

CITY OF SUNDANCE, WYOMING

FINANCIAL REPORT

JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 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 the cash basis of accounting; 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 auditor's 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 entity'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 entity'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.

Opinion

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, 2021 on the basis of accounting described in Note 2 to the financial statements.

Other Information

Management has omitted the Management's Discussion and Analysis 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.

Required Supplementary 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated DATE, 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.

February xx, 2022

CITY OF SUNDANCE, WYOMING
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Recreation Fund	Total
Cash receipts			
Taxes	\$ 407,209	\$ -	\$ 407,209
License and permits	23,739	-	23,739
Intergovernmental revenues	1,246,696	-	1,246,696
Charges for goods and services	-	20,801	20,801
Fines and forfeitures	5,122	-	5,122
Miscellaneous revenues	276,297	-	276,297
Interest income	16,681	-	16,681
Special funds	37,266	-	37,266
Total cash receipts	<u>\$ 2,013,010</u>	<u>\$ 20,801</u>	<u>\$ 2,033,811</u>
Cash disbursements			
Municipal court	\$ 6,369	\$ -	\$ 6,369
Mayor and Council	34,588	-	34,588
Administration	162,396	-	162,396
Attorney	24,000	-	24,000
Supplies and services	125,193	-	125,193
Computer	21,623	-	21,623
Building	14,276	-	14,276
Police	364,218	-	364,218
Fire	85,598	-	85,598
Streets	1,385,612	-	1,385,612
Ambulance	39,275	-	39,275
Parks Department	15,964	-	15,964
Cemetery	6,293	-	6,293
Shop Department	14,970	-	14,970
Museum restoration	150,974	-	150,974
Recreation	-	61,058	61,058
Total cash disbursements	<u>\$ 2,451,349</u>	<u>\$ 61,058</u>	<u>\$ 2,512,407</u>
Net cash receipts over/(under) disbursements before transfers	\$ (438,339)	\$ (40,257)	\$ (478,596)
Transfers	<u>(50,000)</u>	<u>50,000</u>	<u>-</u>
Net cash receipts over /(under) disbursements after transfers	\$ (488,339)	\$ 9,743	\$ (478,596)
Beginning cash balance	767,897	(21,823)	746,074
Ending cash balance	<u><u>\$ 279,558</u></u>	<u><u>\$ (12,080)</u></u>	<u><u>\$ 267,478</u></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, 2021

	Water Fund	Sewer Fund	Sanitation Fund	Total
Operating receipts				
Charges for services	\$ 412,229	\$ 148,028	\$ 543,472	\$ 1,103,729
Miscellaneous	4,798	-	19,505	24,303
Total operating receipts	<u>\$ 417,027</u>	<u>\$ 148,028</u>	<u>\$ 562,977</u>	<u>\$ 1,128,032</u>
Operating disbursements				
Salaries and benefits	\$ 198,567	\$ -	\$ 133,225	\$ 331,792
Public works	336,023	31,953	267,187	635,163
Total operating disbursements	<u>\$ 534,590</u>	<u>\$ 31,953</u>	<u>\$ 400,412</u>	<u>\$ 966,955</u>
Receipts over/ (under) disbursements	<u>\$ (117,563)</u>	<u>\$ 116,075</u>	<u>\$ 162,565</u>	<u>\$ 161,077</u>
Nonoperating receipts /(disbursements)				
Taxes	\$ -	\$ -	\$ -	\$ -
Change in due to/from	-	-	-	-
Grant\ loan receipts	1,024,885	-	-	1,024,885
Interest income	4,317	-	-	4,317
Debt service	(20,410)	-	(27,544)	(47,954)
Capital outlay	(884,970)	-	(3,186)	(888,156)
Nonoperating receipts over/ (under) disbursements total	<u>\$ 123,822</u>	<u>\$ -</u>	<u>\$ (30,730)</u>	<u>\$ 93,092</u>
Net receipts over/ (under) disbursements	\$ 6,259	\$ 116,075	\$ 131,835	\$ 254,169
Beginning cash balance	<u>501,584</u>	<u>507,880</u>	<u>328,731</u>	<u>1,338,195</u>
Ending cash balance	<u><u>\$ 507,843</u></u>	<u><u>\$ 623,955</u></u>	<u><u>\$ 460,566</u></u>	<u><u>\$ 1,592,364</u></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, 2021

Cash receipts - Deposits	\$ 8,807
Cash disbursements - Refunds	<u>6,285</u>
Net cash receipts	\$ 2,522
Beginning cash	<u>48,429</u>
Ending cash and certificates of deposits	<u><u>\$ 50,951</u></u>

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

CITY OF SUNDANCE, WYOMING
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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).

Proprietary 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.

Proprietary 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, 2021

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, 2021, 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, 2021

NOTE 3. CASH AND CASH EQUILENT

Cash and Certificates of Deposits

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, 2021, cash and certificates of deposits consisted of:

Cash	\$ 1,225,871
Cash on hand	225
Certificates of deposits	694,823
	<u>\$ 1,920,919</u>

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, 2021, the City's bank balances of \$2,284,713 were covered by FDIC insurance of \$500,000 and securities pledged to collateralize the excess over FDIC insurance of \$1,784,713.

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, 2021

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, 2020 to June 30, 2021		9.00%	9.12%
		Law Enforcement Plan	
		Employee Contributions	Employer Contribution
July 1, 2020 to June 30, 2021		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, 2021, 2020 and 2019 were \$93,350, \$103,316, and \$103,251, 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	\$ 2,173,359,746	0.0232100%	\$ 504,437
Law Enforcement	\$ 68,122,205	0.1094723%	\$ 74,575

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, 2021

NOTE 6. INTERGOVERNMENTAL RECEIPTS

During the year ended June 30, 2021, intergovernmental receipts in the General Fund consisted of the following:

4% sales tax	\$ 264,177
4% use tax	51,090
Gas tax	63,892
Cigarette tax	7,249
Special fuel tax	11,657
Mineral royalty	100,634
Lottery	43,680
Severance tax	6,367
Legislative distribution	142,940
Homeland Security Grant	135,322
Wyoming Business Grant	63,265
SLIB Walking path	356,423
	<u>\$ 1,246,696</u>

NOTE 7. INTERFUND TRANSFERS

Operating Transfers In (Out) consist of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ -	\$ (50,000)
Recreation Fund	50,000	
	<u>\$ 50,000</u>	<u>\$ (50,000)</u>

The transfers from the general fund to the landfill was to allocate prior year 1% sales tax collections to subsidize the landfill closing costs. 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, 2021

NOTE 8. LEASING ARRANGEMENT

At June 30, 2021, the City had the following lease agreements:

1. Two police vehicles; monthly payment of \$938 for 48 months, totaling \$45,024; unpaid balance at June 30, 2021 is \$9,379.
2. Street sweeper; Sundance State Bank leased on May 14, 2019; first payment September 15, 2019. The total amount is \$75,000; yearly payment of \$26,174 for 3 years; interest rate is 3.50%, unpaid balance at June 30, 2021 is \$25,289.

These payments are made through the General Fund.

Future minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>Payment</u>
2022	35,553
	<u>\$ 35,553</u>
Amounts representing interest	885
Present value of lease payments	<u><u>\$ 34,668</u></u>

CITY OF SUNDANCE, WYOMING
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 9. LOAN AGREEMENTS

The City has the following outstanding loans at June 30, 2021 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.

Outstanding Loan Balances				
Lender	Balance June 30, 2021	Interest Rate	Annual Payments	Maturity Date
Sanitation\Landfill Fund				
Office of State Lands and Investments	\$ 140,678	4.13%	\$ 15,150	December 1, 2032
Office of State Lands and Investments	223,167	0.00%	12,394	December 1, 2038
Water Fund				
Office of State Lands and Investments	37,912	0.00%	3,791	July 15, 2030
Wyoming Water Development Office	134,790	4.00%	16,619	December 1, 2031
Office of State Lands and Investments	265,932	2.50%	unkown	April 1, 2048
	<u>\$ 802,479</u>		<u>\$ 47,954</u>	

The following schedule summarizes debt activity for the year:

Loan	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021	Interests Paid
Sanitation Fund					
SLIB JPA 13580	\$ 149,648	\$ -	\$ (8,970)	\$ 140,678	\$ 6,180
MWL 15015	235,561	-	(12,394)	223,167	-
Water Fund					
SLIB DWSRF 102	41,703	-	(3,791)	37,912	-
WWDC	145,585	-	(10,795)	134,790	5,823
SLIB DWSRF 215	46,356	219,576	-	265,932	-
	<u>\$ 618,853</u>	<u>\$ 219,576</u>	<u>\$ (35,950)</u>	<u>\$ 802,479</u>	<u>\$ 12,003</u>

CITY OF SUNDANCE, WYOMING
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 10. 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>
2022	21,520
2023	21,520
	<u>\$ 43,040</u>

NOTE 11. 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, 2021 the City has drawn loan funds of \$265,932.

In March 2020 the City of Sundance entered into a grant agreement with the Wyoming Department of Environmental Quality, Abandoned Mine Land Division to construct Sundance Kid Tanks and water replacement. The total award to the City is \$1,599,206 (The Federal will reimburse 90% of the costs). The City has entered in contracts for the design, engineering costs of \$148,003 and \$1,468,988 for construction costs. The City has been reimbursed 100% of the costs incurred to June 30, 2021.

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

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Amounts	
Receipts:				
Taxes	\$ 365,400	\$ 365,400	\$ 364,752	\$ (648)
Licenses and permits	14,950	14,950	23,739	8,789
Intergovernmental services	1,336,300	1,336,300	1,289,191	(47,109)
Charges for goods and services	150	150	245	95
Fines and forfeitures	5,100	5,100	5,132	32
Miscellaneous revenues	277,525	277,525	312,855	35,330
Interest income	3,100	3,100	8,411	5,311
Special funds	2,600	2,600	8,685	6,085
Total receipts	<u>\$ 2,005,125</u>	<u>\$ 2,005,125</u>	<u>\$ 2,013,010</u>	<u>\$ 7,885</u>
Disbursements:				
Municipal Court	\$ 12,635	\$ 12,635	\$ 6,369	\$ 6,266
Mayor and Council	41,619	41,619	34,587	7,032
Elections	4,300	4,300	1,788	2,512
Administration	164,300	164,300	160,608	3,692
Attorney	24,000	24,000	24,000	-
Supplies and services	282,200	282,200	175,193	107,007
Computer	34,000	34,000	21,623	12,377
Building	15,000	15,000	14,276	724
Police	364,350	364,350	364,218	132
Fire	104,842	104,842	85,597	19,245
Streets	1,613,500	1,613,500	1,536,586	76,914
Ambulance	46,502	46,502	39,275	7,227
Parks Department	50,250	50,250	15,965	34,285
Cemetery	27,950	27,950	6,294	21,656
Shop Department	35,500	35,500	14,970	20,530
Special Funds	15,000	15,000	-	15,000
Total disbursements	<u>\$ 2,835,948</u>	<u>\$ 2,835,948</u>	<u>\$ 2,501,349</u>	<u>\$ 334,599</u>
Receipts over (under) disbursements	<u>\$ (830,823)</u>	<u>\$ (830,823)</u>	<u>\$ (488,339)</u>	<u>342,484</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.

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, 2021, 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 xx, 2022.

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 Of Sundance'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 2021-001.

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.

February xx, 2022

CITY OF SUNDANCE, WYOMING
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2021

FINDINGS - FINANCIAL STATEMENTS AUDIT

SIGNIFICANT DEFICIENCIES

2021-001 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 RESPONSES
JUNE 30, 2021

STATUS OF PRIOR YEAR FINDINGS

FINDINGS - FINANCIAL STATEMENTS AUDIT

2020-001 Separation of Duties

Ongoing comment and condition. See Item 2021-001.

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