

CITY OF LANDER, WYOMING

**FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2020**

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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, 2020, 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, 2020, 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, 48 and 49-55, 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 22, 2020 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 22, 2020

Management's Discussion and Analysis

CITY OF LANDER, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

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, 2020. 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, 2020 by \$63,018,752 (net position). Of this amount, unrestricted net position of \$3,122,899 is broken down as follows: Business-Type (Water and Sewer Fund) \$4,530,083; and Governmental Type has various board designated amounts that are unrestricted according to the Government-wide definitions for net position classifications - approximately \$1,172,621. 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 \$3.3 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 \$4,720,592, while water and sewer utility charges total \$3,364,091.
- 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 complete CWSRF 142 in the current year and will complete CWSRF 141 in the fall of 2020. We turned back a grant that had been previously awarded due to the debt forgiveness set at only 12%. The monies that we had collected for this loan were reallocated to the sewer replacement fund. These SLIB grant/loans have helped the City to complete a new blower and aeration at the lagoons. This should help with the compliance requirement of the EPA for our allowed discharge into the river.
- The City of Lander took over all fuel sales at the Lander airport. This was the first full year of fuel sales collected. These additional monies have helped and will help in the future to offset the cost of maintaining the airport.
- The City of Lander completed major improvements to the street rehabilitation program this fiscal year. The City financials look upside down due to the repairs completed this year being greater than what was collected in sales tax for the current year; however, there had been carryforward funds that paid for these repairs. The City was extremely fortunate to be able to have this fifth penny passed in the general election for another four years.
- The City of Lander and the Lander Economic Development Group were successful in getting the half penny passed in the primary election. These monies will start being collected in March 2021. These monies will be collected for four years. A board will be established with guidelines on how this money will be spent. These monies will be held in a separate fund on the City of Lander's financial statement.
- The high-pressure waterline phase two project should be completed in the fall of 2020. We had some work that did not get accepted before the end of this fiscal year in order to close out.
- The City of Lander was awarded AML monies in the amount of \$3,557,554 or (70%) of the total project for the replacement of three 40-year-old water storage tanks, and upgrades to the pump station and transmission lines servicing the hospital facility. The total cost of this project is \$5,044,000. The remaining monies owed on this project will be funded by Wyoming Water Development.

- The City of Lander has been awarded \$580,000 from the CARES Act funding due to the pandemic. These monies were made available through the State Land of Investment Board. These are federal monies given to each state to help with the costs due to the impact of COVID-19. The first grant awarded to the City of Lander was for covering unreimbursed costs of COVID-19 expenses. An example of those costs is for personal protection equipment (PPE), telework, and setup of social distancing barriers. The largest amount of money received was \$450,000 in order to re-do the municipal court. This remodel job will have the court room and council chambers in one room. This included larger chambers for the judge and clerks along with a new audio/video system. This project has to be completed by the end of the year. We also received grant monies to cover the overtime in the police department in order to maintain 24-hour service and avoid cross-contamination among the officers working various shifts.
- The City of Lander took on a very conservative budget for the June 30, 2021 year. The council did this in preparation of reduced income from the loss of sales tax due to the pandemic. Also, added to the conservative approach was the fact that the State of Wyoming's income levels have been greatly reduced due to the decrease of oil and gas. The City of Lander, fortunately, has not experienced a reduction in sales tax due to the pandemic. The state legislature's approving internet sales tax has helped to keep our numbers in line. The City of Lander did eliminate three positions from the June 30, 2021 budget in order to prepare for the decrease in income from the state in the form of the direct distribution being reduced or eliminated for the June 30, 2022 year.

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 like a private-sector business.

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

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

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

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law and bond covenants; however, the City Council establishes other funds to help control and manage money for specific purposes. All 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.

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City of Lander, Wyoming
Management's Discussion and Analysis
June 30, 2020

The City as a whole:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
ASSETS						
Current and other assets	\$5,707,027	\$6,943,723	\$8,600,154	\$8,522,503	\$14,307,181	\$15,466,226
Notes receivable	0	0	0	0	0	0
Capital assets	30,636,728	31,255,389	31,767,655	28,694,076	62,404,383	59,949,465
Total Assets	36,343,755	38,199,112	40,367,809	37,216,579	76,711,564	75,415,691
DEFERRED OUTFLOW OF RESOURCES						
Pension	1,722,892	2,033,473	42,534	361,845	1,765,426	2,395,318
LIABILITIES						
Current and other liabilities	516,825	1,284,858	1,998,606	587,929	2,515,431	1,872,787
Noncurrent liabilities						
Net pension liability	2,313,513	3,971,095	1,052,373	1,276,846	3,365,886	5,247,941
Compensated absences	168,684	171,947	57,951	57,425	226,635	229,372
Obligations under capital lease	30,000	40,000	0	0	30,000	40,000
Notes payable	157,859	169,674	5,906,859	3,544,050	6,064,718	3,713,724
Loan advances	0	0	637,956	3,088,414	637,956	3,088,414
Total Liabilities	3,186,881	5,637,574	9,653,745	8,554,664	12,840,626	14,192,238
DEFERRED INFLOW OF RESOURCES						
Pension	2,166,820	676,487	53,496	120,377	2,220,316	796,864
Community Center advances	11,700	11,700	0	0	11,700	11,700
Property taxes	385,596	396,874	0	0	385,596	396,874
	2,564,116	1,085,061	53,496	120,377	2,617,612	1,205,438
NET POSITION						
Net investment in capital assets	30,415,729	31,020,872	25,211,507	24,972,073	55,627,236	55,992,945
Restricted for:						
Endowment - spendable	402,483	418,443	0	0	402,483	418,443
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	2,096,582	2,926,045	0	0	2,096,582	2,926,045
Special projects	0	0	0	0	0	0
Assigned SLIB loan reserves	0	0	513,488	1,958,643	513,488	1,958,643
Replacement fund	198,223	243,487	2,026,627	859,968	2,224,850	1,103,455
Principal payment on loans	0	0	0	0	0	0
Retirement payout	285,000	235,000	350,000	300,000	635,000	535,000
Unrestricted	(1,407,184)	(1,658,714)	1,639,968	(148,813)	232,784	(1,807,527)
Total Net Position	\$32,315,650	\$33,509,950	\$30,703,102	\$28,903,383	\$63,018,752	\$62,413,333

The City's assets total \$75.6 million and \$74.4 million as of June 30, 2020 and 2019, respectively. Of that amount, approximately 81% and 79% are capital assets as of both June 30, 2020 and 2019, respectively. The City has liabilities of approximately \$12.8 million and \$14.1 million as of June 30, 2020 and 2019, respectively.

City of Lander, Wyoming
Management's Discussion and Analysis
June 30, 2020

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 2020 compared to 2019.

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
REVENUES						
Program Revenues						
Charges for services	\$ 651,055	\$ 629,095	\$3,364,091	\$3,263,384	\$4,015,146	\$3,892,479
Operating grants & contributions	297,380	252,956	146,188	0	443,568	252,956
Capital grants & contributions	142,195	281,344	1,235,351	84,948	1,377,546	366,292
General Revenues						
Property & vehicle taxes	739,122	724,170	0	0	739,122	724,170
Sales & use tax	3,046,521	2,794,985	0	0	3,046,521	2,794,985
Franchise fees	493,140	396,175	0	0	493,140	396,175
Other taxes	350,902	372,273	0	0	350,902	372,273
Mineral taxes	469,168	462,703	0	0	469,168	462,703
Severance taxes	281,832	281,832	0	0	281,832	281,832
Special state distributions	923,071	941,539	0	0	923,071	941,539
Investment earnings	89,107	136,215	189,272	209,330	278,379	345,545
Gain (loss) on sale of assets	0	0	0	(1,737)	0	(1,737)
Other revenue	221,541	160,142	0	0	221,541	160,142
Transfers	0	0	0	0	0	0
Total Revenues	7,705,034	7,433,429	4,934,902	3,555,925	12,639,936	10,989,354
EXPENSES						
Current						
General government	1,537,478	1,737,034	0	0	1,537,478	1,737,034
Public safety	2,727,887	2,672,812	0	0	2,727,887	2,672,812
Public works	4,633,969	3,270,886	0	0	4,633,969	3,270,886
Water & wastewater	0	0	3,135,183	3,014,778	3,135,183	3,014,778
Total Expenses	8,899,334	7,680,732	3,135,183	3,014,778	12,034,517	10,695,510
Increase (decrease) in net position	(\$1,194,300)	(\$247,303)	\$1,799,719	\$541,147	\$605,419	\$293,844

Governmental saw a positive increase in net position and business-type activities saw an increase in net position of approximately \$605 thousand and \$294 thousand, respectively, for fiscal years 2020 and 2019. 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 \$5,798,402 in 2020 and \$5,437,856 in 2019.

	2020	2019
Restricted for special projects	\$271,574	\$271,574
Restricted for senior endowment	402,483	418,443
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 2020, the fund balance of the General Fund totaled \$4,575,538. At the end of 2019, the General Fund Balance totaled \$4,978,818.

Revenues by Source - General Fund		
	2020	2019
Taxes	80%	77%
License and fees	2%	3%
Fines and forfeitures	2%	2%
Intergovernmental	10%	9%
Charges for service	3%	5%
Other revenue	1%	2%
WBCA grant chamber contributions	1%	1%
Rent	1%	1%
Total	100%	100%

General government expenditures include all administrative functions of the City (i.e. Council, Clerk, Treasurer, Finance, Attorney, Municipal Court, 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		
	2020	2019
General Government	\$ 807,953	\$ 840,459
Public Safety	2,413,590	2,399,162
Public Works	1,352,944	1,408,070
Capital Outlay	2,930,334	1,725,164
Principal Retirement	0	0
Total	\$ 7,504,821	\$ 6,372,855

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, 2020 amounts to \$92.3 million. This amount excludes infrastructure assets constructed prior to July 1, 2003.

Major capital additions during fiscal year 2020 included upgrades to the lagoon, scada system and high pressure water line. The table below provides a summary of net capital assets at June 30, 2020 compared to June 30, 2019.

City of Lander, Wyoming
Management's Discussion and Analysis
June 30, 2020

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Land	\$2,530,340	\$2,530,340	\$0	\$0	\$2,530,340	\$2,530,340
Construction in progress	129,054	144,410	6,004,702	2,838,436	6,133,756	2,982,846
Building & improvements	14,160,057	14,091,968	995,870	995,870	15,155,927	15,087,838
Equipment	3,934,666	3,761,729	1,470,097	144,417	5,404,763	3,906,146
Vehicles	3,305,142	3,305,142	257,199	257,199	3,562,341	3,562,341
Office furniture	102,036	67,810	83,289	63,237	185,325	131,047
Infrastructure	18,379,538	18,379,538	0	0	18,379,538	18,379,538
Water distribution system	0	0	31,620,644	31,547,278	31,620,644	31,547,278
Sewer service system	0	0	9,396,105	8,740,931	9,396,105	8,740,931
Total Net Assets	<u>\$42,540,833</u>	<u>\$42,280,937</u>	<u>\$49,827,906</u>	<u>\$44,587,368</u>	<u>\$92,368,739</u>	<u>\$86,868,305</u>

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 35 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 decreased this year due to the closing of SLIB loan #142; however, the offset is an increase in notes payable. The SLIB loan #141 will become final in the fall of 2020.

Economic Factors and Next Year's Budgets and Rates

The City is taking on a very conservative approach to the next year budget. They have eliminated three positions, thus next year will show a large decrease in wages and pension liabilities. The State of Wyoming has an exceptionally large budget deficient and the municipalities are assuming that they will not leave this unscathed. We are fully anticipating a reduction or elimination in our direct distribution payment.

The legislature did not make the 5th penny permanent, however it was passed in the general election by a vote of the people to continue it for another four years. In addition to the 5th penny a ½ tax was also passed by a vote of the people for economic development. These monies will be used to offset our cost that we pay to the City of Riverton for the MRG monies for the airport. The City would like to see the legislature come up with a revenue stream for the cities/towns so that they don't have to be dependent on the supplemental distribution.

The City will have the new Scada system implemented by the end of the calendar year of 2020. This system will enable the enterprise fund to operate much more efficiently and modern.

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, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Other cash and investments	\$ 4,832,325	\$ 6,389,914	\$ 11,222,239
Cash with fiscal agent	8,836	0	8,836
Restricted cash	0	961,512	961,512
Receivables, net			
Taxes receivable	781,534	0	781,534
Intergovernmental and grants receivable	67,164	262,586	329,750
Accounts receivable	17,168	369,498	386,666
Grants receivable	0	566,477	566,477
Inventory	0	50,167	50,167
Total Current Assets	<u>5,707,027</u>	<u>8,600,154</u>	<u>14,307,181</u>
Noncurrent Assets			
Fixed assets, net of accumulated depreciation	30,636,728	31,767,655	62,404,383
TOTAL ASSETS	<u>\$ 36,343,755</u>	<u>\$ 40,367,809</u>	<u>\$ 76,711,564</u>
DEFERRED OUTFLOW OF RESOURCES			
Pension	1,722,892	42,534	1,765,426
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>1,722,892</u>	<u>42,534</u>	<u>1,765,426</u>
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	\$ 63,240	\$ 1,263,965	\$ 1,327,205
Internal balances	262,586	0	262,586
Renter deposits water and sewer services	0	27,400	27,400
Current portion of long-term liabilities	190,999	707,241	898,240
Total Current Liabilities	<u>516,825</u>	<u>1,998,606</u>	<u>2,515,431</u>
Noncurrent Liabilities			
Net pension liability	2,313,513	1,052,373	3,365,886
Compensated absences	168,684	57,951	226,635
Obligations under capital lease	30,000	0	30,000
Notes payable	157,859	5,906,859	6,064,718
Loan advances	0	637,956	637,956
Total Noncurrent Liabilities	<u>2,670,056</u>	<u>7,655,139</u>	<u>10,325,195</u>
TOTAL LIABILITIES	<u>3,186,881</u>	<u>9,653,745</u>	<u>12,840,626</u>
DEFERRED INFLOW OF RESOURCES			
Pension	2,166,820	53,496	2,220,316
Community center advances	11,700	0	11,700
Property taxes	385,596	0	385,596
TOTAL DEFERRED INFLOW OF RESOURCES	<u>2,564,116</u>	<u>53,496</u>	<u>2,617,612</u>
NET POSITION			
Net investment in capital assets	30,415,729	25,211,507	55,627,236
Restricted			
Endowment - spendable	402,483	0	402,483
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	2,096,582	0	2,096,582
Assigned replacement fund	198,223	0	198,223
Retirement payout	285,000	0	285,000
Unrestricted	<u>(1,407,184)</u>	<u>4,530,083</u>	<u>3,122,899</u>
TOTAL NET POSITION	<u>\$ 32,315,650</u>	<u>\$ 30,703,102</u>	<u>\$ 63,018,752</u>

See Notes to Financial Statements

**CITY OF LANDER, WYOMING
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

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	\$ 1,554,919	\$ 378,887	\$ 117,892	\$ 142,195	\$ (915,945)	\$ 0	\$ (915,945)
Public safety	2,727,887	163,186	229,179	0	(2,335,522)	0	(2,335,522)
Public works	4,634,019	108,982	0	0	(4,525,037)	0	(4,525,037)
Total Governmental Activities	8,916,825	651,055	347,071	142,195	(7,776,504)	0	(7,776,504)
Business-Type Activities							
Water and sewer	3,135,183	3,364,091	146,188	1,235,351	0	1,610,447	1,610,447
Total Primary Government	<u>\$ 12,052,008</u>	<u>\$ 4,015,146</u>	<u>\$ 493,259</u>	<u>\$ 1,377,546</u>	<u>\$ (7,776,504)</u>	<u>\$ 1,610,447</u>	<u>\$ (6,166,057)</u>
General revenues							
Property and vehicle taxes					767,797	\$ 0	\$ 767,797
Sales tax, use tax, and optional 1% tax					3,046,521	0	3,046,521
Franchise fees					493,140	0	493,140
Other taxes					350,902	0	350,902
Mineral royalties					469,168	0	469,168
Severance taxes					281,832	0	281,832
Special state distributions					923,071	0	923,071
Investment earnings					89,107	189,272	278,379
Other revenue					160,666	0	160,666
Total general and other revenues					6,582,204	189,272	6,771,476
Change in net position					(1,194,300)	1,799,719	605,419
Net position - beginning					33,509,950	28,903,383	62,413,333
Net position - ending					<u>\$ 32,315,650</u>	<u>\$ 30,703,102</u>	<u>\$ 63,018,752</u>

See Notes to Financial Statements

Fund Financial Statements

**CITY OF LANDER, WYOMING
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020**

	General Fund	Senior Center Trust Permanent Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Other cash and investments	\$ 4,435,365	\$ 396,960	\$ 0	\$ 4,832,325
Cash with fiscal agent	8,836	0	0	8,836
Receivables, net				
Taxes	776,019	0	306	776,325
Intergovernmental and grants	29,605	0	37,559	67,164
Accounts	17,168	0	0	17,168
Accrued interest	0	5,208	0	5,208
Due from other funds	0	3,306	88,070	91,376
Total Assets	<u>\$ 5,266,993</u>	<u>\$ 405,474</u>	<u>\$ 125,935</u>	<u>\$ 5,798,402</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable and accrued expenses	\$ 55,465	\$ 2,991	\$ 4,783	\$ 63,239
Due to other funds	216,119	0	137,843	353,962
Total Liabilities	<u>271,584</u>	<u>2,991</u>	<u>142,626</u>	<u>417,201</u>
DEFERRED INFLOW OF RESOURCES				
Property taxes	<u>419,871</u>	<u>0</u>	<u>0</u>	<u>419,871</u>
Total Deferred Inflow of Resources	<u>419,871</u>	<u>0</u>	<u>0</u>	<u>419,871</u>
Fund Balances				
Restricted for				
Endowment - spendable	0	402,483	0	402,483
Special projects	271,574	0	0	271,574
Debt service	0	0	53,243	53,243
Committed				
Optional 1% sales tax	2,096,582	0	0	2,096,582
Assigned				
Retirees	285,000	0	0	285,000
Equipment	198,223	0	0	198,223
Permanent fund				
Debt service fund	0	0	16,390	16,390
Unassigned				
General fund	1,724,159	0	0	1,724,159
Special revenue funds	0	0	(86,324)	(86,324)
Total Fund Balances	<u>4,575,538</u>	<u>402,483</u>	<u>(16,691)</u>	<u>4,961,330</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 5,266,993</u>	<u>\$ 405,474</u>	<u>\$ 125,935</u>	<u>\$ 5,798,402</u>
Total Fund Balances from above				\$ 4,961,330
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.				30,636,728
Taxes receivable are not available to pay current period expenditures, and therefore are deferred in the funds.				22,575
Deferred outflows of resources related to pensions are applicable to future periods, and therefore not reported in the governmental fund statements.				1,722,892
Deferred inflows of resources related to pensions are applicable to future periods, and therefore not reported in the governmental fund statements.				(2,166,820)
Long-term liabilities, including compensated absences, are not due in the current period, and therefore are not reported in the funds.				(547,542)
Net pension liability				<u>(2,313,513)</u>
Net Position of Governmental Activities				<u>\$ 32,315,650</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, 2020

	General Fund	Senior Center Trust Permanent Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 5,800,071	\$ 0	\$ 0	\$ 5,800,071
Licenses and fees	155,344	0	0	155,344
Fines and forfeitures	131,997	0	0	131,997
Intergovernmental and grants	710,789	0	222,714	933,503
Charges for services	208,901	0	172,348	381,249
Investment income	79,993	9,114	0	89,107
Rent	37,424	0	18,348	55,772
WBCA grant and chamber contributions	14,015	0	0	14,015
Other revenue	89,662	25,000	16,044	130,706
Total Revenues	\$ 7,228,196	\$ 34,114	\$ 429,454	\$ 7,691,764
EXPENDITURES				
Current				
General government	\$ 807,953	\$ 50,074	\$ 0	\$ 858,027
Public safety	2,413,590	0	51,439	2,465,029
Public works	1,352,944	0	0	1,352,944
Airport	0	0	317,994	317,994
Parks and recreation - special projects	0	0	86,999	86,999
Capital outlay	2,930,334	0	145,017	3,075,351
Total Expenditures	7,504,821	50,074	601,449	8,156,344
Excess of revenues over (under) expenditures	(276,625)	(15,960)	(171,995)	(464,580)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	0	0	114,709	114,709
Operating transfers (out)	(114,709)	0	0	(114,709)
Other financing sources - chamber loan	(11,946)	0	0	(11,946)
Total Other Financing Sources (Uses)	(126,655)	0	114,709	(11,946)
Excess of revenues and other sources over (under) expenditures and other uses	(403,280)	(15,960)	(57,286)	(476,526)
FUND BALANCES - JULY 1	4,978,818	418,443	40,595	5,437,856
FUND BALANCES - JUNE 30	\$ 4,575,538	\$ 402,483	\$ (16,691)	\$ 4,961,330

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, 2020

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)	\$ (476,526)
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 (\$259,897) were exceeded by depreciation expense \$878,557 in the current period.	(618,660)
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.	22,071
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	431,949
Cost of benefits earned net of employee contributions (pension expense from pension schedule)	(593,931)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	34,272
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.	<u>6,525</u>
Change in Net Position of Governmental Activities (page 11)	<u><u>\$ (1,194,300)</u></u>

CITY OF LANDER, WYOMING
STATEMENT OF NET POSITION
BUSINESS-TYPE ACTIVITIES - PROPRIETARY FUND
JUNE 30, 2020

	<u>Water and Sewer Fund</u>
ASSETS	
Current assets	
Other cash and investments	\$ 6,389,914
Restricted cash	961,512
Accounts receivable, net	369,498
Grants receivable	566,477
Due from other funds	262,586
Inventory	<u>50,167</u>
Total Current Assets	<u>8,600,154</u>
Noncurrent assets	
Fixed assets, net	<u>31,767,655</u>
Total Noncurrent Assets	<u>31,767,655</u>
Total Assets	<u>\$ 40,367,809</u>
DEFERRED OUTFLOW OF RESOURCES	
Pension	<u>42,534</u>
LIABILITIES	
Current liabilities	
Accounts payable and accrued expenses	1,261,209
Deferred revenue	27,400
Current portion of compensated absences	57,952
Current portion of notes payable	<u>649,289</u>
Total Current Liabilities	<u>1,995,850</u>
Noncurrent liabilities	
Compensated absences	57,951
Accrued interest	2,756
Notes payable	5,906,859
Net pension liability	1,052,373
Loan advances	<u>637,956</u>
Total Noncurrent Liabilities	<u>7,657,895</u>
Total Liabilities	<u>9,653,745</u>
DEFERRED INFLOW OF RESOURCES	
Pension	<u>53,496</u>
NET POSITION	
Net investment in capital assets	25,211,507
Restricted	
SLIB loan reserves	146,512
Plant maintenance	815,000
Unrestricted	<u>4,530,083</u>
Total Net Position	<u>\$ 30,703,102</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, 2020**

	Water and Sewer Fund
OPERATING REVENUES	
Charges for goods and services	\$ 3,364,091
Total Operating Revenues	<u>3,364,091</u>
OPERATING EXPENSES	
Salaries and benefits	1,228,003
Contractual services	322,950
Materials and supplies	610,564
Depreciation	<u>866,960</u>
Total Operating Expenses	<u>3,028,477</u>
Operating income (loss)	<u>335,614</u>
NONOPERATING REVENUES (EXPENSES)	
Investment income	189,272
Grant revenues	1,235,351
Forgiveness of loans	146,188
Interest expense	<u>(106,706)</u>
Total Nonoperating Revenues (Expenses)	<u>1,464,105</u>
Change in Net Position	1,799,719
TOTAL NET POSITION - JULY 1	<u>28,903,383</u>
TOTAL NET POSITION - JUNE 30	<u><u>\$ 30,703,102</u></u>

CITY OF LANDER, WYOMING
STATEMENT OF CASH FLOWS
BUSINESS-TYPE ACTIVITIES - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2020

	Water and Sewer Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from service users	\$ 2,772,483
Cash paid for goods and services	372,105
Cash paid to employees	(1,227,477)
Net cash provided by (used for) operating activities	<u>1,917,111</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest paid on debt	(106,706)
Loan advances	775,987
Principal paid on notes payable	(342,892)
Net cash provided by (used in) capital and related financing activities	<u>326,389</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of fixed assets	(2,746,658)
Investment income	189,272
Net cash provided by (used in) investing activities	<u>(2,557,386)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(313,886)
CASH AND INVESTMENTS IN TREASURY AND OTHER CASH	
Balances - July 1	<u>7,665,312</u>
Balances - June 30	<u><u>\$ 7,351,426</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	
Operating income (loss)	\$ 335,614
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	866,960
Change in assets/outflows - (increase) decrease	
Accounts receivable	(577,608)
Inventory	3,492
Due from other funds (net)	182,579
Deferred outflows of resources	319,311
Change in liabilities/inflows - increase (decrease)	
Accounts payable and accrued expenses	1,091,064
Pension liability	(224,473)
Deferred inflows of resources	(66,881)
Deferred revenue	(14,000)
Compensated absences	1,053
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u><u>\$ 1,917,111</u></u>

Non-Cash Investing and Financing Transactions - None

See Notes to Financial Statements

Notes to Financial Statements

CITY OF LANDER, WYOMING
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

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:

- **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, 2020, 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 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, 2020. 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 \$6,929 as of June 30, 2020. Miscellaneous accounts receivable in the general fund that are more than 90 days past due are \$0 as of June 30, 2020.

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, 2020 is \$0.

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, 2020. 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, 2020, 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, 2020

- **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 \$285,000 for payouts from the general fund and \$350,000 from water sewer funds to retirees for vacation and sick leave upon retirement. As of June 30, 2020, the City has approximately 25 employees in the City that are eligible for retirement over the next seven years.

The City Council has designated \$2,224,850 to be used for future emergency equipment replacement that may be needed during normal City operations. \$198,223 from general fund and \$2,026,627 from water sewer funds.

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

Net Position (cont.)

The City Council further designated \$513,488 from water sewer funds 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

- **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, 2020, the City was aware of the following new standards issued by GASB:

Implemented in the Current Year

- GASB Statement No. 84, *Fiduciary Activities*, effective for fiscal years beginning after December 15, 2018.

Not Yet Implemented

- 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.
- GASB Statement No. 92, *Omnibus 2020*, effective for reporting periods beginning after June 15, 2020.
- GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, effective immediately.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for fiscal year beginning after June 15, 2022.

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.

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

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

New and Upcoming Accounting Pronouncements (cont.)

resources, thereby enhancing the relevance and consistency of information about government leasing activities. Statement No. 87 is effective for the City beginning in the fiscal year ending June 30, 2021. The effects of this statement are currently being evaluated for application to the City's financial statements.

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.

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

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

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020.

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

New and Upcoming Accounting Pronouncements (cont.)

- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020.

Earlier application is encouraged and is permitted by topic. The effects of this statement are currently being evaluated for application to the City's financial statements. The City is evaluating the impact that the above GASB statements will have on its financial reporting.

In May 2020, the GASB issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, Certain Asset Retirement Obligations
- Statement No. 84, Fiduciary Activities
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)
- Implementation Guide No. 2018-1, Implementation Guidance Update—2018
- Implementation Guide No. 2019-1, Implementation Guidance Update—2019
- Implementation Guide No. 2019-2, Fiduciary Activities

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, Leases
- Implementation Guide No. 2019-3, Leases

Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in each pronouncement as originally issued.

The requirements of this Statement are effective immediately.

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other

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

New and Upcoming Accounting Pronouncements (cont.)

than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The City is evaluating the impact that the above GASB statements will have on its financial reporting

NOTE 2 - BUDGETS AND BUDGETARY ACCOUNTING

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

- 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	\$ (403,280)
Net Adjustments for Revenue Accruals	13,228
Net Adjustments for Expenditure Accruals	(12,441)
Budget Basis	<u>\$ (402,493)</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 \$879,373 and the bank balance was \$1,038,108. As of June 30, 2020, 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 \$788,108 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 \$9,284,522 invested in Wyo-Star Investment Pool, \$7,045 invested with Morton Asset Management, \$1,485 invested in the Wyoming Government Investment Fund, and \$2,017,763 invested in various certificates of deposit.

NOTE 4 - CASH AND INVESTMENTS (cont.)

The City's certificates of Deposit mature in 1-36 months and have rates that range from 0.664% to 2.718% as of June 30, 2020. 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*.

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 85% 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, 15% 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.

CITY OF LANDER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4 - CASH AND INVESTMENTS (cont.)

Fair Value of Investments (cont.)

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	879,373
Certificates of deposit	2,019,162
Money market investment pools	<u>9,293,052</u>
Total Cash and Investments	<u>\$ 12,192,587</u>

NOTE 5 - RECEIVABLES

Receivables at June 30, 2020, 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, 2020, consisted of grants receivable, miscellaneous accounts receivable and accrued interest on investments. No allowance has been recorded on accounts receivable, as all amounts are considered fully collectible.

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2020 is as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 0	\$ 216,119
Senior Center Trust Permanent Fund	3,306	0
Other Nonmajor Funds	88,070	137,843
Proprietary Fund (Water and Sewer)	<u>262,586</u>	<u>0</u>
Total Primary Government	<u>\$ 353,962</u>	<u>\$ 353,962</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	\$ 114,709	\$ 0
SECTION 205 Special Revenue	0	89,709
Airport	<u>0</u>	<u>25,000</u>
	<u>\$ 114,709</u>	<u>\$ 114,709</u>

CITY OF LANDER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (cont.)

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.

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

Governmental Activities	Balance June 30, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Nondepreciable Capital Assets					
Land	\$ 2,530,340	\$ 0	\$ 0	\$ 0	\$ 2,530,340
Construction in process	144,410	48	0	(15,404)	129,054
Total Nondepreciable Capital Assets	2,674,750	48	0	(15,404)	2,659,394
Depreciable Capital Assets					
Buildings and improvements	14,091,967	68,090	0	0	14,160,057
Equipment	3,761,729	172,937	0	0	3,934,666
Vehicles	3,305,142	0	0	0	3,305,142
Office furniture	67,810	18,822	0	15,404	102,036
Infrastructure	18,379,538	0	0	0	18,379,538
Total Depreciable Capital Assets	\$ 39,606,186	\$ 259,849	\$ 0	\$ 15,404	\$ 39,881,439
Less Accumulated Depreciation					
Buildings and improvements	3,947,729	294,761	0	0	4,242,490
Equipment	3,019,614	109,181	0	0	3,128,795
Vehicles	2,229,723	102,094	0	0	2,331,817
Office furniture	57,500	3,096	0	0	60,596
Infrastructure	1,770,982	369,425	0	0	2,140,407
Total Accumulated Depreciation	\$ 11,025,548	\$ 878,557	\$ 0	\$ 0	\$ 11,904,105
Total Depreciable Capital Assets, Net	28,580,638	(618,708)	0	15,404	27,977,334
Governmental Activities Capital Assets, Net	\$ 31,255,388	\$ (618,660)	\$ 0	\$ 0	\$ 30,636,728

CITY OF LANDER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 - CAPITAL ASSETS (cont.)

Business-Type Activities	Balance June 30, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Nondepreciable Capital Assets					
Construction in process	\$ 2,838,436	\$ 3,821,440	\$ 0	\$ (655,174)	\$ 6,004,702
Depreciable Capital Assets					
Buildings and improvements	995,870	0	0	0	995,870
Equipment	1,444,417	25,680	0	0	1,470,097
Vehicles	257,199	0	0	0	257,199
Office furniture	63,237	20,052	0	0	83,289
Water distribution system	31,547,278	73,366	0	0	31,620,644
Sewer service system	8,740,931	0	0	655,174	9,396,105
Total Depreciable Capital Assets	\$ 43,048,932	\$ 119,098	\$ 0	\$ 655,174	\$ 43,823,204
Less Accumulated Depreciation					
Buildings and improvements	135,423	21,121	0	0	156,544
Equipment	1,361,287	28,722	0	0	1,390,009
Vehicles	257,200	0	0	0	257,200
Office furniture	51,944	4,371	0	0	56,315
Water distribution system	11,281,910	630,945	0	0	11,912,855
Sewer service system	4,105,528	181,800	0	0	4,287,328
Total Accumulated Depreciation	\$ 17,193,292	\$ 866,959	\$ 0	\$ 0	\$ 18,060,251
Total Depreciable Capital Assets, Net	25,855,640	(747,861)	0	655,174	25,762,953
Business-Type Activities Capital Assets, Net	\$ 28,694,076	\$ 3,073,579	\$ 0	\$ 0	\$ 31,767,655

Depreciation

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

Governmental Activities	
General Government	\$ 483,207
Public Safety	175,711
Public Works	219,639
Total Depreciation Expense - Governmental Activities	\$ 878,557
Business-Type Activities	
Water and Sewer Services	\$ 866,959

CITY OF LANDER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020:

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities					
Compensated absences	\$ 343,894	\$ 179,340	\$ (185,865)	\$ 337,369	\$ 168,685
Obligations under capital lease	50,000	0	(10,000)	40,000	10,000
Notes payable	182,244	0	(12,071)	170,173	12,314
Net pension liability	3,971,095	0	(1,657,582)	2,313,513	0
	<u>\$ 4,547,233</u>	<u>\$ 179,340</u>	<u>\$ (1,865,518)</u>	<u>\$ 2,861,055</u>	<u>\$ 190,999</u>
Business-Type Activities					
Compensated absences	\$ 114,850	\$ 76,970	\$ (75,917)	\$ 115,903	\$ 57,952
Notes payable	3,717,829	3,226,444 **	(388,125)	6,556,148	649,289
Loan advances	3,088,413	775,987	(3,226,444) **	637,956	0
Net pension liability	1,276,846	0	(224,473)	1,052,373	0
	<u>\$ 8,197,938</u>	<u>\$ 4,079,401</u>	<u>\$ (3,914,959)</u>	<u>\$ 8,362,380</u>	<u>\$ 707,241</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, 2020 for continuing capital leases are as follows:

<u>Year Ended June 30,</u>	<u>Governmental Activities</u>
2021	\$ 10,000
2022	10,000
2023	10,000
2024	10,000
Total minimum lease payments	\$ 40,000
Less: Amounts representing interest	0
Present Value of Minimum Lease Payments	<u>\$ 40,000</u>
Cost of leased property	\$ 100,000
Accumulated depreciation	(11,660)
	<u>\$ 88,340</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, 2020.

The total commitment under operating leases as of June 30, 2020 was as follows:

<u>Year Ended June 30,</u>	<u>Proprietary Fund</u>
2021	\$ 2,249
2022	2,249
2023	2,249
2024	2,249
Thereafter	6,747
	<u>\$ 15,743</u>

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, 2020 are as follows:

Year ending June 30,		
2021	\$	15,300
2022		15,300
2023		15,300
2024		15,300
2025		15,300
Thereafter		734,400
Total Minimum Future Rentals	\$	<u>810,900</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, 2020:

Classes of Property	Asset Historical Cost	Accumulated Depreciation	Asset Net Book Value
Land	\$ 912,500	\$ 0	\$ 912,500
Buildings	910,153	313,154	596,999
Infrastructure	42,500	28,727	13,773
Equipment	369,636	369,636	0
Total	<u>\$ 2,234,789</u>	<u>\$ 711,517</u>	<u>\$ 1,523,272</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, 2020 was \$536,087 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, 2020 was \$1,649,561 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
2021	118,542	58,722	177,264
2022	121,475	55,789	177,263
2023	124,482	52,783	177,264
2024	127,562	49,702	177,264
2025	130,719	46,545	177,264
2026-2030	705,749	182,572	888,321
2031-2035	780,809	91,080	871,888
thereafter	76,310	8,216	84,526
Total	\$ 2,185,648	\$ 545,408	\$ 2,731,056

- 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, 2020, 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, 2020 the outstanding balance of the loan was \$1,340,177.

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.

- 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, 2020, approximately \$2,054,640 of expenses had been approved by the State Land and Investment Board. \$139,291 of expenses were incurred as of June 30, 2020 and were awaiting approval and reimbursement. The City also received loan forgiveness in the amount of \$357,040 subsequent to June 30, 2020.

NOTE 10 - LONG-TERM DEBT (cont.)

State Land and Investment Board Awards (cont.)

- 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, 2020, \$975,683 of funds had been drawn on this loan, the project was completed in fiscal year 2020 and loan forgiveness in the amount of \$146,188 was granted during the year.

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

Clean Water State Revolving Loans Program			
Year Ending			Total Principal
June 30,	Principal	Interest	and Interest
2021	530,747	67,548	\$ 598,295
2022	177,990	95,098	273,088
2023	182,379	90,709	273,088
2024	186,876	86,212	273,088
2025	191,484	81,604	273,088
2026-2030	947,144	334,828	1,281,971
2031-2035	1,189,202	193,917	1,383,120
thereafter	964,679	66,082	1,030,761
Total	\$ 4,370,500	\$ 1,016,000	\$ 5,386,500

The City was awarded an additional note through the State Land and Investment Board. Terms are described below:

- 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, 2020, \$637,956 of funds had been drawn on this loan but not termed out as of June 30, 2020.

The loans from the State Land and Investment Board accrue interest when the initial draw is done on the loan. As of June 30, 2020 the City has recognized \$133,908 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 of Commerce 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
June 30,	Principal	Interest	and Interest
2021	12,314	1,943	\$ 14,257
2022	12,437	1,701	14,138
2023	12,562	1,577	14,139
2024	12,687	1,453	14,140
2025	12,814	1,327	14,142
2026-2030	66,019	4,708	70,728
2031-2034	41,338	1,374	42,712
	<u>\$ 170,173</u>	<u>\$ 14,083</u>	<u>\$ 184,256</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 17.62% of the participant's salary to be contributed to the Plan. Contributions consist of 8.75% of the participant's salary as employee contributions and 8.87% 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, 2020, 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	\$ 263,697	\$ 150,072	\$ 0
Contributions - Employee (paid by employer)	63,741	41,557	7,410
	<u>\$ 327,438</u>	<u>\$ 191,629</u>	<u>\$ 7,410</u>

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

As of June 30, 2020, the City reported a combined net pension liability of \$2,313,513 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, 2019, 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, 2019 rolled forward to December 31, 2019 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, 2019 is as follows:

	General	Police	Volunteer Fire
Percentage of Proportionate Share 12/31/2018	0.102366%	0.59988%	1.90625%
Percentage of Proportionate Share 12/31/2019	0.099569%	0.61502%	1.77223%
Increase/Decrease	<u>-0.0028%</u>	<u>0.0151%</u>	<u>-0.1340%</u>

CITY OF LANDER
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

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, 2020, the City recognized combined (government wide and allocations to proprietary fund) pension expense of \$498,060.

At June 30, 2020, 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	\$ 165,094	\$ 0	\$ 96,562	\$ 0	\$ 3,630	\$ 0
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	0	87,259	37,445	6,786	1,042	51,983
Net differences between projected and actual earnings on Plan investments	477,888	817,274	240,759	447,032	98,304	157,510
Net differences between expected and actual experience of net outflows/(inflows) of resources	0	47,541	95,342	42,640	5,888	33,000
Assumption changes since prior actuarial valuation	86,077	0	427,006	529,291	30,389	0
Total	\$ 729,059	\$ 952,074	\$ 897,114	\$ 1,025,749	\$ 139,253	\$ 242,493

The \$265,286 reported as deferred outflows of resources are related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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
2021	\$ (79,561)	\$ (13,329)	\$ (34,694)	\$ (127,584)
2022	(129,956)	(22,932)	(33,460)	(186,348)
2023	(22,591)	(61,346)	(8,214)	(92,151)
2024	(156,001)	(127,588)	(30,502)	(314,091)

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	1/1/19	1/1/19	1/1/19
Actuarial cost method	Individual entry age normal	Individual entry age normal	Individual entry age normal
Ammortization method	Level percent - closed	Level percent - open	Level dollar - open
Remaining amortization	29	29	29
Asset valuation method	5-year smoothed market	5-year smoothed market	5-year smoothed market
Actuarial Assumptions:			
Discount Rate	7.00%	6.33%	7.00%
Assumed inflation rate	2.25%	2.25%	2.25%
Projected salary increase	2.5% - 6.5%	4.75% - 8.75%	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 2019 to 2118 projection period for which projected benefit payments are fully funded
7.00%	7.00%	2.75%	2118

*Source: Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index" as of December 31, 2019.

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, 2019	Annual money-weighted rate of return, net of expenses for the fiscal year ended December 31, 2018	Expected Rate of Return net investment expenses
18.72%	-3.52%	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	2.00%	-0.19%	2.41%	-0.20%	2.40%
Fixed Income	21.00%	1.67%	4.27%	1.32%	3.92%
Core Plus	5.00%	0.48%	3.08%	0.40%	3.00%
US Government	9.00%	0.34%	2.94%	0.33%	2.93%
Opportunistic	4.00%	2.96%	5.56%	2.39%	4.99%
Private Debt	3.00%	5.96%	8.56%	4.40%	7.00%
Equity	48.50%	7.42%	10.02%	5.43%	8.03%
US Equity	21.20%	6.25%	8.85%	4.80%	7.40%
Developed International	14.20%	7.11%	9.71%	5.30%	7.90%
Emerging Markets	8.60%	9.38%	11.98%	6.50%	9.10%
Private Equity	4.50%	10.16%	12.76%	6.78%	9.38%
Marketable Alternative	19.00%	4.33%	6.93%	3.46%	6.06%
Private Real Assets	9.50%	5.58%	8.18%	4.46%	7.06%
Private Natural Resources	2.5-7.5%	8.42%	11.02%	6.21%	8.81%
Private Infrastructure	2.5-7.5%	5.08%	7.68%	4.10%	6.70%
Real Estate	2.5-7.5%	4.31%	6.91%	3.70%	6.30%
Total	100.00%	5.30%	7.90%	3.99%	6.59%

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:

NOTE 11 - DEFINED BENEFIT PENSION PLAN (cont.)

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

	General	Police	Volunteer Fire	Total
1% Decrease				
Net Pension Liability	\$ 3,535,030	\$ 1,181,852	\$ 744,908	\$ 5,461,789
Current Discount Rate 7%				
Net Pension Liability	2,339,791	530,135	495,959	3,365,886
1% Increase				
Net Pension Liability	1,342,255	(2,631)	290,201	1,629,825

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, 2020, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Construction Commitments

The City has active construction projects as of June 30, 2020. At year-end, the City's commitments with contractors/consultants are as follows:

Projects	Spent-to-date	Remaining Commitment	Funding Source
SCADA System	\$ 710,314	\$ 451,507	Reserve.
HPWL Phase 2	2,017,032	1,144,498	* Slib Loan - \$1,090,560/WWDC Grant \$2,070,970
Storage Tank Project	153,538	4,890,462	AML \$3,557,554/WWDC Grant \$1,486,446
I & I Project	2,989,909	7,010	Slib Loan - \$2,054,640/Reserve
	<u>\$ 5,870,793</u>	<u>\$ 6,493,477</u>	

* 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 and sewer services. As of June 30, 2020, \$637,956 of funds had been drawn on this loan but not termed out as of June 30, 2020.

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, 2020, the City spent approximately \$78,250 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, 2020. 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, 2020, \$402,483 is available for authorization for expenditure by the City Council. This amount is included in restricted Net Position.

NOTE 14 - RELATED PARTY

The table below summarizes the related party transactions for the year ended June 30, 2020.

Related Party	June 30, 2020
Leafgreen Construction	\$ 6,520
Edlund Construction	68,090
Phat Foam	1,560
Total	<u>\$ 76,170</u>

NOTE 14 - SUBSEQUENT EVENTS

On March 11, 2020, a global pandemic was declared as a result of the COVID-19 virus. The pandemic has developed rapidly in 2020 and the true effects to the City, as a result of the virus, are not fully measurable as of December 22, 2020. The City has taken a number of measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for its employees.

Various governments efforts that have been made to contain the virus have affected economic activity globally and will have a direct effect to the City at some point. Due to the broad reach of the virus and its penetrating economic effects across our state and country the City anticipates possible decreases in future revenues, investment earnings, and the ability to obtain grants and other financing in the near future. The effects are not possible to estimate or measure as of December 22, 2020.

Subsequent events were considered for disclosure through December 22, 2020, the date of this report.

Required Supplementary Information

**CITY OF LANDER, WYOMING
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND (NON GAAP BASIS)
FOR THE YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	Budgetary Basis	Final Budget - Favorable (Unfavorable)
RESOURCES (INFLOWS)				
Taxes	\$ 5,921,189	\$ 5,933,277	\$ 4,399,985	\$ 1,533,292
Licenses and permits	77,000	77,000	155,344	(78,344)
Intergovernmental and grants	663,177	695,200	710,789	(15,589)
Charges for services	686,100	686,100	208,901	477,199
Fines and forfeitures	153,000	153,000	131,997	21,003
Interest income	45,000	45,000	79,993	(34,993)
Miscellaneous revenue	119,015	119,015	153,616	(34,601)
Optional Tax	0	922,000	1,388,358	(466,358)
Amount Available for Appropriation	7,664,481	8,630,592	7,228,983	1,401,609
CHARGES TO APPROPRIATIONS (OUTFLOWS)				
General government	1,028,536	1,028,536	1,098,257	(69,721)
Community center	156,000	156,000	141,481	14,519
Municipal court	234,323	234,323	227,934	6,389
Attorney	57,250	57,250	55,229	2,021
Police	2,096,397	2,128,420	2,119,911	8,509
Fire	208,388	208,388	183,130	25,258
Building inspector	49,385	49,385	46,121	3,264
Emergency management and compliance coordinator	12,000	12,000	10,739	1,261
Streets	2,068,562	2,990,562	2,532,695	457,867
Rodeo grounds	19,200	19,200	2,230	16,970
Building repair and maintenance	155,700	155,700	136,583	19,117
Airport	381,400	381,400	25,000	356,400
Shop	234,878	234,878	215,819	19,059
Weed and pest	140,903	152,991	148,894	4,097
Parks and recreation	605,401	605,401	472,566	132,835
Golf course	37,000	37,000	37,000	0
Cemetery	179,158	179,158	177,887	1,271
Total Charges to Appropriations	7,664,481	8,630,592	7,631,476	999,116
Excess of appropriations over (under) charges to appropriations	0	0	(402,493)	
BUDGETARY FUND BALANCE - JULY 1	4,978,818	4,978,818	4,978,818	
BUDGETARY FUND BALANCE - JUNE 30	<u>\$ 4,978,818</u>	<u>\$ 4,978,818</u>	<u>\$ 4,576,325</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>	<u>2020</u>
City's proportion of the net pension liability	0.104360%	0.101861%	0.104737%	0.103928%	0.102366%	0.099569%
City's proportionate share of the net pension liability	\$ 1,841,633	\$ 2,372,699	\$ 2,532,019	\$ 2,368,866	\$ 3,117,349	\$ 2,339,791
City's covered-employee payroll	\$ 1,743,113	\$ 1,832,665	\$ 1,798,718	\$ 1,797,064	\$ 1,751,127	\$ 1,858,326
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%	125.91%
Plan fiduciary net position as a percentage of the total pension liability	79.08%	73.40%	73.42%	76.35%	69.17%	76.83%

* 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>	<u>2020</u>
City's proportion of the net pension liability	0.740134%	0.619236%	0.592481%	0.580904%	0.599883%	0.615016%
City's proportionate share of the net pension liability	\$ 218,071	\$ 465,170	\$ 447,275	\$ 499,836	\$ 1,452,151	\$ 530,135
City's covered-employee payroll	\$ 1,115,592	\$ 1,020,860	\$ 1,069,081	\$ 1,056,907	\$ 1,088,047	\$ 1,114,121
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%	47.58%
Plan fiduciary net position as a percentage of the total pension liability	94.76%	87.49%	88.11%	87.99%	71.22%	89.05%

* 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>	<u>2020</u>
City's proportion of the net pension liability	2.144982%	1.971486%	2.074019%	1.899089%	1.906248%	1.772232%
City's proportionate share of the net pension liability	\$ 76,029	\$ 624,796	\$ 658,413	\$ 543,240	\$ 678,445	\$ 495,967
City's covered-employee payroll	N/A	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	N/A
Plan fiduciary net position as a percentage of the total pension liability	94.76%	69.16%	69.99%	74.11%	68.18%	75.64%

* 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>	<u>2020</u>
Contractually required contributions	\$ 334,778	\$ 304,589	\$ 298,947	298,672	299,793	327,438
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>	<u>327,438</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<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	\$ 1,858,330
Contributions as a percentage of covered employee payroll	15.87%	16.62%	16.62%	16.62%	17.12%	17.62%

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>	<u>2020</u>
Contractually required contributions	\$ 183,622	\$ 175,588	\$ 183,882	\$ 181,788	\$ 187,144	\$ 191,629
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>	<u>191,629</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<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	\$ 1,114,121
Contributions as a percentage of covered employee payroll	17.20%	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>	<u>2020</u>
Contractually required contributions	\$ 8,687	\$ 8,687	\$ 8,385	\$ 7,485	\$ 7,905	\$ 7,410
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>	<u>7,410</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<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	N/A
Contributions as a percentage of covered employee payroll	N/A	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, 2020**

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 -

There are no changes in assumptions from the prior year.

Supplementary Information

CITY OF LANDER, WYOMING
 DETAIL SCHEDULE OF DEPARTMENTAL EXPENDITURES
 BY OBJECT CLASSIFICATION
 GENERAL FUND
 FOR THE YEAR ENDED JUNE 30, 2020

	Materials and Supplies	Contractual Services	Salaries and Benefits	Function Class Totals	Debt Service, Capital Outlay, Transfers Out	Budget Class Totals
GENERAL GOVERNMENT						
General government	\$ 68,054	\$ 121,904	\$ 297,169	\$ 487,127	\$ 432,223	\$ 919,350
Economic development	0	1,277	0	1,277	0	1,277
Community center	63,367	59,275	0	122,642	18,839	141,481
Other general accounts	3,717	55,504	0	59,221	118,409	177,630
City attorney	0	55,229	0	55,229	0	55,229
Municipal court	2,902	38,855	167,355	209,112	18,822	227,934
Total General Government Expenditures	138,040	332,044	464,524	934,608	588,293	1,522,901
PUBLIC SAFETY						
Police department	46,603	245,051	1,740,438	2,032,092	87,819	2,119,911
Fire department	34,961	27,340	120,829	183,130	0	183,130
Building inspector	1,192	150	44,779	46,121	0	46,121
Emergency management and compliance	10,739	0	0	10,739	0	10,739
Weed and pest	10,054	0	131,454	141,508	7,386	148,894
Total Public Safety Expenditures	103,549	272,541	2,037,500	2,413,590	95,205	2,508,795
PUBLIC WORKS						
Streets and alleys	30,992	483	283,384	314,859	2,217,836	2,532,695
Building repair and maintenance	136,583	0	0	136,583	0	136,583
Airport	0	0	0	0	25,000	25,000
Cemetery	11,107	2,870	163,910	177,887	0	177,887
Maintenance shop	132,329	1,670	81,820	215,819	0	215,819
Parks and recreation	37,964	11,549	419,053	468,566	4,000	472,566
Rodeo grounds	0	2,230	0	2,230	0	2,230
Golf course	25,000	0	12,000	37,000	0	37,000
Total Public Works Expenditures	373,975	18,802	960,167	1,352,944	2,246,836	3,599,780
Total Expenditures	\$ 615,564	\$ 623,387	\$ 3,462,191	\$ 4,701,142	\$ 2,930,334	\$ 7,631,476

**CITY OF LANDER, WYOMING
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020**

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS			
Other cash and investments	\$ 0	\$ 0	\$ 0
Receivables, net			
Taxes receivable	306	0	306
Grants receivable	37,559	0	37,559
Accounts receivable	0	0	0
Due from other funds	18,437	69,633	88,070
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 56,302	\$ 69,633	\$ 125,935
	<hr/>	<hr/>	<hr/>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable and accrued expenses	4,783	0	4,783
Due to other funds	137,843	0	137,843
	<hr/>	<hr/>	<hr/>
Total Liabilities	142,626	0	142,626
	<hr/>	<hr/>	<hr/>
Fund Balances			
Restricted for			
Debt service	0	53,243	53,243
Special revenue funds	(86,324)	0	(86,324)
Debt service fund	0	16,390	16,390
	<hr/>	<hr/>	<hr/>
Total Fund Balance	(86,324)	69,633	(16,691)
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balance	\$ 56,302	\$ 69,633	\$ 125,935
	<hr/>	<hr/>	<hr/>

CITY OF LANDER, WYOMING
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 110,314	\$ 0	\$ 110,314
Grants	112,400	0	112,400
Charges for services	172,348	0	172,348
Rents	18,348	0	18,348
Other	16,044	0	16,044
	<hr/>	<hr/>	<hr/>
Total Revenues	429,454	0	429,454
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current			
General government	51,439	0	51,439
Airport	317,994	0	317,994
Parks and recreation - special projects	86,999	0	86,999
Capital outlay	145,017	0	145,017
	<hr/>	<hr/>	<hr/>
Total Expenditures	601,449	0	601,449
	<hr/>	<hr/>	<hr/>
Excess of revenues over (under) expenditures	(171,995)	0	(171,995)
	<hr/>	<hr/>	<hr/>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	114,709	0	114,709
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	114,709	0	114,709
	<hr/>	<hr/>	<hr/>
Excess of revenues and other sources over (under) expenditures and other uses	(57,286)	0	(57,286)
	<hr/>	<hr/>	<hr/>
FUND BALANCE - JULY 1	(29,038)	69,633	40,595
	<hr/>	<hr/>	<hr/>
FUND BALANCE - JUNE 30	\$ (86,324)	\$ 69,633	\$ (16,691)
	<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, 2020, and the related notes to the financial statements, which collectively comprise the City of Lander's basic financial statements, and have issued our report thereon dated December 22, 2020.

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 items 2020-001 and 2020-002 that we consider to be a significant deficiency

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 22, 2020

**CITY OF LANDER
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2020**

SIGNIFICANT DEFICIENCY

Finding 2020-001: Internal Controls Over Fixed Assets

Condition: The City's system of internal controls over fixed assets needs improvement to ensure that all capital assets included on the listings provided are still in the possession of the City, being utilized by the City, and that the fixed asset listing is accurate

Criteria: In planning and performing our audit of the financial statements, specifically fixed assets, we inquired of management the last time a physical inventory of capital assets was performed; the date was unknown. Further when reviewing the capital asset listing provided, multiple assets appeared to have a negative net book value.

Cause: The City has not performed a fixed asset inventory that included tying back to the depreciation schedule. A review process needs to be implemented to ensure the capital asset listing agrees with the accounting records. Assets showing negative net book values should be adjusted within the systems.

Effect: None at this time that could not be corrected during the audit.

Recommendation: A full physical fixed asset inventory should be performed and reconciled to the fixed asset reporting software to ensure the records are accurate and complete. The fixed asset schedule shows several adjustments or corrections that are many years old and should be deleted or corrected based on the results of the fixed asset inventory count.

Finding 2020-002: Journal Entry Review

Condition: The City's adjusting journal entries to the financial records are not all being reviewed and approved by someone other than the person making the entry.

Criteria: In planning and performing our audit of the financial statements and reviewing journal entries, we inquired of management on the overall review process. Currently, the City of Lander has a second review on material journal entries over a certain dollar amount. In a properly designed system of internal controls another individual should review and approve the adjustments for accuracy before they are posted to the City's records.

We did not note any errors in the testing specific to journal entries.

Cause: The City Treasurer performs journal entries to correct accounting records that are not always reviewed by another individual.

Effect: The presents an opportunity for an individual to commit and or conceal various schemes that could be perpetrated. We did not note any such actions as part of the testing. Only that lack of review presents a greater opportunity.

Recommendation: In a properly designed system of internal controls another individual would review and approve all journal entries for accuracy and proper classification before they are posted to the City's records. The City should designate a qualified individual, who possesses the skills knowledge and experience to perform this review. The review should be documented.



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

CORRECTIVE ACTION PLAN

Corrective Action Item 2020-001: Internal Controls over Fixed Assets

Individual Responsible: City Treasurer

Anticipated Completion Date: March 31, 2021

Corrective Action: The City of Lander will complete a physical inventory for the fiscal year end June 30, 2021. The City of Lander will complete a physical inventory every three years. The City of Lander is currently revamping how we will conduct business in the future which includes elimination of several vehicles. To date we have one large auction and will conduct another in the first months of 2021.

Corrective Action Item 2020-002: Journal Entry Review

Individual Responsible: City Treasurer

Anticipated Completion Date: March 31, 2021

Corrective Action: The City of Lander will have the mayor sign and date all journal entries each month. Currently the City of Lander has had the mayor sign off on "material journal entries".

**CITY OF LANDER, WYOMING
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2019**

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.

Current Status: A policy for credit card use has been put into place and is working appropriately.

OTHER CONDITION

Item 2019-002: Related Party Policy

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

Current Status: A policy for related party transactions has been put into place by the City of Lander.