

CITY OF GREEN RIVER, WYOMING

**Annual Financial Report
Fiscal Year Ended June 30, 2006
(With Accountants' Report Therein)**

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Honorable Mayor and Members of City Council
City of Green River, Wyoming

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Green River, Wyoming (the City), as of and for the year ended June 30, 2006, which collectively comprises the City's basic financial statements as listed in the foregoing table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions 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, such basic financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable thereof, and the respective budgetary comparison for the General Fund, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and Required Supplementary Budgetary Comparison Information listed in the foregoing table of contents are not a required part of the basic financial statements, but are supplementary information required by the GASB. 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.

CERTIFIED PUBLIC ACCOUNTANTS

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary combining schedules and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining schedules and individual fund financial statements 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2006, 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 Audit Standards* and should be considered in assessing the results of our audit.

Karren, Hendrix, Stagg, Allen & Company

Karren, Hendrix, Stagg, Allen & Company
September 22, 2006

Management's Discussion and Analysis

This section of the City of Green River's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2006. Please read it in conjunction with the City's financial statements which follow this section.

Financial Highlights

The City's combined net assets grew to \$69.4 million during fiscal year 2006. This represents a 1.3% increase over fiscal year 2005. The increase is attributable to governmental activities increasing by \$3.1 million or 6.7% and business activities decreasing by \$2.1 million or 9.5% for the fiscal year.

The business type activities reduced in size the net assets ending balance to \$19,901,295. The risk management (internal service fund), wastewater and water funds lost a cumulative of \$2,130,383 as a result of operations. As in all years, the recreation center fund received a transfer of \$576,844 to fund its operations.

The solid waste fund posted a \$129,788 profit for fiscal year 2006. This increased the fund balance to \$1.8 million.

The wastewater fund recorded a \$1,682,619 loss in the last fiscal, which represents 17.9% of its net assets. Even with the loss the fund is very financially strong with approximately \$3.3 million in cash and investments and a fund balance of \$9,386,953. If the Governing Body wishes to continue on their current pace for wastewater infrastructure projects they will need to consider a slight rate increase during the budgeting process for future fiscal years.

The water fund recorded a \$376,340 loss in the last fiscal year, which represents 7.8% of its net assets. The fund is still financially solvent as it has approximately \$1.8 million in cash and investments and a fund balance of \$4,807,942. The Governing Body has kept the rate increases small through the last several years in order to keep the fund solvent. At this time City anticipates continued replacement of old infrastructure with out using any additional general fund appropriations to complete the projects.

The recreation center posted an operating loss of \$655,147. The City has chosen not to charge fees to match expenses and transferred \$576,844 during the fiscal year. During the fiscal year, the City's general fund transfer enough operating funds to the recreation center fund to keep it solvent. The current fund balance of the fund is equal to the amount of physical capital assets in the fund. In the fiscal year 2007 the City has decided to include the recreation center in the general fund.

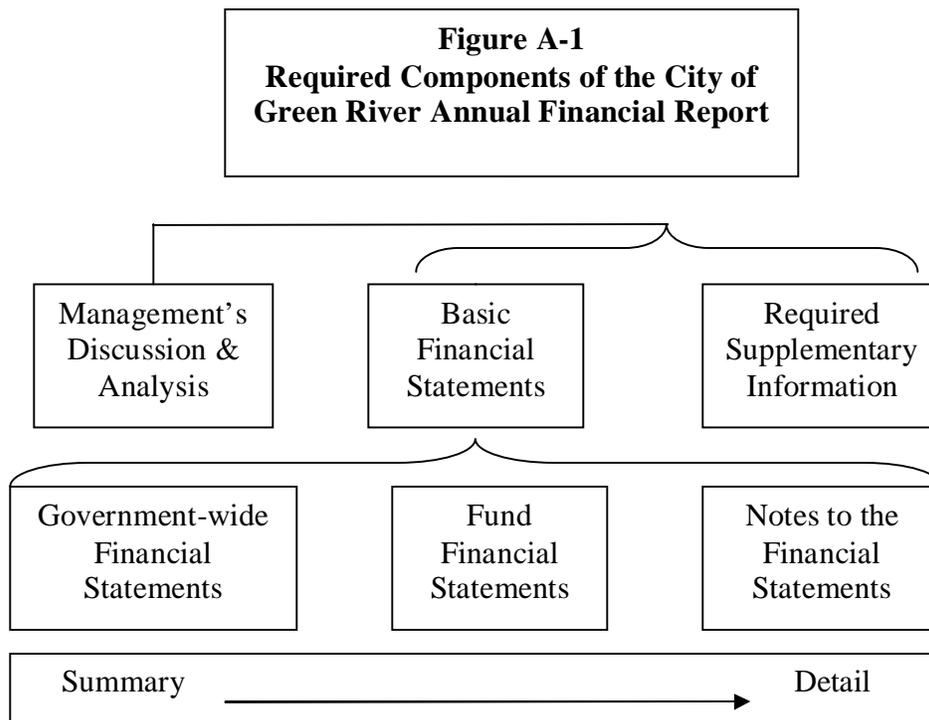
Overview of the Financial Statements

This annual report consists of three parts: 1) Management's Discussion and Analysis (this section) 2) The basic financial statements and 3) Required supplementary information. The basic financial statements include two kinds of statements that present different views of the City.

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status similar to a private-sector company.

- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City’s operations in more detail than the government-wide statements do.
 - **Governmental fund** statements tell how general governmental services like public safety were financed in the short term as well as what remains for future spending.
 - **Proprietary fund** statements offer short and long term financial information about the activities the government operates like businesses, such as the water and sewer systems.
 - **Fiduciary funds** are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City of Green River’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows graphically how the required parts of the annual report are arranged and related to one another.



Below, figure A-2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of the management’s discussion and analysis explains the structure and contents of each of the statements.

**Figure A-2
Major Features of the City of Green River’s Government-wide and Fund Financial Statements**

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City Government	The activities of the City that are not proprietary such as police, fire, and parks & recreation.	Activities the City operates similar to private businesses such as the water, sewer and solid waste program.
Required financial statements	Statement of Net Assets Statement of Activities	Balance Sheet, Statement of Revenues, Expenditures, and Changes in Fund Balances.	Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets. Statement of Cash Flows.
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.
Type of Asset/ Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term.	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included.	All assets and liabilities both financial and capital, and short-term and long-term.
Type of inflow/ outflow information	All revenues and expenses during the year, regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and payment is due.	All revenues and expenses during the year, regardless of when cash is received or paid.

Government-wide Statements

The government-wide statements, report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net assets (the difference between the City's assets and liabilities) is one way to measure the City's financial health, or position.

- Over time increases or decreases in the City's net assets are indicators of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City the reader of the financial statements needs to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's roads. The property tax base accounts for roughly 4% of the City's total general fund revenue.

The government-wide financial statements for the City are divided into two categories:

- Governmental activities – Most of the City's basic services are included here. Services such as police, public works, parks and recreation and general administration of the City. Property and sales taxes, charges for services, mineral royalties, severance taxes, and state and federal grants fund these activities. The one cent sales tax funds capital projects.
- Business-type activities – The City charges fees to customers to help it cover the costs of certain services it provides. The City's water, wastewater and solid waste services are under this umbrella. The recreation center is one anomaly to the business-type activities reporting. Though the recreation center is reported as a business-type activity, it is subsidized by the general fund.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds as opposed to the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law.
- The City Council establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The City has four kinds of funds:

Governmental fund – Most of the City's basic services are included in the governmental funds, which focus on: 1) how cash and other financial assets can readily be converted to cash flow in and out and

2) the balances left at year-end that are available for spending in the next year. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether or not there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provided additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.

Proprietary fund – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements provide both long and short term financial information. In fact, the City's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information such as a statement of cash flows.

Internal service fund – The risk management fund accounts for the expenditures associated with the cost of providing property and liability insurance to the City. This account is designed to be self-sustaining. The interest earned on investments are expected to be enough to cover the expenses during the year.

Fiduciary fund – The fiduciary fund accounts for receipts and expenditures for the City's partially funded self-insurance program and the GREEN program. After a number of years of providing health care coverage under a fully funded third party program, the City elected on July 1, 2004 to provide health care coverage through a partially funded self-insured program. The GREEN program provides city residents assistance in paying their utility bills. The Food Bank screens applicants and notifies the City of those who qualify. Private donations are collected and held specifically for this purpose.

Financial Analysis of the City as a Whole

Net Assets

Net assets may serve over time as a useful indicator of a government's financial position. On the next page, table A-3 summarizes the City of Green River's net assets. The City's assets exceed liabilities by \$69.4 million at the end of the fiscal year 2006.

Net assets can be separated further into current assets which equal \$26.9 million; increasing by \$3.3 million from the prior fiscal year. Investment in capital assets (net of depreciation) totaled \$47.9 million; decreasing by \$1.2 million from the prior fiscal year. Liabilities weighed in at \$5.5 million; increasing by \$1.5 million from the prior fiscal year. This increase was due to several construction projects during the summer of 2006. These projects were under construction at the end of the fiscal year. Total cash and investments for all activities in the City represent \$22.3 million which is an increase of \$0.8 million from the prior fiscal year.

Governmental Activities The governmental activities of the City include general government, public safety, street maintenance, and parks and recreation. Additionally, the capital projects fund includes streets, recreation and miscellaneous projects.

Business Type Activities The business type activities include wastewater, solid waste, water, risk management, and recreation center.

Table A-3
City of Green River's Net Assets
(In millions of dollars)

	Governmental Activities	Business Type Activities	Total
Current Assets	\$18.0	\$8.8	\$26.8
Capital Assets	\$35.8	\$12.2	\$48.0
Total Assets	\$53.8	\$21.0	\$74.8
Current Liabilities	\$2.9	\$0.6	\$3.5
Non-Current Liabilities	\$1.4	\$0.5	\$1.9
Total Liabilities	\$4.3	\$1.1	\$5.4
Investment in Capital Assets	\$35.8	\$12.2	\$48.0
Restricted	\$0.1	\$0.0	\$0.1
Unrestricted	\$13.6	\$7.7	\$21.3
Total Net Assets	\$49.5	\$19.9	\$69.4

Changes in Net Assets

On the following page, table A-4 depicts the change in nets assets for the City of Green River; fiscal year ending 2006. City-wide, net assets increased \$951,632 to an ending balance of \$69,428,858.

Governmental Activities Governmental activities increased by \$3,082,015 during fiscal year 2006. The key element of the increase was higher than expected in overall revenues. The increase in revenues was almost solely attributable an increase in Sales and use taxes from the current economy.

Sales and use taxes are the largest revenue source of the City's governmental funds. They make up over 70% of the total revenue during the fiscal year. The sales and use tax has two key components. One component it the 4% sales and use tax. This tax goes mostly to the State of Wyoming. The City received approximately \$7.6 million which represents 38% of the City's total governmental activities revenue. The second component is the 1% sales and use tax. This tax is a county tax and stays here in Sweetwater County. The City receives approximately 31 cents out of every dollar collected in Sweetwater County. This represents approximately 30% of the City's total governmental activities revenue. The amount of 1% sales and use tax received during the fiscal year is approximately \$6.1 million.

Table A-4
Changes in the City of Green River's Net Assets

Activity	Governmental Activities	Business Type Activities	Total
Revenue:			
Programmed Revenue:			
Charges for Services	\$ 429,214	\$ 4,793,708	\$ 5,222,922
Grants	103,170	-	103,170
Capital Grants	201,081	-	201,081
General Revenues:			
Sales	12,516,006	-	12,516,006
Property Tax	651,296	-	651,296
Use Tax	2,158,875	-	2,158,875
Impact Assistance	-	-	-
Fuels Tax	221,139	-	221,139
Cigarette Tax	82,095	-	82,095
Franchise Tax	274,923	-	274,923
Intergovernmental	2,565,491	-	2,565,491
Investment Earnings	278,761	164,623	443,384
Miscellaneous	153,516	26,356	179,872
Sale of Assets	313,728	-	313,728
Total Revenue	19,949,295	4,984,687	24,933,982
Expenses:			
General Government	3,849,058	-	3,849,058
Public Safety	4,331,037	-	4,331,037
Streets Maintenance	1,004,675	-	1,004,675
Parks & Recreation	2,734,791	-	2,734,791
Expensed Capital Outlay	5,047,455	-	5,047,455
Recreation Center	-	958,038	958,038
Solid Waste	-	1,298,296	1,298,296
Sewer	-	1,828,829	1,828,829
Water	-	2,448,025	2,448,025
Risk Management	-	159,375	159,375
Total Expenses	16,967,016	6,692,563	23,659,579
Excess (deficiency) before transfers	2,982,279	(1,707,876)	1,274,403
Transfers	99,736.00	(422,507)	(322,771)
Increase (Decrease) in Net Assets	3,082,015	(2,130,383)	951,632
Beginning Net Assets	46,445,548	22,031,678	68,477,226
Ending Net Assets	\$ 49,527,563	\$ 19,901,295	\$69,428,858

The second largest contributor to the City's coffers is the intergovernmental revenues. This account is made up of mineral royalties, severance taxes and one-time funding from the State. The State Legislature de-earmarked/capped the amount of money cities receive from mineral royalties and severance taxes. During the fiscal year, the State allocated one-time funding to the City in the amount of \$1.02 million. It is expected the City will receive approximately \$800,000 in fiscal year 2007. The State has also setup a grant program to aid city's and county's that are severely impacted by the increased oil and gas production in the state. The City is in the process of applying for those funds and hopes to receive approximately \$1 million during the next fiscal year.

The City's 2006 expenditures by functional categories are typical as they relate to governmental activities. The General Government category is composed of: governing body, municipal court, city administrator, human resources, finance, legal services, community development, vehicle maintenance, public works and community revitalization. Public safety is comprised of police protection and fire protection. Streets maintenance is alone in its own category and parks and recreation includes park maintenance, leisure programs, cemetery, and buildings maintenance accounts. Capital outlay is the City's capital project program the builds general fund infrastructure such as streets, recreation projects, City expansion projects, urban renewal projects and other quality of life enhancements to the City.

The City's capital outlay programs are the largest expenditure category in the City at 30% of the governmental activities expenditures. Public safety is the second largest expenditure program at 25% and general government third at 22%.

Governmental Activities revenues exceed expenditures by \$2,982,279 before the transfers. Net income in the Governmental Activities was \$3,082,015 for fiscal year 2006.

Business-Type Activities Most of the business-type activities had a good fiscal year. Even with some of them posting losses for the year they all remain fiscally solvent.

The solid waste fund reflected a net income of \$129,788 during the fiscal year adding to a fairly sizable fund balance for the fund. That fund balance will be necessary to purchase new trucks for depreciating fleet and to help fund major repairs needed to the landfill equipment.

The water fund found its financial strength weakened a little bit this year. The fund's net loss was \$376,340 but did not hurt the fund overall as it still has a strong fund balance of \$4,807,282 of which approximately \$1.8 million is cash and investments. The water fund has financed several water projects and can continue to finance one project per year for approximately \$750,000. As the Governing Body did not increase any rates for the water fund for fiscal year 2007 there is a strong chance it will post a loss again this year. If a loss is posted in the next fiscal year the Governing Body will almost certainly have to raise water rates in fiscal year 2008.

The wastewater fund is still relying upon its lofty fund balance to operate. At the end of the fiscal year, the fund balance is at \$9,386,953 of which \$3,270,937 represents cash and investments. The fund lost \$1,682,619 this fiscal year. The Governing Body decided not to raise the sewer rates for fiscal year 2007 but will need to consider raising the sewer rates during 2008 budget fiscal year to

slow down the depletion of the cash/fund balance in the fund. With out a rate increase the solvency of the fund will start to be in question after fiscal year 2008 or 2009.

The recreation center fund receives money from the general fund. The fund received \$576,844 from the general fund during the fiscal year. Without this transfer, the recreation center would not be able to operate. During the fiscal year 2007 budget process the Governing Body decided to include the recreation center with in the general government for the next fiscal year.

In the internal service fund, risk management fund received \$56,302 from other funds to finance the self-insurance pool. Interest earned from the pool is used to off-set insurance costs.

Fiduciary Activities The City has the fiduciary oversight for the GREEN assistance program. This program enables individuals to donate money for others to help pay their City utility costs. During the fiscal year, the City received \$429 in donations and paid out \$758 to needy residents. The GREEN assistance program has a total of \$4,020 in cash at the end of the fiscal year.

The City's partially self-funded health insurance program ended the fiscal year with a gain of \$201,821. Having a net income this year was huge step for this fund as it had a loss of \$52,909 last year. Unfortunately the fund would not have posted the gain without a combined transfer in of \$322,771 from the other funds. This was the second year the City has participated in a partially self-funded health insurance program and we are continuing learn the program. The fund experienced some mid-year expenditure shifts that did not have a correlated revenue stream shift, which accounted for the use of the reserve. A more conservative approach was taken to calculate the revenue stream for fiscal year 2007 with the hope to correct the issue.

General Fund Budgetary Highlights:

The City of Green River revised its original budget during the fiscal year. The budget is modified because the budgeting process started in January, 2005. Several factors lead to these modifications. They include: economic factors, change in governing officials, emergency purchases, and other factors.

During fiscal year 2006, the Governing Body continued its budget adjustment for the expenditure control budget (ECB) program. This program allows departments to carry over half of the money saved (not spent) by each department. The amount added to the budget for fiscal year 2006 in the general fund was \$134,666. This amount was allocated throughout the divisions based upon savings in the respective accounts. The enterprise funds received \$90,490 in ECB funds for the fiscal year.

The Governing Body also approved \$5.7 million in additional capital projects during the fiscal year. Approximately \$4.3 million of the budget modifications came from the citizens of the community voting in an additional one percent capital facilities tax to rebuild infrastructure in the community. The remainder of the additions are attributable to a major repair on the recreation center roof, a speculative retail building in our business park and several other minor items. Approximately \$5 million of the funding will come from the additional sales tax and a grant for the building. The remaining amounts are to be funded jointly by the governmental funds and the enterprise funds.

Capital Assets

At the end of the fiscal year, for governmental activities, the City had invested \$35.7 million in a wide range of capital assets including land and land improvements, buildings, equipment, infrastructure and vehicles. Capital assets increased by \$75,481 or <1% over last year. See Table A-5. Over all the City has utilizes approximately \$35.8 million (net of depreciation) of assets to provide general services to the citizens of Green River.

**Table A-5
City of Green River’s Capital Assets
Governmental Activities**

	Balance as of June 30, 2005	Additions	Deletions	Balance as of June 30, 2006
Non-Depreciated Assets				
Land and Land Improvements	\$ 7,438,393	\$ 159,000	\$ 50,358	\$ 7,547,035
Total Non-Depreciated Assets	7,438,393	159,000	50,358	7,547,035
Depreciable Capital Assets				
Buildings	8,061,660			8,061,660
Construction in Progress	568,146	3,031,969	568,146	3,031,969
Equipment	1,746,840	99,446	203,252	1,643,034
Infrastructure	39,201,595	568,146	2,350,389	37,419,352
Vehicles	4,312,866	546,530	234,289	4,625,107
Total Depreciable Capital Assets	53,891,107	4,246,091	3,356,076	54,781,122
Less Accumulated Depreciation	26,454,586	968,055	892,054	26,530,587
Net Depreciable Assets	27,436,521	3,287,036	2,464,022	28,250,535
Total Capital Assets	\$ 34,879,914	\$ 3,437,036	\$ 2,514,380	\$ 35,797,570

For fiscal year 2006, for business type activities, had invested \$12.5 million in a wide range of capital assets including land and land improvements, buildings, equipment, infrastructure and vehicles. Capital assets decreased by \$1,270,485 or 10% from last year. See below Table A-6. For proprietary activities, the City has invested \$12.2 million (net of depreciation) in providing city services to the citizens of Green River.

**Table A-6
City of Green River’s Capital Assets
Business Type Activities**

	Balance as of June 30, 2005	Additions	Deletions	Balance as of June 30, 2006
Non-Depreciated Assets				
Land and Land Improvements	\$ 473,960	\$ -	\$ -	\$ 473,960
Total Non-Depreciated Assets	473,960	-	-	473,960
Depreciable Capital Assets				
Buildings	11,924,459	-	955,005	10,969,454
Construction in Progress	3,207,362	289,420	3,207,362	289,420
Equipment	914,859	110,314	18,855	1,006,318
Infrastructure	14,423,240	3,207,362	879,566	16,751,036
Vehicles	2,348,351	58,541	-	2,406,892
Total Depreciable Capital Assets	32,818,271	3,665,637	5,060,788	31,423,120
Less Accumulated Depreciation	19,846,282	638,686	763,352	19,721,616
Net Depreciable Assets	12,971,989	3,026,951	4,297,436	11,701,504
Total Capital Assets	<u>\$ 13,445,949</u>	<u>\$ 3,026,951</u>	<u>\$ 4,297,436</u>	<u>\$ 12,175,464</u>

For the fiscal year 2006 and 2007, the City budgeted \$16 and \$17 million for capital construction, respectively. This includes money for recreation, water lines, wastewater lines, street reconstruction, and other miscellaneous projects and programs. The City has no plans to issue debt to finance any of these projects or projects in the future.

Long-Term Debt

The City has a small amount of long-term debt. This includes employee compensated absences, liability associated with the purchase of a fire truck and post closure liability of the City’s landfill. This amounts to \$1.9 million or 2.8% of the City’s net assets.

The City has no outstanding bonds issued. The City does however have conduit debt. These are industrial revenue bonds issued by private-sector entities. The City is not obligated in any manner for repayment of the bonds and accordingly, the bonds are not reported as a liability in the accompanying financial statements.

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Basic Financial Statements

City of Green River
Statement of Net Assets
June 30, 2006

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	Green River Futures
Assets				
Current Assets				
Cash and Cash Equivalents	\$ 2,275,938	\$ 191,395	\$ 2,467,333	\$ 113,165
Cash Held in Joint Custody	60,808	121,074	181,882	-
Investments	12,175,252	7,511,186	19,686,438	-
Receivables	3,320,406	557,150	3,877,556	-
Unbilled Receivables	-	133,792	133,792	-
Inventories	232,140	348,654	580,794	-
Total Current Assets	18,064,544	8,863,251	26,927,795	113,165
Non-current Assets				
Capital Assets				
Land	7,547,035	473,960	8,020,995	-
Buildings	8,061,660	10,969,454	19,031,114	890
Equipment	1,643,034	1,006,318	2,649,352	15,896.00
Vehicles	4,625,107	2,406,892	7,031,999	-
Infrastructure	37,419,352	16,751,036	54,170,388	-
Construction in Progress	3,031,969	289,420	3,321,389	-
Accumulated Depreciation	(26,530,587)	(19,721,616)	(46,252,203)	(6,182)
Total Capital Assets (Net of Accumulated Depreciation)	35,797,570	12,175,464	47,973,034	10,604
Total Non-current Assets	35,797,570	12,175,464	47,973,034	10,604
Total Assets	53,862,114	21,038,715	74,900,829	123,769
Liabilities				
Current Liabilities				
Accounts Payable	2,501,587	287,661	2,789,248	8,058
Compensated Absences	13,057	209,465	222,522	-
Court Bonds	2,705	-	2,705	-
Deposits	2,900	71,339	74,239	-
Salaries Payable	365,420	56,014	421,434	-
Total Current Liabilities	2,885,669	624,479	3,510,148	8,058
Non-Current Liabilities				
Compensated Absences	858,326	-	858,326	-
Capital Lease Obligations	590,556	-	590,556	-
Unearned Revenue	-	-	-	-
Post Closure Liability	-	512,941	512,941	-
Total Non-Current Liabilities	1,448,882	512,941	1,961,823	-
Total Liabilities	4,334,551	1,137,420	5,471,971	8,058
Net Assets				
Invested in Capital Assets	35,797,570	12,175,464	47,973,034	10,604
Restricted For:				
Federal Programs	25,658	-	25,658	52,183
Other	51,984	-	51,984	-
Unrestricted	13,652,351	7,725,831	21,378,182	52,924
Total Net Assets	\$ 49,527,563	\$ 19,901,295	\$ 69,428,858	\$ 115,711

The Notes to the Financial Statements are an Integral Part of this Statement

City of Green River

Statement of Activities

For the Year Ended June 30, 2006

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business Type Activities	Total	Green River Futures
Governmental Activities								
Primary Government								
General government	\$ 3,849,058	\$ 150,720	\$ 103,170	\$ -	\$ (3,595,168)	\$ -	\$ (3,595,168)	\$ -
Public safety	4,921,593	148,995	-	-	(4,772,598)	-	(4,772,598)	-
Streets Maintenance	1,004,675	-	-	-	(1,004,675)	-	(1,004,675)	-
Parks and recreation	2,734,791	129,499	-	-	(2,605,292)	-	(2,605,292)	-
Capital outlay	4,200,280	-	-	201,081	(3,999,199)	-	(3,999,199)	-
Total governmental activities	<u>16,710,397</u>	<u>429,214</u>	<u>103,170</u>	<u>201,081</u>	<u>(15,976,932)</u>	<u>-</u>	<u>(15,976,932)</u>	<u>-</u>
Business type activities								
Recreation Center	958,038	301,668	-	-	-	(656,370)	(656,370)	-
Solid Waste	1,298,296	1,427,895	-	-	-	129,599	129,599	-
Sewer	1,828,829	645,477	-	-	-	(1,183,352)	(1,183,352)	-
Water	2,127,066	2,418,668	-	-	-	291,602	291,602	-
Risk Management	159,375	-	-	-	-	(159,375)	(159,375)	-
Total business type activities	<u>6,371,604</u>	<u>4,793,708</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,577,896)</u>	<u>(1,577,896)</u>	<u>-</u>
Total primary government	<u>\$ 23,082,001</u>	<u>\$ 5,222,922</u>	<u>\$ 103,170</u>	<u>\$ 201,081</u>	<u>(15,976,932)</u>	<u>(1,577,896)</u>	<u>(17,554,828)</u>	<u>-</u>
Component Unit								
Green River Futures	207,673	-	215,247	2,002	-	-	-	9,576
Total Component Unit	<u>\$ 207,673</u>	<u>\$ -</u>	<u>\$ 215,247</u>	<u>\$ 2,002</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,576</u>
General Revenues:								
Taxes:								
Sales					12,516,006	-	12,516,006	-
Property					651,296	-	651,296	-
Use					2,158,875	-	2,158,875	-
Impact Assistance					-	-	-	-
Fuels					221,139	-	221,139	-
Cigarette					82,095	-	82,095	-
Franchise					274,923	-	274,923	-
Intergovernmental					2,565,491	-	2,565,491	-
Investment earnings					278,761	164,623	443,384	-
Miscellaneous					153,516	26,356	179,872	-
Sale of Assets					313,728	-	313,728	-
Transfers					99,736	(422,507)	(322,771)	-
Total general revenues and transfers					<u>19,315,566</u>	<u>(231,528)</u>	<u>19,084,038</u>	<u>-</u>
Change in net assets					3,338,634	(1,809,424)	1,529,210	9,576
Net assets- beginning					46,188,929	21,710,719	67,899,648	106,135
Net assets- ending					<u>\$ 49,527,563</u>	<u>\$ 19,901,295</u>	<u>\$ 69,428,858</u>	<u>\$ 115,711</u>

The Notes to the Financial Statements are an Integral Part of this Statement

City of Green River
Balance Sheet
Governmental Funds
June 30, 2006

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Assets			
Cash and cash equivalents	\$ 1,044,829	\$ 1,231,109	\$ 2,275,938
Cash Held in Joint Custody	-	60,808	60,808
Investments	11,878,103	297,149	12,175,252
Receivables	2,274,429	1,045,977	3,320,406
Due From Fiduciary Funds	-	-	-
Inventories	232,140	-	232,140
Total Assets	<u>15,429,501</u>	<u>2,635,043</u>	<u>18,064,544</u>
Liabilities and Fund Balance			
Liabilities:			
Accounts Payable	466,939	2,034,648	2,501,587
Compensated Absences	13,057	-	13,057
Salaries Payable	365,420	-	365,420
Court Bonds	2,705	-	2,705
Facility Deposits	2,900	-	2,900
Total Liabilities	<u>851,021</u>	<u>2,034,648</u>	<u>2,885,669</u>
Fund Balance			
Reserved For:			
Federal Programs	25,658	-	25,658
Other	51,984	-	51,984
Unreserved	14,500,838	600,395	15,101,233
Total Fund Balance	<u>14,578,480</u>	<u>600,395</u>	<u>15,178,875</u>
Total Liabilities and Fund Balance	<u>\$ 15,429,501</u>	<u>\$ 2,635,043</u>	

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

Net Capital assets used in governmental activities are not financial resources and, therefore, are reported in the funds.	35,797,570
Other long-term assets that are not available to pay for current-period expenditures, and therefore, are deferred in funds.	-
Long-term liabilities not due and payable in the current financial period and, therefore, are not reported in the funds.	<u>(1,448,882)</u>
Total Net Assets of governmental activities	<u>\$ 49,527,563</u>

City of Green River
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2006

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes:			
Sales	\$ 11,524,309	\$ 991,697	\$ 12,516,006
Property	651,296	-	651,296
Use	2,158,875	-	2,158,875
Impact Assistance	-	-	-
Fuels	221,139	-	221,139
Cigarette	82,095	-	82,095
Franchise	274,923	-	274,923
Charges for Services	147,796	-	147,796
Fines	132,310	-	132,310
Intergovernmental	2,585,533	284,209	2,869,742
Investment Earnings	272,085	6,676	278,761
Licenses and Permits	149,108	-	149,108
Miscellaneous	153,516	-	153,516
Sale of Assets	313,728	-	313,728
Total Revenues	<u>18,666,713</u>	<u>1,282,582</u>	<u>19,949,295</u>
Expenditures			
Current:			
General Government	3,958,229	-	3,958,229
Public Safety	4,452,403	-	4,452,403
Streets Maintenance	1,067,336	-	1,067,336
Parks and Recreation	2,383,756	-	2,383,756
Capital Outlay:			
Streets	-	2,650,127	2,650,127
Recreational Projects	-	61,623	61,623
Miscellaneous Projects	-	2,396,547	2,396,547
Total Expenditures	<u>11,861,724</u>	<u>5,108,297</u>	<u>16,970,021</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>6,804,989</u>	<u>(3,825,715)</u>	<u>2,979,274</u>
Other Financing Sources (Uses)			
Transfers In	-	4,475,332	4,475,332
Transfers Out	(4,375,596)	-	(4,375,596)
Total Other Financing Sources (Uses)	<u>(4,375,596)</u>	<u>4,475,332</u>	<u>99,736</u>
Net Change in Fund Balances	2,429,393	649,617	3,079,010
Fund Balances-Beginning	12,149,087	(49,222)	
Fund Balances-Ending	<u>\$ 14,578,480</u>	<u>\$ 600,395</u>	

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

Some expenses reported in the statement of activities do not require the use of current resources and, therefore, are not reported as expenditures in the governmental funds (663,032)

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 outlays exceed depreciation in the current period. 922,656

Change in net assets-entity wide statements \$ 3,338,634

City of Green River

**Statement of Revenues, Expenditures, and Changes in
General Fund Balances - Budget and Actual
For the Year Ended June 30, 2006**

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
Revenues				
Taxes:				
Sales	10,480,000	\$ 10,480,000	\$ 11,524,309	\$ 1,044,309
Property	590,000	590,000	651,296	61,296
Use	-	-	2,158,875	2,158,875
Miscellaneous	556,498	557,243	578,157	20,914
Charges for Services	121,100	121,100	147,796	26,696
Fines	60,600	60,600	132,310	71,710
Intergovernmental	3,290,228	3,342,171	2,585,533	(756,638)
Investment Earnings	125,000	125,000	272,085	147,085
Licenses and Permits	113,500	113,500	149,108	35,608
Miscellaneous	82,745	82,745	153,516	70,771
Sales	110,400	110,400	313,728	203,328
Total Revenues	<u>15,530,071</u>	<u>15,582,759</u>	<u>18,666,713</u>	<u>3,083,954</u>
Expenditures				
Current:				
General Government				
Council	633,641	785,675	744,623	41,052
Municipal Court	172,439	172,439	168,158	4,281
City Administrator	217,444	217,014	224,655	(7,641)
Human Resources	261,457	266,317	230,845	35,472
Finance	1,102,827	1,125,870	1,059,012	66,858
Legal Services	164,908	167,810	125,026	42,784
Community Development	616,707	621,836	553,708	68,128
Vehicle Maintenance	531,891	532,982	522,108	10,874
Public Works	216,055	223,021	210,141	12,880
Urban Renewal	119,739	132,496	102,431	30,065
Public Safety				
Police Protection	4,500,966	4,657,596	3,952,737	704,859
Fire Protection	828,747	505,098	499,666	5,432
Streets Maintenance	1,181,768	1,191,835	1,067,336	124,499
Parks and Recreation				
Parks Maintenance	1,449,914	1,468,818	1,217,647	251,171
Leisure Programs	620,008	620,808	612,442	8,366
Cemetery	208,731	206,795	175,850	30,945
Buildings	423,027	426,933	372,510	54,423
Total Expenditures	<u>13,250,269</u>	<u>13,323,343</u>	<u>11,838,895</u>	<u>1,484,448</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,279,802	2,259,416	6,827,818	4,568,402
Other Financing Sources/(Uses)				
Transfers In	-	-	-	-
Transfers Out	(7,630,802)	(6,714,453)	(4,375,596)	2,338,857
Total Other Financing Sources (Uses)	<u>(7,630,802)</u>	<u>(6,714,453)</u>	<u>(4,375,596)</u>	<u>2,338,857</u>
Net Change in Fund Balances	<u>(5,351,000)</u>	<u>(4,455,037)</u>	<u>2,452,222</u>	<u>\$ 6,907,259</u>
Fund Balances-Beginning	12,149,087	12,149,087	12,149,087	
Fund Balances-Ending	<u>\$ 6,798,087</u>	<u>\$ 7,694,050</u>	<u>\$ 14,601,309</u>	

The Notes to the Financial Statements are an Integral Part of this Statement

City of Green River

Statement of Net Assets

Proprietary Funds

June 30, 2006

	<u>Recreation Center</u>	<u>Solid Waste</u>	<u>Water</u>	<u>Wastewater</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Fund</u>	<u>Total Proprietary Funds</u>
Assets							
Current assets							
Cash and Cash Equivalents	\$ 80,330	\$ 94,449	\$ -	\$ 127,091	\$ 301,870	\$ 8,650	\$ 310,520
Cash With Other Governments	-	-	121,074	-	121,074	-	121,074
Investments	1,881	1,691,089	1,857,528	3,143,846	6,694,344	816,842	7,511,186
Accounts Receivable	-	148,040	346,447	62,663	557,150	-	557,150
Unbilled Receivable	-	23,293	110,499	-	133,792	-	133,792
Inventories	15,133	11,250	291,507	30,764	348,654	-	348,654
Total Current Assets	<u>97,344</u>	<u>1,968,121</u>	<u>2,727,055</u>	<u>3,364,364</u>	<u>8,156,884</u>	<u>825,492</u>	<u>8,982,376</u>
Non-current Assets							
Capital Assets							
Land	169,009	229,081	75,870	-	473,960	-	473,960
Buildings	5,886,096	165,762	197,900	4,719,696	10,969,454	-	10,969,454
Equipment	267,962	310,019	143,201	285,136	1,006,318	-	1,006,318
Vehicles	26,192	1,340,956	183,783	855,961	2,406,892	-	2,406,892
Infrastructure	-	-	3,973,775	12,777,261	16,751,036	-	16,751,036
Construction-in-Progress	-	-	156,497	132,923	289,420	-	289,420
Less Accumulated Depreciation	(3,230,300)	(1,624,379)	(2,237,708)	(12,629,229)	(19,721,616)	-	(19,721,616)
Total Non-current Assets	<u>3,118,959</u>	<u>421,439</u>	<u>2,493,318</u>	<u>6,141,748</u>	<u>12,175,464</u>	<u>-</u>	<u>12,175,464</u>
Total Assets	<u>3,216,303</u>	<u>2,389,560</u>	<u>5,220,373</u>	<u>9,506,112</u>	<u>20,332,348</u>	<u>825,492</u>	<u>21,157,840</u>
Liabilities							
Current Liabilities							
Accounts Payable	42,064	27,017	203,758	14,373	287,212	449	287,661
Deficiency in Cash and Cash Equivalents	-	-	119,125	-	119,125	-	119,125
Customer Deposits	-	-	71,339	-	71,339	-	71,339
Compensated Absences	39,421	69,926	11,448	88,670	209,465	-	209,465
Salaries Payable	15,052	18,085	6,761	16,116	56,014	-	56,014
Total Current Liabilities	<u>96,537</u>	<u>115,028</u>	<u>412,431</u>	<u>119,159</u>	<u>743,155</u>	<u>449</u>	<u>743,604</u>

The Notes to the Financial Statements are an Integral Part of this Statement

	Recreation Center	Solid Waste	Water	Wastewater	Total Enterprise Funds	Internal Service Fund	Total Proprietary Funds
Non-current Liabilities							
Post Closure Liability	-	512,941	-	-	512,941	-	512,941
Total Non-current Liabilities	-	512,941	-	-	512,941	-	512,941
Total Liabilities	96,537	627,969	412,431	119,159	1,256,096	449	1,256,545
Net Assets							
Invested in Capital Assets	3,118,959	421,439	2,493,318	6,141,748	12,175,464	-	12,175,464
Unrestricted	807	1,340,152	2,314,624	3,245,205	6,900,788	825,043	7,725,831
Total Net Assets	\$ 3,119,766	\$ 1,761,591	\$ 4,807,942	\$ 9,386,953	\$ 19,076,252	\$ 825,043	\$ 19,901,295

The Notes to the Financial Statements are an Integral Part of this Statement

City of Green River

Statement of Revenues, Expenses, and Changes in Fund Net Assets

Proprietary Funds

For the Year Ended June 30, 2006

	<u>Recreation Center</u>	<u>Solid Waste</u>	<u>Water</u>	<u>Wastewater</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>Total Proprietary Funds</u>
Operating Revenues:							
Charges for Services:							
Admission Fees	\$ 301,668	\$ -	\$ -	\$ -	\$ 301,668	\$ -	\$ 301,668
Refuse Fees	-	1,427,895	-	-	1,427,895	-	1,427,895
Sewer Fees	-	-	-	645,477	645,477	-	645,477
Water fees	-	-	2,418,668	-	2,418,668	-	2,418,668
Other	1,223	4,217	346	20,570	26,356	-	26,356
Total Operating Revenues	<u>302,891</u>	<u>1,432,112</u>	<u>2,419,014</u>	<u>666,047</u>	<u>4,820,064</u>	<u>-</u>	<u>4,820,064</u>
Operating Expenses:							
Costs of Sales and Services	783,162	1,197,157	2,064,146	1,529,078	5,573,543	159,375	5,732,918
Depreciation	174,876	101,139	62,920	299,751	638,686	-	638,686
Total Operating expenses	<u>958,038</u>	<u>1,298,296</u>	<u>2,127,066</u>	<u>1,828,829</u>	<u>6,212,229</u>	<u>159,375</u>	<u>6,371,604</u>
Operating Income (Loss)	<u>(655,147)</u>	<u>133,816</u>	<u>291,948</u>	<u>(1,162,782)</u>	<u>(1,392,165)</u>	<u>(159,375)</u>	<u>(1,551,540)</u>
Non-Operating Revenues (Expenses):							
Investment Earnings	116	34,524	41,085	72,993	148,718	15,905	164,623
Total Non-operating Revenue (Expense)	<u>116</u>	<u>34,524</u>	<u>41,085</u>	<u>72,993</u>	<u>148,718</u>	<u>15,905</u>	<u>164,623</u>
Transfers in	576,844	-	-	-	576,844	56,302	633,146
Transfers Out	(35,857)	(38,552)	(388,414)	(592,830)	(1,055,653)	-	(1,055,653)
Change in net Assets	(114,044)	129,788	(55,381)	(1,682,619)	(1,722,256)	(87,168)	(1,809,424)
Total Net Assets-- Beginning	<u>3,233,810</u>	<u>1,631,803</u>	<u>4,863,323</u>	<u>11,069,572</u>	<u>20,798,508</u>	<u>912,211</u>	<u>21,710,719</u>
Total Net Assets--Ending	<u>\$ 3,119,766</u>	<u>\$ 1,761,591</u>	<u>\$ 4,807,942</u>	<u>\$ 9,386,953</u>	<u>\$ 19,076,252</u>	<u>\$ 825,043</u>	<u>\$ 19,901,295</u>

The Notes to the Financial Statements are an Integral Part of this Statement

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City of Green River

Statement of Cash Flows

Proprietary Funds

For the Year ended June 30, 2006

	<u>Recreation Center</u>	<u>Solid Waste</u>	<u>Water</u>	<u>Wastewater</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Fund</u>	<u>Total Proprietary Funds</u>
Cash flows from Operating Activities							
Receipts from Customers and Users	\$ 302,891	\$ 1,432,112	\$ 2,419,014	\$ 666,047	\$ 4,820,064	\$ -	\$ 4,820,064
Payments to employees	(403,519)	(621,763)	(383,396)	(443,415)	(1,852,093)	-	(1,852,093)
Payments to suppliers	(361,792)	(512,782)	(1,965,350)	(1,173,647)	(4,013,571)	(158,926)	(4,172,497)
Net Cash Provided by (Used In) Operating Activities	<u>(462,420)</u>	<u>297,567</u>	<u>70,268</u>	<u>(951,015)</u>	<u>(1,045,600)</u>	<u>(158,926)</u>	<u>(1,204,526)</u>
Cash Flows from Non-capital Financing Activities							
Operating Transfers In (Out)	540,987	(38,552)	(388,414)	(592,830)	(478,809)	56,302	(422,507)
Net Cash Provided by (Used In) Non-capital Financing Activities	<u>540,987</u>	<u>(38,552)</u>	<u>(388,414)</u>	<u>(592,830)</u>	<u>(478,809)</u>	<u>56,302</u>	<u>(422,507)</u>
Cash Flows from Capital and Related Financing Activities							
Purchase of Capital Assets	(44,699)	(52,306)	(39,149)	(37,599)	(173,753)	-	(173,753)
Construction of Capital Assets	-	-	(156,497)	(132,923)	(289,420)	-	(289,420)
Proceeds from Capital Asset Sales	-	-	283,445	692,346	975,791	-	975,791
Net Cash Provided by (Used In) Capital and Related Financing Activities	<u>(44,699)</u>	<u>(52,306)</u>	<u>87,799</u>	<u>521,824</u>	<u>512,618</u>	<u>-</u>	<u>512,618</u>
Cash Flows from Investing Activities							
Interest Income	116	34,524	41,085	72,993	148,718	15,905	164,623
Purchase of Investments	29	(152,832)	73,720	1,076,119	997,036	93,847	1,090,883
Net Cash Provided by (Used In) Investing Activities	<u>145</u>	<u>(118,308)</u>	<u>114,805</u>	<u>1,149,112</u>	<u>1,145,754</u>	<u>109,752</u>	<u>1,255,506</u>
Net Change in Cash	34,013	88,401	(115,542)	127,091	133,963	7,128	141,091
Cash at Beginning of Year	46,317	6,048	117,491	-	169,856	1,522	171,378
Cash at End of Year	<u>\$ 80,330</u>	<u>\$ 94,449</u>	<u>\$ 1,949</u>	<u>\$ 127,091</u>	<u>\$ 303,819</u>	<u>\$ 8,650</u>	<u>\$ 312,465</u>

The Notes to the Financial Statements are an Integral Part of this Statement

	<u>Recreation Center</u>	<u>Solid Waste</u>	<u>Water</u>	<u>Waste Water</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>	<u>Total Proprietary Funds</u>
Reconciliation of Operating Income to Net Cash Provided by (Used In) Operating Activities							
Operating Income	\$ (655,147)	\$ 133,816	\$ 291,948	\$ (1,162,782)	\$ (1,392,165)	\$ (159,375)	\$ (1,551,540)
Adjustments to Reconcile Operating Income to Net Cash Provided By (Used In) Operating Activities							
Depreciation Expense	174,876	101,139	62,920	299,751	638,686	-	638,686
(Increase) Decrease in Accounts Receivable	-	(11,793)	(135,567)	(3,792)	(151,152)	-	(151,152)
(Increase) Decrease in Inventories	(2,723)	(2,000)	(199,196)	2,432	(201,487)	-	(201,487)
(Decrease) Increase in Liabilities	20,574	76,405	50,163	(86,624)	60,518	449	60,967
Total Adjustments	<u>192,727</u>	<u>163,751</u>	<u>(221,680)</u>	<u>211,767</u>	<u>346,565</u>	<u>449</u>	<u>347,014</u>
Net Cash Provided by/(Used In) Operating Activities	<u>\$ (462,420)</u>	<u>\$ 297,567</u>	<u>\$ 70,268</u>	<u>\$ (951,015)</u>	<u>\$ (1,045,600)</u>	<u>\$ (158,926)</u>	<u>\$ (1,204,526)</u>

The Notes to the Financial Statements are an Integral Part of this Statement

City of Green River**Statement of Fiduciary Net Assets/(Deficit)****Fiduciary Funds****June 30, 2006**

	GREEN Assistance	Health Insurance
Assets		
Cash and Cash Equivalents	\$ 3,839	\$ 83,094
Investments	181	104,495
Accounts Receivable	-	64,675
Total Assets	<u>4,020</u>	<u>252,264</u>
Liabilities		
Claims Incurred But Not Reported	-	103,352
Due To Other Governmental Funds	-	-
Total Liabilities	<u>-</u>	<u>103,352</u>
Net Assets/(Deficit)		
Restricted	4,020	-
Unrestricted (Deficit)	-	148,912
Total Net Assets (Deficit)	<u>\$ 4,020</u>	<u>\$ 148,912</u>

City of Green River
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Years Ended June 30, 2006

	<u>GREEN Assistance</u>	<u>Health Insurance</u>
Operating Revenues:		
Charges for Services:		
Donations	\$ 429	
Insurance Fees	-	1,885,788
Total Operating Revenues	<u>429</u>	<u>1,885,788</u>
Operating Expenses		
Administrative Expenses	73	348,497
Insurance	-	1,660,780
Payment of Utilities	758	-
Total Operating expenses	<u>831</u>	<u>2,009,277</u>
Operating Income	<u>(402)</u>	<u>(123,489)</u>
Non-Operating Revenues		
Investment Earnings	99	2,539
Transfers in	-	322,771
Total Non-operating Revenue	<u>99</u>	<u>325,310</u>
Change in net Assets	(303)	201,821
Total Net Assets-Beginning	<u>4,323</u>	<u>(52,909)</u>
Total Net Assets (Deficit)-Ending	<u>\$ 4,020</u>	<u>\$ 148,912</u>

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I. Summary of Significant Accounting Policies:

The basic financial statements of the City of Green River, Wyoming (the City) have been prepared in conformity with generally accepted accounting principals (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principals.

A. Reporting Entity

The City was incorporated in 1868 and operates under a Mayor - Council - City Manager form of government. The governing body consists of six elected council members and a mayor who are elected to serve four-year terms. The City Manager, who is appointed, administers policies and coordinates the activities of the City. The heads of the various departments, formed to provide various services, are under the direct supervision of the City Manager.

Discretely Presented Component Units

Green River Futures, Inc. (Futures) is a legally separate, tax-exempt component unit of the City. Futures acts primarily to facilitate and promote economic growth in and around the City of Green River. As a majority of Futures funding is provided by the City and the use of Futures economic resources primarily benefits the City, Futures is considered a component unit of the City and is discretely presented in the City's financial statements. Complete financial statements may be obtained by writing to PO Box 130, Green River, WY 82935.

B. Government-wide and Fund Financial Statements

Basis of Presentation

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect if interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program income. *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*.

Indirect costs in the governmental activities that are not associated directly with a function or program in the City are included in the general governmental activities in the entity-wide statements.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide statements. Major

individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City's financial operations are accounted for in the following fund types:

Governmental Fund Types

General Fund- This fund accounts for the financial operations of the City which are not accounted for in any other fund. Principal sources of revenue are sales and property taxes, licenses and permits, state and county shared revenue and charges for administrative services from other funds, Primary expenditures are for police and fire protection, recreation and general government operations.

Capital Projects Fund- This fund accounts for the construction of capital assets. Principal revenue sources include State and Federal Grants and transfers from the General Fund.

Proprietary Fund Types

Enterprise Funds are used to account for operations that are financed and operated similar to private business enterprises. Within these funds, it is the intent of the City to recover the costs associated with providing certain goods or services on a continuing basis to the general public through user fees and/or charges. The City has the following funds, all of which are treated as major funds:

- The Recreation Center Fund accounts for the activities of the City's recreation center complex.
- The Solid Waste Fund accounts for the activities of the City's solid waste collections and landfill operations.
- The Water Fund accounts for the activities of the City's water distribution systems.
- The Wastewater Fund accounts for the activities of the City's wastewater treatment plant and collection systems

Additionally, the City reports on the following fund types:

Internal Service Funds are used to account for the financing of services provided from one department or division to another department or division within the City. The City currently has one internal service fund that provides property and liability insurance for the entire City.

The Green Assistance Fund is used to account for donations from individuals that are to be used for the financial assistance of low income residents to pay their utility bills. To qualify for financial assistance individuals must meet certain poverty guidelines as defined by the City's governing body.

The Health Insurance Fund is used to account for the City's partially self-funded health care plan. Employees contribute 7.5% of a predetermined funding level through payroll deductions to pay for expenses of providing health care.

The City has adopted GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting*. Accordingly, the City has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) Opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

C. Measurement Focus and Basis of Accounting

The government-wide and proprietary financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Revenues, expenses, gains, losses, assets and liabilities from exchange and exchange-like transactions are recognized when the exchange takes place. 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and other long-term liabilities, are recorded only when payment is due.

D. Cash and Investments

For all Governmental and Proprietary Fund Types, cash and cash equivalents include short-term investments with original maturities of three months or less when purchased, and cash in the city-wide pool.

The City participates in the Wyoming State Investment Pool and in the Wyoming Government Investment Fund. Funds residing in these pools may have a maturity of less than three months but are classified as investments for financial statement purposes. Annual reports may be obtained for each of these entities at: 200 West 24th Street, Cheyenne, WY 82002 and at 2323 Pioneer Ave, Cheyenne, WY 82001, respectively.

Investments, including equity in pooled cash and investments, are stated at fair value.

E. Receivables

Receivables of the enterprise funds are recorded as revenue as earned, including services earned but not billed. 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.

F. Inventories

Inventories of materials and supplies in the funds are stated at cost on a first-in, first-out basis and expensed as used.

G. Capital Assets

In the government-wide financial statements and in the fund financial statements for proprietary funds, fixed assets are treated as capital assets. Capital assets include property, plant, equipment and infrastructure, e.g. roads bridges, sidewalks and similar items. Capital assets are defined by the City as items that have a cost more than \$2,500 (\$10,000 for infrastructure assets) and an estimated useful life in excess of one year. Such assets are valued at historical cost or estimated historical cost if purchased or constructed. Capital assets that are donated are recorded at estimated fair market value at the time of donation.

Depreciation is computed on assets in service using the straight-line method over their estimated useful lives as follows:

- Building and building improvements: 10 to 30 years
- Utility systems and other improvements: 20 to 40 years
- Machinery and equipment: 3 to 30 years.

Normal maintenance and repairs are expensed as incurred. Expenditures for major additions, improvements and replacements are capitalized. Gains or losses from sales or retirements of fixed assets are included in operations.

H. Accrued Compensated Absences and Sick Pay

Accumulated vested vacation pay is accrued as it is earned by the employees with a maximum of forty hours above an individual employee's annual accrual. Sick pay is vested and accrued at the time that it is earned, up to maximum payout of 960 hours upon termination.

I. Long-Term Obligations

In the government-wide financial statements and proprietary funds types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

J. Fund Equity

The entity-wide financial statements report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose.

K. Restricted Resources

During the year the City may receive funds that are restricted in nature, whether by donor's or legal requirements. Restricted funds are applied to expenditures solely at the discretion of the City Council.

L. Interfund Transactions

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

When an internal service fund provides goods and services to another fund, redundancy is inherent because expenditures/expenses are reported in both the fund providing and the fund receiving the goods or services. Since internal service funds primarily benefit governmental funds, they are included in the governmental activities in the entity-wide statements. The basic assumption for internal service funds is that they operate on a breakeven basis. Accordingly, any net profit or loss has been allocated to the functions that benefited from the goods or services provided based on proportionate benefit. Any residual balances outstanding between the governmental activities and business activities are reported in the government-wide financial statements as “internal balances.”

All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation between the governmental fund statements and the government-wide columnar presentation.

M. New Accounting Standards

As of June 30, 2006 there are two new accounting standards issued by the Governmental Accounting Standards Board that will effect the City in the coming years, they are as follows:

Statement No. 48 - Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues

Management does not anticipate that the adoption of these new statements will have a significant effect on the financial statements of the City.

N. Use of Estimates

In preparing the City of Green River’s financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

O. Comparative Data

Comparative total data for the prior year have been presented only for the individual enterprise funds and the internal service fund in order to provide an understanding of the changes in the financial position and operations of these funds.

II. Stewardship, Compliance and Accountability

A. Budgets

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

Each May, the City Manager submits a proposed budget to the City Council. The City is required to budget all funds. The City’s budget is prepared for each fund on the modified accrual basis of accounting for all fund types. Interfund transfers are budgeted as sources and uses. Estimated receipts and expenditures are budgeted for by fund, program and object. Information on the past year’s actual receipts and expenditures and current-year estimates are included in the budget document.

The City Council conducts public hearings for the purpose of obtaining citizens' comments and legally adopts the budget by resolution before the second Tuesday in June. The resolution establishes appropriations for each fund and expenditures cannot legally exceed these appropriations. The level of control established by the resolution for each fund is at the fund level. Appropriations lapse as of the year-end.

The City Council may change the budget throughout the year by transferring appropriations between levels of control and by adopting supplemental budgets as authorized by Wyoming Statutes. Unexpected additional resources or uses of funds may be added to the budget through the use of a supplemental budget amendment. A supplemental budget amendment requires an adoption of a supplementary budget resolution by the City Council. Expenditure appropriations may not be legally over expended. Management may transfer budget amounts between individual line items within the object group, but cannot make changes to departmental budgets themselves. During the fiscal year ended June 30, 2006, City Council approved seventy-four supplemental budget resolutions.

III. Detailed Notes on All Funds

A. Cash and Investments:

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as cash and investments.

Cash and investments are comprised of the following at June 30, 2006:

Cash and Cash Equivalents	\$ 2,554,266
Deficiency in Pooled Cash	-
Cash held in Joint Custodt	181,882
Investments	19,791,114
Total Cash and Investments	<u>\$ 22,527,262</u>

Cash

The total bank balance per the bank statements is \$ 2,749,559. Of these balances, \$100,000 was covered by federal depository insurance. For deposits in excess of federal depository insurance, the City requires the depository institution to maintain on deposit collateralized securities that meet the collateralization requirements pursuant to Wyoming Statutes, having a value not less than 110 percent of the amount over FDIC insurance. All bank balances in excess of federal depository insurance are collateralized by securities held by an entity other than the financial institution.

The City maintains a joint account with the Joint Powers Water Board (JPWB) for the purpose of capital maintenance on the water plant and infrastructure. As of June 30, 2006 the City held jointly with the JPWB \$ 121,074 which was 100 percent collateralized by the JPWB.

The City maintains additional joint retainage accounts with two of the City's capital improvement contractors. State statute requires the City to deposit retainage amounts from a capital improvement project into a joint account, if requested by a contractor. Funds from these accounts can only be released to the contractor by a written acknowledgement from the City. As of June 30, 2006 the City held jointly with G M Stewart Inc. \$68,808.

Investments

As of June 30, 2006, the City has the following investments and maturities.

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less than 1	1 - 5
US Government Bonds*	\$ 2,117,888	\$ 1,343,589	\$ 774,299
US Government Strips*	3,400,256	-	\$ 3,400,256
Certificates of Deposits	5,109,926	5,109,926	-
State Investment Pool	7,072,088	7,072,088	-
Wyoming Gov. Pool	2,090,950	2,090,950	-
Total Cash and Investments	\$ 19,791,108	\$ 15,616,553	\$ 4,174,555

* Weighted average maturity date

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the City's investment portfolio to maturities of less than five years and a weighted average maturity of three years.

Because the certificates of deposits, state investment pool and the Wyoming government pool have an average maturity of less than one year they are presented as an investment with a maturity of less than one year.

Credit Risk. State statutes authorize the City to invest primarily in general obligations of the U.S. Government and its agencies, bank repurchase agreements, certain commercial paper, and the State Treasurer's Investment Pool.

The City primarily invests its excess cash balances in the Wyoming State Investment Pool (WYO-STAR). The State Treasurer is the investment officer for the pool and is responsible for all funds in the pool. The WYO-STAR Account is permitted to purchase asset-backed securities, repurchase agreements, government Securities, including obligations of the U.S. Treasury and Obligations of U.S. Government Agencies or Instruments, bearing floating or fixed interest rates.

Concentration- the City limits the amount of any one investment to no more than 50% of the portfolio can be invested in one single security type or institution, with an exception for U.S treasury securities and local government investment pools.

Custodial- For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City requires that all deposits (time or regular) that exceed the FDIC threshold be collateralized at 110% of the fair market value of the deposit.

City of Green River**Notes to the Financial Statements****June 30, 2006**

The City also requires that all securities are to be held in the name of the City and all securities that are held as collateral are held by an independent third party.

B. Capital Assets:

The following is a summary of the changes in capital assets for governmental activities for the fiscal year ended June 30, 2006:

	Balance as of June 30, 2005	Additions	Deletions	Balance as of June 30, 2006
Non-Depreciated Assets				
Land and Land Improvements	\$ 7,438,393	\$ 159,000	\$ 50,358	\$ 7,547,035
Total Non-Depreciated Assets	7,438,393	159,000	50,358	7,547,035
Depreciable Capital Assets				
Buildings	8,061,660			8,061,660
Construction in Progress	568,146	3,031,969	568,146	3,031,969
Equipment	1,746,840	99,446	203,252	1,643,034
Infrastructure	39,201,595	568,146	2,350,389	37,419,352
Vehicles	4,312,866	546,530	234,289	4,625,107
Total Depreciable Capital Assets	53,891,107	4,246,091	3,356,076	54,781,122
Less Accumulated Depreciation	26,454,586	968,055	892,054	26,530,587
Net Depreciable Assets	27,436,521	3,278,036	2,464,022	28,250,535
Total Capital Assets	\$ 34,874,914	\$ 3,437,036	\$ 2,514,380	\$ 35,797,570

City of Green River**Notes to the Financial Statements****June 30, 2006**

The gross cost and accumulated depreciation balances at June 30, 2005 were restated to capitalize infrastructure assets, record accumulated depreciation, and establish capitalization thresholds in accordance with the adoption of GASB Statement No. 34. Balances as of June 30, 2005 were restated as follows:

	Balance as of June 30, 2005	Restatement	Restated Balance as of June 30, 2005
Land and Land Improvements	\$ 2,192,174	\$ 5,246,219	\$ 7,438,393
Buildings	6,234,813	1,826,847	8,061,660
Construction in Progress	568,146	-	568,146
Equipment	1,640,680	106,160	1,746,840
Infrastructure	4,211,935	34,989,660	39,201,595
Vehicles	4,309,407	3,459	4,312,866
Total Property and Equipment	19,157,155	42,172,345	61,329,500
Less Accumulated Depreciation	7,176,369	19,278,217	26,454,586
Total Net property and Equipment	<u>\$ 11,980,786</u>	<u>\$ 22,894,128</u>	<u>\$ 34,874,914</u>

Depreciation was charged to governmental activities as follows:

General government	\$ 121,256
Public safety	178,562
Streets maintenance	101,715
Parks and recreation	384,264
Capital outlay	182,258
Total	<u>\$ 968,055</u>

City of Green River**Notes to the Financial Statements****June 30, 2006**

The following is a summary of changes in capital assets for business-type activities for the fiscal year ended June 30, 2006:

	Balance as of June 30, 2005	Additions	Deletions	Balance as of June 30, 2006
Non-Depreciated Assets				
Land and Land Improvements	\$ 473,960	\$ -	\$ -	\$ 473,960
Total Non-Depreciated Assets	473,960	-	-	473,960
Depreciable Capital Assets				
Buildings	11,924,459	-	955,005	10,969,454
Construction in Progress	3,207,362	289,420	3,207,362	289,420
Equipment	914,859	110,314	18,855	1,006,318
Infrastructure	14,423,240	3,207,362	879,566	16,751,036
Vehicles	2,348,351	58,541	-	2,406,892
Total Depreciable Capital Assets	32,818,271	3,665,637	5,060,788	31,423,120
Less Accumulated Depreciation	19,846,282	638,686	763,352	19,721,616
Net Depreciable Assets	12,971,989	3,026,951	4,297,436	11,701,504
Total Capital Assets	\$ 13,445,949	\$ 3,026,951	\$ 4,297,436	\$ 12,175,464

The gross cost and accumulated depreciation balances at June 30, 2005 were restated to capitalize infrastructure assets, record accumulated depreciation, and establish capitalization thresholds in accordance with the adoption of GASB Statement No. 34. Balances as of June 30, 2005 were restated as follows:

	Balance as of June 30, 2005	Change in Accounting Estimate	Restated Balance as of June 30, 2005
Land and Land Improvements	\$ 1,452,937	\$ (978,977)	\$ 473,960
Buildings	11,077,715	846,744	11,924,459
Construction in Progress	3,207,362	-	3,207,362
Equipment	910,020	4,839	914,859
Infrastructure	747,333	13,675,907	14,423,240
Vehicles	2,348,351	-	2,348,351
Total Property and Equipment	<u>19,743,718</u>	<u>13,548,513</u>	<u>33,292,231</u>
Less Accumulated Depreciation	<u>9,899,194</u>	<u>9,947,088</u>	<u>19,846,282</u>
Total Net property and Equipment	<u>\$ 9,844,524</u>	<u>\$ 3,601,425</u>	<u>\$ 13,445,949</u>

C. 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 or regular part-time employees are eligible to participate in the System. Employees qualify for a retirement allowance if they are sixty years old and have at least four years of service, or they may retire at age fifty and have at least four years of service but be subject to a reduction in benefits of five percent for each year below age sixty, or they may retire at any age if they have twenty-five years of service or when a combination of age and years of service equal eighty-five.

Generally, for individuals with creditable service prior to July 1, 1981, the individuals 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 2.125% for the member's 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.

Covered Payroll

The payroll for employees covered by the System for the year ended June 30, 2006, was \$7,623,920; the City's total payroll was \$10,226,233.

Contributions

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, the City also contributes the employee’s 5.57% share. Law enforcement employees are allowed by Wyoming Statue to contribute an extra 2.92% of their annual wages in to the Wyoming Retirement System, of which the City also funds the extra contribution amount.

The City’s contribution to the Wyoming Retirement System for the years ended June 30, 2006, 2005, and 2004 were \$760,891, \$717,206, and \$638,522 respectively, equal to the required contributions for each year.

The Wyoming Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. This information is available from the Wyoming Retirement System; copies can be obtained at First Floor East – Herschler Building, Cheyenne, Wyoming 82002.

D. Health Insurance

The City has created a partially self-funded insurance fund for the purpose of paying for administrative and claims expenses associated with providing medial insurance to its full-time employees. The City contributes approximately 95% of the funding for the program and the employees contribute approximately 5% to the program through payroll deductions. The employee’s contributions are allocated to the payment of claims and administrative expenses first then any remaining expensed are paid out of the amounts contributed by the City. As of June 30, 2006 the insurance fund had paid \$348,497 in administrative expenses and \$1,757,183 in insurance claims.

At June 30, 2006 health insurance claims had been incurred but not yet paid or reported to the health insurance fund (IBNR). As of June 30, 2006 the City estimated those claims to be approximately \$199,755

	Year Ending	
	<u>6/30/2006</u>	<u>6/30/2005</u>
Unpaid Claims, Beginning of Year	\$ 77,382	\$ -
Incurred Claims (Including IBNR)	1,660,780	1,321,948
Claim Payments	<u>1,634,810</u>	<u>1,244,566</u>
Unpaid Claims, End of Year	<u>\$ 103,352</u>	<u>\$ 77,382</u>

The City health fund also maintains an additional insurance policy that covers any one individual plan participant’s claims over \$20,000. During the Plan year ending June 30, 2005 the plan had received \$337,415 in reimbursements and had a receivable for pending reimbursements of \$64,675.

E. Commitments and Contingencies

Conduit Debt

From time to time the City issues industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of private, industrial, and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying general purpose financial statements.

As of June 30, 2006, there were four series of such bonds outstanding. The aggregate principal amount payable could not be determined; however, their original issue amounts totaled \$77,591,000.

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected may constitute a liability in the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although management expects such amounts, if any, to be immaterial.

Contract Commitments

At June 30, 2006, the City had signed commitments for construction projects, equipment and service contracts for \$2,911,995.

Capital Leases

The City entered in to a capital lease agreement with California First National Bank to purchase new fire truck. The City is required make a \$295,278 lease payment for the next three subsequent years. The total principal and interest paid on the on the lease is \$847,175 and \$38,660, respectively.

F. Long-term Liabilities

The following is a summary of the changes in long-term liabilities for the year ended June 30, 2006.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Compensated Absences	\$ 785,850	\$ 600,000	\$ 527,524	\$ 858,326	\$ 13,057
Capital Lease Obligations	-	590,556	-	590,556	295,278
Grants Liability	150,000	-	150,000	-	-
Unearned Revenue	47,000	-	47,000	-	-
Governmental Activity Long-term Liabilities	<u>\$ 982,850</u>	<u>\$ 1,190,556</u>	<u>\$ 724,524</u>	<u>\$ 1,448,882</u>	<u>\$ 308,335</u>
Business-type Activities					
Post Closure	\$ 444,931	\$ 68,010	\$ -	\$ 512,941	\$ -
Business-type Activities Long-term Liabilities	<u>\$ 444,931</u>	<u>\$ 68,010</u>	<u>\$ -</u>	<u>\$ 512,941</u>	<u>\$ -</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end \$44,063 of internal service funds compensated absences are included in above amounts.

G. Closure and Post Closure Care Costs for the Solid Waste

State and Federal laws and regulations require the City to place a cover on the landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$512,941 reported as closure and post-closure care liability at June 30, 2006, represents the cumulative amount reported to date based on the use of 66% of the estimated capacity of the landfill. At the current rate, it is estimated that the landfill will be at capacity in approximately 8 years. The City will recognize the remaining estimated cost of closure and post-closure care of \$261,448 as the remaining estimated capacity is filled. These amounts are based on estimated costs to perform all closure and post-closure costs in 2006. Actual costs may be higher or lower due to inflation, changes in technology, or changes in regulations.

H. Fund Balance Restrictions

As of June 30, 2006 the City had the following amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose:

<u>Restricted Use</u>	<u>Amount</u>
Contractual	15,200
DARE	24,586
Drug Seizure	37,856
Total Restrictions	<u>\$77,642</u>

As of June 30, 2006 the Green Fund, had \$4,020 of restricted funds. These funds are restricted to help low income individuals pay their City utility bills.

As of June 30, 2006 Green River Futures, a component unit of the City, had \$52,183 of permanently restricted funds. These restricted funds are to be loaned to small businesses to create jobs in rural areas. Interest and principal from the repayment of these loans are to be used for the same activities in perpetuity.

I. Interfund Transfers

During the year the following transfers were made between funds:

<u>Fund Transferring Out</u>	<u>Fund Receiving Transfer</u>	<u>Amount</u>
General Fund	Capital Projects	\$ 3,536,672
	Recreation Center	576,844
Recreation Center	Internal Service	35,857
Solid Waste	Internal Service	4,078
Wastewater Fund	Internal Service	11,147
Water Fund	Internal Service	5,220
Internal Service	Capital Projects	-
	Total Interfund Transfers	<u>\$ 4,169,818</u>

J. Risk Management

The City is 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 has purchased 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.

K. Component Units

Green River Future, Inc. (Futures) is a legally separate, tax-exempt component unit of the City. During the year ended June 30, 2006, Futures expended \$207,673 in promoting economic growth within the City and received \$215,247 in grants, donations and miscellaneous revenue, of which the City contributed \$215,000.

Without the support of the City of Green River, Wyoming it would be difficult for Futures to continue as a going concern. Its activities would be limited to administering the small business loans, but the expected earnings would not be sufficient along to cover the administrative costs.

L. Potential Component Units

Green River Fire Department Equipment Fund Foundation

The Green River Fire Department Equipment Fund is a legally separate, tax-exempt potential component unit of the City of Green River. The Foundation acts primarily as a fund raising organization to supplement the resources of the City of Green River Fire Department in its fire protection services. The three-member board is self-perpetuating and consists of members of the Foundation. Foundation members must all be active firefighters in the City of Green River Fire Department, thus must also be City employees. Although the City of Green River does not control the timing or amount of receipts from the Foundation, the majority of the resources that the Foundation holds and invests are restricted to the activities of the City of Green River Fire Department by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, City of Green River Fire Department, the Foundation is considered a potential component unit of City of Green River. At this time management has not been able to review all of the appropriate records to completely evaluate whether or not the Green River Fire Department Equipment Funds Foundation is considered a component unit of the City. During the year ended June 30, 2006, the City paid \$35,531 to reimburse the foundation for fire department expenditures.

M. Joint Powers Boards

Joint Powers Water Board

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

The Board consists of five members: two members from Green River, two members from Rock Springs, 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 ending June 30, 2006, the City paid \$1,045,865 to purchase water from the Board.

The financial transactions of the Board are not included in these financial statements.

Joint Powers Telecom Board

Under certain provisions of Wyoming State statutes, the City has entered into an agreement with the City of Rock Springs to form a Joint Powers Board to fund, build, operate and maintain a system of interconnected fiber-optic networks to be deployed within the two communities.

The Board consists of six members: three members from Green River and three members from Rock Springs.

At this time the Joint Powers Telecom Board is still in the start-up phases of providing an interconnected fiber-optic network within the two cities.

The financial transactions of the Board are not included in these financial statements.

Joint Powers Capital Construction Board

Under certain provisions of Wyoming State statutes, the City has entered into an agreement with Sweetwater County, the City of Rock Springs, the City of Bairoil, the City of Granger, the City of Superior and the City of Superior to form a Joint Powers Board to provide an efficient, orderly and economical method of planning, financing and constructing infrastructure projects related to the one percent capital facilities tax.

The Board consists of seven members: One from each of the governing bodies

For the period ending June 30, 2006 the board has at this point just been created and started to receive the tax payments from the State on behalf of the members.

The financial transactions that are attributable to the As of June 30, 2006 the joint powers board had received approximately \$991,697 for the City's portion of the taxes collected.

N. Related Party Transactions

Two of the City Council members have business' that provide services to various departments with in the City. During the year ending June 30, 2006 the City made payments to these businesses in the amount of \$702.

The City contributes funds to several boards and commissions in which the City either appoints the board members or City employees are elected members of the board members of the organization. During the year ending June 30, 2006 the City made payments the amount of \$1,412,290 or had invested \$2,090,450 in these various boards.

The City maintains a volunteer fire department in which members are considered employees of the City as they are compensated on a per call basis. Many of these volunteers have additional employment outside the City in which several are owners of business' that provide goods and services to various departments of the City. During the year ended June 30, 2006 the City made payments to these businesses in the amount of \$48,990.

O. Significant Effects of Subsequent Events

In July 2006 the Joint Powers Capital Construction Board issued a 2006 series lease revenue bonds in the amount of \$46,960,000. The bonds have a graduated maturity scale from December, 2006 to June, 2013 with various yield rates. Of the bonds issued approximately \$11,312,664 of the principal amount can be directly attributable to infrastructure projects for the City of Green River.

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Supplementary Information

Enterprise Funds

City of Green River
Combining Statement of Net Assets
Enterprise Funds
June 30, 2006

	Recreation Center		Solid Waste		Water		Wastewater		Totals								
	June 30,	2006	2005	2006	2005	2006	2005	2006	2005	Current Year							
Assets																	
Current Assets																	
Cash and Cash Equivalents	\$	80,330	\$	46,317	\$	94,449	\$	6,048	\$	-	\$	-	127,091	\$	-	\$	301,870
Cash Held in Joint Custody		-		-		-		-		121,074		117,491		-		-	121,074
Investments		1,881		1,852		1,691,089		1,538,257		1,857,528		1,931,248		3,143,846		4,219,965	6,694,344
Accounts Receivable		-		-		148,040		137,565		346,447		216,354		62,663		58,871	557,150
Unbilled Receivable		-		-		23,293		21,975		110,499		105,025		-		-	133,792
Inventories		15,133		12,410		11,250		9,250		291,507		92,311		30,764		33,196	348,654
Total Current Assets		97,344		60,579		1,968,121		1,713,095		2,727,055		2,462,429		3,364,364		4,312,032	8,156,884
Non-current Assets																	
Capital Assets																	
Land		169,009		169,009		229,081		229,081		75,870		75,870		-		-	473,960
Buildings		5,886,096		5,886,096		165,762		165,762		197,900		197,900		4,719,696		5,674,701	10,969,454
Equipment		267,962		244,338		310,019		276,370		143,201		112,017		285,136		277,295	1,006,318
Vehicles		26,192		5,175		1,340,956		1,322,300		183,783		183,783		855,961		837,093	2,406,892
Infrastructure		-		-		-		-		3,973,775		2,896,639		12,777,261		11,205,642	16,751,036
Construction-in-Progress		-		-		-		-		156,497		1,371,760		132,923		1,835,602	289,420
Less Accumulated Depreciation		(3,230,300)		(3,055,424)		(1,624,379)		(1,523,241)		(2,237,708)		(2,074,807)		(12,629,229)		(12,867,010)	(19,721,616)
Total Non-current Assets		3,118,959		3,249,194		421,439		470,272		2,493,318		2,763,162		6,141,748		6,963,323	12,175,464
Total Assets		3,216,303		3,309,773		2,389,560		2,183,367		5,220,373		5,225,591		9,506,112		11,275,355	20,332,348
Liabilities																	
Current Liabilities																	
Accounts Payable		42,064		22,835		27,017		16,609		203,758		170,045		14,373		36,941	287,212
Customer Deposits		-		-		-		-		71,339		66,485		-		-	71,339
Compensated Absences		39,421		37,072		69,926		64,454		11,448		26,976		88,670		73,160	209,465
Deficiency in Pooled Cash		-		-		-		-		119,125		\$ 85,949		-		78,657	119,125
Wages Payable		15,052		16,056		18,085		25,570		6,761		12,813		16,116		17,025	56,014
Total Current Liabilities		96,537		75,963		115,028		106,633		412,431		362,268		119,159		205,783	743,155
Non-current Liabilities																	
Post Closure Liability		-		-		512,941		444,931		-		-		-		-	512,941
Total Non-current Liabilities		-		-		512,941		444,931		-		-		-		-	512,941
Total Liabilities		96,537		75,963		627,969		551,564		412,431		362,268		119,159		205,783	1,256,096
Net Assets																	
Invested in Capital Assets		3,118,959		3,249,194		421,439		470,272		2,493,318		2,763,162		6,141,748		6,963,323	12,175,464
Unrestricted		807		(15,384)		1,340,152		1,161,531		2,314,624		2,100,161		3,245,205		4,106,249	6,900,788
Total Net Assets	\$	3,119,766	\$	3,233,810	\$	1,761,591	\$	1,631,803	\$	4,807,942	\$	4,863,323	\$	9,386,953	\$	11,069,572	\$ 19,076,252

The Notes to the Financial Statements are an Integral Part of this Statement

City of Green River

Combining Statement of Revenues, Expenses, and Changes in Net Assets

Enterprise Funds

For the Year Ended June 30, 2006

	<u>Recreation Center</u>		<u>Solid Waste</u>		<u>Water</u>		<u>Wastewater</u>		<u>Totals</u>
<u>June 30,</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>Current Year</u>
Operating Revenues:									
Charges for Services:									
Admission Fees	\$ 301,668	\$ 294,355	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 301,668
Refuse Fees	-	-	1,427,895	1,334,765	-	-	-	-	1,427,895
Sewer Fees	-	-	-	-	-	-	645,477	623,101	645,477
Water Fees	-	-	-	-	2,418,668	2,116,417	-	-	2,418,668
Other	1,223	-	4,217	9,170	346	2,499	20,570	33,493	26,356
Total Operating Revenues	<u>302,891</u>	<u>294,355</u>	<u>1,432,112</u>	<u>1,343,935</u>	<u>2,419,014</u>	<u>2,118,916</u>	<u>666,047</u>	<u>656,594</u>	<u>4,820,064</u>
Operating Expenses:									
Costs of Sales and Services	783,162	765,168	1,197,157	1,131,767	2,064,146	1,834,326	1,529,078	890,426	5,573,543
Depreciation	174,876	178,026	101,139	110,054	62,920	64,990	299,751	297,650	638,686
Total Operating Expenses	<u>958,038</u>	<u>943,194</u>	<u>1,298,296</u>	<u>1,241,821</u>	<u>2,127,066</u>	<u>1,899,316</u>	<u>1,828,829</u>	<u>1,188,076</u>	<u>6,212,229</u>
Operating Income (Loss)	<u>(655,147)</u>	<u>(648,839)</u>	<u>133,816</u>	<u>102,114</u>	<u>291,948</u>	<u>219,600</u>	<u>(1,162,782)</u>	<u>(531,482)</u>	<u>(1,392,165)</u>
Non-Operating Revenues (Expenses):									
Investment Earnings	116	5,174	34,524	57,697	41,085	79,924	72,993	185,413	148,718
Total Non-operating Revenue	<u>116</u>	<u>5,174</u>	<u>34,524</u>	<u>57,697</u>	<u>41,085</u>	<u>79,924</u>	<u>72,993</u>	<u>185,413</u>	<u>148,718</u>
Transfers In	576,844	223,669	-	-	-	-	-	-	576,844
Transfers Out	(35,857)	(33,947)	(38,552)	(3,986)	(388,414)	(4,960)	(592,830)	(10,598)	(1,055,653)
Change in net Assets	<u>(114,044)</u>	<u>(453,943)</u>	<u>129,788</u>	<u>155,825</u>	<u>(55,381)</u>	<u>294,564</u>	<u>(1,682,619)</u>	<u>(356,667)</u>	<u>(1,722,256)</u>
Total Net Assets-- Beginning	<u>3,233,810</u>	<u>3,687,753</u>	<u>1,631,803</u>	<u>1,475,978</u>	<u>4,863,323</u>	<u>4,568,759</u>	<u>11,069,572</u>	<u>11,426,239</u>	<u>20,798,508</u>
Total Net Assets--Ending	<u>\$ 3,119,766</u>	<u>\$ 3,233,810</u>	<u>\$ 1,761,591</u>	<u>\$ 1,631,803</u>	<u>\$ 4,807,942</u>	<u>\$ 4,863,323</u>	<u>\$ 9,386,953</u>	<u>\$ 11,069,572</u>	<u>\$ 19,076,252</u>

The Notes to the Financial Statements are an Integral Part of this Statement

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City of Green River
Combining Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2006

	<u>Recreation Center</u>		<u>Solid Waste</u>		<u>Water</u>		<u>Wastewater</u>		<u>Totals</u> <u>Current Year</u>
	<u>June 30,</u> <u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	
Cash flows from Operating Activities									
Receipts from Customers and Users	\$ 302,891	\$ 294,355	\$ 1,432,112	\$ 1,343,935	\$ 2,419,014	\$ 2,118,916	\$ 666,047	\$ 656,594	\$ 4,820,06
Payments to Employees	(403,519)	(403,519)	(621,763)	(621,763)	(383,396)	(383,396)	(443,415)	(443,415)	(1,852,09)
Payments to Suppliers	(361,792)	(351,330)	(512,782)	(485,050)	(1,965,350)	(1,702,887)	(1,173,647)	(362,190)	(4,013,57)
Net Cash Provided by Operating Activities	(462,420)	(460,494)	297,567	237,122	70,268	32,633	(951,015)	(149,011)	(1,045,60)
Cash Flows from Non-capital Financing Activities									
Operating Transfers In (Out)	540,987	189,722	(38,552)	(3,986)	(388,414)	(4,960)	(592,830)	(10,598)	(478,80)
Net Cash Provided by Non-capital Financing Activities	540,987	189,722	(38,552)	(3,986)	(388,414)	(4,960)	(592,830)	(10,598)	(478,80)
Cash Flows from Capital and Related Financing Activities									
Purchase of Capital Assets	(44,699)	(7,430)	(52,306)	(18,425)	(39,149)	(29,427)	(37,599)	(85,033)	(173,75)
Construction of Capital Assets	-	-	-	-	(156,497)	(448,170)	(132,923)	(1,682,723)	(289,42)
Proceeds from Capital Asset Sales	-	-	-	-	283,445	-	692,346	-	975,79
Net Cash Provided by Capital and Related Financing Activities	(44,699)	(7,430)	(52,306)	(18,425)	87,799	(477,597)	521,824	(1,767,756)	512,61
Cash Flows from Investing Activities									
Interest Income	116	5,174	34,524	57,697	41,085	79,924	72,993	185,413	148,71
Purchase of Investments	29	(995)	(152,832)	(613,705)	73,720	32,538	1,076,119	1,741,952	997,03
Net Cash Provided by Investing Activities	145	4,179	(118,308)	(556,008)	114,805	112,462	1,149,112	1,927,365	1,145,75
Net Change in Cash	34,013	(274,023)	88,401	(341,297)	(115,542)	(337,462)	127,091	-	133,96
Cash at Beginning of Year	46,317	320,340	6,048	347,345	117,491	454,953	-	-	169,85

The Notes to the Financial Statements are an Integral Part of this Statement

	<u>Recreation Center</u>		<u>Solid Waste</u>		<u>Water</u>		<u>Wastewater</u>		<u>Totals</u> <u>Current Year</u>
	<u>June 30,</u> <u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities									
Operating Income (Loss)	\$ (655,147)	\$ (648,839)	\$ 133,816	\$ 102,114	\$ 291,948	\$ 219,600	\$ (1,162,782)	\$ (531,482)	\$ (1,392,16)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities									
Depreciation Expense	174,876	178,026	101,139	110,054	62,920	64,990	299,751	297,650	638,68
(Increase) Decrease in Accounts Receivable	-	-	(11,793)	(15,142)	(135,567)	(1,485)	(3,792)	2,397	(151,15)
Decrease (Increase) in Liabilities	20,574	6,210	76,405	40,503	50,163	(259,057)	(86,624)	88,930	60,51
(Increase) Decrease in Inventories	(2,723)	4,109	(2,000)	(407)	(199,196)	8,585	2,432	(6,506)	(201,48)
Total Adjustments	<u>192,727</u>	<u>188,345</u>	<u>163,751</u>	<u>135,008</u>	<u>(221,680)</u>	<u>(186,967)</u>	<u>211,767</u>	<u>382,471</u>	<u>346,56</u>
Net Cash Provided by/(Used In) Operating Activities	<u>\$ (462,420)</u>	<u>\$ (460,494)</u>	<u>\$ 297,567</u>	<u>\$ 237,122</u>	<u>\$ 70,268</u>	<u>\$ 32,633</u>	<u>\$ (951,015)</u>	<u>\$ (149,011)</u>	<u>\$ (1,045,60)</u>

The Notes to the Financial Statements are an Integral Part of this Statement

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Internal Service Fund

City of Green River
Internal Service Fund
Statement of Net Assets
June 30, 2006 and 2005

	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Assets		
Cash and Cash Equivalents	\$ 8,650	\$ 1,522
Investments	816,842	910,689
Total Assets	<u>825,492</u>	<u>912,211</u>
Liabilities		
Accounts Payable	449	-
Total Liabilities	<u>449</u>	<u>-</u>
Net Assets		
Restricted	-	
Unrestricted	825,043	912,211
Total Net Assets	<u>\$ 825,043</u>	<u>\$ 912,211</u>

The Notes to the Financial Statements are an Integral Part of this Statement

City of Green River**Internal Service Fund****Statement of Revenues, Expenses, and Changes in Net Assets
For the Years Ended June 30, 2006 and 2005**

	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Operating Revenues:		
Charges for Services:		
Insurance Fees	\$ -	\$ -
Total Operating Revenues	-	-
Operating Expenses		
Insurance	159,375	152,608
Total Operating Expenses	159,375	152,608
Operating Loss	(159,375)	(152,608)
Non-Operating Revenues		
Investment Earnings	15,905	47,129
Total Non-operating Revenue	15,905	47,129
Transfers In	56,302	53,491
Transfers Out	-	(700,000)
Change in Net Assets	(87,168)	(751,988)
Total Net Assets-Beginning	912,211	1,664,199
Total Net Assets-Ending	<u>\$ 825,043</u>	<u>\$ 912,211</u>

The Notes to the Financial Statements are an Integral Part of this Statement

City of Green River**Statement of Cash Flows****Internal Service Fund****For the Year Ended June 30, 2006 and 2005**

	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Cash flows from Operating Activities		
Payments to Suppliers	\$ (158,926)	\$ (152,608)
Net Cash Used In Operating Activities	<u>(158,926)</u>	<u>(152,608)</u>
Cash Flows from Non-capital Financing Activities		
Operating Transfers In (Out)	<u>56,302</u>	<u>(646,509)</u>
Net Cash Provided by (Used In) Non-capital Financing Activities	56,302	(646,509)
Cash Flows from Investing Activities		
Interest Income	15,905	47,129
Purchase of Investments	<u>93,847</u>	<u>751,510</u>
Net Cash Provided by Investing Activities	109,752	798,639
Net Change in Cash	7,128	(478)
Cash at Beginning of Year	1,522	2,000
Cash at End of Year	<u>\$ 8,650</u>	<u>\$ 1,522</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities		
Operating Loss	<u>(159,375)</u>	<u>(152,608)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
(Decrease) Increase in Liabilities	<u>449</u>	<u>-</u>
Total Adjustments	<u>449</u>	<u>-</u>

The Notes to the Financial Statements are an Integral Part of this Statement

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KARREN | HENDRIX | STAGG | ALLEN
COMPANY

A Professional Corporation

Duane C. Karren, CPA
R. Ted Stagg, CPA
Ray H. Allen, CPA
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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Mayor and Members of City Council
City of Green River, Wyoming

We have audited the basic financial statements of the City of Green River, Wyoming (the City) as of and for the year ended June 30, 2006, and have issued our report thereon dated September 22, 2006. 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.

Compliance

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

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the City in a separate letter dated September 22, 2006.

CERTIFIED PUBLIC ACCOUNTANTS

This report is intended solely for the information and use of the Mayor, City Council, management, others within the organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Karren, Hendrix, Stagg, Allen & Company

Karren, Hendrix, Stagg, Allen & Company
September 22, 2006

