

CITY OF LANDER, WYOMING

FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2019

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INDEPENDENT AUDITOR'S REPORT

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, 2019, 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, each major fund, and the aggregate remaining fund information of the City of Lander, as of June 30, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension information on pages 3-9, 47 and 48-54, respectively, 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 and detail schedule of departmental expenditures are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and detail schedule of departmental expenditures 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 detail schedule of departmental expenditures 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 23, 2019 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Lander's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lander's internal control over financial reporting and compliance.

Fagnant, Lewis & Brinda, P.C.

Fagnant, Lewis & Brinda, P.C.
Lander, Wyoming
December 23, 2019

Management's Discussion and Analysis

CITY OF LANDER, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

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, 2019. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

The assets of the City of Lander exceeded its liabilities and deferred inflows of resources at June 30, 2019 by \$62,413,333 (net position). Of this amount, unrestricted net position of \$4,715,616 is broken down as follows: Business-Type (Water and Sewer Fund) \$2,969,798; and Governmental Type has various board designated amounts that are unrestricted according to the Government-wide definitions for net position classifications - approximately \$1,745,818. 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 the financial statements. This has impacted the net position negatively as the total liability was approximately \$5.2 million. This liability is not something the City is responsible for paying beyond normal contributions as required by the Wyoming Retirement System. Upon removing this number from the balance sheet, the City would have a positive unrestricted fund balance in both the general fund and enterprise fund.

- Sales tax revenues, mineral royalties, severance taxes, and special state distributions totaled \$4,481,059, while water and sewer utility charges total \$3,263,384.
- The increases in water and sewer income numbers again this year are due to the monies being collected for the payment of the loans that will come due as soon as the projects are completed. We will be completing CWSRF 141 and 142 in the next fiscal year. These SLIB grant/loans have helped the City to complete a new blower and aeration at the lagoons. This should help with the compliance required for our distribution allowed into the river from the EPA.
- The City of Lander has taken over the fuel sales for the Lander airport. The airport costs are now being maintained in a separate fund. We are expecting the fuel sales, hanger leases and gas taxes collected to fund all airport expenses.
- The City of Lander completed major improvements to the street rehabilitation program this fiscal year. The City retained the optional tax monies until we had collected enough to complete several areas of town. This tax will be up for re-election in the 2020 year.
- The I & I project on Second Street should be completed in the fall of 2019. This project is being paid with CWSRF monies and reserve monies from the enterprise fund.

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.

City of Lander, Wyoming

Management's Discussion and Analysis

June 30, 2019

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, the 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 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 statements but provides 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.

City of Lander, Wyoming
Management's Discussion and Analysis
June 30, 2019

The City as a whole:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
ASSETS						
Current and other assets	\$6,943,723	\$7,064,006	\$8,522,503	\$7,497,941	\$15,466,226	\$14,561,947
Notes receivable	0	0	0	0	0	0
Capital assets	31,255,389	31,700,671	28,694,076	28,488,918	59,949,465	60,189,589
Total Assets	38,199,112	38,764,677	37,216,579	35,986,859	75,415,691	74,751,536
DEFERRED OUTFLOW OF RESOURCES						
Pension	2,033,473	308,073	361,845	112,234	2,395,318	420,307
LIABILITIES						
Current and other liabilities	1,284,858	2,190,619	587,929	638,617	1,872,787	2,829,236
Noncurrent liabilities						
Net pension liability	3,971,095	2,353,202	1,276,846	1,058,738	5,247,941	3,411,940
Compensated absences	171,947	152,387	57,425	62,577	229,372	214,964
Obligations under capital lease	40,000	47,500	0	0	40,000	47,500
Notes payable	169,674	182,244	3,544,050	3,922,120	3,713,724	4,104,364
Loan advances	0	0	3,088,414	2,054,805	3,088,414	2,054,805
Total Liabilities	5,637,574	4,925,952	8,554,664	7,736,857	14,192,238	12,662,809
DEFERRED INFLOW OF RESOURCES						
Pension	676,487	0	120,377	0	796,864	0
Community Center advances	11,700	12,123	0	0	11,700	12,123
Property taxes	396,874	377,422	0	0	396,874	377,422
	1,085,061	389,545	120,377	0	1,205,438	389,545
NET ASSETS						
Net investment in capital assets	31,020,872	31,476,780	24,972,073	27,756,543	55,992,945	59,233,323
Restricted for:						
Endowment - spendable	418,443	431,096	0	0	418,443	431,096
Special projects	271,574	271,574	0	0	271,574	271,574
Debt service	53,243	53,243	0	0	53,243	53,243
Loan guarantee	0	0	146,512	146,512	146,512	146,512
Plant maintenance	0	0	815,000	815,000	815,000	815,000
Assigned						
Optional sales tax	2,926,045	1,723,944	0	0	2,926,045	1,723,944
Special projects	0	0	0	0	0	0
Assigned SLIB loan reserves	0	0	1,958,643	1,821,643	1,958,643	1,821,643
Replacement fund	243,487	150,000	859,968	412,927	1,103,455	562,927
Principal payment on loans	0	0	0	0	0	0
Retirement payout	235,000	135,000	300,000	250,000	535,000	385,000
Unrestricted	(1,658,714)	(484,384)	(148,813)	(2,840,389)	(1,807,527)	(3,324,773)
Total Net Assets	\$33,509,950	\$33,757,253	\$28,903,383	\$28,362,236	\$62,413,333	\$62,119,489

The City's assets total \$75.4 million and \$74.5 million as of June 30, 2019 and 2018, respectively. Of that amount, approximately 79% and 80% are capital assets as of both June 30, 2019 and 2018, respectively. The City has liabilities of approximately \$14.1 million and \$12.6 million as of June 30, 2019 and 2018, respectively.

City of Lander, Wyoming
Management's Discussion and Analysis
June 30, 2019

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 2019 compared to 2018.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
REVENUES						
Program Revenues						
Charges for services	\$ 629,095	\$ 874,525	\$3,263,384	\$3,160,580	\$3,892,479	\$4,035,105
Operating grants & contributions	252,956	330,255	0	0	252,956	330,255
Capital grants & contributions	281,344	5,046,441	84,948	0	366,292	5,046,441
General Revenues						
Property & vehicle taxes	724,170	699,390	0	0	724,170	699,390
Sales & use tax	2,794,985	2,730,507	0	0	2,794,985	2,730,507
Franchise fees	396,175	451,927	0	0	396,175	451,927
Other taxes	372,273	359,395	0	0	372,273	359,395
Mineral taxes	462,703	466,979	0	0	462,703	466,979
Severance taxes	281,832	282,032	0	0	281,832	282,032
Special state distributions	941,539	941,287	0	0	941,539	941,287
Investment earnings	136,215	34,931	209,330	23,288	345,545	58,219
Gain (loss) on sale of assets	0	0	(1,737)	0	(1,737)	0
Other revenue	160,142	893,420	0	0	160,142	893,420
Transfers	0	0	0	0	0	0
Total Revenues	7,433,429	13,111,089	3,555,925	3,183,868	10,989,354	16,294,957
EXPENSES						
Current						
General government	1,737,034	1,465,294	0	0	1,737,034	1,465,294
Public safety	2,672,812	2,644,385	0	0	2,672,812	2,644,385
Public works	3,270,886	2,033,100	0	0	3,270,886	2,033,100
Water & wastewater	0	0	3,014,778	2,893,933	3,014,778	2,893,933
Total Expenses	7,680,732	6,142,779	3,014,778	2,893,933	10,695,510	9,036,712
Increase (decrease) in net assets	(\$247,303)	\$6,968,310	\$541,147	\$289,935	\$293,844	\$7,258,245

Governmental saw a negative decrease in net position and business-type activities saw an increase in net position of approximately \$293 thousand and \$7.2 million, respectively, for fiscal years 2019 and 2018. The decrease in governmental net position was due to the expenses incurred for use of the optional tax projects which were funded largely by prior year collections.

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 \$5,437,856 in 2019 and \$4,736,236 in 2018.

City of Lander, Wyoming
Management's Discussion and Analysis
June 30, 2019

	2019	2018
Restricted for special projects	\$271,574	\$271,574
Restricted for senior endowment	418,443	431,096
Restricted for debt service	53,243	53,243
Loan guarantee - Proprietary fund	146,512	146,512
Plant maintenance - Proprietary fund	815,000	815,000

The General Fund accounts for all of the general services provided by the City of Lander. At the end of 2019, the fund balance of the General Fund totaled \$4,978,818. At the end of 2018, the General Fund Balance totaled \$4,286,177.

Revenues by Source - General Fund		
	2019	2018
Taxes	77%	72%
License and fees	3%	3%
Fines and forfeitures	2%	3%
Intergovernmental	9%	9%
Charges for service	5%	2%
Other revenue	2%	1%
WBCA grant chamber contributions	1%	9%
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, and Other General Accounts). Public Safety includes Police, Fire, Building Inspector, Emergency Management and Compliance, Engineering and Weed & Pest. Public Works includes Streets and Alleys, Building Repair and Maintenance, Airport, Cemetery, Maintenance Shop, Parks and Recreation, Rodeo Grounds and Public Works Administration.

Expenses by Function		
	2019	2018
General Government	\$ 840,459	\$ 985,064
Public Safety	2,399,162	2,627,626
Public Works	1,408,070	1,528,688
Capital Outlay	1,725,164	1,825,188
Principal Retirement	0	2,104,183
Total	\$ 6,372,855	\$ 9,070,749

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, 2019 amounts to \$86.8 million. This amount excludes infrastructure assets constructed prior to July 1, 2003.

Major capital additions during fiscal year 2019 included upgrades to the runway and lagoon upgrades. The table below provides a summary of net capital assets at June 30, 2019 compared to June 30, 2018.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Land	\$2,530,340	\$2,530,340	\$0	\$0	\$2,530,340	\$2,530,340
Construction in progress	144,410	74,918	2,838,436	2,460,503	2,982,846	2,535,421
Building & improvements	14,091,968	14,067,025	995,870	336,509	15,087,838	14,403,534
Equipment	3,761,729	3,614,063	144,417	1,436,717	3,906,146	5,050,780
Vehicles	3,305,142	3,264,487	257,199	257,199	3,562,341	3,521,686
Office furniture	67,810	67,810	63,237	85,958	131,047	153,768
Infrastructure	18,379,538	18,236,096	0	0	18,379,538	18,236,096
Water distribution system	0	0	31,547,278	31,547,278	31,547,278	31,547,278
Sewer service system	0	0	8,740,931	8,740,931	8,740,931	8,740,931
Total Net Assets	\$42,280,937	\$41,854,739	\$44,587,368	\$44,865,095	\$86,868,305	\$86,719,834

The City remains committed to the upkeep and maintenance of the City's largest assets. The City is currently working on a complete replacement schedule for all assets.

Debt

Note 8 to the financial statement on page 34 provides a summary of the City's long-term debt. The increase in pension liability is deceiving as it will not be required for the City to fund this pension obligation; however, Government Auditing Standard Statements No. 68-71 require the City to book this amount on their balance sheet.

Business-Type Activities

The loan advances increased this year due to the upgrades at the lagoon. These loans should become final in 2020 and receive partial forgiveness from SLIB.

Economic Factors and Next Year's Budgets and Rates

The City is optimistic that the state legislature will fund the supplemental distribution in the same amount that it has for the past four years using the same formula for distribution.

Currently the legislature is visiting the idea of making the 5th penny permanent. The City would like to see the legislature make this permanent and not take it to the vote of the people. WAM and the WACO presented to the revenue committee asking for the legislature to make this 5th penny permanent. The Fremont County mayors have all approved making this permanent; however, our local commissioners are against making this permanent. As of the fall of 2019 the City has spent most of the optional monies collected to date.

City of Lander, Wyoming**Management's Discussion and Analysis**

June 30, 2019

The City completed the new lagoon upgrades to the building and pump station this fall. This renovation update included making the roof of the building retractable. Also included in this upgrade was the purchase of a new boat for use on the lagoon system.

The City is under a new mayor and council beginning January 2019. This includes four new council members. There was a change to the police chief under this new administration.

The future of Wyoming's dependency of oil and gas remains a concern for administration for future years. The City of Lander receives more than 77% of their total revenues from monies dictated through the legislature. The City is strongly advocating to their local legislators their need to maintain the municipalities at the current level of funding.

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and 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, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Other cash and investments	\$ 6,183,173	\$ 6,703,800	\$ 12,886,973
Cash with fiscal agent	11,156	0	11,156
Restricted cash	0	961,512	961,512
Receivables, net			
Taxes receivable	725,314	0	725,314
Intergovernmental and grants receivable	8,669	445,165	453,834
Accounts receivable	10,411	284,538	294,949
Pledges receivable	5,000	0	5,000
Grants receivable	0	73,829	73,829
Inventory	0	53,659	53,659
Total Current Assets	<u>6,943,723</u>	<u>8,522,503</u>	<u>15,466,226</u>
Noncurrent Assets			
Fixed assets, net of accumulated depreciation	31,255,389	28,694,076	59,949,465
TOTAL ASSETS	<u>\$ 38,199,112</u>	<u>\$ 37,216,579</u>	<u>\$ 75,415,691</u>
DEFERRED OUTFLOW OF RESOURCES			
Pension	2,033,473	361,845	2,395,318
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>2,033,473</u>	<u>361,845</u>	<u>2,395,318</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	\$ 645,177	\$ 311,151	\$ 956,328
Internal balances	445,164	0	445,164
Renter deposits water sewer services	0	41,400	41,400
Current portion of long-term liabilities	194,517	235,378	429,895
Total Current Liabilities	<u>1,284,858</u>	<u>587,929</u>	<u>1,872,787</u>
Noncurrent Liabilities			
Net pension liability	3,971,095	1,276,846	5,247,941
Compensated absences	171,947	57,425	229,372
Obligations under capital lease	40,000	0	40,000
Notes payable	169,674	3,544,050	3,713,724
Loan advances	0	3,088,414	3,088,414
Total Noncurrent Liabilities	<u>4,352,716</u>	<u>7,966,735</u>	<u>12,319,451</u>
TOTAL LIABILITIES	<u>5,637,574</u>	<u>8,554,664</u>	<u>14,192,238</u>
DEFERRED INFLOW OF RESOURCES			
Pension	676,487	120,377	796,864
Community center advances	11,700	0	11,700
Property taxes	396,874	0	396,874
TOTAL DEFERRED INFLOW OF RESOURCES	<u>1,085,061</u>	<u>120,377</u>	<u>1,205,438</u>
NET POSITION			
Net investment in capital assets	31,020,872	24,972,073	55,992,945
Restricted			
Endowment - spendable	418,443	0	418,443
Special projects	271,574	0	271,574
Debt service	53,243	0	53,243
Loan guarantee	0	146,512	146,512
Plant maintenance	0	815,000	815,000
Board Designated - Unrestricted			
Optional 1% sales tax	2,926,045	0	2,926,045
Assigned replacement fund	243,487	0	243,487
Retirement payout	235,000	0	235,000
Unrestricted	<u>(1,658,714)</u>	<u>2,969,798</u>	<u>1,311,084</u>
TOTAL NET POSITION	<u>\$ 33,509,950</u>	<u>\$ 28,903,383</u>	<u>\$ 62,413,333</u>

See Notes to Financial Statements

**CITY OF LANDER, WYOMING
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total
Governmental Activities							
General government	\$ 1,737,034	\$ 282,907	\$ 45,360	\$ 271,344	\$ (1,137,423)	\$ 0	\$ (1,137,423)
Public safety	2,672,812	179,777	207,596	10,000	(2,275,439)	0	(2,275,439)
Public works	3,270,886	166,411	0	0	(3,104,475)	0	(3,104,475)
Total Governmental Activities	7,680,732	629,095	252,956	281,344	(6,517,337)	0	(6,517,337)
Business-Type Activities							
Water and sewer	3,014,778	3,263,384	0	84,948	0	333,554	333,554
Total Primary Government	<u>\$ 10,695,510</u>	<u>\$ 3,892,479</u>	<u>\$ 252,956</u>	<u>\$ 366,292</u>	<u>\$ (6,517,337)</u>	<u>\$ 333,554</u>	<u>\$ (6,183,783)</u>

General revenues

Property and vehicle taxes	724,170	\$ 0	\$ 724,170
Sales tax, use tax, and optional 1% tax	2,794,985	0	2,794,985
Franchise fees	396,175	0	396,175
Other taxes	372,273	0	372,273
Mineral royalties	462,703	0	462,703
Severance taxes	281,832	0	281,832
Special state distributions	941,539	0	941,539
Investment earnings	136,215	209,330	345,545
Gain (loss) on sale of capital assets	0	(1,737)	(1,737)
Other revenue	160,142	0	160,142
Transfers	0	0	0
Total general revenues and transfers	6,270,034	207,593	6,477,627
Change in net position	(247,303)	541,147	293,844
Net position - beginning	33,757,253	28,362,236	62,119,489
Net position - ending	<u>\$ 33,509,950</u>	<u>\$ 28,903,383</u>	<u>\$ 62,413,333</u>

See Notes to Financial Statements

Fund Financial Statements

**CITY OF LANDER, WYOMING
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

	General Fund	Senior Center Trust Permanent Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Other cash and investments	\$ 5,775,873	\$ 407,300	\$ 0	\$ 6,183,173
Cash with fiscal agent	11,156	0	0	11,156
Receivables, net				
Taxes	718,817	0	0	718,817
Intergovernmental and grants	3,669	0	0	3,669
Accounts	15,411	0	0	15,411
Accrued interest	0	6,496	0	6,496
Pledges	5,000	0	0	5,000
Due from other funds	0	8,476	163,884	172,360
Total Assets	<u>\$ 6,529,926</u>	<u>\$ 422,272</u>	<u>\$ 163,884</u>	<u>\$ 7,116,082</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued expenses	\$ 630,748	\$ 3,829	\$ 10,601	\$ 645,178
Due to other funds	504,836	0	112,688	617,524
Total Liabilities	<u>1,135,584</u>	<u>3,829</u>	<u>123,289</u>	<u>1,262,702</u>
DEFERRED INFLOW OF RESOURCES				
Community center advances	5,000	0	0	5,000
Property taxes	410,524	0	0	410,524
Total Deferred Inflow of Resources	<u>415,524</u>	<u>0</u>	<u>0</u>	<u>415,524</u>
Fund Balances				
Restricted for				
Endowment - spendable	0	418,443	0	418,443
Special projects	271,574	0	0	271,574
Debt service	0	0	53,243	53,243
Committed				
Optional 1% sales tax	2,926,045	0	0	2,926,045
Assigned				
Retirees	235,000	0	0	235,000
Equipment	243,487	0	0	243,487
Permanent fund				
Debt service fund	0	0	16,390	16,390
Unassigned				
General fund	1,302,712	0	0	1,302,712
Special revenue funds	0	0	(29,038)	(29,038)
Total Fund Balances	<u>4,978,818</u>	<u>418,443</u>	<u>40,595</u>	<u>5,437,856</u>
Total Liabilities, Deferred Inflows, and Fund Balance	<u>\$ 6,529,926</u>	<u>\$ 422,272</u>	<u>\$ 163,884</u>	<u>\$ 7,116,082</u>
Total Fund Balances from above				\$ 5,437,856
Amounts reported for governmental activities in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.				31,255,389
Taxes receivable are not available to pay current period expenditures, and therefore are deferred in the funds.				6,950
Deferred outflows of resources related to pensions are applicable to future periods and, therefore, not reported in the governmental fund statements.				2,033,474
Deferred inflows of resources related to pensions are applicable to future periods, and therefore not reported in the governmental fund statements.				(676,487)
Long-term liabilities, including compensated absences, are not due in the current period, and therefore are not reported in the funds.				(576,137)
Net pension liability				<u>(3,971,095)</u>
Net Position of Governmental Activities				<u>\$ 33,509,950</u>

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, 2019

	General Fund	Senior Center Trust Permanent Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 5,488,548	\$ 0	\$ 0	5,488,548
Licenses and fees	184,434	0	0	184,434
Fines and forfeitures	150,745	0	0	150,745
Intergovernmental and grants	688,722	0	306,350	995,072
Charges for services	324,810	0	13,527	338,337
Investment income	125,704	10,511	0	136,215
Rent	41,718	0	0	41,718
WBCA grant and chamber contributions	14,015	0	0	14,015
Other revenue	68,967	0	10,883	79,850
Total Revenues	\$ 7,087,663	\$ 10,511	\$ 330,760	\$ 7,428,934
EXPENDITURES				
Current				
General government	\$ 840,459	\$ 23,164	\$ 0	\$ 863,623
Public safety	2,399,162	0	11,242	2,410,404
Public works	1,408,070	0	0	1,408,070
Airport	0	0	70,741	70,741
Parks and recreation - special projects	0	0	25,351	25,351
Capital outlay	1,725,164	0	211,668	1,936,832
Total Expenditures	6,372,855	23,164	319,002	6,715,021
Excess of revenues over (under) expenditures	714,808	(12,653)	11,758	713,913
OTHER FINANCING SOURCES (USES)				
Operating transfers in	0	0	9,874	9,874
Operating transfers (out)	(9,874)	0	0	(9,874)
Other financing sources - chamber loan	(12,293)	0	0	(12,293)
Total Other Financing Sources (Uses)	(22,167)	0	9,874	(12,293)
Excess of revenues and other sources over (under) expenditures and other uses	692,641	(12,653)	21,632	701,620
FUND BALANCES - JULY 1	<u>4,286,177</u>	<u>431,096</u>	<u>18,963</u>	<u>4,736,236</u>
FUND BALANCES - JUNE 30	<u>\$ 4,978,818</u>	<u>\$ 418,443</u>	<u>\$ 40,595</u>	<u>\$ 5,437,856</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, 2019**

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)	\$ 701,620
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 (\$426,198) were exceeded by depreciation expense \$871,477 in the current period.	(445,279)
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.	21,504
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	407,482
Cost of benefits earned net of employee contributions (pension expense from pension schedule)	(898,000)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	4,490
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.	(39,120)
Change in Net Position of Governmental Activities (page 11)	<u>\$ (247,303)</u>

CITY OF LANDER, WYOMING
STATEMENT OF NET POSITION
BUSINESS-TYPE ACTIVITIES - PROPRIETARY FUND
JUNE 30, 2019

	<u>Water and Sewer Fund</u>
ASSETS	
Current assets	
Other cash and investments	\$ 6,703,800
Restricted cash	961,512
Accounts receivable, net	284,538
Grants receivable	73,829
Due from other funds	445,165
Inventory	<u>53,659</u>
Total Current Assets	<u>8,522,503</u>
Noncurrent assets	
Fixed assets, net	<u>28,694,076</u>
Total Noncurrent Assets	<u>28,694,076</u>
Total Assets	<u>\$ 37,216,579</u>
DEFERRED OUTFLOW OF RESOURCES	
Pension	<u>361,845</u>
LIABILITIES	
Current liabilities	
Accounts payable and accrued expenses	170,145
Deferred revenue	41,400
Current portion of compensated absences	57,425
Current portion of notes payable	<u>177,953</u>
Total Current Liabilities	<u>446,923</u>
Noncurrent liabilities	
Compensated absences	57,425
Accrued interest	141,006
Notes payable	3,544,050
Net pension liability	1,276,846
Loan advances	<u>3,088,414</u>
Total Noncurrent Liabilities	<u>8,107,741</u>
Total Liabilities	<u>8,554,664</u>
DEFERRED INFLOW OF RESOURCES	
Pension	<u>120,377</u>
NET POSITION	
Net investment in capital assets	24,972,073
Restricted	
SLIB loan reserves	146,512
Plant maintenance	815,000
Unrestricted	<u>2,969,798</u>
Total Net Position	<u><u>\$ 28,903,383</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, 2019**

	Water and Sewer Fund
OPERATING REVENUES	
Charges for goods and services	\$ 3,263,384
Total Operating Revenues	<u>3,263,384</u>
OPERATING EXPENSES	
Salaries and benefits	1,228,695
Contractual services	213,654
Materials and supplies	627,806
Bad debts	6,827
Depreciation	<u>845,090</u>
Total Operating Expenses	<u>2,922,072</u>
Operating income (loss)	<u>341,312</u>
NONOPERATING REVENUES (EXPENSES)	
Investment income	209,330
Grant revenues	84,948
Interest expense	(92,706)
Gain (loss) on sale of capital assets	<u>(1,737)</u>
Total Nonoperating Revenues (Expenses)	<u>199,835</u>
Change in Net Position	541,147
TOTAL NET POSITION - JULY 1	<u>28,362,236</u>
TOTAL NET POSITION - JUNE 30	<u><u>\$ 28,903,383</u></u>

CITY OF LANDER, WYOMING
STATEMENT OF CASH FLOWS
BUSINESS-TYPE ACTIVITIES - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from service users	\$ 3,259,957
Cash paid for goods and services	402,534
Cash paid to employees	(1,265,350)
Net cash provided by (used for) operating activities	<u>2,397,141</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest paid on debt	(92,706)
Loan advances	1,033,609
Principal paid on notes payable	(284,081)
Net cash provided by (used in) capital and related financing activities	<u>656,822</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	(1,057,025)
Investment income	209,330
Net cash provided by (used in) investing activities	<u>(847,695)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,206,268
CASH AND INVESTMENTS IN TREASURY AND OTHER CASH	
Balances - July 1	<u>5,459,044</u>
Balances - June 30	<u><u>\$ 7,665,312</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	
Operating income (loss)	\$ 341,312
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	845,090
Bad debts	6,827
Change in assets/outflows - (increase) decrease	
Accounts receivable	(62,288)
Inventory	3,435
Due from other funds (net)	1,240,559
Deferred outflows of resources	(159,830)
Change in liabilities/inflows - increase (decrease)	
Accounts payable and accrued expenses	(278,779)
Pension liability	218,108
Deferred inflows of resources	249,611
Deferred revenue	3,400
Compensated absences	(10,304)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u><u>\$ 2,397,141</u></u>

Non-Cash Investing and Financing Transactions - None

Notes to Financial Statements

CITY OF LANDER, WYOMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

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.

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: Assistant to the Mayor, the Fire Administrator, 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 appointed by the City Council.
- **Parks and Recreation Board** – twelve member board, all appointed by the City Council.
- **Lander Urban Forest Council** – seven member board, all appointed by the City Council.
- **Planning Commission** – seven member board, all 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.)

Related Organizations (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, 2019, the City paid \$8,000 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 appointed by the City of Lander, and three 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.

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.)

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.
- **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.)

Fund Financial Statements (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 (1) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.
- **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, 2019. 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.

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.)

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.

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. Water and sewer fund customer accounts receivable balances that are more than 90 days past due are approximately \$6,557 as of June 30, 2019. Miscellaneous accounts receivable in the general fund that are more than 90 days past due are \$0 as of June 30, 2019.

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, 2019 is \$0.

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.

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.

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.

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.)

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.

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.

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.

Grant Advances

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

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

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."

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.

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.

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.

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

Fund Balance (cont.)

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, 2019. 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.

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, 2019, the funding of this reserve amounted to \$815,000, which is over and above 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, 2019

- **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.
- **Council Designated** – The City Council has elected to designate funds for future State Land and Investment Board loans and the related projects that are underway in order to budget for unanticipated cost overruns and changes to the initial project scopes. The City Council has further designated funds to replace aging equipment that may be cost prohibitive to repair. Lastly the City Council has elected to designate \$535,000 for payouts to retirees for vacation and sick leave upon retirement. As of June 30, 2019, the City has approximately 25 employees in the City that are eligible for retirement over the next seven years.

The City Council has designated \$1,103,455 to be used for future emergency equipment replacement that may be needed during normal City operations.

The City Council further designated \$1,958,643 for future loan payments should one of the granting agencies not forgive a balance upon completion of one of the projects as outlined further in Note 12.

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

Net Position (cont.)

- **Unrestricted** – Water and Sewer Fund unrestricted Net Position is restricted by state law for (1) the general operation of the water and sewer fund, and (2) the retirement of any bonds issued to fund the construction of water and sewer plants. Only after all bonds have been retired can water and sewer fund Net Position be transferred to the general fund.

New and Upcoming Accounting Pronouncements

The following are Statements of the Governmental Accounting Standards Board (GASB) that are or will be applicable to the City. At June 30, 2019, the City was aware of the following new standards issued by GASB:

New and Upcoming Pronouncements Implemented in the Current Year

- GASB Statement No. 83, *Certain Asset Retirement Obligations*, effective for reporting periods beginning after June 15, 2018.
- GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for reporting periods beginning after June 15, 2018.

Not Yet Implemented

- GASB Statement No. 84, *Fiduciary Activities*, effective for fiscal years beginning after December 15, 2018.
- GASB Statement No. 87, *Leases*, effective for reporting periods beginning after December 15, 2019.
- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for reporting periods beginning after December 15, 2019.

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The objective of Statement No. 83 is to establish criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The requirements of this Statement are effective for the fiscal year ending June 30, 2019.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for the fiscal year ending June 30, 2020.

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

New and Upcoming Pronouncements – Not Yet Implemented (cont.)

In June 2017, the GASB issued Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of government financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about government leasing activities. Statement No. 87 is effective for the Board beginning in the fiscal year ending June 30, 2021. The effects of this statement are currently being evaluated for application to the Board's financial statements.

In April 2018, the GASB issued Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. This Statement improves the information that is disclosed in notes to the Board's financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities the Board should include when disclosing information related to debt. It requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. It will also require that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for the fiscal year ending June 30, 2019.

In June 2018, The GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and also to simplify accounting for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reporting in a business-type activity or enterprise fund. Interest cost incurred before the end of a construction period should be recognized as an expenditure for financial statements prepared using the current financial resources measurement. The requirements of this Statement are effective for the fiscal year ending June 30, 2021.

Subsequent Events

Management has evaluated subsequent events through December 19, 2019, the date the financial statements were available to be issued.

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

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

CITY OF LANDER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING (cont.)

- 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.
- Public hearings are conducted on the third Tuesday of June to obtain taxpayer comments.
- The budget is legally adopted through passage of a resolution.
- The City Council can, after adequate public notice and a public hearing, amend the budget.
- 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.
- 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 Fund.

	General Fund
GAAP Basis	\$ 692,641
Net Adjustments for Revenue Accruals	(18,309)
Net Adjustments for Expenditure Accruals	14,015
Budget Basis	<u>\$ 688,347</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 with no interest accrual. Taxes collected are distributed after the end of each month.

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, the Wyoming Government Investment Pool, Morton Asset Management, and various certificates of deposit.

Custodial Credit Risk of 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 was \$802,582 and the bank balance was \$1,085,286. As of June 30, 2019, 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 \$835,286 in excess of the FDIC insured limit amounts that were collateralized.

Custodial Credit Risk of Investments

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. Pooled securities are held in safekeeping by a third-party trust in the pool name.

The Wyo-Star Investment Pool is an external investment pool administered by the Wyoming State Treasurer. The City had \$11,091,913 invested in Wyo-Star Investment Pool, \$333,675 invested with Morton Asset Management, \$11,854 invested in the Wyoming Government Investment Fund, and \$1,619,617 invested in a certificate of deposit.

The City's certificates of Deposit mature in 1-47 months and have rates that range from 1.40% to 2.718% as of as of June 30, 2019. The Wyoming Government Investment Fund and the Wyo-Star Investment Pool are not rated.

Fair Value of Investments

The Wyo-Star Investment Pool and Wyoming Government Investment Fund are external investment pools administered by the Wyoming State Treasurer. These pools invest in various securities including equities, bonds, real estate investment trusts, fixed income investments, and various private equity offerings. Wyo-Star investment pool reports their investments at amortized cost, which they believe approximates fair value. It holds investments that fall into each of the three categories as described below.

Management has determined the Wyoming Government Investment Fund qualifies as a Level 1 investment, excluding Certificates of Deposit which are specifically excluded from Government Accounting Standards Board Statement (GASB) No. 72, *Fair Value Measurement and Application*.

CITY OF LANDER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 - CASH AND INVESTMENTS (cont.)

Fair Value of Investments (cont.)

The City has invested funds with an external investment company mostly in Certificates of Deposit which are specifically excluded from Government Accounting Standards Board Statement (GASB) No. 72, Fair Value Measurement and Application. One investment with this company qualifies for fair value reporting below.

The City defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in accordance with the Government Accounting Standards Board Statement (GASB) No. 72, *Fair Value Measurement and Application*. This statement establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1 Fair Value Measurements

The fair value of government and municipal obligations, corporate obligations, and equities are based on quoted values of the shares held by the City at year-end. Approximately 99% of the investments held, on behalf of the City, fall into this category.

Level 2 Fair Value Measurements

These are inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly. These inputs are derived from or corroborated by observable market data through correlation or by other means. Of the investments held by the pools, on behalf of the City, 1% fall into this category.

Level 3 Fair Value Measurements

These are largely unobservable inputs for the asset or liability; they should be used only when relevant Level 1 and Level 2 inputs are unavailable. Of the investments held by the pools, on behalf of the City, 0% fall into this category.

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

	<u>Other Cash and Investments</u>
Cash on hand	\$ 1,000
Bank deposits	798,820
Certificates of deposit	1,619,617
Money market investment pools	<u>11,440,204</u>
Total Cash and Investments	<u>\$ 13,859,641</u>

NOTE 5 - RECEIVABLES

Receivables at June 30, 2019, 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, 2019, 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.

CITY OF LANDER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2019 is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 0	\$ 504,836
Senior Center Trust Permanent Fund	8,476	0
Other Nonmajor Funds	163,884	112,689
Proprietary Fund (Water and Sewer)	445,165	0
	<u> </u>	<u> </u>
Total Primary Government	<u>\$ 617,525</u>	<u>\$ 617,525</u>

Interfund Receivable and payable account balances are the result from the use of various funding sources that can be used to pay for the same projects. All balances are expected to be paid within one year.

	<u>Transfers To Other Funds</u>	<u>Transfers From Other Funds</u>
General Fund	\$ 9,874	\$ 0
Airport	<u>0</u>	<u>9,874</u>
	<u>\$ 9,874</u>	<u>\$ 9,874</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. Throughout the year the City's general fund transferred funds to the airport for the City's portion of the airport improvement project.

CITY OF LANDER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2019 was as follows:

Governmental Activities	Balance June 30, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
Nondepreciable Capital Assets					
Land	\$ 2,530,340	\$ 0	\$ 0	\$ 0	\$ 2,530,340
Construction in process	74,918	111,286	0	(41,794)	144,410
Total Nondepreciable Capital Assets	2,605,258	111,286	0	(41,794)	2,674,750
Depreciable Capital Assets					
Buildings and improvements	14,067,025	24,943	0	0	14,091,968
Equipment	3,614,063	147,666	0	0	3,761,729
Vehicles	3,264,487	40,655	0	0	3,305,142
Office furniture	67,810	0	0	0	67,810
Infrastructure	18,236,096	101,648	0	41,794	18,379,538
Total Depreciable Capital Assets	\$ 39,249,481	\$ 314,912	\$ 0	\$ 41,794	\$ 39,606,187
Less Accumulated Depreciation					
Buildings and improvements	3,654,458	293,271	0	0	3,947,729
Equipment	2,920,677	98,937	0	0	3,019,614
Vehicles	2,121,237	108,486	0	0	2,229,723
Office furniture	54,665	2,835	0	0	57,500
Infrastructure	1,403,034	367,948	0	0	1,770,982
Total Accumulated Depreciation	\$ 10,154,071	\$ 871,477	\$ 0	\$ 0	\$ 11,025,548
Total Depreciable Capital Assets, Net	29,095,410	(556,565)	0	41,794	28,580,639
Governmental Activities Capital Assets, Net	\$ 31,700,668	\$ (445,279)	\$ 0	\$ 0	\$ 31,255,389

CITY OF LANDER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 - CAPITAL ASSETS (cont.)

Business-Type Activities	Balance June 30, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
Nondepreciable Capital Assets					
Construction in process	\$ 2,460,503	\$ 377,933	\$ 0	\$ 0	\$ 2,838,436
Depreciable Capital Assets					
Buildings and improvements	336,509	659,361	0	0	995,870
Equipment	1,436,717	7,700	0	0	1,444,417
Vehicles	257,199	0	0	0	257,199
Office furniture	85,958	9,612	(32,333)	0	63,237
Water distribution system	31,547,278	0	0	0	31,547,278
Sewer service system	8,740,931	0	0	0	8,740,931
Total Depreciable Capital Assets	\$ 42,404,592	\$ 676,673	\$ (32,333)	\$ 0	\$ 43,048,932
Less Accumulated Depreciation					
Buildings and improvements	127,451	7,972	0	0	135,423
Equipment	1,334,916	26,371	0	0	1,361,287
Vehicles	257,200	0	0	0	257,200
Office furniture	77,559	4,982	(30,597)	0	51,944
Water distribution system	10,650,964	630,946	0	0	11,281,910
Sewer service system	3,930,709	174,819	0	0	4,105,528
Total Accumulated Depreciation	\$ 16,378,799	\$ 845,090	\$ (30,597)	\$ 0	\$ 17,193,292
Total Depreciable Capital Assets, Net	26,025,793	(168,417)	(1,736)	0	25,855,640
Business-Type Activities Capital Assets, Net	\$ 28,486,296	\$ 209,516	\$ (1,736)	\$ 0	\$ 28,694,076

Depreciation

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

Governmental Activities

General Government	\$ 479,315
Public Safety	174,296
Public Works	217,866

Total Depreciation Expense - Governmental Activities \$ 871,477

Business-Type Activities

Water and Sewer Services	<u>\$ 845,090</u>
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CITY OF LANDER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

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, 2019:

	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2019</u>	<u>Due Within One Year</u>
Governmental Activities					
Compensated absences	\$ 304,774	\$ 211,394	\$ (172,274)	\$ 343,894	\$ 171,947
Obligations under capital lease	59,432	0	(9,432)	50,000	10,000
Notes payable	194,316	0	(12,072)	182,244	12,570
Net pension liability	2,353,202	1,617,893	0	3,971,095	0
	<u>\$ 2,911,724</u>	<u>\$ 1,829,287</u>	<u>\$ (193,778)</u>	<u>\$ 4,547,233</u>	<u>\$ 194,517</u>
Business-Type Activities					
Compensated absences	\$ 125,154	\$ 60,062	\$ (70,366)	\$ 114,850	\$ 57,425
Notes payable	4,007,064	0	(289,235)	3,717,829	177,953
Loan advances	2,054,805	1,033,608	0	3,088,413	0
Net pension liability	1,058,738	218,108	0	1,276,846	0
	<u>\$ 7,245,761</u>	<u>\$ 1,311,778</u>	<u>\$ (359,601)</u>	<u>\$ 8,197,938</u>	<u>\$ 235,378</u>

When loan advances are termed out they are shown as a reduction to "loan advances" and an addition to "Notes payable" in the table above.

Interest is being accrued on construction debt and will be capitalized upon the project's completion.

NOTE 9 - 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 ten 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, 2019 for continuing capital leases are as follows:

<u>Year Ended June 30,</u>	<u>Governmental Activities</u>
2020	\$ 10,000
2021	10,000
2022	10,000
2023	10,000
2024	10,000
Total minimum lease payments	\$ 50,000
Less: Amounts representing interest	0
Present Value of Minimum Lease Payments	<u>\$ 50,000</u>
Cost of leased property	\$ 100,000
Accumulated depreciation	(9,660)
	<u>\$ 90,340</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 lease for the land the City water tank sits on totaled approximately \$2,249 for the year ended June 30, 2019.

The total commitment under operating leases as of June 30, 2019 was as follows:

<u>Year Ended June 30,</u>	<u>Proprietary Fund</u>
2020	\$ 2,249
2021	2,249
2022	2,249
2023	2,249
2024	2,249
Thereafter	6,747
	<u>\$ 17,992</u>

CITY OF LANDER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 9 - LEASING ARRANGEMENTS (cont.)

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, 2019 are as follows:

Year ending June 30,		
2019	\$	15,300
2020		15,300
2021		15,300
2022		15,300
2023		15,300
Thereafter		749,700
Total Minimum Future Rentals	\$	<u>826,200</u>

This lease, with Lander Regional Hospital, has a remaining term of 65 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.

The following is an analysis of the City's remaining investment in property which is being leased to the municipal golf course under operating leases by major classes as of June 30, 2019:

Classes of Property	Asset Historical Cost	Accumulated Depreciation	Asset Net Book Value
Land	\$ 912,500	\$ 0	\$ 912,500
Buildings	910,153	295,610	614,543
Infrastructure	42,500	27,211	15,289
Equipment	369,636	369,636	0
Total	<u>\$ 2,234,789</u>	<u>\$ 692,457</u>	<u>\$ 1,542,332</u>

NOTE 10 - LONG-TERM DEBT

State Land and Investment Board Awards

- 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. This project was completed during the year ended June 30, 2016 and 50% of the outstanding balance was forgiven in the amount of \$693,270. The remaining loan balance as of June 30, 2019 was \$566,380 and is subject to the payment terms as noted below.

As part of the conditions for the loan noted above, the City is required to fund a cumulative debt reserve totaling \$48,110. This fund is to be used for repairs and maintenance on both of the structures.

NOTE 10 - LONG-TERM DEBT (cont.)

State Land and Investment Board Awards (cont.)

- Loan in the amount of \$2,070,000 to begin amortizing for 20 years starting July 15, 2018 through July 2037. The purpose of this loan was to refinance the revenue bond that was outstanding at the end of June 30, 2017 of \$2,070,000. The new refinance of the bond to the note decreased the interest rate from 4.5% to 2.5%. The remaining loan balance as of June 30, 2019 was \$1,766,444 and is subject to the payment terms as noted below.

The table below represents the combined payment requirements on the drinking water state revolving loans described above.

Drinking Water State Revolving Loans Program			
Year Ending			Total Principal
June 30,	Principal	Interest	and Interest
2020	134,717	42,547	\$ 177,264
2021	122,015	55,249	177,264
2022	125,081	52,183	177,264
2023	128,223	49,040	177,263
2024	131,445	45,818	177,263
2025-2029	708,462	177,856	886,318
2030-2034	802,057	84,260	886,317
thereafter	176,656	5,357	182,013
Total	\$ 2,328,656	\$ 512,309	\$ 2,840,965

- 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. For the year ended June 30, 2019, the project was completed with accrued interest being paid, \$1,534,000 was forgiven by the State Land and Investment Board. After the loan forgiveness the loan balance remaining of \$1,534,000 was termed out for 20 years according to the original terms. As of June 30, 2019 the outstanding balance of the loan was \$1,389,177.

As part of the conditions for the loan 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.

The table below represents the combined payment requirements on the clean drinking water state revolving loan described above.

NOTE 10 - LONG-TERM DEBT (cont.)

State Land and Investment Board Awards (cont.)

Clean Water State Revolving Loan Program			
Year Ending			Total Principal
June 30,	Principal	Interest	and Interest
2020	43,236	55,166	\$ 98,402
2021	64,365	34,037	98,402
2022	65,992	32,409	98,401
2023	67,661	30,740	98,401
2024	69,372	29,029	98,401
2025-2029	374,083	117,927	492,010
2030-2034	423,836	68,173	492,009
thereafter	280,628	14,305	294,933
Total	<u>\$ 1,389,173</u>	<u>\$ 381,786</u>	<u>\$ 1,770,959</u>

The City was awarded three 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 sewer services. As of June 30, 2019, approximately \$1,915,349 of expenses had been approved by the State Land and Investment Board and drawn on the note but not termed out as of June 30, 2019.
- 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 12.4755%, whichever is less, may be forgiven from the loan. This loan is collateralized against future user fees from sewer services. As of June 30, 2019, \$1,131,238 of funds had been drawn on this loan but not termed out as of June 30, 2019.
- Loan in the amount of \$1,090,560 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. This loan is collateralized against future user fees from sewer services. As of June 30, 2019, \$41,826 of funds had been drawn on this loan but not termed out as of June 30, 2019.

The loans from the State Land and Investment Board accrue interest when the initial draw is done on the loan. As of June 30, 2019 the City has recognized \$141,006 in accrued interest.

NOTE 10 - LONG-TERM DEBT (cont.)

The City entered into a project to build a new building for the Chamber of Commerce. The Building had a total cost of \$865,404. The building was funded by a grant totaling \$466,210, a loan through the Wyoming Business Council of \$194,316, with the remaining \$182,244 being paid for by the Chamber of Commerce. The City's loan for the Chamber building requires payments starting April 5, 2019 and is amortized over 15 years at 1%. Annual payments are required totaling \$14,015. This loan is collateralized by the chamber building. The table below represents the payment requirements on the loan.

Wyoming Business Council Loan - Chamber Building			
Year Ending			Total Principal and Interest
June 30,	Principal	Interest	
2020	12,570	1,445	\$ 14,015
2021	12,312	1,702	14,014
2022	12,436	1,579	14,015
2023	12,561	1,454	14,015
2024	12,687	1,328	14,015
2025-2029	65,375	4,699	70,074
2030-2034	54,303	1,355	55,658
	<u>\$ 182,244</u>	<u>\$ 13,562</u>	<u>\$ 195,806</u>

NOTE 11 - 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.

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 early retirement reduced benefits at age 50 (Tier 1 employees) and 55 (Tier 2 employees).

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

NOTE 11 - DEFINED BENEFIT PENSION PLAN (cont.)

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

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 55 or 25 years of service. Benefits are calculated as 2% of employee's highest average salary for each year of credited service. This amount is reduced by 5% per year that the employee is under age 65.

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

Contributions - The Plan statutorily requires 17.12% of the participant's salary to be contributed to the Plan. Contributions consist of 8.50% of the participant's salary as employee contributions and 8.62% 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.

Volunteer Firefighter and EMT Pension Plan

The Volunteer Firefighter and EMT Pension Plan is a cost sharing multiple employer defined benefit, contributory retirement plan covering volunteer firefighters and volunteer emergency medical technicians who elect to participate in the Plan. Participants are statutorily required to contribute \$15.00 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 70% of the gross annual tax collected on fire insurance premiums. The City does not pay these monthly required contributions on behalf of the volunteers.

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.

The Volunteer Firefighter and EMT Pension Plan was created on July 1, 2015, combining the assets and liabilities of two predecessor plans (Volunteer Fireman's Plan and Volunteer EMT Plan). The new Plan features revised contribution and benefit provisions and governance by one board instead of two. It provides a modest benefit increase to retired volunteers whose benefit structure had remained static for some time. It also provided a long-term funding source to stabilize the finances of the Volunteer EMT Plan, while establishing consistent provisions for both firefighter and EMT volunteers.

NOTE 11 - DEFINED BENEFIT PENSION PLAN (cont.)

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, 2019, the contributions from the City that are recognized as part of pension expense for the Plan were as follows:

	General	Police	Volunteer Fire
Contributions - Employer	\$ 240,531	\$ 146,560	\$ 0
Contributions - Employee (paid by employer)	58,141	40,584	7,845
	<u>\$ 298,672</u>	<u>\$ 187,144</u>	<u>\$ 7,845</u>

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

As of June 30, 2019, the City reported a combined net pension liability of \$5,247,941 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, 2018, 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, 2018 rolled forward to December 31, 2018 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, 2018 is as follows:

	General	Police	Volunteer Fire
Percentage of Proportionate Share 12/31/2017	0.103928%	0.58090%	1.89909%
Percentage of Proportionate Share 12/31/2018	0.102366%	0.59988%	1.90625%
Increase/Decrease	<u>-0.0016%</u>	<u>0.0190%</u>	<u>0.0072%</u>

CITY OF LANDER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 - DEFINED BENEFIT PENSION PLAN (cont.)

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

For the year ended June 30, 2019, the City recognized combined (government wide and allocations to proprietary fund) pension expense of \$679,779.

At June 30, 2019, the City reported deferred outflows/(inflows) of resources related to pensions from the following sources:

	Deferred Outflow/(Inflows) of Resources					
	General		Police		Volunteer Fire	
	<u>Outflows</u>	<u>Inflows</u>	<u>Outflows</u>	<u>Inflows</u>	<u>Outflows</u>	<u>Inflows</u>
Pension contributions subsequent to measurement date	\$ 145,367	\$ 0	\$ 86,720	\$ 0	\$ 0	\$ 4,005
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	14,903	37,047	12,746	19,227	8,137	29,221
Net differences between projected and actual earnings on Plan investments	759,772	289,907	380,906	160,076	157,366	56,172
Net differences between expected and actual experience of net outflows/(inflows) of resources	0	78,982	1,921	64,748	0	57,479
Assumption changes since prior actuarial valuation	158,125	0	614,084	0	55,271	0
Total	\$ 1,078,167	\$ 405,936	\$ 1,096,377	\$ 244,051	\$ 220,774	\$ 146,877

The \$232,087 reported as deferred outflows of resources and \$4,005 reported deferred inflows of resources are 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, 2019. 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,	General	Police	Volunteer Fire	Total
2020	\$ 222,071	\$ 244,821	\$ 34,680	\$ 501,572
2021	99,746	192,801	5,170	297,717
2022	49,351	183,199	6,403	238,953
2023	155,696	144,785	31,649	332,130

NOTE 11 - DEFINED BENEFIT PENSION PLAN (cont.)

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

Actuarial Assumptions - The following are the actuarial assumptions applied to all periods included in the measurement:

	General	Police	Volunteer Fire
Valuation date	1/1/18	1/1/18	1/1/18
Actuarial cost method	Individual entry age normal	Individual entry age normal	Individual entry age normal
Amortization method	Level percent - closed	Level percent - open	Level dollar - open
Remaining amortization	30	30	30
Asset valuation method	5-year	5-year	5-year
Actuarial Assumptions:			
Discount Rate	7.00%	6.33%	7.00%
Assumed inflation rate	2.25%	2.25%	2.25%
Projected salary increase	4.25% - 8.75%	2.50% - 8.50%	N/A
Payroll growth rate	2.50%	2.50%	N/A
Investment rate of return	7.00%, net of pension plan investment expense	7.00%, net of pension plan investment expense	7.00%, net of pension plan investment expense
Mortality	RP-2014 Employee Mortality Table	RP-2014 Employee Mortality Table	RP-2014 Employee Mortality Table

Discount Rate - The discount rate used to measure the total pension liability was 7.00% 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 RATE			
Single Discount Rate	Long-Term Expected Rate of Return	Long-Term Municipal Bond Rate*	Last year ending December 31 in the 2017 to 2060 projection period for which projected benefit payments are fully funded
7.00%	7.00%	3.71%	2117

*Source: "State & local bonds" rate from Federal Reserve statistical release (H.15) as of December 31, 2018. 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 7.00%. The long-term rate of return is determined through a 4.75% net real rate of return and an inflation rate of 2.25%. The following table represents a comparison of an annual money-weighted rate of return, net of investment expenses compared to the expected real rate of return.

NOTE 11 - DEFINED BENEFIT PENSION PLAN (cont.)

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

Annual money-weighted rate of return, net of expenses for the fiscal year ended December 31, 2018	Annual money-weighted rate of return, net of expenses for the fiscal year ended December 31, 2017	Expected Rate of Return net investment expenses
-3.52%	14.30%	7.00%

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

Major Portfolio Class	Target Allocation	Arithmetic Real Return	Arithmetic Nominal Return	Geometric Return	Geometric Nominal Return
Tactical Cash	0.00%	0.30%	2.90%	30.00%	2.90%
Fixed Income	20.00%	2.00%	4.60%	1.50%	4.10%
Core Plus	7.50%	1.40%	4.00%	1.30%	3.90%
US Government	10.00%	1.80%	4.40%	1.10%	3.70%
Opportunistic	2.50%	4.20%	6.80%	3.70%	6.30%
Equity	49.00%	7.40%	10.00%	6.00%	8.60%
US Equity	23.60%	6.40%	9.50%	5.50%	8.10%
Developed International	15.80%	7.70%	10.30%	5.90%	8.90%
Emerging Markets	9.60%	10.70%	13.30%	7.80%	10.40%
Marketable Alternative	19.00%	3.50%	6.10%	3.10%	5.70%
Opportunistic/Directional	0.0-10.0%	4.00%	6.60%	3.70%	6.30%
Absolute Return	5.0-15.0%	3.10%	5.70%	2.80%	5.40%
Enhanced Fixed Income	0.0-10.0%	2.70%	5.30%	2.30%	4.90%
Global Asset Allocation	2.5-12.0%	3.00%	5.60%	2.50%	5.10%
Private Markets	12.00%	7.00%	9.60%	5.20%	7.80%
Private Real Assets	3-10.5%	7.00%	9.60%	5.40%	8.00%
Real Estate	2.5-7.5%	3.80%	6.40%	3.20%	5.80%
Private Debt	2.5-7.5%	6.20%	8.80%	4.70%	7.30%
Private Equity	2.5-12.5%	10.90%	13.50%	7.50%	10.10%
Total	100.00%	5.50%	8.10%	4.40%	7.00%

NOTE 11 - DEFINED BENEFIT PENSION PLAN (cont.)

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the 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	\$ 4,323,342	\$ 2,186,345	\$ 941,186	\$ 7,450,874
Current Discount Rate 7%				
Net Pension Liability	3,117,349	1,452,151	678,441	5,247,941
1% Increase				
Net Pension Liability	\$ 2,110,958	\$ 856,937	\$ 461,324	\$ 3,429,218

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, 2019, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Construction Commitments

The City has active construction projects as of June 30, 2019. At year-end, the City's commitments with contractors/consultants are as follows:

Projects	Spent-to-date	Remaining Commitment	Funding Source
STREET UPGRADES	832,265	1,981,746	Optional Tax Money
HPWL PHASE II	168,801	3,028,014	SLIB Loan- \$1,090,560/WWDC Grant \$2,070,970
LAGOON UPGRADE PHASE II	1,131,238	1,730,699 *	SLIB Loan - \$2,861,937
I & I PROJECT	1,915,349	1,386,241	SLIB Loan - \$2,054,640/Reserve
	<u>\$ 4,047,653</u>	<u>\$ 8,126,700</u>	

The "*" represents a loan where the completion of the project could result in a maximum loan forgiveness of approximately \$357,040 or 12.4755%, whichever is less. This loan is collateralized against future user fees from water sewer services. As of June 30, 2019, \$572,509 of funds had been drawn on this loan but not termed out as of June 30, 2019.

CITY OF LANDER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 12 - COMMITMENTS AND CONTINGENCIES (cont.)

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, 2019, the City spent approximately \$74,000 for insurance premiums.

Litigation

The City is contingently liable in respect to lawsuits and claims in the ordinary course of its operations. In the opinion of City personnel, the settlement of such contingencies would not affect the financial position of the City at June 30, 2019. Should any claims prove to be a detriment to the City, they will be recorded as expenditure in the period in which a liability is realized.

NOTE 13 - 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, 2019, \$431,096 is available for authorization for expenditure by the City Council. This amount is included in restricted Net Position.

Required Supplementary Information

**CITY OF LANDER, WYOMING
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (NON GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget - Favorable (Unfavorable)
RESOURCES (INFLOWS)				
Taxes	\$ 5,881,787	\$ 5,928,966	4,200,795	\$ 1,728,171
Licenses and permits	72,000	72,000	184,434	(112,434)
Intergovernmental and grants	648,043	648,043	688,722	(40,679)
Charges for services	277,300	312,410	321,582	(9,172)
Fines and forfeitures	153,000	153,000	150,745	2,255
Interest income	35,000	35,000	125,704	(90,704)
Miscellaneous revenue	120,000	136,233	127,928	8,305
Optional Tax	0	0	1,283,459	(1,283,459)
Amount Available for Appropriation	7,187,130	7,285,652	7,083,369	202,283
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
General government	945,061	945,061	832,668	112,393
Community center	154,000	169,000	163,356	5,644
Municipal court	262,172	262,172	228,384	33,788
Attorney	65,212	65,212	57,267	7,945
Police	2,093,762	2,093,762	2,090,986	2,776
Fire	200,527	200,527	177,812	22,715
Building inspector	45,292	45,292	44,963	329
Emergency management and compliance coordinator	9,000	13,000	11,082	1,918
Streets	2,080,521	2,080,521	1,554,270	526,251
Rodeo grounds	23,500	23,500	1,687	21,813
Building repair and maintenance	129,700	129,700	136,628	(6,928)
Airport	49,700	115,222	37,915	77,307
Shop	231,058	231,058	205,823	25,235
Weed and pest	124,953	126,953	126,520	433
Parks and recreation	558,079	558,079	513,439	44,640
Golf course	37,000	49,000	48,179	821
Cemetery	177,593	177,593	164,043	13,550
Total Charges to Appropriations	7,187,130	7,285,652	6,395,022	890,630
Excess of appropriations over (under) charges to appropriations	0	0	688,347	(688,347)
BUDGETARY FUND BALANCE - JULY 1	4,020,201	4,020,201	4,020,201	
BUDGETARY FUND BALANCE - JUNE 30	<u>\$ 4,020,201</u>	<u>\$ 4,020,201</u>	<u>\$ 4,708,548</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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
City's proportion of the net pension liability	0.104360%	0.101861%	0.104737%	0.103928%	0.102366%
City's proportionate share of the net pension liability	\$ 1,841,633	\$ 2,372,699	\$ 2,532,019	\$ 2,368,866	\$ 3,117,349
City's covered-employee payroll	\$ 1,743,113	\$ 1,832,665	\$ 1,798,718	\$ 1,797,064	\$ 1,751,127
City's proportionate share of the net pension liability as a percentage of its covered payroll	105.65%	129.47%	140.77%	131.82%	178.02%
Plan fiduciary net position as a percentage of the total pension liability	79.08%	73.40%	73.42%	76.35%	69.17%

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

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

Fiscal Year*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
City's proportion of the net pension liability	0.740134%	0.619236%	0.592481%	0.580904%	0.599883%
City's proportionate share of the net pension liability	\$ 218,071	\$ 465,170	\$ 447,275	\$ 499,836	\$1,452,151
City's covered-employee payroll	\$ 1,115,592	\$ 1,020,860	\$ 1,069,081	\$ 1,056,907	\$1,088,047
City's proportionate share of the net pension liability as a percentage of its covered payroll	19.55%	45.57%	41.84%	47.29%	133.46%
Plan fiduciary net position as a percentage of the total pension liability	94.76%	87.49%	88.11%	87.99%	71.22%

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

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF LANDER
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
WYOMING RETIREMENT SYSTEM
VOLUNTEER FIREFIGHTER AND EMT PENSION PLAN

Fiscal Year*

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
City's proportion of the net pension liability	2.144982%	1.971486%	2.074019%	1.899089%	1.906248%
City's proportionate share of the net pension liability	\$ 76,029	\$ 624,796	\$ 658,413	\$ 543,240	\$ 678,445
City's covered-employee payroll	N/A	N/A	N/A	N/A	N/A
City's proportionate share of the net pension liability as a percentage of its covered payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	94.76%	69.16%	69.99%	74.11%	68.18%

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

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

	Fiscal Year				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contributions	\$ 334,778	\$ 304,589	\$ 298,947	298,672	299,793
Contributions in relation to the contractually required contribution	<u>334,778</u>	<u>304,589</u>	<u>298,947</u>	<u>298,672</u>	<u>299,793</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
City's covered payroll of respective pension	\$2,109,504	\$1,832,665	\$1,798,718	\$1,797,064	\$ 1,751,127
Contributions as a percentage of covered employee payroll	15.87%	16.62%	16.62%	16.62%	17.12%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF LANDER
SCHEDULE OF CITY CONTRIBUTIONS
WYOMING RETIREMENT SYSTEM
LAW ENFORCEMENT PENSION PLAN

	Fiscal Year				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contributions	\$ 183,622	\$ 175,588	\$ 183,882	\$ 181,788	\$ 187,144
Contributions in relation to the contractually required contribution	<u>183,622</u>	<u>175,588</u>	<u>183,882</u>	<u>181,788</u>	<u>187,144</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
City's covered payroll of respective pension	\$ 1,067,570	\$ 1,020,860	\$ 1,069,081	\$ 1,056,907	\$ 1,088,047
Contributions as a percentage of covered employee payroll	17.20%	17.20%	17.20%	17.20%	17.20%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF LANDER
SCHEDULE OF CITY CONTRIBUTIONS
WYOMING RETIREMENT SYSTEM
VOLUNTEER FIREFIGHTER AND EMT PENSION PLAN

	Fiscal Year				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually required contributions	\$ 8,687	\$ 8,687	\$ 8,385	\$ 7,485	\$ 7,905
Contributions in relation to the contractually required contribution	<u>8,687</u>	<u>8,687</u>	<u>8,385</u>	<u>7,485</u>	<u>7,905</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
City's covered payroll of respective pension	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

CITY OF LANDER
NOTES TO REQUIRED SUPPLEMENTARY
PENSION INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019

Changes of benefit terms -

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

Changes in the composition of the population -

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

Changes in assumptions -

An experience study was conducted on behalf of the WRS Law Enforcement plan covering the period ending December 31, 2018. That study provided a detailed analysis concerning the development of the long-term inflation rate, real rate of return and discount rate. The study also analyzed each major actuarial assumption (e.g. mortality, salary increases, retirement, termination and disability) and proposed assumptions consistent with the findings. For further information on the experience study and related assumption recommendation, the reader is directed to request the December 31, 2018 Wyoming Retirement System Experience Study.

Supplementary Information

CITY OF LANDER, WYOMING
DETAIL SCHEDULE OF DEPARTMENTAL EXPENDITURES
BY OBJECT CLASSIFICATION
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Materials and Supplies	Contractual Services	Salaries and Benefits	Function Class Totals	Debt Service, Capital Outlay, Transfers Out	Budget Class Totals
GENERAL GOVERNMENT						
General government	\$ 71,549	\$ 76,629	\$ 274,777	\$ 422,955	\$ 314,373	\$ 737,328
Economic development	0	2,000	0	2,000	0	2,000
Community center	56,511	63,272	0	119,783	43,573	163,356
Other general accounts	5,308	50,458	0	55,766	37,574	93,340
Planning	0	0	0	0	0	0
City attorney	0	57,267	0	57,267	0	57,267
Municipal court	2,929	42,182	159,744	204,855	23,529	228,384
Total General Government Expenditures	136,297	291,808	434,521	862,626	419,049	1,281,675
PUBLIC SAFETY						
Police department	62,729	260,288	1,727,085	2,050,102	40,884	2,090,986
Fire department	31,960	31,921	113,931	177,812	0	177,812
Building inspector	1,450	577	42,936	44,963	0	44,963
Emergency management and compliance	11,082	0	0	11,082	0	11,082
Weed and pest	5,179	0	110,024	115,203	11,317	126,520
Total Public Safety Expenditures	112,400	292,786	1,993,976	2,399,162	52,201	2,451,363
PUBLIC WORKS						
Streets and alleys	21,797	409	314,424	336,630	1,217,640	1,554,270
Building repair and maintenance	136,628	0	0	136,628	0	136,628
Airport	13,823	24,092	0	37,915	0	37,915
Cemetery	7,604	3,060	141,379	152,043	12,000	164,043
Maintenance shop	109,239	1,200	76,342	186,781	19,042	205,823
Parks and recreation	49,763	11,081	447,363	508,207	5,232	513,439
Rodeo grounds	197	1,490	0	1,687	0	1,687
Golf course	36,179	0	12,000	48,179	0	48,179
Total Public Works Expenditures	375,230	41,332	991,508	1,408,070	1,253,914	2,661,984
Total Expenditures	<u>\$ 623,927</u>	<u>\$ 625,926</u>	<u>\$ 3,420,005</u>	<u>\$ 4,669,858</u>	<u>\$ 1,725,164</u>	<u>\$ 6,395,022</u>

**CITY OF LANDER, WYOMING
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019**

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS			
Other cash and investments	\$ 0	\$ 0	\$ 0
Due from other funds	94,251	69,633	163,884
Total Assets	<u>\$ 94,251</u>	<u>\$ 69,633</u>	<u>\$ 163,884</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable and accrued expenses	10,601	0	10,601
Due to other funds	112,688	0	112,688
Total Liabilities	<u>123,289</u>	<u>0</u>	<u>123,289</u>
Fund Balances			
Restricted for			
Debt service	0	53,243	53,243
Special revenue funds	(29,038)	0	(29,038)
Debt service fund	0	16,390	16,390
Total Fund Balance	<u>(29,038)</u>	<u>69,633</u>	<u>40,595</u>
Total Liabilities and Fund Balance	<u>\$ 94,251</u>	<u>\$ 69,633</u>	<u>\$ 163,884</u>

CITY OF LANDER, WYOMING
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 181,238	\$ 0	\$ 181,238
Grants	125,112	0	125,112
Charges for services	13,527	0	13,527
Other	10,883	0	10,883
	<hr/>	<hr/>	<hr/>
Total Revenues	330,760	0	330,760
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current			
General government	11,242	0	11,242
Airport	70,741	0	70,741
Parks and recreation - special projects	25,351	0	25,351
Capital outlay	211,668	0	211,668
	<hr/>	<hr/>	<hr/>
Total Expenditures	319,002	0	319,002
	<hr/>	<hr/>	<hr/>
Excess of revenues over (under) expenditures	11,758	0	11,758
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	9,874	0	9,874
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	9,874	0	9,874
	<hr/>	<hr/>	<hr/>
Excess of revenues and other sources over (under) expenditures and other uses	21,632	0	21,632
	<hr/>	<hr/>	<hr/>
FUND BALANCE - JULY 1	(50,670)	69,633	18,963
	<hr/>	<hr/>	<hr/>
FUND BALANCE - JUNE 30	\$ (29,038)	\$ 69,633	\$ 40,595
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Compliance Section

**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, 2019, 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 23, 2019.

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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2019-001 that we consider to be a **significant deficiency**.

In addition, we also noted other improvements that the City should consider as part of its system of internal controls that are noted as Other Conditions below as item 2019-002.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the City of Lander's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 responses. 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.

Fagnant, Lewis & Brinda, P.C.

Fagnant, Lewis & Brinda, P.C.
Lander, Wyoming
December 23, 2019

**CITY OF LANDER
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2019**

SECTION II - FINANCIAL STATEMENT FINDINGS

SIGNIFICANT DEFICIENCY

Finding 2019-001: Internal Controls over Credit Card Process

Condition: The City's system of internal controls over credit card purchases needs improvement to ensure that all credit card transactions are properly authorized and appropriate prior to approval in its monthly closing process.

Criteria: In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances. Due to the fact the City has a new process to purchase more and more on credit cards, the internal control process needs strengthened.

Cause: The City also does not properly segregate authorization and recording duties for credit card transactions. The Deputy Clerk signs off on her own purchases and enters them into the accounting records. She also is responsible for gathering all the expenses for council approval. Furthermore, several instances of approval after the transaction date were noted during our testing.

Effect: Without the proper controls in place, transactions could take place and be processed with credit card purchases that did not receive proper approval from the City's management or City Council.

Recommendation: The City should implement a procedure where the credit card transactions are not paid or processed without some review functions during the accounts payable process from all parties. This process will need to take place timely every month to ensure finance charges are not incurred. Additionally, duties will need to be segregated in regard to the internal processing function.

OTHER CONDITION

Item 2019-002: Related Party Policy

Condition: The City does not have a formal related party policy and procedure in place.

Criteria: During the review of the minutes we came across a bid letting for a roof project in which Edlund Construction was awarded the bid. Sara Edlund, the City Clerk, is the wife of the owner of Edlund Construction.

We reviewed the bid packet and advertisement to ensure everything was performed at arm's length and there did not appear to be any conflicts. During the research it was noted that there are several related parties that perform work for the City. However, this did spur the question on how to treat processes such as this in the future. Lander is a small town in the grand scheme of things and it very well could happen again.

Cause: The City Clerk's husband was awarded a roofing contract through a competitive bid process.

Effect: None

Recommendation: The City should have a related party policy and procedure in place to protect the City employees and council, as well as to provide guidance and a procedure on how to handle these types of situations.



**City of Lander
250 Lincoln Street
Lander, WY 82520**

Corrective Action Plan

CORRECTIVE ACTION ITEM 2019-001: Internal Controls over Credit Card Process

Individual Responsible: City Treasurer

Anticipated Completion Date: March 31, 2020

Corrective Action: City Management and department heads are working on a review procedure, as well as internal staff in accounting, to maintain proper controls over the credit card processing.

CORRECTIVE ACTION ITEM 2019-002: Related Party Policy

Individual Responsible: City Treasurer

Anticipated Completion Date: June 30, 2020

Corrective Action: City Management and Council have discussed adding a policy and procedure in order to provide a written plan of how to handle these types of situations that occur from time to time during the normal course of business. We will be adopting something in the months to come and are currently in the process of evaluating the different related parties that are present within the demographics of the City employees.

**CITY OF LANDER, WYOMING
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2018**

SECTION II - FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESSES

Finding 2018-001: Internal Controls over Accounts Payable

Condition: The City's system of internal controls over financial reporting needs continued improvement in its monthly and year end closing process to incorporate a review procedure over accounts payable to determine that payables have been properly input and released when paid.

Current Year Status: Corrective action was taken.