



**Annual Financial Report
Fiscal Year Ended June 30, 2013
(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 Green River, Wyoming, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities each major fund, and the aggregate remaining fund information of Green River, Wyoming, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-9 and 36-40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Karren, Hendrix, Stagg, Allen & Company

Karren, Hendrix, Stagg, Allen & Company
February 19, 2014

CITY OF GREEN RIVER, WYOMING

Management's Discussion and Analysis Fiscal Year Ended June 30, 2013

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, 2013. 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 position has decreased \$1.4 million to \$87 million during fiscal year 2013. Despite the decreasing the City's net position, it 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 position with an ending balance to \$16.9 million. The business type activities had a cumulative gain of approximately \$635,000 from operations. The cumulative unrestricted net position increase approximately \$800,000 to approximately \$9.3 million.
- The solid waste fund posted just over a \$158,000 gain for fiscal year 2013, increasing the fund balance to just under \$1.6 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 \$23,000 loss for fiscal year 2013. The fund is financially strong with approximately \$2.5 million in unrestricted net position, 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 \$499,000 profit in for fiscal year 2013, increasing the unrestricted net position to \$5.5 million. The fund has maintained solvency very well over the last few years with small annual rate increases.

OVERVIEW OF THE FINANCIAL STATEMENTS

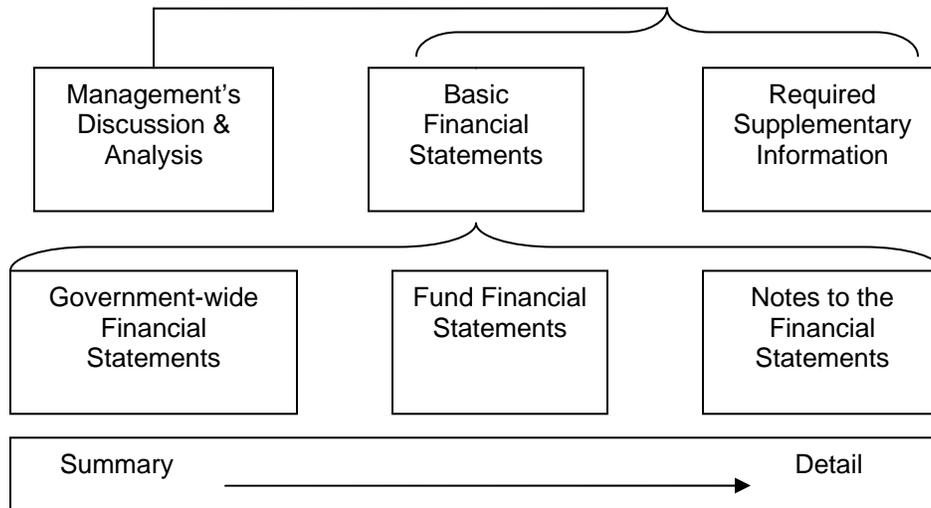
This annual report consists of three parts: 1) Management's Discussion and Analysis (this section) 2) The basic financial statements and 3) Required supplementary information. The basic financial statements include two kinds of statements that present different views of the City.

- 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 Position Statement of Activities | Balance Sheet, Statement of Revenues, Expenditures, and Changes in Fund Balances. | Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position. 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 position 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 position and how they have changed. Net position (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 position 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.
- 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 position

Over time net position serves as a useful indicator of a government's financial position. Table A-3 summarizes the City of Green River's net position. The City's assets exceed liabilities by \$87 million at the end of the fiscal year 2013.

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 position
(In thousands of dollars)

| | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> | <u>2013</u> | <u>2012</u> |
|----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Current assets | \$ 14,707 | \$ 20,633 | \$ 11,884 | \$ 11,061 | \$ 26,591 | \$ 31,694 |
| Capital assets | 60,658 | 57,131 | 7,521 | 7,672 | 68,179 | 64,803 |
| Total assets | <u>\$ 75,365</u> | <u>\$ 77,764</u> | <u>\$ 19,405</u> | <u>\$ 18,733</u> | <u>94,770</u> | <u>96,497</u> |
| Current liabilities | \$ 2,920 | \$ 3,917 | \$ 521 | \$ 514 | \$ 3,441 | \$ 4,431 |
| Non-current liabilities | 1,559 | 1,559 | 1,969 | 1,940 | 3,528 | 3,499 |
| Total liabilities | <u>4,479</u> | <u>5,476</u> | <u>2,490</u> | <u>2,454</u> | <u>6,969</u> | <u>7,930</u> |
| Deferred Inflows of Resources | 791 | 180 | - | - | 791 | 180 |
| Net assets: | | | | | | |
| Investment in capital assets | 60,658 | 57,131 | 7,521 | 7,672 | 68,179 | 64,803 |
| Restricted | 69 | 149 | 137 | 137 | 206 | 286 |
| Unrestricted | 9,348 | 14,828 | 9,257 | 8,470 | 18,605 | 23,298 |
| Total net assets | <u>70,075</u> | <u>72,108</u> | <u>16,915</u> | <u>16,279</u> | <u>86,990</u> | <u>88,387</u> |
| Total liabilities and net assets | <u>\$ 75,345</u> | <u>\$ 77,764</u> | <u>\$ 19,405</u> | <u>\$ 18,733</u> | <u>\$ 94,750</u> | <u>\$ 96,497</u> |

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Changes in Net position

On the following page, table A-4 depicts the change in nets assets for the City of Green River; fiscal year ending 2013. City-wide, net position decreased almost \$1.4 million to an ending balance of \$ 87 million.

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

| | Governmental Activities | | Business-type Activities | | Total | |
|------------------------------------|----------------------------|------------------|-----------------------------|------------------|------------------|------------------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| REVENUES | | | | | | |
| Charges for services | \$ 643 | \$ 743 | \$ 5,570 | \$ 5,364 | \$ 6,213 | \$ 6,107 |
| Operating grants and contributions | 295 | 614 | - | - | 295 | 614 |
| Capital grants and contributions | - | 1,191 | 85 | - | 85 | 1,191 |
| General revenues: | | | | | | |
| Taxes | 17,435 | 21,874 | - | - | 17,435 | 21,874 |
| Intergovernmental | 1,984 | 1,818 | - | - | 1,984 | 1,818 |
| Interest and investment income | (6) | 34 | (4) | 19 | (10) | 53 |
| Miscellaneous | 224 | 245 | 5 | - | 229 | 244 |
| Total revenues | <u>20,575</u> | <u>26,519</u> | <u>5,656</u> | <u>5,383</u> | <u>26,231</u> | <u>31,901</u> |
| EXPENSES | | | | | | |
| General government | 4,709 | 4,194 | - | - | 4,709 | 4,194 |
| Public safety | 5,397 | 5,640 | - | - | 5,397 | 5,640 |
| Streets maintenance | 5,504 | 7,987 | - | - | 5,504 | 7,987 |
| Parks and recreation | 6,743 | 4,755 | - | - | 6,743 | 4,755 |
| Risk management | 275 | 289 | - | - | 275 | 289 |
| Solid waste | - | - | 1,550 | 1,450 | 1,550 | 1,450 |
| Sewer | - | - | 1,342 | 1,141 | 1,342 | 1,141 |
| Water | - | - | 2,110 | 2,235 | 2,110 | 2,235 |
| Total expenses | <u>22,628</u> | <u>22,865</u> | <u>5,002</u> | <u>4,826</u> | <u>27,630</u> | <u>27,691</u> |
| TRANSFERS IN (OUT) | <u>19</u> | <u>641</u> | <u>(19)</u> | <u>(641)</u> | <u>-</u> | <u>-</u> |
| CHANGES IN NET POSITION | (2,034) | 4,295 | 635 | (84) | (1,399) | 4,210 |
| NET POSITION, JULY 1 | <u>72,108</u> | <u>67,813</u> | <u>16,279</u> | <u>16,363</u> | <u>88,387</u> | <u>84,176</u> |
| NET POSITION, JUNE 30 | <u>\$ 70,074</u> | <u>\$ 72,108</u> | <u>\$ 16,914</u> | <u>\$ 16,279</u> | <u>\$ 86,988</u> | <u>\$ 88,386</u> |

Governmental Activities

Governmental activities decreased by \$2 million during fiscal year 2013. Considering the national economy this is a good accomplishment.

Sales and use taxes are the largest revenue source of the City's governmental funds. They make up approximately 74% of the total revenue during the fiscal year. For fiscal year 2013 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 \$6.5 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 \$5.4 million of 1% Optional tax sales and use tax, which represents 26% 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 2013 the City received \$2 million intergovernmental funds, which represents 9.7% of the City's total governmental activities revenue.

The City's 2013 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.

Business-Type Activities

The solid waste fund posted just under a \$159,000 gain for fiscal year 2013, increasing the fund balance to just over \$1.6 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 \$499,000 gain in net position. 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 \$23,000 loss for fiscal year 2013. The fund is financially strong with approximately \$2.5 million in unrestricted net position, 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 \$86,000 from other funds and investment interest to pay for operating the self-insurance pool.

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 \$500 in donations and paid out \$1,018 to needy residents. The GREEN assistance program has a total of approximately \$400 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, 2013. 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 \$60.7 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 \$3.5 million 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 | |
|--------------------------------|----------------------------|-----------|-----------------------------|----------|-----------|-----------|
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Non-depreciable capital assets | \$ 11,702 | \$ 17,795 | \$ 440 | \$ 297 | \$ 12,142 | \$ 18,092 |
| Depreciable capital assets | 92,310 | 80,031 | 27,604 | 27,223 | 119,914 | 107,254 |
| Less accumulated depreciation | (43,354) | (40,695) | (20,523) | (19,848) | (63,877) | (60,543) |
| Net depreciable capital assets | 48,956 | 39,336 | 7,081 | 7,375 | 56,037 | 46,711 |
| Total capital assets | \$ 60,658 | \$ 57,131 | \$ 7,521 | \$ 7,672 | \$ 68,179 | \$ 64,803 |

For fiscal year 2013, for business type activities, had invested \$7.5 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 \$1.8 million.

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 Position

June 30, 2013

| | Primary Government | | |
|---|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-Type Activities | Total |
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | \$ (1,464,934) | \$ 5,462,774 | \$ 3,997,840 |
| Investments | 12,821,930 | 5,239,912 | 18,061,842 |
| Receivables, net | 3,012,858 | 724,406 | 3,737,264 |
| Prepaid expenses | 3,800 | - | 3,800 |
| Inventories | 333,348 | 456,445 | 789,793 |
| Total current assets | <u>14,707,002</u> | <u>11,883,537</u> | <u>26,590,539</u> |
| NONCURRENT ASSETS | | | |
| Capital assets: | | | |
| Land, improvements, and construction In progress | 11,701,918 | 439,435 | 12,141,353 |
| Other capital assets, net of depreciation | 48,955,683 | 7,081,192 | 56,036,875 |
| Total noncurrent assets | <u>60,657,601</u> | <u>7,520,627</u> | <u>68,178,228</u> |
| Total assets | <u>75,364,603</u> | <u>19,404,164</u> | <u>94,768,767</u> |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Accounts payable and accrued expenses | 2,784,323 | 454,192 | 3,238,515 |
| Compensated absenses | 133,453 | 67,000 | 200,453 |
| Total current liabilities | <u>2,917,776</u> | <u>521,192</u> | <u>3,438,968</u> |
| NONCURRENT LIABILITIES | | | |
| Compensated absenses | 1,581,140 | 179,604 | 1,760,744 |
| Post closure liability | - | 1,789,485 | 1,789,485 |
| Total noncurrent liabilities | <u>1,581,140</u> | <u>1,969,089</u> | <u>3,550,229</u> |
| Total liabilities | <u>4,498,916</u> | <u>2,490,281</u> | <u>6,989,197</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred revenue | 791,081 | - | 791,081 |
| Total deferred inflows of resources | <u>791,081</u> | <u>-</u> | <u>791,081</u> |
| NET POSITION | | | |
| Invested in capital assets, net of related debt | 60,657,601 | 7,520,627 | 68,178,228 |
| Restricted for: | | | |
| Federal programs | 68,796 | - | 68,796 |
| Cash held in joint custody | - | 136,564 | 136,564 |
| Unrestricted | 9,348,209 | 9,256,692 | 18,604,901 |
| Total net position | <u>70,074,606</u> | <u>16,913,883</u> | <u>86,988,489</u> |
| Total net position and dererred inflows of ressources | <u>\$ 75,364,603</u> | <u>\$ 19,404,164</u> | <u>\$ 94,768,767</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, 2013

| | Program Revenues | | | | Net (Expense) Rev & Changes in Net Assets | | |
|--|----------------------|----------------------|--------------------------|-------------------------|---|----------------------|----------------------|
| | Expenses | Charges for Services | Operating | Capital | Primary Government | | |
| Grant and Contributions | | | Grants and Contributions | Governmental Activities | Business-Type Activities | Total | |
| Function/Programs Primary Government: | | | | | | | |
| Governmental Activities: | | | | | | | |
| General government | \$ 4,709,207 | \$ 182,965 | \$ - | \$ - | \$ (4,526,242) | | \$ (4,526,242) |
| Public safety | 5,396,558 | 94,170 | 75,436 | - | (5,226,952) | | (5,226,952) |
| Streets maintenance | 5,503,984 | - | - | - | (5,503,984) | | (5,503,984) |
| Parks and recreation | 6,743,066 | 279,895 | 220,321 | - | (6,242,850) | | (6,463,171) |
| Risk management | 274,616 | 85,861 | - | - | (188,755) | | (188,755) |
| Total governmental activities | <u>22,627,431</u> | <u>642,891</u> | <u>295,757</u> | <u>-</u> | <u>(21,688,783)</u> | | <u>(21,909,104)</u> |
| Business-type activities: | | | | | | | |
| Solid waste | 1,549,978 | 1,628,079 | - | 85,726 | | 163,827 | 163,827 |
| Water | 2,110,146 | 2,611,393 | - | - | | 501,247 | 501,247 |
| Wastewater | 1,341,738 | 1,330,305 | - | - | | (11,433) | (11,433) |
| Total business-type activities | <u>5,001,862</u> | <u>5,569,777</u> | <u>-</u> | <u>85,726</u> | | <u>653,641</u> | <u>653,641</u> |
| Total primary government | <u>\$ 27,629,293</u> | <u>\$ 6,212,668</u> | <u>\$ 295,757</u> | <u>\$ 85,726</u> | <u>(21,688,783)</u> | <u>653,641</u> | <u>(21,255,463)</u> |
| General revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes, levied for general purposes | | | | | 961,100 | - | 961,100 |
| Sales taxes, levied for general purposes | | | | | 15,177,886 | - | 15,177,886 |
| Sales taxes, levied for capital facilities | | | | | - | - | - |
| Impact assistance, special state dist. | | | | | 707,065 | - | 707,065 |
| Miscellaneous taxes | | | | | 587,136 | - | 587,136 |
| Intergovernmental | | | | | 1,984,208 | - | 1,984,208 |
| Unrestricted investment earnings | | | | | (5,856) | (4,022) | (9,878) |
| Miscellaneous revenues | | | | | 224,453 | 5,000 | 229,453 |
| Gain (loss) on sale of capital assets | | | | | - | - | - |
| Transfers in (out) | | | | | 19,388 | (19,388) | - |
| Total general revenues and transfers | | | | | <u>19,655,380</u> | <u>(18,410)</u> | <u>19,636,970</u> |
| Change in net position | | | | | (2,033,403) | 635,231 | (1,618,493) |
| NET POSITION - JULY 1, 2012 | | | | | 72,108,009 | 16,278,652 | 88,386,661 |
| NET POSITION - JUNE 30, 2013 | | | | | <u>\$ 70,074,606</u> | <u>\$ 16,913,883</u> | <u>\$ 86,768,168</u> |

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

CITY OF GREEN RIVER, WYOMING

Balance Sheet Governmental Funds June 30, 2013

| | General | Capital Projects | Total Governmental Funds |
|--|---------------------|---------------------|--------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$ 1,029,604 | \$ (3,949,904) | \$ (2,920,300) |
| Investments | 5,783,511 | 6,505,669 | 12,289,180 |
| Accounts receivable, net | 2,776,236 | - | 2,776,236 |
| Grants receivable | 16,305 | 220,317 | 236,622 |
| Prepaid expenses | 3,800 | - | 3,800 |
| Inventories | 333,348 | - | 333,348 |
| Total assets | <u>9,942,804</u> | <u>2,776,082</u> | <u>12,718,886</u> |
| LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | 278,023 | 1,597,198 | 1,875,221 |
| Retainage payable | - | 435,499 | 435,499 |
| Compensated absences | 133,453 | - | 133,453 |
| Bonds and deposits held | 21,327 | - | 21,327 |
| Accrued payroll and benefits | 442,592 | - | 442,592 |
| Total liabilities | <u>875,395</u> | <u>2,032,697</u> | <u>2,908,092</u> |
| Deferred Inflow or Resources: | | | |
| Deferred revenue | 791,081 | - | 791,081 |
| Total liabilities | <u>791,081</u> | <u>-</u> | <u>791,081</u> |
| Fund Balances: | | | |
| Restricted for: | | | |
| Federal programs | 23,759 | 45,037 | 68,796 |
| Unassigned | 8,252,569 | 698,348 | 8,950,917 |
| Total fund balances | <u>8,276,328</u> | <u>743,385</u> | <u>9,019,713</u> |
| Total liabilities and fund balances | <u>\$ 9,942,804</u> | <u>\$ 2,776,082</u> | <u>\$ 12,718,886</u> |

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

CITY OF GREEN RIVER, WYOMING

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position June 30, 2013

| | |
|---|-----------------------------|
| Total fund balances - governmental fund types | \$ 9,019,713 |
| 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. | 60,657,601 |
| Revenues being deferred for fund reporting but not for government-wide | - |
| Long-term liabilities not due and payable in the current period and, therefore, are not reported in the funds | (1,581,140) |
| 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>1,978,432</u> |
| Net position of governmental activities | <u><u>\$ 70,074,606</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, 2013

| | <u>General</u> | <u>Capital Projects</u> | <u>Total Governmental Funds</u> |
|--|---------------------|-----------------------------|---|
| REVENUES | | | |
| Taxes: | | | |
| Sales and use | \$ 11,845,947 | \$ 3,331,939 | \$ 15,177,886 |
| Impact assistance | 707,065 | - | 707,065 |
| Property | 961,100 | - | 961,100 |
| Miscellaneous | 587,136 | - | 587,136 |
| Charges for services | 500,216 | - | 500,216 |
| Fines and forfeitures | 169,606 | - | 169,606 |
| Intergovernmental | 1,701,010 | 283,198 | 1,984,208 |
| Licenses and permits | 182,965 | - | 182,965 |
| Investment earnings | (2,999) | (2,885) | (5,884) |
| Miscellaneous | 224,453 | - | 224,453 |
| Proceeds from sale of capital assets | - | - | - |
| Total revenues | <u>16,876,499</u> | <u>3,612,252</u> | <u>20,488,751</u> |
| EXPENDITURES | | | |
| General government | 2,584,879 | 1,325,010 | 3,909,889 |
| Public safety | 4,363,653 | 374,215 | 4,737,868 |
| Streets maintenance | 2,778,047 | 2,725,937 | 5,503,984 |
| Parks and recreation | 4,016,289 | 7,054,545 | 11,070,834 |
| Total expenditures | <u>13,742,868</u> | <u>11,479,707</u> | <u>25,222,575</u> |
| Revenues over (under) expenditures | <u>3,133,631</u> | <u>(7,867,455)</u> | <u>(4,733,824)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers to other funds | (4,461,848) | - | (4,461,848) |
| Transfers from other funds | - | 3,166,396 | 3,166,396 |
| Total other financing sources and uses | <u>(4,461,848)</u> | <u>3,166,396</u> | <u>(1,295,452)</u> |
| Revenues and other sources over (under) expenditures and other uses | <u>(1,328,217)</u> | <u>(4,701,059)</u> | <u>(6,029,276)</u> |
| FUND BALANCES - JULY 1, 2012 | <u>9,604,545</u> | <u>5,444,444</u> | <u>15,048,989</u> |
| FUND BALANCES - JUNE 30, 2013 | <u>\$ 8,276,328</u> | <u>\$ 743,385</u> | <u>\$ 9,019,713</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 - Governmental Funds to the Statement of Activities For the Year Ended June 30, 2013

| | |
|--|------------------------------|
| Net change in fund balances - total governmental funds | \$ (6,029,276) |
| 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. | 3,526,375 |
| 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. | (656,615) |
| 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>1,126,113</u> |
| Change in net positions of governmental activities | <u><u>\$ (2,033,403)</u></u> |

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

CITY OF GREEN RIVER, WYOMING

Statement of Net Position Proprietary Funds June 30, 2013

| | Enterprise Funds | | | | Internal Service Funds |
|--|---------------------|---------------------|---------------------|----------------------|------------------------------|
| | Solid Waste | Water | Wastewater | Total | |
| ASSETS | | | | | |
| Current Assets | | | | | |
| Cash and cash equivalents | \$ 1,869,588 | \$ 2,582,069 | \$ 874,553 | \$ 5,326,210 | \$ 1,455,366 |
| Investments | 1,185,710 | 2,428,888 | 1,625,314 | 5,239,912 | 532,750 |
| Accounts receivable, net | 141,329 | 305,884 | 126,168 | 573,381 | - |
| Unbilled receivables | 30,764 | 120,261 | - | 151,025 | - |
| Inventories | 19,608 | 388,140 | 48,697 | 456,445 | - |
| Total current assets | <u>3,246,999</u> | <u>5,825,242</u> | <u>2,674,732</u> | <u>11,746,973</u> | <u>1,988,116</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 | 236,169 | 260,973 | 673,664 | - |
| Vehicles | 1,629,133 | 179,043 | 822,391 | 2,630,567 | - |
| Infrastructure | - | 3,973,775 | 15,080,566 | 19,054,341 | - |
| Accumulated depreciation | (1,984,212) | (3,119,234) | (15,419,365) | (20,522,811) | - |
| Construction in progress | 142,928 | - | - | 142,928 | - |
| Total noncurrent assets | <u>347,170</u> | <u>1,680,087</u> | <u>5,629,934</u> | <u>7,657,191</u> | <u>-</u> |
| Total assets | <u>3,594,169</u> | <u>7,505,329</u> | <u>8,304,666</u> | <u>19,404,164</u> | <u>1,988,116</u> |
| LIABILITIES | | | | | |
| Current Liabilities | | | | | |
| Accounts payable | 66,147 | 224,320 | 22,719 | 313,186 | 9,684 |
| Accrued salaries, payroll and benefits | 33,991 | 18,891 | 14,564 | 67,446 | - |
| Compensated absences - current | 37,000 | 15,000 | 15,000 | 67,000 | - |
| Utility deposits held | - | 73,560 | - | 73,560 | - |
| Total current liabilities | <u>137,138</u> | <u>331,771</u> | <u>52,283</u> | <u>521,192</u> | <u>9,684</u> |
| Noncurrent Liabilities | | | | | |
| Compensated absences | 70,442 | 13,603 | 95,559 | 179,604 | - |
| Post closure liability | 1,789,485 | - | - | 1,789,485 | - |
| Total noncurrent liabilities | <u>1,859,927</u> | <u>13,603</u> | <u>95,559</u> | <u>1,969,089</u> | <u>-</u> |
| Total liabilities | <u>1,997,065</u> | <u>345,374</u> | <u>147,842</u> | <u>2,490,281</u> | <u>9,684</u> |
| NET POSITION | | | | | |
| Invested in capital assets, net of related debt | 347,170 | 1,543,523 | 5,629,934 | 7,520,627 | - |
| Restricted Cash | - | 136,564 | - | 136,564 | - |
| Unrestricted | 1,249,934 | 5,479,868 | 2,526,890 | 9,256,692 | 1,978,432 |
| Total liabilities and net position | <u>\$ 1,597,104</u> | <u>\$ 7,159,955</u> | <u>\$ 8,156,824</u> | <u>\$ 16,913,883</u> | <u>\$ 1,978,432</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, 2013

| | Enterprise Funds | | | | Internal Service Funds |
|---|------------------|--------------|--------------|---------------|------------------------------|
| | Solid Waste | Water | Wastewater | Total | |
| OPERATING REVENUES | | | | | |
| Charges for Services | \$ 1,628,079 | \$ 2,611,393 | \$ 1,330,305 | \$ 5,569,777 | \$ 85,861 |
| Other | - | 5,000 | - | 5,000 | - |
| Total operating revenues | 1,628,079 | 2,616,393 | 1,330,305 | 5,574,777 | 85,861 |
| OPERATING EXPENSES | | | | | |
| Personal services | 1,040,847 | 521,125 | 649,187 | 2,211,159 | 274,616 |
| Supplies | 14,998 | 10,138 | 11,012 | 36,148 | - |
| Utilities | 18,504 | 1,339,333 | 143,308 | 1,501,145 | - |
| Repairs and maintenance | 374,567 | 110,932 | 70,165 | 555,664 | - |
| Depreciation | 101,062 | 128,618 | 468,066 | 697,746 | - |
| Total operating expenses | 1,549,978 | 2,110,146 | 1,341,738 | 5,001,862 | 274,616 |
| Operating Income (Loss) | 78,101 | 506,247 | (11,433) | 572,915 | (188,755) |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Investment earnings | (1,019) | (2,012) | (991) | (4,022) | 28 |
| Grant revenue | 85,726 | - | - | 85,726 | - |
| Total nonoperating revenues (Expenses) | 84,707 | (2,012) | (991) | 81,704 | 28 |
| Income (loss) before transfers | 162,808 | 504,235 | (12,424) | 654,619 | (188,727) |
| TRANSFERS IN | - | - | - | - | 2,086,000 |
| TRANSFERS OUT | (3,971) | (4,913) | (10,504) | (19,388) | (771,160) |
| CHANGE IN NET ASSETS | 158,837 | 499,322 | (22,928) | 635,231 | 1,126,113 |
| NET POSITION - BEGINNING OF YEAR | 1,438,267 | 6,660,633 | 8,179,752 | 16,278,652 | 852,319 |
| NET POSITION - END OF YEAR | \$ 1,597,104 | \$ 7,159,955 | \$ 8,156,824 | \$ 16,913,883 | \$ 1,978,432 |

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, 2013

| | Enterprise Funds | | | | Internal Service Funds |
|---|------------------|--------------|--------------|--------------|------------------------------|
| | Solid Waste | Water | Wastewater | Total | |
| Cash Flows from Operating Activities | | | | | |
| Receipts from customers | \$ 1,626,778 | \$ 2,651,255 | \$ 1,315,743 | \$ 5,593,776 | \$ 85,861 |
| Payments to suppliers | (344,159) | (1,445,062) | (248,161) | (2,037,382) | - |
| Payments to employees | (1,035,103) | (523,722) | (686,915) | (2,245,740) | (265,802) |
| Total cash flows from operating activities | 247,516 | 682,471 | 380,667 | 1,310,654 | (179,941) |
| Cash Flows from Noncapital Financing Activities | | | | | |
| Transfers from (to) other funds | (3,971) | (4,913) | (10,504) | (19,388) | 1,314,840 |
| Grants received | 85,726 | - | - | 85,726 | - |
| Total cash flows from noncapital financing activities | 81,755 | (4,913) | (10,504) | 66,338 | 1,314,840 |
| Cash Flows from Capital and Related Financing Activities | | | | | |
| Purchase of capital assets | (142,928) | (52) | (403,695) | (546,675) | - |
| Transfers of capital assets | - | - | - | - | - |
| Total cash flows from capital and related financing activities | (142,928) | (52) | (403,695) | (546,675) | - |
| Cash Flows from Investing Activities | | | | | |
| Investment earnings received | - | - | - | - | 28 |
| Net sale (purchase) of investments | 354,376 | 574,275 | 485,530 | 1,414,181 | 312,067 |
| Total cash flows from investing activities | 354,376 | 574,275 | 485,530 | 1,414,181 | 312,095 |
| Net increase (decrease) in cash and cash equivalents | 540,719 | 1,251,781 | 451,998 | 2,244,498 | 1,446,994 |
| Cash and cash equivalents, July 1 | 1,328,869 | 1,466,852 | 422,555 | 3,140,810 | 8,372 |
| Cash and cash equivalents, June 30 | \$ 1,869,588 | \$ 2,718,633 | \$ 874,553 | \$ 5,385,308 | \$ 1,455,366 |
| Cash and cash equivalents | \$ 1,869,588 | \$ 2,582,069 | \$ 874,553 | \$ 5,326,210 | \$ 8,372 |
| Restricted cash held in joint custody | - | 136,564 | - | 136,564 | - |
| | \$ 1,869,588 | \$ 2,718,633 | \$ 874,553 | \$ 5,462,774 | \$ 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, 2013

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

| | | | | | |
|--|-------------------|-------------------|-------------------|---------------------|---------------------|
| Operating income (loss) | \$ 78,101 | \$ 506,247 | \$ (11,433) | \$ 572,915 | \$ (188,755) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | | | |
| Depreciation expense | 101,062 | 128,618 | 468,066 | 697,746 | - |
| (Increase) decrease in accounts receivable | (1,301) | 31,609 | (14,562) | 15,746 | - |
| (Increase) decrease in inventories | (12,827) | 12,770 | (11,983) | (12,040) | - |
| Increase (decrease) in liabilities | 82,481 | 3,227 | (49,421) | 36,287 | 8,814 |
| Total adjustments | <u>169,415</u> | <u>176,224</u> | <u>392,100</u> | <u>737,739</u> | <u>8,814</u> |
| Total cash flows from operating activities | <u>\$ 247,516</u> | <u>\$ 682,471</u> | <u>\$ 380,667</u> | <u>\$ 1,310,654</u> | <u>\$ (179,941)</u> |

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, 2013

| | <u>Green Assistance Fund</u> |
|---|--------------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 397 |
| Investments, at fair value | 928 |
| Total assets | <u>1,325</u> |
| NET ASSETS | |
| Held in trust to assist low income residents with utility bills | <u>1,325</u> |
| Total net assets | <u><u>\$ 1,325</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, 2013

| | Green Assistance Fund |
|--------------------------------|--------------------------------------|
| ADDITIONS | |
| Donations | \$ 500 |
| Investment earnings | |
| Total additions | <u> 500</u> |
| DEDUCTIONS | |
| Payment of utilities | <u> 1,018</u> |
| Total operating expenses | <u> 1,018</u> |
| CHANGE IN NET ASSETS | (518) |
| NET ASSETS - BEGINNING OF YEAR | <u> 1,843</u> |
| NET ASSETS - END OF YEAR | <u><u> 1,325</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, 2013

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, 2013. 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 | 5,998,432 | | | | |
| Wyoming Government Invest. Fund | 12,064,338 | | | | |
| Total investments, primary government | \$ 18,062,770 | | | | |

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 | 5,998,432 | - | - | - | 5,998,432 |
| Wyoming Government Invest. Fund | 12,064,338 | - | - | - | 12,064,338 |

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 | \$ 3,861,276 |
| Restricted cash and cash equivalents | 136,564 |
| Unrestricted investments | 18,061,842 |
| Restricted investments | 928 |
| Total | <u>\$ 22,060,610</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, 2013:

| | <u>Balance</u> <u>June 30, 2012</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 | 11,250,970 | 9,746,966 | (15,840,038) | 5,157,898 |
| Total capital assets, not being depreciated | <u>17,794,990</u> | <u>9,746,966</u> | <u>(15,840,038)</u> | <u>11,701,918</u> |
| Depreciable capital assets | | | | |
| Buildings | 17,707,628 | 7,007,300 | - | 24,714,928 |
| Equipment | 3,091,323 | 71,721 | (63,415) | 3,099,629 |
| Infrastructure | 51,760,702 | 5,792,768 | (756,990) | 56,796,480 |
| Vehicles | 7,471,528 | 357,297 | (130,544) | 7,698,281 |
| Total capital assets, being depreciated | <u>80,031,181</u> | <u>13,229,086</u> | <u>(950,949)</u> | <u>92,309,318</u> |
| Less accumulated depreciation | <u>(40,694,945)</u> | <u>(3,415,934)</u> | <u>757,244</u> | <u>(43,353,635)</u> |
| Total depreciable capital assets | <u>39,336,236</u> | <u>9,813,152</u> | <u>(193,705)</u> | <u>48,955,683</u> |
| Governmental activities capital assets, net | <u>\$ 57,131,226</u> | <u>\$ 19,560,118</u> | <u>\$ (16,033,743)</u> | <u>\$ 60,657,601</u> |
| | | | | |
| | <u>Balance</u> <u>June 30, 2012</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 | - | 142,928 | - | 142,928 |
| Total capital assets, not being depreciated | <u>296,507</u> | <u>142,928</u> | <u>-</u> | <u>439,435</u> |
| Depreciable capital assets | | | | |
| Buildings | 5,245,431 | - | - | 5,245,431 |
| Equipment | 686,350 | 5,430 | (18,116) | 673,664 |
| Infrastructure | 18,691,768 | 413,118 | (50,545) | 19,054,341 |
| Vehicles | 2,599,188 | 31,379 | - | 2,630,567 |
| Total capital assets, being depreciated | <u>27,222,737</u> | <u>449,927</u> | <u>(68,661)</u> | <u>27,604,003</u> |
| Less accumulated depreciation | <u>(19,847,546)</u> | <u>(697,746)</u> | <u>22,481</u> | <u>(20,522,811)</u> |
| Total depreciable capital assets | <u>7,375,191</u> | <u>(247,819)</u> | <u>(46,180)</u> | <u>7,081,192</u> |
| Business-type capital assets, net | <u>\$ 7,671,698</u> | <u>\$ (104,891)</u> | <u>\$ (46,180)</u> | <u>\$ 7,520,627</u> |

Depreciation expense for the year ended June 30, 2013 for governmental and business-type activities is shown in the table below:

| | Depreciation Expense |
|---|---------------------------------|
| Governmental activities: | |
| General government | \$ 88,814 |
| Public safety | 406,496 |
| Streets maintenance | 2,066,640 |
| Parks and recreation | 853,984 |
| Total depreciation expense - governmental activities | <u>\$ 3,415,934</u> |
| Business-type activities: | |
| Solid waste | \$ 101,062 |
| Water | 128,618 |
| Wastewater | 468,066 |
| Total depreciation expense - business-type activities | <u>\$ 697,746</u> |

4. LONG-TERM OBLIGATIONS

The following is a summary of the changes in long-term liabilities for the year ended June 30, 2013.

| | Balance July 1, 2011 | Additions | Retirements | Balance June 30, 2012 | Due Within One Year |
|---------------------------------|-------------------------------------|------------------|---------------------|--------------------------------------|--------------------------------|
| Governmental activities | | | | | |
| Compensated absences | \$ 1,676,550 | \$ 38,043 | \$ - | \$ 1,714,593 | \$ 133,453 |
| Total, governmental activities | <u>\$ 1,676,550</u> | <u>\$ 38,043</u> | <u>\$ -</u> | <u>\$ 1,714,593</u> | <u>\$ 133,453</u> |
| Business-type activities | | | | | |
| Compensated absences | \$ 280,183 | \$ - | \$ (100,579) | \$ 179,604 | \$ 67,000 |
| Post closure liability | 1,747,701 | 41,784 | - | \$ 1,789,485 | - |
| Total, business-type activities | <u>\$ 2,027,884</u> | <u>\$ 41,784</u> | <u>\$ (100,579)</u> | <u>\$ 1,969,089</u> | <u>\$ 67,000</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 \$1,789,485 reported as closure and post-closure care liability at June 30, 2013, 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 2013. 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, 2013. 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 | \$ 3,495,236 | \$ 966,612 |
| Capital projects | - | 1,100,000 |
| Solid waste | - | 3,971 |
| Water | - | 4,913 |
| Wastewater | - | 10,504 |
| Health insurance | 771,160 | - |
| | <u>\$ 4,266,396</u> | <u>\$ 2,086,000</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, 2013, was \$9,464,963; the City's total payroll was \$12,337,755.

Contributions to the System consist of an amount equal to 14.62% 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 7.50% share. Law enforcement employees are allowed by Wyoming Statute to contribute an extra 2.58% 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, 2013, 2012, and 2011 were \$971,843, \$1,092,304 and \$1,205,557 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.

COMPLIANCE AND INTERNAL CONTROL

REQUIRED SUPPLEMENTARY INFORMATION



KARREN | HENDRIX | STAGG | ALLEN
COMPANY
A Professional Corporation

Ray H. Allen, CPA
Rebecca M. Allred
Robert L. Archuleta, CPA
Stephen R. Capson, CPA
Scott J. Hanni, CPA
Danny L. Hendrix, CPA
B. Joe Merkley, CPA
Tim C. Rees, CPA
Jeffrey N. Ririe, CPA
G. John Runia, CPA
R. Ted Stagg, CPA

INDEPENDENT AUDITORS' 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

To the City Council
Green River, Wyoming

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Green River, Wyoming, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Green River, Wyoming's basic financial statements and have issued our report thereon dated February 19, 2014.

Internal Control over Financial Reporting

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

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

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 that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We noted no deficiencies in internal control that we considered to be a significant deficiencies.

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in blue ink that reads "Karren, Hendrix, Stagg, Allen & Company". The signature is written in a cursive, flowing style.

Karren, Hendrix, Stagg, Allen & Company
February 19, 2014

CITY OF GREEN RIVER, WYOMING

Schedule of Audit Findings For the Year Ended June 30, 2013

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 were no significant deficiencies noted.
3. There were no instances of noncompliance or other matters.

B. FINDINGS – FINANCIAL AUDIT CURRENT YEAR

-NONE-

C. CURRENT YEAR STATUS OF PRIOR YEAR FINDINGS

Finding was resolved