

CITY OF DOUGLAS
FINANCIAL STATEMENTS
JUNE 30, 2021

SKOGEN,
COMETTO *Associates* PC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council
Douglas, Wyoming

Report on the Financial Statements

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 - 17 and 65 and the schedules of proportionate share of net pension liability and defined benefit pension contributions pages 66 and 67 and the schedules of the City's OPEB liability and change in the City's OPEB liability on pages 68 and 69 and notes to required supplementary information on page 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Douglas, Wyoming's basic financial statements. The combining and individual nonmajor fund financial statements and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 and the schedule of expenditures of federal awards. are fairly stated, in all material respects in relation to the basic financial statements as a whole.

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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2021 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
December 14, 2021

City of Douglas, Wyoming
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021
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, 2021. 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 \$146,795,090 (net position). Of this amount, \$72,338,721 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 \$175,774 for the Perpetual Care Fund and \$24,622 for special police projects. The City also has \$74,255,973 invested in capital assets, net of debt obligations. The City's total net position, including all funds, increased by \$10,663,236.

The City's total net long-term liabilities decreased by \$266,851 during the current fiscal year. Decreases were due to a combination of factors including an increase in accrued compensated absences (\$7,420), an increase from recognition of landfill closure and post closure costs (\$32,563), a decrease from a change in post-employment benefits (\$293,693), and a decrease due to payments on notes payable (\$13,141).

Fund Basis:

As of June 30, 2021, unreserved fund balance for the General Fund was \$33,523,233.

As of June 30, 2021, the City's other governmental funds reported combined ending fund balances of \$24,480,960 of which all is assigned for equipment replacement or capital projects except for \$200,396 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.

City of Douglas, Wyoming
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021
Unaudited

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 the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net 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 funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

City of Douglas, Wyoming
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021
Unaudited

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.

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 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 in the required supplementary information section of this report.

Proprietary funds are generally used to account for operations that provide services to the 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.

City of Douglas, Wyoming
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021
Unaudited

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.

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, 2021
 Unaudited

Net Position
 June 30 2021

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Current and other assets	\$ 61,453,876	\$ 20,544,271	\$ 81,998,147
Capital assets	37,768,305	37,017,381	74,785,686
Total assets	<u>99,222,181</u>	<u>57,561,652</u>	<u>156,783,833</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows			
relating to post retirement	102,024	-	102,024
relating to pensions	235,951	82,642	318,593
Total deferred outflows of resources	<u>337,975</u>	<u>82,642</u>	<u>420,617</u>
LIABILITIES			
Current liabilities	2,419,610	1,087,887	3,507,497
Long-term liabilities	4,215,242	1,360,320	5,575,562
Total liabilities	<u>6,634,852</u>	<u>2,448,207</u>	<u>9,083,059</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows			
relating to post retirement	45,114	-	45,114
relating to pensions	620,874	183,946	804,820
relating to property taxes	476,367	-	476,367
Total deferred inflows of resources	<u>1,142,355</u>	<u>183,946</u>	<u>1,326,301</u>
NET POSITION			
Invested in capital assets, net of related debt	37,768,305	36,487,668	74,255,973
Restricted	200,396	-	200,396
Unrestricted	53,814,248	18,524,473	72,338,721
Total net position	<u>\$ 91,782,949</u>	<u>\$ 55,012,141</u>	<u>\$ 146,795,090</u>

City of Douglas, Wyoming
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2021
 Unaudited

Net Position
 June 30 2020

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Current and other assets	\$ 56,520,222	\$ 22,534,802	\$ 79,055,024
Capital assets	36,051,640	32,971,756	69,023,396
Total assets	<u>92,571,862</u>	<u>55,506,558</u>	<u>148,078,420</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows relating to pensions	275,315	103,510	378,825
Total deferred outflows of resources	<u>275,315</u>	<u>103,510</u>	<u>378,825</u>
LIABILITIES			
Current liabilities	2,104,576	1,670,518	3,775,094
Long-term liabilities	4,427,863	1,417,518	5,845,381
Total liabilities	<u>6,532,439</u>	<u>3,088,036</u>	<u>9,620,475</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows relating to pensions	668,275	130,376	798,651
relating to property taxes	465,669	-	465,669
Total deferred inflows of resources	<u>1,133,944</u>	<u>130,376</u>	<u>1,264,320</u>
NET POSITION			
Invested in capital assets, net of related debt	36,051,640	32,474,606	68,526,246
Restricted	198,756	-	198,756
Unrestricted	48,930,398	19,917,050	68,847,448
Total net position	<u>\$ 85,180,794</u>	<u>\$ 52,391,656</u>	<u>\$ 137,572,450</u>

City of Douglas, Wyoming
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021
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 \$146,795,090 at the close of the most recent fiscal year.

A large portion of the City's financial position (50%) reflects its net investment of \$74,255,973 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, \$200,396, 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 \$72,338,721 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, 2021, 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 \$10,663,236 during the current fiscal year. This increase is due to the change in net position of the Governmental Activities of \$8,042,751 and an increase in net position of Business –Type activities of \$2,620,485.

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City of Douglas, Wyoming
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2021
 Unaudited

Changes in Net Assets
For the year ended June 30, 2021

	Governmental Activities	Business-type Activities	Totals
Revenues			
Charges for services	\$ 854,935	\$ 5,781,072	\$ 6,636,007
Operating grants and contributions	1,595,573	-	1,595,573
Capital grants and contributions	425,134	1,038,289	1,463,423
Taxes			
Property	692,639	-	692,639
Sales	12,186,637	-	12,186,637
Other	1,199,467	-	1,199,467
Unrestricted interest earnings	834,274	(11,831)	822,443
Donated capital assets	433,501	624,111	1,057,612
Transfers	(272,127)	272,127	-
Total revenues	<u>17,950,033</u>	<u>7,703,768</u>	<u>25,653,801</u>
Expenses			
General government	2,878,688	-	2,878,688
Public safety	2,269,186	-	2,269,186
Highways and public works	2,035,220	-	2,035,220
Culture and recreation	1,136,550	-	1,136,550
Cemetery	366,419	-	366,419
Community service	1,221,219	-	1,221,219
Water	-	2,241,859	2,241,859
Sewer	-	1,166,066	1,166,066
Sanitation	-	584,862	584,862
Landfill	-	1,090,496	1,090,496
Total expenses	<u>9,907,282</u>	<u>5,083,283</u>	<u>14,990,565</u>
Change in net assets	8,042,751	2,620,485	10,663,236
Net assets - July 1	85,180,794	52,391,656	137,572,450
Prior Period Adjustment	(1,440,596)	-	(1,440,596)
Net assets - July 1, as restated	<u>83,740,198</u>	<u>52,391,656</u>	<u>136,131,854</u>
Net assets - June 30	<u>\$ 91,782,949</u>	<u>\$ 55,012,141</u>	<u>\$ 146,795,090</u>

City of Douglas, Wyoming
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

Unaudited

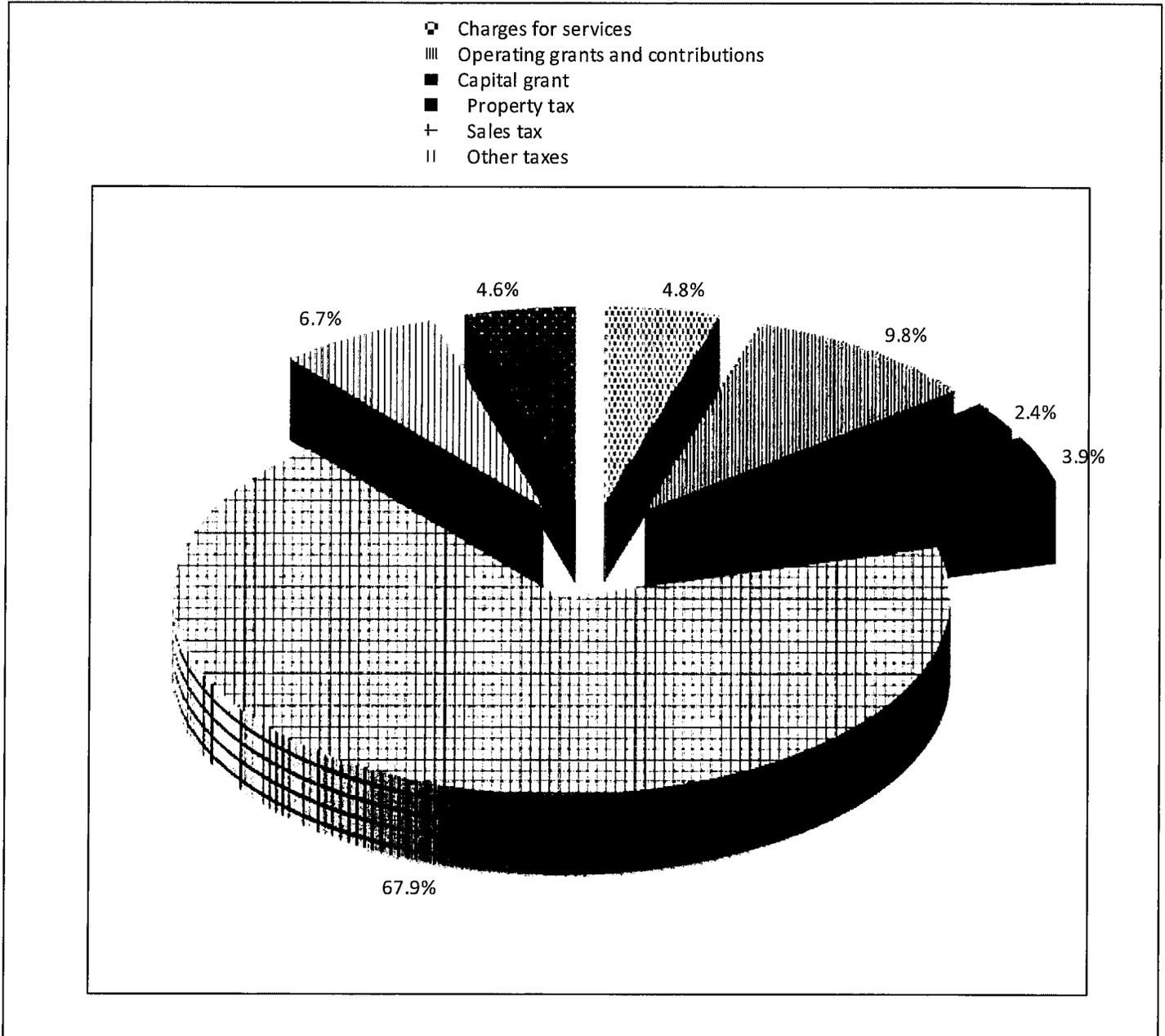
Changes in Net Assets

For the year ended June 30, 2020

	Governmental Activities	Business-type Activities	Totals
Revenues			
Charges for services	\$ 814,865	\$ 6,152,207	\$ 6,967,072
Operating grants and contributions	1,294,255	-	1,294,255
Capital grants and contributions	207,095	3,026,970	3,234,065
Taxes			
Property	693,120	-	693,120
Sales	17,591,779	-	17,591,779
Other	1,207,021	-	1,207,021
Unrestricted interest earnings	1,173,348	597,230	1,770,578
Donated capital assets	4,836,777	-	4,836,777
Impact assistance revenue	575,384	-	575,384
Other	1,590,448	-	1,590,448
Transfers	(2,234,553)	2,234,553	-
Total revenues	27,749,539	12,010,960	39,760,499
Expenses			
General government	2,344,412	-	2,344,412
Public safety	2,017,412	-	2,017,412
Highways and public works	3,679,832	-	3,679,832
Culture and recreation	688,135	-	688,135
Cemetery	281,748	-	281,748
Community service	1,387,316	-	1,387,316
Water	-	1,715,928	1,715,928
Sewer	-	1,237,197	1,237,197
Sanitation	-	416,913	416,913
Landfill	-	1,141,977	1,141,977
Total expenses	10,398,855	4,512,015	14,910,870
Change in net assets	17,350,684	7,498,945	24,849,629
Net assets - July 1	68,984,255	44,892,711	113,876,966
Prior Period Adjustment	(1,154,145)	-	(1,154,145)
Net assets - July 1, as restated	67,830,110	44,892,711	112,722,821
Net assets - June 30	\$ 85,180,794	\$ 52,391,656	\$ 137,572,450

City of Douglas, Wyoming
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2021
 Unaudited

Revenues by source – Governmental Activities

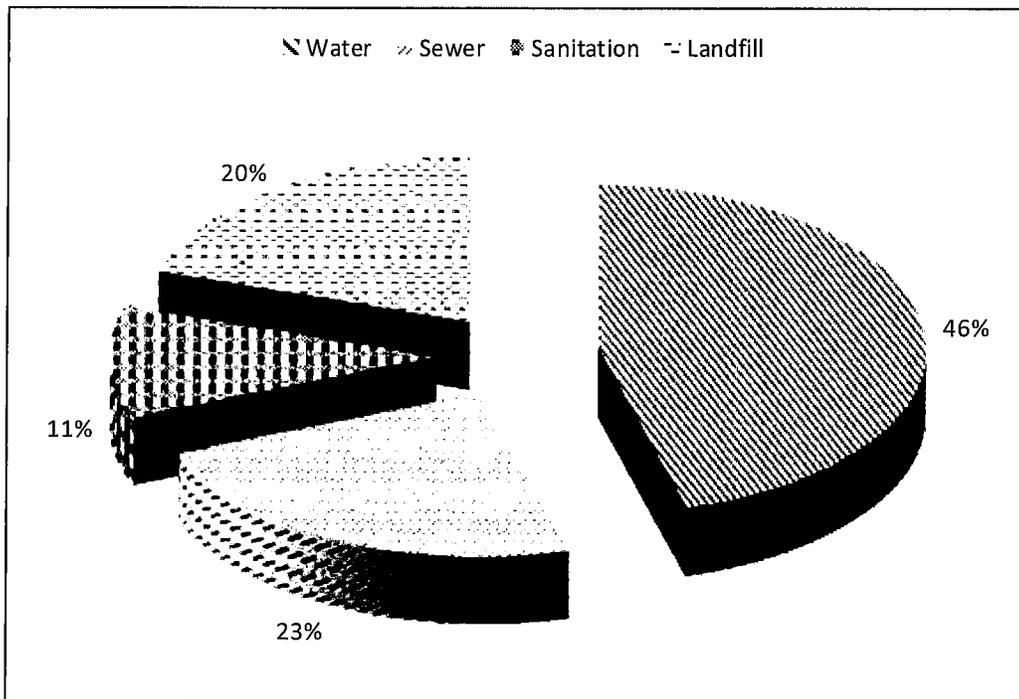


Mineral taxes, sales taxes, property taxes, franchise fees and other taxes are general revenues used to support overall government functions; therefore, these are not shown as program revenues. Governmental activities increased the City's net assets by \$8,042,751. Key factors of this change in governmental activities are the receipt of donated capital assets of \$424,738, including parcels of land.

City of Douglas, Wyoming
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021
Unaudited

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 \$2,620,485. Key factors of the change in business-type activities is the receipt of donated capital assets of \$624,111.



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City of Douglas, Wyoming
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021
Unaudited

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, 2021, the City's governmental funds reported a combined ending fund balance of \$91,782,949, an increase of \$8,042,751. The increase is primarily due to donated capital assets and reimbursements.

The General Fund is the City's main operating funds. At June 30, 2021, unreserved fund balance of the General Fund was \$33,523,233, an increase of \$3,386,134 in comparison with the prior year.

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, 2021 amounted to \$18,524,473. The total increase in net position was \$2,670,485. 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 \$728,424 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.

City of Douglas, Wyoming
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021
Unaudited

The City's investment in capital assets for its governmental and business-type activities for the current fiscal year amounts to \$74,255,973 (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.

At the end of the current fiscal year, the City had total net long-term obligations outstanding of \$5,837,595. Of this amount, \$438,718 relates to the Landfill post closure liability and \$622,228 for accrued compensated absences.

Economic Factors and Next Year's Budgets and Rates

The City continues to face an uncertain future as we experience additional demands for services and volatile revenue streams with limited opportunities to increase revenues locally. With these factors and the full impact of economic closures unknown, the City of Douglas continues to use conservative revenue estimates and offsetting those by reductions in services and expenses.

The City maintains reserves, whether restricted (legally mandated), designated (set by City policy), or unrestricted, in a several 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 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 2022 will be approximately \$27,643,909. General Fund expenditures are anticipated to be \$7,997,051. Special Revenue expenditures are anticipated to be \$117,234. Enterprise Funds anticipate expenditures to be \$10,838,135 which includes capital expenditures for filter sand replacement, and various water and sewer main replacements. Capital Project Funds anticipate expenditures of \$7,212,689 which include Slurry sealing, 8.5 Alley, 2nd Street, 3rd Street, 4.5 Alley -Cody/Labonte, Antelope Bridge, Mesa Drive - Richards Street to Cactus Court, Riverbend to Richards, Pearson Street, Pool deck resurfacing and Clearfield Park irrigation replacement.

City of Douglas, Wyoming
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2021
Unaudited

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, 2021

	Governmental Activities	Business-type Activities	Totals
Assets:			
Current assets:			
Pooled cash and cash equivalents	\$ 13,606,724	\$ 6,117,788	\$ 19,724,512
Investments	45,729,995	13,492,371	59,222,366
Receivables:			
Accounts receivable - net	303,210	736,695	1,039,905
Grants receivable	-	57,968	57,968
Taxes receivable	1,838,113	-	1,838,113
Internal balances	(108,127)	108,127	-
Due from other governments	1,690	-	1,690
Accrued interest receivable	52,641	31,322	83,963
Prepaid expenses	29,630	-	29,630
Capital assets (net of accumulated depreciation):			
Land	4,835,983	153,290	4,989,273
Construction in process	2,070,157	976,004	3,046,161
Infrastructure	9,582,550	26,710,403	36,292,953
Other capital assets	21,279,615	9,177,684	30,457,299
Total assets	<u>99,222,181</u>	<u>57,561,652</u>	<u>156,783,833</u>
Deferred Outflows of Resources:			
Post retirement health benefits	102,024	-	102,024
Pension plan items	235,951	82,642	318,593
Total deferred outflows of resources	<u>337,975</u>	<u>82,642</u>	<u>420,617</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	1,693,011	1,000,572	2,693,583
Unearned revenues	551,881	-	551,881
Current portion of long-term obligation	174,718	87,315	262,033
Noncurrent liabilities:			
Post retirement health benefits	1,061,121	-	1,061,121
Net pension liability	2,892,045	732,487	3,624,532
Noncurrent portion of long-term obligation	262,076	627,833	889,909
Total liabilities	<u>6,634,852</u>	<u>2,448,207</u>	<u>9,083,059</u>
Deferred Inflows of Resources:			
Post retirement health benefits	45,114	-	45,114
Pension plan items	620,874	183,946	804,820
Deferred inflows relating to property taxes	476,367	-	476,367
Total deferred inflows of resources	<u>1,142,355</u>	<u>183,946</u>	<u>1,326,301</u>
Net Position:			
Net investment in capital assets	37,768,305	36,487,668	74,255,973
Restricted for other purposes	200,396	-	200,396
Unrestricted	53,814,248	18,524,473	72,338,721
Total net position	<u>\$ 91,782,949</u>	<u>\$ 55,012,141</u>	<u>\$ 146,795,090</u>

See accompanying notes to financial statements.

CITY OF DOUGLAS, WYOMING
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,878,688	\$ 725,065	\$ 1,582,040	\$ 7,200
Public safety	2,269,186	87,898	13,533	-
Highways and public works	2,035,220	-	-	417,934
Culture and recreation	1,136,550	16,922	-	-
Cemetery	366,419	25,050	-	-
Community service	1,221,219	-	-	-
Total governmental activities	<u>9,907,282</u>	<u>854,935</u>	<u>1,595,573</u>	<u>425,134</u>
Business-type activities:				
Water	2,241,859	2,639,267	-	555,606
Sewer	1,166,066	1,343,234	-	482,683
Sanitation	584,862	637,508	-	-
Landfill	1,090,496	1,161,063	-	-
Total business-type activities	<u>5,083,283</u>	<u>5,781,072</u>	<u>-</u>	<u>1,038,289</u>
Total primary government	<u>\$14,990,565</u>	<u>\$ 6,636,007</u>	<u>\$ 1,595,573</u>	<u>\$ 1,463,423</u>

General revenues:
Property taxes
General sales and use tax
Franchise fees
Severance tax
Mineral royalties
Other taxes
Unrestricted investment earnings
Donated capital assets
Transfers
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
\$ (564,383)	\$ -	\$ (564,383)
(2,167,755)	-	(2,167,755)
(1,617,286)	-	(1,617,286)
(1,119,628)	-	(1,119,628)
(341,369)	-	(341,369)
<u>(1,221,219)</u>	<u>-</u>	<u>(1,221,219)</u>
<u>(7,031,640)</u>	<u>-</u>	<u>(7,031,640)</u>
-	953,014	953,014
-	659,851	659,851
-	52,646	52,646
-	70,567	70,567
-	<u>1,736,078</u>	<u>1,736,078</u>
<u>(7,031,640)</u>	<u>1,736,078</u>	<u>(5,295,562)</u>
692,639	-	692,639
12,186,637	-	12,186,637
281,326	-	281,326
225,755	-	225,755
302,703	-	302,703
389,683	-	389,683
834,274	(11,831)	822,443
433,501	624,111	1,057,612
<u>(272,127)</u>	<u>272,127</u>	<u>-</u>
<u>15,074,391</u>	<u>884,407</u>	<u>15,958,798</u>
8,042,751	2,620,485	10,663,236
85,180,794	52,391,656	137,572,450
<u>(1,440,596)</u>	<u>-</u>	<u>(1,440,596)</u>
<u>83,740,198</u>	<u>52,391,656</u>	<u>136,131,854</u>
<u>\$ 91,782,949</u>	<u>\$ 55,012,141</u>	<u>\$ 146,795,090</u>

**FUND
FINANCIAL STATEMENTS**

CITY OF DOUGLAS, WYOMING
BALANCE SHEET
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Street Improvement Fund	Park Improvement Fund
ASSETS			
Pooled cash and cash equivalents	\$ 5,046,531	\$ 2,857,199	\$ 1,411,527
Investments	27,992,429	11,601,538	2,440,492
Receivables (net):			
General accounts receivable	55,149	204,443	-
Sales tax	1,309,792	-	-
Property tax	528,321	-	-
Due from other funds	86,899	-	-
Due from other governments	-	-	-
Prepaid expense	29,630	-	-
Accrued interest	41,978	6,448	3,360
Total assets	<u>\$ 35,090,729</u>	<u>\$ 14,669,628</u>	<u>\$ 3,855,379</u>
LIABILITIES			
Accounts payable	\$ 223,865	\$ 460,603	\$ 377,676
Retainage payable	-	63,410	41,097
Unearned revenues	551,881	-	-
Accrued wages	239,502	-	-
Due to other funds	75,881	-	-
Total liabilities	<u>1,091,129</u>	<u>524,013</u>	<u>418,773</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable property taxes	476,367	-	-
Total deferred inflows of resources	<u>476,367</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable for:			
Prepaid items	29,630	-	-
Restricted for:			
Police grants	-	-	-
Cemetery care	-	-	-
Assigned for:			
4th Street project	-	-	-
Equipment replacement	-	-	-
Capital projects	3,170,000	14,145,615	3,436,606
Unassigned	30,323,603	-	-
Total fund balances	<u>33,523,233</u>	<u>14,145,615</u>	<u>3,436,606</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 35,090,729</u>	<u>\$ 14,669,628</u>	<u>\$ 3,855,379</u>

See accompanying notes to financial statements.

Other Nonmajor Governmental Funds		Total Governmental Funds	
\$	3,628,214	\$	12,943,471
	3,276,541		45,311,000
	14,152		273,744
	-		1,309,792
	-		528,321
	-		86,899
	1,690		1,690
	-		29,630
	-		51,786
<u>\$</u>	<u>6,920,597</u>	<u>\$</u>	<u>60,536,333</u>
\$	9,952	\$	1,072,096
	11,906		116,413
	-		551,881
	-		239,502
	-		75,881
<u></u>	<u>21,858</u>	<u></u>	<u>2,055,773</u>
<u></u>	<u>-</u>	<u></u>	<u>476,367</u>
<u></u>	<u>-</u>	<u></u>	<u>476,367</u>
	-		29,630
	24,622		24,622
	175,774		175,774
	1,570,629		1,570,629
	682,447		682,447
	4,445,267		25,197,488
	-		30,323,603
<u></u>	<u>6,898,739</u>	<u></u>	<u>58,004,193</u>
<u>\$</u>	<u>6,920,597</u>	<u>\$</u>	<u>60,536,333</u>

CITY OF DOUGLAS, WYOMING
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Street Improvement Fund	Park Improvement Fund
REVENUES			
Taxes	\$ 13,160,601	\$ -	\$ -
Licenses and permits	117,837	-	-
Intergovernmental	2,502,680	-	-
Charges for services	607,626	-	-
Fines and forfeitures	23,788	-	-
Miscellaneous revenue	50,760	204,443	1,000
Investment earnings	718,293	139,636	78,663
Total revenues	<u>17,181,585</u>	<u>344,079</u>	<u>79,663</u>
EXPENDITURES			
Current:			
General government	3,168,363	-	-
Public safety	2,013,212	-	-
Highways and public works	1,262,271	-	-
Culture and recreation	707,045	-	549,495
Cemetery	338,737	-	-
Community service	1,221,219	-	-
Capital outlay	-	2,688,735	-
Total expenditures	<u>8,710,847</u>	<u>2,688,735</u>	<u>549,495</u>
Excess revenues over (under) expenditures	<u>8,470,738</u>	<u>(2,344,656)</u>	<u>(469,832)</u>
Other financing sources (uses)			
Operating transfers in	1,423	3,694,000	610,000
Operating transfers out	(5,086,027)	-	-
Total other financing sources (uses)	<u>(5,084,604)</u>	<u>3,694,000</u>	<u>610,000</u>
Net change in fund balances	3,386,134	1,349,344	140,168
Fund balances - beginning	<u>30,137,099</u>	<u>12,796,271</u>	<u>3,296,438</u>
Fund balances - ending	<u>\$ 33,523,233</u>	<u>\$ 14,145,615</u>	<u>\$ 3,436,606</u>

See accompanying notes to financial statements.

Other Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 13,160,601
-	117,837
707,504	3,210,184
2,800	610,426
-	23,788
-	256,203
48,132	984,724
<u>758,436</u>	<u>18,363,763</u>
-	3,168,363
14,900	2,028,112
-	1,262,271
-	1,256,540
-	338,737
-	1,221,219
606,717	3,295,452
<u>621,617</u>	<u>12,570,694</u>
<u>136,819</u>	<u>5,793,069</u>
405,300	4,710,723
(1,423)	(5,087,450)
<u>403,877</u>	<u>(376,727)</u>
540,696	5,416,342
<u>6,358,043</u>	<u>52,587,851</u>
<u>\$ 6,898,739</u>	<u>\$ 58,004,193</u>

**CITY OF DOUGLAS, WYOMING
BALANCE SHEET RECONCILIATION TO
STATEMENT OF NET POSITION
JUNE 30, 2021**

Total fund balances - governmental fund types: \$58,004,193

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	4,835,983	
Construction in progress	2,070,157	
Infrastructure, net of \$21,358,156 accumulated depreciation	9,582,550	
Buildings and improvements, net of \$2,711,334 accumulated depreciation	18,737,666	
Vehicles, net of \$3,244,910 accumulated depreciation	956,446	
Equipment, net of \$2,510,266 accumulated depreciation	1,585,503	37,768,305

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. 728,424

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 (436,794)

The post retirement health benefits activities consists of deferred outflows relating to OPEB obligations and the net post retirement health benefits liability which pertain to governmental activities. Deferred outflows relating to OPEB obligations represent expenditures which apply to future periods. The OPEB obligation activities relates to future periods and therefore are not reported as governmental fund assets or liabilities. The OPEB obligation activities are reported in the statement of net position. Balances at year end are:

Post retirement health benefits -deferred outflows of resources	102,024	
Post retirement health benefits -deferred inflows of resources	(45,114)	
Post retirement health benefits payable	(1,061,121)	(1,004,211)

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	235,951	
Deferred inflows relating to pensions	(620,874)	
Net pension liability	(2,892,045)	(3,276,968)

Net position of governmental activities \$91,782,949

See accompanying notes to financial statements.

CITY OF DOUGLAS, WYOMING
STATEMENT OF CHANGES IN FUND BALANCES RECONCILIATION TO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Net changes in fund balances - total governmental funds \$ 5,416,342

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	(934)	
Capital outlays	4,116,782	
Donated capital assets	424,738	
Depreciation expense	<u>(1,383,325)</u>	3,157,261

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds. Amounts received through Impact Assistance were reflected as deferred inflow of resources in the prior year government fund balance sheet and as revenue on the government statement of activities. The revenue has been earned in the current year. (575,384)

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	(436,794)	
Compensated absences -prior year	<u>443,088</u>	6,294

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

Post retirement health benefits - current year	56,910	
Post retirement health benefits payable - prior year	944,827	
Post retirement health benefits payable - current year	(1,061,121)	
Pension plan items - current year	(384,923)	
Pension plan items - prior year	392,960	
Pension liability - current year	(2,892,045)	
Pension liability - prior year	<u>3,217,183</u>	273,791

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. (235,553)

Change in net position of governmental activities \$ 8,042,751

See accompanying notes to financial statements.

CITY OF DOUGLAS, WYOMING
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Major Funds			
	Water Fund	Sewer Fund	Landfill Fund	Sanitation Collection Fund
Assets				
Current Assets:				
Pooled cash and cash equivalents	\$ 4,440,074	\$ 570,282	\$ 497,845	\$ 609,587
Investments	7,581,693	3,827,590	1,664,224	418,864
Accounts receivable (net):				
General	5,936	29,765	22,139	128
Utility billing	494,721	123,983	379	117,612
Due from other funds	67,153	24,927	167,557	9,941
Accrued interest receivable	19,784	7,897	2,886	755
Total current assets	<u>12,609,361</u>	<u>4,584,444</u>	<u>2,355,030</u>	<u>1,156,887</u>
Capital Assets:				
Construction in progress	154,691	821,313	-	-
Land	-	-	153,290	-
Infrastructure	21,781,825	12,395,719	417,031	-
Buildings and improvements	13,451,464	2,388,172	1,689,609	-
Furniture, fixtures and equipment	739,643	931,847	1,306,031	33,437
Vehicles	361,052	498,929	97,706	684,806
Less: accumulated depreciation	(12,453,760)	(6,530,044)	(1,542,099)	(363,281)
Total capital assets	<u>24,034,915</u>	<u>10,505,936</u>	<u>2,121,568</u>	<u>354,962</u>
Total assets	<u>36,644,276</u>	<u>15,090,380</u>	<u>4,476,598</u>	<u>1,511,849</u>
Deferred Outflows of Resources				
Deferred outflows relating to pensions	41,523	14,088	17,303	9,728
Total deferred outflows of resources	<u>41,523</u>	<u>14,088</u>	<u>17,303</u>	<u>9,728</u>
Liabilities:				
Current Liabilities:				
Accounts payable and other accrued liabilities	308,946	552,037	146,910	18,559
Accrued wages	17,184	13,726	10,153	7,232
Notes payable - current portion	-	-	13,141	-
Due to other funds	389	3,922	-	157,139
Total current liabilities	<u>326,519</u>	<u>569,685</u>	<u>170,204</u>	<u>182,930</u>
Noncurrent Liabilities, net of current maturities:				
Compensated absences	38,838	28,426	20,477	23,520
Notes payable-long term portion	-	-	77,854	-
Net pension liability	307,026	180,779	145,658	99,024
Landfill liability	-	-	438,718	-
Total noncurrent liabilities	<u>345,864</u>	<u>209,205</u>	<u>682,707</u>	<u>122,544</u>
Total liabilities	<u>672,383</u>	<u>778,890</u>	<u>852,911</u>	<u>305,474</u>
Deferred Inflows of Resources				
Deferred inflows relating to pensions	68,060	55,184	31,271	29,431
Total deferred inflows of resources	<u>68,060</u>	<u>55,184</u>	<u>31,271</u>	<u>29,431</u>
Net Position:				
Net Investment in capital assets	24,034,915	10,505,936	1,604,996	354,962
Unrestricted	11,910,441	3,764,458	2,004,723	831,710
Total net position	<u>\$ 35,945,356</u>	<u>\$ 14,270,394</u>	<u>\$ 3,609,719</u>	<u>\$ 1,186,672</u>

See accompanying notes to financial statements.

Total Enterprise Funds	Internal Service Fund
\$ 6,117,788	\$ 663,253
13,492,371	418,995
57,968	29,466
736,695	-
269,578	-
31,322	855
<u>20,705,722</u>	<u>1,112,569</u>
976,004	-
153,290	-
34,594,575	-
17,529,245	-
3,010,958	-
1,642,493	-
(20,889,184)	-
<u>37,017,381</u>	<u>-</u>
<u>57,723,103</u>	<u>1,112,569</u>
82,642	-
<u>82,642</u>	<u>-</u>
1,026,452	265,000
48,295	-
13,141	-
161,450	119,145
<u>1,249,338</u>	<u>384,145</u>
111,261	-
77,854	-
732,487	-
438,718	-
<u>1,360,320</u>	<u>-</u>
<u>2,609,658</u>	<u>384,145</u>
183,946	-
<u>183,946</u>	<u>-</u>
36,500,809	-
18,511,332	728,424
<u>\$ 55,012,141</u>	<u>\$ 728,424</u>

CITY OF DOUGLAS, WYOMING
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Major Funds			Sanitation Collection Fund
	Water Fund	Sewer Fund	Landfill Fund	
Operating revenues:				
Charges for services	\$ 2,599,495	\$ 1,341,666	\$ 1,121,262	\$ 637,467
Tap fees	37,330	-	-	-
Other	276,022	352,099	39,801	41
Total operating revenues	<u>2,912,847</u>	<u>1,693,765</u>	<u>1,161,063</u>	<u>637,508</u>
Operating expenses:				
Costs of sales and services:				
Treatment	310,337	319,436	-	-
Collection and distribution	422,657	391,607	797,115	462,737
Customer service	87,440	-	-	-
Insurance claims and expenses	-	-	-	-
Administration	264,251	127,727	114,723	54,494
Professional services	-	-	15,372	-
Depreciation	1,157,174	327,296	130,723	67,631
Total operating expenses	<u>2,241,859</u>	<u>1,166,066</u>	<u>1,057,933</u>	<u>584,862</u>
Operating income	670,988	527,699	103,130	52,646
Nonoperating revenues (expenses):				
Interest revenue	110,621	44,362	31,369	10,127
Landfill postclosure costs	-	-	(32,563)	-
Gain (loss) on investments	(145,817)	(62,493)	-	-
Total nonoperating revenues (expenses)	<u>(35,196)</u>	<u>(18,131)</u>	<u>(1,194)</u>	<u>10,127</u>
Income (loss) before capital contributions	635,792	509,568	101,936	62,773
Transfers in	272,127	-	-	-
Capital grants and contributions	<u>555,606</u>	<u>482,683</u>	<u>-</u>	<u>-</u>
Change in net position	1,463,525	992,251	101,936	62,773
Total net position - beginning	<u>34,481,831</u>	<u>13,278,143</u>	<u>3,507,783</u>	<u>1,123,899</u>
Total net position - ending	<u>\$ 35,945,356</u>	<u>\$ 14,270,394</u>	<u>\$ 3,609,719</u>	<u>\$ 1,186,672</u>

See accompanying notes to financial statements.

Total Enterprise Funds	Internal Service Fund
\$ 5,699,890	\$ 1,634,765
37,330	-
667,963	-
<u>6,405,183</u>	<u>1,634,765</u>
629,773	-
2,074,116	-
87,440	-
-	1,979,361
561,195	-
15,372	-
1,682,824	-
<u>5,050,720</u>	<u>1,979,361</u>
1,354,463	(344,596)
196,479	9,043
(32,563)	-
(208,310)	-
<u>(44,394)</u>	<u>9,043</u>
1,310,069	(335,553)
272,127	100,000
1,038,289	-
2,620,485	(235,553)
<u>52,391,656</u>	<u>963,977</u>
<u>\$ 55,012,141</u>	<u>\$ 728,424</u>

CITY OF DOUGLAS, WYOMING
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Major Funds			
	Water Fund	Sewer Fund	Landfill Fund	Sanitation Collection Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 3,051,982	\$ 1,262,227	\$ 1,014,780	\$ 551,947
Receipts from internal sales	19,968	39,172	10,561	5,575
Payments for services and supplies	(702,281)	688,209	(453,238)	(70,412)
Payments to employees	(570,560)	(460,338)	(320,360)	(237,911)
Management fee paid	(265,212)	(137,668)	(114,723)	(54,494)
Other operating revenues	276,022	352,099	39,801	41
Net cash provided by operating activities	<u>1,809,919</u>	<u>1,743,701</u>	<u>176,821</u>	<u>194,746</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Net cash used in noncapital financing activities	-	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Payments for capital acquisitions	(2,489,237)	(4,110,784)	(220,698)	-
Capital grants	555,606	482,683	-	-
Proceeds of notes payable	-	-	32,563	-
Operating transfers in	272,127	-	-	-
Principal payments on loans and leases	-	-	(13,141)	-
Net cash used in capital and related financing activities	<u>(1,661,504)</u>	<u>(3,628,101)</u>	<u>(201,276)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	(31,776)	(14,669)	(1,917)	10,127
Net proceeds (purchase) of investments	50,951	1,575,255	(28,719)	(8,539)
Net cash (used in) provided by investing activities	<u>19,175</u>	<u>1,560,586</u>	<u>(30,636)</u>	<u>1,588</u>
Net increase (decrease) in cash and cash equivalents	167,590	(323,814)	(55,091)	196,334
Cash and cash equivalents - beginning	4,272,484	894,096	552,936	413,253
Cash and cash equivalents - ending	<u>\$ 4,440,074</u>	<u>\$ 570,282</u>	<u>\$ 497,845</u>	<u>\$ 609,587</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income	\$ 670,988	\$ 527,699	\$ 103,130	\$ 52,646
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	1,157,174	327,296	130,723	67,631
Difference between actuarial calculated pension expense and actual contributions	(5,156)	(3,124)	(465)	(1,666)
(Increase) Decrease in accounts receivable	435,125	(40,267)	(95,921)	(79,945)
Increase (decrease) in accounts payable	(438,276)	911,860	25,358	139,442
Increase (decrease) in accrued expenses	(9,936)	20,237	13,996	16,638
Total adjustments	<u>1,138,931</u>	<u>1,216,002</u>	<u>73,691</u>	<u>142,100</u>
Net cash provided by operating activities	<u><u>\$ 1,809,919</u></u>	<u><u>\$ 1,743,701</u></u>	<u><u>\$ 176,821</u></u>	<u><u>\$ 194,746</u></u>

See accompanying notes to financial statements.

Total Enterprise Funds	Internal Service Fund
\$ 5,880,936	\$ 1,905,521
75,276	-
(537,722)	(1,846,216)
(1,589,169)	-
(572,097)	-
667,963	-
<u>3,925,187</u>	<u>59,305</u>
<u>-</u>	<u>-</u>
(6,820,719)	-
1,038,289	-
32,563	-
272,127	100,000
(13,141)	-
<u>(5,490,881)</u>	<u>100,000</u>
(38,235)	9,043
<u>1,588,948</u>	<u>(7,066)</u>
<u>1,550,713</u>	<u>1,977</u>
(14,981)	161,282
<u>6,132,769</u>	<u>501,971</u>
<u>\$ 6,117,788</u>	<u>\$ 663,253</u>
\$ 1,354,463	\$ (344,596)
1,682,824	-
(10,411)	-
218,992	270,756
638,384	133,145
40,935	-
<u>2,570,724</u>	<u>403,901</u>
<u>\$ 3,925,187</u>	<u>\$ 59,305</u>

**FIDUCIARY FUND
FINANCIAL STATEMENTS**

CITY OF DOUGLAS, WYOMING
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2021

	Pension Trust Funds	Visible Memorials Fund	Historic Preservation Fund	Water Deposit Fund
Assets:				
Cash and cash equivalents	\$ -	\$ 3	\$ 17,827	\$ 96,077
Investments	5,664,209	-	-	-
Total assets	<u>5,664,209</u>	<u>3</u>	<u>17,827</u>	<u>96,077</u>
Liabilities:				
Due to others	-	-	24,340	88,456
Net Position:				
Restricted for:				
Pension benefits	5,664,209	-	-	-
Memorials	-	3	-	-
Preservation projects	-	-	(6,513)	-
Water deposits	-	-	-	7,621
Total Net Position	<u>\$ 5,664,209</u>	<u>\$ 3</u>	<u>\$ (6,513)</u>	<u>\$ 7,621</u>

CITY OF DOUGLAS, WYOMING
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2021

	Pension Trust Funds	Visible Memorials Fund	Historic Preservation Fund	Water Deposit Fund
Additions:				
Contributions	\$ 205,463	\$ -	\$ 3,463	\$ -
Deposits collected	-	-	-	5,149
Investment income (loss)	191,515	-	34	1,802
Transfer from General Fund	-	-	4,600	-
Total additions	<u>396,978</u>	<u>-</u>	<u>8,097</u>	<u>6,951</u>
Deductions:				
Benefits	162,740	-	-	-
Contributions to projects	-	-	3,497	-
Deposit refunds	-	-	-	6,675
Total deductions	<u>162,740</u>	<u>-</u>	<u>3,497</u>	<u>6,675</u>
Net change in fiduciary net position	234,238	-	4,600	276
Net position - beginning	<u>5,429,971</u>	<u>3</u>	<u>(11,113)</u>	<u>7,345</u>
Net position - ending	<u>\$ 5,664,209</u>	<u>\$ 3</u>	<u>\$ (6,513)</u>	<u>\$ 7,621</u>

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.

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

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)

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

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)

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 Capital Projects Fund

The park improvement capital projects 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, and Sanitation Collection 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. The agency funds are custodial in nature. The City's agency funds account for utility deposits collected from customers and refunded at a period in time. Visible memorials and Historic Preservation Commission funds hold fund on behalf of donors of memorial funds and for the projects of the Commission.

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) 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 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, 2021 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.

c) Cash, 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.

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)

d) 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.

e) Internal Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due to/from other funds". These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities.

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.

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:

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)

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. In addition to 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.

Both deferred inflows and outflows are reported in the statement of net position or fund balance sheet, but are not recognized in the financial statements as revenues, reduction of revenues, expenses, and reduction of liabilities or increase as assets until the period(s) 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)

which they related. The City reports the following deferred inflows and outflows of resources:

Unavailable revenues and advance collection of revenues – unavailable revenue and advance collection of revenues is reported in the governmental funds' balance sheet. The government funds report unavailable revenues from taxes and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide statement of net position, property tax revenue is reported as a deferred inflow of resources in the year the taxes are levied. The government funds report excess taxes collected as an outflow of resources in the period that the amounts are determined. In the government-wide statement of net position, the amount of excess taxes collected is reported and due to others and in the government-wide statement of activities as a reduction of revenue.

Pension and OPEB related amounts – In the government-wide and proprietary fund statements of net position, a deferred outflow or deferred inflow of resources is reported for the unrecognized items not yet charged to pension and OPEB expense related to the net pension and OPEB liabilities. This includes the unamortized portion of the net difference between projected and actual earnings on plan investments and other differences between expected and actual experience. Deferred outflows for the net difference between projected and actual investment earnings are recognized over time, while the deferred inflows or deferred outflows for the differences between expected and actual experience for economic/demographic assumptions are recognized over the remaining service life for all active and inactive members.

j) 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 obligation payables 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.

k) 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

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)

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 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

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)

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.

l) 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.

m) 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.

n) Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wyoming Retirement Systems' (the System) pension plan, and additions to/deductions from the System fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

2. Stewardship, Compliance, and Accountability

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.

The City's procedures for establishing the budget each year are as follows:

- During March and April, the City's Administrator and Treasurer, compute, estimate, and review information to prepare the proposed budget.
- The resolution appropriating money for the annual budget is submitted to the City Council at regular meetings in June of each year.
- Final budget hearings are held no later than the third Tuesday of June's council meeting, at which time the budget is legally enacted through the passage of the resolution for the fiscal year beginning July 1 of each year.
- During the year, the City monitors the budget and amends through a budget hearing when necessary.

While the City is reporting financial position, results of operations, and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The statements of revenues, expenditures, and changes in fund balance – budget (non-GAAP) and actual presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

- a) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- b) Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
- c) Proceeds from capital leases and the associated capital outlay expenditure are not recorded on the cash basis (budget), but are recorded on the GAAP basis.

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

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 \$62,652,870 and the bank balance was \$62,898,264. The carrying amounts of bank deposits and the bank balance do not include external investment pools in the amount of \$23,035,900. 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 \$75,227,351 and FDIC insurance of \$500,000. One bank did not hold enough securities to cover the balance at June 30, 2021 resulting in a balance of \$18,690 not collateralized which is in violation of Wyoming State Statute §9-4-807.

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), WYO Star, and Wyoming Class, 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, 2021 were similar to those held during the fiscal year.

At June 30, 2021 the City had the following investments and maturities:

Investment Type	Fair Value	Less than 1			More than
		year	1 -5 years	6 - 10 years	10 years
Certificates of Deposit	\$53,037,745	\$13,990,201	\$39,047,544	\$ -	\$ -
WYO Star	495,844	495,844	-	-	-
Wyoming Govt Investment Fund	233,981	233,981	-	-	-
Money Market Mutual Funds	776,357	776,357	-	-	-
United States Treasury Notes	1,596,347	765,534	830,813	-	-
Retirement Investments	3,413,827	200,622	3,213,205	-	-
Total Investments	\$59,554,101	\$16,462,539	\$43,091,562	\$ -	\$ -

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

3. Cash and Investments (Continued)

Deposits and investments at June 30, 2021 consist of and appear in the financial statements as summarized below:

Cash and investments, statement of net position	\$ 78,946,878
Cash and investments, statement of fiduciary net position	5,778,116
	\$ 84,724,994
Cash in bank	\$ 25,170,893
Investments	6,516,356
Certificates of deposit	53,037,745
	\$ 84,724,994

Custodial Credit Risk – Deposits

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.

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.

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.

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,

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

3. Cash and Investments (Continued)

certificates of deposits, and authorized pools, not more than 25% of the total City portfolio may be invested in a single security type.

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 .35% 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 .03% to 1.00%.

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, 2021, the 7-day yield of WGIF was 0.04%.

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, 2021, the current yield of WYO-Star was .5281%.

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, 2021 is as follows:

	Market Value
ICMA Retirement Corporation Plan	\$ 5,984,229
EQUI-VEST Plan	346,345
	\$ 6,330,574

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	\$ 1,415,993	\$ 118,325	\$ 1,534,318
Managed bond funds	282,642	227,890	510,532
Managed international stock funds	90,274	-	90,274
Managed money market funds	4,195,320	130	4,195,450
	\$ 5,984,229	\$ 346,345	\$ 6,330,574

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 \$543,468.

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

6. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Governmental activities:					
Capital assets not being depreciated					
Land	\$ 4,570,725	\$ 265,258	\$ -	\$ -	\$ 4,835,983
Construction in progress	4,794,560	2,928,293	(4,212,100)	(1,440,596)	2,070,157
Total capital assets not being depreciated	<u>9,365,285</u>	<u>3,193,551</u>	<u>(4,212,100)</u>	<u>(1,440,596)</u>	<u>6,906,140</u>
Capital assets being depreciated:					
Infrastructure	27,840,576	184,437	2,916,759	(1,066)	30,940,706
Buildings and improvements	19,950,836	884,427	613,737	-	21,449,000
Vehicles	4,003,234	198,122	-	-	4,201,356
Equipment	3,369,675	80,983	681,604	(36,493)	4,095,769
Total capital assets being depreciated	<u>55,164,321</u>	<u>1,347,969</u>	<u>4,212,100</u>	<u>(37,559)</u>	<u>60,686,831</u>
Less accumulated depreciation for:					
Infrastructure	(20,962,941)	(396,281)	-	1,066	(21,358,156)
Buildings and improvements	(2,184,308)	(527,026)	-	-	(2,711,334)
Vehicles	(2,978,935)	(265,975)	-	-	(3,244,910)
Equipment	(2,351,782)	(194,043)	-	35,559	(2,510,266)
Total accumulated depreciation	<u>(28,477,966)</u>	<u>(1,383,325)</u>	<u>-</u>	<u>36,625</u>	<u>(29,824,666)</u>
Total capital assets being depreciated, net	<u>26,686,355</u>	<u>(35,356)</u>	<u>4,212,100</u>	<u>(934)</u>	<u>30,862,165</u>
Governmental activities capital assets, net	<u>\$ 36,051,640</u>	<u>\$ 3,158,195</u>	<u>\$ -</u>	<u>\$ (1,441,530)</u>	<u>\$ 37,768,305</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 783,824
Public safety	207,985
Public works	<u>391,516</u>
Total depreciation expense - governmental activities	<u>\$ 1,383,325</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	10,147,421	4,762,715	(13,934,132)	-	976,004
Total capital assets not being depreciated	<u>10,300,711</u>	<u>4,762,715</u>	<u>(13,934,132)</u>	<u>-</u>	<u>1,129,294</u>
Capital assets being depreciated:					
Infrastructure	22,589,872	660,658	13,934,132	(2,590,087)	34,594,575
Buildings and improvements	17,518,359	10,886	-	-	17,529,245
Equipment	2,771,768	294,190	-	(55,000)	3,010,958
Vehicles	1,642,493	-	-	-	1,642,493
Total capital assets being depreciated	<u>44,522,492</u>	<u>965,734</u>	<u>13,934,132</u>	<u>(2,645,087)</u>	<u>56,777,271</u>
Less accumulated depreciation for:					
Infrastructure	(9,819,621)	(654,638)	-	2,590,087	(7,884,172)
Buildings and improvements	(8,992,383)	(760,769)	-	-	(9,753,152)
Equipment	(1,908,049)	(173,718)	-	55,000	(2,026,767)
Vehicles	(1,131,394)	(93,699)	-	-	(1,225,093)
Total accumulated depreciation	<u>(21,851,447)</u>	<u>(1,682,824)</u>	<u>-</u>	<u>2,645,087</u>	<u>(20,889,184)</u>
Total capital assets being depreciated, net	<u>22,671,045</u>	<u>(717,090)</u>	<u>13,934,132</u>	<u>-</u>	<u>35,888,087</u>
Business-type activities capital assets, net	<u>\$ 32,971,756</u>	<u>\$ 4,045,625</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,017,381</u>

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.

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 at age 50 (Tier 1 employees) and 60 (Tier 2 employees).

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

7. Defined Benefit Pension Plan (Continued)

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 or elected as a self-funded COLA benefit option by the participant. 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 years 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.

c) Contributions

The Public Employee Pension Plan statutorily required 18.12% of the participant's salary to be contributed to the Plan. Contributions consisted of 9.00% of the participant's salary as employee contributions and 9.12% as employer contributions. Law Enforcement Pension Plan requires 17.20% for police officers' and 18.12% of non-police officers' salaries be contributed to the Plan. Covered police officer employees are required by State statute to contribute 8.60% of their salary to the plan and the City is required to contribute at least 8.60% 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.

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

7. Defined Benefit Pension Plan (Continued)

The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City's contributions for the years ended June 30, 2021, 2020, and 2019, were approximately \$649,789, \$623,885, and \$627,378, respectively, equal to the required contributions for each of those years.

For the year ended June 30, 2021, contributions from the City recognized as part of pension expense for the Plans are as follows:

Public Employee Pension Plan contributions	\$ 430,135
Law Enforcement Pension Plan contributions	195,790

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

As of June 30, 2021, the City reported a net pension liability of \$3,624,532 as its proportionate share of the net pension liability for the Plans as detailed below:

	Proportionate Share	Net Pension Liability
Public Employee Pension Plan	0.1491078%	\$ 3,240,649
Law Enforcement Pension Plan	0.5635212%	383,883
		<u>\$ 3,624,532</u>

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, 2020, 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, 2021 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, 2020 was .5635212%, which was a decrease of .07621267% from its .63973387% proportionate share at December 31, 2019. The City's proportionate share of the net pension liability for the Public Employee Plan as of December 31, 2020 was .1491078%, which was an increase of .0008871% from its .1482207% proportionate share at December 31, 2019.

For the year ended December 31, 2020, the City recognized pension expense of \$523,702. At June 30, 2021, the City's portion of the reported deferred outflows of resources and deferred inflows of resources related to pensions were from the following sources:

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

7. Defined Benefit Pension Plan (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 303,097	\$ -
Change in Employer's proportion and differences between the employer's contribution and the employer's proportionate share of contributions	15,496	50,798
Net difference between projected and actual earnings on plan investments		754,022
	\$ 318,593	\$ 804,820

The \$303,097 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Deferred Outflows	Deferred Inflows
2022	5,350	204,010
2023	5,350	204,009
2024	4,796	204,009
2025	-	192,792
	\$ 15,496	\$ 804,820

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

7. Defined Benefit Pension Plan (Continued)

d) Actuarial Assumptions

Total pension liabilities in the January 1, 2021 actuarial valuations were determined using the following actuarial assumptions for public employees:

Valuation Date	January 1, 2021
Actuarial Cost Method	Individual Entry - Age Normal
Amortization Method	Level Percent Closed
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.25%
Projected Salary Increase	2.5% to 6.5%
Investment Rate of Return	7.00%
Post-Retirement Mortality	RP-2014 Healthy Annuitant Mortality Table
Pre-Retirement Mortality	RP-2014 Employee Annuitant Mortality Table

Total pension liabilities in the January 1, 2021 actuarial valuations were determined using the following actuarial assumptions for law enforcement:

Valuation Date	January 1, 2021
Actuarial Cost Method	Individual Entry - Age Normal
Amortization Method	Level Percent Closed
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.25%
Projected Salary Increase	4.75% to 8.75%
Investment Rate of Return	7.00%
Post-Retirement Mortality	RP-2014 Healthy Annuitant Mortality Table
Pre-Retirement Mortality	RP-2014 Employee Annuitant Mortality Table

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

7. Defined Benefit Pension Plan (Continued)

e) Discount Rate

The discount rate used to measure the total pension liability was 7.00% for the Public Employee Plan and 7.00% 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:

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 2020 to 2120 projection period for which projected benefit payments are fully funded
7.00%	7.00%	2.00%	2120

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 2020 to 2120 projection period for which projected benefit payments are fully funded
7.00%	7.00%	2.00%	2120

*Source: "State & local bonds" rate from Federal Reserve statistical release (H.15) as of December 31, 2020. 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, 2020	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.

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

7. Defined Benefit Pension Plan (Continued)

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.

Asset Class	Target Allocation	30 Year Geometric Expected Real Return	30 Year Arithmetic Expected Real Return
Cash	2.00%	-1.00%	-1.00%
Fixed Income	21.00%	1.34%	1.00%
Equity	48.50%	7.34%	5.23%
Marketable Alternatives	19.00%	4.50%	3.47%
Private Markets	9.50%	5.82%	4.53%
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	\$ 5,051,965	\$ 3,240,649	\$ 1,697,431
Law Enforcement Pension Plan	\$ 1,151,933	\$ 383,883	\$ (149,614)

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, 2021, the City reported a payable of \$51,228 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

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

8. Post-Employment Health Benefits (OPEB) Plan

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.

a) 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. The plan is considered an “Other Post – Employment Benefit” (OPEB). The plan is administered through a non-qualifying trust per paragraph 4, item (b), of the Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

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, 2021, there were 55 fully eligible active participants and 0 retirees.

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

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

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.

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 2021, 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*.

b) OPEB Liability and Deferred Outflows/Inflows Related to OPEB

The City’s net OPEB liability of \$1,061,121 was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020 with a roll forward to June 30, 2021 and a measurement date of June 30, 2021.

The table below shows the cumulative amounts to be shown as Deferred Outflows and Inflows of Resources. Changes in Total OPEB Liability related to the difference in actual and expected experience, or changes in assumptions regarding future events, are recognized in OPEB Expense over the expected remaining service life of all employees (active and retired) in the postretirement plan. Differences in projected and actual earnings over the measurement period are recognized over a 5-year period. Amounts not yet recognized are summarized below:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 45,114
Changes in assumptions	102,024	-
	<u>\$ 102,024</u>	<u>\$ 45,114</u>

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

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

Subsequent to the measurement date, the following amounts will be recognized in OPEB Expense in the upcoming years:

<u>Year Ended June 30</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
2022	18,219	8,056
2023	18,219	8,056
2024	18,219	8,056
2025	18,219	8,056
2026	18,219	8,056
Thereafter	10,929	4,834
	<u>\$ 102,024</u>	<u>\$ 45,114</u>

c) Actuarial Assumptions and Other Inputs

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, 2020
Actuarial cost method	Entry Age
Amortization method	Level dollar, open
Asset valuation method	Fair value of assets
Actuarial assumptions:	
Recognition of deferred inflows and outflows of resources	Closed period equal to the average expected remaining service lives of all employees provided with OPEB
Health Care Trend Rate (HCCTR):	4.00% for 2021-2023; 5.20% for 2024-2069; 4.00% for 2070 and later years
Inflation rate	2.75%
Projected salary increases	2.50%

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:

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

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

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:

<u>Reporting Date</u>	<u>Measurement Date</u>	<u>Fidelity GO AA 20 Years Municipal Index</u>	<u>Discount Rate</u>
June 30, 2020	June 30, 2020	2.45%	2.45%

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 (1.45 percent) or one percentage point higher (3.45 percent) than the current discount rate:

	<u>1% Decrease 1.45%</u>	<u>Discount Rate 2.45%</u>	<u>1% Increase 3.45%</u>
Total OPEB liability	\$ 1,148,369	\$ 1,061,121	\$ 978,271

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

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

Schedule of changes in the City's total OPEB liability and related ratios for the year ended June 30, 2021:

	Total OPEB Liability
Balance, beginning of year	\$ 944,827
Changes for the year	
Service cost	59,731
Interest cost	24,735
Difference between expected and actual	(53,170)
Changes of assumptions	120,243
Benefit payment	(35,245)
Net changes	116,294
Balance, end of year	\$ 1,061,121
 Covered employee payroll	 \$ 3,766,658
 Total OPEB liability as a percentage of covered employee payroll	 28.17%

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.

9. 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.

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 transfer in and out.

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

9. Internal Balances and Interfund Activity (Continued)

The composition of internal balances, which have been eliminated for the government-wide basic financial statements, as of June 30, 2021 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water Fund	General Fund	\$ 53,843
Sewer Fund	General Fund	11,202
Sanitation Fund	General Fund	2,921
Landfill Fund	General Fund	1,758
Internal Service Fund	General Fund	6,157
Landfill Fund	Sanitation Fund	157,140
General Fund	Water Fund	389
General Fund	Sewer Fund	3,922
General Fund	Internal Service Fund	82,588
Water Fund	Internal Service Fund	13,310
Sewer Fund	Internal Service Fund	13,725
Sanitation Fund	Internal Service Fund	7,020
Landfill Fund	Internal Service Fund	8,659

The following is a summary of operating transfers for the year ended June 30, 2021:

<u>Transfer To Receiving Fund</u>	<u>Transfer From Paying Fund</u>	<u>Amount</u>
Water Fund	General Fund	\$ 272,127
Street Improvement Fund	General Fund	3,694,000
Park Improvement Fund	General Fund	610,000
Public Facilities Fund	General Fund	100,000
Other Capital Projects Funds	General Fund	305,300
Internal Service Fund	General Fund	100,000
General Fund	Permanent Fund	1,423
Agency Fund	General Fund	4,600

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

10. Long-Term Obligations

The following is a summary of long-term debt obligations for the City for the year ended June 30, 2021:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Employee compensated absences	\$ 443,088	\$ 170,941	\$ 177,235	\$ 436,794	\$ 174,718
Other post-employment benefits	944,827	204,709	88,415	1,061,121	-
Net pension liability	3,217,183	-	325,138	2,892,045	-
Total Governmental Activities	4,605,098	375,650	590,788	4,389,960	174,718
Business-Type Activities:					
Employee compensated absences	171,721	82,402	68,688	185,435	74,174
Note payable	104,136	-	13,141	90,995	13,141
Landfill liability	406,155	32,563	-	438,718	-
Net pension liability	817,336	-	84,849	732,487	-
Total Business-Type Activities	1,499,348	114,965	166,678	1,447,635	87,315
Total Long-Term Obligations	\$ 6,104,446	\$ 490,615	\$ 757,466	\$ 5,837,595	\$ 262,033

Employee compensated absences – Full time non-uniformed personnel are entitled to vacation leave depending on the length of service. Annual leave can be accumulated up to 320 hours. Vacation hours accumulated in excess of the maximum are forfeited. Full time Law Enforcement personnel receive additional vacation hours in lieu of holidays at a rate of 3.08 hours per pay period. Annual leave can be accumulated up to 352 hours with any amounts accumulated in excess of the maximum are forfeited.

Note payable – The Landfill Closure loan through the Wyoming Office of State Lands and Investments originated September 20, 2018 with an original loan amount of \$131,410. The maturity date of the loan is December 1, 2027. The loan has a 0% interest rate with required annual payments of \$13,141.

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

10. Long-Term Obligations (Continued)

Maturities on the note payable for the years ending June 30, are as follows:

	<u>Principal</u>
2022	13,141
2023	13,141
2024	13,141
2025	13,141
2026	13,141
Thereafter	<u>25,290</u>
	<u><u>\$90,995</u></u>

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:

Designations for capital outlay or capital related projects for the ensuing fiscal year. As of June 30, 2021, \$3,170,000 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	\$ 4,857,816	\$ 4,075,882	\$ 1,256,521	\$ 811,985
Operating reserve	575,425	195,913	132,650	75,760
Specific capital outlay	714,000	300,000	-	-
Total designated retained earnings	<u>\$ 6,147,241</u>	<u>\$ 4,571,795</u>	<u>\$ 1,389,171</u>	<u>\$ 887,745</u>

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 \$438,718 as of June 30, 2021. 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 28 years, the liability for the commercial and demolition portion of the landfill is \$32,563.

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	\$ 251,000
Current year claims and change in estimate	1,559,286
Claim payments	<u>(1,545,286)</u>
Ending liability	<u>\$ 265,000</u>

14. Risk Management Programs

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 \$18,769,648 for building blanket coverage; \$2,259,470 for business personal property; \$250,000 for theft, forgery, robbery, computer fraud; \$19,029,648 for equipment; and \$2,000 comprehensive deductible, \$5,000 collision deductible for auto coverage-listed vehicles.

15. Contingencies and Commitments

Federal and State Compliance

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

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

15. Contingencies and Commitments (Continued)

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, 2021.

Construction Commitments

At June 30, 2021 the City of Douglas, Wyoming was in the process of completing construction projects. The majority of the construction commitment will be financed by additional funds from the Wyoming Water Development Commission and the State Loan and Investment Board. The City was obligated under executed construction contracts as follows:

Project	Original Contract Amount	Paid to Date	Contract Remaining
8.5 alley improvements	\$ 676,895	\$ 179,827	\$ 497,068
Bartling Park lighting	192,337	173,104	19,233
Cedar Street project	893,513	878,513	15,000
Parkway irrigation project	256,427	218,634	37,793

Other

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, 2021.

During the year ended June 30, 2020, the World Health Organization declared the outbreak of COVID-19 as a “Public Emergency of International Concern.” The COVID-19 outbreak has disrupted supply chains and impacted individuals in the United States and the world. The extent of the impact of COVID-19 on the Board’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on taxpayers, state funding decisions, employees, and vendors.

16. Prior Period Adjustment

The net investment in capital assets was overstated in the prior year due to construction in process not being reduced by a reimbursement from Converse County. A prior period adjustment is required to correct the error.

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

17. Issued Standards of Governmental Accounting Standards Board

During the year ended June 30, 2021, the City implemented GASB Statement No. 84, *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The standard required a change in reporting of the City's fiduciary funds to include a statement of changes in net fiduciary net position.

Issued Standards Not Yet Implemented

GASB Statement No. 87, *Leases*, requires leases to be reported as financing transactions. Accordingly, governments that lease assets from others (lessees) will report liabilities for all of their leases of land, buildings, and equipment (except for short-term leases and contracts that transfer ownership). This includes leases that previously were considered operating leases and, therefore, were not reported as liabilities. In addition, all lease liabilities under Statement 87 will be disclosed in the schedule of changes in long-term liabilities. The lease standard will be effective for reporting periods beginning after June 15, 2021. Management has not completed its assessment of the effects of implementing this standard.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, defines subscription-based information technology arrangement (SBITA) for governmental entities. Further, it also explains how to account for SBITAs and what financial statement disclosures are required. This is especially significant considering no previous accounting guidance or disclosure requirements exist for SBITAs under GASB. The standard outlines how to determine whether you have a SBITA, by defining it as "a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction." If a SBITA is identified, a subscription liability and a subscription asset are recognized on the statement of financial position at the commencement of the SBITA's subscription term. The reporting standard will be effective for reporting periods beginning after June 15, 2021. Management has not completed its assessment of the effects of implementing this standard.

18. Subsequent Events

The City did not have any subsequent events through December 14, 2021, the date at which the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended June 30, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF DOUGLAS, WYOMING
BUDGETARY COMPARISON SCHEDULE
BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget - Positive (Negative)
REVENUES				
Taxes	\$ 8,428,500	\$ 8,428,500	\$ 13,160,601	\$ 4,732,101
Licenses and permits	52,500	52,500	117,837	65,337
Intergovernmental revenues	1,061,046	2,991,129	2,502,680	(488,449)
Charges for services	586,748	586,748	607,626	20,878
Fines and forfeitures	25,000	25,000	23,788	(1,212)
Miscellaneous revenue	226,813	226,813	50,760	(176,053)
Investment earnings	400,000	500,205	718,293	218,088
Total revenues	<u>10,780,607</u>	<u>12,810,895</u>	<u>17,181,585</u>	<u>4,370,690</u>
EXPENDITURES				
Current:				
General government	2,377,571	3,763,425	3,168,363	595,062
Public safety	2,480,323	2,531,718	2,013,212	518,506
Highways and public works	1,345,650	1,361,178	1,262,271	98,907
Culture and recreation	804,733	804,733	707,045	97,688
Cemetery	339,119	348,768	338,737	10,031
Community service	1,828,866	1,828,866	1,221,219	607,647
Total expenditures	<u>9,176,262</u>	<u>10,638,688</u>	<u>8,710,847</u>	<u>1,927,841</u>
Excess revenues over expenditures	<u>1,604,345</u>	<u>2,172,207</u>	<u>8,470,738</u>	<u>6,298,531</u>
Other financing sources (uses)				
Transfers in	1,000	1,423	1,423	-
Transfers out	<u>(5,870,725)</u>	<u>(5,870,725)</u>	<u>(5,086,027)</u>	<u>784,698</u>
Total other financing sources (uses)	<u>(5,869,725)</u>	<u>(5,869,302)</u>	<u>(5,084,604)</u>	<u>784,698</u>
Net change in fund balances	<u>\$ (4,265,380)</u>	<u>\$ (3,697,095)</u>	<u>\$ 3,386,134</u>	<u>\$ 7,083,229</u>
Fund balance - beginning of year	<u>32,423,889</u>	<u>32,423,889</u>	<u>30,137,099</u>	
Fund balance - end of year	<u>\$ 28,158,509</u>	<u>\$ 28,726,794</u>	<u>\$ 33,523,233</u>	

See accompanying notes to required supplementary information.

**CITY OF DOUGLAS, WYOMING
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2021**

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

	2020	2019
December 31:		
Public Employee Pension Plan		
City Proportion of the Net Pension Liability	0.149107800%	0.148220700%
City Proportionate Share of the Net Pension Liability (Asset)	\$ 3,240,649	\$ 3,483,077
City Covered Employee Payroll	\$ 2,645,504	\$ 2,581,164
City Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	122%	135%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	79%	77%
Law Enforcement Pension Plan		
City Proportion of the Net Pension Liability	0.563521200%	0.639733800%
City Proportionate Share of the Net Pension Liability (Asset)	\$ 383,883	\$ 551,442
City Covered Employee Payroll	\$ 975,273	\$ 1,092,771
City Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Employee Payroll	39%	50%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	92%	89%

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.

2018	2017	2016	2015	2014
0.145296100%	0.138479900%	0.141909900%	0.133149329%	0.126680887%
\$ 4,424,689	\$ 3,156,428	\$ 3,430,672	\$ 3,101,511	\$ 2,235,528
\$ 2,457,906	\$ 2,459,667	\$ 2,522,831	\$ 2,291,122	\$ 2,110,653
180%	128%	136%	135%	106%
69%	76%	73%	73%	79%
0.766557700%	0.886904500%	0.882478900%	0.857565866%	0.728771052%
\$ 1,855,623	\$ 763,132	\$ 666,200	\$ 644,203	\$ 214,723
\$ 1,340,654	\$ 1,365,374	\$ 1,381,970	\$ 1,292,496	\$ 1,038,568
138%	56%	48%	50%	21%
71%	88%	88%	87%	95%

CITY OF DOUGLAS, WYOMING
DEFINED BENEFIT PENSION CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2021

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

	2021	2020	2019	2018
Public Employee Pension Plan - Started July 2013				
Contractually required City contributions	\$ 476,880	\$ 466,138	\$ 439,421	\$ 408,504
City contributions in relation to the contractually required contributions	476,880	466,138	439,421	408,504
City contribution deficiency (excess)	-	-	-	-
City covered employee payroll	<u>\$ 2,631,791</u>	<u>\$ 2,645,504</u>	<u>\$ 2,581,164</u>	<u>\$ 2,457,906</u>
City contributions as a percentage of covered employee payroll	18.12%	17.62%	17.02%	16.62%
Law Enforcement Pension Plan				
Contractually required City contributions	\$ 172,909	\$ 167,747	\$ 187,956	\$ 230,592
City contributions in relation to the contractually required contributions	172,909	167,747	187,956	230,592
City contribution deficiency (excess)	-	-	-	-
City covered employee payroll	<u>\$ 1,005,285</u>	<u>\$ 975,273</u>	<u>\$ 1,092,771</u>	<u>\$ 1,340,654</u>
City contributions as a percentage of covered employee payroll	17.20%	17.20%	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.

2017	2016	2015	2014	2013	2012
\$ 408,797	\$ 419,295	\$ 363,601	\$ 306,954	\$ 276,137	N/A
408,797	419,295	363,601	306,954	276,137	N/A
-	-	-	-	-	-
<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
234,844	237,699	222,310	178,634	196,251	187,016
-	-	-	-	-	-
<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
SCHEDULE OF CITY'S OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2020**

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

June 30,	2020	2020	2019	2018
City's OPEB liability	\$ 1,061,121	\$ 944,827	\$ 872,981	\$ 912,033
Covered Employee Payroll	\$ 3,766,658	\$ 3,673,935	\$ 3,798,560	\$ 3,825,041
Total OPEB Liability as a Percentage of Covered Employee Payroll	28.17%	25.72%	22.98%	23.84%

This schedule is presented to illustrate the requirement to show information for 10 years.

2017	2016	2015	2014	2013	2012
\$ 297,352	\$ 216,634	\$ 163,828	\$ 101,996	\$ 93,500	\$ 96,847
\$ 3,825,041	\$ 3,904,801	\$ 3,327,413	\$ 3,149,222	\$ 3,096,635	\$ 1,146,604
7.77%	5.55%	4.92%	3.24%	3.02%	8.45%

CITY OF DOUGLAS, WYOMING
SCHEDULE OF CHANGES IN CITY'S OPEB LIABILITY
FOR THE YEAR ENDED JUNE 30, 2021

A Schedule of the Changes in the City's OPEB Liability follows:

	2021	2020	2019	2018
Service cost	\$ 59,731	\$ 46,575	\$ 49,068	\$ 57,926
Interest	24,735	25,271	27,468	29,839
Changes in assumptions/amortization	67,073	-	(115,588)	-
Benefit payments	(35,245)	-	-	-
Net change in total OPEB liability	116,294	71,846	(39,052)	87,765
Total OPEB liability - beginning	944,827	872,981	912,033	824,268
Total OPEB liability - ending	<u>\$ 1,061,121</u>	<u>\$ 944,827</u>	<u>\$ 872,981</u>	<u>\$ 912,033</u>

This schedule is presented to illustrate the requirement to show information for 10 years

2017	2016	2015	2014	2013	2012
\$ 80,662	\$ 85,582	\$ 85,582	\$ 42,650	\$ 42,337	\$ 56,295
8,665	6,553	4,080	3,740	3,874	3,071
518,307	(6,182)	(5,672)	(5,199)	(8,876)	(4,269)
-	(33,148)	(22,158)	(32,695)	(40,682)	(35,016)
607,634	52,805	61,832	8,496	(3,347)	20,081
216,634	163,829	101,996	93,500	96,847	76,766
<u>\$ 824,268</u>	<u>\$ 216,634</u>	<u>\$ 163,828</u>	<u>\$ 101,996</u>	<u>\$ 93,500</u>	<u>\$ 96,847</u>

**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. Explanations of Changes to Pension Plan

Changes of assumptions – For 2021, average future lifetime for current pensioners decreased from 15.9 years to 15.7 years over 2020.

Changes in benefits - There were no changes in benefits for January 2021 reporting purposes.

3. Explanations of Changes to OPEB Plan

Changes of assumptions –There were several changes in assumptions for June 2021 reporting purposes, including a decrease in the discount rate from 3.13% to 2.45% and reflecting a 3-year differential between male and female participants.

Changes in benefits - There were no changes in benefits for June 2021 reporting purposes.

OTHER SUPPLEMENTAL INFORMATION

CITY OF DOUGLAS, WYOMING
BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Special Revenue Fund	Capital Projects Funds			
	Police Special Projects	Impact Assistance	CLG Projects	Fire Equipment	Capital Improvement Reserve
Assets					
Pooled cash and cash equivalents	\$ 21,665	\$ 566,636	\$ 1,122	\$ 483,421	\$ 25,047
Investments	-	1,003,494	-	-	322,849
Due from other governments	-	-	1,690	-	-
Accounts receivable	3,153	499	-	-	591
Total assets	<u>\$ 24,818</u>	<u>\$ 1,570,629</u>	<u>\$ 2,812</u>	<u>\$ 483,421</u>	<u>\$ 348,487</u>
Liabilities					
Accounts payable	\$ 196	\$ -	\$ -	\$ -	\$ -
Retainage payable	-	-	-	-	-
Total liabilities	<u>196</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances					
Restricted for:					
Police grants	24,622	-	-	-	-
Cemetery care	-	-	-	-	-
Assigned for:					
4th Street project	-	1,570,629	-	-	-
Equipment replacement	-	-	-	483,421	-
Capital projects	-	-	2,812	-	348,487
Total fund balances	<u>24,622</u>	<u>1,570,629</u>	<u>2,812</u>	<u>483,421</u>	<u>348,487</u>
Total liabilities and fund balances	<u>\$ 24,818</u>	<u>\$ 1,570,629</u>	<u>\$ 2,812</u>	<u>\$ 483,421</u>	<u>\$ 348,487</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		
\$ 94,064	\$ 2,189,662	\$ (2,401)	\$ 22,148	\$ 38,980	\$ 181,644	\$ 6,226	\$ 3,628,214	
104,748	1,260,394	-	234,663	-	180,904	169,489	3,276,541	
-	-	-	-	-	-	-	1,690	
214	2,250	7,157	229	-	-	59	14,152	
<u>\$ 199,026</u>	<u>\$ 3,452,306</u>	<u>\$ 4,756</u>	<u>\$ 257,040</u>	<u>\$ 38,980</u>	<u>\$ 362,548</u>	<u>\$ 175,774</u>	<u>\$ 6,920,597</u>	
\$ -	\$ -	\$ 4,756	\$ -	\$ -	\$ 5,000	\$ -	\$ 9,952	
-	11,906	-	-	-	-	-	11,906	
-	11,906	4,756	-	-	5,000	-	21,858	
-	-	-	-	-	-	-	24,622	
-	-	-	-	-	-	175,774	175,774	
-	-	-	-	-	-	-	1,570,629	
199,026	-	-	-	-	-	-	682,447	
-	3,440,400	-	257,040	38,980	357,548	-	4,445,267	
199,026	3,440,400	-	257,040	38,980	357,548	175,774	6,898,739	
<u>\$ 199,026</u>	<u>\$ 3,452,306</u>	<u>\$ 4,756</u>	<u>\$ 257,040</u>	<u>\$ 38,980</u>	<u>\$ 362,548</u>	<u>\$ 175,774</u>	<u>\$ 6,920,597</u>	

CITY OF DOUGLAS, WYOMING
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Fund	Capital Projects Funds			
	Police Special Projects	Impact Assistance	CLG Projects	Fire Equipment	Capital Improvement Reserve
Revenues					
Intergovernmental	\$ 13,533	\$ 575,384	\$ 7,200	\$ -	\$ -
Charges for services	-	-	-	-	-
Interest	-	3,993	-	1,617	3,274
Total revenues	<u>13,533</u>	<u>579,377</u>	<u>7,200</u>	<u>1,617</u>	<u>3,274</u>
Expenditures					
Public safety	14,900	-	-	-	-
Capital outlay	-	-	11,000	-	3,085
Total expenditures	<u>14,900</u>	<u>-</u>	<u>11,000</u>	<u>-</u>	<u>3,085</u>
Excess revenues over (under) expenditures	(1,367)	579,377	(3,800)	1,617	189
Other financing sources (uses)					
Operating transfers in	-	-	5,300	-	-
Operating transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>5,300</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,367)	579,377	1,500	1,617	189
Fund balances - beginning	<u>25,989</u>	<u>991,252</u>	<u>1,312</u>	<u>481,804</u>	<u>348,298</u>
Fund balances - ending	<u>\$ 24,622</u>	<u>\$ 1,570,629</u>	<u>\$ 2,812</u>	<u>\$ 483,421</u>	<u>\$ 348,487</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	
\$ -	\$ -	\$ 111,387	\$ -	\$ -	\$ -	\$ -	\$ 707,504
-	-	-	-	-	-	2,800	2,800
1,829	26,742	-	5,069	-	3,978	1,630	48,132
1,829	26,742	111,387	5,069	-	3,978	4,430	758,436
-	-	-	-	-	-	-	14,900
302,977	168,382	111,387	788	900	8,198	-	606,717
302,977	168,382	111,387	788	900	8,198	-	621,617
(301,148)	(141,640)	-	4,281	(900)	(4,220)	4,430	136,819
300,000	100,000	-	-	-	-	-	405,300
-	-	-	-	-	-	(1,423)	(1,423)
300,000	100,000	-	-	-	-	(1,423)	403,877
(1,148)	(41,640)	-	4,281	(900)	(4,220)	3,007	540,696
200,174	3,482,040	-	252,759	39,880	361,768	172,767	6,358,043
\$ 199,026	\$ 3,440,400	\$ -	\$ 257,040	\$ 38,980	\$ 357,548	\$ 175,774	\$ 6,898,739

CITY OF DOUGLAS, WYOMING
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND - WATER DEPOSIT FUND
JUNE 30, 2021

	<u>Net Assets at July 1, 2020</u>	<u>Additions</u>	<u>Deductions</u>	<u>Net Assets at June 30, 2021</u>
Assets:				
Cash and investments	<u>\$ 90,505</u>	<u>\$ 7,080</u>	<u>\$ 1,508</u>	<u>\$ 96,077</u>
Liabilities:				
Internal balances	<u>83,159</u>	<u>18,525</u>	<u>13,228</u>	<u>88,456</u>
Net Position:				
Restricted for Water Deposits	<u>7,346</u>	<u>(11,445)</u>	<u>(11,720)</u>	<u>7,621</u>
Total net position	<u>\$ 7,346</u>	<u>\$ (11,445)</u>	<u>\$ (11,720)</u>	<u>\$ 7,621</u>

CITY OF DOUGLAS, WYOMING
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Grantor's Number
<u>U.S. Department of the Treasury</u>		
Passed through State of Wyoming, Office of State Lands and Investments		
Coronavirus Relief Fund:		
Coronavirus Relief Fund-Facilities and Sanitation	21.019	CRG-186
Coronavirus Relief Fund-Remote Services	21.019	CRG-202
Coronavirus Relief Fund-Remote Work	21.019	CRG-213
Coronavirus Relief Fund-Sleep Lab	21.019	CRG-212
Coronavirus Relief Fund-Telehealth	21.019	CRG-230
Coronavirus Relief Fund-Virtual Meeting Space	21.019	CRG-173
Coronavirus Relief Fund-Testing Tunnel	21.019	CRG-234
Coronavirus Relief Fund-Nurse Safety	21.019	CRG-221
Coronavirus Relief Fund-Telehealth	21.019	CRG-211
Total Coronavirus Relief Fund		
Total U.S. Department of the Treasury		
<u>U.S. Department of the Interior</u>		
Passed through State of Wyoming, Department of State Parks and Cultural Resources		
	15.904	CLG #56-10-13
Total U.S. Department of the Interior		
<u>U.S. Department of Justice</u>		
Direct - Office of Justice Programs		
Bulletproof Vest Partnership Program	16.607	HW-2019-01-58
Total U.S. Department of Justice		
<u>U.S. Environmental Protection Agency</u>		
Direct - Office of Brownfields and Land Revitalization		
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	BF96846001
Total U.S. Environmental Protection Agency		
<u>U.S. Department of Transportation</u>		
Passed through Wyoming Department of Transportation, State and Community Highway Safety		
	20.600	HS40221
Total U.S. Department of Transportation		
<u>U.S. Department of Health and Human Services</u>		
Passed through Wyoming Department of Health, Substance Abuse and Mental Health Services		
Project of Regional and National Significance	93.243	U79SPO270785
Total U.S. Department of Health and Human Services		
Total Expenditures of Federal Awards		

See accompanying notes to schedule of expenditures of federal awards.

<u>Sub-recipient Amount</u>	<u>Expenditures</u>
\$ -	\$ 38,156
-	10,048
322,758	322,758
243,006	243,006
91,893	91,893
139,816	139,816
38,769	38,769
143,584	143,584
351,453	351,453
<u>1,331,279</u>	<u>1,379,483</u>
<u>1,331,279</u>	<u>1,379,483</u>
-	7,200
<u>-</u>	<u>7,200</u>
-	411
<u>-</u>	<u>411</u>
-	111,387
<u>-</u>	<u>111,387</u>
-	4,868
<u>-</u>	<u>4,868</u>
-	4,259
<u>-</u>	<u>4,259</u>
<u>\$ 1,331,279</u>	<u>\$ 1,507,608</u>

CITY OF DOUGLAS, WYOMING
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of the City of Douglas, Wyoming under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and the Audit Requirements for Federal Awards* (Uniform Guidance). All federal financial awards received directly from federal agencies as well as federal financial awards passed through from other governmental agencies are included in the schedule. Of the federal expenditures presented in the schedule, the City provided federal awards to a subrecipient. Because the schedule presents only a selected portion of the operations of the City of Douglas, Wyoming, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Douglas, Wyoming.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the same basis of accounting used in preparation of the fund financial statements from which the information was derived as described in Note 1 to the City's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Categorical block grants are recorded at the time of receipt or earlier if the susceptible-to-accrual criteria are met. Cost-reimbursement grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Note 3. Indirect Cost Rates

The City of Douglas, Wyoming does not utilize the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 5. Subrecipients

Funds have been passed on to a subrecipient - Memorial Hospital of Converse County.

Note 6. American Rescue Plan Act non-entitlement funds – CFDA Number 21.027

The City received American Rescue Plan Act funds. No expenditures were incurred during the fiscal year.

**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, 2021, and the disclosures to the financial statements, which collectively comprise the City of Douglas, Wyoming's basic financial statements, and have issued our report thereon dated December 14, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of 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 2021-001 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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 corrective action plan. 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
December 14, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Mayor and City Council
Douglas, Wyoming

Report on Compliance for Each Major Federal Program

We have audited the City of Douglas, Wyoming's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Douglas, Wyoming's major federal programs for the year ended June 30, 2021. The City of Douglas, Wyoming's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Douglas, Wyoming's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Douglas, Wyoming's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Douglas, Wyoming's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Douglas, Wyoming, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the City of Douglas, Wyoming, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Douglas, Wyoming's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Douglas, Wyoming's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Skogen, Cometto & Associates, P.C.

Casper, Wyoming
December 14, 2021

CITY OF DOUGLAS, WYOMING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
UNIFORM GUIDANCE
FOR THE YEAR ENDED JUNE 30, 2021

1. SUMMARY OF AUDITORS' RESULTS

(d)(1)(i)	Type of auditors' report issued?	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control noted at the financial statement level?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control noted at the financial statement level that are not considered	None reported
(d)(1)(iii)	Was there any material non-compliance noted at the financial statement level?	No
(d)(1)(iv)	Were there any material weaknesses in internal control noted for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control noted for major federal programs that are not considered to be	None reported
(d)(1)(v)	Type of major programs' compliance opinion?	Unmodified
(d)(1)(vi)	Are there any reportable findings under § 2 CFR 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	
	Name of Federal Program or Cluster	CFDA Numbers
	Coronavirus Relief Fund	21.019
(d)(1)(viii)	Dollar threshold: Type A/B programs	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	Low risk auditee?	No

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

2021-001

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

No matters reported.

**CITY OF DOUGLAS, WYOMING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Section II – Financial Statement Finding:

**Finding 2021-001: Prior Period Adjustment
Material Weakness**

Criteria: Internal control is a process, affected by the City’s City Counsel, 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 did not reduce construction in process for expenditures reimbursed by Converse County.

Effect: In the current year prior to the corrections, the net investment in capital assets and construction in process are misstated.

Recommendation: We recommend expenditures included in construction in process be reviewed carefully to ensure the expenditure is capitalizable and recorded properly in the project. When projects are transferred to capital assets, we recommend construction in process be reviewed to ensure the expenditures are removed.

**CITY OF DOUGLAS, WYOMING
RESOLUTION OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

**Finding 2020-001: Prior Period Adjustment
Material Weakness**

Condition: The City included an expenditure in the construction in process in the prior year that should have been expensed in that year. The City also include an expenditure in construction in process in the prior year that had been transferred to capital assets.

Resolution: This is a repeat finding.

January 4, 2022

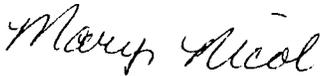
Skogen, Cometto & Associates
104 S Wolcott St., Suite 735
Casper, WY 82601

RE: Corrective Action Plan – Capital Asset Recording

The City of Douglas will continue to implement additional processes to make improvements in capital asset recording. Additional staff training has been implemented to recognize items requiring capitalization and other transactions that affect capitalization amounts.

The Administrative Services Director/Treasurer reviews the capital asset information and will ensure that appropriate reviews are being conducted.

Sincerely,



Mary Nicol
Administrative Services Director/Treasurer