

CITY OF LANDER, WYOMING
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

**CITY OF LANDER, WYOMING
FINANCIAL REPORT
JUNE 30, 2015**

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INDEPENDENT AUDITOR'S REPORT

TIMOTHY R. FIXTER, CPA, CFE

Honorable Members of the City Council
City of Lander
Lander, Wyoming

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lander, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Lander, as of June 30, 2015, the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The City of Lander implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, and Governmental Accounting Standards Board Statement No. 71, *Transition for Contributions Made Subsequent to the Measurement Date*, in fiscal year 2015. As a result of this required change in accounting principle, the City of Lander recorded a \$1,569,993 reduction in beginning net position. The City of Lander's ending net position also reflects the newly required net pension liability related to its participation in defined benefit retirement systems. See Notes 1, 12, and 16 for further information. Our opinion for the City of Lander is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-9, 43 and 44-46 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Lander's basic financial statements. The combining and individual nonmajor fund financial statements are 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 presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2015, on our consideration of the City of Lander'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lander's internal control over financial reporting and compliance.

McKee, Marburger & Fagnant PC

McKee, Marburger & Fagnant, P.C.
Lander, Wyoming
December 22, 2015

CITY OF LANDER, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

This section of the City of Lander's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended June 30, 2015. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which immediately follows this section.

FINANCIAL HIGHLIGHTS

- The assets of the City of Lander exceeded its liabilities and deferred inflows of resources at June 30, 2015 by \$46,405,019 (net position). Of this amount unrestricted net position of (\$101,151) is broken down as follows: Business-Type (Water and sewer fund) \$1,419,595; and Governmental-Type (General fund) (\$1,520,746). In 2015 the City was also subject to Government Auditing Standard Statements No. 68-71 which required the City to put the City's unfunded portion of the Net Pension Liability on our financial statements. This impacted net position negatively as the total liability was approximately 2.1MM. This also required a restatement of the City's beginning net position of approximately (1.5MM). This liability is not something the City is responsible for paying beyond normal contributions as required by the Wyoming Retirement System.
- Sales tax revenues, mineral royalties and severance taxes, and special state distributions totaled \$4,632,636, while water and sewer utility charges totaled \$2,752,059
- The construction for the new Lander Community & Convention Center is complete. The Center has brought in income of \$65,000 for the ten months it has been opened. The City booked a loan with the enterprise fund for \$1.6 million. Payments will be made annually out of the general fund with a 2.5% interest rate.
- The City of Lander also borrowed monies from the enterprise fund for the fire truck in the amount of \$445,000. With the purchase of this fire truck, it was the fire department's desire to have the City of Lander's ISO rating changed to ensure that the Lander residents would see a decrease in their homeowner's insurance premiums. This has been accomplished and the City of Lander received its notification that the new ISO rating had been changed to a 3x.
- The increases in water and sewer income are related to the rate analysis that was completed last year. New rates began in January 2015 and users will see a rate increase each January. The increase in rates will help pay the loans needed to complete the lagoon projects and waterline transmission replacement. The rate analysis also included monies to be allocated for a replacement fund. The replacement monies allocated will help to offset the expenses the City will incur when working on the optional tax projects. The Black addition upgrades will include new: streets, curbs, gutters, and water and sewer lines. Water usage for the fiscal year June 30, 2015 was down by 110,000,000 gallons. This was anticipated due to the increase in charges for water use.
- The City began using the optional tax monies for larger projects this fiscal year. Some of those projects include: major repairs for Buena Vista concrete, fixing valley pans and construction on the McDougall area of town.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the City of Lander's basic financial statements. The City of Lander's basic financial statements comprise three components: 1) government-wide statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The **statement of net position** presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator as to whether the financial position of the City is improving or deteriorating.

The **statement of activities** presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Lander that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-Type Activities*). The Governmental Activities of the City of Lander include general government, public safety (police, fire, building inspection), public works (streets, parks, and cemetery), community development and services. The Business-Type Activities include the water and sewer systems.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law and bond covenants, however, City Council establishes other funds to help control and manage money for particular purposes. All of the City's funds can be divided into three categories: Governmental Funds, Proprietary Funds and Fiduciary Funds.

Governmental funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. The funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view to cash, the governmental fund operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

Proprietary funds – When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The City's enterprise fund (proprietary fund) is the same as the business-type activity reported in the government-wide financial statements but provide more detail and additional information, such as cash flows.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The City as a Whole

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Lander, assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$46,405,019 for the year ended June 30, 2015.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
ASSETS						
Current and other assets	\$6,551,949	\$4,463,682	\$6,137,176	\$6,115,068	\$12,689,125	\$10,578,750
Notes receivable	0	0	1,918,750	0	1,918,750	0
Capital assets	21,750,528	21,141,880	21,275,927	20,016,529	43,026,455	41,158,409
Total Assets	28,302,477	25,605,562	29,331,853	26,131,597	57,634,330	51,737,159
DEFERRED OUTFLOW OF RESOURCES						
Pension	377,671	0	124,071	0	501,742	0
LIABILITIES						
Current and other liabilities	945,408	1,157,869	1,521,891	272,447	2,467,299	1,430,316
Noncurrent liabilities						
Net pension liability	1,332,653	0	803,078	0	2,135,731	0
Compensated absences	174,781	163,053	58,612	55,416	233,393	218,469
Obligations under capital lease	89,413	105,778	0	0	89,413	105,778
Notes payable	2,038,750	0	0	0	2,038,750	0
Loan advance	0	0	2,264,864	604,738	2,264,864	604,738
Bonds payable	0	0	2,155,000	2,240,000	2,155,000	2,240,000
Total Liabilities	4,581,005	1,426,700	6,803,445	3,172,601	11,384,450	4,599,301
DEFERRED INFLOW OF RESOURCES						
Community center advances	106,136	446,286	0	0	106,136	446,286
Property taxes	240,467	240,016	0	0	240,467	240,016
	346,603	686,302	0	0	346,603	686,302
NET POSITION						
Net investment in capital assets	21,408,719	20,855,422	18,977,315	17,641,113	40,386,034	38,496,535
Restricted for:						
Endowment - spendable	550,624	600,648	0	0	550,624	600,648
Special projects	240,338	111,219	0	0	240,338	111,219
Debt service	53,243	53,243	0	0	53,243	53,243
Payment of bonds	0	0	184,130	184,130	184,130	184,130
Loan guarantee	0	0	146,512	146,512	146,512	146,512
Plant maintenance	0	0	700,000	700,000	700,000	700,000
Committed						
Optional Sales tax	2,989,151	1,651,525	0	0	2,989,151	1,651,525
Assigned						
Special Projects	6,211	6,211	0	0	6,211	6,211
Replacement fund	0	0	558,927	0	558,927	0
Principal payments on loans	0	0	616,000	150,000	616,000	150,000
Retirement payout	25,000	0	50,000	50,000	75,000	50,000
Unrestricted	(1,520,746)	214,292	1,419,595	4,087,241	(101,151)	4,301,533
Total Net Position	\$23,752,540	\$23,492,560	\$22,652,479	\$22,958,996	\$46,405,019	\$46,451,556

City of Lander, Wyoming
Management's Discussion and Analysis
June 30, 2015

The City's assets total \$57.6 million and \$55.1 million as of June 30, 2015 and 2014, respectively. Of that amount, approximately 80% are capital assets as of both June 30, 2015 and 2014. The City has liabilities of approximately \$11.4 million and \$4.6 million as of June 30, 2015 and 2014, respectively.

This section contains a condensed comparison of revenues and expenses and explanations for significant differences. The following table shows the summarized revenues and expenses for fiscal year 2015 compared to 2014.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
REVENUES						
Program Revenues						
Charges for services	\$729,476	\$802,242	\$3,082,496	\$3,195,835	\$3,811,972	\$3,998,077
Operating grants & contributions	67,120	1,944,539	0	0	67,120	1,944,539
Capital grants & contributions	126,672	1,225,503	0	0	126,672	1,225,503
General Revenues						
Property & vehicle taxes	682,138	627,090	0	0	682,138	627,090
Sales & use tax	3,331,660	3,232,675	0	0	3,331,660	3,232,675
Franchise fees	362,243	384,546	0	0	362,243	384,546
Other taxes	326,900	297,489	0	0	326,900	297,489
Mineral taxes	475,117	474,541	0	0	475,117	474,541
Severance taxes	279,013	277,391	0	0	279,013	277,391
Special state distributions	546,846	632,633	0	0	546,846	632,633
Investment earnings	6,325	10,101	9,994	16,235	16,319	26,336
Gain (loss) on sale of assets	6,500	0	0	0	6,500	0
Other revenue	44,623	49,286	0	0	44,623	49,286
Transfers	0	(602,326)	0	602,326	0	0
Total Revenues	6,984,633	9,355,710	3,092,490	3,814,396	10,077,123	13,170,106
EXPENSES						
Current						
General government	939,544	406,938	0	0	939,544	406,938
Public safety	2,628,527	2,475,018	0	0	2,628,527	2,475,018
Public works	2,233,537	1,720,014	0	0	2,233,537	1,720,014
Water & wastewater	0	0	2,752,059	2,585,232	2,752,059	2,585,232
Total Expenses	5,801,608	4,601,970	2,752,059	2,585,232	8,553,667	7,187,202
Increase (decrease) in net position	\$1,183,025	\$4,753,740	\$340,431	\$1,229,164	\$1,523,456	\$5,982,904

Governmental and business-type activities saw increases in net position of approximately \$1.5 million and \$6.0 million, respectively, for fiscal year 2015 and 2014. The decrease in governmental and business-type net position over prior year was primarily a result of a large project paid during the period.

The City's Funds

Information on the City's major Governmental Funds begins on page 12. These funds are accounted for using the modified accrual basis of accounting. As the City completed the year, its Governmental Funds reported a combined fund balance of \$5,494,567 in 2015 and \$2,788,195 in 2014. Of that fund balance in 2015, \$1,693,313 was unassigned and was available for spending at the City's discretion (factoring in the community center which is technically part of the general fund), while in 2014 the funds available for spending at the City's discretion were \$1,865,817. The remainder of the fund balance is not available for new spending because it is already restricted as follows:

City of Lander, Wyoming
Management's Discussion and Analysis
June 30, 2015

	<u>2015</u>	<u>2014</u>
Reserved for Special Projects	\$240,338	\$111,219
Reserved for Senior Endowment	550,624	600,648
Reserved for Debt Service	53,243	53,243
Reserved for Capital Projects	0	0

The General Fund accounts for all of the general services provided by the City of Lander. At the end of 2015, the fund balance of the General Fund totaled \$6,777,097. At the end of 2014, the General Fund Balance totaled \$3,254,831. This increase is due to the borrowing for the community center and the fire truck, as well accumulation of optional sales tax monies which total \$2,989,151, and are committed.

<u>Revenues by Source - General Fund</u>	<u>2015</u>	<u>2014</u>
Taxes	81%	72%
Licenses & Fees	2%	2%
Fines & Forfeitures	2%	3%
Intergovernmental	10%	18%
Charges for Services	4%	3%
Other Revenue	1%	1%
Rent	1%	1%
Total	100%	100%

General government expenditures include all administrative functions of the City (i.e., Council, Clerk, Treasurer, Finance, Attorney, Municipal Court, Economic Development and Planning, and Other General Accounts. Public Safety includes Police, Fire, Building Inspector, Emergency Management and Compliance, Engineering, and Weed and Pest. Public Works includes Streets and Alleys, Building Repair and Maintenance, Airport, Cemetery, Maintenance Shop, Parks and Recreation, Rodeo Grounds, and Public Works Administration.

General Fund Expenses by Function

	<u>2015</u>	<u>2014</u>
General Government	\$685,847	\$718,743
Public Safety	2,304,683	2,311,194
Public Works	1,641,329	1,831,836
Capital Outlay	623,294	1,175,962
Principal Retirement	2,500	2,500
Total	<u>\$5,257,653</u>	<u>\$6,040,235</u>

General Fund Budgetary Highlights

Over the course of the year, the City Council revised the City budget one time. All of the recommended amendments for budget changes came through the City Treasurer's office to City Council via Resolution. Budget Amendments require a public hearing and the opportunity for public discussion. The budget was amended due to increase/decrease between government departments and decrease in revenue.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2015 amounts to \$40.7 million. This amount excludes infrastructure assets constructed prior to July 1, 2003.

Major capital additions during fiscal year 2015 included equipment for the public works department. Also there was construction of the Community Center and high pressure waterline, lagoon upgrades and a new fire truck. The table below provides a summary of capital assets at June 30, 2015 compared to June 30, 2014.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Land	\$2,530,340	\$2,530,340	\$0	\$0	\$2,530,340	\$2,530,340
Construction in Progress	513,528	5,156,848	2,971,630	1,001,771	3,485,158	6,158,619
Building & Improvements	13,529,735	7,876,279	323,264	307,400	13,852,999	8,183,679
Equipment	3,026,036	3,050,624	1,436,717	1,436,717	4,462,753	4,487,341
Vehicles	3,325,963	3,563,101	257,199	257,199	3,583,162	3,820,300
Office Furniture	141,416	141,416	108,648	108,648	250,064	250,064
Infrastructure	7,462,939	7,269,654	0	0	7,462,939	7,269,654
Water Distribution System	0	0	23,566,483	23,566,483	23,566,483	23,566,483
Sewer Service System	0	0	6,861,148	6,861,148	6,861,148	6,861,148
Total Net Assets	\$30,529,957	\$29,588,262	\$35,525,089	\$33,539,366	\$66,055,046	\$63,127,628

The City remains committed to the upkeep and maintenance of the City's largest assets.

Debt

Note 11 to the financial statement, pages 33 and 34 provide a summary of the City's long-term debt.

Long-Term Debt – Bonds

Business-Type Activities

Water Revenue Bonds – Water Treatment Plant Improvements	\$2,155,000
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Economic Factors and Next Year's Budgets and Rates

The sales tax collected for the year ended June 30, 2015 was up slightly over the prior year, however, not enough to have a large impact on the budget. The optional tax monies for the complete year were approximately \$1.5 million. The major reconstruction of streets, curbs, gutters, and water and sewer lines in the Black addition commenced in the summer of 2015 and are slated for completion in the fall. The Dillon addition reconstruction project will be bid out in the Spring of 2016 and completed by the fall of 2016. These projects will use most of the monies that have been collected from the optional tax since its inception. The City will work aggressively promoting the optional tax and the projects paid for by this tax. This tax will be up for re-election in 2016.

Future forecasts for the upcoming year for sales tax and state monies are bleak. The Governor's budget currently shows over a 50 percent reduction for cities and towns. The City expects departments to make cuts for the 2016 year so that carryover numbers will be larger going into the 2017 fiscal year. Forecasts for the State of Wyoming due to the decline in oil and gas are dim for a projected four-year period.

The lagoon upgrades are moving forward with the approval of the SLIB board for additional funding to increase the scope of the project. The City will review the sewer rates at the end of 2016 to ensure adequate income will be available for the needs of the enterprise fund.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the city's finances and to show the City's accountability for the funds and assets it received. If you have questions about this report, or should you need additional financial information, contact the City Treasurer's Office at City of Lander, 240 Lincoln Street, Lander, WY 82520.

Government-Wide Financial Statements

CITY OF LANDER, WYOMING
STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Other cash and investments	\$ 5,614,197	\$ 3,461,809	\$ 9,076,006
Cash with fiscal agent	77,436	0	77,436
Restricted cash	0	220,667	220,667
Receivables, net			
Taxes receivable	605,141	0	605,141
Intergovernmental and grants receivable	63,565	1,136,283	1,199,848
Accounts receivable	85,474	271,630	357,104
Pledges receivable	106,136	0	106,136
Grants receivable	0	961,601	961,601
Current portion of notes receivable	0	31,250	31,250
Inventory	0	53,936	53,936
Total Current Assets	<u>6,551,949</u>	<u>6,137,176</u>	<u>12,689,125</u>
Noncurrent Assets			
Notes receivable	0	1,918,750	1,918,750
Fixed assets, net of accumulated depreciation	<u>21,750,528</u>	<u>21,275,927</u>	<u>43,026,455</u>
TOTAL ASSETS	<u>\$ 28,302,477</u>	<u>\$ 29,331,853</u>	<u>\$ 57,634,330</u>
DEFERRED OUTFLOW OF RESOURCES			
Pension	<u>377,671</u>	<u>124,071</u>	<u>501,742</u>
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>377,671</u>	<u>124,071</u>	<u>501,742</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	\$ 81,317	\$ 735,752	\$ 817,069
Internal balances	611,695	622,657	1,234,352
Advances on water sewer services		19,870	19,870
Current portion of long-term liabilities	<u>252,396</u>	<u>143,612</u>	<u>396,008</u>
Total Current Liabilities	<u>945,408</u>	<u>1,521,891</u>	<u>2,467,299</u>
Noncurrent Liabilities			
Net pension liability	1,332,653	803,078	2,135,731
Compensated absences	174,781	58,612	233,393
Obligations under capital lease	89,413	0	89,413
Notes payable	2,038,750	0	2,038,750
Loan advances	0	2,264,864	2,264,864
Bonds payable	<u>0</u>	<u>2,155,000</u>	<u>2,155,000</u>
Total Noncurrent Liabilities	<u>3,635,597</u>	<u>5,281,554</u>	<u>8,917,151</u>
TOTAL LIABILITIES	<u>4,581,005</u>	<u>6,803,445</u>	<u>11,384,450</u>
DEFERRED INFLOW OF RESOURCES			
Community center advances	106,136	0	106,136
Property taxes	<u>240,467</u>	<u>0</u>	<u>240,467</u>
TOTAL DEFERRED INFLOW OF RESOURCES	<u>346,603</u>	<u>0</u>	<u>346,603</u>
NET POSITION			
Net investment in capital assets	21,408,719	18,977,315	40,386,034
Restricted			
Endowment - spendable	550,624	0	550,624
Special projects	240,338	0	240,338
Debt service	53,243	0	53,243
Payment of bonds	0	184,130	184,130
Loan guarantee	0	146,512	146,512
Plant maintenance	0	700,000	700,000
Committed			
Optional 1% sales tax	2,989,151	0	2,989,151
Assigned			
Special projects	6,211	0	6,211
Assigned slib loan reserves	0	616,000	616,000
Assigned replacement fund	0	558,927	558,927
Retirement payout	25,000	50,000	75,000
Unrestricted	<u>(1,520,746)</u>	<u>1,419,595</u>	<u>(101,151)</u>
TOTAL NET POSITION	<u>\$ 23,752,540</u>	<u>\$ 22,652,479</u>	<u>\$ 46,405,019</u>

See Notes to Financial Statements

**CITY OF LANDER, WYOMING
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Services	Expenses	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-Type Activities
Governmental Activities						
General government	\$ 110,830	\$ 939,544	\$ 0	\$ 0	\$ (828,714)	\$ 0
Public safety	428,420	2,628,527	7,227	0	(2,192,880)	0
Public works	190,226	2,233,537	59,893	126,672	(1,856,746)	0
Total Governmental Activities	729,476	5,801,608	67,120	126,672	(4,878,340)	0
Business-Type Activities						
Water and sewer	3,082,496	2,752,059	0	0	0	330,437
Total Primary Government	3,811,972	8,553,667	67,120	126,672	(4,878,340)	330,437
					<u>\$ (4,878,340)</u>	<u>\$ (4,547,903)</u>
General revenues						
Property and vehicle taxes					\$ 682,138	\$ 0
Sales tax, use tax, and optional 1% tax					3,331,660	0
Franchise fees					362,243	0
Other taxes					326,900	0
Mineral royalties					475,117	0
Severance taxes					279,013	0
Special state distributions					546,846	0
Investment earnings					6,325	9,994
Gain (loss) on sale of capital assets					6,500	0
Other revenue					44,623	0
Transfers					0	0
Total general revenues and transfers					6,061,365	9,994
Change in net position					1,183,025	340,431
Net position - beginning - as restated					22,569,515	22,312,048
Net position - ending					<u>\$ 23,752,540</u>	<u>\$ 22,652,479</u>
						<u>\$ 46,405,019</u>

See Notes to Financial Statements

Fund Financial Statements

**CITY OF LANDER, WYOMING
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	General Fund	Senior Center Trust Permanent Fund	Community Center	Other Governmental Funds	Total Governmental Funds
ASSETS					
Other cash and investments	\$ 4,986,598	\$ 557,967	\$ 0	\$ 0	\$ 5,544,565
Cash with fiscal agent	77,436	0	0	0	77,436
Receivables, net					
Taxes	605,141	0	0	0	605,141
Intergovernmental and grants	12,940	0	0	50,625	63,565
Accounts	57,038	0	0	0	57,038
Pledges	0	0	106,136	0	106,136
Due from other funds	2,315,875	0	0	69,633	2,385,508
Total Assets	\$ 8,055,028	\$ 557,967	\$ 106,136	\$ 120,258	\$ 8,839,389
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable and accrued expenses	\$ 51,383	\$ 3,599	\$ 2,647	\$ 23,689	\$ 81,318
Due to other funds	968,314	3,744	1,820,437	106,639	2,899,134
Grant advances	12,658	0	0	0	12,658
Total Liabilities	1,032,355	7,343	1,823,084	130,328	2,993,110
DEFERRED INFLOW OF RESOURCES					
Community center advances	0	0	106,136	0	106,136
Property taxes	245,576	0	0	0	245,576
Total Deferred Inflow of Resources	245,576	0	106,136	0	351,712
Fund Balances					
Restricted for					
Endowment - spendable	0	550,624	0	0	550,624
Special projects	240,338	0	0	0	240,338
Debt service	0	0	0	53,243	53,243
Committed					
Optional 1% sales tax	2,989,151	0	0	0	2,989,151
Assigned					
Special projects	6,211	0	0	0	6,211
Retirees	25,000	0	0	0	25,000
Permanent fund					
Debt service fund	0	0	0	16,390	16,390
Unassigned					
General fund	3,516,397	0	(1,823,084)	0	1,693,313
Special revenue funds	0	0	0	(79,703)	(79,703)
Total Fund Balances	6,777,097	550,624	(1,823,084)	(10,070)	5,494,567
Total Liabilities, Deferred Inflows, and Fund Balance	\$ 8,055,028	\$ 557,967	\$ 106,136	\$ 120,258	\$ 8,839,389

Total Fund Balances from above	\$ 5,494,567
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.	21,750,528
Taxes receivable are not available to pay current period expenditures, and therefore are deferred in the funds.	17,767
Deferred outflows of resources related to pensions are applicable to future periods and, therefore, not reported in the governmental fund statements	377,671
Long-term liabilities, including compensated absences, are not due in the current period, and therefore are not reported in the funds.	(2,555,340)
Net pension liability	(1,332,653)
Net Assets of Governmental Activities	\$ 23,752,540

See Notes to Financial Statements

CITY OF LANDER
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	General Fund	Senior Center Trust Permanent Fund	Community Center	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 5,523,028	\$ 0	\$ 0	\$ 0	\$ 5,523,028
Licenses and fees	159,613	0	0	0	159,613
Fines and forfeitures	117,571	0	0	0	117,571
Intergovernmental	678,875	0	0	256,655	935,530
Charges for services	239,263	0	65,227	0	304,490
Investment income	6,325	478	0	0	6,803
Rent	54,657	0	0	0	54,657
Insurance proceeds	0	0	124,285	0	124,285
Other revenue	50,587	0	637,034	0	687,621
Total Revenues	<u>\$ 6,829,919</u>	<u>\$ 478</u>	<u>\$ 826,546</u>	<u>\$ 256,655</u>	<u>\$ 7,913,598</u>
EXPENDITURES					
Current					
General government	\$ 685,847	\$ 50,502	\$ 131,364	\$ 0	\$ 867,713
Public safety	2,304,683	0	0	10,063	2,314,746
Public works	1,641,329	0	0	220,898	1,862,227
Debt service					
Principal retirement	2,500	0	0	0	2,500
Capital outlay	623,294	0	0	4,219	627,513
Community center	0	0	1,632,527	0	1,632,527
Total Expenditures	<u>5,257,653</u>	<u>50,502</u>	<u>1,763,891</u>	<u>235,180</u>	<u>7,307,226</u>
Excess of revenues over (under) expenditures	<u>1,572,266</u>	<u>(50,024)</u>	<u>(937,345)</u>	<u>21,475</u>	<u>606,372</u>
OTHER FINANCING SOURCES (USES)					
Other financing sources - fire truck	445,000	0	0	0	445,000
Other financing sources - community center	1,505,000	0	150,000	0	1,655,000
Total Other Financing Sources (Uses)	<u>1,950,000</u>	<u>0</u>	<u>150,000</u>	<u>0</u>	<u>2,100,000</u>
Excess of revenues and other sources over expenditures and other uses	<u>3,522,266</u>	<u>(50,024)</u>	<u>(787,345)</u>	<u>21,475</u>	<u>2,706,372</u>
FUND BALANCES - JULY 1	<u>3,254,831</u>	<u>600,648</u>	<u>(1,035,739)</u>	<u>(31,545)</u>	<u>2,788,195</u>
FUND BALANCES - JUNE 30	<u>\$ 6,777,097</u>	<u>\$ 550,624</u>	<u>\$ (1,823,084)</u>	<u>\$ (10,070)</u>	<u>\$ 5,494,567</u>

See Notes to Financial Statements

CITY OF LANDER, WYOMING
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Amounts reported for governmental activities in the statement of activities (page 11)
are different because:

Net change in fund balances - total governmental funds (page 13)	\$ 2,706,372
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$1,759,387) exceeded depreciation expense (\$633,329) in the current period.	1,126,058
Governmental funds recognize loan proceeds and expenditures for purchases of assets obtained by notes payable. However, no proceeds, and only non-capital expenses are included in the statement of net position.	(2,100,000)
Proceeds from capital leases and loans provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment on capital leases and loans is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	16,634
In the statement of activities, the loss on the sale/disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale of capital assets increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the assets sold/disposed of.	(504,404)
Governmental funds report City pension contributions as expenditures. However in the Statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense	
City pension contributions subsequent to measurement date	174,413
Cost of benefits earned net of employee contributions (pension expense from pension schedule)	(206,350)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	5,772
Some expenses reported in the statement of activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.	(35,470)
Change in Net Position of Government Activities (page 11)	<u>\$ 1,183,025</u>

CITY OF LANDER, WYOMING
STATEMENT OF NET POSITION
BUSINESS-TYPE ACTIVITIES - PROPRIETARY FUND
JUNE 30, 2015

	<u>Water and Sewer Fund</u>
ASSETS	
Current assets	
Other cash and investments	\$ 3,461,809
Restricted cash	220,667
Accounts receivable, net	271,630
Grants receivable	961,601
Due from other funds	1,136,283
Current portion of notes receivable	31,250
Inventory	<u>53,936</u>
Total Current Assets	<u>6,137,176</u>
Noncurrent assets	
Note receivable from general fund	1,918,750
Fixed assets, net	<u>21,275,927</u>
Total Noncurrent Assets	<u>23,194,677</u>
Total Assets	<u>\$ 29,331,853</u>
DEFERRED OUTFLOW OF RESOURCES	
Pension	<u>124,071</u>
LIABILITIES	
Current liabilities	
Accounts payable and accrued expenses	735,752
Deferred revenue	19,870
Due to other funds	622,657
Current portion of long-term liabilities	<u>143,612</u>
Total Current Liabilities	<u>1,521,891</u>
Noncurrent liabilities	
Compensated absences	58,612
Net pension liability	803,078
Loan advances	2,264,864
Bonds payable	<u>2,155,000</u>
Total Noncurrent Liabilities	<u>5,281,554</u>
Total Liabilities	<u>6,803,445</u>
NET POSITION	
Net investment in capital assets	18,977,315
Restricted	
Payment of bonds	184,130
Slb loan reserves	146,512
Plant maintenance	700,000
Assigned	
Assigned slib loan reserves	616,000
Assigned replacement fund	558,927
Retirement payouts	50,000
Unassigned	<u>1,419,595</u>
Total Net Position	<u><u>\$ 22,652,479</u></u>

See Notes to Financial Statements

CITY OF LANDER, WYOMING
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
BUSINESS-TYPE ACTIVITIES - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Water and Sewer Fund
OPERATING REVENUES	
Charges for goods and services	\$ 3,082,496
Total Operating Revenues	<u>3,082,496</u>
OPERATING EXPENSES	
Salaries and benefits	1,245,026
Contractual services	234,414
Materials and supplies	375,092
Depreciation	<u>726,327</u>
Total Operating Expenses	<u>2,580,859</u>
Operating income (loss)	<u>501,637</u>
NONOPERATING REVENUES (EXPENSES)	
Investment income	9,994
Interest expense	(106,493)
Other nonoperating expenses	<u>(64,707)</u>
Total Nonoperating Revenues (Expenses)	<u>(161,206)</u>
Income (loss) before contributions and transfers	340,431
Transfers in (out)	<u>0</u>
Change in Net Position	340,431
TOTAL NET POSITION - JULY 1- AS RESTATED	<u>22,312,048</u>
TOTAL NET POSITION - JUNE 30	<u><u>\$ 22,652,479</u></u>

See Notes to Financial Statements

**CITY OF LANDER, WYOMING
STATEMENT OF CASH FLOWS
BUSINESS-TYPE ACTIVITIES - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2015**

	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from service users	\$ 2,208,812
Cash paid for goods and services	(529,738)
Cash paid to employees	(1,209,771)
Net cash provided by (used for) operating activities	<u>469,303</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest paid on debt	(106,493)
Loan advances	1,660,126
Principal paid on notes payable	(76,804)
Net cash provided by (used in) capital and related financing activities	<u>1,476,829</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	(1,985,723)
Investment income	9,992
Net cash provided by investing activities	<u>(1,975,731)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Loans to other funds	<u>(2,014,707)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,044,306)
CASH AND INVESTMENTS IN TREASURY AND OTHER CASH	
Balances - July 1	<u>5,726,782</u>
Balances - June 30	<u><u>\$ 3,682,476</u></u>
RECONCILIATION TO BALANCE SHEET	
Cash in treasury	\$ 0
Other cash and investments	3,682,476
Balances - June 30	<u><u>\$ 3,682,476</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	
Operating income (loss)	\$ 501,637
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	726,327
Change in assets - (increase) decrease	
Accounts receivable	(893,554)
Inventory	(5,327)
Due from other funds (net)	(513,626)
Change in liabilities - increase (decrease)	
Accounts payable and accrued expenses	598,721
Pension liability	32,059
Deferred revenue	19,870
Compensated absences	3,196
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u><u>\$ 469,303</u></u>

See Notes to Financial Statements

Notes to Financial Statements

CITY OF LANDER, WYOMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Lander, Wyoming (the City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant City accounting policies are described below.

A. REPORTING ENTITY

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

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

The accompanying financial statements present the primary government. The City has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by, or dependent on, the City. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. All potential component units have been considered for possible inclusion in the reporting entity.

Related Organizations

The City is responsible for appointing members to the boards of other organizations, but is not accountable for these organizations. The following related organizations are not included in the reporting entity:

- **Airport Board** – five member board, all of which are appointed by the City Council.
- **Parks and Recreation Board** – twelve member board, all of which are appointed by the City Council.
- **Lander Urban Forest Council** – seven member board, all of which are appointed by the City Council.
- **Planning Commission** – seven member board, all of whom are appointed by the City Council.
- **City of Lander Housing Authority** – In February 1979, the City of Lander created a Housing Authority, pursuant to Wyoming Statutes, for the creation and operation of Pushroot Village, a senior citizen housing project. The Housing Authority borrowed \$1,484,000 from the Farmers Home Administration for building the facility, which is payable over 50 years solely from its operating revenues. Although the Authority's Board is appointed by the Mayor and City Council, the City does not have the ability to significantly influence operations, and does not have the absolute authority over all funds vested within its jurisdiction.

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

A. REPORTING ENTITY (cont.)

Jointly Governed Organizations

- *Fremont County Association of Governments (FCAG)* – This is a joint powers board consisting of the following municipalities: Fremont County, Town of Pavillion, Town of Hudson, Town of Shoshoni, Town of Dubois, City of Riverton, and the City of Lander. The FCAG was created to plan, create, expand, finance, and operate any or all of the projects set forth in Section 16-1-104 c., Wyoming Statutes, 1997 amended. The FCAG Board consists of the six mayors of Fremont County and one County Commissioner. The "Mission" of the FCAG is "Cooperating to Enhance Quality Public Services."

The City provides annual support to the FCAG when needed. For the year ended June 30, 2015, the City paid \$5,500 to the FCAG.

A copy of the audited financial statements of the FCAG is available for inspection at their office.

- *Tiger Joint Powers Board (Tiger)* – This is a joint powers board that was created in October 2004 through the joint efforts of the City of Lander and Fremont County School District Number 1. Tiger was formed for the purpose of developing a downtown Lander business park by demolishing the old Lander Valley High School, making improvements to the site, installing infrastructure, and marketing the lots to provide economic development and community improvement. The Tiger board consists of five members, two of whom are appointed by the City of Lander, and three of whom are appointed by Fremont County School District Number 1. Members serve terms of varying length.

The City serves as the pass-through agent on the state grant providing the funding for the project.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds (when applicable), even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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

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

Government-Wide Financial Statements

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and private-purpose trust fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

Fund Financial Statements

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The remaining receivables have been classified as deferred revenues and will be recognized as revenue in the period of the actual receipt. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, other taxes, franchise fees, licenses, and interest associated with the current fiscal period, are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

- **General Fund** – The General Fund is the City's primary operating fund. It accounts for all financial resources not accounted for and reported in another fund.
- **Community Center Fund**- The City's Community Center Fund is part of the general fund but the City has opted to present this fund separately to show the activity separately as this is the first year it has been in operation.
- **Senior Center Trust Permanent Fund** – This fund accounts for the restricted spendable endowment for and the operations of the senior center.

The City reports the following major proprietary fund:

- **Water and Sewer Fund** – The Water and Sewer Fund is an enterprise fund that accounts for the water and sewer services provided to residential and commercial users in the City of Lander.

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

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

Additionally, the City reports the following fund types:

- **Special Revenue Funds** – Special Revenue Funds account for the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.
- **Capital Projects Fund** – Capital Projects Fund accounts for all financial resources that are restricted, committed, or assigned to expenditure for capital outlays.
- **Debt Service Fund** – The Debt Service Fund accounts for all financial resources that are restricted, committed, or assigned to expenditure for principal and interest.
- **Enterprise Fund** – The City's only enterprise fund is the Water and Sewer Fund (see above). An Enterprise Fund accounts for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.
- **Agency Fund** – This fund type accounts for assets which are held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. The City has no agency funds as of June 30, 2015. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.
- **Permanent Fund** – The Senior Center Trust Fund is a permanent fund that accounts for resources that are restricted to the extent that the principal amount, as well as earnings, may be used for maintenance of the City's senior citizen center.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting principles.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the City's enterprise fund is charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. CASH AND CASH EQUIVALENTS

The City considers cash and cash equivalents to consist of all cash, either on hand or in banks, including time deposits and any highly liquid debt instruments purchased with a maturity of three months or less. This definition of cash and cash equivalents is used in the statement of cash flows for proprietary fund types.

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

E. INVESTMENTS

The City follows GASB Codification Section N50. That section requires most investments to be reported at their fair value. Unrealized gains and losses on investments are included in the statements of revenues, expenditures and changes in fund balances for governmental fund types and in the statement of revenues, expenses and changes in fund Net Position for proprietary fund types.

F. ACCOUNTS RECEIVABLE

Water and sewer fund customer accounts receivable and other miscellaneous accounts receivable in the general fund are recorded at the amount the City expects to collect on balances outstanding at year-end. Balances unpaid for more than 30 days are considered past due. The City does not accrue interest on outstanding receivable balances. Water and sewer fund customer accounts receivable balances that are more than 90 days past due are approximately \$20,368 as of June 30, 2015. Miscellaneous accounts receivable in the general fund that are more than 90 days past due are approximately \$0 as of June 30, 2015.

G. ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

Receivables have been reported net of the allowance for uncollectible accounts. The allowance is estimated based on prior experience. The allowance for uncollectible accounts as of June 30, 2015 is \$0.

H. PLEDGES RECEIVABLE

In efforts to replace the City's community center that was lost due to fire in 2012, the City campaigned locally to raise funds towards the construction of a new community center. The City was able to obtain pledges from both commercial and private parties that have various terms related to the length of time they will be fully paid off. Management expects all pledges to be collected according to their terms and has not made an allowance for uncollectible pledges.

I. INVENTORY

Materials and supplies used in the Water and Sewer Fund are carried at cost as inventory and are charged to expense when consumed. Office supplies are reported as an expenditure or expense in the period purchased.

J. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

K. RESTRICTED ASSETS

Certain proceeds of a City capital facilities tax, as well as certain resources set aside for bonded debt repayment, are classified as restricted assets on the government-wide financial statements and governmental funds financial statements balance sheets because their use is limited by applicable debt covenants and/or laws and regulations. The restricted assets are used to report resources set aside to: (1) provide a reserve for debt service, and (2) provide a reserve for endowment.

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

L. CAPITAL ASSETS

Capitalization and Valuation

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Expenditures for capital assets having a useful life greater than five years and a value greater than \$5,000 are capitalized. Individual items having a lesser value may be capitalized if they are purchased in a group. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Approximately \$3,329,400 of capital assets of governmental activities and \$7,000,000 of capital assets of business-type activities are carried at estimated cost. Estimates were made by City personnel. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation Method and Useful Lives

Property, plant, and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	50 years
Equipment	10 years
Office furniture	5-10 years
Vehicles	10-25 years
Water and sewer systems	50 years

Capitalization of Infrastructure

The governmental activities column in the government-wide financial statements does not reflect those infrastructure asset projects completed before July 1, 2003. However, they do reflect those assets that were completed subsequent to June 30, 2003. City management decided the capitalization of infrastructure put in place prior to July 1, 2003 would be cost prohibitive and not useful as a management tool.

M. COMPENSATED ABSENCES

City policy permits employees to accumulate a limited amount of earned, but unused vacation and sick leave. These benefits are payable to employees upon separation from service. All leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported. The computed liability is in compliance with GASB Codification Section C60. The City considers approximately 50 percent of this liability current and due within one year.

N. DEFERRED INFLOW OF RESOURCES

Deferred revenues include: (1) tax levies accrued that are restricted for future fiscal years; (2) amounts pledged to the City for the construction of the community center by private parties that are not contractually binding, but expected to be fully collected.

O. GRANT ADVANCES

Grant advances are amounts received from grant and contract sponsors that have not been earned.

P. INTERFUND BALANCES AND TRANSACTIONS

Interfund Receivables and Payables

All outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

P. INTERFUND BALANCES AND TRANSACTIONS (cont.)

Interfund Transfers

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Q. ESTIMATES

The accounting policies of the City of Lander, Wyoming conform to U.S. generally accepted accounting principles (GAAP) as applicable to governments. Preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and related disclosures. Actual results could differ from those estimates.

R. FUND BALANCE

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

- **Nonspendable fund balance** – amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- **Restricted fund balance** – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions, or by enabling legislation.
- **Committed fund balance** – amounts constrained to specific purposes by the City itself enacted by resolution of the City Council. Committed fund balance cannot be used for any other purpose unless the commitment expires as set forth in the resolution, or a new resolution is enacted by the City Council.
- **Assigned fund balance** – amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates authority.
- **Unassigned fund balance** – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

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

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

The City Council has not elected to adopt a minimum fund balance policy as of June 30, 2015. It is the responsibility of the general fund to cover shortages in fund balance for the other funds besides the enterprise fund. In some cases the City may elect to formally loan money from the enterprise fund to the respective fund with a shortfall.

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

S. NET POSITION

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

- **Restricted for plant maintenance** – As a condition of an EPA construction grant for a wastewater treatment plant, the City is required to fund a reserve account for 20 years at \$35,000 per year. This fund is to be used to obtain and install equipment, accessories and appurtenances during the useful life (20 years) of the wastewater treatment facility. Funding commenced in fiscal year ended June 30, 1984. At June 30, 2015, the funding of this reserve amounted to \$700,000, which is the total required.

As a condition of construction grants and loans from the State Land and Investment Board for an intake structure and a raw/treated water pipeline, the City is required to fund a reserve account in the amount of \$48,110. This reserve account is to be used for repairs and maintenance of both the intake structure, and raw/treated water pipeline, and was fully funded as of June 30, 2015.

- **Restricted for loan guarantee** - In 2012, the City was awarded two loans from the State Land and Investment Board to upgrade water lines and sewage lagoons. As part of the conditions for the loans noted above, the City is required to fund a cumulative debt reserve totaling \$98,402. This fund is to be used for repairs and maintenance on both of the structures.
- **Restricted for Bonds** – As a condition of the issuance of the Series 2003 Water Revenue Bonds, the City is required to fund a reserve account for 10 years at \$18,413 per year. The money in this fund is to be used in the event money in the Bond Fund is insufficient to make payments on the bond when due. Funding commenced on September 1, 2003. At June 30, 2015, the reserve was funded at \$184,130.
- **Unrestricted** – Water and Sewer Fund unrestricted Net Position are restricted by state law for (1) the general operation of the water and sewer fund, and (2) the retirement of any bonds issued to fund the construction of water and sewer plants. Only after all bonds have been retired can water and sewer fund Net Position be transferred to the general fund.

T. RECENTLY ADOPTED ACCOUNTING STANDARDS

The City adopted the following GASB Statements:

The Government Accounting Standards Board Statement (GASB) No. 68, *Accounting and Financial Reporting for Pensions*.

The statement applies to financial reporting by most governments that provide their employees with pension benefits. Statement No. 68 is effective for periods beginning on or after June 15, 2014. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's Wyoming Retirement System (WRS) Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

T. RECENTLY ADOPTED ACCOUNTING STANDARDS (cont.)

The Governmental Accounting Standards Board (GASB) also issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which amends Statement No. 68, *Accounting and Financial Reporting for Pensions*. As currently provided under Statement No. 68, an employer's date for measuring its net pension liability (i.e., the "measurement date") may be no earlier than the end of its prior fiscal year. In addition, if an employer makes contributions after the measurement date, but before the end of its current reporting period, the employer should recognize the contribution as a deferred outflow of resources.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- A. Prior to May 15, the City Treasurer submits to the City Council a proposed operating budget for the fiscal year commencing that July 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years.
- B. Public hearings are conducted on the third Tuesday of June to obtain taxpayer comments.
- C. The budget is legally adopted through passage of a resolution.
- D. The City Council can, after adequate public notice and a public hearing, amend the budget.
- E. Budgets for the governmental and proprietary fund types are adopted on a basis generally consistent with generally accepted accounting principles (GAAP). The general fund expenditure classifications for GAAP and budgetary purposes differ due to classification of expenditures. Budgeted amounts are the final authorized amounts as revised during the year. The original budget for the fiscal year has been amended.
- F. All appropriations, except for capital project funds, lapse at the end of each fiscal year.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General and Major Maintenance Funds.

	General Fund
GAAP Basis	\$ 3,522,266
Net Adjustments for Revenue Accruals	(2,864,238)
Net Adjustments for Expenditure Accruals	1,308,289
Net Adjustments for Loans to Other Funds	(1,950,000)
Budget Basis	<u>\$ 16,317</u>

NOTE 3 - PROPERTY TAXES

The City's property taxes are levied at the County level on October 1 of each year. The County Assessor is responsible for assessment of all taxable real property within Fremont County. The County Treasurer computes the annual tax for each parcel of real property and prepares tax books used as the basis for issuing tax bills to all taxpayers in the County. Property taxes are collected by the County Treasurer, who remits to each unit its respective share of the collections. Provided the payments are timely, the tax can be paid in two equal installments on November 10 and May 10, or the tax may be paid in full on December 31. Taxes collected are distributed after the end of each month.

CITY OF LANDER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 3 - PROPERTY TAXES (cont.)

The levy becomes an enforceable lien against the property as of December 1 of the preceding levy year. Thus, in accordance with GASB Codification Section N50, a property tax receivable has been recorded equal to 50 percent of the amount levied for the City on the following August. This amount is considered a deferred inflow of resources and will be recognized in the period for which the taxes are levied. A one percent allowance has been recorded against the receivable at year-end.

NOTE 4 - CASH AND INVESTMENTS

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

Other cash represents deposits and investments not included in the combined cash fund.

Statutes authorize the City to invest in various instruments of the federal government and its agencies, savings certificates of savings and loan associations, bank certificates of deposit, and investment pools that purchase allowable investments. The City has elected to invest cash in excess of immediate needs in the Wyo Star investment pool and a certificate of deposit.

A. Custodial Credit Risk of Bank Deposits

Bank Deposits – Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. At year-end, the carrying amount of the City's bank deposits and certificates of deposit was \$861,469 and the bank balance was \$938,957. As of June 30, 2015, all monies deposited above the FDIC insurance limit of \$250,000 are collateralized by securities held by a third party. The City held deposits of \$555,587 in excess of the FDIC insured limit amount that were collateralized.

B. Custodial Credit Risk of Investments

Wyo Star Investment Pool – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. This is an external investment pool administered by the Wyoming State Treasurer. The pool invests in U.S Treasury and Government Agency securities and repurchase agreements collateralized with similar securities. The pooled securities are held in safekeeping by a third party trust in the pool name. The fair value of the City's position in the pool approximates the value of the pool's shares. As of June 30, 2015 total investments held in the pool was approximately \$8,221,090.

Composition of cash and investment accounts in the financial statements is as follows:

	Other Cash and Investments
Cash on hand	\$ 0
Bank deposits	369,109
Certificates of deposit	492,360
Money market investment pools	8,221,090
	<hr/>
Total Cash and Investments	<u>\$ 9,082,559</u>

CITY OF LANDER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 5 - RECEIVABLES

Receivables at June 30, 2015, consisted of taxes, accounts, intergovernmental and grants, and accrued interest. Taxes receivable represent sales and use taxes receivable from the state, as well as current and delinquent property taxes and interest thereon. Other receivables at June 30, 2015, consisted of grants receivable, miscellaneous accounts receivable and accrued interest on investments. No allowance has been recorded on accounts receivable, as all amounts are considered fully collectible.

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2015 is as follows:

	<u>Due from Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 2,315,875	\$ 968,314
Senior Center Trust Permanent Fund	0	3,744
Community Center	0	1,820,437
Other Non Major Funds	69,633	106,639
Proprietary Fund (W&S)	<u>1,136,283</u>	<u>622,657</u>
Total Primary Government	<u>\$ 3,521,791</u>	<u>\$ 3,521,791</u>

Transfers are used to move revenues from the fund that ordinance or budget requires to collect them to the fund that ordinance or budget requires to expend them. There were no transfers during the fiscal year 2015.

CITY OF LANDER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015 was as follows:

Governmental Activities	Balance June 30, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Nondepreciable Capital Assets					
Land	\$ 2,530,340	\$ 0	\$ 0	\$ 0	\$ 2,530,340
Construction in process	5,156,848	1,417,500	(516,298)	(5,544,522)	513,528
Total Nondepreciable Capital Assets	<u>7,687,188</u>	<u>1,417,500</u>	<u>(516,298)</u>	<u>(5,544,522)</u>	<u>3,043,868</u>
Depreciable Capital Assets					
Buildings and improvements	7,876,279	108,934	0	5,544,522	13,529,735
Equipment	3,050,624	39,662	(64,250)	0	3,026,036
Vehicles	3,563,101	0	(237,138)	0	3,325,963
Office furniture	141,416	0	0	0	141,416
Infrastructure	7,269,654	193,285	0	0	7,462,939
Total Depreciable Capital Assets	<u>\$ 21,901,074</u>	<u>\$ 341,881</u>	<u>\$ (301,388)</u>	<u>\$ 5,544,522</u>	<u>\$ 27,486,089</u>
Less Accumulated Depreciation					
Buildings and improvements	2,891,136	251,069	0	0	3,142,205
Equipment	2,737,499	113,814	(63,144)	0	2,788,169
Vehicles	2,085,667	109,592	(237,138)	0	1,958,121
Office furniture	78,389	9,851	0	0	88,240
Infrastructure	653,691	149,003	0	0	802,694
Total Accumulated Depreciation	<u>\$ 8,446,382</u>	<u>\$ 633,329</u>	<u>\$ (300,282)</u>	<u>\$ 0</u>	<u>\$ 8,779,429</u>
Total Depreciable Capital Assets, Net	<u>13,454,692</u>	<u>(291,448)</u>	<u>(1,106)</u>	<u>5,544,522</u>	<u>18,706,660</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 21,141,880</u></u>	<u><u>\$ 1,126,052</u></u>	<u><u>\$ (517,404)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 21,750,528</u></u>

CITY OF LANDER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 7 - CAPITAL ASSETS (cont.)

Business-Type Activities	Balance June 30, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Nondepreciable Capital Assets					
Construction in process	\$ 1,001,771	\$ 1,969,859	\$ 0	\$ 0	\$ 2,971,630
Depreciable Capital Assets					
Buildings and improvements	307,400	15,864	0	0	323,264
Equipment	1,436,717	0	0	0	1,436,717
Vehicles	257,199	0	0	0	257,199
Office furniture	108,648	0	0	0	108,648
Water distribution system	23,566,483	0	0	0	23,566,483
Sewer service system	6,861,148	0	0	0	6,861,148
Total Depreciable Capital Assets	\$ 32,537,595	\$ 15,864	\$ 0	\$ 0	\$ 32,553,459
Less Accumulated Depreciation					
Buildings and improvements	98,254	7,159	0	0	105,413
Equipment	1,110,724	80,048	0	0	1,190,772
Vehicles	208,725	16,512	0	0	225,237
Office furniture	61,627	14,054	0	0	75,681
Water distribution system	8,736,882	471,329	0	0	9,208,211
Sewer service system	3,306,625	137,223	0	0	3,443,848
Total Accumulated Depreciation	\$ 13,522,837	\$ 726,325	\$ 0	\$ 0	\$ 14,249,162
Total Depreciable Capital Assets, Net	19,014,758	(710,461)	0	0	18,304,297
Business-Type Activities Capital Assets, Net	\$ 20,016,529	\$ 1,259,398	\$ 0	\$ 0	\$ 21,275,927

Depreciation

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
General Government	\$ 268,446
Public Safety	251,069
Public Works	113,814
Total Depreciation Expense - Governmental Activities	\$ 633,329
Business-Type Activities	
Water and Sewer Services	\$ 726,325

CITY OF LANDER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 8 - CHANGES IN LONG-TERM LIABILITIES

The following is a summary of the changes in general long-term debt of the City for the year ended June 30, 2015:

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities					
Compensated absences	\$ 327,369	\$ 183,760	\$ (161,567)	\$ 349,562	\$ 174,782
Obligations under capital lease	122,142	0	(16,364)	105,778	16,364
Notes payable	0	2,100,000	0	2,100,000	61,250
Net pension liability	1,101,658	230,995	0	1,332,653	0
	<u>\$ 1,551,169</u>	<u>\$ 2,514,755</u>	<u>\$ (177,931)</u>	<u>\$ 3,887,993</u>	<u>\$ 252,396</u>
Business-Type Activities					
Compensated absences	\$ 110,832	\$ 64,565	\$ (58,173)	\$ 117,224	\$ 58,612
Revenue bonds payable	2,320,000	0	(80,000)	2,240,000	85,000
Net pension liability	703,491	99,587	0	803,078	0
	<u>\$ 3,134,323</u>	<u>\$ 164,152</u>	<u>\$ (138,173)</u>	<u>\$ 3,160,302</u>	<u>\$ 143,612</u>

Article 16, Section 5 of the Wyoming Constitution limits the amount of debt the City may create. For the year ended June 30, 2015, the general debt limit was \$2.5 million. Indebtedness created for supplying water to the City is exempted from limitation.

NOTE 9 - INDUSTRIAL REVENUE BONDS

The City has an industrial revenue bond outstanding as of June 30, 2015. During the year one bond was paid off leaving one outstanding. This bond is excluded from the financial statements because the debt servicing arrangement requires repayment from the owner of the project that was constructed with the bond proceeds. Following is summarized information pertaining to these bonds:

Mountain Vista Retirement Center

Date of bond issue	May 1, 1998
Original amount of issue	\$1,400,000
Outstanding bonds as of June 30, 2015	\$977,200
Interest rate	3.30%
Maturity dates	1999 to 2029
Owner of facilities	Mountain Vista Retirement Center
Special provisions	Mountain Vista Retirement Center has been pledged as collateral on the obligation. Interest rate is based on the 5-year treasury index and will change every five years.

CITY OF LANDER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10 - LEASING ARRANGEMENTS

AS LESSEE

The City has entered into leases for both real estate and equipment, which provide for specified minimum rental payments. To comply with state statutes, all leases contain a non-appropriations clause which allows the lessee to cancel the lease in the event that resources are not available for future appropriation. The remaining terms of the leases range from approximately one to eleven years. Leases which transfer substantially all the benefits and risks incident to the ownership of property have been capitalized. The future minimum rental commitments as of June 30, 2015 for continuing capital leases are as follows:

<u>Year Ended June 30,</u>	<u>Governmental Activities</u>
2016	\$ 16,364
2017	16,114
2018	13,864
2019	11,937
2020	10,000
Thereafter	<u>37,500</u>
Total minimum lease payments	\$ 105,779
Less: Amounts representing interest	<u>0</u>
Present Value of Minimum Lease Payments	<u>\$ 105,779</u>
Cost of leased property	\$ 335,672
Accumulated depreciation	<u>(39,795)</u>
	<u>\$ 295,877</u>

Property under capital lease consists of building improvements, equipment and vehicles. The cost of the leased property is included in the same fund as the capital lease obligation.

The capital lease obligations payable in future years have been reflected as both proceeds from capital lease and as expenditure in the appropriate fund in the initial year of the lease.

OPERATING LEASES

Rental expenditures for operating leases totaled approximately \$6,234 for the year ended June 30, 2015.

The total commitment under operating leases as of June 30, 2015 was as follows;

CITY OF LANDER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 10 - LEASING ARRANGEMENTS (cont.)

OPERATING LEASES (cont.)

<u>Year Ended June 30,</u>	<u>Governmental Activities</u>	<u>Proprietary Fund</u>
2016	\$ 1,800	\$ 2,021
2017	1,800	2,021
2018	1,350	2,021
2019	0	2,021
2020	0	2,021
Thereafter	0	14,147
	<u>\$ 4,950</u>	<u>\$ 24,252</u>

AS LESSOR

The City has entered into an operating lease for real estate which provides for specified minimum rental payments. The minimum future rentals on the non-cancelable operating lease as of June 30, 2015 are as follows:

<u>Year ending June 30,</u>	
2016	\$ 15,300
2017	15,300
2018	15,300
2019	15,300
2020	15,300
Thereafter	810,900
Total Minimum Future Rentals	<u>\$ 887,400</u>

This lease, with Lander Regional Hospital, has a remaining term of 66 years. Every 15 years the minimum rental payments are adjusted to reflect a specified percentage of fair market value. The percentages vary from 3% to 10%; depending upon which 15-year period the lease is in. The lease started its sixteenth year on December 1, 2000, and the minimum annual rental payment was adjusted from \$4,864 to \$15,300.

On October 1, 1994, the City entered into a lease purchase agreement with Child Development Services of Fremont County (CDS) for City property that CDS had leased for many years. The agreement has a 99-year term, is cancelable, and calls for annual payments of \$4,200, of which 50% will be applied to the \$250,000 purchase price if the purchase option is exercised. CDS may exercise its option to purchase at any time.

The following is an analysis of the City's investment in property which is being leased to others under operating leases by major classes as of June 30, 2015:

<u>Classes of Property</u>	<u>Asset Historical Cost</u>	<u>Accumulated Depreciation</u>	<u>Asset Net Book Value</u>
Land	\$ 912,500	\$ 0	\$ 912,500
Buildings	1,364,891	460,585	904,306
Infrastructure	42,500	21,147	21,353
Equipment	369,636	334,281	35,355
Total	<u>\$ 2,689,527</u>	<u>\$ 816,013</u>	<u>\$ 1,873,514</u>

CITY OF LANDER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 - LONG-TERM DEBT

WATER REVENUE BONDS

During the year ended June 30, 2003, the City of Lander issued the following bond:

Name:	\$3,000,000 Water Revenue Bond, Series 2003
Dated:	May 8, 2003
Final Maturity:	May 8, 2033
Payment Dates:	Principal and interest payments beginning on May 8, 2004. Principal amounts range from \$50,000 to \$170,000.
Interest Rate:	4.5%
Purchaser:	Rural Utility Services, an agency of the United States Department of Agriculture
Reserve Requirement:	Total minimum to be at least \$184,130, funded in ten annual payments of \$18,413 beginning on September 1, 2003.
Revenue Pledged:	Net revenues derived from the operation of the City's municipal waterworks system, in amounts sufficient, together with earnings and income thereon, to pay the maturing installments of principal and interest on the Bond.
Purpose:	To pay part of the cost of extending and improving the municipal waterworks system of the City.

Annual maturities of notes payable and revenue bonds payable are as follows for business-type activities:

Water Revenue Bonds			
Year Ending June 30,	Principal	Interest	Total Principal and Interest
2016	\$ 85,000	\$ 100,800	\$ 185,800
2017	85,000	96,975	181,975
2018	90,000	93,150	183,150
2019	95,000	89,100	184,100
2020	100,000	84,825	184,825
2021-2025	575,000	352,125	927,125
2026-2030	705,000	211,500	916,500
thereafter	505,000	45,675	550,675
Total	<u>\$ 2,240,000</u>	<u>\$ 1,074,150</u>	<u>\$ 3,314,150</u>

WYOMING BUSINESS COUNCIL LOAN

During 2015 the City of Lander entered into a loan agreement with the Wyoming Business Council for \$150,000 at 2.5% interest. The City is required to make principal and interest payments according to the schedule below:

CITY OF LANDER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 11 - LONG-TERM DEBT (cont.)

WYOMING BUSINESS COUNCIL LOAN (cont.)

	Principal	Interest
2016	\$ 30,000	\$ 3,750
2017	30,000	3,000
2018	30,000	2,250
2019	30,000	1,500
2020	30,000	750
Total	\$ 150,000	\$ 11,250

LOAN FROM CITY'S PROPRIETARY FUND TO THE CITY'S GENERAL FUND

During 2015 the City's general fund borrowed \$1,950,000 from the City's proprietary fund for funding shortfalls on the City's new ladder truck and construction of the community center. The loan requires 38 annual payments and accrues interest at 2.5% annually with no prepayment penalty. The City's general fund is required to make payments to the City's proprietary fund according to the schedule below.

	Notes Payable		Total Principal and Interest
	Principal	Interest	
2016	\$ 31,250	\$ 48,750	\$ 80,000
2017	32,031	47,969	80,000
2018	32,832	47,168	80,000
2019	33,653	46,347	80,000
2020	34,494	46,256	80,750
2021-2025	185,845	214,155	400,000
2026-2030	210,267	189,733	400,000
thereafter	1,389,627	455,769	1,845,396
Total	\$ 1,950,000	\$ 1,096,146	\$ 3,046,146

NOTE 12 - DEFINED BENEFIT PENSION PLAN

The City contributes to the Wyoming Retirement System (WRS) pension plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Wyoming Retirement System. WRS provides retirement, disability and death benefits to plan members and beneficiaries. The Wyoming Retirement Board, after approval of the Wyoming State Legislature, may amend contribution requirements to WRS. WRS issues a publicly available financial report that includes financial statements and supplementary information for WRS. That report may be obtained by writing to Wyoming Retirement Board, First Floor East - Herschler Building, 112 West 25th Street, Cheyenne, WY 82002.

NOTE 12 - DEFINED BENEFIT PENSION PLAN (cont.)

Information about the General Public Employees Pension Plan

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

Employees terminating prior to normal retirement can elect to withdraw all employee contributions plus accumulated interest through the date of termination or, if they are vested, they may elect to remain in the Plan and be eligible for retirement benefits at age 50 (Tier 1 employees) and 60 (Tier 2 employees).

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

Benefits are determined based on two tiers:

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

Tier 2 are members who joined WRS after August 31, 2012. The Plan allows for normal retirement after four years of service and attainment of age 65. Early retirement is allowed provided the employee has completed four years of service and attained age 50 or 25 years of service. Benefits are calculated as 2% of employee's highest average salary for each year of credited service. This amount is reduced by 5% per year that the employee is under age 65.

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

Contributions - The Plan statutorily requires 15.87% of the participant's salary to be contributed to the Plan. Contributions consist of 8.25% of the participant's salary as employee contributions and 7.62% as employer contributions. The amount of contributions designated as employee contributions represent the portion of total contributions that a participant retains ownership of and can elect to receive as a refund upon termination of employment. Employers can elect to cover all or a portion of the employee's contribution at their discretion. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

NOTE 12 - Defined Benefit Pension Plans (cont.)

Information about the General Public Employees Pension Plan (cont.)

Volunteer Fireman's Pension Plan

The Volunteer Firemen's Pension Plan is a cost sharing multiple employer defined benefit, contributory retirement plan covering volunteer firemen who elect to participate in the Plan. Participants are statutorily required to contribute \$12.50 monthly to the Plan, although such contributions may be fully or partially paid by political subdivisions on behalf of participants, if approved by the governing board. In addition, the State pays into the Plan 50% of the gross annual tax collected on fire insurance premiums. The Plan provides retirement and death benefits according to predetermined amounts primarily determined by the entry age and years of service of the participant. Participants may withdraw from the Plan at any time and receive refunds of participant contributions plus accumulated interest.

Law Enforcement Pension Plan:

The Wyoming Law Enforcement Pension Plan is a cost sharing multiple employer defined benefit, contributory plan covering any county sheriff, deputy county sheriff, municipal police officer, Wyoming correctional officer, Wyoming law enforcement agencies and certain investigators of the Wyoming Livestock Board.

The Plan statutorily requires participants to contribute 8.6% of their salary to the Plan and the employer is required to contribute 8.6% of each participant's salary.

The Plan statutorily provides retirement, disability, and death benefits according to predetermined amounts determined by salary, age, and years of service of the participant. Cost of living adjustments provided to retirees must be granted by the State Legislature. In addition a cost of living adjustment will not be approved by the legislature unless the plan is 100% funded after COLA is awarded. Participants may withdraw from the Plan at any time and receive refunds of the participant contributions plus accumulated interest.

For the year ended June 30, 2015, the contributions from the City that are recognized as part of pension expense for the Plan were as follows:

	General	Police
Contributions - Employer	160,744	91,811
Contributions - Employee (paid by employer)	174,034	91,811

Participants in the Volunteer Firemen's Pension Plan are statutorily required to contribute \$12.50 per month. The State pays 50% of gross annual tax collected on fire insurance premiums.

As of June 30, 2015, the City reported a combined net pension liability of \$2,135,731 for its proportionate share of the net pension liability of the Plan.

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of December 31, 2014, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014 rolled forward to December 31, 2014 using generally accepted actuarial procedures.

The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for each of the respective plans as of December 31, 2014 is as follows:

CITY OF LANDER
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE 12 - Defined Benefit Pension Plans (cont.)

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

	General	Police	Volunteer Fire
Percentage of Proportionate Share 12/31/2013	0.106107%	0.7408%	2.07056%
Percentage of Proportionate Share 12/31/2014	0.104360%	0.7401%	2.14498%
Increase/Decrease	-0.0017%	-0.0007%	0.0744%

For the year ended June 30, 2015, the City recognized pension expense of \$840,507.

At June 30, 2015, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources			
	General	Police	Volunteer Fire	Total
Pension contributions subsequent to measurement date	\$ 153,474	\$ 83,851	\$ 4,013	\$ 241,338
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions earnings on Plan investments	(19,949)	(99)	1,515	\$ (18,533)
	150,998	86,123	41,816	\$ 278,937
Total	\$ 284,523	\$ 169,875	\$ 47,344	\$ 501,742

The \$241,338 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30, 2015	General	Police	Volunteer Fire	Total
2016	\$ 31,130	\$ 21,507	\$ 10,974	\$ 63,611
2017	31,130	21,507	10,974	63,611
2018	31,130	21,507	10,974	63,611
2019	37,616	21,501	10,454	69,571

NOTE 12 - Defined Benefit Pension Plans (cont.)

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

Actuarial Assumptions - The total pension liabilities in the January 1, 2014 actuarial valuations were determined using the following actuarial assumptions:

	General	Police	Volunteer Fire
Valuation date	1/1/14	1/1/14	1/1/14
Actuarial cost method	Individual Entry age normal	Individual Entry age normal	Individual Entry age normal
Amortization method	Level percent - open	Level percent - open	Level dollar - open
Remaining amortization	30	30	30
Asset valuation method	5-year	5-year	5-year
Actuarial Assumptions:			
Projected salary increase	4.25% - 6.00%	4.25% - 8.00%	N/A
Assumed inflation rate	3.25%	3.25%	3.25%
Investment rate of return	7.75%	7.75%	7.75%
Mortality	Mortality Table	Mortality Table	Mortality Table

Discount Rate - The discount rate used to measure the total pension liability was 7.75% for the Plan. The projection of cash flows used to determine the discount rate assumed contributions from participating employers will be made on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Wyoming State Statutes. Based on those assumptions, the WRS fiduciary net position was projected to be available to make all the projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payment to determine the total pension liability.

DISCOUNT RATES			
Single Discount Rate	Long-Term Expected Rate of Return	Long-Term Municipal Bond Rate*	Last year ending December 31 in the 2014 to 2113 projection period for which projected benefit payments are fully funded
7.75%	7.75%	3.65%	2113

*Source: "State & local bonds" rate from Federal Reserve statistical release (H.15) as of December 31, 2014. The statistical release describes the rate as "Bond Buyer Index, general obligation, 20 years to maturity, mixed quality."

In determining the long-term expected rate of return, the Plan assumes a long-term investment rate of return of 7.75%. The long-term rate of return is determined through a 4.5% net real rate of return and an inflation rate of 3.25%. The following table represents a comparison of an annual money-weighted rate of return, net of investments expenses compared to the expected real rate of return.

Annual money-weighted rate of return, net of expenses for the fiscal year ended December 31, 2014	Expected Rate of Return net investment expenses
4.70%	4.50%

NOTE 12 - Defined Benefit Pension Plans (cont.)

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

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

Asset Class	Target Allocation	30 Year Arithmetic Expected Real Return	Contribution to Total Fund Arithmetic Real Return	30 Year Geometric Expected Real Return	Contribution to Total Fund Geometric Real Return
Cash	2.50%	0.50%	0.01%	0.50%	0.01%
Fixed Income	15.00%	0.98%	0.15%	0.80%	0.12%
Equity	55.00%	6.66%	3.66%	5.26%	2.89%
Marketable Alternatives	15.50%	4.19%	0.65%	3.79%	0.59%
Private Markets	12.00%	7.13%	0.86%	5.76%	0.69%
Total Plan (Real Return)	100.00%		5.33%		4.54%
Inflation Assumption			3.25%		3.25%
Total Plan (Nominal Return)	100.00%		8.58%		7.79%

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

	General		Police		Volunteer Fire		Total
1% Decrease							
Net Pension Liability	\$	2,877,914	\$	761,434	\$	263,145	\$ 3,902,494
Current Discount Rate							
Net Pension Liability		1,841,633		218,071		76,027	2,135,731
1% Increase							
Net Pension Liability	\$	971,396	\$	(230,332)	\$	(79,964)	\$ 661,100

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

Payable to the Pension Plan

At June 30, 2015, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

LITIGATION

Various claims and lawsuits arising in the ordinary course of operations are pending against the City. While the ultimate effect of such litigation cannot be ascertained at this time, in the opinion of the City Attorney, the liabilities which may arise from such action would not result in losses which would materially affect the financial position of the City or the results of operations.

NOTE 13 - COMMITMENTS AND CONTINGENCIES (cont.)

CONSTRUCTION COMMITMENTS

The City has active construction projects as of June 30, 2015. At year-end, the City's commitments with contractors/consultants are as follows:

Projects	Spent-to-date	Remaining Commitment	Funding Source
MAIN LINE REPLACEMENT	\$ 1,103,978	\$ 5,032,023 *	Slib Loan - \$3,068,000
LAGOON UPGRADE PHASE 1	1,444,827	55,172 *	Slib Loan - \$1,500,000
LAGOON UPGRADE PHASE II	191,470	2,676,606 *	Slib Loan - \$2,861,937
I & I PROJECT	199,411	1,902,772 *	Slib Loan - \$2,054,640
AIRPORT MASTER PLAN	141,025	25,642	FAA/State Grants
OPTIONAL TAX PROJECT	283,082	5,002,784	Optional Tax Monies
	\$ 3,363,793	\$ 14,694,999	

The "*" is also funded by a grant through the Wyoming Water Development Commission, for a maximum of \$3,068,000 or 50% of the total project cost in addition to the loans mentioned above. There is a possibility that up to approximately 3,000,000 in loans could be forgiven by the granting agency.

INSURANCE COVERAGE

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

For the year ended June 30, 2015, the City spent a total of approximately \$98,345 for insurance premiums.

NOTE 14 - STATE LAND AND INVESTMENT BOARD AWARDS

LONG-TERM DEBT

The City of Lander was awarded two notes in 2013 from the State Land and Investment Board. Terms are described below:

- Loan in the amount of \$1,500,000 to begin amortizing for 20 years upon completion of the project. The City will be reimbursed with loan proceeds upon approval of project costs by the State Land and Investment Board. Interest begins accruing on all amounts drawn from the loan at a rate of 2.5% annually. Upon completion of the project, approximately \$750,000 or 50%, whichever is less, may be forgiven from the loan. As of June 30, 2015, approximately \$1,386,672 of expenses had been approved by the State Land and Investment Board and drawn on the note.
- Loan in the amount of \$3,068,000 to begin amortizing for 20 years upon completion of the project. The City will be reimbursed with loan proceeds upon approval of project costs by the State Land and Investment Board. Interest begins accruing on all amounts drawn from the loan at a rate of 2.5% annually. Upon completion of the project, approximately \$1,534,000 or 50%, whichever is less, may be forgiven from the loan. As of June 30, 2015, approximately \$549,746 had been approved by the State Land and Investment Board and drawn on the note.
- As part of the conditions for the loans noted above, the City is required to fund a cumulative debt reserve totaling \$146,512, respectively. This fund is to be used for repairs and maintenance on both of the structures.

NOTE 14 - STATE LAND AND INVESTMENT BOARD AWARDS (cont.)

LONG-TERM DEBT (cont.)

In 2014 the City was awarded two additional notes through the State Land and Investment Board. Terms are described below:

- Loan in the amount of \$2,054,640 to begin amortizing for 20 years upon completion of the project. The City will be reimbursed with loan proceeds upon approval of project costs by the State Land and Investment Board. Interest begins accruing on all amounts drawn from the loan at a rate of 2.5% annually. Upon completion of the project approximately \$357,040 or 17.3772%, whichever is less, may be forgiven from the loan. This loan is collateralized against future user fees from water sewer services. As of June 30, 2015, approximately \$162,200 of expenses had been approved by the State Land and Investment Board and drawn on the note.
- Loan in the amount of \$2,861,937 to begin amortizing for 20 years upon completion of the project. The City will be reimbursed with loan proceeds upon approval of project costs by the State Land and Investment Board. Interest begins accruing on all amounts drawn from the loan at a rate of 2.5% annually. Upon completion of the project, approximately \$357,040 or 17.3772%, whichever is less, may be forgiven from the loan. This loan is collateralized against future user fees from water sewer services. As of June 30, 2015, \$142,837 of funds had been drawn on this loan.

GRANT AWARD

The City of Lander was awarded a grant from the State Wyoming Water Development Commission for the maximum amount of \$3,068,000 or 50% of the total project cost. As of June 30, 2015 the City had spent approximately \$122,280 on this project.

NOTE 15 - SENIOR CENTER TRUST PERMANENT FUND

The Senior Center Trust Permanent Fund was created when the voters of Fremont County approved a 1% capital facility tax in the general election held on November 8, 1994. The proposition approved by the voters stipulated that \$661,000 of collections, plus interest earned thereon, and any unused construction funds, constitute the corpus (principal) of the endowment fund. The subsequent earnings and corpus from the endowment fund are to be used for the operation and maintenance of the facility. As of June 30, 2015, \$550,624 is available for authorization for expenditure by the City Council. This amount is included in restricted Net Position.

NOTE 16 - RESTATEMENT

With the adoption of the Government Accounting Standards Board Statement (GASB) No. 68, *Accounting and Financial Reporting for Pensions*, and GASB No. 71 *Transition for Contributions Made Subsequent to the Measurement Date*, which are required for the City's June 30, 2015 financial statements, the City's beginning net position for government activities was restated by \$923,045. The City's beginning net position was also restated for business type activities by \$646,948. The restatements were a result of retroactively applying the net pension liability as of June 30, 2014, which was required by GASB 68 and 71.

Required Supplementary Information

CITY OF LANDER, WYOMING
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget - Favorable (Unfavorable)
RESOURCES (INFLOWS)				
Taxes	\$ 5,296,352	\$ 5,348,552	\$ 3,967,079	\$ 1,381,473
Licenses and permits	62,000	62,000	159,613	(97,613)
Grants	687,871	687,871	678,875	8,996
Charges for services	189,200	233,200	239,263	(6,063)
Fines and forfeitures	118,200	118,200	117,571	629
Interest income	4,000	4,000	6,325	(2,325)
Miscellaneous revenue	126,500	126,500	105,244	21,256
Amount Available for Appropriation	6,484,123	6,580,323	5,273,970	1,306,353
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
General government	345,109	345,109	315,256	29,853
Community resources	50,125	50,125	44,866	5,259
Community center	200,387	200,387	0	200,387
Other general accounts	86,000	93,000	93,160	(160)
Municipal court	221,144	221,144	200,056	21,088
Attorney	63,212	63,212	59,989	3,223
Planning	1,333	1,333	0	1,333
Police	2,040,125	2,040,125	2,013,676	26,449
Fire	194,221	194,221	162,873	31,348
Building inspector	51,413	51,413	40,534	10,879
Emergency management and compliance coordinator	12,500	12,500	5,894	6,606
Public works	23,777	23,977	23,885	92
Streets	2,377,810	1,136,831	1,011,738	125,093
Rodeo grounds	3,300	3,300	2,781	519
Building repair and maintenance	100,000	116,000	115,186	814
Airport	60,600	67,600	67,490	110
Shop	263,592	263,592	239,456	24,136
Weed and pest	95,627	96,627	96,534	93
Parks and recreation	518,065	583,065	582,558	507
Golf course	37,000	37,000	37,000	0
Cemetery	157,383	157,383	144,721	12,662
Total Charges to Appropriations	6,902,723	5,757,944	5,257,653	500,291
Excess of appropriations over (under) charges to appropriations	(418,600)	822,379	16,317	806,062
BUDGETARY FUND BALANCE - JULY 1	1,500,869	1,500,869	1,437,444	621,741
BUDGETARY FUND BALANCE - JUNE 30	<u>\$ 1,082,269</u>	<u>\$ 1,082,269</u>	<u>\$ 1,453,761</u>	<u>\$ 1,427,803</u>

CITY OF LANDER
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
WYOMING RETIREMENT SYSTEM
PUBLIC EMPLOYEES PENSION PLAN

Fiscal Year*

	<u>General Employee</u>	<u>Police</u>	<u>Volunteer Fire</u>
City's proportion of the net pension liability	0.104360%	0.740134%	2.144982%
City's proportionate share of the net pension liability	\$ 1,841,633	\$ 218,071	\$ 76,029
City's covered-employee payroll	\$ 1,743,113	\$ 1,115,592	\$ 47,324
City's proportionate share of the net pension liability as a percentage of its covered payroll	105.65%	19.55%	160.66%
Plan fiduciary net position as a percentage of the total pension liability	79.08%	95.35%	94.76%

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

Note: Information is not available before 2015

CITY OF LANDER
SCHEDULE OF CITY CONTRIBUTIONS
WYOMING RETIREMENT SYSTEM
PUBLIC EMPLOYEES PENSION PLAN

Fiscal Year

	<u>General Employee</u>	<u>Police</u>	<u>Volunteer Fire</u>
Contractually required contributions	\$ 334,778	\$ 183,622	\$ 8,687
Contributions in relation to the contractually required contribution	<u>334,778</u>	<u>183,622</u>	<u>8,687</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
City's covered payroll of respective pension	\$ 2,109,504	\$ 1,067,567	\$ 46,064
Contributions as a percentage of covered employee payroll	15.87%	17.20%	18.86%

Note: Information is not available before 2015

**CITY OF LANDER
NOTES TO REQUIRED SUPPLEMENTARY
PENSION INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

Changes of benefit terms - There are not changes in benefit terms from prior year.

Changes in assumptions - There are no changes in actuarial assumptions from prior year.

Supplementary Information

CITY OF LANDER, WYOMING
 DETAIL SCHEDULE OF DEPARTMENTAL EXPENDITURES
 BY OBJECT CLASSIFICATION
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2015

	Materials and Supplies	Contractual Services	Salaries and Benefits	Function Class Totals	Debt Service, Capital Outlay, Transfers Out	Budget Class Totals
GENERAL GOVERNMENT						
General government	\$ 71,560	\$ 51,828	\$ 191,868	\$ 315,256	\$ 0	\$ 315,256
Economic development	800	1,598	42,468	44,866	0	44,866
Other general accounts	4,725	60,955	0	65,680	27,480	93,160
City attorney	0	59,989	0	59,989	0	59,989
Municipal court	4,126	47,309	148,621	200,056	0	200,056
Total General Government Expenditures	81,211	221,679	382,957	685,847	27,480	713,327
PUBLIC SAFETY						
Police department	61,971	161,835	1,789,498	2,013,304	372	2,013,676
Fire department	40,911	16,903	102,559	160,373	2,500	162,873
Building inspector	1,071	150	39,313	40,534	0	40,534
Emergency management and compliance	5,894	0	0	5,894	0	5,894
Weed and pest	5,717	791	78,070	84,578	11,955	96,533
Total Public Safety Expenditures	115,564	179,679	2,009,440	2,304,683	14,827	2,319,510
PUBLIC WORKS						
Streets and alleys	31,269	1,110	401,737	434,116	577,622	1,011,738
Building repair and maintenance	115,186	0	0	115,186	0	115,186
Airport	27,070	40,420	0	67,490	0	67,490
Cemetery	8,684	4,302	131,736	144,722	0	144,722
Maintenance shop	168,745	1,281	69,430	239,456	0	239,456
Parks and recreation	64,935	26,435	485,323	576,693	5,865	582,558
Rodeo grounds	503	2,278	0	2,781	0	2,781
Golf course	25,000	0	12,000	37,000	0	37,000
Administration	63	482	23,340	23,885	0	23,885
Total Public Works Expenditures	441,455	76,308	1,123,566	1,641,329	583,487	2,224,816
Total Expenditures	\$ 638,230	\$ 477,666	\$ 3,515,963	\$ 4,631,859	\$ 625,794	\$ 5,257,653

**CITY OF LANDER, WYOMING
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015**

	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Receivables, net			
Grants receivable	\$ 50,625	\$ 0	\$ 50,625
Due from other funds	<u>0</u>	<u>69,633</u>	<u>69,633</u>
Total Assets	<u>\$ 50,625</u>	<u>\$ 69,633</u>	<u>\$ 120,258</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable and accrued expenses	23,689	0	23,689
Due to other funds	<u>106,639</u>	<u>0</u>	<u>106,639</u>
Total Liabilities	<u>130,328</u>	<u>0</u>	<u>130,328</u>
Fund Balances			
Restricted for			
Debt service	0	53,243	53,243
Unassigned			
Special revenue funds	(79,703)	0	(79,703)
Debt service fund	<u>0</u>	<u>16,390</u>	<u>16,390</u>
Total Fund Balance	<u>(79,703)</u>	<u>69,633</u>	<u>(10,070)</u>
Total Liabilities and Fund Balance	<u>\$ 50,625</u>	<u>\$ 69,633</u>	<u>\$ 120,258</u>

**CITY OF LANDER, WYOMING
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES			
Intergovernmental	\$ 256,655	\$ 0	\$ 256,655
Total Revenues	<u>256,655</u>	<u>0</u>	<u>256,655</u>
EXPENDITURES			
Current			
Public safety	10,063	0	10,063
Public works	220,898	0	220,898
Capital outlay	<u>4,219</u>	<u>0</u>	<u>4,219</u>
Total Expenditures	<u>235,180</u>	<u>0</u>	<u>235,180</u>
Excess of revenues over (under) expenditures	21,475	0	21,475
FUND BALANCE - JULY 1	<u>(101,178)</u>	<u>69,633</u>	<u>(31,545)</u>
FUND BALANCE - JUNE 30	<u><u>\$ (79,703)</u></u>	<u><u>\$ 69,633</u></u>	<u><u>\$ (10,070)</u></u>

**CITY OF LANDER, WYOMING
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Untitled event	Federal CFDA Number	Grantor's Number	Federal Expenditures/ Loan Balance
<u>Federal Grantor/Pass-Through Grantor/Program Title</u>			
U.S. Department of Agriculture			
Direct program			
Water and Waste Disposal Loan Balance	10.770	91-01	\$ 2,240,000
U.S. Department of Homeland Security			
Passed through Wyoming Office of Homeland Security			
State Law Enforcement Terrorism Prevention Project	97.067	11-GPD-LAN-LP-HLE11	7,226
Wyoming Department of Transportation			
Passed through the WYDOT Aeronautics Division			
Lander Hunt Field Taxiway	20.106	LND 23-A 3111	<u>126,922</u>
Total Wyoming Department of Transportation			
Total Federal Assistance			<u><u>\$ 2,374,148</u></u>

**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Lander, Wyoming and is presented on the modified accrual basis of accounting, except for amounts presented under the U.S. Department of Agriculture and the U.S. Environmental Protection Agency, which are presented on the accrual basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

McKEE, MARBURGER & FAGNANT, P. C.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Members of the City Council
City of Lander
Lander, Wyoming

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lander, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Lander's basic financial statements, and have issued our report thereon dated December 22, 2015.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of finding and questioned costs to be a material weakness, **2015-001**.

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. We consider the deficiencies described in the accompany schedule of findings and questioned costs to be significant deficiencies, **2015-002, 2015-003**.

Compliance And Other Matters

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

City of Lander Response to Findings

The City of Lander's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Lander's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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.

A handwritten signature in black ink that reads "McKee, Marburger & Fagnant PC". The signature is written in a cursive, flowing style.

McKee, Marburger & Fagnant, P.C.
Lander, Wyoming
December 22, 2015

McKEE, MARBURGER & FAGNANT, P. C.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Honorable Members of the City Council
City of Lander
Lander, Wyoming

Report on Compliance for Each Major Federal Program

We have audited the City of Lander's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Lander's major federal programs for the year ended June 30, 2015. The City of Lander's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Lander's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Lander's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Lander's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Lander complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

The Management of the City of Lander is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Lander's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Lander's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

McKee, Marburger & Fagnant PC

McKee, Marburger & Fagnant, P.C.
Lander, Wyoming
December 22, 2015

**CITY OF LANDER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness identified?	<u> X </u> Yes	<u> </u> No
Significant deficiency identified not considered to be material weaknesses?	<u> X </u> Yes	<u> </u> None reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal control over major programs:		
Material weakness identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency identified not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None reported

Type of auditor's report issued on compliance for major programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	<u> </u> Yes	<u> X </u> No
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Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

10.770	Water and Waste Disposal Loan
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Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
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Auditee qualified as low-risk auditee?	<u> X </u> Yes	<u> </u> No
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**CITY OF LANDER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

SECTION II -

MATERIAL WEAKNESS

Finding 2015-1 Material Entries – Overstatement of Revenue

Condition: The City overstated revenues in the proprietary fund by \$1.6 million by recording revenue instead of notes payable.

Criteria: Notes payable and revenues need to be accurately stated in the City's financial statements.

Cause: The state agency had expressed to the City the loans could be forgiven when the projects are completed but the formal agreements do not specify this.

Effect: Material adjustments to the financial statements had to be recorded to properly reflect note payable balances and reduce revenue.

Recommendation: Notes payable should be recorded for future draws on these specific loans.

Response: We will record future draws on these notes as notes payable liability. Additionally, we will not book revenue for notes payable unless it specifically states that in the note agreement.

**CITY OF LANDER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2015**

SECTION II (cont.) -

SIGNIFICANT DEFICIENCIES

Finding 2015-2 Retainage Payable (Repeat Finding)

Condition: The City's financial statements required adjustment to correct accounts payable balances.

Criteria: Payables need to be accurate for the obligations that occur during the normal course of construction.

Cause: The City did not include the retention payable on the high pressure water system project. This resulted in an entry of approximately \$32,000.

Effect: Payables were understated.

Recommendation: The City should add a review for retainage payable as part of the year-end close process.

Response: We will record the retainage amounts and will review pay estimates to ensure we are accurately reporting the retainage amounts.

Finding 2015-3 Proper Approval of Timecards (Repeat Finding)

Condition: It was noted in our testing of controls that a supervisor did not approve a timecard prior to the payment being made to the employee.

Criteria: It is the City's policy that supervisors sign off on time cards.

Cause: The Supervisor was on vacation at the time this review would normally occur and the City's system of internal control did not account for this.

Effect: This can cause inaccuracy in the financial statements and/or over/under payments to respective employees.

Recommendation: Supervisors should be reminded about the importance of signing off on time cards and doing a thorough review. The City also needs to enhance the system of internal controls for when vacations take place to ensure adequate internal controls are in place.

Response: This finding occurred due to the fact that the supervisor was on vacation at the time. The City felt it was prudent to pay the employee despite the lack of approval from the supervisor. We will however take additional steps to verify the employees hours should this circumstance happen again.

**CITY OF LANDER, WYOMING
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2014**

MATERIAL WEAKNESS

Finding 2014-1 Material Entries – Payables and Accruals

Status: Entry in question was corrected but similar finding was noted in the 2015 audit in regards to retainage payable not being posted.

SIGNIFICANT DEFICIENCIES

Finding 2014-2 Reconciliation of inter-fund activity

Status: This was corrected.

Finding 2014-3 Proper Approval of Timecards

Status: This specific instance was corrected but the same finding was noted in the 2015 audit.

Finding 2014-4 Controls over the Rural Development Water House

Status: This was corrected.

Finding 2014-5 Compliance Monitoring of Financial Reporting

Status: This was corrected.