



**City of Rawlins, Wyoming**

Financial Statements  
and Supplementary Information

For the Year Ended June 30, 2019



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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rawlins, Wyoming, as of and for the year ended June 30, 2019, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major



fund, and the aggregate remaining fund information of the City of Rawlins, Wyoming, as of June 30, 2019, 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.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8, the budgetary comparison information on pages 61 through 65, and the pension information on pages 66 through 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated December 16, 2019, on our consideration of the City of Rawlins' internal control over financial reporting and on our tests of compliance with certain laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Rawlins' internal control over financial reporting and compliance.

ACM LLP

Laramie, Wyoming  
December 16, 2019

## MANAGEMENT DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2019

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, 2019.

### **Financial Highlights**

- The assets of the City of Rawlins exceeded its liabilities at the close of the most recent fiscal year by \$62,553,662 (*net position*). Of this amount, \$9,468,166 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- At the end of the current fiscal year (FY 2018-2019), the City of Rawlins General Fund reported \$5,527,633 available for spending at the government's discretion (unassigned fund balance) and \$763,167 committed for future funding requirements. The City has also assigned \$5,854,417 (assigned fund balance) at the end of the fiscal year to be used for specific purposes, including \$4,000,000 of working capital reserve for the General Fund.
- The City of Rawlins General Fund Capital Equipment/Infrastructure total debt decreased by \$4,261,606 during the current fiscal year to a total of \$6,745. The City of Rawlins Enterprise Funds Capital Equipment/Infrastructure total debt decreased by \$1,351,348 during the current fiscal year to a total of \$8,180,924. 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 2017-2018) the City received \$6,166,281 in sales and use taxes. For the fiscal year ending of June 30, 2019 the City received \$6,838,520 in sales and uses taxes, an increase of \$672,239 or 10.90%. When compared to the sales and use taxes FY 2008-2009 figure (\$8,801,662) the City's ten-year reduction in sales and use taxes is \$1,963,142. This loss in revenue created a reduction in full-time employees and capital expenditures.
- Revenues from the Golf Course's two primary accounts (membership & pro-shop) increased by \$9,388 or 11.1% when compared to FY 2017-2018.

### **Overview of the Financial Statements**

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

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

**MANAGEMENT DISCUSSION AND ANALYSIS**  
FOR THE YEAR ENDED JUNE 30, 2019

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

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

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

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

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

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

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

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*.

**MANAGEMENT DISCUSSION AND ANALYSIS**  
FOR THE YEAR ENDED JUNE 30, 2019

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

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

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

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

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

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

**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 24 through 58 of this report.

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

**MANAGEMENT DISCUSSION AND ANALYSIS**  
FOR THE YEAR ENDED JUNE 30, 2019

**Government-wide Financial Analysis**

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

**City of Rawlins Net Position**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and Other assets	\$ 17,700,642	\$ 14,828,999	\$ 7,525,392	\$ 10,449,623	\$ 25,226,034	\$ 25,278,622
Capital assets	18,623,810	17,440,356	39,258,665	39,138,924	57,882,475	56,579,280
Deferred outflows	3,351,734	2,387,331	336,673	258,164	3,688,407	2,645,495
Total assets and deferred outflows	39,676,186	34,656,686	47,120,730	49,846,711	86,796,916	84,503,397
Long-term liabilities outstanding	6,745	4,268,351	8,891,024	10,045,272	8,897,769	14,313,623
Other liabilities	11,863,578	9,596,201	2,481,395	2,151,197	14,344,973	11,747,398
Total liabilities	11,870,323	13,864,552	11,372,419	12,196,469	23,242,742	26,061,021
Deferred inflows	967,884	1,387,243	32,628	182,034	1,000,512	1,569,277
Net position:						
Invested in capital assets	18,617,065	13,172,005	32,583,726	32,163,764	51,200,791	45,335,769
Restricted	575,638	72,914	1,309,067	1,238,981	1,884,705	1,311,895
Unrestricted	7,645,276	6,159,972	1,822,890	4,065,463	9,468,166	10,225,435
Total net position	\$ 26,837,979	\$ 19,404,891	\$ 35,715,683	\$ 37,468,208	\$ 62,553,662	\$ 56,873,099

**Analysis of Net position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Rawlins, assets exceeded liabilities by \$62,553,662 at the close of the most recent fiscal year. By far the largest portion of the City of Rawlins net position reflects its net investment of \$51,200,791 in capital assets (for example, land, buildings, infrastructure, machinery and equipment), net of related debt used to acquire those assets and that is still outstanding.

An additional portion of the City of Rawlins net position, \$1,884,705 represents resources that are subject to external restrictions on how they may be used.

The remaining balance of unrestricted net position in all City funds of \$9,468,166 may be used to meet the government's ongoing obligations to citizens and creditors. Specific expenditure restrictions apply to specific revenue funds and to many of the capital project funds.

At June 30, 2019, the City is able to report positive balances in all three categories of net position for the government as a whole and business-type activities.

**MANAGEMENT DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019**

**City of Rawlins Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Revenues:</b>						
Program Revenues						
Charges for Services	\$ 3,802,558	\$ 3,591,976	\$ 5,283,158	\$ 4,811,808	\$ 9,085,716	\$ 8,403,784
Operating grants and contributions	1,413,105	1,575,637	-	-	1,413,105	1,575,637
Capital grants and contributions	135,251	91,230	-	-	135,251	91,230
<b>General Revenues:</b>						
Property Taxes	482,962	484,688	-	-	482,962	484,688
Other Taxes	9,243,842	7,954,202	-	-	9,243,842	7,954,202
Other Revenues	240,258	392,079	15,043	14,102	255,301	406,181
Transfers	1,167,356	959,665	(1,167,356)	(959,665)	-	-
<b>Total revenues</b>	<b>16,485,332</b>	<b>15,049,477</b>	<b>4,130,845</b>	<b>3,866,245</b>	<b>20,616,177</b>	<b>18,915,722</b>
<b>Expenses:</b>						
General government	3,979,445	6,163,497	-	-	3,979,445	6,163,497
Public Safety	4,913,481	4,149,957	-	-	4,913,481	4,149,957
Public Works	1,771,337	3,195,153	-	-	1,771,337	3,195,153
Health, welfare and recreation	1,799,183	1,735,989	-	-	1,799,183	1,735,989
Non-departmental	1,190,731	1,273,721	-	-	1,190,731	1,273,721
Interest on long term debt	-	207,589	326,214	385,569	326,214	593,158
Water	-	-	2,757,131	2,884,870	2,757,131	2,884,870
Wastewater	-	-	957,495	739,426	957,495	739,426
Landfill	-	-	1,245,401	1,030,871	1,245,401	1,030,871
Recycling	-	-	164,651	138,666	164,651	138,666
<b>Total expenses</b>	<b>13,654,177</b>	<b>16,725,906</b>	<b>5,450,892</b>	<b>5,179,402</b>	<b>19,105,069</b>	<b>21,905,308</b>
Total general revenues & transfers	16,485,332	15,049,477	4,130,845	3,866,245	20,616,177	18,915,722
<b>Changes in net position</b>	<b>2,831,155</b>	<b>(1,676,429)</b>	<b>(1,320,047)</b>	<b>(1,313,157)</b>	<b>1,511,108</b>	<b>(2,989,586)</b>
Net position - beginning, as restated	24,006,824	21,081,320	37,035,730	38,781,365	61,042,554	59,862,685
<b>Net position - ending</b>	<b>\$ 26,837,979</b>	<b>\$ 19,404,891</b>	<b>\$ 35,715,683</b>	<b>\$ 37,468,208</b>	<b>\$ 62,553,662</b>	<b>\$ 56,873,099</b>

**Analysis of Changes in Net Position**

The City of Rawlins net position increased by \$1,511,108 during the current fiscal year as shown above.

**Budgetary Highlights**

Significant Highlights of the Fiscal Year 2018-2019 was the increase in the recurring revenues of the general fund. Sales taxes increased by \$485,939 from the previous year. The City response is to review and utilize funds to handle capital projects previously put off due to lack of funding. Additionally, continue to monitor spending closely to achieve a surplus to utilize in future year capital projects given the questionable outlook for future year's growth of revenue sources.

**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**Capital Assets and Debt Administration**

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

<u>Capital Assets</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Land & construction in progress	\$ 2,551,948	\$ 1,754,339
Capital assets being depreciated	32,529,928	74,336,422
Accumulated depreciation	<u>(16,458,066)</u>	<u>(36,832,096)</u>
Net capital assets	<u>\$ 18,623,810</u>	<u>\$ 39,258,665</u>
Long-term debt	<u>\$ 6,745</u>	<u>\$ 8,891,024</u>

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

The City maintains a cautiously optimistic outlook going into FY 2019-2020 that revenues from Sales and Use tax will maintain their current levels. Therefore, the City plans at this time to hold course on current plans by limiting Capital projects to only needed items and to maintain current staffing levels through the FY 2019-2020 period. Additionally, the City is working on review of all revenue and expense areas to ensure sustainable operations to enable it to endure downturns in a more structured and planned manner to lower the amount of impact on services to citizens and stability to employees. The future project, the 1,000 Wind Turbine Farms, does not show any significant tax revenue increases related to the project at the current time. The City is continuing to monitor this project and will update as information becomes available.

**Requests for Information**

The financial report is designed to provide a general overview of the City of Rawlins finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be sent to City of Rawlins, Attention: Freedom of Information, 521 West Cedar, P.O. Box 953, Rawlins, WY 82301.

CITY OF RAWLINS, WYOMING

**STATEMENT OF NET POSITION**

June 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash	\$ 12,801,007	\$ 5,496,117	\$ 18,297,124
Investments at fair value	3,634,932	1,309,067	4,943,999
Accounts receivable less allowance for doubtful accounts	598,827	552,632	1,151,459
Unbilled service receivable	-	167,576	167,576
Interfund advances receivable	563,539	-	563,539
Inventory	26,031	-	26,031
Prepaid insurance	76,306	-	76,306
Capital assets			
Land	2,551,948	-	2,551,948
Construction in progress	-	1,754,339	1,754,339
Buildings and improvements	12,240,040	69,425,291	81,665,331
Infrastructure	9,004,067	-	9,004,067
Furniture and equipment	11,285,821	4,911,131	16,196,952
Accumulated depreciation	(16,458,066)	(36,832,096)	(53,290,162)
Total Assets	<u>36,324,452</u>	<u>46,784,057</u>	<u>83,108,509</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Aggregate deferred outflows of resources related to pensions	<u>3,351,734</u>	<u>336,673</u>	<u>3,688,407</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 39,676,186</u>	<u>\$ 47,120,730</u>	<u>\$ 86,796,916</u>

(Continued)

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

**STATEMENT OF NET POSITION**

June 30, 2019

(Continued)

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
Accounts payable	\$ 473,143	\$ 109,781	\$ 582,924
Accrued payroll	312,961	40,833	353,794
Accrued interest payable	-	145,483	145,483
Capital leases - current	5,344	-	5,344
Capital leases - long term	1,401	-	1,401
Interfund advances payable	-	563,539	563,539
Notes payable - current	-	782,285	782,285
Notes payable - long term	-	7,398,639	7,398,639
Closure and post closure costs	-	710,100	710,100
Net pension liability	9,802,932	1,299,217	11,102,149
Accrued compensated absences	1,274,542	322,542	1,597,084
Total Liabilities	<u>11,870,323</u>	<u>11,372,419</u>	<u>23,242,742</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Aggregate deferred inflows of resources related to pensions	<u>967,884</u>	<u>32,628</u>	<u>1,000,512</u>
<b>NET POSITION</b>			
Invested in capital assets	18,617,065	32,583,726	51,200,791
Restricted	575,638	1,309,067	1,884,705
Unrestricted	7,645,276	1,822,890	9,468,166
Total Net Position	<u>\$ 26,837,979</u>	<u>\$ 35,715,683</u>	<u>\$ 62,553,662</u>

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2019

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Executive - City Manager	\$ 358,677	\$ -	\$ -	\$ -
Administrative services	768,420	-	-	-
Legal and judicial	445,524	998	10,820	-
Police	2,631,491	-	-	-
General government	3,979,445	2,798,000	1,366,593	-
Fire	1,095,281	-	-	-
Engineering and development	180,989	445,153	-	-
Highways and streets	591,569	7,619	-	-
Animal control	741,185	62,083	-	135,251
Health welfare	35,899	47,128	35,692	-
Parks and recreation	1,763,284	432,517	-	-
Building maintenance	612,200	-	-	-
Cemetery	-	9,060	-	-
Public works	386,579	-	-	-
Nonprofit agency	63,634	-	-	-
Interest on long-term debt	-	-	-	-
<b>Total governmental activities</b>	<u>13,654,177</u>	<u>3,802,558</u>	<u>1,413,105</u>	<u>135,251</u>
<b>Business-Type Activities:</b>				
Water	2,964,641	2,248,002	-	-
Sewer	1,072,366	1,110,169	-	-
Landfill	1,249,234	1,769,669	-	-
Recycling	164,651	155,318	-	-
<b>Total business-type activities</b>	<u>5,450,892</u>	<u>5,283,158</u>	<u>-</u>	<u>-</u>
<b>Total primary government</b>	<u>\$ 19,105,069</u>	<u>\$ 9,085,716</u>	<u>\$ 1,413,105</u>	<u>\$ 135,251</u>

**General revenues:**

Taxes:

Property taxes

Franchise taxes

Sales and use taxes

Specific purpose taxes

Cigarette taxes

State gasoline taxes

Severance taxes

Miscellaneous income

Interest income

Capital asset transfers in (out)

Operating transfers in (out)

Total general revenues and transfers

Change in net position

Net position - beginning, as restated

Net position - ending

See Notes to the Financial Statements.

Net (Expense) Revenue and Changes in Net Position

<u>Primary Government</u>		
<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
<u>Activities</u>	<u>Activities</u>	
\$ (358,677)	\$ -	\$ (358,677)
(768,420)	-	(768,420)
(433,706)	-	(433,706)
(2,631,491)	-	(2,631,491)
185,148	-	185,148
(1,095,281)	-	(1,095,281)
264,164	-	264,164
(583,950)	-	(583,950)
(543,851)	-	(543,851)
46,921	-	46,921
(1,330,767)	-	(1,330,767)
(612,200)	-	(612,200)
9,060	-	9,060
(386,579)	-	(386,579)
(63,634)	-	(63,634)
-	-	-
<u>(8,303,263)</u>	<u>-</u>	<u>(8,303,263)</u>
-	(716,639)	(716,639)
-	37,803	37,803
-	520,435	520,435
-	(9,333)	(9,333)
-	(167,734)	(167,734)
<u>\$ (8,303,263)</u>	<u>\$ (167,734)</u>	<u>\$ (8,470,997)</u>

\$ 482,962	\$ -	\$ 482,962
762,283	-	762,283
6,838,520	-	6,838,520
502,485	-	502,485
52,046	-	52,046
425,881	-	425,881
662,627	-	662,627
136,818	-	136,818
103,440	15,043	118,483
(1,623,103)	1,623,103	-
2,790,459	(2,790,459)	-
<u>11,134,418</u>	<u>(1,152,313)</u>	<u>9,982,105</u>
2,831,155	(1,320,047)	1,511,108
24,006,824	37,035,730	61,042,554
<u>\$ 26,837,979</u>	<u>\$ 35,715,683</u>	<u>\$ 62,553,662</u>

CITY OF RAWLINS, WYOMING

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
 June 30, 2019

	General	Grants	Capital Facilities Tax	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash	\$ 8,100,491	\$ 148,225	\$ 575,638	\$ 310,897	\$ 9,135,251
Investments	3,634,932	-	-	-	3,634,932
Receivables (net of allowance for uncollectibles):					
Taxes	451,814	-	-	-	451,814
Accounts	69,907	26,533	-	-	96,440
Interfund advances receivable	563,539	-	-	-	563,539
Inventory	26,031	-	-	-	26,031
Prepays	76,306	-	-	-	76,306
	<u>12,923,020</u>	<u>174,758</u>	<u>575,638</u>	<u>310,897</u>	<u>13,984,313</u>
Total Assets	<u>\$ 12,923,020</u>	<u>\$ 174,758</u>	<u>\$ 575,638</u>	<u>\$ 310,897</u>	<u>\$ 13,984,313</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 260,477	\$ 24,144	\$ -	\$ -	\$ 284,621
Accrued payroll and liabilities	312,961	-	-	-	312,961
Total Liabilities	<u>573,438</u>	<u>24,144</u>	<u>-</u>	<u>-</u>	<u>597,582</u>
<b>FUND BALANCES</b>					
Nonspendable	665,876	-	-	-	665,876
Restricted	-	-	575,638	-	575,638
Committed	763,167	-	-	-	763,167
Assigned	5,854,417	-	-	-	5,854,417
Unassigned	5,066,122	150,614	-	310,897	5,527,633
Total Fund Balances	<u>12,349,582</u>	<u>150,614</u>	<u>575,638</u>	<u>310,897</u>	<u>13,386,731</u>
	<u>\$ 12,923,020</u>	<u>\$ 174,758</u>	<u>\$ 575,638</u>	<u>\$ 310,897</u>	<u>\$ 13,984,313</u>
Total Liabilities and Fund Balance	<u>\$ 12,923,020</u>	<u>\$ 174,758</u>	<u>\$ 575,638</u>	<u>\$ 310,897</u>	<u>\$ 13,984,313</u>

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

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

June 30, 2019

Fund balances - total governmental funds \$ 13,386,731

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

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

Governmental capital assets	\$ 35,081,876	
Less accumulated depreciation	<u>(16,458,066)</u>	18,623,810

Deferred outflows of resources used in governmental activities are not  
financials resources and therefore, are not reported in the governmental  
fund statements. 3,351,734

Long-term receivables applicable to governmental activities are not due and collectible  
in the current period and therefore the long-term portion is not reported in the  
governmental funds. 50,573

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

Governmental notes payable	\$ (6,745)	
Compensated absences	<u>(1,274,542)</u>	(1,281,287)

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

Aggregate net pension liability	\$ (9,802,932)	
Aggregate deferred inflows of resources related to pensions	<u>(967,884)</u>	(10,770,816)

The internal service fund is used by management to charge the cost of  
self-insurance to individual funds. The assets and liabilities of internal service  
fund are included in governmental activities in the statement of net position. 3,477,234

Net position of governmental activities \$ 26,837,979

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, 2019

	General	Grants	Capital Facility Tax	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Taxes and special assessments	\$ 9,590,506	\$ -	\$ 502,485	\$ -	\$ 10,092,991
Intergovernmental	800,014	1,175,339	-	-	1,975,353
Charges for services	747,102	-	-	-	747,102
Investment income	72,598	-	239	151	72,988
Miscellaneous	138,342	-	-	134,223	272,565
Total Revenues	<u>11,348,562</u>	<u>1,175,339</u>	<u>502,724</u>	<u>134,374</u>	<u>13,160,999</u>
<b>EXPENDITURES:</b>					
Current operating:					
General government	4,031,117	-	-	-	4,031,117
Public safety and transportation	3,815,423	13,031	-	-	3,828,454
Public works	408,480	-	-	-	408,480
Highways and streets	1,700,151	-	-	-	1,700,151
Health and welfare	235,214	-	-	-	235,214
Culture and recreation	1,685,216	81,217	-	113,873	1,880,306
Debt service:					
Principal retirement	5,336	-	-	-	5,336
Total Expenditures	<u>11,880,937</u>	<u>94,248</u>	<u>-</u>	<u>113,873</u>	<u>12,089,058</u>
Excess (deficiency) of revenues over expenditures	<u>(532,375)</u>	<u>1,081,091</u>	<u>502,724</u>	<u>20,501</u>	<u>1,071,941</u>
<b>FINANCING SOURCES AND (USES):</b>					
Capital asset transfers in	868,418	-	-	-	868,418
Capital asset transfers out	-	(2,491,521)	-	-	(2,491,521)
Operating transfers in	1,786,492	1,454,489	-	44,060	3,285,041
Operating transfers out	(3,444,582)	-	-	-	(3,444,582)
Total Financing Sources and (uses)	<u>(789,672)</u>	<u>(1,037,032)</u>	<u>-</u>	<u>44,060</u>	<u>(1,782,644)</u>
Net Change in Fund Balance	(1,322,047)	44,059	502,724	64,561	(710,703)
Fund Balances - Beginning, as restated	<u>13,671,629</u>	<u>106,555</u>	<u>72,914</u>	<u>246,336</u>	<u>14,097,434</u>
Fund Balances - Ending	<u>\$ 12,349,582</u>	<u>\$ 150,614</u>	<u>\$ 575,638</u>	<u>\$ 310,897</u>	<u>\$ 13,386,731</u>

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

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

For the Year Ended June 30, 2019

Net change in fund balances - total governmental funds \$ (710,703)

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	\$ 2,293,964	
Loss on disposition of assets	(2,766)	
Less current year depreciation	<u>(1,107,745)</u>	1,183,453

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

Long-term debt principal payments	5,336
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Some expenses reported in the statement of activities do not require current  
financial resources and therefore are not reported as expenditures in  
governmental funds.

Change in long-term compensated absences	9,983
Change in pension expense	(662,812)

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

Change in property tax receivable	9,685
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Internal service fund is used by management to charge the cost of certain  
activities to individual funds. The gain of the internal service fund  
is included in governmental activities in the statement of net position.

<u>2,996,213</u>
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Change in net position of governmental activities	<u><u>\$ 2,831,155</u></u>
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See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS**

June 30, 2019

	Business-Type Activities- Enterprise Funds					Governmental
	Water	Sewer	Landfill	Recycling	Total	Activity- Internal Service Fund
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash	\$ 2,583,083	\$ 1,457,945	\$ 1,310,343	\$ 144,746	\$ 5,496,117	\$ 3,665,756
Investments	1,309,067	-	-	-	1,309,067	-
Receivables:						
Accounts, customers	204,895	100,189	234,462	13,086	552,632	-
Unbilled	89,452	18,190	58,933	1,001	167,576	-
Inventory	-	-	-	-	-	-
Total current assets	<u>4,186,497</u>	<u>1,576,324</u>	<u>1,603,738</u>	<u>158,833</u>	<u>7,525,392</u>	<u>3,665,756</u>
<b>Noncurrent Assets</b>						
Capital assets						
Construction in progress	1,754,339	-	-	-	1,754,339	-
Building and improvements	59,733,295	8,849,491	842,505	-	69,425,291	-
Furniture and equipment	2,172,023	1,456,296	1,282,812	-	4,911,131	-
Accumulated depreciation	(31,952,877)	(3,794,831)	(1,084,388)	-	(36,832,096)	-
Total noncurrent assets	<u>31,706,780</u>	<u>6,510,956</u>	<u>1,040,929</u>	<u>-</u>	<u>39,258,665</u>	<u>-</u>
<b>Total Assets</b>	<u>35,893,277</u>	<u>8,087,280</u>	<u>2,644,667</u>	<u>158,833</u>	<u>46,784,057</u>	<u>3,665,756</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Amounts related to pensions	<u>162,610</u>	<u>92,083</u>	<u>61,027</u>	<u>20,953</u>	<u>336,673</u>	<u>-</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 36,055,887</u>	<u>\$ 8,179,363</u>	<u>\$ 2,705,694</u>	<u>\$ 179,786</u>	<u>\$ 47,120,730</u>	<u>\$ 3,665,756</u>

(Continued)

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS**

June 30, 2019

(Continued)

	Business-Type Activities- Enterprise Funds					Governmental
	Water	Sewer	Landfill	Recycling	Total	Activity- Internal Service Fund
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Accounts payable	\$ 79,501	\$ 20,818	\$ 8,976	\$ 486	\$ 109,781	\$ -
Accrued payroll	18,273	9,574	9,828	3,158	40,833	-
Accrued interest payable	127,261	18,222	-	-	145,483	-
Benefit claims incurred but not reported	-	-	-	-	-	188,522
Notes payable - current	211,219	98,466	472,600	-	782,285	-
Total current liabilities	<u>436,254</u>	<u>147,080</u>	<u>491,404</u>	<u>3,644</u>	<u>1,078,382</u>	<u>188,522</u>
<b>Noncurrent liabilities</b>						
Notes payable	5,361,584	1,003,670	1,033,385	-	7,398,639	-
Interfund advances payable	-	563,539	-	-	563,539	-
Landfill closure costs	-	-	710,100	-	710,100	-
Net pension liability	627,511	355,345	235,504	80,857	1,299,217	-
Accrued compensated absences	175,349	84,441	52,756	9,996	322,542	-
Total noncurrent liabilities	<u>6,164,444</u>	<u>2,006,995</u>	<u>2,031,745</u>	<u>90,853</u>	<u>10,294,037</u>	<u>-</u>
Total Liabilities	<u>6,600,698</u>	<u>2,154,075</u>	<u>2,523,149</u>	<u>94,497</u>	<u>11,372,419</u>	<u>188,522</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Amounts related to pensions	<u>15,759</u>	<u>8,924</u>	<u>5,914</u>	<u>2,031</u>	<u>32,628</u>	<u>-</u>
<b>NET POSITION</b>						
Invested in capital assets, net	26,133,977	5,408,820	1,040,929	-	32,583,726	-
Restricted	1,309,067	-	-	-	1,309,067	-
Unrestricted	1,996,386	607,544	(864,298)	83,258	1,822,890	3,477,234
Total Net Position	<u>\$ 29,439,430</u>	<u>\$ 6,016,364</u>	<u>\$ 176,631</u>	<u>\$ 83,258</u>	<u>\$ 35,715,683</u>	<u>\$ 3,477,234</u>

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS**  
For the Year Ended June 30, 2019

	Business-Type Activities- Enterprise Funds					Governmental
	Water	Sewer	Landfill	Recycling	Total	Activity- Internal Service Fund
<b>OPERATING REVENUES:</b>						
Charges for services	\$ 2,133,793	\$ 1,100,219	\$ 1,759,849	\$ 155,318	\$ 5,149,179	\$ 2,116,841
Other income	114,209	9,950	9,820	-	133,979	-
Total operating revenues	<u>2,248,002</u>	<u>1,110,169</u>	<u>1,769,669</u>	<u>155,318</u>	<u>5,283,158</u>	<u>2,116,841</u>
<b>OPERATING EXPENSES</b>						
Personal services	845,436	523,116	365,445	135,980	1,869,977	-
Contractual services	131,235	14,936	231,611	-	377,782	-
Utilities	152,086	98,922	10,233	13,953	275,194	-
Repair and maintenance	33,051	15,656	24,846	11,145	84,698	-
Other supplies and expenses	93,185	36,209	528,261	3,573	661,228	-
Depreciation	1,502,138	268,656	85,005	-	1,855,799	-
Benefit payments	-	-	-	-	-	2,101,079
Total operating expenses	<u>2,757,131</u>	<u>957,495</u>	<u>1,245,401</u>	<u>164,651</u>	<u>5,124,678</u>	<u>2,101,079</u>
Operating income (loss)	<u>(509,129)</u>	<u>152,674</u>	<u>524,268</u>	<u>(9,333)</u>	<u>158,480</u>	<u>15,762</u>
<b>NONOPERATING REVENUES</b>						
<b>(EXPENSES):</b>						
Investment income	13,220	988	715	120	15,043	30,451
Interest expense	(207,510)	(114,871)	(3,833)	-	(326,214)	-
Total nonoperating (expenses)	<u>(194,290)</u>	<u>(113,883)</u>	<u>(3,118)</u>	<u>120</u>	<u>(311,171)</u>	<u>30,451</u>
Income (loss) before transfers	<u>(703,419)</u>	<u>38,791</u>	<u>521,150</u>	<u>(9,213)</u>	<u>(152,691)</u>	<u>46,213</u>
<b>TRANSFERS</b>						
Capital asset transfers in	1,534,592	88,511	-	-	1,623,103	-
Capital asset transfers out	-	-	-	-	-	-
Operating transfers in	5,709	270,314	174,499	-	450,522	2,950,000
Operating transfers out	(2,669,450)	(363,085)	(207,487)	(959)	(3,240,981)	-
	<u>(1,129,149)</u>	<u>(4,260)</u>	<u>(32,988)</u>	<u>(959)</u>	<u>(1,167,356)</u>	<u>2,950,000</u>
Change in net position	(1,832,568)	34,531	488,162	(10,172)	(1,320,047)	2,996,213
Net position - beginning, as restated	<u>31,271,998</u>	<u>5,981,833</u>	<u>(311,531)</u>	<u>93,430</u>	<u>37,035,730</u>	<u>481,021</u>
Net position - ending	<u>\$ 29,439,430</u>	<u>\$ 6,016,364</u>	<u>\$ 176,631</u>	<u>\$ 83,258</u>	<u>\$ 35,715,683</u>	<u>\$ 3,477,234</u>

See Notes to the Financial Statements.

CITY OF RAWLINS, WYOMING

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

For the Year Ended June 30, 2019

	Business-Type Activities- Enterprise Funds			
	Water	Sewer	Landfill	Recycling
<b>CHANGE IN CASH AND CASH EQUIVALENTS:</b>				
<b>CASH FLOWS FROM OPERATIONS:</b>				
Receipts from customers	\$ 2,200,543	\$ 1,107,829	\$ 1,725,035	\$ 155,351
Other operating cash receipts	492,123	64,514	9,820	-
Payments to suppliers	(497,476)	(229,473)	(641,044)	(43,864)
Payments to employees	(702,348)	(378,721)	(315,946)	(105,485)
Net cash from operating activities	<u>1,492,842</u>	<u>564,149</u>	<u>777,865</u>	<u>6,002</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers out, net	(1,129,149)	(4,260)	(32,988)	(959)
Net cash from noncapital financing activities	<u>(1,129,149)</u>	<u>(4,260)</u>	<u>(32,988)</u>	<u>(959)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Net acquisition of capital assets	(2,207,489)	(247,055)	(78,699)	-
Proceeds from long-term debt	-	-	10,036	-
Principal payments on long-term debt	(204,138)	(96,083)	(1,061,163)	-
Net cash from capital and related financing activities	<u>(2,411,627)</u>	<u>(343,138)</u>	<u>(1,129,826)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest earned on investments	13,220	988	715	120
Interest expense	(207,510)	(114,871)	(3,833)	-
Net cash from investing activities	<u>(194,290)</u>	<u>(113,883)</u>	<u>(3,118)</u>	<u>120</u>
Net change in cash and cash equivalents	(2,242,224)	102,868	(388,067)	5,163
Cash, beginning	<u>4,825,307</u>	<u>1,355,077</u>	<u>1,698,410</u>	<u>139,583</u>
Cash, ending	<u>\$ 2,583,083</u>	<u>\$ 1,457,945</u>	<u>\$ 1,310,343</u>	<u>\$ 144,746</u>

See Notes to the Financial Statements.

<u>Total</u>	<u>Governmental Activity- Internal Service Fund</u>
\$ 5,188,758	\$ 2,116,841
566,457	-
(1,411,857)	(2,013,587)
<u>(1,502,500)</u>	<u>-</u>
<u>2,840,858</u>	<u>103,254</u>
<u>(1,167,356)</u>	<u>2,950,000</u>
<u>(1,167,356)</u>	<u>2,950,000</u>
(2,533,243)	-
10,036	-
<u>(1,361,384)</u>	<u>-</u>
<u>(3,884,591)</u>	<u>-</u>
15,043	30,451
<u>(326,214)</u>	<u>-</u>
<u>(311,171)</u>	<u>30,451</u>
(2,522,260)	3,083,705
<u>8,018,377</u>	<u>582,051</u>
<u>\$ 5,496,117</u>	<u>\$ 3,665,756</u>
	(Continued)

CITY OF RAWLINS, WYOMING

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

For the Year Ended June 30, 2019

(Continued)

	<u>Business-Type Activities-Enterprise Funds</u>			
	<u>Water</u>	<u>Sewer</u>	<u>Landfill</u>	<u>Recycling</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES:</b>				
Income from operations	\$ (509,129)	\$ 152,674	\$ 524,268	\$ (9,333)
Adjustments to reconcile income from operations to net cash from operating activities:				
Depreciation	1,502,138	268,656	85,005	-
(Increase) decrease in:				
Accounts receivable	66,750	7,610	(34,814)	33
Inventory	377,914	54,564	-	-
Deferred outflow	(32,394)	(34,013)	(6,153)	(5,949)
Increase (decrease) in:				
Accounts payable	20,533	2,285	(4,262)	(696)
Accrued payroll	(1,242)	(1,754)	751	444
Benefit claims incurred but not reported payable	-	-	-	-
Landfill closure costs	-	-	197,100	-
Net pension liability	174,569	153,356	44,633	28,668
Accrued compensated absences	(30,239)	(7,207)	4,115	1,383
Deferred inflow	(76,058)	(32,022)	(32,778)	(8,548)
Net cash from operating activities	<u>\$ 1,492,842</u>	<u>\$ 564,149</u>	<u>\$ 777,865</u>	<u>\$ 6,002</u>

See Notes to the Financial Statements.

<u>Total</u>	<u>Governmental Activity- Internal Service Fund</u>
\$ 158,480	\$ 15,762
1,855,799	-
39,579	-
432,478	-
(78,509)	-
17,860	-
(1,801)	-
-	87,492
197,100	-
401,226	-
(31,948)	-
<u>(149,406)</u>	<u>-</u>
<u>\$ 2,840,858</u>	<u>\$ 103,254</u>

CITY OF RAWLINS, WYOMING

**NOTES TO FINANCIAL STATEMENTS  
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  - G. Interfund Transactions and Balances
- NOTE 4. OTHER NOTES
- A. Employee Pension Plans
  - B. Risk Management – Claims and Judgments
  - C. Operating Leases
  - D. Commitments and Contingencies
  - E. Prior Period Adjustment

CITY OF RAWLINS, WYOMING

NOTES TO FINANCIAL STATEMENTS

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**1.A. FINANCIAL REPORTING ENTITY**

The City's financial reporting entity comprises the following:

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

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

**1.B. BASIS OF PRESENTATION**

***Government-wide Financial Statements***

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

## NOTES TO FINANCIAL STATEMENTS

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

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

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

The funds of the financial reporting entity are described below:

### ***Governmental Funds***

The City reports the following major governmental funds:

#### General Fund

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

## NOTES TO FINANCIAL STATEMENTS

### Grants Fund

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

### Capital Facilities Tax Fund

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

The City reports the following non-major governmental funds:

#### Downtown Development Authority

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

### *Proprietary Funds*

#### Enterprise Funds

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

The City reports the following major enterprise funds:

#### Water Fund

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

#### Sewer Fund

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

#### Landfill Fund

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

## NOTES TO FINANCIAL STATEMENTS

### Recycling Fund

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

### Internal Service Fund

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

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

All proprietary 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.

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

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

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

#### *Cash and Investments*

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

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

#### *Interfund Receivables and Payables*

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

## NOTES TO FINANCIAL STATEMENTS

### *Receivables*

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

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

### *Capital Assets*

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

### *Government-wide Statements*

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

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

## NOTES TO FINANCIAL STATEMENTS

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

### *Fund Financial Statements*

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

### *Deferred Outflows and Inflows of Resources*

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

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

### *Long-term Debt*

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

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

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

## NOTES TO FINANCIAL STATEMENTS

### *Compensated Absences*

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

### *Deferred Revenue*

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

### *Equity Classifications*

#### *Government-wide Statements*

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

### *Fund Statements*

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

## NOTES TO FINANCIAL STATEMENTS

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

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

#### *Sales Tax*

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

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

#### *Use Tax*

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

#### *Property Tax*

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

## NOTES TO FINANCIAL STATEMENTS

### ***Operating Revenues and Expenses***

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

### ***Expenditures/Expenses***

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

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

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

Proprietary Fund - By Operating and Nonoperating

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

### ***Interfund Transfers***

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

### ***Use of Estimates***

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

### ***Subsequent Events***

Management has evaluated subsequent events through December 16, 2019, the date which the financial statements were available for issue.

## NOTES TO FINANCIAL STATEMENTS

### 1.F. BUDGETARY DATA

#### *Budgetary Policy*

1. Prior to May 15, the City Treasurer submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted on the third Tuesday in June to obtain public comments.
3. The budget is adopted no later than twenty-four after the third Tuesday in June.
4. At the request of the City Treasurer or upon its own motion after publication of notice, the City Council may by resolution transfer any unencumbered or unexpended appropriation balance or part thereof from one fund or department to another. Management may amend the budget at the object line item level without seeking Council approval provided the fund or department's total budget is not modified.
5. No officer or employee of the City shall make any expenditure or encumbrance in excess of the total appropriation for any department.
6. All appropriations excluding appropriations for capital projects shall lapse following the close of the budget year to the extent they are not expended.
7. The appropriated budget is prepared by fund, function, and department. The 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, 2019:

Expenses	
General fund	
Increase expenses	\$ 1,350,081
Grants fund	
Increase expenses	\$ 1,430,000
Revenues	
General fund	
Increase revenue	\$ -
Grants fund	
Increase revenue	\$ 1,430,000

## **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**

At June 30, 2019, there were no instances of excess expenditures over appropriations.

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

### *Deposits*

At June 30, 2019, the carrying amount of the City’s demand deposits in financial institutions was \$16,399,335. Demand deposits held by the Bank of Commerce, Rawlins National Bank, and Bank of the West in the amounts of \$1,552,166, \$6,811,427, and \$8,035,742, 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, 2019, the City had \$3,809,045 on deposit with WYOSTAR. Detailed information on the State Treasurer’s pooled cash and investments is available from that office.

### *Investments*

As of June 30, 2019, 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	\$ 1,134,954	\$ 1,134,954	0.18007
State of Wyoming Investment Pool (WYOSTAR)	3,809,045	3,809,045	
Total	\$ 4,943,999	\$ 4,943,999	

### *Interest Rate Risk*

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

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

### *Credit Risk*

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

## NOTES TO FINANCIAL STATEMENTS

<u>Investment Type</u>	<u>Fair Value</u>	<u>AAA</u>	<u>Insured</u>	<u>Unrated</u>
Certificates of Deposit State of Wyoming Investment Pool (WYOSTAR)	\$ 1,134,954	\$ -	\$ 1,134,954	\$ -
	<u>3,809,045</u>	<u>-</u>	<u>-</u>	<u>3,809,045</u>
Total	<u>\$ 4,943,999</u>	<u>\$ -</u>	<u>\$ 1,134,954</u>	<u>\$ 3,809,045</u>

### ***Custodial Credit Risk***

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

### ***Concentration of Credit Risk***

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investments in a single issuer. Concentration of risk is not addressed in the internal investment policy. At June 30, 2019, the City held investments from the following issuers in excess of 5% of the total portfolio:

State of Wyoming Investment Pool (WYOSTAR)	\$ 3,809,045
Rawlins National Bank	<u>1,034,954</u>
Total	<u>\$ 4,843,999</u>

### ***Foreign Currency Risk***

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

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

Accounts receivable of the business-type activities consists of utilities receivable. Accounts receivable of the governmental activities consists of franchise taxes, sales taxes, use taxes, fines state grants, federal grants and other miscellaneous receivables. The allowance for doubtful accounts for the business-type activities and governmental activities is \$25,377 as of June 30, 2019.

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

Capital asset activity for the year ended June 30, 2019 was as follows:

## NOTES TO FINANCIAL STATEMENTS

	Balance at June 30, 2018	Additions	Disposals	Balance at June 30, 2019
<b>Governmental activities:</b>				
Non-depreciable assets				
Land	\$ 2,551,948	\$ -	\$ -	\$ 2,551,948
Construction in progress	1,132,255	-	1,132,255	-
Depreciable assets				
Buildings and improvements	12,218,590	21,450	-	12,240,040
Infrastructure	6,057,504	2,946,563	-	9,004,067
Furniture and equipment	10,885,340	458,207	57,726	11,285,821
Total at historical cost	32,845,637	3,426,220	1,189,981	35,081,876
Accumulated depreciation				
Buildings and improvements	(5,100,793)	(279,697)	-	(5,380,490)
Infrastructure	(2,412,583)	(264,254)	-	(2,676,837)
Furniture and equipment	(7,891,905)	(563,794)	54,960	(8,400,739)
Total accumulated depreciation	(15,405,281)	(1,107,745)	54,960	(16,458,066)
Governmental activities capital assets, net	\$ 17,440,356	\$ 2,318,475	\$ 1,135,021	\$ 18,623,810
	Balance at June 30, 2018	Additions	Disposals	Balance at June 30, 2019
<b>Business-type activities:</b>				
Non-depreciable assets				
Construction in progress	\$ 175,024	\$ 1,681,415	\$ 102,100	\$ 1,754,339
Depreciable assets				
Buildings and improvements	69,166,281	260,110	1,100	69,425,291
Furniture and equipment	4,776,591	136,115	1,575	4,911,131
Total at historical cost	74,117,896	2,077,640	104,775	76,090,761
Accumulated depreciation				
Buildings and improvements	(33,200,013)	(1,571,868)	1,100	(34,770,781)
Furniture and equipment	(1,778,959)	(283,931)	1,575	(2,061,315)
Total accumulated depreciation	(34,978,972)	(1,855,799)	2,675	(36,832,096)
Business-type activities capital assets, net	\$ 39,138,924	\$ 221,841	\$ 102,100	\$ 39,258,665
General government:				
General government			\$ 391,550	
Public safety:				
Police			160,367	
Fire			134,158	
Public works			210,710	
Culture and recreation:				
Parks			19,618	
Recreation			191,342	
Total depreciation expense			\$ 1,107,745	

## NOTES TO FINANCIAL STATEMENTS

### 3.D. ACCOUNTS PAYABLE

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

### 3.E. LONG-TERM DEBT

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

The following is a summary of changes in long-term debt obligations of the City at June 30, 2019:

	<u>Long-term Obligations at June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Long-term Obligations at June 30, 2019</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
Capital Leases:					
WAM-WCCA	\$ 12,081	\$ -	\$ 5,336	\$ 6,745	\$ 5,344
Other long-term debt					
Compensated absences	<u>1,284,524</u>	<u>-</u>	<u>9,982</u>	<u>1,274,542</u>	<u>-</u>
	<u>\$ 1,296,605</u>	<u>\$ -</u>	<u>\$ 15,318</u>	<u>\$ 1,281,287</u>	<u>\$ 5,344</u>
	<u>Long-term Obligations at June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Long-term Obligations at June 30, 2019</u>	<u>Due Within One Year</u>
<b>Business-Type Activities:</b>					
Loans Payable:					
Sage Creek water line	\$ 1,986,420	\$ -	\$ 70,822	\$ 1,915,598	\$ 73,655
DWSRF Loan #69	239,042	-	19,182	219,860	19,655
DWSRF Loan #80	240,328	-	19,251	221,077	19,732
Atlantic Rim pipeline	762,697	-	19,515	743,182	20,296
Atlantic Rim reservoir	1,780,470	-	42,752	1,737,718	44,463
CWSRF Loan #90	497,284	-	39,836	457,448	40,831
CWSRF Loan #85	700,935	-	56,248	644,687	57,635
CWSRF Loan #145	254,158	-	10,707	243,451	10,971
DWSRF Loan #147	513,826	-	21,908	491,918	22,447
SLIB MWL-15011	1,077,737	10,036	54,388	1,033,385	-
Bank of the West	1,479,375	-	1,006,775	472,600	472,600
Other long-term debt					
Landfill closure and post closure costs payable	513,000	197,100	-	710,100	-
Compensated absences	<u>354,490</u>	<u>-</u>	<u>31,948</u>	<u>322,542</u>	<u>-</u>
	<u>\$ 10,399,762</u>	<u>\$ 207,136</u>	<u>\$ 1,393,332</u>	<u>\$ 9,213,566</u>	<u>\$ 782,285</u>

## NOTES TO FINANCIAL STATEMENTS

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

As of June 30, 2019, the governmental long-term debt of the financial reporting entity consisted of the following:

#### CAPITAL LEASES:

Capital leases payable to WAM, the agent for the Wyoming Local Government Energy Lease Purchase Program, due in annual installments of \$5,336, at zero interest to June 30, 2021.	\$ 6,745
Total Governmental Activity Debt	<u>\$ 6,745</u>

### ***Business-type Activities:***

As of June 30, 2019, 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.	\$ 1,915,598
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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.	219,860
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Note payable to the Office of State Lands and Investments, funded by the EPA, due in annual installments of \$25,260 including interest at 2.5% to November 2028, secured by revenue generated by the Municipal Water System.	221,077
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Note payable to the Office of State Lands and Investments, funded by the EPA, due in annual installments of \$52,267 including interest at 2.5% to November 2028, secured by revenue generated by the Municipal Water System.	457,448
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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.	644,687
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(Continued)

## NOTES TO FINANCIAL STATEMENTS

### LOANS (Continued):

Note payable to the Wyoming Water Development Commission due in annual installments of \$50,023 including interest at 4.0% to October 2041, secured by revenue generated by the Municipal Water System.	\$ 743,182
Note payable to the Office of State Lands and Investments, due in annual installments of \$131,835 including interest at 4.00% to September 2042, secured by revenue generated by the Municipal Water System.	1,737,718
Note payable to the Office of State Lands and Investments, due in annual installments of \$16,974 including interest at 2.5% to July 2036, secured by revenue generated by the Municipal Water System.	243,451
Note payable to the Office of State Lands and Investments, due in annual installments of \$46,102 including interest at 2.5% to July 2036, secured by revenue generated by the Municipal Water System.	491,918
Future note payable to the Office of State Lands and Investments, due in annual installments of \$61,940 at zero interest to July 2038.	1,033,385
Future note payable to the Bank of the West, due in annual installments at 3.609% interest until July 2019.	<u>472,600</u>
Total Business-Type Activity Debt	<u>\$ 8,180,924</u>

## NOTES TO FINANCIAL STATEMENTS

### *Annual Debt Service Requirements*

The annual requirements to amortize all debt outstanding as of June 30, 2019, excluding obligations associated with compensated absences and Landfill Closure and Post-closure costs are as follows:

Years	Governmental Activities		Business-Type Activities		Government-Wide	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 5,344	\$ -	\$ 782,285	\$ 232,273	\$ 787,629	\$ 232,273
2021	1,401	-	319,466	222,493	320,867	222,493
2022	-	-	329,573	212,386	329,573	212,386
2023	-	-	340,018	201,940	340,018	201,940
2024	-	-	350,813	191,145	350,813	191,145
2025-2029	-	-	1,929,131	780,663	1,929,131	780,663
2030-2034	-	-	1,333,678	495,441	1,333,678	495,441
2035-2039	-	-	2,243,437	232,704	2,243,437	232,704
2040-2044	-	-	552,523	52,152	552,523	52,152
	<u>\$ 6,745</u>	<u>\$ -</u>	<u>\$ 8,180,924</u>	<u>\$ 2,621,197</u>	<u>\$ 8,187,669</u>	<u>\$ 2,621,197</u>

### **3.F. LANDFILL CLOSURE AND POST-CLOSURE COSTS**

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

The total landfill closure and post-closure care liability at June 30, 2019 is \$710,100. The liability includes amounts related to closing the Municipal Landfill as well as the C&D Landfill. The portion of the liability related to the Municipal Landfill is \$272,600 which is at 100% capacity. The portion of the liability related to the C&D Landfill is \$437,500 with an estimated closure date of 2045. The City will recognize the remaining estimated costs of closure and post-closure care of \$1,562,500 as the remaining capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2019. The City is responsible to pay the entire liability as it comes due. Actual costs may be higher due to inflation, changes in technology or changes in regulations.

## NOTES TO FINANCIAL STATEMENTS

### 3.G. INTERFUND TRANSACTIONS AND BALANCES

The City transfers amounts between funds to pay for operating expenses. Transfers also occur with the movement of capital assets between governmental and business-type activities.

Operating transfers for the year ended June 30, 2019 were as follows:

	Operating Transfers In	Operating Transfers Out
Governmental Funds:		
Major Funds:		
General Fund	\$ 1,786,492	\$ 3,444,582
Grants Fund	1,454,489	-
Non-Major Funds	44,060	-
Total Governmental Funds	3,285,041	3,444,582
Proprietary Funds:		
Major Funds:		
Water Fund	5,709	2,669,450
Sewer Fund	270,314	363,085
Landfill Fund	174,499	207,487
Recycling Fund	-	959
Total Proprietary Funds	450,522	3,240,981
Internal Service Fund	2,950,000	-
Total Internal Service Fund	2,950,000	-
Total Operating Transfers	\$ 6,685,563	\$ 6,685,563

**NOTES TO FINANCIAL STATEMENTS**

Capital asset transfers for the year ended June 30, 2019 were as follows:

	Capital Asset Transfers In	Capital Asset Transfers Out
Governmental Funds:		
Major Funds:		
General Fund	\$ 868,418	\$ -
Grants Fund	-	2,491,521
Total Governmental Funds	868,418	2,491,521
Proprietary Funds:		
Major Funds:		
Water Fund	1,534,592	-
Sewer Fund	88,511	-
Total Proprietary Funds	1,623,103	-
Total Capital Asset Transfers	\$ 2,491,521	\$ 2,491,521

During FY10, the General Fund loaned the Sewer Fund money to pay for capital expenses. Advances from/to other funds for the year ended June 30, 2019 were as follows:

	Advances from Other Funds	Advances to Other Funds
Governmental Funds:		
General Fund:		
Sewer Fund	\$ 563,539	\$ -
Total General Fund	563,539	-
Total Governmental Funds	563,539	-
Proprietary Funds:		
Sewer Fund:		
General Fund	-	563,539
Total Sewer Fund	-	563,539
Total Proprietary Funds	-	563,539
Total Interfund Advances	\$ 563,539	\$ 563,539

## NOTES TO FINANCIAL STATEMENTS

### NOTE 4. OTHER NOTES

#### 4.A. EMPLOYEE PENSION PLANS

##### 1. *Pension Plan Descriptions and Benefits*

##### **Public Employee's Pension Plan**

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

##### **Tier 1 Benefits**

Tier 1 employees who retire at or after age 60 with four years of credited service or are eligible for full retirement under the rule of 85 (age plus years of service = 85), are entitled to a retirement benefit according to predetermined formulas and allowed to select one of seven optional methods for receiving benefits. The benefit is calculated using a multiplier of 2.125 percent for the first 15 years of service and 2.25 percent for years of service above 15 and the highest 36 months of continuous acceptable salary. Early retirement is allowed provided the employee has completed four years of service and attained age 50 but results in a reduction of benefits based on the length of time remaining to normal retirement age. The pre-retirement death benefit depends on whether the employee is vested or non-vested, and the post-retirement death benefit is governed by the option the employee selects at retirement. To be eligible for a disability benefit, employees must have at least 10 years of service and be less than age 60.

## NOTES TO FINANCIAL STATEMENTS

### **Tier 2 Benefits**

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

### **Contribution Rates**

The statutorily required contribution is 17.12% (16.62% until 9/1/18), of which 8.00% is paid by the employee and 9.12% is paid by the City. The City is only statutorily required to contribute 8.62%, and it elects to cover an additional 0.50% of the required contribution. Employer contributions to the pension plan for the fiscal year ended June 30, 2019 totaled \$571,929, and 100% of the statutorily required contributions were made.

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

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

### **Plan A Benefits**

Under Plan A, to qualify for normal retirement benefits at any age, a paid fireman must have 20 years of credited service in a regularly constituted fire department. The retirement benefit is 75% of the maximum salary for a fireman first class for the first 20 years of service plus 1.5% of the maximum salary for a fireman first class for each year in excess of 20 years. The plan provides for a 3% cost of living adjustment per year. The fund also provides death and disability benefits, which are set by state statute. Participants may withdraw from the plan at any time and receive refunds of participant contributions without interest.

## NOTES TO FINANCIAL STATEMENTS

### **Plan B Benefits**

Under Plan B, to qualify for a service pension, a fireman must have 4 years of service credit and must be at least 50 years old. The retirement benefit is 2.8% of the highest average salary for each year of service up to 25 years. Benefits are capped at 70% of the highest average salary. No benefit changes are allowed by state statute, including cost of living adjustments, unless the funded ratio of the plan stays above 100% plus a margin for adverse experiences throughout the life of the benefit change. The fund also provides death and disability benefits, which are set by state statute. Vesting occurs after 48 months of service. The current benefit formula entitles plan participants to 2.8% of the highest average salary (36 highest continuous months of acceptable salary) for each year of service up to 25 years. The benefit is capped at 70% of the highest average salary. Participants may withdraw from the plan at any time and receive refunds of participant contributions without interest.

### **Contribution Rates**

Plan B statutorily requires 21.245% of the covered employees' salary to be contributed to the Plan, of which 9.02% is paid by the employee and the remaining 12.225% is paid by the City. The City is only statutorily required to contribute 12.0%, and it elects to cover an additional 0.225% of the required contribution. Employer contributions to the pension plan for the fiscal year ended June 30, 2019 totaled \$132,738 and 100% of the statutorily required contributions were made.

### **Law Enforcement Pension Fund**

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

### **Benefits**

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

## NOTES TO FINANCIAL STATEMENTS

### Contribution Rates

The Fund statutorily requires 17.20% of the covered employees' salary to be contributed to the fund, of which 8.60% is paid by the employee and the remaining 8.60% is paid by the City. The City is only statutorily required to contribute 8.60%. Employer contributions to the pension plan for the fiscal year ended June 30, 2019 totaled \$213,174, and 100% of the statutorily required contributions were made.

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

#### Net Pension Asset and Liabilities

As of June 30, 2019, the net pension liability recorded for the City of Rawlins represents its proportionate share of the excess of the total pension liability over the pension plan fiduciary net position for the Wyoming Retirement System plans of which the City is a participant. The City reported net pension liabilities as follows for the fiscal years ended June 30, 2019 and June 30, 2018:

	Proportionate Share of Net Pension Liability as of June 30, 2019	Proportionate Share of Net Pension Liability as of June 30, 2018
Public Employee Pension	\$ 5,798,602	\$ 4,268,020
Fire Pension A	2,920,409	2,862,884
Fire Pension B	456,142	801,543
Law Enforcement Pension	1,926,996	721,903
Aggregate Net Pension Liability	\$ 11,102,149	\$ 8,654,350

Of the City's proportionate share of the net pension liability, \$1,299,217 is attributable to business-type activities (\$627,511 for the Water Fund, \$355,345 for the Sewer Fund, \$235,504 for the Landfill Fund, and \$80,857 for the Recycling Fund) through employee participation in the Public Employee Pension Plan. The remainder of the proportionate share of the net pension liability and asset is attributable to governmental activities.

The measurement date of the Wyoming Retirement System pension plan fiduciary net position was December 31, 2018 and the actuarial determination of the total pension liability was January 1, 2019. The City's proportionate share of the net pension liability and asset was determined per plan by calculating the percentage of the City's total contributions (employer and employee) to the total contributions received by Wyoming Retirement System during the plan measurement period (January 1, 2018 to December 31, 2018). The City's proportionate share of the net pension liability or asset for each plan as of December 31, 2018 and December 31, 2017 is as follows:

## NOTES TO FINANCIAL STATEMENTS

	Proportionate Share as of December 31, 2018	Proportionate Share as of December 31, 2017
Public Employee Pension	0.190412%	0.187248%
Fire Pension A	1.286523%	1.279622%
Fire Pension B	2.173841%	1.943851%
Law Enforcement Pension	0.796042%	0.838989%

### Pension Expense

The measurement of pension expense fundamentally changed with the implementation of GASB Statement 68. Pension expense is calculated for the pension plan measurement period and includes changes in the net pension liability and the amortization of specific deferred inflows and outflows of resources. For the fiscal year ended June 30, 2019, the City recognized a total pension expense of \$737,694 as detailed below:

Public Employee Pension	\$	574,467
Fire Pension A		(13,286)
Fire Pension B		(404,046)
Law Enforcement Pension		580,559
<b>Total Pension Expense</b>	<b>\$</b>	<b>737,694</b>

Pension expense attributable to business-type activities totals \$173,309. The remainder of pension expense is attributable to governmental activities, with (\$13,286) related to Fire Pension A activity.

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

At June 30, 2019, the City reported the following deferred outflows and inflows of resources related to pensions:

	Public Employee Pension	Fire Pension A	Fire Pension B	Law Enforcement Pension	Total
<u>Deferred Outflows of Resources</u>					
Proportionate share of differences between the projected and actual earnings on pension plan investments	\$ 870,785	\$ 89,397	\$ 202,974	\$ 316,705	\$ 1,479,861
Amounts related to the change in the City's proportionate share of assumptions or other inputs	289,711	-	500,037	822,376	1,612,124
Difference between expected and actual experience	-	-	1,364	2,650	4,014
Contributions subsequent to measurement date	287,804	-	63,226	105,039	456,069
Amounts related to the change in the City's proportionate share of net pension liability	54,325	-	82,014	-	136,339
<b>Total Deferred Outflows Related to Pensions</b>	<b>\$ 1,502,625</b>	<b>\$ 89,397</b>	<b>\$ 849,615</b>	<b>\$ 1,246,770</b>	<b>\$ 3,688,407</b>

## NOTES TO FINANCIAL STATEMENTS

<i>Deferred Inflows of Resources</i>	Public Employee Pension	Fire Pension A	Fire Pension B	Law Enforcement Pension	Total
Proportionate share of differences between the projected and actual earnings on pension plan investments	\$ -	\$ -	\$ -	\$ -	\$ -
Amounts related to the change in the City's proportionate share of assumptions or other inputs	-	-	580,739	-	580,739
Difference between expected and actual experience	145,624	-	158,280	87,026	390,930
Amounts related to the change in the City's proportionate share of net pension liability	-	-	-	28,843	28,843
<b>Total Deferred Inflows Related to Pensions</b>	<b>\$ 145,624</b>	<b>\$ -</b>	<b>\$ 739,019</b>	<b>\$ 115,869</b>	<b>\$ 1,000,512</b>

The \$456,069 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

Deferred outflows of resources related to business-type activities total \$336,674. Deferred inflows of resources related to pensions are attributable to business-type activities total \$32,628.

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

2020	\$ 610,060
2021	610,060
2022	610,060
2023	459,944
2024	(24,326)
Thereafter	(33,972)
	<b>\$ 2,231,826</b>

## NOTES TO FINANCIAL STATEMENTS

### Actuarial Assumptions

Actuarial valuations are performed annually with the most recent valuation date of January 1, 2018. Actuarial methods and assumptions are disclosed below for the Wyoming Retirement System pension plans in which the City participates. Significant assumptions are based on an experience study that covered a five-year period ending December 31, 2016. More detail about the actuarial methods and assumptions or the experience study can be found on the Wyoming Retirement System website.

	Public Employee Pension	Fire Pension A	Fire Pension B	Law Enforcement Pension
Valuation date	1/1/2018	1/1/2018	1/1/2018	1/1/2018
Actuarial cost method	Individual entry age normal	Individual entry age normal	Individual entry age normal	Individual entry age normal
Amortization method	Level percent closed	Level dollar closed	Level percent of payroll closed	Level percent of payroll closed
Remaining amortization period	30	10	30	30
Asset valuation method	5-year	5-year	5-year	5-year
Actuarial assumptions:				
Investment rate of return	7.00%	7.00%	7.00%	7.00%
Projected salary increases including inflation	4.75% to 8.75%	4.50%	4.50% to 7.50%	4.75% to 8.75%
Assumed inflation rate	2.25%	2.25%	2.25%	2.25%
Mortality	*	*	*	*
* Mortality assumptions:	Pre-Retirement Mortality: RP-2014 Employee Mortality Table, fully generational, projected with Scale MP-2017 Males: No set back with multiplier of 100% Females: No set back with multiplier of 100%			
	Post-Retirement Mortality: RP-2014 Healthy Annuitant Mortality Table, fully generational, projected with Scale MP-2017 Males: No set back with multiplier of 100% Females: No set back with multiplier of 88%			
	Disabled Mortality: RP-2014 Disabled Mortality Table, fully generational, projected with Scale MP-2017 Males: No set back with multiplier of 100% Females: No set back with multiplier of 100%			

## NOTES TO FINANCIAL STATEMENTS

Wyoming Retirement System assumes a 7.00% long-term investment rate of return for its pension plans. The long-term rate of return is determined through a 4.75% net real rate of return and an inflation rate of 2.25%. For the fiscal year ended December 31, 2018, WRS pension plans saw an annual money-weighted real rate of return, net of expenses, of (3.52%) compared to the 7.00% expected rate of return.

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

### Schedule of Investment Returns

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected arithmetic returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real return by the target asset allocation percentage and by adding expected inflation. For each major class that is included in the pension plans target asset allocation as of January 1, 2018, these best estimates are summarized in the following table:

	Target Allocation	Arithmetic Real Return	Arithmetic		Geometric	
			Nominal Return	Geometric Real Return	Nominal Return	Geometric Real Return
<b>Tactical Cash</b>	<b>0.00%</b>	<b>0.30%</b>	<b>2.90%</b>	<b>30.00%</b>	<b>2.90%</b>	<b>2.90%</b>
<b>Fixed Income</b>	<b>20.00%</b>	<b>2.00%</b>	<b>4.60%</b>	<b>1.50%</b>	<b>4.10%</b>	<b>4.10%</b>
Core Plus	7.50%	1.40%	4.00%	1.30%	3.90%	3.90%
US Government	10.00%	1.80%	4.40%	1.10%	3.70%	3.70%
Opportunistic Credit	2.50%	4.20%	6.80%	3.70%	6.30%	6.30%
<b>Equity</b>	<b>49.00%</b>	<b>7.40%</b>	<b>10.00%</b>	<b>6.00%</b>	<b>8.60%</b>	<b>8.60%</b>
US Equity	23.60%	6.90%	9.50%	5.50%	8.10%	8.10%
Developed International	15.80%	7.70%	10.30%	5.90%	8.90%	8.90%
Emerging Markets	9.60%	10.70%	13.30%	7.80%	10.40%	10.40%
<b>Marketable Alternatives</b>	<b>19.00%</b>	<b>3.50%</b>	<b>6.10%</b>	<b>3.10%</b>	<b>5.70%</b>	<b>5.70%</b>
Opportunistic/Directional	0.0-10.0%	4.00%	6.60%	3.70%	6.30%	6.30%
Absolute Return	5.0-15.0%	3.10%	5.70%	2.80%	5.40%	5.40%
Enhanced Fixed Income	0.0-10.0%	2.70%	5.30%	2.30%	4.90%	4.90%
Global Asset Allocation	2.5-12.0%	3.00%	5.60%	2.50%	5.10%	5.10%
<b>Private Markets</b>	<b>12.00%</b>	<b>7.00%</b>	<b>9.60%</b>	<b>5.20%</b>	<b>7.80%</b>	<b>7.80%</b>
Private Real Assets	3.0-10.5%	7.00%	9.60%	5.40%	8.00%	8.00%
Real Estate	2.5-7.5%	3.80%	6.40%	3.20%	5.80%	5.80%
Private Debt	2.5-7.5%	6.20%	8.80%	4.70%	7.30%	7.30%
Private Equity	2.5-12.5%	10.90%	13.50%	7.50%	10.10%	10.10%
<b>Total</b>	<b>100.00%</b>	<b>5.50%</b>	<b>8.10%</b>	<b>4.40%</b>	<b>7.00%</b>	<b>7.00%</b>

## NOTES TO FINANCIAL STATEMENTS

### Discount Rate

The discount rate used to measure the total pension liability for all plans was 7.00%. The projection of cash flows used to determine the discount rate assumed contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Wyoming State statutes. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Plan	Single Discount Rate	Long-Term Expected Rate of Return	Long-Term Municipal Bond Rate	Last year ending December 31 in the 2017 to 2060 projection period for which projected benefit payments are fully funded
Public Employee Pension	7.00%	7.00%	3.71%	2117
Fire Pension A	4.01%	7.00%	3.71%	2026
Fire Pension B	7.00%	7.00%	3.71%	2117
Law Enforcement	5.92%	7.00%	3.71%	2054

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

The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate.

Pension Plan	1.0% Decrease 6.00%	Current Discount Rate 7.00%	1.0% Increase 8.00%
Public Employee Pension	\$ 8,041,880	\$ 5,798,602	\$ 3,926,608
Fire Pension B	\$ 950,255	\$ 456,142	\$ 46,281

  

Pension Plan	1.0% Decrease 3.01%	Current Discount Rate 4.01%	1.0% Increase 5.01%
Fire Pension A	\$ 3,531,350	\$ 2,920,409	\$ 2,427,933

## NOTES TO FINANCIAL STATEMENTS

Pension Plan	1.0% Decrease 4.92%	Current Discount Rate 5.92%	1.0% Increase 6.92%
Law Enforcement Pension	\$ 2,901,267	\$ 1,926,996	\$ 1,137,150

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

The City reported payables to Wyoming Retirement System at June 30, 2019 totaling \$41,418, comprised of \$26,113 for the Public Employee Pension, \$9,577 for the Law Enforcement Pension, and \$5,728 for the Fire B Pension. The payables are short-term in nature and relate to the statutorily required contributions for June 2019 employee payroll.

Historical trend information showing the System’s progress in accumulating sufficient assets to pay benefits when due is presented in the System’s December 31, 2018 annual financial report for the periods for which the information is available. The report may be obtained by writing to Wyoming Retirement System, Fifth Floor West, 6101 Yellowstone Road, Cheyenne, Wyoming 82002.

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

### *Self-Insured Health Plan*

#### Description

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

#### Claims Liabilities

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

#### Unpaid Claims Liabilities

The fund establishes a liability for both reported and unreported events, which includes estimates of both future payments of losses and related claim adjustment expenses. The third-party administrator makes year-end estimates of liabilities incurred but not reported (IBNR), based upon historical trend analysis. At June 30, 2019, 2018 and 2017, the IBNR was \$188,522, \$101,030 and \$163,021, respectively.

## NOTES TO FINANCIAL STATEMENTS

Changes in the Fund's claims liability amount, including IBNR, from July 1, 2016 to June 30, 2019 are as follows:

Liability balance, June 30, 2016	\$ 333,831
Claims and changes in estimates	1,275,016
Claims payments	<u>(1,445,826)</u>
Liability balance, June 30, 2017	163,021
Claims and changes in estimates	1,611,792
Claims payments	<u>(1,673,783)</u>
Liability balance, June 30, 2018	101,030
Claims and changes in estimates	1,802,926
Claims payments	<u>(1,715,434)</u>
Liability balance, June 30, 2019	<u>\$ 188,522</u>
Assets available to pay claims at June 30, 2019	<u>\$ 3,665,756</u>

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

### ***Other Liabilities***

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

### **4.C. OPERATING LEASES**

The City of Rawlins has entered into two operating leases for office equipment under various terms. The combined lease payments are \$1,416 per month. The total lease expense was \$16,983 for the year ended June 30, 2019.

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

## NOTES TO FINANCIAL STATEMENTS

2020	\$	18,647
2021		18,647
2022		<u>13,985</u>
Total	\$	<u><u>51,279</u></u>

### 4.D. COMMITMENTS AND CONTINGENCIES

#### *Landfill Closure and Post-closure Costs*

The City of Rawlins is in the process of closing their landfill. However, the City has approval from the Department of Environmental Quality (DEQ) to continue accepting Construction and Demolition (C&D) waste through 2045. Phase III (monitoring) will be ongoing for the next 30 years. Phase III will be paid for by the City through landfill fee revenue.

#### *Litigation*

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

### 4.E. PRIOR PERIOD ADJUSTMENTS

During the fiscal year ending June 30, 2019, the City evaluated their financial reporting policies and determined that private donations are more accurately reported in the general fund instead of the fiduciary fund. The City recorded a prior period adjustment to combine the private donation net position with the fund balance in the general fund. The result of this adjustment was an increase to beginning fund balance in the Statement of Revenues, Expenditures, and Changes in Fund Balances – General Fund and an increase in beginning net position of the governmental activities in the Statement of Activities in the amount of \$345,663.

The City also determined that water and sewer supplies inventory would more accurately be reflected as an expense for purchases made during the year instead of maintaining inventory asset values on the financial statements. The City recorded a prior period adjustment in the water and sewer funds to expense the inventory balances that were previously recorded as assets. The result of this adjustment was a decrease in the beginning net position in the Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds in the water fund in the amount of \$377,914 and in the sewer fund in the amount of \$54,564. Additionally, the entry resulted in a decrease in beginning net position of business-type activities in the Statement of Activities in the amount of \$432,478.

## **NOTES TO FINANCIAL STATEMENTS**

Additionally, the City recorded a prior period adjustment to remove the CC SPT 2009 SPT JPB and the CC SPT IRS SPT JPB capital leases from their books as it was determined that these were paid off during FY18. The result of this adjustment was a decrease to long-term debt and an increase net position of the governmental activities in the Statement of Activities in the amount of \$4,256,270.

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF RAWLINS, WYOMING

**INDEX TO ILLUSTRATIVE  
REQUIRED SUPPLEMENTARY INFORMATION**

BUDGETARY INFORMATION

Budgetary Comparison Schedule - General Fund

Budgetary Comparison Schedule - Grant Fund

Budgetary Comparison Schedule - Capital Facilities Tax Fund

Notes to Required Supplementary Information - Budgetary Comparisons

OTHER INFORMATION

Schedule of City's Share of the Net Pension Liability

Schedule of Contributions

CITY OF RAWLINS, WYOMING

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Taxes and special assessments	\$ 8,246,400	\$ 8,246,400	\$ 9,495,499	\$ 1,249,099
Intergovernmental	460,767	460,767	833,304	372,537
Charges for services	636,360	636,360	747,102	110,742
Investment income	50,982	50,982	72,598	21,616
Miscellaneous	133,070	133,070	138,342	5,272
Total revenues	<u>9,527,579</u>	<u>9,527,579</u>	<u>11,286,845</u>	<u>1,759,266</u>
<b>EXPENDITURES:</b>				
General government	8,045,109	6,701,715	3,278,279	3,423,436
Public safety and transportation	3,962,111	4,502,894	3,816,131	686,763
Public works	388,245	421,245	401,928	19,317
Highways and streets	578,426	2,447,427	1,670,058	777,369
Health and welfare	233,571	243,962	228,120	15,842
Culture and recreation	1,839,387	2,079,687	1,653,292	426,395
Principal retirement	5,341	5,341	5,336	5
Total expenditures	<u>15,052,190</u>	<u>16,402,271</u>	<u>11,053,144</u>	<u>5,349,127</u>
Excess (deficiency) of revenues over expenditures	<u>(5,524,611)</u>	<u>(6,874,692)</u>	<u>233,701</u>	<u>7,108,393</u>
<b>OTHER FINANCING SOURCES:</b>				
Operating transfers in	1,702,366	1,930,166	2,115,388	(185,222)
Operating transfers out	<u>(1,480,217)</u>	<u>(1,252,417)</u>	<u>(1,519,060)</u>	<u>(266,643)</u>
Total other financing sources	<u>222,149</u>	<u>677,749</u>	<u>596,328</u>	<u>(451,865)</u>
Excess (deficiency) of revenues over expenditures and other financing sources	<u>(5,302,462)</u>	<u>(6,196,943)</u>	<u>830,029</u>	<u>7,026,972</u>
Fund balance - beginning, restated	<u>13,671,629</u>	<u>13,671,629</u>	<u>13,671,629</u>	<u>-</u>
Fund balance - ending	<u>\$ 8,369,167</u>	<u>\$ 7,474,686</u>	<u>\$ 14,501,658</u>	<u>\$ 7,026,972</u>

(Continued)

CITY OF RAWLINS, WYOMING

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

For the Year Ended June 30, 2019

(Continued)

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

**Revenue:**

Actual total revenue budgetary basis	\$ 11,286,845
Differences- Budget to GAAP	
Tax accrual difference	95,007
Fines receivables difference	<u>(33,290)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 11,348,562</u>

**Expenditures:**

Actual total expenditures budgetary basis	\$ 11,053,144
Differences- Budget to GAAP	
Accounts payable & payroll accrual difference	227,179
Capital outlay	728,664
Other expenses	<u>(128,050)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 11,880,937</u>

CITY OF RAWLINS, WYOMING

**BUDGETARY COMPARISON SCHEDULE  
GRANTS FUND**

For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES:</b>				
Intergovernmental	<u>\$ 1,500,000</u>	<u>\$ 2,930,000</u>	<u>\$ 1,263,172</u>	<u>\$ (1,666,828)</u>
Total revenues	<u>1,500,000</u>	<u>2,930,000</u>	<u>1,263,172</u>	<u>(1,666,828)</u>
<b>EXPENDITURES:</b>				
Infrastructure	<u>1,500,000</u>	<u>2,930,000</u>	<u>1,197,347</u>	<u>1,732,653</u>
Total expenditures	<u>1,500,000</u>	<u>2,930,000</u>	<u>1,197,347</u>	<u>1,732,653</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>65,825</u>	<u>65,825</u>
Fund balance - beginning	<u>106,555</u>	<u>106,555</u>	<u>106,555</u>	<u>-</u>
Fund balance - ending	<u>\$ 106,555</u>	<u>\$ 106,555</u>	<u>\$ 172,380</u>	<u>\$ 65,825</u>

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

**Revenue:**

Actual total revenue budgetary basis	\$ 1,263,172
Differences - Budget to GAAP	
Grant receivable difference	<u>(87,833)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 1,175,339</u>

**Expenditures:**

Actual total expenditures budgetary basis	\$ 1,197,347
Differences - Budget to GAAP	
Construction projects for other funds	<u>(1,103,099)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 94,248</u>

CITY OF RAWLINS, WYOMING

**BUDGETARY COMPARISON SCHEDULE**  
**CAPITAL FACILITIES TAX FUND**  
 For the Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Specific purpose tax	\$ -	\$ -	\$ 502,485	\$ 502,485
Interest income	125	125	239	114
Total revenues	<u>125</u>	<u>125</u>	<u>502,724</u>	<u>502,599</u>
<b>EXPENDITURES:</b>				
Street infrastructure	<u>32,046</u>	<u>32,046</u>	-	32,046
Total expenditures	<u>32,046</u>	<u>32,046</u>	-	32,046
Excess (deficiency) of revenues over expenditures	<u>(31,921)</u>	<u>(31,921)</u>	<u>502,724</u>	<u>534,645</u>
Fund balance - beginning	<u>72,914</u>	<u>72,914</u>	<u>72,914</u>	-
Fund balance - ending	<u>\$ 40,993</u>	<u>\$ 40,993</u>	<u>\$ 575,638</u>	<u>\$ 534,645</u>

CITY OF RAWLINS, WYOMING

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**- BUDGETARY COMPARISONS**  
For the Year Ended June 30, 2019

**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 62 and 63. 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, 2019, there were no instances of excess of expenditures over appropriations.

CITY OF RAWLINS, WYOMING

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability*	0.19041%	0.18725%	0.18830%	0.17254%	0.16192%
City's proportionate share of the net pension liability*	\$ 5,798,602	\$ 4,268,020	\$ 4,552,271	\$ 4,019,070	\$ 2,857,399
City's covered payroll	\$ 3,359,694	\$ 3,277,692	\$ 3,425,085	\$ 3,201,025	\$ 3,040,140
City's proportionate share of the net pension liability as a percentage of its covered payroll	172.59%	130.21%	132.91%	125.56%	93.99%
Plan fiduciary net position as a percentage of the total pension liability*	69.17%	76.35%	73.42%	73.40%	79.08%

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability*	1.28652%	1.27962%	1.26995%	1.25385%	1.23760%
City's proportionate share of the net pension liability*	\$ 2,920,409	\$ 2,862,884	\$ 2,330,018	\$ 2,325,324	\$ 2,039,937
City's covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -
City's proportionate share of the net pension liability as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability*	29.99%	34.28%	38.91%	40.05%	45.95%

(Continued)

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

CITY OF RAWLINS, WYOMING

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

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability*	2.17384%	1.94385%	2.24869%	2.15777%	2.05335%
City's proportionate share of the net pension liability*	\$ 456,142	\$ 801,543	\$ 709,717	\$ 659,731	\$ -
City's covered payroll	\$ 624,799	\$ 542,296	\$ 605,242	\$ 662,731	\$ 571,536
City's proportionate share of the net pension liability as a percentage of its covered payroll	73.01%	147.81%	117.26%	99.55%	0.00%
Plan fiduciary net position as a percentage of the total pension liability*	87.07%	77.98%	80.16%	79.33%	100.98%

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability*	0.79604%	0.83899%	0.87075%	0.80909%	0.76045%
City's proportionate share of the net pension liability*	\$ 1,926,996	\$ 721,903	\$ 657,342	\$ 607,784	\$ 224,056
City's covered payroll	\$ 1,239,382	\$ 1,237,721	\$ 1,364,146	\$ 1,297,857	\$ 1,249,544
City's proportionate share of the net pension liability as a percentage of its covered payroll	155.48%	58.33%	48.19%	46.83%	17.93%
Plan fiduciary net position as a percentage of the total pension liability*	71.22%	87.99%	88.11%	87.49%	94.76%

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

CITY OF RAWLINS, WYOMING

**SCHEDULE OF CONTRIBUTIONS**

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ 571,929	\$ 544,752	\$ 569,085	\$ 532,010	\$ 482,125	\$ 435,564	\$ 425,132	\$ 432,435	\$ 405,858	\$ 392,593
Contributions in relation to the contractually required contribution	<u>571,929</u>	<u>544,752</u>	<u>569,085</u>	<u>532,010</u>	<u>482,125</u>	<u>435,564</u>	<u>425,132</u>	<u>432,435</u>	<u>405,858</u>	<u>392,593</u>
Contribution deficiency (excess)	<u>\$ -</u>									
City's covered payroll	\$ 3,359,694	\$ 3,277,692	\$ 3,425,085	\$ 3,201,025	\$ 3,040,140	\$ 2,999,463	\$ 3,009,620	\$ 3,062,574	\$ 3,049,452	\$ 3,495,730
Contributions as a percentage of covered payroll	17.02%	16.62%	16.62%	16.62%	15.86%	14.52%	14.13%	14.12%	13.31%	11.23%

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ 132,738	\$ 115,211	\$ 128,159	\$ 140,797	\$ 121,324	\$ 105,468	\$ 97,299	\$ 96,047	\$ 96,600	\$ 91,658
Contributions in relation to the contractually required contribution	<u>132,738</u>	<u>115,211</u>	<u>128,159</u>	<u>140,797</u>	<u>121,324</u>	<u>105,468</u>	<u>97,299</u>	<u>96,047</u>	<u>96,600</u>	<u>91,658</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>					
City's covered payroll	\$ 624,799	\$ 542,296	\$ 605,242	\$ 662,731	\$ 571,536	\$ 509,936	\$ 474,627	\$ 468,521	\$ 471,219	\$ 469,801
Contributions as a percentage of covered payroll	21.24%	21.25%	21.17%	21.24%	21.23%	20.68%	20.50%	20.50%	20.50%	19.51%

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Contractually required contribution	\$ 213,174	\$ 218,048	\$ 234,633	\$ 223,231	\$ 214,922	\$ 212,336	\$ 204,469	\$ 190,492	\$ 211,278	\$ 221,239
Contributions in relation to the contractually required contribution	<u>213,174</u>	<u>218,048</u>	<u>234,633</u>	<u>223,231</u>	<u>214,922</u>	<u>212,336</u>	<u>204,469</u>	<u>190,492</u>	<u>211,278</u>	<u>221,239</u>
Contribution deficiency (excess)	<u>\$ -</u>									
City's covered payroll	\$ 1,239,382	\$ 1,237,721	\$ 1,364,146	\$ 1,297,857	\$ 1,249,544	\$ 1,234,515	\$ 1,188,771	\$ 1,107,512	\$ 1,228,362	\$ 1,286,275
Contributions as a percentage of covered payroll	17.20%	17.62%	17.20%	17.20%	17.20%	17.20%	17.20%	17.20%	17.20%	17.20%



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rawlins, Wyoming, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Rawlins, Wyoming's basic financial statements and have issued our report thereon dated December 16, 2019.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

*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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2019-001 to be a material weakness.



A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2019-002 and 2019-003 to be significant deficiencies.

### **Compliance and Other Matters**

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

### **City of Rawlins, Wyoming's Response to Findings**

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

### **Purpose of this Report**

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

ACM LLP

Laramie, Wyoming  
December 16, 2019

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**

**Material Weakness in Internal Control**

**2019-001: Misstatement of Revenue and Expenses**

**Criteria**

The Government Accountability Office's (GAO) *Standards for Internal Control* state that internal controls should allow management or employees in the normal course of performing their assigned function, to prevent, or detect and correct, a material misstatement in a timely basis.

**Condition**

During the audit, ACM identified material entries that were incorrectly recorded during fiscal year 2019. ACM determined that revenues were overstated in the grants fund in the amount of \$1,529,453. Additionally, expenses were overstated in the general fund in the amount of \$2,110,843, in the water fund in the amount of \$1,753,843, in the sewer fund in the amount of \$490,610, in the landfill fund in the amount of \$100,000, and in the recycling fund in the amount of \$50,000.

ACM determined that majority of these entries were made in error while recording the receipt of grant funds and recording an insurance reserve transfer. Adjustments to reverse these entries were made in the fiscal year 2019 financial statements.

**Recommendation**

In our judgement, management and those charged with governance need to understand the importance of internal controls and establish procedures to prevent, or detect and correct, a material misstatement in the financial statements. We recommend that procedures are established to strengthen controls over journal entries made during the year and the year end close process to ensure all entries are complete and correctly posted in the general ledger at year end.

**Response**

Management and the City Council will work to establish and implement procedures to review and approve all journal entries made during the year and year end closing entries to ensure that balances at year end are accurate and appropriate.

(Continued)

CITY OF RAWLINS, WYOMING

**SCHEDULE OF FINDINGS AND RESPONSES**

(Continued)

**Significant Deficiency in Internal Control**

**2019-002: Capital Asset Identification**

**Criteria**

Internal policies and controls should be in place to allow accurate reporting of financial information.

**Condition**

During the audit, ACM identified two capital assets that were not included on the asset addition list and two assets that were duplicated on the list.

**Recommendation**

ACM recommends that the City establish internal controls to ensure that all assets that are above the capitalization threshold are identified and reported on the asset addition list for financial reporting purposes.

**Response**

Management and the City Council will work to establish and implement procedures to ensure all capital assets are identified and reported appropriately on the asset addition list.

**Significant Deficiency in Internal Control**

**2019-003: Financial Statement Preparation**

**Criteria**

The Auditing Standards Board (ASB) issued guidance to auditors related to an entity's internal control over external financial reporting (i.e. financial statements presented in conformity with generally accepted accounting principles (GAAP) and issued to outside third parties). Many small organizations rely on their auditor to generate these annual financial statements, including the related footnotes. AU 265 emphasizes that the auditor cannot be a part of the entity's internal control over financial reporting. Consequently, the entity must have personnel who are capable of preparing external financial statements in conformity with GAAP even though the auditor may draft the statements on behalf of the entity.

**Condition**

The City has controls in place over the preparation of budget-basis financial reports, including in depth review by management and the Council and a high level of awareness of all transactions being reported. However, budgetary basis financial reporting (non-GAAP) differs significantly from GAAP financial reporting. In our judgement, the City's accounting personnel and those charged with governance, in the course of their assigned duties, lack the skills to prepare the external financial statements and related footnotes in accordance with GAAP.

(Continued)

CITY OF RAWLINS, WYOMING

**SCHEDULE OF FINDINGS AND RESPONSES**

(Continued)

**Recommendation**

In our judgement, management and those charged with governance need to understand the importance of this communication as it relates to external GAAP basis financial statements. The City should evaluate the cost/benefit of having an employee with the expertise to prepare financial statements.

**Response**

Management will continue to actively participate in the preparation of materials for the financial statements and will review the financial statements in order to verify that they are free from material misstatement. In addition, management will continue to provide the Council with any additional financial information requested for support of the financial statements and assist with any additional inquiries made throughout the fiscal year and during review of the statements.