

CITY OF RAWLINS, WYOMING
FINANCIAL AND COMPLIANCE REPORT
June 30, 2013

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of the
City Council and City Manager
City of Rawlins, Wyoming

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 City of Rawlins, Wyoming, as of and for the year ended June 30, 2013, which collectively compromise 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 of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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. 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 includes examining, on a test basis, evidence supporting 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 preparation 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 the 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 opinions.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rawlins, Wyoming, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 53 through 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 5, 2013, on our consideration of the City of Rawlins' internal control over financial reporting and on our tests of compliance with certain laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Rawlins' internal control over financial reporting and compliance.

Madel Tschackel Peterson + Co, LLC

Laramie, Wyoming
December 5, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

As management of the City of Rawlins, we offer readers of the City of Rawlins financial statements this narrative overview and analysis of the financial activities of the City of Rawlins for the fiscal year ended June 30, 2013.

Financial Highlights

- The assets of the City of Rawlins exceeded its liabilities at the close of the most recent fiscal year by \$59,120,610 (*net position*). Of this amount, \$12,352,667 (*unreserved net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- At the end of the current fiscal year (FY 2012-2013), the City of Rawlins General Fund reported \$5,087,803 *available for spending* at the government's discretion (*unassigned fund balance*) and \$1,115,346 committed for future funding requirements. The City started FY 2012-2013 with a declared General Fund Reserve of \$2,000,000. At the beginning of FY 2012-2013 the City started with an estimated reserve of \$3,343,000 in the General Fund. It is anticipated that the economic growth will continue to increase slowly into FY 2012-2013 as stipulated by the CREG report but could increase significantly for Carbon County if the DKRW and Wind Farm projects start in the Spring of 2013.
- The City of Rawlins General Fund Capital Equipment/Infrastructure total debt decreased by \$428,427 during the current fiscal year to a total of \$6,404,432. The majority of these debts (\$6,686,314) will be paid through the term of the 1.0% optional countywide sales tax. The City of Rawlins Enterprise Funds Capital Equipment/Infrastructure total debt increased by \$596,193 during the current fiscal year to a total of \$7,448,891. All Enterprise debt is paid through the rates charged for water & sewer use and is set by the City of Rawlins.
- Last fiscal year (FY 2011-2012) the City received \$5,825,797 in sales and use taxes. For the fiscal year ending of June 30, 2013 the City received \$5,605,827 in sales and uses taxes, an unanticipated decrease of \$219,970 or 3.8% that was not predicted by CREG. When compared to the sales and use taxes FY 2008-2009 figure (\$8,801,662) the City's four year reduction in sales and use taxes is \$3,195,835. This loss in revenue created a reduction in full-time employees, capital expenditures, and our General Fund Working Capital Reserve.
- The City increased the Cost for maintaining the employee health insurance by 10% for FY 2012-2013 to match the anticipated cost of health services. With the changes in our insurance agent of record and changes in our insurance carrier for employee insurances we experienced no increase in claims over the fiscal year as compared to the previous fiscal year, and our insurance renewal scheduled for August 1, 2013 indicates the same again for FY 2013-2014. In fact, the claim reserve for the Insurance Fund has grown from \$310,782 (July, 1 2010) to \$934,022 as of July 1, 2013. The FY 2013-2014 employee insurance expenses were budgeted at no increase as a result of change made in FY 2011-2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

- Revenues from the Golf Course Fund two primary accounts (membership & pro-shop) decreased by approximately \$22,178 (8.4% decrease when compared to FY 2012-2012). The City had increased the fees to help offset the losses being suffered in previous years but as we can see above the revenues have suffered again.
- The water and wastewater funds revenues exceeded their new revenue budgets and exceeded their respective expenses in total. The solid waste landfill fund did not lose money as it did in FY 2011-2012 as the City Council adjusted the rates to reflect what cost were being incurred to haul MSW (municipal solid waste) to the City of Casper landfill.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Rawlins basic financial statements comprise of three components: 1) government-wide financial statement, 2) fund financial statements, and 3) notes to the financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

Both of the government-wide financial statements distinguished functions of the City of Rawlins that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

The government activities of the City of Rawlins include general government, public safety, highways and streets, community development and culture and recreation. The business-type activities of the City of Rawlins include water, wastewater, landfill, and a golf course. The government-wide financial statement can be found of pages 10 through 12 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

control over resources that have been segregated for specific activities or objectives. The City of Rawlins, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Rawlins can be divided into three categories: governmental funds, proprietary funds, and fiduciary 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, unlike the government-wide financial statements, governmental fund financial statements focus on near-term *inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Rawlins maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, grants fund and capital projects fund, all of which are considered to be major funds. Data from other funds are combined into a single, aggregated presentation.

The City of Rawlins adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 13 through 16 of this report.

Proprietary funds. The City of Rawlins maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Rawlins uses enterprise funds to account for its water, sewer, landfill and recycling operations. Internal service funds are an accounting device used to accumulate and allocate cost internally among the City of Rawlins various functions. The City of Rawlins uses an internal service fund to account for the employee health insurance program. Because this service benefits governmental rather than business-type function, they have been included within *governmental activities* in the government-wide statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, landfill and recycling operations, all of which are considered to be major funds of the City of Rawlins.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Rawlins own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary funds financial statements can be found of pages 24 and 25 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 on pages 26 through 52 of this report.

Other information. Due to the City of Rawlins implementation of Government Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, comparative analysis of government-wide data for the preceding fiscal year and fiscal year is included in this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Rawlins net position reflects its investment in capital assets (e.g., land, building, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Rawlins uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Rawlins investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Rawlins Net Position

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and Other assets	\$ 12,565,839	\$ 13,867,755	\$ 4,658,495	\$ 4,362,095	\$ 17,224,334	\$ 18,229,850
Capital assets	17,782,214	18,011,524	41,790,910	39,077,927	59,573,124	57,089,451
Total assets	30,348,053	31,879,279	46,449,405	43,440,022	76,797,458	75,319,301
Long-term liabilities outstanding	6,404,432	6,281,347	9,170,231	6,674,038	15,574,663	12,955,385
Other liabilities	1,576,622	3,851,330	525,563	2,279,011	2,102,185	6,130,341
Total liabilities	7,981,054	10,132,677	9,695,794	8,953,049	17,676,848	19,085,726
Net position:						
Invested in capital assets						
Restricted	11,377,782	11,178,665	34,342,019	32,225,229	45,719,801	43,403,894
Unrestricted	378,698	1,595,584	669,444	877,864	1,048,142	2,473,448
Total net position	10,610,519	8,972,353	1,742,148	1,383,880	12,352,667	10,356,233
	\$ 22,366,999	\$ 21,746,602	\$ 36,753,611	\$ 34,486,973	\$ 59,120,610	\$ 56,233,575

Analysis of Net position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Rawlins, assets exceeded liabilities by \$59,120,610 at the close of the most recent fiscal year. By far the largest portion of the City of Rawlins net position reflects its net investment of \$45,719,801 in capital assets (for example, land, buildings, infrastructure, machinery and equipment), net of related debt used to acquire those assets and that is still outstanding. The City of Rawlins uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Rawlins investment in its capital assets is reported net of related debt it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Rawlins net position, \$1,392,026 represents resources that are subject to external restrictions on how they may be used and of the \$2,473,448 restricted amount, \$1,595,584 is restricted.

The remaining balance of unrestricted net position in all City funds of \$9,229,553 may be used to meet the government's ongoing obligations to citizens and creditors. Specific expenditure restrictions apply to specific revenue funds and to many of the capital project funds.

At June 30, 2013, the City is able to report positive balances in all three categories of net position for the government as a whole and business-type activities.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

City of Rawlins Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues						
Charges for Services	\$ 3,262,531	\$ 3,962,867	\$ 4,254,526	\$ 3,903,563	\$ 7,517,057	\$ 7,866,430
Operating grants and contributions	903,186	1,152,344	-	-	903,186	1,152,344
Capital grants and contributions	213,209	61,026	2,365,699	3,206,624	2,578,908	3,267,650
General Revenues:						
Property Taxes	407,872	400,178	-	-	407,872	400,178
Other Taxes	8,527,500	7,985,768	-	-	8,527,500	7,985,768
Other Revenues	248,216	317,511	4,566	2,152	252,782	319,663
Transfers	(595,369)	(1,447,089)	595,369	1,447,089	-	-
Total revenues	12,967,145	12,432,605	7,220,160	8,559,428	20,187,305	20,992,033
Expenses:						
General government	2,776,448	4,697,738			2,776,448	4,697,738
Public Safety	3,045,316	3,126,394			3,045,316	3,126,394
Public Works	1,977,410	2,150,077			1,977,410	2,150,077
Health, welfare and recreation	1,649,509	2,063,288			1,649,509	2,063,288
Non-departmental	2,678,514	2,874,719			2,678,514	2,874,719
Interest on long term debt	219,551	3,709	327,556	245,070	547,107	248,779
Water			2,475,328	2,042,004	2,475,328	2,042,004
Wastewater			729,112	849,026	729,112	849,026
Landfill			1,338,769	1,310,849	1,338,769	1,310,849
Recycling			82,757	10,189	82,757	10,189
Total expenses	12,346,748	14,915,925	4,953,522	4,457,138	17,300,270	19,373,063
Total general revenues & transfers	12,967,145	12,432,605	7,220,160	8,559,428	20,187,305	20,992,033
Changes in net position	620,397	(2,483,320)	2,266,638	4,102,290	2,887,035	1,618,970
Net position - beginning	21,746,602	24,229,922	34,486,973	30,384,683	56,233,575	54,614,605
Net position - ending	\$ 22,366,999	\$ 21,746,602	\$ 36,753,611	\$ 34,486,973	\$ 59,120,610	\$ 56,233,575

Analysis of Changes in Net Position

The City of Rawlins net position increased \$1,618,970 (FY 2011-2012 amount was \$54,614,605 as compared to our current year-end amount of \$56,233,575) during the current fiscal year. This increase is due primarily to the change in net position of the Business-type Activities (\$2,266,638 increase).

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2013**

Budgetary Highlights

Significant highlight of the fiscal year 2012-2013 was the loss in sales and use taxes of 3.8% or \$219,970 over what was received in FY 2011-2012 that was not predicted by CREG. From a budgetary standpoint, the City's loss was only \$93,022 for the fiscal year in sales and use taxes. Other revenues of the general fund made up this loss and the City made in total its budgeted revenues. Not a highlight but a fact, the City personnel turnover was 35 out of a total of 116 for FY 2012-2013. This turnover from a financial point of view enabled the City general fund working capital reserve to reach it \$4,000,000 maximum level which is the figure we had available before the recession at the start of FY 2013-2014. All monies above this \$4,000,000 are considerable expendable.

Capital Assets and Debt Administration

Capital asset and debt administration are discussed in Footnotes 3C and 3E to the financial statement in detail. A summary follows:

Capital Assets	Governmental Activities	Business-Type Activities
Land & construction in progress	\$ 2,970,106	\$ 2,734,896
Capital assets being depreciated	28,018,598	66,266,099
Accumulated depreciation	(13,206,490)	(27,210,085)
Net capital assets	<u>\$ 17,782,214</u>	<u>\$ 41,790,910</u>
Long term debt	<u>\$ 6,404,432</u>	<u>\$ 9,170,231</u>

Economic Factors and Next Year's Budget

With FY 2012-2013 sales and use taxes falling and a weak forecast from CREG we established a budget of no growth for FY 2013-2014. The FY 2013-2014 budget sales and use tax budget does fall in line with the CREG forecast of January 2013 as it indicates earning less. The future project's of DKRW (coal to liquids) and the 1,000 Wind Turbine Farms that were anticipated to jump start the Carbon County economy are not to be started in FY 2013-2014, and may not ever start. This being the case I cannot predict any upturn or downturn in the economy without definite project plans or the support of the State of Wyoming revenue estimating group CREG.

Requests for Information

The financial report is designed to provide a general overview of the City of Rawlins finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be sent attention to Dan Massey (City Manager) address: City of Rawlins, Office of the City Manager, 521 West Cedar, P.O. Box 953, Rawlins, WY 82301.

CITY OF RAWLINS, WYOMING

STATEMENT OF NET POSITION

June 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 9,363,397	\$ 2,944,640	\$ 12,308,037
Restricted cash	378,698	-	378,698
Investments at fair value	2,264,681	669,444	2,934,125
Accounts receivable less allowance for doubtful accounts	458,239	527,339	985,578
Unbilled service receivable	-	174,810	174,810
Interest receivable	-	-	-
Inventory	41,422	342,262	383,684
Prepaid insurance	59,402	-	59,402
Capital assets			
Land	1,054,341	-	1,054,341
Golf course	1,497,607	-	1,497,607
Construction in progress	418,158	2,734,896	3,153,054
Buildings and improvements	11,319,610	62,810,106	74,129,716
Infrastructure	4,557,088	-	4,557,088
Furniture and equipment	12,141,900	3,455,993	15,597,893
Accumulated depreciation	(13,206,490)	(27,210,085)	(40,416,575)
Total Assets	\$ 30,348,053	\$ 46,449,405	\$ 76,797,458
LIABILITIES			
Accounts payable	\$ 654,489	\$ 72,726	\$ 727,215
Accrued payroll	313,940	60,777	374,717
Accrued interest payable	-	170,274	170,274
Capital leases - current	518,068	-	518,068
Capital leases - long term	5,886,364	-	5,886,364
Notes payable - current	-	224,632	224,632
Notes payable - long term	-	7,224,259	7,224,259
Closure and post closure costs	-	1,721,340	1,721,340
Accrued compensated absences	608,193	221,786	829,979
Total Liabilities	7,981,054	9,695,794	17,676,848
NET POSITION			
Invested in capital assets	11,377,782	34,342,019	45,719,801
Restricted	378,698	669,444	1,048,142
Unrestricted	10,610,519	1,742,148	12,352,667
Total Net Position	\$ 22,366,999	\$ 36,753,611	\$ 59,120,610

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2013

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Executive - City Manager	\$ 322,547	\$ -	\$ -	\$ -
Administrative services	698,968	-	-	-
Legal and judicial	393,734	65,943	137,559	-
Police	1,608,402	-	-	-
General government	3,946,885	2,296,192	733,936	-
Fire	799,466	-	-	-
Engineering and development	446,260	337,624	-	-
Highways and streets	623,164	6,825	-	-
Animal control	637,448	42,184	-	103,209
Health welfare	8,104	11,514	31,691	-
Parks and recreation	1,649,509	495,974	-	110,000
Building maintenance	539,951	-	-	-
Cemetery	37,100	6,275	-	-
Public works	368,035	-	-	-
Nonprofit agency	47,624	-	-	-
Interest on long-term debt	219,551	-	-	-
Total governmental activities	12,346,748	3,262,531	903,186	213,209
Business-Type Activities:				
Water	2,683,719	1,977,175	-	2,289,834
Sewer	848,277	1,077,997	-	44,735
Solid waste	1,338,769	1,029,667	-	31,130
Recycling	82,757	169,687	-	-
Total business-type activities	4,953,522	4,254,526	-	2,365,699
Total primary government	\$ 17,300,270	\$ 7,517,057	\$ 903,186	\$ 2,578,908

General revenues:

Taxes:

- Property taxes
- Franchise taxes
- Sales and use taxes
- Cigarette taxes
- State gasoline taxes
- Severance taxes
- Capital facilities taxes
- Miscellaneous income

Interest income

Transfers in (out)

Total general revenues and transfers

Change in net position

Net position - beginning,

Net position - ending

See Notes to the Financial Statements.

Net (Expense) Revenue and Changes in Net Position

<u>Primary Government</u>		
<u>Governmental</u>	<u>Business-type</u>	
<u>Activities</u>	<u>Activities</u>	<u>Total</u>
\$ (322,547)	\$ -	\$ (322,547)
(698,968)	-	(698,968)
(190,232)	-	(190,232)
(1,608,402)	-	(1,608,402)
(916,757)	-	(916,757)
(799,466)	-	(799,466)
(108,636)	-	(108,636)
(616,339)	-	(616,339)
(492,055)	-	(492,055)
35,101	-	35,101
(1,043,535)	-	(1,043,535)
(539,951)	-	(539,951)
(30,825)	-	(30,825)
(368,035)	-	(368,035)
(47,624)	-	(47,624)
(219,551)	-	(219,551)
<u>(7,967,822)</u>	<u>-</u>	<u>(7,967,822)</u>
-	1,583,290	1,583,290
-	274,455	274,455
-	(277,972)	(277,972)
-	86,930	86,930
-	<u>1,666,703</u>	<u>1,666,703</u>
<u>\$ (7,967,822)</u>	<u>\$ 1,666,703</u>	<u>\$ (6,301,119)</u>
407,872	-	407,872
569,521	-	569,521
6,948,050	-	6,948,050
73,143	-	73,143
249,413	-	249,413
680,875	-	680,875
6,498	-	6,498
240,189	-	240,189
8,027	4,566	12,593
(595,369)	595,369	-
<u>8,588,219</u>	<u>599,935</u>	<u>9,188,154</u>
620,397	2,266,638	2,887,035
<u>21,746,602</u>	<u>34,486,973</u>	<u>56,233,575</u>
<u>\$ 22,366,999</u>	<u>\$ 36,753,611</u>	<u>\$ 59,120,610</u>

CITY OF RAWLINS, WYOMING

BALANCE SHEET
GOVERNMENTAL FUNDS
 June 30, 2013

	General	Grants	Capital Facilities Tax	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 7,753,100	\$ 274,280	\$ 91,156	\$ 158,292	\$ 8,276,828
Restricted cash	378,698	-	-	-	378,698
Investments	2,264,681	-	-	-	2,264,681
Receivables (net of allowance for uncollectibles):					
Taxes	377,761	-	11,667	-	389,428
Accounts	66,924	-	-	-	66,924
Inventory	41,422	-	-	-	41,422
Prepays	59,402	-	-	-	59,402
Total Assets	<u>\$ 10,941,988</u>	<u>\$ 274,280</u>	<u>\$ 102,823</u>	<u>\$ 158,292</u>	<u>\$ 11,477,383</u>
LIABILITIES					
Accounts payable	\$ 160,555	\$ 336,875	\$ -	\$ 2,625	\$ 500,055
Accrued payroll and liabilities	234,156	-	-	-	234,156
Accrued vacation and compensatory time	180,581	-	-	-	180,581
Total Liabilities	<u>575,292</u>	<u>336,875</u>	<u>-</u>	<u>2,625</u>	<u>914,792</u>
FUND BALANCES					
Nonspendable	545,509	-	11,667	-	557,176
Restricted	378,698	-	91,156	-	469,854
Committed	1,115,346	-	-	-	1,115,346
Assigned	3,100,000	-	-	-	3,100,000
Unassigned	5,227,143	(62,595)	-	155,667	5,320,215
Total Fund Balances	<u>10,366,696</u>	<u>(62,595)</u>	<u>102,823</u>	<u>155,667</u>	<u>10,562,591</u>
Total Liabilities Deferred Inflows of Resources and Fund Balance	<u>\$ 10,941,988</u>	<u>\$ 274,280</u>	<u>\$ 102,823</u>	<u>\$ 158,292</u>	<u>\$ 11,477,383</u>

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

**RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION – GOVERNMENTAL FUNDS**

June 30, 2013

Fund balances - total governmental funds \$ 10,562,591

Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported in the governmental funds.

Governmental capital assets	\$ 30,988,704	
Less accumulated depreciation	<u>(13,206,490)</u>	17,782,214

Long-term liabilities, including notes payable and capital leases,
are not due and payable on the current period and therefore
are not reported in the governmental funds.

CC SPT Bond lease payable	\$ (6,323,005)	
Governmental notes payable	(42,668)	
Governmental leases payable	(38,760)	
Compensated absences	<u>(507,395)</u>	(6,911,828)

The internal service fund is used by management to charge the cost of
self-insurance to individual funds. The assets and liabilities of internal service
fund are included in governmental activities in the statement of net assets.

934,022

Net position of governmental activities \$ 22,366,999

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2013

	General	Grants	Capital Facility Tax	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes and special assessments	\$ 8,727,985	\$ -	\$ 6,498	\$ -	\$ 8,734,483
Intergovernmental	509,900	741,162	-	-	1,251,062
Charges for services	933,706	-	-	-	933,706
Investment income	6,902	-	94	28	7,024
Miscellaneous	296,213	-	-	103,209	399,422
Total Revenues	<u>10,474,706</u>	<u>741,162</u>	<u>6,592</u>	<u>103,237</u>	<u>11,325,697</u>
EXPENDITURES:					
Current operating:					
General government	3,232,499	-	-	-	3,232,499
Public safety and transportation	3,383,375	47,337	-	-	3,430,712
Public works	426,676	-	-	-	426,676
Highways and streets	738,180	-	-	-	738,180
Health and welfare	137,463	-	-	-	137,463
Culture and recreation	1,621,078	633,965	-	140,521	2,395,564
Debt service:					
Principal retirement	5,336	-	-	-	5,336
Interest	1,904	-	-	-	1,904
Total Expenditures	<u>9,546,511</u>	<u>681,302</u>	<u>-</u>	<u>140,521</u>	<u>10,368,334</u>
Excess (deficiency) of revenues over (under) expenditures	<u>928,195</u>	<u>59,860</u>	<u>6,592</u>	<u>(37,284)</u>	<u>957,363</u>
FINANCING SOURCES AND (USES):					
Transfers in	557,957	-	859,888	70,000	1,487,845
Transfers out	<u>(1,079,888)</u>	<u>(125,000)</u>	<u>(878,326)</u>	<u>-</u>	<u>(2,083,214)</u>
Total Report Financing Sources and (Uses)	<u>(521,931)</u>	<u>(125,000)</u>	<u>(18,438)</u>	<u>70,000</u>	<u>(595,369)</u>
Net Change in Fund Balance	406,264	(65,140)	(11,846)	32,716	361,994
Fund Balances- Beginning, as restated	<u>9,960,432</u>	<u>2,545</u>	<u>114,669</u>	<u>122,951</u>	<u>10,200,597</u>
Fund Balances - Ending	<u>\$ 10,366,696</u>	<u>\$ (62,595)</u>	<u>\$ 102,823</u>	<u>\$ 155,667</u>	<u>\$ 10,562,591</u>

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES – GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2013

Net change in fund balances - total governmental funds \$ 361,994

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
depreciated over their estimated useful lives.

Expenditures for capital assets	\$ 1,103,955	
Less current year depreciation	<u>(1,207,551)</u>	(103,596)

Capital lease proceeds provide current resources to governmental funds, but
issuing debt increases long-term debt liabilities in the statement of net
assets. Repayment of loan principal is an expenditure in the governmental
funds, but the repayment reduces long-term liabilities in the statement of net
assets. This is the amount by which proceeds exceed repayments.

Long-term debt principal payments	\$ <u>428,428</u>	428,428
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Some expenses reported in the statement of activities do not require current
financial resources and therefore are not reported as expenditures in
governmental funds.

Change in long-term compensated absences		(24,900)
Other expenses		(98,642)

Internal service fund is used by management to charge the cost of certain
activities to individual funds. The gain of the internal service fund
is included in governmental activities in the statement of net assets.

		<u>57,113</u>
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Change in net position of governmental activities		<u>\$ 620,397</u>
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See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

June 30, 2013

	Business-Type Activities- Enterprise Funds					Governmental Activity- Internal Service Fund
	Water	Sewer	Landfill	Recycling	Total	
ASSETS						
Current Assets						
Cash	\$ 1,609,676	\$ 1,026,824	\$ 216,337	\$ 91,803	\$ 2,944,640	\$ 1,086,569
Investments	669,444	-	-	-	669,444	-
Receivables:						
Accounts, customers	306,649	118,990	92,108	9,592	527,339	-
Unbilled	123,762	24,640	26,408	-	174,810	-
Accrued interest	-	-	-	-	-	-
Interfund	-	-	-	-	-	-
Inventory	342,262	-	-	-	342,262	-
Total current assets	<u>3,051,793</u>	<u>1,170,454</u>	<u>334,853</u>	<u>101,395</u>	<u>4,658,495</u>	<u>1,086,569</u>
Noncurrent Assets						
Capital assets						
Building and improvements	47,630,682	14,544,126	635,298	-	62,810,106	-
Construction in progress	2,734,896	-	-	-	2,734,896	-
Furniture and equipment	1,795,046	205,001	1,443,081	12,865	3,455,993	-
Accumulated depreciation	(20,948,095)	(5,316,888)	(944,804)	(298)	(27,210,085)	-
Total noncurrent assets	<u>31,212,529</u>	<u>9,432,239</u>	<u>1,133,575</u>	<u>12,567</u>	<u>41,790,910</u>	<u>-</u>
Total Assets	<u>\$ 34,264,322</u>	<u>\$ 10,602,693</u>	<u>\$ 1,468,428</u>	<u>\$ 113,962</u>	<u>\$ 46,449,405</u>	<u>\$ 1,086,569</u>
LIABILITIES						
Current liabilities						
Accounts payable	\$ 22,283	\$ 7,709	\$ 42,548	\$ 186	\$ 72,726	\$ 5,517
Accrued payroll	30,239	17,387	11,789	1,362	60,777	-
Interfund payable	-	-	-	-	-	-
Accrued interest payable	142,621	27,653	-	-	170,274	-
Benefit claims incurred but not reported	-	-	-	-	-	147,030
Notes payable - current	140,314	84,318	-	-	224,632	-
Total current liabilities	<u>335,457</u>	<u>137,067</u>	<u>54,337</u>	<u>1,548</u>	<u>528,409</u>	<u>152,547</u>

(Continued)

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS

June 30, 2013

(Continued)

	Business-Type Activities- Enterprise Funds					Governmental Activity- Internal Service Fund
	Water	Sewer	Landfill	Recycling	Total	
Noncurrent liabilities						
Notes payable	5,661,505	1,562,754	-	-	7,224,259	-
Landfill closure costs	-	-	1,721,340	-	1,721,340	-
Accrued compensated absences	121,526	85,870	13,909	481	221,786	-
Total noncurrent liabilities	<u>5,783,031</u>	<u>1,648,624</u>	<u>1,735,249</u>	<u>481</u>	<u>9,167,385</u>	<u>-</u>
 Total Liabilities	<u>6,118,488</u>	<u>1,785,691</u>	<u>1,789,586</u>	<u>2,029</u>	<u>9,695,794</u>	<u>152,547</u>
 NET POSITION						
Invested in capital assets	25,410,710	7,785,167	1,133,575	12,567	34,342,019	-
Restricted	669,444	-	-	-	669,444	-
Unrestricted	2,065,680	1,031,835	(1,454,733)	99,366	1,742,148	934,022
Total Net Position	<u>\$ 28,145,834</u>	<u>\$ 8,817,002</u>	<u>\$ (321,158)</u>	<u>\$ 111,933</u>	<u>\$ 36,753,611</u>	<u>\$ 934,022</u>

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS**
For the Year Ended June 30, 2013

	Business-Type Activities- Enterprise Funds					Governmental
	Water	Sewer	Landfill	Recycling	Total	Activity- Internal Service Fund
OPERATING REVENUES:						
Charges for services	\$ 1,977,175	\$ 1,077,997	\$ 1,029,667	\$ 169,687	\$ 4,254,526	\$ 1,846,017
Other income	2,289,834	44,735	31,130	-	2,365,699	-
Total operating revenues	4,267,009	1,122,732	1,060,797	169,687	6,620,225	1,846,017
OPERATING EXPENSES						
Personal services	645,217	353,327	271,540	82,459	1,352,543	-
Contractual services	114,717	6,672	167,043	-	288,432	-
Utilities	186,123	83,415	34,119	-	303,657	-
Repair and maintenance	111,806	10,098	53,808	-	175,712	-
Other supplies and expenses	255,015	87,811	307,391	-	650,217	-
Depreciation	1,162,450	187,789	123,779	298	1,474,316	-
Landfill closure costs	-	-	381,089	-	381,089	-
Benefit payments	-	-	-	-	-	1,790,312
Total operating expenses	2,475,328	729,112	1,338,769	82,757	4,625,966	1,790,312
Operating income (loss)	1,791,681	393,620	(277,972)	86,930	1,994,259	55,705
NONOPERATING REVENUES						
(EXPENSES):						
Investment income	3,778	404	361	23	4,566	1,002
Interest expense	(208,391)	(119,165)	-	-	(327,556)	-
Total nonoperating revenue						
(expenses)	(204,613)	(118,761)	361	23	(322,990)	1,002
Income (loss) before transfers	1,587,068	274,859	(277,611)	86,953	1,671,269	56,707
TRANSFERS						
Transfers in	1,003,326	-	150,000	-	1,153,326	406
Transfers out	(222,231)	(141,783)	(193,943)	-	(557,957)	-
	781,095	(141,783)	(43,943)	-	595,369	406
Change in net position	2,368,163	133,076	(321,554)	86,953	2,266,638	57,113
Net position - beginning	25,777,671	8,683,926	396	24,980	34,486,973	876,909
Net position - ending	\$ 28,145,834	\$ 8,817,002	\$ (321,158)	\$ 111,933	\$ 36,753,611	\$ 934,022

See Notes to the Financial Statements.

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CITY OF RAWLINS, WYOMING

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**
For the Year Ended June 30, 2013

	Business-Type Activities- Enterprise Funds			
	Water	Sewer	Landfill	Recycling
CHANGE IN CASH AND CASH EQUIVALENTS:				
CASH FLOWS FROM OPERATIONS:				
Receipts from customers	\$ 1,886,984	\$ 1,172,702	\$ 986,394	\$ 168,360
Other operating cash receipts	2,294,732	44,735	31,130	-
Payments to suppliers	(629,734)	(222,381)	(546,090)	(2,005)
Payments to employees	(645,217)	(353,327)	(271,540)	(82,459)
Net cash from operating activities	<u>2,906,765</u>	<u>641,729</u>	<u>199,894</u>	<u>83,896</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	1,003,326	-	150,000	-
Transfers out	(222,231)	(141,783)	(193,943)	-
Net cash from noncapital financing activities	<u>781,095</u>	<u>(141,783)</u>	<u>(43,943)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Net acquisition of capital assets	(3,652,357)	(55,872)	(303,650)	(12,865)
Proceeds from long-term debt	771,700	-	-	-
Principal payments on long-term debt	(255,378)	(125,798)	-	-
Net cash from capital and related financing activities	<u>(3,136,035)</u>	<u>(181,670)</u>	<u>(303,650)</u>	<u>(12,865)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest earned on investments	3,778	404	361	23
Interest expense	(208,391)	(119,165)	-	-
Net cash from investing activities	<u>(204,613)</u>	<u>(118,761)</u>	<u>361</u>	<u>23</u>
Net change in cash and cash equivalents	347,212	199,515	(147,338)	71,054
Cash, beginning	<u>1,262,464</u>	<u>827,309</u>	<u>363,675</u>	<u>20,749</u>
Cash, ending	<u>\$ 1,609,676</u>	<u>\$ 1,026,824</u>	<u>\$ 216,337</u>	<u>\$ 91,803</u>

See Notes to the Financial Statements.

<u>Total</u>	<u>Governmental Activity- Internal Service Fund</u>
\$ 4,214,440	\$ 1,846,017
2,370,597	-
(1,400,210)	(1,931,098)
<u>(1,352,543)</u>	<u>-</u>
3,832,284	(85,081)
1,153,326	-
<u>(557,957)</u>	<u>-</u>
<u>595,369</u>	<u>-</u>
(4,024,744)	-
771,700	-
<u>(381,176)</u>	<u>-</u>
<u>(3,634,220)</u>	<u>-</u>
4,566	1,002
<u>(327,556)</u>	<u>-</u>
<u>(322,990)</u>	<u>1,002</u>
470,443	(84,079)
<u>2,474,197</u>	<u>1,170,648</u>
<u>\$ 2,944,640</u>	<u>\$ 1,086,569</u>

(Continued)

CITY OF RAWLINS, WYOMING

**STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS**
 For the Year Ended June 30, 2013
 (Continued)

	Business-Type Activities-Enterprise Funds			
	Water	Sewer	Landfill	Recycling
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:				
Income (loss) from operations	\$ 1,791,681	\$ 393,620	\$ (277,972)	\$ 86,930
Adjustments to reconcile income (loss) from operations to net cash from operating activities:				
Depreciation	1,162,450	187,789	123,779	298
(Increase) decrease in:				
Accounts receivable	(90,191)	94,705	(43,273)	(1,327)
Inventory	4,898	-	-	-
Increase (decrease) in:				
Accounts payable	(27,701)	(1,392)	(4,060)	186
Payroll liabilities	65,628	(32,993)	5,595	(2,191)
Benefit claims incurred but not reported payable	-	-	-	-
Landfill closure costs	-	-	395,825	-
Net cash from operating activities	<u>\$ 2,906,765</u>	<u>\$ 641,729</u>	<u>\$ 199,894</u>	<u>\$ 83,896</u>

See Notes to the Financial Statements.

<u>Total</u>	<u>Governmental Activity- Internal Service Fund</u>
\$ 1,994,259	\$ 55,705
1,474,316	-
(40,086)	-
4,898	-
(32,967)	(84,641)
36,039	-
-	(56,551)
<u>395,825</u>	<u>-</u>
<u>\$ 3,832,284</u>	<u>\$ (85,487)</u>

CITY OF RAWLINS, WYOMING

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2013

	<u>Private Donations</u>
ASSETS	
Cash	\$ 220,070
Total Assets	<u>\$ 220,070</u>
NET POSITION	
Funds held for others	<u>\$ 220,070</u>
Total Net Position	<u>220,070</u>
 Total Net Position	 <u>\$ 220,070</u>

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended June 30, 2013

	<u>Private Donations</u>
ADDITIONS:	
Revenue	
Donations	\$ 36,179
Investment income	452
Miscellaneous	<u>1,058</u>
Total Additions	<u>37,689</u>
DEDUCTIONS:	
Operating expended	<u>13,816</u>
Total Deductions	<u>13,816</u>
Net change	23,873
Net Position - Beginning of Year	<u>196,197</u>
Net Position - End of Year	<u><u>\$ 220,070</u></u>

See Notes to the Financial Statements.

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CITY OF RAWLINS, WYOMING

**NOTES TO THE FINANCIAL STATEMENTS
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CITY OF RAWLINS, WYOMING

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Rawlins, Wyoming (the City) complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the City the option of electing to apply FASB pronouncements issued after November 30, 1989. The City has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

1.A. FINANCIAL REPORTING ENTITY

The City's financial reporting entity comprises the following:

Primary Government:	City of Rawlins
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The financial statements of the City include the accounts of all City operations. The City provides a range of services to citizens, including general government, public safety, streets, sanitation and health, cultural and park facilities and social services. It also operates the water, sewer and other sanitation utilities and several recreational facilities.

The City is a municipal corporation governed by seven elected council members. The mayor is appointed for a two-year term by the city council members. The City serves as the nucleus for the reporting entity under the provision of GASB Statement No. 14, *The Financial Reporting Entity*, for its basic financial statements. Using this premise, the City is not financially accountable for any other organizations and thus, includes only the financial activity of the various funds of the City within its basic financial statements. The City has no component units nor is it a component unit of any other government.

1.B. BASIS OF PRESENTATION

Government-wide Financial Statements

The government-wide financials (i.e., the Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees charged to external parties for goods or services.

NOTES TO FINANCIAL STATEMENTS

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 are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included amount program revenues are reported as *general revenues*.

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses.

Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

1. 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
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

The City reports the following major governmental funds:

General Fund

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

NOTES TO FINANCIAL STATEMENTS

Grants Fund

The Grants Fund is a special revenue fund that accounts for monies pertaining to various Federal and State grants.

Capital Facilities Tax Fund

The Capital Facilities Tax Fund is a capital projects fund that accounts for financial resources restricted for the acquisition or construction of major capital facilities.

The City reports the following non-major governmental funds:

Downtown Development Authority

The Downtown Development Authority was created to administer funds collected for the purpose of the beautification of the downtown area of the City of Rawlins. The Authority is under the direct supervision and control of a nine member board appointed by the City Council.

Proprietary Fund

Enterprise Funds

Enterprise Funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entities include the Waterworks, Waste Water Utilities Fund, and the Solid Waste Fund.

The City reports the following major enterprise funds:

Water Fund

The Water Fund accounts for the activities of the City's water distribution system.

Sewer Fund

The Sewer Fund accounts for the activities of the City's sewage treatment plant and sewage collection system.

Landfill Fund

The Landfill Fund accounts for the activities of the City's government's landfill system.

NOTES TO FINANCIAL STATEMENTS

Recycling Fund

The Recycling Fund accounts for the activities of the City's recycling center.

Internal Service Fund

The Internal Service Fund is used to account for the financing of employee health insurance.

Fiduciary Funds

Fiduciary Funds are used to report assets held in a trust or agency capacity for others and therefore are not available to support City programs. The reporting focus is on net position and changes in net position and is reported using accounting principles similar to proprietary funds.

The City's fiduciary fund is presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of third parties and cannot be used to address activities or obligations of the government, these funds are not incorporated in the government-wide financial statements.

The City's reports the following fiduciary funds:

Private Donation Fund

The Private Donation Fund accounts for donations made to the City that are restricted for special purposes and the use of those donations. The fund also accounts for cemetery lot sales and related expenses associated with the abandonment of cemetery lots.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus is a term used to describe *which* transactions are recorded within the various financial statements. Basis of accounting refers to *when* transactions are recorded regardless of the measurement focus applied.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange-like transactions are recognized

NOTES TO FINANCIAL STATEMENTS

when the exchange takes place. Property taxes are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Their operating statements present sources and uses of available spendable financial resources during a given period. Only current financial assets and liabilities are generally included on their balance sheets. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

All proprietary fund and fiduciary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic assets used. Fiduciary funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

1.D. ASSETS, LIABILITIES, AND EQUITY

Equity in pooled cash and investments

Except when required by trust agreements or City policy, the operating cash of certain funds are pooled into one bank account and/or investment not identified with any particular fund. The accounting records for each applicable fund reflect equity in the pooled cash and/or investments or its actual cash balance. When a particular fund overdraws its share of the pooled cash or investment account, the deficit is recorded as a payable to the General Fund and a corresponding entry is made in the general fund to reflect the receivable from the other fund.

NOTES TO FINANCIAL STATEMENTS

Cash and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with an original maturity of three months or less. Additionally, investments in long-term designations and investments in WYOSTAR are considered to be cash equivalents due to the City's ability to withdraw the investments at any time.

Investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is determined using the latest bid price or by the closing exchange price at the statements of net position date. Additional cash and investment disclosures are presented in Note 3.A.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net position. See Note 3.G. for details of interfund transactions, including receivables and payables at year-end.

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include sales and use taxes, franchise taxes, grants, police fines, and ambulance fees. Business-type activities report utilities and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Utility accounts receivable and interest earnings compose the majority of proprietary fund receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

NOTES TO FINANCIAL STATEMENTS

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) 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. Capital assets are defined by the City as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of two years.

Government-wide Statements

In the government-wide financial statements, fixed assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2003.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	25–40 years
Improvements	10–40 years
Machinery and Equipment	5–20 years
Utility System	25–40 years
Infrastructure	20–40 years

Fund Financial Statements

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 used in proprietary fund operations are accounted for the same as in the government-wide statements.

Long-term Debt

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 is reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable, accrued compensated absences, and a court-assessed judgment.

NOTES TO FINANCIAL STATEMENTS

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

Compensated Absences

The City's policies regarding vacation time permits employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources as they are considered matured, while the proprietary funds report the liability as it is incurred.

Deferred Revenue

Deferred revenues arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed and the revenue is recognized.

Equity Classifications

Government-wide Statements

The Government Accounting Standards Board (GASB) has issued Statement No. 54 "Fund Balance Reporting and Governmental Type Definitions." The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The initial distinction that is made in reporting fund balance information is identifying amounts that are considered Nonspendable, such as a fund balance associated with inventories. This statement also provides for additional classifications as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent. The definitions used by the City to distinguish fund allocations are as follows:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (1) not in spendable form (2) legally or contractually required to be maintained intact.

NOTES TO FINANCIAL STATEMENTS

Restricted – The restrictive fund balance classification includes amounts that are (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

Committed – The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, i.e. State of Wyoming or Granting Federal Agency.

Assigned – The assigned fund balance classification includes amounts constrained by the government’s intent (City Council) to be used for specific purposes, but are neither restricted nor committed.

Unassigned – The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

When restricted and other fund balance resources are available for use, it is the City’s policy to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively.

Equity is classified as net position and displayed in three components:

1. Net investment in capital assets—Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted net position—Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position—All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as restricted and committed, with committed further split between assigned and unassigned. Proprietary fund equity is classified the same as in the government-wide statements.

NOTES TO FINANCIAL STATEMENTS

1.E. REVENUES, EXPENDITURES, AND EXPENSES

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

Sales Tax

The City presently receives 28% of a four-cent sales tax on taxable sales within the City. The sales tax is collected by the Wyoming Department of Revenue and remitted to the City in the month following receipt by the Department of Revenue. The Department of Revenue receives the sales tax approximately one month after collection by vendors. The sales tax is recorded entirely in the General Fund. Sales taxes collected by the State in June and July (which represent sales for May and June) and received by the City in July and August have been accrued and are included under the caption "Accounts receivable."

In addition, Carbon County has opted to collect an additional one percent tax. The City's distribution of the option sales tax is dependent upon population.

Use Tax

The City receives 28% of a four-cent use tax on personal property purchased outside the city limits but stored, used, or consumed within the city. The use tax is collected by the Wyoming Department of Revenue and remitted to the City in the month following receipt by the Department of Revenue, which is one month after the tax is received from the vendors. The use taxes are allocated entirely to the General Fund. Use taxes collected by the State in June and July and received by the City in July and August are included under the caption "Accounts receivable."

Property Tax

Property taxes are assessed and computed by the County Assessor and are levied, collected, and distributed to the City by the County Treasurer. Property taxes are levied on the third Monday in August each year and are collectible in two installments. Installments are due on September 1 and March 1. Property taxes attach an enforceable lien on the property if the payment is not made by September 1. Because property taxes are levied and collected in different fiscal years, accrual or deferral is necessary.

Operating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing

NOTES TO FINANCIAL STATEMENTS

operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character: Current (further classified by function)

Capital outlay

Debt service

Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through December 5, 2013, the date which the financial statements were available for issue.

NOTES TO FINANCIAL STATEMENTS

1.F. BUDGETARY DATA

Budgetary Policy

1. Prior to May 15, the City Treasurer submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted on the third Tuesday in June to obtain public comments.
3. The budget is adopted no later than twenty-fours after the third Tuesday in June.
4. At the request of the City Treasurer or upon its own motion after publication of notice, the City Council may by resolution transfer any unencumbered or unexpended appropriation balance or part thereof from one fund or department to another. Management may amend the budget at the object line item level without seeking Council approval provided the fund or department's total budget is not modified.
5. No officer or employee of the City shall make any expenditure or encumbrance in excess of the total appropriation for any department.
6. All appropriations excluding appropriations for capital projects shall lapse following the close of the budget year to the extent they are not expended.
7. The appropriated budget is prepared by fund, function, and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the council. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is the department level.

Following are the summarized budget amendments for the year ended June 30, 2013:

Expenses

Capital facilities tax fund		
Increase for debt payment	\$	7,000,000
Solid Waste Fund		
Increase to rehabilitate transfer station		300,000

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the City is subject to various federal, state and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over the City include the following:

NOTES TO FINANCIAL STATEMENTS

2.A. FUND ACCOUNTING REQUIREMENTS

The City complies with all state and local laws and regulations requiring the use of separate funds. Currently, the City is not legally required to use separate funds.

2.B. COMPLIANCE WITH FINANCE RELATED AND LEGAL CONTRACTUAL PROVISIONS

The City has no material violations of finance related legal contractual provisions.

2.C. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN INDIVIDUAL FUNDS

The City has no material excess expenditures over appropriations in individual funds.

2.D. DEFICIT FUND BALANCE

The City's Grant Fund and Landfill Fund have deficit balances that represent a violation of Wyoming State Statutes.

NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

3.A. CASH AND INVESTMENTS

Wyoming Statute 9-4-817 authorizes agencies of the State to deposit public funds in financial institutions authorized to do business in the state of Wyoming. These deposits must be fully insured by the Federal Deposit Insurance Corporation (FDIC) or secured by a pledge of assets including bonds, debentures and other securities in which the State Treasurer may by law invest in. Alternatively, a depository may pledge to deposits with conventional real estate mortgages and loans connected with mortgages at a ratio of one and one half (1 ½ :1) of the value of public funds secured by the securities.

The City does not have a formal policy for their investments. A significant portion of the City's investment activity is conducted in a pooled investment account with the State of Wyoming, State Treasurer's office. The State Treasurer's Investment Pool (WYOSTAR) operated in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Deposits

At June 30, 2013, the carrying amount of the City's demand deposits in financial institutions was \$12,733,154. Demand deposits held by the Bank of Commerce, Rawlins National Bank, and Bank of the West in the amounts of \$1,926,164, \$3,297,039, and \$7,509,951, respectively, were fully insured with a combination of FDIC insurance and pledged collateral held in the name of the City. All deposits were held by a qualified depository as outlined in the state statutes.

NOTES TO FINANCIAL STATEMENTS

At June 30, 2013, the City had \$2,264,681 on deposit with the State Treasurer. Detailed information on the State Treasurer's pooled cash and investments is available from that office. In addition, the \$378,698 held for the Carbon County 2009 Bonds are in a restricted Escrow Account at U.S. Bank.

Investments

As of June 30, 2013, the City had investments with weighted average maturities as shown in the following table:

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Weighted Average Maturity in Years</u>
Certificates of Deposit	\$ 669,444	\$ 669,444	0.08333
State of Wyoming Investment Pool (WYOSTAR)	<u>2,264,681</u>	<u>2,264,681</u>	
Total	<u>\$ 2,934,125</u>	<u>\$ 2,934,125</u>	

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City does not have a formal policy for interest rate risk.

However, the City does manage its exposure to fair value loss arising from interest rate changes on internally invested funds by reviewing the portfolio ongoing basis for changes in effective yields amounts.

Credit Risk

Credit risk is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The table below shows quality ratings and insured status of investments that are not rated:

<u>Investment Type</u>	<u>Fair Value</u>	<u>AAA</u>	<u>Insured</u>	<u>Unrated</u>
Certificates of Deposit	\$ 669,444	\$ -	\$ 669,444	\$ -
State of Wyoming Investment Pool	<u>2,264,681</u>	<u>-</u>	<u>-</u>	<u>2,264,681</u>
Total	<u>\$ 2,934,125</u>	<u>\$ -</u>	<u>\$ 669,444</u>	<u>\$ 2,264,681</u>

NOTES TO FINANCIAL STATEMENTS

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the City will not be able to recover the value of the investments or collateral securities that are in possession of an outside party. The City does not have a formal policy for custodial credit risk. Investments are held in safekeeping by external custodians in the City's name.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. Concentration of risk is not addressed in the internal investment policy. At June 30, 2013, the City held securities which are 100% collateralized from the following issuer in excess of 5% of the total portfolio:

Bank of the West	\$ 7,509,951
Bank of Commerce	1,926,164
Rawlins National Bank	<u>3,297,039</u>
Total	<u>\$ 12,733,154</u>

Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment or a deposit. The City's policy is not to invest in foreign current which mitigates their exposure to foreign currency risk.

3.B. ACCOUNTS RECEIVABLE

Accounts receivable of the business-type activities consists of utilities receivable. Accounts receivable of the governmental activities consists of franchise taxes, sales taxes, use taxes, fines state grants, federal grants and other miscellaneous receivables. The allowance for doubtful accounts for the business-type activities and governmental activities is \$15,606 as of June 30, 2013.

NOTES TO FINANCIAL STATEMENTS

3.C. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013 was as follows:

	<u>Balance at</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at</u> <u>June 30, 2013</u>
Governmental activities:				
Non-depreciable assets:				
Land	\$ 1,054,341	\$ -	\$ -	\$ 1,054,341
Golf Course	1,497,607	-	-	1,497,607
Construction in progress	418,158	-	-	418,158
Depreciable assets				
Buildings and improvements	11,161,492	171,318	13,200	11,319,610
Infrastructure	4,563,163	-	6,075	4,557,088
Furniture and equipment	11,417,575	932,637	208,312	12,141,900
Total at historical cost	<u>30,112,336</u>	<u>1,103,955</u>	<u>227,587</u>	<u>30,988,704</u>
Accumulated depreciation				
Buildings and improvements	(3,620,521)	(240,075)	34	(3,860,562)
Infrastructure	(1,807,923)	(104,497)	6,075	(1,906,345)
Furniture and equipment	(6,672,367)	(862,979)	95,763	(7,439,583)
Total accumulated depreciation	<u>(12,100,811)</u>	<u>(1,207,551)</u>	<u>101,872</u>	<u>(13,206,490)</u>
Governmental activities capital assets, net	<u>\$ 18,011,525</u>	<u>\$ (103,596)</u>	<u>\$ 125,715</u>	<u>\$ 17,782,214</u>
Business-type activities:				
Non-depreciable assets				
Construction in progress	\$ 5,490,199	\$ 3,829,673	\$ 6,584,976	\$ 2,734,896
Depreciable assets				
Buildings and improvements	56,225,131	6,584,975	-	62,810,106
Furniture and equipment	3,149,030	423,609	116,646	3,455,993
Total at historical cost	<u>64,864,360</u>	<u>10,838,257</u>	<u>6,701,622</u>	<u>69,000,995</u>
Accumulated depreciation				
Buildings and improvements	(24,649,736)	(1,260,975)	-	(25,910,711)
Furniture and equipment	(1,136,697)	(255,288)	92,611	(1,299,374)
Total accumulated depreciation	<u>(25,786,433)</u>	<u>(1,516,263)</u>	<u>92,611</u>	<u>(27,210,085)</u>
Business-type activities capital assets, net	<u>\$ 39,077,927</u>	<u>\$ 9,321,994</u>	<u>\$ 6,794,233</u>	<u>\$ 41,790,910</u>

NOTES TO FINANCIAL STATEMENTS

Depreciation expense was charged to governmental activities as follows:

General government:	
General government	\$ 278,091
Public safety:	
Police	225,940
Fire	198,453
Public works	201,449
Culture and recreation:	
Parks	16,946
Recreation	286,672
Total depreciation expense	\$ 1,207,551

3.D. ACCOUNTS PAYABLE

Payables in the general fund, major governmental funds and enterprise funds are composed of payables to vendors.

3.E. LONG-TERM DEBT

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities. The liability for compensated absences has historically been paid for by the fund which incurred the liability for the compensated absences.

The following is a summary of changes in long-term debt obligations of the City at June 30, 2013:

	Long-term Obligations at June 30, 2012	Additions	Deletions	Long-term Obligations at June 30, 2013	Due Within One Year
Governmental activities:					
Loans Payable:					
Golf course road	\$ 34,619	\$ -	\$ 34,619	\$ -	\$ -
Capital Leases:					
CC 2009 SPT JPB	5,789,760	-	363,310	5,426,450	485,969
CC 2009 IRS SPT JPB	896,554	-	-	896,554	-
Equipment lease	22,791	-	15,194	7,597	7,597
Copiers & mail folding	45,039	-	9,968	35,071	19,167
WAM-WWCA	44,096	-	5,336	38,760	5,336
Other long-term debt					
Compensated absences	583,293	24,900	-	608,193	-
	\$ 7,416,152	\$ 24,900	\$ 428,427	\$ 7,012,625	\$ 518,069

NOTES TO FINANCIAL STATEMENTS

	<u>Long-term Obligations at June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Long-term Obligations at June 30, 2013</u>	<u>Due Within One Year</u>
Business-Type Activities:					
Loans Payable:					
Sage Creek water line	\$ 2,378,568	\$ -	\$ 55,136	\$ 2,323,432	\$ 55,136
DWSRF Loan #69	342,990	-	14,742	328,248	16,983
DWSRF Loan #80	344,998	-	15,230	329,768	17,016
Atlantic Rim pipeline	864,996	-	15,422	849,574	16,040
Atlantic Rim reservior	1,199,097	771,700	-	1,970,797	35,140
CWSRF Loan #90	712,191	-	29,839	682,352	35,209
CWSRF Loan #85	1,009,858	-	45,138	964,720	49,110
Other long-term debt					
Landfill closure and post closure costs payable	1,325,515	395,825	-	1,721,340	-
Compensated absences	183,990	37,796	-	221,786	-
	<u>\$ 8,362,203</u>	<u>\$1,205,321</u>	<u>\$ 175,507</u>	<u>\$ 9,392,017</u>	<u>\$ 224,634</u>

Governmental Activities:

As of June 30, 2013 the governmental long-term debt of the financial reporting entity consisted of the following:

CAPITAL LEASES:

Capital lease payable, due in monthly installments of \$1,266, including interest, through December 15, 2014, collateralized by equipment with an aggregate carrying value of \$58,766.	\$ 35,071
Capital lease payable, due in quarterly installments of \$4,792, including interest at 8.224%, through March 31, 2014, collateralized by equipment with an aggregate carrying value of \$41,118.	7,597
Capital leases payable to WAM, the agent for the Wyoming Local Government Energy Lease Purchase Program, due in annual installments of \$5,336, at zero interest to June 30, 2021.	38,760
Capital lease payable, due in semi-annual installments including interest, through June 15, 2020, paid through Special purposes taxes collected by the County.	<u>6,323,004</u>
Total Governmental Activity Debt	<u>\$ 6,404,432</u>

Business-type Activities:

As of June 30, 2013, the governmental long-term debt of the financial reporting entity consisted of the following:

NOTES TO FINANCIAL STATEMENTS

LOANS:

Note payable to the State of Wyoming, Wyoming Water Development Commission due in annual installments of \$150,278 including interest at 4% to December 2037, secured by revenue generated by the Municipal Water System.	\$ 2,323,432
Note payable to the Office of State Lands and Investments, funded by the EPA, due in annual installments of \$25,077 including interest at 2.5% to November 2028, secured by revenue generated by the Municipal Water System.	328,248
Note payable to the Office of State Lands and Investments, funded by the EPA, due in annual installments of \$17,302 including interest at 2.5% to November 2028, secured by revenue generated by the Municipal Water System.	329,768
Note payable to the Office of State Lands and Investments, funded by the EPA, due in annual installments of \$46,386 including interest at 2.5% to November 2028, secured by revenue generated by the Municipal Water System.	682,352
Note payable to the Office of State Lands and Investments, funded by the EPA, due in annual installments of \$73,531 including interest at 2.5% to November 2028, secured by revenue generated by the Municipal Water System.	964,720
Note payable to the Wyoming Water Development Commission due in annual installments of \$50,023 including interest at 4.0% to October 2041, secured by revenue generated by the Municipal Water System.	849,574
Future note payable to the Office of State Lands and Investments, as the EPA, due in annual installments of \$131,835 including interest at 4.0% to December 2043, secured by revenue generated by the Municipal Water System.	<u>1,970,797</u>
Total Business-Type Activity Debt	<u>\$ 7,448,891</u>

Annual Debt Service Requirements

The annual requirements to amortize all debt outstanding as of June 30, 2013, excluding obligations associated with compensated absences and Landfill Closure and Post-closure costs are as follows:

NOTES TO FINANCIAL STATEMENTS

Years	Governmental Activities		Business-Type Activities		Government-Wide	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 518,068	\$ 204,877	\$ 224,632	\$ 283,639	\$ 742,700	\$ 488,516
2015	519,490	192,341	231,852	258,555	751,342	450,896
2016	515,866	178,530	239,317	251,091	755,183	429,621
2017	528,147	163,002	246,978	243,430	775,125	406,432
2018	547,446	144,197	255,014	235,394	802,460	379,591
2019-2023	3,775,415	259,211	1,404,576	1,047,464	5,179,991	1,306,675
2024-2028	-	-	1,649,205	802,834	1,649,205	802,834
2029-2033	-	-	1,219,386	538,893	1,219,386	538,893
2034-2038	-	-	1,261,734	309,631	1,261,734	309,631
2039-2043	-	-	716,197	83,007	716,197	83,007
	<u>\$ 6,404,432</u>	<u>\$ 1,142,158</u>	<u>\$ 7,448,891</u>	<u>\$ 4,053,938</u>	<u>\$ 13,853,323</u>	<u>\$ 5,196,096</u>

3.F. LANDFILL CLOSURE AND POSTCLOSURE COSTS

State and federal laws require the City of Rawlins to place a final cover on its municipal landfill site when it stops accepting waste and to perform certain monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

The \$1,721,340 reported as landfill closure and post-closure care liability at June 30, 2013 represents the cumulative amount reported to date based on 97.29 percent of the estimated usage of the landfill. The City will recognize the remaining estimated costs of closure and post-closure care of \$42.078 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2013. This amount represents 25% of the total closure and post-closure costs with the State of Wyoming assuming responsibility for 75% the costs. The City expects to close the landfill in the year 2034. Actual costs may be higher due to inflation, changes in technology or changes in regulations. As further discussed in Note 4C- Commitments and Contingencies, the City may be responsible for additional 75% of the closure and post-closure costs if the state elects not to pay these costs.

NOTES TO FINANCIAL STATEMENTS

3.G. INTERFUND TRANSACTIONS AND BALANCES

The City transfers amounts between funds to pay for operating expenses. Operating transfers for the year ended June 30, 2013 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Governmental Funds		
Central Shop	\$ 112,560	\$ -
DDA/Main Street Fund	-	70,000
Special Revenue Fund	-	859,888
Water Fund	171,210	-
Sewer Fund	114,137	-
Landfill Fund	160,050	150,000
Total General Fund	557,957	1,079,888
Grants Fund		
General Fund	-	125,000
Total Grant Fund	-	125,000
DDA/Main Street Fund		
General Fund	70,000	-
Total DDA/Main Street Fund	70,000	-
Capital Facility Tax Fund		
Water Fund	-	878,326
General Fund	859,888	-
Total Special Revenue Fund	859,888	878,326
Water Fund		
General Fund	-	171,210
Capital Facility Tax Fund	878,326	-
Grants Fund	125,000	-
Central Shop	-	51,021
Total Water Fund	1,003,326	222,231
Sewer Fund		
General Fund	-	114,137
Central Shop	-	27,646
Total Sewer Fund	-	141,783
Landfill Fund		
Central shop	-	33,893
General Fund	150,000	160,050
Total Landfill Fund	150,000	193,943
Grand Totals	\$ 2,641,171	\$ 2,641,171

NOTES TO FINANCIAL STATEMENTS

NOTE 4. OTHER NOTES

4.A. EMPLOYEE PENSION PLANS

Wyoming Retirement System

All City full-time or regular part-time employees, other than policemen and firemen, participate in the Wyoming Retirement System ("System"), a cost sharing multiple-employer defined benefits pension plan. The payroll for employees covered by the System for the year ended June 30, 2013 was \$4,673,019; the City's total payroll was \$4,760,363.

All City full-time or regular part-time employees, other than policemen and firemen, are eligible to participate in the System. Employees who retire at or after age 60 with four years of credited service are entitled to a retirement benefit according to predetermined formulas and allowed to select one of five optional methods for receiving benefits. Early retirement is allowed provided the employee has completed four years of service and attained age 50, but will result in a reduction of benefits based on the length of time remaining to normal retirement age. The System also provides death and disability benefits. Benefits are established by State statutes.

The System statutorily requires 14.12% of the covered employees' salary to be contributed to the plan, of which 7% is paid by the employee and the remaining 7.12% is paid by the City. The contribution requirement for the year ended June 30, 2013 was \$425,132 which consisted of \$210,628 from employees and \$214,504 from the City. 100% of the required amount was contributed for the year ended June 30, 2013. In addition 100% of the required contribution amounts of \$425,132 and 405,838 were made for the years ending June 30, 2012 and 2011, respectively.

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's December 31, 2012 annual financial report for the periods for which the information is available. The report may be obtained by writing to Wyoming Retirement System, Fifth Floor West, 6101 Yellowstone Road, Cheyenne, Wyoming 82002.

Paid Fireman's Pension Fund

All full-time paid employees of the Fire Department participate in the Paid Firemen's Pension Fund ("Fund"), a cost sharing multiple-employer defined benefit pension plan which is part of the Wyoming Retirement System. Within the Paid Fireman's Pension Fund, there are two funds, Plan A and Plan B. Plan A is for those employees employed prior to July 1, 1981 and Plan B is for those employees employed after June 30, 1981. The payroll for employees covered by the Fund for the year ended June 30, 2013 was \$474,627; the City's total payroll was \$4,760,363.

All City full-time employees of the Fire Department are eligible to participate in the Fund. Under Plan A, to qualify for normal retirement benefits at any age, at 50 percent of the

NOTES TO FINANCIAL STATEMENTS

maximum salary of a Fireman First Class, a paid fireman must have 20 years of credited service in a regularly constituted fire department. After July 1, 1981, a fireman who works beyond 20 years will receive additional benefits at the rate of 1 percent per year to a maximum of 60 percent of a fireman first class salary. The retirement benefit will be increased or decreased proportionally as the active firemen's first class salary is increased or decreased. Under Plan B, to qualify for a service pension, a fireman must have 10 years of service credit and must be at least 55 years old. A fireman may take an early retirement, with 10 years of service credit, at age 50 but the allowance will be actuarially reduced. To qualify for full retirement at age 55, at 60 percent of the final average salary, a fireman must work 32 ½ years. A maximum of 4% non-compounded, annual increase, not to exceed the consumer price index, may be granted to all retirees that have been retired for at least 12 months and are 55 years old. The Fund also provides death and disability benefits. Benefits are established by State statute.

Plan A was actuarially determined to be fully funded in April, 1997. No further contributions to this fund are required. Plan B statutorily requires 20.5% of the covered employees' salary to be contributed to the Plan, of which 8.5% is paid by the employee and the remaining 12% is paid by the City. The contribution requirement for the year ended June 30, 2013 was \$97,298, which consisted of 40,343 from employees and \$56,955 from the City. 100% of the required amount was contributed for the year ended June 30, 2013. In addition, 100% of the required contribution amounts of \$96,047 and 96,600 were made for the years ending June 30, 2012 and 2011, respectively.

Historical trend information showing the Fund's progress in accumulating sufficient assets to pay benefits when due, including actuarial valuation information is presented in the Wyoming Retirement System's December 31, 2012 annual financial report for the periods for which the information is available.

State of Wyoming Police Pension Fund

The City of Rawlins contributes to the Wyoming Law Enforcement Retirement Plan ("Plan"). The Plan is a defined benefit, contributory plan covering any county sheriff, deputy sheriff, municipal officer, Wyoming correctional officer, Wyoming law enforcement academy instructor, University of Wyoming campus police officer, detention officer or dispatcher for law enforcement agencies and certain investigators of the Wyoming Livestock Board. The City's payroll for employees covered by the fund for the year ended June 30, 2013 was \$1,188,771. The City's payroll for the year ended June 30, 2012 was \$4,760,363.

All City policemen are eligible to participate in the Fund. Benefits vest after 10 years of service. Any police officer who retires at age 60 or with 20 years of credited service is entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5 percent of their average salary during their highest paid five year period multiplied by the number of years of service (up to a maximum of 62.5 percent).

NOTES TO FINANCIAL STATEMENTS

The Fund also provides death and disability benefits to participating employees. Benefit provisions and all other requirements are established by state statute. The Fund statutorily requires 17.2% of the covered employees' salary to be contributed to the fund, of which 8.6% is paid by the employee and the remaining 8.6% is paid by the City. The contribution requirement for the year ended June 30, 2013 was \$192,311, which consisted of \$102,234 from employees and \$102,234 from the City. In addition, 100% of the required contribution amounts of \$192,311 and 211,278 were made for the years ending June 30, 2012 and 2011, respectively.

4.B. RISK MANAGEMENT- CLAIMS AND JUDGEMENTS

Self-Insured Health Plan

Description

In order to maintain control over health insurance costs, the City has established an Insurance Fund (an internal service fund) to account for and finance the City's self-insured health plan. Under this program, the City, through a third-party administrator, pays covered employees' medical expenses above the employee deductible of \$750 on an 80/20 basis to \$15,000 and then 100% up to \$20,000 per individual. Costs above \$20,000 are covered by stop-loss insurance purchased from a commercial insurance company.

Claims Liabilities

The City records an estimated liability for health care claims against the City. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not reported based on historical experience.

Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The third-party administrator makes year-end estimates of liabilities incurred but not reported (IBNR), based upon historical trend analysis. At June 30, 2013, 2012 and 2011, the IBNR was \$147,030, \$203,581 and \$65,174, respectively. Changes in the Fund's claims liability amount, including IBNR, from July 1, 2010 to June 30, 2013:

NOTES TO FINANCIAL STATEMENTS

Liability balance, June 30, 2010	\$ 476,565
Claims and changes in estimates	340,122
Claims payments	<u>(738,036)</u>
Liability balance, June 30, 2011	78,651
Claims and changes in estimates	2,059,529
Claims payments	<u>(1,934,599)</u>
Liability balance, June 30, 2012	203,581
Claims and changes in estimates	1,656,677
Claims payments	<u>(1,713,228)</u>
Liability balance, June 30, 2013	<u>\$ 147,030</u>
Assets available to pay claims at June 30, 2013	<u>\$ 1,086,569</u>

Premiums are paid into the internal service fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. These interfund premiums are reported as premium income of the internal service fund.

Other Liabilities

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 contracts with various insurance companies for property insurance (including boiler and machinery), general liability insurance, professional insurance and vehicle insurance. The coverage under each type of insurance policy varies in amounts and deductibles. The City has had no significant settlements exceeding insurance coverage in any of the past three fiscal years. The City has had no significant reductions in insurance coverage from coverage in the prior years.

4.C. COMMITMENTS AND CONTINGENCIES

Landfill Contamination

In July 1998, the City and the Wyoming Department of Environmental Quality, Solid Hazardous Waste Division (the Department) signed an Administrative Order on Consent to define the extent of certain contamination in the Landfill and analyze options for correcting the problem. The City filed an Assessment of Corrective Measures Report dated January 17, 2000 which identified monitored natural attenuation as the preferred alternative to remediate the contamination release at the site. The Department responded to the report on April 14, 2000 and the City responded to the Departments' assessment on May 18, 2000 which replied to the Department's comments and proposed a course of action. On December 4, 2001 the Department issued their review of the City's

NOTES TO FINANCIAL STATEMENTS

Assessment of Monitored Natural Attenuation Report and listed various actions required. The Revised Assessment of Corrective Measured Report was filed on May 3, 2002. On April 4, 2003 the Department approved the City's work plan dated March 28, 2003. As of June 30, 2013 no determination of an amount of liability, if any, could be made.

Landfill Closure and Post-closure Costs

The City of Rawlins entered into an agreement with the State of Wyoming where if certain conditions were met by the City, the State would assume responsibility for 75% of the closure and post-closure costs for the City of Rawlins Landfill. However, the City of Rawlins is in the process of discussing and negotiating the requirements placed on the City by the State. If the City of Rawlins is unable to meet the requirements placed them by the State, the City would be responsible for all for the landfill closure and post-closure costs. The contingent liability for the 75% additional is approximately \$5,463,000 based on the 2013 cists estimate.

Litigation

The City, in the normal course of its activities, is involved in various claims and litigation. In the opinion of the City's Counsel, the resolution of these matters will not have a material adverse effect on the financial condition or results of operation.

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CITY OF RAWLINS, WYOMING

**INDEX TO ILLUSTRATIVE
REQUIRED SUPPLEMENTARY INFORMATION**

BUDGETARY INFORMATION

Budgetary Comparison Schedule- General Fund

Budgetary Comparison Schedule- Grant Fund

Budgetary Comparison Schedule- Capital Facilities Tax Fund

Notes to Required Supplementary Information – Budgetary Comparisons

CITY OF RAWLINS, WYOMING

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Taxes and special assessments	\$ 7,171,150	\$ 7,171,150	\$ 7,747,099	\$ 575,949
Licenses and permits	554,800	554,800	569,521	14,721
Intergovernmental	482,223	482,223	583,545	101,322
Charges for services	1,811,565	1,811,565	1,099,525	(712,040)
Investment income	21,000	21,000	6,864	(14,136)
Miscellaneous	162,710	162,710	72,591	(90,119)
Total revenues	<u>10,203,448</u>	<u>10,203,448</u>	<u>10,079,145</u>	<u>(124,303)</u>
EXPENDITURES:				
General government	3,308,001	3,308,001	2,448,145	859,856
Public safety and transportation	3,795,771	3,795,771	3,120,380	675,391
Public works	451,605	451,605	381,806	69,799
Highways and streets	580,291	580,291	479,848	100,443
Health and welfare	76,677	76,677	74,777	1,900
Culture and recreation	1,783,650	1,783,650	1,676,509	107,141
Capital outlay	2,365,726	2,365,726	991,785	1,373,941
Principal retirement	47,837	47,837	41,336	6,501
Total expenditures	<u>12,409,558</u>	<u>12,409,558</u>	<u>9,214,586</u>	<u>3,194,972</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,206,110)</u>	<u>(2,206,110)</u>	<u>864,559</u>	<u>3,070,669</u>
OTHER FINANCING SOURCES:				
Operating transfers in	627,727	627,727	557,987	69,740
Operating transfers out	<u>(220,000)</u>	<u>(220,000)</u>	<u>(220,000)</u>	<u>-</u>
Total other financing sources	<u>407,727</u>	<u>407,727</u>	<u>337,987</u>	<u>69,740</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(1,798,383)</u>	<u>(1,798,383)</u>	<u>1,202,546</u>	<u>3,000,929</u>
Fund balance - beginning	<u>4,682,828</u>	<u>4,682,828</u>	<u>4,682,828</u>	<u>-</u>
Fund balance - ending	<u>\$ 2,884,445</u>	<u>\$ 2,884,445</u>	<u>\$ 5,885,374</u>	<u>\$ 3,000,929</u>

(Continued)

CITY OF RAWLINS, WYOMING

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For the Year Ended June 30, 2013

(Continued)

**Explanation of differences between budgetary revenue and expenditures and
GAAP revenue and expenditures.**

Revenue:

Actual total revenue budgetary basis	\$	10,079,145
Differences- Budget to GAAP		
Tax accrual difference		66,669
Fines receivables difference		263,583
Other receivables difference		<u>65,309</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	\$	<u>10,474,706</u>

Expenditures:

Actual total expenditures budgetary basis	\$	9,214,586
Differences- Budget to GAAP		
Accounts payable & payroll accrual difference		336,585
Other expenses		<u>(4,660)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	\$	<u>9,546,511</u>

CITY OF RAWLINS, WYOMING

**BUDGETARY COMPARISON SCHEDULE
GRANTS FUND**

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 3,939,952	\$ 3,939,952	\$ 4,009,050	\$ 69,098
Total revenues	<u>3,939,952</u>	<u>3,939,952</u>	<u>4,009,050</u>	<u>69,098</u>
EXPENDITURES:				
Infrastructure	<u>3,939,952</u>	<u>3,939,952</u>	<u>3,737,600</u>	<u>202,352</u>
Total expenditures	<u>3,939,952</u>	<u>3,939,952</u>	<u>3,737,600</u>	<u>202,352</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>271,450</u>	<u>271,450</u>
OTHER FINANCING SOURCES:				
Operating transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>-</u>	<u>-</u>	<u>271,450</u>	<u>271,450</u>
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 271,450</u>	<u>\$ 271,450</u>

(Continued)

CITY OF RAWLINS, WYOMING

**BUDGETARY COMPARISON SCHEDULE
GRANTS FUND**

For the Year Ended June 30, 2013

(Continued)

**Explanation of differences between budgetary revenue and expenditures and
GAAP revenue and expenditures.**

Revenue:

Actual total revenue budgetary basis	\$	4,009,050
Differences - Budget to GAAP		
Construction projects for other funds		<u>(3,267,888)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	\$	<u>741,162</u>

Expenditures:

Actual total expenditures budgetary basis	\$	3,737,600
Differences - Budget to GAAP		
Construction projects for other funds		<u>(3,056,298)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	\$	<u>681,302</u>

CITY OF RAWLINS, WYOMING

BUDGETARY COMPARISON SCHEDULE
CAPITAL FACILITIES TAX FUND
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Specific purpose tax	\$ 1,892,940	\$ 1,892,940	\$ 859,888	\$ (1,033,052)
Interest income	-	-	94	94
Total revenues	<u>1,892,940</u>	<u>1,892,940</u>	<u>859,982</u>	<u>(1,032,958)</u>
EXPENDITURES:				
Street infrastructure	400,000	400,000	-	400,000
Water infrastructure	<u>800,100</u>	<u>800,100</u>	<u>878,326</u>	<u>(78,226)</u>
Total expenditures	<u>1,200,100</u>	<u>1,200,100</u>	<u>878,326</u>	<u>321,774</u>
Excess (deficiency) of revenues over (under) expenditures	<u>692,840</u>	<u>692,840</u>	<u>(18,344)</u>	<u>(711,184)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	692,840	692,840	(18,344)	(711,184)
Fund balance - beginning	<u>79,000</u>	<u>79,000</u>	<u>79,000</u>	<u>-</u>
Fund balance - ending	<u>\$ 771,840</u>	<u>\$ 771,840</u>	<u>\$ 60,656</u>	<u>\$ (711,184)</u>

(Continued)

CITY OF RAWLINS, WYOMING

BUDGETARY COMPARISON SCHEDULE
CAPITAL FACILITIES TAX FUND
For the Year Ended June 30, 2013
(Continued)

**Explanation of differences between budgetary revenue and expenditures and
GAAP revenue and expenditures.**

Revenue:

Actual total revenue budgetary basis	\$	859,982
Differences - Budget to GAAP		
Transfer to general fund		<u>6,498</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	\$	<u>866,480</u>

Expenditures:

Actual total expenditures budgetary basis	\$	878,326
Differences - Budget to GAAP		
Other payables difference		<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	\$	<u>878,326</u>

CITY OF RAWLINS, WYOMING

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
- BUDGETARY COMPARISONS**

June 30, 2013

A. Budgetary Basis

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except the capital facilities tax fund, which are approved on a "life of the project basis," and the permanent fund, which is not budgeted. Since all accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of the resultant timing differences has been provided on pages 54, 56, and 58. All annual appropriations lapse at year end.

B. Budgetary Information

The appropriated budget is prepared by fund, function, and department. The government's department heads, with the manager's approval, may make transfers of appropriations within a department or division. Transfers of appropriations between departments and/or divisions require approval of the council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The council made one supplementary budgetary appropriation during the year.

C. Excess of Expenditures over Appropriations

For the year ended June 30, 2013, there were no instances of excess of expenditures over appropriations.

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**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 and City Manager
City of Rawlins, Wyoming

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rawlins, Wyoming as of and for the year ended June 30, 2013, which collectively comprise the City of Rawlins, Wyoming's basic financial statements and have issued our report thereon dated December 5, 2013. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Rawlins, Wyoming's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Rawlins, Wyoming's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Rawlins, Wyoming's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal

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control over financial reporting, on page 62 References 2013-1 and 2013-2. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Rawlins, Wyoming'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 that are required to be reported under *Government Auditing Standards*.

City of Rawlins, Wyoming's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit City of Rawlins, Wyoming's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the audit committee, Town Council, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mader Tschacher Peterson + Co, LLC

Laramie, Wyoming
December 5, 2013

CITY OF RAWLINS, WYOMING

SCHEDULE OF FINDINGS AND RESPONSES

FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Significant Deficiencies in Internal Control

2013-1: Safe Guarding Assets

Criteria

The City is required to implement and monitor compliance with internal controls regarding cash receipts received at the City's Landfill.

Condition

The City of Rawlins Landfill did not follow procedures of placing cash in the safe in the guard shack if the funds received during the day could not be delivered directly to the finance department. The failure to properly safeguard these receipts resulted in a loss of approximately \$3,000 due to a theft and destruction of property that occurred during FY13.

Recommendation

Controls need to be enforced regarding proper procedures for all receipts taken in by the Landfill and training provided for municipal landfill employees regarding their responsibilities.

Response

The City will enforce the procedures in place requiring all daily deposits to be delivered directly to the Finance Department at the end of each business day.

Significant Deficiencies in Internal Control

2013-2: Financial Statement Preparation

Criteria

An integral part of the internal control system is the ability to prepare financial statements including the necessary footnotes.

Condition

The City of Rawlins, Wyoming does not have an individual with the expertise to prepare the annual financial statements, including footnotes in accordance with U.S. Generally Accepted Accounting Principles..

Recommendation

As it is not economically feasible for the City of Rawlins to hire a CPA in order to prepare their financial statements, it is recommended that the management and City Council continue to be actively involved in the fiscal activities during the year and closely review the financial statements to verify they are not materially misstated.

Response

Management will continue to review the financial statements that are prepared by the auditor, and ensure that all information recorded in the report agrees to internal accounting records.

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