CITY OF GREEN RIVER, WYOMING - CITY OF ROCK SPRINGS, WYOMING - SWEETWATER COUNTY, STATE OF WYOMING JOINT POWERS WATER BOARD

FINANCIAL REPORT

JUNE 30, 2022

FINAL DRAFT

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-6
FINANCIAL STATEMENTS	
Statements of Net Position - Proprietary Fund	7
Statements of Revenues, Expenses, and Changes in Net Position - Proprietary Fund	8
Statements of Cash Flows - Proprietary Fund	9
NOTES TO FINANCIAL STATEMENTS	10-30
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the Board's Proportionate Share of the Net Pension Liability	31
Schedule of Board Contributions	32
Notes to Required Supplementary Pension Information	33
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	34-35
SCHEDULE OF FINDINGS	36
MANAGEMENT RESPONSE	37
SCHEDULE OF PRIOR FINDINGS	38

FINAL DRAFT

Management's Discussion and Analysis

FINAL DRAFT

CITY OF GREEN RIVER, WYOMING - CITY OF ROCK SPRINGS, WYOMING - SWEETWATER COUNTY, STATE OF WYOMING JOINT POWERS WATER BOARD
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2022

Introduction

The following is a discussion and analysis of the City of Green River, Wyoming - City of Rock Springs, Wyoming - Sweetwater County, State of Wyoming Joint Powers Water Board's (the "Board") performance and activities for the year ended June 30, 2022. When read in conjunction with the Board's audited financial statements, this section's financial highlights, overview and analysis should assist the reader in gaining a more complete knowledge of the Board's financial performance.

Financial Highlights

- The Board's assets exceeded its liabilities at the close of the fiscal year by $115,884,428 (net position). This represents an increase of $218,957 from the prior year.
- Of the total net position amount, $9,218,724 (unrestricted net position) may be used to meet the Board's ongoing obligations to the forming governments and creditors. Of that unrestricted amount, the Board has designated $5,989,812 for caustic, depreciation, unemployment, and amelioration reserves.
- Note that with the financial reporting model, the total net position figure includes capital assets net of accumulated depreciation reduced by outstanding debt attributable to these assets.
- Total debt decreased by $1,632,158 due to normal debt payments during the year.

Overview of the Financial Statements

The basic financial statements include a statement of net position, a statement of revenues, expenses, and changes in net position, a statement of cash flows and notes to the financial statements. The *statement of net position* provides financial information on the overall position of the Board at year-end. The *statement of revenues, expenses and changes in net position* summarizes the results of operations over the course of the fiscal year. The *statement of cash flows* provides relevant information about the Board's cash receipts and cash payments during the year. The notes to the financial statements provide information regarding the Board's significant accounting policies, significant account balances and activities, certain material risks, obligations, commitments, contingencies, and subsequent events. The Board's financial statements are presented using the economic resources measurement focus and an accrual method of accounting is used.

Net Position. An analysis of net position is probably the most important financial measurement to assist with understanding the financial position of the Board, and whether the financial position improves or deteriorates each year. The following table presents summary information from the statement of net position in the basic financial statements.

FINAL DRAFT

	2022	2021
Current Assets	$ 11,225,162	$ 13,632,790
Noncurrent Assets	3,061,733	3,341,378
Capital Assets, net of accumulated depreciation	113,464,540	112,201,115
Other Assets	87,179	81,455
Total Assets	127,838,614	129,256,738
Deferred Outflows of Resources	462,296	514,412
Current Liabilities	3,373,709	3,270,727
Noncurrent Liabilities	8,372,084	10,358,930
Total Liabilities	11,745,793	13,629,657
Deferred Inflow of Resources	670,690	476,022
Net Position		
Net investment in capital assets	104,293,874	101,398,291
Restricted	2,371,829	2,602,078
Unrestricted	9,218,724	11,665,102
Total Net Position	$ 115,884,427	$ 115,665,471

As depicted at June 30, 2022, the Board's assets exceeded liabilities by $115,884,428 (net position). Approximately 90% of this amount is represented by the investment in capital assets, net of debt still outstanding relating to the acquisition of those assets which is similar to last year. Due to the nature of these assets – long-term assets which are not readily convertible to liquid assets – they are not considered to be available for spending or appropriation. Further, even though the presentation here shows capital assets net of related debt, it should be understood that the repayment of this debt does not come from the capital assets themselves, but comes from other sources.

Other sub-classifications of net position are restricted and unrestricted. The amount of $2,371,829 is restricted to fund cash reserves for debt service.

Changes in Net Position. As taken from the statement of revenues, expenses and changes in net position in the financial statements, the following table depicts the changes in net position for 2022 and 2021:

	2022	2021
Operating revenues		
Water sales	$ 6,509,347	$ 6,422,963
Operating expense, including depreciation	7,172,049	6,943,344
Income from operations	(662,702)	(520,381)
Nonoperating revenues	843,276	484,263
Interest and other debt costs	(290,591)	(343,779)
Income before other gains and losses	(110,017)	(379,897)
Contributions to other governments	(145,677)	0
Capital contributions	474,650	376,660
Change in net position	$ 218,956	$ (3,237)

FINAL DRAFT

- Water revenues increased $86,384 from the previous year due to an increase in wholesale water rates.
- Non-depreciation operating expenses increased by 3.99% from the previous year due to an increase across most operating expense categories resulting from economic inflation.
- Interest and debt amortization costs were comparable to the prior year with the decrease in interest expense being directly related to the amount of debt in service at year end.
- Capital contributions increased over the prior year as a result of infrastructure projects being completed by the cities of Rock Springs and Green River and transferring ownership of those projects to the Water board.

Capital Assets

The following table provides a summary of the Board's capital assets by class:

	2022	2021
Nondepreciable capital assets		
Land	$ 72,500	$ 72,500
Construction in process	23,522,131	19,543,246
Total nondepreciable capital assets	23,594,631	19,615,746
Depreciable capital assets		
Treatment plant, water system, transmission and distribution, and hydrants	155,240,410	154,944,107
Idle treatment plant	3,260,940	3,260,940
Vehicles	216,833	216,833
Other equipment	1,205,206	1,205,206
Total depreciable capital assets	159,923,389	159,627,086
Less impairment of idle treatment plant	(3,260,940)	(3,260,940)
Less accumulated depreciation	(66,792,540)	(63,780,777)
Depreciable capital assets, net	89,869,909	92,585,369
Capital assets, net	$ 113,464,540	$ 112,201,115

FINAL DRAFT

Net capital assets in the current year increased by $1,263,425 for the year ended June 30, 2022. The Board recognized $3,281,943 of depreciation expense offset by the capital costs of plant upgrades and the contributed assets for local city and subdivision improvements for the year ended June 30, 2022.

Included in the asset number is $3,260,940 for the old treatment plant. The financial statements reflect a ($3,260,940) impairment for this asset which is the amount left not depreciated on the asset when it was taken out of service.

Long-Term Debt

At year-end, the Board had $1,661,428 (including unamortized discount) of principal being due in the next fiscal year on total outstanding long-term debt of $9,170,666 (after unamortized bond discount) as of June 30, 2022. Of the total debt at June 30, 2022, $764,767 is guaranteed by the City of Rock Springs, Wyoming with funds to pay this debt coming directly from the city.

Request for Information

The financial report is designed to provide citizens, customers, investors, creditors and others with a general overview of the Board's finances and to demonstrate the Board's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to: Green River, Rock Springs, Sweetwater County Joint Powers Water Board, P.O. Box 1299, Green River, Wyoming, 82935.

FINAL DRAFT

Financial Statements

FINAL DRAFT

CITY OF GREEN RIVER, WYOMING - CITY OF ROCK SPRINGS, WYOMING - SWEETWATER COUNTY, STATE OF WYOMING JOINT POWERS WATER BOARD
STATEMENTS OF NET POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (Note 3)	$ 9,316,158	$ 11,818,504
Investments (Note 3)	623,253	405,823
Receivables (Note 4)	1,052,553	1,178,260
Other current assets	87,179	81,455
Current portion of notes receivable (Note 6)	233,198	230,203
Total Current Assets	11,312,341	13,714,245
NONCURRENT ASSETS		
Cash and cash equivalents - restricted (Note 3)	2,530,163	2,576,025
Note receivable for debt service, long term (Note 6)	531,570	765,353
Capital assets, net (Note 5)	113,464,540	112,201,115
Total Noncurrent Assets	116,526,273	115,542,493
TOTAL ASSETS	127,838,614	129,256,738
DEFERRED OUTFLOW OF RESOURCES		
Loss on advance refunding of debt (Note 6)	47,651	77,937
Pension (Note 7)	414,645	436,475
TOTAL DEFERRED OUTFLOW OF RESOURCES	462,296	514,412
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	209,528	273,156
Accrued payroll and compensated absences	177,823	173,374
Due to other governements	1,171,382	1,023,502
Interest payable	134,232	158,316
Loan payable, bond defeasance, net of unamortized discount, current (Note 6)	1,191,340	1,162,283
Loans payable, State of Wyoming, current (Note 6)	489,404	480,096
Total Current Liabilities	3,373,709	3,270,727
NONCURRENT LIABILITIES		
Net pension liability (Note 7)	882,162	1,198,485
Loan payable, bond defeasance, net of unamortized discount (Note 6)	2,399,276	3,574,189
Loans payable, State of Wyoming (Note 6)	5,090,646	5,586,256
Total Noncurrent Liabilities	8,372,084	10,358,930
TOTAL LIABILITIES	11,745,793	13,629,657
DEFERRED INFLOW OF RESOURCES		
Pension (Note 7)	670,690	476,022
TOTAL DEFERRED INFLOW OF RESOURCES	670,690	476,022
NET POSITION		
Net investment in capital assets	104,293,874	101,398,291
Restricted		
Debt service	2,371,829	2,602,078
Unrestricted	9,218,724	11,665,102
TOTAL NET POSITION	$ 115,884,427	$ 115,665,471

FINAL DRAFT

See Notes to Financial Statements

CITY OF GREEN RIVER, WYOMING - CITY OF ROCK SPRINGS, WYOMING - SWEETWATER COUNTY, STATE OF WYOMING JOINT POWERS WATER BOARD
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
OPERATING REVENUES		
Water sales (Note 8)	$ 6,509,347	6,422,963
OPERATING EXPENSES		
Depreciation	3,281,943	3,202,526
Salaries and wages	1,070,149	1,058,362
Electrical power	768,321	811,968
Payroll taxes and benefits	606,420	655,881
Chemicals	439,974	340,708
Repairs and maintenance	346,132	459,501
Liability insurance	125,045	117,316
Natural gas	90,257	67,883
Other costs	358,789	139,473
Legal and professional	54,217	65,923
Telemetry and telephone	23,711	23,750
Travel and training	7,090	53
Total Operating Expenses	7,172,048	6,943,344
Operating Income (Loss)	(662,701)	(520,381)
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	72,488	154,229
Unrealized gain/(loss) on investments	(83,019)	(30,163)
Grant revenues	826,015	326,530
Reimbursement of interest expense	27,792	33,667
Interest (expense)	(240,989)	(287,669)
Contribution to other governments	(145,677)	0
Amortization of bond and loan costs	(49,602)	(56,110)
Total nonoperating revenues (expenses)	407,008	140,484
Contribution of fixed assets from other governments	474,650	376,660
Change in Net Position	218,957	(3,237)
Net Position, beginning of year	115,665,471	115,668,708
Net Position, end of year	$ 115,884,428	$ 115,665,471

FINAL DRAFT

See Notes to Financial Statements

CITY OF GREEN RIVER, WYOMING - CITY OF ROCK SPRINGS, WYOMING - SWEETWATER COUNTY, STATE OF WYOMING JOINT POWERS WATER BOARD
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from water sales	$ 6,629,330	$ 6,349,173
Cash paid to employees or on behalf of employees	(1,065,700)	(1,035,086)
Cash for goods and services	(2,835,530)	(2,650,975)
Net cash provided by operating activities	2,728,100	2,663,112
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(1,023,017)	0
Sale of investments	815,562	63,238
Interest received	72,488	154,229
Unrealized gain/(loss) on sale of investments	(83,019)	(30,163)
Net cash provided by investing activities	(217,986)	187,304
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Interest paid	(189,113)	(287,669)
Acquisition and construction of capital assets	(4,274,538)	(1,577,081)
Contributions received for debt service	230,788	256,085
Capital grants	826,015	326,530
Payments on loans and bonds payable	(1,651,474)	(1,605,463)
Net cash used in capital and related financing activities	(5,058,322)	(2,887,598)
Net increase in cash and cash equivalents	(2,548,208)	(37,182)
Cash and Cash Equivalents		
Beginning of the year	14,394,529	14,431,711
End of the year	$ 11,846,321	$ 14,394,529
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	$ (662,701)	$ (520,381)
Adjustments to reconcile changes in net position provided by operating activities:		
Depreciation	3,281,943	3,202,526
(Increase) or decrease in:		
Receivables	125,707	(68,769)
Other current assets	(5,724)	(5,021)
Increase or (decrease) in:		
Accounts payable attributable to operations	84,251	52,043
Accrued payroll and compensated absences	4,449	23,276
Pension liabilities and related outflows/inflows	(99,825)	(20,562)
Net cash provided by operating activities	$ 2,728,100	$ 2,663,112
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Capital assets donated	$ 474,650	$ 376,660

FINAL DRAFT

See Notes to Financial Statements

Notes to Financial Statements

FINAL DRAFT

NOTE 1 - Organization and Summary of Significant Accounting Policies

General Information

The City of Green River, Wyoming - City of Rock Springs, Wyoming - Sweetwater County, State of Wyoming Joint Powers Water Board (the "Board") was formed by action under applicable provisions of Wyoming Statues 16-1-102 to 16-1-109. The purpose of the Board is to provide an efficient, orderly and economically feasible method of purchasing, financing and operating a joint water supply and distribution facility for the service and benefit of Sweetwater County, cities of Green River and Rock Springs and their residents. For financial reporting purposes, the statements include all activities and funds that are controlled by or are dependent on the Board.

The Board consists of five members, comprised of two members who are residents of the City of Rock Springs, two members who are residents of the City of Green River and one member who is a resident of Sweetwater County. Since Board members have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters, the Board is not included in any other governmental reporting entity as defined by the Governmental Accounting Standards Board (GASB), which establishes accounting principles generally accepted in the United States of America for state and local governmental entities (U.S. GAAP).

The participating municipalities are responsible for the maintenance, operation, staffing, rate setting and billing for each distribution system, as well as construction of storage facilities. The municipalities are also required to transfer all capital assets associated with water projects to the Board. The Board recognizes contributed capital revenue, as well as additions to capital assets, when the projects from each municipality are completed.

For financial reporting purposes, the Board includes all funds, agencies, and authorities that are controlled by or dependent on the Board. Oversight responsibility is determined by the extent of financial interdependency, selection of governing board, and ability to significantly influence operations. Financial interdependency results when a separate agency produces a financial benefit or imposes a financial burden on a unit of government. Financial interdependency can include responsibility for debt. Oversight also includes accountability for fiscal matters. Fiscal authority normally includes the authority for final approval over budgetary appropriations, responsibility for funding deficits and operating deficiencies, disposal of surplus funds, control over collection and disbursement of funds, and maintenance of title to assets. The Board itself has no component units.

Basis of Accounting

The financial statements of the Board have been prepared in conformity with U.S. GAAP as applied to governmental entities. The GASB is the recognized standard setting body for establishing governmental accounting and financial reporting principles for governments within the United States.

FINAL DRAFT

NOTE 1 - Organization and Summary of Significant Accounting Policies (cont.)

Financial Reporting

The Board accounts for its operations as an enterprise fund. The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the Board's enterprise funds are water service charges. Operating expenses for the Board's enterprise fund include water production and distribution costs, chemicals, administrative costs, and depreciation on capital assets that are in service. All revenues or expenses not meeting this definition are reported as non-operating revenues and expenses.

Operating revenues and expenses result from the sale of water to the cities of Rock Springs and Green River, Wyoming, Simplot Phosphates, Inc. and a number of small water districts. All other revenues and expenses are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Board considers cash and cash equivalents to consist of all cash, either on hand or in banks, including certificates of deposits, and any highly liquid debt instruments.

Accounts Receivable

Receivables are recorded and reported when revenue is earned. The Board utilizes the direct write-off method for bad debts. When the Board deems a receivable to be uncollectible, it is recorded as an expense. At the present time, all accounts are deemed collectible.

Investments

The Joint Powers Water Board's goal is to invest public funds in a manner that will provide a reasonable rate of return while assuring principal security, meet related cash flow requirements of the Board, and conform to all state laws and regulations governing the investment of public funds.

Investments consist of mortgage backed securities and participation in the Wyoming Government Investment Fund (WGIF). WGIF is a comprehensive cash management program available to Wyoming public entities. WGIF provides a full range of programs to meet participants' needs. The investments within WGIF are comprised of governmental securities meeting state statutory requirements.

The Board also has investments with a third-party investment broker that specializes in helping government entities meet their investment goals while staying in compliance with applicable state statues. Investment holdings with this broker consist of certificates of deposit, U.S. government issued bonds, and mortgage backed securities.

FINAL DRAFT

NOTE 1 - Organization and Summary of Significant Accounting Policies (cont.)

Property and Equipment

Property and equipment are recorded at cost if purchased or, if received as a donation, at the fair market value at the date of the gift. Depreciation on the assets is computed using the straight-line method over the estimated useful lives of the assets. The Board capitalizes fixed assets with a cost in excess of $10,000 and useful lives of over 5 years.

	Estimated Useful lives
Buildings and improvements	12 - 50 years
Water system infrastructure	12 - 50 years
Other equipment	5 - 20 years
Vehicles	5 years

The costs of normal maintenance and repairs are charged to operations as incurred. Renewals and betterments are capitalized and depreciated over the remaining useful lives of the related properties.

Accrued Compensated Absences

The Board provides vacation benefits to employees. Subsequent to the employee's first anniversary date, employees are allowed 10 to 25 days of vacation per year depending on the length of service. Up to 5 days of carry-over vacation leave is permitted each year but vacation days in excess of 5 are forfeited at December 31st. The liabilities for compensated absences are accrued and recorded in these financial statements.

Net Position

Net position is a function of assets plus deferred outflows of resources minus liabilities minus deferred inflows of resources equals net position. The caption 'net investment in capital assets' consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets.

The Board applies restricted and then unrestricted resources when an expense is incurred for purposes that satisfy the related definition and criteria for the related net position classification shown above for fund financial statements.

The Board's net position is classified as follows:

Net investment in capital assets, net of related debt – This represents the Board's total investment in capital assets, net of accumulated depreciation and debt related to the purchase or construction of those assets.

Restricted current debt service – The purpose of this account is to accumulate funds to pay current notes payable and interest.

Unrestricted net position – These resources are used for transactions relating to the general operations of the Board, and may be used at the discretion of the governing Board to meet current expenses for any purpose.

FINAL DRAFT

NOTE 1 - Organization and Summary of Significant Accounting Policies (cont.)

Revenue Recognition

Revenue is recognized at the time of sale for customers purchasing water and when principal and interest payments are due on notes receivable.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. For the Joint Powers Water Board, some elements related to pensions reported in the Proprietary Fund Statement of Net Position are considered deferred outflows of resources. The four pension areas included in deferred outflow of resources are as follows: The effect of the net change in the Board's proportion of the collective net pension liability. The difference during the measurement period between the Board's contributions and its proportionate share of total contributions to the pension system not included in pension expense. Changes in assumptions used to determine net pension liability. Lastly, the Board's contributions to the Wyoming Retirement System subsequent to the measurement date due to fiscal year versus calendar year timing differences. Additionally, the advanced refunding of the bonds, from 2005, resulted in a difference between the reacquisition price and net carry amount of the old debt of $1,172,494 which is being amortized over the remaining debt service period. The remaining unamortized amount of $47,651 and $77,937, as of June 30, 2022 and 2021, respectively, is reported as a deferred outflow of resources in the accompanying financial statements and is being charged to operations through the year 2025 using the effective interest method.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Board has one item that qualifies for reporting in this category and is related to pensions reported in the Proprietary Fund Statement of Net Position. For the Joint Powers Water Board, some elements related to pensions reported in the Proprietary Fund Statement of Net Position are considered deferred inflows of resources. The three pension areas included in deferred inflow of resources are as follows: The effect of the net change in the Board's proportion of the collective net pension liability. The difference during the measurement period between the Board's contributions and its proportionate share of total contributions to the pension system not included in pension expense. Lastly, the difference during the measurement period between the Plan's expected and actual experience of the total gains and losses.

FINAL DRAFT

NOTE 1 - Organization and Summary of Significant Accounting Policies (cont.)

New and Upcoming Accounting Pronouncements

The following are Statements of the Governmental Accounting Standards Board (GASB) that are or will be applicable to the District. At June 30, 2022, the Board was aware of the following new standards issued by GASB:

Implemented in the Current Year

- 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, 2020.
- GASB Statement No. 92, *Omnibus 2020*, effective for reporting periods beginning after June 15, 2021.

Not Yet Implemented

- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for fiscal year beginning after June 15, 2022.
- GASB Statement No. 101, *Compensated Absences*, effective for fiscal year beginning after December 15, 2023

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 Board beginning in the fiscal year ending June 30, 2022.

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 reporting periods beginning after December 15, 2020.

FINAL DRAFT

NOTE 1 - Organization and Summary of Significant Accounting Policies (cont.)

New and Upcoming Accounting Pronouncements (cont.)

In January 2020, the GASB issued Statement No. 92, Omnibus 2020. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.
- The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits.
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements.
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements No. 73 and No. 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement No. 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

Earlier application is encouraged and is permitted by topic.

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.

FINAL DRAFT

NOTE 1 - Organization and Summary of Significant Accounting Policies (cont.)

New and Upcoming Accounting Pronouncements (cont.)

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

In June 2022, the GASB issued Statement No. 101, Compensated Absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

The Joint Powers Water Board is evaluating the impact that the above GASB statements will have on its financial reporting.

FINAL DRAFT

NOTE 2 - Budgetary Basis of Accounting

While the Board is reporting financial position, results of operations and changes in net position on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The major differences between the budget basis and GAAP basis are as follows:

A. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).

B. Expenditures are recorded when paid in cash (budget) as opposed to when the fund liability is incurred (GAAP).

NOTE 3 - Deposits and Investments

Cash, investments, and restricted cash as of June 30, 2022 and 2021, as classified in the accompanying financial statements, consists of the following:

	2022	2021
Statement of Net Position		
Deposits with financial institutions	$ 4,916,197	$ 6,828,532
Certificates of deposit held at banks	6,930,124	7,565,997
Pooled investments - Wyoming Government Investment Fund (WGIF)	0	58,511
Investments:		
U.S. Government bonds	234,617	0
U.S. Treasury securities	354,577	0
Asset backed securities	34,059	60,143
Repurchase agreement	0	287,169
	$ 12,469,574	$ 14,800,352

FINAL DRAFT

The Board follows the guidelines set forth in Wyoming State Statute 9-4-831 as it relates to the investment of public funds. Board policy restricts investments to certificates of deposit with local banks, and the Wyoming Government Investment Fund (WGIF), unless specific Board action authorizes an alternative investment. All investments made during the year were made within these limits. The Board has an investment policy in place related to exposure to credit risk, custodial credit risk, concentration of credit risk, or foreign currency risk.

The Board maintains a deposit in an external investment pool; WGIF was established pursuant to the Wyoming Statutory Trust Act. Shares of this fund are offered exclusively to Wyoming public entities. The fair value of the Board's position in this fund is the same as the fair value of the pool shares. Assets held by the Board are unrated.

Custodial Credit Risk of Investments

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Board's investment policy does not contain any specific provisions intended to limit the Board's exposure to credit risk. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization.

NOTE 3 - Deposits and Investments (cont.)

Custodial Credit Risk of Bank Deposits

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Board will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits held in Board bank accounts are insured by Federal depository insurance or are collateralized with securities held by the custodian bank under safekeeping or Federal Reserve receipts in the name of the Board and the financial institution in accordance with Wyoming State Statutes. As of June 30, 2022 and 2021, the Board had balances in financial institutions of $13,102,408 and $14,737,240, respectively, which were fully collateralized or insured in 2022 and 2021. The Board's reconciled cash balances in financial institutions (excluding WGIF and investments) were $11,846,321 and $14,394,529, respectively, as of June 30, 2022 and 2021.

The custodial credit risk for investments is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. As of June 30, 2022 and 2021, all investment securities were held by the Board's custodian and registered in the Board's name.

Certificates of deposit are unrated and are held in various financial institutions that are insured by the Federal Deposit Insurance Corporation with maturities ranging from 2 to 40 months. Interest rates on these certificates range from 0.30% - 3.00% annually.

Concentration of Credit Risk

The Board places no limit on the amount the Board may invest in any one issuer.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity its fair value is to changes in market interest rates.

Fair Value of Investments

The Wyoming Government Investment Fund invests in 100% bonds which are owned by the Wyoming State Treasurer. The pool pays each participant an individual interest based on the ratio of that participant's cash balance as a percentage of the total cash balance of the pool. Income is distributed to participants based on each entity's average daily cash balance in the pool. Interest is calculated and credited monthly. The Board does not own any of the underlying bonds and only has the right to the corresponding cash balance.

As of June 30, 2022, and 2021, the Board's investment portfolio also includes U.S. Treasury Securities, U.S. Government Bonds and asset backed securities held with a third party full-service financial institution.

FINAL DRAFT

NOTE 3 - Deposits and Investments (cont.)

Fair Value of Investments (cont.)

The Board 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 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 Board at year-end. Approximately 55% of the investments held by the pools, on behalf of the Board, 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. Approximately 45% of the investments held by the pools, on behalf of the Board, 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. Approximately 0% of the investments held by the pools, on behalf of the Board, fall into this category.

The table below breaks out the separate investments and their related fair value category.

	2022	2021	
U.S Treasury Securities - MBS	$ 354,577	$ 0	Level 1
U.S Government Bonds - MBS	234,617	0	Level 2
Asset Backed Securities - MBS	58,674	60,143	Level 2
Total Fair Value of Investments	$ 647,868	$ 60,143	

The table above excludes Certificates of Deposit as they do not meet the requirements for fair value investments under Government Accounting Standards Statement (GASB) No. 72, *Fair Value Measurement and Application*.

FINAL DRAFT

NOTE 4 - Receivables

As of June 30, 2022 and 2021 receivable balances consist of the following:

	2022	2021
Water services	$ 836,263	$ 893,141
Note receivable, water surcharge	212,852	211,585
Capital project funding receivable	2,321	72,222
Accrued interest on notes receivable	1,117	1,312
Less: Allowance for doubtful accounts	0	0
	$ 1,052,553	$ 1,178,260

The Board had no amounts that were 90 days past due and had not made an allowance for uncollectible receivables as of June 30, 2022 and 2021.

NOTE 5 - Capital Assets

Capital assets consist of the following as of June 30, 2022:

	Balance June 30, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
Nondepreciable capital assets					
Land	$ 72,500	$ 0	$ 0	$ 0	$ 72,500
Construction in process	19,543,246	3,978,885	0	0	23,522,131
Total nondepreciable capital assets	19,615,746	3,978,885	0	0	23,594,631
Depreciable capital assets					
Treatment plant, water system, transmission and distribution, and hydrants	154,944,107	770,303	(474,000)	0	155,240,410
Idle treatment plant	3,260,940	0	0	0	3,260,940
Vehicles	216,833	0	0	0	216,833
Other equipment	1,205,206	0	0	0	1,205,206
Total depreciable capital assets	159,627,086	770,303	(474,000)	0	159,923,389
Less impairment of idle treatment plant	(3,260,940)	0	0	0	(3,260,940)
Less accumulated depreciation	(63,780,777)	(3,281,943)	270,180	0	(66,792,540)
Depreciable capital assets, net	92,585,369	(2,511,640)	(203,820)	0	89,869,909
Capital assets, net	$ 112,201,115	$ 1,467,245	$ (203,820)	$ 0	$ 113,464,540

For the year ended June 30, 2022, projects were completed with the City of Rock Springs for $246,097. For the year ended June 30, 2021, projects were completed with the City of Rock Springs for $4,660. The Board policy states that contributed capital revenue and capital additions will be recognized when projects are complete.

For the year ended June 30, 2022, projects were completed with the City of Green River for $228,553. For the year ended June 30, 2021, projects were completed with the City of Green River for $372,000.

The additions noted in the schedule above have been recognized in the Board's fixed assets.

FINAL DRAFT

NOTE 6 - Loans Payable

On July 21, 2005, the Board acquired a loan through the Wyoming Office of State Lands and Investments to defease 1999 revenue bonds issued on April 1, 1999. The loan, in the amount of $20,000,000, requires annual payments of $1,282,943, including interest at 2.5%, which will be repaid until the note matures on December 1, 2024. The first payment on the loan was made on December 1, 2005, and payments are due annually by December 1 until paid in full. The loan is collateralized by revenues generated from the water system user fees. The loan balance at June 30, 2022 and 2021 was $3,624,414 and $4,789,586, respectively.

The advanced refunding of the bonds resulted in a difference between the reacquisition price and net carry amount of the old debt of $1,172,494. The difference is reported as a deferred outflow of resources in the accompanying financial statements and is being charged to operations through the year 2025 using the effective interest method.

During the year ended June 30, 2005, the Board and the City of Rock Springs completed the Clark Additions Project that was funded through a note payable to the Wyoming Office of State Lands and Investments. The loan, in the amount of $1,738,481 requires annual payments of $116,602, including interest at 2.5%, and matures on April 1, 2023. The City of Rock Springs will reimburse the Board for all required payments under the note and, accordingly, a receivable is reflected in the statement of net position. The loan balance outstanding at June 30, 2022 and 2021 was $110,492 and $221,117, respectively.

During the year ended June 30, 2005, the Board and the City of Rock Springs completed the Clark Additions Project that was funded through a note payable to the Wyoming Office of State Lands and Investments. The loan, in the amount of $1,000,000 requires annual payments of $64,147, including interest at 2.5%, and will be repaid until the note matures on December 1, 2023. The City of Rock Springs will reimburse the Board for all required payments under the note and, accordingly, a receivable is reflected in the statement of net position. The loan balance outstanding at June 30, 2022 and 2021 was $181,553 and $239,804, respectively.

During the year ended June 30, 2010, the Board completed a project to make improvements to the sludge pond at the water treatment plant which was funded 33% by a $400,000 loan payable to the Wyoming Office of State Lands and Investments, 33% with grant funds, with the balance funded by the Board. The loan requires annual payments of $25,659, including interest at 2.5%, and matures December 12, 2027. The loan is collateralized by revenues generated from the water system user fees. The loan balance outstanding at June 30, 2022 and 2021 was $140,555 and $162,225, respectively.

During the year ended June 30, 2009, the Board and the City of Rock Springs completed the Gobel/O'Donnell Streets project, which was funded by a $1,171,045 loan payable to the Wyoming Office of State Lands and Investments. The loan requires payments of $74,876, including interest at 2.5%, and matures December 1, 2029. The City of Rock Springs will reimburse the Board for all the required payments under the note and, accordingly, a receivable is reflected in the statement of net position. The loan balance outstanding at June 30, 2022 and 2021 was $472,722 and $534,635, respectively.

FINAL DRAFT

NOTE 6 - Loans Payable (cont.)

At its regularly scheduled meeting on February 2, 2013, the Wyoming State Land and Investment Board approved loan DWSRF #136, a 2.5%, 20-year, $8,118,000 loan to the Board to be utilized for the construction of a Raw Water Sedimentation Basin Project. The loan provides for principal forgiveness of up to 25% of the drawn loan funds upon completion of the project. Project construction was expected to last two years. At June 30, 2022, construction on the project was still in process and had not been completed. Total loan proceeds received by the Board were $0 as of June 30, 2022 and 2021. Repayment of the loan began during the year ended June 30, 2020 even though the project was not 100% operational due to flaws in the construction of the project. Forgiveness in the amount of $1,711,885 was recognized during the year ended June 30, 2020. The Board recognized the debt forgiveness as revenue for the year ended June 30, 2020. The loan balance outstanding at June 30, 2022 and 2021 was $4,674,728 and $4,908,572, respectively.

Loans payable to the State of Wyoming consist of the following at June 30, 2022:

	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022	Due Within One Year
Obligation of Board					
DWSRF #44 Bond Defeasance	$ 4,789,586	$ 0	$ 1,165,172	$ 3,624,414	$ 1,191,340
DWSRF #068	162,225	0	21,670	140,555	22,126
DWSRF #136	4,908,572	0	233,844	4,674,728	234,081
Total obligation of Board	9,860,383	0	1,420,686	8,439,697	1,447,547
Unamortized bond discount	(53,115)	0	19,317	(33,798)	(19,316)
Net obligation of Board	9,807,268	0	1,401,369	8,405,899	1,428,231
Guaranteed by City of Rock Springs					
DWSRF #010	221,117	0	110,625	110,492	110,492
DWSRF #029	239,804	0	58,251	181,553	59,567
DWSRF #066	534,635	0	61,913	472,722	63,138
Total obligation of City of Rock Springs	995,556	0	230,789	764,767	233,197
	$ 10,802,824	$ 0	$ 1,632,158	$ 9,170,666	$ 1,661,428

The Board's outstanding notes from direct borrowings and direct placements of $9,170,666 contain provisions that in an event of default, the holders of the obligations are entitled to declare the whole on the unpaid balance due and payable on demand. The holder of the obligations can then proceed against revenues assigned and pledged to the Board to satisfy any unpaid balance due.

FINAL DRAFT

NOTE 6 - Loans Payable (cont.)

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

	Principal	Interest
2023	$ 1,680,744	$ 233,064
2024	1,609,554	190,930
2025	1,608,487	150,644
2026	344,045	109,350
2027	352,695	100,700
2028 - 2032	1,560,187	375,429
2033 - 2039	2,048,752	200,126
	9,204,464	1,360,243
Unamortized bond discount	(33,798)	
	9,170,666	
Unamortized (loss) on bond refunding	(47,651)	
	$ 9,123,015	

NOTE 7 - Defined Benefit Pension Plans

General Information about the Plan

Plan Descriptions - Substantially all qualified employees of the State, Public School Systems, and other political subdivisions of Wyoming which have elected to participate are eligible for the Public Employees Pension Plan, a cost-sharing, multiple employer defined benefit pension plan administered by the Wyoming Retirement System (WRS). Benefit provisions under the Plan are established by State statute. WRS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the WRS website.

Employees terminating prior to normal retirement can elect to withdraw all employee contributions plus accumulated interest through the date of termination or, if they are vested, they may elect to remain in the Plan and be eligible for early retirement benefits at age 50 (Tier 1 employees) or 55 (Tier 2 employees).

Benefits Provided - WRS Public Employees Plan provides retirement, disability and death benefits according to predetermined formulas and allows retirees to select one of seven optional methods for receiving benefits, including two joint and survivor forms of benefits: 100% joint and survivor annuity, and a 50% joint and survivor annuity. The benefit amounts under these options are determined on an actuarially equivalent basis. Any cost of living adjustments provided to retirees must be granted by the State Legislature. In addition, a cost of living adjustment will not be approved by the legislature unless the Plan is 100% funded after the COLA is awarded.

Benefits are determined based on two tiers:

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

FINAL DRAFT

NOTE 7 - Defined Benefit Pension Plans (cont.)

General Information about the Plan (cont.)

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

All employees may also retire upon normal retirement on the bases that the sum of the employee's age and service is at least 85.

Contributions - The Plan statutorily requires 18.62% and 18.12% (as of 2022 and 2021, respectively) of the participant's salary to be contributed to the Plan. Contributions consist of 9.25% and 9.00% (as of 2022 and 2021, respectively) of the participant's salary as employee contributions and 9.37% and 9.12% (as of as of 2022 and 2021, respectively) 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.

For the year ended June 30, 2022 and 2021, the contributions from the Board that are recognized as part of pension expense for the Plan were as follows:

	2022	2021
Contributions - employer	$ 100,245	$ 94,556
Contributions - employee (paid by employer)	$ 98,962	$ 93,311

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

As of June 30, 2022 and 2021, the Board reported a net pension liability of $882,162 and $1,198,485, respectively, for its proportionate share of the net pension liability of the Plan.

The Board's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of December 31, 2021 and 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021 and 2020, rolled forward to December 31, 2021 and 2020, using generally accepted actuarial procedures. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Board's proportionate share of the net pension liability for the Plan as of December 31, 2021 was .05786 percent, which was an increase of 4.93% from its .05514 percent proportionate share at December 31, 2020.

FINAL DRAFT

NOTE 7 - Defined Benefit Pension Plans (cont.)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (cont.)

For the year ended June 30, 2022 and 2021 the Board recognized pension expense of $(1,076) and $70,969, respectively. At June 30, 2022 and 2021, the Board reported deferred outflows of resources related to pensions from the following sources:

	2022 Deferred Outflows of Resources	2022 Deferred Inflows of Resources	2021 Deferred Outflows of Resources	2021 Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 115,483	$ 0	$ 109,245	$ 0
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	133,701	33,468	140,765	76,053
Net differences between projected and actual earnings on Plan investments	78,265	636,090	156,530	390,334
Differences between expected and actual experience on net (inflows)/outflows of resources	15,811	1,132	22,776	9,635
Changes in assumptions	71,385	0	7,159	0
Total	$ 414,645	$ 670,690	$ 436,475	$ 476,022

The $115,483 and $109,245, as of June 30, 2022 and 2021, respectively, was reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year ended June 30. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

	6/30/2019	6/30/2020	6/30/2021	6/30/2022	Total
6/30/2023	(77,511)	107,676	(26,368)	53,367	57,164
6/30/2024	0	73,828	(20,530)	53,367	106,665
6/30/2025	0	0	29,882	78,121	108,003
6/30/2026	0	0	0	99,696	99,696

FINAL DRAFT

NOTE 7 - Defined Benefit Pension Plans (cont.)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (cont.)

Actuarial Assumptions - The total pension liabilities in the January 1, 2021 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	January 1, 2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll Closed
Actuarial Assumptions:	
Discount Rate	6.80%
Inflation	2.25%
Projected Salary Increase	2.5% to 6.5%, per year
Investment Rate of Return	7.00%
Mortality	RP-2014 Employee Mortality Table

Discount Rate - The discount rate used to measure the total pension liability was 6.80% for the Plan. The projection of cash flows used to determine the discount rate assumed contributions from participating employers will be made on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Wyoming State Statutes. Based on those assumptions, the WRS fiduciary net position was projected to be available to make all the projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

DISCOUNT RATE			
Single Discount Rate	Long-Term Expected Rate of Return	Long-Term Municipal Bond Rate*	Last year ending December 31 in the 2021 to 2120 projection period for which projected benefit payments are fully funded
6.80%	6.80%	1.84%	2120

* Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year GO AA Index" as of December 31, 2021. In describing this index, Fidelity notes that the municipal curves are constructed using option-adjusted analytics of a diverse population of over 10,000 tax-exempt securities.

In determining the long-term expected rate of return, the Plan assumes a long-term investment rate of return of 6.80%. The long-term rate of return is determined through a 4.55% net real rate of return and an inflation rate of 2.25%. The following table represents a comparison of an annual money-weighted rate of return, net of investment expenses compared to the expected real rate of return.

FINAL DRAFT

NOTE 7 - Defined Benefit Pension Plans (cont.)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (cont.)

Annual money-weighted rate of return, net of expenses for the fiscal year ended December 31, 2021	Annual money-weighted rate of return, net of expenses for the fiscal year ended December 31, 2020	Expected rate of return net investment expenses
17.19%	11.03%	6.80%

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

Major Portfolio Class	Target Allocation	Arithmetic Real Return	Arithmetic Nominal Return	Geometric Return	Geometric Nominal Return
Tactical Cash	**2.00%**	**-0.50%**	**1.70%**	**-0.50%**	**1.71%**
Fixed Income	**21.00%**	**1.63%**	**3.83%**	**1.32%**	**3.52%**
Core Plus	5.00%	0.27%	2.47%	0.20%	2.40%
US Government	9.00%	0.25%	2.45%	0.00%	2.50%
Opportunistic	4.00%	2.60%	4.80%	2.05%	4.25%
Private Debt	3.00%	6.73%	8.93%	5.25%	7.45%
Equity	**48.50%**	**7.54%**	**9.74%**	**5.63%**	**7.83%**
US Equity	19.00%	5.99%	8.19%	4.60%	6.80%
Developed International	12.70%	6.84%	9.04%	5.30%	7.50%
Emerging Markets	7.80%	8.59%	10.79%	6.20%	8.40%
Private Equity	9.00%	10.91%	13.11%	7.76%	9.96%
Marketable Alternative	**19.00%**	**4.63%**	**6.83%**	**3.74%**	**5.94%**
Private Real Assets	**9.50%**	**5.99%**	**8.19%**	**4.84%**	**7.04%**
Private Natural Resources	2.5-7.5%	8.71%	10.91%	6.32%	8.52%
Private Infrastructure	2.5-7.5%	5.95%	8.15%	5.10%	7.30%
Real Estate	2.5-7.5%	4.54%	6.74%	3.90%	6.10%
Total	**100.00%**	**5.44%**	**7.64%**	**4.17%**	**6.37%**

FINAL DRAFT

NOTE 7 - Defined Benefit Pension Plans (cont.)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (cont.)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Board's proportionate share of the net pension liability for the Plan, calculated using the discount rate for each Plan, as well as what the Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	2022 WRS	2021 WRS
1% Decrease	5.80%	6.00%
Net Pension Liability	$1,627,576	$1,877,888
Current Discount Rate	6.80%	7.00%
Net Pension Liability	$882,162	$1,198,485
1% Increase	7.80%	8.00%
Net Pension Liability	$264,254	$631,515

Pension Plan Fiduciary Net Position - Detailed information about each pension plan's fiduciary net position is available in the separately issued WRS financial reports.

Payable to the Pension Plan

The Board reported a payable of $6,573 and $5,779, for the outstanding amount of contributions to the pension plan required at June 30, 2022 and 2021, respectively.

NOTE 8 - Major Customers and Related Parties

For the year ended June 30, 2022 and 2021, the Board's major customers were the City of Rock Springs, City of Green River, and Simplot Phosphates, Inc. Each of these customers were individually responsible for over 10% of the Board's total operating revenue for the years ended June 30, 2022 and 2021.

The City of Rock Springs and City of Green River are also considered related parties due to the fact the cities appoint two individuals to represent their interest on the Board.

	Revenues	
	2022	**2021**
City of Rock Springs	$ 3,409,881	$ 3,434,285
City of Green River	1,296,052	1,332,158
Simplot Phosphates, Inc.	1,367,556	1,216,130

	Water Sales Receivable	
	2022	**2021**
City of Rock Springs	$ 491,883	$ 523,728
City of Green River	199,024	227,602
Simplot Phosphates, Inc.	108,650	96,683

FINAL DRAFT

NOTE 9 - Risk Management

The Board is subject to risk loss from various events, including torts, theft, damage to assets, business interruption, errors and omissions, and job-related injuries to employees, as well as acts of God. The Board mitigates its risk associated with the above through commercial insurance policies for liability insurance, purchase of commercial property insurance policies, and workers' compensation coverage. There has been no significant reduction in coverage against these losses from year to year.

NOTE 10 - Commitments

The Board is potentially liable for costs to restore the site of its old water treatment plant to the original condition of the property. The total costs to be incurred, along with the timing of these costs, could not be determined as of the date of these financial statements and is not reflected in the liabilities for the Board.

As of June 30, 2021, the Board had entered into design/engineering contract in relation to the construction of the Crossroads Pump Station and the Raw Water Reservoir Repair Project. The following is a summary of the remaining commitment on that contract.

	Contract Total	Spent to Date	Remaining Commitment
Crossroads Pump Station Project	$ 745,300	$ 396,392	$ 348,908
Raw Water Reservoir Repair Project	4,424,076	4,309,460	114,616
DEQ Permitting Project	32,661	13,400	19,261
Parking Lot Repairs Project	123,910	0	123,910
Totals	$ 5,325,947	$ 4,719,252	$ 606,695

NOTE 11 - Contingencies

A. Loans

The Board received financial assistance from federal and state agencies in the form of loans. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the loan agreements and are subject to audit by the granting agencies. Any disallowed claims resulting from such audits could become a liability of the Board. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Board at June 30, 2022 and 2021.

B. Litigation

The Board is contingently liable in respect to lawsuits and claims in the ordinary course of its operations. In the opinion of Board personnel, the settlement of such contingencies would not affect the financial position of the Board at June 30, 2022 and 2021. Should any claims prove to be a detriment to the Board, they will be recorded as expenditure in the period in which a liability is realized.

C. Property and Liability Risk Management

Real and personal property owned by the Board is subject to loss from natural disasters and actions of others. In addition, the Board has the potential to be named as a responsible party in liability claims. The Board purchases commercial insurance packages to offset such losses, should they occur.

FINAL DRAFT

NOTE 11 - Contingencies (cont.)

D. Environmental

The Board is subject to oversight from a variety of agencies throughout the normal course of business. During 2019, they had an inspection conducted by the Wyoming Department of Environmental Quality which resulted in some corrective actions to be taken to place additional monitoring devices on the outfalls of discharge points. The Board is willingly complying with these requirements and total costs for the corrections are estimated at $40,000 - $45,000. As of November 21, 2022, the Board has made most of the corrections but due to COVID-19 related shutdowns, all projects have not been completed.

NOTE 12 - Designations

The Board has designated the following amounts:

	2022	2021
GAC/caustic reserve	$ 637,563	$ 587,563
Depreciation reserve	2,015,461	4,695,947
Capital improvements reserve	2,088,046	2,132,276
Unemployement reserve	110,400	110,400
	4,851,470	7,526,186
Amelioration reserve	1,138,342	1,138,342
Total Board designations	$ 5,989,812	$ 8,664,528

Board Designated Assets

To level the rates, as of both June 30, 2022 and 2021, the Board has designated $1,138,342 in cash to be used for rate amelioration. It is the intention of the Board that these funds be used to help maintain a consistent rate structure.

The Board designated amounts shown are unrestricted as presented on the Statement of Net Assets.

NOTE 13 - Subsequent Events

Subsequent events were considered for disclosure through November 21, 2022, the date of this report.

NOTE 14 - Reclassifications

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations. An adjustment has been made to the Statement of Net Position for the fiscal year ended June 30, 2021, to reclass previously identified restricted net assets for capital improvements of $2,132,276 to unrestricted net assets as these amounts are board designated, not restricted. This change in classification does not affect previously reported total net assets in the Statement of Net Position.

FINAL DRAFT

Required Supplementary Information

FINAL DRAFT

CITY OF GREEN RIVER, WYOMING - CITY OF ROCK SPRINGS, WYOMING -
SWEETWATER COUNTY, STATE OF WYOMING JOINT POWERS WATER BOARD
SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
WYOMING RETIREMENT SYSTEM
PUBLIC EMPLOYEES PENSION PLAN

Calendar Year

	2015	2016	2017	2018	2019	2020	2021	2022
Board's proportion of the net pension liability	0.04489%	0.04623%	0.05248%	0.05304%	0.05161%	0.04712%	0.05514%	0.05786%
Board's proportionate share of the net pension liability	$ 792,189	$ 1,076,839	$ 1,268,738	$ 1,208,926	$ 1,571,702	$ 1,107,323	$ 1,198,485	$ 882,162
Board's covered-employee payroll	$ 780,724	$ 896,402	$ 931,805	$ 950,050	$ 990,725	$ 841,374	$ 1,010,778	$ 1,054,269
Board's proportionate share of the net pension liability as a percentage of its covered payroll	101.47%	120.13%	136.16%	127.25%	158.64%	131.61%	118.57%	83.68%
Plan fiduciary net position as a percentage of the total pension liability	79.08%	73.40%	73.42%	76.35%	69.17%	76.83%	79.24%	76.35%

Note: Schedule is intended to show information for 10 years. Information is not available before 2015, additional years will be displayed as they become available.

FINAL DRAFT

CITY OF GREEN RIVER, WYOMING - CITY OF ROCK SPRINGS, WYOMING -
SWEETWATER COUNTY, STATE OF WYOMING JOINT POWERS WATER BOARD
SCHEDULE OF BOARD CONTRIBUTIONS
WYOMING RETIREMENT SYSTEM
PUBLIC EMPLOYEES PENSION PLAN

Fiscal Year*

	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contributions	$ 123,900	$ 148,982	$ 154,866	$ 157,898	$ 146,139	$ 164,017	$ 187,867	$ 199,207
Contributions in relation to the contractually required contribution	123,900	148,982	154,866	157,898	146,139	164,017	187,867	199,207
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Board's covered payroll	$ 780,724	$ 896,402	$ 931,805	$ 950,050	$ 853,616	$ 930,857	$ 1,036,796	$ 1,069,857
Contributions as a percentage of covered employee payroll	15.87%	16.62%	16.62%	16.62%	17.12%	17.62%	18.12%	18.62%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

Note: Schedule is intended to show information for 10 years. Information is not available before 2015, additional years will be displayed as they become available.

FINAL DRAFT

Changes of benefit terms -

There are no changes in benefit terms from the prior year.

Changes in assumptions -

The assumptions used in the actuarial valuation were adopted at the November 17, 2021 and the February 17, 2022 meetings and were first utilized with the actuarial valuation report for the year beginning January 1, 2021. The new assumptions are reflected in these valuation results. In general, the new assumptions reflect an update to the mortality tables, adjustments to the demographic and salary scale, as well as a lower long-term investment return. The expected rate of return on assets for the plan was decreased from 7.00% to 6.80%. Other than the changes mentioned above, there have been no actuarial assumption changes or methods since the prior valuation for all plans.

Changes in the composition of the population -

There are no changes in the composition of the population from the prior year.

FINAL DRAFT

Compliance Section

FINAL DRAFT

CITY OF GREEN RIVER, WYOMING - CITY OF ROCK SPRINGS, WYOMING - SWEETWATER COUNTY, STATE OF WYOMING JOINT POWERS WATER BOARD
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2022

SIGNIFICANT DEFICIENCY

Finding 2022-001: Segregation of Duties (Repeat Finding)

Condition: The office manager of the Board has job duties that encompass portions of cash receipts, cash disbursements, and has the ability to post journal entries to the Board's financial statements. The Board holds no actual cash in the form of petty cash and no other actual cash holdings exist. All transactions within the office are in the form of checks, i.e. checks received, checks written and sent.

Criteria: Internal controls should be designed to safeguard assets and help prevent loss from employee dishonesty or error and be structured in such a way that it reduces the opportunity for errors and malicious acts to occur.

Cause: This is due to the organizational size of the Board and is a common difficulty for other organizations of this size.

Effect: The effect of having such a small administrative staff creates the opportunity for errors or theft to occur which could impact the financial statements.

Recommendation: Management should review the duties of the office manager and identify additional controls that could be put in place. In-house review procedures should be formalized, documented, and retained.

FINAL DRAFT

Green River – Rock Springs – Sweetwater Co – JOINT POWERS WATER BOARD
PO Box 1299 ▪ 3 Telephone Canyon Road ▪ Green River, WY 82935 ▪ tel: 307-875-4317 ▪ fax: 307-875-5387

MANAGEMENT RESPONSE
YEAR ENDED JUNE 30, 2022
(Unaudited)

CORRECTIVE ACTION ITEM - Finding: 2022-001 - Segregation of Duties

Individual Responsible: Management and Board of Directors

Anticipated Completion Date: None anticipated

Corrective Action: It would not make economic sense for the Board to hire additional personnel to provide adequate segregation of duties. The Board is aware of the situation and has taken several steps to mitigate the situation. The Board itself is very involved in the different levels of internal control as each check is reviewed and signed by both the General Manager and one member of the Board. We will continue to utilize our external accountant in the accounting function to provide additional oversight and expertise.

FINAL DRAFT

CITY OF GREEN RIVER, WYOMING - CITY OF ROCK SPRINGS, WYOMING - SWEETWATER COUNTY, STATE OF WYOMING JOINT POWERS WATER BOARD SCHEDULE OF PRIOR FINDINGS YEAR ENDED JUNE 30, 2021

SIGNIFICANT DEFICIENCY

Finding 2021-001: Segregation of Duties

Condition: The office manager of the Board has job duties that encompass portions of cash receipts, cash disbursements, and has the ability to post journal entries to the Board's financial statements. The Board holds no actual cash in the form of petty cash and no other actual cash holdings exist. All transactions within the office are in the form of checks, i.e. checks received, checks written and sent.

Current Year Status: Corrective action has not been taken and the Board recognizes the risks associated with the job duties of this specific position.

FINAL DRAFT