

CITY OF RAWLINS, WYOMING

FINANCIAL AND COMPLIANCE REPORT

June 30, 2014

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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, 2014, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation 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.

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, 2014, 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 9, 2014, 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 Tschacher Peterson + Co, LLC

Laramie, Wyoming
December 9, 2014

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

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, 2014.

Financial Highlights

- The assets of the City of Rawlins exceeded its liabilities at the close of the most recent fiscal year by \$62,024,757 (*net position*). Of this amount, \$15,300,195 (*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 2013-2014), the City of Rawlins General Fund reported \$6,230,045 *available for spending* at the government's discretion (*unassigned fund balance*) and \$448,196 committed for future funding requirements. The City started FY 2013-2014 with a declared General Fund Reserve of \$4,100,000. At the beginning of FY 2013-2014 the City started with an estimated reserve of \$3,100,000 in the General Fund. It is anticipated that the economic growth will continue to increase slowly into FY 2013-2014 as stipulated by the CREG report but could increase significantly for Carbon County if the DKRW and Wind Farm projects start in the Fall of 2014.
- 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 2012-2013) the City received \$5,605,827 in sales and use taxes. For the fiscal year ending of June 30, 2014 the City received \$5,931,377 in sales and uses taxes, an increase of \$219,970. 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 \$2,871,285. 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 2013-2014 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, 2014 indicates the same again for FY 2014-2014. In fact, the claim reserve for the Insurance Fund has grown from \$310,782 (July, 1 2010) to \$934,022 as of July 1, 2014. The FY 2014-2014 employee insurance expenses were budgeted at no increase as a result of change made in FY 2011-2012.
- Revenues from the Golf Course Fund two primary accounts (membership & pro-shop) decreased by approximately \$35,006 (5.8% decrease when compared to FY 2012-2013). 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

- The water and wastewater fund revenues exceeded their respective revenue budgets and under expended their expenditure budget in total. The solid waste landfill fund showed a profit in the last two years, it had lose money 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 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

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.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

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.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

City of Rawlins Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and Other assets	\$ 13,482,093	\$ 12,565,839	\$ 6,029,417	\$ 4,658,495	\$ 19,511,510	\$ 17,224,334
Capital assets	17,930,462	17,482,214	41,289,163	41,790,910	59,219,625	59,273,124
Total assets	31,412,555	30,048,053	47,318,580	46,449,405	78,731,135	76,497,458
Long-term liabilities outstanding	6,000,625	6,404,432	9,017,044	9,170,231	15,017,669	15,574,663
Other liabilities	1,249,743	1,576,622	438,966	525,563	1,688,709	2,102,185
Total liabilities	7,250,368	7,981,054	9,456,010	9,695,794	16,706,378	17,676,848
Net position:						
Invested in capital assets	11,929,837	11,377,782	34,067,106	34,342,019	45,996,943	45,719,801
Restricted	6,835	378,698	720,784	669,444	727,619	1,048,142
Unrestricted	12,225,515	10,610,519	3,074,680	1,742,148	15,300,195	12,352,667
Total net position	\$ 24,162,187	\$ 22,366,999	\$ 37,862,570	\$ 36,753,611	\$ 62,024,757	\$ 59,120,610

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 \$45,996,943 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, \$727,619 represents resources that are subject to external restrictions on how they may be used.

The remaining balance of unrestricted net position in all City funds of \$15,300,195 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, 2014, 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, 2014**

City of Rawlins Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program Revenues						
Charges for Services	\$ 3,435,022	\$ 3,262,531	\$ 5,198,447	\$ 4,254,526	\$ 8,633,469	\$ 7,517,057
Operating grants and contributions	1,413,221	903,186	-	-	1,413,221	903,186
Capital grants and contributions	187,938	213,209	257,325	2,365,699	445,263	2,578,908
General Revenues:						
Property Taxes	453,307	407,872	-	-	453,307	407,872
Other Taxes	9,098,697	8,527,500	-	-	9,098,697	8,527,500
Other Revenues	127,107	248,216	3,834	4,566	130,941	252,782
Transfers	(778,649)	(595,369)	778,649	595,369	-	-
Total revenues	13,936,643	12,967,145	6,238,255	7,220,160	20,174,898	20,187,305
Expenses:						
General government	1,907,908	2,776,448			1,907,908	2,776,448
Public Safety	3,164,721	3,045,316			3,164,721	3,045,316
Public Works	2,110,776	1,977,410			2,110,776	1,977,410
Health, welfare and recreation	1,815,056	1,649,509			1,815,056	1,649,509
Non-departmental	2,834,498	2,678,514			2,834,498	2,678,514
Interest on long term debt	308,496	219,551	336,324	327,556	644,820	547,107
Water			2,361,742	2,475,328	2,361,742	2,475,328
Wastewater			861,151	729,112	861,151	729,112
Landfill			1,458,425	1,338,769	1,458,425	1,338,769
Recycling			111,654	82,757	111,654	82,757
Total expenses	12,141,455	12,346,748	5,129,296	4,953,522	17,270,751	17,300,270
Total general revenues & transfers	13,936,643	12,967,145	6,238,255	7,220,160	20,174,898	20,187,305
Changes in net position	1,795,188	620,397	1,108,959	2,266,638	2,904,147	2,887,035
Net position - beginning	22,366,999	21,746,602	36,753,611	34,486,973	59,120,610	56,233,575
Net position - ending	\$ 24,162,187	\$ 22,366,999	\$ 37,862,570	\$ 36,753,611	\$ 62,024,757	\$ 59,120,610

Analysis of Changes in Net Position

The City of Rawlins net position increased \$2,904,147 (FY 2012-2013 amount was \$59,120,610 as compared to our current year-end amount of \$62,034,757) during the current fiscal year. This increase is due in part to the change in net position of the Business-type Activities (\$1,108,959 increase).

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014**

Budgetary Highlights

Significant highlight of the fiscal year 2013-2014 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 2013-2014. 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 2014-2014. 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:

<u>Capital Assets</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Land & construction in progress	\$ 3,540,605	\$ -
Capital assets being depreciated	28,275,418	70,148,982
Accumulated depreciation	<u>(13,885,560)</u>	<u>(28,859,819)</u>
Net capital assets	<u>\$ 17,930,463</u>	<u>\$ 41,289,163</u>
 Long term debt	 <u>\$ 6,000,625</u>	 <u>\$ 9,017,044</u>

Economic Factors and Next Year's Budget

With FY 2013-2014 sales and use taxes falling and a weak forecast from CREG we established a budget of no growth for FY 2014-2014. The FY 2014-2014 budget sales and use tax budget does fall in line with the CREG forecast of January 2014 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 2014-2014, 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, 2014

	Primary Government		
	Governmental	Business-Type	Total
	Activities	Activities	
ASSETS			
Cash	\$ 10,569,757	\$ 4,195,469	\$ 14,765,226
Restricted cash	6,835	-	6,835
Investments at fair value	2,269,387	720,784	2,990,171
Accounts receivable less allowance for doubtful accounts	539,876	604,481	1,144,357
Unbilled service receivable	-	174,871	174,871
Inventory	35,000	333,812	368,812
Prepaid insurance	61,238	-	61,238
Capital assets			
Land	1,054,341	-	1,054,341
Golf course	1,497,607	-	1,497,607
Construction in progress	988,656	-	988,656
Buildings and improvements	11,359,412	66,404,006	77,763,418
Infrastructure	4,557,088	-	4,557,088
Furniture and equipment	12,358,918	3,744,976	16,103,894
Accumulated depreciation	(13,885,560)	(28,859,819)	(42,745,379)
Total Assets	<u>\$ 31,412,555</u>	<u>\$ 47,318,580</u>	<u>\$ 78,731,135</u>
LIABILITIES			
Accounts payable	\$ 412,423	\$ 61,097	\$ 473,520
Accrued payroll	202,645	44,087	246,732
Accrued interest payable	-	155,395	155,395
Capital leases - current	444,575	-	444,575
Capital leases - long term	5,556,050	-	5,556,050
Notes payable - current	-	231,852	231,852
Notes payable - long term	-	6,990,205	6,990,205
Closure and post closure costs	-	1,794,987	1,794,987
Accrued compensated absences	634,675	178,387	813,062
Total Liabilities	<u>7,250,368</u>	<u>9,456,010</u>	<u>16,706,378</u>
NET POSITION			
Invested in capital assets	11,929,837	34,067,106	45,996,943
Restricted	6,835	720,784	727,619
Unrestricted	12,225,515	3,074,680	15,300,195
Total Net Position	<u>\$ 24,162,187</u>	<u>\$ 37,862,570</u>	<u>\$ 62,024,757</u>

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Executive - City Manager	\$ 318,457	\$ -	\$ -	\$ -
Administrative services	700,278	-	-	-
Legal and judicial	379,483	108,881	108,231	-
Police	1,740,890	-	-	-
General government	3,285,899	2,275,660	1,293,714	-
Fire	869,840	-	-	-
Engineering and development	504,331	449,384	-	-
Highways and streets	719,500	8,151	-	-
Animal control	553,991	107,591	-	87,938
Health welfare	10,665	4,570	11,276	-
Parks and recreation	1,815,056	470,675	-	100,000
Building maintenance	544,308	-	-	-
Cemetery	-	10,110	-	-
Public works	342,637	-	-	-
Nonprofit agency	47,624	-	-	-
Interest on long-term debt	308,496	-	-	-
Total governmental activities	12,141,455	3,435,022	1,413,221	187,938
Business-Type Activities:				
Water	2,588,232	2,350,154	-	154,084
Sewer	970,985	1,110,213	-	80,524
Solid waste	1,458,425	1,606,630	-	22,717
Recycling	111,654	131,450	-	-
Total business-type activities	5,129,296	5,198,447	-	257,325
Total primary government	\$ 17,270,751	\$ 8,633,469	\$ 1,413,221	\$ 445,263

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		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (318,457)	\$ -	\$ (318,457)
(700,278)	-	(700,278)
(162,371)	-	(162,371)
(1,740,890)	-	(1,740,890)
283,475	-	283,475
(869,840)	-	(869,840)
(54,947)	-	(54,947)
(711,349)	-	(711,349)
(358,462)	-	(358,462)
5,181	-	5,181
(1,244,381)	-	(1,244,381)
(544,308)	-	(544,308)
10,110	-	10,110
(342,637)	-	(342,637)
(47,624)	-	(47,624)
(308,496)	-	(308,496)
<u>(7,105,274)</u>	<u>-</u>	<u>(7,105,274)</u>
-	(83,994)	(83,994)
-	219,752	219,752
-	170,922	170,922
-	19,796	19,796
-	<u>326,476</u>	<u>326,476</u>
\$ <u>(7,105,274)</u>	\$ <u>326,476</u>	\$ <u>(6,778,798)</u>
453,307	-	453,307
595,651	-	595,651
7,399,850	-	7,399,850
73,175	-	73,175
368,619	-	368,619
661,382	-	661,382
20	-	20
119,003	-	119,003
8,104	3,834	11,938
<u>(778,649)</u>	<u>778,649</u>	<u>-</u>
<u>8,900,462</u>	<u>782,483</u>	<u>9,682,945</u>
1,795,188	1,108,959	2,904,147
<u>22,366,999</u>	<u>36,753,611</u>	<u>59,120,610</u>
\$ <u>24,162,187</u>	\$ <u>37,862,570</u>	\$ <u>62,024,757</u>

CITY OF RAWLINS, WYOMING

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2014

	<u>General</u>	<u>Grants</u>	<u>Capital Facilities Tax</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash	\$ 8,984,617	\$ 410,652	\$ 88,090	\$ 130,900	\$ 9,614,259
Restricted cash	-	-	-	-	-
Investments	2,269,387	-	-	-	2,269,387
Receivables (net of allowance for uncollectibles):					
Taxes	438,241	-	-	-	438,241
Accounts	101,635	-	-	-	101,635
Inventory	35,000	-	-	-	35,000
Prepays	61,238	-	-	-	61,238
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 11,890,118</u>	<u>\$ 410,652</u>	<u>\$ 88,090</u>	<u>\$ 130,900</u>	<u>\$ 12,519,760</u>
LIABILITIES					
Accounts payable	\$ 195,445	\$ 636	\$ -	\$ 2,824	\$ 198,905
Accrued payroll and liabilities	152,972	-	-	-	152,972
Accrued vacation and compensatory time	127,346	-	-	-	127,346
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>475,763</u>	<u>636</u>	<u>-</u>	<u>2,824</u>	<u>479,223</u>
FUND BALANCES					
Nonspendable	636,114	-	-	-	636,114
Restricted	-	-	6,835	-	6,835
Committed	448,196	-	-	-	448,196
Assigned	4,100,000	-	-	-	4,100,000
Unassigned	6,230,045	410,016	81,255	128,076	6,849,392
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>11,414,355</u>	<u>410,016</u>	<u>88,090</u>	<u>128,076</u>	<u>12,040,537</u>
Total Liabilities Deferred Inflows of					
Resources and Fund Balance	<u>\$ 11,890,118</u>	<u>\$ 410,652</u>	<u>\$ 88,090</u>	<u>\$ 130,900</u>	<u>\$ 12,519,760</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, 2014

Fund balances - total governmental funds		\$ 12,040,537
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	\$ 31,816,022	
Less accumulated depreciation	<u>(13,885,560)</u>	17,930,462
Long-term receivables applicable to governmental activities are not due and collectible in the current period and therefore the long-term portion is not reported in the governmental funds		
		6,632
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	\$ (5,940,653)	
Governmental notes payable	(33,424)	
Governmental leases payable	(26,548)	
Compensated absences	<u>(563,634)</u>	(6,564,259)
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.		
		<u>748,815</u>
Net position of governmental activities		<u>\$ 24,162,187</u>

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, 2014

	General	Grants	Capital Facility Tax	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes and special assessments	\$ 9,099,812	\$ -	\$ 20	\$ -	\$ 9,099,832
Intergovernmental	447,144	1,338,700	-	-	1,785,844
Charges for services	1,073,125	-	-	-	1,073,125
Investment income	7,212	-	84	28	7,324
Miscellaneous	119,582	-	-	87,938	207,520
Total Revenues	<u>10,746,875</u>	<u>1,338,700</u>	<u>104</u>	<u>87,966</u>	<u>12,173,645</u>
EXPENDITURES:					
Current operating:					
General government	2,825,578	-	-	-	2,825,578
Public safety and transportation	3,315,712	14,746	-	-	3,330,458
Public works	315,876	-	-	-	315,876
Highways and streets	869,879	3,594	53,791	-	927,264
Health and welfare	134,273	2,866	-	-	137,139
Culture and recreation	1,837,353	352,489	-	185,557	2,375,399
Debt service:					
Principal retirement	5,336	-	-	-	5,336
Interest	-	-	-	-	-
Total Expenditures	<u>9,304,007</u>	<u>373,695</u>	<u>53,791</u>	<u>185,557</u>	<u>9,917,050</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,442,868</u>	<u>965,005</u>	<u>(53,687)</u>	<u>(97,591)</u>	<u>2,256,595</u>
FINANCING SOURCES AND (USES):					
Transfers in	608,514	-	371,863	70,000	1,050,377
Transfers out	<u>(1,003,723)</u>	<u>(492,394)</u>	<u>(332,909)</u>	<u>-</u>	<u>(1,829,026)</u>
Total Report Financing Sources and (Uses)	<u>(395,209)</u>	<u>(492,394)</u>	<u>38,954</u>	<u>70,000</u>	<u>(778,649)</u>
Net Change in Fund Balance	1,047,659	472,611	(14,733)	(27,591)	1,477,946
Fund Balances- Beginning, as restated	<u>10,366,696</u>	<u>(62,595)</u>	<u>102,823</u>	<u>155,667</u>	<u>10,562,591</u>
Fund Balances - Ending	<u>\$ 11,414,355</u>	<u>\$ 410,016</u>	<u>\$ 88,090</u>	<u>\$ 128,076</u>	<u>\$ 12,040,537</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, 2014

Net change in fund balances - total governmental funds	\$	1,477,946
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	\$	1,142,304
Less current year depreciation		<u>(993,471)</u> 148,833
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>403,807</u> 403,807
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		(56,823)
Some revenues reported in the statement of activities are not current financial resources from a governmental fund perspective		
Property tax revenue earned but not a current financial resource		6,632
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>(185,207)</u>
Change in net position of governmental activities	\$	<u>1,795,188</u>
See Notes to the Financial Statements.		

CITY OF RAWLINS, WYOMING

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2014

	Business-Type Activities- Enterprise Funds					Governmental
	Water	Sewer	Landfill	Recycling	Total	Activity- Internal Service Fund
ASSETS						
Current Assets						
Cash	\$ 2,673,563	\$ 1,207,696	\$ 229,326	\$ 84,884	\$ 4,195,469	\$ 962,333
Investments	720,784	-	-	-	720,784	-
Receivables:						
Accounts, customers	319,221	116,874	154,377	14,009	604,481	-
Unbilled	118,902	20,850	35,119	-	174,871	-
Interfund	-	-	-	-	-	-
Inventory	333,812	-	-	-	333,812	-
Total current assets	<u>4,166,282</u>	<u>1,345,420</u>	<u>418,822</u>	<u>98,893</u>	<u>6,029,417</u>	<u>962,333</u>
Noncurrent Assets						
Capital assets						
Building and improvements	51,072,273	14,544,126	787,607	-	66,404,006	-
Construction in progress	-	-	-	-	-	-
Furniture and equipment	2,030,430	212,068	1,463,531	38,947	3,744,976	-
Accumulated depreciation	<u>(22,283,287)</u>	<u>(5,508,830)</u>	<u>(1,065,165)</u>	<u>(2,537)</u>	<u>(28,859,819)</u>	-
Total noncurrent assets	<u>30,819,416</u>	<u>9,247,364</u>	<u>1,185,973</u>	<u>36,410</u>	<u>41,289,163</u>	-
Total Assets	<u>\$ 34,985,698</u>	<u>\$ 10,592,784</u>	<u>\$ 1,604,795</u>	<u>\$ 135,303</u>	<u>\$ 47,318,580</u>	<u>\$ 962,333</u>
LIABILITIES						
Current liabilities						
Accounts payable	\$ 27,705	\$ 10,665	\$ 21,687	\$ 1,040	\$ 61,097	\$ -
Accrued payroll	18,451	12,169	11,278	2,189	44,087	-
Interfund payable	-	-	-	-	-	-
Accrued interest payable	129,157	26,238	-	-	155,395	-
Benefit claims incurred but not reported	-	-	-	-	-	213,518
Notes payable - current	-	-	-	-	-	-
Total current liabilities	<u>175,313</u>	<u>49,072</u>	<u>32,965</u>	<u>3,229</u>	<u>260,579</u>	<u>213,518</u>

(Continued)

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS

June 30, 2014
 (Continued)

	Business-Type Activities- Enterprise Funds					Governmental
	Water	Sewer	Landfill	Recycling	Total	Activity- Internal Service Fund
Noncurrent liabilities						
Notes payable	5,659,302	1,562,755	-	-	7,222,057	-
Landfill closure costs	-	-	1,794,987	-	1,794,987	-
Accrued compensated absences	74,291	85,484	18,309	303	178,387	-
Total noncurrent liabilities	5,733,593	1,648,239	1,813,296	303	9,195,431	-
 Total Liabilities	 5,908,906	 1,697,311	 1,846,261	 3,532	 9,456,010	 213,518
NET POSITION						
Invested in capital assets	25,160,114	7,684,609	1,185,973	36,410	34,067,106	-
Restricted	720,784	-	-	-	720,784	-
Unrestricted	3,195,894	1,210,864	(1,427,439)	95,361	3,074,680	748,815
Total Net Position	\$ 29,076,792	\$ 8,895,473	\$ (241,466)	\$ 131,771	\$ 37,862,570	\$ 748,815

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, 2014

	Business-Type Activities- Enterprise Funds					Governmental Activity- Internal Service Fund
	Water	Sewer	Landfill	Recycling	Total	
OPERATING REVENUES:						
Charges for services	\$ 2,350,154	\$ 1,110,213	\$ 1,606,630	\$ 131,450	\$ 5,198,447	\$ 1,850,600
Other income	154,084	80,524	22,717	-	257,325	-
Total operating revenues	<u>2,504,238</u>	<u>1,190,737</u>	<u>1,629,347</u>	<u>131,450</u>	<u>5,455,772</u>	<u>1,850,600</u>
OPERATING EXPENSES						
Personal services	598,676	403,730	302,570	99,819	1,404,795	-
Contractual services	57,119	17,034	363,858	-	438,011	-
Utilities	171,420	87,511	20,680	-	279,611	-
Repair and maintenance	77,370	8,378	93,574	-	179,322	-
Other supplies and expenses	152,287	152,556	459,598	-	764,441	-
Depreciation	1,304,870	191,942	120,362	11,835	1,629,009	-
Landfill closure costs	-	-	97,783	-	97,783	-
Benefit payments	-	-	-	-	-	2,036,588
Total operating expenses	<u>2,361,742</u>	<u>861,151</u>	<u>1,458,425</u>	<u>111,654</u>	<u>4,792,972</u>	<u>2,036,588</u>
Operating income (loss)	<u>142,496</u>	<u>329,586</u>	<u>170,922</u>	<u>19,796</u>	<u>662,800</u>	<u>(185,988)</u>
NONOPERATING REVENUES						
(EXPENSES):						
Investment income	2,979	539	274	42	3,834	781
Interest expense	(226,490)	(109,834)	-	-	(336,324)	-
Total nonoperating revenue (expenses)	<u>(223,511)</u>	<u>(109,295)</u>	<u>274</u>	<u>42</u>	<u>(332,490)</u>	<u>781</u>
Income (loss) before transfers	<u>(81,015)</u>	<u>220,291</u>	<u>171,196</u>	<u>19,838</u>	<u>330,310</u>	<u>(185,207)</u>
TRANSFERS						
Transfers in	1,234,854	-	102,309	-	1,337,163	-
Transfers out	(222,881)	(141,820)	(193,813)	-	(558,514)	-
	<u>1,011,973</u>	<u>(141,820)</u>	<u>(91,504)</u>	<u>-</u>	<u>778,649</u>	<u>-</u>
Change in net position	930,958	78,471	79,692	19,838	1,108,959	(185,207)
Net position - beginning	<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>
Net position - ending	<u>\$ 29,076,792</u>	<u>\$ 8,895,473</u>	<u>\$ (241,466)</u>	<u>\$ 131,771</u>	<u>\$ 37,862,570</u>	<u>\$ 748,815</u>

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, 2014

	Business-Type Activities- Enterprise Funds			
	Water	Sewer	Landfill	Recycling
CHANGE IN CASH AND CASH EQUIVALENTS:				
CASH FLOWS FROM OPERATIONS:				
Receipts from customers	\$ 2,342,442	\$ 1,116,119	\$ 1,535,650	\$ 127,033
Other operating cash receipts	154,084	80,524	22,717	-
Payments to suppliers	(444,324)	(262,523)	(982,707)	854
Payments to employees	(634,223)	(408,562)	(297,659)	(99,170)
Net cash from operating activities	<u>1,417,979</u>	<u>525,558</u>	<u>278,001</u>	<u>28,717</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	1,234,854	-	102,309	-
Transfers out	(222,881)	(141,820)	(193,813)	-
Net cash from noncapital financing activities	<u>1,011,973</u>	<u>(141,820)</u>	<u>(91,504)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Net acquisition of capital assets	(911,756)	(7,066)	(172,759)	(26,081)
Proceeds from long-term debt	-	-	-	-
Principal payments on long-term debt	(142,519)	(84,318)	-	-
Net cash from capital and related financing activities	<u>(1,054,275)</u>	<u>(91,384)</u>	<u>(172,759)</u>	<u>(26,081)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest earned on investments	2,979	539	274	42
Interest expense	(226,490)	(109,834)	-	-
Net cash from investing activities	<u>(223,511)</u>	<u>(109,295)</u>	<u>274</u>	<u>42</u>
Net change in cash and cash equivalents	1,152,166	183,059	14,012	2,678
Cash, beginning	<u>1,609,676</u>	<u>1,026,824</u>	<u>216,337</u>	<u>91,803</u>
Cash, ending	<u>\$ 2,761,842</u>	<u>\$ 1,209,883</u>	<u>\$ 230,349</u>	<u>\$ 94,481</u>

See Notes to the Financial Statements.

<u>Total</u>	<u>Governmental Activity- Internal Service Fund</u>
\$ 5,121,244	\$ 1,850,600
257,325	-
(1,688,700)	(2,177,374)
<u>(1,439,614)</u>	<u>-</u>
<u>2,250,255</u>	<u>(326,774)</u>

1,337,163	-
<u>(558,514)</u>	<u>-</u>
<u>778,649</u>	<u>-</u>

(1,117,662)	-
-	-
<u>(226,837)</u>	<u>-</u>
<u>(1,344,499)</u>	<u>-</u>

3,834	781
<u>(336,324)</u>	<u>-</u>
<u>(332,490)</u>	<u>781</u>

1,351,915	(325,993)
<u>2,944,640</u>	<u>1,170,648</u>

<u>\$ 4,296,555</u>	<u>\$ 844,655</u>
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(Continued)

CITY OF RAWLINS, WYOMING
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2014
(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	\$ 142,496	\$ 329,586	\$ 170,922	\$ 19,796
Adjustments to reconcile income (loss) from operations to net cash from operating activities:				
Depreciation	1,304,870	191,942	120,362	11,835
(Increase) decrease in:				
Accounts receivable	(7,712)	5,906	(70,980)	(4,417)
Inventory	8,550	-	-	-
Increase (decrease) in:				
Accounts payable	5,322	2,956	(20,861)	854
Payroll liabilities	(35,547)	(4,832)	4,911	649
Benefit claims incurred but not reported payable	-	-	-	-
Landfill closure costs	-	-	73,647	-
	\$ 1,417,979	\$ 525,558	\$ 278,001	\$ 28,717

Net cash from operating activities

See Notes to the Financial Statements.

<u>Total</u>	<u>Governmental Activity- Internal Service Fund</u>
\$ 662,800	\$ (185,988)
1,629,009	-
(77,203)	-
8,550	-
(11,729)	(84,641)
(34,819)	-
-	(56,551)
<u>73,647</u>	<u>-</u>
<u>\$ 2,250,255</u>	<u>\$ (327,180)</u>

CITY OF RAWLINS, WYOMING

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2014

	<u>Private Donations</u>
ASSETS	
Cash	\$ 243,593
Total Assets	<u>\$ 243,593</u>
NET POSITION	
Funds held for others	<u>\$ 243,593</u>
Total Net Position	<u>243,593</u>
Total Net Position	<u>\$ 243,593</u>

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended June 30, 2014

	<u>Private Donations</u>
ADDITIONS:	
Revenue	
Donations	\$ 31,113
Investment income	240
Miscellaneous	<u>1,621</u>
Total Additions	<u>32,974</u>
DEDUCTIONS:	
Operating expended	<u>11,398</u>
Total Deductions	<u>11,398</u>
Net change	21,576
Net Position - Beginning of Year	<u>220,070</u>
Net Position - End of Year	<u>\$ 241,646</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.

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

NOTES TO FINANCIAL STATEMENTS

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.

Recycling Fund

NOTES TO FINANCIAL STATEMENTS

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

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

NOTES TO FINANCIAL STATEMENTS

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.

Capital Assets

NOTES TO FINANCIAL STATEMENTS

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.

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.

NOTES TO FINANCIAL 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.

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

NOTES TO FINANCIAL STATEMENTS

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.

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.

NOTES TO FINANCIAL STATEMENTS

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 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.

NOTES TO FINANCIAL STATEMENTS

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 9, 2014, the date which the financial statements were available for issue.

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.

NOTES TO FINANCIAL STATEMENTS

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, 2014:

Expenses

General fund

Increase expenses	\$	1,547,049
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Grants Fund

Increase expenses	1,303,615
-------------------	-----------

Capital Facilities Tax Fund

Increase expenses	193,900
-------------------	---------

Revenues

Grants Fund

Increase grant revenue	1,303,615
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Capital Facilities Tax Fund

Increase tax revenue	184,000
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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 Landfill Fund has deficit balance 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, 2014, the carrying amount of the City's demand deposits in financial institutions was \$15,592,845. Demand deposits held by the Bank of Commerce, Rawlins National Bank, and Bank of the West 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, 2014, the City had \$2,007,402 on deposit with the State Treasurer. Detailed information on the State Treasurer's pooled cash and investments is available from that office.

Investments

As of June 30, 2014, the City had investments with weighted average maturities as shown in the following table:

Investment Type	Carrying Amount	Fair Value	Weighted Average Maturity in Years
Certificates of Deposit	\$ 820,784	\$ 820,784	0.08333
State of Wyoming Investment Pool (WYOSTAR)	<u>2,007,402</u>	<u>2,007,402</u>	
Total	<u>\$ 2,828,186</u>	<u>\$ 2,828,186</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:

Investment Type	Fair Value	AAA	Insured	Unrated
Certificates of Deposit	\$ 820,784	\$ -	\$ 820,784	\$ -
State of Wyoming Investment Pool	<u>2,007,402</u>	<u>-</u>	<u>-</u>	<u>2,007,402</u>
Total	<u>\$ 2,828,186</u>	<u>\$ -</u>	<u>\$ 820,784</u>	<u>\$ 2,007,402</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, 2014, the City held securities which are 100% collateralized from the following issuer in excess of 5% of the total portfolio:

Bank of the West	\$ 8,172,218
Bank of Commerce	2,013,417
Rawlins National Bank	<u>5,002,979</u>
Total	<u>\$ 15,188,614</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, 2014.

NOTES TO FINANCIAL STATEMENTS

3.C. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance at June 30, 2013	Additions	Disposals	Balance at June 30, 2014
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	570,499	-	988,657
Depreciable assets				
Buildings and improvements	11,319,610	39,802	-	11,359,412
Infrastructure	4,557,088	-	-	4,557,088
Furniture and equipment	12,141,900	532,003	314,985	12,358,918
Total at historical cost	<u>30,988,704</u>	<u>1,142,304</u>	<u>314,985</u>	<u>31,816,023</u>
Accumulated depreciation				
Buildings and improvements	(3,860,562)	(241,573)	-	(4,102,135)
Infrastructure	(1,906,345)	(97,537)	-	(2,003,882)
Furniture and equipment	(7,439,583)	(654,361)	314,401	(7,779,543)
Total accumulated depreciation	<u>(13,206,490)</u>	<u>(993,471)</u>	<u>314,401</u>	<u>(13,885,560)</u>
Governmental activities capital assets, net	<u>\$ 17,782,214</u>	<u>\$ 148,833</u>	<u>\$ 584</u>	<u>\$ 17,930,463</u>
Business-type activities:				
Non-depreciable assets				
Construction in progress	\$ 2,734,896	\$ -	\$ 2,734,896	\$ -
Depreciable assets				
Buildings and improvements	62,810,106	3,593,900	-	66,404,006
Furniture and equipment	3,455,993	319,306	30,323	3,744,976
Total at historical cost	<u>69,000,995</u>	<u>3,913,206</u>	<u>2,765,219</u>	<u>70,148,982</u>
Accumulated depreciation				
Buildings and improvements	(25,910,711)	(1,392,676)	-	(27,303,387)
Furniture and equipment	(1,299,674)	(287,081)	30,323	(1,556,432)
Total accumulated depreciation	<u>(27,210,385)</u>	<u>(1,679,757)</u>	<u>30,323</u>	<u>(28,859,819)</u>
Business-type activities capital assets, net	<u>\$ 41,790,610</u>	<u>\$ 2,233,449</u>	<u>\$ 2,795,542</u>	<u>\$ 41,289,163</u>

NOTES TO FINANCIAL STATEMENTS

Depreciation expense was charged to governmental activities as follows:

General government:	
General government	\$ 295,995
Public safety:	
Police	211,334
Fire	200,858
Public works	245,523
Culture and recreation:	
Parks	47,363
Recreation	141,231
Total depreciation expense	\$ 1,142,304

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, 2014:

	Long-term Obligations at June 30, 2013	Additions	Deletions	Long-term Obligations at June 30, 2014	Due Within One Year
Governmental activities:					
Capital Leases:					
CC 2009 SPT JPB	5,426,450	-	382,350	5,044,100	412,691
CC 2009 IRS SPT JPB	896,554	-	-	896,554	-
Equipment lease	7,597	-	7,597	-	-
Copiers & mail folding	35,071	-	8,524	26,547	26,547
WAM-WWCA	38,760	-	5,336	33,424	5,336
Other long-term debt					
Compensated absences	608,193	26,402	-	634,595	-
	\$ 7,012,625	\$ 26,402	\$ 403,807	\$ 6,635,220	\$ 444,574

NOTES TO FINANCIAL STATEMENTS

	Long-term Obligations at June 30, 2013	Additions	Deletions	Long-term Obligations at June 30, 2014	Due Within One Year
Business-Type Activities:					
Loans Payable:					
Sage Creek water line	\$ 2,323,432	\$ -	\$ 57,341	\$ 2,266,091	\$ 57,342
DWSRF Loan #69	328,248	-	16,983	311,265	17,401
DWSRF Loan #80	329,768	-	17,014	312,754	17,441
Atlantic Rim pipeline	849,574	-	16,040	833,534	16,681
Atlantic Rim reservoir	1,970,797	-	35,139	1,935,658	36,545
CWSRF Loan #90	682,352	-	35,208	647,144	36,089
CWSRF Loan #85	964,720	-	49,109	915,611	50,353
Other long-term debt					
Landfill closure and post closure costs payable	1,721,340	73,647	-	1,794,987	-
Compensated absences	221,786	-	43,399	178,387	-
	<u>\$ 9,392,017</u>	<u>\$ 73,647</u>	<u>\$ 270,233</u>	<u>\$ 9,195,431</u>	<u>\$ 231,852</u>

Governmental Activities:

As of June 30, 2014 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.	\$ 26,548
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.	33,424
Capital lease payable, due in semi-annual installments including interest, through June 15, 2020, paid through Special purposes taxes collected by the County.	<u>5,940,653</u>
Total Governmental Activity Debt	<u>\$ 6,000,625</u>

Business-type Activities:

As of June 30, 2014, 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.	\$ 2,266,091
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.	311,265
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.	312,754
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.	647,144
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.	915,611
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.	833,534
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>1,935,658</u>
Total Business-Type Activity Debt	<u>\$ 7,222,057</u>

Annual Debt Service Requirements

The annual requirements to amortize all debt outstanding as of June 30, 2014, 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
2015	\$ 444,575	\$ 192,341	\$ 231,852	\$ 258,555	\$ 676,427	\$ 450,896
2016	438,838	178,530	239,317	251,091	678,155	429,621
2017	459,046	163,002	246,978	243,430	706,024	406,432
2018	484,063	144,197	255,014	235,394	739,077	379,591
2019	509,721	124,697	263,265	227,142	772,986	351,839
2020-2024	3,664,382	104,503	1,450,256	1,001,783	5,114,638	1,106,286
2025-2029	-	-	1,714,059	748,759	1,714,059	748,759
2030-2034	-	-	1,078,536	492,830	1,078,536	492,830
2035-2039	-	-	1,190,254	259,162	1,190,254	259,162
2040-2044	-	-	552,524	52,153	552,524	52,153
	<u>\$ 6,000,625</u>	<u>\$ 907,270</u>	<u>\$ 7,222,055</u>	<u>\$ 3,770,299</u>	<u>\$ 13,222,680</u>	<u>\$ 4,677,569</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 \$1,794,987 reported as landfill closure and post-closure care liability at June 30, 2014 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 \$35,345 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2014. 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, 2014 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Governmental Funds		
Central Shop	\$ 117,502	\$ -
DDA/Main Street Fund	-	70,000
Capital Facility Tax Fund	-	371,863
Water Fund	169,602	561,860
Sewer Fund	112,950	-
Landfill Fund	208,460	-
Total General Fund	608,514	1,003,723
Grants Fund		
Water Fund	-	340,085
Landfill Fund	-	152,309
Total Grant Fund	-	492,394
DDA/Main Street Fund		
General Fund	70,000	-
Total DDA/Main Street Fund	70,000	-
Capital Facility Tax Fund		
Water Fund	-	332,909
General Fund	371,863	-
Total Special Revenue Fund	371,863	332,909
Water Fund		
General Fund	561,860	169,602
Capital Facility Tax Fund	332,909	-
Grants Fund	340,085	-
Central Shop	-	53,279
Total Water Fund	1,234,854	222,881
Sewer Fund		
General Fund	-	112,950
Central Shop	-	28,870
Total Sewer Fund	-	141,820
Landfill Fund		
Central shop	-	35,353
General Fund	-	208,460
Grants Fund	152,309	-
Total Landfill Fund	152,309	243,813
Grand Totals	\$ 2,437,540	\$ 2,437,540

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, 2014 was \$4903,851; the City's total payroll was \$4,743,915.

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, 2014 was \$435,564 which consisted of \$209,962 from employees and \$23,562 from the City. 100% of the required amount was contributed for the year ended June 30, 2014. 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, 2013 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, 2014 was \$509,936; the City's total payroll was \$4,743,915.

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 maximum salary of a Fireman First Class, a paid fireman must have 20 years of credited

NOTES TO FINANCIAL STATEMENTS

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 4 years of service credit and must be at least 50 years old. The basic monthly benefit for participant of Plan B is equal to a percentage of the highest average monthly salary during any period of 36 consecutive months, with such percentage based on years of service. The percentage is equal to the sum of 2.80% per year of service up to a maximum of 70%. The plan also statutorily provides for a percentage increase in the benefit amounts beginning July 1 after one full year of retirement, by the lesser of 3% or the cost of living as determined to actuarially sound not to exceed 3% per year. The cost of living adjustment provided to retirees is determined by the WRS board and must be approved by the State Legislature. In addition, a cost of living will not be approved by the legislature unless the plan is 100% funded after the COLA is awarded. Benefits are established by 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, 2014 was \$105,468, which consisted of 43,344 from employees and \$61,192 from the City. 100% of the required amount was contributed for the year ended June 30, 2014. In addition, 100% of the required contribution amounts of \$97,298 and 96,047 were made for the years ending June 30, 2013 and 2012, 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, 2014 was \$1,234,515. The City's payroll for the year ended June 30, 2014 was \$4,743,915.

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).

The Fund also provides death and disability benefits to participating employees. Benefit

NOTES TO FINANCIAL STATEMENTS

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, 2014 was \$212,336, which consisted of \$106,168 from employees and \$106,168 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, 2013 and 2012, 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, 2014, 2013 and 2012, the IBNR was \$213,518, \$147,030 and \$203,581, respectively. Changes in the Fund's claims liability amount, including IBNR, from July 1, 2011 to June 30, 2014:

NOTES TO FINANCIAL STATEMENTS

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	147,030
Claims and changes in estimates	2,164,447
Claims payments	<u>(2,097,959)</u>
Liability balance, June 30, 2014	<u>\$ 213,518</u>
Assets available to pay claims at June 30, 2014	<u>\$ 962,333</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 Assessment of Monitored Natural Attenuation Report and listed various actions required. The Revised

NOTES TO FINANCIAL STATEMENTS

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, 2014 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 \$7,284,000 based on the 2014 cost 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, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and special assessments	\$ 7,171,150	\$ 7,171,150	\$ 8,443,668	\$ 1,272,518
Licenses and permits	554,800	554,800	595,651	40,851
Intergovernmental	482,223	482,223	639,341	157,118
Charges for services	1,811,565	1,811,565	1,532,458	(279,107)
Investment income	21,000	21,000	7,477	(13,523)
Miscellaneous	162,710	162,710	122,195	(40,515)
Total revenues	<u>10,203,448</u>	<u>10,203,448</u>	<u>11,340,790</u>	<u>1,137,342</u>
EXPENDITURES:				
General government	4,991,993	5,242,142	2,647,267	2,594,875
Public safety and transportation	3,060,897	3,470,066	3,092,015	378,051
Public works	449,337	408,590	340,634	67,956
Highways and streets	593,200	616,453	524,247	92,206
Health and welfare	128,335	130,835	130,511	324
Culture and recreation	1,905,900	1,788,457	1,705,693	82,764
Capital outlay	2,556,329	2,578,608	882,024	1,696,584
Principal retirement	5,336	5,336	5,336	-
Total expenditures	<u>13,691,327</u>	<u>14,240,487</u>	<u>9,327,727</u>	<u>4,912,760</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,487,879)</u>	<u>(4,037,039)</u>	<u>2,013,063</u>	<u>6,050,102</u>
OTHER FINANCING SOURCES:				
Operating transfers in	678,322	678,322	604,514	73,808
Operating transfers out	(70,000)	(70,000)	(70,000)	-
Total other financing sources	<u>608,322</u>	<u>608,322</u>	<u>534,514</u>	<u>73,808</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(2,879,557)</u>	<u>(3,428,717)</u>	<u>2,547,577</u>	<u>5,976,294</u>
Fund balance - beginning	<u>4,823,500</u>	<u>4,823,500</u>	<u>4,823,500</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,943,943</u>	<u>\$ 1,394,783</u>	<u>\$ 7,371,077</u>	<u>\$ 5,976,294</u>

(Continued)

CITY OF RAWLINS, WYOMING

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the Year Ended June 30, 2014

(Continued)

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

Revenue:

Actual total revenue budgetary basis	\$	11,340,790
Differences- Budget to GAAP		
Tax accrual difference		60,480
Fines receivables difference		29,040
Other receivables difference		<u>(683,435)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	\$	<u>10,746,875</u>

Expenditures:

Actual total expenditures budgetary basis	\$	9,327,727
Differences- Budget to GAAP		
Accounts payable & payroll accrual difference		(46,029)
Other expenses		<u>22,309</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	\$	<u>9,304,007</u>

CITY OF RAWLINS, WYOMING
BUDGETARY COMPARISON SCHEDULE
GRANTS FUND
For the Year Ended June 30, 2014

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES:				
Intergovernmental	\$ 100,000	\$ 1,403,615	\$ 1,339,334	\$ (64,281)
Total revenues	<u>100,000</u>	<u>1,403,615</u>	<u>1,339,334</u>	<u>(64,281)</u>
EXPENDITURES:				
Infrastructure	<u>100,000</u>	<u>1,403,615</u>	<u>1,202,965</u>	<u>200,650</u>
Total expenditures	<u>100,000</u>	<u>1,403,615</u>	<u>1,202,965</u>	<u>200,650</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>136,369</u>	<u>136,369</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>136,369</u>	<u>136,369</u>
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 136,369</u>	<u>\$ 136,369</u>

(Continued)

CITY OF RAWLINS, WYOMING

**BUDGETARY COMPARISON SCHEDULE
GRANTS FUND**

For the Year Ended June 30, 2014
(Continued)

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

Revenue:

Actual total revenue budgetary basis	\$ 1,339,334
Differences - Budget to GAAP	
Construction projects for other funds	<u>(634)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	<u>\$ 1,338,700</u>

Expenditures:

Actual total expenditures budgetary basis	\$ 1,202,965
Differences - Budget to GAAP	
Construction projects for other funds	<u>(829,270)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	<u>\$ 373,695</u>

CITY OF RAWLINS, WYOMING

BUDGETARY COMPARISON SCHEDULE
CAPITAL FACILITIES TAX FUND
 For the Year Ended June 30, 2014

	Budgeted Amounts		Amounts	Final Budget
	Original	Final	(Budgetary Basis)	Positive (Negative)
REVENUES:				
Specific purpose tax	\$ 931,376	\$ 1,115,376	\$ 383,550	\$ (731,826)
Interest income	10	10	84	74
Total revenues	<u>931,386</u>	<u>1,115,386</u>	<u>383,634</u>	<u>(731,752)</u>
EXPENDITURES:				
Street infrastructure	49,020	89,020	53,791	35,229
Water infrastructure	<u>230,660</u>	<u>384,560</u>	<u>332,909</u>	<u>51,651</u>
Total expenditures	<u>279,680</u>	<u>473,580</u>	<u>386,700</u>	<u>86,880</u>
Excess (deficiency) of revenues over (under) expenditures	<u>651,706</u>	<u>641,806</u>	<u>(3,066)</u>	<u>(644,872)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	651,706	641,806	(3,066)	(644,872)
Fund balance - beginning	<u>89,500</u>	<u>89,500</u>	<u>89,500</u>	<u>-</u>
Fund balance - ending	<u>\$ 741,206</u>	<u>\$ 731,306</u>	<u>\$ 86,434</u>	<u>\$ (644,872)</u>

(Continued)

CITY OF RAWLINS, WYOMING
BUDGETARY COMPARISON SCHEDULE
CAPITAL FACILITIES TAX FUND
For the Year Ended June 30, 2014
(Continued)

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

Revenue:

Actual total revenue budgetary basis	\$ 383,634
Differences - Budget to GAAP	
Transfer to general fund	<u>(383,530)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	<u>\$ 104</u>

Expenditures:

Actual total expenditures budgetary basis	\$ 386,700
Differences - Budget to GAAP	
Other payables difference	<u>(332,909)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	<u>\$ 53,791</u>

CITY OF RAWLINS, WYOMING

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
- BUDGETARY COMPARISONS

June 30, 2014

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, 2014, 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, 2014, which collectively comprise the City of Rawlins, Wyoming's basic financial statements and have issued our report thereon dated December 9, 2014. 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

control over financial reporting, on page 62 References 2015-1. 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.

Madel Tschacher Peterson + Co, LLC

Laramie, Wyoming
December 9, 2014

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
2015-1: 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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