

TOWN OF PINEDALE, WYOMING

**FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

**TOWN OF PINEDALE, WYOMING
FINANCIAL REPORT
JUNE 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the Town Council
Town of Pinedale, Wyoming
Pinedale, Wyoming

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying cash basis financial statement of the governmental activities, the business-type activities, each major fund and the remaining fund information of the Town of Pinedale, Wyoming (the Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town'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 respective cash basis financial position of the governmental activities, the business-type activities, each major fund, and remaining fund information of the Town of Pinedale as of June 30, 2022, and the respective changes in cash basis financial position for the year then ended in accordance with the cash basis of accounting described in Note 1.

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 Town of Pinedale 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.

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 described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible 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 Town of Pinedale'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 Responsibility

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 and *Government 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 and *Government 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 Town of Pinedale'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 Town of Pinedale'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.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Pinedale's basic financial statements. Management elected not to prepare the management discussion and analysis portion of the financial statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on page 21, 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 supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Pinedale'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* 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* 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 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 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2022, on our consideration of the Town of Pinedale's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Town'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 Town of Pinedale's internal control over financial reporting and compliance.

SUMMIT WEST CPA GROUP, P.C.

Summit West CPA Group, P.C.
Lander, Wyoming
September 30, 2022

Government-Wide Financial Statements

TOWN OF PINEDALE, WYOMING
STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2022

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and investments	\$ 11,931,288	\$ 3,557,228	\$ 15,488,516
Total Assets	<u>\$ 11,931,288</u>	<u>\$ 3,557,228</u>	<u>\$ 15,488,516</u>
NET POSITION			
Restricted for			
Utility deposits	\$ 0	\$ 4,994	\$ 4,994
Travel and tourism	471,371	0	471,371
Unrestricted	<u>11,459,917</u>	<u>3,552,234</u>	<u>15,012,151</u>
Total Net Position	<u>\$ 11,931,288</u>	<u>\$ 3,557,228</u>	<u>\$ 15,488,516</u>

See Notes to Financial Statements

TOWN OF PINEDALE, WYOMING
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position		
		Charges for Services	Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
General government	\$ 2,117,268	\$ 0	\$ 0	\$ (2,117,268)	\$ 0	\$ (2,117,268)
Public safety	124,982	0	0	(124,982)	0	(124,982)
Public works	632,064	0	512,936	(119,128)	0	(119,128)
Parks and recreation	313,418	0	0	(313,418)	0	(313,418)
Community development	278,795	0	0	(278,795)	0	(278,795)
Airport	5,287,170	230,200	4,745,946	(311,024)	0	(311,024)
Total Governmental Activities	<u>8,753,697</u>	<u>230,200</u>	<u>5,258,882</u>	<u>(3,264,615)</u>	<u>0</u>	<u>(3,264,615)</u>
Business-Type Activities						
Water	560,551	776,153	0	0	215,602	215,602
Sewer	406,953	520,210	0	0	113,257	113,257
Total Business-Type Activities	<u>967,504</u>	<u>1,296,363</u>	<u>0</u>	<u>0</u>	<u>328,859</u>	<u>328,859</u>
Total Primary Government	<u>\$ 9,721,201</u>	<u>\$ 1,526,563</u>	<u>\$ 5,258,882</u>	<u>\$ (3,264,615)</u>	<u>\$ 328,859</u>	<u>\$ (2,935,756)</u>
		General receipts				
		Taxes		1,671,199	0	1,671,199
		Intergovernmental		531,299	0	531,299
		Interest receipts		40,401	12,303	52,704
		Licenses and permits		37,075	0	37,075
		Fines and forfeitures		56,928	0	56,928
		Miscellaneous		4,623	0	4,623
		Transfers		0	0	0
		Total general receipts		<u>2,341,525</u>	<u>12,303</u>	<u>2,353,828</u>
		Change in net position		(923,090)	341,162	(581,928)
		Net position - beginning		<u>12,854,378</u>	<u>3,216,066</u>	<u>16,070,444</u>
		Net position - end of year		<u>\$ 11,931,288</u>	<u>\$ 3,557,228</u>	<u>\$ 15,488,516</u>

See Notes to Financial Statements

Fund Financial Statements

**TOWN OF PINEDALE, WYOMING
BALANCE SHEET
GOVERNMENTAL FUNDS - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>General Fund</u>	<u>Airport</u>	<u>Travel and Tourism Special Revenue (Nonmajor)</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 10,565,549	\$ 894,338	\$ 471,371	\$ 11,459,887
Total Assets	<u>\$ 10,565,549</u>	<u>\$ 894,338</u>	<u>\$ 471,371</u>	<u>\$ 11,459,887</u>
FUND BALANCE				
Restricted for				
Travel and tourism	\$ 0	\$ 0	\$ 471,371	\$ 471,371
Committed for				
Rainy day reserves	5,000,000	103,000	0	5,103,000
Depreciation reserves	600,000	0	0	600,000
Assigned for				
Special projects - Note 5	1,437,278	0	0	1,437,278
Unassigned	<u>3,528,271</u>	<u>791,338</u>	<u>0</u>	<u>4,319,609</u>
Total Fund Balance	<u>10,565,549</u>	<u>894,338</u>	<u>471,371</u>	<u>11,931,258</u>

TOWN OF PINEDALE, WYOMING
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCE - CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2022

	<u>General Fund</u>	<u>Airport</u>	<u>Travel and Tourism Special Revenue (Nonmajor)</u>	<u>Total Governmental Funds</u>
RECEIPTS				
Taxes	\$ 1,344,846	\$ 0	\$ 326,353	\$ 1,671,199
Licenses and permits	37,075	0	0	37,075
Intergovernmental and grants	1,044,235	4,745,946	30,000	5,820,181
Charges for services	25	230,175	0	230,200
Fines and forfeitures	2,526	0	0	2,526
Contribution	31,924	0	0	31,924
Investment earnings	37,744	2,657	0	40,401
	<hr/>	<hr/>	<hr/>	<hr/>
Total Receipts	\$ 2,498,375	\$ 4,978,778	\$ 356,353	\$ 7,833,506
DISBURSEMENTS				
General government	2,117,268	0	0	2,117,268
Public safety	124,982	0	0	124,982
Public works	632,064	0	0	632,064
Parks and recreation	313,443	0	0	313,443
Community development	87,725	0	191,070	278,795
Airport	0	5,290,044	0	5,290,044
	<hr/>	<hr/>	<hr/>	<hr/>
Total Disbursements	3,275,482	5,290,044	191,070	8,756,596
Excess of revenues over (under) disbursements	(777,107)	(311,266)	165,283	(923,090)
Excess (deficiency) of receipts over disbursements	(777,107)	(311,266)	165,283	(923,090)
FUND BALANCES - JULY 1	<hr/>	<hr/>	<hr/>	<hr/>
	11,342,686	1,205,604	306,088	12,854,378
FUND BALANCES - JUNE 30	<hr/>	<hr/>	<hr/>	<hr/>
	10,565,579	894,338	471,371	11,931,288

**TOWN OF PINEDALE, WYOMING
STATEMENT OF NET POSITION
BUSINESS-TYPE ACTIVITIES - PROPRIETARY FUND - CASH BASIS
JUNE 30, 2022**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and short-term investments	\$ 2,449,169	\$ 1,108,059	\$ 3,557,228
Total Assets	<u>\$ 2,449,169</u>	<u>\$ 1,108,059</u>	<u>\$ 3,557,228</u>
NET POSITION			
Restricted for			
Utility deposits	\$ 2,580	\$ 2,414	\$ 4,994
Unrestricted	<u>2,446,589</u>	<u>1,105,645</u>	<u>3,552,234</u>
Total Net Position	<u>\$ 2,449,169</u>	<u>\$ 1,108,059</u>	<u>\$ 3,557,228</u>

TOWN OF PINEDALE, WYOMING
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
BUSINESS-TYPE ACTIVITIES - PROPRIETARY FUND - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
RECEIPTS			
Charges for goods and services	\$ 776,153	\$ 520,210	\$ 1,296,363
Investment receipts	8,448	3,855	12,303
	<u>784,601</u>	<u>524,065</u>	<u>1,308,666</u>
Total Receipts			
DISBURSMENTS			
Salaries and benefits	324,237	264,567	588,804
Supplies, material, and other	96,823	94,493	191,316
Engineering and testing	97,988	28,239	126,227
Capital outlay	41,503	19,654	61,157
	<u>560,551</u>	<u>406,953</u>	<u>967,504</u>
Total Disbursements			
Excess (deficiency) of receipts over disbursements	<u>224,050</u>	<u>117,112</u>	<u>341,162</u>
TOTAL NET POSITION - JULY 1	<u>2,225,119</u>	<u>990,947</u>	<u>3,216,066</u>
TOTAL NET POSITION - JUNE 30	<u>\$ 2,449,169</u>	<u>\$ 1,108,059</u>	<u>\$ 3,557,228</u>

Notes to Financial Statements

TOWN OF PINEDALE, WYOMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Pinedale, Wyoming (the Town) have been prepared on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) established by the Governmental Accounting Standards Board (GASB). This basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred. The cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual. The cash basis financial statements generally meet the presentation and disclosure requirements applicable to GAAP, in substance, but are limited to the elements presented in the financial statements and constraints of the measurement and recognition criteria of the cash basis of accounting. Significant Town accounting policies are described below.

A. REPORTING ENTITY

The Town of Pinedale, Wyoming 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, health and social services, recreation, public improvements, planning and zoning, and general administrative services.

The legislative branch of the Town government is composed of an elected Mayor and four elected Town Council members. The establishment and adoption of policy is the responsibility of the Mayor and Town Council members. The Mayor and Council members appoint the following officials: Clerk, Treasurer, Public Works Director, Town Attorney, and Municipal Court Judge.

The accompanying financial statements present the primary government. The Town has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e. the Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, special revenue funds and proprietary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide financial statements: The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis display information about the reporting government as a whole within the limitations of the cash basis of accounting, and present both the Town's governmental and business-type activities on a consolidated basis by column.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program cash receipts* include: (1) charges to 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 revenues* rather than as program revenues. Likewise, general revenues include all taxes.

The Town's public safety, public works, parks and recreation, airport, community development, and general administrative services are classified as governmental activities. The Town's water and sewer services are classified as business-type activities. The governmental activities generally are financed through taxes, intergovernmental receipts, and other nonexchange receipts. The business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

The Town's accounting system is organized on a fund basis, and each fund is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, net position or fund balance, receipts, and expenditures or expenses.

The Town reports the following major governmental fund:

- **General Fund** – The General Fund is the Town's primary operating fund. It accounts for all financial resources not accounted for and reported in another fund.
- **Airport Fund** – The Town has chosen to classify the airport as a separate fund due to the activity and size of the Town's airport operations as well as the funds received, and being spent on the construction on the airport improvement project.

The Town reports the following major proprietary funds:

- **Water and Sewer Funds** – The water and sanitation funds are enterprise funds that account for the water and sanitation services provided to residential and commercial users in the Town of Pinedale. These funds operate on a self-supporting basis as required by State Statute.

Additionally, the Town reports the following fund types:

- **Proprietary Fund** – The Town's proprietary funds are noted above. A Proprietary Fund accounts for operations (1) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.
- **Special Revenue Fund** – Special revenue funds account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes. The travel and tourism fund falls into this category.

The Town applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted Net Position is available.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

D. BASIS OF ACCOUNTING

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Town's financial statements are prepared on the cash basis. This method recognizes assets, liabilities, net position/fund equity, revenues, and expenditures/expenses when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. In addition, capital assets, other economic assets, deferred outflows, liabilities, and deferred inflows that do not arise from a cash transaction or event are not reported, and the measurement of reported assets and liabilities does not involve adjustment to fair value.

If the Town utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for the enterprise fund would use the accrual basis of accounting. All government-wide financial statements would be presented on the accrual basis of accounting.

E. CASH AND CASH EQUIVALENTS

The Town considers cash and cash equivalents to consist of all cash, either on hand or in banks, including time deposits, and any highly liquid debt instruments. This definition of cash and cash equivalents is used in the statement of cash flows for proprietary fund types if full accrual financials were presented.

The Town is authorized and limited to invest in those types of securities as allowed by Wyoming State Law (W.S. 9-4-831). There is no limitation on the asset mix as long as investments meet the guidelines imposed by law.

Investments for the Town, are reported at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application.

F. INVESTMENTS

The Town follows GASB Codification Section Number 72, *fair value measurement and application*. That section requires most investments to be reported at their fair value. Unrealized gains and losses on investments are not included in the statement of revenues, expenditures and changes in fund balances for governmental fund types, or in the statement of revenues, expenses and changes in fund Net Position for proprietary fund types given the financials are presented on the cash basis.

G. RESTRICTED ASSETS

The amounts reported as restricted assets as of June 30, 2022 are comprised of amounts held by the Town from lodging tax that is restricted for travel and tourism expenditures, which totaled \$471,371 for the year ended June 30, 2022.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

H. COMPENSATED ABSENCES

An employee is eligible to earn paid vacation on a graduated scale based on length of employment as follows:

VACATION EARNING SCHEDULE

For employees hired before April 15, 2014

YEARS OF ELIGIBLE SERVICE	VACATION DAYS MONTHLY
3 months to 3 years	1 vacation day per month (8 hrs./month)
4-5 years	1¼ vacation days per month (10 hrs./month)
6-10 years	1½ vacation days per month (12 hrs./month)
11 and subsequent years	2 vacation days per month (16 hrs./month)

VACATION EARNING SCHEDULE

For employees hired after April 15, 2014

YEARS OF ELIGIBLE SERVICE	VACATION DAYS MONTHLY
Date of Hire-5 years	1 vacation day per month (8 hrs./month)
6-10 years	1¼ vacation days per month (10 hrs./month)
11-15 years	1½ vacation days per month (12 hrs./month)
16 and subsequent years	2 vacation days per month (16 hrs./month)

Employees may accrue up to 384 hours of vacation, or 48 days before their accrual is capped. A maximum of 384 hours may be payable upon termination. There is accrued vacation and compensation pay of approximately \$52,587 at June 30, 2022 not reported as a liability in the financial statements due to the fact they are prepared on the cash basis of accounting.

Employees also earn sick leave. Unused sick leave can be accumulated up to a maximum of 48 days. Unused sick leave benefits will not be paid upon termination.

I. ESTIMATES

The preparation of financial statements in conformity with a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and related disclosures. Actual results could differ from those estimates.

J. FUND BALANCE

The Town uses the fund balance definitions in GASB Codification Section 1800 for financial reporting for all governmental fund types. The definitions provide more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- **Nonspendable fund balance** – amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- **Restricted fund balance** – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation.
- **Committed fund balance** – amounts constrained regarding use for specific purposes pursuant to requirements imposed by formal action of the Town's highest level of decision-making authority. (In the case of the Town of Pinedale, commitments are evidenced by adoption of an ordinance by the Town Council.)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

J. FUND BALANCE (cont.)

- **Assigned fund balance** – amounts the Town intends to use for a specific purpose. Intent can be expressed by the Town Council or by an official or body to which the Town Council delegates authority.
- **Unassigned fund balance** – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

The Town utilizes restricted fund balances first, followed by committed resources, and then assigned resources.

The Town Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Town Council through adoption or amendment of the budget as intended for a specific purpose (such as the purchase of capital assets, construction, debt service, or for other purposes).

It is the Town's policy that the general fund is responsible for any deficit fund balances that are created through the normal course of business or satisfying various regulatory requirements that the Town is required to comply with.

The Town Council has not elected to adopt a minimum fund balance policy as of June 30, 2022.

K. NET POSITION

In the proprietary fund financial statements, Net Position consists of restricted and unrestricted amounts. The Town records restrictions to indicate that a portion of the net position is segregated for a specific future use and does not represent current available expendable financial sources. Following is a list of all restrictions used by the Town and a description of each:

- **Travel and tourism** - The Pinedale Travel and Tourism Commission (PTTC) promotes travel and tourism in Pinedale, Wyoming. PTTC invests revenue from a lodging tax (4%) approved by Pinedale voters.
- **Unrestricted** - Water and Sewer Fund unrestricted Net Position is restricted by state law for (1) the general operation of the water and sewer fund, and (2) the retirement of any bonds issued to fund the construction of water and sewer plants. Only after all bonds have been retired can water and sewer fund Net Position be transferred to the general fund.

L. New and Upcoming Accounting Pronouncements

The following are Statements of the Governmental Accounting Standards Board (GASB) that the Town is aware of and evaluating the impact to the Town as well as its implementation.

- GASB Statement No. 96, *Subscription based information technology arrangements*, effective for reporting periods beginning after June 15, 2022.

In May 2020, the GASB issued Statement No. 96, *Subscription based information technology arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

NOTE 1 - Nature of Business and Significant Accounting Policies (cont.)

L. New and Upcoming Accounting Pronouncements (cont.)

Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

This Statement provides an exception for short-term SBITAs. Short-term SBITAs have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources.

This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

The Town is evaluating the impact that the above GASB statement will have on its financial reporting.

The following are Statements of the Governmental Accounting Standards Board (GASB) that are applicable to the Town at June 30, 2022, and have been implemented by the Town:

- GASB Statement No. 87, *Leases*, effective for reporting periods beginning after June 15, 2021.
- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for reporting periods beginning after December 15, 2019.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Statement No. 87 is effective for the Town in the fiscal years beginning after June 15, 2021.

NOTE 1 - Nature of Business and Significant Accounting Policies (cont.)

L. New and Upcoming Accounting Pronouncements (cont.)

In June 2018, The GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and also to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared using the current financial resources measurement.

The requirements of this Statement are effective for the fiscal year ending June 30, 2021.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

The Town prepares its annual budget at the departmental level for each of its governmental and proprietary funds.

Wyoming State Statutes require the preparation of an annual budget which provides documentation that all sources and uses of Town resources are properly planned, budgeted, and approved. The budget, upon adoption, is the legal document which places restrictions and limitations on the purposes and amounts for which Town monies may be expended.

Legal spending control for Town of Pinedale, Wyoming monies is at the activity level within each department and individual fund. The Town of Pinedale, Wyoming Council may amend the budget after it is approved using the same procedures necessary to approve the original budget at the department level. 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.

NOTE 3 - CASH AND INVESTMENTS

Cash in treasury represents deposits included in the Town's combined cash fund. Each fund's share of the deposits is accounted for separately in the financial statements. Negative cash in treasury figures represents borrowings from the pool. In all such cases, cash flows sufficient to reimburse the pool for the temporary borrowing are anticipated. Earnings from the cash in treasury are allocated to the various funds based on each fund's ownership percentage.

Statutes authorize the Town to invest in various instruments of the federal government and its agencies, savings certificates of saving and loan associations, bank certificates of deposit and investment pools that purchase allowable investments. The Town has elected to invest cash in excess of immediate needs in the Wyoming State Treasurer Asset Reserve (WYO-STAR) and Wyoming Government Investment Fund (WGIF).

TOWN OF PINEDALE, WYOMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 - CASH AND INVESTMENTS (cont.)

Deposits and investments at June 30, 2022 consist of the following in the financial statements as summarized below:

Deposits

Cash in banks \$ 15,485,989

Investments

Wyoming Government Investment Fund (WGIF) 99
 Wyoming State Treasurer Asset Reserve (WYO-Star) 2,428

Total Cash and Investments \$ 15,488,516

Custodial Credit Risk of Bank Deposits

Bank Deposits – Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. At year-end, the carrying amount of the Town's bank deposits and certificates of deposit (excluding WGIF and Wyo-Star) was \$15,485,989 and the bank balance was \$15,572,038.

The Town's certificates of deposit have interest rates ranging from .30% to 1.10% that begin maturing August 2022 through July 2023. The certificates of deposit are not rated.

As of June 30, 2022, deposits of the Town were covered in their entirety by federal depository insurance and collateral held by the Town's agent under a joint custody receipt in the Town's name. The Town also utilizes an insured money market sweep account in efforts to maximize interest earnings on the Town's liquid assets.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Wyoming State Treasurer Asset Reserve (WYO-STAR) and Wyoming Government Investment Fund (WGIF) operate in accordance with applicable laws and regulations. The WYO-STAR and WGIF investment portfolios administer the short-term cash deposits made by local entities. The investments are administered to provide liquid cash reserves, replacing the majority portion of the cash portfolio and the rest in an extended cash portfolio. Specified State of Wyoming elected officials are responsible for the regulatory oversight of WYO-STAR. WGIF is sponsored by the Wyoming Association of Municipalities and the Wyoming School Board Association and is governed by a board elected by the depositors.

Deposits and investments at June 30, 2022 consist of the following in the financial statements as summarized below:

Investment Type	Fair Value	Less than 1 Month	Maturity in Months 6-12	Rates	Rating
WGIF	\$ 99	\$ 99	\$ 0	.25% - .60%	None
WYO-Star	2,419	2,419	0	0	None
Total Investments	<u>\$ 2,518</u>	<u>\$ 2,518</u>	<u>\$ 0</u>		

Fair Value of Investments

The Town has elected to invest money with a state financial institution, WYO-Star, which provides investments in accordance with state statute as well as the Town's Policy. These investments include certificates of deposit, U.S. Treasury notes, and U.S. government agency bonds.

NOTE 3 - CASH AND INVESTMENTS (cont.)

Fair Value of Investments (cont.)

The Town defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in accordance with the Government Accounting Standards Board.

Statement (GASB) No. 72, *Fair Value Measurement and Application*. This statement establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1 - Fair Value Measurements

The fair value of government and municipal obligations, corporate obligations, and equities are based on quoted values of the shares held by the Town at year-end. One-hundred percent of the investments held by the pools, on behalf of the Town, fall into this category.

Level 2 - Fair Value Measurements

These are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation or by other means. None of the investments held by the pools, on behalf of the Town, fall into this category.

Level 3 - Fair Value Measurements

These are largely unobservable inputs for the asset or liability; they should be used only when relevant Level 1 and Level 2 inputs are unavailable. None of the investments held by the pools, on behalf of the Town, fall into this category.

NOTE 4 - RETIREMENT COMMITMENTS

The Town participates in the State of Wyoming Retirement System (System), a statewide cost-sharing multiple-employer public employee retirement system.

Substantially all Town "temporary" employees are eligible to participate in the System. Participants who retire at age 60 with four years of credited service are entitled to a retirement benefit according to predetermined formulas and are allowed to select one of five optional methods for receiving benefits. Early retirement is allowed provided the employee has completed four years of service and attained the age of 50, but will result in a reduction of benefits based on the length of time remaining to normal retirement age. The System also provides death and disability benefits. Benefits are established by State Statutes. The System issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to Wyoming Retirement System, 6101 Yellowstone Road, Suite 500, Cheyenne, Wyoming 82002 or by calling (307) 777-7691.

The System also provides disability retirement to any employee who becomes permanently incapacitated, mentally or physically, and who cannot continue in the performance of his duties. Benefits are established by State Statutes.

Contributions - The Plan statutorily requires 18.62% of the participant's salary to be contributed to the Plan. Contributions consist of 9.25% of the participant's salary as employee contributions and 9.28% as employer contributions. The amount of contributions designated as employee contributions represent the portion of total contributions that a participant retains ownership of and can elect to receive as a refund upon termination of employment. Employers can elect to cover all or a portion of the employee's contribution at their discretion. 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 Town's contributions to the Wyoming Retirement System for the year ended June 30, 2022 were \$157,618.

TOWN OF PINEDALE, WYOMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 - RETIREMENT COMMITMENTS (cont.)

Governmental accounting standards require the System to report its net pension liability, the total pension liability less the amount of the System's fiduciary net position. The total pension liability is based on actuarial valuations required to be performed at least every two years. As of December 31, 2021, the System's fiscal year-end, the System has reported a net pension liability of \$1,524,721,500. The Town's proportionate share of the net pension liability, which is based upon actual historical Town contributions to the System, is approximately \$717,827. This amount, which has been presented for informational purposes, is not a current liability and is expected to decrease over time with normal contribution rates.

NOTE 5 - COMMITMENTS AND CONTINGENCIES

Grants

The Town received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Town at June 30, 2022.

Litigation

The Town is contingently liable in respect to lawsuits and claims in the ordinary course of its operations. In the opinion of Town personnel, the settlement of such contingencies would not affect the financial position of the Town at June 30, 2022. Should any claims prove to be a detriment to the Town, they will be recorded as expenditure in the period in which a liability is realized.

Construction Commitments

The Town had the following active construction projects as of June 30, 2022.

Project	Total Contract Amount	Paid as of June 30, 2022	Remaining Commitment
Rehabilitate Runway 11-29	\$ 2,377,689	\$ 1,861,617	\$ 516,072
MOU Sublette County	377,724	0	377,724
Expand East GA Apron	2,466,760	2,273,802	192,958
Expand East GA Apron Engineering	431,242	351,727	79,515
Rehabilitate Runway 11-29 Construction	309,964	246,454	63,510
Expand East GA Apron Fuel Farm	329,445	270,487	58,958
South Tyler Pathway	760,111	706,692	53,419
Dudley Key Sports Field Complex- Engineer	648,498	612,093	36,405
2021-2023 As Need Engineering (1 PSA Amendment)	20,000	0	20,000
2021-2023 As Need Engineering (1 PSA Amendment)	20,000	0	20,000
South Tyler Pathway Engineering Phase 1	112,035	99,301	12,734
South Tyler Pathway Engineering Phase 2	10,000	4,018	5,982
Total	\$ 7,863,468	\$ 6,426,191	\$ 1,437,277

Management has elected to recognize the remaining commitment as assigned fund balance. This results in a negative unassigned amount on the governmental fund balance sheet but management felt it was the most conservative presentation. Many of the projects above are funded with grants and the town is in a position where they are waiting for reimbursement for the granting agencies but under the cash basis of accounting a receivable is not recognized for the pending reimbursements as of June 30, 2022.

NOTE 5 - COMMITMENTS AND CONTINGENCIES (cont.)

Insurance Coverage

The Town purchases commercial insurance to help insure against risks of loss. Coverage carried includes property, general liability, automobile liability, inland marine, crime, umbrella and professional liability.

For the year ended June 30, 2022, the Town spent a total of approximately \$88,922 for insurance premiums.

NOTE 6 - RELATED ORGANIZATIONS

In May 2006, the Town entered into a Joint Powers Agreement with Sublette County School District No. 1 and Sublette County, Wyoming for the purpose of financing and operating a recreational facility to be constructed in the Town known as the Pinedale Aquatic Center for the use and benefit of all citizens residing within Sublette County. This Joint Powers Board is comprised of five members with the School District appointing three members and the Town and County appointing one member each. The School District is the owner of the facility and fiscal management shall be performed by the business manager of the School District. It is contemplated that no funds or contributions will be required by Sublette County or the Town.

The financial transactions of the Board are not included in these financial statements. However, additional financial information of the Board may be obtained by contacting Mary Lankford, Sublette County Clerk, at P.O. Box 250, 21 South Tyler, Pinedale, Wyoming 82941.

NOTE 7 - NOTES PAYABLE

Loan CWSRF #173 in the amount of \$75,200 was drawn over the last several years as the project was being completed. The project was placed in service in the 2021 fiscal year and is being amortized over 30 years with an annual interest rate of 2.5% requiring annual payments of \$3,806 annually. The town received \$28,627 in loan forgiveness as a part of the CWSRF program in prior years. A portion of this loan was federally funded as shown on the Schedule of Expenditures of Federal Awards.

Loan CWSRF #220 in the amount of \$169,702 was drawn over the last several years as the project was being completed. The project was placed in service in the 2021 fiscal year and is being amortized over a 30 year period at an annual interest rate of 2.5% requiring annual payments of \$8,616 annually. Approximately 25% of the loan draws, \$64,917 was forgiven upon completion of the project in prior years. A portion of this loan was federally funded as shown on the Schedule of Expenditures of Federal Awards.

The schedule below shows the payments of principle and interest the Town is subject to pay over the life of the two loans.

	Principal	Interest	Total
2023	6,321	6,102	\$ 12,423
2024	6,477	5,946	12,423
2025	6,637	5,786	12,423
2026	6,801	5,623	12,423
2027	6,968	5,455	12,423
Thereafter	211,697	68,236	279,933
Total	\$ 244,902	\$ 97,148	\$ 342,050

NOTE 8 - SUBSEQUENT EVENTS

Subsequent events were considered for disclosure through September 30, 2022, the date of this report.

Supplementary Information

**TOWN OF PINEDALE, WYOMING
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>(Negative)</u>
REVENUES				
Taxes	\$ 1,129,000	\$ 1,129,000	\$ 1,344,846	\$ 215,846
Licenses and permits	31,950	31,950	37,075	5,125
Intergovernmental	1,647,000	1,647,000	1,044,235	(602,765)
Charges for services	56,750	56,750	0	(56,750)
Fines and forfeitures	5,150	5,150	2,526	(2,624)
Contributions	1,000	1,000	25	(975)
Miscellaneous	59,500	59,500	0	(59,500)
Investment earnings	55,000	55,000	37,744	(17,256)
	<u>2,985,350</u>	<u>2,985,350</u>	<u>2,466,451</u>	<u>(518,899)</u>
EXPENDITURES				
General government	2,789,331	2,789,331	2,118,749	670,582
Public safety	131,787	131,787	124,982	6,805
Public works	715,788	715,788	632,064	83,724
Parks and recreation	316,185	288,185	313,443	(25,258)
Community development	120,000	120,000	87,725	32,275
Airport	120,000	120,000	0	120,000
	<u>4,193,091</u>	<u>4,165,091</u>	<u>3,276,963</u>	<u>888,128</u>
Excess of revenues over (under) expenditures	<u>(1,207,741)</u>	<u>(1,179,741)</u>	<u>(810,512)</u>	<u>369,229</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers (out)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>(1,207,741)</u>	<u>(1,179,741)</u>	<u>(810,512)</u>	
FUND BALANCE - JULY 1	<u>11,342,686</u>	<u>11,342,686</u>	<u>11,342,686</u>	
FUND BALANCE - JUNE 30	<u>\$ 10,134,945</u>	<u>\$ 10,162,945</u>	<u>\$ 10,532,174</u>	

Compliance Section

TOWN OF PINEDALE, WYOMING
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grantor's Passthrough Number	Federal Expenditures
United States Environmental Protection Agency			
Passed through Wyoming Water Development Commission			
Capitalization Grants for Drinking Water State Revolving Funds - Loan	66.468		\$ 247,565
Federal Aviation Administration			
Passed through the Wyoming Department of Transportation			
Airport Improvement Program	20.106	03-56-0021-022-2019	2,079,770
Expand E GA Apron	20.106	03-56-0021-022-2019	2,243,010
Coronavirus Relief Fund - airport personnel	20.190		45,000
Total Federal Aviation Administration			<u>4,367,780</u>
United States Department of Health and Human Services			
Passed through the Wyoming Department of Health and Human Services			
Coronavirus Relief Fund - sewer sampling	20.190		35,972
Passed through the State Lands and Investment Board Cares Act			
Coronavirus Relief Fund	20.190		324,902
Total United States Department of Health and Human Services			<u>360,874</u>
United States Agency for Agriculture			
Passed through the Wyoming Department of Agriculture			
Cooperative Forestry Assistance	10.664		5,644
United States Department of Transportation			
Passed through the Wyoming Department of Transportation			
Rural Business Enterprise Grant	10.769		561,324
Total Federal Assistance			<u>\$ 5,543,187</u>

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Town of Pinedale, Wyoming and is presented on the modified cash basis of accounting. 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 Audit Requirements for Federal Awards (Uniform Guidance).

The Town of Pinedale has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

The town received Coronavirus Relief Funds from three separate agencies that were passed through two federal organizations. Total Coronavirus Relief Funds spent for the year ended June 30, 2022 was \$405,874.

The loan balance shown above is the current outstanding loan balance. See Note 7 - Notes Payable for more information on the note terms.

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OF COUNSEL

INDEPENDENT AUDITOR'S 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

Honorable Mayor and Members of the Town Council
Town of Pinedale
Pinedale, 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 of the Town of Pinedale, Wyoming, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town of Pinedale's basic financial statements and have issued our report thereon dated September 30, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Pinedale'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 statement, but not for the purpose of expressing an opinion on the effectiveness of the Town of Pinedale's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Pinedale'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

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 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.

SUMMIT WEST CPA GROUP, P.C.

Summit West CPA Group, P.C.
Lander, Wyoming
September 30, 2022

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OF COUNSEL

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

Honorable Mayor and Members of the Town Council
Town of Pinedale
Pinedale, Wyoming

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Town of Pinedale'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 Town of Pinedale's major federal programs for the year ended June 30, 2022. The Town of Pinedale's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, The Town of Pinedale 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 Town of Pinedale 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 Town of Pinedale 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 Town of Pinedale's federal programs.

Auditor's Responsibility 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 Town of Pinedale'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 Town of Pinedale'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 Town of Pinedale'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 Town of Pinedale'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 Town of Pinedale'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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not 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.

SUMMIT WEST CPA GROUP, P.C.

Summit West CPA Group, P.C.
Lander, Wyoming
September 30, 2022

**TOWN OF PINEDALE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
 Material weakness identified? Yes No
 Significant deficiency identified not considered to be material weaknesses? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:
 Material weakness identified? Yes No
 Significant deficiency identified not considered to be material weakness? Yes None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance. Yes No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Grant
<i>Cluster programs are noted with the * above</i>	
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

**TOWN OF PINEDALE
SCHEDULE OF PRIOR YEAR FINDINGS
YEAR ENDED JUNE 30, 2021**

SIGNIFICANT DEFICIENCIES

Finding 2021-001 Monitoring of Prevailing Wages

Program Information: CFDA #20.106 Airport Improvement Program is a federal grant that seeks to assist sponsors, owners, or operators of public-use airports in the development of a nationwide system of airports adequate to meet the needs of civil aeronautics.

Condition: The Town did not obtain documentation to verify that prevailing wages were paid from the engineer, in relation to these specific grant requirements.

Criteria: Prevailing wages are required to be paid on all construction projects over \$2,000 in accordance with 2 CFR 200, Appendix XI, Uniform Grant Guidance and Cost Principles which outlines the specific compliance requirements related to these grants.

Context: This compliance requirement is applicable to the Town due to the fact that the Town used the federal grant money to pay for the airport improvement projects.

Cause: The Town relied on the engineer to handle the prevailing wages in compliance with the grant but did not obtain the reports, until the audit, which shows the Town had not verified that specific requirement was met as required by the grant.

Effect: There were no issues of noncompliance noted specific to the wages being paid. The engineering firm was obtaining and managing the projects to ensure the prevailing wages were paid. The resulting finding relates to the fact that the Town should have obtained the reports to verify and monitor the engineer was performing that function.

Questioned Costs: Not applicable

Sampling method: Not applicable

Recommendation: The Town should monitor vendors that are managing compliance requirements associated with federal grants.

Condition does not exist in the current year