



CITY OF RIVERTON, WYOMING

FINANCIAL AND COMPLIANCE REPORT

June 30, 2011

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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, 2011, 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, 2011, 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 December 13, 2011, 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
December 15, 2011

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, 2011.

Financial Highlights

The assets of the City of Riverton exceeded its liabilities at the close of the most recent fiscal year by \$59,327,191 (net assets). Of this amount, \$9,427,232 (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 \$750,410. 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 \$6,120,007, an increase of \$951,024 in comparison with the prior year. Approximately fifty nine percent (59%) of this total amount (\$3,604,063), 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 \$3,441,256, approximately forty three percent (43%) of the total general fund expenditures.

The City of Riverton's total debt is \$3,010,260 which includes compensated absences, landfill monitoring liability, 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 \$840,854 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 that is considered to be a major fund. Data from the other five 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.

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

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

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 23 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	
	2010	2011	2010	2011	2010	2011
Current and Other assets	\$6,321,399	\$7,940,735	\$7,309,911	\$6,886,348	\$13,631,310	\$14,827,083
Capital assets	12,489,981	12,087,913	37,860,120	39,941,306	50,350,101	52,029,219
Total assets	18,811,380	20,028,648	45,170,031	46,827,654	63,981,411	66,856,302
Long-term liabilities outstanding	-	-	1,552,518	2,841,240	1,552,518	2,841,240
Other liabilities	1,166,889	2,117,342	2,685,223	2,570,529	3,852,112	4,687,871
Total liabilities	1,166,889	2,117,342	4,237,741	5,411,769	5,404,630	7,529,111
Invested in capital assets, net of related debt	12,489,981	12,087,913	33,064,936	36,931,046	45,554,917	49,018,959
Prior period adjustment	-	-	-	-	-	-
Restricted	881,000	881,000	-	-	881,000	881,000
Unrestricted	4,273,510	4,942,393	7,867,354	4,484,839	12,140,864	9,427,232
Total net assets	\$17,644,491	\$17,911,306	\$40,932,290	\$41,415,885	\$58,576,781	\$59,327,191

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

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

(\$9,427,232) 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 \$750,410 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	
	2010	2011	2010	2011	2010	2011
Revenues:						
Program Revenues						
Charges for Services	\$ 444,086	\$ 465,488	\$ 6,698,416	\$ 8,115,957	\$ 7,142,502	\$ 8,581,445
Operating grants and contributions	713,077	3,214,438	63,870	83,462	776,947	3,297,900
Capital grants and contributions	-	37,328	5,855,405	642,707	5,855,405	680,035
General Revenues:						
Property Taxes	879,797	204,549	-	-	879,797	204,549
Motor Vehicle Taxes	230,763	72,791	-	-	230,763	72,791
Franchise Taxes	673,163	708,335	-	-	673,163	708,335
Sales Taxes	2,543,874	2,222,830	-	-	2,543,874	2,222,830
Intergovernmental Funds and shared revenues not restricted to specific programs	3,532,047	2,133,952	109,270	61,812	3,641,317	2,195,764
Passenger facility charges			58,573	70,698	58,573	70,698
Unrestricted investment earnings	91,681	82,758	58,073	10,992	149,754	93,750
Total revenues	9,108,488	9,142,469	12,843,607	8,985,628	21,952,095	18,128,097

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

	Governmental Activities		Business-type Activities		Total	
	2010	2011	2010	2011	2010	2011
Expenses:						
General government	4,189,554	4,445,336			4,189,554	4,445,336
Public Safety	3,078,109	3,094,003			3,078,109	3,094,003
Streets and alleys	540,214	487,438			540,214	487,438
Parks	457,139	468,745			457,139	468,745
Health and welfare	362,546	380,132			362,546	380,132
Water			2,505,930	2,315,865	2,505,930	2,315,865
Wastewater			2,755,880	2,133,480	2,755,880	2,133,480
Sanitation			2,162,078	2,461,810	2,162,078	2,461,810
Airport			1,385,623	1,590,878	1,385,623	1,590,878
Total expenses	8,627,562	8,875,654	8,809,511	8,502,033	17,437,073	17,377,687
Increase (decrease) in net assets before transfers	480,926	266,815	4,034,096	483,595	4,515,022	750,410
Prior period adjustment	-	-	(702,409)	-	(702,409)	-
Net assets - beginning (restated)	17,163,565	17,644,491	36,898,194	40,932,290	54,061,759	58,576,781
Net assets - ending	\$17,644,491	\$ 17,911,306	\$40,932,290	\$ 41,415,885	\$58,576,781	\$ 59,327,191

Expenses and Program Revenues

Governmental activities. The governmental activities showed an increase in net assets of \$266,815. Total of governmental activities expenditures increased \$24,753 due to increases in employee compensation.

Business-type activities. Business-type activities showed an increase in net assets of \$483,595, 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 \$6,120,007, an increase of \$951,024 in comparison with the prior year. Approximately fifty nine percent (59%) of this amount (\$3,604,063) 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

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

because it has already been committed by voter resolution for the Senior Center corpus (\$881,000), and the remainder (\$373,612) is committed for various future expenditures.

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 \$3,441,256. 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 43 percent of the total general fund expenditures, while total fund balance represents approximately 63 percent of the same amount.

The fund balance of the City of Riverton's general fund increased by \$831,538 during the current fiscal year. One of the key factors for the increase is the implementation of cost containment measures put in place January of 2010.

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 \$2,300,726, a decrease over the prior year of \$899,558.

Unrestricted net assets of the Sewer Fund at the end of the fiscal year amounted to \$2,343,459, an increase of \$812,878.

Unrestricted net assets in the Sanitation Fund at the end of the fiscal year amounted to \$767,502, a decrease of \$113,636. The decrease is due to the purchase of Pay As You Throw plastic containers and pass-through tipping fees of solid waste submitted through the Fremont County Solid Waste Disposal District.

Unrestricted net assets of the Airport Fund at the end of the fiscal year amounted to -\$1,389,718 a decrease of \$3,645,068. The decrease is related primarily to a reduction in cash, timing of grant reimbursements and no additional capital projects. There was an overall decrease in total net assets of \$865,944 from \$14,363,441 in 2010 to \$13,497,467 in 2011.

Governmental Funds Budgetary Highlights

Differences between the original and final amended budget in the general fund were approximately \$61,235. No additional monies were needed as the \$61,235 was absorbed through inter-departmental line item transfers listed as current appropriations for FY10-11.

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, 2011, amounts to \$52,029,219 (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 \$1,679,118.

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

In the General Fund, major contributors to capital asset events were the City Park Roof Project and transportation/mobile equipment purchases. A repair to the City Hall Roof was also a major contributor to the capital assets.

The Water Fund indicated an increase in capital assets due to the Spencer waterline project, miscellaneous water improvements, painting a two million gallon water tank and the Main Street Repair project. In the Sewer Fund replacements projects such as Riverview Storm/Water, Sunset Waterline and Sunset Drive Irrigation. There were no major contributions from other funds due to on-going projects.

City of Riverton's Capital Assets

(Net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2010	2011	2010	2011	2010	2011
Land	\$ 1,635,484	\$ 1,635,484	\$ 707,683	\$ 707,683	\$ 2,343,167	\$ 2,343,167
Works of art					-	
Buildings	3,352,970	3,129,254	19,673,873	19,532,790	23,026,843	22,662,044
Improvements other than buildings	1,100,028	1,084,400			1,100,028	1,084,400
Collection, transmission and distributions			13,327,988	14,198,511	13,327,988	14,198,511
Machinery and equipment	428,538	379,793	1,454,631	622,581	1,883,169	1,002,374
Source of supply			668,617	1,505,138	668,617	1,505,138
Transportation equipment	183,854	341,681			183,854	341,681
Computer equipment	58,137	40,888			58,137	40,888
Treatment plants			194,626	40,825	194,626	40,825
Furniture and fixtures	15,880	6,806			15,880	6,806
Infrastructure	5,630,897	3,723,853			5,630,897	3,723,853
Construction in progress	84,193	1,745,754	1,832,702	3,333,778	1,916,895	5,079,532
Total	12,489,981	12,087,913	37,860,120	39,941,306	50,350,101	52,029,219

Additional information on The City of Riverton's capital assets can be found in Note 5 on pages 32 through 34 of this report.

CITY OF RIVERTON, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Long-term debt. At the end of the current fiscal year, the City of Riverton had a total of \$2,897,390 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 2011 is \$1,212,980.

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 5%-6% 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. The increase in projections for the upcoming fiscal year is optimistic due to the announcement by Encana of a major natural gas play in eastern Fremont County. Additionally, there has been encouraging activity regarding opening both open-pit and in-situ mining of uranium in the Gas Hills and Jeffrey City areas.

Economic development efforts by IDEA, Inc. on behalf of the City of Riverton continue to assist in the expansion of local industry. IDEA, Inc. as a partner helped renovate the vacant ALCO building and facilitated the addition of Beall's clothing store along with Legacy Molding last year as anchor tenants. 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 2011. While the original timeline has eclipsed, the project is still slated to be completed within the next two years. 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 recreation and established a long-term partnership with Central Wyoming College to provide recreational opportunities to City residents. This is a long-range project that is having the expected improvement of the marketability of the community to new families looking for a full range of municipal services.

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

During the current fiscal year, unreserved fund balance in the general fund decreased by \$745,492. With management, it is anticipated that the remaining unreserved fund balance of \$3,805,190 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 provided direction that the General Fund operational reserve be increased to 18.5% for the second year in a row.

Water users experienced a 5% increase in rates due to capital projects and Airport Lease rates experienced a slight increase of 2% in 2011. These increases are due to the Consumer Price Index which indicated an annual increase in the CPI for January 2010 to January of 2011 of 1.6% or for rounding purposes 2%. The Sanitation Fund experienced a substantial increase due to the newly implemented tipping fee structure by the Fremont County Solid Waste Disposal District in 2010, however, no rate increase was implemented with the exception of two new rate tiers added in preparation of 45 gallon rollouts with participation in the recycling program. No rate increases were established in the Sewer Fund for the fourth year in a row. 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 second 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.

CITY OF RIVERTON, WYOMING

STATEMENT OF NET ASSETS

June 30, 2011

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash	\$ 3,405,153	\$ 3,450,012	\$ 6,855,165
Investments	1,518,585	1,537,097	3,055,682
Receivables, net of allowance for uncollectible accounts	233,301	1,203,500	1,436,802
Due from other governments	1,980,645	-	1,980,645
Due from other funds	741,678	565,186	1,306,864
Inventories	61,373	130,553	191,926
Capital assets, including land and construction in progress not subject to depreciation, net of accumulated depreciation	12,087,913	39,941,306	52,029,219
Total Assets	<u>\$ 20,028,648</u>	<u>\$ 46,827,654</u>	<u>\$ 66,856,302</u>
LIABILITIES			
Bank overdraft	\$ -	\$ 931,375	\$ 931,375
Accounts payable	1,194,753	653,894	1,848,647
Accrued payroll	87,579	29,214	116,793
Accrued interest	-	20,544	20,544
Due to other funds	540,382	766,482	1,306,864
Noncurrent liabilities			
Due within one year	294,628	281,890	576,518
Due in more than one year	-	2,728,370	2,728,370
Total Liabilities	<u>2,117,342</u>	<u>5,411,769</u>	<u>7,529,111</u>
NET ASSETS			
Invested in capital assets, net of related debt	12,087,913	36,931,046	49,018,959
Restricted			
Maintenance and operation of Senior Citizens Center	881,000	-	881,000
911 emergency response system	3,273	-	3,273
Debt service fund	50,380	-	50,380
Unrestricted	4,888,740	4,484,839	9,373,579
Total Net Assets	<u>\$ 17,911,306</u>	<u>\$ 41,415,885</u>	<u>\$ 59,327,191</u>

See Notes to Financial Statements

CITY OF RIVERTON, WYOMING

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2011

Function/Program Activities	Expenses	Indirect Expenses Allocation	Program Revenues		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:					
General government	\$ 5,537,114	\$ (1,091,778)	\$ 379,787	\$ 1,777,910	\$ 37,328
Public safety	3,094,003	-	82,311	1,361,340	-
Streets and alleys	487,438	-	-	-	-
Parks	468,745	-	3,390	12,054	-
Health and welfare	380,132	-	-	63,134	-
Total governmental activities	<u>9,967,432</u>	<u>(1,091,778)</u>	<u>465,488</u>	<u>3,214,438</u>	<u>37,328</u>
Business-Type Activities:					
Water	1,992,613	323,252	2,375,277	-	895,663
Sewer	1,801,751	331,729	1,907,889	-	746,452
Sanitation	2,142,080	319,730	2,323,848	577	-
Airport	1,473,811	117,067	229,553	82,885	279,982
Total business-type activities	<u>7,410,255</u>	<u>1,091,778</u>	<u>6,836,567</u>	<u>83,462</u>	<u>1,922,097</u>
Total primary government	<u>\$ 17,377,687</u>	<u>\$ -</u>	<u>\$ 7,302,055</u>	<u>\$ 3,297,900</u>	<u>\$ 1,959,425</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 programs

Unrestricted investment earnings

Total general revenues, loss on disposal of assets and transfers

Change in net assets

Net assets- beginning as restated

Net assets- ending

See Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Assets

Primary Government

<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
\$ (2,250,311)	\$ -	\$ (2,250,311)
(1,650,352)	-	(1,650,352)
(487,438)	-	(487,438)
(453,301)	-	(453,301)
(316,998)	-	(316,998)
<u>(5,158,400)</u>	<u>-</u>	<u>(5,158,400)</u>
-	955,075	955,075
-	520,861	520,861
-	(137,385)	(137,385)
-	<u>(998,458)</u>	<u>(998,458)</u>
-	340,093	340,093
<u>\$ (5,158,400)</u>	<u>\$ 340,093</u>	<u>\$ (4,818,307)</u>
\$ 204,549	\$ -	\$ 204,549
2,222,830	-	2,222,830
708,335	-	708,335
72,791	-	72,791
-	70,698	70,698
2,133,952	61,812	2,195,764
82,758	10,992	93,750
<u>5,425,215</u>	<u>143,502</u>	<u>5,568,717</u>
266,815	483,595	750,410
<u>17,644,491</u>	<u>40,932,290</u>	<u>58,576,781</u>
<u>\$ 17,911,306</u>	<u>\$ 41,415,885</u>	<u>\$ 59,327,191</u>

CITY OF RIVERTON, WYOMING

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2011

	General	Economic Development	Non-major Governmental	Total Governmental Funds
ASSETS				
Cash	\$ 3,285,024	\$ 46,402	\$ 73,727	\$ 3,405,153
Investments	286,498	-	1,232,087	1,518,585
Receivables, other	766,929	229,967	6,867	1,003,763
Due from other governments	1,199,959	-	-	1,199,959
Due from other funds	691,299	-	50,380	741,678
Inventories	61,373	-	-	61,373
Total Assets	<u>\$ 6,291,082</u>	<u>\$ 276,369</u>	<u>\$ 1,363,061</u>	<u>\$ 7,930,512</u>
LIABILITIES				
Accounts payable	\$ 1,147,663	12,599	\$ 5,833	\$ 1,166,095
Accrued payroll	104,027	-	-	104,027
Due to other funds	21,106	515,277	4,000	540,383
Total Liabilities	<u>1,272,796</u>	<u>527,876</u>	<u>9,833</u>	<u>1,810,505</u>
FUND BALANCES				
Nonspendable	1,261,332	-	-	1,261,332
Restricted for				
Senior Citizens Center endowment				
by voters resolution	-	-	881,000	881,000
911 emergency response system	-	-	3,273	3,273
Debt service fund	-	-	50,380	50,380
Committed	908,114	-	-	908,114
Assigned	7,000	-	54,641	61,641
Unassigned, reported in				
General Fund	2,841,840	-	-	2,841,840
Special revenue funds	-	(251,507)	363,934	112,427
Total Fund Balances (deficit)	<u>5,018,286</u>	<u>(251,507)</u>	<u>1,353,228</u>	<u>6,120,007</u>
Total Liabilities and Fund Balances	<u>\$ 6,291,082</u>	<u>\$ 276,369</u>	<u>\$ 1,363,061</u>	<u>\$ 7,930,512</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, 2011

Fund balances- total governmental funds		\$ 6,120,007
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		12,087,913
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		10,224
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	(250,120)	
Retainage payable	<u>(56,718)</u>	<u>(306,838)</u>
Net assets of governmental activities		<u>\$ 17,911,306</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, 2011

	<u>General</u>	<u>Economic Development</u>	<u>Non-major Governmental</u>	<u>Total Governmental Funds</u>
REVENUES:				
Property taxes	\$ 386,647	\$ -	\$ -	\$ 386,647
Motor vehicle taxes	72,791	-	-	72,791
Sales taxes	2,226,461	-	-	2,226,461
Franchise taxes	708,335	-	-	708,335
Licenses and permits	155,664	-	-	155,664
Intergovernmental	3,177,934	-	47,796	3,225,730
Grants, contributions, and donations	1,870,342	1,181,137	37,328	3,088,807
Fines and forfeitures	199,723	-	-	199,723
Investment income	3,039	40	79,685	82,764
Charges for services	99,434	-	-	99,434
Total Revenues	<u>8,900,370</u>	<u>1,181,177</u>	<u>164,809</u>	<u>10,246,356</u>
EXPENDITURES:				
Current				
General government	3,092,526	-	-	3,092,526
Public safety	3,150,132	-	22,877	3,173,009
Streets and alleys	462,124	-	-	462,124
Parks and recreation	460,313	-	-	460,313
Health and welfare	154,208	-	70,000	224,208
Fleet maintenance	245,521	-	-	245,521
Community Development	273,899	-	32,402	306,301
Capital outlay	230,109	1,019,216	15,165	1,264,490
Debt service	-	-	66,840	66,840
Total Expenditures	<u>8,068,832</u>	<u>1,019,216</u>	<u>207,284</u>	<u>9,295,332</u>
Excess (deficiency) of revenues over (under) expenditures	<u>831,538</u>	<u>161,961</u>	<u>(42,475)</u>	<u>951,024</u>
Net Change in Fund Balance	831,538	161,961	(42,475)	951,024
Fund Balances (deficit)- Beginning	<u>4,186,748</u>	<u>(413,468)</u>	<u>1,395,703</u>	<u>5,168,983</u>
Fund Balances (deficit)- Ending	<u>\$ 5,018,286</u>	<u>\$ (251,507)</u>	<u>\$ 1,353,228</u>	<u>\$ 6,120,007</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, 2011

Net change in fund balances- total governmental funds		\$	951,024
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	\$	1,921,252	
Less current year depreciation		<u>(2,381,910)</u>	(460,658)
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	\$	(133,955)	
Change in long-term compensated absences		<u>(89,596)</u>	<u>(223,551)</u>
Change in net assets of governmental activities			<u>\$ 266,815</u>

See Notes to Financial Statements.

CITY OF RIVERTON, WYOMING

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

June 30, 2011

	Business - Type Activities- Enterprise Funds				
	Water	Sewer	Sanitation	Airport	Total
ASSETS					
Current Assets					
Cash	\$ 1,447,831	\$ 1,358,656	\$ 643,525	\$ -	\$ 3,450,012
Investments	518,683	639,043	377,639	1,732	1,537,097
Receivables:					
Accounts	154,758	361,116	168,056	211,382	895,312
Unbilled usage	127,122	87,202	87,516	-	301,840
Interest	-	6,348	-	-	6,348
Due from other funds	483,281	81,905	-	-	565,186
Inventories	41,341	-	62,751	26,461	130,553
Total current assets	<u>2,773,016</u>	<u>2,534,270</u>	<u>1,339,487</u>	<u>239,575</u>	<u>6,886,348</u>
Noncurrent Assets					
Capital assets, net of					
accumulated depreciation	12,619,437	11,401,307	887,364	15,033,198	39,941,306
Total noncurrent assets	<u>12,619,437</u>	<u>11,401,307</u>	<u>887,364</u>	<u>15,033,198</u>	<u>39,941,306</u>
 Total Assets	 <u>\$ 15,392,453</u>	 <u>\$ 13,935,577</u>	 <u>\$ 2,226,851</u>	 <u>\$ 15,272,773</u>	 <u>\$ 46,827,654</u>
LIABILITIES					
Current liabilities					
Bank overdraft	\$ -	\$ -	\$ -	\$ 931,375	\$ 931,375
Accounts payable	349,993	165,362	103,015	35,524	653,894
Accrued payroll	7,954	3,941	12,989	4,330	29,214
Accrued interest	12,408	4,599	-	3,537	20,544
Landfill monitoring costs payable, current	-	-	50,000	-	50,000
Current maturities of note payable	72,360	37,912	-	8,748	119,020
Due to other funds	64,293	-	80,858	621,331	766,482
Total current liabilities	<u>507,008</u>	<u>211,814</u>	<u>246,862</u>	<u>1,604,845</u>	<u>2,570,529</u>

(Continued)

See Notes to Financial Statements

CITY OF RIVERTON, WYOMING

**STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

June 30, 2011

(Continued)

	Business -Type Activities- Enterprise Funds				
	Water	Sewer	Sanitation	Airport	Total
Noncurrent liabilities					
Compensated absences	37,642	16,909	25,123	33,196	112,870
Landfill monitoring costs payable	-	-	300,000	-	300,000
Note payable	1,548,637	742,468	-	137,265	2,428,370
Total noncurrent liabilities	<u>1,586,279</u>	<u>759,377</u>	<u>325,123</u>	<u>170,461</u>	<u>2,841,240</u>
Total Liabilities	<u>2,093,287</u>	<u>971,191</u>	<u>571,985</u>	<u>1,775,306</u>	<u>5,411,769</u>
NET ASSETS					
Invested in capital assets (net of related debt)	10,998,440	10,620,927	887,364	14,887,185	37,393,916
Unrestricted	2,300,726	2,343,459	767,502	(1,389,718)	4,021,969
Total Net Assets	<u>13,299,166</u>	<u>12,964,386</u>	<u>1,654,866</u>	<u>13,497,467</u>	<u>41,415,885</u>
Total Liabilities and Net Assets	<u>\$ 15,392,453</u>	<u>\$ 13,935,577</u>	<u>\$ 2,226,851</u>	<u>\$ 15,272,773</u>	<u>\$ 46,827,654</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, 2011

	Business-Type Activities- Enterprise Funds				
	Water	Sewer	Sanitation	Airport	Total
OPERATING REVENUES:					
Charges for services	\$ 2,375,277	\$ 1,907,889	\$ 2,323,848	\$ 229,553	\$ 6,836,567
OPERATING EXPENSES					
Cost of services and operations	1,262,456	1,167,008	1,544,014	474,191	4,447,669
Depreciation	505,166	611,427	144,027	938,224	2,198,844
General and administration	533,219	346,126	773,769	167,209	1,820,323
Total operating expenses	2,300,841	2,124,561	2,461,810	1,579,624	8,466,836
Operating income (loss)	74,436	(216,672)	(137,962)	(1,350,071)	(1,630,269)
NONOPERATING REVENUES					
(EXPENSES):					
Passenger facility charges	-	-	-	70,698	70,698
Intergovernmental	-	-	-	61,812	61,812
Investment income	3,491	4,473	3,024	4	10,992
Interest expense	(15,024)	(8,919)	-	(11,254)	(35,197)
Grants, contributions and donations	-	-	577	82,885	83,462
Total nonoperating revenue (expenses)	(11,533)	(4,446)	3,601	204,145	191,767
Income (loss) before other income	62,903	(221,118)	(134,361)	(1,145,926)	(1,438,502)
Captial contributions - grants and other	895,663	746,452	-	279,982	1,922,097
	895,663	746,452	-	279,982	1,922,097
Change in net assets	958,566	525,334	(134,361)	(865,944)	483,595
Net assets beginning as restated	12,340,600	12,439,052	1,789,227	14,363,411	40,932,290
Net assets at end of year	\$ 13,299,166	\$ 12,964,386	\$ 1,654,866	\$ 13,497,467	\$ 41,415,885

See Notes to Financial Statements

CITY OF RIVERTON, WYOMING

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended June 30, 2011

	Business-Type Activities- Enterprise Funds				Total
	Water	Sewer	Sanitation	Airport	
CASH FLOWS FROM OPERATIONS:					
Receipts from customers and users	\$ 2,375,277	\$ 2,270,614	\$ 2,391,635	\$ 279,982	\$ 7,317,508
Payments to suppliers	(1,089,046)	(1,785,971)	(1,439,252)	(507,379)	(4,821,648)
Payments to employees	(533,219)	(346,126)	(773,769)	(167,209)	(1,820,323)
Net cash from operating activities	<u>753,012</u>	<u>138,517</u>	<u>178,614</u>	<u>(394,606)</u>	<u>675,537</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
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>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Subsidy from passenger facility charges	-	-	-	68,728	68,728
Federal and state grants	895,663	383,727	-	-	-
Change in long-term debt	(2,614,655)	82,160	(269,835)	(304,419)	(3,106,749)
Interest paid on long-term debt	30,158	17,169	-	(18,243)	29,084
Net cash from capital and related financing activities	<u>(1,688,834)</u>	<u>483,056</u>	<u>(269,835)</u>	<u>(253,934)</u>	<u>(3,008,937)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest earned on investments	3,491	4,473	3,024	4	10,992
Receipts from private company	-	-	-	27,205	27,205
Net cash from investing activities	<u>3,491</u>	<u>4,473</u>	<u>3,024</u>	<u>27,209</u>	<u>38,197</u>
Net change in cash and cash equivalents	(1,351,319)	544,141	(7,339)	-	(2,093,907)
Cash, beginning	<u>2,799,150</u>	<u>814,515</u>	<u>650,864</u>	<u>-</u>	<u>4,264,529</u>
Cash, ending	<u>\$ 1,447,831</u>	<u>\$ 1,358,656</u>	<u>\$ 643,525</u>	<u>\$ -</u>	<u>\$ 2,170,622</u>

See Notes to Financial Statements

CITY OF RIVERTON, WYOMING

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended June 30, 2011

(Continued)

	Business-Type Activities-Enterprise Funds				Total
	Water	Sewer	Sanitation	Airport	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:					
Income (loss) from operations	\$ 74,436	\$ (216,672)	\$ (137,962)	\$ (1,350,071)	\$ (1,630,269)
Adjustments to reconcile income (loss) from operations to net cash from operating activities					
Depreciation	505,166	611,427	144,027	938,224	2,198,844
(Increase) decrease in:					
accounts receivable	169,923	182,287	(16,377)	(19,548)	316,285
due from other funds	(75,000)	(81,905)	-	-	(156,905)
inventory	33,054	-	(50,044)	(2,386)	(19,376)
Increase (decrease) in:					
accounts payable	36,151	(350,555)	(22,813)	30,694	(306,523)
payroll liabilities	3,836	(5,110)	6,710	1,007	6,443
due to compensated absences	5,446	(955)	8,421	7,474	20,386
landfill monitoring costs	-	-	246,652	-	246,652
Net cash from operating activities	<u>\$ 753,012</u>	<u>\$ 138,517</u>	<u>\$ 178,614</u>	<u>\$ (394,606)</u>	<u>\$ 675,537</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 certificates of deposit, U.S. Agencies' obligations and 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.

NOTES TO FINANCIAL STATEMENTS

Property taxes attach as an enforceable lien on property as of July 1. The 2011 property taxes were levied as of July 1, 2010 and were due in two installments. Installments are due on September 1 and March 1 and are collectible on November 10 and May 10. If the first installment payment is made after November 10, the entire amount is due by December 31. Delinquent taxes have been recognized as revenue to the extent they have been collected within 60 days after June 30, 2011. Property Taxes receivable 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, 2011 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 approximately \$2,228, \$34,869, and \$10,240 for Main Street Deer Avenue, and Green Valley assessments during the year ended June 30, 2011, respectively. The remaining current assessment receivable is \$10,688.

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.

NOTES TO FINANCIAL STATEMENTS

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

	<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, 2011.

Short-Term Financing

The City did not issue any tax anticipation notes or use any other type of short-term financing for the year ended June 30, 2011.

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, 2011.

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

NOTES TO FINANCIAL STATEMENTS

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 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 December 15, 2011, 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, 2011, 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, 2011, 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)	\$ 2,501,653	.91%-1.57%	\$ 2,501,653	\$ -	\$ -	\$ -
Certificate of Deposits	<u>554,028</u>	0.35%	<u>554,028</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,055,681</u>		<u>\$ 3,055,681</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investments are held in external pooled investment accounts. As a means of limiting its exposure to 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, 2011 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, 2011, 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, 2011	\$ 160,694	\$ 367,644	\$ 174,333
Less allowance for uncollectible accounts	(5,936)	(6,528)	(6,277)
	\$ 154,758	\$ 361,116	\$ 168,056

Note 4. Inter-fund Receivables and Payables

The composition of inter-fund balances as of June 30, 2011, is as follows:

	Receivable	Payable
General Fund	\$ 691,298	\$ 21,105
Economic Development Fund	-	515,277
911 Fund	-	4,000
Debt Service Fund	50,380	-
Water Fund	483,281	64,293
Sewer Fund	81,905	-
Sanitation Fund	-	80,858
Airport Fund	-	621,331
	\$ 1,306,864	\$ 1,306,864

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.

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets

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

	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 1,635,484	\$ -	\$ -	\$ 1,635,484
Construction in progress	<u>84,193</u>	<u>1,661,561</u>	<u>-</u>	<u>1,745,754</u>
Total capital assets, not being depreciated	<u>1,719,677</u>	<u>1,661,561</u>	<u>-</u>	<u>3,381,238</u>
Capital assets, being depreciated				
Buildings	6,859,395	-	-	6,859,395
Improvements other than buildings	1,910,097	65,326	-	1,975,423
Machinery and equipment	1,550,587	10,255	-	1,560,842
Transportation equipment	2,382,644	142,814	-	2,525,458
Computer equipment	261,481	-	-	261,481
Furniture and fixtures	90,741	-	-	90,741
Infrastructure	<u>41,579,222</u>	<u>-</u>	<u>-</u>	<u>41,579,222</u>
Total capital assets, being depreciated	<u>54,634,167</u>	<u>218,395</u>	<u>-</u>	<u>54,852,562</u>
Less accumulated depreciation for				
Buildings	3,506,425	223,716	-	3,730,141
Improvements other than buildings	810,069	80,954	-	891,023
Machinery and equipment	1,122,049	59,000	-	1,181,049
Transportation equipment	2,198,790	84,874	99,887	2,183,777
Computer equipment	203,344	17,249	-	220,593
Furniture and fixtures	74,861	9,074	-	83,935
Infrastructure	<u>35,948,325</u>	<u>1,907,044</u>	<u>-</u>	<u>37,855,369</u>
Total accumulated depreciation	<u>43,863,863</u>	<u>2,381,911</u>	<u>99,887</u>	<u>46,145,887</u>
Total capital assets, being depreciated, net	<u>10,770,304</u>	<u>(2,163,516)</u>	<u>(99,887)</u>	<u>8,706,675</u>
Governmental activities capital assets, net	<u>\$ 12,489,981</u>	<u>\$ (501,955)</u>	<u>\$ (99,887)</u>	<u>\$ 12,087,913</u>

NOTES TO FINANCIAL STATEMENTS

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

	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 707,683	\$ -	\$ -	\$ 707,683
Construction in progress	<u>1,832,702</u>	<u>3,499,264</u>	<u>1,998,188</u>	<u>3,333,778</u>
Total capital assets, not being depreciated	<u>2,540,385</u>	<u>3,499,264</u>	<u>1,998,188</u>	<u>4,041,461</u>
Capital assets, being depreciated				
Buildings and improvements	33,345,535	138,029	-	33,483,564
Collection, transmission and distributions	21,888,208	1,441,391	-	23,329,599
Equipment and other improvements	5,457,360	179,579	-	5,636,939
Source of supply	2,747,679	933,504	-	3,681,183
Treatment plants	<u>10,521,440</u>	<u>-</u>	<u>-</u>	<u>10,521,440</u>
Total capital assets, being depreciated	<u>73,960,222</u>	<u>2,692,503</u>	<u>-</u>	<u>76,652,725</u>
Less accumulated depreciation for				
Buildings and improvements	13,671,662	279,112	-	13,950,774
Collection, transmission and distributions	8,560,220	570,868	-	9,131,088
Equipment and other improvements	4,002,729	1,098,080	86,451	5,014,358
Source of supply	2,079,062	96,983	-	2,176,045
Treatment plants	<u>10,326,814</u>	<u>153,801</u>	<u>-</u>	<u>10,480,615</u>
Total accumulated depreciation	<u>38,640,487</u>	<u>2,198,844</u>	<u>86,451</u>	<u>40,752,880</u>
Total capital assets, being depreciated, net	<u>35,319,735</u>	<u>493,659</u>	<u>(86,451)</u>	<u>35,899,845</u>
Business-type activities capital assets, net	<u>\$ 37,860,120</u>	<u>\$ 3,992,923</u>	<u>\$ 1,911,737</u>	<u>\$ 39,941,306</u>

NOTES TO FINANCIAL STATEMENTS

During the fiscal year ended June 30, 2011, the City's Enterprise funds incurred and charged to expense interest cost in the amount of \$35,197.

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

Governmental activities	
General government	\$ 1,190,956
Public safety	285,829
Streets and alleys	333,468
Parks	190,553
Health and welfare	381,105
Total depreciation expense - governmental activities	<u>\$ 2,381,911</u>
Business-type activities	
Water	\$ 505,166
Sewer	611,427
Sanitation	144,027
Airport	938,224
Total depreciation expense - business-type activities	<u>\$ 2,198,844</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, 2011:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	\$ 221,597	\$ 72,671	\$ -	\$ 294,268	\$ 294,268
Governmental activity short-term liabilities	<u>\$ 221,597</u>	<u>\$ 72,671</u>	<u>\$ -</u>	<u>\$ 294,268</u>	<u>\$ 294,268</u>
Business-type activities					
Notes payable	\$ 1,604,720	\$ 1,108,788	\$ 166,118	\$ 2,547,390	\$ 119,020
Landfill monitoring costs payable	103,348	307,783	61,131	350,000	50,000
Compensated absences	92,486	20,384	-	112,870	112,870
Business-type activity long-term liabilities	<u>\$ 1,800,554</u>	<u>\$ 1,436,955</u>	<u>\$ 227,249</u>	<u>\$ 3,010,260</u>	<u>\$ 281,890</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, 2011, the City's loan with the Wyoming State Loan and Investments Board had an outstanding balance of \$595,569. 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 \$1,000,000 as of June 30, 2011, 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 with a loan balance owed of \$25,427 or ten percent of the costs incurred for the project as of the end of the fiscal year.

Sewer Fund

The Wyoming State Loan and Investment Board approved a loan to the City in the amount of \$375,842 with a 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, 2011, the City's loan with the Wyoming State Loan and Investments Board had an outstanding balance of \$245,285. 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 \$350,558 and for loan number 118 was \$184,538 as of June 30, 2011.

NOTES TO FINANCIAL STATEMENTS

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. As of June 30, 2011, the City’s loan with the Wyoming Department of Transportation had an outstanding balance of \$146,013. All lease rental revenue from the new hangar is pledged against the loan.

Scheduled principal and interest requirements as of June 30, 2011 are as follows:

Water Fund:

Years ended June 30,	Principal	Interest	Total
2012	\$ 72,360	\$ 39,299	\$ 111,659
2013	74,169	38,079	112,248
2014	76,023	36,225	112,248
2015	77,923	34,325	112,248
2016	79,872	32,377	112,249
2017-2021	430,328	130,917	561,245
2022-2026	486,877	74,367	561,244
2027-2031	298,018	22,719	320,737
	<u>\$ 1,595,570</u>	<u>\$ 408,308</u>	<u>\$ 2,003,878</u>

Note: The outstanding balance of \$25,427 for the Riverton Water Supply Project is not included as the project was not completed at year end.

Sewer Fund:

Years ended June 30,	Principal	Interest	Total
2012	\$ 37,912	\$ 10,745	\$ 48,657
2013	38,205	10,258	48,463
2014	38,700	9,760	48,460
2015	39,207	9,249	48,456
2016	39,725	8,725	48,450
2017-2021	206,875	35,297	242,172
2022-2026	221,938	20,085	242,023
2027-2028	157,819	4,230	162,049
	<u>\$ 780,380</u>	<u>\$ 108,349</u>	<u>\$ 888,730</u>

NOTES TO FINANCIAL STATEMENTS

Airport Fund:

Years ended June 30,	Principal	Interest	Total
2012	\$ 8,748	\$ 7,301	\$ 16,049
2013	9,185	6,863	16,048
2014	9,645	6,404	16,049
2015	10,127	5,922	16,049
2016	10,633	5,415	16,048
2017-2021	61,692	18,551	80,243
2022-2024	35,983	3,225	39,208
	<u>\$ 146,013</u>	<u>\$ 53,681</u>	<u>\$ 199,694</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, 2011 is \$1,212,980.

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 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.

NOTES TO FINANCIAL STATEMENTS

For the fiscal year ended June 30, 2011, the net of depreciation expense and fixed asset additions for the Water, Sewer, and Airport funds exceeded the restricted net assets reserve at June 30, 2011 as follows:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Airport Fund</u>
Restricted Net Assets (deficit) - June 30, 2010	\$ (662,549)	\$ (3,794,333)	\$ (6,613,627)
2011 depreciation expense	505,166	611,427	938,224
2011 fixed asset additions	<u>(4,119,212)</u>	<u>(1,490,406)</u>	<u>(315,995)</u>
	<u>(3,614,046)</u>	<u>(878,979)</u>	<u>622,229</u>
Restricted Net Assets (deficit) - June 30, 2011	<u>\$ (4,276,595)</u>	<u>\$ (4,673,312)</u>	<u>\$ (5,991,398)</u>

The City will be able to apply future depreciation expense against the deficit reserves.

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, 2011, 2010, and 2009 was approximately \$370,515, \$334,399, and \$337,000, respectively. Effective September 1, 2011 the statutory requirement for covered employees was increased from 11.25% to 14.12%.

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 \$350,000 over the 7-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

NOTES TO FINANCIAL STATEMENTS

the year ended June 30, 2011, the City incurred landfill monitoring costs of approximately \$61,000 which was charged against the accrual for landfill liability account.

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 2011 were approximately \$144,654.

Wyoming Statute 27-3-101 created the Unemployment Compensation Act. This Act requires the City to pay the cost of actual claims incurred. Changes in the balances of claims liabilities during fiscal year 2011 and 2010 were as follows for the City’s participation in the Unemployment Compensation Act Program:

NOTES TO FINANCIAL STATEMENTS

	Fiscal Year Ended 2011	Fiscal Year Ended 2010
Unpaid claims, beginning of year	\$ -	\$ -
Incurred claims	11,997	14,568
Claim payments	(11,997)	(14,568)
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, 2011, the City allocated \$1,091,778 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.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RIVERTON, WYOMING

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Property taxes	\$ 380,000	\$ 380,000	\$ 376,337	\$ (3,663)
Motor vehicle taxes	176,000	150,000	147,521	(2,479)
Sales taxes	2,100,000	2,000,000	2,211,930	211,930
Franchise taxes	634,173	757,800	748,656	(9,144)
Licenses and permits	178,980	178,980	155,664	(23,316)
Intergovernmental	3,200,000	3,200,000	3,111,352	(88,648)
Grants, contributions and donations	750,000	600,000	1,323,441	723,441
Fines and forfeitures	205,256	225,256	177,309	(47,947)
Investment income	10,000	10,000	3,027	(6,973)
Charges for services	65,000	62,500	110,122	47,622
Total revenues	<u>7,699,409</u>	<u>7,564,536</u>	<u>8,365,359</u>	<u>800,823</u>
EXPENDITURES:				
General government	3,250,000	3,250,000	3,211,447	38,553
Public safety	3,215,000	3,215,000	3,141,314	73,686
Streets and alleys	600,000	568,235	464,423	103,812
Parks and recreation	412,000	475,000	465,041	9,959
Health and welfare	140,000	160,000	154,507	5,493
Fleet maintenance	240,000	250,000	246,740	3,260
Community development	280,000	280,000	274,310	5,690
Capital outlay	750,000	750,000	146,888	603,112
Total expenditures	<u>8,887,000</u>	<u>8,948,235</u>	<u>8,104,670</u>	<u>843,564</u>
Excess (deficiency) of revenues over (under) expenditures	(1,187,591)	(1,383,699)	260,689	1,644,387
Fund balance at beginning of year	<u>2,172,423</u>	<u>2,172,423</u>	<u>2,172,423</u>	<u>-</u>
Fund balance at end of year	<u>\$ 984,832</u>	<u>\$ 788,724</u>	<u>\$ 2,433,112</u>	<u>\$ 1,644,387</u>

(Continued)

CITY OF RIVERTON, WYOMING

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For the Year Ended June 30, 2011

(Continued)

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

Revenue:

Actual total revenue budgetary basis	\$ 8,365,359
Differences- Budget to GAAP	
Fines receivables difference	32,654
Other receivables difference	<u>502,357</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance- governmental funds	<u>\$ 8,900,370</u>

Expenditures:

Actual total expenditures budgetary basis	\$ 8,104,670
Differences- Budget to GAAP	
Accounts payable & payroll accrual difference	<u>(35,838)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance- governmental funds	<u>\$ 8,068,832</u>

CITY OF RIVERTON, WYOMING

**BUDGETARY COMPARISON SCHEDULE
ECONOMIC DEVELOPMENT FUND**

For the Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Grants, contributions and donations	\$ 2,030,507	\$ 2,030,507	\$ 1,128,589	\$ (901,918)
Investment income	-	50	40	(10)
Total revenues	<u>2,030,507</u>	<u>2,030,557</u>	<u>1,128,629</u>	<u>(901,928)</u>
EXPENDITURES:				
Capital outlay	<u>1,970,640</u>	<u>1,970,640</u>	<u>1,168,574</u>	<u>802,066</u>
Total expenditures	<u>1,970,640</u>	<u>1,970,640</u>	<u>1,168,574</u>	<u>802,066</u>
Excess (deficiency) of revenues over (under) expenditures	59,867	59,917	(39,945)	(99,862)
Fund balance at beginning of year	<u>(152,632)</u>	<u>(152,632)</u>	<u>(152,632)</u>	<u>-</u>
Fund balance at end of year	<u>\$ (92,765)</u>	<u>\$ (92,715)</u>	<u>\$ (192,577)</u>	<u>\$ (99,862)</u>

(Continued)

CITY OF RIVERTON, WYOMING

**BUDGETARY COMPARISON SCHEDULE
ECONOMIC DEVELOPMENT FUND**

For the Year Ended June 30, 2011

(Continued)

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

Revenue:

Actual total revenue budgetary basis	\$	1,128,629
Differences- Budget to GAAP		
Other receivables difference		<u>52,548</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance- governmental funds	\$	<u>1,181,177</u>

Expenditures:

Actual total expenditures budgetary basis	\$	1,168,574
Differences- Budget to GAAP		
Accounts payable		<u>(149,358)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance- governmental funds	\$	<u>1,019,216</u>

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OTHER SUPPLEMENTARY INFORMATION

CITY OF RIVERTON, WYOMING

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2011

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, 2011

	<u>Special Revenue Funds</u>					
	Senior Citizen's Center			Rendezvous Fund	Debt	Total
	Endowment Fund	911 Fund	Total		Service Fund	Nonmajor Governmental Funds
ASSETS						
Cash	\$ 18,680	\$ 406	\$ 19,086	\$ 54,641	\$ -	\$ 73,727
Investments	1,232,087	-	1,232,087	-	-	1,232,087
Accounts receivable	-	6,867	6,867	-	-	6,867
Due from other funds	-	-	-	-	50,380	50,380
Total Assets	<u>1,250,767</u>	<u>7,273</u>	<u>1,258,040</u>	<u>54,641</u>	<u>50,380</u>	<u>1,363,061</u>
LIABILITIES AND FUND BALANCES						
Due to other funds	-	4,000	4,000	-	-	4,000
Accounts payable	<u>5,833</u>	<u>-</u>	<u>5,833</u>	<u>-</u>	<u>-</u>	<u>5,833</u>
Total Liabilities	<u>5,833</u>	<u>4,000</u>	<u>9,833</u>	<u>-</u>	<u>-</u>	<u>9,833</u>
Fund Balances						
Restricted by voter resolution	881,000	-	881,000	-	-	881,000
Restricted for 911 emergency response	-	3,273	3,273	-	-	3,273
Restricted for debt service	-	-	-	-	50,380	50,380
Assigned	-	-	-	54,641	-	54,641
Unassigned	<u>363,934</u>	<u>-</u>	<u>363,934</u>	<u>-</u>	<u>-</u>	<u>363,934</u>
Total fund balances	<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>
Total liabilities and fund balances	<u>\$ 1,250,767</u>	<u>\$ 7,273</u>	<u>\$ 1,258,040</u>	<u>\$ 54,641</u>	<u>\$ 50,380</u>	<u>\$ 1,363,061</u>

CITY OF RIVERTON, WYOMING

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

For the Year Ended June 30, 2011

	<u>Special Revenue Funds</u>					Total Nonmajor Governmental Funds
	Senior Citizen's Center		Total	Rendezvous Fund	Debt Service Fund	
	Endowment Fund	911 Fund				
REVENUES						
Intergovernmental	\$ -	\$ 36,603	\$ 36,603	\$ 11,193	\$ -	\$ 47,796
Grants, contributions, and donations	-	-	-	37,328	-	37,328
Investment Income	12,798	14	12,812	33	66,840	79,685
Total revenues	<u>12,798</u>	<u>36,617</u>	<u>49,415</u>	<u>48,554</u>	<u>66,840</u>	<u>164,809</u>
EXPENDITURES						
Current						
Public safety	-	22,877	22,877	-	-	22,877
Health and welfare	70,000	-	70,000	-	-	70,000
Community development	-	-	-	32,402	-	32,402
Capital Outlay	15,165	-	15,165	-	-	15,165
Debt service	-	-	-	-	66,840	66,840
Total expenditures	<u>85,165</u>	<u>22,877</u>	<u>108,042</u>	<u>32,402</u>	<u>66,840</u>	<u>207,284</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(72,367)	13,740	(58,627)	16,152	-	(42,475)
Fund balances						
Beginning of year	<u>1,317,301</u>	<u>(10,467)</u>	<u>1,306,834</u>	<u>38,489</u>	<u>50,380</u>	<u>1,395,703</u>
End 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>

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

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, 2011, which collectively comprise City of Riverton, Wyoming's basic financial statements and have issued our report thereon dated December 15, 2011. 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 2011-1 page 56. 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 one instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*. The City's Economic Development Fund had a negative ending equity balance of \$251,507 at year end.

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.

Madee Tschacher Peterson + Co, LLC

Laramie, Wyoming
December 15, 2011



**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, 2011. 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.

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, 2011.

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.

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
December 15, 2011

CITY OF RIVERTON, WYOMING

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2011

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, 2011

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass Through Grantor's Number	<u>Expenditures</u>
<u>Department of Housing and Urban Development</u>			
Passed through the Wyoming Business Council			
Community Development Block Grants/States			
Program and Non-Entitlement Grants in Hawaii			
Nursing Home Feasability Study	14.228		\$ 34,936
Child Development Services	14.228		<u>18,798</u>
Total U.S. Department of Housing and Urban Development			<u>53,734</u>
<u>U.S. Department of Justice</u>			
Passed through Wyoming Office of Attorney General			
ARRA - Assitance to Rural Law Enforcement to Combat			
Combat Crime and Drugs Competitive Grant Program			
Police Technology	16.810		663,378
Passed through Wyoming Office of Attorney General			
ARRA - State Victim Assistance Formula Grant			
Victims of Crime Act	16.801		<u>69,774</u>
Total for U.S. Department of Justice			<u>733,152</u>
<u>U.S. Department of Transportation</u>			
Passed through Wyoming Department of Transportation			
Wyoming Aeronautics Division			
Airport Improvement Program	20.106		315,366
Passed through Wyoming Safe Route to School			
Highway Planning and Construction	20.205		<u>24,179</u>
Total U.S. Department of Transportation			<u>339,545</u>

(Continued)

CITY OF RIVERTON, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2011

(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass Through Grantor's Number	Expenditures
<u>Environmental Protection Agency</u>			
Passed through Wyoming Department of Clean and Drinking Water			
Capitalization Grants for Clean Water State Revolving Funds	66.458		706,089
Capitalization Grants for Drinking Water State Revolving Funds	66.468		<u>1,028,421</u>
Total for Environmental Protection Agency			<u>1,734,510</u>
<u>U.S. Department of Energy</u>			
Passed through Wyoming Business Council			
Energy Efficiency and Conservation Block Grant Program	81.128		<u>50,000</u>
Total for U.S. Department of Energy			<u>50,000</u>
<u>U.S. Department of Homeland Security</u>			
Passed through the Wyoming Office of Homeland Security			
Homeland Security Grant Program	97.067	009-ODP-RIV	<u>11,210</u>
Total for Department of Homeland Security			<u>11,210</u>
Total Federal Awards			<u><u>2,922,151</u></u>

CITY OF RIVERTON, WYOMING

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2011

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?	No
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:

CFDA Numbers	Name of Federal Program or Cluster	Expenditures
16.810	Assistance to Rural Law Enforcement to Combat Crime and Drugs Competitive Grant Program	\$ 663,378
66.468	Wyoming Drinking Water Revolving Loan Program-ARRA	1,028,421
66.458	Wyoming Clean Water Revolving Loan Program-ARRA	706,089

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

Auditee qualified as low-risk auditee? Yes

(Continued)

CITY OF RIVERTON, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2011

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 2011-1 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

None

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