



**Financial and Compliance Report**

**June 30, 2016**



## CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT DISCUSSION AND ANALYSIS	4-13
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of net position	14
Statement of activities	15-16
FUND FINANCIAL STATEMENTS	
Balance sheet-governmental funds	17
Reconciliation of the balance sheet to the statement of net position-governmental funds	18
Statement of revenues, expenditures and changes in fund balances-governmental funds	19
Reconciliation statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities- governmental funds	20
Statement of net position-proprietary funds	21-22
Statement of revenues, expenses and changes in net position-proprietary funds	23
Statement of cash flows-proprietary funds	24-25
Notes to financial statements	26-50
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedule-general fund	51-52
Schedule of the city's share of the net pension liability	53-54
Schedule of contributions	55-56
OTHER SUPPLEMENTARY INFORMATION	
Non-major governmental funds	57
Combining balance sheet-nonmajor governmental funds	58
Combining statement of revenues, expenditures and changes in fund balances-nonmajor governmental funds	59
Schedule of passenger facility charges collected and expended for each quarter and year ended June 30, 2016	60
Notes to the schedule of passenger facility charges (PFC) collected and expended each quarter and year ended June 30, 2016	61
Schedule of Expenditures of Federal Awards	62-63
Notes to the Schedule of Expenditures of Federal Awards	64
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	65-66

(Continued)

## CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	67-68
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH REQUIREMENTS ISSUED BY THE FEDERAL AVIATION ADMINISTRATION	69-71
Passenger facility charge program audit summary	72
Schedule of Findings and Questioned Costs	73-75

*(this page intentionally left blank)*



## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinion***

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, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison and pension information on pages 4–13 and 51–56 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.

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements.

The combining and individual nonmajor fund financial information and the schedule of expenditures of federal awards are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2016, 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* in considering City of Riverton, Wyoming's internal control over financial reporting and compliance.

**Prior Period Financial Statements**

The financial statements as of June 30, 2015, were audited by Mader Tschacher Peterson & Co, LLC, who merged with Anton Collins Mitchell LLP as of January 1, 2016, and whose report dated December 31, 2015, expressed an unmodified opinion on those statements.

*Anton Collins Mitchell LLP*

Laramie, Wyoming  
December 19, 2016

CITY OF RIVERTON, WYOMING  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For The Year Ended June 30, 2016

As management of the City of Riverton, we offer readers these financial statements which include a narrative overview and analysis of the financial activities of the City of Riverton for the fiscal year ended June 30, 2016. This narrative is also designed to address any material changes or deviations from the adopted budget and discuss any major fund concerns.

**Financial Highlights**

The assets and deferred outflows of resources of the City of Riverton exceeded its liabilities at the close of the most recent fiscal year by 74,785,367 (net position). Of this amount, \$3,243,131 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net position increased by \$8,759,481. Much of this increase can be attributed to the increase of fixed assets due to completed projects such as the Big Bend drain & stormwater system, miscellaneous infrastructure improvements, relocation and replacement of the navigational aids on runway 10/28, equipment-fleet purchases (police cars, pickup, mower, etc.) and construction in progress on runway 10/28.

As of the close of the current fiscal year, the City of Riverton's governmental funds reported combined ending fund balances of \$7,199,070, a decrease of \$1,102,849 in comparison with the prior year. Approximately seventy-three percent (73%) of this total amount (\$7,199,070) is available for spending at the government's discretion (unreserved fund balance).

At the end of the current fiscal year, unreserved fund balance pertaining to the general fund was \$5,238,433, approximately forty-eight percent (48%) of the total general fund expenditures.

The City of Riverton's total notes payable debt is \$3,359,471 which includes an SRF loan for the Water Treatment Plant, a Wyoming State Loan and Investment Board for the A&T Mobile Home Park, Fike Subdivision and North Riverton Water Improvement projects and a loan from the Wyoming Department of Transportation Aeronautics Division for a building at the Airport Industrial Park.

**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.

CITY OF RIVERTON, WYOMING  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For The Year Ended June 30, 2016

The statement of net position presents information on all of the City of Riverton's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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).

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 14 through 16 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

CITY OF RIVERTON, WYOMING  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended June 30, 2016

revenues, expenditures, and changes in fund balances for the general fund and economic development fund that are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 17 through 20 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 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 22 through 25 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 26 through 50 of this report. The combining and individual fund statements referred to earlier in connection with non-major governmental funds can be found on pages 57 through 61 of this report.

***Government-wide Financial Analysis***

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Riverton's net position, approximately 94% percent reflects its net 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, WYOMING**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For The Year Ended June 30, 2016

**City of Riverton's Net Position**

	Governmental Activities		Business-type Activities		Total	
	2015	2016	2015	2016	2015	2016
Current and other assets	\$ 9,519,994	\$ 7,949,243	\$ 5,988,795	\$ 6,061,307	\$ 15,508,789	\$ 14,010,550
Capital assets	13,905,652	13,949,316	52,254,747	60,065,289	66,160,399	74,014,605
Total assets	23,425,646	21,898,559	58,243,542	66,126,596	81,669,188	88,025,155
Deferred outflows of resources	622,368	1,463,172	307,620	727,896	929,988	2,191,068
Long-term liabilities	2,277,146	3,430,163	5,257,833	5,662,839	7,534,979	9,093,002
Other liabilities	3,789,247	1,219,627	7,526,160	4,978,521	11,315,407	6,198,147
Total liabilities	6,066,393	4,649,789	12,783,993	10,641,360	18,850,386	15,291,149
Deferred inflows of resources	-	72,727	-	66,980	-	139,707
Invested in capital assets	13,905,652	13,949,316	48,782,104	56,705,818	62,687,756	70,655,134
Restricted	891,199	887,103	-	-	891,199	887,103
Unrestricted	5,461,866	3,802,796	(3,014,934)	(559,665)	2,446,932	3,243,131
Total net position	\$ 20,258,717	\$ 18,639,214	\$ 45,767,170	\$ 56,146,153	\$ 66,025,887	\$ 74,785,367

A portion of the City of Riverton's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$3,243,133) 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 position, both for the government as a whole, as well as for its separate governmental and business-type activities. The City's net position increased by \$8,759,481 during the current fiscal year due to improvements and the changes in the number of on-going construction projects.

**CITY OF RIVERTON, WYOMING**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For The Year Ended June 30, 2016

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

	Governmental Activities		Business-type Activities		Total	
	2015	2016	2015	2016	2015	2016
Revenues:						
Program Revenues						
Charges for Services	\$ 510,686	\$ 388,308	\$ 7,445,841	\$ 7,033,678	\$ 7,956,527	\$ 7,421,986
Operating grants and contributions	1,341,524	858,299	929,169	132,194	2,270,693	990,493
Capital grants and contributions	131,749	28,146	2,006,994	12,389,749	2,138,743	12,417,895
General Revenues:						
Property Taxes	393,825	399,315	-	-	393,825	399,315
Motor Vehicle Taxes	153,383	154,560	-	-	153,383	154,560
Franchise Taxes	887,544	893,436	-	-	887,544	893,436
Sales Taxes	4,682,148	3,816,457	-	-	4,682,148	3,816,457
Intergovernmental Funds and shared revenues not restricted to specific programs	2,477,597	2,202,841	96,907	25,072	2,574,504	2,227,913
Passenger facility charges	-	-	24,522	8,874	24,522	8,874
Unrestricted investment earnings	1,168,129	5,193	4,099	6,762	1,172,228	11,955
Total revenues	11,746,585	8,746,555	10,507,532	19,596,329	22,254,117	28,342,884
Expenses:						
General government	5,043,181	5,047,689	-	-	5,043,181	5,047,689
Public Safety	3,663,148	3,894,391	-	-	3,663,148	3,894,391
Streets and alleys	627,421	653,926	-	-	627,421	653,926
Parks	527,202	493,932	-	-	527,202	493,932
Health and welfare	263,180	276,120	-	-	263,180	276,120
Water	-	-	2,340,548	2,665,893	2,340,548	2,665,893
Wastewater	-	-	2,108,402	2,293,810	2,108,402	2,293,810
Sanitation	-	-	2,354,185	2,220,954	2,354,185	2,220,954
Airport	-	-	1,640,845	1,969,940	1,640,845	1,969,940
Interest on long-term debt	-	-	76,169	66,748	76,169	66,748
Total expenses	10,124,132	10,366,058	8,520,149	9,217,345	18,644,281	19,583,403
Change in net position before transfers	1,622,452	(1,619,503)	1,987,383	10,378,984	3,609,835	8,759,481
Net position - beginning	18,636,264	20,258,717	43,779,787	45,767,170	62,416,051	66,025,887
Net position - ending	\$20,258,717	\$ 18,639,214	\$45,767,170	\$ 56,146,153	\$66,025,887	\$ 74,785,367

CITY OF RIVERTON, WYOMING  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended June 30, 2016

**Governmental activities.** The governmental activities showed a decrease in net position of (\$1,619,503) due to the slowing of the economy resulting in less than anticipated sales and use tax revenue in the General Fund and the 1% Fund as well as other revenue sources. Total of governmental activities expenditures increased by \$951,132 due to capital projects.

**Business-type activities.** Business-type activities showed an increase in net position of \$10,378,984, 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 \$7,199,070 a decrease of \$1,102,849 in comparison with the prior year. Approximately seventy-three percent (73%) of this amount (\$5,261,067) constitutes unreserved fund balance, which is available for spending at the government's discretion. Of the \$5,261,067 in unreserved fund balance, \$881,000 is restricted per the agreement with the Senior Citizen's Center and a ballot proposition passed in 1998. The remainder (\$1,057,003) 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 \$5,238,433. 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 forty-eight percent (48%) of the total general fund expenditures, while total fund balance represents approximately fifty-seven percent (57%) of the same amount.

The fund balance of the City of Riverton's general fund decreased by \$1,046,252 during the current fiscal year. The key factor for the decrease is due to a decrease in general fund revenues.

The debt service fund has a total fund balance of \$6,810. This fund was initially setup for an Escrow Series 1986 Riverton Valley Irrigation project with the Wyoming Water Development Commission for a fifty (50) year term beginning in 1991. The city had the opportunity for an early payoff (\$1,135,184 in principal and \$4,852 in interest) and saved thousands of dollars in future interest accrual by paying it off in January, 2015. The balance left is the difference between the accrual of interest over a 15-20 year period and the payoff.

CITY OF RIVERTON, WYOMING  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For The Year Ended June 30, 2016

***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 \$1,133,301, a increase over the prior year of \$483,002 which is due to a reduction in current liabilities.

Unrestricted net assets of the Sewer Fund at the end of the fiscal year amounted to \$1,029,070, a decrease of \$78,303 which is due to Cliffview Lift Station, and miscellaneous Sewer Line Replacements.

Unrestricted net assets in the Sanitation Fund at the end of the fiscal year amounted to \$1,058,237, an increase of \$416,613 resulting from an increase in Current Assets (Cash).

Unrestricted net assets of the Airport Fund at the end of the fiscal year amounted to (\$3,780,274), an increase of \$1,633,958. The increase is related to the AIP 39 Reconstruction Runway 10 Project. There was an overall increase in total net position of \$10,437,883 from \$11,794,365 in 2015 to \$22,232,246 in 2016.

Please note that the decrease over prior year values does not take in to consideration the adjustments made for required reporting under GASB68 and GASB71 which caused prior period adjustments. See Note 13 for more details.

**Governmental Funds Budgetary Highlights**

Differences between the original and final amended budget in the general fund were approximately \$55,900. The budget increase to expenditures was due to early retirement incentives (with projected cost savings in FY17).

**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, 2016, amounts to \$74,014,605 (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 \$7,854,206.

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

In the General Fund, major contributors to capital asset events were: purchase of a Gator, Wide Area Mower, snowblower, completion of the Big Bend Drain project, Security Access System, Council Chambers sound system, copier for City Hall and fleet capital. The Water Fund indicated an increase in capital assets due to the purchase of Water Well #17, replacement of the master control center at the Water Plant. There were minimal increases in capital assets with the Wastewater Fund and Sanitation Fund. The major contribution to capital assets in the Airport Fund was the construction in progress of the reconstruction of Runway 10/28.

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

	Governmental Activities		Business-type Activities		Total	
	2015	2016	2015	2016	2015	2016
Land	\$ 1,838,886	\$ 1,838,886	\$ 707,685	\$ 707,685	\$ 2,546,571	\$ 2,546,571
Construction in progress	2,319,134	2,604,669	16,616,318	26,053,706	18,935,452	28,658,375
Buildings	2,411,481	2,163,594	15,654,382	15,240,947	18,065,863	17,404,541
Improvements other than buildings	2,937,758	2,766,832	-	-	2,937,758	2,766,832
Collection, transmission and distributions	-	-	14,271,994	13,633,341	14,271,994	13,633,341
Machinery and equipment	492,286	483,600	2,876,121	2,309,681	3,368,407	2,793,281
Source of supply	-	-	2,107,061	2,023,501	2,107,061	2,023,501
Transportation equipment	452,598	422,933	-	-	452,598	422,933
Computer equipment	-	-	-	-	-	-
Furniture and fixtures	-	-	-	-	-	-
Treatment plants	-	-	14,876	96,428	14,876	96,428
Infrastructure	3,467,733	3,668,802	-	-	3,467,733	3,668,802
<b>Total</b>	<b>\$ 13,919,876</b>	<b>\$ 13,949,316</b>	<b>\$ 52,248,437</b>	<b>\$ 60,065,289</b>	<b>\$ 66,168,312</b>	<b>\$ 74,014,605</b>

Additional information on The City of Riverton's capital assets can be found in Note 6 on pages 36 through 38 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Riverton had a total of \$3,459,471 in outstanding debt. Of this amount, \$100,000 has been recorded as a liability measure for future landfill monitoring costs.

CITY OF RIVERTON, WYOMING  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For The Year Ended June 30, 2016

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

It appears that natural gas operations are slowing due to the decline of production of natural gas and also there has been a decreased oil prices in Fremont County. This has impacted Fremont County and we have experienced a reduction of revenue in the General Fund. Our projections indicate that we are seeing significant decreases in sales and use tax through actual monies being received. This news has had a negative impact since 28% of our general fund is made up of sales and use tax. The FY16-17 Budget reflects the anticipated reduction in the collection of sales and use tax.

The residents of Fremont County passed an optional one-cent sales tax proposition for Fremont County voters. The city received an influx of approximately \$1.8M for the FY15-16 from this tax, however, that amount was less than our predictions. Monies from these funds will go toward streets and infrastructure. The city has established a FORCC (Fix Our Roads Citizen Committee) committee to oversee and make recommendations pursuant to the expenditure of these funds in order to promote transparency in government. Several projects were implemented this year with these monies received: Broadway and Monroe, N 16<sup>th</sup>, Rendezvous School area were resurfaced, ADA ramps were constructed, a Pavement Survey was completed, and other miscellaneous projects. The one-cent sales tax not only benefits our residents but also our economy. It has been an economic driver for local construction firms.

During the current fiscal year, unreserved fund balance in the general fund decreased by \$699,507. With management, it is anticipated that the remaining unreserved fund balance of \$5,238,433 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 shall remain at 18.5% for the seventh year in a row.

Economic development efforts by IDEA, Inc. and the City of Riverton have opened up some much needed land for development that was previously owned by the Wyoming Honor Farm Prison. Riverton is currently land locked on three sides and the only commercial growth opportunity is north of Wal-Mart. The Wyoming legislators approved the auction of 302 acres of Honor Farm property. The land was purchased this year by the Shoshone Indian Tribe for development and will generate more jobs and taxes for our community.

No water, wastewater or sanitation rate increases were implemented in the 2016 fiscal year. The remaining amount of any increase in each of the funds was due to building reserve for potential or ongoing projects. 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 of 18.5% annually for the seventh year in a row.

CITY OF RIVERTON, WYOMING  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For The Year Ended June 30, 2016

**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 Steven Weaver, City Administrator or Mia Harris, Finance Division Manager; City of Riverton; 816 N. Federal Blvd.; Riverton WY 82501. Inquiries may also be made on our web site, [www.rivertonwy.gov](http://www.rivertonwy.gov).

CITY OF RIVERTON, WYOMING

**STATEMENT OF NET POSITION**

June 30, 2016

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
Cash	\$ 4,719,156	\$ 1,963,671	\$ 6,682,827
Investments	1,342,761	2,252,139	3,594,900
Receivables, net of allowance for uncollectible accounts	503,722	1,272,811	1,776,533
Notes receivable	25,000	-	25,000
Due from other governments	1,010,326	-	1,010,326
Interfund receivables	348,278	572,686	920,964
Capital assets, including land and construction in progress not subject to depreciation, net of accumulated depreciation	13,949,316	60,065,289	74,014,605
Total Assets	<u>21,898,559</u>	<u>66,126,596</u>	<u>88,025,155</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Aggregate deferred outflows of resources related to pensions	<u>1,463,172</u>	<u>727,896</u>	<u>2,191,068</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>23,361,731</u>	<u>66,854,492</u>	<u>90,216,223</u>
<b>LIABILITIES</b>			
Accounts payable	528,982	680,788	1,209,770
Accrued payroll	179,181	82,101	261,282
Accrued interest	-	42,788	42,788
Due to other funds	-	3,089,751	3,089,751
Interfund payables	180,183	740,780	920,964
Noncurrent liabilities			
Due within one year	331,280	342,313	673,593
Due in more than one year	-	3,266,430	3,266,430
Aggregate net pension liability	<u>3,430,163</u>	<u>2,396,409</u>	<u>5,826,572</u>
Total Liabilities	<u>4,649,789</u>	<u>10,641,360</u>	<u>15,291,150</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Aggregate deferred inflows of resources related to pensions	<u>72,727</u>	<u>66,980</u>	<u>139,707</u>
<b>NET POSITION</b>			
Net investment in capital assets	13,949,316	56,705,818	70,655,134
Restricted			
Maintenance and operation of Senior Citizen's Center	881,000	-	881,000
911 emergency response system	(707)	-	(707)
Debt service fund	6,810	-	6,810
Unrestricted	<u>3,802,796</u>	<u>(559,665)</u>	<u>3,243,131</u>
Total Net Position	<u>\$ 18,639,214</u>	<u>\$ 56,146,153</u>	<u>\$ 74,785,367</u>

See Notes to Financial Statements.

CITY OF RIVERTON, WYOMING

**STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2016

Function/Program Activities	Expenses	Indirect Expenses Allocation	Program Revenues		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>					
General government	\$ 6,133,515	\$ (1,085,826)	\$ 375,650	\$ 380,740	\$ 28,146
Public safety	3,894,391	-	8,038	412,263	-
Streets and alleys	653,926	-	-	-	-
Parks	493,932	-	4,620	-	-
Health and welfare	276,120	-	-	65,296	-
Total governmental activities	<u>11,451,884</u>	<u>(1,085,826)</u>	<u>388,308</u>	<u>858,299</u>	<u>28,146</u>
<b>Business-Type Activities:</b>					
Water	2,310,959	354,934	2,591,603	-	231,445
Sewer	1,963,149	330,661	1,962,810	-	-
Sanitation	1,945,772	275,182	2,369,283	9,901	-
Airport	1,844,891	125,049	109,982	122,293	12,158,304
Interest on long-term debt	66,748	-	-	-	-
Total business-type activities	<u>8,131,519</u>	<u>1,085,826</u>	<u>7,033,678</u>	<u>132,194</u>	<u>12,389,749</u>
<b>Total primary government</b>	<u>\$ 19,583,403</u>	<u>\$ -</u>	<u>\$ 7,421,986</u>	<u>\$ 990,493</u>	<u>\$ 12,417,895</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 position

Net position- beginning

Net position- ending

See Notes to Financial Statements.

Net Revenue (Expense) and Changes in Net Position

Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (4,263,153)	\$ -	\$ (4,263,153)
(3,474,090)	-	(3,474,090)
(653,926)	-	(653,926)
(489,312)	-	(489,312)
(210,824)	-	(210,824)
(9,091,305)	-	(9,091,305)
-	157,155	157,155
-	(331,000)	(331,000)
-	158,230	158,230
-	10,420,639	10,420,639
-	(66,748)	(66,748)
-	10,338,276	10,338,276
\$ (9,091,305)	\$ 10,338,276	\$ 1,246,971
\$ 399,315	\$ -	\$ 399,315
3,816,457	-	3,816,457
893,436	-	893,436
154,560	-	154,560
-	8,874	8,874
2,202,841	25,072	2,227,913
5,193	6,762	11,955
7,471,802	40,708	7,512,510
(1,619,503)	10,378,984	8,759,481
20,258,717	45,767,169	66,025,886
\$ 18,639,214	\$ 56,146,153	\$ 74,785,367

CITY OF RIVERTON, WYOMING

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

June 30, 2016

	General	Non-major Governmental	Total Governmental Funds
<b>ASSETS</b>			
Cash	\$ 4,600,083	\$ 119,074	\$ 4,719,157
Investments	396,099	946,662	1,342,761
Receivables, other	653,121	1,614	654,735
Note receivable	-	38,500	38,500
Due from other governments	1,010,326	-	1,010,326
Interfund receivables	702,157	85,228	787,385
Total Assets	<u>\$ 7,361,786</u>	<u>\$ 1,191,078</u>	<u>\$ 8,552,864</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 498,814	\$ 16,374	\$ 515,188
Accrued payroll	219,315	-	219,315
Interfund payables	394,898	224,393	619,291
Total Liabilities	<u>1,113,027</u>	<u>240,767</u>	<u>1,353,794</u>
<b>FUND BALANCES</b>			
Nonspendable	1,010,326	-	1,010,326
Restricted for			
Senior Citizen's Center endowment			
by voters resolution	-	881,000	881,000
911 emergency response system	-	(707)	(707)
Debt service fund	-	6,810	6,810
Assigned	-	40,574	40,574
Unassigned, reported in			
General Fund	5,238,433	-	5,238,433
Special revenue funds	-	22,634	22,634
Total Fund Balances	<u>6,248,759</u>	<u>950,311</u>	<u>7,199,070</u>
Total Liabilities and Fund Balances	<u>\$ 7,361,786</u>	<u>\$ 1,191,078</u>	<u>\$ 8,552,864</u>

See Notes to Financial Statements.

CITY OF RIVERTON, WYOMING

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

June 30, 2016

Fund balances - total governmental funds \$ 7,199,070

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 governmental funds.

Governmental capital assets 13,949,316

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.

Receivables	(151,014)	
Note receivable - Child Development Services	<u>(13,500)</u>	(164,514)

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 (304,940)

Liabilities and assets resulting from the recognition of the proportionate share of net pension liability are not due and payable from current financial resources and, therefore, are not reported in governmental funds. Associated deferred outflows of resources are also eliminated for this reason.

Aggregate deferred inflows of resources	(72,727)	
Aggregate net pension liability	(3,430,163)	
Aggregate deferred outflows of resources	<u>1,463,172</u>	<u>(2,039,718)</u>

Net position of governmental activities \$ 18,639,214

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, 2016

	General	Non-major Governmental	Total Governmental Funds
<b>REVENUES:</b>			
Property taxes	\$ 398,851	\$ -	\$ 398,851
Motor vehicle taxes	154,560	-	154,560
Sales taxes	3,817,902	-	3,817,902
Franchise taxes	893,436	-	893,436
Licenses and permits	194,765	-	194,765
Intergovernmental	3,264,403	25,820	3,290,223
Grants, contributions, and donations	1,008,719	28,221	1,036,940
Fines and forfeitures	152,279	-	152,279
Investment income	1,932	3,261	5,193
Charges for services	51,462	-	51,462
Total Revenues	<u>9,938,309</u>	<u>57,302</u>	<u>9,995,611</u>
<b>EXPENDITURES:</b>			
Current operating:			
General government	2,193,634	-	2,193,634
Public safety	3,573,504	23,216	3,596,720
Streets and alleys	1,025,142	-	1,025,142
Parks and recreation	469,432	-	469,432
Health and welfare	72,715	21,213	93,928
Community development	430,978	43,470	474,448
Capital outlay	3,219,156	26,000	3,245,156
Debt service	-	-	-
Total Expenditures	<u>10,984,561</u>	<u>113,899</u>	<u>11,098,460</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,046,252)</u>	<u>(56,597)</u>	<u>(1,102,849)</u>
Net Change in Fund Balance	(1,046,252)	(56,597)	(1,102,849)
Fund Balances - Beginning	<u>7,295,011</u>	<u>1,006,908</u>	<u>8,301,919</u>
Fund Balances - Ending	<u>\$ 6,248,759</u>	<u>\$ 950,311</u>	<u>\$ 7,199,070</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, 2016

Net change in fund balances - total governmental funds \$ (1,102,849)

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 estimated useful lives.

Expenditures for capital assets	266,923	
Less current year depreciation	<u>(1,034,156)</u>	(767,233)

Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in governmental funds.

Change in grants receivable	(165,417)	
Change in taxes receivable	9,864	
Change in assessments receivable	4,540	
Lease payment - Child Development Services	<u>(13,500)</u>	(164,513)

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

Change in retainage payable	13,794	
Change in long-term compensated absences	<u>16,358</u>	<u>30,152</u>

Pension expense associated with the recognition of a proportionate share of the collective net pension liability, as well as the amortization of related deferred outflows and inflows of resources, is not an expenditure from current financial resources. 384,940

Change in net assets of governmental activities \$ (1,619,503)

See Notes to Financial Statements.

CITY OF RIVERTON, WYOMING

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS**

June 30, 2016

	Business - Type Activities- Enterprise Funds				
	Water	Sewer	Sanitation	Airport	Total
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash	\$ 255,470	\$ 388,727	\$ 1,143,743	\$ 175,731	\$ 1,963,671
Investments	876,822	701,195	473,532	200,590	2,252,139
Receivables:					
Accounts, net allowance for doubtful	200,803	139,787	156,733	79,573	576,896
Unbilled usage	252,226	350,137	93,552	-	695,915
Interfund receivables	487,031	85,655	-	-	572,686
Total current assets	<u>2,072,352</u>	<u>1,665,501</u>	<u>1,867,560</u>	<u>455,894</u>	<u>6,061,307</u>
<b>Noncurrent Assets</b>					
Capital assets, net of accumulated depreciation	21,530,405	11,463,744	732,501	26,338,639	60,065,289
Total noncurrent assets	<u>21,530,405</u>	<u>11,463,744</u>	<u>732,501</u>	<u>26,338,639</u>	<u>60,065,289</u>
<b>Total Assets</b>	<u>23,602,757</u>	<u>13,129,245</u>	<u>2,600,061</u>	<u>26,794,533</u>	<u>66,126,596</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Amounts related to pensions	222,057	207,473	188,927	109,439	727,896
<b>Total Assets and Deferred Outflows of resources</b>	<u>23,824,814</u>	<u>13,336,718</u>	<u>2,788,988</u>	<u>26,903,972</u>	<u>66,854,492</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable	265,385	74,959	104,184	236,260	680,788
Accrued payroll	25,731	23,899	20,322	12,149	82,101
Accrued interest	32,036	3,684	-	7,068	42,788
Compensated absences	42,007	42,184	30,226	34,855	149,272
Due to other funds	-	-	-	3,089,751	3,089,751
Landfill monitoring costs payable, current	-	-	50,000	-	50,000
Current maturities of note payable	88,785	40,471	-	13,785	143,041
Interfund payables	64,293	-	80,858	595,629	740,780
Total current liabilities	<u>518,237</u>	<u>185,197</u>	<u>285,590</u>	<u>3,989,497</u>	<u>4,978,521</u>

(Continued)

See Notes to Financial Statements.

CITY OF RIVERTON, WYOMING

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS**

June 30, 2016

(Continued)

	Business -Type Activities- Enterprise Funds				
	Water	Sewer	Sanitation	Airport	Total
<b>Noncurrent liabilities</b>					
Landfill monitoring costs payable	-	-	50,000	-	50,000
Notes payable	2,358,740	545,356	-	312,334	3,216,430
Net pension liability	710,919	680,042	645,631	359,817	2,396,409
Total noncurrent liabilities	<u>3,069,659</u>	<u>1,225,398</u>	<u>695,631</u>	<u>672,151</u>	<u>5,662,839</u>
Total Liabilities	<u>3,587,896</u>	<u>1,410,595</u>	<u>981,221</u>	<u>4,661,648</u>	<u>10,641,360</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Amounts related to pensions	<u>20,737</u>	<u>19,136</u>	<u>17,029</u>	<u>10,078</u>	<u>66,980</u>
<b>NET POSITION</b>					
Net invested in capital assets	19,082,880	10,877,917	732,501	26,012,520	56,705,818
Unrestricted	<u>1,133,301</u>	<u>1,029,070</u>	<u>1,058,237</u>	<u>(3,780,274)</u>	<u>(559,665)</u>
Total Net Position	<u>\$ 20,216,181</u>	<u>\$ 11,906,987</u>	<u>\$ 1,790,738</u>	<u>\$ 22,232,246</u>	<u>\$ 56,146,153</u>

See Notes to Financial Statements.

CITY OF RIVERTON, WYOMING

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

For the Year Ended June 30, 2016

	Business-Type Activities- Enterprise Funds				
	Water	Sewer	Sanitation	Airport	Total
<b>OPERATING REVENUES:</b>					
Charges for services	\$ 2,591,603	\$ 1,962,810	\$ 2,369,283	\$ 109,982	\$ 7,033,678
<b>OPERATING EXPENSES</b>					
Cost of services and operations	1,376,654	1,176,721	1,517,925	715,712	4,787,012
Depreciation	678,084	543,767	256,756	1,062,823	2,541,430
General and administration	611,155	573,322	446,273	191,405	1,822,155
Total operating expenses	2,665,893	2,293,810	2,220,954	1,969,940	9,150,597
Operating income (loss)	(74,290)	(331,000)	148,329	(1,859,958)	(2,116,919)
<b>NONOPERATING REVENUES</b>					
<b>(EXPENSES):</b>					
Passenger facility charges	-	-	-	8,874	8,874
Intergovernmental	-	-	-	25,072	25,072
Investment income	2,729	2,407	1,626	-	6,762
Interest expense	(41,558)	(8,488)	-	(16,702)	(66,748)
Grants, contributions and donations	-	-	9,901	122,293	132,194
Total nonoperating revenue (expenses)	(38,829)	(6,081)	11,527	139,537	106,154
Income (loss) before other income	(113,119)	(337,081)	159,856	(1,720,421)	(2,010,765)
Capital contributions - grants and other	231,445	-	-	12,158,304	12,389,749
	231,445	-	-	12,158,304	12,389,749
Change in net position	118,326	(337,081)	159,856	10,437,883	10,378,984
Net position, beginning	20,097,855	12,244,068	1,630,882	11,794,363	45,767,169
Net position, ending	\$ 20,216,181	\$ 11,906,987	\$ 1,790,738	\$ 22,232,246	\$ 56,146,153

See Notes to Financial Statements.

CITY OF RIVERTON, WYOMING

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

For the Year Ended June 30, 2016

	Business-Type Activities- Enterprise Funds				Total
	Water	Sewer	Sanitation	Airport	
<b>CASH FLOWS FROM OPERATIONS:</b>					
Receipts from customers and users	\$ 2,602,249	\$ 1,981,377	\$ 2,367,568	\$ 708,076	\$ 7,659,270
Payments to suppliers	(1,749,146)	(1,128,641)	(1,486,973)	(2,963,710)	(7,328,470)
Payments to employees	(535,747)	(499,466)	(384,027)	(156,921)	(1,576,161)
Net cash from operating activities	<u>317,356</u>	<u>353,270</u>	<u>496,568</u>	<u>(2,412,555)</u>	<u>(1,245,361)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Due (from) other funds	(3,750)	(3,750)	-	(25,702)	(33,202)
Net cash from noncapital financing activities	<u>(3,750)</u>	<u>(3,750)</u>	<u>-</u>	<u>(25,702)</u>	<u>(33,202)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Subsidy from passenger facility charges	-	-	-	8,874	8,874
Receipts from other governments	-	-	-	25,072	25,072
Interest paid on long-term debt	(41,558)	(8,488)	-	(16,702)	(66,748)
Receipts from grants, contributions and donations	231,445	-	9,901	12,280,597	12,521,943
Purchase of equipment and improvements	(253,398)	(245,106)	-	(9,863,023)	(10,361,527)
Change in accrued interest	(1,541)	(237)	-	(260)	(2,038)
Change in long-term debt	(60,110)	(39,933)	(50,000)	(13,129)	(163,172)
Net cash from capital and related financing activities	<u>(125,162)</u>	<u>(293,764)</u>	<u>(40,099)</u>	<u>2,421,429</u>	<u>1,962,404</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
(Purchase) of investments	(352,728)	(2,407)	(1,626)	(200,590)	(557,351)
Interest earned on investments	<u>2,729</u>	<u>2,407</u>	<u>1,626</u>	<u>-</u>	<u>6,762</u>
Net cash from investing activities	<u>(349,999)</u>	<u>-</u>	<u>-</u>	<u>(200,590)</u>	<u>(550,589)</u>
Net change in cash and cash equivalents	(161,555)	55,756	456,469	(217,418)	133,252
Cash, beginning	<u>417,025</u>	<u>332,971</u>	<u>687,274</u>	<u>393,149</u>	<u>1,830,419</u>
Cash, ending	<u>\$ 255,470</u>	<u>\$ 388,727</u>	<u>\$ 1,143,743</u>	<u>\$ 175,731</u>	<u>\$ 1,963,671</u>

(Continued)

See Notes to Financial Statements.

CITY OF RIVERTON, WYOMING

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS**

For the Year Ended June 30, 2016

(Continued)

	Business-Type Activities-Enterprise Funds				Total
	Water	Sewer	Sanitation	Airport	
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</b>					
Income (loss) from operations	\$ (74,290)	\$ (331,000)	\$ 148,329	\$ (1,859,958)	\$ (2,116,919)
Adjustments to reconcile income (loss) from operations to net cash from operating activities:					
Depreciation	678,084	543,767	256,756	1,062,823	2,541,430
(Increase) decrease in:					
Accounts receivable	10,646	18,567	(1,715)	598,094	625,592
Deferred outflows of resources	(132,045)	(120,365)	(104,586)	(63,280)	(420,276)
Increase (decrease) in:					
Bank overdrafts	-	-	-	150,164	150,164
Accounts payable	(372,492)	48,080	30,952	(2,398,162)	(2,691,622)
Payroll liabilities	7,232	6,118	2,866	2,887	19,103
Net pension liability	176,995	163,388	145,347	86,016	571,746
Compensated absences	2,489	5,579	1,590	(1,217)	8,441
Deferred outflows of resources	20,737	19,136	17,029	10,078	66,980
Net cash from operating activities	<u>\$ 317,356</u>	<u>\$ 353,270</u>	<u>\$ 496,568</u>	<u>\$ (2,412,555)</u>	<u>\$ (1,245,361)</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 the 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 government reports the following major proprietary funds:

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

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

## NOTES TO FINANCIAL STATEMENTS

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

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

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

The City has elected not to follow subsequent private sector guidance.

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

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

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

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

## NOTES TO FINANCIAL STATEMENTS

### Cash and Cash Equivalents

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

### Investments

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

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

### Receivables and Payables

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

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

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

Property taxes attach as an enforceable lien on property as of July 1. The 2015 property taxes were levied as of July 1, 2014 and were due in two installments.

## NOTES TO FINANCIAL STATEMENTS

Installments are due on September 1 and March 1 and are collectible on November 10 and May 10. If the first installment payment is made after November 10, the entire amount is due by December 31. Delinquent taxes have been recognized as revenue to the extent they have been collected within 60 days after June 30, 2016. 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.

### Special Assessments Receivable

The City collected \$3,429, \$587, \$12,994, and \$10,884 for Spencer, Gardens North, Fike, and Raintree assessments during the year ended June 30, 2016, respectively. The remaining current assessment receivable is \$350,745.

### Capital Assets

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

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

	<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

## NOTES TO FINANCIAL STATEMENTS

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, 2016.

### 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.

### Fund Equity

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

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

## NOTES TO FINANCIAL STATEMENTS

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 not 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 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.

### Deferred Inflows of Resources

Deferred inflows of resources are acquisitions of net position or fund balance that relate to a future period. Various GASB statements define transactions that should be reported as deferred inflows of resources. For statements to which the economic resources measurement focus and accrual basis of accounting are applied, the City treats amortized gains due to bond refunds that result in debt defeasance, as well as certain amounts related to pensions, as deferred inflows of resources. For governmental fund statements, deferred inflows of resources include revenue that has been earned but is not a currently available resource.

### Deferred Outflows of Resources

Deferred outflows of resources are reductions of net position or fund balance that relate to a future period. Various GASB statements define transactions that should be reported as deferred outflows of resources. For statements to which the economic resources measurement focus and accrual basis of accounting are applied, the City treats certain amounts related to pensions as deferred outflows of resources.

## NOTES TO FINANCIAL STATEMENTS

### Net Pension Liability

The implementation of GASB No. 68, Accounting and Financial Reporting for Pensions, requires the recognition of a proportionate share of a net pension asset or liability for entities that participate in cost-sharing multiple employer pension plans. The net pension liability recorded for the City of Riverton represents its proportionate share of the excess of the Wyoming Retirement System total pension liability over the pension plan fiduciary net position.

### Subsequent Events

The City's Management has evaluated the need for disclosures and/or adjustments resulting from subsequent events and transactions through December 19, 2016, the date the financial statements were available to be issued.

### Note 2. Cash and Investments

As of June 30, 2016, 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 State Treasurer's Asset Reserve (WYO-STAR)	\$ 3,594,900	0.36-0.54%	\$ 3,594,900	\$ -	\$ -	\$ -
Total	\$ 3,594,900		\$ 3,594,900	\$ -	\$ -	\$ -

### 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, 2016, the City's deposits were covered by Federal depository insurance or collateral held by the pledging bank's trust department or by its agent under joint custody receipts.

### 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 WYO-STAR, an external investment pool are rated AAA/Aaa by Standard and Poor's and Moody's. Under investment agreements with WYO-STAR, 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 statues, 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 100% of its investments in WYO-STAR as of June 30, 2016.

### Note 3. Receivables

As of June 30, 2016, 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, 2016	\$ 213,544	\$ 150,193	\$ 167,516
Allowance for uncollectible accounts	(12,741)	(10,406)	(10,783)
	\$ 200,803	\$ 139,787	\$ 156,733

## NOTES TO FINANCIAL STATEMENTS

Note 4. Deferred Outflows and Inflows of Resources

With the implementation of Governmental Accounting Standards Board (GASB) Statements 63 and 65, certain items that were previously classified as assets and liabilities are now reported as deferred outflows and inflows of resources respectively. Deferred outflows of resources are consumptions of net position or fund balance that relate to a future period. The City has no deferred outflows of resources, except those related to pensions.

With the implementation of Governmental Accounting Standards Board (GASB) Statements 63 and 65 in fiscal year 2013, certain items that were previously classified as assets and liabilities are now reported as deferred outflows and inflows of resources respectively. Deferred inflows of resources are acquisitions of net position or fund balance that relate to a future period.

Note 5. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2016, is as follows:

	Receivable	Payable
General Fund	\$ 702,157	\$ (394,898)
Economic Development Fund	34,847	(177,322)
911 Fund	-	(3,500)
Debt Service Fund	50,381	(43,571)
Water Fund	487,031	(64,293)
Sewer Fund	85,655	-
Sanitation Fund	-	(80,858)
Airport Fund	-	(595,629)
	\$ 1,360,071	\$ (1,360,071)

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Capital Assets

Capital asset activity for Governmental funds for the year ended June 30, 2016 was as follows:

	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2016</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 1,838,886	\$ -	\$ -	\$ 1,838,886
Construction in progress	<u>2,319,134</u>	<u>823,919</u>	<u>538,384</u>	<u>2,604,669</u>
Total capital assets, not being depreciated	<u>4,158,020</u>	<u>823,919</u>	<u>538,384</u>	<u>4,443,555</u>
Capital assets, being depreciated				
Buildings	7,139,999	-	-	7,139,999
Improvements other than buildings	4,471,095	37,152	-	4,508,247
Machinery and equipment	1,976,729	115,002	-	2,091,731
Transportation equipment	2,819,946	104,536	-	2,924,482
Computer equipment	261,481	-	-	261,481
Furniture and fixtures	90,741	-	-	90,741
Infrastructure	<u>42,472,434</u>	<u>521,371</u>	<u>-</u>	<u>42,993,805</u>
Total capital assets, being depreciated	<u>59,232,425</u>	<u>778,061</u>	<u>-</u>	<u>60,010,486</u>
Less accumulated depreciation for				
Buildings	4,728,518	247,887	-	4,976,405
Improvements other than buildings	1,533,337	208,078	-	1,741,415
Machinery and equipment	1,484,443	123,688	-	1,608,131
Transportation equipment	2,367,348	134,201	-	2,501,549
Computer equipment	261,481	-	-	261,481
Furniture and fixtures	90,741	-	-	90,741
Infrastructure	<u>39,004,701</u>	<u>320,302</u>	<u>-</u>	<u>39,325,003</u>
Total accumulated depreciation	<u>49,470,569</u>	<u>1,034,156</u>	<u>-</u>	<u>50,504,725</u>
Total capital assets, being depreciated, net	<u>9,761,856</u>	<u>(256,095)</u>	<u>-</u>	<u>9,505,761</u>
Governmental activities capital assets, net	<u>\$ 13,919,876</u>	<u>\$ 567,824</u>	<u>\$ 538,384</u>	<u>\$ 13,949,316</u>

## NOTES TO FINANCIAL STATEMENTS

Capital asset activity for Enterprise funds for the year ended June 30, 2016 was as follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 707,685	\$ -	\$ -	\$ 707,685
Construction in progress	16,616,318	9,437,388	-	26,053,706
Total capital assets, not being depreciated	<u>17,324,003</u>	<u>9,437,388</u>	<u>-</u>	<u>26,761,391</u>
Capital assets, being depreciated				
Buildings and improvements	35,029,091	773,945	-	35,803,036
Collection, transmission and distributions	25,815,013	-	-	25,815,013
Equipment and other improvements	8,643,422	-	-	8,643,422
Source of supply	4,876,453	66,745	-	4,943,198
Treatment plants	10,521,440	84,827	-	10,606,267
Total capital assets, being depreciated	<u>84,885,419</u>	<u>925,517</u>	<u>-</u>	<u>85,810,936</u>
Less accumulated depreciation for				
Buildings and improvements	19,374,709	1,187,380	-	20,562,089
Collection, transmission and distributions	11,543,019	638,653	-	12,181,672
Equipment and other improvements	5,767,301	566,440	-	6,333,741
Source of supply	2,769,392	150,305	-	2,919,697
Treatment plants	10,506,564	3,275	-	10,509,839
Total accumulated depreciation	<u>49,960,985</u>	<u>2,546,053</u>	<u>-</u>	<u>52,507,038</u>
Total capital assets, being depreciated, net	<u>34,924,434</u>	<u>(1,620,536)</u>	<u>-</u>	<u>33,303,898</u>
Business-type activities capital assets, net	<u>\$ 52,248,437</u>	<u>\$ 7,816,852</u>	<u>\$ -</u>	<u>\$ 60,065,289</u>

## NOTES TO FINANCIAL STATEMENTS

Depreciation expense as of June 30, 2016 was charged to functions/programs of the primary government as follows:

Governmental activities	
General government	\$ 517,077
Public safety	124,099
Streets and alleys	144,782
Parks	82,733
Health and welfare	<u>165,465</u>
Total depreciation expense - governmental activities	<u>\$ 1,034,156</u>
Business-type activities	
Water	\$ 678,084
Sewer	543,767
Sanitation	256,756
Airport	<u>1,062,823</u>
Total depreciation expense - business-type activities	<u>\$ 2,541,430</u>

### Note 7. Long-Term Debt

The following is a summary of the changes in long-term liabilities of the City for the year ended June 30, 2016:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Governmental activities					
Compensated absences	\$ 347,639	\$ -	\$ 16,359	\$ 331,280	\$ 331,280
Aggregate net pension liability	<u>2,277,146</u>	<u>1,153,017</u>	<u>-</u>	<u>3,430,163</u>	<u>-</u>
Governmental activity short-term liabilities	<u>\$ 2,624,785</u>	<u>\$ 1,153,017</u>	<u>\$ 16,359</u>	<u>\$ 3,761,443</u>	<u>\$ 331,280</u>
Business-type activities					
Notes payable	\$ 3,472,643	\$ 33,269	\$ 146,441	\$ 3,359,471	\$ 143,041
Landfill monitoring costs payable	150,000	-	50,000	100,000	50,000
Compensated absences	140,831	8,441	-	149,272	149,272
Aggregate net pension liability	<u>1,824,713</u>	<u>571,696</u>	<u>-</u>	<u>2,396,409</u>	<u>-</u>
Business-type activity long-term liabilities	<u>\$ 5,588,187</u>	<u>\$ 613,406</u>	<u>\$ 196,441</u>	<u>\$ 6,005,152</u>	<u>\$ 342,313</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

As of June 30, 2016, the business-type long-term debt consisted of the following:

#### **Water Fund**

Note payable to Wyoming State Land & Investments due in annual installments of \$64,147, including interest at 2.5% to December 2030.	\$ 794,230
---	------------

Note payable to Wyoming State Land & Investments due in annual installments of \$48,102, including interest at 2.5% to September 2025.	420,991
--	---------

Note payable to Wyoming State Land & Investments due in annual installments of \$24,228, including interest at 4.94% to December 2041.	<u>350,117</u>
	<u>1,565,338</u>

#### **Sewer Fund**

Note payable to Wyoming State Land & Investments due in annual installments of \$18,450, including interest at 0.0% to June 2030.	258,305
---	---------

Note payable to Wyoming State Land & Investments due in annual installments of \$12,312, including interest at 2.5% to July 2030.	144,030
---	---------

Note payable to Wyoming State Land & Investments due in annual installments of \$17,888, including interest at 2.5% to October 2027.	<u>183,492</u>
	<u>585,827</u>

#### **Airport Fund**

Note payable to Wyoming Department of Transportation Aeronautics Division, due in annual installments of \$30,091, including interest at 5.0% to February 2032.	<u>326,119</u>
	<u>326,119</u>

#### **Other**

Note payable to Wyoming Water Development Commission, currently advancing funds on the Riverton Water Supply Project.	<u>882,187</u>
---	----------------

Total business-type activities notes payable	<u><u>\$ 3,359,471</u></u>
--	----------------------------

## NOTES TO FINANCIAL STATEMENTS

### Annual Debt Service Requirements

The annual requirements to amortize all notes payable outstanding as of June 30, 2016 are as follows:

#### Water Fund:

Years ended June 30,	Principal	Interest	Total
2017	\$ 88,785	\$ 47,692	\$ 136,477
2018	91,172	45,305	136,477
2019	93,629	42,847	136,476
2020	96,156	40,322	136,478
2021	98,755	37,722	136,477
2022-2026	535,436	146,948	682,384
2027-2031	359,835	82,038	441,873
2032-2036	78,672	42,466	121,138
2037-2041	100,121	21,016	121,137
2042-2046	22,777	1,138	23,915
	<u>\$ 1,565,338</u>	<u>\$ 507,494</u>	<u>\$ 2,072,832</u>

Note: The outstanding balance of \$882,187 for the Riverton Water Supply Project is not included in the schedule above as the project was not completed at year end.

#### Sewer Fund:

Years ended June 30,	Principal	Interest	Total
2017	\$ 40,471	\$ 7,856	\$ 48,327
2018	41,021	7,297	48,318
2019	41,585	6,724	48,309
2020	42,163	6,137	48,300
2021	42,756	5,535	48,291
2022-2026	223,206	20,086	243,292
2027-2031	154,625	4,231	158,856
	<u>\$ 585,827</u>	<u>\$ 57,866</u>	<u>\$ 643,693</u>

#### Airport Fund:

Years ended June 30,	Principal	Interest	Total
2017	\$ 13,785	\$ 16,306	\$ 30,091
2018	14,474	15,617	30,091
2019	15,197	14,893	30,090
2020	15,958	14,133	30,091
2021	16,756	13,335	30,091
2022-2026	97,216	53,239	150,455
2027-2031	124,074	26,381	150,455
2032-2036	28,659	1,433	30,092
	<u>\$ 326,119</u>	<u>\$ 155,337</u>	<u>\$ 481,456</u>

## NOTES TO FINANCIAL STATEMENTS

### Note 8. Fund Equity

The restricted fund balance in the Senior Citizen's 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.

### Note 9. Employee Pension Plans

#### Pension Plan Descriptions and Benefits

##### Public Employee's Pension Plan

All City full-time or regular part-time employees, other than policemen and firemen, participate in the Wyoming Retirement System's (WRS) Public Employee Pension Plan, a cost sharing multiple-employer defined benefit contributory pension plan. Participation is mandatory. Retirement benefits are administered in two tiers - the second tier applying to employees hired after September 1, 2012 - and are established by state statute. Any cost of living adjustments (COLA) provided to retirees must be granted by the state legislature, which will not approve such adjustments unless the plan is 100% funded after a potential COLA is awarded. Employees terminating participation in the plan prior to normal retirement can elect to withdraw all employee contributions plus accumulated interest through the date of termination, or, if they are vested, they may elect to remain in the Plan and be eligible for retirement benefits at age 50 (Tier 1 employees) or age 60 (Tier 2 employees). Vesting occurs after obtaining 48 months of service.

##### *Tier 1 Benefits*

Tier 1 employees who retire at or after age 60 with four years of credited service, or are eligible for full retirement under the rule of 85 (age plus years of service = 85), are entitled to a retirement benefit according to predetermined formulas and allowed to select one of seven optional methods for receiving benefits. The benefit is calculated using a multiplier of 2.125 percent for the first 15 years of service and 2.25 percent for years of service above 15 and the highest 36 months of continuous acceptable salary. Early retirement is allowed provided the employee has completed four years of service and attained age 50, but results in a reduction of benefits based on the length of time

## NOTES TO FINANCIAL STATEMENTS

remaining to normal retirement age. The pre-retirement death benefit depends on whether the employee is vested or non-vested, and the post-retirement death benefit is governed by the option the employee selects at retirement. To be eligible for a disability benefit, employees must have at least 10 years of service and be less than age 60.

### *Tier 2 Benefits*

Tier 2 employees who retire at or after age 65 with four years of credited service, or are eligible for full retirement under the rule of 85 (age plus years of service = 85), are entitled to a retirement benefit according to predetermined formulas and allowed to select one of seven optional methods for receiving benefits. The benefit is calculated using a multiplier of 2 percent for all years of service and the highest 60 months of continuous acceptable salary. Early retirement is allowed provided the employee has completed four years of service and attained age 55, but results in a reduction of benefits based on the length of time remaining to normal retirement age. The pre-retirement death benefit depends on whether the employee is vested or non-vested, and the post-retirement death benefit is governed by the option the employee selects at retirement. To be eligible for a disability benefit, employees must have at least 10 years of service and be less than age 65.

### *Contribution Rates*

The statutorily required contribution is 16.62% as of June 30, 2016, of which 2.68% is paid by the employee and 13.94% is paid by the City. The City is only statutorily required to contribute 8.37%, and it elects to cover an additional 5.57% of the required contribution through June 30, 2016. Employer contributions to the pension plan for the fiscal year ended June 30, 2016 totaled \$533,887, and 100% of the statutorily required contributions were made.

### *State of Wyoming Law Enforcement Pension Fund*

The City contributes to the State of Wyoming Law Enforcement Pension Fund ("Fund"), a cost sharing multiple-employer defined benefit contributory pension plan which is part of the Wyoming Retirement System. All City policemen are mandated to participate in the Fund. Benefits vest after 48 months of service.

### *Benefits*

Any police officer who retires at age 60 with 4 years of service or with 20 years of credited service, regardless of age, is entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 2.5% of the average salary during their highest paid five year period multiplied by the number of years of service (up to a maximum of 75% of the highest average salary). The Fund also provides death and disability benefits to participating employees. Benefit provisions and all other requirements are established by state statute. Any cost of living adjustments (COLA) provided to retirees must be granted by the state legislature, which will not approve such adjustments unless the plan is 100% funded after a potential COLA is awarded. Participants may withdraw from the Plan at any time and receive refunds of participant contributions plus accumulated interest.

## NOTES TO FINANCIAL STATEMENTS

### *Contribution Rates*

As of June 30, 2016, the Law Enforcement Pension Fund statutorily requires 17.2% of the covered employees' salary to be contributed to the fund, of which 5.95% is paid by the employee and the remaining 11.25% is paid by the City. The City is only statutorily required to contribute 8.6%, and it elects to cover an additional 2.65% of the required contribution. Employer contributions to the pension plan for the fiscal year ended June 30, 2016 totaled \$223,481, and 100% of the statutorily required contributions were made.

### Net Pension Asset and Liabilities

As of June 30, 2016, the net pension liability recorded for the City represents its proportionate share of the excess of the total pension liability over the pension plan fiduciary net position for the Wyoming Retirement System plans of which the City is a participant. The net pension asset recorded for the City represents its proportionate share of the excess of the pension plan fiduciary net position over the total pension liability for the Wyoming Retirement System plans of which the City is a participant. The City reported a net pension asset and liabilities as follows for the fiscal years ended June 30, 2016 and June 30, 2015:

	Proportionate Share of Net Pension Liability as of June 30, 2016	Proportionate Share of Net Pension Liability as of June 30, 2015
Public Employee Pension	\$ 4,874,761	\$ 3,734,062
Law Enforcement Pension	951,811	367,797
Aggregate Net Pension Liability	\$ 5,826,572	\$ 4,101,859

Of the City's proportionate share of the net pension liability, \$2,396,409 is attributable to business-type activities (\$710,919 for the Water Fund, \$680,042 for the Sewer Fund, \$645,631 for the Sanitation Fund and \$359,817 for the Airport Fund) through employee participation in the Public Employee Pension Plan. The remainder of the proportionate share of the net pension liability and asset is attributable to governmental activities.

The measurement date of the Wyoming Retirement System pension plan fiduciary net position was December 31, 2015 and the actuarial determination of the total pension liability was January 1, 2016. The City's proportionate share of the net pension liability and asset was determined per plan by calculating the percentage of the City's total contributions (employer and employee) to the total contributions received by Wyoming Retirement System during the plan measurement period (January 1, 2015 to December 31, 2015).

## NOTES TO FINANCIAL STATEMENTS

The City's proportionate share of the net pension liability or asset for each plan as of December 31, 2014 and December 31, 2015 is as follows:

	Proportionate Share as of December 31, 2015	Proportionate Share as of December 31, 2014
Public Employee Pension	0.209276%	0.211598%
Law Enforcement Pension	1.266202%	1.246131%

### Pension Expense

The measurement of pension expense fundamentally changed with the implementation of GASB Statement 68. Pension expense is calculated for the pension plan measurement period and includes changes in the net pension liability and the amortization of specific deferred inflows and outflows of resources. For the fiscal year ended June 30, 2016, the City recognized a total pension expense of \$603,340 as detailed below:

Public Employee Pension	\$	422,103
Law Enforcement Pension		181,237
Total Pension Expense	\$	603,340

Pension expense attributable to business-type activities totals \$218,400 (\$65,686 for the Water Fund, \$62,110 for the Sewer Fund, and \$57,790 for the Sanitation Fund and \$32,814 for the Airport Fund). The remainder of pension expense is attributable to governmental activities.

### Deferred Outflows and Inflows of Resources Related to Pensions

At June 30, 2016, the City reported the following deferred outflows of resources related to pensions:

	Public Employee Pension	Law Enforcement Pension	Total
<i>Deferred Outflows of Resources</i>			
Proportionate share of unamortized differences between the projected and actual earnings on pension plan investments	\$ 1,193,755	\$ 599,732	\$ 1,793,487
Contributions subsequent to the measurement date	258,927	124,269	383,196
Unamortized amounts related to the change in the City's proportionate share of the net pension liability or (asset)	9,662	4,723	14,385
<b>Total Deferred Outflows Related to Pensions</b>	<b>\$ 1,462,344</b>	<b>\$ 728,724</b>	<b>\$ 2,191,068</b>

Deferred outflows of resources related to business-type activities total \$727,896 (\$222,057 for the Water Fund, \$207,473 for the Sewer Fund, and \$188,927 for the Sanitation Fund and \$109,439 for the Airport Fund).

## NOTES TO FINANCIAL STATEMENTS

The \$383,196 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

At June 30, 2016, the City reported the following deferred inflows of resources related to pensions:

<i>Deferred Inflows of Resources</i>	Public Employee Pension	Law Enforcement Pension	Total
Proportionate share of unamortized differences between the expected and actual experience in the measurement of total pension liability	\$ 103,128	\$ -	\$ 103,128
Unamortized amounts related to the change in the City's proportionate share of the net pension liability or (asset)	30,515	6,064	36,579
<b>Total Deferred Outflows Related to Pensions</b>	<b>\$ 133,643</b>	<b>\$ 6,064</b>	<b>\$ 139,707</b>

Pension-related deferred inflows of resources for business-type activities totaled \$66,980 (\$20,737 for the Water Fund, \$19,136 for the Sewer Fund, \$17,029 for the Sanitation Fund, and \$10,078 for the Airport Fund).

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	
2017	\$ 441,866
2018	441,931
2019	442,181
2020	342,187
	<b>\$ 1,668,165</b>

### Actuarial Assumptions

Actuarial valuations are performed annually with the most recent valuation date of January 1, 2016. Actuarial methods and assumptions are disclosed below for the Wyoming Retirement System pension plans in which the City participates. Significant assumptions are based on an experience study that covered a five-year period ending December 31, 2011. More detail about the actuarial methods and assumptions or the experience study can be found on the Wyoming Retirement System website.

## NOTES TO FINANCIAL STATEMENTS

	Public Employee Pension	Law Enforcement Pension
Valuation Date	1/1/2016	1/1/2016
Actuarial Cost Method	Individual Entry Age Normal	Individual Entry Age Normal
Amortization Method	Level Percent Open	Level Percent Open
Remaining Amortization Period	30	30
Asset Valuation Method	5-year	5-year
Actual Assumptions:		
Investment Rate of Return	7.75%	7.75%
Projected Salary Increases Includes Inflation	4.25% to 6.00%	4.25% to 8.00%
Assumed Inflation Rate	3.25%	3.25%
Mortality	*	**

**\*Mortality Assumptions:**

Pre-Retirement Mortality

RP-2000 Combined Mortality table, fully generational, projected with Scale BB  
 Males: Set back 5 years with multiplier of 104%  
 Females: Set back 4 years with a multiplier of 90%

Healthy Post-Retirement Mortality

RP-2000 Combined Mortality table, fully generational, projected with Scale BB  
 Males: Set back 1 year with multiplier of 104%  
 Females: Set back 0 years with a multiplier of 90%

Disabled Mortality

RP-2000 Combined Mortality table, fully generational, projected with Scale BB  
 Males: Set forward 5 years with multiplier of 120%  
 Females: Set forward 5 years with multiplier of 120%

**\*\*Mortality Assumptions:**

Pre-Retirement Mortality

RP-2000 Combined Mortality table, fully generational, projected with Scale BB  
 Males: Set back 4 years with multiplier of 104%  
 Females: Set back 3 years with a multiplier of 90%

Healthy Post-Retirement Mortality

RP-2000 Combined Mortality table, fully generational, projected with Scale BB  
 Males: Set back 0 year with multiplier of 104%  
 Females: Set forward 1 years with multiplier of 90%

Disabled Mortality

RP-2000 Combined Mortality table, fully generational, projected with Scale BB  
 Males: Set forward 5 years with multiplier of 120%  
 Females: Set forward 5 years with multiplier of 120%

## NOTES TO FINANCIAL STATEMENTS

Wyoming Retirement System assumes a 7.75% long term investment rate of return for its pension plans. The long term rate of return is determined through a 4.5% net real rate of return and an inflation rate of 3.25%. For the fiscal year ended December 31, 2015, WRS pension plans saw an annual money-weighted real rate of return, net of expenses, of -0.26% compared to the 4.5% expected rate of return.

The assumed asset allocation of the WRS pension plan portfolio, the long term expected rate of return for each asset class, and the expected rate of return is presented arithmetic and geometric below.

	Policy Allocation	30-Year Assumptions - Nominal Arithmetic Return	30-Year Assumptions - Real Arithmetic Return	30-Year Assumptions - Nominal Geometric
<b>US Equity</b>	<b>25.00%</b>	<b>8.83%</b>	<b>5.92%</b>	
US Large Cap	25.00%	8.83%	5.92%	
<b>Non-US Equity</b>	<b>30.00%</b>	<b>10.37%</b>	<b>7.42%</b>	
Int'l Equities (unhedged)	12.00%	9.89%	6.95%	
Int'l Equities (hedged)	12.00%	9.79%	6.85%	
Emerging Int'l Equities	6.00%	12.50%	9.49%	
<b>Fixed Income</b>	<b>15.00%</b>	<b>3.86%</b>	<b>1.08%</b>	
Global Bonds (unhedged)	6.00%	3.09%	0.33%	
Global Bonds (hedged)	6.00%	2.99%	0.23%	
EMD (external)	1.50%	6.76%	3.90%	
EMD (local currency)	1.50%	7.50%	4.62%	
<b>Real Estate</b>	<b>3.00%</b>	<b>7.50%</b>	<b>4.62%</b>	
Real Estate (core)	3.00%	7.50%	4.62%	
<b>Private Markets</b>	<b>9.00%</b>	<b>10.31%</b>	<b>7.36%</b>	
Private Equity	4.00%	11.72%	8.73%	
Private Debt	3.00%	8.98%	6.07%	
Private Real Assets	2.00%	9.47%	6.54%	
<b>Hedge Funds</b>	<b>8.50%</b>	<b>6.86%</b>	<b>4.00%</b>	
Hedge Funds	8.50%	6.86%	4.00%	
<b>GAA</b>	<b>3.00%</b>	<b>7.17%</b>	<b>4.30%</b>	
GMO BFAF	3.00%	7.17%	4.30%	
<b>Risk Parity</b>	<b>4.00%</b>	<b>6.72%</b>	<b>3.87%</b>	
AQR GRP EL 10%	2.00%	6.72%	3.87%	
Bridgewater All Weather	2.00%	6.72%	3.87%	
<b>Cash</b>	<b>2.50%</b>	<b>3.00%</b>	<b>0.25%</b>	
<b>Total Plan</b>	<b>70.00%</b>	<b>8.27%</b>	<b>5.30%</b>	<b>7.56%</b>
<b>Inflation - US CPI</b>		<b>2.75%</b>		

The long term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate arithmetic expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These assumptions are converted into nominal assumptions by adding inflation, then combined by weighting them by the target asset allocation percentages. Finally, the arithmetic portfolio expected return is converted into a geometric expected return using assumed asset class standard deviations and correlations. Geometric returns by asset class are not presented. Only the aggregate plan-level geometric projection is included.

### Discount Rate

The discount rate used to measure the total pension liability for all plans was 7.75%. The projection of cash flows used to determine the discount rate assumed contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the

## NOTES TO FINANCIAL STATEMENTS

contractually required rates under Wyoming state statutes. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Plan	Single Discount Rate	Long-Term Expected Rate of Return	Long-Term Municipal Bond Rate	Last year ending December 31 in the 2015 to 2114 projection period for which projected benefit payments are fully funded
Public Employee Pension	7.75%	7.75%	3.57%	2114
Law Enforcement Pension	7.75%	7.75%	3.57%	2114

### Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.75%) or 1-percentage point higher (8.75%) than the current rate.

Sensitivity of Proportionate Share of Net Pension Liability to Changes in the Discount Rate			
Pension Plan	1.0% Decrease 6.75%	Current Discount Rate 7.75%	1.0% Increase 8.75%
Public Employee Pension	\$ 6,998,432	\$ 4,874,761	\$ 3,079,384
Law Enforcement Pension	1,929,904	951,811	142,404

### Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Wyoming Retirement System Comprehensive Annual Financial Report.

### Payables to the Pension Plans

The City reported payables to Wyoming Retirement System at June 30, 2016 totaling \$75,613 and comprised of \$48,495 for the Public Employee Pension, and \$27,118 for the Law Enforcement Pension. The payables are short-term in nature and relate to the statutorily required contributions for June 2016 employee payroll.

## NOTES TO FINANCIAL STATEMENTS

### Note 10. Landfill Post Closure Monitoring Costs

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

The post closure costs of groundwater and methane gas monitoring for this period is estimated to be approximately \$50,000 per year for a total of \$300,000 over the 6-year monitoring period. This amount for additional landfill monitoring costs is accrued in the Sanitation fund as required by Government Accounting Standards No. 18. During the year ended June 30, 2016, the City incurred landfill monitoring costs of \$14,802 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 11. 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 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.

## NOTES TO FINANCIAL STATEMENTS

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 2016 were approximately \$150,418.

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 2016 and 2015 were as follows for the City's participation in the Unemployment Compensation Act Program:

	June 30, 2016	June 30, 2015
Unpaid claims, beginning of year	\$ -	\$ -
Incurred claims	60,478	126,468
Claim payments	(60,478)	(126,468)
Unpaid claims, end of year	\$ -	\$ -

### Note 12. 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, 2016, the City allocated \$1,085,826 in overhead expenses to the above listed funds.

### Note 13. Commitments and Contingences

The City is required by the Department of Environmental Quality to monitor a landfill site for possible contamination (Note 10). Should contamination be detected in the future, the City may be responsible for some or all the cleanup costs.

*(this page intentionally left blank)*

**REQUIRED SUPPLEMENTARY INFORMATION)**

CITY OF RIVERTON, WYOMING

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts (Budgetary Basis)	Final Budget Positive (Negative)
<b>REVENUES:</b>				
Property taxes	\$ 400,000	\$ 400,000	\$ 397,499	\$ (2,501)
Motor vehicle taxes	170,000	170,000	154,560	(15,440)
Sales taxes	4,643,000	4,643,000	3,932,113	(710,887)
Franchise taxes	908,000	908,000	892,910	(15,090)
Licenses and permits	230,000	230,000	194,766	(35,234)
Intergovernmental	2,503,673	2,503,673	2,463,633	(40,040)
Grants, contributions and donations	881,900	881,900	833,328	(48,572)
Fines and forfeitures	125,000	125,000	138,181	13,181
Investment income	2,000	2,000	1,932	(68)
Charges for services	281,000	281,000	88,173	(192,827)
Total revenues	<u>10,144,573</u>	<u>10,144,573</u>	<u>9,097,095</u>	<u>(1,047,478)</u>
<b>EXPENDITURES:</b>				
General government	2,115,363	2,175,363	2,085,805	89,558
Public safety	3,810,510	3,811,010	3,627,557	183,453
Streets and alleys	1,133,260	1,119,260	996,473	122,787
Parks and recreation	575,330	575,330	472,242	103,088
Health and welfare	105,480	105,480	73,096	32,384
Community development	436,915	436,915	426,119	10,796
Capital outlay	3,574,000	3,583,400	3,422,924	160,476
Total expenditures	<u>11,750,858</u>	<u>11,806,758</u>	<u>11,104,216</u>	<u>702,542</u>
Excess (deficiency) of revenues over (under) expenditures	(1,606,285)	(1,662,185)	(2,007,121)	(344,936)
Fund balance at beginning of year	<u>7,295,011</u>	<u>7,295,011</u>	<u>7,295,011</u>	<u>-</u>
Fund balance at end of year	<u>\$ 5,688,726</u>	<u>\$ 5,632,826</u>	<u>\$ 5,287,890</u>	<u>\$ (344,936)</u>

(Continued)

CITY OF RIVERTON, WYOMING

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

For the Year Ended June 30, 2016

(Continued)

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

**Revenue:**

Actual total revenue budgetary basis	\$ 9,097,095
Differences- Budget to GAAP	
Taxes and other receivables difference	<u>841,214</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance- governmental funds	<u>\$ 9,938,309</u>

**Expenditures:**

Actual total expenditures budgetary basis	\$ 11,104,216
Differences- Budget to GAAP	
Accounts payable & payroll accrual difference	<u>(119,655)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance- governmental funds	<u>\$ 10,984,561</u>

CITY OF RIVERTON, WYOMING

**SCHEDULE OF THE CITY'S SHARE OF THE NET PENSION LIABILITY**

**Public Employee Pension Plan  
Last 10 Fiscal Years\*  
(in thousands)**

	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.209%	0.212%
City's proportionate share of the net pension liability (asset)	<u>\$ 4,875</u>	<u>\$ 3,734</u>
City's covered-employee payroll	<u>\$ 3,652</u>	<u>\$ 3,748</u>
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	133.484%	99.626%
Plan fiduciary net position as a percentage of the total pension liability	73.401%	79.084%

\*The amounts presented for each fiscal year correspond with the Wyoming Retirement System measurement period, not the City's fiscal year. Only two years of information is currently available.

CITY OF RIVERTON, WYOMING

**SCHEDULE OF THE CITY'S SHARE OF THE NET PENSION LIABILITY**

**Law Enforcement Pension Plan  
Last 10 Fiscal Years\*  
(in thousands)**

	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	1.266%	1.246%
City's proportionate share of the net pension liability (asset)	<u>\$ 952</u>	<u>\$ 368</u>
City's covered-employee payroll	<u>\$ 1,990</u>	<u>\$ 2,016</u>
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	47.821%	18.254%
Plan fiduciary net position as a percentage of the total pension liability	87.487%	94.762%

\*The amounts presented for each fiscal year correspond with the Wyoming Retirement System measurement period, not the City's fiscal year. Only two years of information is currently available.

CITY OF RIVERTON, WYOMING

SCHEDULE OF CONTRIBUTIONS

**Public Employee Pension Plan  
Last 10 Fiscal Years\*  
(in thousands)**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 324	\$ 347	\$ 390	\$ 389	\$ 456	\$ 489	\$ 509	\$ 536	\$ 595	\$ 623
Contributions in relation to the contractually required contribution	<u>(324)</u>	<u>(347)</u>	<u>(390)</u>	<u>(389)</u>	<u>(456)</u>	<u>(489)</u>	<u>(509)</u>	<u>(536)</u>	<u>(595)</u>	<u>(623)</u>
Contribution deficiency (excess)	<u>\$ -</u>									
City's covered-employee payroll	\$ 2,661	\$ 3,144	\$ 3,390	\$ 3,456	\$ 3,335	\$ 3,461	\$ 3,604	\$ 3,689	\$ 3,748	\$ 3,748
Contributions as a percentage of covered-employee payroll	12.17%	11.05%	11.51%	11.25%	13.66%	14.12%	14.12%	14.54%	15.87%	16.62%

\*The amounts presented are for the Wyoming Retirement System measurement period, and include both the employee and employer contributions.

CITY OF RIVERTON, WYOMING

SCHEDULE OF CONTRIBUTIONS

**Law Enforcement Pension Plan  
Last 10 Fiscal Years\*  
(in thousands)**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$ 268	\$ 293	\$ 300	\$ 294	\$ 311	\$ 323	\$ 339	\$ 332	\$ 347	\$ 347
Contributions in relation to the contractually required contribution	(268)	(293)	(300)	(294)	(311)	(323)	(339)	(332)	(347)	(347)
Contribution deficiency (excess)	<u>\$ -</u>									
City's covered-employee payroll	\$ 1,521	\$ 1,735	\$ 1,695	\$ 1,705	\$ 1,809	\$ 1,875	\$ 1,969	\$ 1,933	\$ 2,016	\$ 2,016
Contributions as a percentage of covered-employee payroll	17.60%	16.87%	17.68%	17.23%	17.20%	17.20%	17.20%	17.20%	17.20%	17.20%

\*The amounts presented are for the Wyoming Retirement System measurement period, and include both the employee and employer contributions.

*(this page intentionally left blank)*

**OTHER SUPPLEMENTARY INFORMATION**

CITY OF RIVERTON, WYOMING

**NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2016

**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.

Economic Development Fund - The economic development fund accounts for economic development activities from grant funds.

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, 2016

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Senior Citizen's Center Endowment Fund	911 Fund	Economic Development	Rendezvous Fund	Debt Service Fund	
	\$	\$	\$	\$	\$	
	Fund	Fund	Development	Fund	Fund	
<b>ASSETS</b>						
Cash	\$ 5,373	\$ 3,118	\$ 59,409	\$ 51,174	\$ -	\$ 119,074
Investments	946,662	-	-	-	-	946,662
Accounts receivable	-	1,614	-	-	-	1,614
Note receivable	-	-	38,500	-	-	38,500
Interfund receivables	-	-	34,847	-	50,381	85,228
Total Assets	<u>\$ 952,035</u>	<u>\$ 4,732</u>	<u>\$ 132,756</u>	<u>\$ 51,174</u>	<u>\$ 50,381</u>	<u>\$ 1,191,078</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 1,835	\$ 1,939	\$ 2,000	\$ 10,600	\$ -	\$ 16,374
Interfund payables	-	3,500	177,322	-	43,571	224,393
Total Liabilities	<u>1,835</u>	<u>5,439</u>	<u>179,322</u>	<u>10,600</u>	<u>43,571</u>	<u>240,767</u>
<b>FUND BALANCES</b>						
Restricted by voter resolution	881,000	-	-	-	-	881,000
Restricted for 911 emergency response	-	(707)	-	-	-	(707)
Restricted for debt service	-	-	-	-	6,810	6,810
Assigned	-	-	-	40,574	-	40,574
Unassigned	69,200	-	(46,566)	-	-	22,634
	<u>950,200</u>	<u>(707)</u>	<u>(46,566)</u>	<u>40,574</u>	<u>6,810</u>	<u>950,311</u>
Total Liabilities and Fund Balance	<u>\$ 952,035</u>	<u>\$ 4,732</u>	<u>\$ 132,756</u>	<u>\$ 51,174</u>	<u>\$ 50,381</u>	<u>\$ 1,191,078</u>

CITY OF RIVERTON, WYOMING

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2016

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Senior Citizen's Center Endowment Fund	911 Fund	Economic Development	Rendezvous Fund	Debt Service Fund	
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ 19,120	\$ -	\$ 6,700	\$ -	\$ 25,820
Grants, contributions, and donations	-	-	75	28,146	-	28,221
Investment income	3,258	-	-	3	-	3,261
Total revenues	3,258	19,120	75	34,849	-	57,302
<b>EXPENDITURES</b>						
Current operating:						
Public safety	-	23,216	-	-	-	23,216
Health and welfare	21,213	-	-	-	-	21,213
Community development	-	-	-	43,470	-	43,470
Capital outlay	-	-	26,000	-	-	26,000
Total expenditures	21,213	23,216	26,000	43,470	-	113,899
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(17,955)	(4,096)	(25,925)	(8,621)	-	(56,597)
Fund balances - beginning	968,155	3,389	(20,641)	49,195	6,810	1,006,908
Fund balance - ending	\$ 950,200	\$ (707)	\$ (46,566)	\$ 40,574	\$ 6,810	\$ 950,311

CITY OF RIVERTON, WYOMING

**SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED  
EACH QUARTER AND YEAR ENDED JUNE 30, 2016**

	FY 2015 Total	1st Quarter July 2015 - September 2015	2nd Quarter October 2015 - December 2015	3rd Quarter January 2016 - March 2016	4th Quarter April 2016 - June 2016	FY 2016 Total
Revenue						
Collections		\$ 1,760	\$ 2,414	\$ 2,522	\$ 2,178	\$ 8,874
Interest		-	-	-	-	-
Total Revenue		1,760	2,414	2,522	2,178	8,874
Disbursements						
Application 15-03-C-00-RIW						
002 - Reconstruction Runway 28		-	-	-	24,181	24,181
008 - Reconstruction Runway 10		-	-	-	202,111	202,111
Total Disbursements		-	-	-	226,292	226,292
Excess of PFC Revenue over Expenditures		1,760	2,414	2,522	(224,114)	(217,418)
PFC Account Balance	\$ 393,150	\$ 394,910	\$ 397,324	\$ 399,846	\$ 175,732	\$ 175,732

CITY OF RIVERTON, WYOMING

**NOTES TO SCHEDULE OF PASSENGER FACILITY CHARGES (PFC) COLLECTED  
AND EXPENDED EACH QUARTER AND YEAR ENDED JUNE 30, 2016**

**Passenger Facility Charges**

The City of Riverton, Wyoming (Riverton Regional Airport) is allowed to impose a passenger facility charge (PFC) of \$4.50 per enplaned passenger with collection authority.

**Schedule of Passenger Facility Charges Collected and Expended, Each Quarter and Year  
Ended June 30, 2016**

The accompanying schedule of passenger facility charges collected and expended each quarter and year ended June 30, 2016 presents the revenues received from PFCs and expenditures incurred on approved projects.

PFCs collected represent the cash collected through June 30, 2016 as reported to the FAA in accordance with 14 CFR Part 158.

CITY OF RIVERTON, WYOMING

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended June 30, 2016

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Numbers</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Passed through the Wyoming State Forestry Division State and Private Forestry Program	10.664		\$ <u>3,000</u>
Total U.S. Department of Agriculture			<u>3,000</u>
<u>U.S. Department of Justice</u>			
Passed through the Wyoming Office of Attorney General			
Victims of Crime Act	16.575	2012-VA-GX-0018	6,390
ARRA - Violence Against Women Formula Grants	16.588		42,251
Passed through the U.S Department of Transportation and the Wyoming Department of Transportation			
Bulletproof Vest Partnership Program	16.607		<u>2,214</u>
Total U.S. Department of Justice			<u>50,855</u>
<u>U.S. Department of Transportation</u>			
Passed through the Wyoming Department of Transportation - Wyoming Aeronautics Division			
Airport Improvement Program	20.106		11,697,997
Passed through the Wyoming Department of Transportation			
Alcohol Compliance Grant	20.600		3,210
Highway Safety DUI & Non Due Enforcement	20.616		<u>14,816</u>
Total U.S. Department of Transportation			<u>11,716,023</u>

(Continued)

CITY OF RIVERTON, WYOMING

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended June 30, 2016

(Continued)

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Numbers</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through the Centers for Disease Control and Prevention and the Wyoming Association of Sheriffs and Chiefs			
Tobacco Compliance Grant	93.283		390
Community Service Block Grant	93.569		<u>8,003</u>
Total U.S. Department of Health and Human Services			<u>8,393</u>
Total Federal Awards			<u>\$ 11,778,271</u>

CITY OF RIVERTON, WYOMING

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

For the Year Ended June 30, 2016

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Riverton, Wyoming under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of the City of Riverton, Wyoming, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Riverton, Wyoming.

**Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The City of Riverton, Wyoming has not elected to use the 10 percent de minimus indirect cost rate as allowed under Uniform Guidance.

Pass-through numbers were provided where available.



**INDEPENDENT AUDITOR'S 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Riverton, Wyoming, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise City of Riverton, Wyoming's basic financial statements and have issued our report thereon dated December 19, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Riverton, Wyoming's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Riverton, Wyoming's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Riverton, Wyoming's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.



However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. (2016-001)

### **Compliance and Other Matters**

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

### **City of Riverton, Wyoming's Response to Finding**

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

### **Purpose of this Report**

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

Anton Collins Mitchell LLP

Laramie, Wyoming

December 19, 2016



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

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

**Report on Compliance for Each Major Federal Program**

We have audited the City of Riverton, Wyoming's compliance with the types of compliance requirements described in the in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Riverton, Wyoming's major federal programs for the year ended June 30, 2016. The 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.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of City of Riverton, Wyoming's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of 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 on compliance for each major federal program. However, our audit does not provide a legal determination of City of Riverton, Wyoming's compliance.



### ***Opinion on Each Major Federal Program***

In our opinion, the City of Riverton, Wyoming complied, in all material respects, with the types of 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, 2016.

### **Report on Internal Control over Compliance**

Management of the City of Riverton, Wyoming is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Riverton, Wyoming's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, 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, Wyoming's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

*Anton Collins Mitchell LLP*

Laramie, Wyoming  
December 19, 2016



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
REQUIREMENTS ISSUED BY THE FEDERAL AVIATION ADMINISTRATION**

Honorable Mayor and Members of City Council  
Riverton Regional Airport  
City of Riverton, Wyoming

**Report on Compliance for Passenger Facility Charges**

We have audited the City of Riverton, Wyoming (Riverton Regional Airport)'s ("Airport") compliance with the types of compliance requirements described in the Passenger Facility Charge Audit Guide for Public Agencies, issued by the Federal Aviation Administration (the "Guide") that could have a direct and material effect on its passenger facility charge program for the year ended June 30, 2016.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the passenger facility charge program.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the Airport's passenger facility charge program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the type of compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Airport's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for the Airport's passenger facility charge program. However, our audit does not provide a legal determination of the Airport's compliance.

**Opinion on Passenger Facility Charges**

In our opinion, the Airport complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its passenger facility charge program for the year ended June 30, 2016.

## **Report on Internal Control Over Compliance**

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Airport's internal control over compliance with the types of requirements that could have a direct and material effect on its passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Guide, 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 Airport's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency. (2016-002)

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

### **City of Riverton, Wyoming (Riverton Regional Airport)'s Response to Findings**

City of Riverton, Wyoming (Riverton Regional Airport)'s response to the finding identified in our audit is described in the accompanying schedule of findings and responses. City of Riverton, Wyoming (Riverton Regional Airport)'s response was not subjected to the auditing procedures and, accordingly, we express no opinion on it.



### **Report on Schedule of Passenger Facility Charges Collected and Expended**

We have audited the financial statements of the City of Riverton, Wyoming (Riverton Regional Airport) as of and for the year ended June 30, 2016, and have issued our report thereon dated December 19, 2016. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of passenger facility charges collected and expended for each quarter and for the year ended June 30, 2016 is presented for purposes of additional analysis as specified in the Guide and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 schedule of expenditures of passenger facility charges is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Anton Collins Mitchell LLP*

Laramie, Wyoming  
December 19, 2016

CITY OF RIVERTON, WYOMING

**PASSENGER FACILITY CHARGE PROGRAM AUDIT SUMMARY**

For the Year Ended June 30, 2016

1. Type of Report issued on PFC Financial Statements  Unmodified  Modified
2. Type of Report on PFC Compliance.  Unmodified  Modified
3. Quarterly Revenue and Expenditures reconcile with submitted quarterly reports and reported un-liquidated revenue matches actual amounts.  Yes  No  N/A
4. PFC Revenue and Interest is accurately reported on FAA Form 5100-127.  Yes  No  N/A
5. The Public Agency maintains a separate financial accounting record for each application.  Yes  No  N/A
6. Funds disbursed were for PFC-eligible items as identified in the FAA decision to pay only for the allowable costs of the projects.  Yes  No  N/A
7. Monthly carrier receipts were reconciled with quarterly carrier reports.  Yes  No  N/A
8. PFC revenues were maintained in a separate interest-bearing capital account or commingled only with other interest-bearing airport capital funds.  Yes  No  N/A
9. Serving carriers were notified of PFC program actions/changes approved by the FAA.  Yes  No  N/A
10. Quarterly Reports were transmitted (or available via website) to remitting carriers.  Yes  No  N/A
11. The Public Agency is in compliance with Assurances 5, 6, 7 and 8.  Yes  No  N/A
12. Project design and implementation is carried out in accordance with Assurance 9.  Yes  No  N/A
13. Program administration is carried out in accordance with Assurance 10.  Yes  No  N/A
14. For those public Agencies with excess revenue, a plan for the use of this revenue has been submitted to the FAA for review and concurrence.  Yes  No  N/A

CITY OF RIVERTON, WYOMING

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
For the Year Ended June 30, 2016

**PART I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material 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	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance	No

**Identification of Major Programs:**

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>	<u>Expenditures</u>
20.106	Airport Improvement Program	\$ 11,697,997

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? No

(Continued)

CITY OF RIVERTON, WYOMING

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2016

(Continued)

**PART II – FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH *GOVERNMENTAL  
AUDITING STANDARDS*.**

**Significant Deficiency in Internal Control  
2016-001: Financial Statement Preparation**

**Criteria**

An integral part of the internal control system is the ability to prepare financial statements, including the necessary footnote disclosures.

**Condition**

The City of Riverton, Wyoming does not have an individual with the expertise to prepare the financial statements in accordance with generally accepted accounting principles. Thus, potential misstatements could exist within the City's financial statements without being detected.

**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 City Council 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.

(Continued)

CITY OF RIVERTON, WYOMING

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2016

(Continued)

**PART III – FINDINGS RELATED TO INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH REQUIREMENTS ISSUED BY THE FEDERAL AVIATION  
ADMINISTRATION**

**Significant Deficiency in Internal Control Over Compliance:  
2016-002: Interest bearing account**

**Criteria**

FAA Section 158.67(a) states that "Each public agency shall keep any unliquidated PFC revenue remitted to it by collecting carriers on deposit in an interest bearing account or in other interest bearing instruments used by the public agency's airport capital fund."

**Condition**

The City of Riverton collects PFC revenue through their non-interest bearing general operating account.

**Recommendation**

The City of Riverton should consider opening an interest bearing account specifically for the collection of PFC revenue.

**Response**

The City of Riverton became aware of this matter in fiscal year 2016 and is making efforts to open a separate interest-bearing account specifically for the collection of PFC revenue.

**PART IV – FINDINGS AND QUESTIONED COSTS**

No such findings.