

CITY OF SHERIDAN

Financial and Compliance Report

For Fiscal Year Ended
June 30, 2013

Our Mission

Effectively servicing present and future needs of Sheridan citizens

Core Values

Build Partnerships
Contribute to Team Success
Initiate Action
Effective Communicate
Build Trust

CITY OF SHERIDAN, WYOMING
FINANCIAL AND COMPLIANCE REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2013

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FINANCIAL SECTION



PORTER, MUIRHEAD, CORNIA & HOWARD

(A Corporation of Certified Public Accountants)

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
City of Sheridan, Wyoming

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Sheridan, Wyoming ("City"), 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 did not audit the financial statements of the Sheridan Area Water Supply Joint Powers Board, a discretely presented component unit of the City which represents 91 percent, 89 percent, and 99 percent, respectively, of the assets, net position and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Sheridan Area Water Supply Joint Powers Board, is based on the report of the other auditors. 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 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Sheridan, 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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents 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 management's discussion and analysis 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 the 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.

The budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied during the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Supplementary Information and Schedule of Expenditures of Federal Awards

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sheridan's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Additionally, the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

The other supplementary information and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The other supplementary information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2014, on our consideration of the City of Sheridan's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Sheridan's internal control over financial reporting and compliance.



Porter, Muirhead, Cornia & Howard
Certified Public Accountants

Casper, Wyoming
March 27, 2014

CITY OF SHERIDAN, WYOMING
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2013
(Unaudited)

This section of the City of Sheridan's ("City") annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2013. Please read it in conjunction with the Auditor's Report at the front of this report and the City's financial statements which immediately follow this section.

FINANCIAL HIGHLIGHTS

The City's total net position increased by 3.5% (\$5.5 million) during the fiscal year. Our business-type activities accounted for 76% of the increase and governmental activities 24%.

During the fiscal year the City's state shared tax revenues increased slightly by \$6,000. This is a positive note compared to fiscal year's 2012 and 2011, which had decreases of 2.6% and 3.2%, respectively. General government expenses increased by 2.4% or nearly \$411,000.

The City's business-type revenues increased by 7% or \$894,000 to nearly \$13.7 million. Expenses increased only by \$2,000 compared to prior year.

USING THE ANNUAL REPORT

This annual report consists of the *Management's Discussion and Analysis*, the *Basic Financial Statements*, *required supplementary information*, and an additional section that presents *combining statements* for Governmental and Business Type Funds. The basic financial statements consist of *government-wide financial statements* and the *fund financial statements*.

The *government-wide financial statements* include the statement of net position and the statement of activities which provide both long-term and short-term information about the overall financial status of the City.

The fund financial statements are the remaining statements and focus on the individual parts of the City government, presenting information in greater detail than the government-wide statements.

- The *Governmental funds* statements explain how general government departments such as street maintenance were funded in the short term and what remains for future spending.
- *Proprietary funds* statements offer short-term and long-term financial information about the activities the government operates like a business, such as the water and sewer system.
- *Fiduciary funds* statements provide information about the financial relationships in which the City acts solely as a trustee or agent for the benefit of others.

The Basic Financial Statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. Following the notes are the *required supplementary information* statements, which further explain and support the information in the basic financial statements. In addition, we have included a section with combining statements that provide details about our non-major governmental funds and proprietary funds.

CITY OF SHERIDAN, WYOMING
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2013
(Unaudited)

Government-Wide Statements

The government-wide statements help to answer the question 'Is the City better or worse off as a result of the current year activities?' These statements include all of the City's assets and liabilities as well as the current year's revenues and expenses using the accrual basis of accounting, which is similar to those used by private-sector companies.

The change in *net position* (the difference between total assets and liabilities) is one way to measure whether the City's financial health is improving or deteriorating. However, when assessing the overall health of the City one needs to consider additional non-financial factors such as changes in the City's property tax base, condition of City roads and its water and sewer distribution system, decisions of State Legislators concerning distribution of certain tax revenues, as well as economic factors such as inflation.

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

- *Governmental Activities*-Included here are most of the City's basic services, such as public safety, street maintenance, code enforcement, parks and recreation and general administration. These services are mainly financed through property taxes, sales and use taxes, mineral royalties, and severance taxes.
- *Business-Type Activities*-The City charges fees to customers to help cover the costs of certain services it provides. The City's solid waste system, water and sewer system, and golf course are included here.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Fund Financial Statements

The fund financial statements provide more detailed information about the most significant *funds* used by the City. The City is required to show detailed information for its major funds. The City uses funds to keep track of specific sources of funding and spending for particular purposes. The three funds the City uses are as follows:

- *Governmental Funds*-Includes most of the City's basic services, such as streets, public safety, and special construction projects. These statements provide a detailed short-term view of the City's current financial resources. They focus on how cash and other financial assets flow in and out and the balances left at year-end that are available for spending.
- *Proprietary Funds*-Includes services for which the City charges a fee, such as utility services. These statements provide both long- and short-term financial information. The City's enterprise funds (a type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information.
- *Fiduciary Funds*-Includes funds where the City is responsible for assets that can be used only for their intended purposes. These funds are reported separately and are not included in the City's activities because they cannot be used to finance its operations.

CITY OF SHERIDAN, WYOMING
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2013
(Unaudited)

Financial Position

As explained, net position is the difference between assets and liabilities. Between fiscal years 2012 and 2013 combined net assets increased by approximately 3.5%.

CITY OF SHERIDAN'S NET POSITION

	Governmental Activities		Business- Type Activities		Total		Total Percent Change
	2012 as Restated	2013	2012 as Restated	2013	2012 as Restated	2013	
	Current & Other Assets	\$ 11,845,242	\$ 13,488,047	\$ 14,084,228	\$ 15,151,307	\$ 25,929,470	
Capital Assets	70,824,412	73,717,142	79,857,626	81,896,793	150,682,038	155,613,935	3.3%
Total Assets	82,669,654	87,205,189	93,941,854	97,048,100	176,611,508	184,253,289	4.3%
Long-Term Liabilities	3,056,543	3,512,295	11,032,535	11,801,774	14,089,078	15,314,069	8.7%
Other Liabilities	2,758,060	2,672,991	1,494,946	2,504,218	4,253,006	5,177,209	21.7%
Total Liabilities	5,814,603	6,185,286	12,527,481	14,305,992	18,342,084	20,491,278	11.7%
Net Position							
Invested in Capital Assets, net of Related Debt	69,432,564	71,764,130	70,110,920	71,414,607	139,543,484	143,178,737	2.6%
Restricted	390,215	766,117	-	-	390,215	766,117	96.3%
Unrestricted	7,032,272	8,489,656	11,303,453	11,327,501	18,335,725	19,817,157	8.1%
Total Net Position	\$ 76,855,051	\$ 81,019,903	\$ 81,414,373	\$ 82,742,108	\$ 158,269,424	\$ 163,762,011	3.5%

Unrestricted net position includes funds that have been reserved or designated by the City Council for special projects, such as capital projects and replacement reserves. It is important to understand that Council reservations or designations are not considered restricted.

Net position for business-type activities increased by \$1.3 million, or approximately 2%. However, the resources of business-type activities cannot be used to make up any net asset deficiencies in the governmental activities. The City can generally only use this net position to fund enterprise activities such as water and sewer operations and solid waste activities.

Results of Operations

The City's total revenues come from numerous sources. Around 39% of the City's revenues come from other taxes, such as sales and use taxes and mineral royalties. Another 32% comes from fees charged for services while property tax revenue represents about 5% of total revenues.

During fiscal year 2013, nearly 38% of the total cost of all programs and services were expended by the business type activities or the enterprise funds. Our public safety programs, such as the police and fire rescue departments, accounted for 18% of the total costs for City operations, while public works activities which include planning, engineering, code enforcement and streets accounted for 10% of the total costs.

CITY OF SHERIDAN, WYOMING
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2013
(Unaudited)

CHANGES IN CITY OF SHERIDAN'S NET POSITION

	Governmental Activities		Business- Type Activities		Total		Total Percentage Change
	2012	2013	2012	2013	2012	2013	
	Program Revenues						
Charges for Services	\$ 1,014,140	\$ 1,056,896	\$ 10,295,828	\$ 10,401,346	\$ 11,309,968	\$ 11,458,242	1.3%
Operating Grants and Other Support	1,080,068	830,429	-	-	1,080,068	830,429	(23.1)%
Capital Grants and Other Support	2,868,752	3,480,543	2,456,014	3,231,283	5,324,766	6,711,826	26.0%
General Revenues							
Property Taxes	1,726,317	1,677,850	-	-	1,726,317	1,677,850	(2.8)%
Special Assessments	252,800	64,585	-	-	252,800	64,585	(74.5)%
Other Taxes	13,823,935	13,829,840	-	-	13,823,935	13,829,840	0.0%
Miscellaneous Revenues	175,481	117,955	-	-	175,481	117,955	(32.8)%
Investment Income	47,753	13,477	37,350	50,797	85,103	64,274	(24.5)%
Total Revenues	20,989,246	21,071,575	12,789,192	13,683,426	33,778,438	34,755,001	2.9%
Expenses							
General Administration	1,612,698	3,890,255	-	-	1,612,698	3,890,255	141.2%
Public Safety	6,615,290	5,126,000	-	-	6,615,290	5,126,000	(22.5)%
Health and Welfare	-	97,332	-	-	-	97,332	100.0%
Public Works	3,809,845	2,905,821	-	-	3,809,845	2,905,821	(23.7)%
Parks and Recreation	524,658	440,347	-	-	524,658	440,347	(16.1)%
Interest on Long-term Debt	101,029	60,144	-	-	101,029	60,144	(40.5)%
Unallocated Depreciation	4,297,745	4,852,249	-	-	4,297,745	4,852,249	12.9%
Water and Sewer Fund	-	-	6,466,645	6,650,384	6,466,645	6,650,384	2.8%
Solid Waste Fund	-	-	3,318,376	3,430,051	3,318,376	3,430,051	3.4%
Golf Fund	-	-	610,346	569,878	610,346	569,878	(6.6)%
Nonmajor Funds	-	-	384,996	132,044	384,996	132,044	(65.7)%
Total Expenses	16,961,265	17,372,148	10,780,363	10,782,357	27,741,628	28,154,505	1.5%
Excess (Deficiency)							
before Transfers	4,027,981	3,699,427	2,008,829	2,901,069	6,036,810	6,600,496	9.3%
Transfers	(1,252,935)	465,425	1,252,935	(1,573,334)	-	(1,107,909)	0.0%
Increase in Net Position	\$ 2,775,046	\$ 4,164,852	\$ 3,261,764	\$ 1,327,735	\$ 6,036,810	\$ 5,492,587	(9.0)%

Governmental Activities

Other taxes are the primary source of revenues for the governmental activities. Due to recent legislation and other factors the following items should be noted:

- The City's property tax valuation decreased 2% from the prior year and is expected to decrease slightly for the upcoming fiscal year.
- The cap placed on severance tax and mineral royalty distributions was still in place with no change expected for the upcoming fiscal year. However, the State Legislature approved additional supplemental distributions to cities, towns and counties for fiscal years ended June 30, 2010, 2011, and 2012 to alleviate the loss in funding from the cap. The City received \$1,281,137 and \$981,603 in supplemental distributions respectively for 2012 and 2013. The City has already received \$1,447,867 for fiscal year 2014. The State Legislature has requested the supplemental distributions not be used for salary adjustments, additional personnel or increased personnel benefits.

The cost of all governmental activities this year was nearly \$17.4 million, an increase of 2.4% from last year. The City received \$1 million from those who directly benefited from the activities. The City also received nearly \$4.3 million from other governments and organizations that subsidized certain programs through grants and contributions.

CITY OF SHERIDAN, WYOMING
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2013
(Unaudited)

Net Cost of City of Sheridan's Governmental Activities

	Total Cost			Net Cost (Revenues)		
	Of Services		Percentage Change	Of Services		Percentage Change
	2012	2013		2012	2013	
General Administration	\$ 1,612,698	\$ 3,890,255	58.5%	\$ 9,120	\$ 2,374,307	99.6%
Public Safety	6,615,290	5,126,000	(29.1)%	5,925,256	4,976,533	(19.1)%
Health and Welfare	-	97,332	100.0%	(2,805)	97,332	102.9%
Public Works	3,809,845	2,905,821	(31.1)%	31,911	(94,803)	133.7%
Parks and Recreation	524,658	440,347	(19.1)%	404,205	(261,482)	254.6%
Interest on long-term debt	101,029	60,144	(68.0)%	102,279	60,144	(70.1)%
Unallocated depreciation	4,297,745	4,852,249	11.4%	3,576,749	4,852,249	26.3%
Total	\$ 16,961,265	\$ 17,372,148	2.4%	\$ 10,046,715	\$ 12,004,280	16.3%

The City's business-type activities are now operating at a proper funding level, except for the Golf Course which requires General Fund subsidies. The increase in the General Government cost of services can mainly be attributed to the increase in depreciation of \$555,000 compared to prior year

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's combined fund balance in its governmental funds at June 30, 2013 was nearly \$10 million, a \$2 million decrease over last year. Other items that should be noted are as follows:

- The cap on Severance tax and mineral royalty revenues by the State Legislature still remains.
- The City has \$766,117 that is restricted and \$.5 million in commitments as these amounts affect availability of the City's funds.

CITY OF SHERIDAN, WYOMING
MANAGEMENT'S DISCUSSION & ANALYSIS
 June 30, 2013
 (Unaudited)

General Fund Budgetary Highlights

General Fund Budget Analyses

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Percentage Change</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Percentage Change</u>
Revenues	\$ 12,389,910	\$ 12,375,910	(0.1)%	\$ 12,375,910	\$ 12,181,276	(1.6)%
Expenditures						
General Administration	\$ 2,468,843	\$ 2,859,521	15.8%	\$ 2,859,521	\$ 2,442,549	(14.6)%
Health and Welfare	88,153	109,153	23.8%	109,153	97,332	(10.8)%
Public Safety	4,978,120	5,055,420	1.6%	5,055,420	4,933,634	(2.4)%
Public Works	3,080,274	3,238,774	5.1%	3,238,774	2,818,935	(13.0)%
Parks and Recreation	419,815	419,815	0.0%	419,815	440,347	4.9%
Capital Outlay	2,138,500	4,124,400	92.9%	4,124,400	1,609,896	(61.0)%
Debt Service	96,400	96,400	0.0%	96,400	113,154	17.4%
Total	\$ 13,270,105	\$ 15,903,483	16.6%	\$ 15,903,483	\$ 12,455,847	(27.7)%

During the year, the City Council revised the City budget several times. Budget amendments fall into the following categories:

- Amendments and appropriations for prior year encumbrances and unappropriated funds are not included in the beginning account balances.
- Bi-annual appropriation of unanticipated income.
- Transfer of appropriations to prevent budget overruns.

Taking into account these amendments and transfers, actual expenditures were below final budget appropriations.

CITY OF SHERIDAN, WYOMING
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2013
(Unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2013, the City has invested \$155.6 million (net of depreciation) in a broad range of capital assets, including police, fire equipment, buildings, park facilities, automobiles, and water and sewer lines. This represents an increase of 3.2% over last year. More detailed information concerning the City's capital assets can be found in the notes to the financial statements.

City of Sheridan's Capital Assets

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2012	2013	2012		2012	2013	
			As Restated	2013	As Restated		
Land	\$ 5,772,623	\$ 5,772,623	\$ 1,091,984	\$ 1,091,984	\$ 6,864,607	\$ 6,864,607	0.0%
Construction in progress	9,935,054	16,286,814	15,780,158	11,622,725	25,715,212	27,909,539	8.5%
Infrastructure	64,894,491	64,894,491	-	-	64,894,491	64,894,491	100.0%
Buildings	10,731,654	10,731,654	19,814,261	19,814,261	30,545,915	30,545,915	0.0%
Improvements, other than buildings	10,213,121	10,467,528	68,113,528	77,369,648	78,326,649	87,837,176	12.1%
Machinery and equipment	11,510,560	12,398,425	11,346,341	12,016,614	22,856,901	24,415,039	6.8%
Total	\$ 113,057,503	\$ 120,551,535	\$ 116,146,272	\$ 121,915,232	\$ 229,203,775	\$ 242,466,767	5.8%

This year's major capital asset additions included Brooks/Smith Street, NW Tank & Transmission Main, BGWTP Clearwell Tank & Piping, side load trash truck, rolloff truck, grinder, excavator, golf carts, forklift, street sweeper, utilities work trucks, patrol vehicles, tractor, compaction roller, and sculptures.

Outstanding Long-Term Debt

City of Sheridan's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total		Total Percent Change
	2012	2013	2012	2013	2012	2013	
	Special Assessment						
Bonds	\$ 1,065,000	\$ 1,615,000	\$ -	\$ -	\$ 1,065,000	\$ 1,615,000	51.6%
Capital Leases	382,366	336,107	1,884,987	2,242,276	2,267,353	2,578,383	13.7%
SLIB Loans	-	1,905	7,861,719	8,239,910	7,861,719	8,241,815	4.8%
Repayment of sales tax	759,332	645,432	-	-	759,332	645,432	100.0%
Other	905,363	913,851	1,285,829	1,319,588	2,191,192	2,233,439	1.9%
Total	\$ 3,112,061	\$ 3,512,295	\$ 11,032,535	\$ 11,801,774	\$ 14,144,596	\$ 15,314,069	8.3%

At year end the City had \$15.3 million in bonds and notes outstanding, an increase of 8.3% or nearly \$1.2 million from last year. More detailed information can be found in the notes to the financial statements.

Other outstanding long-term debt consists of accrued compensated absences due employees. In addition, the landfill closure and post closure liability is included in other business-type activities.

CITY OF SHERIDAN, WYOMING
MANAGEMENT'S DISCUSSION & ANALYSIS
June 30, 2013
(Unaudited)

FUTURE OF THE CITY

- Property tax revenues will continue to remain steady or decrease as a result of decreased valuations relative to the economy.
- Through State Legislation, severance tax and mineral royalty revenues continue to be capped.
- The State Legislation did however approve through its supplemental budget a distribution of \$1.4 million, which the City received in August of 2014, to help alleviate the effect of capping the severance tax and mineral royalty revenues. For fiscal year 2014, the State Legislature has requested the supplemental distributions not be used for salary adjustments, additional personnel or increased personnel benefits. The State Legislation has also approved for the through its supplemental budget for fiscal year 15 and fiscal year 16 a distribution of \$1.9 million in each year. This increase is due the City qualifying for \$445,000 of Hardship funds each year. This designation is the first time the City of Sheridan will receive hardship funds as the Sheridan's economic recovery and thus the sales/use tax collections trail other communities and the State of Wyoming as a whole.
- Sheridan County voters previously voted to extend the 1 cent Capital Facilities Tax in August of 2009, which is estimated to end fiscal year 2014. Voters in November 2013 reapproved the tax with the expectation of the tax continuing for an additional eight years using current collections as estimates. This will enable the City to continue working on its Capital Improvement Plan.
- These factors will have a dramatic effect on the City's activities and were taken into account when adopting the general fund budget for 2014.
- State Legislative efforts to "fully fund" pensions for all public employees, especially Fire Plan A, B and Civilian pensions, continue to be a concern and the unknown full impacts of the federal Affordable Health Care act are reasons city officials are considering increases to reserves.

Current projects of the City are the continuation of the Pathway Projects, Lewis Street Bridge and Pathway, Street overlay program, Service Center upgrades, West Downtown, Wyoming/Park Street, South Side Sewer, High Tech Business Park, North Main Street and Interchange, NW Water Loop, Water Treatment Plant upgrades, WYO Theatre, Sheridan Commercial, and Landfill Cell 9.

Requests for Information

The financial report is designed to provide a general overview of the City of Sheridan, Wyoming's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information, including separately issued reports for the Sheridan Area Water Supply and the Sheridan Economic and Educational Development Authority, should be addressed to the Office of the Treasurer, 55 Grinnell Plaza, Sheridan, WY 82801.

BASIC FINANCIAL STATEMENTS

CITY OF SHERIDAN, WYOMING

STATEMENT OF NET POSITION

June 30, 2013

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 10,218,195	\$ 8,529,478	\$ 18,747,673
Accounts receivable, net	256,076	1,637,872	1,893,948
Special assessments receivable, net	1,306,370	-	1,306,370
Investments	16,046	78,332	94,378
Due from other governments	1,548,167	1,281,510	2,829,677
Due from component unit	-	3,313,266	3,313,266
Due from primary government	-	-	-
Inventory	-	47,371	47,371
Prepaid expense	16,545	-	16,545
Restricted cash	126,648	263,478	390,126
Real estate held for sale	-	-	-
Note receivable - long-term	-	-	-
Capital assets not being depreciated	22,059,437	12,714,709	34,774,146
Capital assets, net of accumulated depreciation	51,657,705	69,182,084	120,839,789
Total assets	87,205,189	97,048,100	184,253,289
LIABILITIES			
Outstanding checks in excess of bank balance	-	201,902	201,902
Accounts payable	2,403,864	1,370,985	3,774,849
Accrued liabilities	269,127	136,282	405,409
Accrued interest payable	-	157,512	157,512
Deposits due others	-	115,518	115,518
Due to other governments	-	-	-
Due to primary government	-	-	-
Due to component unit	-	522,019	522,019
Long-term liabilities			
Due within one year	940,290	1,656,314	2,596,604
Due in more than one year	2,572,005	10,145,460	12,717,465
Total liabilities	6,185,286	14,305,992	20,491,278
NET POSITION			
Invested in capital assets, net of related debt	71,764,130	71,414,607	143,178,737
Restricted for			
Debt service	766,117	-	766,117
Sheridan Area Water Supply	-	-	-
Unrestricted	8,489,656	11,327,501	19,817,157
Total net position	\$ 81,019,903	\$ 82,742,108	\$ 163,762,011

See accompanying notes to the financial statements

Component Units

Sheridan Area Water Supply	Sheridan Economic and Educational Development Authority	Total
\$ 2,009,852	\$ 110,843	\$ 2,120,695
137,056	-	137,056
-	-	-
-	-	-
-	-	-
522,019	-	522,019
-	-	-
-	-	-
6,599,725	-	6,599,725
-	1,018,922	1,018,922
1,366,439	-	1,366,439
127,603	426,500	554,103
30,964,370	2,797,846	33,762,216
<u>41,727,064</u>	<u>4,354,111</u>	<u>46,081,175</u>
-	-	-
-	25,260	25,260
-	-	-
82,850	-	82,850
-	-	-
-	1,394	1,394
3,313,266	-	3,313,266
-	-	-
228,188	-	228,188
4,235,301	-	4,235,301
<u>7,859,605</u>	<u>26,654</u>	<u>7,886,259</u>
26,628,484	3,224,346	29,852,830
-	-	-
2,157,720	-	2,157,720
5,081,255	1,103,111	6,184,366
<u>\$ 33,867,459</u>	<u>\$ 4,327,457</u>	<u>\$ 38,194,916</u>

CITY OF SHERIDAN, WYOMING

STATEMENT OF ACTIVITIES

Year Ended June 30, 2013

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General administration	\$ 3,890,255	\$ 1,056,896	\$ -	\$ 459,052
Health and welfare	97,332	-	-	-
Public safety	5,126,000	-	-	149,467
Public works	2,905,821	-	783,736	2,216,888
Parks and recreation	440,347	-	46,693	655,136
Interest on long-term debt	60,144	-	-	-
Unallocated depreciation	4,852,249	-	-	-
Total governmental activities	<u>17,372,148</u>	<u>1,056,896</u>	<u>830,429</u>	<u>3,480,543</u>
Business-type activities				
Solid waste fund	3,430,051	4,171,047	-	-
Water and sewer fund	6,650,384	5,728,027	-	3,231,283
Golf fund	569,878	351,495	-	-
Nonmajor funds	132,044	150,777	-	-
Total business-type activities	<u>10,782,357</u>	<u>10,401,346</u>	<u>-</u>	<u>3,231,283</u>
Total primary government	<u>\$ 28,154,505</u>	<u>\$ 11,458,242</u>	<u>\$ 830,429</u>	<u>\$ 6,711,826</u>
Component units				
Sheridan Area Water Supply	\$ 1,658,430	\$ 1,430,745	\$ -	\$ 950,530
Sheridan Economic and Educational Development Authority	117,234	-	-	-
Total component units	<u>\$ 1,775,664</u>	<u>\$ 1,430,745</u>	<u>\$ -</u>	<u>\$ 950,530</u>
General revenues				
Taxes				
Property taxes, levied for general purposes				
Special assessments, levied for debt service				
Sales, severance, royalties, cigarette, gasoline, use taxes				
Franchise taxes				
Miscellaneous revenues				
Rental income				
Net investment income				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning of year, as previously reported				
Prior period adjustment				
Net position - beginning of year, as restated				
Net position - end of year				

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Sheridan Area Water Supply	Sheridan Economic and Educational Development Authority	Total
\$ (2,374,307)	\$ -	\$ (2,374,307)	\$ -	\$ -	\$ -
(97,332)	-	(97,332)	-	-	-
(4,976,533)	-	(4,976,533)	-	-	-
94,803	-	94,803	-	-	-
261,482	-	261,482	-	-	-
(60,144)	-	(60,144)	-	-	-
(4,852,249)	-	(4,852,249)	-	-	-
<u>(12,004,280)</u>	<u>-</u>	<u>(12,004,280)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	740,996	740,996	-	-	-
-	2,308,926	2,308,926	-	-	-
-	(218,383)	(218,383)	-	-	-
-	18,733	18,733	-	-	-
-	2,850,272	2,850,272	-	-	-
<u>(12,004,280)</u>	<u>2,850,272</u>	<u>(9,154,008)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	722,845	-	722,845
-	-	-	-	(117,234)	(117,234)
-	-	-	722,845	(117,234)	605,611
1,677,850	-	1,677,850	-	-	-
64,585	-	64,585	-	-	-
13,000,107	-	13,000,107	-	-	-
829,733	-	829,733	-	-	-
117,955	-	117,955	-	-	-
-	-	-	-	14,400	14,400
13,477	50,797	64,274	41,095	12	41,107
465,425	(1,573,334)	(1,107,909)	1,107,909	-	1,107,909
<u>16,169,132</u>	<u>(1,522,537)</u>	<u>14,646,595</u>	<u>1,149,004</u>	<u>14,412</u>	<u>1,163,416</u>
4,164,852	1,327,735	5,492,587	1,871,849	(102,822)	1,769,027
76,930,204	89,830,813	166,761,017	31,339,704	4,430,279	35,769,983
(75,153)	(8,416,440)	(8,491,593)	655,906	-	655,906
<u>76,855,051</u>	<u>81,414,373</u>	<u>158,269,424</u>	<u>31,995,610</u>	<u>4,430,279</u>	<u>36,425,889</u>
<u>\$ 81,019,903</u>	<u>\$ 82,742,108</u>	<u>\$ 163,762,011</u>	<u>\$ 33,867,459</u>	<u>\$ 4,327,457</u>	<u>\$ 38,194,916</u>

CITY OF SHERIDAN, WYOMING

**BALANCE SHEET -
GOVERNMENTAL FUNDS**

June 30, 2013

	General Fund	Debt Service Fund	Capital Tax Fund	Capital Projects Fund
ASSETS				
Cash and cash equivalents	\$ 6,040,311	\$ 765,945	\$ 1,160,153	\$ -
Investments	16,046	-	-	-
Accounts receivable, net	144,675	-	-	-
Special assessments receivable, net	-	1,306,370	-	-
Due from other governments	660,599	-	-	-
Restricted cash	126,648	-	-	-
Prepaid expense	15,380	-	-	-
Total assets	<u>\$ 7,003,659</u>	<u>\$ 2,072,315</u>	<u>\$ 1,160,153</u>	<u>\$ -</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 932,243	\$ -	\$ 540	\$ -
Accrued liabilities	261,359	-	-	-
Total liabilities	<u>1,193,602</u>	<u>-</u>	<u>540</u>	<u>-</u>
Deferred inflows of resources				
Deferred revenue	-	1,306,198	-	-
Total deferred inflows of resources	<u>-</u>	<u>1,306,198</u>	<u>-</u>	<u>-</u>
Fund balances				
Nonspendable - related prepaid expense	15,380	-	-	-
Restricted for debt service	-	766,117	-	-
Committed	1,472,929	-	-	-
Unassigned	4,321,748	-	1,159,613	-
Total fund balances	<u>5,810,057</u>	<u>766,117</u>	<u>1,159,613</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,003,659</u>	<u>\$ 2,072,315</u>	<u>\$ 1,160,153</u>	<u>\$ -</u>

See accompanying notes to the financial statements

Special Revenue Fund	Other Nonmajor Governmental Funds	Total
\$ 2,251,786	\$ -	\$10,218,195
-	-	16,046
111,401	-	256,076
-	-	1,306,370
887,568	-	1,548,167
-	-	126,648
1,165	-	16,545
<u>\$ 3,251,920</u>	<u>\$ -</u>	<u>\$13,488,047</u>

\$ 1,471,081	\$ -	\$ 2,403,864
7,768	-	269,127
<u>1,478,849</u>	<u>-</u>	<u>2,672,991</u>

<u>-</u>	<u>-</u>	<u>1,306,198</u>
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<u>-</u>	<u>-</u>	<u>1,306,198</u>
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1,165	-	-
-	-	766,117
-	-	1,472,929
1,771,906	-	7,253,267
<u>1,773,071</u>	<u>-</u>	<u>9,508,858</u>

<u>\$ 3,251,920</u>	<u>\$ -</u>	<u>\$13,488,047</u>
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CITY OF SHERIDAN, WYOMING

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

June 30, 2013

Total fund balances - governmental funds		\$ 9,508,858
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		73,717,142
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		1,306,198
Some liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds.		
Capital leases	(336,107)	
Repayment of sales tax	(645,432)	
Notes payable	(1,905)	
Compensated absences	(913,851)	
Special assessment bonds	<u>(1,615,000)</u>	<u>(3,512,295)</u>
Net position of governmental activities		<u>\$ 81,019,903</u>

See accompanying notes to the financial statements

CITY OF SHERIDAN, WYOMING

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

Year Ended June 30, 2013

	General Fund	Debt Service Fund	Capital Tax Fund
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Taxes	\$ 10,718,419	\$ -	\$ 2,769,871
Licenses and permits	793,023	-	-
Intergovernmental	3,809	-	-
Special assessments	-	490,577	-
Fines and forfeitures	207,689	-	-
Charges for services	371,647	-	-
Net investment income	12,673	-	-
Contributions	36,698	-	-
Miscellaneous revenues	37,318	-	-
Total revenues	<u>12,181,276</u>	<u>490,577</u>	<u>2,769,871</u>
Expenditures			
Current			
General administration	2,442,549	-	-
Health and welfare	97,332	-	-
Public safety	4,933,634	-	-
Public works	2,818,935	1,110	43,478
Parks and recreation	440,347	-	-
Capital outlay	1,609,896	-	3,079,724
Debt service - principal	101,775	90,000	-
interest	11,379	48,765	-
Total expenditures	<u>12,455,847</u>	<u>139,875</u>	<u>3,123,202</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(274,571)</u>	<u>350,702</u>	<u>(353,331)</u>
Other financing sources (uses)			
Capital transfers	(62,243)	-	-
Operating transfers in	838,721	25,200	-
Operating transfers out	(487,548)	-	-
Total other financing sources (uses)	<u>288,930</u>	<u>25,200</u>	<u>-</u>
Net change in fund balances	14,359	375,902	(353,331)
Fund balances - beginning of year, as previously reported	5,870,851	390,215	1,512,944
Prior period adjustment	<u>(75,153)</u>	<u>-</u>	<u>-</u>
Fund balances (deficits) - beginning of year, as restated	<u>5,795,698</u>	<u>390,215</u>	<u>1,512,944</u>
Fund balances - end of year	<u>\$ 5,810,057</u>	<u>\$ 766,117</u>	<u>\$ 1,159,613</u>

See accompanying notes to the financial statements

Capital Projects Fund	Special Revenue Fund	Other Nonmajor Governmental Funds	Total
\$ -	\$ 2,019,400	\$ -	\$ 15,507,690
-	-	-	793,023
-	3,082,944	-	3,086,753
-	-	-	490,577
-	-	-	207,689
-	-	-	371,647
-	804	-	13,477
-	872,059	-	908,757
(95)	80,732	-	117,955
(95)	6,055,939	-	21,497,568
-	530,224	-	2,972,773
-	-	-	97,332
-	192,366	-	5,126,000
-	42,298	-	2,905,821
-	-	-	440,347
-	3,882,374	-	8,571,994
-	-	-	191,775
-	-	-	60,144
-	4,647,262	-	20,366,186
(95)	1,408,677	-	1,131,382
369,780	290,068	(582,879)	14,726
-	74,326	-	938,247
-	-	-	(487,548)
369,780	364,394	(582,879)	465,425
369,685	1,773,071	(582,879)	1,596,807
(369,685)	-	582,879	7,987,204
-	-	-	(75,153)
(369,685)	-	582,879	7,912,051
\$ -	\$ 1,773,071	\$ -	\$ 9,508,858

CITY OF SHERIDAN, WYOMING

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2013

Change in fund balances as reported in the governmental fund statement		\$ 1,596,807
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.		
Capital asset additions	\$ 7,614,308	
Depreciation	<u>(4,852,249)</u>	2,762,059
The transfer of business-type capital leases to governmental activities.		(55,518)
The issuance of long-term debt provides current financial resources to governmental funds, while these amounts are deferred and then amortized in the statement of activities.		
Issuance of Special Improvement District 78 assessments	(640,000)	
Issuance of Clean Water State Revolving fund loan	<u>(1,905)</u>	(641,905)
Certain revenues are not recognized as current financial resources and, therefore, are not reported as revenues in governmental funds.		
Current year deferred revenue	1,306,198	
Prior year deferred revenue	<u>(1,092,191)</u>	214,007
The repayment of principal on long-term debt consumes current financial resources of governmental funds while it is not recognized as an expense in the statement of activities.		203,900
The repayment of principal on capital leases consumes current financial resources of governmental funds while it is not recognized as an expense in the statement of activities.		101,777
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Accrued compensated absences - current year	-	
Accrued compensated absences - prior year	(7,787)	
Compensated absences - current year	(913,851)	
Compensated absences - prior year	<u>905,363</u>	<u>(16,275)</u>
Change in net position of governmental activities		<u>\$ 4,164,852</u>

See accompanying notes to the financial statements

CITY OF SHERIDAN, WYOMING

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

June 30, 2013

ASSETS	Solid Waste Fund	Water and Sewer Fund	Golf Fund
	<u> </u>	<u> </u>	<u> </u>
Current assets			
Cash and cash equivalents	\$ 4,277,726	\$ 4,114,762	\$ -
Service receivables, net	543,164	1,069,845	21,760
Investments	20,474	57,858	-
Due from other governments	360,000	881,596	-
Due from component unit	-	3,313,266	-
Inventory	-	47,371	-
Restricted cash	73,772	6,358	183,348
Total current assets	<u>5,275,136</u>	<u>9,491,056</u>	<u>205,108</u>
Capital assets, net of accumulated depreciation	7,018,855	73,643,648	1,198,214
Total assets	<u>12,293,991</u>	<u>83,134,704</u>	<u>1,403,322</u>
LIABILITIES			
Current liabilities			
Outstanding checks in excess of bank balance	-	-	201,902
Accounts payable	509,094	858,010	3,018
Accrued liabilities	51,211	85,071	-
Accrued interest payable	56,295	63,182	38,035
Due to component unit	-	522,019	-
Deposits due to others	-	115,518	-
Compensated absences payable, current portion	108,182	205,842	-
Current portion of capital leases payable	512,154	3,536	72,280
Current portion of notes payable	328,264	426,056	-
Total current liabilities	<u>1,565,200</u>	<u>2,279,234</u>	<u>315,235</u>
Long-term liabilities			
Landfill closure liability	966,896	-	-
Notes payable	1,759,329	5,726,261	-
Compensated absences payable	3,833	34,835	-
Capital leases payable	780,098	11,563	862,645
Total long-term liabilities	<u>3,510,156</u>	<u>5,772,659</u>	<u>862,645</u>
NET POSITION			
Invested in capital assets, net of related debt	3,639,010	67,476,232	263,289
Unrestricted	3,579,625	7,606,579	(37,847)
Total net position	<u>\$ 7,218,635</u>	<u>\$ 75,082,811</u>	<u>\$ 225,442</u>

See accompanying notes to the financial statements

Nonmajor Funds	Totals
\$ 136,990	\$ 8,529,478
3,103	1,637,872
-	78,332
39,914	1,281,510
-	3,313,266
-	47,371
-	263,478
180,007	15,151,307
36,076	81,896,793
216,083	97,048,100
-	201,902
863	1,370,985
-	136,282
-	157,512
-	522,019
-	115,518
-	314,024
-	587,970
-	754,320
863	4,160,532
-	966,896
-	7,485,590
-	38,668
-	1,654,306
-	10,145,460
36,076	71,414,607
179,144	11,327,501
\$ 215,220	\$ 82,742,108

CITY OF SHERIDAN, WYOMING

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUNDS**

Year Ended June 30, 2013

	Solid Waste Fund	Water and Sewer Fund	Golf Fund
Operating revenues			
Service fees	\$ 4,170,481	\$ 5,728,027	\$ 347,495
Other operating revenue	566	-	4,000
Total operating revenues	<u>4,171,047</u>	<u>5,728,027</u>	<u>351,495</u>
Operating expenses			
Salaries and benefits	1,386,136	2,229,135	-
Other operating expenses	1,162,330	1,819,455	404,069
Landfill closure costs	27,316	-	-
Depreciation expense	783,891	2,467,506	182,584
Total operating expenses	<u>3,359,673</u>	<u>6,516,096</u>	<u>586,653</u>
Operating income (loss)	811,374	(788,069)	(235,158)
Nonoperating revenues (expenses)			
Net investment income	8,589	39,077	3,131
Interest expense	(70,378)	(134,288)	(42,968)
Gain on disposal of assets	-	-	59,743
Total nonoperating revenues (expenses)	<u>(61,789)</u>	<u>(95,211)</u>	<u>19,906</u>
Income (loss) before contributions and transfers	749,585	(883,280)	(215,252)
Other financing sources (uses)			
Grants and contributions	-	3,231,283	-
Capital transfers	-	(52,189)	-
Operating transfers in	228,929	2,086,316	122,347
Operating transfers out	(309,238)	(3,671,852)	(11,510)
Total other financing sources (uses)	<u>(80,309)</u>	<u>1,593,558</u>	<u>110,837</u>
Change in net position	<u>669,276</u>	<u>710,278</u>	<u>(104,415)</u>
Net position - beginning of year, as previously reported	6,469,311	82,869,021	329,857
Prior period adjustment	80,048	(8,496,488)	-
Net position - beginning of year, as restated	<u>6,549,359</u>	<u>74,372,533</u>	<u>329,857</u>
Net position - end of year	<u>\$ 7,218,635</u>	<u>\$ 75,082,811</u>	<u>\$ 225,442</u>

See accompanying notes to the financial statements

Nonmajor Funds	Totals
\$ 18,782	\$ 10,264,785
131,995	136,561
<u>150,777</u>	<u>10,401,346</u>
-	3,615,271
129,925	3,515,779
-	27,316
2,119	3,436,100
<u>132,044</u>	<u>10,594,466</u>
18,733	(193,120)
-	50,797
-	(247,634)
-	59,743
<u>-</u>	<u>(137,094)</u>
18,733	(330,214)
-	3,231,283
37,463	(14,726)
-	2,437,592
(3,600)	(3,996,200)
<u>33,863</u>	<u>1,657,949</u>
52,596	1,327,735
162,624	89,830,813
-	(8,416,440)
<u>162,624</u>	<u>81,414,373</u>
<u>\$ 215,220</u>	<u>\$ 82,742,108</u>

CITY OF SHERIDAN, WYOMING

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended June 30, 2013

	Business-type Activities - Enterprise Funds		
	Solid Waste Fund	Water and Sewer Fund	Golf Fund
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 3,957,773	\$ 5,290,158	\$ 352,991
Payments to suppliers	(873,358)	(1,136,645)	(323,002)
Payments to employees	(1,351,597)	(2,191,041)	-
Net cash provided by operating activities	<u>1,732,818</u>	<u>1,962,472</u>	<u>29,989</u>
Cash Flows from Noncapital Financing Activities			
Capital transfers	-	(52,189)	-
Operating transfers in	228,929	2,086,316	122,347
Operating transfers out	(309,238)	(3,671,852)	(11,510)
Cash transfers to general fund	-	-	-
Outstanding checks in excess of bank balance	-	-	37,885
Net cash provided by (used in) noncapital financing activities	<u>(80,309)</u>	<u>(1,637,725)</u>	<u>148,722</u>
Cash Flows from Capital and Related Financing Activities			
Capital grants from federal and state sources	-	3,058,404	-
Acquisition of notes payable and capital leases	792,343	1,000,900	184,477
Principal payments on notes payable to the Office of State Land and Investments	(320,243)	(302,467)	-
Principal payments on capital leases	(363,095)	(3,413)	(197,506)
Interest paid on capital debt	(87,608)	(97,549)	(48,452)
Purchases of property and equipment	(1,195,094)	(4,223,568)	(127,531)
Net cash used in capital and related financing activities	<u>(1,173,697)</u>	<u>(567,693)</u>	<u>(189,012)</u>
Cash Flows from Investing Activities			
Proceeds from the sale of investments	11,692	6,438	-
Interest received	8,589	39,077	3,131
Net cash provided by investing activities	<u>20,281</u>	<u>45,515</u>	<u>3,131</u>
 Net increase (decrease) in cash and cash equivalents	 499,093	 (197,431)	 (7,170)
Cash and cash equivalents - beginning of year	3,852,405	4,318,551	190,518
Cash and cash equivalents - end of year	<u>\$ 4,351,498</u>	<u>\$ 4,121,120</u>	<u>\$ 183,348</u>
 Reported in the following captions			
Cash and cash equivalents	4,277,726	4,114,762	-
Restricted cash	73,772	6,358	183,348
	<u>\$ 4,351,498</u>	<u>\$ 4,121,120</u>	<u>\$ 183,348</u>

See accompanying notes to the financial statements

Nonmajor Funds	Totals
\$ 153,420	\$ 9,754,342
(132,932)	(2,465,937)
-	(3,542,638)
20,488	3,745,767
-	(52,189)
-	2,437,592
(3,600)	(3,996,200)
(21,689)	(21,689)
-	37,885
(25,289)	(1,594,601)
-	3,058,404
-	1,977,720
-	(622,710)
-	(564,014)
-	(233,609)
-	(5,546,193)
-	(1,930,402)
-	18,130
-	50,797
-	68,927
(4,801)	289,691
141,791	8,503,265
\$ 136,990	\$ 8,792,956
136,990	8,529,478
-	263,478
\$ 136,990	\$ 8,792,956

(Continued)

CITY OF SHERIDAN, WYOMING

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)
 Year Ended June 30, 2013

	Business-type Activities - Enterprise Funds		
	Solid Waste Fund	Water and Sewer Fund	Golf Fund
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ 811,374	\$ (788,069)	\$ (235,158)
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities			
Depreciation expense	783,891	2,467,506	182,584
Increase (decrease) in cash as a result of changes in operating assets and liabilities			
Service receivables, net	15,599	168,938	1,496
Due from other funds	-	156	-
Due from other governments	56	-	-
Due from component unit	-	(585,836)	-
Inventory	-	(990)	-
Prepaid expenses	10,354	46,611	87,543
Accounts payable	278,618	115,170	(6,476)
Accrued liabilities	26,228	39,962	-
Due to other funds	(228,929)	(19,684)	-
Due to component units	-	522,019	-
Deposits due to others	-	(1,443)	-
Net cash provided by operating activities	<u>\$ 1,732,818</u>	<u>\$ 1,962,472</u>	<u>\$ 29,989</u>
Noncash investing, capital and related financing activities			
Capital assets transferred to governmental funds	\$ -	\$ -	\$ -
Capital leases transferred to governmental funds	\$ -	\$ -	\$ -

See accompanying notes to the financial statements

Nonmajor Funds	Totals
\$ 18,733	\$ (193,120)
2,119	3,436,100
(163)	185,870
-	156
2,806	2,862
-	(585,836)
-	(990)
148	144,656
(3,155)	384,157
-	66,190
-	(248,613)
-	522,019
-	(1,443)
<u>\$ 20,488</u>	<u>\$ 3,745,767</u>

\$ 130,670	\$ 130,670
\$ 55,517	\$ 55,517

CITY OF SHERIDAN, WYOMING

STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS

June 30, 2013

	Agency Funds		
	Crime Victims Fund	Wyoming Court Automation Fees Fund	Total
ASSETS			
Cash	\$ 615	\$ 2,975	\$ 3,590
Total assets	\$ 615	\$ 2,975	\$ 3,590
LIABILITIES			
Accounts payable	\$ 325	\$ 1,507	\$ 1,832
Due to other governments	290	1,468	1,758
Total liabilities	\$ 615	\$ 2,975	\$ 3,590

See accompanying notes to the financial statements

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 1. The Reporting Entity and Significant Accounting Policies

Reporting Entity

The City of Sheridan (City) is a municipal corporation governed by an elected mayor and six-member council. As required by accounting principles generally accepted in the United States of America, these financial statements include all of the governmental activities and business-type activities relevant to the operations of the City. The accompanying financial statements of the City are to include those separately administered organizations for which the elected officials of the City are financially accountable or those that it would be misleading to exclude. Financial accountability is determined based on the appointment of a voting majority of the governing board and, either the City's ability to impose its will, or the presence of a potential financial benefit or burden to the City. The City has determined that the following outside agencies meet the above criteria and, therefore, have been included as component units in the City's basic financial statements.

Discretely Presented Component Units. The component units' columns in the government-wide financial statements present the financial data of the City's discretely presented component units. They are reported in separate columns to emphasize that they are legally separate from the City. Both of the component units described below issue their own financial statements.

1. The *Sheridan Area Water Supply Joint Powers Board (SAWS)* was created under Wyoming Statutes §16-1-101 through 16-1-109 under agreements with the City and Sheridan County. It is jointly funded by both governments for the purpose of providing water to Sheridan area residents, including the County and City governments. The Board consists of six members: three Sheridan County Commissioners, the City Mayor, and two City Council Members. The assets of the Sheridan Area Water Supply Joint Powers Board will revert to the City when all debt has been repaid or should the Joint Powers Board be dissolved. Complete financial statements for the Sheridan Area Water Supply can be obtained from its administrative office in Sheridan, Wyoming.
2. The *Sheridan Economic and Educational Development Authority Joint Powers Board (SEEDA)* was created to foster collaboration in construction and operation of facilities and programs furthering educational and economic development of Sheridan County. The governing board of this component unit is appointed collectively by the City, Northern Wyoming Community College, and Sheridan County School District 2. The assets of the Joint Powers Board will revert to the City should SEEDA be dissolved. Complete financial statements for the Sheridan Economic and Education Development Authority Joint Powers Board can be obtained from the City of Sheridan administrative office in Sheridan, Wyoming.

Nature of Operations

The City provides a broad range of services to citizens, including general government, public safety, streets, sanitation, health, cultural, social services, and park facilities. It also operates water, sewer and sanitation utilities, an emergency response system, and several recreational facilities.

Government-Wide and Fund Financial Statements

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

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 1. The Reporting Entity and Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in the individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *debt service fund* accounts for resources accumulated to pay special assessment debt.

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 1. The Reporting Entity and Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

The *capital tax fund* is a special revenue fund which accounts for the resources collected through the capital facilities tax and the expenditures of those funds.

The *capital projects fund* is a capital projects fund which accounts for the resources collected and the expenditures made on capital projects. This fund was transferred to the special revenue fund as of July 1, 2012 due to the change in accounting policy and capital transfers. In the current year, the capital projects fund did not meet the criteria to be reported as a major fund. Since it is management's intention that this would be a significant fund in the future, it has been reported separately for consistency with prior and future years.

The *special revenue fund* is used to account for proceeds from specific revenue sources, which are required to be accounted for separately and used for specific purposes.

The government reports the following major proprietary funds:

The *solid waste fund* accounts for revenue and expenses of the department responsible for maintaining a dependable system for collecting and disposing of solid waste material in the City.

The *water and sewer fund* accounts for revenue and expenses of the departments responsible for providing a safe, potable water supply adequate for fire protection, domestic and industrial usage and maintaining a dependable system for collecting and treating wastewater in the City.

The *golf fund* accounts for revenue and expenses associated with the operation and maintenance of the Sheridan Municipal Golf Course. In the current year, the golf fund did not meet the criteria to be reported as a major fund. Since it is management's intention that this would be a significant fund in the future, it has been reported separately for consistency with prior and future years.

Additionally, the government reports the following fund types:

The *agency funds* are used to account for the funds that are collected on behalf of other entities that have not yet been remitted. They are custodial in nature (assets equal liabilities) and do not involve measurement or results of operations.

Effective this reporting period is GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62). This statement brings the authoritative accounting and financial reporting literature for state and local governments together in a single source, with the FASB and AICPA guidance modified as necessary to appropriately recognize the governmental environment and the needs of governmental financial statement users. GASB No. 62 will result in a more consistent application of applicable guidance in financial statements of state and local governments. This statement also supersedes GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 1. The Reporting Entity and Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, sewer, solid waste and golf enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash and Cash Equivalents

The amounts shown on the balance sheet as cash and cash equivalents represent cash on deposit in banks with original maturities of three months or less, and petty cash. Money market funds held by any investment pool or included in any brokerage account are not considered cash equivalents, since these holdings are normally temporary in nature. The City's intent is to reinvest these proceeds in other investments.

Restricted Cash

Under the terms of various capital lease financings the City receives escrowed funds before construction or purchases are complete. Funds that have not been expended to date are shown as restricted cash since they may only be used for the assets financed by the agreement.

Investments

State statutes authorize the types of investments in which the City may invest. Among these authorized investments are certificates of deposit, money market funds, commercial paper, obligations of the U.S. Treasury, agencies and instrumentalities of the U.S. Government, mortgage backed securities, guaranteed investment contracts, mutual funds and repurchase agreements with banks with the underlying securities being obligations of the U.S. Treasury or agencies and instrumentalities of the U.S. Government.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Any advances between funds reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 1. The Reporting Entity and Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

Receivables and Payables (Continued)

All trade, utility, and property tax receivables, are shown net of an allowance for uncollectible accounts. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectible. The unbilled usage receivable represents the utilities' services that have been provided, but not billed as of the end of the year.

Property taxes attach as an enforceable lien on property as of July 1. The 2013 property taxes were levied as of July 1, 2012 and were due in two installments. Installments are due on September 1 and March 1 and are collectible on November 10 and May 10. If the first installment payment is made after November 10, the entire amount is due by December 31. Delinquent taxes have been recognized as revenue to the extent they have been collected within 60 days after June 30, 2013. Property taxes receivable are included in "due from other governments" in the accompanying balance sheet. Property taxes are assessed, billed, collected, and distributed by the Sheridan County Treasurer's and Assessor's offices. Governmental funds report deferred revenue in connection with property tax receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

Prepaid Items

Prepaid items represent payments made to vendors for services that will benefit periods beyond June 30, 2013 and are recorded as prepaid expenses in enterprise funds or prepaid expenditures in governmental funds.

Inventories

Water and Sewer Fund inventories are carried at the lower of cost or market (first-in, first-out method). Inventories of the governmental fund types are recorded as expenditures when purchased. Reported inventories of the general fund are equally offset by a fund balance reserve, which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

	<u>Years</u>
Infrastructure	20-40
Buildings	40
Improvements, other than buildings	5-20
Machinery and equipment	5-20

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 1. The Reporting Entity and Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

Capital Assets (Continued)

Expenditures for maintenance and repairs of proprietary fund type property and equipment are charged to expense, while renewals and betterments are capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The City capitalizes net interest costs and interest earned as part of constructing various enterprise fund projects when material. No interest was capitalized during the year ended June 30, 2013.

Real Estate Held for Sale

As part of the City's commitment to economic development, the SEEDA may receive donated land from the City to assist them in their mission. In the year ended June 30, 2011, the City donated land valued at \$1,171,000 to the SEEDA to use for a business park. In the year ended June 30, 2013, the City donated land valued at \$1,628,641 to the SEEDA. Parcels valued at \$152,000 have been sold through June 30, 2012, with parcels valued at \$2,647,563 still available for sale.

Collections

The City owns various works of art used to beautify its public spaces. These items are not considered to be held for financial gain. All works of art are protected, kept unencumbered and preserved. The City capitalizes these works of art.

Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation, sick and holiday leave benefits, which will be paid to the employees upon separation from the City. In governmental and fiduciary funds, the cost for these benefits is recognized when payments are made. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. A long-term liability of approximately \$1,267,000 for accrued vacation, sick and holiday leave, with accrued benefits as of June 30, 2013, has been recorded as long-term debt, representing the City's commitment to fund such costs from future operations. Proprietary funds accrue vacation and sick leave, and the related benefits, in the period they are earned.

Short-Term Financing

The City did not issue any tax anticipation notes or use any other type of short-term financing for the year ended June 30, 2013.

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 1. The Reporting Entity and Significant Accounting Policies (Continued)

Government-Wide and Fund Financial Statements (Continued)

Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end are reported as restrictions of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year. Outstanding encumbrances at the end of fiscal year end June 30, 2013 were as follow:

General Fund	\$ 153,445
Special Revenue Fund	22,505
Water and Sewer Fund	38,167
Solid Waste Fund	19,935
Golf Fund	87,718
	<u>\$ 321,770</u>

Fund Equity

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the City Council's board through approval of resolutions, the Council's highest level of decision-making authority. Assigned fund balances is a limitation imposed by a designee of the City Council's board. Unassigned fund balance in the general fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes. Proprietary fund equity is classified the same as in the government-wide statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

For the government-wide financial statements, net position are reported as restricted when constraints placed on net position are either: (1) Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of the governments or (2) imposed by law through constitutional provision or enabling legislation.

Use of Estimates

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

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 2. Cash and Investments

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that the City's deposits in excess of the Federal depository insurance must be collateralized.

In accordance with State statutes, the City maintains deposits at those depository banks authorized by the City Council. As of June 30, 2013, all of the City's deposits including certificates of deposit classified as investments were covered by Federal depository insurance or collateral held by the pledging bank's trust department or by its agent under joint custody receipts. Deposits in excess of federal deposit insurance limits that were collateralized by the bank were \$576,618 as of June 30, 2013.

As of June 30, 2013, the City had the following investments:

Investment Type	Fair Value	Investment Maturities (In Years)			
		1 year	1-5 years	5-10 years	more than 10 years
U.S. agency mortgage back securities securities - GNMA, interest rates from 3.50% to 8.00%	\$ 78,594	\$ -	\$ -	\$ 15	\$ 78,579
U.S. sponsored entity obligations FNMA, interest rates from 2.50% to 5.00%	15,784	-	-	-	15,784
	<u>\$ 94,378</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15</u>	<u>\$ 94,363</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investments are held in external pooled investment accounts. As a means of limiting its exposure to fair value losses arising from interest rates; the City attempts to match its investment maturities with its expected cash flow needs. With this investment focus, investments are expected to reach maturity with limited gains and losses.

Credit Risk

Generally, credit risk is the risk that an issuer or counterparty to an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law does not allow governments to invest in corporate bonds, stocks or mutual funds and limits investments in commercial paper to short term maturities (not greater than 270 days) and to the top ratings issued by nationally recognized statistical rating organizations (Moody's and Standard and Poor's). Obligations of the U.S. Government and obligations specifically guaranteed by the U.S. Government are backed by the full faith and credit of the U.S. Government.

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 2. Cash and Investments (Continued)

Concentration of Credit Risk

The City does not have a formal policy that allows for or limits an investment in any one issuer to a specified percentage of the City's total investments. As of June 30, 2013, the City had 83% of its investments in GNMA securities and 17% of the City's investments were in FNMA securities.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The City does not have a formal policy for custodial credit risk.

Note 3. Allowance for Uncollectible Receivables

The City's policy for estimating an allowance for uncollectible receivables is based on 0.5% of the current years' service revenues in the proprietary fund types. The City has determined that uncollectible accounts for delinquent special assessments are immaterial and, therefore, no allowance has been required since June 30, 2000. Allowances for uncollectible receivables are as follows:

Water and Sewer Fund	\$ 28,673
Solid Waste Fund	19,248
Mosquito Fund	93
Total	<u>\$ 48,014</u>

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 4. Individual Fund Interfund Receivables, Payables, Advances and Transfers

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers during the year ended June 30, 2013 were as follows:

	Transfers in	Transfers out
Primary Government		
Governmental Funds		
General Fund	\$ 838,721	\$ 487,548
Debt Service Fund	25,200	-
Special Revenue Fund	74,326	-
Total governmental activities - governmental funds	\$ 938,247	\$ 487,548
Proprietary Funds - Business-type Activities		
Water and Sewer Fund	\$ 2,086,316	\$ 3,671,852
Solid Waste Fund	228,929	309,238
Golf Fund	122,347	11,510
Mosquito Fund	-	3,600
Total proprietary funds - business-type activities	\$ 2,437,592	\$ 3,996,200
Component Units		
Sheridan Area Water Supply Joint Powers Board	\$ 3,131,696	\$ 2,023,787
Total Component Units	\$ 3,131,696	\$ 2,023,787
	\$ 6,507,535	\$ 6,507,535

In addition, during the year ended June 30, 2013, there were capital transfers related to the City's change in account structure. These capital transfers are discussed in Note 15.

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2013 was as follows:

	Balance June 30, 2012	Increases Transfers In	Decreases Transfers Out	Balance June 30, 2013
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 5,772,623	\$ -	\$ -	\$ 5,772,623
Construction in progress	9,935,054	6,351,760	-	16,286,814
Total capital assets, not being depreciated	<u>15,707,677</u>	<u>6,351,760</u>	<u>-</u>	<u>22,059,437</u>
Capital assets, being depreciated				
Infrastructure	64,894,491	-	-	64,894,491
Buildings	10,731,654	-	-	10,731,654
Improvements, other than buildings	10,213,121	254,407	-	10,467,528
Machinery and equipment *	11,510,560	1,008,141	(120,276)	12,398,425
Total capital assets, being depreciated	<u>97,349,826</u>	<u>1,262,548</u>	<u>(120,276)</u>	<u>98,492,098</u>
Less accumulated depreciation for				
Infrastructure	24,934,346	3,041,191	-	27,975,537
Buildings	4,948,785	247,051	-	5,195,836
Improvements, other than buildings	3,672,962	445,605	-	4,118,567
Machinery and equipment *	8,546,327	1,118,402	(120,276)	9,544,453
Total accumulated depreciation	<u>42,102,420</u>	<u>4,852,249</u>	<u>(120,276)</u>	<u>46,834,393</u>
Total capital assets, being depreciated, net	<u>55,247,406</u>	<u>(3,589,701)</u>	<u>-</u>	<u>51,657,705</u>
Governmental activities capital assets, net	<u>\$ 70,955,083</u>	<u>\$ 2,762,059</u>	<u>\$ -</u>	<u>\$ 73,717,142</u>

*The City transferred machinery and equipment from the ambulance fund to the general fund with a cost basis of \$561,837 and accumulated depreciation of \$431,166 for the year ended June 30, 2013.

Assets acquired through capital leases of \$2,478,629 are included in machinery and equipment above. The related accumulated depreciation on those assets was \$1,447,524 as of June 30, 2013.

Depreciation expense for the governmental activities has not been allocated to specific functions. All applicable amortization expense is reported with depreciation expense.

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

Note 5. Capital Assets (Continued)

	Balance June 30, 2012 as Restated	Increases Transfers In	Decreases Transfers Out	Balance June 30, 2013
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 1,091,984	\$ -	\$ -	\$ 1,091,984
Construction in progress	15,780,158	4,293,671	(8,451,104)	11,622,725
Total capital assets, not being depreciated	16,872,142	4,293,671	(8,451,104)	12,714,709
Capital assets, being depreciated				
Buildings	19,814,261	-	-	19,814,261
Improvements, other than buildings	68,113,528	9,256,120	-	77,369,648
Machinery and equipment *	11,346,341	1,461,043	(790,770)	12,016,614
Total capital assets, being depreciated	99,274,130	10,717,163	(790,770)	109,200,523
Less accumulated depreciation for				
Buildings	11,864,035	596,326	-	12,460,361
Improvements, other than buildings	15,859,799	2,961,028	-	18,820,827
Machinery and equipment *	8,564,817	793,455	(621,021)	8,737,251
Total accumulated depreciation	36,288,651	4,350,809	(621,021)	40,018,439
Total capital assets, being depreciated, net	62,985,479	6,366,354	(169,749)	69,182,084
Business-type activities capital assets, net	\$ 79,857,621	\$ 10,660,025	\$ (8,620,853)	\$ 81,896,793

*The City transferred machinery and equipment from the ambulance fund to the general fund with a cost basis of \$561,837 and accumulated depreciation of \$431,166 for the year ended June 30, 2013.

Assets acquired through capital leases of \$4,682,380 are included in machinery and equipment above. The related accumulated depreciation on those assets was \$2,669,652 as of June 30, 2013.

Depreciation expense was charged to functions/programs of the business-type activities of the primary government as follows:

Solid waste fund	\$ 783,891
Water and sewer fund	2,467,506
Golf fund	182,584
Mosquito fund	2,119
Accumulated depreciation transferred in from SAWS assets	914,709
Total depreciation expense - business-type activities	\$ 4,350,809

All applicable amortization expense is reported with depreciation expense.

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 5. Capital Assets (Continued)

Components Units

Capital asset activity for each component unit for the year ended June 30, 2013, was as follows:

Capital asset activity for the Sheridan Area Water Supply Joint Powers Board for the year ended June 30, 2013, was as follows:

	June 30, 2012 as Restated	Increases Transfers In	Decreases Transfers Out	Balance June 30, 2013
Capital assets, not being depreciated				
Reservoir water shares	\$ 73,571	\$ -	\$ -	\$ 73,571
Construction in progress	570,521	54,032	(570,521)	54,032
Total capital assets, not being depreciated	<u>644,092</u>	<u>54,032</u>	<u>(570,521)</u>	<u>127,603</u>
Capital assets, being depreciated				
Water system	39,288,939	2,704,852	(2,874,127)	39,119,664
Total capital assets, being depreciated	<u>39,288,939</u>	<u>2,704,852</u>	<u>(2,874,127)</u>	<u>39,119,664</u>
Total accumulated depreciation	<u>8,518,639</u>	<u>551,365</u>	<u>(914,710)</u>	<u>8,155,294</u>
Total capital assets, being depreciated, net	<u>30,770,300</u>	<u>2,153,487</u>	<u>(1,959,417)</u>	<u>30,964,370</u>
Governmental activities capital assets, net	<u>\$31,414,392</u>	<u>\$ 2,207,519</u>	<u>\$ (2,529,938)</u>	<u>\$31,091,973</u>

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 5. Capital Assets (Continued)

Components Units (Continued)

Capital asset activity for the Sheridan Economic and Educational Development Authority Joint Powers Board for the year ended June 30, 2013, was as follows:

	Balance June 30, 2012	Increases Transfers In	Decreases Transfers Out	Balance June 30, 2013
Capital assets, not being depreciated				
Land	\$ 426,500	\$ -	\$ -	\$ 426,500
Total capital assets, not being depreciated	426,500	-	-	426,500
Capital assets, being depreciated				
Buildings	3,075,397	-	-	3,075,397
Improvements	2,316	-	-	2,316
Total capital assets, being depreciated	3,077,713	-	-	3,077,713
Less accumulated depreciation for				
Buildings	201,823	76,885	-	278,708
Improvements	828	331	-	1,159
Total accumulated depreciation	202,651	77,216	-	279,867
Total capital assets, being depreciated, net	2,875,062	(77,216)	-	2,797,846
Business-type activities capital assets, net	<u>\$ 3,301,562</u>	<u>\$ (77,216)</u>	<u>\$ -</u>	<u>\$ 3,224,346</u>

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 6. Long-Term Debt

Special Assessment Bonds

Bonds were issued to finance the following specific construction projects. Special assessments were levied on property owners to fund the retirement of the bonds.

Special Assessment Bonds	Project	Component
Special Improvement District 75	Gravel Street Paving/Utility Replacement	North of Fifth St.
Special Improvement District 77	Street Paving/Utility Replacement	N. Broadway
Special Improvement District 78	Street Paving/Utility Replacement	Comm. Park

The City is required to establish a debt retirement revolving fund as guarantee for payment at 2% of the principal issued, but not to exceed 20% of the outstanding bond obligation of the Districts. Gas and cigarette taxes are pledged to fund the debt retirement revolving fund. The revolving fund balance was \$357,400 as of June 30, 2013.

Special improvement district bonds outstanding as of June 30, 2013, were as follows:

	Balance June 30, 2012	Issued	Retired	Balance June 30, 2013
Special Improvement District 75, issued September 15, 1999, interest at 4.70% to 6.10%; matures September 15, 2014, redeemable to the extent of assessment collections in direct numerical order on any interest date	\$ 45,000	\$ -	\$ -	\$ 45,000
Special Improvement District 77, issued August 1, 2007, interest at 4.0% to 5.0%; matures June 1, 2022, redeemable to the extent of assessment collections in direct numerical order on any interest date	1,020,000	-	(90,000)	930,000
Special Improvement District 78, issued September 15, 2012, interest at 0.75% to 4.15%; matures September 1, 2027, redeemable to the extent of assessment collections in direct numerical order on any interest date	-	640,000	-	640,000
	<u>\$ 1,065,000</u>	<u>\$ -</u>	<u>\$ (90,000)</u>	<u>1,615,000</u>
Less current portion				70,000
Total Special Improvement District				<u>\$ 1,545,000</u>

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 6. Long-Term Debt (Continued)

Special Assessment Bonds (Continued)

The debt service requirement for the special assessment bonds as of June 30, 2013 is as follows:

	Principal	Interest	Total
2014	\$ 70,000	\$ 12,557	\$ 82,557
2015	155,000	49,037	204,037
2016	175,000	46,265	221,265
2017	175,000	41,326	216,326
2018	175,000	35,937	210,937
2019-2023	725,000	87,996	812,996
2024-2028	140,000	11,174	151,174
	\$ 1,615,000	\$ 284,292	\$ 1,899,292

The City has entered into two lease purchase agreements with a financial institution for items and improvements for the general fund. The general fund is responsible for the payments on these leases. The details of and obligations under these agreements are as follows:

Obligation under capital lease of street sweeper, subject to refunding clause, annual payments of \$38,361 including interest at 6.36%, expires September 2013, collateralized by street sweeper	\$ 36,003
--	-----------

Obligation under capital lease of tax exempt equipment, subject to refunding clause, annual payments of approximately \$82,800 based on a proportional share of the total lease facility, including interest at 3.99%, expires December 2016, collateralized by equipment	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">300,104</td> </tr> <tr> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">\$ 336,107</td> </tr> </table>	300,104	\$ 336,107
300,104			
\$ 336,107			

Future minimum lease payments under these lease agreements for the years ending June 30, are as follows:

		\$ 120,771
2014		82,662
2015		82,792
2016		82,788
2017		369,013
Less amount representing interest		(32,906)
Net present value of minimum lease payments		\$ 336,107

For the governmental activities, notes payable, capital leases, claims, judgments and compensated absences are generally liquidated by the general fund.

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

Note 6. Long-Term Debt (Continued)

Repayment of Sales Tax

During the year ending June 30, 2012, the State of Wyoming discovered that sales and use tax in the amount of \$759,332 was incorrectly reported and paid to the City. The City agreed to repay the State over 5 years in quarterly payments beginning on September 30, 2012. The state will not charge interest on the repayment of sales tax. The general and capital facilities tax funds are responsible for payment of this debt. Minimum agreed upon payments are as follows for the years ending June 30,

Repayment of Sales Tax	2014		\$ 189,833
	2015		151,866
	2016		151,866
	2017		151,867
			\$ 645,432

Note Payable

The City has the following note payable:

	Balance June 30, 2012	Issued	Retired	Balance June 30, 2013
State Land and Investment Board loan, Mavrakis Recreational Pond Porous Pavement Project, Clean Water SRF #126, granted 50% principal forgiveness, due in one annual installment of \$78,233, currently in construction, amortization to be set one year after completion of construction	\$ -	\$ 1,905	\$ -	\$ 1,905
	\$ -	\$ 1,905	\$ -	1,905
Less current portion				1,905 \$ -

This debt will be serviced by the general fund with one percent funds.

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

Note 6. Long-Term Debt (Continued)

Business-Type Activities

The City has the following notes payable in the Water and Sewer Fund and Solid Waste Fund:

	Balance June 30, 2012	Issued	Retired	Balance June 30, 2013
Water and Sewer Fund				
State Land and Investment Board loan, Miscellaneous Water Replacement Project, due in annual installments of \$70,513, including interest of 2.5%, due September 2024	\$ 773,936	\$ -	\$ (52,066)	\$ 721,870
State Land and Investment Board loan, Drinking Water SRF, due in annual installments of \$39,094, including interest of 2.5%, due September 2024	428,507	-	(28,000)	400,507
State Land and Investment Board loan, Sugarland Utilities Project, Drinking Water SRF #110, due in annual installments of \$111,191, including interest of 2.5%, due October 2030	1,671,886	-	(74,870)	1,597,016
State Land and Investment Board loan, Sheridan North Main Project, Clean Water SRF #109, due in annual installments of \$61,961, with 0% interest, due October 2031	1,239,218	-	(61,961)	1,177,257
State Land and Investment Board loan, North Main Project Street Reconstruction, Drinking Water SRF #101, due in annual installments of \$11,694, with 0% interest, due October 2031	233,885	-	(11,694)	222,191
State Land and Investment Board loan, North Main Project Street Reconstruction, Drinking Water SRF #101, due in annual installments of \$10,002, including interest of 2.5%, due October 2031	155,922	-	(6,520)	149,402

(Continued)

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

Note 6. Long-Term Debt (Continued)

	<u>Balance</u> <u>June 30, 2012</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2013</u>
Water and Sewer Fund (Continued)				
State Land and Investment Board loan, Upgrades at Water Treatment Plants, Drinking Water SRF #123, granted 50% principal forgiveness, due in annual installments of \$154,405, including interest of 2.5%, due April 2032, currently in construction, amortization will be finalized one year after completion of construction	\$ -	\$ 276,902	\$ -	\$ 276,902
State Land and Investment Board loan, Upgrades at Water Treatment Plants, Drinking Water SRF #125, granted 50% principal forgiveness, due in annual installments of \$35,983, including interest of 2.5%, due April, 2032 currently in construction, amortization will be finalized one year after completion of construction	-	64,369	-	64,369
State Land and Investment Board loan, Wyoming Park Improvements Phase 2, Drinking Water SRF #135, granted 50% principal forgiveness, due in annual installments of \$25,637, including interest of 2.5%, due April 2032, currently in construction, amortization will be finalized one year after completion of construction	-	176,364	-	176,364
Sheridan Area Water Supply Joint Powers Board, repayment for construction loan, due in annual installments of \$25,771, including interest of 2.5%, due December 2036	-	483,265	(21,799)	461,466
Sheridan Area Water Supply Joint Powers Board, repayment of Big Goose Water Pipeline Loan, due in annual installments of \$69,320, including interest of 2.5%, due October 2028	950,529	-	(45,556)	904,973
	<u>5,453,883</u>	<u>1,000,900</u>	<u>(302,466)</u>	<u>6,152,317</u>
				(Continued)

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2013

Note 6. Long-Term Debt (Continued)

	<u>Balance June 30, 2012</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2013</u>
Solid Waste Fund				
State Land and Investment Board loan, Landfill Improvements Project, due in annual installments of \$304,140, including interest of 2.5%, due April 2018	\$ 1,925,438	\$ -	\$ (254,434)	\$ 1,671,004
State Land and Investment Board loan, Landfill Improvements Project, due in annual installments of \$76,456, including interest of 2.5%, due April 2018	482,398	-	(65,809)	416,589
	<u>2,407,836</u>	<u>-</u>	<u>(320,243)</u>	<u>2,087,593</u>
Total for all business-type activities				8,239,910
Less current portion				754,320
				<u>\$ 7,485,590</u>

The debt service requirements for business-type activities as of June 30, 2013 are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 754,320	\$ 169,926	\$ 924,246
2015	771,194	153,051	924,245
2016	772,405	135,758	908,163
2017	681,086	118,438	799,524
2018	696,119	103,405	799,524
2019-2023	2,135,147	342,784	2,477,931
2024-2028	1,512,053	157,965	1,670,018
2029-2033	822,502	43,873	866,375
2034-2037	95,084	5,856	100,940
Total amortizing debt	<u>\$ 8,239,910</u>	<u>\$ 1,231,056</u>	<u>\$ 9,470,966</u>

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 6. Long-Term Debt (Continued)

The City has entered into two lease purchase agreements with a financial institution for items and improvements for the golf course. The Golf Fund is responsible for the payments on these leases. The details of and obligations under these agreements are as follows:

Obligation under capital lease of an irrigation system, subject to refunding clause, varying annual payments from approximately \$86,000-89,000, with a final balloon payment of \$210,500, plus various interest rates averaging 4.87%, expires July 2022, collateralized by irrigation system	\$ 775,000
Obligation under capital lease of golf carts, subject to refunding clause, annual payments of \$25,766 plus tax and interest of 2.18%, with a final balloon payment of \$66,625, expires November 2017, collateralized by golf carts	159,925
	\$ 934,925

Future minimum lease payments under these lease agreements for the years ending June 30, are as follows:

2014	\$ 113,906
2015	111,731
2016	114,506
2017	185,372
2018	93,475
Thereafter	585,414
	1,204,404
Less amount representing interest	(269,479)
Net present value of minimum lease payments	\$ 934,925

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 6. Long-Term Debt (Continued)

The Solid Waste Fund also has the following capital lease outstanding as of June 30, 2013:

Obligation under capital lease of caterpillar wheel loader, subject to refunding clause, annual payments of \$21,862 plus interest at 4.85%, with a final balloon payment of \$72,742, expires December 2014, collateralized by wheel loader	\$ 69,378
Obligation under capital lease of caterpillar landfill compactor, subject to refunding clause, annual payments of \$91,307 plus interest at 3.25%, with a final balloon payment of \$189,707, expires July 2014, collateralized by landfill compactor	183,735
Obligation under capital lease of tax exempt equipment, subject to refunding clause, annual payments of approximately \$48,200 based on a proportional share of the total lease facility, including interest at 3.99%, expires December 2016, collateralized by equipment	174,797
Obligation under capital lease of caterpillar scraper, subject to refunding clause, annual payments of \$98,401, interest at 0%, expires August 2014, collateralized by equipment	196,801
Obligation under capital lease of landfill grinder, subject to refunding clause, semiannual payments of \$44,992, interest at 0.90%, expires March 2018, collateralized by equipment	509,913
Obligation under capital lease of excavator, subject to refunding clause, semiannual payments of \$20,514, interest at 0.90%, expires March 2017, collateralized by equipment	157,628
	<u>\$ 1,292,252</u>

Future minimum lease payments under these lease agreements for the years ending June 30, are as follows:

	2014	\$ 539,867
	2015	277,564
	2016	179,239
	2017	179,224
	2018	89,985
	Thereafter	89,985
		<u>1,355,864</u>
Less amount representing interest		(63,612)
Net present value of minimum lease payments		<u>\$ 1,292,252</u>

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 6. Long-Term Debt (Continued)

The Water and Sewer Fund also has the following capital lease outstanding as of June 30, 2013:

Obligation under capital lease of tax exempt equipment, subject to refunding clause, annual payments of approximately \$4,200 based on a proportional share of the total lease facility including interest at 3.99%, expires December 2016, collateralized by equipment	\$ 15,099
	\$ 15,099

Future minimum lease payments under these lease agreements for the years ending June 30, are as follows:

2014	\$ 4,137
2015	4,150
2016	4,157
2017	4,189
	16,633
Less amount representing interest	(1,534)
Net present value of minimum lease payments	\$ 15,099

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Special Assessment Bonds	\$ 1,065,000	\$ 640,000	\$ (90,000)	\$ 1,615,000	\$ 70,000
Capital leases	382,366	55,518	(101,777)	336,107	106,438
Repayment of sales tax	759,332	-	(113,900)	645,432	189,833
Notes payable	-	1,905	-	1,905	1,905
Compensated absences	905,363	913,851	(905,363)	913,851	572,114
	\$ 3,112,061	\$ 1,611,274	\$ (1,211,040)	\$ 3,512,295	\$ 940,290
Business-type activities					
Capital leases	\$ 1,884,987	\$ 976,820	\$ (619,531)	\$ 2,242,276	\$ 587,970
Landfill closure liability	939,580	27,316	-	966,896	-
Notes payable	7,861,719	1,000,900	(622,709)	8,239,910	754,320
Compensated absences	346,249	352,692	(346,249)	352,692	314,024
	\$ 11,032,535	\$ 2,357,728	\$ (1,588,489)	\$ 11,801,774	\$ 1,656,314

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 7. Fund Equity

In order to meet future needs, the City Council has committed \$1,472,929 of fund equity within the general fund for reserves and emergency needs.

No funds reported negative fund balance as of June 30, 2013.

Note 8. Defined Benefit Pension Plan

All full-time employees of the City are eligible to participate in the Wyoming Retirement System Plan (“the System”), a cost-sharing multiple-employer public employee retirement system. All City employees, who are full-time firefighters, participate in the Wyoming Paid Firemen’s Retirement System. All sworn law enforcement officers of the City are eligible to participate in the Wyoming Law Enforcement Retirement Fund. The System also provides death and disability benefits. Benefits are established by State statute. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report can be obtained by writing to Wyoming Retirement System, Fifth Floor West, 6101 Yellowstone Road, Cheyenne, Wyoming 82002 or by calling (307) 777-7691. The City made their total required contribution to the System for the years ended June 30, 2013, 2012, and 2011 which was \$1,209,358, \$1,239,934, and \$1,329,693, respectively. An overview of the different plans follows.

Wyoming Retirement System

The System provides retirement benefits at age 60 with early retirement options available. The System statutorily requires 14.12% of the covered employees' salary to be contributed to the plan, of which 7.00% is paid by the employee and 7.12% is paid by the City.

Effective September 1, 2013, the employer contribution will increase by 0.50% from 7.12% to 7.62%.

Wyoming Paid Firemen’s Retirement System

The System provides retirement benefits at age 50, with early retirement options available. WRS requires 20.5% of the covered employee’s salary to be contributed for City firefighters participating in the plan, of which 2.5% is paid by the employee and 18% is paid by the City.

Effective September 1, 2013, the employee contribution will increase by 0.225% from 2.5% to 2.725%.

Wyoming Law Enforcement Retirement Fund

The System provides retirement benefits at age 55, with early retirement options available. The System requires 17.2% of the covered employee’s salary to be contributed for Law Enforcement employees participating in the plan, of which 5.58% is paid by the employee and 11.62% is paid by the City.

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 9. Landfill Post Closure and Monitoring Costs

State and Federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports the estimated liability for these closure and postclosure costs in the Solid Waste fund (an enterprise fund) based on landfill capacity used as of each balance sheet date.

The current operating costs of the landfill are accounted for within the Solid Waste Fund of the City using the accrual basis of accounting. The \$966,896 reported as landfill closure and postclosure care liability at June 30, 2013, represents the cumulative amount estimated to date based on the use of 76% of the estimated capacity of the site. The City will recognize the remaining estimated cost of closure and postclosure care of \$304,081 as the remaining estimated capacity is filled. The calculation of the estimated liability has been based on what it would cost to perform all closure and postclosure care in 2013. The estimate of this liability may change based on a change in inflation or deflation, technology, or applicable laws or regulations. At last year's rate of usage, the landfill would have an estimated remaining life of approximately 11 years.

The current year expenditure for landfill closure and postclosure care reflected in the Solid Waste Fund was \$27,316.

Note 10. Primary Government and Component Units Transactions

The City has business transactions with its component units throughout the year which are recorded as arm's length transactions. A summary of these transactions is presented below:

Transactions with Sheridan Area Water Supply Joint Powers Board

Payments to SAWS

Big Goose Treated Water Pipeline Loan

The City owes \$904,973 to SAWS for the City's portion of a construction note. In the current year, the City made its required annual payments of \$69,320 towards the payment of the loan. \$ 69,320

Big Goose Water Treatment Plant Loan

The City owes \$461,466 to SAWS for the City's portion of a construction note. In the current year, the City made its required annual payments of \$25,771 towards the payment of the loan. 25,771

Due to Component Unit

The City and SAWS are working together on a construction project called called Conventional WTP Upgrades. The City is administering the current construction. Upon the completion of the project the City will eventually own 28.7% of the asset and SAWS will own 71.3%

Total Conventional WTP Upgrades construction in progress recorded on the City's books	\$ 732,144		
Assets that will belong to SAWS at completion	71.3%	522,019	
Total due to component unit		\$ 522,019	

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 10. Primary Government and Component Units Transactions (Continued)

Due from Component Unit

in prior years, the City contributed to a funds held by SAWS to be used to purchase additional water should it ever become necessary. These funds have continued to be held for such a contingency.

City funds held by SAWS for additional water purchases	\$ 2,727,430	
Interest earned to date on held funds	<u>27,098</u>	\$ 2,754,528

The City and SAWS are working together on a project called Conventional WTP Upgrades. The City has a loan with the Office of State Land Investments (OSLI). SAWS is responsible for for 19% of the total loan amount.

SAWS 19% portion of the amount incurred to date	64,369
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Payments due to the City for reimbursement of shared overhead costs	494,369
Total due from component unit	<u><u>\$ 3,313,266</u></u>

Note 11. Budgetary Compliance

For the year ended June 30, 2013, the following expenditures exceeded their final departmental budgets; this is a violation of Wyoming State Statute §16-4-108.

	<u>Budget</u>	<u>Expenditure</u>	<u>Over Expenditure</u>
City Council	\$ 58,828	\$ 59,317	\$ (489)
Municipal Court	118,751	124,697	(5,946)
Human Resources	178,060	183,532	(5,472)
Police	16,700	27,592	(10,892)
Streets	-	309	(309)
Building: Permits/Inspections	365,059	371,624	(6,565)
Waste Collection	931,409	944,165	(12,756)
WW Treatment	1,003,516	1,015,264	(11,748)

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 12. Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets and natural disasters. The City manages their comprehensive property risk management by participating in the Wyoming Association of Risk Management Property Insurance Joint Powers Board (“WARM”). The City’s general liability insurance is provided by participation in the Local Government Liability Pool (LGLP). While participants in WARM could be assessed additional amounts in the event that the pool consumes its reserves, the LGLP manages this risk by receiving an annual actuarial assessment of funding needs. The LGLP have never requested a reserve call on its members. All risk management activities are accounted for in each fund as appropriate. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

All heavy equipment owned by the City is covered by a blanket equipment policy. This blanket policy has coverage limits, which could be exceeded in the unlikely event that the City and the other jurisdictions, which participate in WARM, were subject to a major disaster. In an effort to control potential losses, the City has implemented a risk containment policy, which provides for mandatory use of seat belts and hard hats, extraordinary caution on the part of employees and other preventive measures.

The City also participates in two other risk management programs: Workers' Compensation Act and Unemployment Compensation Act.

Wyoming Statute 27-14-101 created the Wyoming Workers' Compensation Act, which is administered as an enterprise fund by the State of Wyoming. All employers within the State of Wyoming are participants of this plan unless the employer elects not to be covered under the plan. This Act requires the City to obtain liability coverage for payment of benefits to employees for job-related injuries and diseases through the Workers' Compensation Fund. This Act provides general protection from suits filed by employees against the City. The City makes monthly payments to the Department of Employment, State of Wyoming. This amount is based on salaries and a split rate between hazardous and non-hazardous positions. Amounts paid by the City to the State for Workers' Compensation during fiscal year 2013 were approximately \$36,000.

Wyoming Statute 27-3-101 created the Unemployment Compensation Act. This Act requires the City to pay the cost of actual claims incurred. Changes in the balances of claims liabilities during fiscal year 2013 and 2012 were as follows for the City's participation in the Unemployment Compensation Act Program:

	Fiscal Year Ended 2013	Fiscal Year Ended 2012
Unpaid claims, beginning of year	\$ -	\$ -
Incurred claims	21,001	70,838
Claim payments	(21,001)	(70,838)
Unpaid claims, end of year	\$ -	\$ -

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 13. Construction Commitments

The City is required by the Department of Environmental Quality to monitor a landfill site for possible contamination (Note 9). Should contamination be detected in the future, the City may be responsible for some or all of the cleanup costs.

As of the fiscal year ended June 30, 2013, the City has committed to fund various projects in the approximate amounts of \$9.3 million in the capital projects fund, from future appropriations.

Project Name	Original Contract Amount	Expended To Date	Remaining Commitment
Primary government			
Governmental activities			
General Fund			
City Service Center Relocation	\$ 500,000	\$ 331,056	\$ 168,944
WYO Theater	2,000,000	660,993	1,339,007
Sheridan Commercial Park	2,248,511	2,020,290	228,221
Hot Mix Plant Conversion	130,000	95,573	34,427
Downtown Parking Development	50,000	49,162	838
W. 5th Street/Mydland Road	300,000	88,191	211,809
WYO/Park Street	8,291,187	4,283,199	4,007,988
Lewis Street Bridge & Pathway	1,150,000	412,620	737,380
North Main Rebuild	5,125,000	4,986,051	138,949
High Tech Business Park	1,150,000	1,110,960	39,040
West Downtown Phase III	2,800,000	2,123,568	676,432
Mavrakis Pond Paving	250,000	6,407	243,593
Yellowtail Extension	1,250,000	3,681	1,246,319
North Sheridan Interchange	3,250,000	48,284	3,201,716
319 Funding	488,500	66,779	421,721
Total governmental activities	<u>28,983,198</u>	<u>16,286,814</u>	<u>12,696,384</u>

(Continued)

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 13. Construction Commitments (Continued)

Project Name	Original Contract Amount	Expended To Date	Remaining Commitment
Business-type activities			
Water and Sewer Fund			
WYO/Park Street	\$ 2,282,855	\$ 1,426,595	\$ 856,260
North Heights Neighborhood	334,834	15,130	319,704
North Main Rebuild	5,000,000	4,942,779	57,221
High Tech Business Park	1,500,000	1,464,232	35,768
Conventional WTP Upgrades	6,014,096	732,144	5,281,952
South Side Sewer Inceptor	1,800,000	1,764,530	35,470
West Downtown (Jeff/Dow)	1,110,000	1,003,183	106,817
North Sheridan Interchange	700,000	3,124	696,876
North West Water Loop	2,031,000	145,786	1,885,214
Fluoride Addition	500,000	13,905	486,095
Yellowtail Extension	258,000	-	258,000
Mydland Road Sewer Crossing	3,250,000	64,621	3,185,379
Water Salesman	75,000	34,040	40,960
Total Water and Sewer Fund	<u>24,855,785</u>	<u>11,610,069</u>	<u>13,245,716</u>
Solid waste fund			
Landfill Cell 9	<u>2,521,000</u>	<u>12,656</u>	<u>2,508,344</u>
Total solid waste fund	<u>2,521,000</u>	<u>12,656</u>	<u>2,508,344</u>
Total business-type activities	<u>27,376,785</u>	<u>11,622,725</u>	<u>15,754,060</u>
Total primary government	<u>\$ 56,359,983</u>	<u>\$ 27,909,539</u>	<u>\$ 28,450,444</u>

Contingencies

There are several lawsuits pending against the City for various reasons. The outcome and eventual liability to the City, if any, in these cases is not known at this time; however, management and legal counsel estimate the potential claims against the City, not covered by insurance, resulting from such litigation would not materially affect the basic financial statements of the City.

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 14. Accounting Standards Issued, But Not Implemented

As of June 30, 2013, the Governmental Accounting Standards Board has issued the following standards which the City may implement in its next fiscal year.

Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* was issued to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. Management has not concluded its assessment of the effect of implementing this guidance.

Note 15. Change in Accounting Policy and Capital Transfers

In 2013, the City implemented a new chart of accounts and a new fund structure, which is a change in accounting policy. This change required transfers between capital accounts in order to allocate correctly beginning equity to the new activities and funds. The effects of the change as of July 1, 2012 are shown below:

	Capital transfer in	Capital transfer out
Primary government		
Governmental Funds		
General Fund	\$ -	\$ 62,243
Capital Projects Fund	369,780	-
Special Revenue Fund	290,068	-
Lodging Tax Fund	-	420,736
Public Safety Fund	140,787	-
Community Promotion Fund	-	335,242
Bike Trail Project Fund	36,059	-
Health and Human Services Fund	-	3,747
	\$ 836,694	\$ 821,968
Proprietary Funds - Business-type Activities		
Water and Sewer Fund	\$ -	\$ 52,189
Ambulance Fund	37,463	-
	\$ 37,463	\$ 52,189
Total primary government	\$ 874,157	\$ 874,157

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 16. Prior Period Adjustment

During the year ended June 30, 2013, the City overhauled their account and fund structure. This change resulted in a simplified structure which brought to light several items that had not been identified and recorded in prior years. The detail of the effect of these changes current year financial statement of this adjustment is as follows:

	<u>General Fund</u>
The ambulance fund was closed on July 1, 2012. All assets were to be transferred to the General Fund. The transfer included fixed assets with a net book value of \$130,671 and capital leases with a principal balance of \$55,518. These assets had been written off and not appropriately transferred.	\$ 75,153 <u>\$ 75,153</u>

	<u>Solid Waste Fund</u>
The annual capital lease payment on the Caterpillar 826H was not posted to the principal balance for the year ended June 30, 2012. This resulted in liabilities being overstated and net position understated. This adjustment increases net position.	
Total increase to beginning net position in the Solid Waste Fund	\$ 80,048 <u>\$ 80,048</u>

	<u>Water and Sewer Fund</u>
In 2009, the City and SAWS completed a 20 inch waterline project. The City capitalized the entire project, but should have only capitalized 28.7% of the completed project and SAWS the remaining 71.3%. The prior period adjustment decreases net position and removes land with a cost of \$548, 155 and improvements with a net book value of \$6,997,804.	\$ 7,545,959

The City is paying SAWS for its portion of the Big Goose Treated Water Pipeline Loan. The City has made payments since 2010, but had expensed the payments and had not recorded the liability. This adjustment decreases net position and records the liability.	950,529
Total decrease to beginning net position in the Water and Sewer Fund	<u>\$ 8,496,488</u>

CITY OF SHERIDAN, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

Note 16. Prior Period Adjustment (Continued)

Sheridan Area
Water Supply Joint
Powers Board

In 2009, the City and SAWS complete the Big Goose Treated Water Pipeline project. SAWS did not record their share of the total costs of the project. The prior period adjustment increases net position and fixed assets for the cost of \$1,008,743 and accumulated depreciation of \$21,494.

\$ 987,249

In 2012, SAWS recorded a portion of the cost of the Big Goose Water Treatment Plant, however the project was not completed until fiscal year 2013. This adjustment decreases net position and fixed assets.

(309,669)

In 2013, SAWS recorded the share of interest income due to the City of Sheridan on the balance held by SAWS for potential future water purchases. This adjustment increases SAWS liabilities and decreases net position.

(21,674)

\$ 655,906

Note 17. Subsequent Events

On August 20, 2013, the City transferred approximately 5 acres of land with a carrying value of \$544,000 to the Sheridan Economic and Educational Development Authority Joint Powers Board.

On December 15, 2013, the City entered into a capital lease agreement for the purchase of a Caterpillar 930K wheel loader. The amount of the caterpillar is \$184,300 and will be paid in annual installments of \$26,161 beginning November 14, 2014.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SHERIDAN, WYOMING

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 10,918,243	\$ 10,918,243	\$ 10,718,419	\$ (199,824)
Licenses and permits	673,000	673,000	793,023	120,023
Intergovernmental	-	-	3,809	3,809
Fines and forfeitures	217,000	217,000	207,689	(9,311)
Charges for services	446,667	401,667	371,647	(30,020)
Net investment income	45,000	45,000	12,673	(32,327)
Contributions	-	31,000	36,698	5,698
Miscellaneous revenues	90,000	90,000	37,318	(52,682)
Total revenues	12,389,910	12,375,910	12,181,276	(194,634)
Expenditures				
Current				
General administration	2,468,843	2,859,521	2,442,549	416,972
Health and welfare	88,153	109,153	97,332	11,821
Public safety	4,978,120	5,055,420	4,933,634	121,786
Public works	3,080,274	3,238,774	2,818,935	419,839
Parks and recreation	419,815	419,815	440,347	(20,532)
Capital outlay	2,138,500	4,124,400	1,609,896	2,514,504
Debt service - principal	84,800	84,800	101,775	(16,975)
interest	11,600	11,600	11,379	221
Total expenditures	13,270,105	15,903,483	12,455,847	3,447,636
Deficiency of revenues over expenditures	(880,195)	(3,527,573)	(274,571)	3,253,002

(Continued)

See accompanying note to required supplementary information

CITY OF SHERIDAN, WYOMING

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)

Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Other financing sources (uses)				
Capital transfers	\$ -	\$ -	\$ (62,243)	\$ (62,243)
Operating transfers in	816,510	816,510	838,721	22,211
Operating transfers out	<u>(230,200)</u>	<u>(245,200)</u>	<u>(487,548)</u>	<u>(242,348)</u>
Total other financing sources	<u>586,310</u>	<u>571,310</u>	<u>288,930</u>	<u>(282,380)</u>
Net change in fund balances	(293,885)	(2,956,263)	14,359	<u>\$ 2,970,622</u>
Fund balance - beginning of year, as previously reported	5,870,851	5,870,851	5,870,851	
Prior period adjustment	<u>(75,153)</u>	<u>(75,153)</u>	<u>(75,153)</u>	
Fund balances - beginning of year, as restated	<u>5,795,698</u>	<u>5,795,698</u>	<u>5,795,698</u>	
Fund balance - end of year	<u>\$ 5,501,813</u>	<u>\$ 2,839,435</u>	<u>\$ 5,810,057</u>	

See accompanying note to required supplementary information

CITY OF SHERIDAN, WYOMING

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - CAPITAL TAX FUND
Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 2,800,000	\$ 2,800,000	\$ 2,769,871	\$ (30,129)
Total revenues	<u>2,800,000</u>	<u>2,800,000</u>	<u>2,769,871</u>	<u>(30,129)</u>
Expenditures				
Current				
Public works	-	220,000	43,478	176,522
Capital outlay	<u>1,400,000</u>	<u>3,951,400</u>	<u>3,079,724</u>	<u>871,676</u>
Total expenditures	<u>1,400,000</u>	<u>4,171,400</u>	<u>3,123,202</u>	<u>1,048,198</u>
Excess of revenues over expenditures	<u>1,400,000</u>	<u>(1,371,400)</u>	<u>(353,331)</u>	<u>(1,078,327)</u>
Net change in fund balances	1,400,000	(1,371,400)	(353,331)	<u>\$ 1,018,069</u>
Fund balance - beginning of year	<u>1,512,944</u>	<u>1,512,944</u>	<u>1,512,944</u>	
Fund balance - end of year	<u>\$ 2,912,944</u>	<u>\$ 141,544</u>	<u>\$ 1,159,613</u>	

See accompanying note to required supplementary information

CITY OF SHERIDAN, WYOMING

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUND
Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 1,832,000	\$ 1,832,000	\$ 2,019,400	\$ 187,400
Intergovernmental	1,015,000	6,131,025	3,082,944	(3,048,081)
Net investment income	1,500	1,500	804	(696)
Contributions	1,051,111	1,052,111	872,059	(180,052)
Miscellaneous revenues	11,000	61,000	80,732	19,732
Total revenues	<u>3,910,611</u>	<u>9,077,636</u>	<u>6,055,939</u>	<u>(3,021,697)</u>
Expenditures				
Current				
General administration	523,430	548,130	530,224	17,906
Public safety	61,540	196,540	192,366	4,174
Public works	46,400	46,400	42,298	4,102
Capital outlay	4,767,511	7,774,755	3,882,374	3,892,381
Total expenditures	<u>5,398,881</u>	<u>8,565,825</u>	<u>4,647,262</u>	<u>3,918,563</u>
Excess (deficiency) of revenues over expenditures	<u>(1,488,270)</u>	<u>511,811</u>	<u>1,408,677</u>	<u>896,866</u>
Other financing sources				
Capital transfers	-	-	290,068	290,068
Operating transfers in	80,000	80,000	74,326	(5,674)
Total other financing sources	<u>80,000</u>	<u>80,000</u>	<u>364,394</u>	<u>284,394</u>
Net change in fund balances	(1,408,270)	591,811	1,773,071	<u>\$ 1,181,260</u>
Fund balance - beginning of year	-	-	-	
Fund balance - end of year	<u>\$ (1,408,270)</u>	<u>\$ 591,811</u>	<u>\$ 1,773,071</u>	

See accompanying note to required supplementary information

CITY OF SHERIDAN, WYOMING

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2013

Note 1. Basis of Budgeting

Budgets

Annual budgets are adopted on the modified accrual basis for all governmental funds. Encumbered appropriations are reappropriated in the ensuing year's budget.

Legal spending control for City monies is at the department level. The City Council may amend the budget after it is appropriated using the same procedures necessary to approve the original budget at the department level. During the year, no significant appropriations were necessary. Management monitors expenditures at budgetary line item levels within each fund to enhance the accounting control system and may amend the budget at this level as long as the department level budget is maintained.

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for proceeds from specific revenue sources, which are required to be accounted for separately and used for specific purposes. These funds were combined as of July 1, 2012 due to the change in accounting policy and capital transfers.

Lodging Tax Fund - accounts for receipts and activities funded with lodging taxes.

Public Safety Fund - accounts for revenue and activities specifically identified to improve public safety. It includes the following projects and activities: Fire Public Education, Department of Justice grants, School Resource Officer, Bulletproof Vest, Canine Dog, 2006 LETPP funds, DUI Overtime, 403 Demonstration Seatbelt grant, Alcohol Inspection grant, Speed Enforcement grant and Video Camera grant.

Community Promotion Fund - accounts for special revenues received for specific community betterments. It includes the following projects and activities: Trolley Car, Sculpture, Park Land Dedication, Landmark Commission, Development Impact Fee, Senior Center Equipment grant, and the Sheridan Housing Action Committee.

Bike Trail Project Fund - accounts for revenue and expenses associated with maintaining and building the Bike and Napier trails.

Health and Human Services Fund - accounts for revenue and activities specifically identified to improve public health and welfare. It includes the Tobacco Prevention Grant.

CITY OF SHERIDAN, WYOMING

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2013

	<u>Special Revenue Funds</u>			
	<u>Lodging Tax Fund</u>	<u>Public Safety Fund</u>	<u>Community Promotion Fund</u>	<u>Bike Trail Project Fund</u>
ASSETS				
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 LIABILITIES AND FUND BALANCES				
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances				
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Health and Human Services Fund	Total Nonmajor Governmental Funds
\$ -	\$ -
-	-
-	-
\$ -	\$ -

CITY OF SHERIDAN, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES - NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2013

	Special Revenue Funds			
	Lodging Tax Fund	Public Safety Fund	Community Promotion Fund	Bike Trail Project Fund
Revenues				
Total revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Other financing sources (uses)				
Capital transfers	(420,736)	140,787	(335,242)	36,059
Total other financing sources (uses)	(420,736)	140,787	(335,242)	36,059
Net change in fund balances	(420,736)	140,787	(335,242)	36,059
Fund balances (deficit) - beginning of year	420,736	(140,787)	335,242	(36,059)
Fund balances - end of year	\$ -	\$ -	\$ -	\$ -

Health and Human Services Fund	Total Nonmajor Governmental Funds
\$ -	\$ -
-	-
-	-
(3,747)	(582,879)
(3,747)	(582,879)
(3,747)	(582,879)
3,747	582,879
\$ -	\$ -

NONMAJOR PROPRIETARY FUNDS

ENTERPRISE FUNDS

Enterprise Funds are used to account for activities which the City provides and for which the users are charged fees. The following funds are the nonmajor proprietary funds for the City:

Ambulance Fund - accounts for receipts and activities of the City's ambulance and EMT activities. This fund was transferred to the general fund as of July 1, 2012 due to the change in accounting policy and capital transfers.

Mosquito Fund - accounts for revenues and activities associated with mosquito abatement activities.

CITY OF SHERIDAN, WYOMING

COMBINING STATEMENT OF NET POSITION - NONMAJOR PROPRIETARY FUNDS

June 30, 2013

	<u>Ambulance Fund</u>	<u>Mosquito Fund</u>	<u>Total</u>
ASSETS			
Current assets			
Cash	\$ -	\$ 136,990	\$ 136,990
Service receivables, net	-	3,103	3,103
Due from other governments	-	39,914	39,914
Total current assets	<u>-</u>	<u>180,007</u>	<u>180,007</u>
Capital assets, net of accumulated depreciation	-	36,076	36,076
Total assets	<u>-</u>	<u>216,083</u>	<u>216,083</u>
LIABILITIES			
Current liabilities			
Accounts payable	-	863	863
Total current liabilities	<u>-</u>	<u>863</u>	<u>863</u>
NET POSITION			
Invested in capital assets, net of related debt	-	36,076	36,076
Unrestricted	-	179,144	179,144
Total net position	<u>\$ -</u>	<u>\$ 215,220</u>	<u>\$ 215,220</u>

CITY OF SHERIDAN, WYOMING

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCES - NONMAJOR PROPRIETARY FUNDS**

Year Ended June 30, 2013

	Ambulance Fund	Mosquito Fund	Total
Operating revenues			
Service fees	\$ -	\$ 18,782	\$ 18,782
Other operating income	-	131,995	131,995
Total operating revenues	<u>-</u>	<u>150,777</u>	<u>150,777</u>
Operating expenses			
Other operating expenses	-	129,925	129,925
Depreciation expense	-	2,119	2,119
Total operating expenses	<u>-</u>	<u>132,044</u>	<u>132,044</u>
Operating income	-	18,733	18,733
Other financing sources (uses)			
Capital transfers	37,463	-	37,463
Operating transfers out	-	(3,600)	(3,600)
Total other financing sources (uses)	<u>37,463</u>	<u>(3,600)</u>	<u>33,863</u>
Change in net position	37,463	15,133	52,596
Net position (deficit) - beginning of year	<u>(37,463)</u>	<u>200,087</u>	<u>162,624</u>
Net position - end of year	<u>\$ -</u>	<u>\$ 215,220</u>	<u>\$ 215,220</u>

SINGLE AUDIT SECTION

CITY OF SHERIDAN, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass Through Grantor's Number	Expenditures
<u>U.S. Department of Agriculture Forest Service</u>			
Passed through the Wyoming State Forestry Division			
Cooperative Forestry Assistance	10.664	11-DG-11020000-060	\$ 11,305
Total U.S. Department of Agriculture Forest Service			<u>11,305</u>
<u>U.S. Department of Housing and Urban Development</u>			
Office of Community Planning and Development			
Passed through the Wyoming Business Council			
CDBG - State-Administered CDBG Cluster			
Community Development Block Grant	14.228	-	57,905
Total U.S. Department of Housing and Urban Development			<u>57,905</u>
<u>U.S. Department of the Interior National Park Service</u>			
Passed through Wyoming State Parks & Cultural Resources			
Outdoor Recreation Acquisition, Development and Planning	15.916	LWCF #56-00860	29,508
Total U.S. Department of the Interior National Park Service			<u>29,508</u>
<u>U.S. Department of Justice</u>			
Direct Award			
Bureau of Justice Assistance			
Bulletproof Vest Partnership Program	16.607	-	1,964
Office of Juvenile Justice and Delinquency Prevention			
Passed through the Wyoming Association of Sheriffs and Chiefs of Police			
Enforcing Underage Drinking Laws Program	16.727	-	15,423
Total U.S. Department of Justice			<u>17,387</u>
<u>U. S. Department of Transportation</u>			
Passed through the Wyoming Department of Transportation			
<i>Highway Planning and Construction Cluster</i>			
Highway Planning and Construction	20.205	STP-E-SH 0.00 TL12008	24,906
Highway Planning and Construction	20.205	SR12006	29,526
Highway Planning and Construction	20.205	CM 0.00 CM11012	109,903
Total Highway Planning and Construction Cluster			<u>164,335</u>
<i>Highway Safety Cluster</i>			
State and Community Highway Safety	20.600	HS02012-402	3,788
State and Community Highway Safety	20.600	HS02013-402	12,150
State and Community Highway Safety	20.600	HS02013-402-R	2,000
Total Highway Safety Cluster			<u>17,938</u>

(Continued)

See accompanying notes to the schedule of expenditures of federal awards

CITY OF SHERIDAN, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year Ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass Through Grantor's Number	Expenditures
<u>U. S. Department of Transportation (continued)</u>			
Passed through the Wyoming Department of Transportation (continued)			
Alcohol Open Container Requirements	20.607	HS41012	\$ 4,900
Alcohol Open Container Requirements	20.607	HS02012-154AL	5,050
Alcohol Open Container Requirements	20.607	HS02013-410	6,125
Alcohol Open Container Requirements	20.607	HS02013-410-VC	9,418
Total Alcohol Open Container Requirements			<u>25,493</u>
Total U.S. Department of Transportation			<u>207,766</u>
<u>U. S. Environmental Protection Agency, Office of Water</u>			
Passed through the State Land and Investment Board			
Capitalization Grants for Clean Water			
State Revolving Funds	66.458	CWSRF #126	3,809
Passed through the Wyoming Department of Environmental Quality			
Nonpoint Source Implementation Grants	66.460	-	66,779
Passed through the State Land and Investment Board			
Capitalization Grants for Drinking Water			
State Revolving Funds	66.468	DWSRF #123	457,150
Capitalization Grants for Drinking Water			
State Revolving Funds	66.468	DWSRF #125	106,270
Capitalization Grants for Drinking Water			
State Revolving Funds	66.468	DWSRF #135	291,967
Total Capitalization Grants for Drinking Water			<u>855,387</u>
State Revolving Funds			<u>925,975</u>
Total U. S. Environmental Protection Agency			
<u>U. S. Department Energy</u>			
Passed through the Wyoming Business Council			
ARRA - Energy Efficiency and Conservation -			
Block Grant Program - Recovery Act	81.128	AD073012000000000112	40,261
Total U.S. Department of Energy			<u>40,261</u>
<u>U. S. Department of Health and Human Services</u>			
Passed through the Wyoming Department of Transportation			
Substance Abuse and Mental Health Services Projects			
of Regional and National Significance	93.243	PFS	2,673
Total U.S. Department of Health and Human Services			<u>2,673</u>
<u>U. S. Department of Homeland Security</u>			
Direct Award			
Homeland Security Grant Program	97.067	10-GPD-SHE-LP-HLE10	17,857
Total U.S. Department of Homeland Security			<u>17,857</u>
Total federal awards			<u>\$ 1,310,637</u>

See accompanying notes to the schedule of expenditures of federal awards

CITY OF SHERIDAN, WYOMING

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2013

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of the City of Sheridan, Wyoming for the year ended June 30, 2013 and is presented on the cash basis. This is a basis of accounting which differs from generally accepted accounting principles in the United States of America. Therefore, some amounts presented in this Schedule may differ from amounts presented in or used in the preparation of the financial statements.

Note 2. Capitalization Grants for Drinking Water State Revolving Funds

Certain costs reported in the current schedule of expenditures for federal awards for DWSRF#123 and DWSRF#125, projects funded by Capitalization Grants for Drinking Water State Revolving Funds were incurred in fiscal year ended June 30, 2010 through June 30, 2012. These were pre-planning costs and were identified to and reimbursed by the State of Wyoming under the terms of their grant agreement with the City of Sheridan, Wyoming. These pre-planning costs were \$337,671 for DWSRF#123 and \$78,693 for DWSRF#125.



PORTER, MUIRHEAD, CORNIA & HOWARD

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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

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of Sheridan, 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, the aggregate discretely presented component units, each major fund, and the remaining fund information of the City of Sheridan, Wyoming, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City of Sheridan's basic financial statements and have issued our report thereon dated March 27, 2014. Our report includes a reference to other auditors who audited the financial statements of the Sheridan Area Water Supply Joint Powers Board, as described in our report on the City of Sheridan's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Sheridan, Wyoming's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Sheridan, Wyoming's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Sheridan, 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 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 the internal control 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2013-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

City of Sheridan, Wyoming's Response to Finding

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

Purpose of this Report

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



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming
March 27, 2014



REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council
City of Sheridan, Wyoming

Report on Compliance for the Major Federal Program

We have audited the City of Sheridan, Wyoming's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on City of Sheridan, Wyoming's major federal program for the year ended June 30, 2013. City of Sheridan, Wyoming's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The City of Sheridan, Wyoming's basic financial statements include the operations of the Sheridan Area Water Supply Joint Powers Board, which did not receive federal awards greater than \$500,000 and are not included in the schedule during the year ended June 30, 2013. Our audit described below, did not include the operations of the Sheridan Area Water Supply Joint Powers Board as these component units engaged other auditors to perform the audit.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City of Sheridan, Wyoming's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Sheridan, Wyoming's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of City of Sheridan, Wyoming's compliance.

Opinion on the Major Federal Program

In our opinion, City of Sheridan, Wyoming complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2013.

Report on Internal Control over Compliance

Management of City of Sheridan, Wyoming is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered City of Sheridan, Wyoming's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Sheridan, Wyoming's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Porter, Muirhead, Cornia & Howard
Certified Public Accountants

Casper, Wyoming
March 27, 2014

CITY OF SHERIDAN, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2013

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of auditor’s report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133?	No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
66.468	Capitalization Grants for Drinking Water State Revolving Funds

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

CITY OF SHERIDAN, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2013

Section II – Financial Statement Findings

A. Significant Deficiencies in Internal Control

YB 2013-001: Significant Deficiency

Criteria:

The Wyoming Uniform Municipal Fiscal Procedures Act (W.S. Title 16 Chapter 4) requires each municipality to propose a budget, hold public hearings on the budget and then adopt a legally restricted budget for a given year or biennium. The budget may be amended after a public hearing by a resolution of the governing body in a public meeting. Amounts expended by the municipality must be equal to or less than the adopted final budget.

Condition:

The City overexpended its final budget in 8 of its budget categories. There was no public hearing to move unexpended appropriation to these departments/funds before the end of the fiscal year and therefore, these expenditures were unauthorized by the constituents of the City. A process of reviewing the City's budgetary compliance during the fiscal year is needed to ensure compliance with Wyoming budget statutes.

Recommendation:

In our judgment, management and those charged with governance need to understand the importance of this communication. A process of reviewing the City's budgetary compliance during the fiscal year is needed to ensure compliance with Wyoming budget statutes.

Response:

The City will establish a process for reviewing the City's Budgetary compliance during the fiscal year. During our budget revisions, we will review all budget categories to make sure they have the budget to cover the years projected expenditures.

B. Compliance

There were no compliance findings.

Section III - Federal Award Findings and Questioned Costs

None.

CITY OF SHERIDAN, WYOMING

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2013

Significant Deficiency in Internal Control

SA-2012-01

U.S Department of Energy

Passed through the Wyoming Business Council

CFDA No. 81.041 – State Energy Program

Condition:

The City did not determine that contractors used in this program were not identified as suspended or debarred parties.

Management Response:

The City will review the suspension and debarment requirements and establish control procedures accordingly.

Status:

Corrected