



**City of Rawlins, Wyoming**

Financial Statements  
and Supplementary Information

For the Year Ended June 30, 2016

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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, 2016, 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, 2016, 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 4D to the basic financial statements, the City recorded a prior period adjustment to record a receivable to the general fund and payable to the sewer fund for a loan made during 2009. The results of this restatement was an increase to net assets previously reported for governmental activities and a decrease to the net assets previously reported for the business-type activities in the amount of \$693,063.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8, the budgetary comparison information on pages 58 through 65, and the pension information on pages 66 through 68 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 6, 2016, on our consideration of the City of Rawlins' internal control over financial reporting and on our tests of compliance with certain laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Rawlins' internal control over financial reporting and compliance.

*Anton Collins Mitchell LLP*

Laramie, Wyoming  
December 6, 2016

**MANAGEMENT DISCUSSION AND ANALYSIS**  
FOR THE YEAR ENDED JUNE 30, 2016

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, 2016.

**Financial Highlights**

- The assets of the City of Rawlins exceeded its liabilities at the close of the most recent fiscal year by \$59,039,591 (*net position*). Of this amount, \$12,821,370 (*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 2015-2016), the City of Rawlins General Fund reported \$8,518,138 *available for spending* at the government's discretion (*unassigned fund balance*) and \$745,152 committed for future funding requirements. The City started FY 2015-2016 with a declared General Fund Reserve of \$4,100,000. At the beginning of FY 2015-2016 the City started with an actual reserve of \$4,100,000 in the General Fund. A significant economic downturn statewide started in FY 2015-2016 and it is continuing into FY 2016-2017. The hope is if the 1,000 turbine wind project is permitted it will carry Carbon County back into a positive economic future
- The City of Rawlins General Fund Capital Equipment/Infrastructure total debt decreased by \$440,225 during the current fiscal year to a total of \$5,211,450. The majority of these debts (\$5,188,697) will be paid through the term of the 1.0% optional capital facility countywide sales tax. The City of Rawlins Enterprise Funds Capital Equipment/Infrastructure total debt increased by \$492,439 during the current fiscal year to a total of \$7,578,843 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 2014-2015) the City received \$7,334,996 in sales and use taxes. For the fiscal year ending of June 30, 2016 the City received \$6,307,178 in sales and uses taxes, a decrease of \$1,027,818 or 14%. When compared to the sales and use taxes FY 2008-2009 figure (\$8,801,662) the City's eight year reduction in sales and use taxes is \$2,494,484. This loss in revenue created a reduction in full-time employees and capital expenditures.
- The City increased the Cost for maintaining the employee health insurance by 10% for FY 2015-2016 to match the anticipated cost of health services. This was in response to the losses suffered in our City sponsored self-insurance program. The FY 2016-2017 budgeted increase in our self-insurance program is 9%.
- Revenues from the Golf Course Fund two primary accounts (membership & pro-shop) decreased by approximately \$11,634 or 4.5% when compared to FY 2014-2015.
- The wastewater fund revenues earned less in FY 2015-2016 as compared to the previous fiscal year, but the weather had more to do with these changes. Our other enterprise funds of water, solid waste landfill, and solid waste recycling all experienced increase in revenues. Within all four enterprise funds the revenues exceeded the expenses incurred within the fiscal year.

## MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2016

### Overview of the Financial Statements

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

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

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

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

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

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

The government activities of the City of Rawlins include general government, public safety, highways and streets, community development and culture and recreation. The business-type activities of the City of Rawlins include water, wastewater, landfill, and a golf course. The government-wide financial statement can be found of pages 9 through 12 of this report.

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

*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.

**MANAGEMENT DISCUSSION AND ANALYSIS**  
FOR THE YEAR ENDED JUNE 30, 2016

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

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

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

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

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

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

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

The basic fiduciary funds financial statements can be found on 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 57 of this report.

**MANAGEMENT DISCUSSION AND ANALYSIS**  
FOR THE YEAR ENDED JUNE 30, 2016

**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         |               |
|------------------------------------|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
|                                    | 2016                    | 2015          | 2016                     | 2015          | 2016          | 2015          |
| Current and Other assets           | \$ 16,238,114           | \$ 13,986,741 | \$ 7,386,198             | \$ 6,879,484  | \$ 23,624,312 | \$ 20,866,225 |
| Capital assets                     | 17,066,364              | 17,573,154    | 41,012,626               | 40,268,845    | 58,078,990    | 57,841,999    |
| Deferred outflows                  | 1,817,958               | 593,109       | 288,680                  | 157,107       | 2,106,638     | 750,216       |
| Total assets and deferred outflows | 35,122,436              | 32,153,004    | 48,687,504               | 47,305,436    | 83,809,940    | 79,458,440    |
| Long-term liabilities outstanding  | 5,211,450               | 5,651,675     | 8,957,591                | 9,857,721     | 14,169,041    | 15,509,396    |
| Other liabilities                  | 8,396,162               | 5,852,907     | 2,120,120                | 1,437,781     | 10,516,282    | 7,290,688     |
| Total liabilities                  | 13,607,612              | 11,504,582    | 11,077,711               | 11,295,502    | 24,685,323    | 22,800,084    |
| Deferred inflows                   | 65,534                  | 107,620       | 19,492                   | 47,922        | 85,026        | 155,542       |
| Net position:                      |                         |               |                          |               |               |               |
| Invested in capital assets         | 11,854,914              | 11,921,479    | 33,433,782               | 33,183,440    | 45,288,696    | 45,104,919    |
| Restricted                         | 84,223                  | 84,144        | 845,302                  | 781,325       | 929,525       | 865,469       |
| Unrestricted                       | 9,510,153               | 8,535,179     | 3,311,217                | 1,997,247     | 12,821,370    | 10,532,426    |
| Total net position                 | \$ 21,449,290           | \$ 20,540,802 | \$ 37,590,301            | \$ 35,962,012 | \$ 59,039,591 | \$ 56,502,814 |

**Analysis of Net position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Rawlins, assets exceeded liabilities by \$59,039,591 at the close of the most recent fiscal year. By far the largest portion of the City of Rawlins net position reflects its net investment of \$45,288,696 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, \$929,525 represents resources that are subject to external restrictions on how they may be used.

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2016**

The remaining balance of unrestricted net position in all City funds of \$12,821,370 may be used to meet the government's ongoing obligations to citizens and creditors. Specific expenditure restrictions apply to specific revenue funds and to many of the capital project funds.

At June 30, 2016, the City is able to report positive balances in all three categories of net position for the government as a whole and business-type activities.

**City of Rawlins Changes in Net Position**

|                                     | Governmental Activities |               | Business-type Activities |               | Total         |               |
|-------------------------------------|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
|                                     | 2016                    | 2015          | 2016                     | 2015          | 2016          | 2015          |
| Revenues:                           |                         |               |                          |               |               |               |
| Program Revenues                    |                         |               |                          |               |               |               |
| Charges for Services                | \$ 4,179,999            | \$ 3,480,379  | \$ 5,274,321             | \$ 5,276,327  | \$ 9,454,320  | \$ 8,756,706  |
| Operating grants and contributions  | 1,671,617               | 510,470       | -                        | -             | 1,671,617     | 510,470       |
| Capital grants and contributions    | 147,743                 | 198,086       | 2,869,288                | 395,130       | 3,017,031     | 593,216       |
| General Revenues:                   |                         |               |                          |               |               |               |
| Property Taxes                      | 490,640                 | 465,860       | -                        | -             | 490,640       | 465,860       |
| Other Taxes                         | 8,033,098               | 9,086,728     | -                        | -             | 8,033,098     | 9,086,728     |
| Other Revenues                      | 340,364                 | 40,337        | 6,765                    | 3,088         | 347,129       | 43,425        |
| Transfers                           | (277,445)               | 470,929       | 277,445                  | (470,929)     | -             | -             |
| Total revenues                      | 14,586,016              | 14,252,789    | 8,427,819                | 5,203,616     | 23,013,835    | 19,456,405    |
| Expenses:                           |                         |               |                          |               |               |               |
| General government                  | 3,989,582               | 2,716,267     |                          |               | 3,989,582     | 2,716,267     |
| Public Safety                       | 4,278,752               | 4,807,866     |                          |               | 4,278,752     | 4,807,866     |
| Public Works                        | 3,034,518               | 2,379,619     |                          |               | 3,034,518     | 2,379,619     |
| Health, welfare and recreation      | 1,609,183               | 1,856,491     |                          |               | 1,609,183     | 1,856,491     |
| Non-departmental                    | 1,202,997               | 3,224,277     |                          |               | 1,202,997     | 3,224,277     |
| Interest on long term debt          | 255,558                 | 372,138       | 204,500                  | 319,995       | 460,058       | 692,133       |
| Water                               |                         |               | 3,592,950                | 2,621,067     | 3,592,950     | 2,621,067     |
| Wastewater                          |                         |               | 918,847                  | 739,161       | 918,847       | 739,161       |
| Landfill                            |                         |               | 1,251,995                | 2,429,123     | 1,251,995     | 2,429,123     |
| Recycling                           |                         |               | 138,175                  | 156,507       | 138,175       | 156,507       |
| Total expenses                      | 14,370,591              | 15,356,658    | 6,106,467                | 6,265,853     | 20,477,058    | 21,622,511    |
| Total general revenues & transfers  | 14,586,016              | 14,252,789    | 8,427,819                | 5,203,616     | 23,013,835    | 19,456,405    |
| Changes in net position             | 215,425                 | (1,103,869)   | 2,321,352                | (1,062,237)   | 2,536,777     | (2,166,106)   |
| Net position - beginning - Restated | 21,233,865              | 21,644,671    | 35,268,949               | 37,024,249    | 56,502,814    | 58,668,920    |
| Net position - ending               | \$ 21,449,290           | \$ 20,540,802 | \$ 37,590,301            | \$ 35,962,012 | \$ 59,039,591 | \$ 56,502,814 |

**Analysis of Changes in Net Position**

The City of Rawlins net position increased \$2,536,777 during the current fiscal year as shown above.

**Budgetary Highlights**

Significant highlights of the fiscal year 2015-2016 was the losses being taken in the sales and use taxes. The City did see this trend in the October/November 2015 time frame and at that time

**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

\$1,000,000 was cut from the adopted capital budget of the General Fund for FY 2015-2016. All personnel budgets were kept in place for the fiscal year. Our rainy day reserve remained in place through FY 2015-2016.

**Capital Assets and Debt Administration**

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

| <u>Capital Assets</u>            | <u>Governmental Activities</u> | <u>Business-Type Activities</u> |
|----------------------------------|--------------------------------|---------------------------------|
| Land & construction in progress  | \$ 3,130,022                   | \$ 1,468,558                    |
| Capital assets being depreciated | 28,859,217                     | 71,665,493                      |
| Accumulated depreciation         | <u>(14,922,875)</u>            | <u>(32,121,425)</u>             |
| Net capital assets               | <u>\$ 17,066,364</u>           | <u>\$ 41,012,626</u>            |
| <br>Long term debt               | <br><u>\$ 5,211,450</u>        | <br><u>\$ 8,957,591</u>         |

**Economic Factors and Next Year's Budget**

With FY 2015-2016 sales and use taxes falling, with the CREG forecast for the State for FY 2016-2017 restating sales and use taxes falling, the City adopted a budget funding all positions of FY 2015-2016 into FY 2016-2017 and eliminated funding a capital budget for the General Fund using recurring revenues. CREG is not forecasting any growth in state revenues in the near future, thus Carbon County future is hinging on one project. The future project, the 1,000 Wind Turbine Farms that are anticipated to jump start the Carbon County economy are not to be started in earnest until FY 2018-2019, and may not ever start if the state legislature increase taxes on the item. 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, 2016

|   | Primary Government         |                             |                      |
|---|----------------------------|-----------------------------|----------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities | Total                |
| <b>ASSETS</b>   |                            |                             |                      |
| Cash  | \$ 12,509,874              | \$ 5,476,396                | \$ 17,986,270        |
| Investments at fair value                                       | 2,283,315                  | 845,302                     | 3,128,617            |
| Accounts receivable less allowance<br>for doubtful accounts     | 658,705                    | 476,922                     | 1,135,627            |
| Unbilled service receivable                                     | -                          | 164,633                     | 164,633              |
| Interfund advances receivable                                   | 693,063                    | -                           | 693,063              |
| Inventory   | 27,656                     | 422,945                     | 450,601              |
| Prepaid insurance   | 65,501                     | -                           | 65,501               |
| Capital assets  |                            |                             |                      |
| Land  | 1,054,341                  | -                           | 1,054,341            |
| Golf course   | 1,497,607                  | -                           | 1,497,607            |
| Construction in progress  | 578,074                    | 1,468,558                   | 2,046,632            |
| Buildings and improvements                                      | 12,227,158                 | 66,810,149                  | 79,037,307           |
| Infrastructure  | 4,975,246                  | -                           | 4,975,246            |
| Furniture and equipment   | 11,656,813                 | 4,855,344                   | 16,512,157           |
| Accumulated depreciation  | (14,922,875)               | (32,121,425)                | (47,044,300)         |
| Total Assets  | <u>33,304,478</u>          | <u>48,398,824</u>           | <u>81,703,302</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                           |                            |                             |                      |
| Aggregate deferred outflows of<br>resources related to pensions | <u>1,817,958</u>           | <u>288,680</u>              | <u>2,106,638</u>     |
| Total Assets and Deferred Outflows<br>of resources              | <u>\$ 35,122,436</u>       | <u>\$ 48,687,504</u>        | <u>\$ 83,809,940</u> |

(Continued)

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

**STATEMENT OF NET POSITION**

June 30, 2016

(Continued)

|  | Primary Government         |                             |                      |
|--|----------------------------|-----------------------------|----------------------|
|  | Governmental<br>Activities | Business-Type<br>Activities | Total                |
| <b>LIABILITIES</b>   |                            |                             |                      |
| Accounts payable   | \$ 597,553                 | \$ 98,606                   | \$ 696,159           |
| Accrued payroll  | 402,419                    | 72,920                      | 475,339              |
| Accrued interest payable                                       | -                          | 143,582                     | 143,582              |
| Capital leases - current                                       | 484,950                    | -                           | 484,950              |
| Capital leases - long term                                     | 4,726,500                  | -                           | 4,726,500            |
| Interfund advances payable                                     | -                          | 693,063                     | 693,063              |
| Notes payable - current  | -                          | 241,406                     | 241,406              |
| Notes payable - long term                                      | -                          | 7,337,438                   | 7,337,438            |
| Closure and post closure costs                                 | -                          | 1,378,747                   | 1,378,747            |
| Net pension liability  | 6,690,585                  | 921,324                     | 7,611,909            |
| Accrued compensated absences                                   | 705,605                    | 190,625                     | 896,230              |
| Total Liabilities  | <u>13,607,612</u>          | <u>11,077,711</u>           | <u>24,685,323</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                           |                            |                             |                      |
| Aggregate deferred inflows of<br>resources related to pensions | <u>65,534</u>              | <u>19,492</u>               | <u>85,026</u>        |
| <b>NET POSITION</b>  |                            |                             |                      |
| Invested in capital assets                                     | 11,854,914                 | 33,433,782                  | 45,288,696           |
| Restricted   | 84,223                     | 845,302                     | 929,525              |
| Unrestricted   | <u>9,510,153</u>           | <u>3,311,217</u>            | <u>12,821,370</u>    |
| Total Net Position   | <u>\$ 21,449,290</u>       | <u>\$ 37,590,301</u>        | <u>\$ 59,039,591</u> |

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

**STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2016

| Function/Program Activities           | Expenses             | Program Revenues     |                                    |                                  |
|---------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
|                                       |                      | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>Governmental Activities:</b>       |                      |                      |                                    |                                  |
| Executive - City Manager              | \$ 379,793           | \$ -                 | \$ -                               | \$ -                             |
| Administrative services               | 770,204              | -                    | -                                  | -                                |
| Legal and judicial                    | 436,876              | 104,124              | -                                  | -                                |
| Police                                | 2,200,597            | -                    | -                                  | -                                |
| General government                    | 3,989,582            | 3,095,914            | 1,647,012                          | -                                |
| Fire                                  | 920,798              | -                    | -                                  | -                                |
| Engineering and development           | 1,479,014            | 397,626              | -                                  | -                                |
| Highways and streets                  | 624,447              | 13,529               | -                                  | -                                |
| Animal control                        | 720,481              | 96,679               | -                                  | 147,743                          |
| Health welfare                        | 33,445               | 8,393                | 24,605                             | -                                |
| Parks and recreation                  | 1,575,738            | 452,689              | -                                  | -                                |
| Building maintenance                  | 597,881              | -                    | -                                  | -                                |
| Cemetery                              | -                    | 11,045               | -                                  | -                                |
| Public works                          | 333,177              | -                    | -                                  | -                                |
| Nonprofit agency                      | 53,000               | -                    | -                                  | -                                |
| Interest on long-term debt            | 255,558              | -                    | -                                  | -                                |
| <b>Total governmental activities</b>  | <b>14,370,591</b>    | <b>4,179,999</b>     | <b>1,671,617</b>                   | <b>147,743</b>                   |
| <b>Business-Type Activities:</b>      |                      |                      |                                    |                                  |
| Water                                 | 3,773,163            | 2,150,548            | -                                  | 1,473,248                        |
| Sewer                                 | 943,134              | 1,077,118            | -                                  | 79,725                           |
| Solid waste                           | 1,251,995            | 1,876,666            | -                                  | 1,316,315                        |
| Recycling                             | 138,175              | 169,989              | -                                  | -                                |
| <b>Total business-type activities</b> | <b>6,106,467</b>     | <b>5,274,321</b>     | <b>-</b>                           | <b>2,869,288</b>                 |
| <b>Total primary government</b>       | <b>\$ 20,477,058</b> | <b>\$ 9,454,320</b>  | <b>\$ 1,671,617</b>                | <b>\$ 3,017,031</b>              |

**General revenues:**

Taxes:

Property taxes

Franchise taxes

Sales and use taxes

Cigarette taxes

State gasoline taxes

Severance taxes

Miscellaneous income

Interest income

Transfers in (out)

Total general revenues and transfers

Change in net position

Net position - beginning, restated (Note 4D)

Net position - ending

See Notes to the Financial Statements.

Net (Expense) Revenue and Changes in Net Position

| <u>Primary Government</u> |                      |                       |
|---------------------------|----------------------|-----------------------|
| <u>Governmental</u>       | <u>Business-type</u> | <u>Total</u>          |
| <u>Activities</u>         | <u>Activities</u>    |                       |
| \$ (379,793)              | \$ -                 | \$ (379,793)          |
| (770,204)                 | -                    | (770,204)             |
| (332,752)                 | -                    | (332,752)             |
| (2,200,597)               | -                    | (2,200,597)           |
| 753,344                   | -                    | 753,344               |
| (920,798)                 | -                    | (920,798)             |
| (1,081,388)               | -                    | (1,081,388)           |
| (610,918)                 | -                    | (610,918)             |
| (476,059)                 | -                    | (476,059)             |
| (447)                     | -                    | (447)                 |
| (1,123,049)               | -                    | (1,123,049)           |
| (597,881)                 | -                    | (597,881)             |
| 11,045                    | -                    | 11,045                |
| (333,177)                 | -                    | (333,177)             |
| (53,000)                  | -                    | (53,000)              |
| (255,558)                 | -                    | (255,558)             |
| <u>(8,371,232)</u>        | <u>-</u>             | <u>(8,371,232)</u>    |
| -                         | (149,367)            | (149,367)             |
| -                         | 213,709              | 213,709               |
| -                         | 1,940,986            | 1,940,986             |
| -                         | 31,814               | 31,814                |
| -                         | <u>2,037,142</u>     | <u>2,037,142</u>      |
| <u>\$ (8,371,232)</u>     | <u>\$ 2,037,142</u>  | <u>\$ (6,334,090)</u> |

|                      |                      |                      |
|----------------------|----------------------|----------------------|
| \$ 490,640           | \$ -                 | \$ 490,640           |
| 595,841              | -                    | 595,841              |
| 6,307,178            | -                    | 6,307,178            |
| 61,718               | -                    | 61,718               |
| 397,862              | -                    | 397,862              |
| 670,498              | -                    | 670,498              |
| 326,243              | -                    | 326,243              |
| 14,121               | 6,765                | 20,886               |
| (277,445)            | 277,445              | -                    |
| <u>8,586,656</u>     | <u>284,210</u>       | <u>8,870,866</u>     |
| 215,425              | 2,321,352            | 2,536,777            |
| <u>21,233,865</u>    | <u>35,268,949</u>    | <u>56,502,814</u>    |
| <u>\$ 21,449,290</u> | <u>\$ 37,590,301</u> | <u>\$ 59,039,591</u> |

CITY OF RAWLINS, WYOMING

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
 June 30, 2016

|   | <u>General</u>       | <u>Grants</u>     | <u>Capital<br/>Facilities<br/>Tax</u> | <u>Non-Major<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|----------------------|-------------------|---------------------------------------|---|---|
| <b>ASSETS</b>   |                      |                   |                                       |   |   |
| Cash  | \$ 11,664,287        | \$ 4,439          | \$ 84,223                             | \$ 211,272                                  | \$ 11,964,221                           |
| Investments   | 2,283,315            | -                 | -                                     | -   | 2,283,315                               |
| Receivables (net of allowance<br>for uncollectibles): |                      |                   |                                       |   |   |
| Taxes   | 402,202              | -                 | -                                     | -   | 402,202                                 |
| Accounts  | 71,542               | 156,795           | -                                     | -   | 228,337                                 |
| Interfund advances receivable                         | 693,063              | -                 | -                                     | -   | 693,063                                 |
| Inventory   | 27,657               | -                 | -                                     | -   | 27,657                                  |
| Prepays   | 65,501               | -                 | -                                     | -   | 65,501                                  |
|   | <u>15,207,567</u>    | <u>161,234</u>    | <u>84,223</u>                         | <u>211,272</u>                              | <u>15,664,296</u>                       |
| Total Assets  | <u>\$ 15,207,567</u> | <u>\$ 161,234</u> | <u>\$ 84,223</u>                      | <u>\$ 211,272</u>                           | <u>\$ 15,664,296</u>                    |
| <b>LIABILITIES</b>                                    |                      |                   |                                       |   |   |
| Accounts payable                                      | \$ 163,815           | \$ 71,270         | \$ -                                  | \$ 12,056                                   | \$ 247,141                              |
| Accrued payroll and liabilities                       | 402,421              | -                 | -                                     | -   | 402,421                                 |
| Accrued leave   | 89,618               | -                 | -                                     | -   | 89,618                                  |
| Total Liabilities                                     | <u>655,854</u>       | <u>71,270</u>     | <u>-</u>                              | <u>12,056</u>                               | <u>739,180</u>                          |
| <b>FUND BALANCES</b>                                  |                      |                   |                                       |   |   |
| Nonspendable  | 1,188,423            | -                 | -                                     | -   | 1,188,423                               |
| Restricted  | -                    | -                 | 84,223                                | -   | 84,223                                  |
| Committed   | 745,152              | -                 | -                                     | -   | 745,152                                 |
| Assigned  | 4,100,000            | -                 | -                                     | -   | 4,100,000                               |
| Unassigned  | 8,518,138            | 89,964            | -                                     | 199,216                                     | 8,807,318                               |
| Total Fund Balances                                   | <u>14,551,713</u>    | <u>89,964</u>     | <u>84,223</u>                         | <u>199,216</u>                              | <u>14,925,116</u>                       |
|   | <u>\$ 15,207,567</u> | <u>\$ 161,234</u> | <u>\$ 84,223</u>                      | <u>\$ 211,272</u>                           | <u>\$ 15,664,296</u>                    |
| Total Liabilities and Fund Balance                    | <u>\$ 15,207,567</u> | <u>\$ 161,234</u> | <u>\$ 84,223</u>                      | <u>\$ 211,272</u>                           | <u>\$ 15,664,296</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, 2016

|   |                     |                      |
|---|---------------------|----------------------|
| Fund balances - total governmental funds  |                     | \$ 14,925,116        |
| Amounts reported for governmental activities in the statement of net assets are different because:  |                     |                      |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.  |                     |                      |
| Governmental capital assets   | 31,989,239          |                      |
| Less accumulated depreciation   | <u>(14,922,875)</u> | 17,066,364           |
| Deferred outflows of resources used in governmental activities are not financial resources and therefore, are not reported in the governmental fund statements  |                     |                      |
|   |                     | 1,817,958            |
| 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.  |                     |                      |
|   |                     | 28,684               |
| 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   | (5,188,696)         |                      |
| Governmental notes payable  | (22,753)            |                      |
| Compensated absences  | <u>(633,087)</u>    | (5,844,536)          |
| 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   | (6,690,584)         |                      |
| Aggregate deferred inflows of resources related to pensions   | <u>(65,534)</u>     | (6,756,118)          |
| 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>211,822</u>       |
| Net position of governmental activities   |                     | <u>\$ 21,449,290</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, 2016

|  | General              | Grants           | Capital<br>Facility<br>Tax | Non-Major<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|------------------|----------------------------|------------------------------------|--------------------------------|
| <b>REVENUES:</b>   |                      |                  |                            |                                    |                                |
| Taxes and special assessments                                | \$ 8,094,630         | \$ -             | \$ -                       | \$ -                               | \$ 8,094,630                   |
| Intergovernmental  | 449,196              | 1,868,234        | -                          | -                                  | 2,317,430                      |
| Charges for services   | 875,306              | -                | -                          | -                                  | 875,306                        |
| Investment income  | 13,250               | -                | 79                         | 7                                  | 13,336                         |
| Miscellaneous  | 390,828              | -                | -                          | 147,743                            | 538,571                        |
| Total Revenues   | <u>9,823,210</u>     | <u>1,868,234</u> | <u>79</u>                  | <u>147,750</u>                     | <u>11,839,273</u>              |
| <b>EXPENDITURES:</b>   |                      |                  |                            |                                    |                                |
| Current operating:   |                      |                  |                            |                                    |                                |
| General government   | 3,288,040            | -                | -                          | -                                  | 3,288,040                      |
| Public safety and transportation                             | 3,500,415            | 65,769           | -                          | -                                  | 3,566,184                      |
| Public works   | 353,107              | -                | -                          | -                                  | 353,107                        |
| Highways and streets   | 589,237              | -                | -                          | -                                  | 589,237                        |
| Health and welfare   | 178,863              | 1,713            | -                          | -                                  | 180,576                        |
| Culture and recreation                                       | 1,644,015            | 1,627,638        | -                          | 161,056                            | 3,432,709                      |
| Debt service:  |                      |                  |                            |                                    |                                |
| Principal retirement   | 5,336                | -                | -                          | -                                  | 5,336                          |
| Total Expenditures   | <u>9,559,013</u>     | <u>1,695,120</u> | <u>-</u>                   | <u>161,056</u>                     | <u>11,415,189</u>              |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>264,197</u>       | <u>173,114</u>   | <u>79</u>                  | <u>(13,306)</u>                    | <u>424,084</u>                 |
| <b>FINANCING SOURCES<br/>AND (USES):</b>                     |                      |                  |                            |                                    |                                |
| Transfers in   | 752,631              | -                | -                          | 70,740                             | 823,371                        |
| Transfers out  | (70,740)             | -                | -                          | -                                  | (70,740)                       |
| Total Report Financing<br>Sources and (Uses)                 | <u>681,891</u>       | <u>-</u>         | <u>-</u>                   | <u>70,740</u>                      | <u>752,631</u>                 |
| Net Change in Fund Balance                                   | 946,088              | 173,114          | 79                         | 57,434                             | 1,176,715                      |
| Fund Balances- Beginning, as restated                        | <u>13,605,625</u>    | <u>(83,150)</u>  | <u>84,144</u>              | <u>141,782</u>                     | <u>13,748,401</u>              |
| Fund Balances - Ending                                       | <u>\$ 14,551,713</u> | <u>\$ 89,964</u> | <u>\$ 84,223</u>           | <u>\$ 199,216</u>                  | <u>\$ 14,925,116</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, 2016

|  |                  |                   |
|--|------------------|-------------------|
| Net change in fund balances - total governmental funds   |                  | \$ 1,176,715      |
| 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  | 514,447          |                   |
| Loss on disposition of assets  | (108,006)        |                   |
| Less current year depreciation   | <u>(930,332)</u> | (523,891)         |
| 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  |                  | 440,225           |
| 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   |                  | (28,973)          |
| Pension expense  |                  | (1,254,338)       |
| Some revenues reported in the statement of activities are not current financial resources from a governmental fund perspective   |                  |                   |
| Change in property tax receivable  |                  | (1,145)           |
| 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>406,832</u>    |
| Change in net position of governmental activities  |                  | <u>\$ 215,425</u> |

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS**

June 30, 2016

|  | Business-Type Activities- Enterprise Funds |                          |                         |                       |                          | Governmental                          |
|--|--|--------------------------|-------------------------|-----------------------|--------------------------|---------------------------------------|
|  | Water                                      | Sewer                    | Landfill                | Recycling             | Total                    | Activity-<br>Internal<br>Service Fund |
| <b>ASSETS</b>  |  |                          |                         |                       |                          |                                       |
| <b>Current Assets</b>                                  |  |                          |                         |                       |                          |                                       |
| Cash   | \$ 3,254,643                               | \$ 1,369,526             | \$ 715,417              | \$ 136,810            | \$ 5,476,396             | \$ 545,653                            |
| Investments  | 845,302                                    | -                        | -                       | -                     | 845,302                  | -                                     |
| Receivables:   |  |                          |                         |                       |                          |                                       |
| Accounts, customers                                    | 170,040                                    | 101,336                  | 192,159                 | 13,387                | 476,922                  | -                                     |
| Unbilled   | 101,149                                    | 16,662                   | 46,822                  | -                     | 164,633                  | -                                     |
| Inventory  | 369,530                                    | 53,415                   | -                       | -                     | 422,945                  | -                                     |
| Total current assets                                   | <u>4,740,664</u>                           | <u>1,540,939</u>         | <u>954,398</u>          | <u>150,197</u>        | <u>7,386,198</u>         | <u>545,653</u>                        |
| <b>Noncurrent Assets</b>                               |  |                          |                         |                       |                          |                                       |
| Capital assets   |  |                          |                         |                       |                          |                                       |
| Building and improvements                              | 51,266,739                                 | 14,653,121               | 890,289                 | -                     | 66,810,149               | -                                     |
| Construction in progress                               | 1,468,558                                  | -                        | -                       | -                     | 1,468,558                | -                                     |
| Furniture and equipment                                | 1,902,555                                  | 1,123,479                | 1,829,310               | -                     | 4,855,344                | -                                     |
| Accumulated depreciation                               | (25,080,701)                               | (5,903,531)              | (1,137,193)             | -                     | (32,121,425)             | -                                     |
| Total noncurrent assets                                | <u>29,557,151</u>                          | <u>9,873,069</u>         | <u>1,582,406</u>        | <u>-</u>              | <u>41,012,626</u>        | <u>-</u>                              |
| <br>Total Assets                                       | <br><u>34,297,815</u>                      | <br><u>11,414,008</u>    | <br><u>2,536,804</u>    | <br><u>150,197</u>    | <br><u>48,398,824</u>    | <br><u>545,653</u>                    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                  |  |                          |                         |                       |                          |                                       |
| Amounts related to pensions                            | <u>152,491</u>                             | <u>65,372</u>            | <u>59,522</u>           | <u>11,295</u>         | <u>288,680</u>           | <u>-</u>                              |
| <br>Total Assets and Deferred<br>Outflows of Resources | <br><u>\$ 34,450,306</u>                   | <br><u>\$ 11,479,380</u> | <br><u>\$ 2,596,326</u> | <br><u>\$ 161,492</u> | <br><u>\$ 48,687,504</u> | <br><u>\$ 545,653</u>                 |

(Continued)

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS**

June 30, 2016

(Continued)

|  | Business-Type Activities- Enterprise Funds |                     |                   |                   |                      | Governmental<br>Activity-<br>Internal<br>Service Fund |
|--|--|---------------------|-------------------|-------------------|----------------------|---|
|  | Water                                      | Sewer               | Landfill          | Recycling         | Total                |   |
| <b>LIABILITIES</b>                       |  |                     |                   |                   |                      |   |
| <b>Current liabilities</b>               |  |                     |                   |                   |                      |   |
| Accounts payable                         | \$ 39,959                                  | \$ 12,475           | \$ 45,556         | \$ 616            | \$ 98,606            | \$ -  |
| Accrued payroll                          | 40,642                                     | 15,295              | 12,694            | 4,289             | 72,920               | -   |
| Accrued interest payable                 | 120,709                                    | 22,873              | -                 | -                 | 143,582              | -   |
| Benefit claims incurred but not reported | -  | -                   | -                 | -                 | -                    | 333,831   |
| Notes payable - current                  | 156,665                                    | 84,741              | -                 | -                 | 241,406              | -   |
| Total current liabilities                | <u>357,975</u>                             | <u>135,384</u>      | <u>58,250</u>     | <u>4,905</u>      | <u>556,514</u>       | <u>333,831</u>  |
| <b>Noncurrent liabilities</b>            |  |                     |                   |                   |                      |   |
| Notes payable                            | 6,034,472                                  | 1,291,978           | -                 | -                 | 7,326,450            | -   |
| Interfund advances payable               | -  | 693,063             | -                 | -                 | 693,063              | -   |
| Landfill closure costs                   | -  | -                   | 1,389,735         | -                 | 1,389,735            | -   |
| Net pension liability                    | 486,676                                    | 208,637             | 189,962           | 36,049            | 921,324              | -   |
| Accrued compensated absences             | 105,422                                    | 56,314              | 22,252            | 6,637             | 190,625              | -   |
| Total noncurrent liabilities             | <u>6,626,570</u>                           | <u>2,249,992</u>    | <u>1,601,949</u>  | <u>42,686</u>     | <u>10,521,197</u>    | <u>-</u>  |
| Total Liabilities                        | <u>6,984,545</u>                           | <u>2,385,376</u>    | <u>1,660,199</u>  | <u>47,591</u>     | <u>11,077,711</u>    | <u>333,831</u>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>     |  |                     |                   |                   |                      |   |
| Amounts related to pensions              | <u>10,296</u>                              | <u>4,414</u>        | <u>4,019</u>      | <u>763</u>        | <u>19,492</u>        | <u>-</u>  |
| <b>NET POSITION</b>                      |  |                     |                   |                   |                      |   |
| Invested in capital assets, net          | 23,366,014                                 | 8,496,350           | 1,582,406         | -                 | 33,444,770           | -   |
| Restricted                               | 845,302                                    | -                   | -                 | -                 | 845,302              | -   |
| Unrestricted                             | <u>3,244,149</u>                           | <u>593,240</u>      | <u>(650,298)</u>  | <u>113,138</u>    | <u>3,300,229</u>     | <u>211,822</u>  |
| Total Net Position                       | <u>\$ 27,455,465</u>                       | <u>\$ 9,089,590</u> | <u>\$ 932,108</u> | <u>\$ 113,138</u> | <u>\$ 37,590,301</u> | <u>\$ 211,822</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, 2016**

|                                    | Business-Type Activities- Enterprise Funds |                     |                    |                   |                      | Governmental                          |
|------------------------------------|--|---------------------|--------------------|-------------------|----------------------|---------------------------------------|
|                                    | Water                                      | Sewer               | Landfill           | Recycling         | Total                | Activity-<br>Internal<br>Service Fund |
| <b>OPERATING REVENUES:</b>         |  |                     |                    |                   |                      |                                       |
| Charges for services               | \$ 2,150,548                               | \$ 1,077,118        | \$ 1,876,666       | \$ 169,989        | \$ 5,274,321         | \$ 2,595,872                          |
| Other income                       | 1,473,248                                  | 79,725              | 1,316,315          | -                 | 2,869,288            | -                                     |
| Total operating revenues           | <u>3,623,796</u>                           | <u>1,156,843</u>    | <u>3,192,981</u>   | <u>169,989</u>    | <u>8,143,609</u>     | <u>2,595,872</u>                      |
| <b>OPERATING EXPENSES</b>          |  |                     |                    |                   |                      |                                       |
| Personal services                  | 761,218                                    | 340,599             | 307,966            | 138,175           | 1,547,958            | -                                     |
| Contractual services               | 78,761                                     | 11,239              | 388,431            | -                 | 478,431              | -                                     |
| Utilities                          | 150,073                                    | 59,271              | 13,205             | -                 | 222,549              | -                                     |
| Repair and maintenance             | 198,595                                    | 3,384               | 14,638             | -                 | 216,617              | -                                     |
| Other supplies and expenses        | 821,606                                    | 290,288             | 428,011            | -                 | 1,539,905            | -                                     |
| Depreciation                       | 1,582,697                                  | 214,066             | 99,744             | -                 | 1,896,507            | -                                     |
| Benefit payments                   | -  | -                   | -                  | -                 | -                    | 2,189,825                             |
| Total operating expenses           | <u>3,592,950</u>                           | <u>918,847</u>      | <u>1,251,995</u>   | <u>138,175</u>    | <u>5,901,967</u>     | <u>2,189,825</u>                      |
| Operating income (loss)            | <u>30,846</u>                              | <u>237,996</u>      | <u>1,940,986</u>   | <u>31,814</u>     | <u>2,241,642</u>     | <u>406,047</u>                        |
| <b>NONOPERATING REVENUES</b>       |  |                     |                    |                   |                      |                                       |
| <b>(EXPENSES):</b>                 |  |                     |                    |                   |                      |                                       |
| Investment income                  | 6,123                                      | 422                 | 182                | 38                | 6,765                | 785                                   |
| Interest expense                   | (180,209)                                  | (24,291)            | -                  | -                 | (204,500)            | -                                     |
| Total nonoperating revenue         |  |                     |                    |                   |                      |                                       |
| (expenses)                         | <u>(174,086)</u>                           | <u>(23,869)</u>     | <u>182</u>         | <u>38</u>         | <u>(197,735)</u>     | <u>785</u>                            |
| Income (loss) before transfers     | <u>(143,240)</u>                           | <u>214,127</u>      | <u>1,941,168</u>   | <u>31,852</u>     | <u>2,043,907</u>     | <u>406,832</u>                        |
| <b>TRANSFERS</b>                   |  |                     |                    |                   |                      |                                       |
| Transfers in                       | -  | 530,076             | 500,000            | -                 | 1,030,076            | -                                     |
| Transfers out                      | (267,120)                                  | (232,902)           | (252,609)          | -                 | (752,631)            | -                                     |
|                                    | <u>(267,120)</u>                           | <u>297,174</u>      | <u>247,391</u>     | <u>-</u>          | <u>277,445</u>       | <u>-</u>                              |
| Change in net position             | (410,360)                                  | 511,301             | 2,188,559          | 31,852            | 2,321,352            | 406,832                               |
| Net position - beginning, restated | <u>27,865,825</u>                          | <u>8,578,289</u>    | <u>(1,256,451)</u> | <u>81,286</u>     | <u>35,268,949</u>    | <u>(195,010)</u>                      |
| Net position - ending              | <u>\$ 27,455,465</u>                       | <u>\$ 9,089,590</u> | <u>\$ 932,108</u>  | <u>\$ 113,138</u> | <u>\$ 37,590,301</u> | <u>\$ 211,822</u>                     |

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

For the Year Ended June 30, 2016

|  | Business-Type Activities- Enterprise Funds |                     |                   |                   |
|--|--|---------------------|-------------------|-------------------|
|  | Water                                      | Sewer               | Landfill          | Recycling         |
| <b>CHANGE IN CASH AND<br/>CASH EQUIVALENTS:</b>                      |  |                     |                   |                   |
| <b>CASH FLOWS FROM OPERATIONS:</b>                                   |  |                     |                   |                   |
| Receipts from customers  | \$ 2,188,101                               | \$ 1,083,750        | \$ 1,831,803      | \$ 169,329        |
| Other operating cash receipts  | 1,453,494                                  | 26,310              | 47,824            | -                 |
| Payments to suppliers  | (1,319,116)                                | (405,246)           | (962,194)         | (7,048)           |
| Payments to employees  | <u>(772,720)</u>                           | <u>(374,023)</u>    | <u>(313,468)</u>  | <u>(130,649)</u>  |
| Net cash from operating activities                                   | <u>1,549,759</u>                           | <u>330,791</u>      | <u>603,965</u>    | <u>31,632</u>     |
| <b>CASH FLOWS FROM NONCAPITAL<br/>FINANCING ACTIVITIES:</b>          |  |                     |                   |                   |
| Transfers in   | -  | 530,076             | 500,000           | -                 |
| Transfers out  | <u>(267,120)</u>                           | <u>(232,902)</u>    | <u>(252,609)</u>  | <u>-</u>          |
| Net cash from noncapital financing activities                        | <u>(267,120)</u>                           | <u>297,174</u>      | <u>247,391</u>    | <u>-</u>          |
| <b>CASH FLOWS FROM CAPITAL AND<br/>RELATED FINANCING ACTIVITIES:</b> |  |                     |                   |                   |
| Net acquisition of capital assets                                    | (1,188,438)                                | (633,489)           | (621,276)         | -                 |
| Proceeds from long-term debt   | 762,544                                    | -                   | 10,988            | -                 |
| Principal payments on long-term debt                                 | <u>(364,610)</u>                           | <u>(129,370)</u>    | <u>-</u>          | <u>-</u>          |
| Net cash from capital and related financing activities               | <u>(790,504)</u>                           | <u>(762,859)</u>    | <u>(610,288)</u>  | <u>-</u>          |
| <b>CASH FLOWS FROM INVESTING<br/>ACTIVITIES:</b>                     |  |                     |                   |                   |
| Interest earned on investments                                       | 6,123                                      | 422                 | 182               | 38                |
| Purchase of investments  | (63,977)                                   | -                   | -                 | -                 |
| Interest expense   | <u>(180,209)</u>                           | <u>(24,291)</u>     | <u>-</u>          | <u>-</u>          |
| Net cash from investing activities                                   | <u>(238,063)</u>                           | <u>(23,869)</u>     | <u>182</u>        | <u>38</u>         |
| Net change in cash and cash equivalents                              | 254,072                                    | (158,763)           | 241,250           | 31,670            |
| Cash, beginning  | <u>3,000,571</u>                           | <u>1,528,289</u>    | <u>474,167</u>    | <u>105,140</u>    |
| Cash, ending   | <u>\$ 3,254,643</u>                        | <u>\$ 1,369,526</u> | <u>\$ 715,417</u> | <u>\$ 136,810</u> |

See Notes to the Financial Statements.

| <u>Total</u>        | <u>Governmental<br/>Activity-<br/>Internal<br/>Service Fund</u> |
|---------------------|---|
| \$ 5,272,983        | \$ 2,595,872  |
| 1,527,628           | -   |
| (2,693,604)         | (2,272,602)   |
| <u>(1,590,860)</u>  | <u>-</u>  |
| <u>2,516,147</u>    | <u>323,270</u>  |
| <br>                |   |
| 1,030,076           | -   |
| <u>(752,631)</u>    | <u>-</u>  |
| <br>                |   |
| <u>277,445</u>      | <u>-</u>  |
| <br>                |   |
| (2,443,203)         | -   |
| 773,532             | -   |
| <u>(493,980)</u>    | <u>-</u>  |
| <br>                |   |
| <u>(2,163,651)</u>  | <u>-</u>  |
| <br>                |   |
| 6,765               | 785   |
| (63,977)            | -   |
| <u>(204,500)</u>    | <u>-</u>  |
| <u>(261,712)</u>    | <u>785</u>  |
| <br>                |   |
| 368,229             | 324,055   |
| <br>                |   |
| <u>5,108,167</u>    | <u>221,598</u>  |
| <br>                |   |
| <u>\$ 5,476,396</u> | <u>\$ 545,653</u>   |

(Continued)

CITY OF RAWLINS, WYOMING

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

For the Year Ended June 30, 2016  
(Continued)

|  | <u>Business-Type Activities-Enterprise Funds</u> |                   |                   |                  |
|--|--|-------------------|-------------------|------------------|
|  | <u>Water</u>                                     | <u>Sewer</u>      | <u>Landfill</u>   | <u>Recycling</u> |
| <b>RECONCILIATION OF OPERATING<br/>INCOME TO NET CASH<br/>FROM OPERATING ACTIVITIES:</b>     |  |                   |                   |                  |
| Income from operations   | \$ 30,846  | \$ 237,996        | \$ 1,940,986      | \$ 31,814        |
| Adjustments to reconcile income<br>from operations to net cash from<br>operating activities: |  |                   |                   |                  |
| Depreciation   | 1,582,697  | 214,066           | 99,744            | -                |
| (Increase) decrease in:  |  |                   |                   |                  |
| Accounts receivable  | 37,553   | 6,632             | (44,863)          | (660)            |
| Deferred outflow   | (97,657)   | (37,025)          | (37,047)          | (7,766)          |
| Inventory  | (19,754)   | (53,415)          | -                 | -                |
| Increase (decrease) in:  |  |                   |                   |                  |
| Accounts payable   | 17,280   | (8,453)           | 29,209            | (45)             |
| Payroll liabilities  | (498,178)  | (242,061)         | (195,464)         | (28,523)         |
| Net pension liability  | 486,676  | 208,637           | 189,962           | 36,049           |
| Deferred inflow  | 10,296   | 4,414             | 4,019             | 763              |
| Benefit claims incurred<br>but not reported payable  | -  | -                 | -                 | -                |
| Landfill closure costs   | -  | -                 | (1,382,581)       | -                |
| Net cash from operating activities   | <u>\$ 1,549,759</u>                              | <u>\$ 330,791</u> | <u>\$ 603,965</u> | <u>\$ 31,632</u> |

See Notes to the Financial Statements.

| <u>Total</u>        | <u>Governmental<br/>Activity-<br/>Internal<br/>Service Fund</u> |
|---------------------|---|
| \$ 2,241,642        | \$ 406,047  |
| 1,896,507           | -   |
| (1,338)             | -   |
| (179,495)           | -   |
| (73,169)            | -   |
| 37,991              | -   |
| (964,226)           | -   |
| 921,324             | -   |
| 19,492              | -   |
| -                   | (82,777)  |
| <u>(1,382,581)</u>  | <u>-</u>  |
| <u>\$ 2,516,147</u> | <u>\$ 323,270</u>   |

CITY OF RAWLINS, WYOMING

**STATEMENT OF FIDUCIARY NET POSITION**

June 30, 2016

|                        | <u>Private<br/>Donations</u> |
|------------------------|------------------------------|
| <b>ASSETS</b>          |                              |
| Cash                   | \$ 104,796                   |
| Investments            | <u>100,000</u>               |
| Total Assets           | <u>\$ 204,796</u>            |
| <b>NET POSITION</b>    |                              |
| Funds held for others  | \$ 204,796                   |
| Total Net Position     | <u>204,796</u>               |
| <br>Total Net Position | <br><u>\$ 204,796</u>        |

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
For the Year Ended June 30, 2016

|                                  | <u>Private<br/>Donations</u> |
|----------------------------------|------------------------------|
| <b>ADDITIONS:</b>                |                              |
| Revenue                          |                              |
| Donations                        | \$ 3,470                     |
| Investment income                | 423                          |
| Miscellaneous                    | <u>6,335</u>                 |
| Total Additions                  | <u>10,228</u>                |
| <b>DEDUCTIONS:</b>               |                              |
| Operating expenditures           | <u>2,715</u>                 |
| Total Deductions                 | <u>2,715</u>                 |
| Net change                       | 7,513                        |
| Net Position - Beginning of Year | <u>197,283</u>               |
| Net Position - End of Year       | <u>\$ 204,796</u>            |

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

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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 |
|---------------------|-----------------|

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

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

**1.B. BASIS OF PRESENTATION**

***Government-wide Financial Statements***

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

## NOTES TO FINANCIAL STATEMENTS

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

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

### ***Fund Financial Statements***

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

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

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

The funds of the financial reporting entity are described below:

### ***Governmental Funds***

The City reports the following major governmental funds:

#### General Fund

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

## NOTES TO FINANCIAL STATEMENTS

### Grants Fund

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

### Capital Facilities Tax Fund

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

The City reports the following non-major governmental funds:

#### Downtown Development Authority

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

### ***Proprietary Fund***

#### Enterprise Funds

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

The City reports the following major enterprise funds:

#### Water Fund

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

#### Sewer Fund

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

#### Landfill Fund

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

## NOTES TO FINANCIAL STATEMENTS

### Recycling Fund

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

### Internal Service Fund

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

### ***Fiduciary Funds***

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

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

The City's reports the following fiduciary funds:

### Private Donation Fund

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

## **1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

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

## NOTES TO FINANCIAL STATEMENTS

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

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

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

### 1.D. ASSETS, LIABILITIES, AND EQUITY

#### *Equity in Pooled Cash and Investments*

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

#### *Cash and Investments*

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

## NOTES TO FINANCIAL STATEMENTS

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

### *Interfund Receivables and Payables*

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

### *Receivables*

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

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

### *Capital Assets*

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

## NOTES TO FINANCIAL STATEMENTS

### *Government-wide Statements*

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

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

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

### *Fund Financial Statements*

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

### *Deferred Outflows and Inflows of Resources*

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

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

### *Long-term Debt*

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

## NOTES TO FINANCIAL STATEMENTS

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

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

### *Compensated Absences*

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

### *Deferred Revenue*

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

### *Equity Classifications*

#### *Government-wide Statements*

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

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

## NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

### *Fund Statements*

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

## NOTES TO FINANCIAL STATEMENTS

### 1.E. REVENUES, EXPENDITURES, AND EXPENSES

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

#### *Sales Tax*

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

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

#### *Use Tax*

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

#### *Property Tax*

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

#### *Operating Revenues and Expenses*

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost

## NOTES TO FINANCIAL STATEMENTS

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

### *Expenditures/Expenses*

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

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

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

Proprietary Fund - By Operating and Nonoperating

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

### *Interfund Transfers*

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

### *Use of Estimates*

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

### *Subsequent Events*

Management has evaluated subsequent events through December 6, 2016, the date which the financial statements were available for issue.

## **1.F. BUDGETARY DATA**

### *Budgetary Policy*

1. Prior to May 15, the City Treasurer submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.

**NOTES TO FINANCIAL STATEMENTS**

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

Following are the summarized budget amendments for the year ended June 30, 2016:

|                               |              |
|-------------------------------|--------------|
| Expenses                      |              |
| General fund                  |              |
| Increase expenses             | \$ 2,295,524 |
| Grants fund                   |              |
| Increase expenses             | 1,494,600    |
| Revenues                      |              |
| General Fund                  |              |
| Increase licenses and permits | \$ 270,861   |
| Increase in taxes             | 9,350        |
| Grants fund                   |              |
| Increase revenue              | 1,494,600    |

**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

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

**2.A. FUND ACCOUNTING REQUIREMENTS**

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

## NOTES TO FINANCIAL STATEMENTS

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

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

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

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

### **2.D. DEFICIT FUND BALANCE**

The City's Landfill Fund has a deficit balance that represents a violation of Wyoming State Statutes.

## **NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS**

### **3.A. CASH AND INVESTMENTS**

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

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

#### ***Deposits***

At June 30, 2016, the carrying amount of the City's demand deposits in financial institutions was \$17,542,263. Demand deposits held by the Bank of Commerce, Rawlins National Bank, and Bank of the West in the amounts of \$1,492,481, \$6,530,373, and \$9,519,409, 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, 2016, the City had \$2,283,315 on deposit with WYO-STAR. Detailed information on the State Treasurer's pooled cash and investments is available from that office.

## NOTES TO FINANCIAL STATEMENTS

### *Investments*

As of June 30, 2016, the City had investments with weighted average maturities as shown in the following table:

| Investment Type                                | Carrying<br>Amount | Fair Value   | Weighted<br>Average<br>Maturity<br>in Years |
|--|--------------------|--------------|---|
| Certificates of Deposit                        | \$ 945,302         | \$ 945,302   | 0.12500                                     |
| State of Wyoming Investment<br>Pool (WYO-STAR) | 2,283,315          | 2,283,315    |   |
| Total  | \$ 3,228,617       | \$ 3,228,617 |   |

### *Interest Rate Risk*

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

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

### *Credit Risk*

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

| Investment Type                                | Fair Value   | AAA  | Insured    | Unrated      |
|--|--------------|------|------------|--------------|
| Certificates of Deposit                        | \$ 945,302   | \$ - | \$ 945,302 | \$ -         |
| State of Wyoming Investment<br>Pool (WYO-STAR) | 2,283,315    | -    | -          | 2,283,315    |
| Total  | \$ 3,228,617 | \$ - | \$ 945,302 | \$ 2,283,315 |

### *Custodial Credit Risk*

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

## NOTES TO FINANCIAL STATEMENTS

### *Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. Concentration of risk is not addressed in the internal investment policy. At June 30, 2016, the City held securities which are 100% collateralized from the following issuer in excess of 5% of the total portfolio:

|                       |                          |
|-----------------------|--------------------------|
| Bank of the West      | \$ 9,519,409             |
| Bank of Commerce      | 1,492,481                |
| Rawlins National Bank | <u>6,530,373</u>         |
| <br>Total             | <br><u>\$ 17,542,263</u> |

### *Foreign Currency Risk*

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

### **3.B. ACCOUNTS RECEIVABLE**

Accounts receivable of the business-type activities consists of utilities receivable. Accounts receivable of the governmental activities consists of franchise taxes, sales taxes, use taxes, fines state grants, federal grants and other miscellaneous receivables. The allowance for doubtful accounts for the business-type activities and governmental activities is \$14,263 as of June 30, 2016.

### **3.C. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2016 was as follows:

|   | Balance at<br>June 30, 2015 | Additions         | Disposals           | Balance at<br>June 30, 2016 |
|---|-----------------------------|-------------------|---------------------|-----------------------------|
| <b>Governmental activities:</b>             |                             |                   |                     |                             |
| Non-depreciable assets                      |                             |                   |                     |                             |
| Land  | \$ 1,054,341                | \$ -              | \$ -                | \$ 1,054,341                |
| Golf course                                 | 1,497,607                   | -                 | -                   | 1,497,607                   |
| Construction in progress                    | 1,378,875                   | 269,031           | 1,069,832           | 578,074                     |
| Depreciable assets                          |                             |                   |                     |                             |
| Buildings and improvements                  | 11,325,868                  | 922,608           | 21,318              | 12,227,158                  |
| Infrastructure                              | 4,557,088                   | 418,158           | -                   | 4,975,246                   |
| Furniture and equipment                     | <u>12,215,070</u>           | <u>300,963</u>    | <u>859,220</u>      | <u>11,656,813</u>           |
| Total at historical cost                    | <u>32,028,849</u>           | <u>1,910,760</u>  | <u>1,950,370</u>    | <u>31,989,239</u>           |
| Accumulated depreciation                    |                             |                   |                     |                             |
| Buildings and improvements                  | (4,265,693)                 | (465,331)         | 8,633               | (4,722,391)                 |
| Infrastructure                              | (2,097,277)                 | (91,699)          | -                   | (2,188,976)                 |
| Furniture and equipment                     | <u>(8,092,725)</u>          | <u>(404,590)</u>  | <u>485,807</u>      | <u>(8,011,508)</u>          |
| Total accumulated depreciation              | <u>(14,455,695)</u>         | <u>(961,620)</u>  | <u>494,440</u>      | <u>(14,922,875)</u>         |
| Governmental activities capital assets, net | <u>\$ 17,573,154</u>        | <u>\$ 949,140</u> | <u>\$ 1,455,930</u> | <u>\$ 17,066,364</u>        |

## NOTES TO FINANCIAL STATEMENTS

|  | Balance at<br>June 30, 2015 | Additions    | Disposals  | Balance at<br>June 30, 2016 |
|--|-----------------------------|--------------|------------|-----------------------------|
| <b>Business-type activities:</b>             |                             |              |            |                             |
| Non-depreciable assets                       |                             |              |            |                             |
| Construction in progress                     | \$ 311,983                  | \$ 1,835,383 | \$ 678,808 | \$ 1,468,558                |
| Depreciable assets                           |                             |              |            |                             |
| Buildings and improvements                   | 66,404,006                  | 414,623      | 8,480      | 66,810,149                  |
| Furniture and equipment                      | 3,978,636                   | 1,183,256    | 306,548    | 4,855,344                   |
| Total at historical cost                     | 70,694,625                  | 3,433,262    | 993,836    | 73,134,051                  |
| Accumulated depreciation                     |                             |              |            |                             |
| Buildings and improvements                   | (28,729,375)                | (1,735,969)  | 11,526     | (30,453,818)                |
| Furniture and equipment                      | (1,696,405)                 | (204,360)    | 233,158    | (1,667,607)                 |
| Total accumulated depreciation               | (30,425,780)                | (1,940,329)  | 244,684    | (32,121,425)                |
| Business-type activities capital assets, net | \$ 40,268,845               | \$ 1,492,933 | \$ 749,152 | \$ 41,012,626               |

Depreciation expense was charged to governmental activities as follows:

|                            |            |
|----------------------------|------------|
| General government:        |            |
| General government         | \$ 253,236 |
| Public safety:             |            |
| Police                     | 188,201    |
| Fire                       | 135,229    |
| Public works               | 169,739    |
| Culture and recreation:    |            |
| Parks                      | 19,567     |
| Recreation                 | 195,648    |
| Total depreciation expense | \$ 961,620 |

### 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.

## NOTES TO FINANCIAL STATEMENTS

The following is a summary of changes in long-term debt obligations of the City at June 30, 2016:

|   | Long-term<br>Obligations at<br>June 30, 2015 | Additions    | Deletions  | Long-term<br>Obligations at<br>June 30, 2016 | Due Within<br>One Year |
|---|--|--------------|------------|--|------------------------|
| <b>Governmental activities:</b>                 |  |              |            |  |                        |
| Capital Leases:                                 |  |              |            |  |                        |
| CC 2009 SPT JPB                                 | \$ 4,725,647                                 | \$ -         | \$ 433,504 | \$ 4,292,143                                 | \$ 453,710             |
| CC 2009 IRS SPT JPB                             | 896,554                                      | -            | -          | 896,554                                      | -                      |
| WAM-WWCA  | 28,088                                       | -            | 5,335      | 22,753                                       | 5,336                  |
| Other long-term debt                            |  |              |            |  |                        |
| Copiers & mail folding leases                   | 1,386  | 69,850       | 25,905     | 45,331                                       | 25,904                 |
| Compensated absences                            | 684,751                                      | 20,854       | -          | 705,605                                      | -                      |
|   | \$ 6,336,426                                 | \$ 90,704    | \$ 464,744 | \$ 5,962,386                                 | \$ 484,950             |
|   |  |              |            |  |                        |
|   | Long-term<br>Obligations at<br>June 30, 2015 | Additions    | Deletions  | Long-term<br>Obligations at<br>June 30, 2016 | Due Within<br>One Year |
| <b>Business-Type Activities:</b>                |  |              |            |  |                        |
| Loans Payable:                                  |  |              |            |  |                        |
| Sage Creek water line                           | \$ 2,206,456                                 | \$ -         | \$ 86,459  | \$ 2,119,997                                 | \$ 65,479              |
| DWSRF Loan #69                                  | 293,864                                      | -            | 19,510     | 274,354                                      | 16,591                 |
| DWSRF Loan #80                                  | 295,312                                      | -            | 19,176     | 276,136                                      | 17,025                 |
| Atlantic Rim pipeline                           | 816,852                                      | -            | 17,348     | 799,504                                      | 18,043                 |
| Atlantic Rim reservoir                          | 1,899,112                                    | -            | 38,006     | 1,861,106                                    | 39,527                 |
| CWSRF Loan #90                                  | 611,055                                      | -            | 39,765     | 571,290                                      | 35,142                 |
| CWSRF Loan #85                                  | 865,258                                      | -            | 59,830     | 805,428                                      | 49,599                 |
| CWSRF Loan #145                                 | 34,259                                       | 197,137      | -          | 231,396                                      | -                      |
| DWSRF Loan #147                                 | 63,236                                       | 565,408      | -          | 628,644                                      | -                      |
| SLIB - Landfill Closure                         | -  | 10,988       | -          | 10,988                                       | -                      |
| Other long-term debt                            |  |              |            |  |                        |
| Landfill closure and post closure costs payable | 2,772,316                                    | (1,393,569)  | -          | 1,378,747                                    | -                      |
| Compensated absences                            | 210,858                                      | -            | 20,233     | 190,625                                      | -                      |
|   | \$ 10,068,578                                | \$ (620,036) | \$ 300,327 | \$ 9,148,215                                 | \$ 241,406             |

### ***Governmental Activities:***

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

#### CAPITAL LEASES:

|  |                     |
|--|---------------------|
| Capital leases payable to WAM, the agent for the Wyoming Local Government Energy Lease Purchase Program, due in annual installments of \$5,336, at zero interest to June 30, 2021. | \$ 22,753           |
| Capital lease payable, due in semi-annual installments including interest, through June 15, 2020, paid through Special purposes taxes collected by the County.                     | <u>5,188,697</u>    |
| Total Governmental Activity Debt   | <u>\$ 5,211,450</u> |

## NOTES TO FINANCIAL STATEMENTS

### *Business-type Activities:*

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

#### LOANS:

|   |                     |
|---|---------------------|
| Note payable to the State of Wyoming, Wyoming Water Development Commission due in annual installments of \$150,278 including interest at 4% to December 2037, secured by revenue generated by the Municipal Water System.     | \$ 2,119,997        |
| 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. | 274,354             |
| 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. | 276,136             |
| 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. | 571,290             |
| 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. | 805,428             |
| 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.                       | 799,504             |
| 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.              | 1,861,106           |
| 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.                | 231,396             |
| 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.                | 628,644             |
| Future note payable to the Office of State Lands and Investments, due in annual installments of \$61,940 at zero interest to July 2038.   | 10,988              |
| Total Business-Type Activity Debt   | <u>\$ 7,578,843</u> |

## NOTES TO FINANCIAL STATEMENTS

### *Annual Debt Service Requirements*

The annual requirements to amortize all debt outstanding as of June 30, 2016, excluding obligations associated with compensated absences and Landfill Closure and Post-closure costs are as follows:

| Years     | Governmental Activities |                   | Business-Type Activities |                     | Government-Wide      |                     |
|-----------|-------------------------|-------------------|--------------------------|---------------------|----------------------|---------------------|
|           | Principal               | Interest          | Principal                | Interest            | Principal            | Interest            |
| 2017      | \$ 484,950              | \$ 232,103        | \$ 241,406               | \$ 239,276          | \$ 726,356           | \$ 471,379          |
| 2018      | 503,480                 | 207,589           | 259,231                  | 231,176             | 762,711              | 438,765             |
| 2019      | 509,721                 | 181,720           | 267,607                  | 222,801             | 777,328              | 404,521             |
| 2020      | 3,757,229               | 154,459           | 276,266                  | 214,141             | 4,033,495            | 368,600             |
| 2021      | 1,401                   | -                 | 285,224                  | 205,184             | 286,625              | 205,184             |
| 2022-2026 | -                       | -                 | 1,571,578                | 880,462             | 1,571,578            | 880,462             |
| 2027-2031 | -                       | -                 | 1,500,765                | 608,721             | 1,500,765            | 608,721             |
| 2032-2036 | -                       | -                 | 2,060,318                | 371,087             | 2,060,318            | 371,087             |
| 2037-2041 | -                       | -                 | 853,388                  | 144,616             | 853,388              | 144,616             |
| 2042-2046 | -                       | -                 | 263,060                  | 13,627              | 263,060              | 13,627              |
|           | <u>\$ 5,256,781</u>     | <u>\$ 775,871</u> | <u>\$ 7,578,843</u>      | <u>\$ 3,131,091</u> | <u>\$ 12,835,624</u> | <u>\$ 3,906,962</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 total landfill closure and post-closure care liability at June 30, 2016 is \$1,389,735. The liability includes amounts related to closing the Municipal Landfill as well as the C&D Landfill. The portion of the liability related to the Municipal Landfill is \$1,158,735 which is at 100% capacity. The portion of the liability related to the C&D Landfill is \$231,000 with an estimated closure date of 2034. The City will recognize the remaining estimated costs of closure and post-closure care of \$1,386,000 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2016. This amount represents 28% of the total closure and post-closure costs with the State of Wyoming assuming responsibility for 72% the costs. Actual costs may be higher due to inflation, changes in technology or changes in regulations. As further discussed in Note 4C- Commitments and Contingencies, the City may be responsible for additional 72% of the closure and post-closure costs if the state elects not to pay these costs.

**NOTES TO FINANCIAL STATEMENTS**

**3.G. INTERFUND TRANSACTIONS AND BALANCES**

The City transfers amounts between funds to pay for operating expenses. Operating transfers for the year ended June 30, 2016 were as follows:

|                            | <b>Transfers In</b> | <b>Transfers Out</b> |
|----------------------------|---------------------|----------------------|
| General Fund:              |                     |                      |
| Governmental Funds         |                     |                      |
| Central Shop               | \$ 116,230          | \$ -                 |
| DDA/Main Street Fund       | -                   | 70,740               |
| Water Fund                 | 214,435             | -                    |
| Sewer Fund                 | 204,355             | -                    |
| Landfill Fund              | 217,611             | -                    |
| Total General Fund         | 752,631             | 70,740               |
| Grants Fund:               |                     |                      |
| Landfill Fund              | -                   | 500,000              |
| Sewer Fund                 | -                   | 530,076              |
| Total Grant Fund           | -                   | 1,030,076            |
| DDA/Main Street Fund:      |                     |                      |
| General Fund               | 70,740              | -                    |
| Total DDA/Main Street Fund | 70,740              | -                    |
| Water Fund:                |                     |                      |
| General Fund               | -                   | 214,435              |
| Central Shop               | -                   | 52,685               |
| Total Water Fund           | -                   | 267,120              |
| Sewer Fund:                |                     |                      |
| General Fund               | -                   | 204,355              |
| Grants Fund                | 530,076             | -                    |
| Central Shop               | -                   | 28,547               |
| Total Sewer Fund           | 530,076             | 232,902              |
| Landfill Fund:             |                     |                      |
| Central shop               | -                   | 34,998               |
| General Fund               | -                   | 217,611              |
| Grants Fund                | 500,000             | -                    |
| Total Landfill Fund        | 500,000             | 252,609              |
| Grand Totals               | \$ 1,853,447        | \$ 1,853,447         |

**NOTES TO FINANCIAL STATEMENTS**

During FY10, the General Fund loaned the Sewer Fund money to pay for capital expenses. A prior period adjustment at Note 4D was recorded during the current year. Advances from/to other funds for the year ended June 30, 2016 were as follows:

|                    | <u>Other Funds</u> | <u>Other Funds</u> |
|--------------------|--------------------|--------------------|
| General Fund:      |                    |                    |
| Governmental Funds |                    |                    |
| Sewer Fund         | \$ 693,063         | \$ -               |
| Total General Fund | <u>693,063</u>     | <u>-</u>           |
| <br>               |                    |                    |
| Sewer Fund         |                    |                    |
| General Fund       | <u>-</u>           | <u>693,063</u>     |
| Total Sewer Fund   | <u>-</u>           | <u>693,063</u>     |
| <br>               |                    |                    |
| Grand Totals       | <u>\$ 693,063</u>  | <u>\$ 693,063</u>  |

**NOTE 4. OTHER NOTES**

**4.A. EMPLOYEE PENSION PLANS**

*1. Pension Plan Descriptions and Benefits*

**Public Employee’s Pension Plan**

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

**Tier 1 Benefits**

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

## NOTES TO FINANCIAL STATEMENTS

vested or non-vested, and the post-retirement death benefit is governed by the option the employee selects at retirement. To be eligible for a disability benefit, employees must have at least 10 years of service and be less than age 60.

### **Tier 2 Benefits**

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

### **Contribution Rates**

The statutorily required contribution is currently 16.62%, of which 7.75% is paid by the employee and 8.87% is paid by the City. The City is only statutorily required to contribute 7.62%, and it elects to cover an additional 1.25% of the required contribution. Employer contributions to the pension plan for the fiscal year ended June 30, 2016 totaled \$532,010, and 100% of the statutorily required contributions were made.

### **Paid Fireman's Pension Funds**

All full-time fire and emergency service employees of the Fire Department participate in the Paid Fireman's Pension Fund ("Fund"), a cost sharing multiple-employer defined benefit contributory pension plan which is part of the Wyoming Retirement System. Participation is mandatory. Within the Paid Fireman's Pension Fund, there are two funds, Plan A and Plan B. Plan A is for those employees employed prior to July 1, 1981 and Plan B is for those employees employed after June 30, 1981. There are currently no employees for whom active contributions are being made to the Plan A fund.

### **Plan A Benefits**

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

## NOTES TO FINANCIAL STATEMENTS

### **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, 2016 totaled \$140,797 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 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

## NOTES TO FINANCIAL STATEMENTS

City. The City is only statutorily required to contribute 8.6%. Employer contributions to the pension plan for the fiscal year ended June 30, 2016 totaled \$223,231, 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, 2016, the net pension liability recorded for the City of Rawlins represents its proportionate share of the excess of the total pension liability over the pension plan fiduciary net position for the Wyoming Retirement System plans of which the City is a participant. The City reported a net pension liabilities as follows for the fiscal years ended June 30, 2016 and June 30, 2015:

|                                 | Proportionate Share of<br>Net Pension Liability<br>as of June 30, 2016 | Proportionate Share of<br>Net Pension Liability<br>as of June 30, 2015 |
|---------------------------------|--|--|
| Public Employee Pension         | \$ 4,019,070   | \$ 2,857,399   |
| Fire Pension A                  | 2,325,324  | 2,036,937  |
| Fire Pension A                  | 659,731  | -  |
| Law Enforcement Pension         | 607,784  | 224,056  |
| Aggregate Net Pension Liability | \$ 7,611,909   | \$ 5,118,392   |

Of the City's proportionate share of the net pension liability, \$921,324 is attributable to business-type activities (\$486,676 for the Water Fund, \$208,637 for the Sewer Fund, \$189,962 for the Landfill Fund, and \$36,049 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, 2015 and the actuarial determination of the total pension liability was January 1, 2016. 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, 2015 to December 31, 2015). The City's proportionate share of the net pension liability or asset for each plan as of December 31, 2015 and December 31, 2014 is as follows:

|                         | Proportionate Share<br>as of December 31, 2015 | Proportionate Share<br>as of December 31, 2014 |
|-------------------------|--|--|
| Public Employee Pension | 0.172541%                                      | 0.161920%                                      |
| Fire Pension A          | 1.253852%                                      | 1.237600%                                      |
| Fire Pension B          | 2.157773%                                      | 2.053348%                                      |
| Law Enforcement Pension | 0.809085%                                      | 0.760448%                                      |

## NOTES TO FINANCIAL STATEMENTS

### Pension Expense

The measurement of pension expense fundamentally changed with the implementation of GASB Statement 68. Pension expense is calculated for the pension plan measurement period and includes changes in the net pension liability and the amortization of specific deferred inflows and outflows of resources. For the fiscal year ended June 30, 2016, the City recognized a total pension expense of \$1,319,286 as detailed below:

|                              |           |                         |
|------------------------------|-----------|-------------------------|
| Public Employee Pension      | \$        | 440,448                 |
| Fire Pension A               |           | 277,516                 |
| Fire Pension B               |           | 650,768                 |
| Law Enforcement Pension      |           | (49,446)                |
| <b>Total Pension Expense</b> | <b>\$</b> | <b><u>1,319,286</u></b> |

Pension expense attributable to business-type activities totals \$(14,842). The remainder of pension expense is attributable to governmental activities, with \$277,516 related to Fire Pension A activity.

### Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2016, the City reported the following deferred outflows and inflows of resources related to pensions:

| <u>Deferred Outflows of Resources</u>  | <u>Public<br/>Employee<br/>Pension</u> | <u>Fire<br/>Pension A</u> | <u>Fire<br/>Pension B</u> | <u>Law<br/>Enforcement<br/>Pension</u> | <u>Total</u>               |
|--|--|---------------------------|---------------------------|--|----------------------------|
| Proportionate share of differences between the projected and actual earnings on pension plan investments | \$ 984,210                             | \$ 142,699                | \$ 220,474                | \$ 383,220                             | \$ 1,730,603               |
| Contributions subsequent to measurement date   | 135,566                                | -                         | 34,878                    | 55,655                                 | 226,099                    |
| Amounts related to the change in the City's proportionalte share of net pension liability                | <u>139,525</u>                         | <u>-</u>                  | <u>(1,034)</u>            | <u>11,445</u>                          | <u>149,936</u>             |
| <b>Total Deferred Outflows Related to Pensions</b>   | <b><u>\$ 1,259,301</u></b>             | <b><u>\$ 142,699</u></b>  | <b><u>\$ 254,318</u></b>  | <b><u>\$ 450,320</u></b>               | <b><u>\$ 2,106,638</u></b> |

| <u>Deferred Inflows of Resources</u>              | <u>Public<br/>Employee<br/>Pension</u> | <u>Fire<br/>Pension A</u> | <u>Fire<br/>Pension B</u> | <u>Law<br/>Enforcement<br/>Pension</u> | <u>Total</u>            |
|---|--|---------------------------|---------------------------|--|-------------------------|
| Difference between expected and actual experience | \$ 85,026                              | \$ -                      | \$ -                      | \$ -                                   | \$ 85,026               |
| <b>Total Deferred Inflows Related to Pensions</b> | <b><u>\$ 85,026</u></b>                | <b><u>\$ -</u></b>        | <b><u>\$ -</u></b>        | <b><u>\$ -</u></b>                     | <b><u>\$ 85,026</u></b> |

The \$226,099 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, 2017.

## NOTES TO FINANCIAL STATEMENTS

Deferred outflows of resources related to business-type activities total \$288,680. Deferred inflows of resources related to pensions are attributable to business-type activities total \$19,492.

### Actuarial Assumptions

Actuarial valuations are performed annually with the most recent valuation date of January 1, 2016. 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<br>Employee<br>Pension  | Fire<br>Pension A              | Fire<br>Pension B              | Law<br>Enforcement<br>Pension  |
|---|--|--------------------------------|--------------------------------|--------------------------------|
| Valuation date                                    | 1/1/2016   | 1/1/2016                       | 1/1/2016                       | 1/1/2016                       |
| Actuarial cost method                             | Individual entry<br>age normal   | Individual entry<br>age normal | Individual entry<br>age normal | Individual entry<br>age normal |
| Amortization method                               | Level percent open   | Level percent open             | Level percent open             | Level percent open             |
| Remaining amortization<br>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<br>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<br>RP-2000 Combined Mortality Table, fully generational, projected with Scale BB<br>Males: Set back 5 years with multiplier of 104%<br>Females: Set back 4 years with multiplier of 90%         |                                |                                |                                |
|   | Healthy Post-Retirement Mortality<br>RP-2000 Combined Mortality Table, fully generational, projected with Scale BB<br>Males: Set back 1 year with multiplier of 104%<br>Females: Set back 0 years with multiplier of 90% |                                |                                |                                |
|   | Disabled Mortality<br>RP-2000 Combined Mortality Table, fully generational, projected with Scale BB<br>Males: Set forward 5 years with multiplier of 120%<br>Females: Set forward 5 years with multiplier of 120%        |                                |                                |                                |

## NOTES TO FINANCIAL STATEMENTS

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, 2015, WRS pension plans saw an annual money-weighted real rate of return, net of expenses, of (0.26)% 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 below. The geometric expected rate of return is presented for the overall plan.

|                           | 30 Year Assumptions -<br>Nominal Arithmetic Return | 30 Year Assumptions - Real<br>Arithmetic Return | Policy<br>Allocation | 30 Year Assumptions -<br>Nominal Geometric* |
|---------------------------|--|---|----------------------|---|
| <b>Total Plan</b>         | <b>8.27%</b>                                       | <b>5.30%</b>                                    | <b>100.00%</b>       | <b>7.56%</b>                                |
| Inflation - US CPI        | 2.75%  |   |                      |   |
| <b>US Equity</b>          | <b>8.83%</b>                                       | <b>5.92%</b>                                    | <b>25.00%</b>        |   |
| Large Cap Equities        | 8.83%  | 5.92%   | 25.00%               |   |
| <b>Non-US Equity</b>      | <b>10.37%</b>                                      | <b>7.42%</b>                                    | <b>30.00%</b>        |   |
| Int'l Equities (Unhedged) | 9.89%  | 6.95%   | 12.00%               |   |
| Int'l Equities (Hedged)   | 9.79%  | 6.85%   | 12.00%               |   |
| Emerging Int'l Equities   | 12.50%   | 9.49%   | 6.00%                |   |
| <b>Fixed Income</b>       | <b>3.86%</b>                                       | <b>1.08%</b>                                    | <b>15.00%</b>        |   |
| Global Bonds (Unhedged)   | 3.09%  | 0.33%   | 6.00%                |   |
| Global Bonds (Hedged)     | 2.99%  | 0.23%   | 6.00%                |   |
| EMD (External)            | 6.76%  | 3.90%   | 1.50%                |   |
| EMD (Local Currency)      | 7.50%  | 4.62%   | 1.50%                |   |
| <b>Real Estate</b>        | <b>7.50%</b>                                       | <b>4.62%</b>                                    | <b>3.00%</b>         |   |
| Real Estate (Core)        | 7.50%  | 4.62%   | 3.00%                |   |
| <b>Private Markets</b>    | <b>10.31%</b>                                      | <b>7.36%</b>                                    | <b>9.00%</b>         |   |
| Private Equity            | 11.72%   | 8.73%   | 4.00%                |   |
| Private Debt              | 8.98%  | 6.07%   | 3.00%                |   |
| Private Real Assets       | 9.47%  | 6.54%   | 2.00%                |   |
| <b>Hedge Funds</b>        | <b>6.86%</b>                                       | <b>4.00%</b>                                    | <b>8.50%</b>         |   |
| Hedge Funds               | 6.86%  | 4.00%   | 8.50%                |   |
| <b>GAA</b>                | <b>7.17%</b>                                       | <b>4.30%</b>                                    | <b>3.00%</b>         |   |
| GMO BFAF                  | 7.17%  | 4.30%   | 3.00%                |   |
| <b>Risk Parity</b>        | <b>6.72%</b>                                       | <b>3.87%</b>                                    | <b>4.00%</b>         |   |
| AQR GRP EL 10%            | 6.72%  | 3.87%   | 2.00%                |   |
| Bridgewater All Weather   | 6.72%  | 3.87%   | 2.00%                |   |
| <b>Cash</b>               | <b>3.00%</b>                                       | <b>0.25%</b>                                    | <b>2.50%</b>         |   |
| Cash                      | 3.00%  | 0.25%   | 2.50%                |   |

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimate arithmetic expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class. These assumptions are converted into nominal assumptions by adding inflation, then combined by weighting them by the target asset allocation percentages. Finally, the arithmetic portfolio expected return is converted into geometric expected return using assumed asset class standard deviations and correlations.

\*Geometric return projections by asset class are not presented. Only the aggregate plan-level geometric projection is included.

## NOTES TO FINANCIAL STATEMENTS

### 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 2015 to 2114 projection period for which projected benefit payments are fully funded |
|-------------------------|----------------------|-----------------------------------|-------------------------------|--|
| Public Employee Pension | 7.75%                | 7.75%                             | 3.57%                         | 2114   |
| Fire Pension A          | 4.25%                | 7.75%                             | 3.57%                         | 2025   |
| Fire Pension B          | 6.52%                | 7.75%                             | 3.57%                         | 2057   |
| Law Enforcement         | 7.75%                | 7.75%                             | 3.57%                         | 2114   |

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

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

| Pension Plan            | 1.0% Decrease<br>6.75% | Current Discount Rate<br>7.75% | 1.0% Increase<br>8.75% |
|-------------------------|------------------------|--------------------------------|------------------------|
| Public Employee Pension | 5,769,963              | 4,019,070                      | 2,538,845              |
| Fire Pension A          | 2,907,261              | 2,325,324                      | 1,858,475              |
| Fire Pension B          | 1,132,685              | 659,731                        | 268,785                |
| Law Enforcement Pension | 1,233,181              | 607,784                        | 90,994                 |

### 3. *Payables to the Pension Plans*

The City reported payables to Wyoming Retirement System at June 30, 2016 totaling \$68,247 and comprised of \$41,053 for the Public Employee Pension, \$17,766 for the Law Enforcement Pension, and \$9,428 for the Fire B Pension. The payables are short-term in nature and relate to the statutorily required contributions for June 2016 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.

## NOTES TO FINANCIAL STATEMENTS

### 4.B. RISK MANAGEMENT- CLAIMS AND JUDGEMENTS

#### *Self-Insured Health Plan*

##### Description

In order to maintain control over health insurance costs, the City has established an Insurance Fund (an internal service fund) to account for and finance the City's self-insured health plan. Under this program, the City, through a third-party administrator, pays covered employees' medical expenses above the employee deductible of \$750 on an 85/15 basis to \$15,000 and then 100% up to \$20,000 per individual. Costs above \$20,000 are covered by stop-loss insurance purchased from a commercial insurance company.

##### Claims Liabilities

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

##### Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The third-party administrator makes year-end estimates of liabilities incurred but not reported (IBNR), based upon historical trend analysis. At June 30, 2016, 2015 and 2014, the IBNR was \$333,831, \$416,608 and \$213,518, respectively. Changes in the Fund's claims liability amount, including IBNR, from July 1, 2012 to June 30, 2016:

|  |                    |
|--|--------------------|
| 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                   | 416,608            |
| Claims and changes in estimates                    | 1,646,733          |
| Claims payments                                    | <u>(1,729,510)</u> |
| Liability balance, June 30, 2016                   | <u>\$ 333,831</u>  |
| Assets available to pay claims at<br>June 30, 2016 | <u>\$ 545,653</u>  |

## NOTES TO FINANCIAL STATEMENTS

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 Closure and Post-closure Costs*

The City of Rawlins is in the process of closing their landfill. However, the City has approval from the Department of Environmental Quality (DEQ) to continue accepting Construction and Demolition (C&D) waste through 2023. The City completed Phase I of the landfill closure in October 2016 with the exception of seeding the area which will take place in spring of 2017. Phase II will begin in the spring of 2017 and is expected to cost approximately \$2,000,000. The State of Wyoming has approved an agreement to cover 75% of the project cost, not to exceed \$4,890,000. Of this amount, \$1,238,800 will be paid by a 0% loan and the remaining \$3,651,200 will be paid by a grant.

### *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. PRIOR PERIOD ADJUSTMENT

During the fiscal year 2009-2010, the General Fund loaned the Sewer Fund \$979,658 to pay for capital expenses. A prior period adjustment was recorded during the year ended June 30, 2016. This loan is reported in the financial statements as follows:

### *Statement of Net Position*

Governmental activities recorded an Interfund advances receivable in the amount of \$693,063. Business-type activities recorded an Interfund advances payable in the amount of \$693,063. The net affect of this change was an increase to governmental activities net position in the amount of \$693,063 and decrease to business-type net position in the amount of \$693,063.

## NOTES TO FINANCIAL STATEMENTS

### *Balance Sheet – Governmental Funds*

The general fund recorded an Interfund advances receivable in the amount of \$693,063. The net affect of this change was an increase to the fund balance of the general fund in the amount of \$693,063.

### *Statement of Net Position – Proprietary Funds*

The sewer fund recorded an Interfund advances payable in the amount of \$693,063. The net affect of this change was a decrease to the fund balance of the sewer fund in the amount of \$693,063.

CITY OF RAWLINS, WYOMING

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Schedule of City’s Share of the Net Pension Liability

Schedule of Contributions

CITY OF RAWLINS, WYOMING

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

For the Year Ended June 30, 2016

|  | <u>Budgeted Amounts</u> |                     | <u>Actual<br/>Amounts<br/>(Budgetary<br/>Basis)</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|---------------------|---|---|
|  | <u>Original</u>         | <u>Final</u>        |   |   |
| <b>REVENUES:</b>   |                         |                     |   |   |
| Taxes and special assessments  | \$ 9,291,730            | \$ 9,301,080        | \$ 8,099,686  | \$ (1,201,394)  |
| Intergovernmental  | 318,100                 | 588,961             | 456,512   | (132,449)   |
| Charges for services   | 773,880                 | 773,880             | 908,892   | 135,012   |
| Investment income  | 6,815                   | 6,815               | 13,251  | 6,436   |
| Miscellaneous  | 70,045                  | 70,045              | 457,633   | 387,588   |
| Total revenues   | <u>10,460,570</u>       | <u>10,740,781</u>   | <u>9,935,974</u>                                    | <u>(804,807)</u>  |
| <b>EXPENDITURES:</b>   |                         |                     |   |   |
| General government   | 7,966,824               | 8,302,694           | 3,155,541   | 5,147,153   |
| Public safety and transportation   | 4,467,610               | 4,951,442           | 3,443,777   | 1,507,665   |
| Public works   | 383,618                 | 513,818             | 322,880   | 190,938   |
| Highways and streets   | 795,724                 | 580,745             | 564,372   | 16,373  |
| Health and welfare   | 152,205                 | 154,205             | 151,987   | 2,218   |
| Culture and recreation   | 2,017,999               | 2,775,526           | 1,639,969   | 1,135,557   |
| Principal retirement   | -                       | 5,350               | 5,336   | 14  |
| Total expenditures   | <u>15,783,980</u>       | <u>17,283,780</u>   | <u>9,283,862</u>                                    | <u>7,999,918</u>  |
| Excess (deficiency) of revenues over<br>(under) expenditures                               | <u>(5,323,410)</u>      | <u>(6,542,999)</u>  | <u>652,112</u>                                      | <u>7,195,111</u>  |
| <b>OTHER FINANCING SOURCES:</b>  |                         |                     |   |   |
| Operating transfers in   | 657,410                 | 657,410             | 657,410   | -   |
| Operating transfers out  | <u>(70,000)</u>         | <u>(70,000)</u>     | <u>(70,000)</u>                                     | <u>-</u>  |
| Total other financing sources  | <u>587,410</u>          | <u>587,410</u>      | <u>587,410</u>                                      | <u>-</u>  |
| Excess (deficiency) of revenues over<br>expenditures and other financing sources<br>(uses) | <u>(4,736,000)</u>      | <u>(5,955,589)</u>  | <u>1,239,522</u>                                    | <u>7,195,111</u>  |
| Fund balance - beginning   | <u>13,605,625</u>       | <u>13,605,625</u>   | <u>13,605,625</u>                                   | <u>-</u>  |
| Fund balance - ending  | <u>\$ 8,869,625</u>     | <u>\$ 7,650,036</u> | <u>\$ 14,845,147</u>                                | <u>\$ 7,195,111</u>   |

(Continued)

CITY OF RAWLINS, WYOMING

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

For the Year Ended June 30, 2016

(Continued)

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

**Revenue:**

|  |                     |
|--|---------------------|
| Actual total revenue budgetary basis   | \$ 9,935,974        |
| Differences- Budget to GAAP  |                     |
| Tax accrual difference   | (5,059)             |
| Fines receivables difference   | (7,317)             |
| Other receivables difference   | <u>(100,388)</u>    |
| Total revenues as reported on the statement of revenues, expenditures,<br>and changes in fund balance - governmental funds | <u>\$ 9,823,210</u> |

**Expenditures:**

|  |                     |
|--|---------------------|
| Actual total expenditures budgetary basis  | \$ 9,283,862        |
| Differences- Budget to GAAP  |                     |
| Accounts payable & payroll accrual difference  | 196,588             |
| Other expenses   | <u>78,563</u>       |
| Total expenditures as reported on the statement of revenues, expenditures,<br>and changes in fund balance - governmental funds | <u>\$ 9,559,013</u> |

CITY OF RAWLINS, WYOMING

**BUDGETARY COMPARISON SCHEDULE  
GRANTS FUND**

For the Year Ended June 30, 2016

|  | <u>Budgeted Amounts</u> |                     | <u>Actual<br/>Amounts<br/>(Budgetary<br/>Basis)</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|---------------------|---|---|
|  | <u>Original</u>         | <u>Final</u>        |   |   |
| <b>REVENUES:</b>   |                         |                     |   |   |
| Intergovernmental  | <u>\$ 1,813,000</u>     | <u>\$ 3,307,600</u> | <u>\$ 3,299,085</u>                                 | <u>\$ (8,515)</u>   |
| Total revenues   | <u>1,813,000</u>        | <u>3,307,600</u>    | <u>3,299,085</u>                                    | <u>(8,515)</u>  |
| <b>EXPENDITURES:</b>   |                         |                     |   |   |
| Infrastructure   | <u>1,813,000</u>        | <u>3,307,600</u>    | <u>3,303,596</u>                                    | <u>4,004</u>  |
| Total expenditures   | <u>1,813,000</u>        | <u>3,307,600</u>    | <u>3,303,596</u>                                    | <u>4,004</u>  |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>-</u>                | <u>-</u>            | <u>(4,511)</u>                                      | <u>(4,511)</u>  |
| Fund balance - beginning                                     | <u>(83,150)</u>         | <u>(83,150)</u>     | <u>(83,150)</u>                                     | <u>-</u>  |
| Fund balance - ending  | <u>\$ (83,150)</u>      | <u>\$ (83,150)</u>  | <u>\$ (87,661)</u>                                  | <u>\$ (4,511)</u>   |

(Continued)

CITY OF RAWLINS, WYOMING

**BUDGETARY COMPARISON SCHEDULE  
GRANTS FUND**

For the Year Ended June 30, 2016

(Continued)

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

**Revenue:**

|  |                     |
|--|---------------------|
| Actual total revenue budgetary basis   | \$ 3,299,085        |
| Differences - Budget to GAAP   |                     |
| Construction projects for other funds  | <u>(1,614,521)</u>  |
| Total revenues as reported on the statement of revenues, expenditures,<br>and changes in fund balance - governmental funds | <u>\$ 1,684,564</u> |

**Expenditures:**

|  |                    |
|--|--------------------|
| Actual total expenditures budgetary basis  | \$ 3,303,596       |
| Differences - Budget to GAAP   |                    |
| Reclassification to transfers  | (1,030,076)        |
| Construction projects for other funds  | <u>(1,792,146)</u> |
| Total expenditures as reported on the statement of revenues, expenditures,<br>and changes in fund balance - governmental funds | <u>\$ 481,374</u>  |

CITY OF RAWLINS, WYOMING

**BUDGETARY COMPARISON SCHEDULE  
CAPITAL FACILITIES TAX FUND**

For the Year Ended June 30, 2016

|  | <u>Budgeted Amounts</u> |                   | <u>Actual<br/>Amounts<br/>(Budgetary<br/>Basis)</u> | <u>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</u> |
|--|-------------------------|-------------------|---|---|
|  | <u>Original</u>         | <u>Final</u>      |   |   |
| <b>REVENUES:</b>   |                         |                   |   |   |
| Specific purpose tax   | \$ 690,846              | \$ 690,846        | \$ -  | \$ (690,846)  |
| Interest income  | <u>66</u>               | <u>66</u>         | <u>79</u>   | <u>13</u>   |
| Total revenues   | <u>690,912</u>          | <u>690,912</u>    | <u>79</u>   | <u>(690,833)</u>  |
| <b>EXPENDITURES:</b>   |                         |                   |   |   |
| Street infrastructure  | 30,016                  | 30,016            | -   | 30,016  |
| Water infrastructure   | <u>10,000</u>           | <u>10,000</u>     | <u>-</u>  | <u>10,000</u>   |
| Total expenditures   | <u>40,016</u>           | <u>40,016</u>     | <u>-</u>  | <u>40,016</u>   |
| Excess (deficiency) of revenues over<br>(under) expenditures | <u>650,896</u>          | <u>650,896</u>    | <u>79</u>   | <u>(650,817)</u>  |
| Fund balance - beginning                                     | <u>84,144</u>           | <u>84,144</u>     | <u>84,144</u>                                       | <u>-</u>  |
| Fund balance - ending  | <u>\$ 735,040</u>       | <u>\$ 735,040</u> | <u>\$ 84,223</u>                                    | <u>\$ (650,817)</u>   |

(Continued)

CITY OF RAWLINS, WYOMING

**BUDGETARY COMPARISON SCHEDULE  
CAPITAL FACILITIES TAX FUND**

For the Year Ended June 30, 2016

(Continued)

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

**Revenue:**

|  |    |           |
|--|----|-----------|
| Actual total revenue budgetary basis   | \$ | 79        |
| Differences - Budget to GAAP   |    |           |
| No differences   |    | <u>-</u>  |
| Total revenues as reported on the statement of revenues, expenditures,<br>and changes in fund balance - governmental funds | \$ | <u>79</u> |

**Expenditures:**

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

CITY OF RAWLINS, WYOMING

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**- BUDGETARY COMPARISONS**  
For the Year Ended June 30, 2016

**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, 2016, there were no instances of excess of expenditures over appropriations.

CITY OF RAWLINS, WYOMING

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

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

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

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

|   | <u>2016</u>  | <u>2015</u>  |
|---|--------------|--------------|
| City's proportion of the net pension liability*   | 1.25385%     | 1.23760%     |
| City's proportionate share of the net pension liability*  | \$ 2,325,324 | \$ 2,039,937 |
| City's covered-employee payroll   | \$ -         | \$ -         |
| City's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 0.000%       | 0.000%       |
| Plan fiduciary net position as a percentage of the total pension liability*                             | 40.05%       | 45.95%       |

(Continued)

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

CITY OF RAWLINS, WYOMING

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

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

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

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

|   | <u>2016</u>  | <u>2015</u>  |
|---|--------------|--------------|
| City's proportion of the net pension liability*   | 0.80909%     | 0.76045%     |
| City's proportionate share of the net pension liability*  | \$ 607,784   | \$ 224,056   |
| City's covered-employee payroll   | \$ 1,297,857 | \$ 1,249,544 |
| City's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 46.830%      | 17.931%      |
| Plan fiduciary net position as a percentage of the total pension liability*                             | 87.49%       | 94.76%       |

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

CITY OF RAWLINS, WYOMING

SCHEDULE OF CONTRIBUTIONS

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

|  | <u>2007</u>    | <u>2008</u>    | <u>2009</u>    | <u>2010</u>    | <u>2011</u>    | <u>2012</u>    | <u>2013</u>    | <u>2014</u>    | <u>2015</u>    | <u>2016</u>    |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Contractually required contribution                                  | \$ 337,600     | \$ 402,547     | \$ 417,217     | \$ 392,593     | \$ 405,858     | \$ 432,435     | \$ 425,132     | \$ 435,564     | \$ 482,125     | \$ 532,010     |
| Contributions in relation to the contractually required contribution | <u>337,600</u> | <u>402,547</u> | <u>417,217</u> | <u>392,593</u> | <u>405,858</u> | <u>432,435</u> | <u>425,132</u> | <u>435,564</u> | <u>482,125</u> | <u>532,010</u> |
| Contribution deficiency (excess)                                     | \$ <u>-</u>    |
| City's covered-employee payroll                                      | \$2,842,809    | \$3,580,635    | \$3,710,732    | \$3,495,730    | \$3,049,452    | \$3,062,574    | \$3,009,620    | \$2,999,463    | \$3,040,140    | \$3,201,025    |
| Contributions as a percentage of covered-employee payroll            | 11.88%         | 11.24%         | 11.24%         | 11.23%         | 13.31%         | 14.12%         | 14.13%         | 14.52%         | 15.86%         | 16.62%         |

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

|  | <u>2007</u>   | <u>2008</u>   | <u>2009</u>   | <u>2010</u>   | <u>2011</u>   | <u>2012</u>   | <u>2013</u>   | <u>2014</u>    | <u>2015</u>    | <u>2016</u>    |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|
| Contractually required contribution                                  | \$ 64,227     | \$ 80,483     | \$ 95,901     | \$ 91,658     | \$ 96,600     | \$ 96,047     | \$ 97,299     | \$ 105,468     | \$ 121,324     | \$ 140,797     |
| Contributions in relation to the contractually required contribution | <u>64,227</u> | <u>80,483</u> | <u>95,901</u> | <u>91,658</u> | <u>96,600</u> | <u>96,047</u> | <u>97,299</u> | <u>105,468</u> | <u>121,324</u> | <u>140,797</u> |
| Contribution deficiency (excess)                                     | \$ <u>-</u>    | \$ <u>-</u>    | \$ <u>-</u>    |
| City's covered-employee payroll                                      | \$ 356,814    | \$ 447,131    | \$ 467,810    | \$ 469,801    | \$ 471,219    | \$ 468,521    | \$ 474,627    | \$ 509,936     | \$ 571,536     | \$ 662,731     |
| Contributions as a percentage of covered-employee payroll            | 18.00%        | 18.00%        | 20.50%        | 19.51%        | 20.50%        | 20.50%        | 20.50%        | 20.68%         | 21.23%         | 21.24%         |

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

|  | <u>2007</u>    | <u>2008</u>    | <u>2009</u>    | <u>2010</u>    | <u>2011</u>    | <u>2012</u>    | <u>2013</u>    | <u>2014</u>    | <u>2015</u>    | <u>2016</u>    |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Contractually required contribution                                  | \$ 186,730     | \$ 216,163     | \$ 240,414     | \$ 221,239     | \$ 211,278     | \$ 190,492     | \$ 204,469     | \$ 212,336     | \$ 214,922     | \$ 223,231     |
| Contributions in relation to the contractually required contribution | <u>186,730</u> | <u>216,163</u> | <u>240,414</u> | <u>221,239</u> | <u>211,278</u> | <u>190,492</u> | <u>204,469</u> | <u>212,336</u> | <u>214,922</u> | <u>223,231</u> |
| Contribution deficiency (excess)                                     | \$ <u>-</u>    |
| City's covered-employee payroll                                      | \$1,118,752    | \$1,256,782    | \$1,397,756    | \$1,286,275    | \$1,228,362    | \$1,107,512    | \$1,188,771    | \$1,234,515    | \$1,249,544    | \$1,297,857    |
| Contributions as a percentage of covered-employee payroll            | 16.69%         | 17.20%         | 17.20%         | 17.20%         | 17.20%         | 17.20%         | 17.20%         | 17.20%         | 17.20%         | 17.20%         |



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Rawlins, Wyoming, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Rawlins, Wyoming's basic financial statements and have issued our report thereon dated December 6, 2016.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies, on page 71 Reference 2016-001.



## **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 Findings**

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

## **Purpose of this Report**

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

Anton Collins Mitchell LLP  
Laramie, Wyoming  
December 6, 2016

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**

**2016-001 - Significant Deficiencies in Internal Control: Financial Statement Preparation**

**Criteria**

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

**Condition**

The City of Rawlins, 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.