



**Annual Financial Report
Fiscal Year Ended June 30, 2012
(With Accountants' Report Therein)**

CITY OF GREEN RIVER, WYOMING

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Green River, Wyoming, as of and for the year ended June 30, 2012, which collectively comprises the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express 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, each major fund, and the aggregate remaining fund information of the City of Green River, Wyoming, as of June 30, 2012, and the respective changes in financial position, and cash flows, where applicable thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2013, on our consideration of the City of Green River, Wyoming'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 important for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's discussion and analysis and budgetary comparison information on pages 3 through 11 and page 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the

information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures to not provide us with sufficient evidence to express an opinion or provide any assurance.

Karren, Hendrix, Stagg, Allen & Company

Karren, Hendrix, Stagg, Allen & Company
February 13, 2013

CITY OF GREEN RIVER, WYOMING

Management's Discussion and Analysis Fiscal Year Ended June 30, 2012

As management of the City of Green River, Wyoming, we offer the readers of the City of Green River, Wyoming's financial statements this narrative overview and analysis of the financial statements of the City of Green River, Wyoming for the year ended June 30, 2012. When read in conjunction with the financial statements, this section's financial highlights, overview, and analysis should assist the reader in gaining a more complete knowledge of the City's financial performance.

FINANCIAL HIGHLIGHTS

- The City's combined net assets have increased \$4.2 million to \$88.4 million during fiscal year 2012. Increasing the City's fund balance is an excellent fiscal accomplishment given the state of the National economy. The local economy seems to be stabilizing better than the national economy.
- The business type activities increased their net assets with an ending balance to \$16.3 million. The business type activities had a cumulative gain of approximately \$557,000 from operations. The cumulative unrestricted fund balance increase approximately \$163,000 to approximately \$8.5 million.
- The solid waste fund posted just over a \$157,000 gain for fiscal year 2012, increasing the fund balance to just over \$1.4 million. Looking to the future the fund is looking at several financial hurdles mainly due to changes in operations from environmental factors. Recently the City completed a study to determine several of these factors and their financial effects. Overall, the next several years are very critical for the fund.
- The wastewater fund recorded a \$285,000 loss for fiscal year 2012. The fund is financially strong with approximately \$2.5 million in unrestricted net assets, of which \$1.2 million is designated for system expansion. The past rate structure was designed to reduce the Wastewater fund balance to a more reasonable balance between maintaining its infrastructure and reasonable rates for the citizens. The fund has now reached a reasonable fund balance to maintain its infrastructure but to sustain that equilibrium in the future the fund will need to continue small annual rate increases.
- The water fund recorded almost a \$44,000 profit in for fiscal year 2012, increasing the unrestricted fund balance to \$4.85 million. The fund has maintained solvency very well over the last few years with small annual rate increases.

OVERVIEW OF THE FINANCIAL STATEMENTS

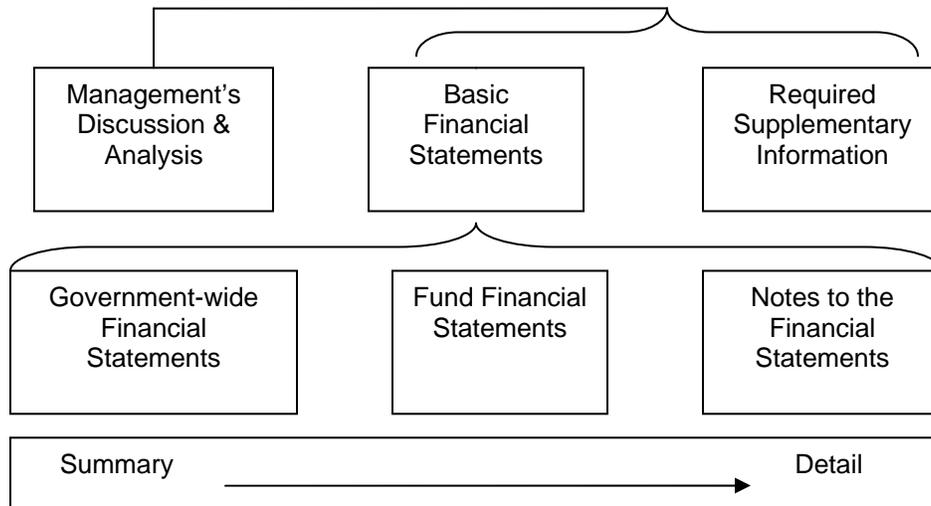
This annual report consists of three parts: 1) Management's Discussion and Analysis (this section) 2) The basic financial statements and 3) Required supplementary information. The basic financial statements include two kinds of statements that present different views of the City.

- 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.

**Figure A-1
Required Components of the City of
Green River Annual Financial Report**



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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 Financial 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 conditions of the economic base for sales taxes. The sales taxes account for approximately than 71% 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.

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. 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

Over time net assets serve as a useful indicator of a government's financial position. Table A-3 summarizes the City of Green River's net assets. The City's assets exceed liabilities by \$88.4 million at the end of the fiscal year 2012.

Net assets can be separated further into current assets which equal \$31.7 million; increasing by \$2.9 million from the prior fiscal year. Investment in capital assets (net of depreciation) totaled \$64.8 million; increasing by \$3.5 million from the prior fiscal year. Total liabilities remained relatively constant and totaled \$8.1 million.

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. The business type activities include wastewater, solid waste, water, and risk management.

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

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current assets	\$ 20,633	\$ 17,836	\$ 11,061	\$ 10,802	\$ 31,694	\$ 28,638
Capital assets	57,131	53,368	7,672	7,919	64,803	61,287
Total assets	\$ 77,764	\$ 71,204	\$ 18,733	\$ 18,721	96,497	89,925
Current liabilities	\$ 4,097	\$ 2,069	\$ 514	\$ 415	\$ 4,611	\$ 2,484
Non-current liabilities	1,559	1,322	1,940	1,944	3,499	3,266
Total liabilities	5,656	3,391	2,454	2,359	8,110	5,750
Net assets:						
Investment in capital assets	57,131	53,368	7,672	7,919	64,803	61,287
Restricted	149	154	137	136	286	290
Unrestricted	14,828	14,291	8,470	8,307	23,298	22,598
Total net assets	72,108	67,813	16,279	16,362	88,387	84,175
Total liabilities and net assets	\$ 77,764	\$ 71,204	\$ 18,733	\$ 18,721	\$ 96,497	\$ 89,925

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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 2012. City-wide, net assets increased almost \$3.4 million to an ending balance of \$ 87.6 million.

Table A-4
Changes in the City of Green River's Net Assets
(In thousands of dollars)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
REVENUES						
Charges for services	\$ 743	\$ 754	\$ 5,364	\$ 5,088	\$ 6,107	\$ 5,842
Operating grants and contributions	614	319	-	-	614	319
Capital grants and contributions	1,191	2,265	-	41	1,191	2,306
General revenues:						
Taxes	21,874	17,562	-	-	21,874	17,562
Intergovernmental	1,818	2,158	-	-	1,818	2,158
Interest and investment income	34	17	19	14	53	31
Miscellaneous	245	(198)	-	(16)	245	(215)
Total revenues	<u>26,519</u>	<u>22,877</u>	<u>5,383</u>	<u>5,127</u>	<u>31,902</u>	<u>28,003</u>
EXPENSES						
General government	4,194	3,695	-	-	4,194	3,695
Public safety	5,640	5,625	-	-	5,640	5,625
Streets maintenance	7,987	6,014	-	-	7,987	6,014
Parks and recreation	4,755	3,758	-	-	4,755	3,758
Risk management	289	276	-	-	289	276
Solid waste	-	-	1,450	1,573	1,450	1,573
Sewer	-	-	1,141	1,157	1,141	1,157
Water	-	-	2,235	2,061	2,235	2,061
Total expenses	<u>22,865</u>	<u>19,368</u>	<u>4,826</u>	<u>4,791</u>	<u>27,691</u>	<u>24,159</u>
TRANSFERS IN (OUT)	<u>641</u>	<u>19</u>	<u>(641)</u>	<u>(19)</u>	<u>-</u>	<u>-</u>
CHANGES IN NET ASSETS	4,295	3,528	(84)	317	4,211	3,844
NET ASSETS, JULY 1	<u>67,813</u>	<u>64,285</u>	<u>16,363</u>	<u>16,046</u>	<u>84,176</u>	<u>80,331</u>
NET ASSETS, JUNE 30	<u>\$ 72,108</u>	<u>\$ 67,813</u>	<u>\$ 16,279</u>	<u>\$ 16,363</u>	<u>\$ 88,387</u>	<u>\$ 84,175</u>

Governmental Activities

Governmental activities increased by \$3.5 million during fiscal year 2012. Considering the national economy this is a good accomplishment. A majority of the increase from an additional one-percent sales tax, which is specifically earmarked for a new child development center building.

Sales and use taxes are the largest revenue source of the City's governmental funds. They make up approximately 71% of the total revenue during the fiscal year. For fiscal year 2012 the sales and use tax has two key components. The first component is the 4% general sales and use tax. Most of this tax is distributed to the State of Wyoming. The City received approximately \$7.4 million of 4% sales and use tax, which represents 32% of the City's total governmental activities revenue. The second component is the 1% Optional sales and use tax. This tax is assessed by each county and all of it is distributed back to Sweetwater County. The City received approximately \$6.1 million of 1% Optional tax sales and use tax, which represents 27% of the City's total governmental activities revenue.

The second largest contributor to the City's coffers is the intergovernmental revenues. This account is made up of state and federal grants, mineral royalties, severance taxes and one-time funding from the State. In

2012 the City received \$2.6 million intergovernmental funds, which represents 11.3% of the City's total governmental activities revenue.

The City's 2012 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, and community revitalization. Public safety is comprised of police protection and fire protection. Streets maintenance is comprised of community development, public works and streets maintenance. Parks and recreation includes park maintenance, leisure programs, cemetery, and buildings maintenance and recreation center accounts.

The City's Streets program is the largest expenditure category in the City at 35% of the governmental activities expenditures. Public Safety and the Parks and Recreation programs total are at 25% and 21%, respectively, for the second and third largest programs.

Governmental Activities expenditures exceeded its programmed revenues by more than \$3.4 million. The excess expenditures over the governmental activities programmed revenue is made up mostly from tax revenue and unrestricted fund balance.

Business-Type Activities

The solid waste fund posted just over a \$157,000 gain for fiscal year 2012, increasing the fund balance to just over \$1.4 million. Looking to the future the fund is looking at several financial hurdles mainly due to changes in operations from environmental factors. Overall, the next several years are very critical for the fund. The City recently completed a study to determine several of these factors and their financial effects. One of the major decisions the City will have to make in the next year or two is whether or not to close the existing landfill or to expand into a new permit area. Currently the City is has taken the direction to evaluate closing the landfill and build a transfer station for the disposal of municipal waste.

The water fund remained steady this year with just over a \$157,000 gain in net assets. The fund's increase this year was attributed mainly to the fact it did not finance an infrastructure project this year. Within the next year the fund utilize some of the unrestricted fund balance by starting to fund infrastructure projects again. In the long-term the City's future growth is going to be largest foreseeable hurdle for the water fund but given the current economy the expansion is going to turn more into a long term planning program for the fund.

The wastewater fund also recorded a \$285,000 loss for fiscal year 2012. The fund is financially strong with approximately \$2.5 million in unrestricted net assets, of which \$1.2 million is designated for system expansion. The past rate structure was designed to reduce the fund's fund balance to a more reasonable balance between maintaining its infrastructure and reasonable rates for the citizens. The fund has now reached a reasonable fund balance to equalize reasonable citizen rates and maintain its infrastructure but to sustain that equilibrium in the future the fund should start looking at small annual rate increases. These increases will also play a vital role in funding infrastructure projects in the future.

In the internal service fund, risk management fund received approximately \$45,000 from other funds and investment interest to pay for operating the self-insurance pool. The General Fund also transferred \$1,800,000 to the fund to aid in the quasi-endowment fund and operating expenditures.

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 \$656 in donations and paid out \$1,400 to needy residents. The GREEN assistance program has a total of approximately \$1,800 in cash at the end of the fiscal year.

GENERAL FUND BUDGET 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, 2012. Several factors lead to these modifications. They include: economic factors, change in governing officials, emergency purchases, and other factors.

CAPITAL ASSETS

At the end of the fiscal year, for governmental activities, the City had invested \$57.1 million (net of depreciation) in a wide range of capital assets including land and land improvements, buildings, equipment, infrastructure and vehicles. Capital assets increased by \$3.7 million or 6.9% from last year. See Table A-5.

**Table A-5
City of Green River's Capital Assets
(In thousands of dollars)**

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Non-depreciable capital assets	\$ 17,795	\$ 12,743	\$ 297	\$ 297	\$ 18,092	\$ 13,040
Depreciable capital assets	80,031	78,692	27,223	26,770	107,254	105,462
Less accumulated depreciation	(40,695)	(38,067)	(19,848)	(19,148)	(60,543)	(57,215)
Net depreciable capital assets	<u>39,336</u>	<u>40,625</u>	<u>7,375</u>	<u>7,622</u>	<u>46,711</u>	<u>48,247</u>
Total capital assets	<u>\$ 57,131</u>	<u>\$ 53,368</u>	<u>\$ 7,672</u>	<u>\$ 7,919</u>	<u>\$ 64,803</u>	<u>\$ 61,287</u>

For fiscal year 2012, for business type activities, had invested \$7.7 million in a wide range of capital assets including land and land improvements, buildings, equipment, infrastructure and vehicles. Capital assets decreased from last year mostly due to depreciation in excess of additions. See Table A-5.

LONG-TERM DEBT

The City has a small amount of long-term debt. This includes employee compensated absences and post closure liability of the City's landfill. The City's compensated absences liability is approximately \$1.7 million and the post closure liability is approximately \$1.7 million, which represents 1.9% and 1.9% of total net assets, respectively.

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.

REQUESTS FOR INFORMATION

This financial report is designed to provide to citizens, customers, investors, creditors, and others with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to the City of Green River, c/o Jeff Nieters, City of Green River, 50 E 2nd North Green River, WY 82935, telephone number (307) 872-6122.

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BASIC FINANCIAL STATEMENTS

CITY OF GREEN RIVER, WYOMING

Statement of Net Assets June 30, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 367,509	\$ 3,218,276	\$ 3,585,785
Investments	16,815,447	6,658,115	23,473,562
Receivables, net	3,098,261	740,152	3,838,413
Prepaid expenses	3,850	-	3,850
Inventories	347,322	444,405	791,727
Capital assets:			
Land, improvements, and construction			
In progress	17,794,990	296,507	18,091,497
Other capital assets, net of depreciation	39,336,236	7,375,191	46,711,427
Total assets	<u>77,763,615</u>	<u>18,732,646</u>	<u>96,496,261</u>
LIABILITIES			
Accounts payable and accrued expenses	3,799,546	426,110	4,225,656
Deferred revenue	179,510	-	179,510
Long-term liabilities:			
Due within one year	117,516	88,000	205,516
Due in more than one year	1,559,034	1,939,884	3,498,918
Total liabilities	<u>5,655,606</u>	<u>2,453,994</u>	<u>8,109,600</u>
NET ASSETS			
Invested in capital assets, net of related debt	57,131,226	7,671,698	64,802,924
Restricted for:			
Federal programs	148,976	-	148,976
Cash held in joint custody	-	136,564	136,564
Unrestricted	14,827,807	8,470,390	23,298,197
Total net assets	<u>\$ 72,108,009</u>	<u>\$ 16,278,652</u>	<u>\$ 88,386,661</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GREEN RIVER, WYOMING

Statement of Activities For the Year Ended June 30, 2012

	Program Revenues				Net (Expense) Rev & Changes in Net Assets Primary Government		
	Expenses	Charges for Services	Operating Grant and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Function/Programs Primary Government:							
Governmental Activities:							
General government	\$ 4,194,031	\$ 251,194	\$ 472,905	\$ 31,655	\$ (3,438,277)		\$ (3,438,277)
Public safety	5,639,704	30,013	140,642	-	(5,469,049)		(5,469,049)
Streets maintenance	7,986,944	-	-	1,159,464	(6,827,480)		(6,827,480)
Parks and recreation	4,755,208	461,513	-	-	(4,293,695)		(4,293,695)
Risk management	289,198	-	-	-	(289,198)		(289,198)
Total governmental activities	<u>22,865,085</u>	<u>742,720</u>	<u>613,547</u>	<u>1,191,119</u>	<u>(20,317,699)</u>		<u>(20,317,699)</u>
Business-type activities:							
Solid waste	1,450,402	1,606,479	-	-		156,077	156,077
Water	2,234,664	2,594,883	-	-		360,219	360,219
Wastewater	1,140,550	1,162,327	-	-		21,777	21,777
Total business-type activities	<u>4,825,616</u>	<u>5,363,689</u>	<u>-</u>	<u>-</u>		<u>538,073</u>	<u>538,073</u>
Total primary government	<u>\$ 27,690,701</u>	<u>\$ 6,106,409</u>	<u>\$ 613,547</u>	<u>\$ 1,191,119</u>	<u>(20,317,699)</u>	<u>538,073</u>	<u>(19,779,626)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					905,977	-	905,977
Sales taxes, levied for general purposes					13,557,113	-	13,557,113
Sales taxes, levied for capital facilities					5,920,730	-	5,920,730
Impact assistance, special state dist.					924,789	-	924,789
Miscellaneous taxes					565,009	-	565,009
Intergovernmental					1,817,547	-	1,817,547
Unrestricted investment earnings					34,067	18,831	52,898
Miscellaneous revenues					220,024	-	220,024
Gain (loss) on sale of capital assets					26,916	-	26,916
Transfers in (out)					640,777	(640,777)	-
Total general revenues and transfers					<u>24,612,949</u>	<u>(621,946)</u>	<u>23,991,003</u>
Change in net assets					4,295,250	(83,873)	4,211,377
NET ASSETS - JULY 1, 2011					67,812,759	16,362,525	84,175,284
NET ASSETS - JUNE 30, 2012					<u>\$ 72,108,009</u>	<u>\$ 16,278,652</u>	<u>\$ 88,386,661</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GREEN RIVER, WYOMING

Balance Sheet Governmental Funds June 30, 2012

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 57,097	\$ 302,040	\$ 359,137
Investments	8,004,097	7,966,533	15,970,630
Accounts receivable, net	3,014,070	-	3,014,070
Grants receivable	39,154	45,037	84,191
Prepaid expenses	3,850	-	3,850
Inventories	347,322	-	347,322
Total assets	<u>11,465,590</u>	<u>8,313,610</u>	<u>19,779,200</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	427,418	2,216,857	2,644,275
Retainage payable	-	652,309	652,309
Compensated absences	117,516	-	117,516
Grants payable	-	-	-
Bonds and deposits held	17,370	-	17,370
Accrued payroll and benefits	484,722	-	484,722
Deferred revenue	814,019	-	814,019
Total liabilities	<u>1,861,045</u>	<u>2,869,166</u>	<u>4,730,211</u>
Fund Balances:			
Restricted for:			
Federal programs	35,381	45,037	80,418
Unassigned	9,569,164	5,399,407	14,968,571
Total fund balances	<u>9,604,545</u>	<u>5,444,444</u>	<u>15,048,989</u>
Total liabilities and fund balances	<u>\$ 11,465,590</u>	<u>\$ 8,313,610</u>	<u>\$ 19,779,200</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GREEN RIVER, WYOMING

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets For the Year Ended June 30, 2012

Total fund balances - governmental fund types	\$ 15,048,989
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	57,131,226
Revenues being deferred for fund reporting but not for government-wide	634,509
Long-term liabilities not due and payable in the current period and, therefore, are not reported in the funds	(1,559,034)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individuals funds. The assets and liabilities of certain internal service funds is reported with governmental activities	<u>852,319</u>
Net assets of governmental activities	<u><u>\$ 72,108,009</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF GREEN RIVER, WYOMING

Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2012

	<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes:			
Sales and use	\$ 13,557,112	\$ 5,920,729	\$ 19,477,841
Impact assistance	924,789	-	924,789
Property	915,811	-	915,811
Miscellaneous	565,009	-	565,009
Charges for services	496,241	-	496,241
Fines and forfeitures	120,980	-	120,980
Intergovernmental	2,145,535	1,451,561	3,597,096
Licenses and permits	125,498	-	125,498
Investment earnings	21,780	7,539	29,319
Miscellaneous	90,693	56,665	147,358
Proceeds from sale of capital assets	32,402	-	32,402
Total revenues	<u>18,995,850</u>	<u>7,436,494</u>	<u>26,432,344</u>
EXPENDITURES			
General government	3,062,161	2,081,548	5,143,709
Public safety	5,133,179	1,975,359	7,108,538
Streets maintenance	2,918,932	5,425,633	8,344,565
Parks and recreation	3,960,673	1,407,624	5,368,297
Total expenditures	<u>15,074,945</u>	<u>10,890,164</u>	<u>25,965,109</u>
Revenues over (under) expenditures	<u>3,920,905</u>	<u>(3,453,670)</u>	<u>467,235</u>
OTHER FINANCING SOURCES (USES)			
Transfers to other funds	(6,765,051)	-	(6,765,051)
Transfers from other funds	-	8,244,825	8,244,825
Total other financing sources and uses	<u>(6,765,051)</u>	<u>8,244,825</u>	<u>1,479,774</u>
Revenues and other sources over (under) expenditures and other uses	<u>(2,844,146)</u>	<u>4,791,155</u>	<u>1,947,009</u>
FUND BALANCES - JULY 1, 2011	<u>12,448,691</u>	<u>653,289</u>	<u>13,101,980</u>
FUND BALANCES - JUNE 30, 2012	<u>\$ 9,604,545</u>	<u>\$ 5,444,444</u>	<u>\$ 15,048,989</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GREEN RIVER, WYOMING

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2012

Net change in fund balances - total governmental funds	\$ 1,947,009
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital purchases exceeded depreciation expense during the current period.	3,763,263
Some expenses reported in the statement of activities do not require the use of current resources and, therefore, are not reported as expenditures in governmental funds.	(336,941)
Internal service funds are used by management to charge the costs of certain activities, such as insurance, to individuals funds. The net revenues (expense of certain internal service funds is reported with governmental activities	<u>(1,078,081)</u>
Change of net assets of governmental activities	<u><u>\$ 4,295,250</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF GREEN RIVER, WYOMING

Statement of Net Assets Proprietary Funds June 30, 2012

	Enterprise Funds				Internal Service Funds
	Solid Waste	Water	Wastewater	Total	
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 1,328,869	\$ 1,330,288	\$ 422,555	\$ 3,081,712	\$ 8,372
Investments	1,541,105	3,005,175	2,111,835	6,658,115	844,817
Accounts receivable, net	141,150	337,179	111,606	589,935	-
Unbilled receivables	29,642	120,575	-	150,217	-
Inventories	6,781	400,910	36,714	444,405	-
Total current assets	<u>3,047,547</u>	<u>5,194,127</u>	<u>2,682,710</u>	<u>10,924,384</u>	<u>853,189</u>
Noncurrent Assets					
Restricted cash held in joint custody	-	136,564	-	136,564	-
Capital assets, net of accumulated depreciation:					
Land and land improvements	220,637	75,870	-	296,507	-
Buildings and building improvements	162,162	197,900	4,885,369	5,245,431	-
Equipment	176,522	254,285	255,543	686,350	-
Vehicles	1,629,133	147,664	822,391	2,599,188	-
Infrastructure	-	3,973,775	14,717,993	18,691,768	-
Accumulated depreciation	(1,883,150)	(2,977,405)	(14,986,991)	(19,847,546)	-
Total noncurrent assets	<u>305,304</u>	<u>1,808,653</u>	<u>5,694,305</u>	<u>7,808,262</u>	<u>-</u>
Total assets	<u>3,352,851</u>	<u>7,002,780</u>	<u>8,377,015</u>	<u>18,732,646</u>	<u>853,189</u>
LIABILITIES					
Current Liabilities					
Accounts payable	31,194	221,749	34,412	287,355	870
Accrued salaries, payroll and benefits	36,053	11,600	20,795	68,448	-
Compensated absences - current	37,000	36,000	15,000	88,000	-
Utility deposits held	-	70,307	-	70,307	-
Total current liabilities	<u>104,247</u>	<u>339,656</u>	<u>70,207</u>	<u>514,110</u>	<u>870</u>
Noncurrent Liabilities					
Compensated absences	62,636	2,491	127,056	192,183	-
Post closure liability	1,747,701	-	-	1,747,701	-
Total noncurrent liabilities	<u>1,810,337</u>	<u>2,491</u>	<u>127,056</u>	<u>1,939,884</u>	<u>-</u>
Total liabilities	<u>1,914,584</u>	<u>342,147</u>	<u>197,263</u>	<u>2,453,994</u>	<u>870</u>
NET ASSETS					
Invested in capital assets, net of related debt	305,304	1,672,089	5,694,305	7,671,698	-
Restricted Cash	-	136,564	-	136,564	-
Unrestricted	1,132,963	4,851,980	2,485,447	8,470,390	852,319
Total net assets	<u>\$ 1,438,267</u>	<u>\$ 6,660,633</u>	<u>\$ 8,179,752</u>	<u>\$ 16,278,652</u>	<u>\$ 852,319</u>

The accompanying notes are an integral part of these financial statements.

CITY OF GREEN RIVER, WYOMING

Statement of Revenues, Expenses, and Changes in Fund Net Assets Proprietary Funds For the Year Ended June 30, 2012

	Enterprise Funds				Internal Service Funds
	Solid Waste	Water	Wastewater	Total	
OPERATING REVENUES					
Charges for Services	\$ 1,600,279	\$ 2,594,622	\$ 1,159,702	\$ 5,354,603	\$ -
Other	6,200	261	2,625	9,086	45,366
Total operating revenues	1,606,479	2,594,883	1,162,327	5,363,689	45,366
OPERATING EXPENSES					
Personal services	842,838	370,323	201,291	1,414,452	289,198
Supplies	123,688	371,810	281,265	776,763	-
Utilities	21,891	1,259,861	120,582	1,402,334	-
Repairs and maintenance	362,667	100,258	68,968	531,893	-
Depreciation	99,318	132,412	468,444	700,174	-
Total operating expenses	1,450,402	2,234,664	1,140,550	4,825,616	289,198
Operating Income (Loss)	156,077	360,219	21,777	538,073	(243,832)
NONOPERATING REVENUES (EXPENSES)					
Investment earnings	5,181	8,599	5,051	18,831	4,748
Total nonoperating revenues (Expenses)	5,181	8,599	5,051	18,831	4,748
Income (loss) before transfers	161,258	368,818	26,828	556,904	(239,084)
TRANSFERS IN	-	-	-	-	961,003
TRANSFERS OUT	(3,915)	(325,056)	(311,806)	(640,777)	(1,800,000)
CHANGE IN NET ASSETS	157,343	43,762	(284,978)	(83,873)	(1,078,081)
NET ASSETS - BEGINNING OF YEAR	1,280,924	6,616,871	8,464,730	16,362,525	1,930,400
NET ASSETS - END OF YEAR	\$ 1,438,267	\$ 6,660,633	\$ 8,179,752	\$ 16,278,652	\$ 852,319

The accompanying notes are an integral part of these financial statements.

CITY OF GREEN RIVER, WYOMING

Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2012

	Enterprise Funds				Internal Service Funds
	Solid Waste	Water	Wastewater	Total	
Cash Flows from Operating Activities					
Receipts from customers	\$ 1,609,037	\$ 2,429,993	\$ 1,148,898	\$ 5,187,928	\$ 45,366
Payments to suppliers	(511,938)	(1,685,613)	(452,849)	(2,650,400)	-
Payments to employees	(835,239)	(366,555)	(190,014)	(1,391,808)	(288,328)
Total cash flows from operating activities	261,860	377,825	506,035	1,145,720	(242,962)
Cash Flows from Noncapital Financing Activities					
Transfers from (to) other funds	(3,915)	(325,056)	(311,806)	(640,777)	(838,997)
Grants received	-	-	-	-	-
Total cash flows from noncapital financing activities	(3,915)	(325,056)	(311,806)	(640,777)	(838,997)
Cash Flows from Capital and Related Financing Activities					
Purchase of capital assets	(76,540)	(33,166)	(342,793)	(452,499)	-
Transfers of capital assets	-	-	-	-	-
Total cash flows from capital and related financing activities	(76,540)	(33,166)	(342,793)	(452,499)	-
Cash Flows from Investing Activities					
Investment earnings received	5,181	8,599	5,051	18,831	4,748
Net sale (purchase) of investments	126,031	(294,558)	174,718	6,191	(69,214)
Total cash flows from investing activities	131,212	(285,959)	179,769	25,022	(64,466)
Net increase (decrease) in cash and cash equivalents	312,617	(266,356)	31,205	77,466	(1,146,425)
Cash and cash equivalents, July 1	1,016,252	1,733,208	391,350	3,140,810	1,154,797
Cash and cash equivalents, June 30	\$ 1,328,869	\$ 1,466,852	\$ 422,555	\$ 3,218,276	\$ 8,372
Cash and cash equivalents	\$ 1,328,869	\$ 1,330,288	\$ 422,555	\$ 3,081,712	\$ 8,372
Restricted cash held in joint custody	-	136,564	-	136,564	-
	\$ 1,328,869	\$ 1,466,852	\$ 422,555	\$ 3,218,276	\$ 8,372

Continued on next page

The accompanying notes are an integral part of these financial statements.

CITY OF GREEN RIVER, WYOMING

Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2012

Reconciliation of operating income to net cash provided (used) by operating activities:

Operating income (loss)	\$ 156,077	\$ 360,219	\$ 21,777	\$ 538,073	\$ (243,832)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	99,318	132,412	468,444	700,174	-
(Increase) decrease in accounts receivable	2,558	(171,401)	(13,429)	(182,272)	-
(Increase) decrease in inventories	7,325	(10,819)	(1,724)	(5,218)	-
Increase (decrease) in liabilities	(3,418)	67,414	30,967	94,963	870
Total adjustments	105,783	17,606	484,258	607,647	870
Total cash flows from operating activities	\$ 261,860	\$ 377,825	\$ 506,035	\$ 1,145,720	\$ (242,962)

The accompanying notes are an integral part of these financial statements.

CITY OF GREEN RIVER, WYOMING

Statement of Fiduciary Net Assets

Fiduciary Fund

June 30, 2012

	Green Assistance Fund
ASSETS	
Cash and cash equivalents	\$ 635
Investments, at fair value	1,208
Total assets	<u>1,843</u>
NET ASSETS	
Held in trust to assist low income residents with utility bills	<u>1,843</u>
Total net assets	<u><u>\$ 1,843</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF GREEN RIVER, WYOMING

Statement of Changes in Fiduciary Net Assets Fiduciary Fund For the Year Ended June 30, 2012

	<u>Green Assistance Fund</u>
ADDITIONS	
Donations	\$ 656
Investment earnings	4
Total additions	<u> 660</u>
DEDUCTIONS	
Payment of utilities	<u> 1,387</u>
Total operating expenses	<u> 1,387</u>
CHANGE IN NET ASSETS	(727)
NET ASSETS - BEGINNING OF YEAR	<u> 2,570</u>
NET ASSETS - END OF YEAR	<u><u> \$ 1,843</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF GREEN RIVER, WYOMING

Notes to the Financial Statements Fiscal Year Ended June 30, 2012

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. **The Financial Reporting Entity**

The City of Green River, Wyoming (incorporated in 1868) is a municipal corporation governed by an elected six-member council and mayor. The City operates under a Mayor-Council / Administrator form of government. Council members and the mayor are elected to serve four-year terms. The City Administrator, who is appointed, administers policies and coordinates the activities of the City. The departments of the City, formed to provide various services, are under the direct supervision of the City Administrator.

B. **Basis of Presentation – Government-wide and Fund Financial Statements**

Government-wide statements are comprised of the statement of net assets and the statement of activities. They contain information on all of the activities of the primary government except for fiduciary activities. Most effects of inter-fund activities have been eliminated from these statements. The exceptions are (1) payments-in-lieu-of-taxes the General Fund charges enterprise funds; (2) charges for water, sewer, storm-water and refuse that all customers pay to these enterprise funds and (3) charges for centrally provided services of the General Fund that benefit the receiving fund. Examples are payroll, purchasing, human resources and legal services. The government-wide statements for the primary government are separated based on the predominance of the type of revenues that support them. Governmental activities are normally supported by taxes and intergovernmental revenues, while business-type activities receive a significant portion of revenues from fees and charges for services.

The statement of activities is presented to show the extent that program revenues of a given activity support direct expenses. Direct expenses are those that can clearly be associated with a particular activity or program. Program revenues are: (1) charges to customers or others who purchase use or directly benefit from the services or goods provided by a given activity or segment or (2) grants or other contributions that are restricted to operating or capital needs of a specific activity or segment. General revenues are those revenues like taxes and other items that are not properly reported as program revenues.

Separate financial statements are included for governmental funds, proprietary funds and fiduciary funds. Fiduciary funds, however, are not included in the totals for the government-wide financial statements. Major individual governmental funds are reported in separate columns in the governmental funds statements, as are major individual proprietary funds in the proprietary funds statements.

C. **Measurement Focus and Basis of Accounting**

Measurement focus refers to the types of assets that appear on the statement of net assets and changes to those same assets that appear on the statement of activities. The flow of financial resources measurement focus shows current assets and liabilities on the statement of net assets and changes to net current assets in the statement of activities. The flow of economic resources measurement focus shows total assets and liabilities on the statement of net assets and changes to net assets on the statement of activities. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

Government-wide, proprietary and fiduciary fund statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of the timing of the related cash flows. Unbilled fees for proprietary funds are recorded as receivables at year end. Property taxes are recorded as revenues in the year for which they are levied. Grants and

similar other contributions are recognized as revenue as soon as the eligibility requirements of the provider have been met.

The City's enterprise funds are: (1) Solid Waste Fund, (2) Water Fund, and (3) Wastewater Fund. The Solid Waste Fund accounts for the activities of the City's solid waste collections and landfill. 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. The City currently has one internal service fund that provides property and liability insurance for the entire City.

The City's fiduciary fund is the Green Assistance Fund. 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.

Proprietary funds separate operating and non-operating revenues and expenses. Operating revenues and expenses normally arise from providing goods and services in connection with the fund's normal ongoing operations. The principal source of operating revenues for the proprietary funds and the internal service funds are charges to customers for goods and services. Operating expenses include the cost of sales and services, administrative overhead expenses and depreciation on capital assets. All other revenues or expenses are recorded as non-operating.

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. Consequently, the City does not apply FASB pronouncements issued after November 30, 1989.

Governmental fund statements use the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available. "Measurable" means that amounts can be reasonably determined within the current period. "Available" means that amounts are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. As a practical matter, the City uses two months as a cutoff for meeting the available criterion. Property taxes are considered "measurable" when levied and available when collected and held by Sweetwater County (the County). Any amounts not available are recorded as deferred revenue. Other revenues that are determined to be susceptible to accrual include grants-in-aid earned and other intergovernmental revenues, charges for services, interest, assessments, inter-fund service charges, permits, fines, forfeitures, parking ticket and meter fees, and sale of property. Property taxes and assessments are recorded as receivables when levied or assessed; however, they are reported as deferred revenue until the "available" criterion has been met. Sales and use taxes collected by the state and remitted to the City within the "available" time period are recognized as revenue. Revenues collected in advance are deferred and recognized in the period to which they apply.

Revenues that are determined to not be susceptible to accrual because they are either not available soon enough to pay liabilities of the current period (two months) or are not objectively measurable include licenses, contributions, and miscellaneous revenues. These revenues are recognized when cash is received.

Expenditures are recognized in the accounting period in which the fund liability is incurred, except for long-term obligations (debt service payments and long term compensated absences) and related interest which are recognized as expenditures when due. Inventories of supplies are expended when purchased.

The City has two major governmental funds, the General Fund and the Capital Projects Fund. The General Fund is the main operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund. The Capital Projects Fund accounts for resources dedicated to the construction or improvement of capital assets, which may

take more than one budgetary cycle to complete. These constructed or improved capital assets are for the benefit of any or all governmental funds.

Reconciliation of Government-wide and Fund Financial Statements – Governmental funds use the current financial resources measurement focus and the modified accrual basis of accounting, while the government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. As a result, there are important differences between the asset, liabilities, revenues, and expense/expenditures reported on the fund financial statements and government-wide financial statements. For example, many long-term assets and liabilities are excluded from the fund balance sheet but are included in the entity-wide financial statements. As a result, there must be a reconciliation between the two statements to explain the differences. Reconciliations are included as part of the fund financial statements (see pages 16 and 18).

D. Budgets

The City follows the following 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 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.

E. Cash, Cash Equivalents 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 1720 Carey Avenue, Suite 530, Cheyenne, WY 82001, respectively.

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

F. Inventories

Inventories of supplies or the proprietary fund types are stated at the lower of cost (using the first-in-first-out method) or market. In the proprietary funds, inventory items are considered expensed when used (consumption method).

G. Capital Assets

Capital assets are valued at historical cost or estimated historical cost for assets where actual historical cost was not available. Donated capital assets are valued at their estimated fair market value on the date donated. The City has a capitalization threshold of \$100,000 for infrastructure in the public right of way and \$5,000 for all other assets. The City follows GAAP by capitalizing a portion of its interest costs (net of any interest earned on related interest bearing investments acquired with proceeds of related tax-exempt borrowings) as a cost of constructed property and equipment in enterprise funds. No net interest was capitalized for the year ended June 30, 2012. Depreciation of capital assets is computed using the straight-line method over the following estimated useful lives:

- 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. Bond Issuance Costs and Amortization

Amortization of bond issue costs and bond premiums or discounts are computed on the effective interest or straight-line method over the life of the related bonds. When the straight-line method is used, it approximates the effective interest method.

I. Property Taxes

Ad valorem (based on value) property taxes constitute a major source of General Fund revenue. Property taxes are collected by the county treasurer and remitted to the City. The lien date for property taxes is January 1. Using the tax rate (mil levy) supplied by the City, the county levies the taxes as of the first week of August. Tax notices are mailed by September 1. Tax payments are due in two installments; November 10, and then May 10 of the following year.

GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, defines a non-exchange transaction as one in which “a government either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange.” Under GASB 33, because the lien date is January 1, the City records the estimated taxes receivable as of its June 30 year end. Because the taxes are not available to meet current expenditures, and because they will not be collected until the following November or May, they are also recorded as deferred revenue.

J. 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.

K. Long-term liabilities

Long-term liabilities that will be financed from governmental funds are accounted for in the governmental activities portion of the government-wide statements, while those of proprietary funds are accounted for in their respective fund.

L. Net Assets

The City's net assets are classified as follows: (1) Invested in capital assets, net of related debt, which consists of the total investment in capital assets, net of accumulated depreciation and reduced by the outstanding debt obligations related to those assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt; (2) Restricted for federal programs are amounts that are restricted by the granting agency; (3) Restricted other consists of that portion of net assets that is restricted by outside parties for a specific purpose; (4) Unrestricted net assets consist of everything else that does not meet the criteria above.

M. Use of Fund Balance

When both restricted and unrestricted fund balance is available to use for expenditure appropriation, the City's policy is that restricted funds are applied to expenditures solely at the discretion of the City Council.

N. 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.

O. 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.

P. Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the management of the City to make estimates and assumptions that affect the reported amounts of assets and liabilities. Estimate use also requires 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 these estimates.

Q. Total columns

The total columns shown on the accompanying fund financial statements are mathematical totals only and do not eliminate inter-fund transactions or include other entries required to present consolidated financial statements. The government-wide financial statements do, however, eliminate most inter-fund transactions and the double counting of revenues and expenses. They are therefore much closer to the consolidated financial statements presented in private sector accounting.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

The City maintains a cash pool and an investment pool that are available for use by all funds. Each fund type's portion of these pools is included in the combined balance sheet as "Cash and cash equivalents" and "Investments". Also included are investments separately held by several of the City's funds.

It is the policy of the City to invest public funds in a manner which will provide for the safety of principal/capital, liquidity, and rate of return, and in accordance with State and local statutes

The City's deposits are insured up to \$250,000 per account by the Federal Deposit Insurance Corporation. 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 bank balances of the Primary Government's deposits were FDIC insured and/or collateralized at year end. The City has no formal policy regarding deposit credit risk.

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, 2011 the City held jointly with the JPWB \$136,564 which was 100 percent collateralized by the JPWB.

Investments

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.

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

Investment interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. 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 Wyoming State Investment Pool and the Wyoming Government Investment Fund have an average maturity of less than one year they are presented as an investment with a maturity of less than one year.

The table on the following page shows the maturities of the City's investments.

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
Primary government:					
US Agency Securities	\$ -	\$ -	\$ -	\$ -	\$ -
	-	-	-	-	-
Other investments:					
Wyoming State Investment Pool	10,416,738				
Wyoming Government Invest. Fund	13,058,032				
Total investments, primary government	\$ 23,474,770				

Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. 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. It is the City's policy is to follow the state stature to reduce exposure to investment credit risk. The City's rated debt investments are shown in the table below using Standard and Poor's rating scale.

	Fair Value	Quality Ratings			
		AAAm	Am	A1m	Unrated
Primary government:					
US Agency Securities	\$ -	\$ -	\$ -	\$ -	\$ -
Wyoming Government Invest. Pool	10,416,738	-	-	-	10,416,738
Wyoming Government Invest. Fund	13,058,032	-	-	-	13,058,032

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. 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. 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.

The following table is a summary of restricted and unrestricted cash, cash equivalents and investments.

	Primary Government
Unrestricted cash and cash equivalents	\$ 3,449,221
Restricted cash and cash equivalents	137,199
Unrestricted investments	23,473,562
Restricted investments	1,208
Total	<u>\$ 27,061,190</u>

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3. CAPITAL ASSETS

The following tables summarize the changes in capital assets for governmental and business-type activities during the year ended June 30, 2012:

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>GOVERNMENTAL ACTIVITIES:</u>				
Non-depreciable capital assets				
Land and land improvements	\$ 6,544,020	\$ -	\$ -	\$ 6,544,020
Construction-in-progress	6,198,701	5,052,269	-	11,250,970
Total capital assets, not being depreciated	<u>12,742,721</u>	<u>5,052,269</u>	<u>-</u>	<u>17,794,990</u>
Depreciable capital assets				
Buildings	17,707,628	-	-	17,707,628
Equipment	3,047,871	85,621	(42,169)	3,091,323
Infrastructure	51,760,702	-	-	51,760,702
Vehicles	6,176,024	1,781,742	(486,238)	7,471,528
Total capital assets, being depreciated	<u>78,692,225</u>	<u>1,867,363</u>	<u>(528,407)</u>	<u>80,031,181</u>
Less accumulated depreciation	<u>(38,066,983)</u>	<u>(3,150,883)</u>	<u>522,921</u>	<u>(40,694,945)</u>
Total depreciable capital assets	<u>40,625,242</u>	<u>(1,283,520)</u>	<u>(5,486)</u>	<u>39,336,236</u>
Governmental activities capital assets, net	<u>\$ 53,367,963</u>	<u>\$ 3,768,749</u>	<u>\$ (5,486)</u>	<u>\$ 57,131,226</u>
	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2012</u>
<u>BUSINESS-TYPE ACTIVITIES</u>				
Non-depreciable capital assets				
Land and land improvements	\$ 296,507	\$ -	\$ -	\$ 296,507
Construction-in-progress	-	-	-	-
Total capital assets, not being depreciated	<u>296,507</u>	<u>-</u>	<u>-</u>	<u>296,507</u>
Depreciable capital assets				
Buildings	5,074,896	170,535	-	5,245,431
Equipment	567,386	118,964	-	686,350
Infrastructure	18,528,768	163,000	-	18,691,768
Vehicles	2,599,188	-	-	2,599,188
Total capital assets, being depreciated	<u>26,770,238</u>	<u>452,499</u>	<u>-</u>	<u>27,222,737</u>
Less accumulated depreciation	<u>(19,147,372)</u>	<u>(700,174)</u>	<u>-</u>	<u>(19,847,546)</u>
Total depreciable capital assets	<u>7,622,866</u>	<u>(247,675)</u>	<u>-</u>	<u>7,375,191</u>
Governmental activities capital assets, net	<u>\$ 7,919,373</u>	<u>\$ (247,675)</u>	<u>\$ -</u>	<u>\$ 7,671,698</u>

Depreciation expense for the year ended June 30, 2012 for governmental and business-type activities is shown in the table below:

	Depreciation Expense
Governmental activities:	
General government	\$ 81,923
Public safety	374,955
Streets maintenance	1,906,284
Parks and recreation	787,721
Total depreciation expense - governmental activities	<u>\$ 3,150,883</u>
Business-type activities:	
Solid waste	\$ 99,318
Water	132,412
Wastewater	468,444
Total depreciation expense - business-type activities	<u>\$ 700,174</u>

4. LONG-TERM OBLIGATIONS

The following is a summary of the changes in long-term liabilities for the year ended June 30, 2012.

	Balance July 1, 2011	Additions	Retirements	Balance June 30, 2012	Due Within One Year
Governmental activities					
Compensated absences	\$ 1,322,144	\$ 354,406	\$ -	\$ 1,676,550	\$ 117,516
Total, governmental activities	<u>\$ 1,322,144</u>	<u>\$ 354,406</u>	<u>\$ -</u>	<u>\$ 1,676,550</u>	<u>\$ 117,516</u>
Business-type activities					
Compensated absences	\$ 284,386	\$ -	\$ (4,203)	\$ 280,183	\$ 88,000
Post closure liability	1,747,701	-	-	\$ 1,747,701	-
Total, business-type activities	<u>\$ 2,032,087</u>	<u>\$ -</u>	<u>\$ (4,203)</u>	<u>\$ 2,027,884</u>	<u>\$ 88,000</u>

5. CLOSURE AND POST CLOSURE CARE COST FOR THE SOLID WASTE LANDFILL

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 \$1,747,701 reported as closure and post-closure care liability at June 30, 2012, represents the cumulative amount reported to date based on the use of 75% of the estimated capacity of the landfill. At the current rate, it is estimated that the landfill will be at capacity in approximately 5 years. The City will recognize the remaining estimated cost of closure and post-closure care as the remaining estimated capacity is filled. These amounts are based on estimated costs to perform all closure and post-closure costs in 2012. Actual costs may be higher or lower due to inflation, changes in technology, or changes in regulations.

6. INTERFUND TRANSFERS

Transfers were made to and from several funds during the course of the year ended June 30, 2012. The principal reason for operating transfers is to provide the receiving fund resources to carry out the activities for which the receiving fund was created. The tables on the following page show the detail of transfers.

<u>Transfers out from</u>	<u>Transfers in to:</u>	
	<u>Capital Projects</u>	<u>Health Insurance</u>
General fund	\$ 8,244,825	\$ 6,765,051
Capital projects	-	-
Solid waste	-	3,915
Water	-	325,056
Wastewater	-	311,806
Health insurance	961,003	1,800,000
	<u>\$ 9,205,828</u>	<u>\$ 9,205,828</u>

7. 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. The payroll for employees covered by the System for the year ended June 30, 2012, was \$7,276,910; the City's total payroll was \$13,008,044.

Contributions to the System consist of an amount equal to 14.12% of the employee's salary. The City is required by State statute to contribute 7.12% of the amount and, as permitted by statute, the City also contributes the employee's 7.00% share. Law enforcement employees are allowed by Wyoming Statute to contribute an extra 3.08% 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, 2012, 2011, and 2010 were \$1,092,304, \$1,205,557 and \$1,034,460 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.

8. 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.

9. COMMITMENTS AND CONTINGENCIES

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.

10. JOINT VENTURES

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. Additional financial information may be obtained by sending a request to JPWB at 2 Telephone Canyon Rd, Green River, WY 82935.

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. The Joint Powers Telecom Board provides an interconnected fiber-optic network for City of Green River, City of Rock Springs and the Sweetwater County offices. The financial transactions of the Board are not included in these financial statements. Additional financial information may be obtained by sending a request to their treasurer, Matt McBurnett at the City of Rock Springs, 212 D St., Rock Springs, WY 82901.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF GREEN RIVER, WYOMING

Budgetary Comparison Schedule

General Fund

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
RESOURCES (INFLOWS):				
Taxes:				
Sales and use	\$ 10,842,334	\$ 10,842,334	\$ 13,557,112	\$ 2,714,778
Impact assistance	924,788	924,788	924,789	1
Property	950,000	950,000	915,811	(34,189)
Miscellaneous	547,000	547,000	565,009	18,009
Charges for services	575,872	575,872	496,241	(79,631)
Fines and forfeitures	132,200	132,200	120,980	(11,220)
Intergovernmental	2,510,499	2,510,499	2,145,535	(364,964)
Licenses and permits	167,700	167,700	125,498	(42,202)
Unrestricted investment earnings	130,000	130,000	21,780	(108,220)
Miscellaneous	96,933	96,933	90,693	(6,240)
Proceeds from sale of capital assets	-	-	32,402	32,402
Total revenues	<u>16,877,326</u>	<u>16,877,326</u>	<u>18,995,850</u>	<u>2,118,524</u>
EXPENDITURES				
General government	3,293,009	3,293,009	3,062,161	230,848
Public safety	5,274,282	5,274,282	5,133,179	141,103
Streets maintenance	3,260,643	3,260,643	2,918,932	341,711
Parks and recreation	4,331,172	4,331,172	3,960,673	370,499
Total expenditures	<u>16,159,106</u>	<u>16,159,106</u>	<u>15,074,945</u>	<u>1,084,161</u>
Revenues over (under) expenditures	<u>718,220</u>	<u>718,220</u>	<u>3,920,905</u>	<u>3,202,685</u>
OTHER FINANCING SOURCES (USES)				
Transfers to other funds	-	(6,765,051)	(6,765,051)	-
Transfers from other funds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(6,765,051)</u>	<u>(6,765,051)</u>	<u>-</u>
Revenues and other sources over (under) expenditures and other uses	<u>\$ 718,220</u>	<u>\$ (6,046,831)</u>	<u>\$ (2,844,146)</u>	<u>\$ 3,202,685</u>

COMPLIANCE AND INTERNAL CONTROL



KARREN | HENDRIX | STAGG | ALLEN
COMPANY
A Professional Corporation

Ray H. Allen, CPA
Rebecca M. Allred
Robert L. Archuleta, CPA
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G. John Runia, CPA
R. Ted Stagg, CPA

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Green River, Wyoming, as of and for the year ended June 30, 2012, which collectively comprise the City of Green River, Wyoming's basic financial statements and have issued our report thereon dated February 13, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying Schedule of Audit Findings as finding 12-1, that we consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Green River, Wyoming's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instances of noncompliance or other matters that is described in the accompanying Schedule of Audit Findings as item 12-2.

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Audit Findings. We did not audit the City's responses, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, City Council, others within the entity, the State of Wyoming, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Karren, Hendrix, Stagg, Allen & Company

Karren, Hendrix, Stagg, Allen & Company
February 13, 2013

CITY OF GREEN RIVER, WYOMING

Schedule of Audit Findings For the Year Ended June 30, 2012

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expressed an unqualified opinion on the financial statements of the City of Green River, Wyoming.
2. There was one significant deficiency, as described in finding 12-1, related to the audit of financial statements as reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. There was one instance of noncompliance or other matters, as described in finding 12-2, required to be reported under *Government Auditing Standards*.

B. FINDINGS – FINANCIAL AUDIT CURRENT YEAR

Finding No. 12-1

- Condition:** Management override of controls.
- Criteria:** City ordinances and policies are an integral part of internal controls and should not be overridden by management (executive or legislative).
- Cause of Condition:** See Finding 12-2 for cause of condition.
- Potential Effect of Condition:** Breakdown in internal controls due to a lack "tone at the top."
- Recommendation:** Management abides by and not overrides City ordinances.
- Client Response:** See Finding 12-2 for client's response.

Finding No. 12-2

- Condition:** During the subsequent period, the City violated Section 25-17 of the Green River Code of Ordinances. Section 25-17 states that the "sewer service line connected to the city's sewer main shall at all times be owned, operated and maintained at the sole responsibility and expense of the owner of the property so connected." Despite all evidence that a sewer back-up into a private home was the cause of a blockage in the "sewer service line" and not in the "city's sewer main," the City engaged a contractor to repair the line at the expense of the City.
- Criteria:** City ordinances and policies are an integral part of internal controls and should not be overridden by management (executive or legislative).
- Cause of Condition:** Management override of controls and abuse. First, the interim City Administrator and Mayor were made aware of Section 25-17, were

CITY OF GREEN RIVER, WYOMING

Schedule of Audit Findings For the Year Ended June 30, 2012

advised that the action noted in the "Condition" above would be in violation of City Ordinance, and chose to override the decisions and warnings of city personnel. Second, undue pressure was brought to bear by the interim City Administrator, the Mayor, and a city Councilman on employees who believed that that action noted in the "Condition" was in violation of City Ordinance. This undue pressure is considered abuse given (1) that City Ordinance Section 2(e) states that "the City Administrator shall perform all duties imposed by the Governing Body, not inconsistent with State Law or City Ordinance." In this case the interim City Administrator, the Mayor, and one councilman knew that the duty imposed by the Mayor and one councilman were 'inconsistent with City Ordinance.' Additionally, Government Auditing Standards (Yellow Book) indicates that abuse "involves behavior that is deficient or improper when compared with behavior that a prudent person would consider reasonable and necessary business practice given the facts and circumstances. Abuse also includes misuse of authority or position."

Potential Effect of Condition:

Liability for repairs to private property and possible precedence for future occurrences.

Recommendation:

The Mayor, Council, and City Administrator review and follow the Charter Ordinance outlining the duties of each.

Client Response:

Following a unanimous decision of Mayor and City Council, on September 24, 2012 I began my term as City Administrator for the City of Green River. Prior to and during the interview process I reviewed the subject incident and discussed with Mayor and Council my approach had I been in office at that time. As part of our review, I confirmed that compliance with City codes and adopted procedures is a fundamental expectation for all employees and officials and, as City Administrator, the role is to ensure compliance with all provisions of city, state and federal laws and regulations across the City organization. I shared my experience in working with a variety of public and private organizations and that the need for a clear understanding of the role and limits imposed at each level in the organization is critical for compliance and to ensure fair and equitable treatment. We concur in the determination and audit finding that the incident reflected a violation of Section 25-17 of the City Code of Ordinances and that the actions also constituted a violation of the emergency budget authority provided to the City Administrator under City Charter Ordinance No. 1, Section 3, Subsection (d).

In my role as City Administrator and consistent with the provisions of the City's Charter Ordinance and City Code, I met with the auditor and City Finance Director to initiate this year's audit. Management has cooperated and facilitated in the conduct of a full review of this incident as part of the audit, and we are pleased that no additional incidents were noted or confirmed. We have also taken actions that

CITY OF GREEN RIVER, WYOMING

Schedule of Audit Findings For the Year Ended June 30, 2012

we believe serve to mitigate against further incidents in the future. The following provides a summary of each of these actions:

1. Mayor and Council Training and Education: During a special Mayor and Council workshop session in January 2013 (following the seating of new members), City Attorney Galen West and I provided a comprehensive review of Wyoming Statutes, the City Charter Ordinance and City Code provisions relative to the establishment of a city administrator/manager form of government; the respective roles and responsibilities of the Mayor, individual Council members, the City Administrator and employees; and open meetings law requirements and standards. This training has been made a standard part of new governing body orientation and an annual review for all sitting governing body members. A copy of the relevant presentation components are included under separate cover and will be updated as needed prior to each training session.

2. Council and Citizen Action Request Forms: Governing Body members have received instructions on completing a Council Action Request to identify any request they may receive from a constituent for assistance. In order to ensure that no actions are taken by the City organization in response to a citizen request which may violate city, state or federal laws and policies, each such request is logged, reviewed by the City Administrator's Office, routed for review and response by the appropriate Department, and the response transmitted to all of the Governing Body and the requesting citizen. Response deadlines are established for each request. As an alternative to the Governing Body member completing the request, the City Administrator's support staff may take the request information in person or over the telephone to document each request. An identical process is available for requests directly initiated by citizens and follows the same steps. All requests and responses are documented and available for public review and inspection. In the event of an emergency condition, an alternative notice process has been established but requires that the documentation be completed in a similar fashion.

C. CURRENT YEAR STATUS OF PRIOR YEAR FINDINGS

There were no prior year findings