

CITY OF RAWLINS, WYOMING
FINANCIAL AND COMPLIANCE REPORT

June 30, 2009

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Mader Tschacher Peterson & Co., LLC

Certified Public Accountants & Consultants INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Rawlins, Wyoming, as of and for the year ended June 30, 2009, which collectively compromise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Rawlins, Wyoming, management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2009, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2009 on our consideration of the City of Rawlins, Wyoming's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 the internal control over financial reporting and compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 8 and 53 through 57, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Madr Ischaq Peterson & Co., LLC

Rawlins, Wyoming
November 20, 2009

CITY OF RAWLINS, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2009

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, 2009.

Financial Highlights

- \$ The assets of the City of Rawlins exceeded its liabilities at the close of the most recent fiscal year by \$50,869,045 (*net assets*). Of this amount, \$7,449,528 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.

- \$ At the end of the current fiscal year, the City of Rawlins general fund reported \$7,185,352 *available for spending* at the government's discretion (*unreserved fund balance*) and \$2,119,940 reserved for future funding requirements.

- \$ The City of Rawlins total debt decreased by \$214,095 during the current fiscal year. New debt of \$35,749 was issued during the year. Debt in the amount of \$249,874 was retired. Total outstanding debt at the end of the fiscal year was \$2,697,904.

- \$ Last fiscal year the City maintained the increase in general funds sales tax/use tax due to one-time construction projects and increased revenue from this source by \$30,000. In FY 2008-2009 the general fund sales tax/use tax revenue increased by 400,000 from the previous fiscal year. It is anticipated that the economic growth will continue in the next fiscal year but at a slower pace.

- \$ Cost for maintaining the employee health insurance program has stabilized to a much slower increase and no changes were necessary in the areas of deductibles, co-insurance, and maximum out of pocket cost for employees. The program is financially sound and, with an improving claims history, it is anticipated that cost will increase in the single digits in the next fiscal year.

- \$ Revenues from golf course fund two primary accounts (membership and pro-shop) declined by approximately \$48,000 (16.22%). It is expected that revenues will be flat with the changes in the economic condition of the United States next year and possibly longer.

- \$ All three enterprise funds (water, wastewater, and landfill) combined maintained their growth from the previous year in revenues as the number of residential users maintained their numbers. The City did increase the monthly rate in FY 2008-2009 but the count of residential users changed little. The decrease in the water revenues was primarily due to the decrease in use of the motel/hotels by the transient workforce.

Overview of the Financial Statements

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

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

CITY OF RAWLINS, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009

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 assets* presents information on all of the City of Rawlins assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreased in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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 on pages 9 through 11 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.

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

**CITY OF RAWLINS, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

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 12 through 15 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 golf course 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 golf course 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 23 and 24 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 25 through 52 of this report.

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial

**CITY OF RAWLINS, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

position. In the case of the City of Rawlins net assets 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 Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and Other assets	\$11,081,808	\$10,011,424	\$3,826,183	\$2,500,029	\$14,907,991	\$12,511,453
Capital assets	12,498,471	13,920,883	33,769,959	26,381,709	46,268,430	40,302,592
Total assets	23,580,279	23,932,307	37,596,142	28,881,738	61,176,421	52,814,045
Long-term liabilities outstanding	1,220,834	1,058,955	6,451,572	3,768,263	7,672,406	4,827,218
Other liabilities	1,209,783	3,181,601	1,425,187	127,097	2,634,970	3,308,698
Total liabilities	2,430,617	4,240,556	7,876,759	3,895,360	10,307,376	8,135,916
Net assets:						
Invested in capital assets, net of related debt	14,653,615	13,766,678	25,619,844	23,641,011	40,273,459	37,407,689
Prior period adjustment	(2,311,331)	-	2,882,637	-	571,306	-
Restricted	2,119,940	2,119,940	454,812	389,366	2,574,752	2,509,306
Unrestricted	6,687,438	3,805,133	762,090	956,001	7,449,528	4,761,134
Total net assets	\$21,149,662	\$19,691,751	\$29,719,383	\$24,986,378	\$50,869,045	\$44,678,129

Analysis of Net Assets

As noted earlier, net assets 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 \$50,869,045 at the close of the most recent fiscal year. By far the largest portion of the City of Rawlins net assets reflects its net investment of \$46,268,429 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 assets, \$454,812 represents resources that are subject to external restrictions on how they may be used, and the \$2,119,940 restricted amount under the governmental activities is board restricted.

The remaining balance of unrestricted net assets in all City funds of \$7,449,528 may be used to meet the government's ongoing obligations to citizens and creditors. Specific expenditure restrictions apply to specific revenue funds and too much of the capital project funds.

**CITY OF RAWLINS, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

At June 30, 2009, the City is able to report positive balances in all three categories of net assets for the government as a whole and business-type activities.

City of Rawlins Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program Revenues						
Charges for Services	\$ 3,737,438	\$ 3,122,083	\$ 4,175,880	\$ 3,691,510	\$ 7,913,318	\$ 6,813,593
Operating grants and contributions	391,390	110,912	-	-	-	-
Capital grants and contributions	3,066,243	1,103,690	-	-	3,066,243	1,103,690
General Revenues:						
Property Taxes	372,824	317,833	-	-	372,824	317,833
Other Taxes	11,186,737	11,432,370	-	-	11,186,737	11,432,370
Other Revenues	45,743	148,382	25,127	30,890	70,870	179,272
Transfers	(1,809,180)	(337,555)	1,809,180	337,555	-	-
Total revenues	16,991,195	15,897,715	6,010,187	4,059,955	23,001,382	19,957,670
Expenses:						
General government	3,590,952	3,443,142			3,590,952	3,443,142
Public Safety	3,692,372	3,721,142			3,692,372	3,721,142
Public Works	2,088,879	2,620,265			2,088,879	2,620,265
Health, welfare and recreation	1,950,447	1,534,136			1,950,447	1,534,136
Non-departmental	1,899,002	1,841,089			1,899,002	1,841,089
Interest on long term debt	301	26,874	103,148	109,568	103,449	136,442
Water			1,723,522	2,002,645	1,723,522	2,002,645
Wastewater			669,542	306,582	669,542	306,582
Landfill			828,623	905,252	828,623	905,252
Golf Course			834,984	844,311	834,984	844,311
Total expenses	13,221,953	13,186,648	4,159,819	4,168,358	17,381,772	17,355,006
Total general revenues & transfers						
	16,991,195	15,897,715	6,010,187	4,059,955	23,001,382	19,957,670
Changes in net assets	3,769,242	2,711,067	1,850,368	(108,403)	5,619,610	2,602,664
Prior period adjustment	-	-	-	-	-	-
Net assets - beginning (restated)	17,380,420	16,980,684	27,869,015	25,094,781	45,249,435	42,075,465
Net assets - ending	\$ 21,149,662	\$ 19,691,751	\$ 29,719,383	\$ 24,986,378	\$ 50,869,045	\$ 44,678,129

Analysis of Changes in Net Assets

The City of Rawlins net assets increased \$6,190,916 (FY 2007-2008 amount was \$44,678,129 as

**CITY OF RAWLINS, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009**

compared to our current year-end amount of \$50,869,045) during the current fiscal year. This increase is mainly due to the changes in net assets of the Governmental Activities (\$1,457,911) combined with a large increase in the balance from the Business-type Activities (\$4,733,005).

Budgetary Highlights

Significant highlights of the fiscal year 2008-2009 was an small increase in sales taxes over budget by \$957,132 and a decrease in use taxes under budget of \$111,477. From the budget perspective in total we made budget, and the two revenue accounts (State Sales Tax @ 4.0% and County Option Sale Tax @ 1.0%) that drive the General Fund and the City have increased by \$860,074 over the previous year when the forecast from the State was no growth.

Capital Assets and Debt Administration

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

Capital Assets	Governmental Activities	Business-Type Activities
Land & construction in progress	\$ 707,722	\$ 2,431,652
Capital assets being depreciated	20,635,844	54,449,033
Accumulated depreciation	(8,845,201)	(23,110,726)
Net capital assets	\$ 12,498,365	\$ 33,769,959
Long term debt	\$ 166,329	\$ 2,531,576

Economic Factors and Next Year's Budget

With the increase in revenues by the drivers (sales & use taxes combined) of the General Fund, but the flat prediction by the State of Wyoming on sales & use taxes for FY 2009-2010, and the complete turmoil in the financial markets of the U.S. at the time of this report we cannot anticipate nor predict what the local economy will do with any conviction. The FY 2009-2010 budget is a reflection of uncertainty even with an increase in sales taxes in FY 2008-2009. The prediction of no growth in sales and use taxes by the State of Wyoming is what the City of Rawlins is following for the next budget year. To predict any upturn or downturn in the economy without the support of the State of Wyoming revenue estimates was not possible at budget time for FY 2009-2010.

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 addressed to the City of Rawlins, Office of the City Manager, 521 West Cedar, P.O. Box 953, Rawlins, WY 82301.

Steven B. Golnar
City Manager

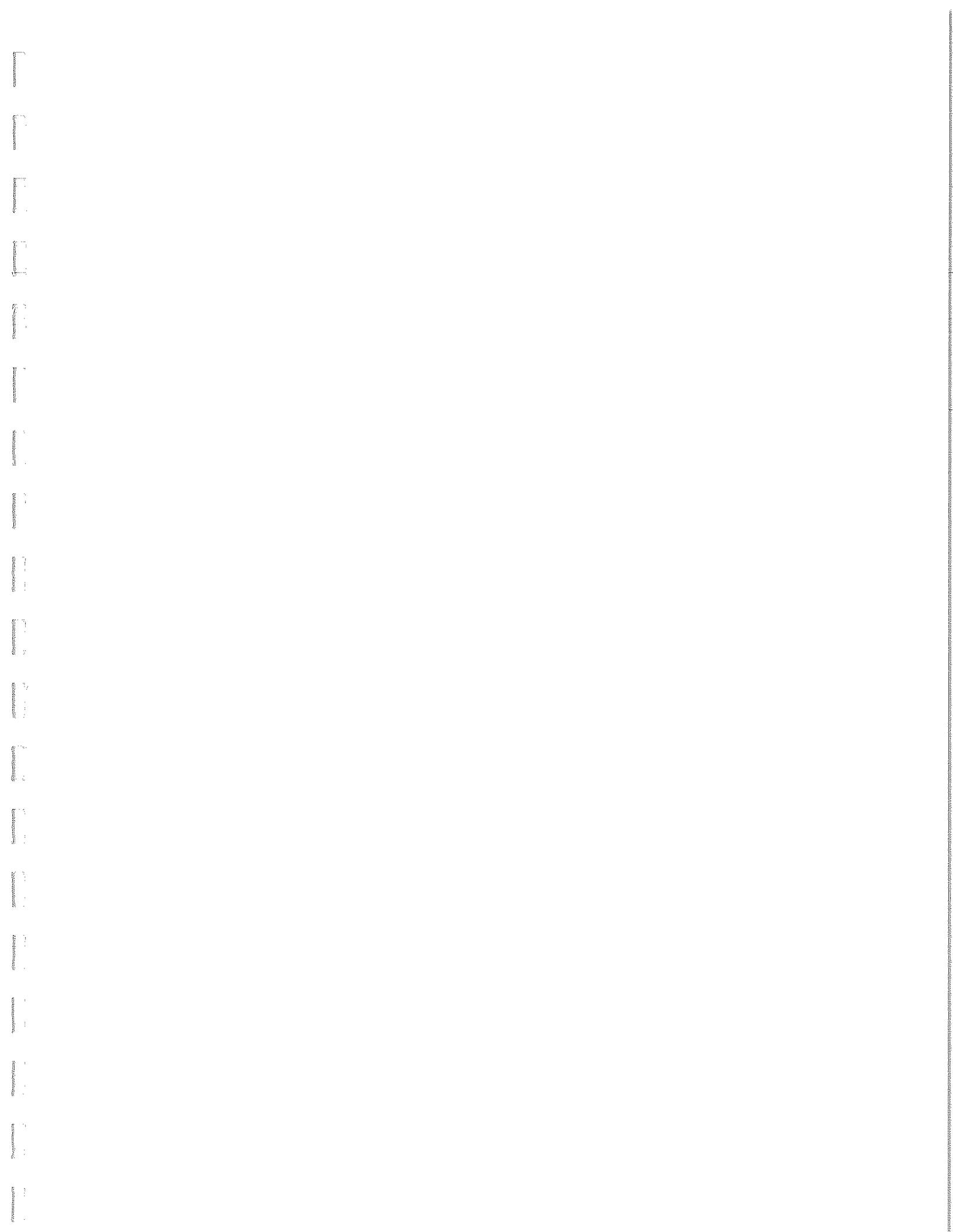
CITY OF RAWLINS, WYOMING

STATEMENT OF NET ASSETS

June 30, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 6,147,473	\$ 2,511,910	\$ 8,659,383
Investments at fair value	2,224,681	454,812	2,679,493
Accounts receivable less allowance for doubtful accounts	1,345,480	336,021	1,681,501
Unbilled service receivable	-	114,237	114,237
Interest receivable	-	8,481	8,481
Interfund receivables	1,307,431	-	1,307,431
Inventory	-	400,722	400,722
Prepaid insurance	56,743	-	56,743
Capital assets			
Land	707,722	346,619	1,054,341
Golf course	-	1,152,201	1,152,201
Buildings and improvements	8,344,746	50,700,390	59,045,136
Construction in progress	-	2,085,033	2,085,033
Infrastructure	4,563,163	-	4,563,163
Furniture and equipment	7,727,935	2,596,442	10,324,377
Accumulated depreciation	(8,845,095)	(23,110,726)	(31,955,821)
Total Assets	<u>\$ 23,580,279</u>	<u>\$ 37,596,142</u>	<u>\$ 61,176,421</u>
LIABILITIES			
Accounts payable	\$ 617,971	\$ 54,948	\$ 672,919
Accrued payroll	531,751	13,792	545,543
Interfund payables	-	1,307,431	1,307,431
Capital leases - current	12,700	-	12,700
Capital leases - long term	38,716	-	38,716
Notes payable - current	29,819	49,016	78,835
Notes payable - long term	92,077	5,218,462	5,310,539
Deffered Revenue	17,542	-	17,542
Closure and post closure costs	-	1,128,030	1,128,030
Accrued compensated absences	1,090,041	105,080	1,195,121
Total Liabilities	<u>2,430,617</u>	<u>7,876,759</u>	<u>10,307,376</u>
NET ASSETS			
Invested in capital assets (net of related debt)	12,342,284	28,502,481	40,844,765
Restricted	2,119,940	454,812	2,574,752
Unrestricted	6,687,438	762,090	7,449,528
Total Net Assets	<u>\$ 21,149,662</u>	<u>\$ 29,719,383</u>	<u>\$ 50,869,045</u>

See Accompanying Notes to the Basic Financial Statements.



CITY OF RAWLINS, WYOMING

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Executive - City Manager	\$ 387,987	\$ -	\$ -	\$ -
Administrative services	714,202	-	-	-
Legal and judicial	530,293	76,203	2,400	-
Police	2,075,016	-	-	-
General government	3,590,952	3,025,879	20,453	-
Fire	1,087,063	-	-	-
Engineering and development	963,928	386,665	-	2,931,995
Highways and streets	806,784	1,871	-	-
Animal control	591,219	21,949	-	134,248
Health welfare	47,364	25,507	366,073	-
Parks and recreation	1,311,864	191,049	-	-
Building maintenance	731,813	-	-	-
Cemetery	26,421	8,315	-	-
Public works	291,746	-	2,464	-
Nonprofit agency	65,000	-	-	-
Interest on long-term debt	301	-	-	-
Total governmental activities	13,221,953	3,737,438	391,390	3,066,243
Business-Type Activities:				
Water	1,826,670	2,307,833	-	-
Sewer	669,542	1,337,746	-	-
Solid waste	828,623	248,417	-	-
Golf course	834,984	281,883	-	-
Total business-type activities	4,159,819	4,175,880	-	-
Total primary government	\$ 17,381,772	\$ 7,913,318	\$ 391,390	\$ 3,066,243

General revenues:

Taxes:

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

Interest income

Transfers in (out)

Total general revenues and transfers

Change in net assets

Net assets- beginning, as restated

Net assets- ending

See Accompanying Notes to the Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Assets

<u>Primary Government</u>		
<u>Governmental</u>	<u>Business-type</u>	
<u>Activities</u>	<u>Activities</u>	<u>Total</u>
\$ (387,987)	\$ -	\$ (387,987)
(714,202)	-	(714,202)
(451,690)	-	(451,690)
(2,075,016)	-	(2,075,016)
(544,620)	-	(544,620)
(1,087,063)	-	(1,087,063)
2,354,732	-	2,354,732
(804,913)	-	(804,913)
(435,022)	-	(435,022)
344,216	-	344,216
(1,120,815)	-	(1,120,815)
(731,813)	-	(731,813)
(18,106)	-	(18,106)
(289,282)	-	(289,282)
(65,000)	-	(65,000)
(301)	-	(301)
<u>(6,026,882)</u>	<u>-</u>	<u>(6,026,882)</u>
-	481,163	481,163
-	668,204	668,204
-	(580,206)	(580,206)
-	(553,101)	(553,101)
-	16,061	16,061
<u>\$ (6,026,882)</u>	<u>\$ 16,061</u>	<u>\$ (6,010,821)</u>
372,824	-	372,824
439,799	-	439,799
6,279,229	-	6,279,229
72,867	-	72,867
242,501	-	242,501
719,934	-	719,934
3,432,408	-	3,432,408
45,742	25,127	70,869
<u>(1,809,180)</u>	<u>1,809,180</u>	<u>-</u>
<u>9,796,124</u>	<u>1,834,307</u>	<u>11,630,431</u>
3,769,242	1,850,368	5,619,610
17,380,420	27,869,015	45,249,435
<u>\$ 21,149,662</u>	<u>\$ 29,719,383</u>	<u>\$ 50,869,045</u>

CITY OF RAWLINS, WYOMING

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2009

	<u>General</u>	<u>Grants</u>	<u>Capital Facilities Tax</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash	\$ 6,331,965	\$ -	\$ 79,746	\$ 175,170	\$ 6,586,881
Investments	2,224,681	-	-	-	2,224,681
Receivables (net of allowance for uncollectibles):					
Taxes	569,416	-	-	-	569,416
Accounts	98,004	-	-	1,306	99,310
Grants	-	118,266	-	-	118,266
Due from other funds	793,116	660,640	-	-	1,453,756
Prepays	58,629	-	-	-	58,629
Total Assets	<u>\$ 10,075,811</u>	<u>\$ 778,906</u>	<u>\$ 79,746</u>	<u>\$ 176,476</u>	<u>\$ 11,110,939</u>
LIABILITIES					
Accounts payable	\$ 196,716	\$ 1,328	\$ -	\$ -	\$ 198,044
Accrued payroll and liabilities	162,192	-	-	-	162,192
Due to other funds	-	808,735	-	-	808,735
Deferred revenue	-	17,738	-	-	17,738
Accrued vacation and compensatory time	411,611	-	-	-	411,611
Total Liabilities	<u>770,519</u>	<u>827,801</u>	<u>-</u>	<u>-</u>	<u>1,598,320</u>
FUND BALANCES					
Restricted for future financing	2,119,940	-	-	-	2,119,940
Unreserved	7,185,352	(48,895)	79,746	176,476	7,392,679
Total Fund Balances	<u>9,305,292</u>	<u>(48,895)</u>	<u>79,746</u>	<u>176,476</u>	<u>9,512,619</u>
Total Liabilities and Fund Balances	<u>\$ 10,075,811</u>	<u>\$ 778,906</u>	<u>\$ 79,746</u>	<u>\$ 176,476</u>	<u>\$ 11,110,939</u>

See Accompanying Notes to the Basic Financial Statements.

CITY OF RAWLINS, WYOMING

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

June 30, 2009

Fund balances- total governmental funds \$ 9,512,619

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	\$ 21,343,566	
Less accumulated depreciation	<u>(8,845,095)</u>	12,498,471

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

Governmental notes payable	(155,703)	
Governmental leases payable	(17,611)	
Compensated absences	<u>(998,896)</u>	(1,172,210)

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.

310,782

Net assets of governmental activities \$ 21,149,662

See Accompanying Notes to the Basic Financial Statements.

CITY OF RAWLINS, WYOMING

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

For the Year Ended June 30, 2009

	<u>General</u>	<u>Grants</u>	<u>Capital Facility Tax</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:					
Taxes and special assessments	\$ 11,360,280	\$ -	\$ 23,428	\$ -	\$ 11,383,708
Licenses and permits	788,089	-	-	-	788,089
Intergovernmental	392,717	3,324,066	-	-	3,716,783
Charges for services	320,545	-	-	-	320,545
Investment income	43,316	-	830	980	45,126
Miscellaneous	-	-	-	131,948	131,948
Total Revenues	<u>12,904,947</u>	<u>3,324,066</u>	<u>24,258</u>	<u>132,928</u>	<u>16,386,199</u>
EXPENDITURES:					
Current operating:					
General government	3,337,888	-	-	-	3,337,888
Public safety and transportation	3,917,236	13,713	-	-	3,930,949
Public works	452,903	-	-	-	452,903
Highways and streets	796,228	-	-	-	796,228
Health and welfare	20,000	565	-	-	20,565
Culture and recreation	1,328,286	-	-	135,664	1,463,950
Capital outlay	305,794	-	259,234	-	565,028
Debt service:					
Principal retirement	14,660	-	-	-	14,660
Interest	28,363	-	-	-	28,363
Total Expenditures	<u>10,201,358</u>	<u>14,278</u>	<u>259,234</u>	<u>135,664</u>	<u>10,610,534</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,703,589</u>	<u>3,309,788</u>	<u>(234,976)</u>	<u>(2,736)</u>	<u>5,775,665</u>
FINANCING SOURCES AND (USES):					
Transfers in	533,583	231,251	-	65,426	830,260
Transfers out	<u>(2,342,268)</u>	<u>(1,511,947)</u>	<u>(7,661)</u>	<u>-</u>	<u>(3,861,876)</u>
Total Report Financing Sources and (Uses)	<u>(1,808,685)</u>	<u>(1,280,696)</u>	<u>(7,661)</u>	<u>65,426</u>	<u>(3,031,616)</u>
Net Change in Fund Balance	894,904	2,029,092	(242,637)	62,690	2,744,049
Fund Balances- Beginning, as restated	<u>8,410,388</u>	<u>(2,077,987)</u>	<u>322,383</u>	<u>113,786</u>	<u>6,768,570</u>
Fund Balances- Ending	<u>\$ 9,305,292</u>	<u>\$ (48,895)</u>	<u>\$ 79,746</u>	<u>\$ 176,476</u>	<u>\$ 9,512,619</u>

See Accompanying Notes to the Basic 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, 2009

Net change in fund balances- total governmental funds \$ 2,744,049

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is
depreciated over their estimated useful lives.

Expenditures for capital assets	\$ 1,609,988	
Less current year depreciation	<u>(625,552)</u>	984,436

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		38,808
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Some expenses reported in the statement of activities do not require current
financial resources and therefore are not reported as expenditures in
governmental funds.

Change in long-term compensated absences		(315,555)
--	--	-----------

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

		<u>317,504</u>
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Change in net assets of governmental activities		<u>\$ 3,769,242</u>
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See Accompanying Notes to the Basic Financial Statements.

CITY OF RAWLINS, WYOMING

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

June 30, 2009

	Business-Type Activities- Enterprise Funds					Governmental Activity- Internal Service Fund
	Water	Sewer	Landfill	Golf Course	Total	
ASSETS						
Current Assets						
Cash	\$ 1,195,744	\$ 419,730	\$ 716,744	\$ 245,137	\$ 2,577,355	\$ -
Investments	389,366	-	-	-	389,366	-
Receivables:						
Accounts, customers	198,965	92,116	44,940	-	336,021	558,487
Unbilled	47,411	9,109	57,716	-	114,236	-
Accrued interest	8,481	-	-	-	8,481	-
Due from other funds	-	-	-	-	-	203,132
Inventory	346,833	-	-	53,890	400,723	-
Total current assets	<u>2,186,800</u>	<u>520,955</u>	<u>819,401</u>	<u>299,027</u>	<u>3,826,183</u>	<u>761,619</u>
Noncurrent Assets						
Capital assets						
Land	-	-	-	346,619	346,619	-
Golf course	-	-	-	1,152,201	1,152,201	-
Building and improvements	36,349,383	12,454,561	635,298	1,261,148	50,700,390	-
Furniture and equipment	853,624	87,858	639,521	1,015,439	2,596,442	-
Construction in progress	947,299	1,137,734	-	-	2,085,033	-
Accumulated depreciation	<u>(16,998,962)</u>	<u>(4,578,867)</u>	<u>(491,597)</u>	<u>(1,041,300)</u>	<u>(23,110,726)</u>	-
Total noncurrent assets	<u>21,151,344</u>	<u>9,101,286</u>	<u>783,222</u>	<u>2,734,107</u>	<u>33,769,960</u>	-
Total Assets	\$ 23,338,144	\$ 9,622,241	\$ 1,602,623	\$ 3,033,134	\$ 37,596,142	\$ 761,619
LIABILITIES						
Current liabilities						
Accounts payable	\$ 18,993	\$ 6,079	\$ 18,797	\$ 11,081	\$ 54,950	\$ 63,062
Accrued payroll	13,791	10,372	8,608	14,368	47,139	-
Due to other funds	147,259	778,016	230,511	151,646	1,307,432	30,911
Accrued interest payable	63,091	-	-	-	63,091	-
Benefit claims incurred but not reported	-	-	-	-	-	356,864
Notes payable- current	<u>49,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,016</u>	<u>-</u>
Total current liabilities	<u>292,150</u>	<u>794,467</u>	<u>257,916</u>	<u>177,095</u>	<u>1,521,628</u>	<u>450,837</u>

(Continued)

See Accompanying Notes to the Basic Financial Statements.

CITY OF RAWLINS, WYOMING

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

(Continued)
June 30, 2009

	Business-Type Activities- Enterprise Funds					Governmental Activity- Internal Service Fund
	Water	Sewer	Landfill	Golf Course	Total	
Noncurrent liabilities						
Landfill closure costs	-	-	1,128,030	-	1,128,030	-
Notes payable	2,482,560	-	-	-	2,482,560	-
Accrued compensated absences	9,451	2,700	1,810	-	13,961	-
Total noncurrent liabilities	<u>2,492,011</u>	<u>2,700</u>	<u>1,129,840</u>	<u>-</u>	<u>3,624,551</u>	<u>-</u>
 Total Liabilities	<u>2,784,161</u>	<u>797,167</u>	<u>1,387,756</u>	<u>177,095</u>	<u>5,146,179</u>	<u>450,837</u>
 NET ASSETS						
Invested in capital assets (net of related debt)	18,619,768	9,101,286	783,224	2,734,107	31,238,385	-
Restricted	273,001	-	-	-	273,001	-
Unrestricted	<u>1,661,214</u>	<u>(276,212)</u>	<u>(443,067)</u>	<u>121,932</u>	<u>1,063,867</u>	<u>310,782</u>
Total Net Assets	<u>\$ 20,553,983</u>	<u>\$ 8,825,074</u>	<u>\$ 340,157</u>	<u>\$ 2,856,039</u>	<u>\$ 32,575,253</u>	<u>\$ 310,782</u>

See Accompanying Notes to the Basic Financial Statements.

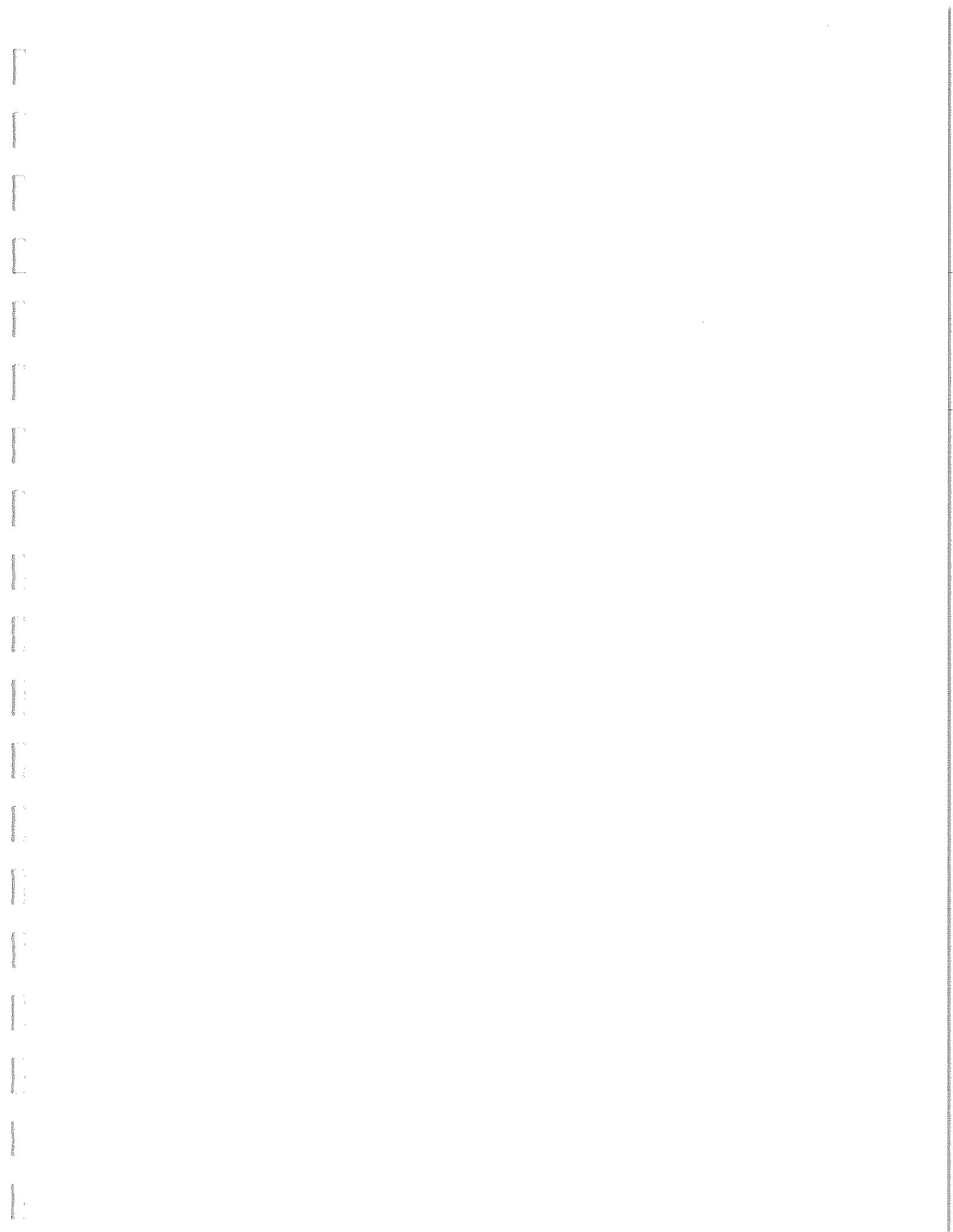
CITY OF RAWLINS, WYOMING

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS

For the Year Ended June 30, 2009

	Business-Type Activities- Enterprise Funds					Governmental Activity- Internal Service Fund
	Water	Sewer	Landfill	Golf Course	Total	
OPERATING REVENUES:						
Charges for services	\$ 1,559,986	\$ 765,454	\$ 982,683	\$ 281,853	\$ 3,589,976	\$ 2,599,700
Other income	105,825	8,836	(92,243)	30	22,448	-
Total operating revenues	<u>1,665,811</u>	<u>774,290</u>	<u>890,440</u>	<u>281,883</u>	<u>3,612,424</u>	<u>2,599,700</u>
OPERATING EXPENSES						
Personal services	531,767	188,930	393,405	471,463	1,585,565	-
Contractual services	39,632	3,207	182,005	43,606	268,450	-
Utilities	-	-	10,366	2,238	12,604	-
Repair and maintenance	35,380	15,469	99,616	59,345	209,810	-
Other supplies and expenses	69,627	2,855	75,488	124,414	272,384	-
Depreciation	918,951	31,976	67,494	133,919	1,152,340	-
Benefit payments	-	-	-	-	-	2,362,473
Total operating expenses	<u>1,595,357</u>	<u>242,437</u>	<u>828,374</u>	<u>834,985</u>	<u>3,501,153</u>	<u>2,362,473</u>
Operating income (loss)	<u>70,454</u>	<u>531,853</u>	<u>62,066</u>	<u>(553,102)</u>	<u>111,272</u>	<u>237,227</u>
NONOPERATING REVENUES (EXPENSES):						
Investment income	23,690	199	499	739	25,127	617
Interest expense	(63,091)	(15,999)	-	-	(79,090)	-
Total nonoperating revenue (expenses)	<u>(39,401)</u>	<u>(15,800)</u>	<u>499</u>	<u>739</u>	<u>(53,963)</u>	<u>617</u>
Income (loss) before transfers	<u>31,053</u>	<u>516,053</u>	<u>62,565</u>	<u>(552,363)</u>	<u>57,309</u>	<u>237,844</u>
TRANSFERS						
Transfers in	2,321,753	2,204,040	-	490,514	5,016,307	79,660
Transfers (out)	(209,034)	(115,464)	(42,880)	-	(367,378)	-
	<u>2,112,719</u>	<u>2,088,576</u>	<u>(42,880)</u>	<u>490,514</u>	<u>4,648,929</u>	<u>79,660</u>
Change in net assets	2,143,772	2,604,629	19,685	(61,849)	4,706,237	317,504
Net assets at beginning of year	<u>18,410,211</u>	<u>6,220,445</u>	<u>320,472</u>	<u>2,917,888</u>	<u>27,869,016</u>	<u>(6,722)</u>
Net assets at end of year	<u>\$ 20,553,983</u>	<u>\$ 8,825,074</u>	<u>\$ 340,157</u>	<u>\$ 2,856,039</u>	<u>\$ 32,575,253</u>	<u>\$ 310,782</u>

See Accompanying Notes to the Basic Financial Statements.



CITY OF RAWLINS, WYOMING

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

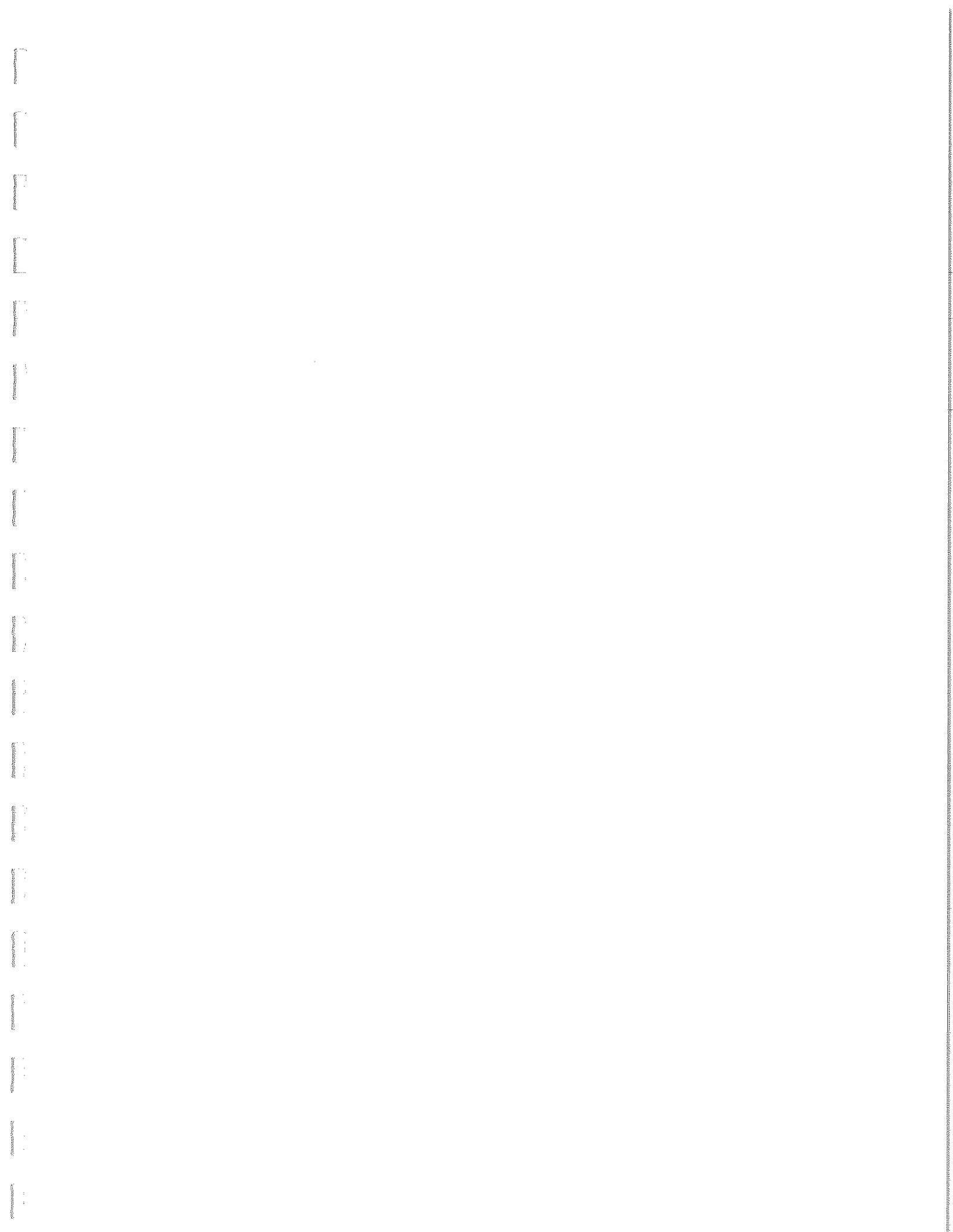
For the Year Ended June 30, 2008

	Business-Type Activities- Enterprise Funds			
	Water	Sewer	Landfill	Golf Course
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:				
CASH FLOWS FROM OPERATIONS:				
Receipts from customers	\$ 1,566,932	\$ 776,805	\$ 862,313	\$ 281,853
Other operating cash receipts	73,926	775,302	133,821	99,839
Payments to suppliers	(311,622)	(15,627)	(162,324)	(217,084)
Payments to employees	(526,911)	(187,337)	(393,047)	(469,781)
Net cash from operating activities	<u>802,325</u>	<u>1,349,143</u>	<u>440,763</u>	<u>(305,173)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	2,321,753	2,204,040	-	490,514
Transfers (out)	(209,034)	(115,464)	(42,880)	-
Net cash from noncapital financing activities	<u>2,112,719</u>	<u>2,088,576</u>	<u>(42,880)</u>	<u>490,514</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Net acquisition of capital assets	(2,216,003)	(3,186,941)	-	-
Interest paid on long-term debt	(63,857)	(15,999)	-	-
Principal payments on long-term debt	(45,318)	-	-	(88,230)
Net cash from capital and related financing activities	<u>(2,325,178)</u>	<u>(3,202,940)</u>	<u>-</u>	<u>(88,230)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest earned on investments	<u>23,690</u>	<u>199</u>	<u>500</u>	<u>738</u>
Net cash from investing activities	<u>23,690</u>	<u>199</u>	<u>500</u>	<u>738</u>
Net change in cash and cash equivalents	613,556	234,978	398,382	97,849
Cash, beginning	<u>582,188</u>	<u>184,752</u>	<u>318,362</u>	<u>147,288</u>
Cash, ending	<u>\$ 1,195,744</u>	<u>\$ 419,730</u>	<u>\$ 716,744</u>	<u>\$ 245,137</u>

See Accompanying Notes to the Basic Financial Statements.

<u>Total</u>	<u>Governmental Activity- Internal Service Fund</u>
\$ 3,487,903	\$ 2,599,700
1,082,888	-
(706,657)	(3,072,613)
<u>(1,577,076)</u>	<u>-</u>
2,287,058	(472,913)
5,016,307	79,660
<u>(367,378)</u>	<u>-</u>
4,648,929	79,660
(5,402,944)	-
(79,856)	-
<u>(133,548)</u>	<u>-</u>
<u>(5,616,348)</u>	<u>-</u>
25,127	617
<u>25,127</u>	<u>617</u>
1,344,765	(392,636)
<u>1,232,590</u>	<u>392,636</u>
<u>\$ 2,577,355</u>	<u>\$ 0</u>

(Continued)



CITY OF RAWLINS, WYOMING

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

(Continued)

For the Year Ended June 30, 2009

	Business-Type Activities-Enterprise Funds			
	Water	Sewer	Landfill	Golf Course
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:				
Income (loss) from operations	\$ 70,454	\$ 531,853	\$ 62,066	\$ (553,102)
Adjustments to reconcile income (loss) from operations to net cash from operating activities				
Depreciation	918,951	31,976	67,494	133,919
(Increase) decrease in accounts receivable	6,945	11,351	(120,370)	-
(Increase) decrease in due from other funds	(179,157)	(11,550)	(4,447)	-
(Increase) in inventory	(181,241)	-	-	4,183
Increase (decrease) in accounts payable	14,258	5,904	8,948	8,335
(Decrease) in payroll liabilities	4,856	1,593	357	1,682
(Decrease) in due to other funds	147,259	778,016	230,511	99,810
Increase in benefit claims incurred but not reported payable	-	-	-	-
Increase in landfill closure costs	-	-	196,203	-
Net cash from operating activities	<u>\$ 802,325</u>	<u>\$ 1,349,143</u>	<u>\$ 440,763</u>	<u>\$ (305,173)</u>

See Accompanying Notes to the Basic Financial Statements.

<u>Total</u>	<u>Governmental Activity- Internal Service Fund</u>
\$ 111,272	\$ 237,227
1,152,338	-
(102,074)	(553,274)
(195,154)	(203,132)
(177,058)	-
37,445	23,739
8,488	-
1,255,596	(156,725)
-	179,252
<u>196,203</u>	<u>-</u>
<u>\$ 2,287,056</u>	<u>\$ (472,913)</u>

CITY OF RAWLINS, WYOMING

STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2009

	HUD Stagecoach	Private Donations	Totals
ASSETS			
Cash	\$ 477,336	\$ 94,194	\$ 571,530
Investments	-	100,000	100,000
Due from other funds	-	17,049	17,049
Interest receivable	-	104	104
Total Assets	<u>\$ 477,336</u>	<u>\$ 211,347</u>	<u>\$ 688,683</u>
LIABILITIES			
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS			
Restricted for low income housing	477,336	-	477,336
Funds held for others	-	211,347	211,347
Total net assets	<u>477,336</u>	<u>211,347</u>	<u>688,683</u>

See Accompanying Notes to the Basic Financial Statements.

CITY OF RAWLINS, WYOMING

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

For the Year Ended June 30, 2009

	<u>HUD Stagecoach</u>	<u>Private Donations</u>	<u>Totals</u>
ADDITIONS:			
Revenue			
Grants	\$ -	\$ -	\$ -
Donations	-	40,758	40,758
Investment income	477	2,921	3,398
Miscellaneous	-	605	605
Total Additions	<u>477</u>	<u>44,284</u>	<u>44,761</u>
DEDUCTIONS:			
Operating expended	<u>9,657</u>	<u>10,808</u>	<u>20,465</u>
Total Deductions	<u>9,657</u>	<u>10,808</u>	<u>20,465</u>
Net increase (decrease)	(9,180)	33,476	24,296
Net assets- Beginning of Year	<u>486,516</u>	<u>177,871</u>	<u>664,387</u>
Net assets- End of Year	<u>\$ 477,336</u>	<u>\$ 211,347</u>	<u>\$ 688,683</u>

See Accompanying Notes to the Basic Financial Statements.

CITY OF RAWLINS, WYOMING

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

NOTES TO BASIC 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. The City has implemented the new financial reporting requirements of GASB Statement Nos. 33 and 34.

1.A. FINANCIAL REPORTING ENTITY

The City's financial reporting entity comprises the following:

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

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

1.B. BASIS OF PRESENTATION

Government-wide Financial Statements

The government-wide financials (i.e., the Statement of Net Assets 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

NOTES TO BASIC FINANCIAL STATEMENTS

distinguish between governmental and business-type activities. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees charged to external parties for goods or services.

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

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. 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:

NOTES TO BASIC FINANCIAL STATEMENTS

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.

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 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 entity includes the Waterworks and 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.

NOTES TO BASIC FINANCIAL STATEMENTS

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.

Golf Course Fund

The Golf Course Fund accounts for the activities of the municipal golf course and clubhouse.

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 assets and changes in net assets 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:

HUD Stagecoach Fund

The HUD Stagecoach Fund accounts for the activities of a rental assistance programs which helps eligible low-income families or individuals to obtain decent, safe, and sanitary housing through a system of rental subsidies.

NOTES TO BASIC FINANCIAL STATEMENTS

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 lots 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 assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange-like transactions are recognized when the exchange takes place. Property taxes are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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



NOTES TO BASIC FINANCIAL STATEMENTS

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

1.D. ASSETS, LIABILITIES, AND EQUITY

Equity in pooled cash and investments

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

Cash and Investments

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

Investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is determined using the latest bid price or by the closing exchange price at the statements of net assets 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 Assets. See Note 3.G. for details of interfund transactions, including receivables and payables at year-end.

NOTES TO BASIC FINANCIAL STATEMENTS

Receivables

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

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise tax, and grants and other similar intergovernmental revenues since they are usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, 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 (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$1,000 or more and an estimated useful life in excess of two years.

Government-wide Statements

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

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. 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:

NOTES TO BASIC FINANCIAL STATEMENTS

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

Fund Financial Statements

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

Long-term Debt

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

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

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

Compensated Absences

The City's policies regarding vacation time permit 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. The current portion of this debt is estimated based on historical trends. 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

NOTES TO BASIC FINANCIAL STATEMENTS

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

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

1. Invested in capital assets, net of related debt—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 assets—Consists of net assets 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 assets—All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

1.E. REVENUES, EXPENDITURES, AND EXPENSES

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

Sales Tax

The City presently receives 28% of a four-cent sales tax on taxable sales within the City. The sales tax is collected by the Wyoming Department of Revenue and remitted to the City in the month following receipt by the Department of Revenue. The Department of Revenue receives the sales tax approximately one month after collection by vendors. The sales tax is recorded entirely in the General Fund.

NOTES TO BASIC FINANCIAL STATEMENTS

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 March 1 and May 10. 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 the same fiscal year, no accrual or deferral is necessary.

Operating Revenues and Expenses

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

Expenditures/Expenses

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

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.

1.F. BUDGETARY DATA

Budgetary Policy

1. Prior to May 15, the City Treasurer submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted on the third Tuesday in June to obtain public comments.
3. The budget is adopted no later than twenty-fours after the third Tuesday in June.
4. At the request of the City Treasurer or upon its own motion after publication of notice, the City Council may by resolution transfer any unencumbered or unexpended appropriation balance or part thereof from one fund or department to another. Management may amend the budget at the object line item level without seeking Council approval provided the fund or department's total budget is not modified.
5. No officer or employee of the City shall make any expenditure or encumbrance in excess of the total appropriation for any department.

NOTES TO BASIC FINANCIAL STATEMENTS

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, 2009:

Revenues

General Fund	
Increase in taxes & special assessments	368,430
Capital Facilities Tax Fund	
Increase in capital tax revenues	10,000
Water Fund	
Increase in charges for services	24,351
Sewer Fund	
Increase in charges for services	7,083
Landfill Fund	
Increase in charges for services	55,262
Insurance Fund	
Increase in charges for services	391,550
Golf Fund	
Increase in club house facilities	48,625
Grants Fund	
Increase in construction	1,823,139

NOTES TO BASIC FINANCIAL STATEMENTS

Grants Fund		
Increase in construction		1,823,139
Expenses		
General Fund		
Increase in general government		112,781
Increase in public safety & transportation		88,168
Increase in culture & recreation		69,733
Increase in capital outlay		97,748
Capital Facilities Tax Fund		
Increase in capital outlay		10,000
Water Fund		
Increase in personal services		1,769
Increase in vehicles		22,762
Sewer Fund		
Increase in personal services		1,803
Increase in repair & maintenance		5,280
Landfill Fund		
Increase in personal services		55,262
Insurance Fund		
Increase in claims		391,550
Golf Fund		
Increase in club house facilities		48,625

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

2.A. FUND ACCOUNTING REQUIREMENTS

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

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

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

2.D. DEFICIT FUND BALANCE

The Grants Fund has a deficit fund balance of \$48,895. This deficit represents a violation of Wyoming State Statutes.

NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

3.A. CASH AND INVESTMENTS

Effective July 1, 2004 the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosures*. This statement establishes financial reporting standards for all state and local governments pertaining to the presentation and disclosure requirement of deposits and investment risks related to credit risk, inherent rate risk and foreign currency risk. Adoption of this accounting standard had no impact on total net assets.

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, 2009, the carrying amount of the City's demand deposits in financial institutions was \$3,821,253. Demand deposits held by the Bank of Commerce, Rawlins National Bank, and Bank of the West in the amounts of \$1,075,107, 2,734,593, and \$68,799, 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, 2009, the City had \$2,213,941 on deposit with the State Treasurer. Detailed information on the State Treasurer's pooled cash and investments is available from that office.

Investments

As of June 30, 2008, the City had investments with weighted average maturities as shown in the following table:

NOTES TO BASIC FINANCIAL STATEMENTS

Investment Type	Carrying Amount	Fair Value	Weighted Average Maturity in Years
Certificates of Deposit	\$ 565,552	\$ 565,552	0.06125
State of Wyoming Investment Pool (WYOSTAR)	2,213,941	2,213,941	
Total	\$ 2,779,493	\$ 2,779,493	

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	\$ 565,552	\$ -	\$ 565,552	\$ -
State of Wyoming Investment Pool	2,213,941	-	-	2,213,941
Total	\$ 2,779,493	\$ -	\$ 565,552	\$ 2,213,941

Custodial Credit Risk

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

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. Concentration of risk is not addressed in the internal investment policy. At June 30, 2009, the City held securities which are 100%

NOTES TO BASIC FINANCIAL STATEMENTS

collateralized from the following issuer in excess of 5% of the total portfolio:

Rawlins National Bank	\$ <u>534,190</u>
Total	\$ <u>534,190</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 \$12,955 as of June 30, 2009.

3.C. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

	<u>Balance at June 30, 2008</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 2009</u>
Governmental activities:				
Non-depreciable assets:				
Land	\$ 707,722	\$ -	\$ -	\$ 707,722
Depreciable assets				
Buildings and improvements	8,275,176	148,910	79,340	8,344,746
Infrastructure	4,541,962	21,201	-	4,563,163
Furniture and equipment	6,736,913	1,439,877	448,855	7,727,935
Total at historical cost	<u>20,261,773</u>	<u>1,609,988</u>	<u>528,195</u>	<u>21,343,565</u>
Less accumulated depreciation				
Buildings and improvements	(2,625,333)	(172,540)	29,172	(2,768,701)
Infrastructure	(1,391,644)	(103,800)	-	(1,495,444)
Furniture and equipment	(4,635,244)	(349,212)	403,506	(4,580,950)
Total accumulated depreciation	<u>(8,652,221)</u>	<u>(625,552)</u>	<u>432,678</u>	<u>(8,845,095)</u>
Governmental activities capital assets, net	<u>\$ 11,609,552</u>	<u>\$ 984,436</u>	<u>\$ 960,873</u>	<u>\$ 12,498,470</u>

NOTES TO BASIC FINANCIAL STATEMENTS

Business-type activities:

Non-depreciable assets

Land	\$ 346,619	\$ -	\$ -	\$ 346,619
Golf course	1,152,201	-	-	1,152,201
Construction in progress	2,882,637	5,318,538	6,116,142	2,085,033

Depreciable assets

Buildings and improvements	44,747,676	6,165,275	212,561	50,700,390
Furniture and equipment	2,512,916	392,394	308,868	2,596,442
Total at historical cost	51,642,049	11,876,207	6,637,571	56,880,685

Less accumulated depreciation

Buildings and improvements	(20,752,574)	(978,815)	197,643	(21,533,746)
Furniture and equipment	(1,625,129)	(173,524)	221,673	(1,576,980)
Total accumulated depreciation	(22,377,703)	(1,152,339)	419,316	(23,110,726)

Business-type activities capital assets, net	\$ 29,264,346	\$ 10,723,868	\$ 7,056,887	\$ 33,769,960
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Depreciation expense was charged to governmental activities as follows:

General government:

General government	\$ 161,520
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Public safety:

Police	115,322
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Fire	109,605
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Public works

133,978

Culture and recreation:

Parks	25,845
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Recreation	77,067
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Total depreciation expense

\$ 623,337

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 BASIC FINANCIAL STATEMENTS

The following is a summary of changes in long-term debt obligations of the City at June 30, 2009:

	Long-term Obligations at June 30, 2008	Additions	Deletions	Long-term Obligations at June 30, 2009	Due Within One Year
Governmental Activities:					
Loans Payable:					
Golf course road	\$ 150,161	\$ -	\$ 28,265	\$ 121,896	\$ 29,819
Capital Leases:					
Equipment lease	-	-	-	-	-
Copiers & mail folding	4,044	35,749	5,986	33,807	6,200
WAM-WWCA	17,125	-	6,500	10,625	6,500
Other long-term debt					
Compensated absences	926,433	592,500	428,592	1,090,341	-
	<u>\$ 1,097,763</u>	<u>\$ 628,249</u>	<u>\$ 469,343</u>	<u>\$ 1,256,669</u>	<u>\$ 42,519</u>
	Long-term Obligations at June 30, 2008	Additions	Deletions	Long-term Obligations at June 30, 2009	Due Within One Year
Business-Type Activities:					
Loans Payable:					
Sage Creek water line	\$ 2,740,699	\$ -	\$ 209,123	\$ 2,531,576	\$ 47,131
Other long-term debt					
Landfill closure and post closure costs payable	972,615	155,415	-	1,128,030	-
Compensated absences	102,080	-	88,117	13,963	-
	<u>\$ 3,815,394</u>	<u>\$ 155,415</u>	<u>\$ 297,240</u>	<u>\$ 3,673,569</u>	<u>\$ 47,131</u>

NOTES TO BASIC FINANCIAL STATEMENTS

Governmental Activities:

As of June 30, 2009, the governmental long-term debt of the financial reporting entity consisted of the following:

LOANS:

A note payable to Rawlins National Bank, due in annual installments of \$36,523 including interest at 5.5%, through June 30, 2013, collateralized by the Golf Course Road & Shelters	\$ 121,896
--	------------

CAPITAL LEASES:

Capital lease payable, due in quarterly installments of \$1769, including interest at 8.224%, through March 31, 2014, collateralized by equipment with an aggregate carrying value of \$28,766.	27,595
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Capital lease payable, due in monthly installments of \$143, including interest at 8.325%, through October 31, 2013, collateralized by equipment with an aggregate carrying value of \$6,983.	6,212
---	-------

Capital lease payable to WAM, the agent for the Wyoming Local Government Energy Lease Purchase Program, due in annual installments of \$6,500, at zero interest to June 30, 2011.	<u>10,625</u>
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Total Governmental Activity Debt	<u>\$ 166,328</u>
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Business-type Activities:

As of June 30, 2009, 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 revenues generated by the Municipal Water System.	\$ 2,531,576
--	--------------

Future note payable to Wyoming Water Development Commission as other funding for the water tank project.	420,852 *
--	-----------

Future note payable to Wyoming Water Development Commission as other funding for the water tank project.	1,152,927 *
--	-------------

NOTES TO BASIC FINANCIAL STATEMENTS

Future note payable to Wyoming State Loan and Investment Board as other funding for the West Rawlins Utility Extension - Phase 1.	<u>1,162,123</u> *
Total Business-Type Activity Debt	<u>\$ 5,267,478</u>

* - These loans have not been closed out, therefore, only the amount of drawdowns are included in the long term debt. Due to the uncertainty of the close on each loan, these amounts are not included in the debt service requirement schedule that follows this note.

Annual Debt Service Requirements

The annual requirements to amortize all debt outstanding as of June 30, 2008, excluding obligations associated with compensated absences and Landfill Closure and Post-closure costs are as follows:

	Governmental Activities		Business-Type Activities		Government-Wide	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 42,518	\$ 9,294	\$ 49,015	\$ 101,263	\$ 91,533	\$ 110,557
2011	42,311	7,126	50,976	99,302	93,287	106,428
2012	40,489	4,823	53,015	97,263	93,504	102,086
2013	35,352	2,377	55,136	95,143	90,488	97,520
2014	5,658	222	57,342	92,937	63,000	93,159
2015-2019	-	-	323,004	428,391	323,004	428,391
2020-2024	-	-	392,983	358,411	392,983	358,411
2025-2029	-	-	478,124	273,270	478,124	273,270
2030-2034	-	-	581,711	169,683	581,711	169,683
2035-2039	-	-	490,269	46,239	490,269	46,239
	<u>\$ 166,328</u>	<u>\$ 23,842</u>	<u>\$ 2,531,575</u>	<u>\$ 1,761,902</u>	<u>\$ 2,697,903</u>	<u>\$ 1,785,744</u>

3.F. LANDFILL CLOSURE AND POSTCLOSURE COSTS

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

The \$1,128,030 reported as landfill closure and postclosure care liability at June 30, 2009 represents the cumulative amount reported to date based on 79.14 percent of the estimated usage of the landfill. The City will recognize the remaining estimated costs of closure and postclosure care of \$249,513 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure

NOTES TO BASIC FINANCIAL STATEMENTS

care in 2009. The City expects to close the landfill in the year 2034. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

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, 2009 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Governmental Funds		
Construction projects	\$ -	\$ (3,490,962)
Enterprise Funds		
Water	259,034	
Sewer Fund	113,270	
Landfill Fund	161,279	
Golf Course Fund	-	(490,514)
Total General Fund	<u>533,583</u>	<u>(3,981,476)</u>
Internal Service Fund		
General Fund	<u>79,660</u>	<u>-</u>
Construction Projects		
Grant Fund	<u>231,251</u>	<u>(1,511,947)</u>
Water Fund		
General Fund		(209,034)
Grant Fund	2,321,753	
Sewer Fund	-	-
Total Water Fund	<u>2,321,753</u>	<u>(209,034)</u>
Sewer Fund		
General Fund	2,204,040	(115,464)
Grant Fund	-	-
Total Sewer Fund	<u>2,204,040</u>	<u>(115,464)</u>
Landfill Fund		
General Fund	-	(42,880)
Total Landfill Fund	<u>-</u>	<u>(42,880)</u>
Golf Course Fund		
General Fund	<u>490,514</u>	<u>-</u>
Grand Totals	<u>\$ 5,860,801</u>	<u>\$ (5,860,801)</u>

NOTES TO BASIC FINANCIAL STATEMENTS

Interfund loan amounts are temporary in nature and are repaid by the respective funds on a current basis. As of June 30, 2009 the interfund loan balances were as follows:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund:		
Governmental Funds		
Grants Fund	\$ 1,283,305	\$ -
Capital Facility Tax Fund		
Internal Service Fund		
Donation Fund	203,132	(30,911)
Fiduciary Funds		
HUD/Stagecoach	-	-
Enterprise Funds		
Water Fund	-	-
Sewer Fund	-	-
Landfill Fund	-	-
Golf Fund	-	-
Total General Fund	<u>1,486,437</u>	<u>(30,911)</u>
 Grants Fund		
General Fund	<u>660,640</u>	<u>(808,735)</u>
 Water Fund		
General Fund	<u>-</u>	<u>(147,259)</u>
 Sewer Fund		
General Fund	<u>-</u>	<u>(778,016)</u>
 Landfill Fund		
General Fund	<u>-</u>	<u>(230,511)</u>
 Golf Course Fund		
General Fund	<u>-</u>	<u>(151,645)</u>
 Grand Totals	<u>\$ 2,147,077</u>	<u>\$ (2,147,077)</u>

NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 4. OTHER NOTES

4.A. EMPLOYEE PENSION PLANS

Wyoming Retirement System

All City full-time or regular part-time employees, other than policemen and firemen, participate in the Wyoming Retirement System ("System"), a cost sharing multiple-employer defined benefits pension plan. The payroll for employees covered by the System for the year ended June 30, 2009 was \$3,710,732; the City's total payroll was \$5,576,297.

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

The System statutorily requires 11.25% of the covered employees' salary to be contributed to the plan, of which 5.57% is paid by the employee and the remaining 5.68% is paid by the City. The contribution requirement for the year ended June 30, 2009 was \$417,217 which consisted of \$206,329 from employees and \$210,770 from the City. 100% of the required amount was contributed for the year ended June 30, 2009. In addition 100% of the required contribution amounts of \$202,232 and 171,887 were made for the years ending June 30, 2008 and 2007 respectively.

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's December 31, 2008 annual financial report for the periods for which the information is available. The report may be obtained by writing to Wyoming Retirement System, Fifth Floor West, 6101 Yellowstone Road, Cheyenne, Wyoming 82002.

Paid Fireman's Pension Fund

All full-time paid employees of the Fire Department participate in the Paid Firemen's Pension Fund ("Fund"), a cost sharing multiple-employer defined benefit pension plan which is part of the Wyoming Retirement System. Within the Paid Fireman's Pension Fund, there are two funds, Plan A and Plan B. Plan A is for those employees employed prior to July 1, 1981 and Plan B is for those employees employed after June 30, 1981. The payroll for employees covered by the Fund for the year ended June 30, 2009 was \$467,810; the City's total payroll was \$5,576,297.

NOTES TO BASIC FINANCIAL STATEMENTS

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

Plan A was actuarially determined to be fully funded in April, 1997. No further contributions to this fund are required. Plan B statutorily requires 18% of the covered employees' salary to be contributed to the Plan, of which 6% is paid by the employee and the remaining 12% is paid by the City. The contribution requirement for the year ended June 30, 2009 was \$98,901, which consisted of \$39,764 from employees and \$56,137 from the City. 100% of the required amount was contributed for the year ended June 30, 2009. In addition 100% of the required contribution amounts of \$53,655 and 42,818 were made for the years ending June 30, 2008 and 2007 respectively.

Historical trend information showing the Fund's progress in accumulating sufficient assets to pay benefits when due, including actuarial valuation information is presented in the Wyoming Retirement System's December 31, 2008 annual financial report for the periods for which the information is available.

State of Wyoming Police Pension Fund

The City of Rawlins contributes to the Wyoming Law Enforcement Retirement Plan ("Plan"). The Plan is a defined benefit, contributory plan covering any county sheriff, deputy sheriff, municipal officer, Wyoming correctional officer, Wyoming law enforcement academy instructor, University of Wyoming campus police officer, detention officer or dispatcher for law enforcement agencies and certain investigators of the Wyoming Livestock Board. The City's payroll for employees covered by the fund for the year ended June 30, 2009 was \$1,397,756. The City's payroll for the year ended June 30, 2009 was \$5,576,297.

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

NOTES TO BASIC FINANCIAL STATEMENTS

The Fund also provides death and disability benefits to participating employees. Benefit provisions and all other requirements are established by state statute. The Fund statutorily requires 17.2% of the covered employees' salary to be contributed to the fund, of which 8.6% is paid by the employee and the remaining 8.6% is paid by the City. The contribution requirement for the year ended June 30, 2009 was \$240,414, which consisted of \$120,207 from employees and \$120,207 from the City. In addition 100% of the required contribution amounts of \$108,081 and 90,517 were made for the years ending June 30, 2008 and 2007 respectively.

4.B. RISK MANAGEMENT- CLAIMS AND JUDGEMENTS

Self-Insured Health Plan

Description

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

Claims Liabilities

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

Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The third-party administrator makes year-end estimates of liabilities incurred but not reported (IBNR), based upon historical trend analysis. At June 30, 2009, 2008 and 2007, the IBNR was \$356,865, \$177,613 and \$117,851, respectively. Changes in the Fund's claims liability amount, including IBNR, from July 1, 2006 to June 30, 2009:

NOTES TO BASIC FINANCIAL STATEMENTS

Liability balance, June 30, 2006	\$ 153,054
Claims and changes in estimates	947,707
Claims payments	<u>(972,974)</u>
Liability balance, June 30, 2007	127,787
Claims and changes in estimates	1,460,272
Claims payments	<u>(1,371,123)</u>
Liability balance, June 30, 2008	216,936
Claims and changes in estimates	2,552,362
Claims payments	<u>(2,349,372)</u>
Liability balance, June 30, 2009	<u>\$ 419,926</u>
Assets available to pay claims at June 30, 2009	<u>\$ 761,619</u>

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

Other Liabilities

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

4.C. COMMITMENTS AND CONTINGENCIES

Landfill Contamination

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

NOTES TO BASIC FINANCIAL STATEMENTS

Attenuation Report and listed various actions required. The Revised Assessment of Corrective Measured Report was filed on May 3, 2002. On April 4, 2003 the Department approved the City's work plan dated March 28, 2003. As of June 30, 2009 no determination of an amount of liability, if any, could be made.

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. RESTATEMENT

Prior period fund balance and fixed assets have been restated to agree with the City's internal fixed asset reports. As a result, beginning fund balance and net assets were restated in the governmental wide financial statements under governmental activities as a decrease of \$2,311,330 and an increase to the Water and Sewer funds of \$748,572 and \$2,134,064, respectively.

CITY OF RAWLINS, WY
**INDEX TO ILLUSTRATIVE
REQUIRED SUPPLEMENTARY INFORMATION**

BUDGETARY INFORMATION

Budgetary Comparison Schedule- General Fund

Budgetary Comparison Schedule- Grant Fund

Budgetary Comparison Schedule- Capital Facilities Tax Fund

Notes to Required Supplementary Information – Budgetary Comparisons

CITY OF RAWLINS, WYOMING

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For the Year Ended June 30, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 6,147,473	\$ 2,511,910	\$ 8,659,383
Investments at fair value	2,224,681	454,812	2,679,493
Accounts receivable less allowance for doubtful accounts	1,345,480	336,021	1,681,501
Unbilled service receivable	-	114,237	114,237
Interest receivable	-	8,481	8,481
Interfund receivables	1,307,431	-	1,307,431
Inventory	-	400,722	400,722
Prepaid insurance	56,743	-	56,743
Capital assets			
Land	707,722	346,619	1,054,341
Golf course	-	1,152,201	1,152,201
Buildings and improvements	8,344,746	50,700,390	59,045,136
Construction in progress	-	2,085,033	2,085,033
Infrastructure	4,563,163	-	4,563,163
Furniture and equipment	7,727,935	2,596,442	10,324,377
Accumulated depreciation	(8,845,095)	(23,110,726)	(31,955,821)
Total Assets	<u>\$ 23,580,279</u>	<u>\$ 37,596,142</u>	<u>\$ 61,176,421</u>
LIABILITIES			
Accounts payable	\$ 617,971	\$ 54,948	\$ 672,919
Accrued payroll	531,751	13,792	545,543
Interfund payables	-	1,307,431	1,307,431
Capital leases - current	12,700	-	12,700
Capital leases - long term	38,716	-	38,716
Notes payable - current	29,819	49,016	78,835
Notes payable - long term	92,077	5,218,462	5,310,539
Deffered Revenue	17,542	-	17,542
Closure and post closure costs	-	1,128,030	1,128,030
Accrued compensated absences	1,090,041	105,080	1,195,121
Total Liabilities	<u>2,430,617</u>	<u>7,876,759</u>	<u>10,307,376</u>
NET ASSETS			
Invested in capital assets (net of related debt)	12,342,284	28,502,481	40,844,765
Restricted	2,119,940	454,812	2,574,752
Unrestricted	6,687,438	762,090	7,449,528
Total Net Assets	<u>\$ 21,149,662</u>	<u>\$ 29,719,383</u>	<u>\$ 50,869,045</u>

(Continued)

CITY OF RAWLINS, WYOMING

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended June 30, 2009
(Continued)

GAAP revenue and expenditures.

Revenue:

Actual total revenue budgetary basis	\$	12,917,020
Differences- Budget to GAAP		
Tax accrual difference		36,112
Fines receivables difference		2,940
Other receivables difference		<u>(51,125)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance- governmental funds	\$	<u>12,904,947</u>

Expenditures:

Actual total expenditures budgetary basis	\$	10,242,069
Differences- Budget to GAAP		
Accounts payable & payroll accrual difference		<u>(40,711)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance- governmental funds	\$	<u>10,201,358</u>

CITY OF RAWLINS, WYOMING
BUDGETARY COMPARISON SCHEDULE
GRANTS FUND
For the Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental	\$ 6,682,500	\$ 6,682,500	\$ 6,845,594	\$ 163,094
Total revenues	<u>6,682,500</u>	<u>6,682,500</u>	<u>6,845,594</u>	<u>163,094</u>
EXPENDITURES:				
Public safety and transportation	15,000	15,000	17,738	(2,738)
Infrastructure	<u>5,800,000</u>	<u>5,800,000</u>	<u>5,714,421</u>	<u>85,579</u>
Total expenditures	<u>5,815,000</u>	<u>5,815,000</u>	<u>5,732,159</u>	<u>82,841</u>
Excess (deficiency) of revenues over (under) expenditures	<u>867,500</u>	<u>867,500</u>	<u>1,113,435</u>	<u>245,935</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	867,500	867,500	1,113,435	245,935
Fund balance at beginning of year	<u>(35,276)</u>	<u>(35,276)</u>	<u>(35,276)</u>	<u>-</u>
Fund balance at end of year	<u>\$ 832,224</u>	<u>\$ 832,224</u>	<u>\$ 1,078,159</u>	<u>\$ 245,935</u>

CITY OF RAWLINS, WYOMING

**BUDGETARY COMPARISON SCHEDULE
CAPITAL FACILITIES TAX FUND
For the Year Ended June 30, 2009**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and special assessments	\$ -	\$ 25,000	\$ 23,428	\$ (1,572)
Investment income	500	1,000	830	(170)
Total revenues	500	26,000	24,258	(1,741)
EXPENDITURES:				
Capital outlay	200,000	260,000	259,235	765
Total expenditures	200,000	260,000	259,235	765
Excess (deficiency) of revenues over (under) expenditures	(199,500)	(234,000)	(234,977)	(976)
OTHER FINANCING SOURCES (USES):				
Operating transfers (out)	(30,000)	(30,000)	-	30,000
Total other financing sources (uses)	(30,000)	(30,000)	-	30,000
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(229,500)	(264,000)	(234,977)	29,023
Fund balance at beginning of year	322,383	322,383	322,383	-
Fund balance at end of year	\$ 92,883	\$ 58,383	\$ 87,405	\$ 29,023

CITY OF RAWLINS, WYOMING

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

June 30, 2009

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 page 57. 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, 2009, there were no instances of excess of expenditures over appropriations.

Mader Tschacher Peterson & Co., LLC

Certified Public Accountants & Consultants

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 Manger
City of Rawlins, Wyoming

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rawlins, Wyoming as of and for the year ended June 30, 2009, which collectively comprise the City of Rawlins, Wyoming's basic financial statements and have issued our report thereon dated November 20, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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. We did not consider the following deficiency in internal control to be a material weakness:

The City of Rawlins relies on Mader Tschacher Peterson & Co., LLC to generate the annual financial statements, including footnotes. SAS No. 115 emphasizes that the auditor can not be part of the client's system of internal control over financial reporting. In our judgment, the Board's accounting personnel and those charged with governance, in the course of their assigned duties, lack the capable skills to prepare the financial statements and related footnotes in accordance with generally accepted accounting principles (GAAP) and to detect and correct a material misstatement, if present.

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. We consider the following deficiency in the City of Rawlin's internal control to be a significant deficiency::

Financial statement preparation

The City of Rawlins, Wyoming relies on Mader Tschacher Peterson & Co., LLC to generate the annual financial statements, including footnotes. SAS No. 115 emphasizes that the auditor can not be part of the client's system of internal control over financial reporting. In our judgment, the City's accounting personnel and those charged with governance, in the course of their assigned duties, lack the capable skills to prepare the financial statements and related footnotes in accordance with generally accepted accounting principles (GAAP) and to detect and correct a material misstatement, if present.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be a material weakness. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Rawlins, Wyoming's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*. The Grants Fund has a deficit fund balance of \$48,895. This deficit represents a violation of Wyoming State Statutes.

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

Mader Tschacher Peterson & Co., LLC

Laramie, Wyoming
November 20, 2009

