



TOWN OF LUSK, WYOMING

Basic Financial Statements
(Modified Cash Basis)

For the Year Ended June 30, 2024
(With Independent Auditors' Report Thereon)

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT	1-3
BASIC FINANCIAL STATEMENTS:	
Government-Wide Financial Statements:	
Statement of Net Position Modified Cash Basis	4
Statement of Activities Modified Cash Basis	5
Government Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	6
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	7
Statement of Revenues, Expenditures, and Changes in Fund Balances	8
Reconciliation of the Statements of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities.....	9
Proprietary Funds:	
Statement of Net Position – Proprietary Funds Modified Cash Basis.....	10
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds Modified Cash Basis.....	11
Statement of Cash Flows – Proprietary Funds Modified Cash Basis.....	12
Notes to Basic Financial Statements	13-33

REQUIRED SUPPLEMENTAL INFORMATION:

Statement of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual – General Fund	34
Schedule of Proportionate Share of the Net Pension Liability	35
Schedule of Contributions	36

SUPPLEMENTAL INFORMATION:

Schedule of Expenditures of Federal Awards	37
Notes to Schedule of Expenditures of Federal Awards.....	38

OTHER REPORTS:

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 – Independent Auditor’s Report.....	39-40
Report on Compliance for Each Major Federal Program And Report on Internal Control Over Compliance in Accordance with the Uniform Guidance – Independent Auditor’s Report	41-43
Schedule of Findings and Questioned Costs	44-45

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members of the Town Council
Town of Lusk, Wyoming
201 E. 3rd Street
Lusk, Wyoming 82225

Report on the Audit of the Financial Statements***Opinions***

We have audited the modified cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lusk, Wyoming, as of and for the year ended June 30, 2024, 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 accompanying financial statements present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2024, and the respective changes in financial position-modified cash basis and, where applicable, cash flows, thereof for the year then ended in accordance with the modified 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 (GAAS) 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 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.

Emphasis of Matter — 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 modified 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the basis of accounting is an acceptable basis for the preparation of the financial statements 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS 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'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's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the General Fund budgetary comparison information, schedule of proportionate share of the net pension liability – Wyoming Retirement System and the schedule of contributions – Wyoming Retirement System, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America requires to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it an essential part of the financial reporting for placing the basic financial statements in the appropriate operations, economic, or historical context, as stated above. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports dated December 23, 2024, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 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's internal control over financial reporting and compliance.

Carver Flook & James, CPAs

Layton, Utah
December 23, 2024

BASIC FINANCIAL STATEMENTS

TOWN OF LUSK, WYOMING
STATEMENT OF NET POSITION
(MODIFIED CASH BASIS)
June 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,200,644	\$ 3,355,481	\$ 4,556,125
Cash with fiscal agent	3,702	-	3,702
Restricted cash	-	196,007	196,007
Internal balances	28,687	(28,687)	-
Noncurrent assets:			
Capital asset not being depreciated	8,777,896	17,899,550	26,677,446
Capital assets being depreciated, net	4,506,357	2,519,955	7,026,312
Total assets	<u>14,517,286</u>	<u>23,942,306</u>	<u>38,459,592</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Related to pensions	<u>221,493</u>	<u>45,413</u>	<u>266,906</u>
Total deferred outflows of resources	<u>221,493</u>	<u>45,413</u>	<u>266,906</u>
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	382,319	837,819	1,220,138
Noncurrent liabilities:			
Portion due within one year; notes, leases	3,146	185,032	188,178
Portion due after one year; notes, leases	7,804,642	10,167,762	17,972,404
Net pension liability	760,084	418,046	1,178,130
Total liabilities	<u>8,950,191</u>	<u>11,608,659</u>	<u>20,558,850</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Related to pensions	<u>296,109</u>	<u>16,645</u>	<u>312,754</u>
Total deferred inflows of resources	<u>296,109</u>	<u>16,645</u>	<u>312,754</u>
<u>NET POSITION</u>			
Net investment in capital assets	5,476,465	10,066,711	15,543,176
Restricted for:			
Wyoming water development reserves	-	24,600	24,600
Recreation activities	6,776	-	6,776
Other	1,282,294	-	1,282,294
Cemetery maintenance	38,462	-	38,462
Utilities endowment	-	-	-
Unrestricted	(1,311,518)	2,271,104	959,586
Total net position	<u>\$ 5,492,479</u>	<u>\$ 12,362,415</u>	<u>\$ 17,854,894</u>

The notes to financial statements are an integral part of this statement.

TOWN OF LUSK, WYOMING
STATEMENT OF ACTIVITIES
(MODIFIED CASH BASIS)
For the Year Ended June 30, 2024

Functions/Programs:					Net (Expense) Revenues and Changes in Net Position		
	Expenses	Program Revenues			Primary Government		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 707,432	\$ 33,253	\$ 498,471	\$ -	\$ (175,708)	\$ -	\$ (175,708)
Public safety	930,475	148,406	79,487	-	(702,582)	-	(702,582)
Streets and public works	960,497	6,380	-	-	(954,117)	-	(954,117)
Parks and recreation	319,045	68,217	16,400	-	(234,428)	-	(234,428)
Airport	171,068	51,123	-	21,173	(98,772)	-	(98,772)
Benefit payments	-	-	-	-	-	-	-
Interest expense	267,799	-	-	-	(267,799)	-	(267,799)
Total governmental activities	<u>3,356,316</u>	<u>307,379</u>	<u>594,358</u>	<u>21,173</u>	<u>(2,433,406)</u>	<u>-</u>	<u>(2,433,406)</u>
Business-type activities:							
Electric	1,575,389	1,910,832	-	-	-	335,443	335,443
Water	917,769	432,288	-	328,058	-	(157,423)	(157,423)
Sanitation	451,272	389,664	-	-	-	(61,608)	(61,608)
Sewer	1,033,163	388,184	-	4,491,776	-	3,846,797	3,846,797
Total business-type activities	<u>3,977,593</u>	<u>3,120,968</u>	<u>-</u>	<u>4,819,834</u>	<u>-</u>	<u>3,963,209</u>	<u>3,963,209</u>
Total primary government	<u>\$ 7,333,909</u>	<u>\$ 3,428,347</u>	<u>\$ 594,358</u>	<u>\$ 4,841,007</u>	<u>(2,433,406)</u>	<u>3,963,209</u>	<u>1,529,803</u>
General revenues:							
Property taxes					126,397	-	126,397
General sales and use tax					1,209,861	-	1,209,861
Cigarette tax					8,223	-	8,223
Lodging tax					59,198	-	59,198
Fuels tax					81,156	-	81,156
Mineral severance and royalties tax					229,599	-	229,599
Lottery tax					20,480	-	20,480
Other taxes					741,933	-	741,933
Investment earnings					189,508	11,461	200,969
Miscellaneous					89,723	111,357	201,080
Transfers, net					-	-	-
Total general revenues					<u>2,756,078</u>	<u>122,818</u>	<u>2,878,896</u>
Change in net position					322,672	4,086,027	4,408,699
Net position - beginning					5,169,807	8,276,388	13,446,195
Net position - ending					<u>\$ 5,492,479</u>	<u>\$ 12,362,415</u>	<u>\$ 17,854,894</u>

The notes to financial statements are an integral part of this statement.

TOWN OF LUSK, WYOMING
BALANCE SHEET
GOVERNMENTAL FUNDS
(MODIFIED CASH BASIS)
As of June 30, 2024

	Major Fund			Total Governmental Funds
	General Fund	1% Specific Purpose Tax	Non-Major Funds	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 780,401	\$ 381,781	38,462	\$ 1,200,644
Cash with fiscal agent	3,702	-	-	3,702
Due from other funds	28,687	900,513	-	929,200
Total assets	<u>\$ 812,790</u>	<u>\$ 1,282,294</u>	<u>\$ 38,462</u>	<u>\$ 2,133,546</u>
<u>LIABILITIES</u>				
Accrued liabilities	\$ 382,319	\$ -	\$ -	\$ 382,319
Due to other funds	900,513	-	-	900,513
Total liabilities	<u>1,282,832</u>	<u>-</u>	<u>-</u>	<u>1,282,832</u>
<u>FUND BALANCE</u>				
Restricted:				
Recreational activities	6,776	-	-	6,776
Other	-	1,282,294	-	1,282,294
Cemetery maintenance	-	-	38,462	38,462
Utilities endowment	-	-	-	-
Unassigned	(476,818)	-	-	(476,818)
Total fund balance	<u>(470,042)</u>	<u>1,282,294</u>	<u>38,462</u>	<u>850,714</u>
Total liabilities and fund balance	<u>\$ 812,790</u>	<u>\$ 1,282,294</u>	<u>\$ 38,462</u>	<u>\$ 2,133,546</u>

The notes to financial statements are an integral part of this statement.

TOWN OF LUSK, WYOMING
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
As of June 30, 2024

Total fund balance for government funds	\$	850,714
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Asset cost and accumulated depreciation is as follows:

Asset cost	28,460,853	
Accumulated Depreciation	(15,176,600)	
Total		13,284,253

The assets and liabilities of the government-wide statement of net position include certain deferred outflows and inflows related to pensions and the net pension liability which do not require the use of current financial resources and are therefore excluded from the governmental fund balance sheet. Pension activities at year end consist of :

Net pension liability	(760,084)	
Deferred inflows of resources related to pensions	(296,109)	
Deferred outflows of resources related to pension	221,493	
Total		(834,700)

Long-term liabilities are not reported as liabilities in the governmental funds. Long-term liabilities included in the government-wide financial statements at year-end consist of:

Notes and leases payable		(7,807,788)

Net position of government activities	\$	5,492,479

The notes to financial statements are an integral part of this statement.

TOWN OF LUSK, WYOMING
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
(MODIFIED CASH BASIS)
For the Year Ended June 30, 2024

	Major Fund			Total Governmental Funds
	General Fund	1% Specific Purpose Tax	Cemetery Maintenance	
<u>REVENUES</u>				
Taxes:				
Sales and use	\$ 1,194,361	\$ 741,933	\$ -	\$ 1,936,294
Property	126,397	-	-	126,397
Fuels	81,156	-	-	81,156
Cigarette	8,223	-	-	8,223
Lodging	59,198	-	-	59,198
Severance and mineral royalties	229,599	-	-	229,599
Wyoming Lottery distribution	20,480	-	-	20,480
Licenses and permits	12,263	-	-	12,263
Intergovernmental	544,652	-	-	544,652
Charges for services	251,995	-	-	251,995
Fines and forfeitures	43,121	-	-	43,121
Miscellaneous	176,102	-	-	176,102
Investment earnings	188,098	-	1,410	189,508
Total revenues	<u>2,935,645</u>	<u>741,933</u>	<u>1,410</u>	<u>3,678,988</u>
<u>EXPENDITURES</u>				
Current:				
General government	669,106	-	-	669,106
Public safety	918,152	-	-	918,152
Streets and public works	924,451	-	-	924,451
Parks and recreation	305,588	-	-	305,588
Airport	85,255	-	-	85,255
Capital outlay	1,939,809	-	-	1,939,809
Debt service				
Principal payment	3,146	-	-	3,146
Interest	267,799	-	-	267,799
Total expenditures	<u>5,113,306</u>	<u>-</u>	<u>-</u>	<u>5,113,306</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,177,661)</u>	<u>741,933</u>	<u>1,410</u>	<u>(1,434,318)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Loan proceeds	2,405,991	-	-	2,405,991
Transfers in	392,559	-	-	392,559
Transfers out	-	(392,559)	-	(392,559)
Total other financing sources (uses)	<u>2,798,550</u>	<u>(392,559)</u>	<u>-</u>	<u>2,405,991</u>
Excess of revenues and other sources over (under) expenditures and other uses	620,889	349,374	1,410	971,673
Fund balance - beginning	(1,090,931)	932,920	37,052	(120,959)
Fund balance - ending	<u>\$ (470,042)</u>	<u>\$ 1,282,294</u>	<u>\$ 38,462</u>	<u>\$ 850,714</u>

The notes to financial statements are an integral part of this statement.

TOWN OF LUSK, WYOMING
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

Net changes in fund balances - total governmental funds	\$	971,673
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Amounts reported for governmental activities in the
Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays are exceeded by depreciation expense in the period:

Capital Outlays	1,939,809		
Less: depreciation expense	(281,061)		
			1,658,748

Governmental funds report loan proceeds as other financing sources and report principal payments as expenditures. However, only the interest payment is included in the statement of activities.

Loan proceeds	(2,405,991)		
Principal payments	3,146		
			(2,402,845)

Pension expense reported in the government-wide statement of activities does not require the use of current financial resources and therefore is not reported as an expense in governmental funds.

	95,096
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Change in net position of governmental activities	\$	322,672
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The notes to financial statements are an integral part of this statement.

TOWN OF LUSK, WYOMING
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
(MODIFIED CASH BASIS)
As of June 30, 2024

	Electric Fund	Water Fund	Sanitation Fund	Sewer Fund	Total Enterprise Funds
<u>ASSETS</u>					
Current assets:					
Cash and cash equivalents	\$ 2,085,440	\$ 706,470	\$ 371,601	\$ 191,970	\$ 3,355,481
Restricted cash	-	124,553	-	71,454	196,007
Total current assets	2,085,440	831,023	371,601	263,424	3,551,488
Noncurrent assets:					
Capital asset not being depreciated	481	8,302,303	25,255	9,571,511	17,899,550
Capital assets being depreciated, net	210,301	390,820	1,388,915	529,919	2,519,955
Total noncurrent assets	210,782	8,693,123	1,414,170	10,101,430	20,419,505
Total assets	2,296,222	9,524,146	1,785,771	10,364,854	23,970,993
<u>DEFERRED OUTFLOWS OF RESOURCES</u>					
Related to pensions	17,415	8,658	10,681	8,659	45,413
Total deferred outflows of resources	17,415	8,658	10,681	8,659	45,413
<u>LIABILITIES</u>					
Current liabilities:					
Sales tax payable	11,605	-	-	-	11,605
Accrued liabilities	223,005	405,131	5,929	192,149	826,214
Due to other funds	-	13,487	-	15,200	28,687
Current portion of notes payable	-	79,477	26,575	78,980	185,032
Total current liabilities	234,610	498,095	32,504	286,329	1,051,538
Noncurrent liabilities:					
Net pension liability	160,313	79,705	98,323	79,705	418,046
Notes payable, less current portion	-	6,882,730	328,280	2,956,752	10,167,762
Total noncurrent liabilities	160,313	6,962,435	426,603	3,036,457	10,585,808
Total liabilities	394,923	7,460,530	459,107	3,322,786	11,637,346
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Related to pensions	6,383	3,174	3,914	3,174	16,645
Total deferred inflows of resources	6,383	3,174	3,914	3,174	16,645
<u>NET POSITION</u>					
Net investment in capital assets	210,782	1,730,916	1,059,315	7,065,698	10,066,711
Restricted for:					
Wyoming water development reserves	-	24,600	-	-	24,600
Unrestricted	1,701,549	313,584	274,116	(18,145)	2,271,104
Total net position	\$ 1,912,331	\$ 2,069,100	\$ 1,333,431	\$ 7,047,553	\$ 12,362,415

The notes to financial statements are an integral part of this statement.

TOWN OF LUSK, WYOMING
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
(MODIFIED CASH BASIS)
For the Year Ended June 30, 2024

	Electric Fund	Water Fund	Sanitation Fund	Sewer Fund	Total Enterprise Funds
<u>OPERATING REVENUES</u>					
Charges for sales and services	\$ 1,910,832	\$ 432,288	\$ 389,664	\$ 388,184	\$ 3,120,968
Total operating revenues	<u>1,910,832</u>	<u>432,288</u>	<u>389,664</u>	<u>388,184</u>	<u>3,120,968</u>
<u>OPERATING EXPENSES</u>					
Salaries and benefits	274,601	129,808	174,630	129,464	708,503
Repairs and maintenance	1,241,944	412,516	105,168	564,749	2,324,377
Contractual services	-	97,055	-	157,410	254,465
Materials and supplies	47,884	58,868	115,720	17,053	239,525
Depreciation	10,960	36,796	55,754	29,139	132,649
Total operating expenses	<u>1,575,389</u>	<u>735,043</u>	<u>451,272</u>	<u>897,815</u>	<u>3,659,519</u>
Operating income (loss)	335,443	(302,755)	(61,608)	(509,631)	(538,551)
<u>NONOPERATING REVENUES (EXPENSES)</u>					
Grants	-	328,058	-	1,452,010	1,780,068
Debt forgiveness	-	-	-	3,039,766	3,039,766
Interest revenue	1,330	6,442	-	3,689	11,461
Interest and fees expense	-	(182,726)	-	(135,348)	(318,074)
Other revenue	-	-	111,357	-	111,357
Total non-operating revenues (expenses)	<u>1,330</u>	<u>151,774</u>	<u>111,357</u>	<u>4,360,117</u>	<u>4,624,578</u>
Income (loss) before transfers	336,773	(150,981)	49,749	3,850,486	4,086,027
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	336,773	(150,981)	49,749	3,850,486	4,086,027
Net position - beginning	<u>1,575,558</u>	<u>2,220,081</u>	<u>1,283,682</u>	<u>3,197,067</u>	<u>8,276,388</u>
Net position - ending	<u>\$ 1,912,331</u>	<u>\$ 2,069,100</u>	<u>\$ 1,333,431</u>	<u>\$ 7,047,553</u>	<u>\$ 12,362,415</u>

The notes to financial statements are an integral part of this statement.

TOWN OF LUSK, WYOMING
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
(MODIFIED CASH BASIS)
For the Year Ended June 30, 2024

	Electric Fund	Water Fund	Sanitation Fund	Sewer Fund	Total Enterprise Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
Receipts from customers	\$ 1,910,832	\$ 432,288	\$ 389,664	\$ 388,184	\$ 3,120,968
Payments to suppliers	(1,277,217)	(1,358,353)	(214,959)	(1,328,864)	(4,179,393)
Payments to employees	(266,982)	(135,199)	(185,535)	(134,856)	(722,572)
Net cash provided by (used in) operating activities	<u>366,633</u>	<u>(1,061,264)</u>	<u>(10,830)</u>	<u>(1,075,536)</u>	<u>(1,780,997)</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>					
Miscellaneous revenue	-	-	111,357	-	111,357
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>-</u>	<u>111,357</u>	<u>-</u>	<u>111,357</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>					
Purchases of capital assets	(17,057)	(892,315)	-	(1,775,219)	(2,684,591)
Principal paid on capital debt	-	(78,452)	(26,575)	(39,765)	(144,792)
Proceeds from debt issuance	-	1,823,493	-	1,211,253	3,034,746
Interest paid on capital debt	-	(37,640)	-	(135,348)	(172,988)
Net cash provided (used) by capital and related financing activities	<u>(17,057)</u>	<u>815,086</u>	<u>(26,575)</u>	<u>(739,079)</u>	<u>32,375</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
Interest and dividends received	<u>1,330</u>	<u>334,500</u>	<u>-</u>	<u>1,455,699</u>	<u>1,791,529</u>
Net cash provided (used) by investing activities	<u>1,330</u>	<u>334,500</u>	<u>-</u>	<u>1,455,699</u>	<u>1,791,529</u>
Net increase (decrease) in cash and cash equivalents	350,906	88,322	73,952	(358,916)	154,264
Cash and cash equivalents - beginning	<u>1,734,534</u>	<u>742,701</u>	<u>297,649</u>	<u>622,340</u>	<u>3,397,224</u>
Cash and cash equivalents - ending	<u>\$ 2,085,440</u>	<u>\$ 831,023</u>	<u>\$ 371,601</u>	<u>\$ 263,424</u>	<u>\$ 3,551,488</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 335,443	\$ (302,755)	\$ (61,608)	\$ (509,631)	\$ (538,551)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	10,960	36,796	55,754	29,139	132,649
(Increase) Decrease in net pension resources	7,619	(5,391)	(10,905)	(5,392)	(14,069)
Increase (Decrease) in sales tax payable	390	-	-	-	390
Increase (Decrease) in accrued liabilities	12,221	(789,914)	5,929	(589,652)	(1,361,416)
Total adjustments	<u>31,190</u>	<u>(758,509)</u>	<u>50,778</u>	<u>(565,905)</u>	<u>(1,242,446)</u>
Net cash provided (used) by operating activities	<u>\$ 366,633</u>	<u>\$(1,061,264)</u>	<u>\$ (10,830)</u>	<u>\$ (1,075,536)</u>	<u>\$ (1,780,997)</u>

The notes to financial statements are an integral part of this statement.

TOWN OF LUSK, WYOMING
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Town of Lusk (the Town), located in Niobrara County, Wyoming, provides a broad range of services to citizens, including general government, public safety (police), streets, cultural, recreational, public improvements, planning, and utilities (water, sewer, and sanitation). The Town is managed by an elected four-member Town Council (the Council) and an elected Mayor. Generally, the Mayor appoints all department heads, subject to approval by the Council. The department heads are under the direct supervision of the Mayor.

The accompanying financial statements of the Town have been prepared on a modified cash basis of accounting. This modified basis of accounting differs from generally accepted accounting principles in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Town are described below.

Basis of Presentation

The Town's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities. The basic financial statements also consist of fund financial statements.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Town as a whole. Both the governmental and business-type activities are presented on a consolidated basis by column and are reflected on a modified cash and economic resource basis which incorporates long-term assets, payables and long-term debt and obligations. These statements include the financial activities of the primary government, except fiduciary funds. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which generally rely on fees and charges for support.

The statement of net position presents the financial condition of the activities of the Town at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town's activities. Direct expenses are those specifically associated with a service, program, or department and therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues, such as taxes, that are not classified as program revenues are presented as general revenues of the Town. The comparison of direct expenses with program revenues identifies the extent to which each function is self-financing or draws from general revenues of the Town.

Fund Financial Statements

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

TOWN OF LUSK, WYOMING
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following is a brief description of the specific funds used by the Town.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Assets are assigned to the various governmental funds according to the purpose for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Town's governmental funds.

Major Governmental Funds:

General Fund

The General Fund is used to account for all financial transactions of the Town not properly accounted for in other funds or account groups.

The revenue of the fund is derived mainly from sales and use taxes, other taxes, intergovernmental sources and charges for services with expenditures relating to general government, public safety, public works, culture and recreation, debt payments and capital outlays.

Proprietary Funds

Enterprise Funds

The Proprietary Utility Funds record the Town's activities that are operated similarly to private business enterprises, where determination of net income is necessary or useful for financial administration. The four proprietary funds of the Town are the Electric Fund which provides electricity to the residents of the Town; Water Fund which provides water to the residents of the Town; the Sewer Fund which receives and treats wastewater; and the Sanitation Fund which collects garbage. Proprietary funds are accounted for using a modified cash basis of accounting.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

In the government-wide statement of net position and statement of activities and the fund financial statements, governmental and business-type activities are presented using a modified cash basis of accounting. This basis recognizes assets, liabilities, net position/fund balance, revenues, and expenditures/expenses when they result from cash transactions with provisions for payroll liabilities, including net pension obligation related to the Town's estimated portion of the Wyoming Retirement System unfunded pension liability, and depreciation in the government-wide statements and proprietary fund statements. 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 modified 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) are not recorded in these financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

TOWN OF LUSK, WYOMING
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Data

The Town prepares its annual operating budget under the provisions of Wyoming State Statutes for all the funds. The legal level of control at which expenditures may not legally exceed appropriations is the function level within a fund. The Council adopts a budget at the beginning of each fiscal year and then they may amend the budget and authorize transfers within various budgetary programs, in any fund. Unused appropriations typically lapse at the end of the year.

While the Town is reporting on financial position, results of operations, and changes in fund balance on the modified cash basis, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenues, expenditures, and changes in fund balance budget and actual presented for the general fund is presented on the budgetary basis to provide meaningful comparison of actual results with the budget.

Assets, Liabilities and Net Position

Cash and Cash Equivalents

Cash and cash equivalents include all demand and savings accounts and certificates of deposits or short-term investments with an original maturity of three months or less. These deposits are fully insured by the Federal Deposit Insurance Corporation (FDIC) or secured by pledge of assets including bonds, debentures and other securities, which by law, the State Treasurer may invest. At June 30, 2024, all deposits were fully insured with a combination of FDIC insurance and pledged collateral held in the name of the Town.

Investments

The Town's investment policy requires investments to comply with state statutes, which generally allows the Town to invest in U.S. state and local government securities and accounts of any bank and savings associations which are federally insured or secured by pledge of assets including bonds, debentures and other securities in which the State Treasurer may by law invest. All investments made during the year were made within these statutory limits. The Town's investment policy does require that all time deposits and repurchase agreements to be collateralized at 120% of the amount invested including accrued interest, based on the lower of par or market value of the collateral.

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business type activity columns in the government-wide financial statements.

Acquired or constructed capital assets are valued at historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs to these assets that do not add materially to the value of the asset are expensed as incurred.

TOWN OF LUSK, WYOMING
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Street infrastructure assets are entered into the system on a network basis since these assets consist of several different components of road and street construction.

Capital assets are defined by the Town as assets with an estimated useful life in excess of one year and costs in excess of \$1,000.

All property, plant and equipment of governmental or business type activities are depreciated using the straight-line method with the following estimated useful lives:

<u>Classes of Assets</u>	<u>Useful Life</u>
Buildings and improvements	7-50 years
Furniture, fixtures and equipment	5-30 years
Infrastructure	7-20 years
Vehicles	3-7 years

In the governmental fund financial statements, capital purchases are accounted for as capital outlay expenditures.

Payables and Accrued Liabilities

Payables and accrued liabilities related to sales tax and deposits payable are reported in the government-wide financial statements and payables and accrued liabilities related to sales tax and deposits from enterprise funds are reported on the enterprise fund financial statements.

Long-Term Debt

Accounting for long-term debt varies depending upon the source of repayment and the measurement focus applied, and whether the debt is reported in the government-wide or fund financial statements.

All long-term debts to be repaid from proprietary fund resources are reported as liabilities, as incurred. Long-term debt consists primarily of net pension liability and notes payable.

Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- a. *Net investment in capital assets* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- b. *Restricted* net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.

TOWN OF LUSK, WYOMING
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- c. *Unrestricted* net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

It is the Town's policy to first use restricted net position prior to the use of unrestricted net position when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called "fund balance." The Town's governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes.

- a. *Nonspendable* fund balance represents amounts that are either not in a spendable form or are legally or contractually required to remain intact.
- b. *Restricted* fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers.
- c. *Committed* fund balance represents amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Council prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation.
- d. *Assigned* fund balance represents amounts that are intended to be used by the Town for specific purposes but do not meet the criteria to be classified as committed. The Council has by resolution authorized the finance director to assign fund balance. The Council may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.
- e. *Unassigned* fund balance represents the residual amount for the general fund that is not contained in the other classifications. The general fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

Internal and Inter-Fund Balances and Activities

In the process of aggregating the financial information for the government-wide financial statements, some amounts reported as inter-fund activity and balances in the fund financial statements have been eliminated or reclassified.

TOWN OF LUSK, WYOMING
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements:

Inter-fund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities

Amounts reported as inter-fund transfers in the fund financial statements are eliminated in the government-wide statement of activities except for the net amount of transfers between governmental and business-type activities, which are reported as transfers.

Property Taxes

The Town is permitted to and has levied eight mills of the assessed valuation in the Town. The Town levies taxes on assessed property through Niobrara County (the County), who act as the agents to levy and collect property tax within the county. The taxes are levied on the assessed valuation of the prior year according to the tax calendar below. Collections are distributed after the end of each month. Consequently, the vast majority of taxes have been levied and collected within the Town's fiscal year. Effective January 1, 2022, mineral ad valorem property taxes are billed and collected monthly by the Department of Revenue, with a true-up following the annual assessment on January 1. Assessed valuation and tax levies are subject to adjustment for prior years (rebates and supplemental), as controlled by the County or State. The Town does not adjust or record estimates for these adjustments, as they are adjusted to current year tax receipts when they are approved. All taxes are included as revenue in the financial statements when received from the County. The tax calendar is as follows:

August 10	Taxes are levied and become an enforceable lien on properties.
September 1	First of two equal installment payments is due.
November 10	First installment is delinquent.
March 1	Second installment is due.
May 10	Second installment is delinquent.

Use of estimates

The preparation of the financial statements in conformity with other comprehensive basis of accounting (OCBOA) requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. Actual results may differ from those estimates. The estimate of pension liabilities is especially significant to the Town. It is reasonably possible that this estimate will change within one year of the date of the financial statements due to one or more future events. The effect of the change could be material to the financial statements and could result in a loss.

TOWN OF LUSK, WYOMING
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

2. CAPITAL ASSETS

Capital asset activity related to governmental and business-type activities for the year ended June 30, 2024 was as follows:

	Beginning Balance	Transfers / Increase	Transfers/ Decrease	Ending Balance
Primary Government				
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 849,741	\$ -	\$ -	\$ 849,741
Construction-in-progress	6,085,964	1,842,191		7,928,155
Total	<u>6,935,705</u>	<u>1,842,191</u>	<u>-</u>	<u>8,777,896</u>
Capital assets being depreciated:				
Buildings and improvements	4,299,584	-	-	4,299,584
Furniture, fixtures and equipment	2,740,004	65,476	-	2,805,480
Infrastructure	7,043,863	2,142	-	7,046,005
Airport	4,406,472	-	-	4,406,472
Vehicles	1,062,016	30,000	(25,000)	1,067,016
Right of use - buildings and improvements	36,370	-	-	36,370
Right of use - equipment	22,030	-	-	22,030
Total	<u>19,610,339</u>	<u>97,618</u>	<u>(25,000)</u>	<u>19,682,957</u>
Accumulated depreciation for:				
Buildings and improvements	(1,406,798)	(70,115)		(1,476,913)
Furniture, fixtures and equipment	(2,312,236)	(54,403)		(2,366,639)
Infrastructure	(6,926,349)	(9,681)		(6,936,030)
Airport	(3,331,141)	(85,813)		(3,416,954)
Vehicles	(901,174)	(45,490)	25,000	(921,664)
Right of use - buildings and improvements	(27,013)	(9,357)		(36,370)
Right of use - equipment	(15,828)	(6,202)		(22,030)
Total accumulated depreciation	<u>(14,920,539)</u>	<u>(281,061)</u>	<u>25,000</u>	<u>(15,176,600)</u>
Total capital assets being depreciated, net	<u>4,689,800</u>			<u>4,506,357</u>
Governmental activities capital assets, net	<u>\$ 11,625,505</u>			<u>\$ 13,284,253</u>

TOWN OF LUSK, WYOMING
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

2. CAPITAL ASSETS (Continued)

	Beginning Balance	Transfers / Increase	Transfers/ Decrease	Ending Balance
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 62,279	\$ -	\$ -	\$ 62,279
Construction in Progress	15,175,943	2,661,328	-	17,837,271
Total	<u>15,238,222</u>	<u>2,661,328</u>	<u>\$ -</u>	<u>17,899,550</u>
Capital assets being depreciated:				
Buildings	1,992,893	-	-	1,992,893
Equipment	1,780,235	3,399	2,807	1,786,441
Vehicles	569,106	-	-	569,106
Water distribution system	4,326,347	-	-	4,326,347
Sewer system	898,796	-	(2,807)	895,989
Electrical system	2,732,460	17,057	-	2,749,517
Total	<u>12,299,837</u>	<u>20,456</u>	<u>-</u>	<u>12,320,293</u>
Accumulated depreciation for:				
Buildings	(631,092)	(30,373)	-	(661,465)
Equipment	(1,489,959)	(34,531)	-	(1,524,490)
Vehicles	(550,713)	(13,786)	-	(564,499)
Water distribution system	(3,909,302)	(34,205)	-	(3,943,507)
Sewer system	(529,911)	(8,498)	-	(538,409)
Electrical system	(2,559,519)	(8,449)	-	(2,567,968)
Total accumulated depreciation	<u>(9,670,496)</u>	<u>(129,842)</u>	<u>-</u>	<u>(9,800,338)</u>
Total capital assets, being depreciated, net	<u>2,629,341</u>			<u>2,519,955</u>
Business-type activities capital assets, net	<u>\$ 17,867,563</u>			<u>\$ 20,419,505</u>

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TOWN OF LUSK, WYOMING
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

2. CAPITAL ASSETS (Continued)

Depreciation expense for the fiscal year ended June 30, 2024, was charged to the following activities in the statement of activities.

Governmental Activities:

General Government	\$ 44,032
Public Safety	72,796
Streets and Public Works	56,682
Parks and Recreation	21,738
Airport	85,813
	<u>281,061</u>

Business-Type Activities:

Electric	10,960
Water	36,796
Sanitation	55,754
Sewer	29,139
	<u>132,649</u>
Total depreciation expense	<u><u>\$ 413,710</u></u>

3. INTERFUND ACTIVITY

Transfers are used to move cash to the fund for which statute or budget requires the expenditure to be made and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The primary government's interfund receivable and payable balances for the year ended June 30, 2024, were as follows:

	Due from Other Funds	Due to Other Funds	Net
Governmental Activities:			
General Fund	\$ 28,687	\$ 900,513	\$ (871,826)
1% Specific Purpose Tax	900,513	-	900,513
	<u>\$ 929,200</u>	<u>\$ 900,513</u>	<u>\$ 28,687</u>
Business-type Activities:			
Water	\$ -	\$ 13,487	\$ (13,487)
Sewer	-	15,200	(15,200)
	<u>-</u>	<u>28,687</u>	<u>(28,687)</u>
	<u><u>\$ 929,200</u></u>	<u><u>\$ 929,200</u></u>	<u><u>\$ -</u></u>

These balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursed expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

TOWN OF LUSK, WYOMING
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

4. DEBT

The following is a summary of long-term liability transactions for the Town for the year ended June 30, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within one year
<u>Primary Government</u>					
Governmental Activities:					
Notes payable:					
Phase 1 street replacement	\$ 3,764,898	\$ 755,814	\$ -	\$ 4,520,712	\$ -
Phase 2 street replacement	1,624,313	1,650,177	-	3,274,490	-
Total notes payable	5,389,211	2,405,991	-	7,795,202	-
Lease liabilities:					
Shop heaters	15,732	-	3,146	12,586	3,146
Total lease liabilities	15,732	-	3,146	12,586	3,146
Net pension liability (Note 5)	1,265,051	-	504,967	760,084	-
Total governmental activities	<u>\$ 6,669,994</u>	<u>\$ 2,405,991</u>	<u>\$ 508,113</u>	<u>\$ 8,567,872</u>	<u>\$ 3,146</u>
Business-Type Activities:					
Notes payable:					
Water Fund					
Water system replacement	\$ 5,217,165	\$ 1,823,493	\$ 78,451	\$ 6,962,207	\$ 79,477
Total Water Fund	5,217,165	1,823,493	78,451	6,962,207	79,477
Sanitation Fund					
Transfer station	306,400	-	21,886	284,514	21,886
MSW Cease and Transfer	75,030	-	4,689	70,341	4,689
Total Sanitation Fund	381,430	-	26,575	354,855	26,575
Sewer Fund					
Sewer system replacement	4,904,012	1,211,253	3,079,533	3,035,732	78,980
Total Sewer Fund	4,904,012	1,211,253	3,079,533	3,035,732	78,980
Total notes payable	10,502,607	3,034,746	3,184,559	10,352,794	185,032
Net pension liability (Note 5)					
Electric Fund	172,281	-	11,968	160,313	-
Water Fund	96,819	-	17,114	79,705	-
Sanitation Fund	124,608	-	26,285	98,323	-
Sewer Fund	96,819	-	17,114	79,705	-
Total business-type activities	<u>\$ 10,993,134</u>	<u>\$ 3,034,746</u>	<u>\$ 3,257,040</u>	<u>\$ 10,770,840</u>	<u>\$ 185,032</u>

TOWN OF LUSK, WYOMING
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

4. DEBT (Continued)

Governmental Activities

Phase 1 Street Replacement, Phase 2 Street Replacement - Capital Construction: The Town has obtained multiple capital construction loans (CCL-21005 and CL-21008) with a 2.50 percent interest rate from the State of Wyoming Office of State Lands and Investments to finance the streets replacement project. As of June 30, 2024 the amount disbursed under these loans was \$7,795,202. As of the date of this report, the project was not complete and had not yet entered into repayment, accordingly a maturity schedule for these loans is not presented in the footnotes.

Shop Heaters: The Town obtained a lease for purchase of shop heaters from Wyoming Local Government Energy Lease Purchase Program with 0% interest, dated February 14, 2018. This money was paid upfront to the Town and was used to purchase new shop heaters. Payments are due in quarterly installments of \$787 through September 2028.

As stated previously, the capital construction loan for the street replacement project is not in repayment, accordingly, the outstanding balance of \$7,795,202 is not included below. Principal and interest payments associated with leases for the year ending June 30 2024, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 3,146	\$ -	\$ 3,146
2026	3,148	-	3,148
2027	3,146	-	3,146
2028	3,146	-	3,146
	<u>\$ 12,586</u>	<u>\$ -</u>	<u>\$ 12,586</u>

Business-type Activities

Transfer Station: The Town obtained a not to exceed \$381,250 loan with zero percent interest from the State of Wyoming Office of State Lands and Investments on June 4, 2015, amended April 17, 2017 not to exceed \$455,500 to finance the Town's transfer station. Total draws on the loan as of June 30, 2024 was \$437,715. As part of the loan agreement, the Town agreed to secure the loan with the sanitation department's revenues generated by user fees.

MSW Cease and Transfer: The Town obtained a not to exceed \$157,500 loan with zero percent interest from the State of Wyoming Office of State Lands and Investments on June 4, 2015, to finance the Town's landfill closure. As part of the loan agreement, the Town agreed to secure the loan with the sanitation department's revenues generated by user fees. Annual payments in the amount of \$4,689 are due on December 1st through 2038.

TOWN OF LUSK, WYOMING
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

4. DEBT (Continued)

Water & Sewer System Replacement Projects: The Town has obtained multiple drinking water and clean water state revolving fund loans (DWSRF-237, DWSRF-237GR, DW242, DW242-GR, CWSRF-186, CWSRF-191) with 2.50 percent interest rates from the State of Wyoming Office of State Lands and Investments to finance the replacement of the Town's water and sewer systems. As part of the loan agreements, the Town agreed to secure the loan with the water/sewer system equipment and all revenues generated by user fees and 6th Penny Tax proceeds. Upon completion of the project and prior to repayment of the loan, the loan shall be granted principal forgiveness up to 57.67 and 75 percent of the drawn loan funds for water and sewer loans, respectively. The Town will be required to pay the accrued loan interest in full at the time of the principal forgiveness award and calculated repayment amounts will be required over 30 years. In a prior year, loans DWSRF-237 and CWSRF-186 had been fully paid off/forgiven. During the year ended June 30, 2024, loan CWSRF-191 had been completed and the Town entered the repayment and forgiveness phase. The amount forgiven during the year ended June 30, 2024, was \$3,039,766. As of the date of this report, loans DW242 and DW242-GR were not closed and had not entered the repayment phase.

Additionally, the Town has obtained multiple loans with the United States Department of Agriculture to finance phase one of the Sewer and Water line projects. These loans, in total, were \$4,935,200, and have interest rates between 1.25 and 1.375 percent. Payments are due annually through April 2063. As of the date of this report, these loans were closed and have entered the repayment phase.

As stated previously, a portion of the water system replacement and sewer system replacement loans are not yet in repayment, accordingly, their outstanding balance of \$4,178,457 are not included below for the business type activities. Principal and interest payments due on long-term capital lease debt for the years ending June 30, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 185,032	\$ 66,310	\$ 251,342
2026	175,392	75,949	251,341
2027	177,394	73,947	251,341
2028	179,421	71,921	251,342
2029	181,474	69,867	251,341
2030 - 2034	917,279	317,451	1,234,730
2035 - 2039	972,959	261,864	1,234,823
2040 - 2044	921,504	201,327	1,122,831
2045 - 2049	985,173	138,659	1,123,832
2050 - 2054	914,440	70,580	985,020
2055 - 2059	305,607	29,093	334,700
2060 - 2064	258,662	8,528	267,190
	<u>\$ 6,174,337</u>	<u>\$ 1,385,496</u>	<u>\$ 7,559,833</u>

TOWN OF LUSK, WYOMING
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

5. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM

The Town employees participate in either the Public Employee Pension Plan or the Law Enforcement Pension Plan within the Wyoming Retirement System (WRS or the Plan), which is a multiple employer cost sharing defined benefit plan. GASB standards require that the Town recognize a liability for its proportionate share of the net pension liability. This proportion is required to be determined on a basis that is consistent with the manner in which contributions to the plan are determined. The Town derived their portion of the net pension liability by applying the actual contribution as a percentage of total contributions to the Plan.

In addition to reporting the Town's share of the net pension liability, deferred inflows and deferred outflows on the statement of net position and the related expense on the statement of activities, this standard requires the Town to present two additional schedules in the required supplementary information section of this report.

These two additional schedules are referred to as: Schedule of Proportionate Share of the Net Pension Liability and the Schedule of Contributions.

Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and pension expense, this information has been determined using the same basis as reported by WRS. Benefit payments are recognized when due and payable in accordance with benefit terms and investments are reported at fair value.

Actuarial Valuation

Public Employee Pension Plan: An actuarial valuation of the Plan's assets and net pension liability is performed annually. At the date of the most recent actuarial valuation, January 1, 2024, the fiduciary net position as a percentage of total pension liability increased from 75.47 percent on January 1, 2023 to 80.19 percent on January 1, 2024. The net pension liability as a percentage of covered payroll decreased from 151.36 percent to 120.86 percent as of January 1, 2023 and 2024 respectively. The net pension liability was \$2.27 billion as of January 1, 2024 compared to \$2.73 billion as of January 1, 2023. This is an decrease from the prior year.

Law Enforcement Pension Plan: An actuarial valuation of the Plan's assets and net pension liability is performed annually. At the date of the most recent actuarial valuation, January 1, 2024, the fiduciary net position as a percentage of total pension liability increased from 70.3 percent on January 1, 2023 to 86.90 percent on January 1, 2024. The net pension liability as a percentage of covered payroll decreased from 211.06 percent to 80.86 percent as of January 1, 2023 and 2024, respectively. The net pension liability was \$135 million as of January 1, 2024 compared to \$340.65 million as of January 1, 2023. This is a decrease from the prior year.

Determination of Tier 1 versus Tier 2 Employees - Public Employee Plan

Tier 1 employees are those whose first contribution to the Plan is on or before September 1, 2012; whereas Tier 2 employees are those whose first contribution to the Plan is after September 1, 2012.

Vesting

Participants are fully vested within the Plan after the equivalent of four years of service for the Public Employee and Law Enforcement Plans.

TOWN OF LUSK, WYOMING
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

5. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM (Continued)

Contributions

As a condition of participation in the Plan, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by Wyoming State Statute and specified by the WRS Board. Contributions are actuarially determined as an amount that is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. The contribution rate for fiscal year 2023 was 18.62 percent for the Public Employee Pension Plan and 17.20 percent for the Law Enforcement Pension Plan.

Benefits – Public Employee Pension Plan

The 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: a 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 adjustment (COLA) provided to retirees must be granted by the State Legislature. In addition, a COLA will not be approved by the legislature unless the plan is 100% funded after the COLA is awarded.

Employees terminating prior to normal retirement can elect to withdraw all employee contributions plus accumulated interest through date of termination or, if they are vested, they may elect to remain in the Plan and be eligible for unreduced retirement benefits at age 60 (Tier 1 employee) or 65 (Tier 2 employee).

Tier 1, 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 the age of 50 or 25 years of service but will result in a reduction of benefits based on the length of time remaining to age 60.

Tier 2, the Plan allows for normal retirement after four years of service and the attainment of age 65. Early retirement is allowed provided the employee has completed four years of service and attained age 55, or 25 or more years of service but will result in a reduction of benefits based on the length of time remaining until age 65. All employees may also retire upon normal retirement on the basis that the sum of the member's age and service is at least 85.

Benefits – Law Enforcement Pension Plan

The Plan statutorily provides retirement, disability and death benefits according to predetermined amounts determined by salary, age and years of service of the participant. Any cost-of-living adjustment 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. Participants may withdraw from the Plan at any time and receive refunds of participant contributions plus accumulated interest.

Actuarial Assumptions

An actuarial valuation of each WRS defined benefit plan is performed annually. The funded status of each plan is shown in the Schedules of Funding Progress, which is located in the Actuarial section of the WRS ACFR. It is important to note that in November 2021 and also in February 2022, the WRS Board changed assumptions used by the actuary to value the plans. The new assumptions are reflected in the valuation results and have been incorporated into the Town's proportionate share of the net pension liability. 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.

TOWN OF LUSK, WYOMING
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

5. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM (Continued)

For all plans except the Paid Firemen's Pension Plan A, beginning July 1, 2012, all future COLA's must be granted by the State Legislators. In addition, the WRS board cannot recommend the COLA unless the plan is considered actuarially sound, and the unfunded liability must not drop below 100% after the award of the COLA.

The results of the actuarial valuation are dependent upon the actuarial assumptions used. Actual results can and almost certainly will differ, as actual experience deviates from the assumptions. Even seemingly minor changes in the assumptions can materially change the liabilities, calculated contributions rated and funding periods.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected arithmetic returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the Plan's target asset allocation as of January 1, 2024 the best estimates are summarized in the following table.

Asset Class	Target Allocation	Geometric Real Return	Arithmetic Real Return
Tactical cash	0.50%	-0.30%	-0.30%
Gold	1.50%	2.13%	0.70%
Fixed income	20.00%	3.38%	3.80%
Equity	51.50%	6.52%	8.20%
Marketable alternatives	16.00%	4.39%	5.23%
Private markets	10.50%	5.97%	7.48%
Total	100.00%	5.39%	6.61%

Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects 1) a long-term expected rate of return on pension plan investments (to the extent that the Plan's fiduciary net position is projected to be sufficient to pay benefits using a 100-year analysis) and 2) a tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). For purposes of this valuation, the expected rate of return on pension plan investments is 6.80% and the municipal bond rate is 3.77%, which is based upon 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 Municipal GO AA Index as of December 31, 2023.

The projection of cash flows used to determine the rate assumed that plan member contributions and employer contributions will be made at the current contribution rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive 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.

TOWN OF LUSK, WYOMING
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

5. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM (Continued)

Pension Liabilities, Deferred Outflows and Deferred Inflows

The net pension liability was measured as of December 31, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024. The Town's proportion of the net pension liability was based on the Town's share of contributions to the Plan relative to the total contributions of all participating Plan members, the following table presents the changes in the Town's proportion as compared to the prior year:

	Proportionate Share of the Net Pension (The Town's Percentage of total Plan contributions)		
	2024	2023	Increase (Decrease)
Public Employee Pension Plan	0.042606%	0.042330%	0.000276%
Wyoming Law Enforcement Pension Plan	0.156127%	0.175771%	-0.019644%

At June 30, 2024, the composition of the Town's net pension liability is as follows:

	Net Pension Liability
Governmental Activities:	
Public Employee Plan	\$ 549,181
Law Enforcement Plan	210,903
Total	<u>\$ 760,084</u>
Business-Type Activities:	
Electric, Public Employee Pension	\$ 160,313
Water, Public Employee Pension	79,705
Sanitation, Public Employee Pension	98,323
Sewer, Public Employee Pension	79,705
Total	<u>\$ 418,046</u>

TOWN OF LUSK, WYOMING
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

5. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM (Continued)

At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Public Employee Pension Plan	Law Enforcement Pension Plan	Total
Non-cash Pension expense (revenue)	<u>\$ (36,473)</u>	<u>\$ (58,623)</u>	<u>\$ (95,096)</u>
Deferred outflow of resources			
Difference between expected and actual experience	\$ 18,687	\$ 18,344	\$ 37,031
Change in assumptions	9,928	118,322	128,250
Net difference between projected and actual earnings on pension plan investments	-	-	-
Contributions subsequent to the measurement date	<u>76,451</u>	<u>25,172</u>	<u>101,623</u>
Total deferred outflows of resources	<u>\$ 105,066</u>	<u>\$ 161,838</u>	<u>\$ 266,906</u>
Deferred inflows of resources			
Difference between expected and actual experience	\$ 4,225	\$ 11,011	\$ 15,236
Change in assumptions	-	250,514	250,514
Net difference between projected and actual earnings on pension plan investments	<u>34,286</u>	<u>12,718</u>	<u>47,004</u>
Total deferred inflows of resources	<u>\$ 38,511</u>	<u>\$ 274,243</u>	<u>\$ 312,754</u>

The Town reported \$76,451 and \$25,172 for the public employee pension plan and law enforcement pension plan respectively, as deferred outflows of resources related to the pension resulting from the Town's contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the pension will be recognized in pension expense as follows:

	Public Employee Pension Plan		Law Enforcement Pension Plan		Total	
Year ended	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
December 31,						
2024	\$ 17,161	\$ (37,441)	\$ 110,650	\$ (115,618)	\$ 127,811	\$ (153,059)
2025	7,107	(1,070)	21,982	(100,347)	29,089	(101,417)
2026	4,347	-	4,036	(58,278)	8,383	(58,278)
2027					-	-
	<u>\$ 28,615</u>	<u>\$ (38,511)</u>	<u>\$ 136,668</u>	<u>\$ (274,243)</u>	<u>\$ 165,283</u>	<u>\$ (312,754)</u>

TOWN OF LUSK, WYOMING
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

5. PARTICIPATION IN THE WYOMING RETIREMENT SYSTEM (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table sets forth the Town's proportionate share of the net pension liability calculated using the Discount Rate for the Public Employee Plan and the Law Enforcement Plan. This table also presents what the Town's proportionate share would be if it were calculated using a discount rate that is both 1 percentage point higher and lower than the current rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Public Employee Plan	\$ 1,535,989	\$ 967,227	\$ 495,896
Law Enforcement Plan	425,592	210,903	35,344
Total	<u>\$ 1,961,581</u>	<u>\$ 1,178,130</u>	<u>\$ 531,240</u>

Other Detailed Information

For more detailed information regarding the Plan see the separately issued 2023 Wyoming Retirement System Annual Comprehensive Financial Report which is available at <http://retirement.state.wy.us>.

6. JOINT VENTURES

Niobrara County Long Term Recovery Joint Powers Board (NCLTR JPB)

Pursuant to certain provisions of Wyoming State Statutes, the Town entered into an agreement with the Board of Commissioners of Niobrara County, the Town of Manville, Wyoming, and the Town of Van Tassell, Wyoming, to oversee the long term recovery of the areas of the Participating Agencies damaged or otherwise affected by the flood occurring in June of 2015. The NCLTR JPB has the authority to make applications for grants, enter into contracts with organizations or professionals, and to provide a point of contact person, as may be necessary to facilitate the long-term recovery process.

NCLTR JPB consists of five voting members. Each Participating Agency appoints one member. The Participating Agencies shall each own an undivided one-quarter interest in any property, real or personal, acquired by the NCLTR JPB. For the year ended June 30, 2024, the Town paid no monies to NCLTR JPB. This project has been completed, however no formal resolution dissolving the NCLTR JPB has been proposed or approved.

There were no financial transactions entered into by the NCLTR JPB and all funds were processed through Niobrara County.

TOWN OF LUSK, WYOMING
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

7. CONTINGENCIES AND COMMITMENTS

At various times, claims and lawsuits are pending against the Town. The Town is of the opinion that the liability, if any, arising from such claims will not have a material adverse effect on its financial statements. Under the terms of federal and state grants, periodic audits are required, and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. Town management believes disallowances, if any, would not be significant to the Town's financial statements.

Risk of loss: The Town is subject to risk of 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 Town purchased commercial insurance and workers' compensation coverage to minimize their risks of loss. No settlements occurred during the current year, and no significant reduction in coverage against losses from year to year has occurred.

Employees of the Town are covered by the Town's medical plan. The Town's costs for this plan are reflected in the funds paying the coverage, premiums, and administrative costs.

Vendor Contracts: The Town had the remaining construction project commitments at June 30, 2024:

Vendor	Contract Amount	Paid	Contract Remaining
AVI Engineering, Phase 2	\$ 1,777,470	\$ 1,143,757	\$ 633,713
Oftedal Construction- Phase 1	11,129,965	11,255,972	(126,007)
Oftedal Construction- Phase II	15,648,553	14,103,268	1,545,285
Oftedal Construction- 3rd St/Concrete	876,149	580,435	295,714
HDR- TAP Grant Design	276,274	101,977	174,297

8. SOLID WASTE LANDFILL CLOSURE AND POST CLOSURE COSTS

The Town has completed closure of the landfill and is no longer accepting waste. The total outstanding liability associated with the closure of the landfill is listed in Note 4 and is made up of two outstanding notes with the State of Wyoming Office of State Lands and Investment in the Sanitation Fund. The Town expects to incur costs for annual testing to be conducted at the landfill to ensure compliance with all state and federal laws and regulations.

TOWN OF LUSK, WYOMING
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

9. RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. The Town's general liability insurance is provided by participation in the Local Government Liability Pool (LGLP). LGLP manages risk by receiving an annual actuarial assessment of funding needs. The LGLP have never requested a reserve call on its members. All risk management activities are accounted for in each fund as appropriate. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

All property, equipment, and autos owned by the Town, and crime are covered under a policy issued by Alliant Alternative Insurance Services, Inc.

The Town also participates in two other risk management programs: Worker's Compensation Act and Unemployment Compensation Act.

Wyoming Statute 27-14-101 created the Wyoming Worker's Compensation Act, which is administered as an enterprise fund by the State of Wyoming. All employers within the State of Wyoming are participants of this plan unless the employer elects not to be covered under the plan. This Act requires the Town to obtain liability coverage for payment of benefits to employees for job-related injuries and diseases through the Worker's Compensation Fund. This Act provides general protection from suits filed by employees against the Town. The Town makes quarterly payments to the Department of Employment, State of Wyoming.

Wyoming Statute 27-3-101 created the Unemployment Compensation Act. This act requires the Town to pay the cost of the actual claims incurred. For the period ending June 30, 2024, the Town paid no unemployment claims.

10. RELATED PARTY TRANSACTIONS

The Town collects lodging taxes on behalf of the local Lodging Tax Board and forwards the funds collected to the Board on a monthly basis. Payments to the Lodging Tax Board are included in general government expenditures shown in the statement of revenues, expenditures and changes in fund balances – governmental funds – modified cash basis.

11. WYOMING EDUCATORS BENEFIT TRUST

The Town is a member of the Wyoming Educators Benefit Trust, which was established for the purpose of pooling employees to stabilize employee benefit costs. The pool is available to Wyoming public educational employers and public-sector municipalities. The pool is partially self-insured and has developed substantial reserves for long-term financial stability. This financial security is enhanced by purchasing stop loss insurance to protect the Trust from large claims. Centennial Employee Benefit Consultants, Inc. is the exclusive agent/consultant for the Trust and Blue Cross Blue Shield of Wyoming is responsible for payment of claims. The Town pays the premium at the beginning of the month for that respective month's coverage.

TOWN OF LUSK, WYOMING
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

12. SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 23, 2024, the date the financial statements were available to be issued, and there were no matters other than those described above that materially affect the carrying amounts of assets, liabilities, and fund balance as of June 30, 2024.

REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF LUSK, WYOMING
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2024

	Budget Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Taxes:				
Sales and use	\$ 1,325,000	\$ 1,130,000	\$ 1,194,361	\$ 64,361
Property	102,000	102,000	127,330	25,330
Fuels	90,000	90,000	81,156	(8,844)
Cigarette	7,000	7,000	8,223	1,223
Lodging	60,000	60,000	59,198	(802)
Severance and mineral royalties	218,000	218,000	229,599	11,599
Licenses and permits	18,600	18,600	12,263	(6,337)
Wyoming Lottery distribution	15,000	15,000	20,480	5,480
Intergovernmental	1,345,392	1,348,592	544,652	(803,940)
Charges for services	259,400	285,900	251,995	(33,905)
Fines and forfeitures	25,000	30,000	43,121	13,121
Miscellaneous	44,700	104,200	174,480	70,280
Investment earnings	79,000	149,000	188,098	39,098
Total revenues	<u>3,589,092</u>	<u>3,558,292</u>	<u>2,934,956</u>	<u>(623,336)</u>
<u>EXPENDITURES</u>				
General government	965,192	971,192	674,436	(296,756)
Public safety	1,176,650	1,209,900	961,031	(248,869)
Highways and public works	9,454,082	9,024,962	3,352,761	(5,672,201)
Parks and recreation	471,800	472,150	358,627	(113,523)
Airport	368,900	377,500	85,255	(292,245)
Total expenditures	<u>12,436,624</u>	<u>12,055,704</u>	<u>5,432,110</u>	<u>(6,623,594)</u>
Excess of revenues over expenditures - budget basis	<u>\$ (8,847,532)</u>	<u>\$ (8,497,412)</u>	<u>\$ (2,497,154)</u>	<u>\$ (7,246,930)</u>

BUDGETARY TO MODIFIED CASH BASIS REPORTING RECONCILIATION

Excess of revenues over expenditure and other financing uses - budget basis	\$ (2,497,154)
Revenue adjustments	689
Expenditure accruals	<u>318,804</u>
Excess of revenues over (under) expenditures - modified cash basis	<u>\$ (2,177,661)</u>

The notes to financial statements are an integral part of this statement.

TOWN OF LUSK, WYOMING
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
WYOMING RETIREMENT SYSTEM
Last 10 Years

	As of December 31,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered- employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
Public Employee Pension Plan	2014	0.0391000%	\$ 689,203	\$ 675,352	102.05%	79.08%
	2015	0.0373613%	\$ 870,273	\$ 675,036	128.92%	73.40%
	2016	0.0386983%	\$ 935,531	\$ 700,714	133.51%	73.42%
	2017	0.0406228%	\$ 925,932	\$ 721,129	128.40%	76.35%
	2018	0.0415752%	\$ 1,266,084	\$ 724,161	174.83%	69.17%
	2019	0.0415036%	\$ 975,302	\$ 742,525	131.35%	76.83%
	2020	0.0445740%	\$ 968,754	\$ 816,485	118.65%	79.24%
	2021	0.0430427%	\$ 656,282	\$ 783,497	83.76%	86.03%
	2022	0.0423301%	\$ 1,156,804	\$ 795,128	145.49%	75.47%
	2023	0.0426058%	\$ 967,227	\$ 856,947	112.87%	175.47%
Law Enforcement Pension Plan	2014	0.1518000%	\$ 44,737	\$ 237,213	18.86%	94.76%
	2015	0.1289278%	\$ 96,851	\$ 196,816	49.21%	87.49%
	2016	0.1487927%	\$ 112,326	\$ 250,882	44.77%	88.11%
	2017	0.1473563%	\$ 126,792	\$ 228,201	55.56%	87.99%
	2018	0.1694013%	\$ 410,074	\$ 265,462	154.48%	71.22%
	2019	0.1729253%	\$ 149,060	\$ 278,860	53.45%	89.05%
	2020	0.2085562%	\$ 142,074	\$ 350,860	40.49%	91.82%
	2021	0.2001117%	\$ 569,395	\$ 328,952	173.09%	75.62%
	2022	0.1757714%	\$ 598,774	\$ 297,352	201.37%	70.30%
	2023	0.1561274%	\$ 210,903	\$ 283,334	74.44%	170.30%

The notes to financial statements are an integral part of this statement.

TOWN OF LUSK, WYOMING
SCHEDULE OF CONTRIBUTIONS
WYOMING RETIREMENT SYSTEM
Last 10 Years

	For the Year Ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required Contributions	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered employee payroll
Public	2015	\$ 107,178	\$ 107,178	\$ -	\$ 675,352	15.87%
Employee	2016	\$ 112,191	\$ 112,191	\$ -	\$ 675,036	16.62%
Pension Plan	2017	\$ 116,459	\$ 116,459	\$ -	\$ 700,714	16.62%
	2018	\$ 119,852	\$ 119,852	\$ -	\$ 721,129	16.62%
	2019	\$ 123,446	\$ 123,446	\$ -	\$ 725,141	17.02%
	2020	\$ 133,434	\$ 133,434	\$ -	\$ 757,287	17.62%
	2021	\$ 142,437	\$ 142,437	\$ -	\$ 786,078	18.12%
	2022	\$ 148,415	\$ 148,415	\$ -	\$ 797,073	18.62%
	2023	\$ 155,640	\$ 155,640	\$ -	\$ 835,874	18.62%
	2024	\$ 159,563	\$ 159,563	\$ -	\$ 856,947	18.62%
Law	2015	\$ 40,801	\$ 40,801	\$ -	\$ 237,213	17.20%
Enforcement	2016	\$ 33,852	\$ 33,852	\$ -	\$ 196,816	17.20%
Pension Plan	2017	\$ 43,152	\$ 43,152	\$ -	\$ 250,882	17.20%
	2018	\$ 39,251	\$ 39,251	\$ -	\$ 228,201	17.20%
	2019	\$ 45,104	\$ 45,104	\$ -	\$ 262,234	17.20%
	2020	\$ 55,080	\$ 55,080	\$ -	\$ 320,230	17.20%
	2021	\$ 56,605	\$ 56,605	\$ -	\$ 329,100	17.20%
	2022	\$ 56,789	\$ 56,789	\$ -	\$ 330,162	17.20%
	2023	\$ 50,539	\$ 50,539	\$ -	\$ 293,830	17.20%
	2024	\$ 48,733	\$ 48,733	\$ -	\$ 283,334	17.20%

The notes to financial statements are an integral part of this statement.

SUPPLEMENTAL INFORMATION

TOWN OF LUSK, WYOMING
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

Program Title	Federal ALN	State Project Number	Expenditures
U.S. Department of Treasury:			
<i>Passed through State of Wyoming State Loan and Investment Board:</i>			
State and Local Fiscal Recovery Funds	21.027 *		1,504,546
Total U.S. Department of Treasury			1,504,546
Environmental Protection Agency			
<i>Passed through State of Wyoming Office State Lands and Investments:</i>			
Drinking Water State Revolving Fund	66.468 *	DWSRF#237	1,855,758
Clean Water State Revolving Fund	66.458	CWSRF#186	1,211,253
Total Environmental Protection Agency			3,067,011
U.S. Department of Homeland Security			
<i>Passed through State of Wyoming Department of Homeland Security:</i>			
Homeland Security Grant Program	97.067	20-SHSP-LUS-HRP20	47,366
Total U.S. Department of Homeland Security			47,366
Total Federal Funds Expended			\$ 4,618,923

Items with an asterisk (*) are major programs.

The notes to financial statements are an integral part of this statement.

TOWN OF LUSK, WYOMING
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes federal grant activity of the Town of Lusk, Wyoming (the Town). The SEFA presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town.

Summary of Significant Accounting Policies

Federal program expenditures included in the accompanying schedule are presented on the modified cash basis of accounting, the same as the Town of Lusk. Revenues are recognized when they are received. Expenditures are recorded when cash is paid; however, the Town has accrued current liabilities related to payroll and goods and services provided, and long-term obligations related to financing and the Town's portion of an unfunded pension liability. The information in the schedule is presented in accordance with requirements of Title 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

Indirect Cost Rate

The Town has not elected to utilize the 10 percent de minimis indirect cost rate.

Subrecipients

The Town did not pass any portion of federal awards to subrecipients.

Loans Outstanding

For loans without continuing compliance requirements, such loans have been excluded from the table below. Furthermore, adjustments to the June 30, 2023 balances have been made to conform to this principle. The outstanding loans during the year are included in the SEFA. The Town had the following loan balances associated with federal funding outstanding at June 30, 2024:

Program Title	CFDA #	Balance at June 30, 2023	Advances	Payments/ Forgiveness	Balance at June 30, 2024
Drinking Water State Revolving Fund	66.468	\$ 2,354,965	\$ 1,855,758	\$ -	\$ 4,210,723
Clean Water State Revolving Fund	66.458	\$ 2,831,013	\$ 1,211,253	\$ 3,039,766	\$ 1,002,500

OTHER REPORTS

**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***

Independent Auditors' Report

To the Honorable Mayor and Members of the Town Council
Town of Lusk, 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, business-type activities, each major fund, and the aggregate remaining fund information of Town of Lusk (the Town) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 23, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town'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 Town'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'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 did not disclose any 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.

Carver Florek & James, CPAs

Layton, Utah
December 23, 2024



CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Independent Auditors' Report

The Honorable Mayor and Members of the Town Council
Town of Lusk, Wyoming
201 E. 3rd Street
Lusk, Wyoming 82225

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Lusk, Wyoming (the Town) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2024. the Town'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 complied, in all material respects, with the 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, 2024.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town'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.

Caver Florek & James, CPAs

Layton, Utah
December 23, 2024

TOWN OF LUSK, WYOMING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024

SECTION I – Summary of the Auditors’ Results:

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*.

Internal control over financial reporting:

- Material weakness identified? ☐ Yes ☒ No
- Significant deficiency identified? ☐ Yes ☒ No

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:

- Material weakness identified? ☐ Yes ☒ No
- Significant deficiency identified? ☐ Yes ☒ No

An unmodified report was issued regarding compliance for each major program and on internal control over compliance required by the OMB’s Uniform Guidance.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

Identification of major federal programs:

- State and Local Fiscal Recover Funds – ALN 21.027
- Environmental Protection Agency –
Drinking Water State Revolving Fund – ALN 66.468

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee? ☐ Yes ☒ No

**TOWN OF LUSK, WYOMING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024**

SECTION II – GAGAS Financial Statement Findings

None reported.

SECTION III – Federal Awards Findings

None reported.

Status of Prior Audit Findings

2023-001 Segregation of Duties: Resolved.

2023-002 Accounting for Debt Transactions: Resolved.