



Financial Statements
June 30, 2015

City of Kemmerer, Wyoming

Independent Auditor’s Report.....	1
Management's Discussion and Analysis	4
Basic Financial Statements	9
Government-Wide Financial Statements	9
Statement of Net Position	10
Statement of Activities.....	11
Governmental Fund Financial Statements	12
Balance Sheet.....	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position.....	14
Statement of Revenues, Expenditures and Changes in Fund Balances.....	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Proprietary Fund Financial Statements	17
Statement of Net Position	18
Statement of Revenues, Expenses, and Changes in Net Position	19
Statement of Cash Flows.....	20
Notes to Financial Statements.....	21
Required Supplementary Information.....	41
Budgetary Comparison - General Fund	42
Schedule of the Proportionate Share of the Net Pension Liability.....	43
Schedule of Contributions.....	44
General Fund Schedules	45
Schedule of Revenues - General Fund.....	46
Schedule of Departmental Expenditures - General Fund.....	47
Compliance and Internal Control.....	48
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.....	49
Schedule of Findings.....	51



Independent Auditor's Report

The Honorable Mayor and Members of the City Council
City of Kemmerer, 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 Kemmerer, Wyoming (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2015, and 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.

Change in Accounting Principle

As discussed in Notes 1 and 2 to the financial statements, the City has adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*, which has resulted in a restatement of the net position as of July 1, 2014. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8; and budgetary comparison information, schedule of proportionate share of net pension liability and schedule of contributions on pages 42 through 44 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 Kemmerer, Wyoming's financial statements. The General Fund Schedules are presented for purposes of additional analysis and are not a required part of the financial statements.

The General Fund Schedules 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. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the General Fund Schedules are fairly stated in all material respects in relation to the 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 January 12, 2016 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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's internal control over financial reporting and compliance.



Salt Lake City, Utah
January 12, 2016



Management's Discussion and Analysis
June 30, 2015

City of Kemmerer, Wyoming

INTRODUCTION

As management of the City of Kemmerer, Wyoming, we offer the readers of the City of Kemmerer, Wyoming's financial statements this narrative overview and analysis of the financial statements of the City of Kemmerer, Wyoming for the fiscal year ended June 30, 2015. When read in conjunction with the financial statements, this section's financial highlights, overview and analysis should assist the reader in gaining a more complete knowledge of the City's financial performance.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of June 30, 2015 by \$22,792,029 (net position). Of this amount, \$1,955,293 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors. Note that with the new financial reporting model, the total net position figure includes the net investment in capital assets. Also, pension liabilities have been added to the financial statements.
- The City's total net position decreased by \$879,392.
- At the close of the year, the City's governmental funds reported combined ending fund balances of \$2,941,482. Of this amount \$2,925,416 is available for spending at the City's discretion (*assigned and unassigned fund balance*).

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the City of Kemmerer, Wyoming's basic financial statements.

This report complies with the City's reporting requirement with Governmental Accounting Standards Board Statement No. 34. In addition to the Management's Discussion and Analysis, the report consists of government-wide financial statements, fund financial statements, notes to the financial statements, and supplemental information. The first several statements are highly condensed and present a government-wide view of the City's finances. The governmental activities of the City of Kemmerer, Wyoming include general government, police protection, streets and public building operation and maintenance and parks and recreation oriented activities. The major business-type activity of the City includes the Kemmerer Municipal Airport.

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

The *statement of net position*, a component of the government-wide financial statements, presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. The City's capital assets (land, buildings and equipment) are included in this statement and reported net of their accumulated depreciation. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. In evaluating the government's overall condition, however, additional non-financial factors should be considered such as the City's economic outlook, changes in its demographics, and the condition of its capital assets and infrastructure.

The *statement of activities* presents revenue and expense information showing how the City's net position changed during the fiscal year. To understand the basis of how these numbers are determined, it is important to note that changes in net position are reported whenever an event occurs that requires a revenue or expense to be recognized, regardless of when the related cash is received or disbursed (the accrual basis of accounting). For example, tax revenues are reported when the taxes are legally due, even though they may not be collected for

some time after that date; and an obligation to pay a supplier is reported as an expense when the goods or services are received, even though the bill may not be paid until sometime later.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by intergovernmental revenues and taxes (*governmental activities*) from other functions that are designed to recover all or a significant portion of their costs through user fees and charges (*business type activities*). The government-wide financial statements can be found on pages 10 and 11 of this report.

Fund financial statements. A *fund* is a grouping of related accounts (revenues, expenses, assets and liabilities) that is used to control resources that have been segregated for specific activities. The City of Kemmerer, Wyoming, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds utilized by the City can be divided into two categories: *government fund and proprietary funds*.

Government Funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the *government-wide financial statements*. However, for accounting and reporting purposes, government fund numbers are determined with a different approach. At the fund level, the focus is on changes in short-term spendable resources and the balance available to spend, rather than the long-term focus used for determining government-wide numbers. Because the focus is so different between fund statements and government-wide statements, reconciliation between the two types is necessary to understand how the numbers differ. Such reconciliation is provided on pages 14 and 16 of this report.

The General Fund is the primary operating governmental fund of the City.

Proprietary Funds. The City of Kemmerer, Wyoming maintains one proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for the operation of the Airport Fund. The enterprise fund financial statements are on pages 18 to 20 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 21 of this report.

Other information. The budgetary comparison statement for the general fund can be found on page 42 of this report.

Government-Wide Financial Analysis

A comparative analysis of government-wide data is presented. The tables provided hereafter showing net position, changes in net position, and capital assets contain comparative data.

Net Position: As stated earlier, an analysis of net position is probably the most important financial measurement to assist with understanding the financial position of the City, and whether the financial position improves or deteriorates each year. The following table presents summary information from the Statement of Net Position in the Basic Financial Statements.

**City of Kemmerer, Wyoming
Summary of Net Position
June 30, 2015 and 2014**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current assets	\$ 3,390,302	\$ 4,057,900	\$ 342,163	\$ 193,930	\$ 3,732,465	\$ 4,251,830
Capital assets	14,846,465	14,519,259	5,990,271	6,296,988	20,836,736	20,816,247
Total assets	18,236,767	18,577,159	6,332,434	6,490,918	24,569,201	25,068,077
Outflows related to pensions	194,838	-	5,651	-	200,489	-
Total Deferred Inflows	194,838	-	5,651	-	200,489	-
Total assets and deferred outflows	\$ 18,431,605	\$ 18,577,159	\$ 6,338,085	\$ 6,490,918	\$ 24,769,690	\$ 25,068,077
Current liabilities	\$ 421,559	\$ 332,664	\$ 9,289	\$ 9,782	\$ 430,848	\$ 342,446
Non-current liabilities	1,387,845	327,285	29,834	-	1,417,679	327,285
Total liabilities	1,809,404	659,949	39,123	9,782	1,848,527	669,731
Unavailable property tax revenue	129,134	126,600	-	-	129,134	126,600
Total Deferred Inflows	129,134	126,600	-	-	129,134	126,600
Net Position:						
Net investment in capital assets	14,846,465	13,624,432	5,990,271	6,296,988	20,836,736	19,921,420
Unrestricted	1,646,602	4,166,178	308,691	184,148	1,955,293	4,350,326
Total net position	16,493,067	17,790,610	6,298,962	6,481,136	22,792,029	24,271,746
Total liabilities and net position	\$ 18,431,605	\$ 18,577,159	\$ 6,338,085	\$ 6,490,918	\$ 24,769,690	\$ 25,068,077

The information in this table relating for 2014 has not been restated for the adoption of GASB Statement No. 68.

As depicted at June 30, 2014, the City's assets exceeded liabilities by approximately \$24.27 million (net position). At June 30, 2015, the City's assets exceeded liabilities by approximately \$22.79 million (net position). 91% of this amount is represented by the investment in capital assets. Due to the nature of these assets – long-term assets which are not readily convertible to liquid assets – they are not considered to be available for spending or appropriation.

Changes in Net Position: As taken from the Statement of Activities in the basic financial statements, the following table depicts the changes in net position for 2015 and 2014.

**City of Kemmerer, Wyoming
Summary of Changes in Net Position
For the Fiscal Years Ending June 30, 2015 and 2014**

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues						
Charges for services	\$ 787,652	\$ 800,863	\$ 90,000	\$ 130,756	\$ 877,652	\$ 931,619
Operating grants and contributions	535,832	573,746	39,429	43,508	575,261	617,254
Capital grants and contributions	108,380	953,899	175,443	462,384	283,823	1,416,283
General revenues:						
Taxes	1,766,504	1,702,345	-	-	1,766,504	1,702,345
Mineral royalties	191,699	191,132	-	-	191,699	191,132
Interest and investment income	9,474	7,265	-	-	9,474	7,265
Net transfers to Joint Powers Board	27,035	25,900	-	-	27,035	25,900
Miscellaneous income	85,014	107,400	4,364	3,571	89,378	110,971
Total revenues	3,511,590	4,362,550	309,236	640,219	3,820,826	5,002,769
Expenses						
General government	902,626	853,775	-	-	902,626	853,775
Public safety	682,202	680,813	-	-	682,202	680,813
Streets and highways	791,912	741,033	-	-	791,912	741,033
Parks and recreation	726,526	734,864	-	-	726,526	734,864
Engineering/City safety	16,165	7,333	-	-	16,165	7,333
Sanitation	275,399	276,134	-	-	275,399	276,134
Municipal court	67,473	59,585	-	-	67,473	59,585
Building inspections	98,103	64,123	-	-	98,103	64,123
South Lincoln Training and Event Center	499,053	450,393	-	-	499,053	450,393
Loss on sale of capital assets	54,603	-	-	-	54,603	-
Interest on long-term debt	5,509	6,752	-	-	5,509	6,752
Airport	-	-	580,647	642,643	580,647	642,643
Total expenses	4,119,571	3,874,805	580,647	642,643	4,700,218	4,517,448
Transfers in (out)	(111,874)	(130,756)	111,874	130,756	-	-
Changes in net position	(719,855)	356,989	(159,537)	128,332	(879,392)	485,321
Net position-beginning as restated for 2014	17,212,922	17,433,621	6,458,499	6,352,804	23,671,421	23,786,425
Net position-ending	\$ 16,493,067	\$ 17,790,610	\$ 6,298,962	\$ 6,481,136	\$ 22,792,029	\$ 24,271,746

The information in this table relating for 2014 has not been restated for the adoption of GASB Statement No. 68.

Governmental activities. Governmental activities decreased the City's net position by \$719,855. The key elements of this decrease are as follows:

- Revenues for the City's share of state sales and use tax came in below budgeted amounts. This required the City to cut back on expenditures and review the way that services were provided and departments staffed.
- The City received a one-time distribution of state monies in the amount of \$206,899. The City used one-time monies to rehab the Old Town Hall building, start construction on a restroom/concession building at Archie Neil Park, and other capital purchases, which is why the City's net position was decreased.

Business-type activities. The business type activity is the Kemmerer Municipal Airport. These activities decreased net assets by \$159,537. The main reasons for the change in the net assets is depreciation.

General Fund Budget Highlights

Schedules for revenues and expenditures of the general fund can be seen on pages 46 and 47.

The differences between the original budget and the final amounts represent changes made by the council as additional facts and information became available. Several factors lead to these modifications. They include: economic factors, emergency purchases and other factors.

Because of the downshift in the local and statewide economy, the City closely monitored the amount of funding coming in and going out. Changes were made in staffing and operations to provide the same services more efficiently and effectively.

Long-term debt

At year-end, the City had \$1,387,845 in long-term debt for Governmental activities and \$29,834 for Business-type activities. Debt consisted of compensated absences, loans payable to the State of Wyoming for water and wastewater improvements, equipment leases that were contracted for during the fiscal year, and net pension liability.

Requests for Information

This financial report is designed to provide citizens, customers, investors, creditors and others with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the City of Kemmerer, Glenda Young, Administrative Services Director, City of Kemmerer, 220 Wyoming Highway 233, Kemmerer, WY 83101, telephone number (307) 828-4075.



Government-Wide Financial Statements
June 30, 2015

City of Kemmerer, Wyoming

City of Kemmerer, Wyoming
Statement of Net Position
June 30, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 1,909,442	\$ 342,033	\$ 2,251,475
Investments	1,075,752	-	1,075,752
Receivables:			
Accounts receivable	51,022	130	51,152
Other governments	185,297	-	185,297
Property taxes	129,134	-	129,134
Inventories of consumable supplies	16,066	-	16,066
Prepaid expenses	23,589	-	23,589
Total current assets	<u>3,390,302</u>	<u>342,163</u>	<u>3,732,465</u>
Capital Assets			
Capital assets, not being depreciated	3,285,613	199,947	3,485,560
Capital assets, being depreciated, net	<u>11,560,852</u>	<u>5,790,324</u>	<u>17,351,176</u>
Total capital assets	<u>14,846,465</u>	<u>5,990,271</u>	<u>20,836,736</u>
Deferred Outflows of Resources			
Deferred outflows related to pensions	<u>194,838</u>	<u>5,651</u>	<u>200,489</u>
Total Assets and Deferred Outflows	<u><u>\$ 18,431,605</u></u>	<u><u>\$ 6,338,085</u></u>	<u><u>\$ 24,769,690</u></u>
Liabilities			
Current Liabilities			
Accounts payable	\$ 240,889	\$ -	\$ 240,889
Accrued liabilities	34,141	9,059	43,200
Court bonds and other funds held	19,643	230	19,873
Unearned revenue	1,424	-	1,424
Compensated absences - current portion	41,964	-	41,964
Leases payable - current portion	75,096	-	75,096
Notes payable - current portion	<u>8,402</u>	<u>-</u>	<u>8,402</u>
Total current liabilities	<u>421,559</u>	<u>9,289</u>	<u>430,848</u>
Non-Current Liabilities			
Compensated absences, net of current portion	167,856	-	167,856
Net pension liability	808,682	29,834	838,516
Leases payable, net of current portion	306,776	-	306,776
Notes payable, net of current portion	<u>104,531</u>	<u>-</u>	<u>104,531</u>
Total non-current liabilities	<u>1,387,845</u>	<u>29,834</u>	<u>1,417,679</u>
Total Liabilities	<u>1,809,404</u>	<u>39,123</u>	<u>1,848,527</u>
Deferred Inflows of Resources			
Unavailable property tax revenue	<u>129,134</u>	<u>-</u>	<u>129,134</u>
Net Position			
Net investment in capital assets	14,846,465	5,990,271	20,836,736
Unrestricted	<u>1,646,602</u>	<u>308,691</u>	<u>1,955,293</u>
Total net position	<u>16,493,067</u>	<u>6,298,962</u>	<u>22,792,029</u>
Total Liabilities, Deferred Outflows and Net Position	<u><u>\$ 18,431,605</u></u>	<u><u>\$ 6,338,085</u></u>	<u><u>\$ 24,769,690</u></u>

City of Kemmerer, Wyoming
Statement of Activities
For the Year Ended June 30, 2015

Function/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General government	\$ 902,626	\$ -	\$ 206,899	78,808	\$ (616,919)	\$ -	\$ (616,919)
Public safety	682,202	37,779	-	26,472	(617,951)	-	(617,951)
Streets and highways	791,912	49,775	53,120	-	(689,017)	-	(689,017)
Parks and recreation	726,526	174,543	275,813	3,000	(273,170)	-	(273,170)
Engineering/City safety	16,165	-	-	-	(16,165)	-	(16,165)
Sanitation	275,399	436,595	-	-	161,196	-	161,196
Municipal court	67,473	44,895	-	-	(22,578)	-	(22,578)
Building inspections	98,103	-	-	-	(98,103)	-	(98,103)
South Lincoln Training and Event Center	499,053	44,065	-	100	(454,888)	-	(454,888)
Interest on long-term debt	5,509	-	-	-	(5,509)	-	(5,509)
Total governmental activities	<u>4,064,968</u>	<u>787,652</u>	<u>535,832</u>	<u>108,380</u>	<u>(2,633,104)</u>	<u>-</u>	<u>(2,633,104)</u>
Business-type activities:							
Airport	580,647	90,000	39,429	175,443	-	(275,775)	(275,775)
Total business-type activities	<u>580,647</u>	<u>90,000</u>	<u>39,429</u>	<u>175,443</u>	<u>-</u>	<u>(275,775)</u>	<u>(275,775)</u>
Total	<u>\$ 4,645,615</u>	<u>\$ 877,652</u>	<u>\$ 575,261</u>	<u>\$ 283,823</u>	<u>(2,633,104)</u>	<u>(275,775)</u>	<u>(2,908,879)</u>
General revenues:							
Taxes					1,766,504	-	1,766,504
Mineral royalties					191,699	-	191,699
Interest and investment income					9,474	-	9,474
Miscellaneous income					85,014	4,364	89,378
Loss on sale of capital assets					(54,603)	-	(54,603)
Net transfers to Joint Powers Board					27,035	-	27,035
Transfers in (out)					(111,874)	111,874	-
Total general revenues					<u>1,913,249</u>	<u>116,238</u>	<u>2,029,487</u>
Change in net position					<u>(719,855)</u>	<u>(159,537)</u>	<u>(879,392)</u>
Net position - beginning, as restated					<u>17,212,922</u>	<u>6,458,499</u>	<u>23,671,421</u>
Net position - ending					<u>\$ 16,493,067</u>	<u>\$ 6,298,962</u>	<u>\$ 22,792,029</u>



Governmental Fund Financial Statements
June 30, 2015

City of Kemmerer, Wyoming

City of Kemmerer, Wyoming
Balance Sheet
Governmental Funds
June 30, 2015

	General	Capital Projects	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 1,909,442	\$ -	\$ 1,909,442
Investments	1,075,752	-	1,075,752
Receivables:			
Accounts receivable	51,022	-	51,022
Other governments	185,297	-	185,297
Property taxes	129,134	-	129,134
Inventories of consumable supplies	16,066	-	16,066
Total assets	\$ 3,366,713	\$ -	\$ 3,366,713
Liabilities			
Accounts payable	\$ 240,889	\$ -	\$ 240,889
Accrued liabilities	34,141	-	34,141
Court bonds and other funds held	19,643	-	19,643
Unearned revenue	1,424	-	1,424
Total liabilities	296,097	-	296,097
Deferred Inflows of Resources			
Unavailable property tax revenue	129,134	-	129,134
Fund Balances			
Fund balances:			
Nonspendable: Inventory	16,066	-	16,066
Assigned	1,476,272	-	1,476,272
Unassigned	1,449,144	-	1,449,144
Total fund balances	2,941,482	-	2,941,482
Total liabilities and fund balances	\$ 3,366,713	\$ -	\$ 3,366,713

City of Kemmerer, Wyoming
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2015

Total Fund Balances - Governmental Fund Types	\$ 2,941,482
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.	14,846,465
Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds	194,838
Long-term liabilities, including notes payable, net pension liability and compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(1,513,307)
Expenditures for certain items such as prepaid insurance are due and payable in the current period, and are reflected as expenditures in the funds.	<u>23,589</u>
Net Position of Governmental Activities	<u><u>\$ 16,493,067</u></u>

City of Kemmerer, Wyoming
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes and special assessments	\$ 1,766,504	\$ -	\$ 1,766,504
Licenses and permits	37,779	-	37,779
Charges for services	704,978	-	704,978
Inter-governmental revenue	791,625	44,286	835,911
Interest and investment income	9,474	-	9,474
Fines and forfeitures	44,895	-	44,895
Miscellaneous income	102,996	-	102,996
Total revenues	<u>3,458,251</u>	<u>44,286</u>	<u>3,502,537</u>
Expenditures			
Current:			
General government	907,604	-	907,604
Public safety	664,055	-	664,055
Streets and highways	557,777	-	557,777
Parks and recreation	702,401	-	702,401
Sanitation	255,565	-	255,565
Municipal court	66,552	-	66,552
Building inspections	96,271	-	96,271
South Lincoln Training and Event Center	386,694	-	386,694
Capital outlay	-	843,572	843,572
Debt service:			
Principal	21,526	-	21,526
Interest	5,509	-	5,509
Total expenditures	<u>3,663,954</u>	<u>843,572</u>	<u>4,507,526</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(205,703)</u>	<u>(799,286)</u>	<u>(1,004,989)</u>
Other financing sources (uses):			
Operating transfers in	489,737	397,636	887,373
Operating transfers (out)	(999,247)	-	(999,247)
Other financing source- capital lease	-	401,650	401,650
Transfers from Joint Powers Board - Debt Service	27,035	-	27,035
Total other financing sources (uses)	<u>(482,475)</u>	<u>799,286</u>	<u>316,811</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(688,178)	-	(688,178)
Fund balances, beginning of year	3,632,532	-	3,632,532
Change in reserve for inventory	<u>(2,872)</u>	<u>-</u>	<u>(2,872)</u>
Fund balances, end of year	<u>\$ 2,941,482</u>	<u>\$ -</u>	<u>\$ 2,941,482</u>

City of Kemmerer, Wyoming
 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balances of Governmental Funds to the Statement of Activities
 For the Year Ended June 30, 2015

Net Change in Fund Balances - Total Governmental Funds	\$ (688,178)
Amounts reported for governmental activities in the statement of activities are different because:	
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 depreciation exceeded capital purchases during the current period.	17,919
The proceeds received for the sale of land are recorded in the fund financial statements. However, only the loss on the sale is reported in the statement of activities. This is the sum of the proceeds from the sale and the loss on the sale.	(72,585)
The long-term portion of the liability for compensated absences is not recorded in the fund level, but is reported in the statement of net position. This is the current year change in the liability, reported as an expense in the statement of activities.	40,812
Pension 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	(36,157)
Change in reserve for inventory is included in expenses in the statement of activities.	(2,873)
Expenditures due and payable in the current period are recorded as expenditures in the funds. These expenditures are reported as prepaid assets in the statement of net position.	(319)
Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This amount includes debt service principal retirements made during the year.	21,526
Change in Net Position of Governmental Activities	<u>\$ (719,855)</u>



Proprietary Fund Financial Statements
June 30, 2015

City of Kemmerer, Wyoming

City of Kemmerer, Wyoming
Statement of Net Position
Proprietary Fund
June 30, 2015

	Airport
Assets and Deferred Outflows of Resources	
Current Assets	
Equity in pooled cash	\$ 342,033
Accounts receivable	130
Total current assets	342,163
Capital Assets	
Capital assets, not being depreciated	199,947
Capital assets, being depreciated, net	5,790,324
Total capital assets	5,990,271
Deferred Outflows of Resources	
Deferred outflows of resources related to pensions	5,651
Total Assets and Deferred Outflows of Resources	\$ 6,338,085
Liabilities	
Current Liabilities	
Accrued liabilities	\$ 9,059
Customer deposits	230
Total current liabilities	9,289
Noncurrent Liabilities	
Net pension liability	29,834
Total Liabilities	39,123
Net Position	
Net investment in capital assets	5,990,271
Unrestricted	308,691
Total net position	6,298,962
Total Liabilities and Net Position	\$ 6,338,085

City of Kemmerer, Wyoming
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2015

	Airport
Operating Revenues	
Fuel sales - Airport	\$ 39,429
County reimbursements	90,000
Miscellaneous	4,364
Total operating revenues	133,793
Operating Expenses	
Personnel services	84,653
Aviation fuel purchases	27,961
Contractual services	5,230
Supplies	3,737
Utilities and telephone	13,237
Maintenance	14,494
Miscellaneous, administration	5,496
Depreciation	425,839
Total operating expenses	580,647
Operating Loss	(446,854)
Non-Operating Revenues	
Capital grant revenue	175,443
Transfers from other funds	111,874
Net non-operating revenues	287,317
Change in Net Position	(159,537)
Net Position, Beginning of Year, as Restated	6,458,499
Net Position, End of Year	\$ 6,298,962

City of Kemmerer, Wyoming
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2015

Operating Activities	
Cash received from customers and others	\$ 133,793
Cash paid to suppliers for goods and services	(70,648)
Cash paid to employees and for benefits	(83,107)
Net Cash used for Operating Activities	<u>(19,962)</u>
Non-capital Financing Activities	
Transfers from other funds	111,874
Net Cash from Non-capital Financing Activities	<u>111,874</u>
Capital and Related Financing Activities	
Capital grant revenue	175,443
Acquisition and construction of capital assets	(119,122)
Net Cash used for Capital and Related Financing Activities	<u>56,321</u>
Net Change in Cash	148,233
Cash Balance, Beginning of Year	<u>193,800</u>
Cash Balance, End of Year	<u><u>\$ 342,033</u></u>
Reconciliation of Operating Loss to Net Cash used for Operating Activities:	
Operating Loss	\$ (446,854)
Adjustments to reconcile net operating loss to net cash used for operating activities:	
Depreciation	425,839
Changes in assets and liabilities:	
Accrued liabilities and customer deposits	(493)
Net pension liability	1,546
Net Cash used for Operating Activities	<u><u>\$ (19,962)</u></u>

Note 1 - Description of Reporting Entity and Summary of Significant Accounting Policies

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

A. Reporting Entity

The City of Kemmerer, Wyoming was incorporated in 1899 under the provisions of the State of Wyoming. The City operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police and fire), culture-recreation, public improvements, planning and zoning, and general administrative services.

In June of 1982, the City entered into an agreement with Lincoln County, Wyoming, to form a joint powers board to plan, create, expand, finance, and operate an airport near Kemmerer, Wyoming. Effective April 14, 1986, this agreement was amended to transfer all powers, duties and authority of the joint powers board to the City as managing agent of the airport, and such amendment provides for financial assistance from the Lincoln County. The airport activity is accounted for as an enterprise fund.

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth the GASB Statement No. 14, as amended, which include the following:

- the organization is legally separate (can sue or be sued in its own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency on the City by the organization

Based on these criteria, there are no entities that are considered to be component units of the City that should be included in these financial statements.

B. Financial Statement Presentation

Basis of Presentation

Government-wide Financial Statements

The government-wide statements, i.e. the statement of net position and the statement of activities, report information on all of the activities of the City. For the most part, the effect of the interfund activity has been eliminated from these statements. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. Business-type activities are financed, in whole or in part, by fees charged to external parties for goods or services.

The government-wide statement of net position presents information on all of the City's assets and liabilities, and the difference between the two is reported as net position. The statement of activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those that can be clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or others who purchase, use, or directly benefit from the services or goods 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.

Indirect costs in the governmental activities that are not associated directly with a function or program in the City are included in the general governmental activities in the entity-wide statements.

Fund Financial Statements

A fund is a separate accounting entity with a self-balancing set of accounts which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The City's funds are organized into two major categories: governmental and proprietary. Separate financial statements are provided for each of these categories. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is reported in a separate column. Because the City's funds can change between major and non-major depending on annual activity, the City has elected to present all funds to enhance consistency from year to year. A fund is considered major if it is the primary operating (general) fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

As per the above criteria, the City's General fund and Airport fund are major funds. The City's financial operations are accounted for in the following funds:

Governmental Fund Types

General Fund – The general fund is the primary fund of the City. This fund is established to account for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. This fund is charged with all costs of operating the government for which a separate fund has not been established.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Fund Types

Enterprise Fund – This fund was established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City’s only enterprise fund consists of the Airport Fund.

C. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Measurement focus refers to the types of assets and liabilities that appear on the statement of net position (government-wide statement) or the balance sheet (governmental funds only) and changes to those assets and liabilities that appear on the statement of activities (government-wide statement) or the statement of revenues, expenditures and changes in fund balance (governmental funds only). The current financial resources measurement focus is used for the governmental fund reporting. The economic resources measurement focus, which is used for the government-wide statements, shows total assets and liabilities on the statement of net position and changes in net position on the statement of activities. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

The government-wide financial statements and the fund financial statements for proprietary funds are accounted for using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the accrual basis of accounting, revenues are recorded when earned, and expenses are recorded when liabilities are incurred or the economic asset is used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Proprietary funds separate operating and non-operating revenues and expenses. Operating revenues and expenses generally result from providing services and producing or delivering goods in connection with the fund’s normal ongoing operations. The principal operating revenues of the City’s proprietary fund are charges to customers for goods and services. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All other revenues or expenses are recorded as non-operating.

These funds account for City activities that are similar to business operations in the private sector or where the reporting focus is on determining net income, financial position, and changes in financial position (Economic resources measurement focus). The fund included in this category is an Enterprise Fund.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available when they are collectible within 60 days of the end of the current fiscal period. Those revenues susceptible to accrual are cigarette and gasoline taxes, special assessments, interest revenue, and charges for services. Sales taxes collected and held by the State at year-end on behalf of the government also are recognized as revenue. Fines and permits are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are recorded when the related fund liability is incurred. Expenditures related to principal and interest on general long-term debt that has not matured, compensated absences, and claims and judgments are recorded only when payment is due.

D. Reconciliation of Government-wide and Fund Financial Statements

Governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting, while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. As a result, there are important differences between the asset, liabilities, revenues and expense/expenditures reported on the fund financial statements and government-wide financial statements.

For example, many long-term assets and liabilities are excluded from the fund balance sheet but are included in the entity-wide financial statements. As a result, there must be a reconciliation between the two statements to explain the differences. Reconciliations are included as part of the fund financial statements (see pages 14 and 16).

E. Budgets

Budgeted amounts included in the accompanying financial statements are on the same basis of accounting as described in the Basis of Accounting section and are based on the budget as finally revised by the City Council. Budgets are legally adopted for all funds. Appropriations lapse at fiscal year end.

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

Wyoming statutes require the preparation of an annual budget which provides documentation that all sources and uses of City resources are properly planned, budgeted and approved. The budget, upon adoption, is the legal document which places restrictions and limitations on the purposes and amounts for which City monies may be expended.

The budget is adopted according to the following schedule:

- a. On or before May 15, the Budget Officer shall prepare a tentative budget for each fund and file the budget with the governing body.
- b. A summary of the tentative budget shall be entered into the minutes and the governing body shall publish the summary at least one week before the public hearing to adopt the budget.
- c. The public hearing is held no later than the third Tuesday in June.
- d. A copy of the adopted budget shall be furnished to the County Commissioners for the necessary property tax levies and placed on file for public inspection.

The City follows Wyoming statutes in amending its budget when necessary prior to the expenditure of funds in excess of the original appropriation. The 2015 original budget was amended.

F. Cash and Cash Equivalents

The City complies with GASB Statement No. 31 *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The statement requires certain investments to be reported at fair value and the change in fair value to be included in revenue or expenses. The City's policy is to report all investments at fair value except for money market investments and interest-earning investment contracts with a remaining maturity at time of purchase of ninety days or less. The City's investment in the Wyoming Government Investment Fund has a fair value equivalent to the value of the pool shares. This pool is administered by the State of Wyoming in accordance with Wyoming State Investment Policy. In all accompanying financial statements, the City considers all highly liquid investments that mature within ninety days or less when purchased to be cash equivalents.

For purposes of the statement of cash flows, the City's proprietary fund's equity in pooled cash and investments is considered to be cash and cash equivalents, since this amount is immediately available for use by the fund.

G. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

H. Investments

The City's investments are reported at fair value.

I. Interfund Transactions

During the normal course of operations, transactions occur between individual funds for goods, services, and for short-term interfund transfers. As a general rule, the effect of the interfund activity has been eliminated from the government-wide financial statements.

All interfund transactions are treated as transfers and are expected to be eliminated in the normal course of operations. Transfers between governmental or proprietary funds are netted as part of the reconciliation between the governmental fund statements and the government-wide columnar presentation.

J. Capital Assets and Depreciation

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Capital assets include property, plant, equipment and infrastructure assets, e.g. roads, curbs, and gutters, streets and sidewalks, drainage systems and parking lots. These are assets reported in the government-wide financial statements in the relevant column on the Statement of Net Position under governmental or business-type activities. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Depreciation is computed using the straight-line method based on useful lives as follows:

Item	Years
Building and improvements	30
Machinery and equipment	5 – 49
Infrastructure	12 – 50
Automobiles and trucks	5 – 10

K. Compensated Absences

Vacation leave and the portion of sick leave that will eventually be paid are accrued in the government-wide financial statements and proprietary funds as liabilities as they are earned. In the event of termination or retirement, an employee is reimbursed for these vacation and sick leave accruals. The governmental funds record compensated absences when the liability has matured and is payable and will be paid with expendable available resources.

L. Long-Term Obligations

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists of accrued compensated absences and notes payable.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources, and the payment of principal and interest are reported as expenditures. The accounting for proprietary funds is the same for its fund statements as it is for its government-wide statements.

M. Accounting Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual amounts could differ from those estimates.

N. Property Taxes

Property taxes are collected by the county treasurer and remitted to the City shortly after collection. The lien date for property taxes is January 1. Using the tax rate (mil levy) supplied by the City, the county levies the taxes as of the first week of August. Tax notices are mailed by September 1. Tax payments are due in two installments; November 10, and then May 10 of the following year. Under GASB Statement No. 33, because the lien date is January 1, the

City records the estimated taxes receivable as of its June 30 year end. Because the taxes are not available to meet current expenditures, and because they will not be collected until the following November or May, they are also recorded as a deferred inflow of resources and are included on the statement of net position as unavailable property tax revenue.

If the taxes are not paid by the May 10 due date, in the following September the county sells tax certificates of purchase to interested investors. Investors pay the amount of the tax plus interest from the May 10 due date. In the fourth year following the sale of the certificates, the property owners are notified that the property will be sold for taxes. Upon sale of the property, the investor is paid the tax, interest at 15% and a fee of 3% of the tax amount.

O. Fund Balance

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the policy of the City to spend restricted fund balance first. In the fund financial statements, governmental fund balances are classified as follows:

1. Nonspendable - Fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted - Fund balance amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed - Fund balance amounts that can be used only for the specific purposes determined by a formal ordinance of the City Council (the City's highest level of decision making authority). Ordinances must be affirmed by a majority vote of the City Council, and signed by the Mayor.
4. Assigned - Fund balance amounts that are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed. Assigned fund balances may be determined by resolution, which are affirmed by a majority vote of the City Council.
5. Unassigned - The residual fund balance classification for the City's general fund includes all spendable amounts not included in the other classifications.

When an expenditure is incurred for purposes for which committed, assigned, or unassigned fund balance is available, it is the policy of the City to first spend committed fund balance, followed by assigned fund balances and unassigned fund balances, respectively.

P. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is insured against these occurrences through its participation in the Wyoming Local Government Liability Pool. The City pays an annual premium for its insurance coverage which is accounted for in the General Fund. There has been no significant reduction in coverage against these losses from year to year.

Q. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wyoming State Retirement System (WRS) Pension Plan and additions to/deductions from WRS's fiduciary net position have been determined on the same basis they are reported by WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

R. Deferred Outflows and Inflows of Resources

Deferred outflows on the statements of net position represent pension contributions made to the plan prior to the City's fiscal year end, but before the next measurement date. They will be recognized as a reduction of the net pension liability in the upcoming fiscal year.

Deferred inflows of resources on the statement of net position relate to additions to net position that apply to a future reporting period and therefore will be reported as an inflow/revenue in future years. Deferred inflows on the statements of net position and on the balance sheet – governmental funds, represent property taxes that are available for use in the next fiscal period.

S. Recent Accounting Pronouncements

Implementation of GASB Statement No. 68 and GASB Statement No. 71

As of June 30, 2015, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

The implementation of these standards requires governments calculate and report the costs and obligations associated with pensions in their basic financial statements. Employers are required to recognize pension amounts for all benefits provided through the plan which include the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The effect of the implementation of these standards on beginning net position is disclosed in Note 2 and the additional disclosures required by these standards are included in Note 2.

Accounting Pronouncements Not Yet Implemented –

In February 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 72, *Fair Value Measurement and Application*. This statement provides guidance for determining a fair value measurement for financial reporting purposes and guidance for applying fair value to certain investments and disclosure related to all fair value measurements. The statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. The techniques should be consistent with one or more of the following approaches: the market approach, the cost approach, or the income approach. Statement No. 72 is effective for financial statements for periods beginning after June 15, 2015 and early application is encouraged. The City is currently evaluating the impact of this statement on the financial statements when implemented.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This statement establishes requirements for defined benefit pensions that are not within the scope of

Statement No. 68 *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contributions pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68 for pension plans and pensions that are within their respective scopes. The requirements of this statement extend the approach to accounting and financial reporting established in Statement No. 68 to all pensions, with modifications as necessary to reflect that for accounting and financial reporting purposes, any assets accumulated for pensions that are provided through pension plans that are not administered through trusts that meet the criteria specified in Statement No. 68 should not be considered pension plan assets. It also requires that information similar to that required by Statement No. 68 be included in notes to financial statements and required supplementary information by all similarly situated employers and nonemployer contributing entities. Statement No. 73 is effective for fiscal years beginning after June 15, 2016 and early application is encouraged. The City has not elected to implement these statements early. The City is currently evaluating the impact of this statement on the financial statements when implemented.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This statement replaces Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures*. Statement No. 75 establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions in Statement No. 74 are effective for fiscal years beginning after June 15, 2016. The City is currently evaluating the impact of this statement on the financial statements when implemented.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, which supersedes Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, as amended and Statement No. 57 *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. This statement establishes new accounting and financial reporting requirements for OPEB plans and establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, the statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. Statement 75 is effective for fiscal years beginning after June 15, 2017 and early application is encouraged. The City is currently evaluating the impact of this statement on the financial statements when implemented.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. Statement No. 76 is effective for financial statements for periods beginning after June 15, 2015 and should be applied retroactively. The adoption of this standard is not expected to have a material impact on the financial statements.

Note 2 - Adoption of a New Standard

As of July 1, 2014, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*. The implementation of these standards requires governments calculate and report the costs and obligations associated with pensions in their financial statements, including additional note disclosures and required supplementary information. Beginning net position was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date as follows:

	Governmental Activities	Business-Type Activities (Airport Fund)
Net position at June 30, 2014, as previously reported	\$ 17,790,610	\$ 6,481,136
Net Pension Liability at June 30, 2014	(645,461)	(24,495)
Deferred outflows of resources related to contributions made during the year ended June 30, 2014	67,773	1,858
Net position at July 1, 2014, as restated	\$ 17,212,922	\$ 6,458,499

Note 3 - Cash and Investments

Cash and Cash Equivalents

The City pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

It is the policy of the City to invest public funds in a manner which will provide for the safety of principal/capital, liquidity, and rate of return, and in accordance with State and local statutes. The City can only deposit funds in depositories designated by the City Council. City policy provides that, with the exception of U.S. Treasury securities and authorized pools, no more than 50% of the City's total investment portfolio will be invested in a single security type or with a single financial institution.

The City's deposits are insured up to \$250,000 per account by the Federal Deposit Insurance Corporation. Deposits above the \$250,000 per account are exposed to custodial credit risk. Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. Under State statute (W.W 9-4-817(c)) and City policy, all deposits must be insured or collateralized. Amounts that are not insured at June 30, 2015 have been collateralized by the authorized depositories.

The City's cash and cash equivalents at June 30, 2015 consists of bank demand deposits and interest bearing demand accounts. Depository balances and their insured or collateralized status at June 30, 2015, were as follows:

	Bank Balances	Carrying Balances
Insured or collateralized with securities held by the pledging institution's trust department or correspondent bank under a joint custody receipt in the name of the City and the financial institution:		
Cash	\$ 1,146,112	\$ 1,097,391
Certificates of deposit	1,075,752	1,075,752
Wyo-Star government investment pool	930,219	930,219
Wyoming government investment fund	223,865	223,865
Total	\$ 3,375,948	\$ 3,327,227

Investments

As of June 30, 2015, the City had the following investments and maturities:

	Fair Value	Investment Maturities (in Years)	
		Less than 1	1-5
Certificates of deposit	\$ 1,075,752	\$ 1,075,752	\$ -
Total	\$ 1,075,752	\$ 1,075,752	\$ -

Interest Rate Risk - As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the City's investment portfolio to maturities of less than five years and a weighted average maturity of three years.

Because the certificates of deposits have an average maturity of less than one year they are presented as an investment with a maturity of less than one year.

Credit Risk - State statutes authorize the City to invest primarily in general obligations of the U.S. Government and its agencies, bank repurchase agreements, certain commercial paper, and the State Treasurer's Investment Pool. The City primarily invests its excess cash balances in the Wyo-Star government investment pool. The State Treasurer is the investment officer for the pool and is responsible for all funds in the pool. These funds must be invested and managed, as a prudent investor would exercise reasonable care, skill and caution. The Wyo-Star government investment pool is not rated.

Custodial Credit Risk - For an investment, 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. The City requires that all deposits (time or regular) that exceed the FDIC threshold be collateralized at 110% of the fair market value of the deposit. The City also requires that all securities are to be held in the name of the City and all securities that are held as collateral are held by an independent third party.

Note 4 - Capital Assets

The following tables summarize the changes in capital assets for governmental and business-type activities during the year ended June 30, 2015:

	Balance June 30, 2014	Additions	Transfers	Deletions	Balance June 30, 2015
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 3,285,613	\$ -	\$ -	\$ -	\$ 3,285,613
Construction-in-progress	894,827	-	(894,827)	-	-
Total capital assets, not being depreciated	4,180,440	-	(894,827)	-	3,285,613
Capital assets, being depreciated					
Buildings and improvements	5,800,065	425,757	894,827	-	7,120,649
Machinery and equipment	4,522,848	516,045	-	(350,389)	4,688,504
Infrastructure	9,494,844	-	-	-	9,494,844
Total capital assets, being depreciated	19,817,757	941,802	894,827	(350,389)	21,303,997
Accumulated depreciation for:					
Buildings and improvements	(1,113,226)	(149,578)	-	-	(1,262,804)
Machinery and equipment	(3,647,110)	(214,861)	-	277,804	(3,584,167)
Infrastructure	(4,718,602)	(177,572)	-	-	(4,896,174)
Total accumulated depreciation	(9,478,938)	(542,011)	-	277,804	(9,743,145)
Total capital assets, being depreciated, net	10,338,819	399,791	894,827	(72,585)	11,560,852
Governmental activities capital assets, net	\$ 14,519,259	\$ 399,791	\$ -	\$ (72,585)	\$ 14,846,465
	Balance June 30, 2014	Additions	Transfers	Deletions	Balance June 30, 2015
Business-type Activities:					
Capital assets, not being depreciated:					
Land	\$ 199,947	\$ -	\$ -	\$ -	\$ 199,947
Construction-in-progress	-	-	-	-	-
Total capital assets, not being depreciated	199,947	-	-	-	199,947
Capital assets, being depreciated					
Buildings and improvements	10,501,708	119,122	-	-	10,620,830
Machinery and equipment	494,183	-	-	(130,242)	363,941
Automobiles and trucks	54,928	-	-	-	54,928
Total capital assets, being depreciated	11,050,819	119,122	-	(130,242)	11,039,699
Accumulated depreciation for:					
Buildings and improvements	(4,437,782)	(413,692)	-	-	(4,851,474)
Machinery and equipment	(461,068)	(12,147)	-	130,242	(342,973)
Automobiles and trucks	(54,928)	-	-	-	(54,928)
Total accumulated depreciation	(4,953,778)	(425,839)	-	130,242	(5,249,375)
Total capital assets, being depreciated, net	6,097,041	(306,717)	-	-	5,790,324
Business-type activities capital assets, net	\$ 6,296,988	\$ (306,717)	\$ -	\$ -	\$ 5,990,271

The City has established a capitalization policy for acquisitions of \$5,000 or more. Depreciation expense was charged to functions/programs of the City as follows:

	Depreciation Expense
Governmental activities:	
General government	\$ 65,268
Public safety	20,943
Streets and highways	275,037
Sanitation	38,584
Parks and recreation	19,387
Training and events center	105,810
Total depreciation expense - governmental activities	\$ 525,029
Business-type activities:	
Airport	\$ 425,839
Total depreciation expense - business-type activities	\$ 425,839

Note 5 - Long-Term Obligations

Wyoming Water Development Commission — On June 27, 1987, the City entered into an agreement with the Wyoming Water Development Commission for financing of the Kemmerer City Dam Rehabilitation Project. The agreement involved a loan to the City of \$310,200. The loan is collateralized by the Kemmerer City Dam, its improvements, stored water, certain water rights and water fund revenues. The Joint Powers Board has entered into water purchase agreements with the Commission and other third parties, by which payments by the third parties to the Commission reduce the liability of the City.

The note bears interest at 4% and requires fifty annual payments of \$14,440, including principal and interest, beginning on the first anniversary of the date on which the Commission declared the project to be substantially complete. The balance as of June 30, 2015 was \$112,933.

The obligation for payment of these notes remains with the City, although an agreement for reimbursement has been made with the Kemmerer-Diamondville Water and Wastewater Joint Powers Board. Also see Note 9 for details regarding the agreement.

The following summarizes the changes in long-term obligations during the year ended June 30, 2015:

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Notes payable	\$ 134,458	\$ -	\$ (21,525)	\$ 112,933	\$ 8,402
Leases payable	-	401,650	(19,778)	381,872	75,096
Compensated absences	250,632	-	(40,812)	209,820	41,964
Total long-term debt	\$ 385,090	\$ 401,650	\$ (82,115)	\$ 704,625	\$ 125,462

The following summarizes debt service requirements to maturity:

Year Ended June 30,	Wyoming Water Development Commission	
	Principal	Interest
2016	\$ 8,402	\$ 4,655
2017	8,876	4,181
2018	9,131	3,826
2019	9,600	3,457
2020	9,984	3,073
2021 - 2025	56,242	9,045
2026 - 2030	10,698	424
	\$ 112,933	\$ 28,661

The gross assets held under capital lease consist of equipment of \$401,650 which has accumulated amortization of \$20,263 which has been included with accumulated depreciation on the financial statements. The future minimum lease payments are as follows:

Year Ended June 30,	Principal	Interest	Payment
2016	\$ 75,096	\$ 7,847	\$ 82,943
2017	76,807	6,136	82,943
2018	78,542	4,401	82,943
2019	62,499	2,708	65,207
2020	45,908	1,562	47,470
2021	43,020	495	43,515
	\$ 381,872	\$ 23,149	\$ 405,021

Note 6 - Pension Plan

General Information about the Defined Benefit Pension Plan

Plan description: Eligible plan participants are provided with pensions through the Wyoming Retirement Systems (WRS). The City, participates in the WRS Public Employees Pension Plan and the WRS Law Enforcement Pension Plan, which are multiple employer, cost sharing, public employee retirement systems.

WRS is established and governed by the respective sections of the Wyoming State Statutes. The WRS' defined benefit plans are amended statutorily by the State Legislature. The Wyoming State Statutes in Title 9 provides for the administration of the WRS under the direction of the WRS Board, whose members are appointed by the Governor. The WRS are fiduciary funds defined as pension (and other employee benefit) trust funds. WRS is a component unit of the State of Wyoming. Title 9 of the Wyoming Statutes grants the authority to establish and amend the benefit terms. WRS issues a publicly available financial report that can be obtained by writing Wyoming Retirement Systems, 6010 Yellowstone Road, Suite 500, Cheyenne, Wyoming 82002 or visiting the website: www.retirement.wyo.gov.

Benefits provided: WRS provides retirement, disability, and death benefits. Retirement benefits are as follows:

System	Final average salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Public Employees Pension Plan	Highest 5 years	Full retirement age 65 Early retirement age 55 25 years any age	2.0% per year all years	Granted by State Legislators
Law Enforcement Pension Plan	Highest 5 years	Age 60 with 4 years of service 20 years, any age	2.5 % per year, with a maximum of 75%	Granted by State Legislators

**W.S. 9-3-454 prohibits benefit changes, including cost-of-living increases, unless the funded ratio stays above 100% plus a margin for adverse experience throughout the life of the benefit change.

Contributions

As a condition of participation in the WRS, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the WRS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates are as follows:

	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates
Public Employees Pension Plan	N/A	8.250%	7.620%
Law Enforcement Pension Plan	N/A	8.600%	8.600%

During the year ended June 30, 2015, the City made contributions totaling \$242,292 to both pension plans.

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

At June 30, 2015, the City reported a net pension liability of \$838,516.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Public Employees Pension Plan	0.0468126%	\$ -	\$ 766,342
Law Enforcement Pension Plan	0.2186419%	-	72,174
		\$ -	\$ 838,516
Total Net Pension Asset / Liability		\$ -	\$ 838,516

The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2014 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability was based upon actual historical employer contributions to the plan from the census data submitted to the plan for pay periods ending in 2014.

For the year ended June 30, 2015, the City recognized pension expense of \$138,192. At December 31, 2014, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	93,175	-
Changes in proportion and differences between contributions and proportionate share of contributions	6,826	-
Contributions subsequent to the measurement date	100,488	-
Total	\$ 200,489	\$ -

\$100,488 was reported as deferred outflows of resources related to pensions results from contributions made by the City prior to fiscal year end, but subsequent to the measurement date of December 31, 2014. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows (Inflows) of Resources
2016	\$ 25,611
2017	25,611
2018	25,611
2019	23,168

Actuarial assumptions: The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation 3.25 percent
- Salary increases 4.25 – 6.00 percent, average, including inflation
- Investment rate of return 7.75 percent, net of pension plan investment expense, including inflation

Active member mortality rates are a function of the member's gender, occupation, and age and are developed based upon plan experience. Retiree mortality assumptions are highlighted in the table below.

Retired Member Mortality

Class of Member

Public Employees Pension Plan

RP-2000 Combined Mortality Table, fully generational, projected with Scale BB

Males: Set back 5 years with a multiplier of 104%

Females: Set back 4 years with a multiplier of 90%

Law Enforcement Pension Plan

RP-2000 Combined Mortality Table, generational, projected with Scale BB

Males: No set back with a multiplier of 104%

Females: Set forward 1 year with a multiplier of 90%

The actuarial assumptions used in the January 1, 2014, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2011.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plan's target asset allocation as of January 1, 2014, these best estimates are summarized in the following table:

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio real rate of return
Cash	2.50%	0.50%	0.01%
Fixed Income	15.00%	0.98%	0.15%
Equity	55.00%	6.66%	3.66%
Marketable Alternatives	15.50%	4.19%	0.65%
Private Markets	12.00%	7.13%	0.86%
Totals	100.00%		5.33%
	Inflation		3.25%
	Expected arithmetic nominal return		8.58%

The 7.75% assumed investment rate of return is comprised of an assumed inflation rate of 3.25%, a real return of 4.50% that is net of investment expense.

Discount rate

A discount rate of 7.750% was used to measure the total pension liability. This discount rate was based on the expected rate of return on pension plan investments of 7.750%. The projection of cash flows used to determine this Single Discount Rate assumed that plan member contributions and the employer contributions will be made at the current schedule contribution rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
Proportionate share of Net pension (asset) / liability	\$ 1,515,875	\$ 838,516	\$ 395,704

Pension Plan Fiduciary Net Position

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued WRS financial report.

Note 7 - Insurance and Risk of Loss

The City is exposed to risks of loss from torts, theft, damage or destruction of assets, business interruption, errors or omissions, job-related injuries to employees and acts of God. To reduce exposure to these risks, effective October 28, 1986, the City of Kemmerer became a participating member of the Wyoming Local Government Liability Pool in accordance with section 1-39-101 of the Wyoming Statutes. Membership provides for coverage of \$250,000 per claimant, but no more than \$500,000 per occurrence, with a deductible of \$2,500 in the areas of general and automobile liability, errors and omissions and airport liability. There has not been a significant reduction in insurance.

Note 8 - Contingencies

Federal and state grants, which have been included with Intergovernmental Revenue on the accompanying statement of revenues, expenditures and changes in fund balance-governmental funds, are subject to periodic audits and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. City management believes disallowances, if any, will be immaterial.

Note 9 - Kemmerer – Diamondville Water and Wastewater Joint Powers Board

On June 28, 1991, the City agreed to form, with the town of Diamondville, Wyoming, the Kemmerer-Diamondville Water and Wastewater Joint Powers Board (KDJPB) in accordance with applicable provisions of Wyoming statutes. The purpose of the KDJPB is to administer, operate, and maintain water treatment and distribution systems and the wastewater collection and treatment facilities for the benefit of Kemmerer and Diamondville and their residents.

On February 26, 1992, the City entered into two separate agreements with the KDJPB related to the KDJPB assuming responsibility for operation of the water and wastewater systems effective March 5, 1992. These agreements were substantially modified effective October 27, 1992.

The first modified agreement conveys certain real and personal property constituting the City's water and wastewater systems, which had been leased to the KDJPB under the prior agreement. The KDJPB accepted the City's right, title, and interest in the property subject to all indebtedness thereon. Applicable water rights were not transferred, but the City has granted the KDJPB exclusive use of these water rights. During the year ended June 30, 1994, the necessary legal procedures to transfer both of the systems were completed; however, the debt has not been transferred and remains with the City. The KDJPB assumed responsibility for payment on the various loans.

In the event of voluntary or involuntary default by the KDJPB under this agreement, the board will reconvey all property to the City, which would once again assume responsibility for operation of the water and wastewater systems.

The second agreement is known as the “Loan Agreement.” The City has accumulated funds within the water and wastewater enterprises that are restricted and reserved for specific uses within the funds. The terms of the Loan Agreement call for the KDJPB to borrow these funds, interest free, subject to the same restrictions of the City. These restrictions include use for customer deposit repayments, repairs, and capital improvements. In October 1996, the Loan Agreement was amended to allow for the payment of outstanding water and sewer system loans with these restricted funds. Sections 7.1 and 8.1 of the Loan Agreement require that all interest earned by the Board be credited to the appropriate funds and that an accounting be made by the Board to the City of all uses of loaned funds.

In connection with these agreements the City also transferred \$68,500 to the KDJPB in exchange for the KDJPB assuming responsibility for the “Frontier System” that the City is obligated under a “Real Estate Sales Agreement” dated March 25, 1986, between the City of Kemmerer and P & M Coal Mining Company. The KDJPB agreed to perform all of the City’s obligations under Article X of the agreement.

Note 10 - General Fund Assigned Fund Balance

At June 30, 2015, the City had assigned a portion of its general fund balance as follows:

Purpose	Amount
Building maintenance	\$ 100,000
Council, funds from private donor	387,575
Equipment repair	104,757
Flex spending program	712
Health insurance account	427,936
July 4th	2,911
Main street	557
Scholarships	220
Street maintenance	442,489
Youth program	9,115
	\$ 1,476,272

Note 11 - Transactions with Related Parties

The following related party transactions were made through the City’s normal purchasing procedures.

During the year, the City expended \$9,169 for repairs of city vehicles with a business in which a City Councilman has partial ownership.

The City also expended other insignificant amounts with businesses in which City Council or family members have a partial ownership.



Required Supplementary Information
June 30, 2015

City of Kemmerer, Wyoming

City of Kemmerer, Wyoming
Budgetary Comparison – General Fund
For the Year Ended June 30, 2015

	General Fund			Variance Favorable (Unfavorable)
	Budgetary Amounts		Actual	
	Original	Final		
Revenue and sources				
Taxes and special assessments	\$ 1,822,140	\$ 1,822,140	\$ 1,766,504	\$ (55,636)
Licenses and permits	34,100	34,100	37,779	3,679
Charges for services	688,500	469,800	704,978	235,178
Inter-governmental revenue	1,343,394	1,048,165	791,625	(256,540)
Interest and investment income	5,500	4,000	9,474	5,474
Fines and forfeitures	29,000	29,000	44,895	15,895
Miscellaneous income	70,450	9,842	102,996	93,154
Total revenues	<u>3,993,084</u>	<u>3,417,047</u>	<u>3,458,251</u>	<u>41,204</u>
Expenditures				
Current				
General government	901,847	994,189	907,604	86,585
Public safety	723,208	749,057	664,055	85,002
Streets and highways	697,715	697,715	557,777	139,938
Parks and recreation	709,344	-	702,401	(702,401)
Sanitation	293,147	293,147	255,565	37,582
Municipal court	65,953	65,953	66,552	(599)
Building inspections	103,499	103,499	96,271	7,228
South Lincoln Training and Event Center	378,005	-	386,694	(386,694)
Debt service:				
Principal	6,766	6,766	21,526	(14,760)
Interest	6,291	6,291	5,509	782
Total expenditures	<u>3,885,775</u>	<u>2,916,617</u>	<u>3,663,954</u>	<u>(747,337)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>107,309</u>	<u>500,430</u>	<u>(205,703)</u>	<u>(706,133)</u>
Other financing sources (uses)				
Operating transfers in	(852,482)	(772,791)	489,737	1,262,528
Operating transfers (out)	1,001,549	1,315,279	(999,247)	(2,314,526)
Transfers from Joint Powers Board - Debt Service	(13,058)	(13,058)	27,035	40,093
Total other financing sources (uses)	<u>136,009</u>	<u>529,430</u>	<u>(482,475)</u>	<u>(1,011,905)</u>
Excess of revenues and other sources over expenditures and other uses	<u>\$ 243,318</u>	<u>\$ 1,029,860</u>	(688,178)	<u>\$ (1,718,038)</u>
Fund balances, beginning of year			3,632,532	
Change in reserve for inventory			<u>(2,872)</u>	
Fund balances, end of year			<u>\$ 2,941,482</u>	

City of Kemmerer, Wyoming
 Schedule of the Proportionate Share of the Net Pension Liability
 December 31, 2014

	Public Employees Pension Plan	Law Enforcement Plan
Proportion of the net pension liability (asset)	0.0468126%	0.2186419%
Proportionate share of the net pension liability (asset)	\$ 766,342	\$ 72,174
Covered employee payroll	\$ 852,514	\$ 297,972
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	89.89%	24.22%
Plan fiduciary net position as a percentage of the total plan liability	96.90%	94.76%

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

City of Kemmerer, Wyoming
 Schedule of Contributions
 June 30, 2015

	Public Employees Pension Plan	Law Enforcement Plan
Contractually required contributions	\$ 166,231	\$ 76,061
Contributions in relation to the contractually required contribution	(166,231)	\$ (76,061)
Contribution deficiency (excess)	\$ -	\$ -
Covered employee payroll	\$ 941,161	\$ 330,809
Contributions as a percentage of covered-employee payroll	17.66%	22.99%

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.



General Fund Schedules
June 30, 2015

City of Kemmerer, Wyoming

City of Kemmerer, Wyoming
Schedule of Revenues – General Fund
For the Year Ended June 30, 2015

Taxes	
General property taxes	\$ 125,983
General sales and use taxes	1,267,857
Gasoline taxes	91,118
Motor vehicle taxes	84,406
Cigarette taxes	16,724
Severance taxes	98,076
Franchise taxes	82,340
Total taxes	<u>1,766,504</u>
Licenses and Permits	
Occupational licenses	14,200
Animal and other licenses	768
Liquor licenses	8,910
Building permits	13,901
Total licenses and permits	<u>37,779</u>
Charges for Service	
Recreation fees	55,977
Golf course fees	109,589
Sanitation fees, late charges	436,595
Street charges	49,775
South Lincoln Training and Event Center	44,065
Old City Hall rental	8,977
Total charges for service	<u>704,978</u>
Inter-Governmental Revenue	
Frontier Area Park and Recreation District	271,313
State of Wyoming - Highway Maintenance	53,120
Mineral royalties	191,699
Lincoln County Recreation Commission	4,500
Grants and Local Contributions	64,094
Distribution of State Surplus	206,899
Total inter-governmental revenue	<u>791,625</u>
Interest Income	
	<u>9,474</u>
Fines and Forfeitures	
	<u>44,895</u>
Miscellaneous Income	
Sale of capital assets	19,739
Kemmerer Foundation grants	25,000
Rents	1,315
Reimbursements	42,268
Various other, fees	14,674
Total miscellaneous income	<u>102,996</u>
Total Revenues	
	<u>\$ 3,458,251</u>

City of Kemmerer, Wyoming
Schedule of Departmental Expenditures – General Fund
For the Year Ended June 30, 2015

	Personnel Services	Supporting Services	Capital Outlay	Total
General Government				
Legislative	\$ 9,075	\$ 133,358	\$ -	\$ 142,433
Economic development	-	118,013	-	118,013
City administration	350,399	139,055	8,749	498,203
Legal services	-	36,951	-	36,951
City Hall	43,114	66,773	2,117	112,004
Total General Government	<u>402,588</u>	<u>494,150</u>	<u>10,866</u>	<u>907,604</u>
Public Safety				
Police administration	549,094	97,315	15,232	661,641
Animal control	-	2,249	165	2,414
Total Public Safety	<u>549,094</u>	<u>99,564</u>	<u>15,397</u>	<u>664,055</u>
Streets and Highways				
Administration	-	10,141	78,454	88,595
Street maintenance	257,896	171,482	39,804	469,182
City Shop	-	-	-	-
Total Streets and Highways	<u>257,896</u>	<u>181,623</u>	<u>118,258</u>	<u>557,777</u>
Parks and Recreation				
Administration	33,364	6,524	294	40,182
Leisure programs	68,467	25,047	8,062	101,576
Park maintenance	69,862	80,612	982	151,456
Recreational facility	111,652	88,438	5,251	205,341
Old City Hall	-	40,073	-	40,073
Golf course, ball field	38,828	114,778	10,167	163,773
Total Parks and Recreation	<u>322,173</u>	<u>355,472</u>	<u>24,756</u>	<u>702,401</u>
Sanitation				
Operations	<u>168,713</u>	<u>81,744</u>	<u>5,108</u>	<u>255,565</u>
Municipal Court				
Administration	<u>40,170</u>	<u>26,382</u>	<u>-</u>	<u>66,552</u>
Building Inspection/Zoning	<u>75,992</u>	<u>19,899</u>	<u>380</u>	<u>96,271</u>
South Lincoln Training and Event Center				
Operations	<u>185,600</u>	<u>192,126</u>	<u>8,968</u>	<u>386,694</u>
Debt Service (lease payments)	<u>-</u>	<u>27,035</u>	<u>-</u>	<u>27,035</u>
Total Expenditures	<u>\$ 2,002,226</u>	<u>\$ 1,477,995</u>	<u>\$ 183,733</u>	<u>\$ 3,663,954</u>

Compliance and Internal Control
June 30, 2015

City of Kemmerer, Wyoming

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*

The Honorable Mayor and Members of the City Council
City of Kemmerer, Wyoming

We have audited, 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, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Kemmerer, Wyoming (the "City") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon, dated January 12, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 were not 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 a deficiency in internal control, described in the accompanying schedule of findings that we consider to be a significant deficiency, see item 2015-A.

Compliance and Other Matters

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

City's Response to Findings

The City's response to the finding identified in our audit is described in the accompanying schedule of findings. The City'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 City'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.

Eide Sallee LLP

January 12, 2016
Salt Lake City, Utah

**2015-A: Internal Control over Preparation of Financial Statements and significant audit adjustments
(Significant Deficiency)**

Criteria: Management of the City and those charged with governance are 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.

Condition: The City does not have an internal control system designed to provide for the preparation of the financial statements being audited. As auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. In addition, we proposed significant audit adjustments that were not detected by the organization's internal controls.

Cause: The City does not have an internal control system designed to provide for the preparation of the consolidated financial statements being audited.

Effect or Potential Effect: Although this circumstance is not unusual for an organization of the City's size, the absence of controls over the preparation of financial statements increases the possibility that a misstatement of the financial statements could occur and not be prevented, or detected and corrected, by the City's internal control. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with the condition because of cost or other considerations.

Management's Response: Because of staffing restrictions, it is more cost effective for the City to have the auditors prepare the financial statements. The administrative services director, City Administrator, Mayor and Council review the financial statements monthly. We feel we have on staff a person with suitable knowledge, skills and experience to oversee the non-audit services provided by the auditor.