

CITY OF SUNDANCE, WYOMING
FINANCIAL REPORT
JUNE 30, 2022

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INDEPENDENT AUDITORS' REPORT

To the City Council
City of Sundance, Wyoming
Sundance, Wyoming

Report on the Financial Statements

Opinion

We have audited the accompanying statements of cash receipts and disbursements of the governmental activities, the business-type activities and trust fund activities of City of Sundance, Wyoming, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively, comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly in all material respects, the cash receipts and disbursements of the governmental activities, the business-type activities and trust fund activities of the City of Sundance, Wyoming as of June 30, 2022 on the basis of accounting described in Note 2 to the financial statements.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Management has omitted the Management's Discussion and Analysis and information regarding the Defined Benefit Pension Plan that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the statements of cash receipts and disbursements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 14 be presented to supplement the basic financial statements. Such information, although not a part of the 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The 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*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2023, on our consideration of the City of Sundance, Wyoming's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report solely 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 City of Sundance, 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 of Sundance, Wyoming's internal control over financial reporting and compliance.

NOTICE

The accompanying financial statements and our independent auditors' reports are for the purpose of meeting local, state and federal requirements and are for the use of those entities, management, and the City Council, and should not be used or relied upon by any other party for any purpose. Additional users of these financial statements and our independent auditors' reports are hereby advised that the liability of Leo Riley & Co., CPAs to third party users who use or rely on this information may be limited pursuant to 1995 Wyo. Sess. Laws, Chapter 155 creating Wyo. Stat. §33-3-201. However, the financial statements and our independent auditors' report on the financial statements are a matter of public record and their distribution is not limited.

Leo Riley & Company, CPA's

February 16, 2023

CITY OF SUNDANCE, WYOMING
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund	Recreation Fund	Total
Cash receipts			
Taxes	\$ 581,134	\$ 10,000	\$ 591,134
License and permits	21,128	-	21,128
Intergovernmental revenues	1,183,876	-	1,183,876
Charges for goods and services	-	17,974	17,974
Miscellaneous revenues	128,800	-	128,800
Interest income	16,345	-	16,345
Special funds	71,142	-	71,142
Total cash receipts	<u>\$ 2,002,425</u>	<u>\$ 27,974</u>	<u>\$ 2,030,399</u>
Cash disbursements			
Municipal court	\$ 70	\$ -	\$ 70
Mayor and Council	38,029	-	38,029
Administration	168,984	-	168,984
Attorney	24,000	-	24,000
Supplies and services	169,671	-	169,671
Computer	21,496	-	21,496
Building	4,244	-	4,244
Police	285,999	-	285,999
Fire	75,498	-	75,498
Streets	509,222	-	509,222
Ambulance	6,112	-	6,112
Parks Department	18,878	-	18,878
Cemetery	7,752	-	7,752
Shop Department	24,128	-	24,128
Museum restoration	115	-	115
Recreation	-	69,580	69,580
Total cash disbursements	<u>\$ 1,354,198</u>	<u>\$ 69,580</u>	<u>\$ 1,423,778</u>
Net cash receipts over/(under) disbursements before transfers	\$ 648,227	\$ (41,606)	\$ 606,621
Transfers	<u>(50,000)</u>	<u>50,000</u>	<u>-</u>
Net cash receipts over /(under) disbursements after transfers	\$ 598,227	\$ 8,394	\$ 606,621
Beginning cash balance	279,558	(12,080)	267,478
Ending cash balance	<u>\$ 877,785</u>	<u>\$ (3,686)</u>	<u>\$ 874,099</u>

(The accompanying notes are an integral part of this statement)

CITY OF SUNDANCE, WYOMING
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS -
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Water Fund	Sewer Fund	Sanitation Fund	Total
Operating receipts				
Charges for services	\$ 446,500	\$ 159,407	\$ 566,228	\$ 1,172,135
Miscellaneous	3,357	-	10,456	13,813
Total operating receipts	<u>\$ 449,857</u>	<u>\$ 159,407</u>	<u>\$ 576,684</u>	<u>\$ 1,185,948</u>
Operating disbursements				
Salaries and benefits	\$ 211,191	\$ -	\$ 141,837	\$ 353,028
Public works	205,976	70,030	248,983	524,989
Total operating disbursements	<u>\$ 417,167</u>	<u>\$ 70,030</u>	<u>\$ 390,820</u>	<u>\$ 878,017</u>
Receipts over/ (under) disbursements	<u>\$ 32,690</u>	<u>\$ 89,377</u>	<u>\$ 185,864</u>	<u>\$ 307,931</u>
Nonoperating receipts /(disbursements)				
Taxes	\$ 149,000	\$ -	\$ 57,000	\$ 206,000
Change in due to/from	20,000	-	-	20,000
Grant\ loan receipts	1,303,201	-	-	1,303,201
Interest income	1,562	-	8	1,570
County contribution	-	-	4,000	4,000
Debt service	(20,410)	-	(27,543)	(47,953)
Capital outlay	(1,446,384)	-	(2,507)	(1,448,891)
Nonoperating receipts over/ (under) disbursements total	<u>\$ 6,969</u>	<u>\$ -</u>	<u>\$ 30,958</u>	<u>\$ 37,927</u>
Net receipts over/ (under) disbursements	\$ 39,659	\$ 89,377	\$ 216,822	\$ 345,858
Beginning cash balance	<u>507,843</u>	<u>623,955</u>	<u>460,566</u>	<u>1,592,364</u>
Ending cash balance	<u>\$ 547,502</u>	<u>\$ 713,332</u>	<u>\$ 677,388</u>	<u>\$ 1,938,222</u>

(The accompanying notes are an integral part of this statement)

CITY OF SUNDANCE, WYOMING
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS -
UTILITY DEPOSIT FUND
FOR THE YEAR ENDED JUNE 30, 2022

Cash receipts - Deposits	\$ 6,230
Cash disbursements - Refunds	<u>4,141</u>
Net cash receipts	\$ 2,089
Beginning cash	<u>50,951</u>
Ending cash and certificates of deposits	<u><u>\$ 53,040</u></u>

(The accompanying notes are an integral part of this statement)

CITY OF SUNDANCE, WYOMING
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1. DESCRIPTION OF THE CITY OF SUNDANCE AND THE REPORTING ENTITY

Reporting Entity

The City of Sundance operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police and fire), streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administrative services.

The City, for financial purposes, includes all of the funds relevant to the operations of the City of Sundance. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the City of Sundance.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The basic criteria for inclusion in the City's financial statements is control by or dependence on the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective board. Based upon the application of these criteria, there are no potential component units which should be included in the reporting entity.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City's financial statements are prepared on a cash receipts and disbursements basis which is a comprehensive basis other than generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

Enterprise Funds

Enterprise Funds are used to account for any activity for which a fee is charged to external users for goods and services.

As a general rule, the effect of interfund activity has been removed from the financial statements. Exceptions to this general rule are charges for sales and purchases of goods and services between various functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program receipts include (1) receipts from customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

Enterprise funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for services and benefit fees. Operating disbursements for enterprise funds include the cost of services, administrative expenses, and capital outlay. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

CITY OF SUNDANCE, WYOMING
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgetary Data

The City Treasurer submits an annual budget to the City Council prior to May 15 for the fiscal year commencing the following July 1. In June, a public hearing is conducted to obtain public comments. Subsequently, the City Council adopts the annual fiscal year appropriated budget for City funds. These include General Government, Public Safety and Transportation, Public Works, Health, Welfare and Recreation, and Capital Outlay. Once approved the City Council may transfer any unencumbered or unexpended appropriation balance or part thereof from one fund, department or account to another after publication of notice. Budget amounts have been amended in accordance with Wyoming State Statutes.

The budget for the General Fund is prepared on the cash and expenditures/encumbrance basis. Revenues are budgeted in the year receipt is expected; and expenditures, which include encumbrances, are budgeted in the year that the applicable purchase orders are expected to be issued. All appropriations excluding appropriations for capital projects shall lapse at fiscal year end to the extent they are not expended or encumbered.

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and class as follows: employee services, contractual services, materials and supplies, capital improvements, and special departmental expense. This constitutes the legal level of control. Expenditures may not exceed appropriations at this level. Within these control levels, management may transfer appropriations without Council approval.

Property Taxes

Property taxes are levied, billed, and collected by Crook County on behalf of the City of Sundance. Taxes are levied on or about August 1 and payable in two installments on September 1 and March 1. The installments are considered delinquent if not paid by November 10 and May 10, respectively. If the taxpayer fails to pay the first installment by November 10, the taxpayer may pay the entire liability by December 31 and avoid an interest charge. If taxes are not paid in accordance with the prescribed delinquent dates, a tax lien attaches to the property on August 1. Property tax receipts are recognized when received.

For the year ended June 30, 2022, the City has assessed the maximum 8.00 mills available by statute for general operations. Therefore, the City has no additional tax margin available.

CITY OF SUNDANCE, WYOMING
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3. CASH, CASH EQUIVILENTS AND INVESTMENTS

Cash, Certificates of Deposits and Investments

A portion of the City's funds are held in pooled accounts. Each fund's share of the pooled accounts is maintained. These shares are shown under beginning and ending cash in their respective cash receipt and disbursement financial statement.

At June 30, 2022, cash and certificates of deposits consisted of:

Cash	\$ 1,910,142
Cash on hand	225
Certificates of deposits	594,948
Investments in Government Securities (Cost)	115,000
Investments in Wyoming CLASS	<u>245,046</u>
	<u>\$ 2,865,361</u>

Wyoming CLASS

The City invests in Wyoming CLASS (Cooperative Liquid Assets Securities System) which is administered by a Board of Trustees and Public Trust Advisors, LLC which is responsible for all program investments and administrative activities. This investment pool has not been assigned a risk category since the County is not issued securities, but rather owns an undivided beneficial interest in the assets of these pools. Wyoming CLASS operates similarly to a money market fund; each share is equal in value to \$1.00.

Government Securities

Wyoming State Statute 9-4-831 authorizes the City to invest in obligations of the U.S. Treasury, obligations guaranteed by the Federal government agency or instrumentality, repurchase agreements of obligations of the U.S. government or guaranteed by the U.S. government, deposits in financial institutions which are federally insured, or secured by a pledge of assets, provided the pledge is authorized by the FDIC, commercial paper that is rated by Moody's as P-1 or by Standard & Poor's as A+1 or higher with maturity of less than 220 days, guarantee investment contracts, local investments pools organized by the Wyoming State Treasurer, or commingled funds of the eligible securities.

Investments held at June 30, 2022 by the City consisted of U.S. guaranteed real estate mortgages. All of the bonds are rated AAA. All of the securities are held in the City's name.

The City is exposed to risk that these investments will decline or increase in value based upon changes in current market interest rates. The future maturities of these investments are as follows:

	<u>Security Cost</u>	<u>Fair Market Value</u>	<u>Maturities Less Than 1 Year</u>
FHL Bonds	\$ 115,000	\$ 112,890	\$ 112,890

CITY OF SUNDANCE, WYOMING
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3. CASH, CASH EQUIVILENTS AND INVESTMENTS (CONTINUED)

GASB Statement 72 establishes a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs—other than quoted prices—included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security.

All investments that the City holds are valued at level 1 inputs.

Custodial Credit Risk - Deposits

The custodial credit risk for investments is the risk that, in the event of the failure of the depository financial institution, or the counterparty (e.g. broker-dealer) to a transaction, the City will not be able to recover the value of its investment or collateral securities that are in the possession of outside party. Custodial credit risk does not apply to the City's indirect investment in securities through the use of a government investment pool. The government deposit policy, in accordance with Wyoming State Statutes, states all deposits should be insured or collateralized. As of June 30, 2022, the City's bank balances of \$2,799,681 were covered by FDIC insurance of \$500,000 and securities pledged to collateralize the excess over FDIC insurance of \$2,299,537.

NOTE 4. PENSION PLAN

Wyoming Retirement System

The City participates in the Wyoming Retirement System ("System"), a statewide cost-sharing multiple-employer public employee retirement system administered by the State of Wyoming Retirement System Board. Substantially all City full-time employees are eligible to participate. The System provides retirement, disability and death benefits according to predetermined formulas. Benefits are established by Title 9, Chapter 3 of the Wyoming Statutes. The System issues a publicly available financial report which includes audited financial statements and required supplementary information for the System. The report may be obtained by writing to the Wyoming Retirement System, 6101 Yellowstone Road, Suite 500 Cheyenne, WY 82002 retirement.state.wy.us

CITY OF SUNDANCE, WYOMING
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2022

NOTE 4. PENSION PLAN (CONTINUED)

Contributions

Both the County and Plan members (employees) are required to contribute a percentage of their annual covered salary as follows:

		Public Employee Plan	
		Employee Contributions	Employer Contribution
July 1, 2021 to June 30, 2022		9.25%	9.37%
		Law Enforcement Plan	
		Employee Contributions	Employer Contribution
July 1, 2021 to June 30, 2022		8.60%	8.60%

Legislation enacted in 1979 allows the employer to pay any or all of the employee's contribution in addition to the matching contribution. The City pays 100% of the contributions for employees under the Public Employee Plan and an equal amount of the contributions required to the Law Enforcement Plan. Law enforcement employees pay the difference of the law enforcement rate compared to the public plan rate.

Contribution rates are established by Title 9, Chapter 3 of the Wyoming Statutes. The City's contributions to the System for the years ended June 30, 2022, 2021 and 2020 were \$84,127, \$93,350, and \$103,316, respectively.

The City's allocated percentage of the net pension obligation for the plans is as follows (as statements are presented on the cash basis these liabilities are not reflected):

	Plan net pension benefit obligation	City's proportionate share of contributions	Estimated share of net pension liability
Public Employee	\$ 1,524,721,500	0.0239381%	\$ 364,989
Law Enforcement	\$ 284,638,585	0.0043432%	\$ 12,362

NOTE 5. RISK MANAGEMENT

The City is a member of the Wyoming Local Government Liability Pool (LGLP). 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 is covered under 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 member districts for claims of \$250,000 per person/\$500,000 per occurrence.

CITY OF SUNDANCE, WYOMING
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2022

NOTE 6. INTERGOVERNMENTAL RECEIPTS

During the year ended June 30, 2022, intergovernmental receipts in the General Fund consisted of the following:

4% sales tax	\$	298,924
4% use tax		53,884
Gas tax		78,132
Cigarette tax		6,116
Special fuel tax		11,557
Mineral royalty		106,003
Lottery		27,861
Severance tax		4,874
Legislative distribution		136,176
State and Federal grants		246,906
WBC central park		92,251
Main street		8,876
American Rescue Plan		112,316
		112,316
	\$	1,183,876

NOTE 7. INTERFUND TRANSFERS

Operating Transfers In (Out) consist of the following:

	Transfer In	Transfer Out
General Fund	\$ -	\$ (50,000)
Recreation Fund	50,000	-
	\$ 50,000	\$ (50,000)

The transfer to the recreation fund was to subsidize the operations of the fund.

CITY OF SUNDANCE, WYOMING
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8. LOAN AGREEMENTS

The City has the following outstanding loans at June 30, 2022 and as the financial statements are presented on the cash basis these liabilities are reflected as receipts for loan proceeds and expenditures for the related debt service.

Lender	<u>Outstanding Loan Balances</u>			
	Balance June 30, 2022	Interest Rate	Annual Payments	Maturity Date
<u>Sanitation\Landfill Fund</u>				
Office of State Lands and Investments: JPA 13580	\$ 131,288	4.13%	\$ 15,150	December 1, 2032
Office of State Lands and Investments: MWL 15015	210,694	0.00%	12,394	December 1, 2038
<u>Water Fund</u>				
Office of State Lands and Investments: DWSRF 102	30,329	0.00%	3,791	July 15, 2030
Office of State Lands and Investments: DWSRF 215	199,242	2.50%	9,748	November 15, 2050
Wyoming Water Development Office	123,563	4.00%	16,619	December 1, 2031
	<u>\$ 695,116</u>		<u>\$ 57,702</u>	

CITY OF SUNDANCE, WYOMING
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8. LOAN AGREEMENTS (CONTINUED)

The following schedule summarizes debt activity for the year:

Loan	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022	Interests Paid
Sanitation Fund					
SLIB JPA 13580	\$ 140,678	\$ -	\$ (9,390)	\$ 131,288	\$ 5,809
MWL 15015	223,167	-	(12,473)	210,694	-
Water Fund					
SLIB DWSRF 102	37,912	-	(7,583)	30,329	-
SLIB DWSRF 215	265,932	6,106 *	(72,796)	199,242	-
WWDC	134,790	-	(11,227)	123,563	5,391
	<u>\$ 802,479</u>	<u>\$ 6,106</u>	<u>\$ (113,469)</u>	<u>\$ 695,116</u>	<u>\$ 11,200</u>

* The borrower has received principal forgiveness in the amount of \$68,010.

NOTE 9. INFRASTRUCTURE COMMITMENT

The City entered into an agreement with Crook County School District and the Wyoming School Facilities Division to fund infrastructure improvements to the new elementary school. In connection with this agreement the city was advanced \$350,645 in 2018 from the Wyoming Schools Facilities Division through the school district for a transmission line to the elementary school. The agreement requires the City to repay \$150,645 of this amount to the Division over seven years commencing in February 2017 and ending February 2023. In consideration for the infrastructure Crook County School District will contribute \$70,000 over seven years at \$10,000 a year per terms in an agreement between the City and the School District. During the year the City received the final four years payments (\$40,000) from the School District completing the District obligation under the agreement.

The future obligation of the City under these agreements are:

<u>Year Ending June 30</u>	<u>City Repayment</u>
2023	21,520
	<u>\$ 21,520</u>

CITY OF SUNDANCE, WYOMING
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 10. CONSTRUCTION COMMITMENTS

In May 2018 the City received loan funding from the Wyoming Office of State Land and Investments in the amount of \$400,524, and grant funding from the Wyoming Water Department Commission of \$722,930 for construction of a water storage facility. Through June 30, 2022 the City has drawn loan funds of \$272,038. The project has been completed. The City is relinquishing \$128,485.86, the remaining balance of the loan for this project.

CITY OF SUNDANCE, WYOMING
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
Receipts:				
Taxes	\$ 355,400	\$ 355,400	\$ 538,807	\$ 183,407
Licenses and permits	16,450	16,450	21,128	4,678
Intergovernmental services	792,394	792,394	1,113,886	321,492
Charges for goods and services	150	150	385	235
Fines and forfeitures	200	200	-	(200)
Miscellaneous revenues	305,123	305,123	421,140	116,017
Interest income	5,050	5,050	12,700	7,650
Special funds	2,600	2,600	6,695	4,095
Total receipts	<u>\$ 1,477,367</u>	<u>\$ 1,477,367</u>	<u>\$ 2,114,741</u>	<u>\$ 637,374</u>
Disbursements:				
Municipal Court	\$ 5,000	\$ 5,000	\$ 70	\$ 4,930
Mayor and Council	41,169	41,169	38,029	3,140
Elections	4,300	4,300	-	4,300
Administration	168,992	168,992	168,984	8
Attorney	24,000	24,000	24,000	-
Supplies and services	250,450	250,450	219,672	30,778
Computer	34,000	34,000	21,496	12,504
Building	15,000	15,000	4,244	10,756
Police	286,000	286,000	285,999	1
Fire	113,336	113,336	75,498	37,838
Streets	790,691	790,691	621,654	169,037
Ambulance	11,300	11,300	6,112	5,188
Parks Department	36,750	36,750	18,878	17,872
Cemetery	17,950	17,950	7,752	10,198
Shop Department	35,500	35,500	24,128	11,372
Special Funds	-	-	-	-
Total disbursements	<u>\$ 1,834,438</u>	<u>\$ 1,834,438</u>	<u>\$ 1,516,516</u>	<u>\$ 317,922</u>
Receipts over (under) disbursements	<u>\$ (357,071)</u>	<u>\$ (357,071)</u>	<u>\$ 598,225</u>	<u>955,296</u>

(The accompanying notes to the required supplementary information are an integral part of this schedule)

CITY OF SUNDANCE, WYOMING

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION -
BUDGETARY DATA

NOTE 1. RECONCILIATION OF BUDGET TO ACTUAL DATA (NON-GAAP BUDGETARY BASIS)

The budget to actual comparison statements are prepared on a basis consistent with the City's budgeting system. The financial statements are prepared on the cash receipt and disbursement basis which is consistent with the budgetary basis. Therefore, there are no differences.

CITY OF SUNDANCE, WYOMING
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

<u>Federal Grant/Pass-Through Grantor</u>	<u>Federal CFDA Number</u>	<u>Pass Through Number</u>	<u>Federal Expenditures</u>
U.S. Department of Interior:			
Passed through Wyoming State Department of Environmental Quality/AML Division			
Abandoned Mine Land Reclamation Program	15.236		\$ 1,285,731
Passed through Wyoming Department of State Parks and Cultural Resources, Division of State Parks and Trails			
Outdoor Recreation Acquisition	15.916	56-00915	231,827
			<u>\$ 1,517,558</u>
U.S. Department of Transportation:			
Passed through Wyoming State Department of Transportation			
Highway Planning and Construction	20.205		<u>\$ 590.00</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,518,148</u></u>

(The accompanying notes to the required supplementary information are an integral part of this schedule)

CITY OF SUNDANCE, WYOMING
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Sundance is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance, "Audits of State, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amount presented in, or used in the preparation of the basis financial statements.

NOTE 2 DE MINIMIS INDIRECT COST RATE

The City has not used the de minimis 10% indirect cost rate.

NOTE 3 SUBRECIPIENTS

The City provided no funds to subrecipients during the year.

(The accompanying notes to the required supplementary information are an integral part of this schedule)

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*

City Council
City of Sundance, Wyoming
Sundance, 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 statements of cash receipts and disbursements of the governmental activities, the business-type activities and the trust fund activities, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Sundance, Wyoming's basic financial statements and have issued our report thereon, dated February 16, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Sundance, Wyoming's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Sundance, 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 entity'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. See item 2022-001.

Report on Compliance and Other Matters

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

City of Sundance, Wyoming Response to Findings

City of Sundance's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. City of Sundance'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

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

Leo Riley & Company, CPA's

February 16, 2023

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

City Council
City of Sundance, Wyoming
Sundance, Wyoming

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Sundance's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each the City's major federal programs for the year ended June 30, 2022. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City 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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirements 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 were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Leo Riley Co., CPA's

February 16, 2023

CITY OF SUNDANCE, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the City.
2. One significant deficiency disclosed during the audit of the financial statements is reported in the Schedule of Findings and Questioned Costs. This condition is not reported as a material weakness.
3. No instances of noncompliance material to the financial statements of The City of Sundance were disclosed during the audit.
4. No significant deficiencies are disclosed during the audit of the major federal award programs is reported in the Schedule of Findings and Questioned Costs.
5. The auditors' report on compliance for the major federal award programs for the City expresses an unmodified opinion on all major federal programs.
6. No audit findings relative to the major federal award programs for the City are reported in this Schedule.
7. The threshold for distinguishing Types A and B programs was \$750,000.
8. The programs tested as major programs were U.S. Department of Interior – Abandoned Mine Land Reclamation Program (CFDA 15.236).
9. The City was not a low-risk auditee.

CITY OF SUNDANCE, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022

FINDINGS - FINANCIAL STATEMENTS AUDIT

SIGNIFICANT DEFICIENCIES

2022-001 Separation of Duties

Criteria: An effective internal control structure of an organization will include procedures and actions to:

1. Protect its assets against theft and waste.
2. Ensure compliance with the organization's policies, procedures and statutory requirements.
3. Evaluate the performance of personnel to promote efficient operations.
4. Ensure accurate and reliable operating and accounting data.

Separation of duties requires that someone other than the employee responsible for safeguarding the asset must maintain the accounting records for that asset. When an organization separates duties of the employees, it minimizes the probability of an error or irregularity occurring and not being timely detected.

Condition: Due to the small size of the accounting department of the City, the possibility of adequate separation of duties over certain transaction cycles is limited.

Recommendation: While we recognize that it is impractical for the City to achieve complete separation of duties over all transaction cycles within the City, it is important that the Council be aware of the chance of errors and irregularities not being timely detected is elevated.

Auditee Response: The City has separated duties to the extent possible and has implemented compensating controls to monitor the accounting activities.

CITY OF SUNDANCE, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022

STATUS OF PRIOR YEAR FINDINGS

FINDINGS - FINANCIAL STATEMENTS AUDIT

2021-001 Separation of Duties

Ongoing comment and condition. See Item 2022-001.

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