



MADER TSCHACHER
PETERSON & CO.

CITY OF RAWLINS, WYOMING

FINANCIAL AND COMPLIANCE REPORT

June 30, 2015

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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, 2015, 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, 2015, 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 4A to the basic financial statements, the City has changed its method for accounting and reporting pension plans during 2015 due to the adoption of Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27. The adoption of the standard required retrospective application resulting in \$3,355,837 reduction in previously reported total net position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 59 through 65 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 8, 2015, 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.

Madee Tschacher Peterson + Co, LLC

Laramie, Wyoming
December 8, 2015

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

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, 2015.

Financial Highlights

- The assets of the City of Rawlins exceeded its liabilities at the close of the most recent fiscal year by \$56,502,814 (*net position*). Of this amount, \$10,532,426 (*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 2014-2015), the City of Rawlins General Fund reported \$7,763,077 *available for spending* at the government's discretion (*unassigned fund balance*) and \$448,196 committed for future funding requirements. The City started FY 2014-2015 with a declared General Fund Reserve of \$4,000,000. At the beginning of FY 2014-2015 the City started with an actual reserve of \$4,000,000 in the General Fund. It is anticipated that the economic growth will continue to increase slowly into FY 2014-2015 as stipulated by the CREG report but could increase significantly for Carbon County if the DKRW and Wind Farm projects start in the Spring of 2016.
- The City of Rawlins General Fund Capital Equipment/Infrastructure total debt decreased by \$348,950 during the current fiscal year to a total of \$5,651,675. The majority of these debts (\$5,622,201) 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 decreased by \$136,653 during the current fiscal year to a total of \$7,085,405 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 2013-2014) the City received \$5,895,663 in sales and use taxes. For the fiscal year ending of June 30, 2015 the City received \$7,334,996 in sales and uses taxes, an increase of \$83,416 or 1.4% that was predicted by CREG. When compared to the sales and use taxes FY 2008-2009 figure (\$8,801,662) the City's six year reduction in sales and use taxes is \$2,822,582. This loss in revenue created a reduction in full-time employees, capital expenditures, and our General Fund Working Capital Reserve.
- The City increased the Cost for maintaining the employee health insurance by 10% for FY 2015-2016 to match the anticipated cost of health services. The City responded with the 10% increase over the previous fiscal year to offset the loss of \$1,000,000 in FY 2014-2015. A change in the medical plan offered to the employees will happen in the FY 2015-2016.
- Revenues from the Golf Course Fund two primary accounts (membership & pro-shop) increased sharply by approximately \$52,007 or 2.5% when compared to FY 2013-2014. The City had some 3,000 seasonal workers in town to work the Sinclair Refinery. This significant increase in revenues happens every time this size seasonal workforce is here.

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2015

- The water and wastewater funds revenues earned less in FY 2014-2015 with the changes in the weather than what was earned in FY 2013-2014. Our other enterprise funds of solid waste landfill and solid waste recycling both experienced increase in revenues. Within all four enterprise funds the revenues exceeded the expenses incurred within the fiscal year.

Overview of the Financial Statements

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

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

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

The *statement of net position* presents information on all of the City of Rawlins assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or 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 a golf course. The government-wide financial statement can be found of pages 10 through 12 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Rawlins, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Rawlins can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

Government Funds. Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term *inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

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

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

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

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

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

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

funds.

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 through 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 and fiscal year is included in this report.

Government-wide Financial Analysis

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

City of Rawlins Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and Other assets	\$ 13,986,741	\$ 13,482,093	\$ 6,879,484	\$ 6,029,417	\$ 20,866,225	\$ 19,511,510
Capital assets	17,573,154	17,930,462	40,268,845	41,289,163	57,841,999	59,219,625
Deferred outflows	593,109	-	157,107	-	750,216	-
Total assets and deferred outflows	32,153,004	31,412,555	47,305,436	47,318,580	79,458,440	78,731,135
Long-term liabilities outstanding	5,651,675	6,000,625	9,857,721	9,017,044	15,509,396	15,017,669
Other liabilities	5,852,907	1,249,743	1,437,781	438,966	7,290,688	1,688,709
Total liabilities	11,504,582	7,250,368	11,295,502	9,456,010	22,800,084	16,706,378
Deferred inflows	107,620	-	47,922	-	155,542	-
Net position:						
Invested in capital assets	11,921,479	11,929,837	33,183,440	34,067,106	45,104,919	45,996,943
Restricted	84,144	6,835	781,325	720,784	865,469	727,619
Unrestricted	8,535,179	12,225,515	1,997,247	3,074,680	10,532,426	15,300,195
Total net position	\$ 20,540,802	\$ 24,162,187	\$ 35,962,012	\$ 37,862,570	\$ 56,502,814	\$ 62,024,757

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 \$56,502,814 at the close of the most recent fiscal year. By far the largest portion of the City of Rawlins net

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

position reflects its net investment of \$45,104,919 in capital assets (for example, land, buildings, infrastructure, machinery and equipment), net of related debt used to acquire those assets and that is still outstanding. The City of Rawlins uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Rawlins investment in its capital assets is reported net of related debt it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Rawlins net position, \$865,469 represents resources that are subject to external restrictions on how they may be used.

The remaining balance of unrestricted net position in all City funds of \$10,532,426 may be used to meet the government's ongoing obligations to citizens and creditors. Specific expenditure restrictions apply to specific revenue funds and too many of the capital project funds.

At June 30, 2015, the City is able to report positive balances in all three categories of net position for the government as a whole and business-type activities.

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015

City of Rawlins Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program Revenues						
Charges for Services	\$ 3,480,379	\$ 3,435,022	\$ 5,276,327	\$ 5,198,447	\$ 8,756,706	\$ 8,633,469
Operating grants and contributions	510,470	1,413,221	-	-	510,470	1,413,221
Capital grants and contributions	198,086	187,938	395,130	257,325	593,216	445,263
General Revenues:						
Property Taxes	465,860	453,307	-	-	465,860	453,307
Other Taxes	9,086,728	9,098,697	-	-	9,086,728	9,098,697
Other Revenues	40,337	127,107	3,088	3,834	43,425	130,941
Transfers	470,929	(778,649)	(470,929)	778,649	-	-
Total revenues	14,252,789	13,936,643	5,203,616	6,238,255	19,456,405	20,174,898
Expenses:						
General government	2,716,267	1,907,908			2,716,267	1,907,908
Public Safety	4,807,866	3,164,721			4,807,866	3,164,721
Public Works	2,379,619	2,110,776			2,379,619	2,110,776
Health, welfare and recreation	1,856,491	1,815,056			1,856,491	1,815,056
Non-departmental	3,224,277	2,834,498			3,224,277	2,834,498
Interest on long term debt	372,138	308,496	319,995	336,324	692,133	644,820
Water			2,621,067	2,361,742	2,621,067	2,361,742
Wastewater			739,161	861,151	739,161	861,151
Landfill			2,429,123	1,458,425	2,429,123	1,458,425
Recycling			156,507	111,654	156,507	111,654
Total expenses	15,356,658	12,141,455	6,265,853	5,129,296	21,622,511	17,270,751
Total general revenues & transfers	14,252,789	13,936,643	5,203,616	6,238,255	19,456,405	20,174,898
Changes in net position	(1,103,869)	1,795,188	(1,062,237)	1,108,959	(2,166,106)	2,904,147
Net position - beginning - Restated	21,644,671	22,366,999	37,024,249	36,753,611	58,668,920	59,120,610
Net position - ending	\$ 20,540,802	\$ 24,162,187	\$ 35,962,012	\$ 37,862,570	\$ 56,502,814	\$ 62,024,757

Analysis of Changes in Net Position

The City of Rawlins net position decreased \$2,182,106 during the current fiscal year as shown above. This decrease as previously was created by changes in how the retirement liability is reported within this financial report.

Budgetary Highlights

Significant highlights of the fiscal year 2014-2015 was the loss of \$1,000,000 from the employee

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015**

benefits fund and the change required by law in how the City retirement liability is to be recorded. Not a highlight but a fact, the City personnel turnover remains significant as our salaries offered to a number of positions is less than comparable positions in other cities. Our “rainy” day reserve remained intact through FY 2014-2015.

Capital Assets and Debt Administration

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

Capital Assets	Governmental Activities	Business-Type Activities
Land & construction in progress	\$ 3,930,825	\$ 311,983
Capital assets being depreciated	28,098,024	70,382,642
Accumulated depreciation	(14,455,695)	(30,425,780)
Net capital assets	<u>\$ 17,573,154</u>	<u>\$ 40,268,845</u>
Long term debt	<u>\$ 5,651,675</u>	<u>\$ 9,857,721</u>

Economic Factors and Next Year’s Budget

With FY 2014-2015 the sales and use taxes followed a weak forecast from CREG so we established only a 1.0% growth in sales and use taxes for FY 2015-2016. The FY 2015-2016 budget sales and use tax budget does not fall in line with the CREG forecast of January 2015 as it indicates earning more than we are experiencing. The future project, the 1,000 Wind Turbine Farms that were anticipated to jump start the Carbon County economy are not to be started in FY 2017-2018, and may not ever start. This being the case I cannot predict any upturn or downturn in the economy without definite project plans or the support of the State of Wyoming revenue estimating group CREG.

Requests for Information

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

CITY OF RAWLINS, WYOMING

STATEMENT OF NET POSITION
June 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 11,069,650	\$ 5,108,167	\$ 16,177,817
Investments at fair value	2,275,476	781,325	3,056,801
Accounts receivable less allowance for doubtful accounts	549,866	459,651	1,009,517
Unbilled service receivable	-	180,565	180,565
Inventory	29,568	349,776	379,344
Prepaid insurance	62,181	-	62,181
Capital assets			
Land	1,054,341	-	1,054,341
Golf course	1,497,607	-	1,497,607
Construction in progress	1,378,875	311,983	1,690,858
Buildings and improvements	11,325,868	66,404,006	77,729,874
Infrastructure	4,557,088	-	4,557,088
Furniture and equipment	12,215,070	3,978,636	16,193,706
Accumulated depreciation	(14,455,695)	(30,425,780)	(44,881,475)
Total Assets	<u>31,559,895</u>	<u>47,148,329</u>	<u>78,708,224</u>
DEFERRED OUTFLOWS OF RESOURCES			
Aggregate deferred outflows of resources related to pensions	593,109	157,107	750,216
 Total Assets and Deferred Outflows of resources	<u>\$ 32,153,004</u>	<u>\$ 47,305,436</u>	<u>\$ 79,458,440</u>
LIABILITIES			
Accounts payable	\$ 639,718	\$ 60,615	\$ 700,333
Accrued payroll	4,528,438	1,016,913	5,545,351
Accrued interest payable	-	149,395	149,395
Capital leases - current	440,575	-	440,575
Capital leases - long term	5,211,100	-	5,211,100
Notes payable - current	-	241,703	241,703
Notes payable - long term	-	6,843,702	6,843,702
Closure and post closure costs	-	2,772,316	2,772,316
Accrued compensated absences	684,751	210,858	895,609
Total Liabilities	<u>11,504,582</u>	<u>11,295,502</u>	<u>22,800,084</u>
DEFERRED INFLOWS OF RESOURCES			
Aggregate deferred inflows of resources related to pensions	107,620	47,922	155,542
NET POSITION			
Invested in capital assets	11,921,479	33,183,440	45,104,919
Restricted	84,144	781,325	865,469
Unrestricted	8,535,179	1,997,247	10,532,426
Total Net Position	<u>\$ 20,540,802</u>	<u>\$ 35,962,012</u>	<u>\$ 56,502,814</u>

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Executive - City Manager	\$ 453,519	\$ -	\$ -	\$ -
Administrative services	658,757	-	-	-
Legal and judicial	408,210	22,478	53,805	-
Police	1,992,243	-	-	-
General government	4,359,805	2,227,673	437,394	-
Fire	2,212,455	-	-	-
Engineering and development	666,965	514,093	-	-
Highways and streets	753,809	8,320	-	-
Animal control	603,168	165,476	-	98,086
Health welfare	8,744	5,400	19,271	-
Parks and recreation	1,856,491	527,749	-	100,000
Building maintenance	639,718	-	-	-
Cemetery	-	9,190	-	-
Public works	319,127	-	-	-
Nonprofit agency	51,509	-	-	-
Interest on long-term debt	372,138	-	-	-
Total governmental activities	15,356,658	3,480,379	510,470	198,086
Business-Type Activities:				
Water	2,833,424	2,225,508	-	192,928
Sewer	846,799	1,114,569	-	178,601
Solid waste	2,429,123	1,795,513	-	23,601
Recycling	156,507	140,737	-	-
Total business-type activities	6,265,853	5,276,327	-	395,130
Total primary government	\$ 21,622,511	\$ 8,756,706	\$ 510,470	\$ 593,216

General revenues:

Taxes:

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

Interest income

Transfers in (out)

Total general revenues and transfers

Change in net position

Net position - beginning, restated (Note 4A)

Net position - ending

See Notes to the Financial Statements.

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (453,519)	\$ -	\$ (453,519)
(658,757)	-	(658,757)
(331,927)	-	(331,927)
(1,992,243)	-	(1,992,243)
(1,694,738)	-	(1,694,738)
(2,212,455)	-	(2,212,455)
(152,872)	-	(152,872)
(745,489)	-	(745,489)
(339,606)	-	(339,606)
15,927	-	15,927
(1,228,742)	-	(1,228,742)
(639,718)	-	(639,718)
9,190	-	9,190
(319,127)	-	(319,127)
(51,509)	-	(51,509)
(372,138)	-	(372,138)
<u>(11,167,723)</u>	<u>-</u>	<u>(11,167,723)</u>
-	(414,988)	(414,988)
-	446,371	446,371
-	(610,009)	(610,009)
-	(15,770)	(15,770)
-	(594,396)	(594,396)
<u>\$ (11,167,723)</u>	<u>\$ (594,396)</u>	<u>\$ (11,762,119)</u>
465,860	-	465,860
582,123	-	582,123
7,334,996	-	7,334,996
65,220	-	65,220
424,230	-	424,230
673,324	-	673,324
6,835	-	6,835
30,859	-	30,859
9,478	3,088	12,566
<u>470,929</u>	<u>(470,929)</u>	<u>-</u>
<u>10,063,854</u>	<u>(467,841)</u>	<u>9,596,013</u>
(1,103,869)	(1,062,237)	(2,166,106)
<u>21,644,671</u>	<u>37,024,249</u>	<u>58,668,920</u>
<u>\$ 20,540,802</u>	<u>\$ 35,962,012</u>	<u>\$ 56,502,814</u>

CITY OF RAWLINS, WYOMING

BALANCE SHEET
GOVERNMENTAL FUNDS
 June 30, 2015

	General	Grants	Capital Facilities Tax	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 10,601,120	\$ 8,950	\$ 84,144	\$ 153,838	\$ 10,848,052
Investments	2,275,476	-	-	-	2,275,476
Receivables (net of allowance for uncollectibles):					
Taxes	407,261	-	-	-	407,261
Accounts	102,280	10,495	-	-	112,775
Inventory	29,568	-	-	-	29,568
Prepays	62,181	-	-	-	62,181
	<u>13,477,886</u>	<u>19,445</u>	<u>84,144</u>	<u>153,838</u>	<u>13,735,313</u>
Total Assets	\$ 13,477,886	\$ 19,445	\$ 84,144	\$ 153,838	\$ 13,735,313
LIABILITIES					
Accounts payable	\$ 108,459	\$ 102,595	\$ -	\$ 12,056	\$ 223,110
Accrued payroll and liabilities	294,766	-	-	-	294,766
Accrued vacation and compensatory time	162,098	-	-	-	162,098
	<u>565,323</u>	<u>102,595</u>	<u>-</u>	<u>12,056</u>	<u>679,974</u>
Total Liabilities	\$ 565,323	\$ 102,595	\$ -	\$ 12,056	\$ 679,974
FUND BALANCES					
Nonspendable	601,290	-	-	-	601,290
Restricted	-	-	84,144	-	84,144
Committed	448,196	-	-	-	448,196
Assigned	4,100,000	-	-	-	4,100,000
Unassigned	7,763,077	(83,150)	-	141,782	7,821,709
	<u>12,912,563</u>	<u>(83,150)</u>	<u>84,144</u>	<u>141,782</u>	<u>13,055,339</u>
Total Fund Balances	\$ 12,912,563	\$ (83,150)	\$ 84,144	\$ 141,782	\$ 13,055,339
Total Liabilities Deferred Inflows of Resources and Fund Balance					
	<u>\$ 13,477,886</u>	<u>\$ 19,445</u>	<u>\$ 84,144</u>	<u>\$ 153,838</u>	<u>\$ 13,735,313</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, 2015

Fund balances - total governmental funds		\$ 13,055,339
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	\$ 32,028,849	
Less accumulated depreciation	<u>(14,455,695)</u>	17,573,154
Deferred outflows of resources used in governmental activities are not financial resources and therefore, are not reported in the governmental fund statements		
		593,109
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.		
		29,830
Long-term liabilities, including notes payable and capital leases, are not due and payable in the current period and therefore are not reported in government funds:		
CC SPT Bond lease payable	\$ (5,622,201)	
Governmental notes payable	(28,088)	
Governmental leases payable	(1,386)	
Compensated absences	<u>(587,014)</u>	(6,238,689)
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	(4,169,311)	
Aggregate deferred inflows of resources related to pensions	<u>(107,620)</u>	(4,276,931)
The internal service fund is used by management to charge the cost of self-insurance to individual funds. The assets and liabilities of internal service fund are included in governmental activities in the statement of net assets.		
		<u>(195,010)</u>
Net position of governmental activities		<u>\$ 20,540,802</u>

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

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

For the Year Ended June 30, 2015

	<u>General</u>	<u>Grants</u>	<u>Capital Facility Tax</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:					
Taxes and special assessments	\$ 9,074,264	\$ -	\$ 6,835	\$ -	\$ 9,081,099
Intergovernmental	350,447	456,074	-	-	806,521
Charges for services	1,206,879	-	-	-	1,206,879
Investment income	8,769	-	78	8	8,855
Miscellaneous	<u>84,775</u>	<u>-</u>	<u>-</u>	<u>98,087</u>	<u>182,862</u>
Total Revenues	<u>10,725,134</u>	<u>456,074</u>	<u>6,913</u>	<u>98,095</u>	<u>11,286,216</u>
EXPENDITURES:					
Current operating:					
General government	3,109,415	-	-	-	3,109,415
Public safety and transportation	3,611,909	6,727	-	-	3,618,636
Public works	350,574	-	-	-	350,574
Highways and streets	748,900	-	10,859	-	759,759
Health and welfare	146,943	-	-	-	146,943
Culture and recreation	1,803,511	793,781	-	154,388	2,751,680
Debt service:					
Principal retirement	5,336	-	-	-	5,336
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>9,776,588</u>	<u>800,508</u>	<u>10,859</u>	<u>154,388</u>	<u>10,742,343</u>
Excess (deficiency) of revenues over (under) expenditures	<u>948,546</u>	<u>(344,434)</u>	<u>(3,946)</u>	<u>(56,293)</u>	<u>543,873</u>
FINANCING SOURCES AND (USES):					
Transfers in	619,662	-	-	70,000	689,662
Transfers out	<u>(70,000)</u>	<u>(148,733)</u>	<u>-</u>	<u>-</u>	<u>(218,733)</u>
Total Report Financing Sources and (Uses)	<u>549,662</u>	<u>(148,733)</u>	<u>-</u>	<u>70,000</u>	<u>470,929</u>
Net Change in Fund Balance	1,498,208	(493,167)	(3,946)	13,707	1,014,802
Fund Balances- Beginning, as restated	<u>11,414,354</u>	<u>410,017</u>	<u>88,090</u>	<u>128,075</u>	<u>12,040,536</u>
Fund Balances - Ending	<u>\$ 12,912,562</u>	<u>\$ (83,150)</u>	<u>\$ 84,144</u>	<u>\$ 141,782</u>	<u>\$ 13,055,338</u>

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

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

For the Year Ended June 30, 2015

Net change in fund balances - total governmental funds		\$ 1,014,802
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	\$ 641,274	
Loss on disposition of assets	(54,820)	
Less current year depreciation	<u>(924,832)</u>	(338,378)
Capital lease proceeds provide current resources to governmental funds, but issuing debt increases long-term debt liabilities in the statement of net assets. Repayment of loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceed repayments.		
Long-term debt principal payments	<u>\$ 348,950</u>	348,950
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		47,665
Pension expense		(1,259,914)
Some revenues reported in the statement of activities are not current financial resources from a governmental fund perspective		
Property tax revenue earned but not a current financial resource		26,830
Internal service fund is used by management to charge the cost of certain activities to individual funds. The gain of the internal service fund is included in governmental activities in the statement of net assets.		
		<u>(943,824)</u>
Change in net position of governmental activities		<u>\$ (1,103,869)</u>

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

June 30, 2015

	Business-Type Activities- Enterprise Funds					Governmental
	Water	Sewer	Landfill	Recycling	Total	Activity- Internal Service Fund
ASSETS						
Current Assets						
Cash	\$ 3,000,571	\$ 1,528,289	\$ 474,167	\$ 105,140	\$ 5,108,167	\$ 221,598
Investments	781,325	-	-	-	781,325	-
Receivables:						
Accounts, customers	196,725	105,128	145,071	12,727	459,651	-
Unbilled	112,016	19,502	49,047	-	180,565	-
Interfund	-	-	-	-	-	-
Inventory	349,776	-	-	-	349,776	-
Total current assets	<u>4,440,413</u>	<u>1,652,919</u>	<u>668,285</u>	<u>117,867</u>	<u>6,879,484</u>	<u>221,598</u>
Noncurrent Assets						
Capital assets						
Building and improvements	51,072,273	14,544,126	787,607	-	66,404,006	-
Construction in progress	163,250	148,733	-	-	311,983	-
Furniture and equipment	2,146,992	428,321	1,403,323	-	3,978,636	-
Accumulated depreciation	(23,611,315)	(5,695,397)	(1,119,068)	-	(30,425,780)	-
Total noncurrent assets	<u>29,771,200</u>	<u>9,425,783</u>	<u>1,071,862</u>	<u>-</u>	<u>40,268,845</u>	<u>-</u>
Total Assets	<u>34,211,613</u>	<u>11,078,702</u>	<u>1,740,147</u>	<u>117,867</u>	<u>47,148,329</u>	<u>221,598</u>
DEFERRED OUTFLOWS OF RESOURCES						
Amounts related to pensions	54,834	28,347	22,475	3,529	109,185	-
Total Assets and Deferred Outflows of Resources	<u>\$ 34,266,447</u>	<u>\$ 11,107,049</u>	<u>\$ 1,762,622</u>	<u>\$ 121,396</u>	<u>\$ 47,257,514</u>	<u>\$ 221,598</u>

(Continued)

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

June 30, 2015

(Continued)

	Business-Type Activities- Enterprise Funds					Governmental
	Water	Sewer	Landfill	Recycling	Total	Activity- Internal Service Fund
LIABILITIES						
Current liabilities						
Accounts payable	\$ 22,679	\$ 20,928	\$ 16,347	\$ 661	\$ 60,615	\$ -
Accrued payroll	510,493	263,101	208,752	34,567	1,016,913	-
Interfund payable	-	-	-	-	-	-
Accrued interest payable	124,609	24,786	-	-	149,395	-
Benefit claims incurred but not reported	-	-	-	-	-	416,608
Notes payable - current	153,084	88,620	-	-	241,704	-
Total current liabilities	<u>810,865</u>	<u>397,435</u>	<u>225,099</u>	<u>35,228</u>	<u>1,468,627</u>	<u>416,608</u>
Noncurrent liabilities						
Notes payable	5,456,008	1,387,693	-	-	6,843,701	-
Landfill closure costs	-	-	2,772,316	-	2,772,316	-
Accrued compensated absences	133,749	50,569	21,658	4,882	210,858	-
Total noncurrent liabilities	<u>5,589,757</u>	<u>1,438,262</u>	<u>2,793,974</u>	<u>4,882</u>	<u>9,826,875</u>	<u>-</u>
Total Liabilities	<u>6,400,622</u>	<u>1,835,697</u>	<u>3,019,073</u>	<u>40,110</u>	<u>11,295,502</u>	<u>416,608</u>
NET POSITION						
Invested in capital assets	24,162,108	7,949,470	1,071,862	-	33,183,440	-
Restricted	781,325	-	-	-	781,325	-
Unrestricted	2,922,392	1,321,882	(2,328,313)	81,286	1,997,247	(195,010)
Total Net Position	<u>\$ 27,865,825</u>	<u>\$ 9,271,352</u>	<u>\$ (1,256,451)</u>	<u>\$ 81,286</u>	<u>\$ 35,962,012</u>	<u>\$ (195,010)</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, 2015

	Business-Type Activities- Enterprise Funds					Governmental
	Water	Sewer	Landfill	Recycling	Total	Activity- Internal Service Fund
OPERATING REVENUES:						
Charges for services	\$ 2,225,508	\$ 1,114,569	\$ 1,795,513	\$ 140,737	\$ 5,276,327	\$ 1,828,517
Other income	192,928	178,601	23,601	-	395,130	-
Total operating revenues	<u>2,418,436</u>	<u>1,293,170</u>	<u>1,819,114</u>	<u>140,737</u>	<u>5,671,457</u>	<u>1,828,517</u>
OPERATING EXPENSES						
Personal services	820,160	354,612	350,782	149,652	1,675,206	-
Contractual services	68,774	9,403	395,312	-	473,489	-
Utilities	161,967	86,809	14,425	-	263,201	-
Repair and maintenance	88,512	18,086	128,014	-	234,612	-
Other supplies and expenses	155,073	83,684	438,311	-	677,068	-
Depreciation	1,326,581	186,567	115,426	6,855	1,635,429	-
Landfill closure costs	-	-	986,853	-	986,853	-
Benefit payments	-	-	-	-	-	2,772,964
Total operating expenses	<u>2,621,067</u>	<u>739,161</u>	<u>2,429,123</u>	<u>156,507</u>	<u>5,945,858</u>	<u>2,772,964</u>
Operating income (loss)	<u>(202,631)</u>	<u>554,009</u>	<u>(610,009)</u>	<u>(15,770)</u>	<u>(274,401)</u>	<u>(944,447)</u>
NONOPERATING REVENUES (EXPENSES):						
Investment income	2,397	500	153	38	3,088	623
Interest expense	(212,357)	(107,638)	-	-	(319,995)	-
Total nonoperating revenue (expenses)	<u>(209,960)</u>	<u>(107,138)</u>	<u>153</u>	<u>38</u>	<u>(316,907)</u>	<u>623</u>
Income (loss) before transfers	<u>(412,591)</u>	<u>446,871</u>	<u>(609,856)</u>	<u>(15,732)</u>	<u>(591,308)</u>	<u>(943,824)</u>
TRANSFERS						
Transfers in	-	298,349	(50,000)	(7,656)	240,693	-
Transfers out	(377,364)	(151,699)	(182,559)	-	(711,622)	-
	<u>(377,364)</u>	<u>146,650</u>	<u>(232,559)</u>	<u>(7,656)</u>	<u>(470,929)</u>	<u>-</u>
Change in net position	(789,955)	593,521	(842,415)	(23,388)	(1,062,237)	(943,824)
Net position - beginning, restated	<u>28,655,780</u>	<u>8,677,831</u>	<u>(414,036)</u>	<u>104,674</u>	<u>37,024,249</u>	<u>748,814</u>
Net position - ending	<u>\$ 27,865,825</u>	<u>\$ 9,271,352</u>	<u>\$ (1,256,451)</u>	<u>\$ 81,286</u>	<u>\$ 35,962,012</u>	<u>\$ (195,010)</u>

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended June 30, 2015

	Business-Type Activities- Enterprise Funds			
	Water	Sewer	Landfill	Recycling
CHANGE IN CASH AND CASH EQUIVALENTS:				
CASH FLOWS FROM OPERATIONS:				
Receipts from customers	\$ 2,354,890	\$ 1,127,663	\$ 1,790,891	\$ 142,019
Other operating cash receipts	176,964	178,601	4,358	-
Payments to suppliers	(534,186)	(216,066)	(987,365)	(3,908)
Payments to employees	(701,681)	(329,752)	(322,981)	(110,237)
Net cash from operating activities	<u>1,295,987</u>	<u>760,446</u>	<u>484,903</u>	<u>27,874</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	-	298,349	(50,000)	(7,656)
Transfers out	(377,364)	(151,699)	(182,559)	-
Net cash from noncapital financing activities	<u>(377,364)</u>	<u>146,650</u>	<u>(232,559)</u>	<u>(7,656)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Net acquisition of capital assets	(272,812)	(391,472)	(7,656)	-
Proceeds from long-term debt	97,495	-	-	-
Principal payments on long-term debt	(145,797)	(86,441)	-	-
Net cash from capital and related financing activities	<u>(321,114)</u>	<u>(477,913)</u>	<u>(7,656)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest earned on investments	2,397	500	153	38
Purchase of investments	(60,541)	-	-	-
Interest expense	(212,357)	(109,090)	-	-
Net cash from investing activities	<u>(270,501)</u>	<u>(108,590)</u>	<u>153</u>	<u>38</u>
Net change in cash and cash equivalents	327,008	320,593	244,841	20,256
Cash, beginning	<u>2,673,563</u>	<u>1,207,696</u>	<u>229,326</u>	<u>84,884</u>
Cash, ending	<u>\$ 3,000,571</u>	<u>\$ 1,528,289</u>	<u>\$ 474,167</u>	<u>\$ 105,140</u>

See Notes to the Financial Statements.

<u>Total</u>	<u>Governmental Activity- Internal Service Fund</u>
\$ 5,415,463	\$ 1,828,517
359,923	-
(1,741,525)	(2,539,875)
<u>(1,464,651)</u>	<u>-</u>
<u>2,569,210</u>	<u>(711,358)</u>
240,693	-
<u>(711,622)</u>	<u>-</u>
<u>(470,929)</u>	<u>-</u>
(671,940)	-
97,495	-
<u>(232,238)</u>	<u>-</u>
<u>(806,683)</u>	<u>-</u>
3,088	623
(60,541)	-
<u>(321,447)</u>	<u>-</u>
<u>(378,900)</u>	<u>623</u>
912,698	(710,735)
<u>4,195,469</u>	<u>932,333</u>
<u>\$ 5,108,167</u>	<u>\$ 221,598</u>

(Continued)

CITY OF RAWLINS, WYOMING

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2015
(Continued)

	Business-Type Activities-Enterprise Funds			
	Water	Sewer	Landfill	Recycling
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:				
Income (loss) from operations	\$ (202,631)	\$ 554,009	\$ (610,009)	\$ (15,770)
Adjustments to reconcile income (loss) from operations to net cash from operating activities:				
Depreciation	1,326,581	186,567	115,426	6,855
(Increase) decrease in:				
Accounts receivable	129,382	13,094	(4,622)	1,282
Deferred outflow	(54,834)	(28,347)	(5,963)	(3,529)
Inventory	(15,964)	-	-	-
Increase (decrease) in:				
Accounts payable	(5,026)	10,263	(5,340)	(379)
Payroll liabilities	118,479	24,860	18,082	39,415
Benefit claims incurred but not reported payable	-	-	-	-
Landfill closure costs	-	-	977,329	-
Net cash from operating activities	<u>\$ 1,295,987</u>	<u>\$ 760,446</u>	<u>\$ 484,903</u>	<u>\$ 27,874</u>

See Notes to the Financial Statements.

<u>Total</u>	<u>Governmental Activity- Internal Service Fund</u>
\$ (274,401)	\$ (944,447)
1,635,429	-
139,136	-
(92,673)	-
(15,964)	-
(482)	-
200,836	-
-	233,089
<u>977,329</u>	<u>-</u>
<u>\$ 2,569,210</u>	<u>\$ (711,358)</u>

CITY OF RAWLINS, WYOMING

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2015

	<u>Private Donations</u>
ASSETS	
Cash	\$ 197,283
Total Assets	<u>\$ 197,283</u>
NET POSITION	
Funds held for others	\$ 197,283
Total Net Position	<u>197,283</u>
 Total Net Position	 <u>\$ 197,283</u>

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 For the Year Ended June 30, 2015

	<u>Private Donations</u>
ADDITIONS:	
Revenue	
Donations	\$ 7,023
Investment income	360
Miscellaneous	<u>1,298</u>
Total Additions	<u>8,681</u>
DEDUCTIONS:	
Operating expended	<u>53,043</u>
Total Deductions	<u>53,043</u>
Net change	(44,362)
Net Position - Beginning of Year	<u>241,645</u>
Net Position - End of Year	<u><u>\$ 197,283</u></u>

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1.A. FINANCIAL REPORTING ENTITY

The City's financial reporting entity comprises the following:

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

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

1.B. BASIS OF PRESENTATION

Government-wide Financial Statements

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

NOTES TO FINANCIAL STATEMENTS

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

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

Fund Financial Statements

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

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

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

The funds of the financial reporting entity are described below:

Governmental Funds

The City reports the following major governmental funds:

General Fund

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

NOTES TO FINANCIAL STATEMENTS

Grants Fund

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

Capital Facilities Tax Fund

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

The City reports the following non-major governmental funds:

Downtown Development Authority

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

Proprietary Fund

Enterprise Funds

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

The City reports the following major enterprise funds:

Water Fund

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

Sewer Fund

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

Landfill Fund

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

Recycling Fund

NOTES TO FINANCIAL STATEMENTS

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

Internal Service Fund

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

Fiduciary Funds

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

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

The City's reports the following fiduciary funds:

Private Donation Fund

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

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

Governmental fund financial statements are reported using the *current financial*

NOTES TO FINANCIAL STATEMENTS

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.

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.

NOTES TO FINANCIAL STATEMENTS

Interfund Receivables and Payables

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

Receivables

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

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

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of two years.

Government-wide Statements

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

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the

NOTES TO FINANCIAL STATEMENTS

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 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.

Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable, accrued compensated absences, and a court-assessed judgment.

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

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

NOTES TO FINANCIAL STATEMENTS

expendable available financial resources as they are considered matured, while the proprietary funds report the liability as it is incurred.

Deferred Revenue

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

Equity Classifications

Government-wide Statements

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

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

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

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

Committed – The committed fund balance classification includes amounts that can only be 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.

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

Fund Statements

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

1.E. REVENUES, EXPENDITURES, AND EXPENSES

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

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

NOTES TO FINANCIAL STATEMENTS

July and August have been accrued and are included under the caption "Accounts receivable."

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

Use Tax

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

Property Tax

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

Operating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Expenditures/Expenses

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

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

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

Capital outlay

Debt service

NOTES TO FINANCIAL STATEMENTS

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 8, 2015, 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.
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

NOTES TO FINANCIAL STATEMENTS

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, 2015:

Expenses		
General fund		
Increase expenses	\$	1,391,896
Capital Facilities Tax Fund		
Increase expenses		6,500
Revenues		
General Fund		
Increase licenses and permits		115,000
Increase in charges for services		1,300
Capital Facilities Tax Fund		
Increase tax revenue		6,500

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.

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

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

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

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

2.D. DEFICIT FUND BALANCE

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

NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

3.A. CASH AND INVESTMENTS

NOTES TO FINANCIAL STATEMENTS

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, 2015, the carrying amount of the City's demand deposits in financial institutions was \$17,197,172. Demand deposits held by the Bank of Commerce, Rawlins National Bank, and Bank of the West in the amounts of \$1,763,558, \$7,085,943, and \$8,347,671, 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, 2015, the City had \$2,275,476 on deposit with the State Treasurer. Detailed information on the State Treasurer's pooled cash and investments is available from that office.

Investments

As of June 30, 2015, the City had investments with weighted average maturities as shown in the following table:

Investment Type	Carrying Amount	Fair Value	Weighted Average Maturity in Years
Certificates of Deposit	\$ 881,325	\$ 881,325	0.08333
State of Wyoming Investment Pool (WYOSTAR)	2,275,476	2,275,476	
 Total	 \$ 3,156,801	 \$ 3,156,801	

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.

NOTES TO FINANCIAL STATEMENTS

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

Credit Risk

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

Investment Type	Fair Value	AAA	Insured	Unrated
Certificates of Deposit	\$ 881,325	\$ -	\$ 881,325	\$ -
State of Wyoming Investment Pool	<u>2,275,476</u>	<u>-</u>	<u>-</u>	<u>2,275,476</u>
Total	<u>\$ 3,156,801</u>	<u>\$ -</u>	<u>\$ 881,325</u>	<u>\$ 2,275,476</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.

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, 2015, the City held securities which are 100% collateralized from the following issuer in excess of 5% of the total portfolio:

Bank of the West	\$ 8,347,671
Bank of Commerce	1,763,558
Rawlins National Bank	<u>7,085,943</u>
Total	<u>\$ 17,197,172</u>

Foreign Currency Risk

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

3.B. ACCOUNTS RECEIVABLE

Accounts receivable of the business-type activities consists of utilities receivable. Accounts

NOTES TO FINANCIAL STATEMENTS

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 \$13,431 as of June 30, 2015.

3.C. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance at June 30, 2014	Additions	Disposals	Balance at June 30, 2015
Governmental activities:				
Non-depreciable assets:				
Land	\$ 1,054,341	\$ -	\$ -	\$ 1,054,341
Golf Course	1,497,607	-	-	1,497,607
Construction in progress	988,657	390,220	-	1,378,877
Depreciable assets				
Buildings and improvements	11,359,412	90,582	124,126	11,325,868
Infrastructure	4,557,088	-	-	4,557,088
Furniture and equipment	12,358,918	160,472	304,322	12,215,068
Total at historical cost	31,816,023	641,274	428,448	32,028,849
Accumulated depreciation				
Buildings and improvements	(4,102,135)	(241,660)	78,102	(4,265,693)
Infrastructure	(2,003,882)	(93,395)	-	(2,097,277)
Furniture and equipment	(7,779,543)	(589,777)	276,595	(8,092,725)
Total accumulated depreciation	(13,885,560)	(924,832)	354,697	(14,455,695)
Governmental activities capital assets, net	\$ 17,930,463	\$ (283,558)	\$ 73,751	\$ 17,573,154
Business-type activities:				
Non-depreciable assets				
Construction in progress	\$ -	\$ 311,983	\$ -	\$ 311,983
Depreciable assets				
Buildings and improvements	66,404,006	-	-	66,404,006
Furniture and equipment	3,744,976	337,453	103,793	3,978,636
Total at historical cost	70,148,982	649,436	103,793	70,694,625
Accumulated depreciation				
Buildings and improvements	(27,303,387)	(1,425,988)	-	(28,729,375)
Furniture and equipment	(1,556,432)	(209,958)	69,985	(1,696,405)
Total accumulated depreciation	(28,859,819)	(1,635,946)	69,985	(30,425,780)
Business-type activities capital assets, net	\$ 41,289,163	\$ (986,510)	\$ 33,808	\$ 40,268,845

NOTES TO FINANCIAL STATEMENTS

Depreciation expense was charged to governmental activities as follows:

General government:	
General government	\$ 341,227
Public safety:	
Police	186,620
Fire	136,134
Public works	171,169
Culture and recreation:	
Parks	23,998
Recreation	65,684
Total depreciation expense	\$ 924,832

3.D. ACCOUNTS PAYABLE

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

3.E. LONG-TERM DEBT

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

The following is a summary of changes in long-term debt obligations of the City at June 30, 2015:

	<u>Long-term Obligations at June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Long-term Obligations at June 30, 2015</u>	<u>Due Within One Year</u>
Governmental activities:					
Capital Leases:					
CC 2009 SPT JPB	5,044,100	-	318,453	4,725,647	433,502
CC 2009 IRS SPT JPB	896,554	-	-	896,554	-
Equipment lease	-	-	-	-	-
Copiers & mail folding	26,547	-	25,161	1,386	1,386
WAM-WWCA	33,424	-	5,336	28,088	5,336
Other long-term debt					
Compensated absences	634,595	50,156	-	684,751	-
	<u>\$ 6,635,220</u>	<u>\$ 50,156</u>	<u>\$ 348,950</u>	<u>\$ 6,336,426</u>	<u>\$ 440,224</u>

NOTES TO FINANCIAL STATEMENTS

Business-Type Activities:

Loans Payable:

Sage Creek water line	\$ 2,266,091	\$ -	\$ 59,635	\$ 2,206,456	\$ 62,021
DWSRF Loan #69	311,265	-	17,401	293,864	17,831
DWSRF Loan #80	312,754	-	17,442	295,312	17,877
Atlantic Rim pipeline	833,534	-	16,682	816,852	17,349
Atlantic Rim reservoir	1,935,658	-	36,546	1,899,112	38,007
CWSRF Loan #90	647,144	-	36,089	611,055	36,991
CWSRF Loan #85	915,611	-	50,353	865,258	51,628
CWSRF Loan #145	-	34,259	-	34,259	-
DWSRF Loan #147	-	63,236	-	63,236	-
Other long-term debt					
Landfill closure and post closure costs payable	1,794,987	977,329	-	2,772,316	-
Compensated absences	178,387	32,471	-	210,858	-
	<u>\$ 9,195,431</u>	<u>\$1,107,295</u>	<u>\$ 234,148</u>	<u>\$ 10,068,578</u>	<u>\$ 241,704</u>

Governmental Activities:

As of June 30, 2015 the governmental long-term debt of the financial reporting entity consisted of the following:

CAPITAL LEASES:

Capital lease payable, due in monthly installments of \$1,266, including interest, through August 15, 2015, collateralized by equipment with an aggregate carrying value of \$58,766.	\$ 1,386
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.	28,088
Capital lease payable, due in semi-annual installments including interest, through June 15, 2020, paid through Special purposes taxes collected by the County.	<u>5,622,201</u>
Total Governmental Activity Debt	<u>\$ 5,651,675</u>

Business-type Activities:

As of June 30, 2015, the governmental long-term debt of the financial reporting entity consisted of the following:

NOTES TO FINANCIAL STATEMENTS

LOANS:

Note payable to the State of Wyoming, Wyoming Water Development Commission due in annual installments of \$150,278 including interest at 4% to December 2037, secured by revenue generated by the Municipal Water System.	\$ 2,206,456
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.	293,864
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.	295,312
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.	611,056
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.	865,258
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.	816,852
Note payable to the Office of State Lands and Investments, as due in annual installments of \$131,835 including interest at 4.00% to September 2042, secured by revenue generated by the Municipal Water System.	1,899,112
Future note payable to the Office of State Lands and Investments, due in annual installments of \$20,527 including interest at 2.5% to April 2034, secured by revenue generated by the Municipal Water System.	34,259
Future note payable to the Office of State Lands and Investments, due in annual installments of \$46,102 including interest at 2.5% to April 2034, secured by revenue generated by the Municipal Water System.	<u>63,236</u>
Total Business-Type Activity Debt	<u><u>\$ 7,085,405</u></u>

Annual Debt Service Requirements

The annual requirements to amortize all debt outstanding as of June 30, 2015, excluding obligations associated with compensated absences and Landfill Closure and Post-closure costs are as follows:

NOTES TO FINANCIAL STATEMENTS

Years	Governmental Activities		Business-Type Activities		Government-Wide	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 440,224	\$ 255,558	\$ 241,703	\$ 248,705	\$ 681,927	\$ 504,263
2017	459,046	232,103	249,459	240,949	708,505	473,052
2018	484,053	207,589	257,594	232,814	741,647	440,403
2019	509,721	181,720	265,949	224,457	775,670	406,177
2020	3,757,230	154,459	274,588	215,919	4,031,818	370,378
2021-2025	1,401	-	1,513,196	938,844	1,514,597	938,844
2026-2030	-	-	1,613,294	672,116	1,613,294	672,116
2031-2035	-	-	1,242,441	426,420	1,242,441	426,420
2036-2040	-	-	1,016,552	189,647	1,016,552	189,647
2041-2045	-	-	410,629	30,052	410,629	30,052
	<u>\$ 5,651,675</u>	<u>\$ 1,031,429</u>	<u>\$ 7,085,405</u>	<u>\$ 3,419,923</u>	<u>\$ 12,737,080</u>	<u>\$ 4,451,352</u>

3.F. LANDFILL CLOSURE AND POSTCLOSURE COSTS

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

The \$2,772,316 reported as landfill closure and post-closure care liability at June 30, 2015 represents the cumulative amount reported to date based on 91.53 percent of the estimated usage of the landfill. The City will recognize the remaining estimated costs of closure and post-closure care of \$264,559 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2015. This amount represents 36.66% of the total closure and post-closure costs with the State of Wyoming assuming responsibility for 63.34% the costs. The City expects to close the landfill in the year 2034. Actual costs may be higher due to inflation, changes in technology or changes in regulations. As further discussed in Note 4C- Commitments and Contingencies, the City may be responsible for additional 63.34% of the closure and post-closure costs if the state elects not to pay these costs.

3.G. INTERFUND TRANSACTIONS AND BALANCES

The City transfers amounts between funds to pay for operating expenses. Operating transfers for the year ended June 30, 2015 were as follows:

NOTES TO FINANCIAL STATEMENTS

	Transfers In	Transfers Out
General Fund:		
Governmental Funds		
Central Shop	\$ 118,618	\$ -
DDA/Main Street Fund	-	70,000
Water Fund	173,981	-
Sewer Fund	122,565	-
Landfill Fund	204,498	-
Total General Fund	619,662	70,000
Grants Fund		
Water Fund	-	148,733
Total Grant Fund	-	148,733
DDA/Main Street Fund		
General Fund	70,000	-
Total DDA/Main Street Fund	70,000	-
Water Fund		
General Fund	-	173,981
Grants Fund	-	149,616
Central Shop	-	53,767
Total Water Fund	-	377,364
Sewer Fund		
General Fund	-	122,565
Grants Fund	148,733	-
Water Fund	149,616	-
Central Shop	-	29,134
Total Sewer Fund	298,349	151,699
Recycling Fund		
Landfill Fund	-	7,656
Total DDA/Main Street Fund	-	7,656
Landfill Fund		
Central shop	-	35,717
General Fund	-	204,498
Recycling fund	7,656	-
Total Landfill Fund	7,656	240,215
Grand Totals	\$ 995,667	\$ 995,667

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

NOTES TO FINANCIAL STATEMENTS

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 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 15.87%, of which 7.75% is paid by the employee and 8.12% is paid by the City. The City is only statutorily required to contribute 7.62%, and it elects to cover an additional 0.50% of the required contribution. Employer contributions to the pension plan for the fiscal year ended June 30, 2015 totaled \$482,125, and 100% of the statutorily required contributions were made.

NOTES TO FINANCIAL STATEMENTS

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 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, 2015 totaled \$121,324 and 100% of the statutorily required contributions were made.

State of Wyoming Law Enforcement Pension Fund

The City of Laramie contributes to the State of Wyoming Law Enforcement Pension Fund ("Fund"), a cost sharing multiple-employer defined benefit contributory pension plan

NOTES TO FINANCIAL STATEMENTS

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.

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, 2015 totaled \$214,922, 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, 2015, the net pension liability recorded for the City of Laramie 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 net pension asset recorded for the City of Laramie represents its proportionate share of the excess of the pension plan fiduciary net position over the total pension liability for the Wyoming Retirement System plans of which the City is a participant. The City reported a net pension asset and liabilities as follows for the fiscal years ended June 30, 2015 and June 30, 2014:

NOTES TO FINANCIAL STATEMENTS

	Proportionate Share of Net Pension Liability as of June 30, 2015	Proportionate Share of Net Pension Liability as of June 30, 2014
Public Employee Pension	\$ 2,857,399	\$ 2,650,777
Fire Pension A	2,036,937	716,205
Law Enforcement Pension	224,056	148,512
Aggregate Net Pension Liability	\$ 5,118,392	\$ 3,515,494

	Proportionate Share of Net Pension Liability as of June 30, 2015	Proportionate Share of Net Pension Liability as of June 30, 2014
Fire Pension A	\$ 23,092	\$ 69,888
Net Pension Asset	\$ 23,092	\$ 69,888

Of the City's proportionate share of the net pension liability, \$1,555,399 is attributable to business-type activities (\$471,403 for the Water Fund, \$243,694 for the Sewer Fund, \$193,219 for the Landfill Fund, and \$30,338 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, 2014 and the actuarial determination of the total pension liability was January 1, 2015. 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, 2014 to December 31, 2014). The City's proportionate share of the net pension liability or asset for each plan as of December 31, 2014 and December 31, 2013 is as follows:

	Proportionate Share as of December 31, 2014	Proportionate Share as of December 31, 2013
Public Employee Pension	0.161920%	0.174747%
Fire Pension A	1.237600%	1.220476%
Fire Pension B	2.053348%	1.908224%
Law Enforcement Pension	0.760448%	0.825338%

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, 2015, the City recognized a total pension expense of \$1,694,143 as detailed below:

NOTES TO FINANCIAL STATEMENTS

Public Employee Pension	\$	235,890
Fire Pension A		1,284,082
Fire Pension B		70,256
Law Enforcement Pension		103,915
Total Pension Expense	\$	1,694,143

Pension expense attributable to business-type activities totals \$86,862. The remainder of pension expense is attributable to governmental activities, with \$1,284,082 related to Fire Pension A activity.

Deferred Inflows and Outflows of Resources Related to Pensions

At June 30, 2015, 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 unamortized differences between the projected and actual earnings on pension plan investments	\$ 234,282	\$ 37,655	\$ 52,335	\$ 88,487	\$ 412,759
Contributions subsequent to measurement date	244,190	-	35,191	53,371	332,752
Unamortized amounts related to the change in the City's proportionate share of net pension liability or asset	-	-	4,705	-	4,705
Total Deferred Outflows Related to Pensions	\$ 478,472	\$ 37,655	\$ 92,231	\$ 141,858	\$ 750,216

<u>Deferred Outflows of Resources</u>	Public Employee Pension	Fire Pension A	Fire Pension B	Law Enforcement Pension	Total
Unamortized amounts related to the change in the City's proportionate share of net pension liability or asset	146,096	-	-	9,446	155,542
Total Deferred Inflows Related to Pensions	\$ 146,096	\$ -	\$ -	\$ 9,446	\$ 155,542

Deferred inflows of resources related to pensions are attributable to business-type activities total \$47,922. Deferred outflows of resources related to business-type activities total \$157,107.

The \$332,752 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, 2016.

NOTES TO FINANCIAL STATEMENTS

Actuarial Assumptions

Actuarial valuations are performed annually with the most recent valuation date of January 1, 2015. 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	1/1/2014	1/1/2014	1/1/2014	1/1/2014
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	*	*	*	*
* 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 4.5% net real rate of return and an inflation rate of 3.25%. For the fiscal year ended December 31, 2014, WRS pension plans saw an annual money-weighted real rate of return, net of expenses, of 4.7%

NOTES TO FINANCIAL STATEMENTS

compared to the 4.5% 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 arithmetic and geometric below.

Asset Class	Sub-Asset Class	Target Allocation	30-Year Arithmetic Expected Real Return	Contribution to total fund Arithmetic Real Return	30-Year Geometric Expected Real Return	Contribution of Total Fund Geometric Real Return
Cash		2.50%	0.50%	0.01%	0.50%	0.01%
Fixed Income		15.00%	0.98%	0.15%	0.80%	0.12%
Equity		55.00%	6.66%	3.67%	5.26%	2.89%
	US Large Cap	25.00%	5.88%	1.47%	4.50%	1.13%
	Non-US (nhedged)	24.00%	6.86%	1.65%	5.00%	1.20%
	Emerging Markets	6.00%	9.14%	0.55%	6.25%	0.38%
Marketable Alternatives		15.50%	4.19%	0.65%	3.79%	0.59%
Private Markets		12.00%	7.13%	0.86%	5.76%	0.69%
	Private Equity	4.00%	9.60%	0.38%	6.50%	0.26%
	Private Debt	3.00%	6.61%	0.20%	5.00%	0.15%
	Private Real Assets	2.00%	6.83%	0.14%	4.50%	0.09%
	Real Estate (core)	3.00%	4.57%	0.14%	3.25%	0.10%
Total Plan (Real Return)		100.00%		5.34%		4.53%
Inflation assumption				3.25%		3.25%
Total Plan (Normal Return)				8.59%		7.78%

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 2014 to 2013 projection period for which projected benefit payments are fully funded
Public Employee Pension	7.75%	7.75%	3.65%	2113
Fire Pension A	4.47%	7.75%	3.65%	2026
Fire Pension B	7.75%	7.75%	3.65%	2113
Law Enforcement Pension	7.75%	7.75%	3.65%	2113

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

NOTES TO FINANCIAL STATEMENTS

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	4,818,962	3,083,747	1,626,567
Fire Pension A	2,568,432	2,008,753	1,560,402
Fire Pension B	283,724	(21,460)	(275,775)
Law Enforcement Pension	849,090	243,175	(256,847)

3. *Payables to the Pension Plans*

The City reported payables to Wyoming Retirement System at June 30, 2015 totaling \$62,610 and comprised of \$36,831 for the Public Employee Pension, \$16,403 for the Law Enforcement Pension, and \$9,376 for the Fire B Pension. The payables are short-term in nature and relate to the statutorily required contributions for June 2015 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, 2014 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 80/20 basis to \$15,000 and then 100% up to \$20,000 per individual. Costs above \$20,000 are covered by stop-loss insurance purchased from a commercial insurance company.

Claims Liabilities

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

NOTES TO FINANCIAL STATEMENTS

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, 2015, 2014 and 2013, the IBNR was \$416,608, \$213,518 and \$147,030, respectively. Changes in the Fund's claims liability amount, including IBNR, from July 1, 2010 to June 30, 2015:

Liability balance, June 30, 2012	203,581
Claims and changes in estimates	1,656,677
Claims payments	<u>(1,713,228)</u>
Liability balance, June 30, 2013	147,030
Claims and changes in estimates	2,164,447
Claims payments	<u>(2,097,959)</u>
Liability balance, June 30, 2014	213,518
Claims and changes in estimates	2,322,252
Claims payments	<u>(2,119,162)</u>
Liability balance, June 30, 2015	<u>\$ 416,608</u>
Assets available to pay claims at June 30, 2015	<u>\$ 221,598</u>

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

Other Liabilities

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City contracts with various insurance companies for property insurance (including boiler and machinery), general liability insurance, professional insurance and vehicle insurance. The coverage under each type of insurance policy varies in amounts and deductibles. The City has had no significant settlements exceeding insurance coverage in any of the past three fiscal years. The City has had no significant reductions in insurance coverage from coverage in the prior years.

4.C. COMMITMENTS AND CONTINGENCIES

Landfill Contamination

In July 1998, the City and the Wyoming Department of Environmental Quality, Solid Hazardous Waste Division (the Department) signed an Administrative Order on Consent

NOTES TO FINANCIAL STATEMENTS

to define the extent of certain contamination in the Landfill and analyze options for correcting the problem. The City filed an Assessment of Corrective Measures Report dated January 17, 2000 which identified monitored natural attenuation as the preferred alternative to remediate the contamination release at the site. The Department responded to the report on April 14, 2000 and the City responded to the Departments' assessment on May 18, 2000 which replied to the Department's comments and proposed a course of action. On December 4, 2001 the Department issued their review of the City's Assessment of Monitored Natural Attenuation Report and listed various actions required. The Revised Assessment of Corrective Measured Report was filed on May 3, 2002. On April 4, 2003 the Department approved the City's work plan dated March 28, 2003. As of June 30, 2015 no determination of an amount of liability, if any, could be made.

Landfill Closure and Post-closure Costs

The City of Rawlins entered into an agreement with the State of Wyoming where if certain conditions were met by the City, the State would assume responsibility for 75% of the closure and post-closure costs for the City of Rawlins Landfill. However, the City of Rawlins is in the process of discussing and negotiating the requirements placed on the City by the State. If the City of Rawlins is unable to meet the requirements placed them by the State, the City would be responsible for all for the landfill closure and post-closure costs. The contingent liability for the 75% additional is approximately \$5,463,000 based on the 2015 cost estimate.

Litigation

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

4.D. ACCOUNTING CHANGES

Prior Period Adjustments – Governmental Activities

The implementation of GASB Statement 68 required two prior period adjustments in governmental activities. One adjustment established the beginning balance of the proportionate share of the net pension liability, and the other adjustment recorded a beginning balance for deferred outflows of resources arising from contributions made subsequent to the measurement date of the beginning net pension liability.

Governmental Activities - Net Position at 6/30/2014	\$ 24,162,187
Adjustment to establish beginning Net Pension Liability	<u>(2,517,516)</u>
Adjusted Net Position at 6/30/2014	<u>\$ 21,644,671</u>

Prior Period Adjustments – Business-type Activities

The implementation of GASB Statement 68 required two prior period adjustments in

NOTES TO FINANCIAL STATEMENTS

business-type activities. One adjustment established the beginning balance of the proportionate share of the net pension liability, and the other adjustment recorded a beginning balance for deferred outflows of resources arising from contributions made subsequent to the measurement date of the beginning net pension liability.

Business-Type Activities - Net Position at 6/30/2014	\$ 37,862,570
Adjustment to establish beginning Net Pension Liability	<u>(838,321)</u>
 Adjusted Net Position at 6/30/2014	 <u>\$ 37,024,249</u>

Prior Period Adjustments – Proprietary Funds

The implementation of GASB Statement 68 required two prior period adjustments in proprietary funds. One adjustment established the beginning balance of the proportionate share of the net pension liability, and the other adjustment recorded a beginning balance for deferred outflows of resources arising from contributions made subsequent to the measurement date of the beginning net pension liability.

Water Fund

Water Fund Net Position at 6/30/2014	\$ 29,076,792
Adjustment to establish beginning Net Pension Liability	<u>(421,012)</u>
 Adjusted Net Position at 6/30/2014	 <u>\$ 28,655,780</u>

Sewer Fund

Sewer Fund Net Position at 6/30/2014	\$ 8,895,473
Adjustment to establish beginning Net Pension Liability	<u>(217,642)</u>
 Adjusted Net Position at 6/30/2014	 <u>\$ 8,677,831</u>

Landfill Fund

Landfill Fund Net Position at 6/30/2014	\$ (241,466)
Adjustment to establish beginning Net Pension Liability	<u>(172,570)</u>
 Adjusted Net Position at 6/30/2014	 <u>\$ (414,036)</u>

Recycling Fund

Recycling Fund Net Position at 6/30/2014	\$ 131,771
Adjustment to establish beginning Net Pension Liability	<u>(27,097)</u>
 Adjusted Net Position at 6/30/2014	 <u>\$ 104,674</u>

CITY OF RAWLINS, WYOMING

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REQUIRED SUPPLEMENTARY INFORMATION**

BUDGETARY INFORMATION

Budgetary Comparison Schedule- General Fund

Budgetary Comparison Schedule- Grant Fund

Budgetary Comparison Schedule- Capital Facilities Tax Fund

Notes to Required Supplementary Information – Budgetary Comparisons

CITY OF RAWLINS, WYOMING

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Taxes and special assessments	\$ 7,644,822	\$ 7,644,822	\$ 8,523,125	\$ 878,303
Licenses and permits	592,200	707,200	582,123	(125,077)
Intergovernmental	101,000	101,000	549,804	448,804
Charges for services	1,668,838	1,670,138	1,709,333	39,195
Investment income	6,030	6,030	9,035	3,005
Miscellaneous	2,810	2,810	87,590	84,780
Total revenues	<u>10,015,700</u>	<u>10,132,000</u>	<u>11,461,010</u>	<u>1,329,010</u>
EXPENDITURES:				
General government	2,887,475	2,984,475	2,943,029	41,446
Public safety and transportation	3,491,622	3,491,622	3,475,623	15,999
Public works	397,577	403,577	353,261	50,316
Highways and streets	611,423	611,423	560,530	50,893
Health and welfare	119,680	131,680	130,825	855
Culture and recreation	1,754,908	1,756,208	1,688,357	67,851
Capital outlay	1,421,543	1,421,543	563,103	858,440
Principal retirement	5,336	5,336	5,336	-
Total expenditures	<u>10,689,564</u>	<u>10,805,864</u>	<u>9,720,064</u>	<u>1,085,800</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(673,864)</u>	<u>(673,864)</u>	<u>1,740,946</u>	<u>2,414,810</u>
OTHER FINANCING SOURCES:				
Operating transfers in	689,432	689,432	619,662	69,770
Operating transfers out	<u>(70,000)</u>	<u>(70,000)</u>	<u>(70,000)</u>	<u>-</u>
Total other financing sources	<u>619,432</u>	<u>619,432</u>	<u>549,662</u>	<u>69,770</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(54,432)</u>	<u>(54,432)</u>	<u>2,290,608</u>	<u>2,345,040</u>
Fund balance - beginning	<u>4,823,500</u>	<u>4,823,500</u>	<u>4,823,500</u>	<u>-</u>
Fund balance - ending	<u>\$ 4,769,068</u>	<u>\$ 4,769,068</u>	<u>\$ 7,114,108</u>	<u>\$ 2,345,040</u>

(Continued)

CITY OF RAWLINS, WYOMING

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For the Year Ended June 30, 2015

(Continued)

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

Revenue:

Actual total revenue budgetary basis	\$	11,461,010
Differences- Budget to GAAP		
Tax accrual difference		(36,947)
Fines receivables difference		(10,372)
Other receivables difference		<u>(688,556)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	\$	<u>10,725,135</u>

Expenditures:

Actual total expenditures budgetary basis	\$	9,720,064
Differences- Budget to GAAP		
Accounts payable & payroll accrual difference		86,987
Other expenses		<u>(30,463)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	\$	<u>9,776,588</u>

CITY OF RAWLINS, WYOMING

**BUDGETARY COMPARISON SCHEDULE
GRANTS FUND**

For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Intergovernmental	\$ 2,048,934	\$ 2,048,934	\$ 577,577	\$ (1,471,357)
Total revenues	<u>2,048,934</u>	<u>2,048,934</u>	<u>577,577</u>	<u>(1,471,357)</u>
EXPENDITURES:				
Infrastructure	<u>2,048,934</u>	<u>2,048,934</u>	<u>978,643</u>	<u>1,070,291</u>
Total expenditures	<u>2,048,934</u>	<u>2,048,934</u>	<u>978,643</u>	<u>1,070,291</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(401,066)</u>	<u>(401,066)</u>
OTHER FINANCING SOURCES:				
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(401,066)</u>	<u>(401,066)</u>
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (401,066)</u>	<u>\$ (401,066)</u>

(Continued)

CITY OF RAWLINS, WYOMING

**BUDGETARY COMPARISON SCHEDULE
GRANTS FUND**

For the Year Ended June 30, 2015

(Continued)

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

Revenue:

Actual total revenue budgetary basis	\$	577,577
Differences - Budget to GAAP		
Construction projects for other funds		<u>(121,503)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	\$	<u>456,074</u>

Expenditures:

Actual total expenditures budgetary basis	\$	978,643
Differences - Budget to GAAP		
Reclassification to transfers		(148,733)
Construction projects for other funds		<u>(29,402)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	\$	<u>800,508</u>

CITY OF RAWLINS, WYOMING

BUDGETARY COMPARISON SCHEDULE
CAPITAL FACILITIES TAX FUND
 For the Year Ended June 30, 2015

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Specific purpose tax	\$ 506,846	\$ 690,846	\$ 6,835	\$ (684,011)
Interest income	26	26	78	52
Total revenues	<u>506,872</u>	<u>690,872</u>	<u>6,913</u>	<u>(683,959)</u>
EXPENDITURES:				
Street infrastructure	32,516	39,016	10,859	28,157
Water infrastructure	<u>41,550</u>	<u>41,550</u>	-	<u>41,550</u>
Total expenditures	<u>74,066</u>	<u>80,566</u>	<u>10,859</u>	<u>69,707</u>
Excess (deficiency) of revenues over (under) expenditures	<u>432,806</u>	<u>610,306</u>	<u>(3,946)</u>	<u>(614,252)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	432,806	610,306	(3,946)	(614,252)
Fund balance - beginning	<u>89,500</u>	<u>89,500</u>	<u>89,500</u>	<u>-</u>
Fund balance - ending	<u>\$ 522,306</u>	<u>\$ 699,806</u>	<u>\$ 85,554</u>	<u>\$ (614,252)</u>

(Continued)

CITY OF RAWLINS, WYOMING

**BUDGETARY COMPARISON SCHEDULE
CAPITAL FACILITIES TAX FUND**

For the Year Ended June 30, 2015

(Continued)

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

Revenue:

Actual total revenue budgetary basis	\$	6,913
Differences - Budget to GAAP		
No differences		<u>-</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	\$	<u>6,913</u>

Expenditures:

Actual total expenditures budgetary basis	\$	10,859
Differences - Budget to GAAP		
No differences		<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - governmental funds	\$	<u>10,859</u>

CITY OF RAWLINS, WYOMING

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

June 30, 2015

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 60, 62, and 64. 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, 2015, there were no instances of excess of expenditures over appropriations.



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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rawlins, Wyoming as of and for the year ended June 30, 2015, which collectively comprise the City of Rawlins, Wyoming's basic financial statements and have issued our report thereon dated December 8, 2015. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies in internal control over financial reporting, on page 68 References 2015-1. A *significant deficiency* is a

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deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

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

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

Madee Tschacher Peterson + Co, LLC

Laramie, Wyoming
December 8, 2015

CITY OF RAWLINS, WYOMING

SCHEDULE OF FINDINGS AND RESPONSES

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

Significant Deficiencies in Internal Control

2015-1: Financial Statement Preparation

Criteria

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

Condition

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

Recommendation

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

Response

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