

CITY OF SHERIDAN, WYOMING
FINANCIAL AND COMPLIANCE REPORT
FOR THE FISCAL YEAR ENDED
June 30, 2011

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FINANCIAL SECTION

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PORTER, MUIRHEAD, CORNIA & HOWARD

(A Corporation of Certified Public Accountants)

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Sheridan, Wyoming, as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Sheridan's management. 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 System, a discretely presented component unit of the City of Sheridan. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for the Sheridan Area Water Supply, 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Sheridan, Wyoming, as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2011 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 55 through 58 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 financial statements. The budgetary comparison information has 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 financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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 on pages 60 through 67 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Additionally, the accompanying schedule of expenditure of federal awards is presented for purposes of additional analysis as required by the 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 of the City of Sheridan. 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 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 financial statements, or to the 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.

The accompanying financial statements, required supplementary information, other supplementary information and our independent auditor's reports are for the purpose of meeting local, state and federal requirements and are for the use of those entities and the management of the City of Sheridan and should not be used or relied upon by any other party for any purpose. Additional users of these financial statements, required supplementary information, other supplementary information, and our independent auditor's reports are hereby advised that the liability of Porter, Muirhead, Cornia & Howard to third party users who use or rely on this information may be limited pursuant to 1995 Wyoming Session Laws, Chapter 155 creating Wyoming Statute §33-3-201.

Porter, Muirhead, Cornia & Howard

Porter, Muirhead, Cornia & Howard
Certified Public Accountants

December 28, 2011

CITY OF SHERIDAN, WYOMING
MANAGEMENT'S DISCUSSION & ANALYSIS

June 30, 2011

(Unaudited)

This section of the City of Sheridan's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2011. 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 assets increased by 2% (nearly \$3.2 million) during the fiscal year. Our business type activities accounted for 32% of the increase and governmental activities 68%.

During the fiscal year the City's state shared tax revenues decreased 3.2% or \$470,000. General government expenditures decreased by 5.1%, or \$1.5 million, with a 10% decrease of \$1.8 million for general government expenses.

The City's business-type revenues decreased by 21% to nearly \$3 million to \$11.3 million, with a decrease of \$3.2 million in capital grants and contributions. Expenditures increased by 2.4% or about \$266,000.

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 assets 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, 2011

(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 assets* (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:

- *Government 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 as well as ambulance services 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, 2011
 (Unaudited)

Net Assets

As explained above net assets are the difference between assets and liabilities. Between fiscal years 2010 and 2011 combined net assets increased by around 2.1%.

CITY OF SHERIDAN'S NET ASSETS

	Governmental Activities		Business- Type Activities		Total		Total Percentage Change
	2010	2011	2010	2011	2010	2011	
Current and Other Assets	\$ 14,367,521	\$ 13,686,774	\$ 10,620,221	\$ 9,160,444	\$ 24,987,742	\$ 22,847,218	(8.6)%
Capital Assets	63,833,166	65,709,969	82,953,706	86,683,037	146,786,872	152,393,006	3.8%
Total Assets	78,200,687	79,396,743	93,573,927	95,843,481	171,774,614	175,240,224	2.0%
Long-Term Debt	3,587,154	3,007,990	8,762,049	10,976,948	12,349,203	13,984,938	13.2%
Other Liabilities	4,093,041	2,233,595	1,986,233	1,024,914	6,079,274	3,258,509	(46.4)%
Total Liabilities	7,680,195	5,241,585	10,748,282	12,001,862	18,428,477	17,243,447	(6.4)%
Net Assets							
Invested in Capital Assets, net of Related Debt	61,153,364	63,830,444	75,486,857	77,080,029	136,640,221	140,910,473	3.1%
Restricted	2,610,173	315,278	-	-	2,610,173	315,278	(87.9)%
Unrestricted	6,756,955	10,009,436	7,338,788	6,761,590	14,095,743	16,771,026	19.0%
Total Net Assets	\$ 70,520,492	\$ 74,155,158	\$ 82,825,645	\$ 83,841,619	\$ 153,346,137	\$ 157,996,777	3.0%

Net assets of the governmental activities increased by \$2.2 million, or approximately 3%, primarily in capital assets.

Unrestricted net assets include 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 assets for business-type activities increased by \$1 million or 1.2%. Approximately \$2 million of the increase were additions to construction in progress for projects not yet completed and capitalized, while long-term debt increased about \$2.2 million. 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 these net assets to fund enterprise activities such as water and sewer operations and solid waste activities.

Changes in Net Assets

The City's total revenues come from numerous sources. Around 42% of the City's revenues come from other taxes, such as motor vehicles tax, sales and use taxes, and mineral royalties. Another 29% comes from fees charged for services while property tax revenue represents about 5% of total revenues.

During fiscal year 2011, more than one third 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 26% of the total costs for City operations, while public works activities which include planning, engineering, code enforcement and streets accounted for 15% of the total costs.

CITY OF SHERIDAN, WYOMING
MANAGEMENT'S DISCUSSION & ANALYSIS
 June 30, 2011
 (Unaudited)

CHANGES IN CITY OF SHERIDAN'S NET ASSETS

	Governmental		Business- Type		Total		Total
	Activities		Activities				Percentage
	2010	2011	2010	2011	2010	2011	Change
Program Revenues							
Charges for Services	\$ 710,134	\$ 1,042,072	\$ 8,673,150	\$ 8,906,843	\$ 9,383,284	\$ 9,948,915	6.0%
Operating Grants and Other Support	368,425	803,349	183,202	188,827	551,627	992,176	79.9%
Capital Grants and Other Support	5,265,602	4,247,301	5,386,193	2,133,121	10,651,795	6,380,422	(40.1)%
General Revenues							
Property Taxes	1,909,361	1,747,362	-	-	1,909,361	1,747,362	(8.5)%
Special Assessments	391,435	243,444	-	-	391,435	243,444	(37.8)%
Other Taxes	14,657,006	14,186,198	-	-	14,657,006	14,186,198	(3.2)%
Other	582,341	295,404	-	-	582,341	295,404	(49.3)%
Investment Income	100,934	33,175	86,012	41,628	186,946	74,803	(60.0)%
Total Revenues	23,985,238	22,598,305	14,328,557	11,270,419	38,313,795	33,868,724	(11.6)%
Expenditures							
General Government	1,803,102	728,150	-	-	1,803,102	728,150	(59.6)%
Public Safety	7,686,390	7,064,457	-	-	7,686,390	7,064,457	(8.1)%
Public Works	4,291,519	4,118,919	-	-	4,291,519	4,118,919	(4.0)%
Parks and Recreation	726,605	548,883	-	-	726,605	548,883	(24.5)%
Interest on Long-term Debt	135,873	102,279	-	-	135,873	102,279	(24.7)%
Unallocated Depreciation	3,249,511	3,576,749	-	-	3,249,511	3,576,749	10.1%
Water and Sewer	-	-	6,346,010	6,300,915	6,346,010	6,300,915	(0.7)%
Solid Waste	-	-	3,318,901	3,828,566	3,318,901	3,828,566	15.4%
Golf Course	-	-	644,599	651,672	644,599	651,672	1.1%
Other	-	-	932,165	727,021	932,165	727,021	(22.0)%
Total Expenditures	17,893,000	16,139,437	11,241,675	11,508,174	29,134,675	27,647,611	(5.1)%
Excess (Deficiency)							
before Transfers	6,092,238	6,458,868	3,086,882	(237,755)	9,179,120	6,221,113	(32.2)%
Transfers	(1,568,545)	(2,824,202)	1,738,173	2,824,202	169,628	-	100.0%
Increase (Decrease) in Net Assets	\$ 4,523,693	\$ 3,634,666	\$ 4,825,055	\$ 2,586,447	\$ 9,348,748	\$ 6,221,113	(33.5)%

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 increased 3.4% 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 \$1,592,418 and \$1,094,792 in supplemental distributions respectively for 2010 and 2011, and is expected to receive \$1,281,137 in 2012.

The cost of all governmental activities this year was approximately \$16.1 million, a decrease of 9.8% from last year. However, the amount paid by taxpayers for these activities through taxes was \$6.9 million. The City received \$1 million from those who directly benefited from the activities. We also received \$5 million from other governments and organizations that subsidized certain programs through grants and contributions.

CITY OF SHERIDAN, WYOMING
MANAGEMENT'S DISCUSSION & ANALYSIS
 June 30, 2011
 (Unaudited)

Net Cost of City of Sheridan's Governmental Activities

	Total Cost			Net Cost (Revenues)		
	Of Services		Percentage Change	Of Services		Percentage Change
	2010	2011		2010	2011	
General Government	\$ 1,803,102	\$ 728,150	(147.6)%	\$ 1,668,618	\$ 9,120	(18196.3)%
Public Safety	7,686,390	7,064,457	(8.8)%	7,117,055	5,925,256	(20.1)%
Health and Human Services	-	-	-	(6,035)	(2,805)	(115.2)%
Public Works	4,291,519	4,118,919	(4.2)%	(1,045,114)	31,911	3375.1%
Parks and Recreation	726,605	548,883	(32.4)%	428,931	404,205	(6.1)%
Interest on long-term debt	135,873	102,279	(32.8)%	135,873	102,279	(32.8)%
Unallocated depreciation	3,249,511	3,576,749	9.1%	3,249,511	3,576,749	9.1%
Total	\$ 17,893,000	\$ 16,139,437	(10.9)%	\$ 11,548,839	\$ 10,046,715	(15.0)%

Business-Type Activities

The City's business type activities are now operating at a proper funding level, except for the Golf Course and Ambulance which require General Fund subsidies. Utility rates for water, sewer, and solid waste services were last increased in March and June, 2007 and will need to be reviewed for Fiscal Year 2011-12.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's combined fund balance in its governmental funds at June 30, 2011 was \$10 million, a \$1.2 million increase 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 general fund will have around \$11.1 million available to budget, which is a decrease of 4% or about \$500,000 from last year.

General Fund Budgetary Highlights

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.

The general fund over expended two line items but complied with the total budget for the year.

**CITY OF SHERIDAN, WYOMING
MANAGEMENT'S DISCUSSION & ANALYSIS**

June 30, 2011

(Unaudited)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2011, the City has invested \$152.4 million (net of depreciation) in a broad range of capital assets, including police, fire and ambulance equipment, buildings, park facilities, automobiles, and water and sewer lines. This represents an increase of 3.8% 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
	2010	2011	2010	2011	2010	2011	
	Infrastructure	\$ 47,222,980	\$ 63,180,185	\$ -	\$ -	\$ 47,222,980	\$ 63,180,185
Land and Improvements	11,778,092	11,965,781	71,576,273	76,326,074	83,354,365	88,291,855	5.9%
Buildings	10,851,257	10,712,772	19,885,776	19,804,261	30,737,033	30,517,033	(0.7)%
Machinery & Equipment	11,909,678	11,432,683	11,463,990	11,161,721	23,373,668	22,594,404	(3.3)%
Construction in Progress	17,669,483	6,282,137	11,284,969	13,313,437	28,954,452	19,595,574	(32.3)%
Total	\$ 99,431,490	\$ 103,573,558	\$ 114,211,008	\$ 120,605,493	\$ 213,642,498	\$ 224,179,051	4.9%

This year's major capital asset additions included Brooks/Smith street, Sugarland utilities, North Lift station expansion, Cross Valley slip lining, Huntington Street, Highway 87 widening, West Brundage Lane, Thorne Rider park equipment, streets trailer, durapatcher, animal shelter washer, fire training trailer, patrol vehicles, street sander, and a sculpture.

Outstanding Long-Term Debt

City of Sheridan's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change
	2010	2011	2010	2011	2010	2011	
	Special Assessment Bonds	\$ 1,550,000	\$ 1,125,000	\$ -	\$ -	\$ 1,550,000	\$ 1,125,000
Capital Lease Obligations	1,129,802	754,525	3,079,640	2,475,794	4,209,442	3,230,319	(23.3)%
SLIB Loans	-	-	5,957,681	7,127,214	5,957,681	7,127,214	19.6%
Other	907,352	1,128,465	1,295,200	1,373,940	2,202,552	2,502,405	13.6%
Total	\$ 3,587,154	\$ 3,007,990	\$ 10,332,521	\$ 10,976,948	\$ 13,919,675	\$ 13,984,938	0.5%

At year end the City had \$13.9 million in bonds and notes outstanding, an increase of .5% or \$65,000 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, 2011
(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 at \$1,428,000.
- The state legislation did however approve through its supplemental budget a distribution of \$1 million to help alleviate the effect of capping the severance tax and mineral royalty revenues.
- Sheridan County voters voted to extend the 1 cent Capital Facilities Tax in August of 2009, which is estimated to end in 2014. This will enable the City to continue working on its Capital Improvement Plan.
- Increase in water and sewer utility rates will be able to fund water and sewer operations.
- These factors will have a dramatic effect on the City's activities and were taken into account when adopting the general fund budget for 2011.

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 Phase III, Eastridge Road, Wyoming/Park Street, First Street Quiet Zone, South Side Sewer, Northwest Treated Water & Storage, High Tech Business Park, Green House Living facility, South Gateway remodel and Big Goose Treatment Plant Clearwell.

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, Jennifer Reed, 55 Grinnell Plaza, Sheridan, WY 82801.

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BASIC FINANCIAL STATEMENTS

CITY OF SHERIDAN, WYOMING

STATEMENT OF NET ASSETS

June 30, 2011

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 9,399,199	\$ 7,050,008	\$ 16,449,207
Accounts receivable, net	357,395	1,304,950	1,662,345
Special assessments receivable, net	1,298,631	-	1,298,631
Investments	319,658	184,671	504,329
Due from other governments	1,656,507	652,746	2,309,253
Internal balances	430,729	(430,729)	-
Inventory	-	55,746	55,746
Interest receivable	4,366	512	4,878
Prepaid expense	81,195	26,269	107,464
Restricted cash	139,094	316,271	455,365
Real estate held for sale	-	-	-
Capital assets not being depreciated	10,066,119	14,953,575	25,019,694
Capital assets, net of accumulated depreciation	55,643,850	71,729,462	127,373,312
Total assets	79,396,743	95,843,481	175,240,224
LIABILITIES			
Outstanding checks in excess of bank balance	33,958	100,802	134,760
Accounts payable	1,567,766	304,735	1,872,501
Accrued liabilities	631,871	315,328	947,199
Accrued interest payable	-	199,657	199,657
Deposits due others	-	104,392	104,392
Long-term liabilities			
Due within one year	1,039,961	1,466,205	2,506,166
Due in more than one year	1,968,029	9,510,743	11,478,772
Total liabilities	5,241,585	12,001,862	17,243,447
NET ASSETS			
Invested in capital assets, net of related debt	63,830,444	77,080,029	140,910,473
Restricted for			
Special revenue projects	4,000	-	4,000
Debt service	311,278	-	311,278
Sheridan Area Water Supply	-	-	-
Unrestricted	10,009,436	6,761,590	16,771,026
Total net assets	\$ 74,155,158	\$ 83,841,619	\$ 157,996,777

See accompanying notes to the financial statements

Component Units		
Sheridan Area Water Supply	Sheridan Economic and Educational Development Authority	Total
\$ 4,353,604	\$ 145,195	\$ 4,498,799
151,667	-	151,667
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
4,680,584	-	4,680,584
-	1,018,922	1,018,922
-	-	-
30,889,684	3,378,778	34,268,462
<u>40,075,539</u>	<u>4,542,895</u>	<u>44,618,434</u>
-	-	-
177,852	924	178,776
-	-	-
99,421	-	99,421
-	-	-
234,532	-	234,532
8,568,022	-	8,568,022
<u>9,079,827</u>	<u>924</u>	<u>9,080,751</u>
24,992,078	3,378,778	28,370,856
-	-	-
-	-	-
1,953,154	-	1,953,154
4,050,480	1,163,193	5,213,673
<u>\$ 30,995,712</u>	<u>\$ 4,541,971</u>	<u>\$ 35,537,683</u>

CITY OF SHERIDAN, WYOMING

STATEMENT OF ACTIVITIES

Year Ended June 30, 2011

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 728,150	\$ 126,870	\$ 592,160	\$ -
Public safety	7,064,457	383,123	63,706	692,372
Health and human services	-	-	2,805	-
Public works	4,118,919	532,079	-	3,554,929
Parks and recreation	548,883	-	144,678	-
Interest on long-term debt	102,279	-	-	-
Unallocated depreciation	3,576,749	-	-	-
Total governmental activities	<u>16,139,437</u>	<u>1,042,072</u>	<u>803,349</u>	<u>4,247,301</u>
Business-type activities				
Solid waste	3,828,566	3,564,932	188,827	-
Water and sewer	6,300,915	4,623,959	-	2,133,121
Golf	651,672	332,974	-	-
Nonmajor	727,021	384,978	-	-
Total business-type activities	<u>11,508,174</u>	<u>8,906,843</u>	<u>188,827</u>	<u>2,133,121</u>
Total primary government	<u>\$ 27,647,611</u>	<u>\$ 9,948,915</u>	<u>\$ 992,176</u>	<u>\$ 6,380,422</u>
Component units				
Sheridan Area Water Supply	\$ 1,460,434	\$ 1,322,390	\$ -	\$ 491,561
Sheridan Economic and Educational Development Authority	85,057	-	-	1,171,000
Total component units	<u>\$ 1,545,491</u>	<u>\$ 1,322,390</u>	<u>\$ -</u>	<u>\$ 1,662,561</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				
Unrestricted investment earnings				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets - beginning of year, as previously reported				
Prior period adjustment				
Net assets - beginning of year, as restated				
Net assets - end of year				

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Sheridan Area Water Supply	Sheridan Economic and Educational Development Authority	Total
\$ (9,120)	\$ -	\$ (9,120)	\$ -	\$ -	\$ -
(5,925,256)	-	(5,925,256)	-	-	-
2,805	-	2,805	-	-	-
(31,911)	-	(31,911)	-	-	-
(404,205)	-	(404,205)	-	-	-
(102,279)	-	(102,279)	-	-	-
(3,576,749)	-	(3,576,749)	-	-	-
(10,046,715)	-	(10,046,715)	-	-	-
-	(74,807)	(74,807)	-	-	-
-	456,165	456,165	-	-	-
-	(318,698)	(318,698)	-	-	-
-	(342,043)	(342,043)	-	-	-
-	(279,383)	(279,383)	-	-	-
(10,046,715)	(279,383)	(10,326,098)	-	-	-
-	-	-	353,517	-	353,517
-	-	-	-	1,085,943	1,085,943
-	-	-	353,517	1,085,943	1,439,460
1,747,362	-	1,747,362	-	-	-
243,444	-	243,444	-	-	-
13,425,468	-	13,425,468	-	-	-
760,730	-	760,730	-	-	-
295,404	-	295,404	-	-	-
33,175	41,628	74,803	35,127	34	35,161
(2,824,202)	2,824,202	-	-	-	-
13,681,381	2,865,830	16,547,211	35,127	34	35,161
3,634,666	2,586,447	6,221,113	388,644	1,085,977	1,474,621
70,520,492	82,825,645	153,346,137	30,607,068	3,455,994	34,063,062
-	(1,570,473)	(1,570,473)	-	-	-
70,520,492	81,255,172	151,775,664	30,607,068	3,455,994	34,063,062
\$ 74,155,158	\$ 83,841,619	\$ 157,996,777	\$ 30,995,712	\$ 4,541,971	\$ 35,537,683

CITY OF SHERIDAN, WYOMING

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011**

	General Fund	Debt Service Fund	Capital Facilities Fund	Capital Projects Fund
ASSETS				
Cash and cash equivalents	\$ 6,385,862	\$ 308,013	\$ 1,232,220	\$ 749,039
Investments	319,658	-	-	-
Accounts receivable, net	354,493	-	-	-
Special assessments receivable, net	-	1,298,631	-	-
Due from other governments	1,063,368	-	540	231,860
Due from other funds	430,729	-	-	-
Interest receivable	1,273	3,093	-	-
Restricted cash	139,094	-	-	-
Prepaid expense	66,235	-	-	-
Total assets	<u>\$ 8,760,712</u>	<u>\$ 1,609,737</u>	<u>\$ 1,232,760</u>	<u>\$ 980,899</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Outstanding checks in excess of bank balance	\$ -	\$ -	\$ -	\$ -
Accounts payable	579,461	-	540	514,321
Accrued liabilities	621,154	-	-	-
Deferred revenue	-	1,298,459	-	-
Compensated absences payable	91,961	-	-	-
Total liabilities	<u>1,292,576</u>	<u>1,298,459</u>	<u>540</u>	<u>514,321</u>
Fund balances				
Nonspendable	66,235	-	-	-
Restricted for debt service	-	311,278	-	-
Restricted by donor	-	-	-	-
Committed	1,468,321	-	-	-
Unassigned	5,933,580	-	1,232,220	466,578
Total fund balances	<u>7,468,136</u>	<u>311,278</u>	<u>1,232,220</u>	<u>466,578</u>
Total liabilities and fund balances	<u>\$ 8,760,712</u>	<u>\$ 1,609,737</u>	<u>\$ 1,232,760</u>	<u>\$ 980,899</u>

See accompanying notes to the financial statements

Other Nonmajor Governmental Funds	Total
\$ 724,065	\$ 9,399,199
-	319,658
2,902	357,395
-	1,298,631
360,739	1,656,507
-	430,729
-	4,366
-	139,094
14,960	81,195
<u>\$ 1,102,666</u>	<u>\$13,686,774</u>

\$ 33,958	\$ 33,958
473,444	1,567,766
10,717	631,871
-	1,298,459
-	91,961
<u>518,119</u>	<u>3,624,015</u>

14,960	81,195
-	311,278
4,000	4,000
-	1,468,321
565,587	8,197,965
<u>584,547</u>	<u>10,062,759</u>
<u>\$ 1,102,666</u>	<u>\$13,686,774</u>

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CITY OF SHERIDAN, WYOMING

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO
THE STATEMENT OF NET ASSETS

June 30, 2011

Total fund balances - governmental funds		\$ 10,062,759
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		65,709,969
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		1,298,459
Some liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds.		
Capital leases	(754,525)	
Compensated absences	(1,128,465)	
Compensated absences due and payable in the funds.	91,961	
Other long-term debt	<u>(1,125,000)</u>	<u>(2,916,029)</u>
Net assets of governmental activities		<u>\$ 74,155,158</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, 2011**

	General Fund	Debt Service	Capital Facilities Fund
Revenues			
Taxes	\$ 12,934,754	\$ -	\$ 2,568,080
Licenses and permits	678,192	-	-
Intergovernmental	25,975	-	-
Special assessments	-	243,444	-
Fines and forfeitures	383,123	-	-
Charges for services	126,870	-	-
Net investment income	27,344	-	4,413
Contributions	6,000	-	-
Miscellaneous	156,471	-	-
Total revenues	<u>14,338,729</u>	<u>243,444</u>	<u>2,572,493</u>
Expenditures			
Current			
General government	2,908,778	-	-
Public safety	6,750,593	-	-
Public works	2,275,252	3,025	-
Parks and recreation	522,968	-	-
Capital outlay	287,564	-	-
Debt service - principal	315,358	425,000	-
interest	33,138	69,141	-
Total expenditures	<u>13,093,651</u>	<u>497,166</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,245,078</u>	<u>(253,722)</u>	<u>2,572,493</u>
Other financing sources (uses)			
Operating transfers in	1,636,117	42,800	142,852
Operating transfers out	(1,939,975)	-	(2,771,525)
Total other financing sources (uses)	<u>(303,858)</u>	<u>42,800</u>	<u>(2,628,673)</u>
Net change in fund balances	941,220	(210,922)	(56,180)
Fund balances (deficits) - beginning of year	<u>6,526,916</u>	<u>522,200</u>	<u>1,288,400</u>
Fund balances - end of year	<u>\$ 7,468,136</u>	<u>\$ 311,278</u>	<u>\$ 1,232,220</u>

See accompanying notes to the financial statements

Capital Projects Fund	Other Nonmajor Governmental Funds	Total
\$ -	\$ 430,726	\$ 15,933,560
-	-	678,192
3,554,929	1,281,661	4,862,565
-	-	243,444
-	-	383,123
-	-	126,870
-	1,418	33,175
-	182,085	188,085
26,891	112,042	295,404
<u>3,581,820</u>	<u>2,007,932</u>	<u>22,744,418</u>
-	589,704	3,498,482
-	313,864	7,064,457
1,279,010	561,632	4,118,919
-	25,915	548,883
1,337,359	989,064	2,613,987
-	-	740,358
-	-	102,279
<u>2,616,369</u>	<u>2,480,179</u>	<u>18,687,365</u>
<u>965,451</u>	<u>(472,247)</u>	<u>4,057,053</u>
2,655,053	274,295	4,751,117
(2,846,745)	(17,074)	(7,575,319)
<u>(191,692)</u>	<u>257,221</u>	<u>(2,824,202)</u>
773,759	(215,026)	1,232,851
(307,181)	799,573	8,829,908
<u>\$ 466,578</u>	<u>\$ 584,547</u>	<u>\$ 10,062,759</u>

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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, 2011

Change in fund balances as reported in the governmental fund statement		\$ 1,232,851
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	\$ 6,660,232	
Loss on disposal	(1,206,680)	
Depreciation	<u>(3,576,749)</u>	1,876,803
Certain revenues are not recognized as current financial resources and, therefore, are not reported as revenues in governmental funds.		
Current year deferred revenue	1,298,459	
Prior year deferred revenue	<u>(1,444,572)</u>	(146,113)
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.		
		425,000
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.		
		375,277
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	91,961	
Compensated absences - current year	(1,128,465)	
Compensated absences - prior year	<u>907,352</u>	<u>(129,152)</u>
Change in net assets of governmental activities		<u>\$ 3,634,666</u>

See accompanying notes to the financial statements

CITY OF SHERIDAN, WYOMING

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS

June 30, 2011

ASSETS	Solid Waste Fund	Water and Sewer Fund	Golf Fund
	<u> </u>	<u> </u>	<u> </u>
Current assets			
Cash and cash equivalents	\$ 3,311,353	\$ 3,471,579	\$ -
Service receivables, net	367,550	851,045	6,057
Investments	26,420	158,251	-
Due from other funds	-	-	61,507
Due from other governments	360,056	255,912	-
Inventory	-	55,746	-
Interest receivable	-	512	-
Prepaid expenses	4,297	18,436	735
Restricted cash	95,404	8,223	187,952
Total current assets	<u>4,165,080</u>	<u>4,819,704</u>	<u>256,251</u>
 Capital assets, net of accumulated depreciation	 7,286,849	 77,826,908	 1,354,302
Total assets	<u>11,451,929</u>	<u>82,646,612</u>	<u>1,610,553</u>
 LIABILITIES			
Current liabilities			
Outstanding checks in excess of bank balance	-	-	100,802
Accounts payable	91,799	191,484	8,309
Accrued liabilities	101,605	177,776	-
Accrued interest payable	87,931	65,673	46,053
Due to other funds	228,773	19,684	-
Deposits due others	-	104,392	-
Compensated absences payable, current portion	107,411	214,574	-
Current portion of capital lease	415,839	18,973	98,981
Current portion of notes payable	312,655	226,780	-
Total current liabilities	<u>1,346,013</u>	<u>1,019,336</u>	<u>254,145</u>
 Long-term liabilities			
Landfill closure liability	911,899	-	-
Notes payable	2,415,425	4,172,354	-
Compensated absences payable	10,023	15,404	-
Obligation under capital lease	862,923	18,542	947,955
Total long-term liabilities	<u>4,200,270</u>	<u>4,206,300</u>	<u>947,955</u>
 NET ASSETS			
Invested in capital assets, net of related debt	3,280,007	73,390,259	307,366
Unrestricted	2,625,639	4,030,717	101,087
Total net assets	<u>\$ 5,905,646</u>	<u>\$ 77,420,976</u>	<u>\$ 408,453</u>

See accompanying notes to the financial statements

Nonmajor Funds	Totals
\$ 267,076	\$ 7,050,008
80,298	1,304,950
-	184,671
-	61,507
36,778	652,746
-	55,746
-	512
2,801	26,269
24,692	316,271
<u>411,645</u>	<u>9,652,680</u>
214,978	86,683,037
<u>626,623</u>	<u>96,335,717</u>
-	100,802
13,143	304,735
35,947	315,328
-	199,657
243,779	492,236
-	104,392
13,951	335,936
57,041	590,834
-	539,435
<u>363,861</u>	<u>2,983,355</u>
-	911,899
-	6,587,779
100,678	126,105
55,540	1,884,960
<u>156,218</u>	<u>9,510,743</u>
102,397	77,080,029
4,147	6,761,590
<u>\$ 106,544</u>	<u>\$ 83,841,619</u>

CITY OF SHERIDAN, WYOMING

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

Year Ended June 30, 2011

	Solid Waste Fund	Water and Sewer Fund	Golf Fund
Operating revenue			
Service fees	\$ 3,527,518	\$ 4,623,959	\$ 332,974
Other operating revenue	37,414	-	-
Total operating revenues	<u>3,564,932</u>	<u>4,623,959</u>	<u>332,974</u>
Operating expenses			
Salaries and benefits	1,355,019	2,351,915	-
Other operating expenses	1,360,663	1,428,488	381,674
Landfill closure costs	30,803	-	-
Depreciation expense	755,231	2,324,069	179,827
Total operating expenses	<u>3,501,716</u>	<u>6,104,472</u>	<u>561,501</u>
Operating income (loss)	63,216	(1,480,513)	(228,527)
Nonoperating revenues (expenses)			
Net investment income	10,090	31,249	-
Interest expense	(314,463)	(174,660)	(87,380)
Loss on disposal of assets	(12,387)	(21,783)	(2,791)
Total nonoperating revenues (expenses)	<u>(316,760)</u>	<u>(165,194)</u>	<u>(90,171)</u>
Loss before contributions and transfers	(253,544)	(1,645,707)	(318,698)
Grants and contributions	188,827	2,133,121	-
Operating transfers in	2,664,514	8,527,314	200,000
Operating transfers out	<u>(3,083,827)</u>	<u>(5,906,047)</u>	<u>(19,007)</u>
Change in net assets	(484,030)	3,108,681	(137,705)
Net assets - beginning of year, as previously reported	6,389,676	75,882,768	546,158
Prior period adjustment	-	(1,570,473)	-
Net assets - beginning of year, as restated	<u>6,389,676</u>	<u>74,312,295</u>	<u>546,158</u>
Net assets - end of year	<u>\$ 5,905,646</u>	<u>\$ 77,420,976</u>	<u>\$ 408,453</u>

See accompanying notes to the financial statements

Nonmajor Funds	Totals
\$ 240,082	\$ 8,724,533
144,896	182,310
<u>384,978</u>	<u>8,906,843</u>
486,230	4,193,164
180,636	3,351,461
-	30,803
59,470	3,318,597
<u>726,336</u>	<u>10,894,025</u>
(341,358)	(1,987,182)
289	41,628
-	(576,503)
(685)	(37,646)
<u>(396)</u>	<u>(572,521)</u>
(341,754)	(2,559,703)
-	2,321,948
500,000	11,891,828
(58,745)	(9,067,626)
<u>99,501</u>	<u>2,586,447</u>
7,043	82,825,645
-	(1,570,473)
<u>7,043</u>	<u>81,255,172</u>
<u>\$ 106,544</u>	<u>\$ 83,841,619</u>

CITY OF SHERIDAN, WYOMING

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended June 30, 2011

	Business-type Activities - Enterprise Funds		
	Solid Waste Fund	Water and Sewer Fund	Golf Fund
Cash flows from Operating Activities			
Receipts from customers and users	\$ 3,712,196	\$ 4,621,991	\$ 343,954
Payments to suppliers	(1,770,510)	(2,001,407)	(463,917)
Payments to employees	(1,339,712)	(2,345,891)	-
Net cash provided by (used in) operating activities	<u>601,974</u>	<u>274,693</u>	<u>(119,963)</u>
Cash flows from Noncapital Financing Activities			
Operating transfers in	2,664,514	8,527,314	200,000
Operating transfers out	(3,083,827)	(5,906,047)	(19,007)
Net cash provided by (used in) noncapital financing activities	<u>(419,313)</u>	<u>2,621,267</u>	<u>180,993</u>
Cash Flows from Capital and Related Financing Activities			
Capital grants from federal and state sources	188,827	3,122,941	-
Acquisition of notes payable	-	1,547,806	-
Principal payments on notes payable to the Office of State Land and Investments	(305,132)	(73,141)	-
Principal payments on capital leases	(478,985)	(18,266)	(51,749)
Interest paid on capital debt	(326,987)	(139,489)	(90,715)
Purchases of property and equipment	(27,930)	(7,057,644)	-
Net cash used in financing activities	<u>(950,207)</u>	<u>(2,617,793)</u>	<u>(142,464)</u>
Cash Flows from Investing Activities			
Purchase of investments	(26,420)	(158,251)	-
Interest received	10,090	31,262	-
Net cash provided by (used in) investing activities	<u>(16,330)</u>	<u>(126,989)</u>	<u>-</u>
 Net increase (decrease) in cash and cash equivalents	 (783,876)	 151,178	 (81,434)
Cash and cash equivalents - beginning of year	4,190,633	3,328,624	168,584
Cash and cash equivalents - end of year	<u>\$ 3,406,757</u>	<u>\$ 3,479,802</u>	<u>\$ 87,150</u>
Reported in the following captions			
Cash and cash equivalents	3,311,353	3,471,579	-
Restricted cash	95,404	8,223	187,952
Outstanding checks in excess of bank balance	-	-	(100,802)
	<u>\$ 3,406,757</u>	<u>\$ 3,479,802</u>	<u>\$ 87,150</u>

See accompanying notes to the financial statements

Nonmajor Funds	Totals
\$ 439,905	\$ 9,118,046
(195,365)	(4,431,199)
(475,252)	(4,160,855)
<u>(230,712)</u>	<u>525,992</u>
500,000	11,891,828
(58,745)	(9,067,626)
<u>441,255</u>	<u>2,824,202</u>
-	3,311,768
-	1,547,806
-	(378,273)
(54,846)	(603,846)
-	(557,191)
-	(7,085,574)
<u>(54,846)</u>	<u>(3,765,310)</u>
-	(184,671)
289	41,641
<u>289</u>	<u>(143,030)</u>
155,986	(558,146)
135,782	7,823,623
<u>\$ 291,768</u>	<u>\$ 7,265,477</u>
267,076	7,050,008
24,692	316,271
-	(100,802)
<u>\$ 291,768</u>	<u>\$ 7,265,477</u>

(Continued)

CITY OF SHERIDAN, WYOMING

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)
 Year Ended June 30, 2011

	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)	\$ 63,216	\$ (1,480,513)	\$ (228,527)
Adjustments to reconcile operating income (loss) to cash provided by (used in) operating activities			
Depreciation	755,231	2,324,069	179,827
Landfill closure costs	30,803	-	-
Increase (decrease) in cash as a result of changes in operating assets and liabilities			
Service receivables, net	97,198	88	10,980
Due from other governments	50,066	-	-
Inventory	-	(7,179)	-
Prepaid expenses	(4,297)	(18,436)	(735)
Accounts payable	(405,550)	(547,304)	(81,508)
Accrued liabilities	(874)	(3,397)	-
Due to other funds	-	-	-
Deposits due others	-	(2,056)	-
Compensated absences payable	16,181	9,421	-
Net cash provided by (used in) operating activities	<u>\$ 601,974</u>	<u>\$ 274,693</u>	<u>\$ (119,963)</u>

See accompanying notes to the financial statements

Nonmajor Funds	Totals
\$ (341,358)	\$ (1,987,182)
59,470	3,318,597
-	30,803
(20,421)	87,845
13,821	63,887
-	(7,179)
(2,801)	(26,269)
(11,928)	(1,046,290)
(11,357)	(15,628)
61,527	61,527
-	(2,056)
22,335	47,937
<u>\$ (230,712)</u>	<u>\$ 525,992</u>

CITY OF SHERIDAN, WYOMING

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS**

June 30, 2011

	Crime Victims Fund	Wyoming Court Automation Fees Fund	Employee Benefits Fund	Total
ASSETS				
Cash	\$ 1,200	\$ 2,154	\$ 2,904	\$ 6,258
 Total assets	 \$ 1,200	 \$ 2,154	 \$ 2,904	 \$ 6,258
LIABILITIES				
Accounts payable	\$ 1,200	\$ 2,154	\$ -	\$ 3,354
Due to employees	-	-	2,904	2,904
 Total liabilities	 \$ 1,200	 \$ 2,154	 \$ 2,904	 \$ 6,258

See accompanying notes to the financial statements

CITY OF SHERIDAN, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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 a component unit 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. The governing boards of these component units are appointed collectively by the City, Northern Wyoming Community College, and Sheridan County School District 2. Both of the component units described below issue their own financial statements.

1. The *Sheridan Area Water Supply Joint Powers Board* 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 (JPB)* was created to foster collaboration in construction and operation of facilities and programs furthering educational and economic development of Sheridan County. 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 assets and the statement of changes in net assets) 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 FINANCIAL STATEMENTS

June 30, 2011

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. 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.

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

CITY OF SHERIDAN, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The *capital projects fund* is a capital projects fund which accounts for the resources collected and the expenditures made on capital projects.

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.

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.

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

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

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.

CITY OF SHERIDAN, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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

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.

All trade, utility, and property tax receivables, are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles. 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 2011 property taxes were levied as of July 1, 2010 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, 2011. 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.

CITY OF SHERIDAN, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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

Prepaid Items

Prepaid items represent payments made to vendors for services that will benefit periods beyond June 30, 2011 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, 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

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, 2011.

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.

CITY OF SHERIDAN, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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

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 \$1,591,000 for accrued vacation, sick and holiday leave, with accrued benefits as of June 30, 2011, 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, 2011.

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 were \$61 at the end of fiscal year end June 30, 2011.

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. 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 assets are reported as restricted when constraints placed on net assets 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 FINANCIAL STATEMENTS

June 30, 2011

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 County's deposits may not be returned to it. State statutes require that the County'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, 2011, 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.

As of June 30, 2011, the City had the following investments:

Interest Rate Risk

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 (GNMA) (interest rates from 3.50% to 8.00%)	\$ 402,648	\$ -	\$ -	\$ -	\$ 402,648
U.S. sponsored entity obligations (FNMA) (interest rates from 2.50% to 5.00%)	101,681	-	-	91,115	10,566
	<u>\$ 504,329</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,115</u>	<u>\$ 413,214</u>

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.

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.

CITY OF SHERIDAN, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 2. Cash and Investments (Continued)

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 except the ambulance fund, which is estimated at 35% of current receivables. The City has determined that uncollectible accounts for delinquent special assessments are immaterial and, therefore, no change to the allowance has been required since June 30, 2000.

Allowances for uncollectible receivables are as follows:

Water and Sewer Fund	\$	23,120
Solid Waste Fund		17,638
Ambulance Fund		10,101
Mosquito Control Fund		93
Total	\$	<u>50,952</u>

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CITY OF SHERIDAN, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 4. Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balance June 30, 2010	Increases Transfers In	Decreases Transfers Out	Balance June 30, 2011
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 4,943,160	\$ 11,822	\$ (1,171,000)	\$ 3,783,982
Construction in progress	17,669,483	5,944,051	(17,331,397)	6,282,137
Total capital assets, not being depreciated	<u>22,612,643</u>	<u>5,955,873</u>	<u>(18,502,397)</u>	<u>10,066,119</u>
Capital assets, being depreciated				
Infrastructure	47,222,980	15,957,205	-	63,180,185
Buildings	10,851,257	-	(138,485)	10,712,772
Improvements other than buildings	6,834,932	1,488,740	(141,873)	8,181,799
Machinery and equipment	11,909,678	589,811	(1,066,806)	11,432,683
Total capital assets, being depreciated	<u>76,818,847</u>	<u>18,035,756</u>	<u>(1,347,164)</u>	<u>93,507,439</u>
Less accumulated depreciation for				
Infrastructure	19,593,599	2,332,166	-	21,925,765
Buildings	4,558,318	258,368	(117,151)	4,699,535
Improvements other than buildings	3,093,903	324,052	(129,210)	3,288,745
Machinery and equipment	8,352,504	662,163	(1,065,123)	7,949,544
Total accumulated depreciation	<u>35,598,324</u>	<u>3,576,749</u>	<u>(1,311,484)</u>	<u>37,863,589</u>
Total capital assets, being depreciated, net	<u>41,220,523</u>	<u>14,459,007</u>	<u>(35,680)</u>	<u>55,643,850</u>
Governmental activities capital assets, net	<u>\$ 63,833,166</u>	<u>\$20,414,880</u>	<u>\$ (18,538,077)</u>	<u>\$65,709,969</u>

Assets acquired through capital leases of \$2,183,296 are included above. The related accumulated depreciation on those assets was \$733,532 as of June 30, 2011.

Depreciation expense for the governmental activities has not been allocated to specific functions.

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CITY OF SHERIDAN, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 4. Capital Assets (Continued)

	Balance June 30, 2010	Increases Transfers In	Decreases Transfers Out	Balance June 30, 2011
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 1,640,138	\$ -	\$ -	\$ 1,640,138
Construction in progress	11,284,969	6,840,175	(4,811,707)	13,313,437
Total capital assets, not being depreciated	<u>12,925,107</u>	<u>6,840,175</u>	<u>(4,811,707)</u>	<u>14,953,575</u>
Capital assets, being depreciated				
Buildings	19,885,776	-	(81,515)	19,804,261
Improvements other than buildings	69,936,135	4,842,575	(92,774)	74,685,936
Machinery and equipment	11,463,990	214,532	(516,801)	11,161,721
Total capital assets, being depreciated	<u>101,285,901</u>	<u>5,057,107</u>	<u>(691,090)</u>	<u>105,651,918</u>
Less accumulated depreciation for				
Buildings	10,733,012	602,360	(69,260)	11,266,112
Improvements other than buildings	13,118,660	1,852,508	(70,145)	14,901,023
Machinery and equipment	7,405,630	863,729	(514,038)	7,755,321
Total accumulated depreciation	<u>31,257,302</u>	<u>3,318,597</u>	<u>(653,443)</u>	<u>33,922,456</u>
Total capital assets, being depreciated, net	<u>70,028,599</u>	<u>1,738,510</u>	<u>(37,647)</u>	<u>71,729,462</u>
Business-type activities capital assets, net	<u>\$ 82,953,706</u>	<u>\$ 8,578,685</u>	<u>\$ (4,849,354)</u>	<u>\$86,683,037</u>

Assets acquired through capital leases of \$4,137,368 are included above. The related accumulated depreciation on those assets was \$1,846,724 as of June 30, 2011.

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

Solid waste	\$ 755,231
Water and sewer	2,324,069
Golf	179,827
Ambulance	53,021
Mosquito	6,449
Total depreciation expense - business-type activities	<u>\$ 3,318,597</u>

CITY OF SHERIDAN, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 5. 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 70	Gravel Street Paving	Phase III
Special Improvement District 71	Gravel Street Paving	Brundage
Special Improvement District 73	Gravel Street Paving	Dana/Downer
Special Improvement District 74	Gravel Street Paving	Crook Street
Special Improvement District 75	Gravel Street Paving/Utility Replacement	North of Fifth St.
Special Improvement District 76	Main Street Enhancements	Main Street
Special Improvement District 77	Street Paving/Utility Replacement	N. Broadway

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 revolving debt retirement fund. The revolving fund balance was \$374,400 as of June 30, 2011.

Special improvement district bonds outstanding as of June 30, 2011, were as follows:

	Balance June 30, 2010	Issued	Retired	Balance June 30, 2011
Special Improvement District 70, issued December 1, 1996, interest at 4.65% to 5.50%; matures July 1, 2012, redeemable to the extent of assessment collections in direct numerical order on any interest date, redeemed November, 2010.	\$ 50,000	\$ -	\$ (50,000)	\$ -
Special Improvement District 71, issued July 15, 1997, interest at 4.50% to 5.75%; matures July 1, 2012, redeemable to the extent of assessment collections in direct numerical order on any interest date, redeemed November, 2010.	20,000	-	(20,000)	-

(Continued)

CITY OF SHERIDAN, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 5. Long-Term Debt (Continued)

Special Assessment Bonds (Continued)

	<u>Balance June 30, 2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2011</u>
Special Improvement District 73, issued July 15, 1997, interest at 4.50% to 5.75%; matures June 1, 2012, redeemable to the extent of assessment collections in direct numerical order on any interest date, redeemed December, 2010.	\$ 20,000	\$ -	\$ (20,000)	\$ -
Special Improvement District 74, issued June 1, 1997, interest at 4.50% to 5.75%; matures June 1, 2012, redeemable to the extent of assessment collections in direct numerical order on any interest date, redeemed November, 2010.	35,000	-	(35,000)	-
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.	140,000	-	(95,000)	45,000
Special Improvement District 76, issued September 15, 2003, interest at 2.0% to 5.10%; matures August 1, 2013, redeemable to the extent of assessment collections in direct numerical order on any interest date.	35,000	-	(25,000)	10,000
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.	1,250,000	-	(180,000)	1,070,000
	<u>\$ 1,550,000</u>	<u>\$ -</u>	<u>\$ (425,000)</u>	<u>1,125,000</u>
Less current portion				-
Total Special Assessment Bonds				<u>\$ 1,125,000</u>

CITY OF SHERIDAN, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 5. Long-Term Debt (Continued)

Special Assessment Bonds (Continued)

The debt service requirements for special assessment bonds for each of the next five years are as follows:

	Principal	Interest	Total
2012	\$ -	\$ 48,592	\$ 48,592
2013	-	49,455	49,455
2014	125,000	49,180	174,180
2015	150,000	44,150	194,150
2016	125,000	38,675	163,675
2017-2021	625,000	111,594	736,594
2022-2026	100,000	4,925	104,925
	<u>\$ 1,125,000</u>	<u>\$ 346,571</u>	<u>\$ 1,471,571</u>

The City has entered into three 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 sewer cleaning vacuum, subject to refunding clause, annual payments of \$12,466 including interest at 5.25%, expires October 2011, collateralized by sewer cleaning vacuum	\$ 18,997
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	101,504
Obligation under capital lease of tax exempt equipment, subject to refunding clause, annual payments of \$338,130 including interest at 3.99%, expires December 2016, collateralized by equipment	634,023
	<u>\$ 754,524</u>

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

2012	\$ 404,575
2013	108,564
2014	108,341
2015	70,194
2016	70,304
Thereafter	70,332
	832,310
Less amount representing interest	(77,786)
Net present value of minimum lease payments	<u>\$ 754,524</u>

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 FINANCIAL STATEMENTS
June 30, 2011

Note 5. Long-Term Debt (Continued)

Business-Type Activities

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

	June 30, 2010 as Restated	Issued	Retired	Balance June 30, 2011
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	\$ 870,409	\$ -	\$ (46,665)	\$ 823,744
State Land and Investment Board loan, Drinking Water SRF, due in annual installments of \$39,094, including interest of 2.5%, due September 2024	483,588	-	(26,476)	457,112
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	860,508	878,492	-	1,739,000
State Land and Investment Board loan, Sheridan North Main Project, Clean Water SRF #109, due in annual installments of \$61,961, due April 2030, currently in construction, amortization will be finalized one year after completion of construction	537,806	513,180	-	1,050,986
State Land and Investment Board loan, North Main Project Street Reconstruction, Drinking Water SRF #101, due in annual installments of \$15,592, due April 2030, currently in construction, amortization will be finalized one year after completion of construction	172,158	139,688	-	311,846

(continued)

CITY OF SHERIDAN, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 5. Long-Term Debt (Continued)

	Balance June 30, 2010 as Restated	Issued	Retired	Balance June 30, 2011
Water and Sewer Fund (Continued)				
State Land and Investment Board loan, North Main Project Street Reconstruction, Drinking Water SRF #101, due in annual installments of \$3,898, including interest of 2.5%, due April 2030, currently in construction, amortization will be finalized one year after completion of construction	\$ - <u>2,924,469</u>	\$ 16,446 <u>1,547,806</u>	\$ - <u>(73,141)</u>	\$ 16,446 <u>4,399,134</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	2,423,883	-	(243,835)	2,180,048
State Land and Investment Board loan, Landfill Improvements Project, due in annual installments of \$76,456, including interest of 2.5%, due April 2018	609,329 <u>3,033,212</u>	- <u>-</u>	(61,297) <u>(305,132)</u>	548,032 <u>2,728,080</u>
Total for all business-type activities				7,127,214
Less current portion				539,435
				<u>\$ 6,587,779</u>

CITY OF SHERIDAN, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 5. Long-Term Debt (Continued)

The debt service requirements for business-type activities for each of the next five years are as follows:

	Principal	Interest	Total
2012	\$ 539,435	\$ 149,085	\$ 688,520
2013	551,323	130,849	682,172
2014	562,936	119,236	682,172
2015	574,837	107,336	682,173
2016	583,987	95,142	679,129
2017-2021	2,340,178	291,350	2,631,528
2022-2026	1,257,899	124,254	1,382,153
2027-2031	716,619	38,871	755,490
Total amortizing debt	<u>\$ 7,127,214</u>	<u>\$ 1,056,123</u>	<u>\$ 8,183,337</u>

The City has entered into three 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 pumphouse, subject to refunding clause, annual payments of \$20,993 plus interest at 5.6%, expires July 2013, collateralized by pumphouse	\$ 79,453
Obligation under capital lease of an irrigation system, subject to refunding clause, varying annual payments from approximately \$81,000-89,000, with a final balloon payment of \$210,500, plus various interest rates averaging 4.87%, expires July 2022, collateralized by irrigation system	876,901
Obligation under capital lease of golf carts, subject to refunding clause, annual payments of \$18,498 plus interest at 3.71%, with a final balloon payment of \$60,500, expires November 2012, collateralized by golf carts	90,582
	<u>\$ 1,046,936</u>

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

2012	\$ 147,639
2013	150,749
2014	148,640
2015	85,965
2016	88,740
Thereafter	777,054
	<u>1,398,787</u>
Less amount representing interest	(351,851)
Net present value of minimum lease payments	<u>\$ 1,046,936</u>

CITY OF SHERIDAN, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 5. Long-Term Debt (Continued)

The Solid Waste fund also has the following capital lease outstanding as of June 30, 2011:

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	\$ 103,846
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	346,433
Obligation under capital lease of tax exempt equipment, subject to refunding clause, annual payments of \$231,920 including interest at 3.99%, expires December 2016, collateralized by equipment	434,881
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	393,602
	\$ 1,278,762

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

2012	\$ 449,493
2013	259,744
2014	408,871
2015	146,569
2016	48,244
Thereafter	48,068
	1,360,989
Less amount representing interest	(82,227)
Net present value of minimum lease payments	\$ 1,278,762

The Ambulance fund also has the following capital lease outstanding as of June 30, 2011:

Obligation under capital lease of tax exempt equipment, subject to refunding clause, annual payments of \$59,995 including interest at 3.99%, expires December 2016, collateralized by equipment	\$ 112,581
	\$ 112,581

CITY OF SHERIDAN, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 5. Long-Term Debt (Continued)

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

	2012	\$	61,531
	2013		12,459
	2014		12,419
	2015		12,457
	2016		12,476
	Thereafter		12,545
			123,887
Less amount representing interest			(11,306)
Net present value of minimum lease payments		\$	112,581

The Water fund also has the following capital lease outstanding as of June 30, 2011:

Obligation under capital lease of tax exempt equipment, subject to refunding clause, annual payments of \$19,955 including interest at 3.99%, expires December 2016, collateralized by equipment	\$	37,515
	\$	37,515

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

	2012	\$	20,466
	2013		4,144
	2014		4,131
	2015		4,143
	2016		4,150
	Thereafter		4,242
			41,276
Less amount representing interest			(3,761)
Net present value of minimum lease payments		\$	37,515

CITY OF SHERIDAN, WYOMING
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

Note 5. Long-Term Debt (Continued)

The following is a summary of the changes in the long-term liabilities of the City for the year ended June 30, 2011:

	Beginning Balance as Restated	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Special Improvement District Bonds	\$ 1,550,000	\$ -	\$ (425,000)	\$ 1,125,000	\$ -
Capital leases	1,129,802	-	(375,277)	754,525	372,131
Compensated absences	907,352	1,128,465	(907,352)	1,128,465	667,830
Governmental activity long-term liabilities	\$ 3,587,154	\$ 1,128,465	\$ (1,707,629)	\$ 3,007,990	\$ 1,039,961
Business-type activities					
Capital leases	\$ 3,079,640	\$ -	\$ (603,846)	\$ 2,475,794	\$ 590,834
Landfill closure liability	881,096	30,803	-	911,899	-
Notes payable	5,957,681	1,547,806	(378,273)	7,127,214	539,435
Compensated absences	414,104	462,041	(414,104)	462,041	335,936
Business-type activity long-term liabilities	\$ 10,332,521	\$ 2,040,650	\$ (1,396,223)	\$ 10,976,948	\$ 1,466,205

Note 6. Fund Equity

In order to meet future needs, the City Council has committed \$1,468,321 of fund equity within the general fund for reserves and emergency needs.

The following funds reported negative fund balance as of June 30, 2011.

Fund	Fund Deficit
Bike Trail Project Fund	\$ (49,548)
Ambulance Fund	\$ (78,126)

The deficit in each of these funds is expected to be restored by future revenues or transfers from general fund revenues.

Note 7. 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's required contribution to the System for the years ended June 30, 2011, 2010, and 2009 was \$845,503, \$838,569, and \$835,945, respectively. An overview of the different plans follows.

CITY OF SHERIDAN, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 7. Defined Benefit Pension Plan (Continued)

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 is 7.00% is paid by the employee and 7.12% is paid by the City.

Effective September 1, 2010, the Wyoming Retirement System increased the employer and employee contributions for regular employees by 1.44% and 1.43%, respectively. The City elected to pay the increased contribution on their portion while employees will be responsible for the increase to the employee portion.

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.

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.

Note 8. 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 \$911,899 reported as landfill closure and postclosure care liability at June 30, 2011, represents the cumulative amount estimated to date based on the use of 72% of the estimated capacity of the site. The City will recognize the remaining estimated cost of closure and postclosure care of \$359,078 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 2011. 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 12 years.

The current year expenditure for landfill closure and postclosure care reflected in the Solid Waste Fund was \$30,803.

CITY OF SHERIDAN, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 9. Prior Period Adjustment

During the year ended June 30, 2011, it was discovered that federal loan proceeds of \$1,570,473 had not been identified and recorded as debt in the prior year. An adjustment to the beginning equity of the water and sewer fund was necessary to correct the loan balance. The detail of the effect on the current year financial statements of this adjustment is as follows:

Government-wide Presentation

Net assets - beginning of year	\$ 82,825,645
Net (decrease) due to prior period adjustment	<u>(1,570,473)</u>
Net assets - beginning of year as restated	<u>\$ 81,255,172</u>

Proprietary Funds

Fund balance - beginning of year	\$ 75,882,768
Net (decrease) due to prior period adjustment	<u>(1,570,473)</u>
Fund balance - beginning of year as restated	<u>\$ 74,312,295</u>

Note 10. Revised Equity for Sheridan Area Water Supply Joint Powers Board

After the presentation and issuance of the City of Sheridan's basic financial statements as of June 30, 2010, the financial report for the Sheridan Area Water Supply (SAWS) was revised. The revision was related to the Pipeline loan. Interest expense payable at June 30, 2010 increased by \$15,802, the current portion of long-term debt increased by \$42,985, and the long-term debt increased by \$1,010,385. This change decreased net assets by \$1,069,172. The beginning net asset number for SAWS has been changed for the revised financial statement.

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CITY OF SHERIDAN, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 11. Budgetary Compliance

For the year ended June 30, 2011, the following expenditures exceeded their departmental budgets; this is a violation of Wyoming State Statute §16-4-108.

	<u>Budget</u>	<u>Expenditure</u>	<u>Over Expenditure</u>
General Fund			
General Government	\$ 2,742,015	\$ 2,908,778	(166,763)
Parks and Recreation	516,337	522,968	(6,631)
Debt Service			
Public Works	-	3,025	(3,025)
Community Promotion Fund			
Public Works	32,150	351,489	(319,339)
Bike Trail Project Fund			
Public Works	-	160,595	(160,595)
Solid Waste Fund			
Public Works	1,227,175	1,353,717	(126,542)
Water and Sewer Fund			
Salaries and Benefits	2,325,720	2,328,763	(3,043)
Ambulance Fund			
Salaries and Benefits	389,852	482,209	(92,357)
Public Safety	67,803	103,100	(35,297)
Mosquito Fund			
Public Works	137,000	158,790	(21,790)

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CITY OF SHERIDAN, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

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. 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 2011 were approximately \$107,000.

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 2011 and 2010 were as follows for the City's participation in the Unemployment Compensation Act Program:

	Fiscal Year Ended 2011	Fiscal Year Ended 2010
Unpaid claims, beginning of year	\$ -	\$ -
Incurred claims	52,553	92,419
Claim payments	(52,553)	(92,419)
Unpaid claims, end of year	<u>\$ -</u>	<u>\$ -</u>

Note 13. Commitments

The City is required by the Department of Environmental Quality to monitor a landfill site for possible contamination (Note 8). 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, 2011, the City has committed to fund various projects in the approximate amounts of \$9.3 million in the capital projects fund, from future appropriations.

CITY OF SHERIDAN, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 13. Commitments (Continued)

Contingencies

There is a firefighter lawsuit pending against the City. The outcome and eventual liability to the City, if any, in this case 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.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF SHERIDAN, WYOMING

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 13,593,378	\$ 13,593,378	\$ 12,934,754	\$ (658,624)
Licenses and permits	639,250	639,250	678,192	38,942
Intergovernmental	-	25,975	25,975	-
Fines and forfeitures	298,500	298,500	383,123	84,623
Charges for services	112,000	112,000	126,870	14,870
Net investment income	77,000	77,000	27,344	(49,656)
Contributions	-	-	6,000	6,000
Miscellaneous revenue	90,000	155,147	156,471	1,324
Total revenues	14,810,128	14,901,250	14,338,729	(562,521)
Expenditures				
Current				
General government	2,701,245	2,742,015	2,908,778	(166,763)
Public safety	6,888,044	7,096,684	6,750,593	346,091
Public works	2,305,322	2,294,822	2,275,252	19,570
Parks and recreation	517,337	516,337	522,968	(6,631)
Capital outlay	325,000	468,791	287,564	181,227
Debt service - principal	414,290	414,290	315,358	98,932
interest	66,783	66,783	33,138	33,645
Total expenditures	13,218,021	13,599,722	13,093,651	506,071
Excess (deficiency) of revenues over expenditures	1,592,107	1,301,528	1,245,078	(56,450)

(Continued)

CITY OF SHERIDAN, WYOMING

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

Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Other financing sources (uses)				
Operating transfers in	\$ 1,296,228	\$ 1,296,246	\$ 1,636,117	\$ 339,871
Operating transfers out	<u>(3,100,800)</u>	<u>(5,247,587)</u>	<u>(1,939,975)</u>	<u>3,307,612</u>
Total other financing sources (uses)	<u>(1,804,572)</u>	<u>(3,951,341)</u>	<u>(303,858)</u>	<u>3,647,483</u>
Net change in fund balances	(212,465)	(2,649,813)	941,220	<u>\$ 3,591,033</u>
Fund balance - beginning of year	<u>6,526,916</u>	<u>6,526,916</u>	<u>6,526,916</u>	
Fund balance - end of year	<u>\$ 6,314,451</u>	<u>\$ 3,877,103</u>	<u>\$ 7,468,136</u>	

See accompanying notes to required supplementary information

CITY OF SHERIDAN, WYOMING

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - CAPITAL FACILITIES FUND**

Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Taxes	\$ 2,675,000	\$ 2,675,000	\$ 2,568,080	\$ (106,920)
Net investment income	-	-	4,413	4,413
Total revenues	<u>2,675,000</u>	<u>2,675,000</u>	<u>2,572,493</u>	<u>(102,507)</u>
Expenditures				
Current	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,675,000</u>	<u>2,675,000</u>	<u>2,572,493</u>	<u>(102,507)</u>
Other financing sources (uses)				
Operating transfers in	-	142,852	142,852	-
Operating transfers out	<u>(2,675,000)</u>	<u>(3,681,056)</u>	<u>(2,771,525)</u>	<u>909,531</u>
Total other financing sources (uses)	<u>(2,675,000)</u>	<u>(3,538,204)</u>	<u>(2,628,673)</u>	<u>909,531</u>
Net change in fund balances	-	(863,204)	(56,180)	<u>\$ 807,024</u>
Fund balance - beginning of year	<u>1,288,400</u>	<u>1,288,400</u>	<u>1,288,400</u>	
Fund balance - end of year	<u>\$ 1,288,400</u>	<u>\$ 425,196</u>	<u>\$ 1,232,220</u>	

See accompanying notes to required supplementary information

CITY OF SHERIDAN, WYOMING

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2011

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

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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.

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, 2011

	<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				
Cash and cash equivalents	\$ 443,356	\$ -	\$ 188,492	\$ 88,815
Accounts receivables, net	-	-	2,902	-
Due from other governments	34,689	248,827	77,223	-
Prepaid expenses	14,960	-	-	-
Total assets	<u>\$ 493,005</u>	<u>\$ 248,827</u>	<u>\$ 268,617</u>	<u>\$ 88,815</u>
 LIABILITIES AND FUND BALANCES				
Liabilities				
Outstanding checks in excess of bank balance	\$ -	\$ 33,958	\$ -	\$ -
Accounts payable	61,053	199,137	74,801	138,363
Other accrued liabilities	4,595	3,469	2,473	-
Due to other funds	-	-	-	-
Total liabilities	<u>65,648</u>	<u>236,564</u>	<u>77,274</u>	<u>138,363</u>
 Fund Balances				
Nonspendable	14,960	-	-	-
Restricted	-	4,000	-	-
Unassigned	412,397	8,263	191,343	(49,548)
Total fund balances (deficit)	<u>427,357</u>	<u>12,263</u>	<u>191,343</u>	<u>(49,548)</u>
 Total liabilities and fund balances	<u>\$ 493,005</u>	<u>\$ 248,827</u>	<u>\$ 268,617</u>	<u>\$ 88,815</u>

Health and Human Services Fund	Total Nonmajor Governmental Funds
\$ 3,402	\$ 724,065
-	2,902
-	360,739
-	14,960
<u>\$ 3,402</u>	<u>\$ 1,102,666</u>

\$ -	\$ 33,958
90	473,444
180	10,717
-	-
<u>270</u>	<u>518,119</u>

-	14,960
-	4,000
3,132	565,587
<u>3,132</u>	<u>584,547</u>

<u>\$ 3,402</u>	<u>\$ 1,102,666</u>
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CITY OF SHERIDAN, WYOMING

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

Year Ended June 30, 2011

	<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>
Revenues				
Taxes	\$ 430,726	\$ -	\$ -	\$ -
Intergovernmental	-	692,372	560,185	29,104
Net investment income	1,348	-	70	-
Contributions	-	63,706	115,574	-
Miscellaneous	41,544	8,333	61,775	390
Total revenues	<u>473,618</u>	<u>764,411</u>	<u>737,604</u>	<u>29,494</u>
Expenditures				
Current				
General government	472,813	71,496	41,843	-
Public safety	-	313,864	-	-
Public works	-	-	351,489	210,143
Parks and recreation	-	-	25,915	-
Capital outlay	-	364,552	255,603	368,909
Total expenditures	<u>472,813</u>	<u>749,912</u>	<u>674,850</u>	<u>579,052</u>
Excess (deficiency) of revenues over expenditures	805	14,499	62,754	(549,558)
Other financing sources (uses)				
Transfers in	-	15,500	31,126	227,669
Transfers out	-	(17,074)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(1,574)</u>	<u>31,126</u>	<u>227,669</u>
Net change in fund balances	<u>805</u>	<u>12,925</u>	<u>93,880</u>	<u>(321,889)</u>
Fund balances - beginning of year	426,552	(662)	97,463	272,341
Fund balances (deficit) - end of year	<u>\$ 427,357</u>	<u>\$ 12,263</u>	<u>\$ 191,343</u>	<u>\$ (49,548)</u>

Health and Human Services Fund	Total Nonmajor Governmental Funds
\$ -	\$ 430,726
-	1,281,661
-	1,418
2,805	182,085
-	112,042
<u>2,805</u>	<u>2,007,932</u>

3,552	589,704
-	313,864
-	561,632
-	25,915
-	989,064
<u>3,552</u>	<u>2,480,179</u>

(747) (472,247)

-	274,295
-	(17,074)

-	257,221
---	---------

(747) (215,026)

3,879	799,573
<u>\$ 3,132</u>	<u>\$ 584,547</u>

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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.

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

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CITY OF SHERIDAN, WYOMING

COMBINING STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUNDS

June 30, 2011

ASSETS	Ambulance Fund	Mosquito Fund	Total
	<hr/>	<hr/>	<hr/>
Current Assets			
Cash	\$ 160,398	\$ 106,678	\$ 267,076
Service receivables, net	77,906	2,392	80,298
Due from other governments	-	36,778	36,778
Prepaid expense	2,801	-	2,801
Restricted cash	24,692	-	24,692
Total current assets	<hr/> 265,797	<hr/> 145,848	<hr/> 411,645
Capital assets, net of accumulated depreciation	171,094	43,884	214,978
Total assets	<hr/> 436,891	<hr/> 189,732	<hr/> 626,623
 LIABILITIES			
Current liabilities			
Accounts payable	8,081	5,062	13,143
Other accrued liabilities	35,947	-	35,947
Due to other funds	243,779	-	243,779
Compensated absences payable, current portion	13,951	-	13,951
Current portion of capital lease	57,041	-	57,041
Total current liabilities	<hr/> 358,799	<hr/> 5,062	<hr/> 363,861
Long-term liabilities			
Compensated absences	100,678	-	100,678
Obligation under capital lease	55,540	-	55,540
Total long-term liabilities	<hr/> 156,218	<hr/> -	<hr/> 156,218
 NET ASSETS			
Invested in capital assets, net of related debt	58,513	43,884	102,397
Unrestricted	(136,639)	140,786	4,147
Total net assets (deficit)	<hr/> \$ (78,126)	<hr/> \$ 184,670	<hr/> \$ 106,544

CITY OF SHERIDAN, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND BALANCES - NONMAJOR PROPRIETARY FUNDS
Year Ended June 30, 2011

	Ambulance Fund	Mosquito Fund	Total
Operating revenue			
Service fees	\$ 221,463	\$ 18,619	\$ 240,082
Other operating income	-	144,896	144,896
Total operating revenue	<u>221,463</u>	<u>163,515</u>	<u>384,978</u>
Operating expenses			
Salaries and benefits	486,230	-	486,230
Other operating expenses	21,846	158,790	180,636
Depreciation	53,021	6,449	59,470
Total operating expenses	<u>561,097</u>	<u>165,239</u>	<u>726,336</u>
Operating loss	(339,634)	(1,724)	(341,358)
Nonoperating revenues (expenses)			
Net investment income	-	289	289
Loss on disposal of assets	-	(685)	(685)
Total nonoperating expenses	<u>-</u>	<u>(396)</u>	<u>(396)</u>
Loss before transfers	(339,634)	(2,120)	(341,069)
Operating transfers in	500,000	-	500,000
Operating transfers out	(55,714)	(3,031)	(58,745)
	<u>444,286</u>	<u>(3,031)</u>	<u>441,255</u>
Change in net assets	104,652	(5,151)	99,501
Net assets - beginning of year	(182,778)	189,821	7,043
Net assets (deficit) - end of year	<u>\$ (78,126)</u>	<u>\$ 184,670</u>	<u>\$ 106,544</u>

SINGLE AUDIT SECTION

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CITY OF SHERIDAN, WYOMING

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass Through Grantor's Number	Expenditures
<u>U. S. Department of Agriculture</u>			
Passed through the Wyoming State Forestry Division Cooperative Forestry Assistance	10.664	None	\$ 2,735
Total U.S. Department of Agriculture			<u>2,735</u>
<u>U.S. Department of Housing and Urban Development</u>			
<i>CDBG - State-Administered CDBG Cluster</i>			
Office of Community Planning and Development			
Passed through the Wyoming Community Development Authority Community Development Block Grant	14.228	None	45,000
Passed through the Wyoming Business Council Community Development Block Grant	14.228	None	26,495
Total U.S. Department of Housing and Urban Development			<u>71,495</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	8,566
Outdoor Recreation Acquisition, Development and Planning	15.916	LWCF #56-00866	9,389
Total U.S. Department of the Interior National Park Service			<u>17,955</u>
<u>U.S. Department of Justice</u>			
Direct Award			
Bureau of Justice			
Bulletproof Vest Partnership Program	16.607	None	309
Justice and Delinquency Prevention			
Passed through the Wyoming Association of Sheriffs and Chiefs of Police Enforcing Underage Drinking Laws Program	16.727	None	21,657
<i>JAG Program Cluster</i>			
Passed through Sheridan County			
ARRA - Edward Byrne Memorial Justice Assistance Grant - Recovery Act	16.804	2010-SB-B9-0129	25,975
Total U.S. Department of Justice			<u>47,941</u>

(Continued)

CITY OF SHERIDAN, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass Through Grantor's Number	Expenditures
<u>U. S. Department of Transportation</u>			
<i>Highway Planning and Construction Cluster</i>			
Passed through the Wyoming Department of Transportation			
Federal Highway Administration			
Highway Planning and Construction	20.205	STP-E-SH 0.00TL09012	\$ 11,149
<i>Highway Safety Cluster</i>			
Passed through the Wyoming Department of Transportation and			
National Highway Traffic Safety Administration			
State and Community Highway Safety	20.600	HSO2011-402G	8,475
Alcohol Open Container Requirements	20.607	10-154AL22AM	2,460
Alcohol Open Container Requirements	20.607	HSO2011-154AL	7,447
Total Highway Safety Cluster			<u>18,382</u>
Total U.S. Department of Transportation			<u>29,531</u>
<u>U.S. National Endowment for the Arts</u>			
Passed through Wyoming Arts Council			
Promotion of the Arts Partnership Agreements	45.025	5190343	1,500
Total U. S. National Endowment for the Arts			<u>1,500</u>
<u>U. S. Environmental Protection Agency</u>			
Passed through the State Land and Investment Board			
Office of Water			
ARRA - Capitalization Loans for Clean Water			
State Revolving Funds - Recovery Act	66.458	CWSRF #109	1,629,009
Capitalization Loans for Drinking Water			
State Revolving Funds	66.468	DWSRF #110	868,888
ARRA - Capitalization Loans for Drinking Water			
State Revolving Funds - Recovery Act	66.468	DWSRF #101	404,995
			<u>1,273,883</u>
Direct Award			
Office of Solid Waste and Emergency Response			
Solid Waste Management Assistance Grants	66.808	X1-97877301-0	31,300
Total U. S. Environmental Protection Agency			<u>2,934,192</u>

(Continued)

CITY OF SHERIDAN, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
Year Ended June 30, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass Through Grantor's Number	Expenditures
<u>U. S. Department Energy</u>			
Direct Award			
ARRA - Energy Efficiency and Conservation - Block Grant Program - Recovery Act	81.128	DE-RW0000109	\$ 4,414
Total U.S. Department of Energy			<u>4,414</u>
<u>U. S. Department of Homeland Security</u>			
Direct Award			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4007-DR-WY	17,545
Assistance to Firefighters Grant	97.044	EMW-2009-FO-06441	361,817
Total U.S. Department of Homeland Security			<u>379,362</u>
Total federal awards			<u><u>\$ 3,489,125</u></u>

Note:
 Prepared on the cash basis of accounting.

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PORTER, MUIRHEAD, CORNIA & HOWARD

(A Corporation of Certified Public Accountants)

123 West First Street Suite 800 P.O. Box 2759 Casper, Wyoming 82602 (307) 265-4311 Fax (307) 265-5180

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

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

We have audited the 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 as of and for the year ended June 30, 2011, which collectively comprise the City of Sheridan, Wyoming's basic financial statements and have issued our report thereon dated December 28, 2011. Our report includes a reference to 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. Other auditors audited the financial statements of the Sheridan Area Water System, a discretely presented component unit of the City of Sheridan, Wyoming as described in our report on the City of Sheridan, Wyoming'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

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

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

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

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*.

We noted certain matters that we reported to management of the City of Sheridan, Wyoming in a separate letter dated December 28, 2011.

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



Porter, Muirhead, Cornia & Howard
Certified Public Accountants

December 28, 2011



PORTER, MUIRHEAD, CORNIA & HOWARD

(A Corporation of Certified Public Accountants)

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

INDEPENDENT AUDITOR'S REPORT

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

Compliance

We have audited the City of Sheridan, Wyoming's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the City of Sheridan, Wyoming's major federal programs for the year ended June 30, 2011. The City of Sheridan, Wyoming's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Sheridan, Wyoming's management. Our responsibility is to express an opinion on the City of Sheridan, Wyoming's compliance based on our audit.

The City of Sheridan, Wyoming's basic financial statements include the operations of the Sheridan Area Water Supply of the City of Sheridan, Wyoming, a discretely presented component unit. Our audit described below, did not include the operations of the Sheridan Area Water Supply because the component unit engaged other auditors to perform its audit. The report of those auditors did not reference any federal awards being expended by the Sheridan Area Water Supply of the City of Sheridan, Wyoming.

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

As described in item YB-2011-01 in the accompanying schedule of findings and questioned costs, the City of Sheridan, Wyoming did not comply with requirements regarding reporting that are applicable to all of its federal programs. Compliance with such requirements is necessary, in our opinion, for the City of Sheridan to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the City of Sheridan, Wyoming complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control over Compliance

Management of the City of Sheridan, Wyoming is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Sheridan, Wyoming's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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'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 a 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item YB-2011-01. *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.

The City of Sheridan, Wyoming's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Sheridan, Wyoming's response and accordingly, we express no opinion on the response.

We noted certain matters that we reported to management of the City of Sheridan, Wyoming in a separate letter dated December 28, 2011.

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



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

December 28, 2011

CITY OF SHERIDAN, WYOMING

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011**

Section I – Summary of Auditor’s Results

Financial Statements

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

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
66.458	ARRA - Capitalization Loans for Clean Water State Revolving Funds – Recovery Act
66.468	Capitalization Loans for Drinking Water State Revolving Funds
66.468	ARRA - Capitalization Loans for Drinking Water State Revolving Funds – Recovery Act
97.044	Assistance to Firefighters Grant

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, 2011

Section II – Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

Significant Deficiency in Internal Control

YB-2011-01

U.S Department of Agriculture

Passed through the Wyoming State Forestry Division

CFDA No. 10.664 – Cooperative Forestry Assistance

U.S Department of Housing and Urban Development

Passed through the Wyoming Community Development Authority

CFDA No. 14.228– Community Development Grant

U.S Department of Housing and Urban Development

Passed through the Wyoming Business Council

CFDA No. 14.228– Community Development Grant

U.S Department of the Interior National Park Service

Passed through the Wyoming State Parks & Cultural Resources

CFDA No. 15.916 – Outdoor Recreation Acquisition, Development and Planning

U.S Department of Justice

Bureau of Justice

CFDA No. 16.607– Bulletproof Vest Partnership Program

U.S Department of Justice

Passed through the Wyoming Association of Sheriffs and Chiefs of Police

CFDA No. 16.727 – Enforcing Underage Drinking Laws Program

U.S Department of Justice

Passed through Sheridan County

CFDA No. 16.804 – Enforcing Underage Drinking Laws Program

U.S Department of Transportation

Passed through the Wyoming Department of Transportation

CFDA No. 20.205 – Federal Highway Administration

CITY OF SHERIDAN, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2011

Section III - Federal Award Findings and Questioned Costs (Continued)

YB-2011-01 (Continued)

U.S Department of Transportation

Passed through the Wyoming Department of Transportation
CFDA No. 20.600 – National Highway Traffic Safety Administration
CFDA No. 20.607 – Alcohol Open Container Requirements

U.S National Endowment of the Arts

Passed through the Wyoming Arts Council
CFDA No. 45.025 – Promotion of the Arts Partnership Agreements

U.S Environmental Protection Agency

Passed through the State Land and Investment Board Office of Water
CFDA No. 66.458 – ARRA – Capitalization of Loans for Clean Water State Revolving Funds –
Recovery Act

U.S Environmental Protection Agency

Passed through the State Land and Investment Board Office of Water
CFDA No. 66.468 – Capitalization of Loans for Clean Water State Revolving

U.S Environmental Protection Agency

Passed through the State Land and Investment Board Office of Water
CFDA No. 66.468 – ARRA – Capitalization of Loans for Drinking Water State Revolving
Funds – Recovery Act

U.S Environmental Protection Agency

Office of Solid Waste and Emergency Response
CFDA No. 66.808 – Solid Waste Management Assistance Grants

U.S Department of Energy

Office of Solid Waste and Emergency Response
CFDA No. 81.128 – ARRA – Energy Efficiency and Conservation Block Grant Program –
Recovery Act

U.S Department of Homeland Security

CFDA No. 97.036 – Disaster Grants –Public Assistance (Presidentially Declared Disasters)

U.S Department of Homeland Security

CFDA No. 97.044 – Assistance to Firefighter Grant

Criteria:

OMB Circular A-133 Subpart C .300 states that the auditee (the City) shall identify in its accounts all Federal awards received and expended and the Federal programs under which they were received. Federal program and award information shall include, as applicable, the Catalog of Federal Domestic Assistance (CFDA) title and number, award number and year, name of Federal agency, and name of the pass-through entity. The City did prepare a Schedule of Expenditures of Federal Awards (SEFA) this year.

CITY OF SHERIDAN, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year Ended June 30, 2011

Section III - Federal Award Findings and Questioned Costs (Continued)

YB-2011-01 (Continued)

Condition:

Not all Federal grants were included in the schedule, nor were all identified by the current CFDA Number. Approximately \$708,112 in grants were added to the schedule during the audit process. The differences demonstrate that grant managers have not assumed responsibility for reviewing the portion of the schedule which pertains to them and determining whether the expenditures and related information are correct based on the grants awarded. We noted that federal expenditures for several grants were not identified or properly recorded in the Schedule of Expenditures of Federal Awards. The preparation of an accurate Schedule of Federal Awards is one of the City's core responsibilities as a recipient of federal funds. This responsibility can be carried out efficiently if all grant information is centralized for easy summarization at the end of the year.

Effect:

Federal expenditures for all grants may not be properly identified in a timely manner. Grant monies are applied for, received and disbursed, with no one individual having knowledge of and access to all the information pertaining to each and every grant. In some situations, the grant funds have not been properly identified by the pass-through entity, further increasing the difficulty of ensuring that all Federal funds are identified. Therefore, expenditures of Federal funds have been reported incorrectly. The possibility exists that grant funds may be received and expended without full consideration of the basic compliance requirements associated with those grants. This could result in noncompliance and questioned costs, possibly resulting in the need to return funds to the granting agencies. Significant compliance issues could harm the City's ability to continue to receive Federal funding through other grants in future years.

Questioned Costs:

None

Cause:

No consistent enforced procedures to easily identify, track and record information related to all federal grant contracts entered into by the City personnel.

Recommendation:

The program managers must assume a higher level of responsibility to insure that funds have been requested, received, and reported as expenditures for grants under the correct CFDA number. Information should be reconciled by the program manager on a monthly basis to their records of requests for reimbursements and compared to the program expenditures to determine if additional reimbursements should be requested. Grant managers should reconcile their records of receipts, expenditures, and receivables to the general ledger information provided by the Treasurer's Office; differences should be investigated and any necessary adjustments made promptly. This will insure the individual preparing the SEFA is receiving accurate information. Also, after the SEFA is prepared at year end and the information provided to each program manager; that individual must assume full responsibility for review and verification of the revenue and expenditure amounts shown for their grants, as well as any receivable and deferred revenue amounts. For grants reimbursing only a percentage of the expenditures, the program manager must provide the person preparing the SEFA with the applicable Federal or State portion of the expenditures; otherwise, the expenditures shown on the SEFA will not be representative of the Federal expenditures portion. As grant managers have the most information regarding the grant, they must recognize and assume the responsibility for the financial aspects of

CITY OF SHERIDAN, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
Year Ended June 30, 2011

Section III - Federal Award Findings and Questioned Costs (Continued)

YB-2011-01 (Continued)

grant management, in addition to the specific compliance requirements. Clear and accurate communication with the Treasurer's Office will help insure the accuracy of the SEFA. Copies of all grant awards should be submitted to the Treasurer's office as they are signed. When the Treasurer's office receives notice of the grant award, a designated individual should call the appropriate granting agency to determine if federal funds are involved and if so, to obtain the CFDA number. We also recommend that individuals responsible for compliance with all Federal grant requirements receive appropriate training to administer these funds.

Management Response:

The City is in the process of having project invoicing, cost, and funding tracked in the Treasurer's department. In addition, departments have been advised to inform the Treasurer's department of grants that are being applied for to ensure the requirements are understood before the grant is awarded. Contact with applicable Federal and State governments will be maintained if needed. Semi-monthly meetings are being scheduled between project managers and the Treasurer's department to review funding, costs, changes, and completion of projects.

Compliance Finding

SEE YB-2011-01.

CITY OF SHERIDAN, WYOMING

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2011

There were no audit findings for the year ended June 30, 2010.