



City of Rawlins, Wyoming

**Financial Statements
and Supplementary Information**

For the Year Ended June 30, 2017

DEC 11 2017

City Clerk

December 1, 2017

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

In planning and performing our audit of the financial statements of the City of Rawlins, Wyoming for the year ended June 30, 2017, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, we considered the Organization's internal control over financial reporting (internal control) 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 organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. We previously reported on the Organization's internal control in our letter included in the Compliance Report dated December 1, 2017. This letter does not affect our Compliance Report.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various management personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

Journal Entries

During our audit, we noted that the supporting documentation for journal entries is not maintained by the finance office. Additionally, journal entries are prepared and entered by the finance director without any additional approval. While the finance director was able to explain the purpose of the journal entries, supporting documentation must be maintained to ensure an adequate audit trail. The supporting documentation should include authorization by someone other than the finance director and the calculations that support the amounts recorded.

Segregation of Duties

During walkthroughs of the City's internal control procedures, we noted that there is not an adequate segregation of duties in the accounts payable process. The same individual is able to create purchase orders, initiate payment, and edit the vendor master file. While we understand that it is not feasible to hire additional accounting staff, to ensure the integrity of the accounts



payable process, a review of edits to the vendor master file would help to ensure that only authorized vendors are added to the accounting system.

Related Party Employees

Employees who engage in personal relationships (i.e. a related party relationship where one employee has influence over another employee above that of a normal working relationship) should work to ensure that their relationship does not raise concern about favoritism, bias, ethics, and conflict of interest. To ensure the integrity of accounting transactions, related party employees should not both be signers on a bank account, they should not approve each other's compensation or timesheet, and they should follow all personnel policies approved by the City Council.

We wish to thank the city administration and their departments for their support and assistance during our audit.

This report is intended solely for the information and use of management, City Council and others within the City and is not intended to be and should not be used by anyone other than these specified parties.

Anton Collins Mitchell LLP
Laramie, Wyoming



Received

DEC 18 2017

Deputy City Clerk

December 1, 2017

To the Honorable Mayor and Members of City Council
City of Rawlins, Wyoming

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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 for the year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 26, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City of Rawlins, Wyoming are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the City of Rawlins's financial statements were:

Management's estimate of the allowances for accounts receivable, estimating date of collection to comply with period of availability for certain revenues, establishing self-insurance reserves, estimating closure and post closure care costs, estimating the fair value of investments, and valuation of certain infrastructure and contributed capital is based on their judgment, similar entities, and third party confirmations. We evaluated the key factors and assumptions used to develop the estimates above in determining that they are reasonable in relation to the financial statements taken as a whole.

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Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of landfill closure and post-closure in Note 3.F to the financial statements involves estimates of capacity usage and future capacity in addition to estimating the future closure and post-closure costs for the landfill.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. See the attached list of material misstatements that were detected as a result of audit procedures and corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 1, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.



Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of City Council and management of the City of Rawlins, Wyoming and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

Anton Collins Mitchell LLP
Laramie, Wyoming

City of Rawlins
Auditor Identified Journal Entries
Year End: June 30, 2017

Number	Date	Name	Account No	Debit	Credit
AJE11	6/30/2017	CASH - COMBINED FUND	51-1190-000		-312,191.02
AJE11	6/30/2017	BEGINNING OF YEAR	51-2980-000	312,191.02	
AJE11	6/30/2017	CASH - COMBINED FUND	52-1190-000	19,593.29	
AJE11	6/30/2017	BEGINNING OF YEAR	52-2980-000		-19,593.29
AJE11	6/30/2017	CASH - COMBINED FUND	53-1190-000	51,044.59	
AJE11	6/30/2017	BEGINNING OF YEAR	53-2980-000		-51,044.59
AJE11	6/30/2017	CASH - COMBINED FUND	54-1190-000	1,776.94	
AJE11	6/30/2017	BEGINNING OF YEAR	54-2980-000		-1,776.94
		To reverse entries made by client in the current year fund balance			
AJE72	6/30/2017	CASH - EVENTS COMMITTEE	01-1110-109	1,678.65	
AJE72	6/30/2017	EVENTS COMMITTEE	10-4204-550		-1,678.65
		To record Events Committee cash account			
AJE75	6/30/2017	CASH - COMBINED FUND	10-1190-000		-1,007,349.84
AJE75	6/30/2017	DUE FROM OTHER FUNDS	10-2800-000	1,007,349.84	
AJE75	6/30/2017	CASH - COMBINED FUND	77-1190-000	1,007,349.84	
AJE75	6/30/2017	Due to/Due from	77-2800-000		-1,007,349.84
		To record Grant fund payable due to overdrawn Combined Cash			



City of Rawlins

DEC 11 2017

City Clerk

October 31, 2017

City of Rawlins
P.O. Box 953
Rawlins, Wyoming 82301

To the Honorable Mayor, Members of the
City Council and the City Manager

During our audit, we noted a bank account that was not included in the general ledger. Upon further inquiry, we found that this account is used to fund employee functions.

The types of items purchased through this account could be viewed as questionable spending of public funds.

Article 16, Section 6 of the Wyoming State Constitution reads "*Neither the state nor any county, city, township, town, school district, or any other political subdivision, shall loan or give its credit or make donations to or in aid of any individual, association or corporation, except for necessary support of the poor,*"

In addition, the Board must not use public funds, time, personnel, facilities or equipment for the private benefit of any individual unless specifically authorized by law (§9-13-105(a)).

Because Wyoming State Statutes are open to interpretation and based on our discussions with the Department of Audit, it would be in the best interest of the Council to consult with their attorney as to the validity of the expenditures with respect to the purpose of the City and/or State Statute.

If you have additional questions or concerns, please do not hesitate to contact me.

Sincerely,

Rolf Peterson, CPA
Partner
Anton Collins Mitchell LLP

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
MANAGEMENT DISCUSSION AND ANALYSIS	3-8
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of net position	9-10
Statement of activities	11-12
FUND FINANCIAL STATEMENTS	
Balance sheet-governmental funds	13
Reconciliation of the balance sheet to the statement of net position-governmental funds	14
Statement of revenues, expenditures and changes in fund balances-governmental funds	15
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities – governmental funds	16
Statement of net position-proprietary funds	17-18
Statement of revenues, expenses and changes in net position-proprietary funds	19
Statement of cash flows-proprietary funds	20-23
Statement of fiduciary net position	24
Statement of changes in fiduciary net position	25
Notes to financial statements	26-58
REQUIRED SUPPLEMENTARY INFORMATION	
Index to illustrative required supplementary information	59
Budgetary comparison schedule-general fund	60-61
Budgetary comparison schedule-grants fund	62
Budgetary comparison schedule-capital facilities tax fund	63
Notes to required supplementary information-budget comparisons	64
Schedule of the city's share of the net pension liability	65-66
Schedule of contributions	67
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	68-69
SCHEDULE OF FINDINGS AND RESPONSES	70

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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 the City of Rawlins, Wyoming, as of and for the year ended June 30, 2017, 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 opinion.

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, 2017, 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.

Emphasis of a Matter

As discussed in Note 4E to the basic financial statements, the City recorded prior period adjustments to record fixed assets, allocate cash, and adjust accounts payable. The results of these restatements are described in Note 4E.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8, the budgetary comparison information on pages 60 through 63, and the pension information on pages 65 through 67 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 1, 2017, 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.

Anton Collins Mitchell LLP

Laramie, Wyoming
December 1, 2017

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

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, 2017.

Financial Highlights

- The assets of the City of Rawlins exceeded its liabilities at the close of the most recent fiscal year by \$59,862,685 (*net position*). Of this amount, \$12,791,869 (*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 2016-2017), the City of Rawlins General Fund reported \$6,287,892 available for spending at the government's discretion (unassigned fund balance) and \$703,597 committed for future funding requirements. The City has also assigned \$4,653,440 (assigned fund balance) at the end of the fiscal year to be used for specific purposes, including \$4,000,000 of working capital reserve for the General Fund. A significant economic downturn statewide started in FY 2015-2016 and it is continuing into FY 2017-2018. The hope is if the 1,000 turbine wind project is permitted it will carry Carbon County back into a positive economic future over the next five years.
- The City of Rawlins General Fund Capital Equipment/Infrastructure total debt decreased by \$459,046 during the current fiscal year to a total of \$4,752,404. The majority of these debts (\$4,734,987) will be paid through the term of the 1.0% optional capital facility countywide sales tax. The City of Rawlins Enterprise Funds Capital Equipment/Infrastructure total debt increased by \$1,390,727 during the current fiscal year to a total of \$8,969,570 through the payment of our debt service. 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 2015-2016) the City received \$6,307,178 in sales and use taxes. For the fiscal year ending of June 30, 2017 the City received \$6,269,465 in sales and uses taxes, a decrease of \$37,713 or 0.6%. When compared to the sales and use taxes FY 2008-2009 figure (\$8,801,662) the City's eight year reduction in sales and use taxes is \$2,532,197. This loss in revenue created a reduction in full-time employees and capital expenditures.
- The City increased the Cost for maintaining the employee health insurance by 10% for FY 2015-2016 to match the anticipated cost of health services. This was in response to the losses suffered in our City sponsored self-insurance program. The FY 2016-2017 and the FY 2017-2018 budgeted increase in our self-insurance program is 9%.
- Revenues from the Golf Course's two primary accounts (membership & pro-shop) decreased by \$161,634 or 65.8% when compared to FY 2015-2016.
- The enterprise funds of water, wastewater, and landfill all earned less revenue in FY 2016-2017 as compared to the previous fiscal year. The recycling fund experienced an increase in revenues. The wastewater, landfill, and recycling funds had revenues which exceeded the expenses incurred within the fiscal year.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Rawlins basic financial statements which 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 decreases 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 recycling. The government-wide financial statement can be found of pages 9 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.

Governmental 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.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

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.

The basic proprietary fund financial statements can be found on pages 17 through 23 of this report.

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.

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

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017

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 58 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 is included in this report.

Government-wide Financial Analysis

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

City of Rawlins Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and Other assets	\$ 15,620,275	\$ 16,238,114	\$ 9,781,779	\$ 7,386,198	\$ 25,402,054	\$ 23,624,312
Capital assets	17,125,976	17,066,364	40,724,018	41,012,626	57,849,994	58,078,990
Deferred outflows	2,288,591	1,817,958	292,986	288,680	2,581,577	2,106,638
Total assets and deferred outflows	35,034,842	35,122,436	50,798,783	48,687,504	85,833,625	83,809,940
Long-term liabilities outstanding	4,752,404	5,211,450	9,795,713	8,957,591	14,548,117	14,169,041
Other liabilities	9,049,241	8,396,162	2,195,979	2,120,120	11,245,220	10,516,282
Total liabilities	13,801,645	13,607,612	11,991,692	11,077,711	25,793,337	24,685,323
Deferred inflows	151,877	65,534	25,726	19,492	177,603	85,026
Net position:						
Invested in capital assets	12,373,572	11,854,914	33,453,978	33,433,782	45,827,550	45,288,696
Restricted	72,760	84,223	1,170,506	845,302	1,243,266	929,525
Unrestricted	8,634,988	9,510,153	4,156,881	3,311,217	12,791,869	12,821,370
Total net position	\$ 21,081,320	\$ 21,449,290	\$ 38,781,365	\$ 37,590,301	\$ 59,862,685	\$ 59,039,591

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 \$59,862,685 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 \$45,827,550 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.

An additional portion of the City of Rawlins net position, \$1,243,266 represents resources that are subject to external restrictions on how they may be used.

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

The remaining balance of unrestricted net position in all City funds of \$12,791,869 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, 2017, 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.

City of Rawlins Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues						
Charges for Services	\$ 2,941,536	\$ 4,179,999	\$ 5,875,491	\$ 5,274,321	\$ 8,817,027	\$ 9,454,320
Operating grants and contributions	4,457,395	1,671,617	-	-	4,457,395	1,671,617
Capital grants and contributions	69,863	147,743	-	2,869,288	69,863	3,017,031
General Revenues:						
Property Taxes	514,471	490,640	-	-	514,471	490,640
Other Taxes	8,011,987	8,033,098	-	-	8,011,987	8,033,098
Other Revenues	159,610	340,364	5,293	6,765	164,903	347,129
Transfers	1,820,162	(277,445)	(1,820,162)	277,445	-	-
Total revenues	17,975,024	14,586,016	4,060,622	8,427,819	22,035,646	23,013,835
Expenses:						
General government	6,983,824	3,989,582			6,983,824	3,989,582
Public Safety	4,369,212	4,278,752			4,369,212	4,278,752
Public Works	2,310,519	3,034,518			2,310,519	3,034,518
Health, welfare and recreation	1,928,176	1,609,183			1,928,176	1,609,183
Non-departmental	1,046,063	1,202,997			1,046,063	1,202,997
Interest on long term debt	232,103	255,558	351,694	204,500	583,797	460,058
Water			3,141,041	3,592,950	3,141,041	3,592,950
Wastewater			896,836	918,847	896,836	918,847
Landfill			1,155,793	1,251,995	1,155,793	1,251,995
Recycling			168,173	138,175	168,173	138,175
Total expenses	16,869,897	14,370,591	5,713,537	6,106,467	22,583,434	20,477,058
Total general revenues & transfers	17,975,024	14,586,016	4,060,622	8,427,819	22,035,646	23,013,835
Changes in net position	1,105,127	215,425	(1,652,915)	2,321,352	(547,788)	2,536,777
Net position - beginning - Restated	19,976,193	21,233,865	40,434,280	35,268,949	60,410,473	56,502,814
Net position - ending	\$ 21,081,320	\$ 21,449,290	\$ 38,781,365	\$ 37,590,301	\$ 59,862,685	\$ 59,039,591

Analysis of Changes in Net Position

The City of Rawlins net position decreased by \$547,788 during the current fiscal year as shown above.

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

Budgetary Highlights

Significant highlights of the fiscal year 2016-2017 was the continuing losses being taken in the recurring revenues of the general fund. In total the amount received in FY 2016-2017 is \$540,783 less than the previous fiscal year. Sales taxes themselves is down \$123,243 from the previous year. The City response is to not budget any general fund capital projects until after June 30th as the City can view its cash available for the next fiscal year at this time. The general fund personnel budget has four less positions budgeted in FY 2017-2018 in response to the fall in general funds recurring revenues above.

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	\$ 3,713,953	\$ -
Capital assets being depreciated	29,057,872	74,042,683
Accumulated depreciation	<u>(15,645,849)</u>	<u>(33,318,665)</u>
Net capital assets	<u>\$ 17,125,976</u>	<u>\$ 40,724,018</u>
Long-term debt	<u>\$ 4,752,404</u>	<u>\$ 9,795,713</u>

Economic Factors and Next Year's Budget

With falling revenues in FY 2016-2017 and the state forecast for this to continue into FY 2017-2018 the City responded with not filling four positions that were vacated in FY 2016-2017 within the general fund. The City of Rawlins budgeted to hold onto all "rainy-day reserves" that were in place in FY 2016-2017 and carry them forward into FY 2017-2018 in all operating funds. The future project, the 1,000 Wind Turbine Farms that is anticipated to jump start the Carbon County economy has been started, but we do not anticipate any significant sales and use tax being received until FY 2019-2020.

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 Izzo (Finance Director) address: City of Rawlins, 521 West Cedar, P.O. Box 953, Rawlins, WY 82301.

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CITY OF RAWLINS, WYOMING

STATEMENT OF NET POSITION

June 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 10,575,583	\$ 7,330,781	\$ 17,906,364
Investments at fair value	2,032,059	1,170,506	3,202,565
Accounts receivable less allowance for doubtful accounts	2,261,577	681,434	2,943,011
Unbilled service receivable	-	180,856	180,856
Interfund advances receivable	651,655	-	651,655
Inventory	26,825	418,202	445,027
Prepaid insurance	72,576	-	72,576
Capital assets			
Land	2,551,948	-	2,551,948
Construction in progress	1,162,005	-	1,162,005
Buildings and improvements	12,218,590	69,166,281	81,384,871
Infrastructure	4,975,246	-	4,975,246
Furniture and equipment	11,864,036	4,876,402	16,740,438
Accumulated depreciation	<u>(15,645,849)</u>	<u>(33,318,665)</u>	<u>(48,964,514)</u>
Total Assets	<u>32,746,251</u>	<u>50,505,797</u>	<u>83,252,048</u>
DEFERRED OUTFLOWS OF RESOURCES			
Aggregate deferred outflows of resources related to pensions	<u>2,288,591</u>	<u>292,986</u>	<u>2,581,577</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 35,034,842</u>	<u>\$ 50,798,783</u>	<u>\$ 85,833,625</u>

(Continued)

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

STATEMENT OF NET POSITION

June 30, 2017
(Continued)

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable	\$ 345,104	\$ 85,958	\$ 431,062
Accrued payroll	180,699	33,515	214,214
Accrued interest payable	-	138,592	138,592
Capital leases - current	484,053	-	484,053
Capital leases - long term	4,268,351	-	4,268,351
Interfund advances payable	-	651,655	651,655
Notes payable - current	-	294,880	294,880
Notes payable - long term	-	8,674,690	8,674,690
Closure and post closure costs	-	826,143	826,143
Net pension liability	7,289,707	959,644	8,249,351
Accrued compensated absences	1,233,731	326,615	1,560,346
Total Liabilities	13,801,645	11,991,692	25,793,337
DEFERRED INFLOWS OF RESOURCES			
Aggregate deferred inflows of resources related to pensions	151,877	25,726	177,603
NET POSITION			
Invested in capital assets	12,373,572	33,453,978	45,827,550
Restricted	72,760	1,170,506	1,243,266
Unrestricted	8,634,988	4,156,881	12,791,869
Total Net Position	\$ 21,081,320	\$ 38,781,365	\$ 59,862,685

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2017

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Executive - City Manager	\$ 338,886	\$ -	\$ -	\$ -
Administrative services	654,177	-	-	-
Legal and judicial	457,001	1,338	-	-
Police	2,150,278	-	-	-
General government	6,983,824	2,097,671	4,412,006	-
Fire	1,084,742	-	-	-
Engineering and development	654,815	306,451	-	-
Highways and streets	648,687	4,029	-	-
Animal control	677,191	62,506	-	69,863
Health welfare	50,512	29,278	45,389	-
Parks and recreation	1,877,664	426,623	-	-
Building maintenance	627,582	-	-	-
Cemetery	-	13,640	-	-
Public works	379,435	-	-	-
Nonprofit agency	53,000	-	-	-
Interest on long-term debt	232,103	-	-	-
Total governmental activities	16,869,897	2,941,536	4,457,395	69,863
Business-Type Activities:				
Water	3,345,507	2,695,078	-	-
Sewer	1,025,924	1,081,757	-	-
Solid waste	1,173,933	1,928,565	-	-
Recycling	168,173	170,091	-	-
Total business-type activities	5,713,537	5,875,491	-	-
Total primary government	\$ 22,583,434	\$ 8,817,027	\$ 4,457,395	\$ 69,863

General revenues:

Taxes:

Property taxes

Franchise taxes

Sales and use taxes

Cigarette taxes

State gasoline taxes

Severance taxes

Miscellaneous income

Interest income

Capital asset transfers in (out)

Operating transfers in (out)

Total general revenues and transfers

Change in net position

Net position - beginning, restated (Note 4E)

Net position - ending

See Notes to the Financial Statements.

Net (Expense) Revenue and Changes in Net Position

<u>Primary Government</u>		
<u>Governmental</u>	<u>Business-type</u>	
<u>Activities</u>	<u>Activities</u>	<u>Total</u>
\$ (338,886)	\$ -	\$ (338,886)
(654,177)	-	(654,177)
(455,663)	-	(455,663)
(2,150,278)	-	(2,150,278)
(474,147)	-	(474,147)
(1,084,742)	-	(1,084,742)
(348,364)	-	(348,364)
(644,658)	-	(644,658)
(544,822)	-	(544,822)
24,155	-	24,155
(1,451,041)	-	(1,451,041)
(627,582)	-	(627,582)
13,640	-	13,640
(379,435)	-	(379,435)
(53,000)	-	(53,000)
(232,103)	-	(232,103)
<u>(9,401,103)</u>	<u>-</u>	<u>(9,401,103)</u>
-	(650,429)	(650,429)
-	55,833	55,833
-	754,632	754,632
-	1,918	1,918
-	161,954	161,954
<u>\$ (9,401,103)</u>	<u>\$ 161,954</u>	<u>\$ (9,239,149)</u>

\$ 514,471	\$ -	\$ 514,471
619,282	-	619,282
6,269,465	-	6,269,465
55,025	-	55,025
398,429	-	398,429
669,786	-	669,786
129,493	-	129,493
30,117	5,293	35,410
126,468	(126,468)	-
1,693,694	(1,693,694)	-
<u>10,506,230</u>	<u>(1,814,869)</u>	<u>8,691,361</u>
1,105,127	(1,652,915)	(547,788)
19,976,193	40,434,280	60,410,473
<u>\$ 21,081,320</u>	<u>\$ 38,781,365</u>	<u>\$ 59,862,685</u>

CITY OF RAWLINS, WYOMING

BALANCE SHEET
GOVERNMENTAL FUNDS
 June 30, 2017

	General	Grants	Capital Facilities Tax	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 9,839,177	\$ -	\$ 72,760	\$ 207,977	\$ 10,119,914
Investments	2,032,059	-	-	-	2,032,059
Receivables (net of allowance for uncollectibles):					
Taxes	505,369	-	-	-	505,369
Accounts	61,654	1,649,449	-	-	1,711,103
Interfund advances receivable	1,659,005	-	-	-	1,659,005
Inventory	26,825	-	-	-	26,825
Prepays	72,576	-	-	-	72,576
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 14,196,665</u>	<u>\$ 1,649,449</u>	<u>\$ 72,760</u>	<u>\$ 207,977</u>	<u>\$ 16,126,851</u>
LIABILITIES					
Accounts payable	\$ 107,262	\$ 74,822	\$ -	\$ -	\$ 182,084
Accrued payroll and liabilities	180,699	-	-	-	180,699
Interfund advances payable	-	1,007,350	-	-	1,007,350
Total Liabilities	<u>287,961</u>	<u>1,082,172</u>	<u>-</u>	<u>-</u>	<u>1,370,133</u>
FUND BALANCES					
Nonspendable	2,263,775	-	-	-	2,263,775
Restricted	-	-	72,760	-	72,760
Committed	703,597	-	-	-	703,597
Assigned	4,653,440	-	-	-	4,653,440
Unassigned	6,287,892	567,277	-	207,977	7,063,146
Total Fund Balances	<u>13,908,704</u>	<u>567,277</u>	<u>72,760</u>	<u>207,977</u>	<u>14,756,718</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balance	<u>\$ 14,196,665</u>	<u>\$ 1,649,449</u>	<u>\$ 72,760</u>	<u>\$ 207,977</u>	<u>\$ 16,126,851</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, 2017

Fund balances - total governmental funds \$ 14,756,718

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

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

Governmental capital assets	32,771,825	
Less accumulated depreciation	<u>(15,645,849)</u>	17,125,976

Deferred outflows of resources used in governmental activities are not financial resources and therefore, are not reported in the governmental fund statements. 2,288,591

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. 45,105

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

CC SPT Bond lease payable	(4,734,987)	
Governmental notes payable	(17,417)	
Compensated absences	<u>(1,233,731)</u>	(5,986,135)

Liabilities and assets resulting from the recognition of the proportionate share of the net pension liability are not due and payable from current financial resources and, therefore, are not reported in the governmental funds. Associated deferred inflows and outflows of resources are also eliminated for this reason.

Aggregate net pension liability	(7,289,707)	
Aggregate deferred inflows of resources related to pensions	<u>(151,877)</u>	(7,441,584)

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 position. 292,649

Net position of governmental activities \$ 21,081,320

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, 2017

	General	Grants	Capital Facility Tax	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes and special assessments	\$ 8,068,332	\$ -	\$ -	\$ -	\$ 8,068,332
Intergovernmental	394,210	4,542,348	-	-	4,936,558
Charges for services	365,429	-	-	-	365,429
Investment income	29,642	-	106	9	29,757
Miscellaneous	129,494	-	-	69,863	199,357
Total Revenues	<u>8,987,107</u>	<u>4,542,348</u>	<u>106</u>	<u>69,872</u>	<u>13,599,433</u>
EXPENDITURES:					
Current operating:					
General government	2,969,723	-	-	-	2,969,723
Public safety and transportation	3,715,861	4,968	-	-	3,720,829
Public works	364,518	-	-	-	364,518
Highways and streets	617,175	-	11,569	-	628,744
Health and welfare	169,620	6,345	-	-	175,965
Culture and recreation	1,616,120	4,214,854	-	143,167	5,974,141
Debt service:					
Principal retirement	5,336	-	-	-	5,336
Total Expenditures	<u>9,458,353</u>	<u>4,226,167</u>	<u>11,569</u>	<u>143,167</u>	<u>13,839,256</u>
Excess (deficiency) of revenues over expenditures	<u>(471,246)</u>	<u>316,181</u>	<u>(11,463)</u>	<u>(73,295)</u>	<u>(239,823)</u>
FINANCING SOURCES AND (USES):					
Transfers in	1,532,562	161,132	-	70,000	1,763,694
Transfers out	<u>(70,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(70,000)</u>
Total Financing Sources and (Uses)	<u>1,462,562</u>	<u>161,132</u>	<u>-</u>	<u>70,000</u>	<u>1,693,694</u>
Net Change in Fund Balance	991,316	477,313	(11,463)	(3,295)	1,453,871
Fund Balances - Beginning, as restated	<u>12,917,388</u>	<u>89,964</u>	<u>84,223</u>	<u>211,272</u>	<u>13,302,847</u>
Fund Balances - Ending	<u>\$ 13,908,704</u>	<u>\$ 567,277</u>	<u>\$ 72,760</u>	<u>\$ 207,977</u>	<u>\$ 14,756,718</u>

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

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

For the Year Ended June 30, 2017

Net change in fund balances - total governmental funds \$ 1,453,871

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	903,604	
Loss on disposition of assets	(8,659)	
Less current year depreciation	<u>(967,406)</u>	(72,461)

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

Long-term debt principal payments	459,046
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Some expenses reported in the statement of activities do not require current
financial resources and therefore are not reported as expenditures in
governmental funds.

Change in long-term compensated absences	(617,744)
Change in pension expense	(214,832)

Some revenues reported in the statement of activities are not current financial
resources from a governmental fund perspective.

Change in property tax receivable	16,420
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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 position.

	<u>80,827</u>
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Change in net position of governmental activities	<u>\$ 1,105,127</u>
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See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

June 30, 2017

	Business-Type Activities- Enterprise Funds					Governmental Activity- Internal Service Fund
	Water	Sewer	Landfill	Recycling	Total	
ASSETS						
Current Assets						
Cash	\$ 4,417,747	\$ 1,457,945	\$ 1,310,343	\$ 144,746	\$ 7,330,781	\$ 455,670
Investments	1,170,506	-	-	-	1,170,506	-
Receivables:						
Accounts, customers	209,144	100,040	358,935	13,315	681,434	-
Unbilled	115,600	23,575	41,681	-	180,856	-
Inventory	364,047	54,155	-	-	418,202	-
Total current assets	<u>6,277,044</u>	<u>1,635,715</u>	<u>1,710,959</u>	<u>158,061</u>	<u>9,781,779</u>	<u>455,670</u>
Noncurrent Assets						
Capital assets						
Building and improvements	59,719,795	8,658,880	787,606	-	69,166,281	-
Furniture and equipment	2,141,948	1,147,559	1,586,895	-	4,876,402	-
Accumulated depreciation	(28,993,997)	(3,305,582)	(1,019,086)	-	(33,318,665)	-
Total noncurrent assets	<u>32,867,746</u>	<u>6,500,857</u>	<u>1,355,415</u>	<u>-</u>	<u>40,724,018</u>	<u>-</u>
 Total Assets	 <u>39,144,790</u>	 <u>8,136,572</u>	 <u>3,066,374</u>	 <u>158,061</u>	 <u>50,505,797</u>	 <u>455,670</u>
DEFERRED OUTFLOWS OF RESOURCES						
Amounts related to pensions	<u>168,111</u>	<u>62,593</u>	<u>49,165</u>	<u>13,117</u>	<u>292,986</u>	<u>-</u>
 Total Assets and Deferred Outflows of Resources	 <u>\$ 39,312,901</u>	 <u>\$ 8,199,165</u>	 <u>\$ 3,115,539</u>	 <u>\$ 171,178</u>	 <u>\$ 50,798,783</u>	 <u>\$ 455,670</u>

(Continued)

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS

June 30, 2017

(Continued)

	Business-Type Activities- Enterprise Funds					Governmental Activity- Internal Service Fund
	Water	Sewer	Landfill	Recycling	Total	
LIABILITIES						
Current liabilities						
Accounts payable	\$ 52,867	\$ 20,873	\$ 9,986	\$ 2,232	\$ 85,958	\$ -
Accrued payroll	14,275	8,750	6,670	3,818	33,513	-
Accrued interest payable	117,232	21,360	-	-	138,592	-
Benefit claims incurred but not reported	-	-	-	-	-	163,021
Notes payable - current	201,122	93,758	-	-	294,880	-
Total current liabilities	<u>385,496</u>	<u>144,741</u>	<u>16,656</u>	<u>6,050</u>	<u>552,943</u>	<u>163,021</u>
Noncurrent liabilities						
Notes payable	5,776,941	1,198,219	1,699,532	-	8,674,692	-
Interfund advances payable	-	651,655	-	-	651,655	-
Landfill closure costs	-	-	826,143	-	826,143	-
Net pension liability	550,628	205,018	161,034	42,964	959,644	-
Accrued compensated absences	129,568	141,580	28,123	27,344	326,615	-
Total noncurrent liabilities	<u>6,457,137</u>	<u>2,196,472</u>	<u>2,714,832</u>	<u>70,308</u>	<u>11,438,749</u>	<u>-</u>
Total Liabilities	<u>6,842,633</u>	<u>2,341,213</u>	<u>2,731,488</u>	<u>76,358</u>	<u>11,991,692</u>	<u>163,021</u>
DEFERRED INFLOWS OF RESOURCES						
Amounts related to pensions	<u>14,761</u>	<u>5,496</u>	<u>4,317</u>	<u>1,152</u>	<u>25,726</u>	<u>-</u>
NET POSITION						
Invested in capital assets, net	26,889,683	5,208,880	1,355,415	-	33,453,978	-
Restricted	1,170,506	-	-	-	1,170,506	-
Unrestricted	4,395,318	643,576	(975,681)	93,668	4,156,881	292,649
Total Net Position	<u>\$ 32,455,507</u>	<u>\$ 5,852,456</u>	<u>\$ 379,734</u>	<u>\$ 93,668</u>	<u>\$ 38,781,365</u>	<u>\$ 292,649</u>

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS**

For the Year Ended June 30, 2017

	Business-Type Activities- Enterprise Funds					Governmental
	Water	Sewer	Landfill	Recycling	Total	Activity- Internal Service Fund
OPERATING REVENUES:						
Charges for services	\$ 2,573,902	\$ 1,067,641	\$ 1,905,252	\$ 170,091	\$ 5,716,886	\$ 1,976,106
Other income	121,177	14,116	23,312	-	158,605	-
Total operating revenues	<u>2,695,079</u>	<u>1,081,757</u>	<u>1,928,564</u>	<u>170,091</u>	<u>5,875,491</u>	<u>1,976,106</u>
OPERATING EXPENSES						
Personal services	887,583	434,128	284,574	131,403	1,737,688	-
Contractual services	55,697	10,375	254,746	-	320,818	-
Utilities	128,331	86,427	16,288	13,797	244,843	-
Repair and maintenance	403,165	13,102	14,133	6,468	436,868	-
Other supplies and expenses	237,823	122,339	471,280	16,505	847,947	-
Depreciation	1,428,442	230,465	114,772	-	1,773,679	-
Benefit payments	-	-	-	-	-	1,895,638
Total operating expenses	<u>3,141,041</u>	<u>896,836</u>	<u>1,155,793</u>	<u>168,173</u>	<u>5,361,843</u>	<u>1,895,638</u>
Operating income (loss)	<u>(445,962)</u>	<u>184,921</u>	<u>772,771</u>	<u>1,918</u>	<u>513,648</u>	<u>80,468</u>
NONOPERATING REVENUES						
(EXPENSES):						
Investment income	4,601	366	285	41	5,293	359
Interest expense	(204,467)	(129,088)	(18,139)	-	(351,694)	-
Total nonoperating revenue (expenses)	<u>(199,866)</u>	<u>(128,722)</u>	<u>(17,854)</u>	<u>41</u>	<u>(346,401)</u>	<u>359</u>
Income (loss) before transfers	<u>(645,828)</u>	<u>56,199</u>	<u>754,917</u>	<u>1,959</u>	<u>167,247</u>	<u>80,827</u>
TRANSFERS						
Capital asset transfers in	3,199,483	-	18,485	-	3,217,968	-
Capital asset transfers out	(123,268)	(3,199,483)	-	(21,685)	(3,344,436)	-
Operating transfers in	-	-	-	-	-	-
Operating transfers out	(241,669)	(121,724)	(1,330,301)	-	(1,693,694)	-
	<u>2,834,546</u>	<u>(3,321,207)</u>	<u>(1,311,816)</u>	<u>(21,685)</u>	<u>(1,820,162)</u>	<u>-</u>
Change in net position	2,188,718	(3,265,008)	(556,899)	(19,726)	(1,652,915)	80,827
Net position - beginning, restated	<u>30,266,789</u>	<u>9,117,464</u>	<u>936,633</u>	<u>113,394</u>	<u>40,434,280</u>	<u>211,822</u>
Net position - ending	<u>\$ 32,455,507</u>	<u>\$ 5,852,456</u>	<u>\$ 379,734</u>	<u>\$ 93,668</u>	<u>\$ 38,781,365</u>	<u>\$ 292,649</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, 2017

	<u>Business-Type Activities- Enterprise Funds</u>			
	<u>Water</u>	<u>Sewer</u>	<u>Landfill</u>	<u>Recycling</u>
CHANGE IN CASH AND CASH EQUIVALENTS:				
CASH FLOWS FROM OPERATIONS:				
Receipts from customers	\$ 2,520,347	\$ 1,062,024	\$ 1,743,617	\$ 170,163
Other operating cash receipts	126,660	13,376	23,312	-
Payments to suppliers	(823,263)	(219,984)	(1,344,954)	(36,587)
Payments to employees	(825,852)	(359,026)	(313,655)	(103,996)
Net cash from operating activities	<u>997,892</u>	<u>496,390</u>	<u>108,320</u>	<u>29,580</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers out	(241,669)	(121,724)	(1,330,301)	-
Net cash from noncapital financing activities	<u>(241,669)</u>	<u>(121,724)</u>	<u>(1,330,301)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Net acquisition of capital assets	882,798	(66,036)	146,217	(21,685)
Proceeds from long-term debt	33,211	-	1,688,544	-
Principal payments on long-term debt	(249,262)	(91,489)	-	-
Net cash from capital and related financing activities	<u>666,747</u>	<u>(157,525)</u>	<u>1,834,761</u>	<u>(21,685)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest earned on investments	4,601	366	285	41
Purchase of investments	(60,000)	-	-	-
Interest expense	(204,467)	(129,088)	(18,139)	-
Net cash from investing activities	<u>(259,866)</u>	<u>(128,722)</u>	<u>(17,854)</u>	<u>41</u>
Net change in cash and cash equivalents	1,163,104	88,419	594,926	7,936
Cash, beginning	<u>3,254,643</u>	<u>1,369,526</u>	<u>715,417</u>	<u>136,810</u>
Cash, ending	<u>\$ 4,417,747</u>	<u>\$ 1,457,945</u>	<u>\$ 1,310,343</u>	<u>\$ 144,746</u>

See Notes to the Financial Statements.

<u>Total</u>	<u>Governmental Activity- Internal Service Fund</u>
\$ 5,496,151	\$ 1,976,106
163,348	-
(2,424,788)	(2,066,448)
<u>(1,602,529)</u>	<u>-</u>
<u>1,632,182</u>	<u>(90,342)</u>
<u>(1,693,694)</u>	<u>-</u>
<u>(1,693,694)</u>	<u>-</u>
941,294	-
1,721,755	-
<u>(340,751)</u>	<u>-</u>
<u>2,322,298</u>	<u>-</u>
5,293	359
(60,000)	-
<u>(351,694)</u>	<u>-</u>
<u>(406,401)</u>	<u>359</u>
1,854,385	(89,983)
<u>5,476,396</u>	<u>545,653</u>
<u>\$ 7,330,781</u>	<u>\$ 455,670</u>
	(Continued)

CITY OF RAWLINS, WYOMING

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
 For the Year Ended June 30, 2017
 (Continued)

	<u>Business-Type Activities-Enterprise Funds</u>			
	<u>Water</u>	<u>Sewer</u>	<u>Landfill</u>	<u>Recycling</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:				
Income from operations	\$ (445,962)	\$ 184,921	\$ 772,771	\$ 1,918
Adjustments to reconcile income from operations to net cash from operating activities:				
Depreciation	1,428,442	230,465	114,772	-
(Increase) decrease in:				
Accounts receivable	(53,555)	(5,617)	(161,635)	72
Deferred outflow	(15,620)	2,779	10,357	(1,822)
Inventory	5,483	(740)	-	-
Increase (decrease) in:				
Accounts payable	12,908	8,398	(35,570)	1,616
Payroll liabilities	(2,221)	78,721	(153)	20,492
Net pension liability	63,952	(3,619)	(28,928)	6,915
Deferred inflow	4,465	1,082	298	389
Benefit claims incurred but not reported payable	-	-	-	-
Landfill closure costs	-	-	(563,592)	-
Net cash from operating activities	<u>\$ 997,892</u>	<u>\$ 496,390</u>	<u>\$ 108,320</u>	<u>\$ 29,580</u>

See Notes to the Financial Statements.

<u>Total</u>	<u>Governmental Activity- Internal Service Fund</u>
\$ 513,648	\$ 80,468
1,773,679	-
(220,735)	-
(4,306)	-
4,743	-
(12,648)	-
96,839	-
38,320	-
6,234	-
-	(170,810)
<u>(563,592)</u>	<u>-</u>
<u>\$ 1,632,182</u>	<u>\$ (90,342)</u>

CITY OF RAWLINS, WYOMING

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2017

	<u>Private Donations</u>
ASSETS	
Cash	\$ 251,084
Investments	<u>100,000</u>
Total Assets	<u>\$ 351,084</u>
 NET POSITION	
Funds held for others	<u>\$ 351,084</u>
Total Net Position	<u>\$ 351,084</u>

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended June 30, 2017

	<u>Private Donations</u>
ADDITIONS:	
Revenue	
Donations	\$ 55,497
Investment income	402
Miscellaneous	<u>17,112</u>
Total Additions	<u>73,011</u>
DEDUCTIONS:	
Operating expenditures	<u>32,019</u>
Total Deductions	<u>32,019</u>
Net change	40,992
Net Position - Beginning, as restated	<u>310,092</u>
Net Position - Ending	<u><u>\$ 351,084</u></u>

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

NOTES TO FINANCIAL STATEMENTS

INDEX

- NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
- A. Financial Reporting Entity
 - B. Basis of Presentation
 - C. Measurement Focus and Basis of Accounting
 - D. Assets, Liabilities, and Equity
 - E. Revenues, Expenditures, and Expenses
 - F. Budgetary Data
- NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY
- A. Fund Accounting Requirements
 - B. Compliance with Finance Related and Legal Contractual Provisions
 - C. Excess of Expenditures over Appropriation in Individual Funds
- NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS
- A. Cash and Investments
 - B. Accounts Receivable
 - C. Capital Assets
 - D. Accounts Payable
 - E. Long-term Debt
 - F. Landfill Closure and Post-closure Costs
 - G. Interfund Transactions and Balances
- NOTE 4. OTHER NOTES
- A. Employee Pension Plans
 - B. Risk Management – Claims and Judgments
 - C. Operating Leases
 - D. Commitments and Contingencies
 - E. Prior Period Adjustment

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

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

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

1.B. BASIS OF PRESENTATION

Government-wide Financial Statements

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

NOTES TO FINANCIAL STATEMENTS

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not classified as 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 are considered to be a 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 Funds

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 landfill system.

NOTES TO FINANCIAL STATEMENTS

Recycling Fund

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

Internal Service Fund

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

Fiduciary Funds

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

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

The City's reports the following fiduciary funds:

Private Donation Fund

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

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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.

NOTES TO FINANCIAL STATEMENTS

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. Non-exchange 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

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.

NOTES TO FINANCIAL STATEMENTS

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.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources are reductions of net position or fund balance that relate to a future period. Various GASB statements define transactions that should be reported as deferred outflows of resources. For statements to which the economic resources measurement focus and accrual basis of accounting are applied, the City treats certain amounts related to pensions as deferred outflows of resources.

Deferred inflows of resources are increases of net position or fund balance that relate to a future period. Various GASB statements define transactions that should be reported as deferred inflows of resources. For statements to which the economic resources measurement focus and accrual basis of accounting are applied, the City treats certain amounts related to pensions as deferred inflows of resources.

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.

NOTES TO 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 principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

Compensated Absences

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

Deferred Revenue

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

Equity Classifications

Government-wide Statements

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

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

Fund Statements

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

NOTES TO FINANCIAL STATEMENTS

1.E. REVENUES, EXPENDITURES, AND EXPENSES

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

Sales Tax

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

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

Use Tax

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

Property Tax

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

Operating Revenues and Expenses

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

NOTES TO FINANCIAL STATEMENTS

of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Expenditures/Expenses

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

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

Governmental Funds - By Character: Current (further classified by function)
 Capital outlay
 Debt service

Proprietary Fund - By Operating and Nonoperating

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

Interfund Transfers

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

Use of Estimates

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

Subsequent Events

Management has evaluated subsequent events through December 1, 2017, 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-four 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, 2017:

Expenses	
General fund	
Increase expenses	\$ 2,087,294
Capital facilities tax fund	
Increase expenses	\$ 11,600
Revenues	
General fund	
Increase revenue	\$ 130,667

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:

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.

NOTES TO FINANCIAL STATEMENTS

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.

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, 2017, the carrying amount of the City's demand deposits in financial institutions was \$18,490,985. Demand deposits held by the Bank of Commerce, Rawlins National Bank, and Bank of the West in the amounts of \$1,149,715, \$7,634,830, and \$9,706,440, respectively, were fully insured with a combination of FDIC insurance and pledged collateral held in the name of the City. All deposits were held by a qualified depository as outlined in the state statutes.

At June 30, 2017, the City had \$2,297,263 on deposit with WYOSTAR. Detailed information on the State Treasurer's pooled cash and investments is available from that office.

NOTES TO FINANCIAL STATEMENTS

Investments

As of June 30, 2017, the City had investments with weighted average maturities as shown in the following table:

<u>Investment Type</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Weighted Average Maturity in Years</u>
Certificates of Deposit	\$ 1,005,302	\$ 1,005,302	0.18717
State of Wyoming Investment Pool (WYOSTAR)	<u>2,297,263</u>	<u>2,297,263</u>	
Total	<u>\$ 3,302,565</u>	<u>\$ 3,302,565</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 on an ongoing basis for changes in effective yields amounts.

Credit Risk

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>AAA</u>	<u>Insured</u>	<u>Unrated</u>
Certificates of Deposit	\$ 1,005,302	\$ -	\$ 1,005,302	\$ -
State of Wyoming Investment Pool (WYOSTAR)	<u>2,297,263</u>	<u>-</u>	<u>-</u>	<u>2,297,263</u>
Total	<u>\$ 3,302,565</u>	<u>\$ -</u>	<u>\$ 1,005,302</u>	<u>\$ 2,297,263</u>

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.

NOTES TO FINANCIAL STATEMENTS

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, 2017, the City held investments from the following issuers in excess of 5% of the total portfolio:

State of Wyoming Investment	
Pool (WYOSTAR)	\$ 2,297,263
Rawlins National Bank	<u>905,302</u>
Total	<u>\$ 3,202,565</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 currency 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 \$5,524 as of June 30, 2017.

3.C. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance at June 30, 2016	Additions	Disposals	Balance at June 30, 2017
Governmental activities:				
Non-depreciable assets				
Land	\$ 1,054,341	\$ 1,497,607	\$ -	\$ 2,551,948
Golf course	1,497,607	-	1,497,607	-
Construction in progress	578,074	712,766	128,835	1,162,005
Depreciable assets				
Buildings and improvements	12,227,158	-	8,568	12,218,590
Infrastructure	4,975,246	-	-	4,975,246
Furniture and equipment	<u>11,656,813</u>	<u>470,230</u>	<u>263,007</u>	<u>11,864,036</u>
Total at historical cost	<u>31,989,239</u>	<u>2,680,603</u>	<u>1,898,017</u>	<u>32,771,825</u>
Accumulated depreciation				
Buildings and improvements	(4,722,391)	(104,860)	8,568	(4,818,683)
Infrastructure	(2,188,976)	(100,063)	-	(2,289,039)
Furniture and equipment	<u>(8,011,508)</u>	<u>(762,483)</u>	<u>235,864</u>	<u>(8,538,127)</u>
Total accumulated depreciation	<u>(14,922,875)</u>	<u>(967,406)</u>	<u>244,432</u>	<u>(15,645,849)</u>
Governmental activities capital assets, net	<u>\$ 17,066,364</u>	<u>\$ 1,713,197</u>	<u>\$ 1,653,585</u>	<u>\$ 17,125,976</u>

NOTES TO FINANCIAL STATEMENTS

	Balance at June 30, 2016	Additions	Disposals	Balance at June 30, 2017
Business-type activities:				
Non-depreciable assets				
Construction in progress	\$ 1,468,558	\$ 33,211	\$ 1,501,769	\$ -
Depreciable assets				
Buildings and improvements	66,810,149	3,024,990	668,858	69,166,281
Furniture and equipment	4,855,344	357,233	336,175	4,876,402
Total at historical cost	73,134,051	3,415,434	2,506,802	74,042,683
Accumulated depreciation				
Buildings and improvements	(30,453,818)	(1,496,138)	314,064	(31,635,892)
Furniture and equipment	(1,667,607)	(277,540)	262,374	(1,682,773)
Total accumulated depreciation	(32,121,425)	(1,773,678)	576,438	(33,318,665)
Business-type activities capital assets, net	\$ 41,012,626	\$ 1,641,756	\$ 1,930,364	\$ 40,724,018

Depreciation expense was charged to governmental activities as follows:

General government:	
General government	\$ 237,980
Public safety:	
Police	215,515
Fire	132,575
Public works	169,345
Culture and recreation:	
Parks	20,015
Recreation	191,976
Total depreciation expense	\$ 967,406

3.D. ACCOUNTS PAYABLE

Payables in the general fund, major governmental funds and enterprise funds are comprised 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.

NOTES TO FINANCIAL STATEMENTS

The following is a summary of changes in long-term debt obligations of the City at June 30, 2017:

	Long-term Obligations at June 30, 2016	Additions	Deletions	Long-term Obligations at June 30, 2017	Due Within One Year
Governmental activities:					
Capital Leases:					
CC 2009 SPT JPB	\$ 4,292,143	\$ -	\$ 453,710	\$ 3,838,433	\$ 478,717
CC 2009 IRS SPT JPB	896,554	-	-	896,554	-
WAM-WCCA	22,753	-	5,336	17,417	5,336
Other long-term debt					
Compensated absences	705,605	528,126	-	1,233,731	-
	\$ 5,917,055	\$ 528,126	\$ 459,046	\$ 5,986,135	\$ 484,053
	Long-term Obligations at June 30, 2016	Additions	Deletions	Long-term Obligations at June 30, 2017	Due Within One Year
Business-Type Activities:					
Loans Payable:					
Sage Creek water line	\$ 2,119,997	\$ -	\$ 65,479	\$ 2,054,518	\$ 68,099
DWSRF Loan #69	274,354	-	16,591	257,763	18,721
DWSRF Loan #80	276,136	-	17,026	259,110	18,782
Atlantic Rim pipeline	799,504	-	18,043	781,461	18,764
Atlantic Rim reservoir	1,861,106	-	39,528	1,821,578	41,108
CWSRF Loan #90	571,290	-	35,142	536,148	38,864
CWSRF Loan #85	805,428	-	49,599	755,829	54,894
CWSRF Loan #145	231,396	33,211	-	264,607	10,449
DWSRF Loan #147	628,644	-	89,619	539,025	25,199
SLIB MWL-15011	10,988	710,934	-	721,922	-
Bank of the West	-	977,609	-	977,609	-
Other long-term debt					
Landfill closure and post closure costs payable	1,378,747	(552,604)	-	826,143	-
Compensated absences	190,625	-	(135,990)	326,615	-
	\$ 9,148,215	\$ 1,169,150	\$ 195,037	\$ 10,122,328	\$ 294,880

Governmental Activities:

As of June 30, 2017 the governmental long-term debt of the financial reporting entity consisted of the following:

CAPITAL LEASES:

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. \$ 17,417

Capital lease payable, due in semi-annual installments including interest, through June 15, 2020, paid through special purposes taxes collected by the County. 4,734,987

Total Governmental Activity Debt \$ 4,752,404

NOTES TO FINANCIAL STATEMENTS

Business-type Activities:

As of June 30, 2016, the governmental long-term debt of the financial reporting entity consisted of the following:

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.	\$ 2,054,518
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.	257,763
Note payable to the Office of State Lands and Investments, funded by the EPA, due in annual installments of \$25,260 including interest at 2.5% to November 2028, secured by revenue generated by the Municipal Water System.	259,110
Note payable to the Office of State Lands and Investments, funded by the EPA, due in annual installments of \$52,267 including interest at 2.5% to November 2028, secured by revenue generated by the Municipal Water System.	536,148
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.	755,829
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.	781,461
Note payable to the Office of State Lands and Investments, due in annual installments of \$131,835 including interest at 4.00% to September 2042, secured by revenue generated by the Municipal Water System.	1,821,578
Note payable to the Office of State Lands and Investments, due in annual installments of \$16,974 including interest at 2.5% to July 2036, secured by revenue generated by the Municipal Water System.	264,607
Note payable to the Office of State Lands and Investments, due in annual installments of \$46,102 including interest at 2.5% to July 2036, secured by revenue generated by the Municipal Water System.	539,025

NOTES TO FINANCIAL STATEMENTS

Future note payable to the Office of State Lands and Investments, due in annual installments of \$61,940 at zero interest to July 2038.	721,922
Future note payable to the Bank of the West, due in annual installments at 2.02% interest until July 2028.	<u>977,609</u>
Total Business-Type Activity Debt	<u>\$ 8,969,570</u>

Annual Debt Service Requirements

The annual requirements to amortize all debt outstanding as of June 30, 2017, excluding obligations associated with compensated absences and Landfill Closure and Post-closure costs are as follows:

Years	Governmental Activities		Business-Type Activities		Government-Wide	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 484,053	\$ 207,589	\$ 294,880	\$ 249,878	\$ 778,933	\$ 457,467
2019	509,721	181,720	300,221	241,738	809,942	423,458
2020	3,757,229	154,459	309,685	232,273	4,066,914	386,732
2021	1,401	-	319,466	222,493	320,867	222,493
2022	-	-	329,573	212,386	329,573	212,386
2023-2027	-	-	1,811,729	898,064	1,811,729	898,064
2028-2032	-	-	2,556,499	602,500	2,556,499	602,500
2033-2037	-	-	1,478,763	339,898	1,478,763	339,898
2038-2042	-	-	1,459,168	110,222	1,459,168	110,222
2043-2047	-	-	109,586	3,361	109,586	3,361
	<u>\$ 4,752,404</u>	<u>\$ 543,768</u>	<u>\$ 8,969,570</u>	<u>\$ 3,112,813</u>	<u>\$ 13,721,974</u>	<u>\$ 3,656,581</u>

3.F. LANDFILL CLOSURE AND POST-CLOSURE 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 total landfill closure and post-closure care liability at June 30, 2017 is \$826,143. The liability includes amounts related to closing the Municipal Landfill as well as the C&D Landfill. The portion of the liability related to the Municipal Landfill is \$595,143 which is at 100% capacity. The portion of the liability related to the C&D Landfill is \$231,000 with an estimated closure date of 2024. The City will recognize the remaining estimated costs of closure and post-closure care of \$1,386,000 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2017. This amount represents 25% of the total closure and post-closure costs with the State of Wyoming assuming responsibility for 75% the costs. 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. Transfers also occur with the movement of capital assets between governmental and business-type activities.

Operating transfers for the year ended June 30, 2017 were as follows:

	Operating Transfers In	Operating Transfers Out
Governmental Funds:		
Major Funds:		
General Fund	\$ 1,532,562	\$ 70,000
Grants Fund	161,132	-
Non-Major Funds	70,000	-
Total Governmental Funds	1,763,694	70,000
Proprietary Funds:		
Major Funds:		
Water Fund	-	241,669
Sewer Fund	-	121,724
Landfill Fund	-	1,330,301
Total Proprietary Funds	-	1,693,694
Total Operating Transfers	\$ 1,763,694	\$ 1,763,694

Capital asset transfers for the year ended June 30, 2017 were as follows:

	Capital Asset Transfers In	Capital Asset Transfers Out
Governmental Funds:		
Major Funds:		
General Fund	\$ 693,158	\$ -
Grants Fund	123,268	689,958
Total Governmental Funds	816,426	689,958
Proprietary Funds:		
Major Funds:		
Water Fund	3,199,483	123,268
Sewer Fund	-	3,199,483
Landfill Fund	18,485	-
Recycling Fund	-	21,685
Total Proprietary Funds	3,217,968	3,344,436
Total Capital Asset Transfers	\$ 4,034,394	\$ 4,034,394

NOTES TO FINANCIAL STATEMENTS

During FY10, the General Fund loaned the Sewer Fund money to pay for capital expenses. During FY17, the Grants Fund reported overdrawn cash in the combined cash pool. Advances from/to other funds for the year ended June 30, 2017 were as follows:

	Advances from Other Funds	Advances to Other Funds
Governmental Funds:		
General Fund:		
Sewer Fund	\$ 651,655	\$ -
Grants Fund	1,007,350	-
Total General Fund	1,659,005	-
Grants Fund:		
General Fund	-	1,007,350
Total Grants Fund	-	1,007,350
Total Governmental Funds	1,659,005	1,007,350
Proprietary Funds:		
Sewer Fund:		
General Fund	-	651,655
Total Sewer Fund	-	651,655
Total Proprietary Funds	-	651,655
Total Interfund Advances	\$ 1,659,005	\$ 1,659,005

NOTE 4. OTHER NOTES

4.A. EMPLOYEE PENSION PLANS

1. Pension Plan Descriptions and Benefits

Public Employee's Pension Plan

All City full-time or regular part-time employees, other than policemen and firemen, participate in the Wyoming Retirement System's (WRS) Public Employee Pension Plan, a cost sharing multiple-employer defined benefit contributory pension plan. Participation is mandatory. Retirement benefits are administered in two tiers - the second tier applying to employees hired after September 1, 2012 – and are established by state statute. Any cost of living adjustments (COLA) provided to retirees must be granted by the state legislature, which will not approve such adjustments unless the plan is 100% funded after a potential COLA is awarded. Employees terminating participation in the plan prior to normal retirement can elect to withdraw all employee contributions plus accumulated interest through the date of termination, or, if they are vested, they may elect to remain in the Plan and be eligible for retirement benefits at age 50 (Tier 1 employees) or age 60 (Tier 2 employees). Vesting occurs after obtaining 48 months of service.

Tier 1 Benefits

Tier 1 employees who retire at or after age 60 with four years of credited service, or are eligible for full retirement under the rule of 85 (age plus years of service = 85), are entitled

NOTES TO FINANCIAL STATEMENTS

to a retirement benefit according to predetermined formulas and allowed to select one of seven optional methods for receiving benefits. The benefit is calculated using a multiplier of 2.125 percent for the first 15 years of service and 2.25 percent for years of service above 15 and the highest 36 months of continuous acceptable salary. Early retirement is allowed provided the employee has completed four years of service and attained age 50, but results in a reduction of benefits based on the length of time remaining to normal retirement age. The pre-retirement death benefit depends on whether the employee is vested or non-vested, and the post-retirement death benefit is governed by the option the employee selects at retirement. To be eligible for a disability benefit, employees must have at least 10 years of service and be less than age 60.

Tier 2 Benefits

Tier 2 employees who retire at or after age 65 with four years of credited service, or are eligible for full retirement under the rule of 85 (age plus years of service = 85), are entitled to a retirement benefit according to predetermined formulas and allowed to select one of seven optional methods for receiving benefits. The benefit is calculated using a multiplier of 2 percent for all years of service and the highest 60 months of continuous acceptable salary. Early retirement is allowed provided the employee has completed four years of service and attained age 55, but results in a reduction of benefits based on the length of time remaining to normal retirement age. The pre-retirement death benefit depends on whether the employee is vested or non-vested, and the post-retirement death benefit is governed by the option the employee selects at retirement. To be eligible for a disability benefit, employees must have at least 10 years of service and be less than age 65.

Contribution Rates

The statutorily required contribution is currently 16.62%, of which 7.75% is paid by the employee and 8.87% is paid by the City. The City is only statutorily required to contribute 7.62%, and it elects to cover an additional 1.25% of the required contribution. Employer contributions to the pension plan for the fiscal year ended June 30, 2017 totaled \$569,085, and 100% of the statutorily required contributions were made.

Paid Fireman's Pension Funds

All full-time fire and emergency service employees of the Fire Department participate in the Paid Fireman's Pension Fund ("Fund"), a cost sharing multiple-employer defined benefit contributory pension plan which is part of the Wyoming Retirement System. Participation is mandatory. 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. There are currently no employees for whom active contributions are being made to the Plan A fund.

Plan A Benefits

Under Plan A, to qualify for normal retirement benefits at any age, a paid fireman must have 20 years of credited service in a regularly constituted fire department. The retirement benefit is 75% of the maximum salary for a fireman first class for the first 20 years of service plus

NOTES TO FINANCIAL STATEMENTS

1.5% of the maximum salary for a fireman first class for each year in excess of 20 years. The plan provides for a 3% cost of living adjustment per year. The fund also provides death and disability benefits, which are set by state statute. Participants may withdraw from the plan at any time and receive refunds of participant contributions without interest.

Plan B Benefits

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 retirement benefit is 2.8% of the highest average salary for each year of service up to 25 years. Benefits are capped at 70% of the highest average salary. No benefit changes are allowed by state statute, including cost of living adjustments, unless the funded ratio of the plan stays above 100% plus a margin for adverse experiences throughout the life of the benefit change. The fund also provides death and disability benefits, which are set by state statute. Vesting occurs after 48 months of service.

The current benefit formula entitles plan participants to 2.8% of the highest average salary (36 highest continuous months of acceptable salary) for each year of service up to 25 years.

The benefit is capped at 70% of the highest average salary. Participants may withdraw from the plan at any time and receive refunds of participant contributions without interest.

Contribution Rates

Plan B statutorily requires 21.245% of the covered employees' salary to be contributed to the Plan, of which 9.02% is paid by the employee and the remaining 12.225% is paid by the City. The City is only statutorily required to contribute 12.0%, and it elects to cover an additional 0.225% of the required contribution. Employer contributions to the pension plan for the fiscal year ended June 30, 2017 totaled \$128,159 and 100% of the statutorily required contributions were made.

Law Enforcement Pension Fund

The City of Rawlins contributes to the State of Wyoming Law Enforcement Pension Fund ("Fund"), a cost sharing multiple-employer defined benefit contributory pension plan which is part of the Wyoming Retirement System. All City policemen are mandated to participate in the Fund. Benefits vest after 48 months of service.

Benefits

Any police officer who retires at age 60 with 4 years of service or with 20 years of credited service, regardless of age, is entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5% of the average salary during their highest paid five year period multiplied by the number of years of service (up to a maximum of 75% of the highest average salary). The Fund also provides death and disability benefits to participating employees. Benefit provisions and all other requirements are established by state statute. Any cost of living adjustments (COLA) provided to retirees must be granted by the state legislature, which will not approve such adjustments unless the plan is 100% funded after a potential COLA is awarded. Participants may withdraw from the Plan at any time and receive refunds of participant contributions plus accumulated interest.

NOTES TO FINANCIAL STATEMENTS

Contribution Rates

The Fund statutorily requires 17.2% of the covered employees' salary to be contributed to the fund, of which 8.60% is paid by the employee and the remaining 8.60% is paid by the City. The City is only statutorily required to contribute 8.6%. Employer contributions to the pension plan for the fiscal year ended June 30, 2017 totaled \$234,633, and 100% of the statutorily required contributions were made.

2. Pension Liabilities, Pension Expenses, and Deferred Outflows and Inflows of Resources Related to Pension

Net Pension Asset and Liabilities

As of June 30, 2017, the net pension liability recorded for the City of Rawlins represents its proportionate share of the excess of the total pension liability over the pension plan fiduciary net position for the Wyoming Retirement System plans of which the City is a participant. The City reported net pension liabilities as follows for the fiscal years ended June 30, 2017 and June 30, 2016:

	Proportionate Share of Net Pension Liability as of June 30, 2017	Proportionate Share of Net Pension Liability as of June 30, 2016
Public Employee Pension	\$ 4,552,274	\$ 4,019,070
Fire Pension A	2,330,018	2,325,324
Fire Pension B	709,717	659,731
Law Enforcement Pension	657,342	607,784
Aggregate Net Pension Liability	<u>\$ 8,249,351</u>	<u>\$ 7,611,909</u>

Of the City's proportionate share of the net pension liability, \$959,644 is attributable to business-type activities (\$550,628 for the Water Fund, \$205,018 for the Sewer Fund, \$161,034 for the Landfill Fund, and \$42,964 for the Recycling Fund) through employee participation in the Public Employee Pension Plan. The remainder of the proportionate share of the net pension liability and asset is attributable to governmental activities.

The measurement date of the Wyoming Retirement System pension plan fiduciary net position was December 31, 2016 and the actuarial determination of the total pension liability was January 1, 2017. The City's proportionate share of the net pension liability and asset was determined per plan by calculating the percentage of the City's total contributions (employer and employee) to the total contributions received by Wyoming Retirement System during the plan measurement period (January 1, 2016 to December 31, 2016). The City's proportionate share of the net pension liability or asset for each plan as of December 31, 2016 and December 31, 2015 is as follows:

	Proportionate Share as of December 31, 2016	Proportionate Share as of December 31, 2015
Public Employee Pension	0.188305%	0.172541%
Fire Pension A	1.269953%	1.253852%
Fire Pension B	2.248693%	2.157773%
Law Enforcement Pension	0.870745%	0.809085%

NOTES TO FINANCIAL STATEMENTS

Pension Expense

The measurement of pension expense fundamentally changed with the implementation of GASB Statement 68. Pension expense is calculated for the pension plan measurement period and includes changes in the net pension liability and the amortization of specific deferred inflows and outflows of resources. For the fiscal year ended June 30, 2017, the City recognized a total pension expense of \$255,077 as detailed below:

Public Employee Pension	\$	301,012
Fire Pension A		38,119
Fire Pension B		(24,704)
Law Enforcement Pension		(59,350)
Total Pension Expense	\$	<u>255,077</u>

Pension expense attributable to business-type activities totals \$40,246. The remainder of pension expense is attributable to governmental activities, with \$38,119 related to Fire Pension A activity.

Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2017, the City reported the following deferred outflows and inflows of resources related to pensions:

<u>Deferred Outflows of Resources</u>	Public Employee Pension	Fire Pension A	Fire Pension B	Law Enforcement Pension	Total
Proportionate share of differences between the projected and actual earnings on pension plan investments	\$ 842,104	\$ 114,653	\$ 526,499	\$ 322,316	\$ 1,805,572
Contributions subsequent to measurement date	275,708	-	55,529	111,592	442,829
Amounts related to the change in the City's proportionalte share of net pension liability	<u>272,033</u>	<u>-</u>	<u>24,345</u>	<u>36,798</u>	<u>333,176</u>
Total Deferred Outflows Related to Pensions	<u>\$ 1,389,845</u>	<u>\$ 114,653</u>	<u>\$ 606,373</u>	<u>\$ 470,706</u>	<u>\$ 2,581,577</u>

<u>Deferred Inflows of Resources</u>	Public Employee Pension	Fire Pension A	Fire Pension B	Law Enforcement Pension	Total
Difference between expected and actual experience	\$ 122,034	\$ -	\$ 31,347	\$ 24,222	\$ 177,603
Total Deferred Inflows Related to Pensions	<u>\$ 122,034</u>	<u>\$ -</u>	<u>\$ 31,347</u>	<u>\$ 24,222</u>	<u>\$ 177,603</u>

NOTES TO FINANCIAL STATEMENTS

The \$442,829 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018.

Deferred outflows of resources related to business-type activities total \$292,986. Deferred inflows of resources related to pensions are attributable to business-type activities total \$25,725.

Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows for the years ended June 30:

2018	\$	263,005
2019		263,005
2020		255,568
2021		210,526
	<u>\$</u>	<u>992,104</u>

Actuarial Assumptions

Actuarial valuations are performed annually with the most recent valuation date of January 1, 2017. Actuarial methods and assumptions are disclosed below for the Wyoming Retirement System pension plans in which the City participates. Significant assumptions are based on an experience study that covered a five-year period ending December 31, 2011. More detail about the actuarial methods and assumptions or the experience study can be found on the Wyoming Retirement System website.

	Public Employee Pension	Fire Pension A	Fire Pension B	Law Enforcement Pension
Valuation date	1/1/2017	1/1/2017	1/1/2017	1/1/2017
Actuarial cost method	Individual entry age normal	Individual entry age normal	Individual entry age normal	Individual entry age normal
Amortization method	Level percent open	Level percent open	Level percent open	Level percent open
Remaining amortization period	30	10	30	30
Asset valuation method	5-year	5-year	5-year	5-year
Actuarial assumptions:				
Investment rate of return	7.75%	7.75%	7.75%	7.75%
Projected salary increases including inflation	4.25% to 6.00%	4.25%	4.25% to 7.00%	4.25% to 8.00%
Assumed inflation rate	3.25%	3.25%	3.25%	3.25%
Mortality	*	*	*	*

NOTES TO FINANCIAL STATEMENTS

*** Mortality assumptions**

Pre-Retirement Mortality

RP-2000 Combined Mortality Table, fully generational, projected with Scale BB
 Males: Set back 5 years with multiplier of 104%
 Females: Set back 4 years with multiplier of 90%

Healthy Post-Retirement Mortality

RP-2000 Combined Mortality Table, fully generational, projected with Scale BB
 Males: Set back 1 year with multiplier of 104%
 Females: Set back 0 years with multiplier of 90%

Disabled Mortality

RP-2000 Combined Mortality Table, fully generational, projected with Scale BB
 Males: Set forward 5 years with multiplier of 120%
 Females: Set forward 5 years with multiplier of 120%

Wyoming Retirement System assumes a 7.75% long-term investment rate of return for its pension plans. The long-term rate of return is determined through a 4.25% net real rate of return and an inflation rate of 3.25%. For the fiscal year ended December 31, 2016, WRS pension plans saw an annual money-weighted real rate of return, net of expenses, of 7.6% compared to the 4.25% expected rate of return.

The assumed asset allocation of the WRS pension plan portfolio, the long term expected rate of return for each asset class and the expected rate of return is presented arithmetically and geometrically below over a 20 year time frame.

	Target Allocation	Arithmetic Real Return	Arithmetic Nominal Return	Geometric Real Return	Geometric Nominal Return
Tactical Cash	0.00%	-0.2%	2.3%	-0.2%	2.3%
Fixed Income	20.00%	2.0%	4.5%	1.4%	3.9%
Core Plus	7.50%	1.2%	3.7%	1.1%	3.6%
US Government	10.00%	1.9%	4.4%	1.1%	3.6%
Opportunistic Credit	2.50%	4.4%	6.9%	3.7%	6.2%
Equity	45.00%	7.7%	10.2%	5.7%	8.2%
US Equity	22.50%	7.0%	9.5%	5.3%	7.8%
Developed International	17.50%	7.6%	10.1%	5.6%	8.1%
Emerging Markets	5.00%	11.5%	14.0%	8.0%	10.5%
Marketable Alternatives	17.50%	3.7%	6.2%	3.0%	5.5%
Opportunistic/Directional	0.0-10.0%	4.6%	7.1%	4.0%	6.5%
Absolute Return	5.0-15.0%	3.7%	6.2%	3.1%	5.6%
Enhanced Fixed Income	0.0-10.0%	2.8%	5.3%	2.3%	4.8%
Global Asset Allocation	2.5-12.0%	3.3%	5.8%	2.5%	5.0%
Private Markets	17.50%	7.1%	9.6%	5.1%	7.6%
Private Real Assets	0.0-7.5%	7.0%	9.5%	5.1%	7.6%
Real Estate	2.5-7.5%	4.2%	6.7%	3.4%	5.9%
Private Debt	2.5-7.5%	7.7%	10.2%	4.8%	7.3%
Private Equity	2.5-12.5%	9.8%	12.3%	6.9%	9.4%
Total	100.00%	5.77%	8.27%	4.28%	6.78%

NOTES TO FINANCIAL STATEMENTS

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate arithmetic expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These assumptions are converted into geometric forecasts by subtracting corresponding volatility drags which depend on forecasted standard deviation. Real returns are then generated by subtracting a constant inflation forecast, which in this case is 2.5%.

Discount Rate

The discount rate used to measure the total pension liability for all plans was 7.75%. The projection of cash flows used to determine the discount rate assumed contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Wyoming State statutes. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Plan	Single Discount Rate	Long-Term Expected Rate of Return	Long-Term Municipal Bond Rate	Last year ending December 31 in the 2016 to 2115 projection period for which projected benefit payments are fully funded
Public Employee Pension	7.75%	7.75%	3.78%	2115
Fire Pension A	4.38%	7.75%	3.78%	2025
Fire Pension B	6.59%	7.75%	3.78%	2057
Law Enforcement	7.75%	7.75%	3.78%	2115

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.75%) or 1-percentage point higher (8.75%) than the current rate.

Pension Plan	1.0% Decrease 6.75%	Current Discount Rate 7.75%	1.0% Increase 8.75%
Public Employee Pension	\$ 6,538,582	\$ 4,552,274	\$ 2,883,960
Fire Pension A	2,883,434	2,330,018	1,883,642
Fire Pension B	1,232,198	709,717	277,611
Law Enforcement Pension	1,364,988	657,342	72,967

NOTES TO FINANCIAL STATEMENTS

3. *Payables to the Pension Plans*

The City reported payables to Wyoming Retirement System at June 30, 2017 totaling \$28,794, comprised of \$17,664 for the Public Employee Pension, \$7,445 for the Law Enforcement Pension, and \$3,685 for the Fire B Pension. The payables are short-term in nature and relate to the statutorily required contributions for June 2017 employee payroll.

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, 2016 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.

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 85/15 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, 2017, 2016 and 2015, the IBNR was \$163,021, \$333,831 and \$416,608, respectively.

NOTES TO FINANCIAL STATEMENTS

Changes in the Fund's claims liability amount, including IBNR, from July 1, 2014 to June 30, 2017 are as follows:

Liability balance, June 30, 2014	\$ 213,518
Claims and changes in estimates	2,322,252
Claims payments	<u>(2,119,162)</u>
Liability balance, June 30, 2015	416,608
Claims and changes in estimates	1,646,733
Claims payments	<u>(1,729,510)</u>
Liability balance, June 30, 2016	333,831
Claims and changes in estimates	1,275,016
Claims payments	<u>(1,445,826)</u>
Liability balance, June 30, 2017	<u>\$ 163,021</u>
Assets available to pay claims at June 30, 2017	<u>\$ 455,670</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 in the prior three years.

4.C. OPERATING LEASES

The City of Rawlins has entered into two operating leases for office equipment under various terms. The combined lease payments are \$2,159 per month. The total lease expense was \$25,903 for both the years ended June 30, 2017 and 2016.

Future minimum lease commitments are as follows for the year ended June 30:

2018	\$	19,428
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NOTES TO FINANCIAL STATEMENTS

4.D. COMMITMENTS AND CONTINGENCIES

Landfill Closure and Post-closure Costs

The City of Rawlins is in the process of closing their landfill. However, the City has approval from the Department of Environmental Quality (DEQ) to continue accepting Construction and Demolition (C&D) waste through 2023. The City completed Phase II of the municipal waste landfill closure in September 2017 with the exception of seeding the area which will take place in spring of 2018. Phase III (monitoring) will be ongoing for the next 30 years. Phase III will be paid for by the City through landfill fee revenue.

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 operations.

4.E. PRIOR PERIOD ADJUSTMENT

During the fiscal year 2016-2017, a detailed review of capital assets identified several assets that were not included on the asset listing. The addition of these assets resulted in a prior period adjustment in the amount of \$1,464,122. Of this amount, \$149,172 is attributable to governmental activities, \$1,297,078 is recorded in the water fund, and the remaining \$17,872 is recorded in the sewer fund.

Additionally, the cash allocation in the financial software was not correct at June 30, 2017. A prior period adjustment was recorded to adjust the cash allocation in the general fund, the proprietary funds, and the fiduciary fund. The general fund shows a decrease in cash in the amount of \$1,634,325. The proprietary funds showed an increase in cash in the water fund in the amount of \$1,514,246, the sewer fund in the amount of \$10,002, the landfill fund in the amount of \$4,525, and the recycling fund in the amount of \$256. The fiduciary fund showed an increase in cash in the amount of \$105,296.

A prior period adjustment was also recorded to remove an old accounts payable balance from the non-major governmental funds (DDA) in the amount of \$12,056.

The prior period restatements are reported in the financial statements as follows:

Statement of Net Position

Governmental activities recorded an increase in capital assets in the amount of \$149,172 and a decrease in cash in the amount of \$1,634,325. The net effect of this change was a decrease to governmental activities net position in the amount of \$1,473,097.

Business-type activities recorded an increase in capital assets in the amount of \$1,314,950 and an increase in cash in the amount of 1,529,029. The net effect of this change was an increase to business-type activities net position in the amount of \$2,843,979.

Balance Sheet – Governmental Funds

NOTES TO FINANCIAL STATEMENTS

The general fund recorded a decrease in cash in the amount of \$1,634,325. This change resulted in a decrease to fund balance of the general fund in the amount of \$1,634,325.

The non-major governmental fund recorded a decrease in accounts payable in the amount of \$12,056. This change resulted in an increase to fund balance of the non-major governmental fund in the amount of \$12,056.

Statement of Net Position – Proprietary Funds

The water fund recorded an increase in capital assets in the amount of \$1,297,078 and an increase in cash in the amount of 1,514,246. The net effect of this change was an increase to fund balance in the amount of \$2,811,324.

The sewer fund recorded an increase in capital assets in the amount of \$17,872 and an increase in cash in the amount of 10,002. The net effect of this change was an increase to fund balance in the amount of \$27,874.

The landfill fund recorded an increase in cash in the amount of \$4,525. This change resulted in an increase to fund balance of the in the amount of \$4,525.

The recycling fund recorded an increase in cash in the amount of \$256. This change resulted in an increase to fund balance of the in the amount of \$256.

Statement of Fiduciary Net Position

The private donations fund recorded an increase in cash in the amount of \$105,296. The net effect of this change was an increase to governmental activities net position in the amount of \$105,296.

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

OTHER INFORMATION

Schedule of City's Share of the Net Pension Liability

Schedule of Contributions

CITY OF RAWLINS, WYOMING

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and special assessments	\$ 8,360,360	\$ 8,360,360	\$ 7,965,165	\$ (395,195)
Intergovernmental	420,267	532,934	380,960	(151,974)
Charges for services	806,030	806,030	648,508	(157,522)
Investment income	8,265	8,265	31,252	22,987
Miscellaneous	88,120	106,120	129,494	23,374
Total revenues	<u>9,683,042</u>	<u>9,813,709</u>	<u>9,155,379</u>	<u>(658,330)</u>
EXPENDITURES:				
General government	8,691,762	9,125,407	2,940,786	6,184,621
Public safety and transportation	4,283,620	4,921,964	3,855,917	1,066,047
Public works	398,821	428,321	378,238	50,083
Highways and streets	1,631,850	2,577,655	588,810	1,988,845
Health and welfare	151,277	151,277	147,089	4,188
Culture and recreation	1,880,649	1,920,649	1,660,809	259,840
Principal retirement	5,350	5,350	5,336	14
Total expenditures	<u>17,043,329</u>	<u>19,130,623</u>	<u>9,576,985</u>	<u>9,553,638</u>
Excess (deficiency) of revenues over expenditures	<u>(7,360,287)</u>	<u>(9,316,914)</u>	<u>(421,606)</u>	<u>8,895,308</u>
OTHER FINANCING SOURCES:				
Operating transfers in	607,410	607,410	607,410	-
Operating transfers out	<u>(70,000)</u>	<u>(70,000)</u>	<u>(70,000)</u>	-
Total other financing sources	<u>537,410</u>	<u>537,410</u>	<u>537,410</u>	-
Excess (deficiency) of revenues over expenditures and other financing sources	<u>(6,822,877)</u>	<u>(8,779,504)</u>	<u>115,804</u>	<u>8,895,308</u>
Fund balance - beginning, restated	<u>12,917,388</u>	<u>12,917,388</u>	<u>12,917,388</u>	-
Fund balance - ending	<u>\$ 6,094,511</u>	<u>\$ 4,137,884</u>	<u>\$ 13,033,192</u>	<u>\$ 8,895,308</u>

(Continued)

CITY OF RAWLINS, WYOMING

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For the Year Ended June 30, 2017
(Continued)

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

Revenue:

Actual total revenue budgetary basis	\$ 9,155,379
Differences- Budget to GAAP	
Tax accrual difference	103,166
Fines receivables difference	13,250
Other receivables difference	<u>(284,688)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 8,987,107</u>

Expenditures:

Actual total expenditures budgetary basis	\$ 9,576,985
Differences- Budget to GAAP	
Accounts payable & payroll accrual difference	46,781
Other expenses	<u>(165,413)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 9,458,353</u>

CITY OF RAWLINS, WYOMING

**BUDGETARY COMPARISON SCHEDULE
GRANTS FUND**

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 6,003,000	\$ 6,003,000	\$ 3,763,430	\$ (2,239,570)
Total revenues	<u>6,003,000</u>	<u>6,003,000</u>	<u>3,763,430</u>	<u>(2,239,570)</u>
EXPENDITURES:				
Infrastructure	<u>6,003,000</u>	<u>6,003,000</u>	<u>4,775,219</u>	<u>1,227,781</u>
Total expenditures	<u>6,003,000</u>	<u>6,003,000</u>	<u>4,775,219</u>	<u>1,227,781</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(1,011,789)</u>	<u>(1,011,789)</u>
Fund balance - beginning	<u>89,964</u>	<u>89,964</u>	<u>89,964</u>	<u>-</u>
Fund balance - ending	<u>\$ 89,964</u>	<u>\$ 89,964</u>	<u>\$ (921,825)</u>	<u>\$ (1,011,789)</u>

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

Revenue:

Actual total revenue budgetary basis	\$ 3,763,430
Differences - Budget to GAAP	
Grant receivable difference	<u>778,918</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 4,542,348</u>

Expenditures:

Actual total expenditures budgetary basis	\$ 4,775,219
Differences - Budget to GAAP	
Construction projects for other funds	<u>(549,052)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 4,226,167</u>

CITY OF RAWLINS, WYOMING

BUDGETARY COMPARISON SCHEDULE
CAPITAL FACILITIES TAX FUND
 For the Year Ended June 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Specific purpose tax	\$ 529,001	\$ 529,001	\$ -	\$ (529,001)
Interest income	66	66	106	40
Total revenues	<u>529,067</u>	<u>529,067</u>	<u>106</u>	<u>(528,961)</u>
EXPENDITURES:				
Street infrastructure	<u>81,666</u>	<u>93,266</u>	<u>11,569</u>	<u>81,697</u>
Total expenditures	<u>81,666</u>	<u>93,266</u>	<u>11,569</u>	<u>81,697</u>
Excess (deficiency) of revenues over expenditures	<u>447,401</u>	<u>435,801</u>	<u>(11,463)</u>	<u>(447,264)</u>
Fund balance - beginning	<u>84,223</u>	<u>84,223</u>	<u>84,223</u>	<u>-</u>
Fund balance - ending	<u>\$ 531,624</u>	<u>\$ 520,024</u>	<u>\$ 72,760</u>	<u>\$ (447,264)</u>

CITY OF RAWLINS, WYOMING

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
- BUDGETARY COMPARISONS
For the Year Ended June 30, 2017

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 61 and 62. 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, 2017, there were no instances of excess of expenditures over appropriations.

CITY OF RAWLINS, WYOMING

SCHEDULE OF THE CITY'S SHARE OF THE NET PENSION LIABILITY

**Public Employee Pension Plan
Last 10 Fiscal Years***

	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability*	0.18830%	0.17254%	0.16192%
City's proportionate share of the net pension liability*	\$ 4,552,274	\$ 4,019,070	\$ 2,857,399
City's covered-employee payroll	\$ 3,425,085	\$ 3,201,025	\$ 3,040,140
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	132.91%	125.56%	93.99%
Plan fiduciary net position as a percentage of the total pension liability*	73.42%	73.40%	79.08%

**Firemen A Pension Plan
Last 10 Fiscal Years***

	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability*	1.26995%	1.25385%	1.23760%
City's proportionate share of the net pension liability*	\$ 2,330,018	\$ 2,325,324	\$ 2,039,937
City's covered-employee payroll	\$ -	\$ -	\$ -
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability*	38.91%	40.05%	45.95%

(Continued)

*The amounts presented for each fiscal year correspond with the Wyoming Retirement System measurement period, not the City's fiscal year. Only three years of information is currently available.

CITY OF RAWLINS, WYOMING

SCHEDULE OF THE CITY'S SHARE OF THE NET PENSION LIABILITY
(Continued)

Firemen B Pension Plan
Last 10 Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability*	2.24869%	2.15777%	2.05335%
City's proportionate share of the net pension liability*	\$ 709,717	\$ 659,731	\$ -
City's covered-employee payroll	\$ 605,242	\$ 662,731	\$ 571,536
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	117.26%	99.55%	0.00%
Plan fiduciary net position as a percentage of the total pension liability*	80.16%	79.33%	100.98%

Law Enforcement Pension Plan
Last 10 Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability*	0.87075%	0.80909%	0.76045%
City's proportionate share of the net pension liability*	\$ 657,342	\$ 607,784	\$ 224,056
City's covered-employee payroll	\$ 1,364,146	\$ 1,297,857	\$ 1,249,544
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	48.19%	46.83%	17.93%
Plan fiduciary net position as a percentage of the total pension liability*	88.11%	87.49%	94.76%

*The amounts presented for each fiscal year correspond with the Wyoming Retirement System measurement period, not the City's fiscal year. Only three years of information is currently available.

CITY OF RAWLINS, WYOMING
SCHEDULE OF CONTRIBUTIONS

**Public Employee Pension Plan
 Last 10 Fiscal Years**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 569,085	\$ 532,010	\$ 482,125	\$ 435,564	\$ 425,132	\$ 432,435	\$ 405,858	\$ 392,593	\$ 417,217	\$ 402,547
Contributions in relation to the contractually required contribution	<u>569,085</u>	<u>532,010</u>	<u>482,125</u>	<u>435,564</u>	<u>425,132</u>	<u>432,435</u>	<u>405,858</u>	<u>392,593</u>	<u>417,217</u>	<u>402,547</u>
Contribution deficiency (excess)	<u>\$ -</u>									
City's covered-employee payroll	\$ 3,425,085	\$ 3,201,025	\$ 3,040,140	\$ 2,999,463	\$ 3,009,620	\$ 3,062,574	\$ 3,049,452	\$ 3,495,730	\$ 3,710,732	\$ 3,580,635
Contributions as a percentage of covered-employee payroll	16.62%	16.62%	15.86%	14.52%	14.13%	14.12%	13.31%	11.23%	11.24%	11.24%

**Firemen B Pension Plan
 Last 10 Fiscal Years**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 128,159	\$ 140,797	\$ 121,324	\$ 105,468	\$ 97,299	\$ 96,047	\$ 96,600	\$ 91,658	\$ 95,901	\$ 80,483
Contributions in relation to the contractually required contribution	<u>128,159</u>	<u>140,797</u>	<u>121,324</u>	<u>105,468</u>	<u>97,299</u>	<u>96,047</u>	<u>96,600</u>	<u>91,658</u>	<u>95,901</u>	<u>80,483</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 605,242	\$ 662,731	\$ 571,536	\$ 509,936	\$ 474,627	\$ 468,521	\$ 471,219	\$ 469,801	\$ 467,810	\$ 447,131
Contributions as a percentage of covered-employee payroll	21.17%	21.24%	21.23%	20.68%	20.50%	20.50%	20.50%	19.51%	20.50%	18.00%

**Law Enforcement Pension Plan
 Last 10 Fiscal Years**

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contribution	\$ 234,633	\$ 223,231	\$ 214,922	\$ 212,336	\$ 204,469	\$ 190,492	\$ 211,278	\$ 221,239	\$ 240,414	\$ 216,163
Contributions in relation to the contractually required contribution	<u>234,633</u>	<u>223,231</u>	<u>214,922</u>	<u>212,336</u>	<u>204,469</u>	<u>190,492</u>	<u>211,278</u>	<u>221,239</u>	<u>240,414</u>	<u>216,163</u>
Contribution deficiency (excess)	<u>\$ -</u>									
City's covered-employee payroll	\$ 1,364,146	\$ 1,297,857	\$ 1,249,544	\$ 1,234,515	\$ 1,188,771	\$ 1,107,512	\$ 1,228,362	\$ 1,286,275	\$ 1,397,756	\$ 1,256,782
Contributions as a percentage of covered-employee payroll	17.20%	17.20%	17.20%	17.20%	17.20%	17.20%	17.20%	17.20%	17.20%	17.20%



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rawlins, Wyoming, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City of Rawlins, Wyoming's basic financial statements and have issued our report thereon dated December 1, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Rawlins, Wyoming's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Rawlins, Wyoming's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Rawlins, Wyoming's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies, as items 2017-001 and 2017-002.

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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of finding and responses as item 2017-002.

City of Rawlins, Wyoming's Response to Findings

City of Rawlins, Wyoming's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City of Rawlins, Wyoming's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Anton Collins Mitchell LLP

Laramie, Wyoming
December 1, 2017

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**

2017-001 - Significant Deficiencies in Internal Control: 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 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.

2017-002 – Significant Deficiencies in Internal Control: Misappropriation of Assets

Criteria

Expenditures paid by the City of Rawlins must be allowable under Wyoming State statutes and approved by the City Council.

Condition

The City Council approves an annual payment to the City of Rawlins' Employee Event Committee in the amount of \$9,000, deposited into a bank account is listed under the City's EIN. However, the bank account is not recorded in the City's general ledger and the individual expenditures made out of this bank account were not approved by the City Council or subject to the City's internal control procedures. These expenditures are considered unallowable under Wyoming State statutes.

Recommendation

In our judgement, management and those charged with governance need to understand the importance of abiding by Wyoming State statutes and their own internal controls. We recommend the Council follow their internal control procedures regarding review and approval of expenditures prior to payment.

Response

The City administration will follow the City Council adopted "Purchasing Policy" on expenses as requested by the employee committee as they spend the appropriated monies as provided by the City Council within the fiscal year.