



Wyoming  
Association of  
Municipalities  
Building Strong Communities

# Municipal Expenditures, Revenues & Controls

2025 WAM WINTER CONFERENCE

NEWLY ELECTED BOOTCAMP

# Course Objectives

---

1

Learn the basics for handling money, and become familiar with resources

2

Understand your oversight role and responsibilities with internal control processes

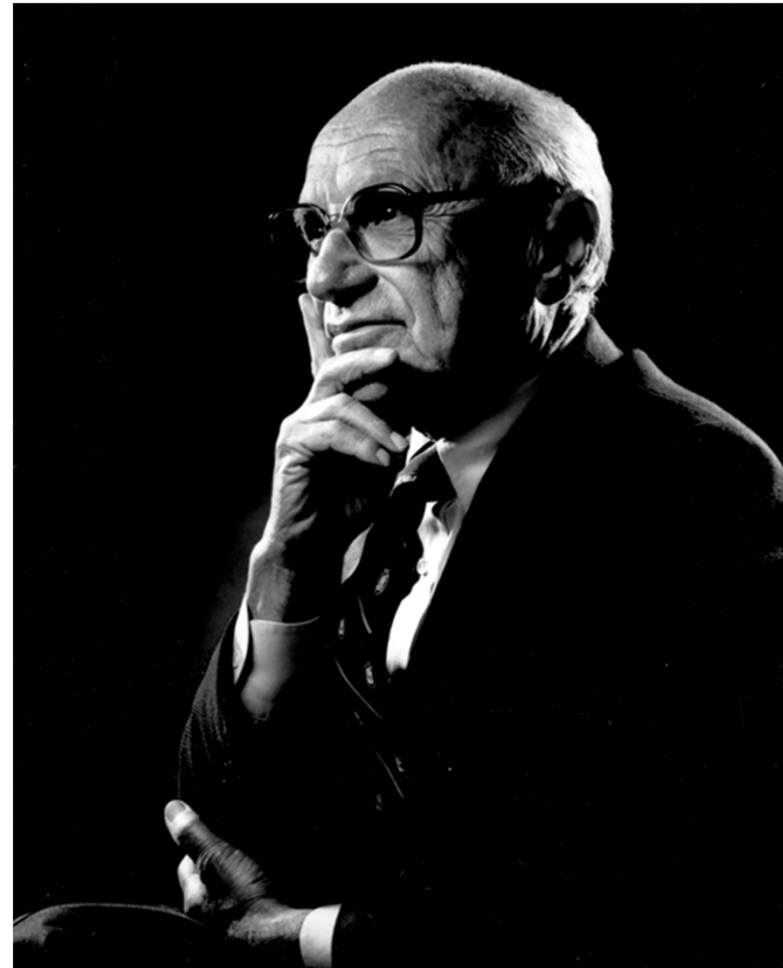
3

Learn specific fiscal topics, tools, and requirements for legal compliance

*“...when a man spends someone else’s money on someone else, he doesn’t care how much he spends or what he spends it on.*

*And that’s government for you.”*

- Milton Friedman



<b><i>When buying something ...</i></b>	<i>using your own money</i>	<i>using someone else's money</i>
<i>for yourself</i>	<b>High concern for quality and cost</b>	High concern for quality, low concern for cost
<i>for someone else</i>	Low concern for quality, high concern for cost	<b>Low concern for quality, low concern for cost</b>



# Wyoming Statutes & Mandates

---

Wyoming Open Meetings Law

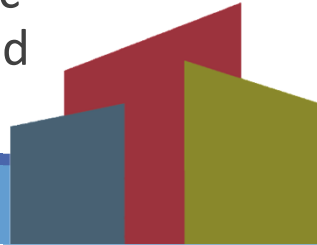
Public Records

Public Funds

Ethics & Disclosure Act

Many other Wyoming statutes regarding municipal operations

NEW: State mandate for Public Officers to be certifiably trained



# Applicable Wyoming Statutes

**15-1-103(a)(vii):** Governing bodies of all cities and towns control the municipality's finances

**16-4-101 *et seq*:** Uniform Municipal Fiscal Procedures Act

- Preparation, maintenance and retention of required records and accounts
- Preparation of independent audits of the financial condition of the municipality
- Power to appropriate money and to pay all necessary expenses
- Power to levy and collect special assessments
- Power to borrow money on the credit of the corporation

The Wyoming Legislature's website provides the most current versions of all state laws, Constitution, and state agency rules/regulations. Some are annotated. But while reading these laws is easily accomplished, municipal leaders should still seek legal counsel to understand precisely how they apply. That's why you have a Town or City Attorney. There are many good ways to manage your legal costs, so communicate with your attorney to work out what's best in your situation.

# CHANGE IS HERE! Wyoming now mandates fiscal training for ALL Public Officers (including municipalities)

Topics	Description
Fiscal responsibilities	Understanding Public Officer roles
Depositories	Authorized depositories and organizational responsibilities, selection, managing
Meeting minutes	What are meeting minutes and what should be maintained in meeting minutes.
Records management	What records should be maintained, retention, and what is public
Reporting Requirements	All reporting requirement for both federal and state.
Internal Controls	Controls established by the board/council, policies, procedures, Segregation of Duties, etc.
Investments	Authorized Investments, Investment Policies
Payroll	What Payroll documents are needed and maintaining them, How to determine contract labor versus an employee. W-4s, I-9s, 1099, etc.
Suggested Self-Audit procedures	Self-assessment -- Risk assessment
Grants	State and Federal Grants, how to track, what would require CPA audits
Public Meetings Req's	How to run a public meeting, what should the board or council expect in financial reports and how to evaluate them.
Public Records req's	This is a subset of records management.
Specific bid requirements	Understand the bidding process, advertising, closed bid, open bid, public openings, selection, etc.
Ethics	W.S. 9-13-101 et seq.

**CHAPTER 10  
PUBLIC OFFICER TRAINING**

**Section 1. Application.** As prescribed by Wyoming Statute 9-1-510(a), the Department of Audit shall establish minimum training requirements for public officers. These rules apply to all public officers as the term is defined in W.S. 9-1-510(a).

**Section 2. Training deadline.** All public officers shall receive instruction in accordance with the minimum training requirements set forth herein within one (1) year of assuming office or assuming responsibility for handling the accounts of their office.

**Section 3. Training requirements.** Required training shall be dependent on the role a public official has in the governmental entity.

(a) A list of the minimum training requirements for certain specified roles shall be published on the Wyoming Department of Audit, Public Funds, website (<https://audit.wyo.gov/public-funds>). The Wyoming Department of Audit, Public Funds shall also publish a separate list that include organizations, courses, and professional memberships offering related training content. The list of training requirements may include items related to government which are not specifically covered in certain graduate or professional certification programs. These lists establish a minimum level of competency related to the financial management of a governmental entity.

(b) Notwithstanding subsection (a) of this Section of this Chapter of these Rules, a public officer having obtained one or more of the following graduate degrees or professional certification programs shall be considered by the Department of Audit as having met the minimum training requirements:

- (i) Bachelors degree in accounting or finance;
- (ii) Masters degree in accounting or finance;
- (iii) Certified Public Accountant (CPA);
- (iv) Certified Internal Auditor (CIA);
- (v) Certified Management Accountant (CMA); and
- (vi) Certified Government Financial Manager (CGFM);

**Section 4. Alternate Considerations.** If the public officer has an educational background not listed in Section 3 of this Chapter of these Rules they feel meets the minimum training requirements, the public officer may request consideration by the Department of Audit of that educational background as being sufficient to meet the intent of the minimum training requirements of these rules. To be considered, the public officer shall prepare a written summary of the educational background to be considered and explanation as to how that background meets the

10-1



## Fiscally Competent Local Officials

---

Are concerned about their agency's fiscal condition

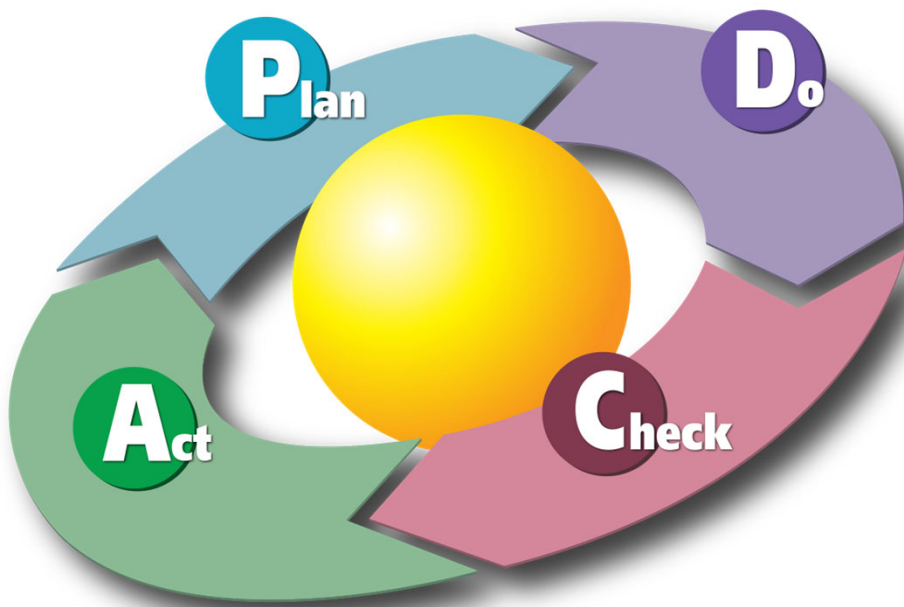
Seek to hold administrators accountable by asking tough questions – be informed!

Become knowledgeable about agency's finances and budget

Most important tools are inquisitive manner and common sense

# Council Oversight Duties

---

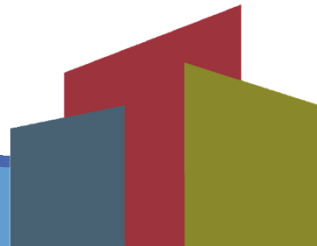


**Long-term** - setting the mission, goals, and financial policies for the community

**Annual** - setting budget priorities, establishing salary and benefit levels

**Constant** - examining financial and budget reports; monitoring investments

**Periodic** - reviewing contracts, adopting budget amendments



# Tools & Guidance

---



**Wyoming Governmental Entity Budgeting, Accounting, and Reporting Manual** (WY Dept. Audit)



**Wyoming Municipal Handbook** (WY Dept. Audit)



**Mayor-Council Handbook** (WAM)



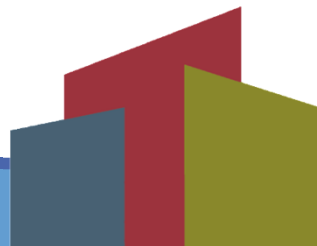
**GASB Statement 34**, Basic Financial Statements and Management's Discussion & Analysis (Governmental Accounting Standards Board)



**COSO Internal Control Integrated Framework** (Committee of Sponsoring Organizations of the Treadway Commission)



**Clerk and Treasurer Handbook** (WAMCAT)



# Wyoming Department of Audit-Public Funds Division

Department of Audit

Home

Administration ▾

Banking

Excise Tax ▾

Public Funds ▾

Mineral Audit

## Resources

[Accounting Manual](#)

[Wyoming Special District Handbook](#)

For most current statutes refer to [W.S. 16-12 \(Chapter 12 - Special Districts\)](#).

[Census Bureau Classification Manual](#)

[Wyoming Municipal Handbook](#)

[Wyoming Association of Special Districts Online Training Platform](#)

▾ Audits

Forms

Online Reporting: Sur...

Statutes

Staff

**Resources**

Legislative Reports

Training - Public Offic...

<https://audit.wyo.gov/public-funds/resources>

# What are the statutory financial requirements?



State Auditor resources are online: <https://audit.wyo.gov/public-funds/resources>

Wyoming Governmental  
Entity Budgeting,  
Accounting, and Reporting  
Manual

Wyoming Department of Audit  
Public Funds Division

State of Wyoming  
Revised January 2014

## Wyoming Governmental Entity Budgeting, Accounting, and Reporting Manual

---

Official State guidance for local government finance

Specifically highlights GASB 34, but also GASB 54,  
GAAP and other accounting guidance

Addresses accounting concepts, budgets,  
appropriations, uniform chart of accounts, source  
documents, journals/ledgers, subsidiary records,  
and control accounts

# GASB Statement 34

Financial accounting standard issued by the Governmental Accounting Standards Board in 1999  
(heavily amended since)

Provides comprehensive framework for financial reporting

Required (for 1<sup>st</sup> time) that general infrastructure assets be included (roads, bridges, etc.)

Accrual basis; some flexibility from standard depreciation approach



GASB 34 established three core reporting requirements:

Management's discussion and analysis (MD&A) comes first

Government-wide financial statements cover all assets/activities

Fund-level financial statements



***GASB White Paper: Why Governmental Accounting and Financial Reporting Is—and Should Be—Different***

# Wyoming Municipal Handbook

Detailed, specific direction for fiscal management

Addresses need for fiscal compliance, assigning specific fiscal responsibilities to individuals

Specifies use of Depositories (banks) and limits municipal investments

Identifies payroll responsibilities

Defines enterprise operations

Discusses role of council minutes, records management, and reporting requirements

Suggests self-audit procedures (esp. cash), COSO Internal Controls, CPA services

**Appendix B – Internal Control Self-Assessment**

## Wyoming Municipal Handbook

Public Funds Division  
Wyoming Department of Audit

State of Wyoming  
Revised  
November 2024

# Mayor-Council Handbook

*2018 Edition*



Wyoming  
Association of  
Municipalities

*Building Strong Communities*

315 West 27th Street, Cheyenne, WY 82001  
307-632-0398 [www.wyomuni.org](http://www.wyomuni.org)

## WAM Mayor-Council Handbook

---

Provides comprehensive look at the legal framework and requirements for operating municipalities

Chapters 10 addresses municipal financial administration, budgeting, auditing and purchasing

- Includes specific responsibilities for Clerk and Treasurer
- Extended discussion about purchasing
- Specific concern about conflicts of interest

<https://wyomuni.org/publications/>

# Public Funds must be kept in authorized depositories

- Wyoming Statute 9-4-817 requires public funds be deposited at an official depository (unless they are invested elsewhere)
- Governing board must designate and approve use of depositories, which allows the Treasurer to deposit funds there
- Official designations are reviewed at least when there is a new Council, a new Treasurer, or if bank ownership changes
- Banks must apply to the municipality (typically in response to an RFP)
  - Selection of depository focuses on 2 key issues: the proposed interest rate to be paid on the deposit and the collateral that secures it





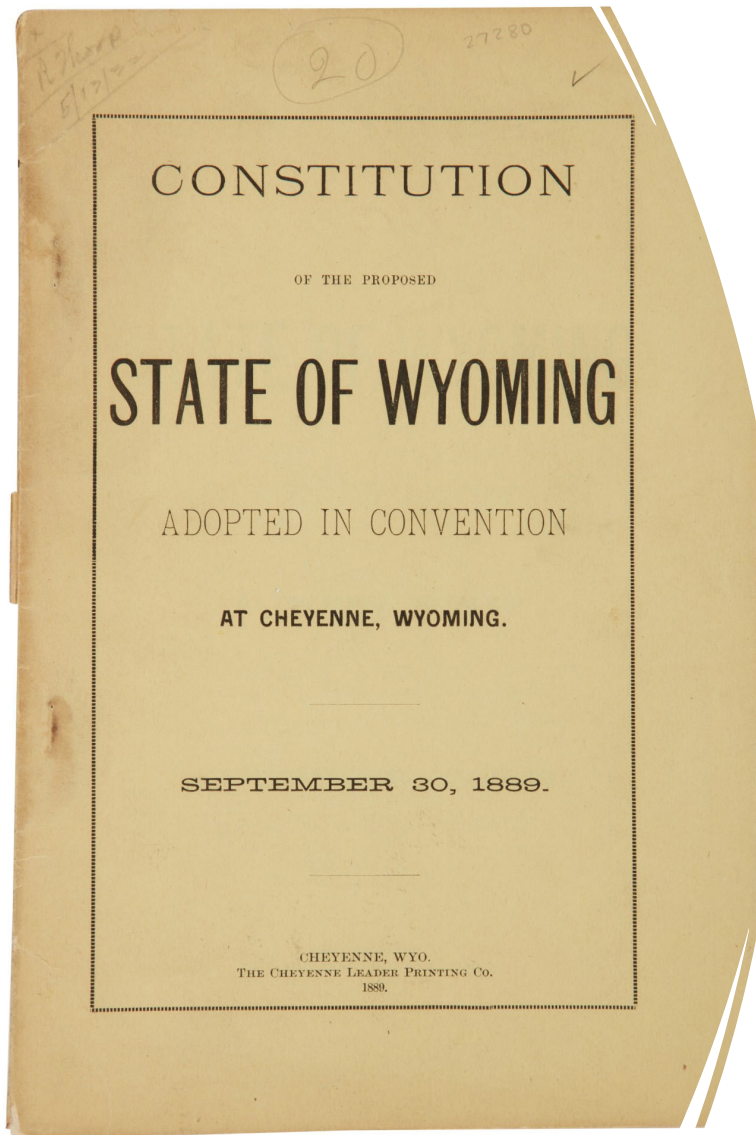
## Limitations on eligibility to be depository

- Depositories must be fully insured by the Federal Deposit Insurance Corporation (FDIC) or secured with adequate collateral
- The Wyoming State Treasurer maintains a list of approved depositories, available online at <https://statetreasurer.wyo.gov/financial/public-depositories/>
- Council must designate and approve one of those financial institutions for deposits of public funds
- Credit unions are not authorized official depositories

# Depositories – Signatories, Bonding & Pledging of Collateral

- Wyoming Statutes 9-4-804 and 9-4-805 require surety bonds to secure public funds (letter of credit issued from any Federal Home Loan Bank is approved collateral)
- Wyoming Statutes 15-1-104 and 38-2-101 require Treasurer and any other public officer having custody of funds/money to be bonded (municipalities can decide who else needs to be bonded)
- Wyoming Statute 9-4-808 allows for collateral pledged by a depository to be received and held by the public funds depositor (but in practice, there is usually a third-party custodian who holds the collateral via a joint trust agreement (which must conform to WY law))





# Investments have limited options

---

- Article 15, Section 7 of Wyoming Constitution and Wyoming Statute 9-4-831 allow municipalities to directly invest only in US Treasury bills, secured bonds guaranteed by the federal government, Certificates of Deposit, and FDIC-insured accounts (no mutual funds)
- WYOSTAR (Local Government Investment Pool) and the Wyoming Government Investment Fund are also authorized
- Article 16, Section 6 of the Wyoming Constitution prohibits investing in private companies (*voters approved Amendment A in 2022 general election, opening the door for the Wyoming Legislature to authorize municipalities to make such investments, but work is not done*)

# Investment Policies

- Investments should consider municipal needs such as cash flow, rate of return, and risk
- Municipalities are required to have a “Statement of Investment Policy,” which must commit the municipality and all advisors to abide by Wyoming law
- Investment Policy must be at least as restrictive with respect to types of investments authorized as those listed under Wyoming law
- Policy must require that those who handle investment transactions or even offer investment advice to the governing body to sign a statement indicating that they have read the policy and agree to abide by applicable state law





## Payroll Requirements

- Generally, municipalities must withhold and deposit income taxes, social security taxes and Medicare taxes from employee wages
- Additionally, municipalities must also pay the matching employer portion of social security and Medicare taxes, as well as pay unemployment tax on wages paid to an employee
- Payroll is also impacted by Workers Compensation, Unemployment Insurance, retirement benefits, deferred compensation, and other benefits



OR



## Is that person an Employee or Independent Contractor?

- Generally, municipalities do not have to withhold or pay any taxes on payments to independent contractors, so it is important to distinguish between employees and contractors
- IRS provides guidance on how to distinguish employees from contractors
- Key is to look at the entire relationship and consider the extent of the municipality's right to direct and control the worker
  - Consider whether the municipality controls what the worker does (and how), as well as the financial aspects (like expenses), and the type of relationship as defined in the contract



## **Payroll & Contractor Tax Forms/Reports**

---

Employees must complete a W-4 (Withholding Allowance Certificate) and an I-9 (Employment Eligibility Verification), and municipalities should send them their annual W-2 by January 31st each year

---

Contractors must complete a W-9 Form, and will receive an annual 1099 that summarizes the previous year's contract payments to them

---

Federal quarterly tax returns (941s) must be electronically filed with the IRS (summarize total wages, salaries, income tax withholding, FICA withholding, as well as municipality's share of taxes)

---

Depending on amounts, IRS sets schedule for depositing taxes

# Payroll - Additional Documentation



Municipalities should maintain appropriate supporting documentation for payroll, such as contracts, timesheets, pay rates, pay tables, overtime hours, pay raises, employee benefits, and all employment policies



Written policies should be used as internal controls and to provide clear guidance on benefits and leave, etc.



Hours worked (including overtime) and timesheets should be reviewed by supervisors, and payroll/tax reports should be reviewed by Department Heads and/or Mayor



Document all changes in employment, salary/wage rates and payroll deductions



## Restrictions on Compensation for Mayor and Council

- Salaries for Council Members and Mayor is locked during term of office and limited by Wyoming Statutes 15-2-103 and 15-3-205
- The governing body determines salaries for the Mayor and Councilmembers, but salaries are fixed before their terms begin and may not change during the term for which they are elected
- Mayor salaries may not exceed \$24,000 per year
- Councilmembers must be paid at least \$10 but not more than \$150 for actual attendance at each regular or special meeting

# Grants

- All grants require special reporting, which is typically defined in the grant agreement or by law
- There are several State grant programs, each of which restricts use of funds to specific purposes
- Grants typically require more financial reporting than other municipal funds, and compliance with grant purposes/agreement is essential
- Track separately from all other funds, using a designated restricted account

# Federal Grants

---

- If municipality spends or receives \$750,000 or more in federal funds during their fiscal year, then they must provide the federal government with a Single Audit
  - A Single Audit is an audit that includes both an entity's financial statements and its federal awards (from all applicable federal programs)
  - Single Audits examine expenditures and compliance with grant agreements.
- Follow **OMB Circular A-133** for accounting guidance (which is good for all types of grants, actually)





## Public Funds Division

### Public Funds - Reporting Requirements

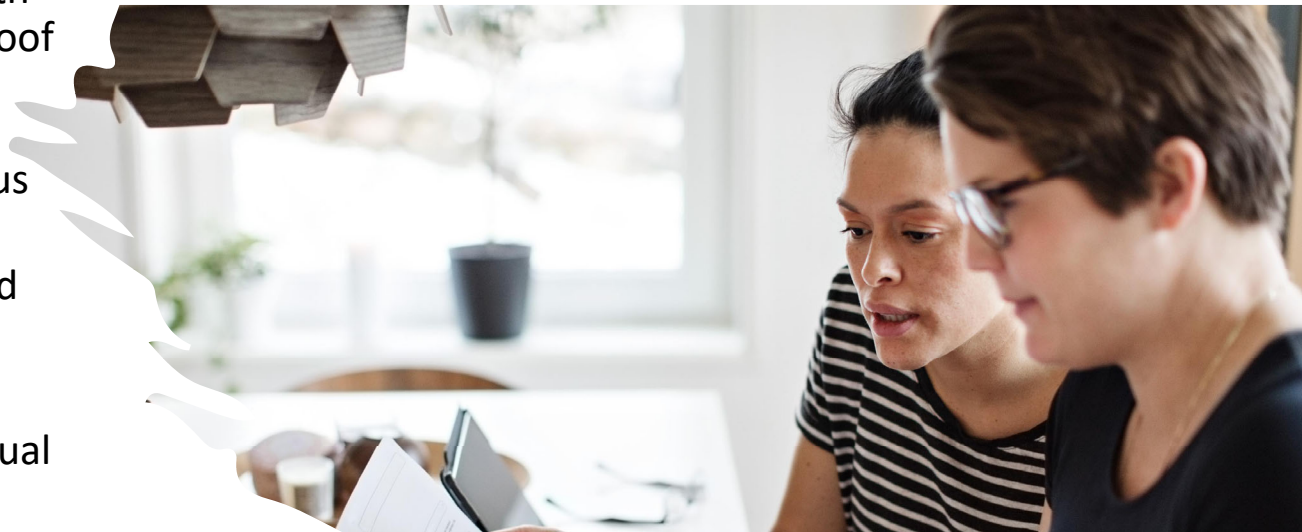
- Census Reports (F-32 Census Survey and F-66 Annual Financial Report Worksheet) are due to Wyoming Dept. of Audit by September 30
- Wyoming Dept. of Audit's Electronic Budget Form is due by July 31
- Follow-Up Paperwork: By September 30, copies of the budget hearing notices, Annual Report Summary, Proof of Cash, Internal Control Evaluation, and Self Audit/Assessments forms are due
- Wyoming Statute 15-3-306 requires cities to publish a semiannual interim financial statement and an annual statement of financial condition

Dates	Required Reporting for First Class Cities
January	The governing body of first-class cities shall publish a semi-annual interim financial statement [W.S. 15-3-306].
January 31	CPA audits for the preceding fiscal year are due December 31 and are DELINQUENT by January 31 [W.S. 16-4-121].
May 1	Department budget requests are to be submitted to the budget officer on or before May 1 [W.S. 16-4-104(a)].
May 15	On or before May 15, the budget officer shall prepare a tentative budget for each fund and file it with the governing body [W.S. 16-4- 104(a)].
No later than the 3 <sup>rd</sup> Tuesday of June	The governing body shall hold a budget hearing no later than the 3 <sup>rd</sup> Tuesday in June. At least one week before the hearing date, the governing body shall publish a proposed budget summary in a newspaper circulated within the municipality, or if there is no such newspaper, post notice in three conspicuous places [W.S. 16-4-109]. The notice, whether published or posted, the budget summary should include the date, time, and place of the hearing.
June 30	Fiscal year ends June 30 [W.S. 16-4-102(x)].
July	The governing body of first-class cities shall publish an annual interim financial statement [W.S. 15-3-306].
July 31	The tax levy to be imposed shall be certified to the county commissioners on or before this date [W.S. 39-13-104(k)].
First Monday in August	On or before the first Monday in August, the county commissioners shall levy the requisite property taxes [W.S. 39-13-102(g)].
August 29	Within 60 days after the end of each fiscal year, publish the name, position and gross monthly salary of each full-time employee and each elected official [W.S. 15-1-110(b)(i)].
September 30	Submit online to the Department of Audit, the required Annual City and Town Financial Report (F-66(WY-2)) and follow-up paperwork, no later than September 30. After September 30, the report and follow-up paperwork are DELINQUENT [W.S. 9-1-507(a)(vii)].
September 30	Submit a copy of the budget hearing notice to the Department of Audit [W.S. 16-4-109(b)].
December 31	CPA Audits are due no later than December 31 [W.S. 16-4-121(e)].

Dates	Required Reporting for Towns
January	Provide governing body financial reports upon request but not less than quarterly [W.S. 15-2-203].
April	Provide governing body financial reports upon request but not less than quarterly [W.S. 15-2-203].
Within the Last Quarter of each fiscal year	The governing body shall pass an appropriations ordinance (i.e. Budget) [W.S. 15-2-201(a)]. Note: Even though towns have until June 30 to pass an appropriations ordinance, the town should notify the county commissioners prior to the fourth Monday in May as stated in W.S. 39-13-104(k).
The 4 <sup>th</sup> Monday in May	On or before this day, tax levy to be imposed shall be certified to the county commissioners [W.S. 39-13-104(k)]. (Note: W.S. 15-2-201(c) instructs the town clerk to make this certification to the county clerk.)
June 30	For all entities, fiscal year ends June 30 [W.S. 15-2-201(a)].
July	Immediately after the end of the fiscal year, the governing body shall publish in a newspaper, if one is published in the town, or if there is none then by posting in three (3) or more public places, an exhibit of the receipts and expenditures, as specified in W.S. 15-2-204
	Provide governing body financial reports upon request but not less than quarterly [W.S. 15-2-203].
First Monday in August	On or before the first Monday in August, the county commissioners shall levy the requisite property taxes [W.S. 39-13-102(g)].
August 29	Within 60 days after the end of each fiscal year, publish the name, position and gross monthly salary of each full-time employee and each elected official [W.S. 15-1-110(b)(i)].
September 30	Submit online to the Department of Audit, the required Annual City and Town Financial Report (F-66(WY-2)) and additional oversight paperwork, no later than September 30. After September 30, the report and oversight paperwork are DELINQUENT [W.S. 9-1- 507(a)(vii)].
	Submit to the Department of Audit the proof of publication of the budget (i.e., Affidavit of Budget Hearing) no later than September 30.
October	Provide governing body financial reports upon request but not less than quarterly [W.S. 15-2-203].
December 31	CPA audit reports and CPA review reports as required by the Department of Audit's Public Funds Rules, if applicable.

# Public Funds – Audit Requirements

- First Class Cities are required to conduct an annual audit with a CPA
- Wyoming Statute 15-3-306 also requires cities to publish a semiannual interim financial statement and an annual statement of the financial condition of the city
- Towns with budgets of more than \$100,000 must provide Wyoming Dept. of Audit with Internal Control Evaluation, Self Audit, Proof of Cash, and annual Census reports -66), unless they are engaging a CPA firm to provide an audit or review for the previous fiscal year
  - In that case, submission of completed audit due by December 31
- Towns with budgets under \$100,00 must submit Proof of Cash and the Census annual report



Wyoming law distinguishes between cities and towns, based on population

**Incorporated Towns**

population under 4,000  
*Title 15, Chapter 2*

**First Class Cities**

population over 4,000  
*Title 15, Chapter 3*

***Financial management & budgets are 2 key areas where this distinction leads to different financial requirements***





# Requirements for Cities & City Manager Towns

---

Must comply with Uniform Municipal Fiscal Procedures Act (use guidance from Dept. of Audit)

- Financial staff must know and follow the rules -  
Examples:
  - Purchase orders
  - Cannot spend in excess of department appropriation
  - Claims required
  - Reporting requirements, GAAP/GASB requirements
  - Annual CPA audit



## Requirements for Towns (population under 4,000)

---

- Required to keep accounts of all money received/spent
- Identify source of all revenue
- Account for when and to whom money paid out
- Treasurer must provide quarterly financial reports to governing body
- Publish a summary of the budget and actual receipts and expenditures at end of each Fiscal Year
- May choose to have CPA audit, but not required (note that federal government can also require an audit)



## Reports provide operational insight and accountability

---

Example: Every local government must prepare Annual City and Town Financial Report

Summarizes all of government's financial activities – what it has received, borrowed, spent, obligated to spend, fund balance

CPA Audits are optional for smaller towns

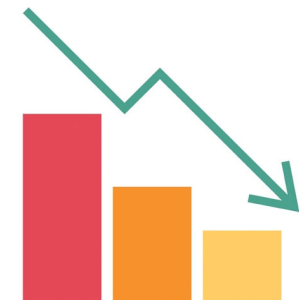
# Keeping Track Of The Money *is not like at home or work*

“Generally accepted accounting principles” for state and local governments

Designed to make municipalities fiscally accountable to public

**Requires accrual accounting** for governmental activities and capital assets

**Depreciation** requirements



Cash Basis	Accrual Basis
Revenues are recognized when cash is <b>received</b> and expenses are recorded when cash is <b>paid</b> .	Revenues are recognized when <b>earned</b> and expenses are recognized when <b>incurred</b> .



# Fund Balances

---

All appropriations (excluding capital projects) **lapse** following the close of the budget year to the extent they are not expended

However, you can accumulate retained earnings in an enterprise fund or accumulate a fund surplus in any other fund



## Fund Balance Reserves

---

- **Designated** – indication or preference for spending money, but can be changed
- **Reserved** fund balances are set aside for specific purposes (cannot be changed)
- **Unreserved** – fund balance that is available for appropriation or spending



## Reserve Policy

---

Fixed # months

% of Annual Operating Expense

% of Annual Operating Revenue

Fixed amount

Per capita amount

For policy, you should consider your needs, revenue volatility, disaster preparedness, etc.

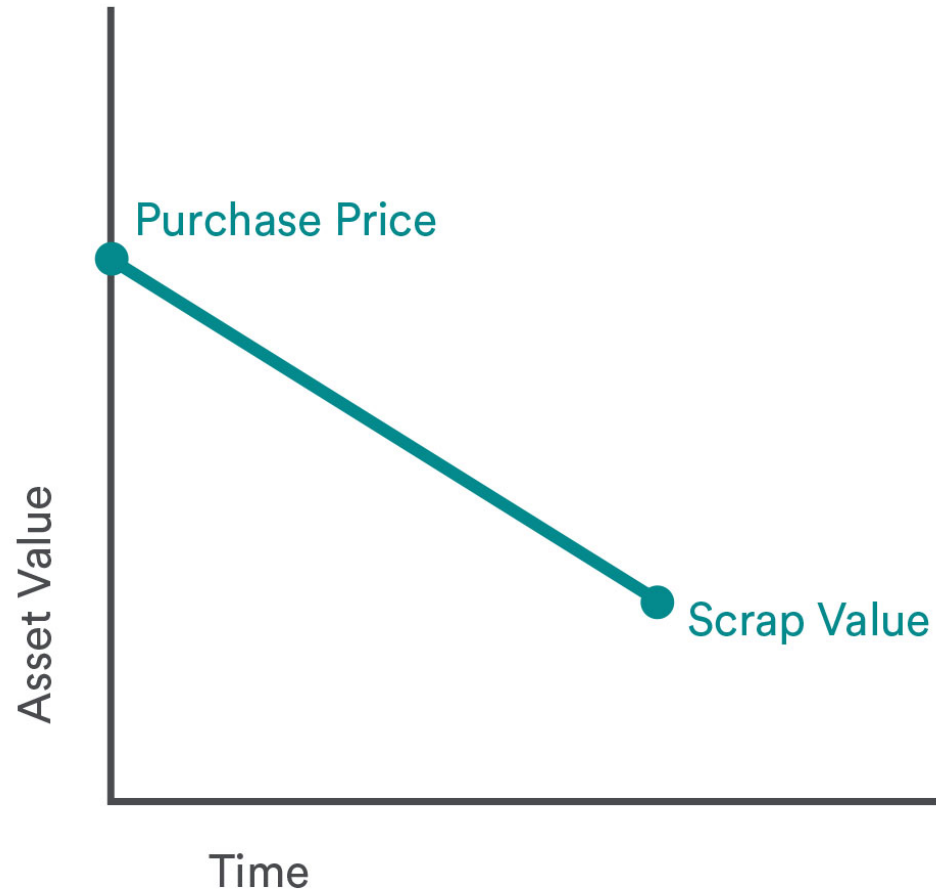
# Depreciation

Depreciation allocates the cost of a tangible asset over its useful life

GASB 34 allows *modified* depreciation

**Accrual accounting must be used**

Capital assets include land, buildings, machinery, *infrastructure*, etc.





# Borrowing

Wyoming law allows municipalities to borrow on credit of corporation and issue bonds

Subject to limitations in 15-7-109

Generally 30 years

Election requirements to approve bond

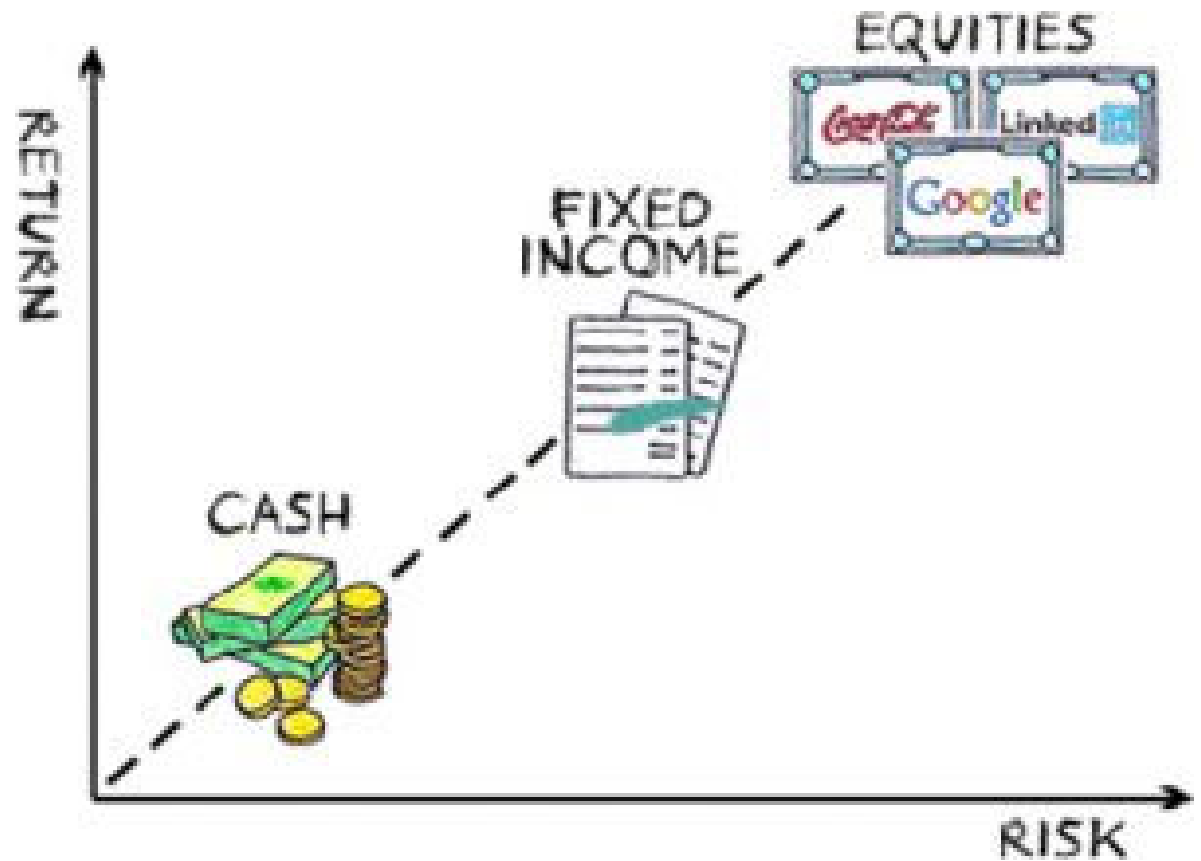
**Limit** - 4% of assessed valuation of taxable property

*Revenue bonds are different – they are tied to amount generated by asset*

# Investing

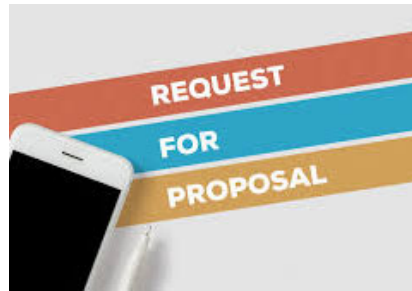
Municipalities are required to have a Statement of Investment Policy

- Maturity limits
- Types permitted
- Liquidity requirements
- Internal controls
- Reporting requirements



# Purchasing

---



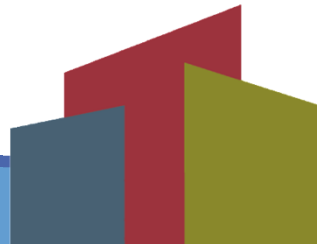
State statutes are limited with regard to purchasing

Centralization of all purchasing where possible

Establishment and maintenance of adequate inventory controls

Competition among suppliers

Obtaining informal quotes on all purchases and services





# Contracts and Bidding

---

Advertise for bids on all contracts exceeding \$35,000 (15-1-113)

New automobile/truck purchase must be advertised for bids

Statute sets publishing requirements

Lowest responsible bidder wins (exception for professional services)

Can require financial guarantees

Design-build or construction-manager-at-risk



# Bill Payment

---

Itemized invoice from vendor required

Written claims

Certified by vendor

Budgetary appropriation required

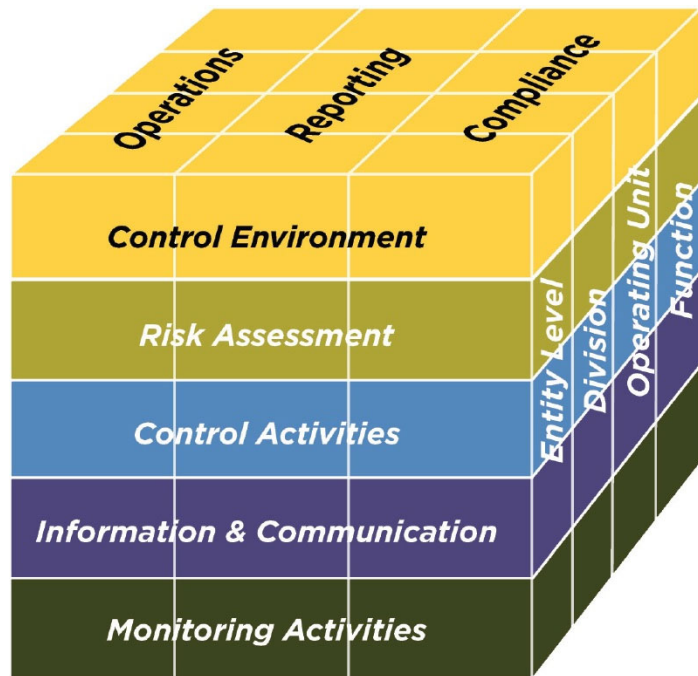
Approval of claims; issuance of check

Signing of checks

15-1-125 covers presentation and payment of claims

# Internal Controls Are Key to Financial Management

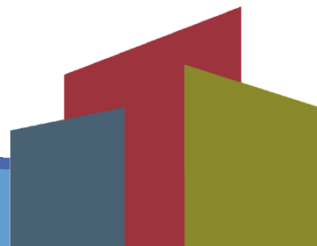
---



**Wyoming Municipal Handbook** recommends that municipalities use the COSO\* Framework for internal controls

COSO 2013 Integrated Framework is most current version

*\*The Committee of Sponsoring Organizations of the Treadway Commission*



# Internal Controls reduce risk of fraud

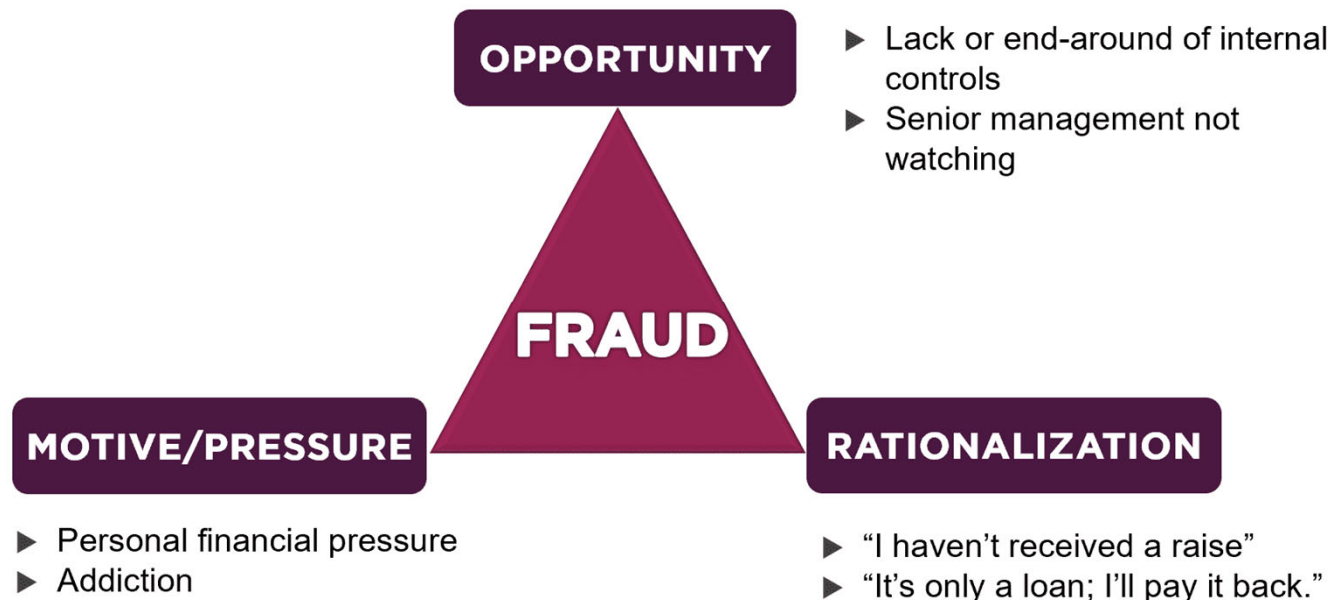
Internal controls are processes designed to assure that objectives can be achieved

Adaptable to entity

Established and monitored by governing body or management

Effected by people

Risk management



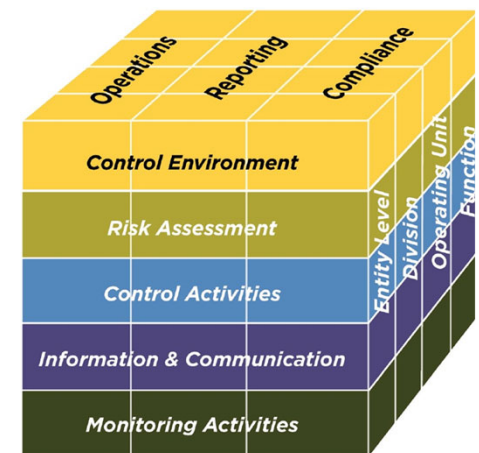
# COSO Framework - Objectives

COSO Framework provides for 3 categories internal control:

**Operations** – effectiveness and efficiency of operations, including performance goals, and safeguarding assets against loss

**Reporting** – internal and external, financial and non-financial reporting as required by law, regulation, or policy

**Compliance** – These pertain to adherence to laws and regulations to which the entity is subject



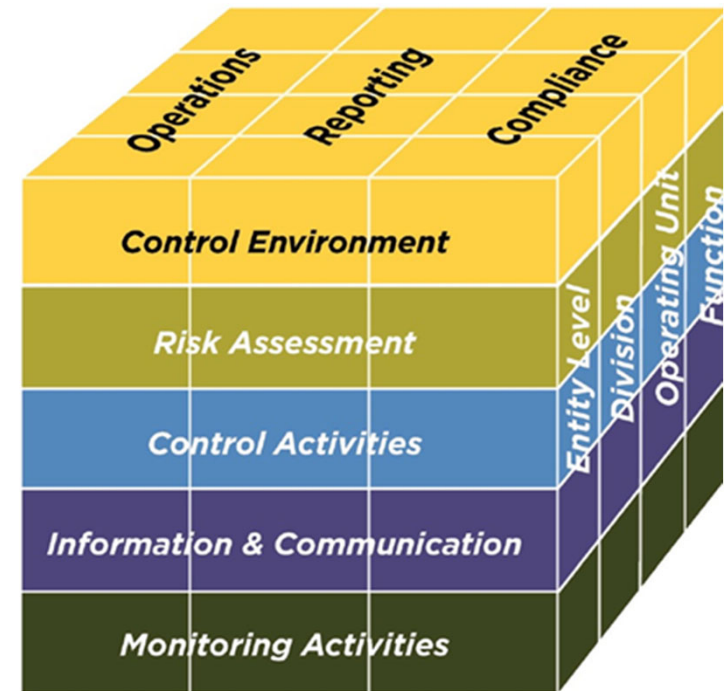
# COSO Internal Controls

## *Control Environment*

The *Control Environment* describes a set of standards, processes, and structures that provide the basis for carrying out internal control across the organization. It is the foundation for internal control.

### Principles:

1. Demonstrates commitment to integrity and values
2. Demonstrates independence and exercises oversight responsibility
3. Establishes structure, authority and responsibility
4. Demonstrates commitment to attracting, developing and retaining competent staff
5. Enforces accountability

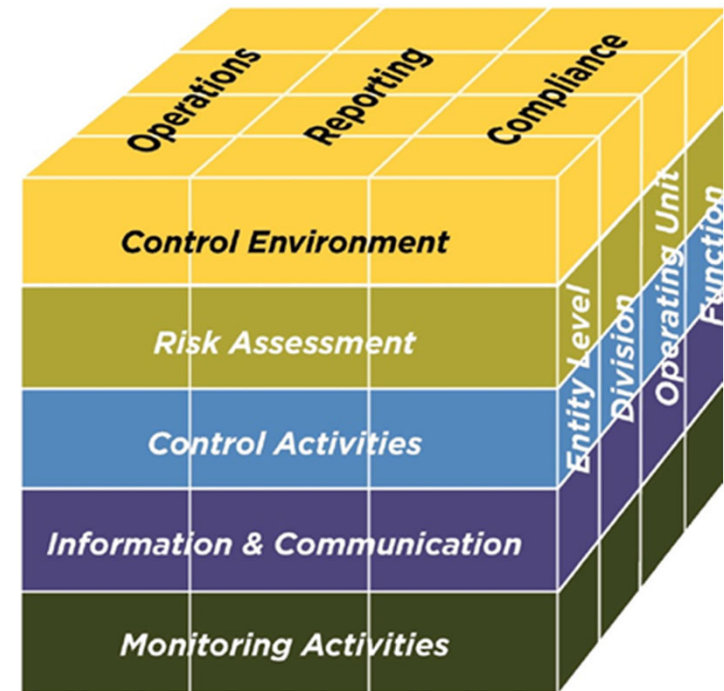


# COSO Internal Controls *Risk Assessment*

The ***Risk Assessment*** forms the basis for determining how risks will be managed. A risk is defined as the possibility that an event will occur and the measure of how adversely affect the achievement of organizational objectives.

## Principles:

6. Specifies suitable, specific objectives
7. Identifies and analyzes risks
8. Assesses fraud risk
9. Identifies and analyzes significant changes



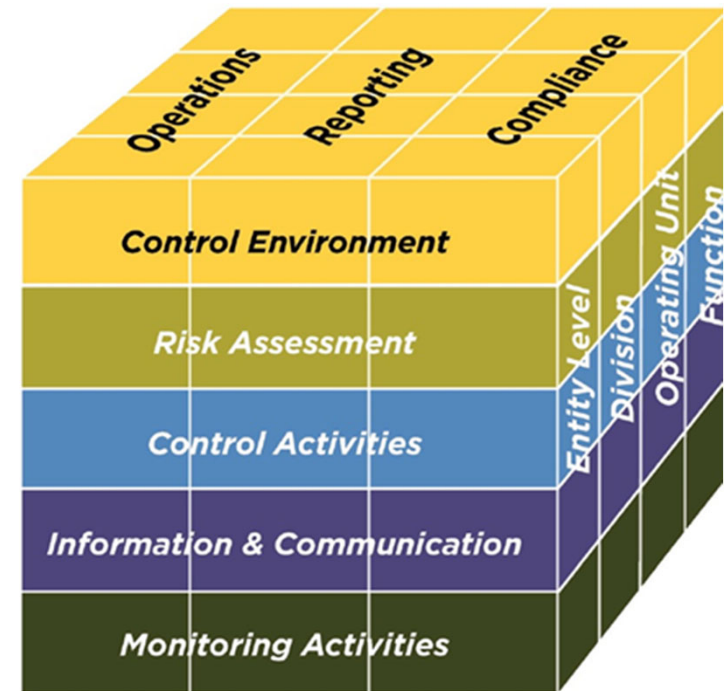
# COSO Internal Controls

## *Control Activities*

*Control activities* are actions (generally described in policies, procedures, and standards) that help management mitigate risks in order to ensure the achievement of objectives. Control activities may be preventive or detective in nature and may be performed at all levels of the organization.

### Principles:

10. Selects and develops control activities that help mitigate risks
11. Selects and develops general controls over technology
12. Bases controls on thorough policies and procedures



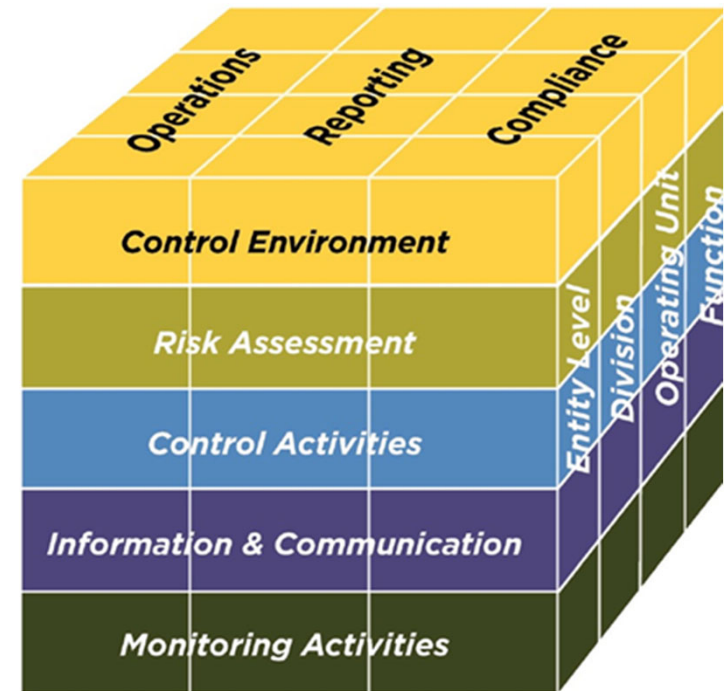
# COSO Internal Controls

## *Information & Communication*

*Information* is obtained or generated by management from both internal and external sources in order to support internal control components. *Communication* based on internal and external sources is used to disseminate important information throughout and outside of the organization, as needed to respond to and support meeting requirements and expectations.

### Principles:

13. Uses relevant, high-quality information
14. Communicates internally to support controls
15. Communicates externally



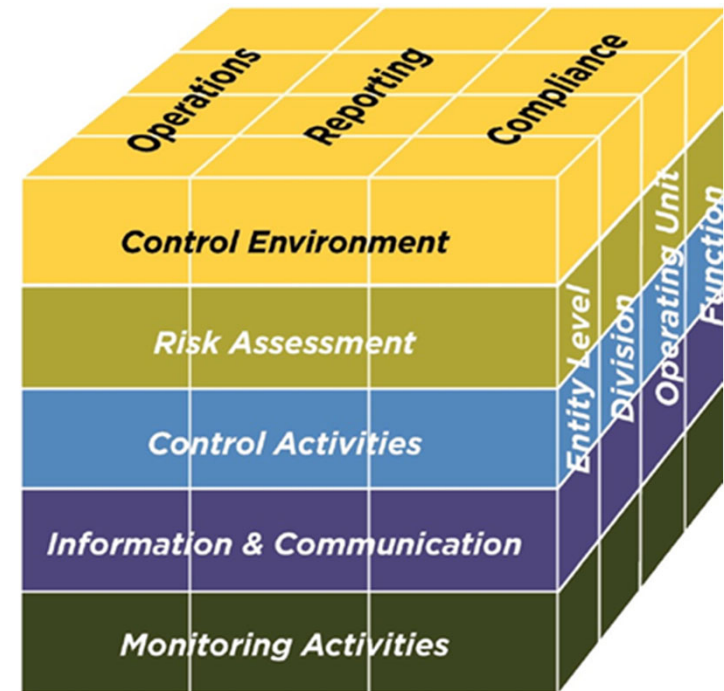
# COSO Internal Controls

## *Monitoring Activities*

Monitoring activities are periodic or ongoing evaluations to verify that each of the five components of internal control, including the controls that affect the principles within each component, are present and functioning.

### Principles:

16. Conducts ongoing and/or separate evaluations
17. Evaluates and communicates deficiencies internally and externally

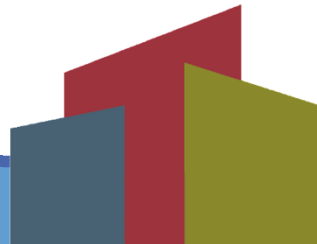


# Internal Controls should be everywhere

---



- Preventing fraud, theft, abuse
- Segregation of duties
- Cash handling
- Billing and accounts receivable
- Purchasing and accounts payable
- Personnel and payroll
- Inventory and Capital assets
- Debt
- Grant administration





---

*I can think of no activity – insider trading included – which can do greater damage to investor confidence than “cooked books.” “Cooked books” cause false financial statements; if the financial statements are false, it is impossible for the narrative portion of any disclosure document to be accurate; and the entire disclosure process is therefore totally undermined. The eradication of “cooked books” deserves the highest priority in both the private and public sectors. I hope it will receive that priority.*

---

**James C. Treadway**



Questions about  
Municipal Expenditures,  
Revenues & Controls?

---

# Thank You!

*This presentation was prepared by Community Builders, Inc., a Wyoming-based consulting firm specializing in community and economic development, under contract and in cooperation with the Wyoming Association of Municipalities.*

## Contact Info:

Joe Coyne, Principal Consultant  
307-631-2413  
Joe@consultCBI.com



Wyoming  
Association of  
Municipalities  
Building Strong Communities

