



**CITY OF RIVERTON, WYOMING**

**FINANCIAL AND COMPLIANCE REPORT**

**June 30, 2012**

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of the  
City Council and City Administrator  
City of Riverton, Wyoming

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Riverton, Wyoming, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Riverton, Wyoming, management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Riverton, Wyoming, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2012, on our consideration of the City of Riverton, Wyoming's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* 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 11 and 43 through 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Riverton, Wyoming's financial statements as a whole. The combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the 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 information has been subjected to the auditing procedures applied in the audit of the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

*Madee Tschacher Peterson + Co, LLC*

Laramie, Wyoming  
November 28, 2012

CITY OF RIVERTON, WYOMING  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended June 30, 2011

As management of the City of Riverton, we offer readers of the City of Riverton financial statements this narrative overview and analysis of the financial activities of the City of Riverton for the fiscal year ended June 30, 2012.

**Financial Highlights**

The assets of the City of Riverton exceeded its liabilities at the close of the most recent fiscal year by \$59,952,070 (net assets). Of this amount, \$9,422,380 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net assets increased by \$624,879. Much of this increase can be attributed to the increase of fixed assets due to completed projects and miscellaneous improvements.

As of the close of the current fiscal year, the City of Riverton's governmental funds reported combined ending fund balances of \$18,156,698, an increase of \$245,392 in comparison with the prior year. Approximately twenty seven percent (27%) of this total amount (\$4,885,858), is available for spending at the government's discretion (unreserved fund balance).

At the end of the current fiscal year, unreserved fund balance for the general fund only was \$2,999,759, approximately thirty six percent (36%) of the total general fund expenditures.

The City of Riverton's total notes payable debt is \$3,278,375 which includes an SRF loan for the Water Treatment Plant, and Wyoming State Loan and Investment Board for the A&T Mobile Home Park, Fike Subdivision and North Riverton Water Improvement projects. The City of Riverton has \$1,194,660 outstanding on a defeased Wyoming Water Commission Loan. This debt is serviced by securities escrowed to service the debt and, therefore, is not included in the City of Riverton's Statement of Net Assets.

**Overview of the Financial Statements**

The discussion and analysis are intended to serve as an introduction to the City of Riverton's basic financial statements. The City of Riverton's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City of Riverton's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City of Riverton's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Riverton is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

CITY OF RIVERTON, WYOMING  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended June 30, 2011

Both of the government-wide financial statements distinguish functions of the City of Riverton that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Riverton include general government, public safety, streets and alleys, parks, health and welfare, capital outlay and debt service. The business-type activities of the City of Riverton include Water, Wastewater, Sanitation, and Airport operations.

The government-wide financial statements can be found on pages 12 through 14 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Riverton, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Riverton can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Government Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Riverton maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and economic development fund that are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Riverton adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 15 through 18 of this report.

CITY OF RIVERTON, WYOMING  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For The Year Ended June 30, 2011

**Proprietary funds.** The City of Riverton maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Riverton uses enterprise funds to account for its Water, Wastewater, Sanitation and Airport operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Wastewater, Sanitation and Airport operations, all of which are considered to be major funds of the City of Riverton. The basic proprietary fund financial statements can be found on pages 19 through 21 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 through 42 of this report.

The combining and individual fund statements referred to earlier in connection with non-major governmental funds can be found on pages 47 through 49 of this report.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Riverton's net assets, approximately 87.7 percent reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Riverton uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Riverton's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Riverton's Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2011	2012	2011	2012	2011	2012
Current and Other assets	\$ 7,940,735	\$ 7,025,245	\$ 6,886,348	\$ 6,976,993	\$ 14,827,083	\$ 14,002,238
Capital assets	12,087,913	12,332,579	39,941,306	40,537,223	52,029,219	52,869,802
Total assets	20,028,648	19,357,824	46,827,654	47,514,216	66,856,302	66,872,040
Long-term liabilities outstanding	-	-	2,841,240	3,412,744	2,841,240	3,412,744
Other liabilities	2,117,342	1,201,126	2,570,529	2,306,100	4,687,871	3,507,226
Total liabilities	2,117,342	1,201,126	5,411,769	5,718,844	7,529,111	6,919,970
Invested in capital assets, net of related debt	12,087,913	12,332,579	36,931,046	37,258,850	49,018,959	49,591,429
Restricted	881,000	938,261	-	-	881,000	938,261
Unrestricted	4,942,393	4,885,858	4,484,839	4,536,522	9,427,232	9,422,380
Total net assets	\$ 17,911,306	\$ 18,156,698	\$ 41,415,885	\$ 41,795,372	\$ 59,327,191	\$ 59,952,070

**CITY OF RIVERTON, WYOMING**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For The Year Ended June 30, 2011

A portion of the City of Riverton's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$9,479,641) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Riverton is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The City's net assets increased by \$624,879 during the current fiscal year due to improvements and the changes in the number of on-going construction projects.

**City of Riverton's Change in Net Assets**

	Governmental Activities		Business-type Activities		Total	
	2011	2012	2011	2012	2011	2012
Revenues:						
Program Revenues						
Charges for Services	\$ 465,488	\$ 492,282	\$ 8,115,957	\$ 7,411,008	\$ 8,581,445	\$ 7,903,290
Operating grants and contributions	3,214,438	2,126,036	83,462	82,331	3,297,900	2,208,367
Capital grants and contributions	37,328	30,654	642,707	1,125,584	680,035	1,156,238
General Revenues:						
Property Taxes	204,549	427,324	-	-	204,549	427,324
Motor Vehicle Taxes	72,791	243,731	-	-	72,791	243,731
Franchise Taxes	708,335	805,244	-	-	708,335	805,244
Sales Taxes	2,222,830	2,460,776	-	-	2,222,830	2,460,776
Intergovernmental Funds and shared revenues not restricted to specific programs	2,133,952	1,964,844	61,812	239,700	2,195,764	2,204,544
Passenger facility charges			70,698	56,794	70,698	56,794
Unrestricted investment earnings	82,758	77,268	10,992	9,476	93,750	86,744
Total revenues	9,142,469	8,628,159	8,985,628	8,924,893	18,128,097	17,553,052

CITY OF RIVERTON, WYOMING  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For The Year Ended June 30, 2011

	Governmental Activities		Business-type Activities		Total	
	2011	2012	2011	2012	2011	2012
Expenses:						
General government	4,445,336	3,536,519			4,445,336	3,536,519
Public Safety	3,094,003	3,333,485			3,094,003	3,333,485
Streets and alleys	487,438	451,179			487,438	451,179
Parks	468,745	696,530			468,745	696,530
Health and welfare	380,132	365,054			380,132	365,054
Water			2,315,865	2,735,872	2,315,865	2,735,872
Wastewater			2,133,480	1,992,492	2,133,480	1,992,492
Sanitation			2,461,810	2,149,060	2,461,810	2,149,060
Airport			1,590,878	1,667,982	1,590,878	1,667,982
Total expenses	8,875,654	8,382,767	8,502,033	8,545,406	17,377,687	16,928,173
Increase (decrease) in net assets before transfers	266,815	245,392	483,595	379,487	750,410	624,879
Net assets - beginning (restated)	17,644,491	17,911,306	40,932,290	41,415,885	58,576,781	59,327,191
Net assets - ending	\$17,911,306	\$ 18,156,698	\$41,415,885	\$ 41,795,372	\$59,327,191	\$ 59,952,070

Expenses and Program Revenues

**Governmental activities.** The governmental activities showed an increase in net assets of \$245,392. Total of governmental activities expenditures increased \$492,887 due to increases in employee compensation.

**Business-type activities.** Business-type activities showed an increase in net assets of \$379,487, mainly as a result of continued influx of capital grants and contributions from local, state and federal funding agencies.

**Financial Analysis of the Government's Funds**

As noted earlier, the City of Riverton uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus on the City of Riverton's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Riverton's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Riverton's governmental funds reported combined ending fund balances of \$6,035,034, a decrease of \$84,973 in comparison with the prior year. Approximately fifty six percent (56%) of this amount (\$3,364,802) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed by voter resolution for the Senior Center corpus (\$881,000), and the remainder (\$1,789,232) is committed for various future expenditures.

CITY OF RIVERTON, WYOMING  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended June 30, 2011

The general fund is the chief operating fund of the City of Riverton. At the end of the current fiscal year, unreserved fund balance of the general fund was \$2,999,759. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents approximately thirty two percent (32%) of the total general fund expenditures, while total fund balance represents approximately fifty percent (50%) of the same amount.

The fund balance of the City of Riverton's general fund decreased by \$338,982 during the current fiscal year. Two key factors for the decrease is less revenue received in grants, contributions and intergovernmental funds as well as an increase in expenditures.

The debt service fund has a total fund balance of \$50,380 all of which is reserved for the payment of debt service. The fund balance during the current year in the debt service fund remained the same as the previous fiscal year. The debt service fund continues to be used to pay principal and interest on the City of Riverton's defeased Wyoming Water Development Commission loan as it becomes due.

***Proprietary funds.*** The City of Riverton's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water Fund at the end of the fiscal year amounted to \$2,681,517, an increase over the prior year of \$380,791.

Unrestricted net assets of the Sewer Fund at the end of the fiscal year amounted to \$1,909,091, a decrease of \$434,368.

Unrestricted net assets in the Sanitation Fund at the end of the fiscal year amounted to \$1,042,327, an increase of \$274,825. The increase is due to a sanitation truck not being purchased until the next fiscal year.

Unrestricted net assets of the Airport Fund at the end of the fiscal year amounted to -\$1,096,413, a decrease of \$293,305. The decrease is related primarily due to a timing factor: a loan from the WYDOT Aeronautics Division of \$375,000 was received prior to expenses being incurred. There was an overall decrease in total net assets of \$828,524 from \$13,497,467 in 2011 to \$12,668,943 in 2012.

### **Governmental Funds Budgetary Highlights**

Differences between the original and final amended budget in the general fund were approximately \$15,000. No additional monies were needed as expenditures were decreased through inter-departmental line item transfers.

CITY OF RIVERTON, WYOMING  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For The Year Ended June 30, 2011

***Capital Asset and Debt Administration***

**Capital assets.** The City of Riverton's investment in capital assets for its governmental and business type activities as of June 30, 2012, amounts to \$52,869,802 (net of accumulated depreciation). This investment in capital assets included land, buildings, delivery systems, improvements, machinery and equipment, park facilities, and streets and alleys. The total increase in the City of Riverton's investment in capital assets for the current fiscal year was \$840,583.

Major capital asset events during the current fiscal year include the following:

In the General Fund, major contributors to capital asset events were: purchase of 422 E. Main, WYECIP Energy Improvements, Riverside Dr. Improvement Project, Mesh Network Project for the Police Dept. and pavement projects such as the East Monroe Overlay Project.

The Water Fund indicated an increase in capital assets due to the Sale Barn waterline project, miscellaneous water improvements, and the commencement of the North Riverton Waterline Replacement Project. In the Sewer Fund, sewer line replacement projects such as the Old Town Sewer Line Replacement and the West Park Interceptor Project were major capital projects that increased the assets for this fund. Another major contribution from the Airport Fund was the completion of the Airport Master Plan.

**City of Riverton's Capital Assets  
(Net of depreciation)**

	Governmental Activities		Business-type Activities		Total	
	2011	2012	2011	2012	2011	2012
Land	\$ 1,635,484	\$ 1,714,701	\$ 707,683	\$ 707,683	\$ 2,343,167	\$ 2,422,384
Works of art						
Buildings	3,129,254	3,162,521	19,532,790	19,564,773	22,662,044	22,727,294
Improvements other than buildings	1,084,400	2,159,407	-	-	1,084,400	2,159,407
Collection, transmission and distributions	-	-	14,198,511	16,109,662	14,198,511	16,109,662
Machinery and equipment	379,793	397,260	622,581	986,997	1,002,374	1,384,257
Source of supply			1,505,138	1,737,580	1,505,138	1,737,580
Transportation equipment	341,681	411,677	-	-	341,681	411,677
Computer equipment	40,888	23,911	-	-	40,888	23,911
Treatment plants	-	-	40,825	30,707	40,825	30,707
Furniture and fixtures	6,806	-	-	-	6,806	-
Infrastructure	3,723,853	3,904,954	-	-	3,723,853	3,904,954
Construction in progress	1,745,754	558,148	3,333,778	1,399,821	5,079,532	1,957,969
<b>Total</b>	<b>12,087,913</b>	<b>12,332,579</b>	<b>39,941,306</b>	<b>40,537,223</b>	<b>52,029,219</b>	<b>52,869,802</b>

Additional information on The City of Riverton's capital assets can be found in Note 5 on pages 34 through 36 of this report.

CITY OF RIVERTON, WYOMING  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended June 30, 2011

***Long-term debt.*** At the end of the current fiscal year, the City of Riverton had a total of \$3,993,437 in outstanding debt. Of this amount, \$350,000 is for landfill monitoring costs.

***Defeased debt.*** The City of Riverton has an escrow account for the payment of principal and interest on a defeased Wyoming Water Development commission loan. While it is believed that the monies placed in this escrow account are sufficient to pay all principal and interest as it becomes due, the City of Riverton is contingently liable if the funds become insufficient. The outstanding balance of this loan as of 2012 is \$1,194,660.

Additional information on the City of Riverton's long-term and defeased debt can be found in note 6 on pages 36 through 39 of this report.

***Economic Factors and Next Year's Budgets and Rates***

Natural gas and oilfield operations remained flat during the most recent fiscal year reflecting the softness of the national economy. However, the local area is experiencing activity in the energy industry again. While many of our citizens are traveling to other states to work, many who were unemployed are finding their way back to steady employment in this industry.

With a very slim increase this current fiscal year by the drivers (sales & use taxes) of the General Fund, a prediction of a 7% increase by the State of Wyoming on sales & use taxes for FY 2011-2012, and the turbulence in the financial markets of the U.S. at the time of this report, we cannot anticipate nor predict what the local economy will do with any conviction. Riverton, Fremont County and West Central Wyoming continue to be ideally situated on promising deposits of natural gas, oil and uranium. Recent projections about the U.S. attaining energy independence provide encouraging reason to believe that the City of Riverton will benefit from domestic energy production.

As previously reported, officials in Riverton were notified by the Federal Government in 2007 that a national Job Corps center would be built in Riverton by 2012. While the original timeline has elapsed, City staff has stayed in constant contact with the Architectural/Engineering design team assuring that the plans and specifications are in compliance with the current building codes. The most recent timeline provided by the Department of Labor to Senator Enzi's office projects the facility opening in late 2014. Once construction is completed, the center could bring 100+ jobs to with an anticipated stream of new revenue to the community of \$10-15M annually. The City has signed a lease making 100+ acres of land available on a leased basis for the project. City staff has been actively working with the Job Corp, Department of Labor and the selected design team to bring the project forward on schedule. Due to Federal legislation and release of funds the completion date is yet to be determined.

The City of Riverton is continuing to focus on an optional one-cent sales tax proposition for Fremont County voters.

During the current fiscal year, unreserved fund balance in the general fund decreased by \$157,919. With management, it is anticipated that the remaining unreserved fund balance of \$2,999,759 will be sufficient to provide the necessary general fund services. The City continues to pursue several types of available grants for use in major, one-time capital projects. Council

CITY OF RIVERTON, WYOMING  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended June 30, 2011

provided direction that the General Fund operational reserve shall remain at 18.5% for the third year in a row.

Water users experienced a 7.6% increase in rates due to capital projects and Airport Lease rates experienced a slight increase of 2% in 2012. These increases are due to the Consumer Price Index which indicated an annual increase in the CPI for January 2011 to January of 2012 of 2.6%. The remaining 5% of the increase was due to building reserve for the Riverton Water Supply Project. The Sanitation Fund experienced a CPI increase of 2.6% as well due to the newly implemented tipping fee structure by the Fremont County Solid Waste Disposal District in 2011. The Sewer Fund rates were increased by the 3.2% due to the CPI increase of 2.6% with an additional .06% to assist with the reserve funding meeting the 18.5% amount as directed by Council. The City Council gave clear direction that the reserves for each of the utility enterprises should not subsidize their operations and established a reserve amount 18.5% annually for the third year.

**Requests for Information**

The financial report is designed to provide a general overview of the City of Riverton'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 information should be addressed to the Director of Administrative Services; City of Riverton; 816 N. Federal Blvd.; Riverton WY 82501. Inquiries may also be made on our web site, [www.rivertonwy.gov](http://www.rivertonwy.gov).

CITY OF RIVERTON, WYOMING

**STATEMENT OF NET ASSETS**

June 30, 2012

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
Cash	\$ 2,764,739	\$ 2,481,539	\$ 5,246,278
Investments	2,166,594	1,545,175	3,711,769
Receivables, net of allowance for uncollectible accounts	405,721	2,261,519	2,667,240
Notes receivable	30,000	-	30,000
Due from other governments	1,045,123	-	1,045,123
Due from other funds	549,724	565,186	1,114,910
Inventories	63,344	123,574	186,918
Capital assets, including land and construction in progress not subject to depreciation, net of accumulated depreciation	12,332,579	40,537,223	52,869,802
Total Assets	<u>\$ 19,357,824</u>	<u>\$ 47,514,216</u>	<u>\$ 66,872,040</u>
<b>LIABILITIES</b>			
Bank overdraft	\$ -	\$ 854,272	\$ 854,272
Accounts payable	477,603	310,090	787,693
Accrued payroll	96,196	34,205	130,401
Accrued interest	-	39,259	39,259
Due to other funds	348,428	766,482	1,114,910
Noncurrent liabilities			
Due within one year	278,899	325,085	603,984
Due in more than one year	-	3,389,451	3,389,451
Total Liabilities	<u>1,201,126</u>	<u>5,718,844</u>	<u>6,919,970</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	12,332,579	37,258,850	49,591,429
Restricted			
Maintenance and operation of Senior			
Citizens Center	881,000	-	881,000
911 emergency response system	6,881	-	6,881
Debt service fund	50,380	-	50,380
Unrestricted	4,885,858	4,536,522	9,422,380
Total Net Assets	<u>\$ 18,156,698</u>	<u>\$ 41,795,372</u>	<u>\$ 59,952,070</u>

See Notes to Financial Statements.

CITY OF RIVERTON, WYOMING

**STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2012

Function/Program Activities	Expenses	Indirect Expenses Allocation	Program Revenues		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>					
General government	\$ 4,596,100	\$ (1,059,581)	\$ 451,725	\$ 1,691,087	\$ 30,654
Public safety	3,333,485	-	36,417	360,264	-
Streets and alleys	451,179	-	-	-	-
Parks	696,530	-	4,140	11,871	-
Health and welfare	365,054	-	-	62,814	-
Total governmental activities	<u>9,442,348</u>	<u>(1,059,581)</u>	<u>492,282</u>	<u>2,126,036</u>	<u>30,654</u>
<b>Business-Type Activities:</b>					
Water	2,423,624	312,248	2,793,715	-	695,869
Sewer	1,684,010	308,482	2,028,444	-	254,377
Sanitation	1,842,567	306,493	2,270,218	33,343	-
Airport	1,535,624	132,358	318,631	48,988	175,338
Total business-type activities	<u>7,485,825</u>	<u>1,059,581</u>	<u>7,411,008</u>	<u>82,331</u>	<u>1,125,584</u>
<b>Total primary government</b>	<u>\$ 16,928,173</u>	<u>\$ -</u>	<u>\$ 7,903,290</u>	<u>\$ 2,208,367</u>	<u>\$ 1,156,238</u>

**General revenues:**

Taxes:

Property taxes

Sales and use taxes

Franchise taxes based on gross revenues collected by service providers

Motor vehicle taxes

Passenger facility charges

Intergovernmental funds and shared revenues not restricted to specific program

Unrestricted investment earnings

Total general revenues, loss on disposal of assets and transfers

Change in net assets

Net assets- beginning

Net assets- ending

See Notes to Financial Statements

Net Revenue (Expense) and Changes in Net Assets

Primary Government

<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
\$ (1,363,053)	\$ -	\$ (1,363,053)
(2,936,804)	-	(2,936,804)
(451,179)	-	(451,179)
(680,519)	-	(680,519)
(302,240)	-	(302,240)
<u>(5,733,795)</u>	<u>-</u>	<u>(5,733,795)</u>
-	753,712	753,712
-	290,329	290,329
-	154,501	154,501
-	<u>(1,125,025)</u>	<u>(1,125,025)</u>
-	<u>73,517</u>	<u>73,517</u>
<u>\$ (5,733,795)</u>	<u>\$ 73,517</u>	<u>\$ (5,660,278)</u>
\$ 427,324	\$ -	\$ 427,324
2,460,776	-	2,460,776
805,244	-	805,244
243,731	-	243,731
-	56,794	56,794
1,964,844	239,700	2,204,544
77,268	9,476	86,744
<u>5,979,187</u>	<u>305,970</u>	<u>6,285,157</u>
245,392	379,487	624,879
17,911,306	41,415,885	59,327,191
<u>\$ 18,156,698</u>	<u>\$ 41,795,372</u>	<u>\$ 59,952,070</u>

CITY OF RIVERTON, WYOMING

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

June 30, 2012

	General	Economic Development	Non-major Governmental	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 2,411,278	\$ 290,673	\$ 62,789	\$ 2,764,740
Investments	990,256	-	1,176,338	2,166,594
Receivables, other	324,196	96,671	6,201	427,068
Due from other governments	1,017,201	-	-	1,017,201
Due from other funds	499,344	-	50,380	549,724
Inventories	63,344	-	-	63,344
Total Assets	<u>\$ 5,305,619</u>	<u>\$ 387,344</u>	<u>\$ 1,295,708</u>	<u>\$ 6,988,671</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 475,380	-	\$ -	\$ 475,380
Accrued payroll	129,829	-	-	129,829
Due to other funds	21,106	327,322	-	348,428
Total Liabilities	<u>626,315</u>	<u>327,322</u>	<u>-</u>	<u>953,637</u>
<b>FUND BALANCES</b>				
Nonspendable	1,080,545	-	-	1,080,545
Restricted for				
Senior Citizens Center endowment				
by voters resolution	-	-	881,000	881,000
911 emergency response system	-	-	6,881	6,881
Debt service fund	-	-	50,380	50,380
Committed	592,000	-	-	592,000
Assigned	7,000	-	52,426	59,426
Unassigned, reported in				
General Fund	2,999,759	-	-	2,999,759
Special revenue funds	-	60,022	305,021	365,043
Total Fund Balances	<u>4,679,304</u>	<u>60,022</u>	<u>1,295,708</u>	<u>6,035,034</u>
Total Liabilities and Fund Balances	<u>\$ 5,305,619</u>	<u>\$ 387,344</u>	<u>\$ 1,295,708</u>	<u>\$ 6,988,671</u>

See Notes to Financial Statements.

CITY OF RIVERTON, WYOMING

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

June 30, 2012

Fund balances- total governmental funds		\$ 6,035,034
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 governmental funds.		
Governmental capital assets		12,332,579
Since the measurement focus of the governmental funds is on short-term financing, some assets will not be available to pay for current expenditures. Those assets are offset by deferred revenue in the governmental funds and are not included in the governmental fund balances.		
Special assessments receivable		36,574
Long-term liabilities, including notes payable and capital leases, are not due and payable on the current period and therefore are not reported in the governmental funds.		
Compensated absences	(245,267)	
Retainage payable	<u>(2,222)</u>	<u>(247,489)</u>
Net assets of governmental activities		<u>\$ 18,156,698</u>

See Notes to Financial Statements.

CITY OF RIVERTON, WYOMING

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

For the Year Ended June 30, 2012

	<u>General</u>	<u>Economic Development</u>	<u>Non-major Governmental</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>				
Property taxes	\$ 426,687	\$ -	\$ -	\$ 426,687
Motor vehicle taxes	243,731	-	-	243,731
Sales taxes	2,502,209	-	-	2,502,209
Franchise taxes	805,244	-	-	805,244
Licenses and permits	235,891	-	-	235,891
Intergovernmental	2,999,031	-	32,491	3,031,522
Grants, contributions, and donations	969,178	1,067,056	30,654	2,066,888
Fines and forfeitures	172,494	-	-	172,494
Investment income	5,134	16	72,117	77,267
Charges for services	<u>77,897</u>	<u>-</u>	<u>-</u>	<u>77,897</u>
Total Revenues	<u>8,437,496</u>	<u>1,067,072</u>	<u>135,262</u>	<u>9,639,830</u>
<b>EXPENDITURES:</b>				
Current				
General government	1,909,481	-	-	1,909,481
Public safety	3,212,141	-	22,884	3,235,025
Streets and alleys	924,976	-	-	924,976
Parks and recreation	692,908	-	-	692,908
Health and welfare	142,003	-	64,167	206,170
Community Development	317,387	-	38,891	356,278
Capital outlay	1,251,075	1,082,050	-	2,333,125
Debt service	<u>-</u>	<u>-</u>	<u>66,840</u>	<u>66,840</u>
Total Expenditures	<u>8,449,971</u>	<u>1,082,050</u>	<u>192,782</u>	<u>9,724,803</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,475)</u>	<u>(14,978)</u>	<u>(57,520)</u>	<u>(84,973)</u>
Transfer in (out)	<u>(326,507)</u>	<u>326,507</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(338,982)	311,529	(57,520)	(84,973)
Fund Balances (deficit)- Beginning	<u>5,018,286</u>	<u>(251,507)</u>	<u>1,353,228</u>	<u>6,120,007</u>
Fund Balances - Ending	<u>\$ 4,679,304</u>	<u>\$ 60,022</u>	<u>\$ 1,295,708</u>	<u>\$ 6,035,034</u>

See Notes to Financial Statements.

CITY OF RIVERTON, WYOMING

**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF ACTIVITIES – GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2012

Net change in fund balances- total governmental funds \$ (84,973)

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 depreciated over their  
depreciated over their estimated useful lives.

Expenditures for capital assets	1,107,696	
Less current year depreciation	<u>(818,538)</u>	289,158

Some expenses reported in the statement of activities do not require current  
financial resources and therefore are not reported as expenditures in  
governmental funds.

Retainage payable	25,838	
Change in long-term compensated absences	<u>15,369</u>	<u>41,207</u>

Change in net assets of governmental activities \$ 245,392

See Notes to Financial Statements.

CITY OF RIVERTON, WYOMING

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS**

June 30, 2012

	Business - Type Activities- Enterprise Funds				
	Water	Sewer	Sanitation	Airport	Total
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash	\$ 1,069,915	\$ 627,583	\$ 784,041	\$ -	\$ 2,481,539
Investments	520,931	643,228	379,276	1,740	1,545,175
Receivables:					
Accounts	695,748	145,944	178,224	403,717	1,423,633
Unbilled usage	275,400	472,020	90,466	-	837,886
Due from other funds	483,281	81,905	-	-	565,186
Inventories	36,465	-	70,586	16,523	123,574
Total current assets	<u>3,081,740</u>	<u>1,970,680</u>	<u>1,502,593</u>	<u>421,980</u>	<u>6,976,993</u>
<b>Noncurrent Assets</b>					
Capital assets, net of					
accumulated depreciation	13,397,350	12,092,833	769,003	14,278,037	40,537,223
Total noncurrent assets	<u>13,397,350</u>	<u>12,092,833</u>	<u>769,003</u>	<u>14,278,037</u>	<u>40,537,223</u>
 Total Assets	 <u>\$ 16,479,090</u>	 <u>\$ 14,063,513</u>	 <u>\$ 2,271,596</u>	 <u>\$ 14,700,017</u>	 <u>\$ 47,514,216</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Bank overdraft	\$ -	\$ -	\$ -	\$ 854,272	\$ 854,272
Accounts payable	265,488	19,522	21,932	3,148	310,090
Accrued payroll	9,918	4,556	18,837	894	34,205
Accrued interest	31,734	4,379	-	3,146	39,259
Landfill monitoring costs payable, current	-	-	50,000	-	50,000
Current maturities of note payable	79,872	38,399	-	20,651	138,922
Due to other funds	64,293	-	80,858	621,331	766,482
Total current liabilities	<u>451,305</u>	<u>66,856</u>	<u>171,627</u>	<u>1,503,442</u>	<u>2,193,230</u>

(Continued)

See Notes to Financial Statements.

CITY OF RIVERTON, WYOMING

**STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS**

June 30, 2012

(Continued)

	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>	<u>Airport</u>	<u>Total</u>
<b>Noncurrent liabilities</b>					
Compensated absences	28,790	33,132	38,639	35,602	136,163
Landfill monitoring costs payable	-	-	250,000	-	250,000
Note payable	<u>1,943,248</u>	<u>704,173</u>	<u>-</u>	<u>492,030</u>	<u>3,139,451</u>
Total noncurrent liabilities	<u>1,972,038</u>	<u>737,305</u>	<u>288,639</u>	<u>527,632</u>	<u>3,525,614</u>
Total Liabilities	<u>2,423,343</u>	<u>804,161</u>	<u>460,266</u>	<u>2,031,074</u>	<u>5,718,844</u>
<b>NET ASSETS</b>					
Invested in capital assets (net of related debt)	11,374,230	11,350,261	769,003	13,765,356	37,258,850
Unrestricted	<u>2,681,517</u>	<u>1,909,091</u>	<u>1,042,327</u>	<u>(1,096,413)</u>	<u>4,536,522</u>
Total Net Assets	<u>14,055,747</u>	<u>13,259,352</u>	<u>1,811,330</u>	<u>12,668,943</u>	<u>41,795,372</u>
Total Liabilities and Net Assets	<u>\$ 16,479,090</u>	<u>\$ 14,063,513</u>	<u>\$ 2,271,596</u>	<u>\$ 14,700,017</u>	<u>\$ 47,514,216</u>

See Notes to Financial Statements.

CITY OF RIVERTON, WYOMING

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

For the Year Ended June 30, 2012

	Business-Type Activities- Enterprise Funds				
	Water	Sewer	Sanitation	Airport	Total
<b>OPERATING REVENUES:</b>					
Charges for services	\$ 2,793,715	\$ 2,028,444	\$ 2,270,218	\$ 318,631	\$ 7,411,008
<b>OPERATING EXPENSES</b>					
Cost of services and operations	1,502,002	988,659	1,567,457	556,977	4,615,095
Depreciation	600,845	468,188	136,020	937,840	2,142,893
General and administration	574,414	525,014	445,583	170,019	1,715,030
Total operating expenses	2,677,261	1,981,861	2,149,060	1,664,836	8,473,018
Operating income (loss)	116,454	46,583	121,158	(1,346,205)	(1,062,010)
<b>NONOPERATING REVENUES</b>					
<b>(EXPENSES):</b>					
Passenger facility charges	-	-	-	56,794	56,794
Intergovernmental	-	-	-	239,700	239,700
Investment income	2,869	4,637	1,963	7	9,476
Interest expense	(58,611)	(10,631)	-	(3,146)	(72,388)
Grants, contributions and donations	-	-	33,343	48,988	82,331
Total nonoperating revenue (expenses)	(55,742)	(5,994)	35,306	342,343	315,913
Income (loss) before other income	60,712	40,589	156,464	(1,003,862)	(746,097)
Captial contributions - grants and other	695,869	254,377	-	175,338	1,125,584
	695,869	254,377	-	175,338	1,125,584
Change in net assets	756,581	294,966	156,464	(828,524)	379,487
Net assets beginning	13,299,166	12,964,386	1,654,866	13,497,467	41,415,885
Net assets ending	\$ 14,055,747	\$ 13,259,352	\$ 1,811,330	\$ 12,668,943	\$ 41,795,372

See Notes to Financial Statements.

CITY OF RIVERTON, WYOMING

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

For the Year Ended June 30, 2012

	Business-Type Activities- Enterprise Funds				Total
	Water	Sewer	Sanitation	Airport	
<b>CASH FLOWS FROM OPERATIONS:</b>					
Receipts from customers and users	\$ 3,415,792	\$ 1,531,209	\$ 2,195,537	\$ 172,379	\$ 7,314,917
Payments to suppliers	(1,502,002)	(988,659)	(1,567,457)	(634,080)	(4,692,198)
Payments to employees	(574,414)	(525,014)	(445,583)	(170,019)	(1,715,030)
Net cash from operating activities	<u>1,339,376</u>	<u>17,536</u>	<u>182,497</u>	<u>(631,720)</u>	<u>907,689</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Due to (from) other funds	(418,988)	(81,905)	80,858	621,331	201,296
Net cash from noncapital financing activities	<u>(418,988)</u>	<u>(81,905)</u>	<u>80,858</u>	<u>621,331</u>	<u>201,296</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Subsidy from passenger facility charges	-	-	-	56,794	56,794
Change in long-term debt	(1,359,787)	(660,712)	(124,802)	(69,880)	(2,215,181)
Interest paid on long-term debt	58,611	(10,631)	-	3,146	51,126
Net cash from capital and related financing activities	<u>(1,301,176)</u>	<u>(671,343)</u>	<u>(124,802)</u>	<u>(9,940)</u>	<u>(2,107,261)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Interest earned on investments	2,872	4,639	1,963	7	9,481
Receipts from private company	-	-	-	20,322	20,322
Net cash from investing activities	<u>2,872</u>	<u>4,639</u>	<u>1,963</u>	<u>20,329</u>	<u>29,803</u>
Net change in cash and cash equivalents	(377,916)	(731,073)	140,516	-	(968,473)
Cash, beginning	<u>1,447,831</u>	<u>1,358,656</u>	<u>643,525</u>	<u>-</u>	<u>3,450,012</u>
Cash, ending	<u>\$ 1,069,915</u>	<u>\$ 627,583</u>	<u>\$ 784,041</u>	<u>\$ -</u>	<u>\$ 2,481,539</u>

See Notes to Financial Statements.

CITY OF RIVERTON, WYOMING

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

For the Year Ended June 30, 2012

(Continued)

	Business-Type Activities-Enterprise Funds				Total
	Water	Sewer	Sanitation	Airport	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</b>					
Income (loss) from operations	\$ 116,454	\$ 46,583	\$ 121,158	\$ (1,346,205)	\$ (1,062,010)
Adjustments to reconcile income (loss) from operations to net cash from operating activities					
Depreciation	600,845	468,188	136,020	937,840	2,142,893
(Increase) decrease in:					
Accounts receivable	689,268	(163,298)	(13,118)	(192,335)	320,517
Inventory	4,876	-	(8,105)	9,938	6,709
Increase (decrease) in:					
Accounts payable	(84,505)	(350,555)	(22,813)	(46,409)	(504,282)
Payroll liabilities	1,964	615	5,848	3,436	11,863
Accrued interest	19,326	(220)	-	(391)	18,715
Due to compensated absences	(8,852)	16,223	13,507	2,406	23,284
Landfill monitoring costs	-	-	(50,000)	-	(50,000)
Net cash from operating activities	<u>\$ 1,339,376</u>	<u>\$ 17,536</u>	<u>\$ 182,497</u>	<u>\$ (631,720)</u>	<u>\$ 907,689</u>

See Notes to Financial Statements

## CITY OF RIVERTON, WYOMING

### NOTES TO FINANCIAL STATEMENTS

#### Note 1. The Reporting Entity and Significant Accounting Policies

##### Reporting Entity

The City of Riverton (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 no other outside agency meets the above criteria and, therefore, no other entity has been included as a component unit in the City's basic financial statements.

##### 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 an airport, water, sewer and sanitation utilities, and 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 non-fiduciary activities of the primary government. For the most part, the effect of inter-fund 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.

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.

## NOTES TO FINANCIAL STATEMENTS

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

### Measurements 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 liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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 *economic development fund* accounts for economic development activities from grant funds.

The government reports the following major proprietary funds:

The *water fund* accounts for revenue and expenses of the department responsible for providing a safe, potable water supply adequate for fire protection, domestic and industrial usage.

The *sewer fund* accounts for revenue and expenses of the department responsible for maintaining a dependable system for collecting and treating wastewater in the City.

## NOTES TO FINANCIAL STATEMENTS

The *sanitation 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 *airport fund* accounts for revenue and expenses associated with operation and maintenance of the Riverton Regional Airport.

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 inter-fund 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 non-operating 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, sanitation and airport enterprise funds and of the government's internal service 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 non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

## NOTES TO FINANCIAL STATEMENTS

### 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.

### Investments

Wyoming Statutes authorize the types of investments in which the City may invest. Among these authorized investments are certificates of deposit, 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.

The City's investments consist of participation in WYO-STAR, an investment pool sponsored by the State Treasurer's office, comprised of cash and mortgage backed securities held for the State in trust by Chase-Manhattan Bank.

### 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 inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balance outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balance."

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 2012 property taxes were levied as of July 1, 2011 and were due in two installments.

## NOTES TO FINANCIAL STATEMENTS

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, 2012. Property Taxes receivable is included in “due from other governments” in the accompanying balance sheet. Property taxes are assessed, billed, collected, and distributed by the Fremont County Treasurer’s and Assessor’s offices. Governmental funds report deferred revenue in connection with property tax receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

### Prepaid Items

Prepaid items represent payments made to vendors for services that will benefit periods beyond June 30, 2012 and are recorded as prepaid expenses in enterprise funds or prepaid expenditures in governmental funds.

### Inventories

Inventories are carried at cost (first-in, first-out method). Inventories of the governmental fund types are recorded as expenditures when consumed rather than 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.

### Special Assessments Receivable

The City collected \$55,882, \$2,178, \$11,114, and \$12,030 for Spencer, Gardens North, Fike, and Raintree assessments during the year ended June 30, 2012, respectively. The remaining current assessment receivable is \$502,485.

### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), 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 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 is depreciated using the straight line method over the following estimated useful lives:

## NOTES TO FINANCIAL STATEMENTS

	<u>Years</u>
Buildings	30
Improvements	20
Collection, transmission and distribution	40
Furniture and fixtures	10
Infrastructure	20
Machinery, computers and transportation equipment	5-7
Source of Supply	20
Treatment plants	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, 2012.

### 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, 2012.

### Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal yearend. The appropriated budget is prepared by fund and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The council made four supplemental budgetary appropriations during the year ended June 30, 2012.

### Fund Equity

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

The Government Accounting Standards Board (GASB) has issued Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type

## NOTES TO FINANCIAL STATEMENTS

definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The initial distinction that is made in reporting fund balance information is identifying amounts that are considered *nonspendable*, such as a fund balance associated with inventories. This Statement also provides for additional classifications as *restricted*, *committed*, *assigned*, and *unassigned* based on the relative strength of the constraints that control how specific amounts can be spent. The definitions used by the City to distinguish fund allocations are as follows:

**Nonspendable** – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (1) not in spendable form (2) legally or contractually required to be maintained intact. The City does have fund balances that meet the criteria above.

**Restricted** – The restrictive fund balance classification includes amounts that are (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. The City does have fund balances that meet the criteria above.

**Committed** – The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, i.e. State of Wyoming or Granting Federal Agency. The City does have fund balances that meet the criteria above.

**Assigned** – The assigned fund balance classification includes amounts constrained by the government's intent (City Council) to be used for specific purposes, but are neither restricted nor committed. The City does have some fund balances that meet the criteria above.

**Unassigned** – The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

When restricted and other fund balance resources are available for use, it is the City's policy to use restricted resources first, followed by committed, assigned, and unassigned amounts, respectively.

## NOTES TO FINANCIAL STATEMENTS

### Subsequent Events

The City's Management has evaluated the need for disclosures and/or adjustments resulting from subsequent events and transactions through November 28, 2012, the date the financial statements were available to be issued.

### Note 2. Cash and Investments

#### Custodial Credit Risk – Deposits

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

In accordance with State statutes, the City maintains deposits at those depository banks authorized by the City Council. As of June 30, 2012, all of the City's deposits including certificates of deposit classified as investments are covered by Federal depository insurance or collateral held by the pledging bank's trust department or by its agent under joint custody receipts.

#### Custodial Credit Risk – Deposits

As of June 30, 2012, the City had the following investments:

Investment Type	Fair Value	Interest Rate	Investment maturities (in years)			
			Less Than 1	1-5	6-10	More Than 10
Wyoming Government Investment Pool (WyoStar)	\$ 3,711,768	.49%-.50%	\$ 3,711,768	\$ -	\$ -	\$ -
Total	\$ 3,711,768		\$ 3,711,768	\$ -	\$ -	\$ -

#### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investments are held in external pooled investment accounts. As a means of limiting its exposure to the 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.

## NOTES TO FINANCIAL STATEMENTS

### Credit Risk

Generally, credit risk is the risk that an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a nationally recognized statistical rating organization. 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. The U.S. Government agency securities and securities held in WyoStar, an external investment pool are rated AAA/Aaa by Standard and Poor's and Moody's. Under investment agreements with WYOSTAR, the City has invested monies at a fixed contract rate of interest. Because the security is essentially a written contract, generally there is no rating on such investments; however, under Wyoming statutes, underlying providers are required to have the highest rating from at least one of the nationally recognized rating organizations.

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).

### 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. The City had 82% of its investments in WYOSTAR, and 18% in Certificates of Deposits.

### 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. This City does not have a formal policy for custodial credit risk. The City's investments in WYOSTAR are not subject to custodial credit risk since they are held by the Treasurer of the State of Wyoming.

A portion of the City's cash and investment balances are restricted by outside sources. The nature and amount of these restrictions as of June 30, 2012 is as follows:

	<u>Special Revenue Funds</u>
Cash and investments restricted by:	
Vote resolution for specific programs	\$ 881,000
Total restricted cash and investments	<u>\$ 881,000</u>

## NOTES TO FINANCIAL STATEMENTS

### Note 3. Receivables

As of June 30, 2012, receivables in the Water, Sewer and Sanitation Funds including the applicable allowances for uncollectible amounts are as follows:

	Water Fund	Sewer Fund	Sanitation Fund
Balance at June 30, 2012	\$ 704,019	\$ 152,406	\$ 184,813
Allowance for uncollectible accounts	(8,271)	(6,462)	(6,589)
	\$ 695,748	\$ 145,944	\$ 178,224

### Note 4. Inter-fund Receivables and Payables

The composition of inter-fund balances as of June 30, 2012, is as follows:

	Receivable	Payable
General Fund	\$ 478,238	\$ -
Economic Development Fund	-	327,322
Debt Service Fund	50,380	-
Water Fund	418,988	-
Sewer Fund	81,905	-
Sanitation Fund	-	80,858
Airport Fund	-	621,331
	\$ 1,029,511	\$ 1,029,511

Interfund transfers are used to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

	Interfund Transfer (out)	Interfund Transfer in
General Fund	\$ (326,507)	\$ -
Economic Development Fund	-	326,507
	\$ (326,507)	\$ 326,507

## NOTES TO FINANCIAL STATEMENTS

### Note 5. Capital Assets

Capital asset activity for Governmental funds for the year ended June 30, 2012 was as follows:

	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 1,635,484	\$ 79,217	\$ -	\$ 1,714,701
Construction in progress	<u>1,745,754</u>	<u>97,076</u>	<u>1,284,682</u>	<u>558,148</u>
Total capital assets, not being depreciated	<u>3,381,238</u>	<u>176,293</u>	<u>1,284,682</u>	<u>2,272,849</u>
Capital assets, being depreciated				
Buildings	6,859,395	280,604	-	7,139,999
Improvements other than buildings	1,975,423	1,219,239	-	3,194,662
Machinery and equipment	1,560,842	59,440	-	1,620,282
Transportation equipment	2,525,458	156,625	21,196	2,660,887
Computer equipment	261,481	-	-	261,481
Furniture and fixtures	90,741	-	-	90,741
Infrastructure	<u>41,579,222</u>	<u>455,685</u>	<u>-</u>	<u>42,034,907</u>
Total capital assets, being depreciated	<u>54,852,562</u>	<u>2,171,593</u>	<u>21,196</u>	<u>57,002,959</u>
Less accumulated depreciation for				
Buildings	3,730,141	247,337	-	3,977,478
Improvements other than buildings	891,023	144,232	-	1,035,255
Machinery and equipment	1,181,049	41,973	-	1,223,022
Transportation equipment	2,183,777	86,629	21,196	2,249,210
Computer equipment	220,593	16,977	-	237,570
Furniture and fixtures	83,935	6,806	-	90,741
Infrastructure	<u>37,855,369</u>	<u>274,584</u>	<u>-</u>	<u>38,129,953</u>
Total accumulated depreciation	<u>46,145,887</u>	<u>818,538</u>	<u>21,196</u>	<u>46,943,229</u>
Total capital assets, being depreciated, net	<u>8,706,675</u>	<u>1,353,055</u>	<u>-</u>	<u>10,059,730</u>
Governmental activities capital assets, net	<u>\$ 12,087,913</u>	<u>\$ 1,529,348</u>	<u>\$ 1,284,682</u>	<u>\$ 12,332,579</u>

## NOTES TO FINANCIAL STATEMENTS

Capital asset activity for Enterprise funds for the year ended June 30, 2012 was as follows:

	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2012</u>
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 707,683	\$ -	\$ -	\$ 707,683
Construction in progress	<u>3,333,778</u>	<u>1,163,608</u>	<u>3,097,565</u>	<u>1,399,821</u>
Total capital assets, not being depreciated	<u>4,041,461</u>	<u>1,163,608</u>	<u>3,097,565</u>	<u>2,107,504</u>
Capital assets, being depreciated				
Buildings and improvements	33,483,564	1,047,654	-	34,531,218
Collection, transmission and distributions	23,329,599	2,319,024	-	25,648,623
Equipment and other improvements	5,636,939	925,839	-	6,562,778
Source of supply	3,681,183	380,250	-	4,061,433
Treatment plants	<u>10,521,440</u>	<u>-</u>	<u>-</u>	<u>10,521,440</u>
Total capital assets, being depreciated	<u>76,652,725</u>	<u>4,672,767</u>	<u>-</u>	<u>81,325,492</u>
Less accumulated depreciation for				
Buildings and improvements	13,950,774	1,015,671	-	14,966,445
Collection, transmission and distributions	9,131,088	407,873	-	9,538,961
Equipment and other improvements	5,014,358	561,423	-	5,575,781
Source of supply	2,176,045	147,808	-	2,323,853
Treatment plants	<u>10,480,615</u>	<u>10,118</u>	<u>-</u>	<u>10,490,733</u>
Total accumulated depreciation	<u>40,752,880</u>	<u>2,142,893</u>	<u>-</u>	<u>42,895,773</u>
Total capital assets, being depreciated, net	<u>35,899,845</u>	<u>2,529,874</u>	<u>-</u>	<u>38,429,719</u>
Business-type activities capital assets, net	<u>\$ 39,941,306</u>	<u>\$ 3,693,482</u>	<u>\$ 3,097,565</u>	<u>\$ 40,537,223</u>

## NOTES TO FINANCIAL STATEMENTS

During the fiscal year ended June 30, 2012, the City's Enterprise funds incurred and charged to expense interest cost in the amount of \$72,388.

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities	
General government	\$ 409,269
Public safety	98,225
Streets and alleys	114,595
Parks	65,483
Health and welfare	130,966
Total depreciation expense - governmental activities	<u>\$ 818,538</u>
Business-type activities	
Water	\$ 600,845
Sewer	468,188
Sanitation	136,020
Airport	937,840
Total depreciation expense - business-type activities	<u>\$ 2,142,893</u>

### Note 6. Long-Term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	\$ 294,268	\$ -	\$ 15,369	\$ 278,899	\$ 278,899
Governmental activity short-term liabilities	<u>\$ 294,268</u>	<u>\$ -</u>	<u>\$ 15,369</u>	<u>\$ 278,899</u>	<u>\$ 278,899</u>
Business-type activities					
Notes payable	\$ 2,547,390	\$ 849,498	\$ 118,513	\$ 3,278,375	\$ 138,922
Landfill monitoring costs payable	350,000	-	50,000	300,000	50,000
Compensated absences	<u>112,870</u>	<u>23,293</u>	<u>-</u>	<u>136,163</u>	<u>136,163</u>
Business-type activity long-term liabilities	<u>\$ 3,010,260</u>	<u>\$ 872,791</u>	<u>\$ 168,513</u>	<u>\$ 3,714,538</u>	<u>\$ 325,085</u>

## NOTES TO FINANCIAL STATEMENTS

### Governmental Activities

For the governmental activities, claims and judgments and compensated absences are generally liquidated by the general fund. Retainage payable is liquidated by both the general and economic development funds.

### Business-Type Activities

### Water Fund

The Wyoming State Loan and Investment Board approved a loan to the City in the amount of \$1,700,000 with an annual interest rate of 2.5%. The purpose of the loan is to fund the City's Water Treatment Plant Rehabilitation Project. During the year ended June 30, 2005, the City received an Abandoned Mines Land (AML) Grant No. GR-307560 in the amount of \$745,000 and all the proceeds from the grant were used to pay-down the loan. The remaining balance of the loan will be partially repaid from the City's water system user fees. The assignment will be in effect for 20 years starting in 2004, or until the loan is paid in full. As of June 30, 2012, the City's loan with the Wyoming State Loan and Investments Board had an outstanding balance of \$562,342. The City received a loan in fiscal year 2011 for \$2,000,000 of which \$1,000,000 is at 0% interest and \$1,000,000 at 2.5% interest and forgiveness of the project cost up to \$1,000,000. The City's loan with the Wyoming State Loan and Investments Board had an outstanding balance of \$960,853 as of June 30, 2012, with payments starting in December 2011 and going thru December 2030. The City received a new grant and loan agreement in fiscal year 2011 with total grant amount not to exceed \$4,314,800 and a loan of not more than \$644,000 or ten percent of the actual development costs from the Wyoming Water Development Commission. This project had just started prior to year end of FY 2011 and construction is expected to continue through FY 2014. The balance owed on the portion of the funds received that was subject to the loan requirements was \$124,925 or ten percent of the costs incurred for the project as of the end of the fiscal year. On June 27, 2012 the City entered into a new loan agreement with the State of Wyoming State Loan and Investment Board for \$375,000 with interest at the rate of 4.94% per annum. Annual payments in the amount of \$24,228 are set to begin on December 1, 2012 and go through 2041. As of June 30, 2012 the City's loan with the State Loan and Investment Board had an outstanding balance of \$375,000.

### Sewer Fund

The Wyoming State Loan and Investment Board approved a loan to the City in the amount of \$375,842 with an annual interest rate of 2.5%. The purpose of the loan is to fund sewer improvements to the Claude Fike Subdivisions. The remaining balance of the loan will be partially repaid from property assessment fees. The assignment will be in effect for 20 years starting in 2004, or until the loan is paid in full. As of June 30, 2012, the City's loan with the Wyoming State Loan and

## NOTES TO FINANCIAL STATEMENTS

Investments Board had an outstanding balance of \$233,510. The City also began payments on two projects completed in fiscal year 2011 for \$1,600,000 of which \$800,000 is at 0% interest and \$800,000 at 2.5% interest with forgiveness of the ending loan balance up to \$526,302, and the other loan for \$766,952 of which \$526,952 is at 0% interest and \$250,000 at 2.5% interest with forgiveness of up to \$526,952. The balance owed on loan number 108 was \$332,108 and for loan number 118 was \$176,955 as of June 30, 2012.

### Airport Fund

The Wyoming Department of Transportation – Aeronautics Division approved a loan to the City in the amount of \$200,000 with an annual interest rate of 5%. The loan was passed on to a private company and the purpose of the loan is to build a new hangar at the Airport. The balance of the loan will be repaid from the revenue received from the City’s loan to the private company. All lease rental revenue from the new hangar is pledged against the loan. In addition on February 15, 2012 the Wyoming Aeronautics Commission entered into a loan agreement with the City in the amount of \$375,000 with interest at the rate of 5% per annum. Annual payments of \$30,091 are set to begin on February 1, 2013 and going through 2032. As of June 30, 2012 the outstanding loan balances for the Airport Fund were \$137,681 and \$375,000, respectively.

Scheduled principal and interest requirements as of June 30, 2012 are as follows:

### Water Fund:

Years ended June 30,	Principal	Interest	Total
2013	\$ 79,872	\$ 54,750	\$ 134,622
2014	82,007	52,569	134,576
2015	84,204	50,324	134,528
2016	86,462	48,019	134,481
2017	88,785	45,645	134,430
2018-2022	481,139	201,244	682,383
2023-2027	501,906	132,375	634,281
2028-2032	306,192	127,801	433,993
2033-2037	82,558	38,579	121,137
2038-2042	105,070	16,068	121,138
	<u>\$ 1,898,195</u>	<u>\$ 767,374</u>	<u>\$ 2,665,569</u>

Note: The outstanding balance of \$124,925 for the Riverton Water Supply Project is not included in the schedule above as the project was not completed at year end.

## NOTES TO FINANCIAL STATEMENTS

### Sewer Fund:

Years ended June 30,	Principal	Interest	Total
2013	\$ 38,399	\$ 10,452	\$ 48,851
2014	38,898	9,958	48,856
2015	39,409	9,451	48,860
2016	39,933	8,933	48,866
2017	40,471	8,400	48,871
2018-2022	210,888	32,403	243,291
2023-2027	226,479	16,812	243,291
2028-2030	108,095	2,094	110,189
	<u>\$ 742,572</u>	<u>\$ 98,503</u>	<u>\$ 841,075</u>

### Airport Fund:

Years ended June 30,	Principal	Interest	Total
2013	\$ 20,651	\$ 25,613	\$ 46,264
2014	21,552	24,587	46,139
2015	22,630	23,508	46,138
2016	23,762	22,377	46,139
2017	24,950	21,190	46,140
2018-2022	144,485	85,940	230,425
2023-2027	124,498	49,805	174,303
2028-2032	130,153	20,177	150,330
	<u>\$ 512,681</u>	<u>\$ 273,197</u>	<u>\$ 785,878</u>

### Defeased Debt

The City has an escrow agreement whereby securities were placed in an escrow account for the express purpose of paying the principal and interest on the City's defeased Wyoming Water Development Commission loan payments as they become due. The outstanding balance of this loan as of June 30, 2012 is \$1,194,660.

It is believed that the monies placed in the escrow account are sufficient to pay all principal and interest as they become due. However, the City is contingently liable if, for any reason, the funds become insufficient. After the principal and interest on the loan have been paid, the remaining funds in the escrow account, together with any interest, shall be returned to the City. The assets in the escrow account and the related debt are not included in the City's financial statements.

### Note 7. Fund Equity

The restricted fund balance in the Senior Citizens' Center Endowment Fund is \$881,000. The restricted amount represents a determination reached per Resolution No. 1179 which established and clarified the Management and Disbursement of the

## NOTES TO FINANCIAL STATEMENTS

Riverton Senior Citizens and Community Center Endowment Center Endowed Fund. The use of the Endowment funds can only be determined in the event of a true emergency as authorized by unanimous approval of the Riverton Senior Center Board of Directors, which must include a provision to repay or replace those funds in a reasonable way and timeframe. This directive must be provided to the Riverton City Council through the Riverton Senior Citizens and Community Center Endowment Board for their consenting vote, which shall not be unreasonably withheld. Any residual funds in the endowment gathered from interest proceeds, may be used for the operational and maintenance needs of the Riverton Senior Citizens Center as authorized by the Board of Directors of the Riverton Senior Citizens Center and through the corresponding Endowment Board to the Riverton City Council for their consenting vote, which shall not be unreasonably withheld.

### Note 8. Defined Benefit Pension Plan

The City's full-time employees participate in the Wyoming Retirement System (System), a cost-sharing multiple-employer public employee retirement system. The plan provides retirement benefits at age 60 with early retirement options available. The plan also provides disability and death 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 may be obtained by writing to the Wyoming Retirement System, 6106 Yellowstone Road, Suite 500, Cheyenne, Wyoming 82002 or by calling (307) 777-5995.

The System statutorily requires 14.12% of the covered employees' salary to be contributed to the plan, all of which is paid by the City. An additional 1.48% of law enforcement officers' salaries, paid by the employee, is also contributed. The City's required contribution to the System for the years ended June 30, 2012, 2011, and 2010 was approximately \$414,632, \$370,515, and \$334,399, respectively.

### Note 9. Landfill Post Closure Monitoring Costs

The City is required by the State of Wyoming Department of Environmental Quality to monitor the Riverton landfill site for possible groundwater contamination and methane gas. The landfill site stopped accepting waste in 1985; closure costs incurred through that date were recognized within the General Fund. The City estimates that landfill monitoring will continue until June 30, 2019.

The post closure costs of groundwater and methane gas monitoring for this period is estimated to be approximately \$50,000 per year for a total of \$300,000 over the 6-year monitoring period. This amount for additional landfill monitoring costs is accrued in the Sanitation fund as required by Government Accounting Standards No. 18. During the year ended June 30, 2012, the City incurred landfill monitoring costs of approximately \$31,000 which was charged against the accrual for landfill liability account.

## NOTES TO FINANCIAL STATEMENTS

Actual costs may differ due to inflation, changes in technology, changes in regulations, or required cleanup costs if groundwater contamination is found.

### Note 10. 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. During fiscal year ended June 30, 2001 the City changed their risk management and Local Government Liability (“WARM”) 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 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 Statue 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 split rate between hazardous and non-hazardous positions. Amounts paid by the City to the State for Workers’ Compensation during fiscal year 2012 were approximately \$113,078.

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 2012 and 2011 were as follows for the City’s participation in the Unemployment Compensation Act Program:

## NOTES TO FINANCIAL STATEMENTS

	Fiscal Year Ended 2012	Fiscal Year Ended 2011
Unpaid claims, beginning of year	\$ -	\$ -
Incurred claims	29,984	11,997
Claim payments	(29,984)	(11,997)
Unpaid claims, end of year	\$ -	\$ -

### Note 11. Allocation of Expenses

The City allocates its General Fund overhead expenses to the Water, Sewer, Sanitation, and Airport Funds. The allocation percentages are reviewed annually, budgeted, and approved by the City Council. The percentages allocated from the General Fund each of the Water, Sewer, Sanitation, and Airport Funds are as follows:

	Water Fund	Sewer Fund	Sanitation Fund	Airport Fund	Total Allocated
General Fund departments					
Mayor/Council	5%	5%	10%	5%	25%
Law Enforcement	5%	5%	5%	0%	15%
Administrative Services	17%	17%	17%	0%	51%
Information Technology	10%	10%	0%	8%	28%
Community Development	20%	25%	10%	0%	55%
Public Services	27%	25%	13%	15%	80%
Fleet Maintenance Operations	13%	18%	34%	8%	73%
City Hall maintenance	10%	10%	10%	10%	40%

For the year ended June 30, 2012, the City allocated \$1,059,581 in overhead expenses to the above listed funds.

### Note 12. Commitments and Contingences

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

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF RIVERTON, WYOMING

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

For the Year Ended June 30, 2012

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 510,000	\$ 510,000	\$ 509,234	\$ (766)
Motor vehicle taxes	165,000	165,000	156,475	(8,525)
Sales taxes	2,400,000	2,400,000	2,472,325	72,325
Franchise taxes	750,000	750,000	745,228	(4,772)
Licenses and permits	240,000	240,000	235,891	(4,109)
Intergovernmental	3,200,000	3,200,000	3,200,781	781
Grants, contributions and donations	1,600,000	1,600,000	1,507,921	(92,079)
Fines and forfeitures	205,000	200,000	181,440	(18,560)
Investment income	5,500	5,500	5,136	(364)
Charges for services	81,000	81,000	77,896	(3,104)
Total revenues	<u>9,156,500</u>	<u>9,151,500</u>	<u>9,092,327</u>	<u>(59,173)</u>
<b>EXPENDITURES:</b>				
General government	2,100,000	2,055,000	1,901,744	153,256
Public safety	3,215,000	3,215,000	3,207,877	7,123
Streets and alleys	925,000	935,000	922,439	12,561
Parks and recreation	500,000	500,000	496,056	3,944
Health and welfare	140,000	160,000	142,715	17,285
Community development	625,000	625,000	615,693	9,307
Capital outlay	1,300,000	1,300,000	1,251,075	48,925
Total expenditures	<u>8,805,000</u>	<u>8,790,000</u>	<u>8,537,599</u>	<u>252,401</u>
Excess (deficiency) of revenues over (under) expenditures	351,500	361,500	554,728	193,228
Fund balance at beginning of year	<u>2,683,646</u>	<u>2,683,646</u>	<u>2,683,646</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,035,146</u>	<u>\$ 3,045,146</u>	<u>\$ 3,238,374</u>	<u>\$ 193,228</u>

(Continued)

CITY OF RIVERTON, WYOMING

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

For the Year Ended June 30, 2012

(Continued)

**GAAP revenue and expenditures.**

**Revenue:**

Actual total revenue budgetary basis	\$ 9,092,327
Differences- Budget to GAAP	
Taxes receivables difference	(133,167)
Other receivables difference	<u>(521,664)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance- governmental funds	<u><u>\$ 8,437,496</u></u>

**Expenditures:**

Actual total expenditures budgetary basis	\$ 8,537,599
Differences- Budget to GAAP	
Accounts payable & payroll accrual difference	<u>(87,628)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance- governmental funds	<u><u>\$ 8,449,971</u></u>

CITY OF RIVERTON, WYOMING

**BUDGETARY COMPARISON SCHEDULE  
ECONOMIC DEVELOPMENT FUND**

For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Grants, contributions and donations	\$ 1,200,000	\$ 1,200,000	\$ 1,012,397	\$ (187,603)
Investment income	-	50	15	(35)
Total revenues	<u>1,200,000</u>	<u>1,200,050</u>	<u>1,012,412</u>	<u>(187,638)</u>
<b>EXPENDITURES:</b>				
Capital outlay	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,082,049</u>	<u>117,951</u>
Total expenditures	<u>1,200,000</u>	<u>1,200,000</u>	<u>1,082,049</u>	<u>117,951</u>
Excess (deficiency) of revenues over (under) expenditures	-	50	(69,637)	(69,687)
Fund balance at beginning of year	<u>(251,507)</u>	<u>(251,507)</u>	<u>(251,507)</u>	<u>-</u>
Fund balance at end of year	<u>\$ (251,507)</u>	<u>\$ (251,457)</u>	<u>\$ (321,144)</u>	<u>\$ (69,687)</u>

(Continued)

CITY OF RIVERTON, WYOMING

**BUDGETARY COMPARISON SCHEDULE  
ECONOMIC DEVELOPMENT FUND**

For the Year Ended June 30, 2012

(Continued)

**Explanation of differences between budgetary revenue and expenditures and  
GAAP revenue and expenditures.**

**Revenue:**

Actual total revenue budgetary basis	\$ 1,012,412
Differences- Budget to GAAP	
Other receivables difference	<u>54,660</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance- governmental funds	<u><u>\$ 1,067,072</u></u>

**Expenditures:**

Actual total expenditures budgetary basis	\$ 1,082,049
Differences- Budget to GAAP	
Accounts payable	<u>1</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance- governmental funds	<u><u>\$ 1,082,050</u></u>

**OTHER SUPPLEMENTARY INFORMATION**

CITY OF RIVERTON, WYOMING

**NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2012

**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.

911 Fund – accounts for restricted revenue and expenses associated with an enhanced 911 emergency response system for the benefit of citizens of the City.

Senior Citizen's Endowment Fund – accounts for revenues generated from an optional 1% tax endowment and expenses for the maintenance and capital improvement of the Senior Citizen's Center.

Rendezvous Fund – accounts for revenues generated in order to assist in community development and construction projects.

**Debt Service Fund**

Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

CITY OF RIVERTON, WYOMING  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2012

	<u>Special Revenue Funds</u>					Total Nonmajor Governmental Funds	
	Senior Citizen's Center		911 Fund	Total	Rendezvous Fund		Debt Service Fund
	Endowment Fund						
	Fund	Fund		Fund	Fund		
<b>ASSETS</b>							
Cash	\$ 9,683	\$ 680	\$ 10,363	\$ 52,426	\$ -	\$ 62,789	
Investments	1,176,338	-	1,176,338	-	-	1,176,338	
Accounts receivable	-	6,201	6,201	-	-	6,201	
Due from other funds	-	-	-	-	50,380	50,380	
Total Assets	<u>1,186,021</u>	<u>6,881</u>	<u>1,192,902</u>	<u>52,426</u>	<u>50,380</u>	<u>1,295,708</u>	
<b>FUND BALANCES</b>							
Restricted by voter resolution	881,000	-	881,000	-	-	881,000	
Restricted for 911 emergency response	-	6,881	6,881	-	-	6,881	
Restricted for debt service	-	-	-	-	50,380	50,380	
Assigned	-	-	-	52,426	-	52,426	
Unassigned	<u>305,021</u>	<u>-</u>	<u>305,021</u>	<u>-</u>	<u>-</u>	<u>305,021</u>	
Total Fund Balances	<u>\$ 1,186,021</u>	<u>\$ 6,881</u>	<u>\$ 1,192,902</u>	<u>\$ 52,426</u>	<u>\$ 50,380</u>	<u>\$ 1,295,708</u>	

CITY OF RIVERTON, WYOMING

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGE BALANCES - NONMAJOR GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2012

	<u>Special Revenue Funds</u>					Total Nonmajor Governmental Funds
	Senior Citizen's Center		Total	Rendezvous Fund	Debt Service Fund	
	Endowment Fund	911 Fund				
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ 26,491	\$ 26,491	\$ 6,000	\$ -	\$ 32,491
Grants, contributions, and donations	-	-	-	30,654	-	30,654
Investment Income	5,254	1	5,255	22	66,840	72,117
Total revenues	<u>5,254</u>	<u>26,492</u>	<u>31,746</u>	<u>36,676</u>	<u>66,840</u>	<u>135,262</u>
<b>EXPENDITURES</b>						
Current						
Public safety	-	22,884	22,884	-	-	22,884
Health and welfare	64,167	-	64,167	-	-	64,167
Community development	-	-	-	38,891	-	38,891
Debt service	-	-	-	-	66,840	66,840
Total expenditures	<u>64,167</u>	<u>22,884</u>	<u>87,051</u>	<u>38,891</u>	<u>66,840</u>	<u>192,782</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(58,913)	3,608	(55,305)	(2,215)	-	(57,520)
Fund balances						
Beginning of year	<u>1,244,934</u>	<u>3,273</u>	<u>1,248,207</u>	<u>54,641</u>	<u>50,380</u>	<u>1,353,228</u>
End of year	<u>\$ 1,186,021</u>	<u>\$ 6,881</u>	<u>\$ 1,192,902</u>	<u>\$ 52,426</u>	<u>\$ 50,380</u>	<u>\$ 1,295,708</u>



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

The Honorable Mayor and Members of the  
City Council and City Administrator  
City of Riverton, Wyoming

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of City of Riverton, Wyoming, as of and for the year ended June 30, 2012, which collectively comprise City of Riverton, Wyoming's basic financial statements and have issued our report thereon dated November 28, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Riverton's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

internal control over financial reporting, see at 2012-1 on page 58. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Riverton, Wyoming's financial statement is 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 material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

This report is intended solely for the information and use of the management, the City of Riverton, and the State of Wyoming, and is not intended to be and should not be used by anyone other than these specified parties.

*Madeu Tschacher Peterson + Co, LLC*

Laramie, Wyoming  
November 28, 2012



**INDEPENDENT AUDITOR'S 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**

The Honorable Mayor and Members of the  
City Council and City Administrator  
City of Riverton, Wyoming

**Compliance**

We have audited City of Riverton, Wyoming's compliance with the types of compliance requirements described in *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of City of Riverton, Wyoming's major federal programs for the year ended June 30, 2012. City of Riverton, 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 City of Riverton, Wyoming's management. Our responsibility is to express an opinion on City of Riverton, Wyoming's compliance based on our audit.

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 Riverton, 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 of the City of Riverton, Wyoming's compliance with those requirements.

As described in item 2012-2 on pages 58-59 in the accompanying schedule of findings and questioned costs, the City of Riverton, Wyoming, did not comply with requirements regarding Reporting that are applicable to its Community Development Block Grant. Compliance with such requirements is necessary, in our opinion, for the City of Riverton, Wyoming, to comply with the requirements applicable to that program.

In our opinion, the City of Riverton, 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, 2012.

### **Internal Control Over Compliance**

The management of the City of Riverton, 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 Riverton, Wyoming's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our 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 of Riverton's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We do not considered the finding on pages 58-59 to be a material weakness in internal control.

*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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item number 2012-2 on pages 58-59 to be a significant deficiency.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be 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.

This report is intended solely for the information and use of the management, the City of Riverton, the State of Wyoming and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*Madee Tschacher Peterson + Co, LLC*

Laramie, Wyoming  
November 28, 2012

CITY OF RIVERTON, WYOMING

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2012

**Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance and federal cost-reimbursement contracts of the City of Riverton. The District received federal awards indirectly through a pass-through entity.

Federal program expenditures included in the accompanying schedule are presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**Major Programs**

The Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

Pass-thru entity numbers have been provided where available.

CITY OF RIVERTON, WYOMING

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended June 30, 2012

<u>Federal Grantor/Pass-Through Grantor/Program/Title</u>	<u>Federal CFDA Numbers</u>	<u>Pass-through Grantor's Number</u>	<u>Expenditures</u>
<u>Department of Agriculture</u>			
<i>Forest Service</i>			
Passed through Wyoming State Forestry Division			
Cooperative Forestry Assistance	10.664		\$ 2,000
Total Department of Agriculture			<u>2,000</u>
<u>Department of Housing and Urban Development</u>			
<i>Office of Community Planning and Development</i>			
Passed through the Wyoming Business Council			
Community Development Block Grants/States Program and Non-Entitlement Grants in Hawaii			
Child Development Services	14.228		498,045
Community Entry Services	14.228		4,335
Total Department of Housing and Urban Development			<u>502,380</u>
<u>Department of Justice</u>			
<i>Bureau of Justice Assistance</i>			
Passed through Wyoming Department of Transportation			
Bulletproof Vest Partnership Program	16.607		4,929
<i>Office of Juvenile Justice and Delinquency Prevention</i>			
Chiefs			
Enforcing Underage Drinking Laws Program			
Community Enforcement Grant	16.727		19,696
<i>Office of Victims of Crime</i>			
Passed through Wyoming Office of Attorney General			
ARRA - State Victim Assistance Formula Grant Program			
ARRA-VOCA Grant	16.801		69,415
ARRA-Police Technology Grant	16.801		207,673
Total Department of Justice			<u>301,713</u>

(Continued)

CITY OF RIVERTON, WYOMING

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended June 30, 2012

(Continued)

Department of Transportation

*Federal Aviation Administration (FAA)*

Passed through Wyoming Department of Transportation

Airport Improvement Program

Runway 10 Obstruction Project	20.106	95,385
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Airport Master Plan	20.106	50,414
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*Federal Highway Administration (FHWA)*

Passed through Wyoming Department of Transportation

ARRA - Highway Planning and Construction

Riverwalk TEAL Project	20.205	14,469
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*National Highway Traffic Safety Administration (NHTSA)*

Passed through Wyoming Department of Transportation

State and Community Highway Safety

Alcohol Compliance Grant	20.600	2,125
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Highway Safety (Non-DUI Enforcement)	20.600	3,753
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Alcohol Impaired Driving Countermeasures Incentive Grants I

Highway Safety (DUI Enforcement)	20.601	8,279
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Total Department of Transportation		174,425
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Department of Energy

Passed through the Wyoming Business Council

ARRA - State Energy Program	81.041	186,212
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Total Department of Energy		186,212
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Department of Health and Human Services

*Centers for Disease Control and Prevention*

Passed through the Wyoming Association of Sherriffs & Chiefs

The Affordable Care Act: Centers for Disease Control and Prevention Investigations and Technical	93.283	1,105
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Total Department of Energy		1,105
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Department of Homeland Security

Homeland Security Grant Program	97.067	12,592
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Total Department of Homeland Security		12,592
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Total Federal Awards		\$ 1,180,427
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CITY OF RIVERTON, WYOMING

**SCHEDULE OF FINDINGS AND RESPONSES**

June 30, 2012

**PART I - SUMMARY OF INDEPENDENT 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 weakness?	Yes
Noncompliance material to financial statements noted?	No

**Federal Awards**

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

**Identification of Major Programs:**

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>	<u>Expenditures</u>
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	\$ 502,380

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee? Yes

CITY OF RIVERTON, WYOMING

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

June 30, 2012

**PART II - FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**Significant Deficiencies in Internal Control 2012-1 Financial Statement Preparation**

**Criteria**

SAS No. 115 emphasizes that the auditor cannot be part of the City's system of internal control.

**Condition**

The City of Riverton, Wyoming relies on the external auditor to generate the annual financial statements, including footnotes.

**Recommendation**

We realize that it is not economically feasible for the City to hire a CPA in order to prepare the financial statements. However management and the Board of Directors need to be actively involved in the fiscal activities during the year and closely review the financial statements to verify that the statements are not materially misstated.

**Response**

Management will continue to actively participate in the preparation of materials for the financial statements and will review the financial statements in order to verify that they are free from material misstatement. In addition management will continue to provide the Council with any additional financial information requested for support of the financial statements and assist with any additional inquiries made throughout the fiscal year and during review of the statements.

**PART III – FINDINGS AND QUESTIONED COSTS**

**Significant Deficiencies in Internal Control 2012-2 Timely Reporting**

**Criteria**

The City of Riverton, Wyoming was required to submit quarterly progress reports to the Wyoming Business Council within 15 days of the end of each quarter.

**Condition**

During our testing of the grant, we noted that one Child Development quarterly report and three Community Entry Services quarterly report were filed after the 15 day deadline.

CITY OF RIVERTON, WYOMING

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

June 30, 2012

(Continued)

**Recommendation**

We recommend that prior to the start of grant project that management identify what the reporting requirements are, and that management specifically identify the person responsible for the submission of the reporting requirement. The employee identified to prepare and submit the reports needs to place the deadline on their calendar and senior management should make sure to monitor the progress and verify that the reporting requirements are being complied with for the grant.

**Response**

Management will implement a monitoring system that will send out reminders 10 days prior to the due date for all federal reports, and management will follow-up with those responsible for preparing and submitting the reports 5 days prior to their due date to ensure that all reports are submitted prior to the deadline.