

**CITY OF ROCK SPRINGS, WYOMING**

**FINANCIAL AND COMPLIANCE REPORT**

**JUNE 30, 2008**

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**INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL  
STATEMENTS AND SUPPLEMENTARY INFORMATION**

Honorable Mayor and Members of the City Council  
City of Rock Springs  
Rock Springs, 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 Rock Springs, Wyoming (the "City") as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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 Rock Springs, Wyoming as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2008 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's discussion and analysis on pages 3 through 11 and budgetary comparison information on pages 41 through 45, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Rock Springs' basic financial statements. The combining statements of nonmajor governmental funds and blended component units are presented for purposes of additional analysis and are not a required part of the basic financial statements. In addition, the accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The combining financial statements and schedule have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*McGee, Hearne & Paiz, LLP*

Cheyenne, Wyoming  
October 21, 2008

## CITY OF ROCK SPRINGS, WYOMING MANAGEMENT'S DISCUSSION AND ANALYSIS

### INTRODUCTION

As management of the City of Rock Springs, Wyoming, we offer the readers of the city's financial statements this narrative overview and analysis of the financial statements of the city for the year ending June 30, 2008. When read in conjunction with the financial statements, this section's financial highlights, overview, and analysis should assist the reader in gaining a more complete knowledge of the city's financial performance.

### FINANCIAL HIGHLIGHTS

The assets of the city exceed its liabilities at the close of June 30, 2008 by \$136,401,325 (reported as net assets). Of this amount, \$64,257,217 (unrestricted net assets) may be used to meet the city's ongoing obligations to citizens and creditors. Note that the total net assets figure includes capital assets net of accumulated depreciation and related debt.

The city's total net assets increased by \$22,183,577. Of this increase, \$4,240,962 was related to the contribution of capital assets by outside parties to the city. Also, general revenue increased by \$2,278,380 from last year, with most of that increase coming from 6<sup>th</sup> cent specific purpose tax revenue. Net assets for governmental activities increased by \$14,158,463 or 18% while net assets for business-type activities increased by \$8,025,114 or 23%.

At the close of the year, the city's governmental funds reported combined ending fund balances of \$44,329,727, an increase of \$6,003,525 or 16% from the prior year. Of this amount, \$4,149,885 is available for spending at the city's discretion (unreserved, undesignated fund balance).

At the end of the year, the unreserved fund balance for the general fund was \$3,967,001 or 12% of total general fund expenditures.

Total long-term debt had a net increase of \$1,526,153 (9%) from the prior year. This is primarily due to the issuance of \$940,421 in debt for the wastewater treatment plant expansion project, the issuance of \$248,013 in debt for the water meter replacement project, and the issuance of \$1,028,940 for the Gobel/O'Donnell water line.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the city's basic financial statements. The basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains additional required supplementary information (budgetary schedules) and other supplementary information in addition the other basic financial statements themselves.

**Government-wide financial statements.** These statements are designed to provide readers with a broad overview of the city's finances in a manner similar to private-sector business reporting.

The Statement of Net Assets presents information on all of the city's assets and liabilities, with the difference between the two reported as net assets. The statements provide both short-term and long-term information about the city's financial position. Over time, increases or decreases in net assets may serve as a useful indicator of whether the economic condition of the city is improving or deteriorating. In evaluating the government's economic condition, however, additional non-financial factors should be considered such as the city's economic outlook, changes in its demographics, and the condition of its infrastructure and other capital assets.

The statement of activities presents revenue and expense information showing how the city's net assets changed during the fiscal year. To understand the basis of how these numbers are determined, it is important to note that changes in net assets are reported whenever an event occurs that requires a revenue or expense to be recognized, regardless of when cash is received or disbursed (such as uncollected fees and expenses for goods purchased but not yet received).

Both of the government-wide financial statements distinguish functions of the city that are principally supported by intergovernmental revenues and taxes (governmental activities) from other functions that are designed to recover all or a significant portion of their costs through user fees and charges (business type activities). The governmental activities of the city include: general government, public safety, public works and culture and recreation. Business-type activities include the water department, the wastewater department, and the housing authority.

The government-wide financial statements can be found on pages 12 and 13 of this report.

**Fund financial statements.** A fund is a grouping of related accounts (revenues, expenditures/expenses, assets and liabilities) that is used to control resources that have been segregated for specific activities. The City of Rock Springs, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds utilized by the city 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, for accounting and reporting purposes, government fund numbers are determined with a different approach. At the fund level, the focus is on changes in near-term spendable resources and the balance of resources available to spend at year-end, rather than the long-term focus used for determining government-wide numbers. Because the focus is so different between fund statements and government-wide statements, reconciliation between the two types is necessary to understand how the numbers differ. Such a reconciliation is provided on pages 15 and 17 of this report.

The General Fund is the primary operating governmental fund of the city. Two other governmental funds (Economic Development Loan Fund and Debt Service Fund) are reported: A summary of the two other funds (nonmajor funds) is combined into one nonmajor governmental funds column. To demonstrate legal compliance, a statement comparing budget-to actual numbers for the General Fund is included in the financial statements.

**Proprietary funds.** The city 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 uses enterprise funds to account for the operation of the water and wastewater operations as well as the Rock Springs Housing Authority. Internal service funds are an accounting tool used to accumulate and allocate costs internally among the city's functions. The city uses an internal service fund to account for its employee health insurance.

**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 starting on page 22 of this report.

**Other information.** The budgetary comparison schedules, including related notes, are reported as required supplementary information, which begins on page 41. Also, individual fund statements and other supplementary information can be found starting on page 46 of this report.

## Government-wide financial analysis

**Net assets:** As stated earlier, an analysis of net assets is probably the most important financial measurement to assist with understanding the financial position of the city, and whether the financial position improves or deteriorates each year. The following table presents summary information from the government-wide statement of net assets.

### City of Rock Springs Summary of Net Assets (expressed in millions)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	53.09	44.03	26.56	22.30	79.65	66.33
Capital assets	48.11	40.36	37.91	32.01	86.02	72.37
Total assets	101.20	84.39	64.47	54.31	165.67	138.70
Current liabilities	7.33	4.70	3.29	2.54	10.62	7.24
Non-current liabilities	0.57	0.56	18.08	16.68	18.65	17.24
Total liabilities	7.90	5.26	21.37	19.22	29.27	24.48
Investment in capital assets, net of related debt	48.11	40.36	22.83	17.55	70.94	57.91
Restricted	0.00	0.00	1.20	0.94	1.20	0.94
Unrestricted	45.19	38.78	19.07	16.59	64.26	55.37
Total net assets	93.30	79.14	43.10	35.08	136.40	114.22

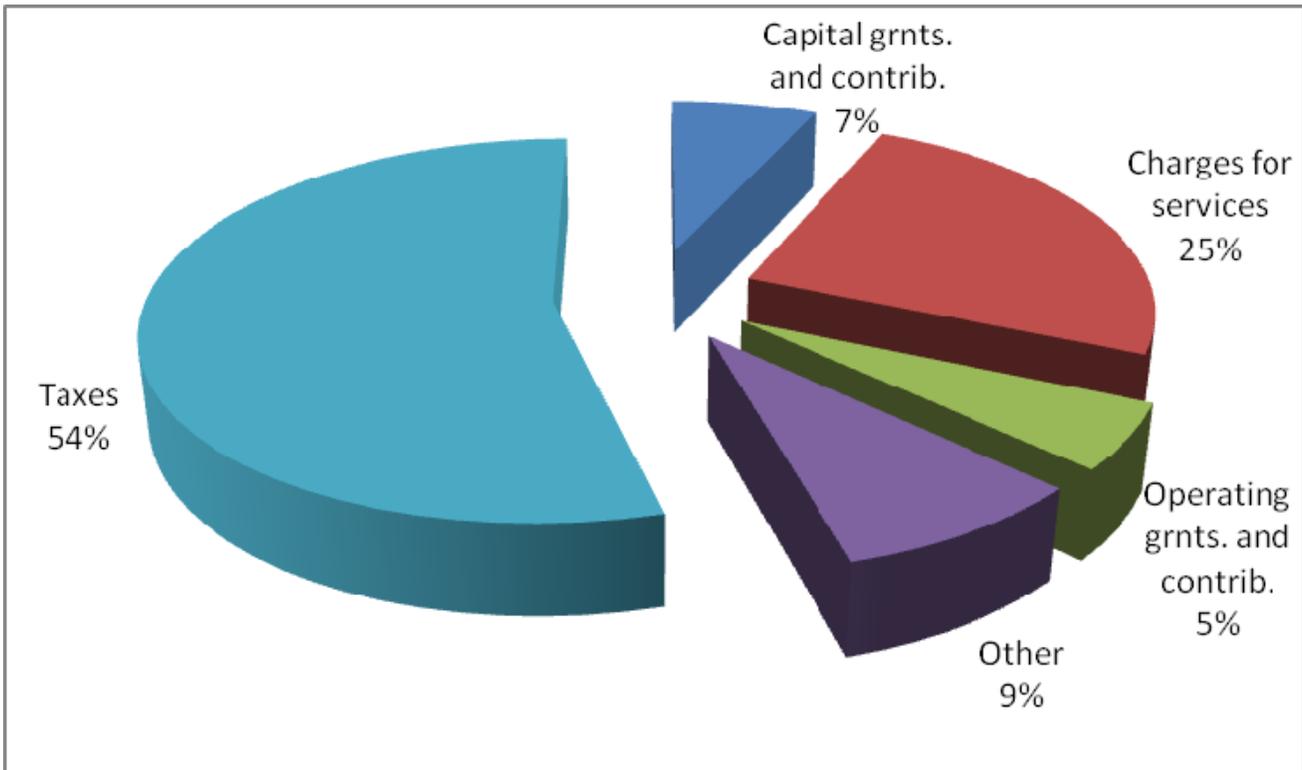
As depicted, at June 30, 2008, the city's assets exceeded liabilities by approximately \$136.40 million (net assets). 52% of this amount is represented by the investment in capital assets. Due to the nature of these assets – long-term assets which are not readily convertible to liquid assets – they are not considered to be available for spending or appropriation.

**Changes in Net Assets:** As taken from the government-wide statement of activities, the following table depicts the changes in net assets for 2008.

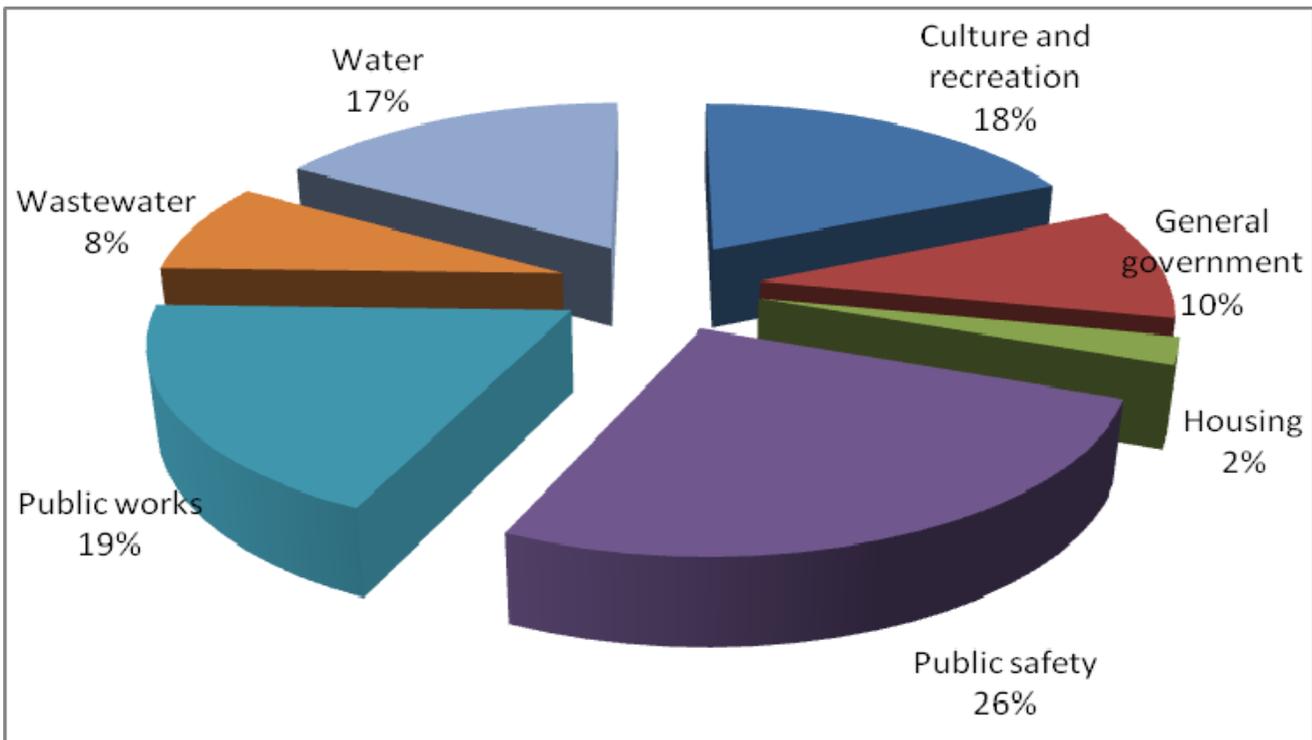
**City of Rock Springs**  
**Summary of Changes in Net Assets**  
(expressed in millions)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	3.06	2.83	12.31	10.80	15.37	13.63
Operating grants and contrib.	2.86	0.63	0.57	0.58	3.43	1.21
Capital grants and contrib.	3.61	4.66	0.63	1.20	4.24	5.86
General revenues:						
Sales and use tax	24.09	26.51	4.59	1.03	28.68	27.54
Mineral sever. & royalties tax	1.70	1.68	-	-	1.70	1.68
Property tax	1.92	1.61	-	-	1.92	1.61
Franchise tax	0.64	0.63	-	-	0.64	0.63
Gas and special fuels tax	0.55	0.59	-	-	0.55	0.59
Other taxes	0.29	0.30	-	-	0.29	0.30
Supp. local govt. funding	2.01	1.33	-	-	2.01	1.33
Investment earnings	1.72	1.35	0.65	0.68	2.37	2.03
Miscellaneous	0.96	1.10	0.05	0.08	1.01	1.18
Transfers	-	0.03	-	-0.03	-	-
Total revenues	43.41	43.25	18.80	14.34	62.21	57.59
Expenses:						
General government	3.98	3.83	-	-	3.98	3.83
Public safety	10.42	9.94	-	-	10.42	9.94
Public works	7.51	6.96	-	-	7.51	6.96
Culture and recreation	7.34	6.99	-	-	7.34	6.99
Water	-	-	6.59	4.34	6.59	4.34
Wastewater	-	-	3.23	2.78	3.23	2.78
Housing	-	-	0.96	0.98	0.96	0.98
Total expenses	29.25	27.72	10.78	8.10	40.03	35.82
Change in net assets	14.16	15.53	8.02	6.24	22.18	21.77
Net assets, beg of year	79.14	63.61	35.08	28.84	114.22	92.45
Net assets, end of year	93.30	79.14	43.10	35.08	136.40	114.22

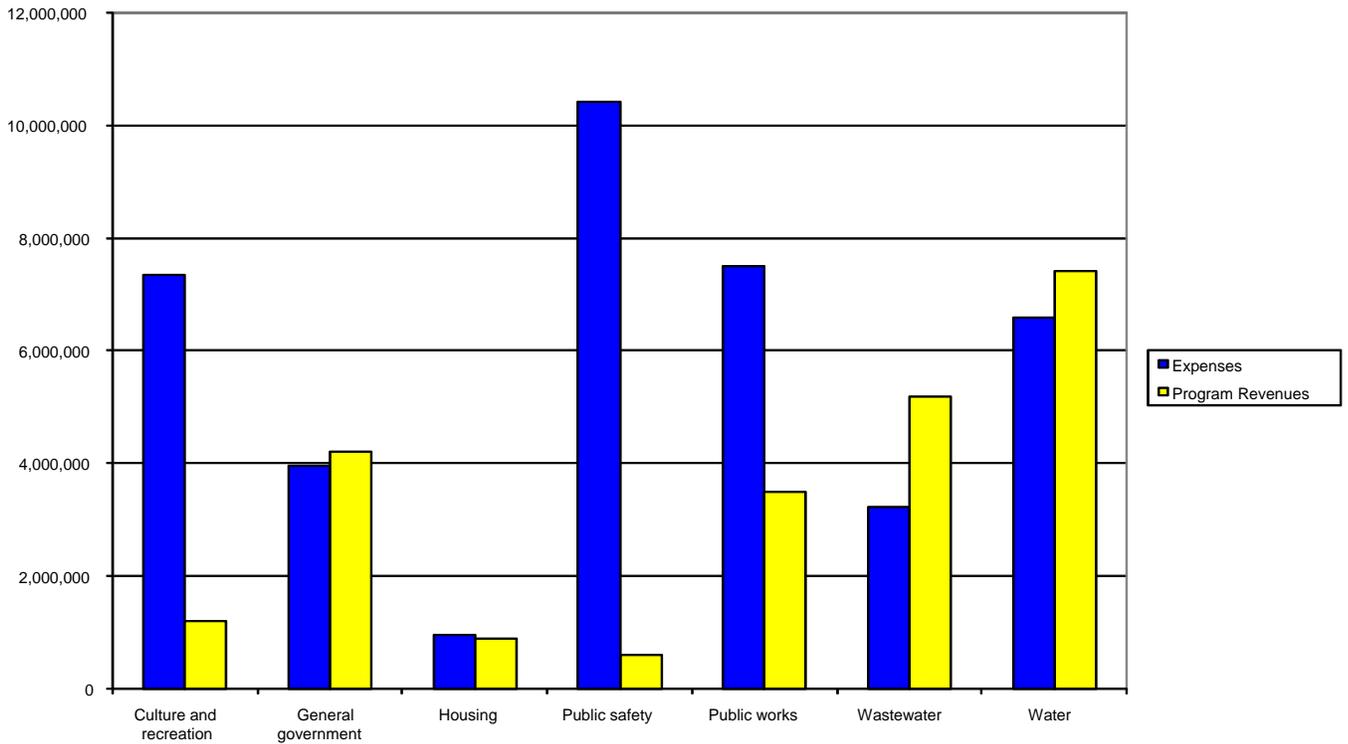
**Total Government-Wide Revenues**  
Fiscal Year Ended June 30, 2008



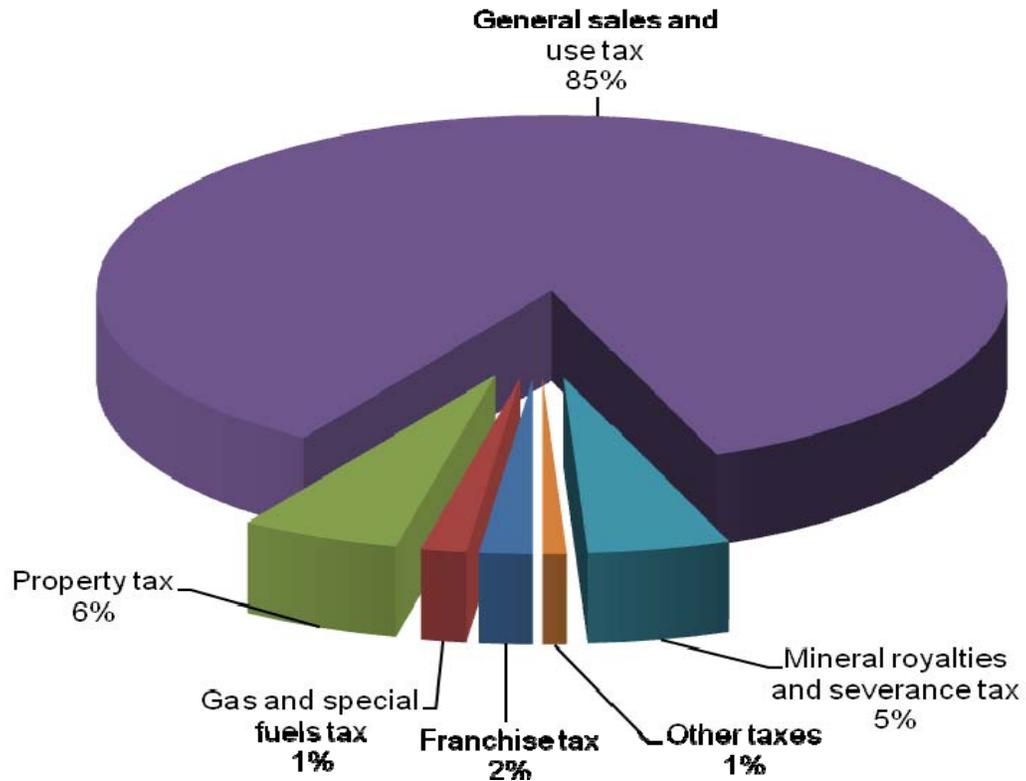
**Total Government-Wide Expenses**  
Fiscal Year Ended June 30, 2008



**Expenses and Program Revenue**  
**Fiscal Year Ended June 30, 2008**



**Tax Revenue**  
**Fiscal Year Ended June 30, 2008**



Governmental activities increased the city's net assets by \$14.16 million. The key elements of this increase are as follows:

- Sales and use tax revenue comprises approximately 56% of total governmental revenues. These taxes decreased by approximately \$2.42 million or 9% from the previous year. This was due to a slight decrease in economic activity. Capital contributions decreased by \$1.05 million or 23% due to fewer large scale subdivision developments in the city.
- Public Safety is the largest category of governmental expenses, representing 26% of the total. Culture and Recreation represents approximately 18% of governmental expenses while general government represents approximately 10% of governmental expenses. Public works represents approximately 19% of the governmental expenses. Total expenses for the year were \$1.53 million higher this year compared to the prior year. Much of this increase was due to an increase in non-capitalizable repair and maintenance expenses.

The business-type activities include the water, wastewater, and the housing authority funds. These activities increased net assets by \$8.02 million. Key elements of this increase are as follows:

- The wastewater fund charges for services increased by approximately 13% due to an increase in usage and more accurate meters. Water fund charges for services increased by approximately 15% from the prior year due to increased usage and more accurate meters. Operating grants of the housing authority fund increased slightly from the previous year.
- Total expenses for the year were \$2.67 million higher this year compared to the prior year. Much of this increase was due to an increase in the water function expenses, in particular expenses relating to the Joint Powers Water Board.

### **Financial analysis of the city's funds**

As noted earlier, the City of Rock Springs uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

As of the end of the current fiscal year, the city's governmental funds reported a total ending fund balance of \$44,329,727, in comparison with \$38,326,202, in ending fund balance in the prior year. \$4,149,885 of this amount is reported as unreserved, undesignated fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved or designated to indicate that it is not available for new spending. It has been committed to 1) paying contracts for goods and services to be provided at a later date and buying inventory (\$14,467,832), 2) purchasing capital assets in future periods (\$3,565,807), 3) being used in emergency or unusual situations that may arise causing need to exceed total appropriations (\$6,302,789), 4) paying compensated absences due to employees (\$1,012,750), and 5) funding expenditures budgeted for in prior years that, because of timing differences, will be incurred in future periods (\$14,830,664).

The general fund is the chief operating fund of the city. The unreserved, undesignated fund balance of the general fund totaled \$3,976,001 at year-end, with total fund balance equaling \$44,155,843. Unreserved, undesignated fund balance represents 12% of total general fund expenditures, while total fund balance equals 131% of total general fund expenditures.

Unrestricted net assets of the water fund and wastewater funds were \$4,746,561 and \$14,325,053, respectively. The increase in total net assets for the water fund and wastewater funds was \$936,225 and \$7,132,309, respectively. The water fund has restricted net assets of \$818,576 relating to assets held by the Joint Powers Water Board for water system repair expenses. Also, the water fund, by agreement, is required to give the Joint Powers Water Board any water related infrastructure assets constructed by the city. An expense of \$1,570,591 was incurred in the water fund relating to the transfer of title of assets from the city to the Joint Powers Water Board.

The restricted net assets balance for the housing authority was \$378,391, which was an increase of \$225,161 from the prior year.

The city's internal service fund had a net asset balance of \$2,585,843 at year-end which is an increase of \$589,703 from the prior year. Much of this can be attributed to lower insurance claims paid and a decrease in the actuarially determined claims liability.

### General Fund budgetary highlights

The differences between the original budget and the final amounts represent changes made by the council as additional facts and information became available. Several factors lead to these modifications. They include: economic factors, emergency purchases, and other factors.

For 2008, tax revenues exceed budgeted amounts by approximately \$3.00 million. At the beginning of the year, the budget was based on current economic conditions. Due to the activity in the local economy, sales tax revenues were \$2.19 million more than originally estimated. Licenses and permits exceeded the budget by approximately \$0.63 million. The primary reason for this difference is due to the increase in residential building permits.

For 2008, expenditures were under budget by approximately \$15.60 million. Most of this amount was due to projects budgeted but not completed in various departments. These projects will be completed in the subsequent budget year.

### Capital assets

At the end of the year, the city had invested over \$86 million in a variety of capital assets. The following schedules show the city's capital assets for the year ended June 30, 2008.

**City of Rock Springs**  
**Capital Assets (net of depreciation)**  
(expressed in millions)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	4.90	4.70	0.29	0.29	5.19	4.99
Construction in progress	7.32	1.28	6.37	16.16	13.69	17.44
Buildings/improvements	5.37	5.68	21.73	9.23	27.10	14.91
Systems improvements	-	-	3.21	0.66	3.21	0.66
Land improvements	1.57	1.46	0.08	0.09	1.65	1.55
Equipment	3.25	3.22	0.74	0.44	3.99	3.66
Infrastructure	25.70	24.02	5.49	5.14	31.19	29.16
Total	48.11	40.36	37.91	32.01	86.02	72.37

Major capital asset events during the year included:

- Construction on the wastewater treatment plant expansion was substantially completed; total cost (including capitalized interest) for 95% of the completed project was \$13,612,291.
- Construction finished on the automated water meter read project; total cost of the project (including capitalized interest) was \$2,734,940.
- Various infrastructure for subdivisions and other assets have been contributed to the city. Total contributed assets equaled \$4,240,962 for the fiscal year.

Please refer to note 4 for more information on capital assets.

### **Long-term debt**

At year-end, the city had debt outstanding of \$18,868,049. Debt consists of loans payable to the State of Wyoming and the Joint Powers Water Board for water and wastewater projects. Overall debt for the city increased by \$1,526,153, or 9% over the previous year.

Please refer to note 8 for more information on long-term debt.

### **Requests for Information**

This financial report is designed to provide citizens, customers, investors, creditors and others with a general overview of the city's finances and to demonstrate the city's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional financial information should be addressed to the City of Rock Springs, Lisa M. Tarufelli, Director of Administrative Services, 212 D Street, Rock Springs, WY 82901, telephone number (307) 352-1500.

# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**CITY OF ROCK SPRINGS, WYOMING**  
**STATEMENT OF NET ASSETS**  
**June 30, 2008**

<b>ASSETS</b>	Governmental Activities	Business-Type Activities	Total
<b>Current assets:</b>			
Cash and investments	\$ 46,528,890	\$ 23,823,331	\$ 70,352,221
Restricted cash	-	818,576	818,576
Receivables (net of allowance for uncollectibles):			
Accounts receivable	5,665	961,212	966,877
Taxes receivable	1,606,235	-	1,606,235
Accrued interest receivable	162,827	70,197	233,024
Special assessments receivable	10,476	5,701	16,177
Grants receivable	539,674	-	539,674
Internal balances	3,607	(3,607)	-
Due from other governmental entities	3,735,310	566,398	4,301,708
Inventories	486,589	297,737	784,326
Prepaid expenses	12,250	25,936	38,186
<b>Total current assets</b>	<b>53,091,523</b>	<b>26,565,481</b>	<b>79,657,004</b>
<b>Noncurrent assets:</b>			
Capital assets being depreciated, net	35,887,952	31,249,949	67,137,901
Capital assets not being depreciated	12,223,505	6,663,023	18,886,528
<b>Total noncurrent assets</b>	<b>48,111,457</b>	<b>37,912,972</b>	<b>86,024,429</b>
<b>Total assets</b>	<b>101,202,980</b>	<b>64,478,453</b>	<b>165,681,433</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	4,170,848	1,549,202	5,720,050
Customer and security deposits	142,736	142,352	285,088
Compensated absences	1,322,769	139,085	1,461,854
Deferred revenue	1,442,932	2,521	1,445,453
Due to other governmental entities	-	845,013	845,013
Retainage payable	253,870	614,067	867,937
<b>Total current liabilities</b>	<b>7,333,155</b>	<b>3,292,240</b>	<b>10,625,395</b>
<b>Noncurrent liabilities</b>			
Compensated absences	572,765	58,912	631,677
Due to other governmental entities	-	18,023,036	18,023,036
<b>Total noncurrent liabilities</b>	<b>572,765</b>	<b>18,081,948</b>	<b>18,654,713</b>
<b>Total liabilities</b>	<b>7,905,920</b>	<b>21,374,188</b>	<b>29,280,108</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	48,111,457	22,835,684	70,947,141
Restricted for:			
Joint Powers Water Board	-	818,576	818,576
Housing Authority	-	378,391	378,391
Unrestricted	45,185,603	19,071,614	64,257,217
<b>Total net assets</b>	<b>\$ 93,297,060</b>	<b>\$ 43,104,265</b>	<b>\$ 136,401,325</b>

*The notes to the financial statements are an integral part of this statement*

**CITY OF ROCK SPRINGS, WYOMING**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2008**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>Primary Government:</b>							
Governmental activities:							
General government	\$ 3,986,244	\$ 1,353,930	\$ 2,862,485	\$ -	\$ 230,171	\$ -	\$ 230,171
Public safety	10,416,065	508,055	-	84,642	(9,823,368)	-	(9,823,368)
Public works	7,513,115	-	-	3,502,152	(4,010,963)	-	(4,010,963)
Culture and recreation	7,336,157	1,199,090	-	20,000	(6,117,067)	-	(6,117,067)
Total governmental activities	29,251,581	3,061,075	2,862,485	3,606,794	(19,721,227)	-	(19,721,227)
Business-type activities:							
Water	6,590,405	6,780,621	-	634,168	-	824,384	824,384
Wastewater	3,230,437	5,195,266	-	-	-	1,964,829	1,964,829
Housing	955,057	331,493	571,531	-	-	(52,033)	(52,033)
Total business-type activities	10,775,899	12,307,380	571,531	634,168	-	2,737,180	2,737,180
Total primary government	\$ 40,027,480	\$ 15,368,455	\$ 3,434,016	\$ 4,240,962	(19,721,227)	2,737,180	(16,984,047)
General revenues							
Taxes:							
General sales and use tax					24,087,523	4,588,285	28,675,808
Mineral severance and royalties tax					1,699,481	-	1,699,481
Property tax					1,916,204	-	1,916,204
Franchise tax					641,314	-	641,314
Gas and special fuels tax					546,209	-	546,209
Other					287,700	-	287,700
Supplemental local government funding					2,011,257	-	2,011,257
Unrestricted investment earnings					1,725,710	647,219	2,372,929
Miscellaneous					964,292	52,430	1,016,722
Total general revenues					33,879,690	5,287,934	39,167,624
Change in net assets					14,158,463	8,025,114	22,183,577
Net assets - beginning					79,138,597	35,079,151	114,217,748
Net assets - ending					\$ 93,297,060	\$ 43,104,265	\$ 136,401,325

*The notes to the financial statements are an integral part of this statement*

# **GOVERNMENT FUND FINANCIAL STATEMENTS**

**CITY OF ROCK SPRINGS, WYOMING**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2008**

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and investments	\$ 43,493,176	\$ 173,884	\$ 43,667,060
Receivables (net of allowance for uncollectibles):			
Accounts receivable	5,665	-	5,665
Taxes receivable	1,606,235	-	1,606,235
Accrued interest receivable	158,814	-	158,814
Special assessments receivable	-	10,476	10,476
Grants receivable	539,674	-	539,674
Due from other funds	3,607	-	3,607
Due from other governmental entities	3,735,310	-	3,735,310
Inventories	486,589	-	486,589
Prepaid expenses	12,250	-	12,250
Total assets	<u>\$ 50,041,320</u>	<u>\$ 184,360</u>	<u>\$ 50,225,680</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 3,890,848	\$ -	\$ 3,890,848
Customer and security deposits	142,736	-	142,736
Deferred revenue	1,598,023	10,476	1,608,499
Retainage payable	253,870	-	253,870
Total liabilities	<u>5,885,477</u>	<u>10,476</u>	<u>5,895,953</u>
Fund balances:			
Reserved	14,467,832	-	14,467,832
Unreserved, designated	25,712,010	-	25,712,010
Unreserved, undesignated			
General fund	3,976,001	-	3,976,001
Special revenue fund	-	88,926	88,926
Debt service fund	-	84,958	84,958
Total fund balances	<u>44,155,843</u>	<u>173,884</u>	<u>44,329,727</u>
Total liabilities and fund balances	<u>\$ 50,041,320</u>	<u>\$ 184,360</u>	<u>\$ 50,225,680</u>

*The notes to the financial statements are an integral part of this statement*

**CITY OF ROCK SPRINGS, WYOMING  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS  
June 30, 2008**

**Total Fund Balances - Governmental Funds** \$ 44,329,727

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

Capital assets used in governmental activities are not financial resources and, therefore, not reported in the governmental funds. 48,111,457

Certain assets are not available to pay current expenditures, so they are deferred in the funds 165,567

Long term liabilities (compensated absences) are not due and payable in the current period and, therefore not reported in the funds. (1,895,534)

An internal service fund is used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service fund are included with governmental activities in the statement of net assets because they primarily benefit governmental activities. 2,585,843

**Net assets of governmental activities** \$ 93,297,060

*The notes to the financial statements are an integral part of this statement*

**CITY OF ROCK SPRINGS, WYOMING  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2008**

	<b>General Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>			
Taxes and special assessments	\$ 28,325,768	\$ 2,358	\$ 28,328,126
Licenses and permits	1,205,796	-	1,205,796
Inter-governmental revenue	5,723,482	-	5,723,482
Charges for services	1,364,439	-	1,364,439
Fines and forfeitures	490,840	-	490,840
Miscellaneous	968,883	-	968,883
Interest	1,639,067	1,120	1,640,187
<b>Total revenues</b>	<b>39,718,275</b>	<b>3,478</b>	<b>39,721,753</b>
<b>Expenditures</b>			
Current:			
General government	3,740,775	-	3,740,775
Public safety	10,212,470	-	10,212,470
Public works	5,379,257	-	5,379,257
Culture and recreation	6,494,681	-	6,494,681
Capital outlay	7,891,045	-	7,891,045
<b>Total expenditures</b>	<b>33,718,228</b>	<b>-</b>	<b>33,718,228</b>
<b>Excess of revenues over expenditures</b>	<b>6,000,047</b>	<b>3,478</b>	<b>6,003,525</b>
<b>Net change in fund balance</b>	<b>6,000,047</b>	<b>3,478</b>	<b>6,003,525</b>
Fund balances, beginning	38,155,796	170,406	38,326,202
Fund balances, ending	<b>\$ 44,155,843</b>	<b>\$ 173,884</b>	<b>\$ 44,329,727</b>

*The notes to the financial statements are an integral part of this statement*

**CITY OF ROCK SPRINGS, WYOMING  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2008**

**Net Change in Fund Balances - Governmental Funds** **\$ 6,003,525**

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 allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital purchases/capital contributions exceeded depreciation/loss on disposal during the current period. 7,750,710

The statement of activities reports an increase in revenue which is not reported in the fund because it does not provide current financial resources. 565

Long term liabilities (compensated absences) are not due and payable in the current period and, therefore not reported in the funds. This is the current year change in the liability, reported as an expense in the statement of activities. (186,040)

An internal service fund is used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service fund is reported with governmental activities. 589,703

**Change in net assets of governmental activities** **\$ 14,158,463**

*The notes to the financial statements are an integral part of this statement*

# **PROPRIETARY FUND FINANCIAL STATEMENTS**

**CITY OF ROCK SPRINGS, WYOMING**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**June 30, 2008**

	Business-type Activities Enterprise Funds			Total	Governmental
	Water Fund	Wastewater Fund	Housing Authority		Internal Service Fund
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 8,454,185	\$ 14,938,553	\$ 430,593	\$ 23,823,331	\$ 2,861,830
Restricted cash	818,576	-	-	818,576	-
Receivables (net of allowance for uncollectibles):					
Accounts receivable	897,498	60,765	2,949	961,212	-
Accrued interest receivable	4,756	65,441	-	70,197	4,013
Special assessments receivable	-	5,701	-	5,701	-
Due from other governmental entities	-	566,398	-	566,398	-
Inventories	200,902	95,103	1,732	297,737	-
Prepaid expenses	-	-	25,936	25,936	-
Total current assets	10,375,917	15,731,961	461,210	26,569,088	2,865,843
Noncurrent assets:					
Capital assets, net of accumulated depreciation	3,411,700	31,581,179	2,920,093	37,912,972	-
Total assets	13,787,617	47,313,140	3,381,303	64,482,060	2,865,843
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	741,093	783,964	24,145	1,549,202	280,000
Customer and security deposits	85,113	27,479	29,760	142,352	-
Compensated absences	56,723	61,325	21,037	139,085	-
Due to other governmental entities	265,874	579,139	-	845,013	-
Retainage payable	98,852	515,215	-	614,067	-
Due to other funds	-	1,107	2,500	3,607	-
Deferred revenue	-	-	2,521	2,521	-
Total current liabilities	1,247,655	1,968,229	79,963	3,295,847	280,000
Noncurrent liabilities:					
Compensated absences	38,238	17,818	2,856	58,912	-
Due to other governmental entities	5,974,717	12,048,319	-	18,023,036	-
Total noncurrent liabilities	6,012,955	12,066,137	2,856	18,081,948	-
Total liabilities	7,260,610	14,034,366	82,819	21,377,795	280,000
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	961,870	18,953,721	2,920,093	22,835,684	-
Restricted for Joint Powers Water Board	818,576	-	-	818,576	-
Restricted for Housing Authority	-	-	378,391	378,391	-
Unrestricted	4,746,561	14,325,053	-	19,071,614	2,585,843
Total net assets	\$ 6,527,007	\$ 33,278,774	\$ 3,298,484	\$ 43,104,265	\$ 2,585,843

*The notes to the financial statements are an integral part of this statement*

**CITY OF ROCK SPRINGS, WYOMING**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2008**

	Business-type Activities Enterprise Funds			Governmental Activities	
	Water Fund	Wastewater Fund	Housing Authority	Total	Internal Service Fund
Operating revenues:					
Water charges	\$ 6,780,621	\$ -	\$ -	\$ 6,780,621	\$ -
Wastewater charges	-	5,195,266	-	5,195,266	-
Tenant rental revenue	-	-	317,309	317,309	-
Other tenant revenue	-	-	14,184	14,184	-
Insurance premiums and refunds	-	-	-	-	2,315,358
Total operating revenue	<u>6,780,621</u>	<u>5,195,266</u>	<u>331,493</u>	<u>12,307,380</u>	<u>2,315,358</u>
Operating expenses:					
Personnel	815,238	1,133,360	361,862	2,310,460	-
Water purchases	3,264,173	-	-	3,264,173	-
Utilities	160,773	324,479	92,678	577,930	-
Postal/freight	17,930	21,791	826	40,547	-
Communications	10,531	6,920	3,029	20,480	-
Office supplies and printing	4,022	4,420	4,783	13,225	-
Repairs and maintenance	47,263	156,419	50,181	253,863	-
Departmental supplies	349,677	221,595	-	571,272	-
Travel	18,636	24,661	576	43,873	-
Administrative costs	27,771	46,932	6,282	80,985	-
Other costs	1,406	4,153	14,617	20,176	-
Depreciation	244,137	1,243,561	268,581	1,756,279	-
Audit and legal expense	-	-	2,500	2,500	-
Laundry and towel service	2,078	4,693	-	6,771	-
Consulting and collection	7,701	36,418	3,772	47,891	-
Rental	48,000	-	-	48,000	-
Insurance	-	-	46,545	46,545	1,811,178
Housing assistance payments	-	-	97,590	97,590	-
Tenant service contract costs	-	-	1,235	1,235	-
Total operating expenses	<u>5,019,336</u>	<u>3,229,402</u>	<u>955,057</u>	<u>9,203,795</u>	<u>1,811,178</u>
Operating income (loss)	<u>1,761,285</u>	<u>1,965,864</u>	<u>(623,564)</u>	<u>3,103,585</u>	<u>504,180</u>
Nonoperating revenue (expense):					
Taxes and special assessments	-	4,588,285	-	4,588,285	-
HUD PHA grants	-	-	571,531	571,531	-
Interest income	218,310	421,904	7,005	647,219	85,523
Other income	30,954	19,868	1,608	52,430	-
Loss on disposal of property and equipment	(478)	(796)	-	(1,274)	-
Interest expense	-	(239)	-	(239)	-
Capital asset contribution to JPWB	(1,570,591)	-	-	(1,570,591)	-
Total nonoperating revenue (expense)	<u>(1,321,805)</u>	<u>5,029,022</u>	<u>580,144</u>	<u>4,287,361</u>	<u>85,523</u>
Income (loss) before transfers	<u>439,480</u>	<u>6,994,886</u>	<u>(43,420)</u>	<u>7,390,946</u>	<u>589,703</u>
Capital contributions	-	634,168	-	634,168	-
Transfers in	496,745	-	179,481	676,226	-
Transfers out	-	(496,745)	(179,481)	(676,226)	-
Change in net assets	<u>936,225</u>	<u>7,132,309</u>	<u>(43,420)</u>	<u>8,025,114</u>	<u>589,703</u>
Net assets, beginning	5,590,782	26,146,465	3,341,904	35,079,151	1,996,140
Net assets, ending	<u>\$ 6,527,007</u>	<u>\$ 33,278,774</u>	<u>\$ 3,298,484</u>	<u>\$ 43,104,265</u>	<u>\$ 2,585,843</u>

*The notes to the financial statements are an integral part of this statement*

**CITY OF ROCK SPRINGS, WYOMING**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2008**

	Business-type Activities Enterprise Funds			Governmental	
	Water Fund	Wastewater Fund	Housing Authority	Internal Service Fund	
			Total		
<b>Cash Flows from Operating Activities</b>					
Receipts from external customers and users	\$ 6,306,797	\$ 5,028,265	\$ 330,936	\$ 11,665,998	\$ -
Receipts from internal customers and users	499,322	137,698	-	637,020	2,315,358
Payments to suppliers	(3,821,676)	(1,149,115)	(335,666)	(5,306,457)	(1,996,178)
Payments to employees	(821,151)	(1,111,631)	(383,108)	(2,315,890)	-
Net cash from operating activities	2,163,292	2,905,217	(387,838)	4,680,671	319,180
<b>Cash Flows from Noncapital Financing Activities</b>					
Taxes and special assessments	-	4,375,310	-	4,375,310	-
Receipts from grants	-	-	573,139	573,139	-
Other	30,954	19,868	-	50,822	-
Net cash from noncapital financing activities	30,954	4,395,178	573,139	4,999,271	-
<b>Cash Flows from Capital and Related Financing Activities</b>					
Payment for JPWB assets	(974,994)	-	-	(974,994)	-
Proceeds from loans	1,276,953	940,421	-	2,217,374	-
Purchase of capital assets	(285,202)	(6,500,571)	-	(6,785,773)	-
Principal payment on loans	(126,207)	(565,014)	-	(691,221)	-
Interest paid on loans	-	(239)	-	(239)	-
Net cash from capital and related financing activities	(109,450)	(6,125,403)	-	(6,234,853)	-
<b>Cash Flows from Investing Activities</b>					
Interest on investments	222,544	426,260	7,005	655,809	90,137
Net increase in cash and cash equivalents	2,307,340	1,601,252	192,306	4,100,898	409,317
Cash and Cash Equivalents, July 1	6,965,421	13,337,301	238,287	20,541,009	2,452,513
Cash and Cash Equivalents, June 30	\$ 9,272,761	\$ 14,938,553	\$ 430,593	\$ 24,641,907	\$ 2,861,830

Continued

**CITY OF ROCK SPRINGS, WYOMING**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2008**

	Business-type Activities Enterprise Funds			Total	Governmental
	Water Fund	Wastewater Fund	Housing Authority		Internal Service Fund
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>					
Operating income (loss)	\$ 1,761,285	\$ 1,965,864	\$ (623,564)	\$ 3,103,585	\$ 504,180
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation	244,137	1,243,561	268,581	1,756,279	-
Change in assets and liabilities:					
Accounts receivable	29,531	(33,045)	2,441	(1,073)	-
Special assessment receivable	-	4,523	-	4,523	-
Prepaid expenses	-	-	3,446	3,446	-
Inventory	26,259	18,025	(216)	44,068	-
Accounts payable	87,832	(295,266)	601	(206,833)	(185,000)
Due to other funds	-	1,107	(17,179)	(16,072)	-
Customer deposits	19,461	3,672	1,708	24,841	-
Deferred revenue	-	-	(2,998)	(2,998)	-
Compensated absences accrued expenses	(5,213)	(3,224)	(20,658)	(29,095)	-
<b>Net cash from operating activities</b>	<b>\$ 2,163,292</b>	<b>\$ 2,905,217</b>	<b>\$ (387,838)</b>	<b>\$ 4,680,671</b>	<b>\$ 319,180</b>
<b>Schedule of noncash transactions:</b>					
Capital assets transferred to JPWB	\$ -	\$ 634,168	\$ -	\$ 634,168	\$ -
Capitalized interest	157,447	324,531	-	481,978	-
	<b>\$ 157,447</b>	<b>\$ 958,699</b>	<b>\$ -</b>	<b>\$ 1,116,146</b>	<b>\$ -</b>

*The notes to the financial statements are an integral part of this statement*

## **NOTES TO THE FINANCIAL STATEMENTS**

# CITY OF ROCK SPRINGS, WYOMING

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies

Reporting entity: The City of Rock Springs, Wyoming (the “City”) is a municipal corporation incorporated October 1, 1888, and is governed by an elected mayor and an eight member council. The Mayor and Council members are each elected to serve a four-year term. The Mayor appoints all department heads, subject to approval by the Council. The department heads are under the direct supervision of the Mayor.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity as amended by GASB Statement No. 39*, entities over which the City has significant operational or financial relationships such as boards, commissions and authorities are considered component units. Component units are either discretely presented or blended. Discrete presentation entails reporting component unit financial data in columns separate from the financial data of the primary government (the City). Blended requires the component unit’s balances and transactions be reported with the balances and transactions of the City.

The Rock Springs Housing Authority, an entity legally separated from the City, has been included as a blended component unit in these financial statements. For financial reporting purposes, the Rock Springs Housing Authority is reported as if it were part of the City’s operation because its purpose is to provide low-income housing to citizens of the City. No separate individual component unit financial statements are available for the Rock Springs Housing Authority.

Government-wide and fund financial statements: The government-wide statements (i.e. the statement of net assets and statement of activities) report information on all of the nonfiduciary activities of the primary government and its blended component units. The effect of interfund activity has been removed from these statements.

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

# CITY OF ROCK SPRINGS, WYOMING

## NOTES TO FINANCIAL STATEMENTS

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Measurement focus, basis of accounting, and financial statement presentation: The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Sales taxes are recognized as revenue when the sale occurs. Grants and similar items are recognized as revenue 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*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectable 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, debt service expenditures, as well as expenditures related to compensated absences are recorded only when payment is due.

Property taxes, sales and franchise taxes, 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. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental fund:

The *general fund* is the primary operating fund of the City. This fund is established to account for resources devoted to financing the general services that the City performs for its citizens. General tax revenues and other sources of revenue used to finance the fundamental operations of the City are included in this fund. This fund is charged with all costs of operating the government for which a separate fund has not been established.

The government reports the following nonmajor governmental funds:

The *special revenue fund* is established to account for the proceeds of specific revenue sources. The City's special revenue funds consist only of the Economic Development Loan Fund.

The *debt service fund* is established for the purpose of accumulating resources for the payment of principal and interest on long-term special assessment debt with City commitment.

The government reports the follow major proprietary funds:

The *water and wastewater funds* account for the activities of the water and wastewater treatment facilities that the City operates.

# CITY OF ROCK SPRINGS, WYOMING

## NOTES TO FINANCIAL STATEMENTS

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The *housing authority funds* account for the activities of the Rock Springs Housing Authority, a blended component unit of the government. The Authority provides 100 low-income units to the citizens of the City.

Additionally, the government reports the following fund type:

The *internal service fund* accounts for the financing of goods or services provided by the City to the City itself on a cost reimbursement basis. The City's employee insurance plan is accounted for as an internal service fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and internal service funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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. General revenues include all taxes.

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 a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service funds are charges to customers for sales and services. The water and wastewater funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service 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.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Reconciliation of government-wide and fund financial statements: Governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting, while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. As a result, there are important differences between the assets, liabilities, revenues and expense/expenditures reported on the fund financial statements and governmental-wide financial statements. For example, many long-term assets and liabilities are excluded from the fund balance sheet but are included in the government-wide financial statements. As a result, there must be a reconciliation between the two statements to explain the differences. A reconciliation is included as part of the fund financial statements (see pages 15 and 17).

# CITY OF ROCK SPRINGS, WYOMING

## NOTES TO FINANCIAL STATEMENTS

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Cash and cash equivalents: Cash consists of demand deposit accounts, money market accounts and petty cash. Investments are carried at fair value and consist primarily of certificates of deposit and United States Government agencies bonds.

Receivables: All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectable. Estimated unbilled revenues from the water fund are recognized at the end of each fiscal year on a pro rata basis. The estimated amount is based on billings during the month following the close of the fiscal year.

Interfund transactions: During the normal course of operations, transactions occur between individual funds for goods, services, and for short-term interfund loans or transfers. As a general rule, the effect of the interfund activity has been eliminated from the government-wide financial statements.

Loans are reported as receivables and payables and are classified as “due from other funds” or “due to other funds” on the balance sheet of the governmental fund financial statements. Interfund receivables and payables between funds within governmental activities are eliminated in the statements of net assets.

In general, interfund activity, including internal service fund transactions, has been eliminated from the government-wide financial statements in an effort to minimize the doubling up of revenues and expenses resulting from such transactions.

Restricted cash: The restricted cash is money held in a separate account at the Joint Powers Water Board that can only be spent on maintenance and operation of the assets held by the Joint Powers Water Board.

Capital assets and depreciation: 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.

The government-wide financial statements and the fund financial statements for proprietary funds include capital assets. Capital assets include property, plant, equipment and infrastructure assets, e.g. roads, bridges, curbs, and gutters, streets and sidewalks, drainage systems and lighting systems. The City defines capital assets as assets with an initial, individual cost of more than \$2,000 for equipment, \$15,000 for land, buildings, improvements, and land improvements, and \$25,000 for infrastructure. All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

# CITY OF ROCK SPRINGS, WYOMING

## NOTES TO FINANCIAL STATEMENTS

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Depreciation is computed using the straight-line method based on useful lives as follows:

	<u>Years</u>
Building and improvements	30 years
Equipment and furnishings	2-15 years
Infrastructure	12-45 years

Inventories of consumable supplies: All inventories are carried at cost on the first-in, first-out method. Inventories of the governmental fund types are recorded as expenditures when used. Reported inventories are equally offset by a fund balance reserve which indicates that it does not constitute “available spendable resources.”

Inventories of the proprietary fund types are not charged to operations until consumed by the individual enterprises.

Cash reserve fund: The City maintains a cash reserve in accordance with the Municipal Fiscal Procedures Act as prescribed by Wyoming State Statutes. The Act allows a cash reserve to be established and used in an emergency or an unusual situation that arises causing the need to exceed total appropriations. The cash reserve is included in the cash balance of the general fund and designated as a contingency reserve in the fund balance.

Compensated absences: Vacation leave and the portion of sick leave that will likely be paid are recognized as liabilities in the government-wide and proprietary fund financial statements. In the event of termination or retirement, an employee is reimbursed for unused accumulated vacation. Employees with less than five years of service receive 5% of their unused accumulated sick leave up to 1,440 hours. The percentage increases by 5% for each five year increment in service with a cap of 25% and 20 or more years of service. Firemen, who are eligible to collect disability pension payments, receive 25% of their unused accumulated sick leave up to 1,440 hours.

Long-term obligations: 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 bonds payable.

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

# CITY OF ROCK SPRINGS, WYOMING

## NOTES TO FINANCIAL STATEMENTS

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Property taxes: Property is annually valued and assessed on January 1. Taxes are levied on or about August 1 and payable in two installments on September 1 and March 1. Sweetwater County bills and collects its own property taxes and also taxes for all municipalities and political subdivisions within the County, including the City. If not paid, property taxes attach as an enforceable lien on property as of May 11. Property tax receivables are recognized when the City has a legal claim to the taxes, which is on the initial date of assessment. Property tax revenues are recognized when collected during the current period or within 60 days of the fiscal year end and can be used to pay liabilities of the current period within the fund financial statements. The uncollected, measurable amounts due and those that will not be levied and may not be used until the subsequent fiscal year have been accrued as deferred revenues.

Property taxes receivable totaling \$1,432,456 assessed in fiscal year 2008 is reported on the fund financials and on the government-wide financial statements and is included in deferred revenue on both statements as these revenues can not be levied and may not be used until fiscal year 2009.

Encumbrances: Encumbrances are recorded when purchase orders are issued or contracts are entered into for goods or services and are reflected as a reserved portion of the fund balance. Actual expenditures are recognized when the goods or services are received.

Fund balance/net assets: Reservations of fund balance represent amounts that are not appropriated or are legally segregated for a specific purpose. Restrictions of net assets are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change.

### Note 2. Cash and Investments

Cash and investments and restricted cash as of June 30, 2008, as classified in the accompanying financial statements, consist of the following:

#### Statement of Net Assets:

	<u>Primary Government</u>
Deposits with financial institutions:	
Cash/Money Market Funds	\$ 25,623,425
Certificates of deposit	34,876,261
Investments:	
Federal Home Loan Bank	4,267,630
Federal Home Loan Mtg Corp	2,826,345
Federal Farm Credit Bank	398,376
FHLMC Step Coupon	539,374
Federal National Mtg Assn	969,234
FICO Strip Coupon	851,576
	<u>\$ 70,352,221</u>

# CITY OF ROCK SPRINGS, WYOMING

## NOTES TO FINANCIAL STATEMENTS

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Investments authorized by the City's investment policy: The City follows the guidelines set forth in Wyoming State Statute 9-4-831 as it relates to the investment of public funds. The City's investment policy requires investments to comply with State statutes, which generally allows the City to invest in U.S., state and local government securities and accounts of any bank and savings associations which are federally insured or secured by a pledge of assets including bonds, debentures and other securities in which the State Treasurer may by law invest. All investments made during the year were made within these statutory limits. The City's investment policy does not contain any specific provisions intended to limit the City's exposure to interest rate risk, credit risk or concentration of credit risk.

Credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The credit risk for the City's other investments are presented as follows:

Category	Credit Rating	Market Value
Federal Home Loan Bank	AAA	\$ 4,267,630
Federal Home Loan Mtg Corp	AAA	\$ 2,826,345
Federal Farm Credit Bank	AAA	\$ 398,376
FHLMC Step Coupon	AAA	\$ 539,374
Federal National Mtg Assn	AAA	\$ 969,234
FICO Strip Coupon	AAA	\$ 851,576

Custodial credit risk: Custodial credit risk for deposits and certificates of deposit is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Certain deposits held in City bank accounts are insured by Federal depository insurance or are collateralized with securities held by the custodian bank under safekeeping or Federal Reserve receipts in the name of the City and the financial institution. As of June 30, 2008, the primary government had bank balances on deposit and certificates of deposit, including accrued interest of \$60,535,071, which were fully collateralized or insured.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. As of June 30, 2008, all investment securities were held by the City's custodian and registered in the City's name.

# CITY OF ROCK SPRINGS, WYOMING

## NOTES TO FINANCIAL STATEMENTS

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Concentration of credit risk: Because there is minimal credit risk associated with investments issued by the U.S. government agencies, which include all of the City’s investments, no further disclosure regarding concentrations of credit risk is required.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. A majority of the bonds held in the City’s investment portfolio have call structures allowing the issuer to call that bond at specific times during the life of the bond. These bonds are purchased because they add yield compared to buying a non-callable bond.

The City has chosen the segmented time distribution method for its Interest Rate Disclosure. Maturity assumptions have been made using a matrix analyzing interest rates versus final maturity dates of these callable securities. The maturity assumptions or average life of the City’s securities are displayed in the Interest Rate Risk Table.

	Primary Government				
	Market	Less Than 1 Year	1-2 Years	2-5 Years	Greater than 5 Years
Federal Home Loan Bank	\$ 4,267,630	\$ 814,495	\$ -	\$ 1,423,755	\$ 2,029,380
Federal Home Loan Mtg Corp	2,826,345	-	-	2,826,345	-
Federal Farm Credit Bank	398,376	-	-	398,376	-
FHLMC Step Coupon	539,374	-	-	539,374	-
Federal National Mtg Assn	969,234	-	-	969,234	-
FICO Strip Coupon	851,576	-	-	851,576	-
	<u>\$ 9,852,535</u>	<u>\$ 814,495</u>	<u>\$ -</u>	<u>\$ 7,008,660</u>	<u>\$ 2,029,380</u>

Highly sensitive securities: The City holds no investments that are classified as “highly sensitive.”

Part of the City’s payment to the Joint Powers Water Board has historically been placed in an account restricted for improvements to the City’s portion of the Water System. The balance in this account, held by the Joint Powers Water Board, was \$818,576 at June 30, 2008. These funds are in the custody of and are collateralized through the Joint Powers Water Board, and are included in the accompanying financial statements as restricted cash.

# CITY OF ROCK SPRINGS, WYOMING

## NOTES TO FINANCIAL STATEMENTS

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### Note 3. Receivables

Accounts receivable as of year end for the individual major funds, including the applicable allowances for doubtful accounts, are as follows:

	Governmental	Business-Type Activities		
	Activities	Water	Wastewater	Housing
	General	Fund	Fund	Authority
	Fund			
Accounts receivable	\$ 6,288	\$ 901,102	\$ 61,232	\$ 4,124
Allowance for doubtful accounts	(623)	(3,604)	(467)	(1,175)
	<u>\$ 5,665</u>	<u>\$ 897,498</u>	<u>\$ 60,765</u>	<u>\$ 2,949</u>

The only receivables not expected to be collected within one year are \$357,691 of special assessment receivables in the general fund. These receivables have an off-setting allowance in the amount of \$357,691 for a net realizable value of \$0 at June 30, 2008.

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.

The accounts receivable in the water fund is related to amounts owed by water customers.

# CITY OF ROCK SPRINGS, WYOMING

## NOTES TO FINANCIAL STATEMENTS

### Note 4. Capital Assets

The following two tables summarize the changes in capital assets for governmental and business-type activities during the year ended June 30, 2008:

	Balance June 30, 2007	Additions	Deductions	Transfers	Balance June 30, 2008
Governmental Activities:					
Capital assets, not being depreciated:					
Land and art	\$ 4,697,010	\$ 198,279	\$ -	\$ -	\$ 4,895,289
Construction in progress	1,283,208	6,873,691	-	(828,683)	7,328,216
<b>Total capital assets, not being depreciated</b>	<b>5,980,218</b>	<b>7,071,970</b>	<b>-</b>	<b>(828,683)</b>	<b>12,223,505</b>
Capital assets, being depreciated:					
Buildings and improvements	23,836,757	20,000	-	482,507	24,339,264
Land improvements	5,295,109	-	-	298,414	5,593,523
Furnishings and equipment	11,353,174	903,716	(620,937)	289,447	11,925,400
Infrastructure	60,808,580	3,502,152	-	47,762	64,358,494
<b>Total capital assets, being depreciated</b>	<b>101,293,620</b>	<b>4,425,868</b>	<b>(620,937)</b>	<b>1,118,130</b>	<b>106,216,681</b>
Accumulated depreciation for:					
Buildings and improvements	(18,156,263)	(816,223)	-	-	(18,972,486)
Land improvements	(3,834,422)	(193,124)	-	-	(4,027,546)
Furnishings and equipment	(8,131,938)	(857,740)	610,596	(289,447)	(8,668,529)
Infrastructure	(36,790,468)	(1,869,700)	-	-	(38,660,168)
<b>Total accumulated depreciation</b>	<b>(66,913,091)</b>	<b>(3,736,787)</b>	<b>610,596</b>	<b>(289,447)</b>	<b>(70,328,729)</b>
<b>Total capital assets, being depreciated, net</b>	<b>34,380,529</b>	<b>689,081</b>	<b>(10,341)</b>	<b>828,683</b>	<b>35,887,952</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 40,360,747</b>	<b>\$ 7,761,051</b>	<b>\$ (10,341)</b>	<b>\$ -</b>	<b>\$ 48,111,457</b>

**CITY OF ROCK SPRINGS, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

	Balance June 30, 2007	Additions	Deductions	Transfers	Balance June 30, 2008
Business-Type Activities:					
Capital assets, not being depreciated:					
Land	\$ 288,136	\$ -	\$ -	\$ -	\$ 288,136
Construction in progress	16,156,563	6,565,555	-	(16,347,231)	6,374,887
<b>Total capital assets, not being depreciated</b>	<b>16,444,699</b>	<b>6,565,555</b>	<b>-</b>	<b>(16,347,231)</b>	<b>6,663,023</b>
Capital assets, being depreciated:					
Buildings and improvements	21,693,608	-	-	13,612,291	35,305,899
Systems improvements	1,367,944	-	-	2,734,940	4,102,884
Furnishings and equipment	2,262,652	465,500	(15,070)	(289,447)	2,423,635
Land improvements	118,309	-	-	-	118,309
Infrastructure	9,835,743	634,168	-	-	10,469,911
<b>Total capital assets, being depreciated</b>	<b>35,278,256</b>	<b>1,099,668</b>	<b>(15,070)</b>	<b>16,057,784</b>	<b>52,420,638</b>
Accumulated depreciation for:					
Buildings and improvements	(12,460,123)	(1,116,385)	-	-	(13,576,508)
Systems improvements	(705,361)	(190,191)	-	-	(895,552)
Furnishings and equipment	(1,820,536)	(161,204)	13,796	289,447	(1,678,497)
Land improvements	(32,821)	(7,887)	-	-	(40,708)
Infrastructure	(4,698,812)	(280,612)	-	-	(4,979,424)
<b>Total accumulated depreciation</b>	<b>(19,717,653)</b>	<b>(1,756,279)</b>	<b>13,796</b>	<b>289,447</b>	<b>(21,170,689)</b>
<b>Total capital assets, being depreciated, net</b>	<b>15,560,603</b>	<b>(656,611)</b>	<b>(1,274)</b>	<b>16,347,231</b>	<b>31,249,949</b>
<b>Business-type activities capital assets, net</b>	<b>\$ 32,005,302</b>	<b>\$ 5,908,944</b>	<b>\$ (1,274)</b>	<b>\$ -</b>	<b>\$ 37,912,972</b>

# CITY OF ROCK SPRINGS, WYOMING

## NOTES TO FINANCIAL STATEMENTS

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Depreciation expense was charged to functions/programs of the City as follows:

	<u>Depreciation Expense</u>
Governmental Activities:	
General government	\$ 225,425
Public safety	409,869
Public works	2,198,928
Culture and recreation	902,565
<b>Total depreciation expense - governmental activities</b>	<b><u><u>\$ 3,736,787</u></u></b>
Business-Type Activities:	
Water	\$ 244,137
Wastewater	1,243,561
Housing	268,581
<b>Total depreciation expense - business-type activities</b>	<b><u><u>\$ 1,756,279</u></u></b>

### Note 5. Retirement Commitments

The City participates in the State of Wyoming Retirement System (System), a statewide cost-sharing multiple-employer public employee retirement system.

Substantially all City full-time (excluding firemen and law enforcement) employees are eligible to participate in the System. Participants who retire at age 60 with four years of credited service are entitled to a retirement benefit according to predetermined formulas and are allowed to select one of five optional methods for receiving benefits. Early retirement is allowed provided the employee has completed four years of service and attained the age of 50, but will result in a reduction of benefits based on the length of time remaining to normal retirement age. The System also provides death and disability benefits. Benefits are established by State statutes. The System issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to Wyoming Retirement System, 6101 Yellowstone Road, 5<sup>th</sup> Floor West, Cheyenne, Wyoming 82009 or by calling (307) 777-7691.

Generally, individuals with creditable service prior to July 1, 1981, receive benefits based on the larger of a money purchase benefit structure or a formula basis. The formula consists of multiplying the number of years of service by 2.215% for the members first 15 years of service and 2.25% for all years after 15 by the final average salary. The final average salary consists of the three highest continuous years of service.

Benefits for individuals hired after July 1, 1981, are calculated only by the formula method.

The System also provides disability retirement to any employee who becomes permanently incapacitated, mentally or physically, and who cannot continue in the performance of his duties. Benefits are established by State statute.

## CITY OF ROCK SPRINGS, WYOMING

### NOTES TO FINANCIAL STATEMENTS

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Contributions to the System consist of an amount equal to 11.25% of the employee's salary. The City is required by State statute to contribute 5.68% of the amount and, as permitted by statute, also contributes the employee's 5.57%.

The City's contribution to the Wyoming Retirement System for the years ended June 30, 2008, 2007 and 2006 were \$796,346, \$731,374, and \$670,495, respectively, equal to the required contributions for each year.

Firemen's pension: The City also participates in the State of Wyoming Paid Firemen's Pension, a statewide cost-sharing multiple-employer public employee retirement system.

All paid City firemen are eligible to participate in the system. The Paid Firemen's Pension Fund is a defined-benefit contributory retirement plan covering paid firemen who elect to participate. Participants and employers contribute specified percentages of participants' salaries. The plan provides retirement disability and death benefits according to predetermined amounts primarily determined by years of services and average salaries. Participants may withdraw from the plan at any time and re-receive funds of participant contributions without interest.

Contributions to the system consist of an amount equal to 18% of the employee's salary. The City is required by a collective bargaining agreement to contribute 100% of the amount.

The City's contribution to the plan for the years ended June 30, 2008, 2007 and 2006 were \$392,667, \$363,875, and \$345,738 respectively, equal to the required contributions for each year.

Law enforcement pension: The City began participating in the State of Wyoming Law Enforcement Pension on July 1, 2003, a statewide cost-sharing multiple-employer public employee retirement system.

All full-time City law enforcement employees are eligible to participate in the system. The Law Enforcement Pension is a defined-benefit contributory retirement plan covering specific law enforcement positions within the City. Participants and employers contribute specified percentages of participants' salaries. The plan provides retirement disability and death benefits according to predetermined amounts primarily determined by years of services and average salaries. Contributions may be withdrawn from the plan upon termination or upon meeting certain eligibility requirements.

Contributions to the System consist of an amount equal to 17.2% of the employee's salary. The City contributes 100% of the amount.

The City's contribution to the plan for the years ended June 30, 2008, 2007 and 2006 was \$593,712, \$546,460, and \$529,308, respectively.

# CITY OF ROCK SPRINGS, WYOMING

## NOTES TO FINANCIAL STATEMENTS

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### **Note 6. Joint Ventures**

Joint Water Board Agreement: Under certain provisions of Wyoming State Statutes, the City entered into an agreement with the City of Green River and Sweetwater County to form a Joint Powers Board for the purchase, financing, rehabilitation, and operation of a water supply distribution system for domestic and other uses servicing Rock Springs, Wyoming; Green River, Wyoming; and other areas in Sweetwater County, Wyoming.

The Board consists of five members: two members from Rock Springs, two members from Green River, and one member from Sweetwater County.

The participating cities are responsible for the maintenance, operation, staffing, rate setting, and billing for each distribution system as well as construction of storage facilities. The cities lease these facilities from the Board on a year-to-year basis subject to annual appropriations by the cities. During the year ended June 30, 2008, the City paid \$3,264,173 to purchase water from the Board. The City is also required to transfer all capital assets associated with water projects to the Board. During the year ended June 30, 2008, capital assets with a cost of \$1,570,591 were transferred.

The financial transactions of the Board are not included in these financial statements. However, complete financial statements of the Joint Powers Water Board may be obtained from their administrative office in Green River, Wyoming.

Joint Telecommunications Board Agreement: Under certain provisions of Wyoming State Statutes, the City entered into an agreement with the City of Green River to form the Joint Telecommunication Powers Board (JTPB) to plan, create, construct, expand, finance and operate a fiber optic telecommunication system servicing Rock Springs, Wyoming; Green River, Wyoming; and other areas in Sweetwater County, Wyoming.

The JTPB consists of six members: three members from Rock Springs and three members from Green River. The participating cities have agreed to fund the creation of a fiber optic telecommunication system and to reimburse the Board for internet bandwidth costs. In fiscal year 2008, the City paid the JTPB \$5,333 for internet bandwidth.

The financial transactions of the JTPB are not included in these financial statements. However, additional financial information of the JTPB may be obtained by contacting the Board Treasurer, Matt McBurnett, at the City of Rock Springs, 212 D Street, Rock Springs, WY 82901.

Sweetwater County Improvement Projects Joint Powers Board Agreement: Under certain provisions of Wyoming State Statutes, the City entered into a joint powers agreement with Sweetwater County and the Cities of Green River, Bairoil, Granger, Superior, and Wamsutter to form the Sweetwater County Improvement Projects Joint Powers Board to finance construction of infrastructure of the participating cities in Sweetwater County using 1% specific purpose sales and use tax proceeds.

# CITY OF ROCK SPRINGS, WYOMING

## NOTES TO FINANCIAL STATEMENTS

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The Board consists of seven members: one member from Sweetwater County and one member from each of the six participating cities. During the year ended June 30, 2008, the City recorded 1% specific purpose sales and use tax revenues of \$4,755,773 to finance various sewer and streets infrastructure projects.

The financial transactions of the Board are not included in these financial statements. However, additional financial information of the Board may be obtained by contacting the Rock Springs Board Member, Carl R. Demshar, Jr., at the City of Rock Springs, 212 D Street, Rock Springs, WY 82901.

### Note 7. Contingencies and Commitments

At various times, claims and lawsuits are pending against the City. The City is of the opinion that the liability, if any, arising from such claims will not have a materially adverse effect on its financial statements. Under the terms of Federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. City management believes disallowances, if any, would not be significant to the City's financial statements.

Risk of loss: The City and Housing Authority are subject to risk of loss from various events, including torts, theft, damage to assets, business interruption, errors and omissions, and job-related injuries to employees, as well as acts of God.

The City and Housing Authority have purchased commercial insurance and workers' compensation coverage to minimize their risks of loss. There has been no significant reduction in coverage against these losses from year to year.

Employees of the City are covered by the City's medical self-insurance plan. The City's costs for this plan are reflected in the funds paying the coverage, premiums and administrative costs. The self-insurance fund is reported as an internal service fund in the accompanying financial statements. The City has a contract with a third-party administrator to process payments. The City also maintains a stop-loss policy to limit the potential for individual and aggregate claims. Management has estimated an accrual for incurred but not reported (IBNR) claims at June 30, 2008 of \$280,000. Changes in the IBNR from fiscal years 2008 and 2007 were as follows:

	At Fiscal Year-End Liability	Estimated Claims Incurred	Claim Payments	At Fiscal Year-End Liability
Fiscal Year 2006-2007	\$ 380,000	\$ 2,508,792	\$ (2,423,792)	\$ 465,000
Fiscal Year 2007-2008	\$ 465,000	\$ 1,811,178	\$ (1,996,178)	\$ 280,000

# CITY OF ROCK SPRINGS, WYOMING

## NOTES TO FINANCIAL STATEMENTS

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At June 30, 2008, the City was obligated for construction and other contracts as follows:

Fund:	Contract		
	Price	Paid to Date	Balance
General fund	\$ 22,926,766	\$ 7,637,948	\$ 15,288,818
Water fund	1,313,068	1,043,860	269,208
Sewer fund	25,789,375	18,950,856	6,838,519
	<u>\$ 50,029,209</u>	<u>\$ 27,632,664</u>	<u>\$ 22,396,545</u>

### Note 8. Due to State of Wyoming

The wastewater fund has four outstanding loans with the Wyoming State Loan and Investment Board.

The *Wastewater Treatment Plant Expansion Project* loan (original loan \$11,000,000, interest at 2.5%) requires annual principal and interest payments of \$705,618. The loan balance as of June 30, 2008 was \$10,569,382. The loan is secured by the pledge of the City's rights, title, and interest in and to the revenues received from the water system user fees.

The *Headworks Project* loan (original loan \$1,092,200, interest at 2.5%) requires annual principal and interest payments of \$93,423. The loan balance as of June 30, 2008 was \$744,662. The loan is secured by the pledge of the City's rights, title, and interest in and to revenues received in the operations of the Wastewater Fund.

The *Sunset Sewer* loan (original loan \$500,000, interest at 2.5%) requires annual principal and interest payments of \$32,074. The loan balance as of June 30, 2008 was \$439,799. The loan is secured by the pledge of the City's rights, title, and interest in and to revenues received in the operations of the Wastewater Fund.

The *Clark Addition* loan (original loan \$993,198, interest at 2.5%) requires annual principal and interest payments of \$63,711. The loan balance as of June 30, 2008 was \$873,615. The loan is secured by the pledge of the City's rights, title, and interest in and to revenues received in the operations of the Wastewater Fund.

# CITY OF ROCK SPRINGS, WYOMING

## NOTES TO FINANCIAL STATEMENTS

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Annual debt service requirements to maturity are as follows:

Year ending June 30,	Total	Principal	Interest
2009	\$ 894,826	\$ 579,139	\$ 315,687
2010	894,826	593,618	301,208
2011	894,826	608,458	286,368
2012	894,826	623,670	271,156
2013	894,826	639,261	255,565
2014 - 2018	4,380,705	3,350,749	1,029,956
2019 - 2023	4,007,013	3,393,426	613,587
2024 - 2028	3,014,042	2,839,137	174,905
	<u>\$ 15,875,890</u>	<u>\$ 12,627,458</u>	<u>\$ 3,248,432</u>

The City has entered into agreements with the Wyoming State Loan and Investment Board and Wyoming Water Development Commission through the Joint Powers Water Board (except for the *Water Meter Replacement* loan, which runs directly through the City) to provide funding for improvements to the water system. The City has agreed to reimburse the Joint Powers Board for all required payments on the notes (except for the *Water Meter Replacement* loan).

The *Water Meter Replacement* loan (original loan \$2,449,830, interest at 2.5%) requires annual principal and interest payments of \$157,150. The loan balance as of June 30, 2008 was \$2,449,830. The loan is secured by the pledge and assignment of revenues from the City's Water Fund.

The *Lower Edgar* loan (original loan \$1,738,481, interest at 2.5%) requires annual principal and interest payments of \$116,062. The loan balance as of June 30, 2008 was \$1,437,008. The loan is secured by the pledge and assignment of revenues from the City's Water Fund.

The *Clark Addition* loan (original loan \$1,000,000, interest at 2.5%) requires annual principal and interest payments of \$64,147. The loan balance as of June 30, 2008 was \$879,598. The loan is secured by the pledge and assignment of revenues from the City's Water Fund.

The *Westside I and II* loans (original loan \$480,195, interest at 7.25%) require annual principal and interest payments of \$39,674. The loan balances as of June 30, 2008 were \$445,215. The loan is secured by the pledge and assignment of revenues from the City's Water Fund.

The *Gobel/O'Donnell Water Line* loan (interest at 2.5%) was initiated during 2008 in the amount of \$1,500,000. Advances on loan as of June 30, 2008 were \$1,028,940. The first payment is due one year after the project completion date. Principal and interest payments due annually are estimated at \$66,003 based on loan advances at June 30, 2008. Principal and interest payments are estimated at \$96,221 when all loan advances have occurred. The loan is secured by the pledge and assignment of revenues from the City's Water Fund.

# CITY OF ROCK SPRINGS, WYOMING

## NOTES TO FINANCIAL STATEMENTS

Annual debt service requirements to maturity are as follows:

Year ending June 30,	Total	Principal	Interest
2009	\$ 477,327	\$ 265,874	\$ 211,453
2010	443,036	272,871	170,165
2011	443,036	280,070	162,966
2012	443,036	287,476	155,560
2013	443,036	295,096	147,940
2014-2018	2,215,179	1,597,833	617,346
2019-2023	2,215,179	1,825,245	389,934
2024-2028	1,442,428	1,282,498	159,930
2029-2032	157,916	133,628	24,288
	\$ 8,280,173	\$ 6,240,591	\$ 2,039,582

### Note 9. Long-Term Obligations

A summary of the City's long-term obligations is as follows:

	Balance June 30, 2007	Additions	Reductions	Balance June 30, 2008	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 1,709,494	\$ 1,636,071	\$ (1,450,031)	\$ 1,895,534	\$ 1,322,769
<b>Total governmental long-term obligations</b>	1,709,494	1,636,071	(1,450,031)	1,895,534	1,322,769
Business Type Activities:					
Wastewater fund - due to other governmental entities	12,252,051	940,421	(565,014)	12,627,458	579,139
Water fund - due to other governmental entities	2,201,818	248,012	-	2,449,830	95,904
Water-JPWB Loan	2,888,027	1,028,941	(126,207)	3,790,761	169,970
Compensated absences	227,092	193,163	(222,258)	197,997	139,085
<b>Total business-type long-term obligations</b>	17,568,988	2,410,537	(913,479)	19,066,046	984,098
<b>Total long-term obligation</b>	\$ 19,278,482	\$ 4,046,608	\$ (2,363,510)	\$ 20,961,580	\$ 2,306,867

**CITY OF ROCK SPRINGS, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 10. Reserves and Designations**

Reserves, as described in Note 1, have been established as follows:

	Governmental Fund <hr/> General Fund <hr/>
Reserved for inventories	\$ 486,589
Reserved for encumbrances	13,968,993
Reserved for prepaid expenses	12,250
	<hr/> <u>\$ 14,467,832</u> <hr/>

Designations, as described in Note 1, have been established as follows:

	Governmental Fund <hr/> General Fund	Business-Type Funds <hr/> Water Fund      Wastewater Fund      Housing Authority		
Contingency reserve	\$ 6,302,789	\$ -	\$ -	\$ -
Capital replacement	3,565,807	1,440,000	7,057,240	-
Cash carryover	14,830,664	2,547,009	2,881,302	-
Compensated absences	1,012,750	-	-	-
	<hr/> <u>\$ 25,712,010</u> <hr/>	<hr/> <u>\$ 3,987,009</u> <hr/>	<hr/> <u>\$ 9,938,542</u> <hr/>	<hr/> <u>\$ -</u> <hr/>

**Note 11. Litigation**

The City has multiple claims and pending legal proceedings that generally involve the operations of the City. These proceedings are, in the opinion of management, ordinary routine matters incidental to the normal business conducted by the City. In the opinion of management and the City legal counsel, such proceedings are substantially covered by insurance, and the ultimate disposition of such proceedings are not expected to have a material adverse effect on the City's financial position, results of operations or cash flows.

## **REQUIRED SUPPLEMENTARY INFORMATION**

The City's required supplementary information includes the budgetary comparison – general fund as described in the accompanying Notes to Required Supplementary Information following the schedules.

**CITY OF ROCK SPRINGS, WYOMING**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**For the Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes:				
Property taxes	\$ 1,200,000	\$ 1,437,300	\$ 1,916,204	\$ 478,904
Occupation tax	55,000	55,000	55,237	237
Franchise tax	540,000	540,000	641,314	101,314
Sales and use tax	21,574,500	21,901,362	24,087,523	2,186,161
Cigarette tax	200,000	200,000	230,105	30,105
Wholesale gas tax	290,000	290,000	398,285	108,285
Mineral severance tax	792,867	792,867	852,138	59,271
Special fuels tax	102,500	102,500	144,962	42,462
	<u>24,754,867</u>	<u>25,319,029</u>	<u>28,325,768</u>	<u>3,006,739</u>
Licenses and permits:				
Liquor licenses	46,450	46,450	59,011	12,561
Malt beverage and catering	750	750	4,800	4,050
Building fess and permits	450,000	450,000	1,023,493	573,493
Animal licenses	9,000	9,000	15,506	6,506
Contractor licenses	45,000	45,000	63,975	18,975
Road impact fees	20,000	20,000	39,011	19,011
	<u>571,200</u>	<u>571,200</u>	<u>1,205,796</u>	<u>634,596</u>
Inter-governmental revenue:				
Mineral royalties	847,546	847,546	847,343	(203)
Federal, state, and county grants	6,182,757	11,711,627	2,864,882	(8,846,745)
Supplemental local government funding	2,011,489	2,011,489	2,011,257	(232)
	<u>9,041,792</u>	<u>14,570,662</u>	<u>5,723,482</u>	<u>(8,847,180)</u>
Charges for services:				
Golf course	600,000	600,000	571,886	(28,114)
Civic center	135,000	135,000	162,721	27,721
Indoor recreation	378,500	378,500	430,200	51,700
Field usage fees	3,000	3,000	7,580	4,580
Rents and concessions	18,000	18,000	26,703	8,703
Cemetery fees	12,000	12,000	22,675	10,675
Inter-fund administrative charges	107,500	107,500	123,159	15,659
Special police and fire services	2,000	2,000	17,215	15,215
Advertising fees	2,100	2,100	2,300	200
	<u>1,258,100</u>	<u>1,258,100</u>	<u>1,364,439</u>	<u>106,339</u>

Continued

**CITY OF ROCK SPRINGS, WYOMING**  
**BUDGETARY COMPARISON SCHEDULE (continued)**  
**GENERAL FUND**  
**For the Year Ended June 30, 2008**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Fines and forfeitures:</b>				
Municipal court fees and parking fines	\$ 450,500	\$ 450,500	\$ 468,747	\$ 18,247
Animal fines	10,000	10,000	22,093	12,093
	<u>460,500</u>	<u>460,500</u>	<u>490,840</u>	<u>30,340</u>
<b>Miscellaneous:</b>				
Animal adoption	3,500	3,500	8,390	4,890
Sale of cemetery lots	10,000	10,000	19,375	9,375
Maps, publications, and copies	2,500	2,500	5,770	3,270
Sale of materials or supplies	248,600	248,600	281,668	33,068
Sale of property	-	-	17,866	17,866
Blue Cross Blue Shield	295,000	295,000	307,849	12,849
Miscellaneous reimbursements	9,000	9,000	32,329	23,329
Refund of overpayments and insurance reimbursement	5,500	5,500	24,256	18,756
Contributions and donations	600	209,955	221,812	11,857
Sundry revenues	1,200	22,527	49,568	27,041
	<u>575,900</u>	<u>806,582</u>	<u>968,883</u>	<u>162,301</u>
<b>Other income:</b>				
Interest	257,700	737,700	1,639,067	901,367
Transfers	-	1,060,000	1,046,971	(13,029)
	<u>257,700</u>	<u>1,797,700</u>	<u>2,686,038</u>	<u>888,338</u>
<b>Total revenues</b>	<u>36,920,059</u>	<u>44,783,773</u>	<u>40,765,246</u>	<u>(4,018,527)</u>

Continued

**CITY OF ROCK SPRINGS, WYOMING**  
**BUDGETARY COMPARISON SCHEDULE (continued)**  
**GENERAL FUND**  
**For the Year Ended June 30, 2008**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b>Expenditures</b>				
General government:				
Legislative	\$ 521,924	\$ 445,101	\$ 270,391	\$ 174,710
Judicial	554,751	554,751	430,434	124,317
Finance, administration	845,454	997,754	919,463	78,291
Municipal court	359,001	359,001	272,572	86,429
Data processing	654,601	1,109,601	445,523	664,078
City buildings	2,341,351	2,341,351	768,197	1,573,154
	<u>5,277,082</u>	<u>5,807,559</u>	<u>3,106,580</u>	<u>2,700,979</u>
Public safety:				
Police department	6,476,425	6,512,151	6,344,941	167,210
Animal control	583,651	583,651	278,011	305,640
Emergency management	175,880	175,880	104,845	71,035
Fire department	4,512,240	4,586,305	4,370,576	215,729
	<u>11,748,196</u>	<u>11,857,987</u>	<u>11,098,373</u>	<u>759,614</u>
Public works:				
Public works administration, engineering	1,289,451	1,630,191	544,897	1,085,294
Planning and inspection	798,602	798,602	733,403	65,199
Street department	12,586,645	15,284,057	6,493,513	8,790,544
Vehicle maintenance	477,952	501,102	455,039	46,063
Cemetery	677,251	701,606	494,563	207,043
	<u>15,829,901</u>	<u>18,915,558</u>	<u>8,721,415</u>	<u>10,194,143</u>
Culture and recreation:				
Parks and recreation	4,771,366	5,078,229	4,632,395	445,834
Golf course	6,875,302	7,186,823	6,625,951	560,872
Recreation	427,951	427,951	391,825	36,126
Civic center	1,015,592	1,080,422	972,450	107,972
Historical museum	215,691	217,876	193,563	24,313
Indoor recreation	2,886,384	2,895,874	2,619,786	276,088
	<u>16,192,286</u>	<u>16,887,175</u>	<u>15,435,970</u>	<u>1,451,205</u>
Nondepartmental	3,724,922	10,803,435	10,311,854	491,581
Transfers	-	60,000	60,000	-
	<u>3,724,922</u>	<u>10,863,435</u>	<u>10,371,854</u>	<u>491,581</u>
<b>Total expenditures</b>	<u>52,772,387</u>	<u>64,331,714</u>	<u>48,734,192</u>	<u>15,597,522</u>
<b>(Deficiency) of revenues over expenditures</b>	<u>\$ (15,852,328)</u>	<u>\$ (19,547,941)</u>	<u>\$ (7,968,946)</u>	<u>\$ 11,578,995</u>

*The notes to the financial statements are an integral part of this statement*

## CITY OF ROCK SPRINGS, WYOMING

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION For the Year Ended June 30, 2008

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#### **Note 1. Budgets**

The statement of revenues, expenditures and changes in fund balance – budget and actual – general fund presents a comparison of the legally adopted budget with actual data. The City prepares its budget on a modified accrual basis, as is used to prepare the governmental fund financial statements adjusted to include encumbrances and transfers within the general fund. The revenues and expenditures shown below are presented on a similar basis. All budget amendments are approved by the City Council and are presented within the final budget figures.

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

Wyoming State Statutes require the preparation of an annual budget which provides documentation that all sources and uses of City resources are properly planned, budgeted, and approved. The budget, upon adoption, is the legal document which places restrictions and limitations on the purposes and amounts for which City monies may be expended.

The budget is adopted according to the following schedule:

1. On or before May 15, the Budget Officer shall prepare a tentative budget for each fund and file the budget with the governing body.
2. A summary of the tentative budget shall be entered into the minutes and the governing body shall publish the summary at least one week before the public hearing to adopt the budget.
3. The public hearing is held on the third Tuesday in June.
4. A copy of the adopted budget shall be furnished to the County Commissioners for the necessary property tax levies and placed on file for public inspection.

**CITY OF ROCK SPRINGS, WYOMING**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
For the Year Ended June 30, 2008**

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**Note 2. Explanation of Differences between Budgetary Basis and GAAP Basis**

	<u>General Fund</u>
<b>Revenues</b>	
Actual Amounts (budgetary basis) from the schedule of revenues, expenditures and changes in fund balance - budget (budgetary basis) and actual	\$ 40,765,246
Differences - Budget Basis to GAAP Transfers to the reserves fund within the General Fund	<u>(1,046,971)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 39,718,275</u>
<b>Expenditures</b>	
Actual Amounts (budgetary basis) from the schedule of revenues, expenditures and changes in fund balance - budget (budgetary basis) and actual	\$ 48,734,192
Transfers to the reserves fund within the General Fund	(1,046,971)
Differences - Encumbrances included on the budgetary basis, not included in GAAP based expenditures	<u>(13,968,993)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 33,718,228</u>

## **OTHER GOVERNMENTAL FUNDS**

The City's non-major governmental funds are described below:

*Economic development loan fund* – used to account for economic development loans.

*Debt service fund* - established for the purpose of accumulating resources for the payment of principal and interest on long-term special assessment debt.

**CITY OF ROCK SPRINGS, WYOMING  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 June 30, 2008**

	<b>Special Revenue Fund</b>		
	<b>Economic</b>		
	<b>Development Loan Fund</b>	<b>Debt Service Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 88,926	\$ 84,958	\$ 173,884
Receivables (net of allowance for uncollectibles):			
Special assessments receivable	-	10,476	10,476
Total assets	<u>\$ 88,926</u>	<u>\$ 95,434</u>	<u>\$ 184,360</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Deferred revenue	\$ -	\$ 10,476	\$ 10,476
Total liabilities	<u>-</u>	<u>10,476</u>	<u>10,476</u>
Fund balance:			
Unreserved, undesignated	<u>88,926</u>	<u>84,958</u>	<u>173,884</u>
Total liabilities and fund balances	<u>\$ 88,926</u>	<u>\$ 95,434</u>	<u>\$ 184,360</u>

**CITY OF ROCK SPRINGS, WYOMING  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008**

	<b>Special Revenue Fund</b>		
	<b>Economic Development Loan Fund</b>	<b>Debt Service Funds</b>	<b>Total</b>
<b>Revenues</b>			
Taxes and special assessments	\$ -	\$ 2,358	\$ 2,358
Interest	20	1,100	1,120
<b>Total revenues</b>	<u>20</u>	<u>3,458</u>	<u>3,478</u>
<b>Net change in fund balance</b>	20	3,458	3,478
Fund balances, beginning	<u>88,906</u>	<u>81,500</u>	<u>170,406</u>
Fund balances, ending	<u>\$ 88,926</u>	<u>\$ 84,958</u>	<u>\$ 173,884</u>

# **HOUSING AUTHORITY**

**CITY OF ROCK SPRINGS, WYOMING  
COMBINING STATEMENT OF NET ASSETS  
HOUSING AUTHORITY  
June 30, 2008**

<b>ASSETS</b>	<b>Public Housing</b>	<b>Section 8 Vouchers</b>	<b>Supportive Housing</b>	<b>Total</b>
<b>Current assets:</b>				
Cash and investments	\$ 396,761	\$ 30,241	\$ 3,591	\$ 430,593
Accounts receivable (net of allowance for uncollectibles)	1,735	-	1,214	2,949
Inventories	1,732	-	-	1,732
Prepaid expenses	25,936	-	-	25,936
<b>Total current assets</b>	<b>426,164</b>	<b>30,241</b>	<b>4,805</b>	<b>461,210</b>
<b>Noncurrent assets:</b>				
Capital assets, net of accumulated depreciation	2,920,093	-	-	2,920,093
<b>Total assets</b>	<b>3,346,257</b>	<b>30,241</b>	<b>4,805</b>	<b>3,381,303</b>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable	24,114	-	31	24,145
Customer and security deposits	29,760	-	-	29,760
Compensated absences	21,037	-	-	21,037
Due to (from) other funds	(8,565)	11,065	-	2,500
Deferred revenue	2,521	-	-	2,521
<b>Total current liabilities</b>	<b>68,867</b>	<b>11,065</b>	<b>31</b>	<b>79,963</b>
<b>Noncurrent liabilities:</b>				
Compensated absences	2,856	-	-	2,856
<b>Total liabilities</b>	<b>71,723</b>	<b>11,065</b>	<b>31</b>	<b>82,819</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	2,920,093	-	-	2,920,093
Restricted	354,441	19,176	4,774	378,391
<b>Total net assets</b>	<b>\$ 3,274,534</b>	<b>\$ 19,176</b>	<b>\$ 4,774</b>	<b>\$ 3,298,484</b>

**CITY OF ROCK SPRINGS, WYOMING**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN FUND NET ASSETS**  
**HOUSING AUTHORITY**  
**For the Year Ended June 30, 2008**

	<b>Public Housing</b>	<b>Section 8 Vouchers</b>	<b>Supportive Housing</b>	<b>Capital Fund</b>	<b>Total</b>
Operating revenues:					
Tenant rental revenue	\$ 317,063	\$ -	\$ 246	\$ -	\$ 317,309
Other tenant revenue	14,184	-	-	-	14,184
Total operating revenue	<u>331,247</u>	<u>-</u>	<u>246</u>	<u>-</u>	<u>331,493</u>
Operating expenses:					
Personnel	351,297	10,565	-	-	361,862
Utilities	92,678	-	-	-	92,678
Postal/freight	826	-	-	-	826
Communications	3,029	-	-	-	3,029
Office supplies and printing	4,783	-	-	-	4,783
Repairs and maintenance	50,181	-	-	-	50,181
Travel	576	-	-	-	576
Administrative costs	2,975	(18)	-	3,325	6,282
Other costs	14,617	-	-	-	14,617
Depreciation	268,581	-	-	-	268,581
Audit and legal expense	2,000	500	-	-	2,500
Consulting and collection	3,772	-	-	-	3,772
Insurance	46,545	-	-	-	46,545
Housing assistance payments	-	95,619	1,971	-	97,590
Tenant service contract costs	1,235	-	-	-	1,235
Total operating expenses	<u>843,095</u>	<u>106,666</u>	<u>1,971</u>	<u>3,325</u>	<u>955,057</u>
Operating (loss)	<u>(511,848)</u>	<u>(106,666)</u>	<u>(1,725)</u>	<u>(3,325)</u>	<u>(623,564)</u>
Nonoperating revenue (expense):					
HUD PHA grants	269,575	119,150	-	182,806	571,531
Interest income	6,697	308	-	-	7,005
Other income (expense)	-	2,060	(452)	-	1,608
Total nonoperating revenue	<u>276,272</u>	<u>121,518</u>	<u>(452)</u>	<u>182,806</u>	<u>580,144</u>
Income (loss) before transfers	(235,576)	14,852	(2,177)	179,481	(43,420)
Transfers in	179,481	-	-	-	179,481
Transfers out	-	-	-	(179,481)	(179,481)
Change in net assets	<u>(56,095)</u>	<u>14,852</u>	<u>(2,177)</u>	<u>-</u>	<u>(43,420)</u>
Net assets, beginning	<u>3,330,629</u>	<u>4,324</u>	<u>6,951</u>	<u>-</u>	<u>3,341,904</u>
Net assets, ending	<u>\$ 3,274,534</u>	<u>\$ 19,176</u>	<u>\$ 4,774</u>	<u>\$ -</u>	<u>\$ 3,298,484</u>

**CITY OF ROCK SPRINGS, WYOMING**  
**SCHEDULE OF EXPENDITURES OF**  
**FEDERAL AWARDS**  
**For the Year Ended June 30, 2008**

	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>U.S. Department of Housing and Urban Development</b>		
Public and Indian Housing	14.850	\$ 269,575
Section 8 Housing Choice Vouchers	14.871	119,150
Public Housing Capital Fund	14.872	182,806
Passed through the Wyoming Business Council:		
Community Development Block Grants/State's program	14.228	42,761
<b>Total U.S. Department of Housing and Urban Development</b>		<u>614,292</u>
<b>U.S. Department of Transportation</b>		
Passed through the Wyoming Department of Transportation:		
State and Community Highway Safety	20.600	10,254
Alcohol Traffic Safety & Drunk Driving Prevention Incentive	20.601	6,642
Highway Planning and Construction	20.205	53,194
<b>Total U.S. Department of Transportation</b>		<u>70,090</u>
<b>Environmental Protection Agency - Clean Water Act</b>		
Passed through the Wyoming State Loan and Investment Board:		
Capitalization Grants for Drinking Water State Revolving Funds - Water Meter Replacement/Auto Read	66.468	111,769
Capitalization Grants for Clean Water State Revolving Funds - WWTP Expansion Project Loan	66.458	283,821
<b>Total Environmental Protection Agency - Clean Water Act</b>		<u>395,590</u>
<b>U.S. Department of Homeland Security, including Emergency Preparedness and Response Directorate [FEMA]</b>		
Federal Assistance to Firefighters	97.044	48,943
Passed through the Wyoming Office of Homeland Security:		
Law Enforcement Terrorism Prevention Program	97.074	62,721
Homeland Security Grant Program	97.067	63,526
State Homeland Security Program - Regional Emergency Response Team	97.073	26,919
Passed through the Airport Board:		
Law Enforcement Officer Reimbursement Agreement Program	97.090	70,522
<b>Total U.S. Department of Homeland Security</b>		<u>272,631</u>
<b>National Park Service</b>		
Passed through the State of Wyoming Department of State Parks and Cultural Resources, Historic Preservation Fund Grants-In-Aid	15.904	2,718
<b>Total Federal awards expended</b>		<u>\$ 1,355,321</u>

**CITY OF ROCK SPRINGS, WYOMING**

**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2008**

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**Significant Accounting Policies**

The following information regarding the schedule of expenditures of Federal awards is provided to assist the reader in understanding the accounting policies regarding, and the nature of, the Federal awards.

Basis of accounting: The schedule of expenditures of Federal awards is prepared on the modified accrual basis of accounting, the same basis used by the City in its governmental fund financial reporting. Receivables are recorded when appropriate program expenditures are made and the City has a claim for reimbursement.

The information in this schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some of the amounts presented in this schedule may differ from their presentation in the financial statements.

## **COMPLIANCE AND INTERNAL CONTROL**

**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  
City of Rock Springs  
Rock Springs, Wyoming

We have audited the financial statements of the City of Rock Springs (the "City") as of and for the year ended June 30, 2008, and have issued our report thereon dated October 21, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential, will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 did not disclose instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Honorable Mayor, Members of the City Council, management, Federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

*McBee, Hearne & Paiz, LLP*

Cheyenne, Wyoming  
October 21, 2008

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Mayor and Members of the City Council  
City of Rock Springs  
Rock Springs, Wyoming

Compliance

We have audited the compliance of the City of Rock Springs (the "City") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2008. The City's major Federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major Federal programs for the year ended June 30, 2008.

Internal Control over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a Federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a Federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Honorable Mayor, Members of the City Council, management, Federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

*McGee, Hearne & Paiz, LLP*

Cheyenne, Wyoming  
October 21, 2008

**CITY OF ROCK SPRINGS, WYOMING**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2008**

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**I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS**

**A. Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ Yes  X  No
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes  X  None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes  X  No

**B. Federal Awards**

Internal control over major programs:

- Material weaknesses identified? \_\_\_\_\_ Yes  X  No
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes  X  None reported

Type of auditor's report issued on compliance for major programs: Unqualified

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? \_\_\_\_\_ Yes  X  No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>	<u>Expenditures</u>
66.458	Capitalization Grants for Clean Water State Revolving Funds	\$283,821
66.468	Capitalization Grants for Drinking Water State Revolving Funds	\$111,769

- Dollar threshold used to distinguish between Type A and Type B programs:  \$ 300,000
- Auditee qualified as low-risk auditee?  X  Yes \_\_\_\_\_ No

**CITY OF ROCK SPRINGS, WYOMING**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year Ended June 30, 2008**

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**II. FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS**

**A. Significant Deficiencies in Internal Control**

None

**B. Compliance Findings**

None

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

**CITY OF ROCK SPRINGS, WYOMING**

**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**  
**For the Year Ended June 30, 2008**

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There were no Federal audit findings in the prior year.