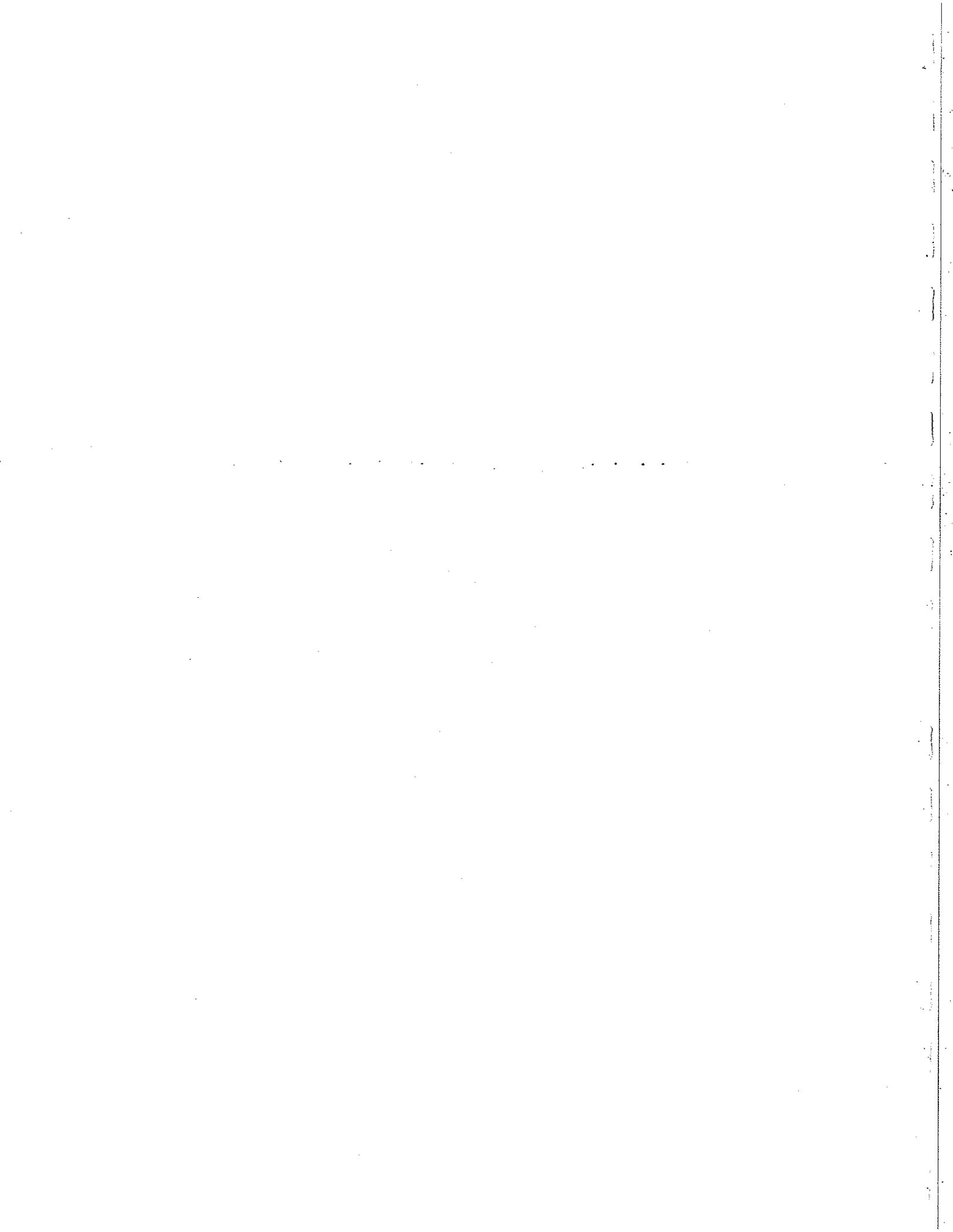


CITY OF RAWLINS, WYOMING

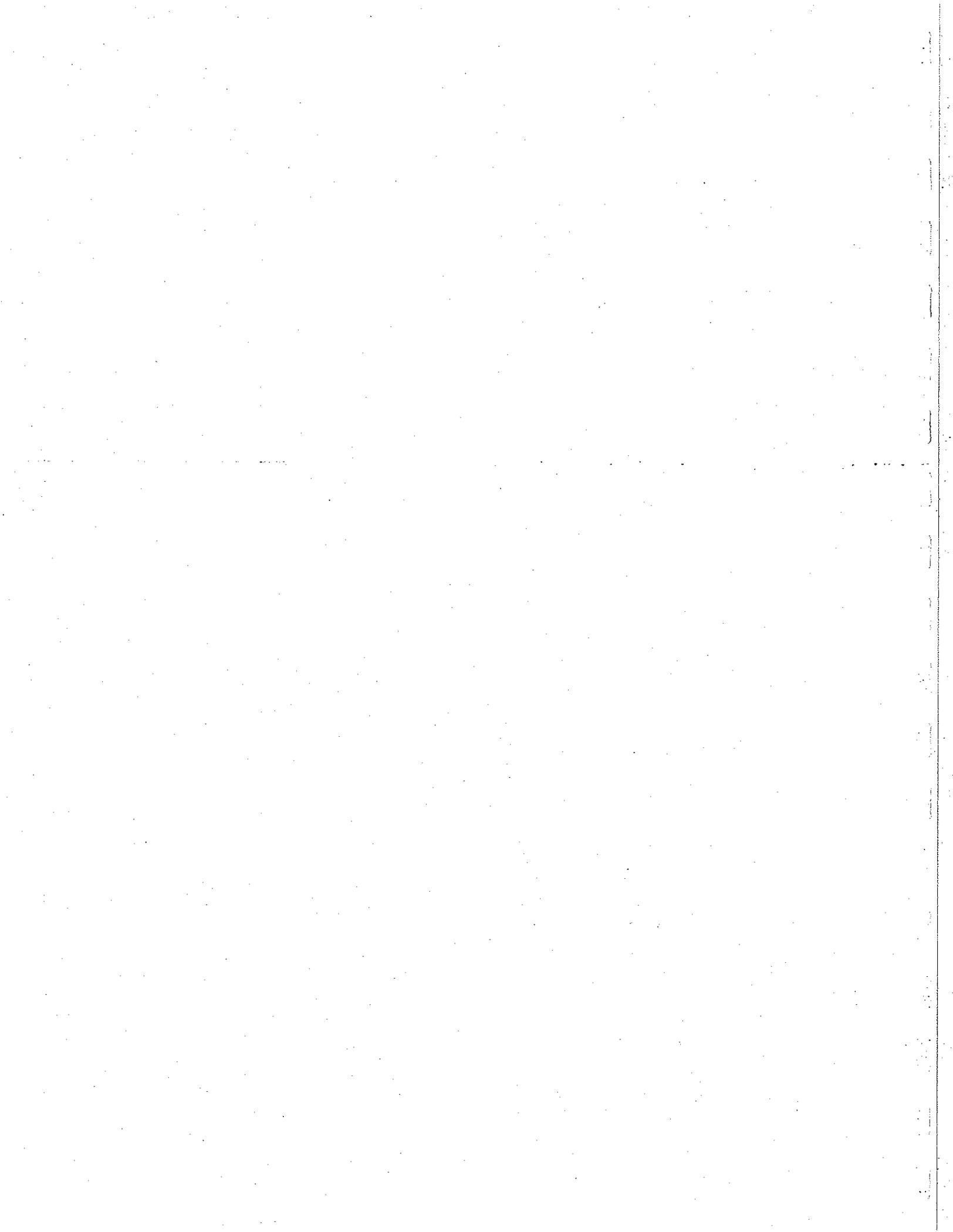
FINANCIAL AND COMPLIANCE REPORT

June 30, 2011



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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Rawlins, Wyoming, as of and for the year ended June 30, 2011, 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, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 54 through 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial

statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rawlins, Wyoming's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Madel Tschacher Peterson + Co, LLC

Laramie, Wyoming
December 20, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011

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, 2011.

Financial Highlights

- The assets of the City of Rawlins exceeded its liabilities at the close of the most recent fiscal year by \$52,151,927 (*net assets*). Of this amount, \$6,978,291 (*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 \$2,534,754 *available for spending* at the government's discretion (*unassigned fund balance*) and \$1,567,279 committed for future funding requirements.
- The City of Rawlins General Fund Capital Equipment total debt decreased by \$1,005,858 during the current fiscal year to a total of \$7,211,627. All of these debts will be paid within the four year term of the 1.0% optional countywide sales tax. The City of Rawlins Enterprise Funds Capital Equipment/Infrastructure total debt increased by \$1,032,198 during the current fiscal year to a total of \$7,551,987. All Enterprise debt is paid through the rates charged for water & sewer use and is set by the City of Rawlins.
- Last fiscal year (FY 2009-2010) the City received \$5,841,306.11 in sales and use taxes. For the fiscal year ending of June 30, 2011 the City received \$5,208,065.34 in sales and uses taxes, a additional loss of \$633,241.77. When compared to the FY 2008-2009 figure (\$8,801,662.17) the City two year reduction in sales and use taxes is \$3,593,505.83. This loss in revenue created a reduction in full time employees and our General Fund Reserve. The City started FY 2011-2012 with a declared General Fund Reserve of \$2,000,00 and 21 fewer positions than what we had budgeted in FY 2008-2009 in the General Fund. It is anticipated that the economic growth will continue decline in FY 2011-2012 as stipulated by the CREG report but at a much slower pace than FY 2010-2011.
- The City increased the Cost for maintaining the employee health insurance by 10% for FY 2010-2011 to match the anticipated cost of health services. We experienced the highest claims total in the history of this program and it was matched by the highest insurance reimbursement from the stop loss carrier in the history of this program. We changed some of the employee insurance benefits to reduce possible future claims as a result of the cost of insurance and claims history.
- Revenues from golf course fund two primary accounts (membership and pro-shop) increased by approximately \$2,884.32 (1.2% increase when compared to FY 2009-2010). This increase in revenue has stopped the decline in revenues suffered since FY 2008-2009. The City increased golf fees to help offset the losses being suffered in previous years and reduce the subsidy from the General Fund.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011

- The water and wastewater funds revenues exceeded their respective expenses. The solid waste fund actually lost money as we incurred the cost of transporting municipal waste prior to changing the rates. We had sufficient contingency/reserves to easily cover this loss. All enterprise funds at the beginning of FY 2011-2012 are covered by a \$100,000 at least.

Overview of the Financial Statements

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

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

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

The *statement of net 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 of pages 10 through 12 of this report.

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

Government Funds. Governmental funds are used to account for essentially the same functions

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011

reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term *inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

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

The basic governmental fund financial statements can be found on pages 13 through 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.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 through 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 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	
	2011	2010	2011	2010	2011	2010
Current and Other assets	\$ 13,207,285	\$ 16,855,704	\$ 4,631,963	\$ 3,463,594	\$ 17,839,248	\$ 14,907,991
Capital assets	14,799,620	13,027,452	37,521,346	35,640,416	52,320,966	46,268,430
Total assets	28,006,905	29,883,156	42,153,309	39,104,010	70,160,214	61,176,421
Long-term liabilities outstanding	6,823,664	2,734,724	5,955,715	6,282,422	12,779,379	7,672,406
Other liabilities	1,793,729	7,810,620	3,435,179	374,437	5,228,908	2,634,970
Total liabilities	8,617,393	10,545,344	9,390,894	6,656,859	18,008,287	10,307,376
Net assets:						
Invested in capital assets, net of related debt	7,433,272	6,209,219	31,599,845	30,367,064	39,033,117	40,273,459
Restricted	5,624,986	2,810,253	515,533	510,606	6,140,519	2,574,752
Unrestricted	6,331,254	10,318,340	647,037	1,569,481	6,978,291	7,449,528
Total net assets	\$ 19,389,512	\$ 19,337,812	\$ 32,762,415	\$ 32,447,151	\$ 52,151,927	\$ 51,784,963

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011

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 \$52,151,927 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 \$39,033,117 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, \$515,533 represents resources that are subject to external restrictions on how they may be used and of the \$5,624,986, \$4,212,899 is board restricted.

The remaining balance of unassigned net assets in all City funds of \$6,978,291 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.

At June 30, 2011, 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.

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011**

City of Rawlins Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues						
Charges for Services	\$ 3,155,372	\$ 4,854,381	\$ 4,161,399	\$ 4,651,908	\$ 7,316,771	\$ 7,913,318
Operating grants and contributions	1,149,379	393,908	-	-	-	-
Capital grants and contributions	1,910,670	1,708,901	-	-	1,910,670	3,066,243
General Revenues:						
Property Taxes	403,259	434,908	-	-	403,259	372,824
Other Taxes	7,263,111	8,509,113	-	-	7,263,111	11,186,737
Other Revenues	231,294	28,146	785,283	2,934	1,016,577	70,870
Transfers	(1,798,521)	(606,546)	1,798,521	606,546	-	-
Total revenues	12,314,564	15,322,811	6,745,203	5,261,388	19,059,767	23,001,382
Expenses:						
General government	2,584,863	5,351,412			2,584,863	3,590,952
Public Safety	3,161,456	4,111,699			3,161,456	3,692,372
Public Works	5,412,028	3,741,578			5,412,028	2,088,879
Health, welfare and recreation	672,302	1,445,683			672,302	1,950,447
Non-departmental	426,460	2,208,158			426,460	1,899,002
Interest on long term debt	5,756	12,827	226,400	146,078	232,156	103,449
Water			2,744,901	1,976,049	2,744,901	1,723,522
Wastewater			859,431	888,083	859,431	669,542
Landfill			1,164,377	780,815	1,164,377	828,623
Golf Course			1,434,830	1,598,465	1,434,830	834,984
Total expenses	12,262,865	16,871,357	6,429,939	5,389,490	18,692,804	17,381,772
Total general revenues & transfers	12,314,564	15,322,811	6,745,203	5,261,388	19,059,767	23,001,382
Changes in net assets	51,699	(1,548,546)	315,264	(128,102)	366,963	5,619,610
Prior period adjustment	-	-	-	-	-	-
Net assets - beginning (restated)	19,337,813	20,886,359	32,447,151	32,575,253	51,784,964	45,249,435
Net assets - ending	\$ 19,389,512	\$ 19,337,813	\$ 32,762,415	\$ 32,447,151	\$ 52,151,927	\$ 51,784,964

Analysis of Changes in Net Assets

The City of Rawlins net assets increased \$366,963 (FY 2009-2010 amount was \$51,784,964 as compared to our current year-end amount of \$52,151,927) during the current fiscal year. This increase is due to the change in net assets of the Business-type Activities (\$315,264 increase) and the net assets of Governmental Activities increased by \$51,699.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011

Budgetary Highlights

Significant highlights of the fiscal year 2010-2011 was an decrease in sales taxes under budget by \$16,071 approximately and decrease in use taxes under budget of \$23,583 approximately. From the budget perspective in total we did not make 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 decreased by \$3,272,388 over the previous two fiscal years. The State of Wyoming through CREG (January 2010 report) indicated "decreasing" revenues and that is what we budgeted; we were within \$39,654 of being correct.

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	\$ 4,605,720
Capital assets being depreciated	24,112,005	58,470,577
Accumulated depreciation	(10,020,107)	(25,554,952)
Net capital assets	<u>\$ 14,799,620</u>	<u>\$ 37,521,345</u>
Long term debt	<u>\$ 6,823,664</u>	<u>\$ 5,742,901</u>

Economic Factors and Next Year's Budget

With the decrease in revenues by the drivers (sales & use taxes combined) of the General Fund, and a CREG prediction of continued loss by the State of Wyoming on sales & use taxes for FY 2010-2011, and the complete turmoil in the financial markets of the U.S. at the time of this report we could not anticipate nor predict what the local economy would do with any conviction. The FY 2010-2011 budget is a reflection of uncertainty as we count on the General Fund Reserve to cover recurring expenses as we wait for a clear economic direction and a good census count. The prediction of a decrease 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 2010-2011.

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, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 4,601,097	\$ 3,261,478	\$ 7,862,575
Restricted cash	4,154,422	-	4,154,422
Investments at fair value	2,261,276	515,533	2,776,809
Accounts receivable less allowance for doubtful accounts	850,675	394,477	1,245,152
Unbilled service receivable	33,188	76,685	109,873
Interest receivable	-	2,486	2,486
Interfund receivable	1,254,339	-	1,254,339
Inventory	-	381,304	381,304
Prepaid insurance	52,288	-	52,288
Capital assets			
Land	707,722	346,619	1,054,341
Golf course	-	1,497,607	1,497,607
Buildings and improvements	9,911,506	54,940,785	64,852,291
Construction in progress	-	2,761,495	2,761,495
Infrastructure	4,563,163	-	4,563,163
Furniture and equipment	9,637,336	3,529,792	13,167,128
Accumulated depreciation	(10,020,107)	(25,554,952)	(35,575,059)
Total Assets	\$ 28,006,905	\$ 42,153,309	\$ 70,160,214
LIABILITIES			
Accounts payable	\$ 336,360	\$ 582,744	\$ 919,104
Accrued payroll	389,132	74,232	463,364
Interfund payable	-	1,254,339	1,254,339
Accrued interest payable	-	95,153	95,153
Capital leases - current	395,984	-	395,984
Capital leases - long term	6,902,929	-	6,902,929
Notes payable - current	32,814	178,600	211,414
Notes payable - long term	34,620	5,742,901	5,777,521
Closure and post closure costs	-	1,250,111	1,250,111
Accrued compensated absences	525,554	212,813	738,367
Total Liabilities	8,617,393	9,390,894	18,008,287
NET ASSETS			
Invested in capital assets (net of related debt)	7,433,272	31,599,845	39,033,117
Restricted	5,624,986	515,533	6,140,519
Unrestricted	6,331,254	647,037	6,978,291
Total Net Assets	\$ 19,389,512	\$ 32,762,415	\$ 52,151,927

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2011

Activity/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Executive - City Manager	\$ 376,811	\$ -	\$ -	\$ -
Administrative services	647,912	-	-	-
Legal and judicial	391,188	32,393	121,639	-
Police	1,530,803	-	-	-
General government	2,584,863	2,159,310	911,154	-
Fire	795,230	-	-	-
Engineering and development	4,012,640	752,910	-	1,786,461
Highways and streets	444,234	78,574	-	-
Animal control	580,636	14,038	-	124,209
Health welfare	8,112	108,199	66,586	-
Parks and recreation	219,131	280	50,000	-
Building maintenance	575,659	-	-	-
Cemetery	22,856	9,668	-	-
Public works	15,851	-	-	-
Nonprofit agency	51,183	-	-	-
Interest on long-term debt	5,756	-	-	-
Total governmental activities	12,262,865	3,155,372	1,149,379	1,910,670
Business-Type Activities:				
Water	2,858,960	2,331,246	-	-
Sewer	971,772	1,065,046	-	-
Solid waste	1,164,377	972,505	-	-
Golf course	1,434,830	569,158	-	-
Total business-type activities	6,429,939	4,937,955	-	-
Total primary government	\$ 18,692,805	\$ 8,093,327	\$ 1,149,379	\$ 1,910,670

General revenues:

Taxes:

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

Interest income

Transfers in (out)

Total general revenues and transfers

Change in net assets

Net assets- beginning

Net assets- ending

See Notes to the Financial Statements.

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (376,811)	\$ -	\$ (376,811)
(647,912)	-	(647,912)
(237,156)	-	(237,156)
(1,530,803)	-	(1,530,803)
485,601	-	485,601
(795,230)	-	(795,230)
(1,473,269)	-	(1,473,269)
(365,660)	-	(365,660)
(442,389)	-	(442,389)
166,673	-	166,673
(168,851)	-	(168,851)
(575,659)	-	(575,659)
(13,188)	-	(13,188)
(15,851)	-	(15,851)
(51,183)	-	(51,183)
(5,756)	-	(5,756)
<u>(6,047,444)</u>	<u>-</u>	<u>(6,047,448)</u>
-	(527,714)	(527,714)
-	93,274	93,274
-	(191,872)	(191,872)
-	(865,672)	(865,672)
-	(1,491,984)	(1,491,983)
<u>\$ (6,047,444)</u>	<u>\$ (1,491,984)</u>	<u>\$ (7,539,432)</u>
403,259	-	403,259
416,286	-	416,286
3,699,156	-	3,699,156
66,316	-	66,316
249,213	-	249,213
706,789	-	706,789
2,125,351	-	2,125,351
2,777	-	2,777
228,517	8,727	237,244
(1,798,521)	1,798,521	-
<u>6,099,143</u>	<u>1,807,248</u>	<u>7,906,391</u>
51,699	315,264	366,959
<u>19,337,813</u>	<u>32,447,151</u>	<u>51,784,964</u>
<u>\$ 19,389,512</u>	<u>\$ 32,762,415</u>	<u>\$ 52,151,924</u>

CITY OF RAWLINS, WYOMING

BALANCE SHEET
GOVERNMENTAL FUNDS
 June 30, 2011

	General	Grants	Capital Facilities Tax	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash	\$ 4,980,669	\$ -	\$ 76,154	\$ 178,702	\$ 5,235,525
Restricted cash	3,257,868	-	-	-	3,257,868
Investments	2,261,276	-	-	-	2,261,276
Receivables (net of allowance for uncollectibles):					
Taxes	-	-	296,878	-	296,878
Accounts	434,170	-	-	1,887	436,057
Grants	47	117,693	-	-	117,740
Refund receivable	1,254,339	-	-	-	1,254,339
Prepaid	52,288	-	-	-	52,288
Total Assets	\$ 12,240,657	\$ 117,693	\$ 373,032	\$ 180,589	\$ 12,911,971
LIABILITIES					
Accounts payable	\$ 139,436	\$ 118,273	\$ -	\$ -	\$ 257,709
Bank overdraft	-	1,500,124	-	-	1,500,124
Accrued payroll and liabilities	631,294	-	-	-	631,294
Accrued vacation and compensatory time	22,546	-	-	-	22,546
Total Liabilities	793,276	1,618,397	-	-	2,411,673
FUND BALANCES					
Unassigned	531,764	-	296,878	-	828,642
Restricted	3,713,584	117,693	76,154	-	3,907,431
Committed	1,567,279	-	-	-	1,567,279
Assigned	3,100,000	-	-	-	3,100,000
Assigned	2,534,754	(1,618,397)	-	180,589	1,096,946
Total Fund Balances	11,447,381	(1,500,704)	373,032	180,589	10,500,298
Liabilities and Fund Balances	\$ 12,240,657	\$ 117,693	\$ 373,032	\$ 180,589	\$ 12,911,971

Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

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

June 30, 2011

Fund balances- total governmental funds		\$ 10,500,298
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
Governmental capital assets	\$ 24,819,727	
Less accumulated depreciation	<u>(10,020,107)</u>	14,799,620
Unbilled services receivable	<u>33,188</u>	33,188
<p>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.</p>		
CC SPT Bond lease payable	(6,258,185)	
Governmental notes payable	(67,433)	
Governmental leases payable	(144,175)	
Compensated absences	<u>(260,846)</u>	(6,730,639)
<p>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.</p>		
		<u>787,045</u>
Net assets of governmental activities		<u>\$ 19,389,512</u>

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

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

For the Year Ended June 30, 2011

	General	Grants	Capital Facility Tax	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes and special assessments	\$ 7,356,461	\$ -	\$ -	\$ -	\$ 7,356,461
Licenses and permits	811,758	-	-	-	811,758
Intergovernmental	921,414	2,544,666	-	-	3,466,079
Charges for services	302,191	-	-	-	302,191
Investment income	226,592	-	223	552	227,367
Miscellaneous	5,082	-	-	124,209	129,291
Total Revenues	<u>9,623,498</u>	<u>2,544,666</u>	<u>223</u>	<u>124,761</u>	<u>12,293,147</u>
EXPENDITURES:					
Current operating:					
General government	3,582,433	-	-	-	3,582,433
Public safety and transportation	3,789,752	-	-	-	3,789,752
Public works	487,796	-	-	-	487,796
Highways and streets	693,746	50,831	-	-	744,577
Health and welfare	17,070	2,699	-	-	19,769
Culture and recreation	410,701	1,753,228	-	185,783	2,349,712
Capital outlay	29,499	-	3,237,152	-	3,266,651
Debt service:					
Principal retirement	41,007	-	-	-	41,007
Interest	218,754	-	-	-	218,754
Total Expenditures	<u>9,270,758</u>	<u>1,806,758</u>	<u>3,237,152</u>	<u>185,783</u>	<u>14,500,451</u>
Excess (deficiency) of revenues over (under) expenditures	<u>352,740</u>	<u>737,908</u>	<u>(3,236,929)</u>	<u>(61,022)</u>	<u>(2,207,304)</u>
FINANCING SOURCES AND (USES):					
Transfers in	560,996	-	3,369,379	69,750	4,000,125
Transfers out	<u>(3,939,129)</u>	<u>(1,859,517)</u>	<u>-</u>	<u>-</u>	<u>(5,798,646)</u>
Total Report Financing Sources and (Uses)	<u>(3,378,133)</u>	<u>(1,859,517)</u>	<u>3,369,379</u>	<u>69,750</u>	<u>(1,798,521)</u>
Net Change in Fund Balance	(3,025,393)	(1,121,609)	132,450	8,728	(4,005,824)
Fund Balances- Beginning	<u>14,675,229</u>	<u>(379,095)</u>	<u>240,582</u>	<u>171,861</u>	<u>14,708,577</u>
Fund Balances- Ending	<u>\$ 11,649,836</u>	<u>\$ (1,500,704)</u>	<u>\$ 373,032</u>	<u>\$ 180,589</u>	<u>\$ 10,702,753</u>

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

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

For the Year Ended June 30, 2011

Net change in fund balances- total governmental funds \$ (4,005,824)

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	2,615,222	
Less current year depreciation	<u>(841,035)</u>	1,774,187

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.

CC SPT Bond capital lease payments	338,443	
Long-term debt principal payments	56,687	
Proceeds from capital lease	<u>83,622</u>	478,752

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		807,554
--	--	---------

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>997,030</u>	
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Change in net assets of governmental activities		<u>\$ 51,699</u>
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See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS

June 30, 2011

	Business-Type Activities- Enterprise Funds					Governmental Activity- Internal Service Fund
	Water	Sewer	Landfill	Golf Course	Total	
ASSETS						
Current Assets						
Cash	\$ 1,607,207	\$ 715,526	\$ 753,459	\$ 185,286	\$ 3,261,478	\$ 865,696
Investments	515,533	-	-	-	515,533	-
Receivables:						
Accounts, customers	212,149	86,471	95,857	-	394,477	-
Unbilled	47,826	8,636	20,223	-	76,685	-
Accrued interest	2,486	-	-	-	2,486	-
Inventory	330,433	-	-	50,871	381,304	-
Total current assets	<u>2,715,634</u>	<u>810,633</u>	<u>869,539</u>	<u>236,157</u>	<u>4,631,963</u>	<u>865,696</u>
Noncurrent Assets						
Capital assets						
Land	-	-	-	346,619	346,619	-
Golf course	-	-	-	1,497,607	1,497,607	-
Building and improvements	38,500,213	14,544,126	635,298	1,261,148	54,940,785	-
Furniture and equipment	1,048,901	95,951	1,005,431	1,379,509	3,529,792	-
Construction in progress	2,761,495	-	-	-	2,761,495	-
Accumulated depreciation	<u>(18,744,506)</u>	<u>(4,947,378)</u>	<u>(668,640)</u>	<u>(1,194,428)</u>	<u>(25,554,952)</u>	-
Total noncurrent assets	<u>23,566,103</u>	<u>9,692,699</u>	<u>972,089</u>	<u>3,290,455</u>	<u>37,521,346</u>	-
Total Assets	<u>\$ 26,281,737</u>	<u>\$ 10,503,332</u>	<u>\$ 1,841,628</u>	<u>\$ 3,526,612</u>	<u>\$ 42,153,309</u>	<u>\$ 865,696</u>
LIABILITIES						
Current liabilities						
Accounts payable	\$ 493,896	\$ 2,779	\$ 11,962	\$ 74,107	\$ 582,744	\$ 13,477
Accrued payroll	17,736	14,292	15,877	26,327	74,232	-
Interfund payable	149,758	-	367,722	736,859	1,254,339	-
Accrued interest payable	67,262	27,891	-	-	95,153	-
Benefit claims incurred but not reported	-	-	-	-	-	65,174
Notes payable- current	83,348	80,228	-	-	163,576	-
Total current liabilities	<u>812,000</u>	<u>125,190</u>	<u>395,561</u>	<u>837,293</u>	<u>2,170,044</u>	<u>78,651</u>

(Continued)

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS

June 30, 2011

(Continued)

	Business-Type Activities- Enterprise Funds					Governmental Activity- Internal Service Fund
	Water	Sewer	Landfill	Golf Course	Total	
Noncurrent liabilities						
Landfill closure costs	-	-	1,250,111	-	1,250,111	-
Notes payable	4,028,673	1,729,252	-	-	5,757,925	-
Accrued compensated absences	86,629	65,739	9,787	50,659	212,813	-
Total noncurrent liabilities	<u>4,115,302</u>	<u>1,794,991</u>	<u>1,259,898</u>	<u>50,659</u>	<u>7,220,850</u>	<u>-</u>
 Total Liabilities	<u>4,927,302</u>	<u>1,920,181</u>	<u>1,655,459</u>	<u>887,952</u>	<u>9,390,894</u>	<u>78,651</u>
 NET ASSETS						
Invested in capital assets (net of related debt)	19,454,082	7,883,219	972,089	3,290,455	31,599,845	-
Restricted	515,533	-	-	-	515,533	-
Unrestricted	<u>1,384,820</u>	<u>699,932</u>	<u>(785,920)</u>	<u>(651,795)</u>	<u>647,037</u>	<u>787,045</u>
Total Net Assets	<u>\$ 21,354,435</u>	<u>\$ 8,583,151</u>	<u>\$ 186,169</u>	<u>\$ 2,638,660</u>	<u>\$ 32,762,415</u>	<u>\$ 787,045</u>

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

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

For the Year Ended June 30, 2011

	Business-Type Activities- Enterprise Funds					Governmental Activity- Internal Service Fund
	Water	Sewer	Landfill	Golf Course	Total	
OPERATING REVENUES:						
Charges for services	\$ 1,711,508	\$ 931,519	\$ 949,444	\$ 568,928	\$ 4,161,399	\$ 1,787,628
Other income	619,738	133,527	23,061	230	776,556	-
Total operating revenues	<u>2,331,246</u>	<u>1,065,046</u>	<u>972,505</u>	<u>569,158</u>	<u>4,937,955</u>	<u>1,787,628</u>
OPERATING EXPENSES						
Personal services	855,948	454,512	461,092	987,418	2,758,970	-
Contractual services	42,207	89,131	142,542	15,799	289,679	-
Utilities	-	75,713	39,769	111,598	227,080	-
Repair and maintenance	492,427	14,092	61,941	49,683	618,143	-
Other supplies and expenses	306,735	40,375	359,437	190,798	897,345	-
Depreciation	1,047,584	185,608	99,596	79,534	1,412,322	-
Benefit payments	-	-	-	-	-	791,741
Total operating expenses	<u>2,744,901</u>	<u>859,431</u>	<u>1,164,377</u>	<u>1,434,830</u>	<u>6,203,539</u>	<u>791,741</u>
Operating income (loss)	<u>(413,655)</u>	<u>205,615</u>	<u>(191,872)</u>	<u>(865,672)</u>	<u>(1,265,584)</u>	<u>995,887</u>
NONOPERATING REVENUES						
(EXPENSES):						
Investment income	7,579	428	474	246	8,727	1,143
Interest expense	(114,059)	(112,341)	-	-	(226,400)	-
Total nonoperating revenue						
(expenses)	<u>(106,480)</u>	<u>(111,913)</u>	<u>474</u>	<u>246</u>	<u>(217,673)</u>	<u>1,143</u>
Income (loss) before transfers	<u>(520,135)</u>	<u>93,702</u>	<u>(191,398)</u>	<u>(865,426)</u>	<u>(1,483,257)</u>	<u>997,030</u>
TRANSFERS						
Transfers in	2,867,348	-	-	537,859	3,405,207	-
Transfers out	(1,225,160)	(208,205)	(173,321)	-	(1,606,686)	-
	<u>1,642,188</u>	<u>(208,205)</u>	<u>(173,321)</u>	<u>537,859</u>	<u>1,798,521</u>	<u>-</u>
Change in net assets	1,122,053	(114,503)	(364,719)	(327,567)	315,264	997,030
Net assets at beginning of year	<u>20,232,382</u>	<u>8,697,654</u>	<u>550,888</u>	<u>2,966,227</u>	<u>32,447,151</u>	<u>(209,985)</u>
Net assets at end of year	<u>\$ 21,354,435</u>	<u>\$ 8,583,151</u>	<u>\$ 186,169</u>	<u>\$ 2,638,660</u>	<u>\$ 32,762,415</u>	<u>\$ 787,045</u>

See Notes to the Financial Statements.

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CITY OF RAWLINS, WYOMING

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**
For the Year Ended June 30, 2011

	Business-Type Activities- Enterprise Funds			
	Water	Sewer	Landfill	Golf Course
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:				
CASH FLOWS FROM OPERATIONS:				
Receipts from customers	\$ 1,718,899	\$ 931,519	\$ 949,444	\$ 568,928
Other operating cash receipts	634,783	133,527	23,061	230
Payments to suppliers	(223,880)	(137,228)	(457,270)	(367,878)
Payments to employees	(706,190)	(328,880)	(104,344)	(465,705)
Net cash from operating activities	<u>1,423,612</u>	<u>598,938</u>	<u>410,891</u>	<u>(264,425)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in	2,867,348	-	-	537,859
Transfers out	(1,225,160)	(208,205)	(173,321)	-
Net cash from noncapital financing activities	<u>1,642,188</u>	<u>(208,205)</u>	<u>(173,321)</u>	<u>537,859</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Net acquisition of capital assets	(2,379,927)	(52,816)	(140,158)	(88,394)
Proceeds from long-term debt	100,311	-	-	-
Principal payments on long-term debt	(226,436)	(77,345)	-	-
Net cash from capital and related financing activities	<u>(2,506,052)</u>	<u>(130,161)</u>	<u>(140,158)</u>	<u>(88,394)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest earned on investments	7,579	428	474	246
Interest expense	(114,059)	(112,341)	-	-
Net cash from investing activities	<u>(106,480)</u>	<u>(111,913)</u>	<u>474</u>	<u>246</u>
Net change in cash and cash equivalents	453,268	148,659	97,886	185,286
Cash, beginning	<u>1,153,939</u>	<u>566,867</u>	<u>655,573</u>	<u>-</u>
Cash, ending	<u>\$ 1,607,207</u>	<u>\$ 715,526</u>	<u>\$ 753,459</u>	<u>\$ 185,286</u>

See Notes to the Financial Statements.

<u>Total</u>	<u>Governmental Activity- Internal Service Fund</u>
\$ 4,168,790	\$ 1,656,294
791,601	-
(1,186,256)	(791,741)
<u>(1,605,118)</u>	<u>-</u>
2,169,017	864,553
3,405,207	-
<u>(1,606,686)</u>	<u>-</u>
<u>1,798,521</u>	<u>-</u>
(2,661,295)	-
100,311	-
<u>(303,781)</u>	<u>-</u>
<u>(2,864,765)</u>	<u>-</u>
8,727	1,143
<u>(226,400)</u>	<u>-</u>
<u>(217,673)</u>	<u>1,143</u>
885,099	865,696
<u>2,376,379</u>	<u>-</u>
<u>\$ 3,261,478</u>	<u>\$ 865,696</u>

(Continued)

CITY OF RAWLINS, WYOMING

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS

For the Year Ended June 30, 2011

(Continued)

	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	\$ (413,655)	\$ 205,615	\$ (191,872)	\$ (865,672)
Adjustments to reconcile income (loss) from operations to net cash from operating activities				
Depreciation	1,047,584	185,608	99,596	79,534
(Increase) decrease in:				
accounts receivable	7,391	(2,222)	39,489	-
inventory	15,045	-	-	7,934
Increase (decrease) in:				
accounts payable	469,369	2,476	9,586	60,868
payroll liabilities	148,120	207,461	19,317	99,921
due to other funds	149,758	-	367,723	352,990
benefit claims incurred but not reported payable	-	-	-	-
landfill closure costs	-	-	67,052	-
Net cash from operating activities	<u>\$ 1,423,612</u>	<u>\$ 598,938</u>	<u>\$ 410,891</u>	<u>\$ (264,425)</u>

See Notes to the Financial Statements.

<u>Total</u>	<u>Governmental Activity- Internal Service Fund</u>
\$ (1,265,583)	\$ 995,887
1,412,322	-
44,658	-
22,979	-
542,299	(40,781)
474,819	-
870,471	(30,911)
-	(59,642)
<u>67,052</u>	<u>-</u>
<u>\$ 2,169,017</u>	<u>\$ 864,553</u>

CITY OF RAWLINS, WYOMING

STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2011

	HUD Stagecoach	Private Donations	Totals
ASSETS			
Cash	\$ -	\$ 73,284	\$ 73,284
Investments	-	100,000	100,000
Interest receivable	-	64	64
Total Assets	<u>\$ -</u>	<u>\$ 173,348</u>	<u>\$ 173,348</u>
NET ASSETS			
Restricted	-	100,000	100,000
Funds held for others	-	73,348	73,348
Total net assets	<u>-</u>	<u>173,348</u>	<u>173,348</u>
Total Net Assets	<u>\$ -</u>	<u>\$ 173,348</u>	<u>\$ 173,348</u>

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
For the Year Ended June 30, 2011

	<u>HUD Stagecoach</u>	<u>Private Donations</u>	<u>Totals</u>
ADDITIONS:			
Revenue			
Donations	\$ -	\$ 20,661	\$ 20,661
Investment income	1	141	142
Miscellaneous	-	2,680	2,680
Total Additions	<u>1</u>	<u>23,482</u>	<u>23,483</u>
DEDUCTIONS:			
Operating expended	<u>19,915</u>	<u>37,775</u>	<u>57,690</u>
Total Deductions	<u>19,915</u>	<u>37,775</u>	<u>57,690</u>
Net change	(19,914)	(14,293)	(34,207)
Net assets- Beginning of Year	<u>19,914</u>	<u>187,641</u>	<u>207,555</u>
Net assets- End of Year	<u>\$ -</u>	<u>\$ 173,348</u>	<u>\$ 173,348</u>

See Notes to the Financial Statements.

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CITY OF RAWLINS, WYOMING

NOTES TO THE FINANCIAL STATEMENTS
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CITY OF RAWLINS, WYOMING

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1.A. FINANCIAL REPORTING ENTITY

The City's financial reporting entity comprises the following:

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

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

1.B. BASIS OF PRESENTATION

Government-wide Financial Statements

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

NOTES TO FINANCIAL STATEMENTS

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

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

Fund Financial Statements

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

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

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

The funds of the financial reporting entity are described below:

Governmental Funds

The City reports the following major governmental funds:

General Fund

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

NOTES TO FINANCIAL STATEMENTS

Grants Fund

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

Capital Facilities Tax Fund

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

The City reports the following non-major governmental funds:

Downtown Development Authority

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

Proprietary Fund

Enterprise Funds

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

The City reports the following major enterprise funds:

Water Fund

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

Sewer Fund

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

Landfill Fund

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

NOTES TO FINANCIAL STATEMENTS

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 rental assistance programs which help eligible low-income families or individuals to obtain decent, safe, and sanitary housing through a system of rental subsidies.

Private Donation Fund

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

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds. The accounting objectives of this measurement focus are the determination of operating

NOTES TO FINANCIAL STATEMENTS

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 when payment is due.

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

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

1.D. ASSETS, LIABILITIES, AND EQUITY

Equity in pooled cash and investments

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

NOTES TO FINANCIAL STATEMENTS

Cash and Investments

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

Investments are carried at fair value except for short-term U.S. Treasury obligations with a remaining maturity at the time of purchase of one year or less. Those investments are reported at amortized cost. Fair value is determined using the latest bid price or by the closing exchange price at the statements of net 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.

Receivables

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

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

NOTES TO FINANCIAL STATEMENTS

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:

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.

NOTES TO FINANCIAL STATEMENTS

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

Compensated Absences

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

Deferred Revenue

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

Equity Classifications

Government-wide Statements

The Government Accounting Standards Board (GASB) has issued Statement No. 54 "Fund Balance Reporting and Governmental Type Definitions," effective for financial statements for periods beginning after June 15, 2010. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The initial distinction that is made in reporting fund balance information is identifying amounts that are considered nonspendable, such as fund balances associated with loans. This statement also provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent. The definitions used by the Town to distinguish fund allocations are as follows:

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

Restricted – The restrictive fund balance classification includes amounts that are (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws

NOTES TO FINANCIAL STATEMENTS

or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation.

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

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

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

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

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

1.E. REVENUES, EXPENDITURES, AND EXPENSES

Amounts reported as *program revenues* include 1) charges to customers or applicants for

NOTES TO FINANCIAL STATEMENTS

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

Sales Tax

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

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

Use Tax

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

Property Tax

Property taxes are assessed and computed by the County Assessor and are levied, collected, and distributed to the City by the County Treasurer. Property taxes are levied on the third Monday in August each year and are collectible in two installments. Installments are due on 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

NOTES TO FINANCIAL STATEMENTS

revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Expenditures/Expenses

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

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

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

Capital outlay

Debt service

Proprietary Fund—By Operating and Nonoperating

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

Interfund Transfers

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

Use of Estimates

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

1.F. BUDGETARY DATA

Budgetary Policy

1. Prior to May 15, the City Treasurer submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted on the third Tuesday in June to obtain public comments.
3. The budget is adopted no later than twenty-four hours after the third Tuesday in June.

NOTES TO FINANCIAL STATEMENTS

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

Following are the summarized budget amendments for the year ended June 30, 2011:

Revenues

General Fund

Increase in unanticipated revenue	(914,287)
Facilities	(38,200)
Reduction due to decrease in revenues	45,000
Transfer to recreation fund	(3,300)

Capital Projects Fund

Increase in due to 2009 bonds	(3,000,000)
Unanticipated revenue	(250,000)
Capital improvements	(3,991,650)

Private Donations

Increase in donations	(3,000)
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Golf Fund

Transfer for facilities	(3,300)
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Expenses

General Fund

Increase in unanticipated expenses	914,287
Reduction due to decrease in revenues	(45,000)
Reduction due to transfer to recreation fund	(20,700)

Capital Projects Fund

Increase in due to 2009 bonds	3,000,000
Unanticipated expenses	250,000
Capital improvements	3,991,650

Private Donations

Increase in personal services	3,000
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Golf Fund

Decrease of appropriations to Golf Fund	20,700
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NOTES TO FINANCIAL STATEMENTS

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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

2.A. FUND ACCOUNTING REQUIREMENTS

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

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

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

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

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

2.D. DEFICIT FUND BALANCE

The Grants Fund has a deficit fund balance of \$1,500,704. 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.

NOTES TO FINANCIAL STATEMENTS

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, 2011, the carrying amount of the City's demand deposits in financial institutions was \$9,549,790. Demand deposits held by the Bank of Commerce, Rawlins National Bank, and Bank of the West in the amounts of \$5,502,036, 1,183,259, and \$2,864,495, 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, 2011, the City had \$2,250,471 on deposit with the State Treasurer. Detailed information on the State Treasurer's pooled cash and investments is available from that office. In addition the \$3,257,868 held for the Carbon County 2009 Bonds are in a restricted Escrow Account at U.S. Bank.

Investments

As of June 30, 2011, the City had investments with weighted average maturities as shown in the following table:

Investment Type	Carrying Amount	Fair Value	Weighted Average Maturity in Years
Certificates of Deposit	\$ 626,337	\$ 626,337	0.05979
State of Wyoming Investment Pool (WYOSTAR)	<u>2,250,471</u>	<u>2,250,471</u>	
Total	<u>\$ 2,876,808</u>	<u>\$ 2,876,808</u>	

Interest Rate Risk

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

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

NOTES TO FINANCIAL STATEMENTS

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	\$ 626,337	\$ -	\$ 626,337	\$ -
State of Wyoming Investment Pool	2,250,471	-	-	2,250,471
Total	\$ 2,876,808	\$ -	\$ 626,337	\$ 2,250,471

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, 2011, the City held securities which are 100% collateralized from the following issuer in excess of 5% of the total portfolio:

Bank of the West	\$ 5,502,036
Bank of Commerce	1,183,259
Rawlins National Bank	<u>2,864,495</u>
Total	\$ <u>9,549,790</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

NOTES TO FINANCIAL STATEMENTS

doubtful accounts for the business-type activities and governmental activities is \$12,050 as of June 30, 2011.

3.C. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balance at June 30, 2010	Additions	Disposals	Balance at June 30, 2011
Governmental activities:				
Non-depreciable assets:				
Land	\$ 707,722	\$ -	\$ -	\$ 707,722
Depreciable assets				
Buildings and improvements	8,352,651	1,567,880	9,025	9,911,506
Infrastructure	4,563,163	-	-	4,563,163
Furniture and equipment	8,822,462	1,047,342	232,468	9,637,336
Total at historical cost	<u>22,445,998</u>	<u>2,615,222</u>	<u>241,493</u>	<u>24,819,727</u>
Less accumulated depreciation				
Buildings and improvements	(2,926,755)	(178,954)	8,522	(3,097,187)
Infrastructure	(1,599,609)	(104,165)	-	(1,703,774)
Furniture and equipment	(4,892,182)	(557,916)	230,952	(5,219,146)
Total accumulated depreciation	<u>(9,418,546)</u>	<u>(841,035)</u>	<u>239,474</u>	<u>(10,020,107)</u>
Governmental activities capital assets, net	<u>\$ 13,027,452</u>	<u>\$ 1,774,187</u>	<u>\$ 2,019</u>	<u>\$ 14,799,620</u>
Business-type activities:				
Non-depreciable assets				
Land	\$ 346,619	\$ -	\$ -	\$ 346,619
Golf Course	1,152,201	345,406	-	1,497,607
Construction in progress	2,224,617	3,015,849	2,478,971	2,761,495
Depreciable assets				
Buildings and improvements	52,807,219	2,133,566	-	54,940,785
Furniture and equipment	3,266,139	277,403	13,750	3,529,792
Total at historical cost	<u>59,796,795</u>	<u>5,772,224</u>	<u>2,492,721</u>	<u>63,076,298</u>
Less accumulated depreciation				
Buildings and improvements	(22,463,956)	(1,237,063)	-	(23,701,019)
Furniture and equipment	(1,692,423)	(175,260)	13,750	(1,853,933)
Total accumulated depreciation	<u>(24,156,379)</u>	<u>(1,412,323)</u>	<u>13,750</u>	<u>(25,554,952)</u>
Business-type activities capital assets, net	<u>\$ 35,640,416</u>	<u>\$ 4,359,901</u>	<u>\$ 2,478,971</u>	<u>\$ 37,521,346</u>

NOTES TO FINANCIAL STATEMENTS

Depreciation expense was charged to governmental activities as follows:

General government:	
General government	\$ 217,930
Public safety:	
Police	155,597
Fire	147,884
Public works	180,769
Culture and recreation:	
Parks	34,872
Recreation	103,983
Total depreciation expense	\$ 841,035

3.D. ACCOUNTS PAYABLE

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

3.E. LONG-TERM DEBT

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

The following is a summary of changes in long-term debt obligations of the City at June 30, 2011:

	<u>Long-term Obligations at June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Long-term Obligations at June 30, 2011</u>	<u>Due Within One Year</u>
Governmental activities:					
Loans Payable:					
Golf course road	\$ 98,200	\$ -	\$ 30,766	\$ 67,434	\$ 32,814
Capital Leases:					
CC 2009 SPT JPB	6,596,619	-	338,434	6,258,185	354,539
CC 2009 IRS SPT JPB	-	896,554	-	896,554	-
Equipment lease	53,177	-	15,193	37,984	15,193
Copiers & mail folding	64,977	-	9,969	55,008	19,166
WAM-WWCA	5,250	53,367	7,435	51,182	7,086
Other long-term debt					
Compensated absences	1,399,262	-	873,708	525,554	-
	\$ 8,217,485	\$ 949,921	\$1,275,505	\$ 7,891,901	\$ 428,798

NOTES TO FINANCIAL STATEMENTS

	<u>Long-term Obligations at June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Long-term Obligations at June 30, 2011</u>	<u>Due Within One Year</u>
Business-Type Activities:					
Loans Payable:					
Sage Creek water line	\$ 2,482,560	\$ -	\$ 50,976	\$ 2,431,584	\$ 49,016
DWSRF Loan #69	376,783	-	15,785	360,998	44,214
DWSRF Loan #80	259,973	114,428	11,836	362,565	10,831
DWSRF Loan #98	352,242	-	352,242	-	-
Atlantic Rim pipeline	58,707	738,808	-	797,515	-
Atlantic Rim reservoir	-	159,359	-	159,359	-
CWSRF Loan #90	696,966	85,031	31,783	750,214	29,036
CWSRF Loan #85	1,104,828	-	45,562	1,059,266	45,563
Other long-term debt					
Landfill closure and post closure costs payable	1,183,059	67,052	-	1,250,111	-
Compensated absences	4,671	208,142	-	212,813	-
	<u>\$ 6,519,789</u>	<u>\$1,372,820</u>	<u>\$ 508,184</u>	<u>\$ 7,384,425</u>	<u>\$ 178,660</u>

Governmental Activities:

As of June 30, 2011 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 \$38,523 including interest at 5.5%, through June 30, 2013, collateralized by the Golf Course Road & Shelters \$ 67,434

CAPITAL LEASES:

Capital lease payable, due in monthly installments of \$1,266, including interest, through December 15, 2014, collateralized by equipment with an aggregate carrying value of \$58,766. 55,008

Capital lease payable, due in quarterly installments of \$4,792, including interest at 8.224%, through March 31, 2014, collateralized by equipment with an aggregate carrying value of \$41,118. 37,984

Capital leases payable to WAM, the agent for the Wyoming Local Government Energy Lease Purchase Program, due in annual installments of \$7,086, at zero interest to June 30, 2021. 51,182

Capital lease payable, due in semi-annual installments including interest, through June 15, 2020, paid through Special purposes taxes collected by the County 7,154,739

Total Governmental Activity Debt \$ 7,366,347

NOTES TO FINANCIAL STATEMENTS

Business-type Activities:

As of June 30, 2011, the governmental long-term debt of the financial reporting entity consisted of the following:

LOANS:

Note payable to the State of Wyoming, Wyoming Water Development Commission due in annual installments of \$150,278 including interest at 4% to December 2037, secured by revenue generated by the Municipal Water System.	\$ 2,431,584
Note payable to the Office of State Lands and Investments, funded by the EPA, due in annual installments of \$25,077 including interest at 2.5% to November 2028, secured by revenue generated by the Municipal Water System.	360,998
Note payable to the Office of State Lands and Investments, funded by the EPA, due in annual installments of \$17,302 including interest at 2.5% to November 2028, secured by revenue generated by the Municipal Water System.	362,565
Note payable to the Office of State Lands and Investments, funded by the EPA, due in annual installments of \$46,386 including interest at 2.5% to November 2028, secured by revenue generated by the Municipal Water System.	750,214
Note payable to the Office of State Lands and Investments, funded by the EPA, due in annual installments of \$73,531 including interest at 2.5% to November 2028, secured by revenue generated by the Municipal Water System.	1,059,266
Future note payable to the Office of State Lands and Investments, as funding for the Atlantic Rim Pipeline.	797,515 *
Future note payable to the Office of State Lands and Investments, as funding for the Atlantic Rim Reservoir.	<u>159,359 *</u>
Total Business-Type Activity Debt	<u>\$ 5,921,501</u>

* - This loan has not been closed out, therefore, only the amount of drawdown's are included in the long term debt. Due to the uncertainty of the close on the loan, this amount is not included in the debt service requirement schedule that follows this note.

NOTES TO FINANCIAL STATEMENTS

Annual Debt Service Requirements

The annual requirements to amortize all debt outstanding as of June 30, 2011, 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
2012	\$ 542,684	\$ 228,417	\$ 178,600	\$ 163,929	\$ 721,284	\$ 392,346
2013	551,512	217,647	168,368	158,046	719,880	375,693
2014	515,576	204,877	173,453	152,961	689,029	357,838
2015	503,586	192,341	178,626	147,787	682,212	340,128
2016	515,866	178,529	183,962	142,452	699,828	320,981
2017-2021	4,737,123	566,399	1,005,819	593,337	5,742,942	1,159,736
2022-2026	-	-	1,167,009	432,557	1,167,009	432,557
2027-2031	-	-	1,010,209	296,406	1,010,209	296,406
2032-2036	-	-	604,980	169,683	604,980	169,683
2037-2041	-	-	293,600	46,239	293,600	46,239
	<u>\$ 7,366,347</u>	<u>\$ 1,588,210</u>	<u>\$ 4,964,626</u>	<u>\$ 2,303,397</u>	<u>\$ 12,330,973</u>	<u>\$ 3,891,607</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 \$1,250,111 reported as landfill closure and postclosure care liability at June 30, 2011 represents the cumulative amount reported to date based on 90.75 percent of the estimated usage of the landfill. The City will recognize the remaining estimated costs of closure and postclosure care of \$127,431 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2011. 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, 2011 were as follows:

NOTES TO FINANCIAL STATEMENTS

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund:		
Governmental Funds		
Central Shop	\$ 117,067	\$ -
DDA/Main Street	-	69,750
Special Revenue Fund	-	3,369,379
Enterprise Funds		
Water	202,380	-
Sewer Fund	103,479	-
Landfill Fund	138,070	-
Golf Course Fund	-	500,000
Total General Fund	560,996	3,939,129
DDA/Main Street Fund		
General Fund	69,750	-
Total DDA/Main Street Fund	69,750	-
Grants Fund		
Water Fund	-	1,738,884
Golf Course Fund	-	37,859
Total Grants Fund	-	1,776,743
Special Revenue Fund		
General Fund	3,369,379	-
Total Special Revenue Fund	3,369,379	-
Water Fund		
Sewer Fund	88,815	-
Grants Fund	2,778,532	1,039,647
General Fund	-	165,221
WWDC Reserve	-	50,000
Central Shop	-	53,064
Total Water Fund	2,867,347	1,307,932
Sewer Fund		
Water Fund	-	88,815
General Fund	-	94,853
Central Shop	-	24,537
Total Sewer Fund	-	208,205
Landfill Fund		
Central shop	-	35,252
General Fund	-	138,070
Total Landfill Fund	-	173,322
Golf Course Fund		
Grants Fund	37,859	-
General Fund	500,000	-
Total Golf Course Fund	537,859	-
Grand Totals	\$ 7,405,331	\$ 7,405,331

NOTES TO FINANCIAL STATEMENTS

NOTE 4. OTHER NOTES

4.A. EMPLOYEE PENSION PLANS

Wyoming Retirement System

All City full-time or regular part-time employees, other than policemen and firemen, participate in the Wyoming Retirement System ("System"), a cost sharing multiple-employer defined benefits pension plan. The payroll for employees covered by the System for the year ended June 30, 2011 was \$4,749,033; the City's total payroll was \$7,092,131.

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

The System statutorily requires 14.12% of the covered employees' salary to be contributed to the plan, of which 7% is paid by the employee and the remaining 7.12% is paid by the City. The contribution requirement for the year ended June 30, 2011 was \$405,838 which consisted of \$201,018 from employees and \$204,820 from the City. 100% of the required amount was contributed for the year ended June 30, 2011. In addition 100% of the required contribution amounts of \$198,557 and 210,770 were made for the years ending June 30, 2010 and 2009 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, 20 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, 2011 was \$471,219; the City's total payroll was \$7,092,131.

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

NOTES TO FINANCIAL STATEMENTS

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 20.5% of the covered employees' salary to be contributed to the Plan, of which 8.5% is paid by the employee and the remaining 12% is paid by the City. The contribution requirement for the year ended June 30, 2011 was \$96,600, which consisted of \$40,301 from employees and \$56,299 from the City. 100% of the required amount was contributed for the year ended June 30, 2011. In addition 100% of the required contribution amounts of \$52,428 and 56,137 were made for the years ending June 30, 2010 and 2009, 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, 2010 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, 2011 was \$1,228,362. The City's payroll for the year ended June 30, 2010 was \$7,092,131.

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

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

NOTES TO FINANCIAL STATEMENTS

provisions and all other requirements are established by state statute. The Fund statutorily requires 17.2% of the covered employees' salary to be contributed to the fund, of which 8.6% is paid by the employee and the remaining 8.6% is paid by the City. The contribution requirement for the year ended June 30, 2011 was \$211,278, which consisted of \$105,639 from employees and \$105,639 from the City. In addition 100% of the required contribution amounts of \$110,620 and 120,207 were made for the years ending June 30, 2010 and 2009, 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, 2011, 2010 and 2009, the IBNR was \$65,174, \$422,307 and \$356,865, respectively. Changes in the Fund's claims liability amount, including IBNR, from July 1, 2008 to June 30, 2011:

NOTES TO FINANCIAL STATEMENTS

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	419,926
Claims and changes in estimates	1,842,302
Claims payments	<u>(1,785,663)</u>
Liability balance, June 30, 2010	476,565
Claims and changes in estimates	340,122
Claims payments	<u>(738,036)</u>
Liability balance, June 30, 2011	<u>\$ 78,651</u>
Assets available to pay claims at June 30, 2011	<u>\$ 865,696</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 Department's assessment on May 18, 2000 which replied to the Department's comments and proposed a course of action. On December 4, 2001 the Department issued their review of the City's Assessment of Monitored Natural Attenuation Report and listed various actions

NOTES TO FINANCIAL STATEMENTS

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, 2011 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.

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CITY OF RAWLINS, WYOMING

**INDEX TO ILLUSTRATIVE
REQUIRED SUPPLEMENTARY INFORMATION**

BUDGETARY INFORMATION

Budgetary Comparison Schedule- General Fund

Budgetary Comparison Schedule- Grant Fund

Budgetary Comparison Schedule- Capital Facilities Tax Fund

Notes to Required Supplementary Information – Budgetary Comparisons

CITY OF RAWLINS, WYOMING

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Taxes and special assessments	\$ 6,865,025	\$ 6,865,025	\$ 6,871,709	\$ 6,684
Licenses and permits	400,340	425,340	416,286	(9,054)
Intergovernmental	346,084	325,000	272,140	(52,860)
Charges for services	905,884	925,884	920,630	(5,254)
Investment income	25,000	25,000	27,341	2,341
Miscellaneous	190,984	190,984	204,324	13,340
Total revenues	<u>8,733,317</u>	<u>8,757,233</u>	<u>8,712,430</u>	<u>(44,803)</u>
EXPENDITURES:				
General government	3,979,620	3,335,000	3,279,665	55,335
Public safety and transportation	3,855,071	3,655,071	3,313,483	341,588
Public works	635,865	635,865	599,621	36,244
Highways and streets	1,273,518	985,518	670,841	314,677
Health and welfare	28,578	28,578	25,052	3,526
Culture and recreation	714,105	625,105	549,500	75,605
Capital outlay	136,021	136,021	130,067	5,954
Principal retirement	200,922	200,922	154,575	46,347
Total expenditures	<u>10,823,700</u>	<u>9,602,080</u>	<u>8,722,804</u>	<u>879,276</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,090,383)</u>	<u>(844,847)</u>	<u>(10,374)</u>	<u>834,473</u>
OTHER FINANCING SOURCES:				
Operating transfers in	593,607	593,607	593,607	-
Total other financing sources	<u>593,607</u>	<u>593,607</u>	<u>593,607</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(1,496,776)</u>	<u>(251,240)</u>	<u>583,233</u>	<u>834,473</u>
Fund balance at beginning of year	<u>3,791,495</u>	<u>3,791,495</u>	<u>3,791,495</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,294,719</u>	<u>\$ 3,540,255</u>	<u>\$ 4,374,728</u>	<u>\$ 834,473</u>

(Continued)

CITY OF RAWLINS, WYOMING

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For the Year Ended June 30, 2011

(Continued)

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

Revenue:

Actual total revenue budgetary basis	\$	8,712,430
Differences- Budget to GAAP		
Tax accrual difference		369,552
Fines receivables difference		251,238
Other receivables difference		<u>290,278</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance- governmental funds	\$	<u>9,623,498</u>

Expenditures:

Actual total expenditures budgetary basis	\$	8,722,804
Differences- Budget to GAAP		
Accounts payable & payroll accrual difference		445,420
Other expenses		<u>102,534</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance- governmental funds	\$	<u>9,270,758</u>

CITY OF RAWLINS, WYOMING

**BUDGETARY COMPARISON SCHEDULE
GRANTS FUND**

For the Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES:				
Intergovernmental	\$ 5,972,750	\$ 5,250,750	\$ 4,488,540	\$ (762,210)
Total revenues	<u>5,972,750</u>	<u>5,250,750</u>	<u>4,488,540</u>	<u>(762,210)</u>
EXPENDITURES:				
Infrastructure	6,462,750	5,250,750	4,998,230	252,520
Total expenditures	<u>6,462,750</u>	<u>5,250,750</u>	<u>4,998,230</u>	<u>252,520</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(490,000)</u>	<u>-</u>	<u>(509,690)</u>	<u>(509,690)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(490,000)	-	(509,690)	(509,690)
Fund balance at beginning of year	<u>515,000</u>	<u>515,000</u>	<u>515,000</u>	<u>-</u>
Fund balance at end of year	<u>\$ 25,000</u>	<u>\$ 515,000</u>	<u>\$ 5,310</u>	<u>\$ (509,690)</u>

(Continued)

CITY OF RAWLINS, WYOMING

**BUDGETARY COMPARISON SCHEDULE
GRANTS FUND**

For the Year Ended June 30, 2011

(Continued)

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

Revenue:

Actual total revenue budgetary basis	\$	4,488,540
Differences- Budget to GAAP		
Construction projects for other funds		<u>(2,026,647)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance- governmental funds	\$	<u>2,461,893</u>

Expenditures:

Actual total expenditures budgetary basis	\$	4,998,230
Differences- Budget to GAAP		
Construction projects for other funds		<u>(3,191,472)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance- governmental funds	\$	<u>1,806,758</u>

CITY OF RAWLINS, WYOMING

BUDGETARY COMPARISON SCHEDULE
CAPITAL FACILITIES TAX FUND
 For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Specific purpose tax	\$ 7,000,000	\$ 3,500,000	\$ 3,072,496	\$ (427,504)
Interest income	100	100	53	(47)
Total revenues	<u>7,000,100</u>	<u>3,500,100</u>	<u>3,072,549</u>	<u>(427,551)</u>
EXPENDITURES:				
Street infrastructure	3,588,100	725,000	619,343	105,657
Water infrastructure	<u>3,412,000</u>	<u>2,500,000</u>	<u>2,426,546</u>	<u>73,454</u>
Total expenditures	<u>7,000,100</u>	<u>3,225,000</u>	<u>3,045,889</u>	<u>179,111</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>275,100</u>	<u>26,660</u>	<u>(248,440)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	-	275,100	26,660	(248,440)
Fund balance at beginning of year	<u>225,000</u>	<u>225,000</u>	<u>225,000</u>	<u>-</u>
Fund balance at end of year	<u>\$ 225,000</u>	<u>\$ 500,100</u>	<u>\$ 251,660</u>	<u>\$ (248,440)</u>

(Continued)

CITY OF RAWLINS, WYOMING

**BUDGETARY COMPARISON SCHEDULE
CAPITAL FACILITIES TAX FUND**

For the Year Ended June 30, 2011

(Continued)

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

Revenue:

Actual total revenue budgetary basis	\$	3,072,549
Differences- Budget to GAAP		
Transfer to general fund		<u>(3,072,326)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance- governmental funds	\$	<u>223</u>

Expenditures:

Actual total expenditures budgetary basis	\$	3,045,889
Differences- Budget to GAAP		
Other payables difference		<u>191,263</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance- governmental funds	\$	<u>3,237,152</u>

CITY OF RAWLINS, WYOMING

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

June 30, 2011

A. Budgetary Basis

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds except the capital facilities tax fund, which are approved on a "life of the project basis," and the permanent fund, which is not budgeted. Since all accounting principles applied for purposes of developing data on a budgetary basis differ significantly from those used to present financial statements in conformity with generally accepted accounting principles, a reconciliation of the resultant timing differences has been provided on pages 54, 56, and 58. All annual appropriations lapse at year end.

B. Budgetary Information

The appropriated budget is prepared by fund, function, and department. The government's department heads, with the manager's approval, may make transfers of appropriations within a department or division. Transfers of appropriations between departments and/or divisions require approval of the council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The council made one supplementary budgetary appropriation during the year.

C. Excess of Expenditures over Appropriations

For the year ended June 30, 2011, there were no instances of excess of expenditures over appropriations.

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rawlins, Wyoming as of and for the year ended June 30, 2011, which collectively comprise the City of Rawlins, Wyoming's basic financial statements and have issued our report thereon dated December 20, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

control over financial reporting, on page 62 References 2011-1 and 2011-2. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Rawlins, Wyoming's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses on page 63, reference number 2011-3.

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

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

Mader Tschacher Peterson + Co, LLC

Laramie, Wyoming
December 20, 2011

CITY OF RAWLINS, WYOMING

SCHEDULE OF FINDINGS AND RESPONSES

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

Significant Deficiencies in Internal Control

2011-1: Record Retention

Criteria

The City is required to retain all receipts from collections made at the municipal Landfill.

Condition

The City of Rawlins Landfill was missing receipts for collections made during two periods for which the external auditors selected for testing.

Recommendation

Controls need to be in place and training provided for municipal landfill employees regarding records retention required for all receipts including voided receipts, and enforcement regarding timely drop off of the daily receipts to the finance office for deposit.

Response

The City will update and enforce the policy regarding records retention for receipts obtained by the Landfill, provide any training deemed necessary regarding policies in place, and actively monitor the timing of when the daily collections are provided to the finance office for deposit.

Significant Deficiencies in Internal Control

2011-2: Financial Statement Preparation

Criteria

SAS No. 115 emphasizes that the auditor cannot be part of the client's internal control over financial reporting.

Condition

The City of Rawlins, Wyoming relies on their external auditor to generate the annual financial statements, including footnotes.

Recommendation

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

CITY OF RAWLINS, WYOMING

SCHEDULE OF FINDINGS AND RESPONSES
(Continued)

Significant Deficiencies in Internal Control
2011-3: Negative Ending Fund Balance

Criteria

Under State of Wyoming regulations a deficit in the year-end fund balance represents a violation of statute.

Condition

The Grants Fund has a year-end deficit fund balance of \$1,500,704.

Recommendation

We recommend that prior to the end of the fiscal year that management review all funds for potential deficits created by the pooling of cash funds and record Due to/Due from entries to ensure there are no fund balance deficits at yearend.

Response

Management will review all funds at year-end in an effort to identify negative fund. The cause of the large current year deficit was due to a negative cash balance in the Grants Fund as resources between the Grants Fund and General Fund are combined in the same account. It is noted that in total for the bank account that is shared between the two funds that there is not a deficit balance at year-end.

