried forward to the current year.

Resolution: The City has implemented procedures to review and correct entries made during the year. Any necessary corrections will be made throughout the year.

**Finding 2018-002: Budget Monitoring
Material Noncompliance**

Condition: The City overspent its Capital Improvement Facilities Fund budget by a total of \$867,457, with an over expenditure in Improvements Other Than Buildings of \$2,830,540 and an under expended Architect/Engineering/Survey by \$10,000, Miscellaneous Contractual Services by \$1,823,832, and Buildings/Improvements by \$129,251. Along with this, it was noted no amendment had been done to cover the over expenditure.

Resolution: The City has implemented procedures to review expenditures for proper appropriation prior to payment. During this review if it becomes apparent that an amendment to the budget is needed to avoid an over expenditure, it will be reported to the council.

