



Financial and Compliance Report

June 30, 2017

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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, 2017, 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, 2017, 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.

Emphasis of a Matter

As discussed in Note 14 to the financial statements, the City recorded prior period adjustments to correct prior period postings to grants receivable, notes receivable and retainage payable. The results of these restatements are described in Note 14.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison and pension information on pages 42-47 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.

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

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 27, 2017, 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.

Other Reporting Required by Federal Aviation Administration

In accordance with Federal Aviation Administration, we have also issued our reports dated December 27, 2017, on our consideration of the Board's internal control over compliance with requirements applicable to the Passenger Facility Charge Program. The purpose of this 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.

Anton Collins Mitchell LLP

Laramie, Wyoming
December 27, 2017

CITY OF RIVERTON, WYOMING

STATEMENT OF NET POSITION

June 30, 2017

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash	\$ 6,428,698	\$ 3,144,063	\$ 9,572,761
Investments	1,334,909	2,064,083	3,398,992
Receivables:			
Customer accounts, net allowance for doubtful	-	480,220	480,220
Grants	26,669	136,729	163,398
Assessments	4,540	320,572	325,112
Unbilled usage	-	343,607	343,607
Operating	499,836	-	499,836
Notes receivable	12,500	-	12,500
Due from other governments	1,119,310	-	1,119,310
Interfund receivables	340,866	572,686	913,552
Capital assets, including land and construction in progress not subject to depreciation, net of accumulated depreciation	13,756,783	59,442,266	73,199,049
Total Assets	<u>23,524,111</u>	<u>66,504,226</u>	<u>90,028,337</u>
DEFERRED OUTFLOWS OF RESOURCES			
Aggregate deferred outflows of resources related to pensions	1,117,795	625,703	1,743,498
Total Assets and Deferred Outflows of Resources	<u>24,641,906</u>	<u>67,129,929</u>	<u>91,771,835</u>
LIABILITIES			
Accounts payable	1,410,618	518,472	1,929,090
Accrued payroll	167,266	90,053	257,319
Accrued interest	-	37,143	37,143
Due to other funds	-	3,584,662	3,584,662
Interfund payables	173,161	740,387	913,548
Noncurrent liabilities			
Due within one year	244,967	327,650	572,617
Due in more than one year	-	3,078,309	3,078,309
Aggregate net pension liability	3,481,072	2,474,978	5,956,050
Total Liabilities	<u>5,477,084</u>	<u>10,851,654</u>	<u>16,328,738</u>
DEFERRED INFLOWS OF RESOURCES			
Aggregate deferred inflows of resources related to pensions	125,543	87,708	213,251
NET POSITION			
Net investment in capital assets	13,756,783	56,217,290	69,974,073
Restricted			
Maintenance and operation of Senior Citizen's Center	881,000	-	881,000
911 emergency response system	(828)	-	(828)
Capital projects	1,019,911	4,893,207	5,913,118
Debt service fund	6,809	-	6,809
Unrestricted	3,375,604	(4,919,930)	(1,544,326)
Total Net Position	<u>\$ 19,039,279</u>	<u>\$ 56,190,567</u>	<u>\$ 75,229,846</u>

See Notes to Financial Statements.

CITY OF RIVERTON, WYOMING

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2017

Function/Program Activities	Expenses	Indirect Expenses Allocation	Program Revenues		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:					
General government	\$ 4,482,676	\$ (939,139)	\$ 273,789	\$ 545,722	\$ 28,250
Public safety	3,814,081	-	12,531	133,678	-
Streets and alleys	626,382	-	-	-	-
Parks	435,634	-	3,960	-	-
Health and welfare	203,111	-	-	68,072	-
Total governmental activities	<u>9,561,884</u>	<u>(939,139)</u>	<u>290,280</u>	<u>747,472</u>	<u>28,250</u>
Business-Type Activities:					
Water	2,271,176	309,911	2,568,122	-	29,919
Sewer	1,898,378	289,437	1,914,420	-	-
Sanitation	1,837,688	236,848	2,373,015	7,150	-
Airport	3,703,369	102,943	164,588	2,120,470	1,482,709
Interest on long-term debt	66,541	-	-	-	-
Total business-type activities	<u>9,777,152</u>	<u>939,139</u>	<u>7,020,145</u>	<u>2,127,620</u>	<u>1,512,628</u>
Total primary government	\$ 19,339,036	\$ -	\$ 7,310,425	\$ 2,875,092	\$ 1,540,878

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
\$ (2,695,776)	\$ -	\$ (2,695,776)
(3,667,872)	-	(3,667,872)
(626,382)	-	(626,382)
(431,674)	-	(431,674)
(135,039)	-	(135,039)
(7,556,743)	-	(7,556,743)
-	16,954	16,954
-	(273,395)	(273,395)
-	305,629	305,629
-	(38,545)	(38,545)
-	(66,541)	(66,541)
-	(55,898)	(55,898)
\$ (7,556,743)	\$ (55,898)	\$ (7,612,641)

\$ 395,104	\$ -	\$ 395,104
3,633,185	-	3,633,185
870,410	-	870,410
146,953	-	146,953
-	31,520	31,520
2,901,556	56,253	2,957,809
9,594	12,537	22,131
7,956,802	100,310	8,057,112
400,059	44,412	444,471
18,639,220	56,146,155	74,785,375
\$ 19,039,279	\$ 56,190,567	\$ 75,229,846

CITY OF RIVERTON, WYOMING

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2017

	<u>General</u>	<u>Non-major Governmental</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash	\$ 6,333,893	\$ 94,800	\$ 6,428,693
Investments	402,525	932,384	1,334,909
Receivables:			
Grants	14,465	-	14,465
Operating	502,081	4,505	506,586
Note receivable	-	12,500	12,500
Due from other governments	1,119,310	-	1,119,310
Interfund receivables	709,572	85,227	794,799
Total Assets	<u>\$ 9,081,846</u>	<u>\$ 1,129,416</u>	<u>\$ 10,211,262</u>
LIABILITIES			
Accounts payable	\$ 1,394,833	\$ 16,374	\$ 1,411,207
Accrued payroll	166,678	-	166,678
Interfund payables	407,791	219,307	627,098
Total Liabilities	<u>1,969,302</u>	<u>235,681</u>	<u>2,204,983</u>
FUND BALANCES			
Nonspendable	1,119,310	-	1,119,310
Restricted for			
Senior Citizen's Center endowment			
by voters resolution	-	881,000	881,000
911 emergency response system	-	(828)	(828)
Debt service fund	-	6,809	6,809
Capital projects	1,019,911	-	1,019,911
Assigned	66,998	43,630	110,628
Unassigned, reported in			
General Fund	4,906,325	-	4,906,325
Special revenue funds	-	(36,876)	(36,876)
Total Fund Balances	<u>7,112,544</u>	<u>893,735</u>	<u>8,006,279</u>
Total Liabilities and Fund Balances	<u>\$ 9,081,846</u>	<u>\$ 1,129,416</u>	<u>\$ 10,211,262</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, 2017

Fund balances - total governmental funds \$ 8,006,279

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 13,756,783

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 9,994

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 (244,957)

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	(125,543)	
Aggregate net pension liability	(3,481,072)	
Aggregate deferred outflows of resources	<u>1,117,795</u>	<u>(2,488,820)</u>

Net position of governmental activities \$ 19,039,279

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, 2017

	General	Non-major Governmental	Total Governmental Funds
REVENUES:			
Property taxes	\$ 399,513	\$ -	\$ 399,513
Motor vehicle taxes	146,953	-	146,953
Sales taxes	3,633,185	-	3,633,185
Franchise taxes	870,410	-	870,410
Licenses and permits	120,348	-	120,348
Intergovernmental	3,811,560	29,135	3,840,695
Grants, contributions, and donations	788,035	28,323	816,358
Fines and forfeitures	123,838	-	123,838
Investment income	3,867	5,727	9,594
Charges for services	44,194	-	44,194
Total Revenues	<u>9,941,903</u>	<u>63,185</u>	<u>10,005,088</u>
EXPENDITURES:			
Current operating:			
General government	1,708,204	-	1,708,204
Public safety	3,511,112	23,256	3,534,368
Streets and alleys	899,736	-	899,736
Parks and recreation	409,780	-	409,780
Health and welfare	74,291	27,805	102,096
Community development	402,002	31,199	433,201
Capital outlay	1,893,776	24,000	1,917,776
Total Expenditures	<u>8,898,901</u>	<u>106,260</u>	<u>9,005,161</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,043,002</u>	<u>(43,075)</u>	<u>999,927</u>
Net Change in Fund Balance	1,043,002	(43,075)	999,927
Fund Balances - Beginning, as restated	<u>6,069,542</u>	<u>936,810</u>	<u>7,006,352</u>
Fund Balances - Ending	<u>\$ 7,112,544</u>	<u>\$ 893,735</u>	<u>\$ 8,006,279</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, 2017

Net change in fund balances - total governmental funds \$ 999,927

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	923,967	
Less current year depreciation	<u>(1,116,502)</u>	(192,535)

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 taxes receivable		(4,409)
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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 long-term compensated absences		46,179
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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.

		<u>(449,103)</u>
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Change in net position of governmental activities		<u>\$ 400,059</u>
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See Notes to Financial Statements.

CITY OF RIVERTON, WYOMING

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

June 30, 2017

	Business - Type Activities- Enterprise Funds				
	Water	Sewer	Sanitation	Airport	Total
ASSETS					
Current Assets					
Cash	\$ 779,772	\$ 628,243	\$ 1,422,534	\$ 313,514	\$ 3,144,063
Investments	882,179	705,479	476,425	-	2,064,083
Receivables:					
Customer accounts, net allowance for doubtful	178,096	131,694	159,827	10,603	480,220
Grants	-	-	-	136,729	136,729
Assessments	84,277	236,295	-	-	320,572
Unbilled usage	160,294	87,117	96,196	-	343,607
Interfund receivables	487,031	85,655	-	-	572,686
Total current assets	<u>2,571,649</u>	<u>1,874,483</u>	<u>2,154,982</u>	<u>460,846</u>	<u>7,061,960</u>
Noncurrent Assets					
Capital assets, net of					
accumulated depreciation	20,884,464	10,947,987	750,870	26,858,945	59,442,266
Total noncurrent assets	<u>20,884,464</u>	<u>10,947,987</u>	<u>750,870</u>	<u>26,858,945</u>	<u>59,442,266</u>
Total Assets	<u>23,456,113</u>	<u>12,822,470</u>	<u>2,905,852</u>	<u>27,319,791</u>	<u>66,504,226</u>
DEFERRED OUTFLOWS OF RESOURCES					
Amounts related to pensions	196,989	181,752	150,427	96,535	625,703
Total Assets and Deferred Outflows of resources	<u>23,653,102</u>	<u>13,004,222</u>	<u>3,056,279</u>	<u>27,416,326</u>	<u>67,129,929</u>
LIABILITIES					
Current liabilities					
Accounts payable	167,321	33,020	95,040	223,091	518,472
Accrued payroll	28,019	25,708	23,424	12,902	90,053
Accrued interest	28,347	3,156	-	5,640	37,143
Compensated absenses	40,079	38,426	22,091	30,387	130,983
Due to other funds	-	-	-	3,584,662	3,584,662
Landfill monitoring costs payable	-	-	50,000	-	50,000
Current maturities of note payable	91,173	41,020	-	14,474	146,667
Interfund payables	64,293	-	80,858	595,236	740,387
Total current liabilities	<u>419,232</u>	<u>141,330</u>	<u>271,413</u>	<u>4,466,392</u>	<u>5,298,367</u>

(Continued)

See Notes to Financial Statements.

CITY OF RIVERTON, WYOMING

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

June 30, 2017

(Continued)

	Business -Type Activities- Enterprise Funds				
	Water	Sewer	Sanitation	Airport	Total
Noncurrent liabilities					
Notes payable	2,276,112	504,337	-	297,860	3,078,309
Net pension liability	735,655	702,864	664,520	371,939	2,474,978
Total noncurrent liabilities	<u>3,011,767</u>	<u>1,207,201</u>	<u>664,520</u>	<u>669,799</u>	<u>5,553,287</u>
Total Liabilities	<u>3,430,999</u>	<u>1,348,531</u>	<u>935,933</u>	<u>5,136,191</u>	<u>10,851,654</u>
DEFERRED INFLOWS OF RESOURCES					
Amounts related to pensions	<u>27,613</u>	<u>25,477</u>	<u>21,086</u>	<u>13,532</u>	<u>87,708</u>
NET POSITION					
Net invested in capital assets	18,517,179	10,402,630	750,870	26,546,611	56,217,290
Restricted for capital projects	3,645,931	-	-	1,247,276	4,893,207
Unrestricted	<u>(1,968,620)</u>	<u>1,227,584</u>	<u>1,348,390</u>	<u>(5,527,284)</u>	<u>(4,919,930)</u>
Total Net Position	<u>\$ 20,194,490</u>	<u>\$ 11,630,214</u>	<u>\$ 2,099,260</u>	<u>\$ 22,266,603</u>	<u>\$ 56,190,567</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, 2017

	Business-Type Activities- Enterprise Funds				
	Water	Sewer	Sanitation	Airport	Total
OPERATING REVENUES:					
Charges for services	\$ 2,568,122	\$ 1,914,420	\$ 2,373,015	\$ 164,588	\$ 7,020,145
OPERATING EXPENSES					
Cost of services and operations	1,409,053	1,186,971	1,389,255	2,562,669	6,547,948
Depreciation	672,591	535,228	231,608	1,058,376	2,497,803
General and administration	499,443	465,616	453,673	185,267	1,603,999
Total operating expenses	<u>2,581,087</u>	<u>2,187,815</u>	<u>2,074,536</u>	<u>3,806,312</u>	<u>10,649,750</u>
Operating income (loss)	<u>(12,965)</u>	<u>(273,395)</u>	<u>298,479</u>	<u>(3,641,724)</u>	<u>(3,629,605)</u>
NONOPERATING REVENUES					
(EXPENSES):					
Passenger facility charges	-	-	-	31,525	31,525
Intergovernmental	-	-	-	56,253	56,253
Investment income	5,356	4,283	2,893	-	12,532
Interest expense	(44,003)	(7,660)	-	(14,878)	(66,541)
Grants, contributions and donations	-	-	7,150	2,120,470	2,127,620
Total nonoperating revenue (expenses)	<u>(38,647)</u>	<u>(3,377)</u>	<u>10,043</u>	<u>2,193,370</u>	<u>2,161,389</u>
Income (loss) before other income	<u>(51,612)</u>	<u>(276,772)</u>	<u>308,522</u>	<u>(1,448,354)</u>	<u>(1,468,216)</u>
Capital contributions - grants and other	29,919	-	-	1,482,709	1,512,628
	<u>29,919</u>	<u>-</u>	<u>-</u>	<u>1,482,709</u>	<u>1,512,628</u>
Change in net position	(21,693)	(276,772)	308,522	34,355	44,412
Net position, beginning	<u>20,216,183</u>	<u>11,906,986</u>	<u>1,790,738</u>	<u>22,232,248</u>	<u>56,146,155</u>
Net position, ending	<u>\$ 20,194,490</u>	<u>\$ 11,630,214</u>	<u>\$ 2,099,260</u>	<u>\$ 22,266,603</u>	<u>\$ 56,190,567</u>

See Notes to Financial Statements.

CITY OF RIVERTON, WYOMING

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended June 30, 2017

	Business-Type Activities- Enterprise Funds				Total
	Water	Sewer	Sanitation	Airport	
CASH FLOWS FROM OPERATIONS:					
Receipts from customers and users	\$ 2,598,484	\$ 1,949,237	\$ 2,367,277	\$ 96,829	\$ 7,011,827
Payments to suppliers	(1,507,117)	(1,228,910)	(1,398,399)	(2,575,837)	(6,710,263)
Payments to employees	(442,403)	(412,681)	(397,260)	(160,502)	(1,412,846)
Net cash from operating activities	<u>648,964</u>	<u>307,646</u>	<u>571,618</u>	<u>(2,639,510)</u>	<u>(1,111,282)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Interfund payables	-	-	-	485,114	485,114
Net cash from noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>485,114</u>	<u>485,114</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Subsidy from passenger facility charges	-	-	-	31,525	31,525
Receipts from other governments	-	-	-	56,253	56,253
Interest paid on long-term debt	(44,003)	(7,660)	-	(14,878)	(66,541)
Receipts from grants, contributions and donations	29,919	-	7,150	3,603,179	3,640,248
Purchase of equipment and improvements	(26,653)	(19,471)	(249,977)	(1,578,682)	(1,874,783)
Change in accrued interest	(3,685)	(529)	-	(1,428)	(5,642)
Change in long-term debt	(80,240)	(40,470)	(50,000)	(13,785)	(184,495)
Net cash from capital and related financing activities	<u>(124,662)</u>	<u>(68,130)</u>	<u>(292,827)</u>	<u>2,082,184</u>	<u>1,596,565</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
(Purchase) Sale of investments	-	-	-	200,591	200,591
Net cash from investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,591</u>	<u>200,591</u>
Net change in cash and cash equivalents	524,302	239,516	278,791	128,379	1,170,988
Cash, beginning	<u>255,470</u>	<u>388,727</u>	<u>1,143,743</u>	<u>185,135</u>	<u>1,973,075</u>
Cash, ending	<u>\$ 779,772</u>	<u>\$ 628,243</u>	<u>\$ 1,422,534</u>	<u>\$ 313,514</u>	<u>\$ 3,144,063</u>

(Continued)

See Notes to Financial Statements.

CITY OF RIVERTON, WYOMING

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended June 30, 2017

(Continued)

	Business-Type Activities-Enterprise Funds				Total
	Water	Sewer	Sanitation	Airport	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:					
Income (loss) from operations	\$ (12,965)	\$ (273,395)	\$ 298,479	\$ (3,641,724)	\$ (3,629,605)
Adjustments to reconcile income (loss) from operations to net cash from operating activities:					
Depreciation	672,591	535,228	231,608	1,058,376	2,497,803
(Increase) decrease in:					
Receivables	30,362	34,817	(5,738)	(67,759)	(8,318)
Deferred outflows of resources	25,068	25,721	38,500	12,904	102,193
Increase (decrease) in:					
Accounts payable	(98,064)	(41,939)	(9,144)	(13,168)	(162,315)
Payroll liabilities	2,288	1,809	3,102	753	7,952
Net pension liability	24,736	22,822	18,889	12,122	78,569
Compensated absences	(1,928)	(3,758)	(8,135)	(4,468)	(18,289)
Deferred inflows of resources	6,876	6,341	4,057	3,454	20,728
Net cash from operating activities	<u>\$ 648,964</u>	<u>\$ 307,646</u>	<u>\$ 571,618</u>	<u>\$ (2,639,510)</u>	<u>\$ (1,111,282)</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 position and the statement of activities) 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.

NOTES TO FINANCIAL STATEMENTS

Property taxes attach as an enforceable lien on property as of July 1. The 2017 property taxes were levied as of July 1, 2016 and were due in two installments. Installments are due on September 1 and March 1 and are collectible on November 10 and May 10. If the first installment payment is made after November 10, the entire amount is due by December 31. Delinquent taxes have been recognized as revenue to the extent they have been collected within 60 days after June 30, 2017. 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 \$4,628, \$432, \$10,935, \$13,772 and \$0 for Spencer, Gardens North, Fike, Raintree, and Deer Avenue assessments during the year ended June 30, 2017, respectively. The remaining current assessment receivable is \$325,112.

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, 2017.

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; or (2) legally or contractually required to be maintained intact. The City does have fund balances that meet the criteria above.

NOTES TO FINANCIAL STATEMENTS

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

Committed – The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, i.e. State of Wyoming or Granting Federal Agency. The City does 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 27, 2017, the date the financial statements were available to be issued.

Note 2. Cash and Investments

As of June 30, 2017, 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)	\$ 3,398,992	0.09-0.53%	\$ 3,398,992	\$ -	\$ -	\$ -
Total	\$ 3,398,992		\$ 3,398,992	\$ -	\$ -	\$ -

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, 2017, 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 statutes, underlying providers are required to have the highest rating from at least one of the nationally recognized rating organizations.

State law does not allow governments to invest in corporate bonds, stocks or mutual funds and limits investments in commercial paper to short term maturities (not greater than 270 days) and to the top ratings issued by nationally recognized statistical rating organizations (Moody's and Standard and Poor's).

Concentration of Credit Risk

The City does not have a formal policy that allows for or limits an investment in any one issuer to a specified percentage of the City's total investments. The City had 100% of its investments in WYO-STAR as of June 30, 2017.

Note 3. Customer Receivables

As of June 30, 2017, receivables in the Water, Sewer and Sanitation Funds including the applicable allowances for uncollectible amounts are as follows:

	Water Fund	Sewer Fund	Sanitation Fund	Airport Fund
Balance at June 30, 2017	\$ 184,721	\$ 136,592	\$ 165,357	\$ 10,603
Allowance for uncollectible accounts	(6,625)	(4,898)	(5,530)	-
	\$ 178,096	\$ 131,694	\$ 159,827	\$ 10,603

NOTES TO FINANCIAL STATEMENTS

Note 4. Deferred Outflows and Inflows 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 must be reported as deferred outflows of resources. For statements prepared using the economic resources measurement focus and accrual basis of accounting, the City treats certain amounts related to pensions as deferred outflows of resources.

Deferred inflows of resources are acquisitions of net position of fund balance that relate to a future period. Various GASB statements define transactions that must be reported as deferred inflows of resources. For statements prepared using the economic resources measurement focus and accrual basis accounting, the City treats amounts related to pensions as deferred inflows of resources.

Note 5. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2017, is as follows:

	Receivable	Payable
General Fund	\$ 709,572	\$ (407,791)
Economic Development Fund	34,847	(164,822)
911 Fund	-	(3,500)
Debt Service Fund	50,380	(43,571)
Senior Citizen's Center Endowment Fund	-	(7,414)
Water Fund	487,031	(64,293)
Sewer Fund	85,655	-
Sanitation Fund	-	(80,858)
Airport Fund	-	(595,236)
	\$ 1,367,485	\$ (1,367,485)

NOTES TO FINANCIAL STATEMENTS

Note 6. Capital Assets

Capital asset activity for Governmental funds for the year ended June 30, 2017 was as follows:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 1,838,887	\$ -	\$ -	\$ 1,838,887
Construction in progress	<u>2,604,668</u>	<u>427,589</u>	<u>(92,138)</u>	<u>2,940,119</u>
Total capital assets, not being depreciated	<u>4,443,555</u>	<u>427,589</u>	<u>(92,138)</u>	<u>4,779,006</u>
Capital assets, being depreciated				
Buildings	7,140,000	-	-	7,140,000
Improvements other than buildings	4,508,248	92,138	-	4,600,386
Machinery and equipment	2,091,733	-	-	2,091,733
Transportation equipment	2,924,481	-	-	2,924,481
Computer equipment	261,482	496,378	-	757,860
Furniture and fixtures	90,741	-	-	90,741
Infrastructure	<u>42,993,804</u>	<u>-</u>	<u>-</u>	<u>42,993,804</u>
Total capital assets, being depreciated	<u>60,010,489</u>	<u>588,516</u>	<u>-</u>	<u>60,599,005</u>
Less accumulated depreciation for				
Buildings	4,976,408	247,885	-	5,224,293
Improvements other than buildings	1,741,414	212,953	-	1,954,367
Machinery and equipment	1,608,131	123,955	-	1,732,086
Transportation equipment	2,501,550	109,583	-	2,611,133
Computer equipment	261,480	83,396	-	344,876
Furniture and fixtures	90,741	-	-	90,741
Infrastructure	<u>39,325,003</u>	<u>338,729</u>	<u>-</u>	<u>39,663,732</u>
Total accumulated depreciation	<u>50,504,727</u>	<u>1,116,501</u>	<u>-</u>	<u>51,621,228</u>
Total capital assets, being depreciated, net	<u>9,505,762</u>	<u>(527,985)</u>	<u>-</u>	<u>8,977,777</u>
Governmental activities capital assets, net	<u>\$ 13,949,317</u>	<u>\$ (100,396)</u>	<u>\$ (92,138)</u>	<u>\$ 13,756,783</u>

NOTES TO FINANCIAL STATEMENTS

Capital asset activity for Enterprise funds for the year ended June 30, 2017 was as follows:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 707,685	\$ -	\$ -	\$ 707,685
Construction in progress	26,053,705	1,561,536	(53,367)	27,561,874
Total capital assets, not being depreciated	<u>26,761,390</u>	<u>1,561,536</u>	<u>(53,367)</u>	<u>28,269,559</u>
Capital assets, being depreciated				
Buildings and improvements	35,803,034	64,655	-	35,867,689
Collection, transmission and distributions	25,815,013	-	-	25,815,013
Equipment and other improvements	8,643,420	301,957	-	8,945,377
Source of supply	4,943,198	-	-	4,943,198
Treatment plants	10,606,267	-	-	10,606,267
Total capital assets, being depreciated	<u>85,810,932</u>	<u>366,612</u>	<u>-</u>	<u>86,177,544</u>
Less accumulated depreciation for				
Buildings and improvements	20,562,086	1,191,945	-	21,754,031
Collection, transmission and distributions	12,181,672	629,984	-	12,811,656
Equipment and other improvements	6,333,740	518,771	-	6,852,511
Source of supply	2,919,697	149,825	-	3,069,522
Treatment plants	10,509,839	7,278	-	10,517,117
Total accumulated depreciation	<u>52,507,034</u>	<u>2,497,803</u>	<u>-</u>	<u>55,004,837</u>
Total capital assets, being depreciated, net	<u>33,303,898</u>	<u>(2,131,191)</u>	<u>-</u>	<u>31,172,707</u>
Business-type activities capital assets, net	<u>\$ 60,065,288</u>	<u>\$ (569,655)</u>	<u>\$ (53,367)</u>	<u>\$ 59,442,266</u>

NOTES TO FINANCIAL STATEMENTS

Depreciation expense as of June 30, 2017 was charged to functions/programs of the primary government as follows:

Governmental activities	
General government	\$ 558,251
Public safety	133,980
Streets and alleys	156,310
Parks	89,320
Health and welfare	<u>178,640</u>
Total depreciation expense - governmental activities	<u><u>\$ 1,116,501</u></u>
Business-type activities	
Water	\$ 672,591
Sewer	535,228
Sanitation	231,608
Airport	<u>1,058,376</u>
Total depreciation expense - business-type activities	<u><u>\$ 2,497,803</u></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, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Compensated absences	\$ 331,280	\$ -	\$ 86,313	\$ 244,967	\$ 244,967
Aggregate net pension liability	<u>3,430,163</u>	<u>50,909</u>	<u>-</u>	<u>3,481,072</u>	<u>-</u>
Governmental activity short-term liabilities	<u><u>\$ 3,761,443</u></u>	<u><u>\$ 50,909</u></u>	<u><u>\$ 86,313</u></u>	<u><u>\$ 3,726,039</u></u>	<u><u>\$ 244,967</u></u>
Business-type activities					
Notes payable	\$ 3,359,471	\$ 8,545	\$ 143,040	\$ 3,224,976	\$ 146,667
Landfill monitoring costs payable	100,000	-	50,000	50,000	50,000
Compensated absences	149,272	(18,289)	-	130,983	130,983
Aggregate net pension liability	<u>2,396,409</u>	<u>78,569</u>	<u>-</u>	<u>2,474,978</u>	<u>-</u>
Business-type activity long-term liabilities	<u><u>\$ 6,005,152</u></u>	<u><u>\$ 68,825</u></u>	<u><u>\$ 193,040</u></u>	<u><u>\$ 5,880,937</u></u>	<u><u>\$ 327,650</u></u>

Governmental Activities

For the governmental activities, claims and judgments, retainage payable and compensated absences are generally liquidated by the general fund.

NOTES TO FINANCIAL STATEMENTS

Business-Type Activities

As of June 30, 2017, 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. \$ 749,939

Note payable to Wyoming State Land & Investments due in annual installments of \$48,102, including interest at 2.5% to September 2025. 383,414

Note payable to Wyoming State Land & Investments due in annual installments of \$24,228, including interest at 4.94% to December 2041. 343,201

1,476,554

Water Fund - Other

Note payable to Wyoming Water Development Commission, currently advancing funds on the Riverton Water Supply Project. 890,731

Total water fund 2,367,285

Sewer Fund

Note payable to Wyoming State Land & Investments due in annual installments of \$18,450, including interest at 0.0% to June 2030. 239,855

Note payable to Wyoming State Land & Investments due in annual installments of \$12,312, including interest at 2.5% to July 2030. 135,311

Note payable to Wyoming State Land & Investments due in annual installments of \$17,888, including interest at 2.5% to October 2027. 170,191

Total sewer fund 545,357

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. 312,334

Total airport fund 312,334

Total business-type activities notes payable \$ 3,224,976

NOTES TO FINANCIAL STATEMENTS

Annual Debt Service Requirements

The annual requirements to amortize all notes payable outstanding as of June 30, 2017 are as follows:

Water Fund:

Years ended June 30,	Principal	Interest	Total
2018	\$ 91,173	\$ 45,305	\$ 136,478
2019	93,629	42,847	136,476
2020	96,156	40,322	136,478
2021	98,755	37,722	136,477
2022	101,428	35,049	136,477
2023-2027	501,921	132,360	634,281
2028-2032	306,192	71,534	377,726
2033-2037	82,558	38,579	121,137
2038-2042	104,742	16,394	121,136
	<u>\$ 1,476,554</u>	<u>\$ 460,112</u>	<u>\$ 1,936,666</u>

Note: The outstanding balance of \$890,731 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
2018	\$ 41,020	\$ 7,297	\$ 48,317
2019	41,585	6,724	48,309
2020	42,163	6,137	48,300
2021	42,756	5,535	48,291
2022	43,364	5,294	48,658
2023-2027	226,479	16,812	243,291
2028-2032	107,990	2,210	110,200
	<u>\$ 545,357</u>	<u>\$ 50,009</u>	<u>\$ 595,366</u>

Airport Fund:

Years ended June 30,	Principal	Interest	Total
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	17,594	12,497	30,091
2023-2027	102,076	48,379	150,455
2028-2032	130,279	20,177	150,456
	<u>\$ 312,334</u>	<u>\$ 139,031</u>	<u>\$ 451,365</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, 2017, 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, 2017. Employer contributions to the pension plan for the fiscal year ended June 30, 2017 totaled \$495,691, 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, 2017, 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, 2017 totaled \$111,759, and 100% of the statutorily required contributions were made.

Net Pension Asset and Liabilities

As of June 30, 2017, 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, 2017 and June 30, 2016:

	Proportionate Share of Net Pension Liability as of June 30, 2017	Proportionate Share of Net Pension Liability as of June 30, 2016
Public Employee Pension	\$ 5,020,248	\$ 4,874,761
Law Enforcement Pension	935,802	951,811
Aggregate Net Pension Liability	\$ 5,956,050	\$ 5,826,572

Of the City's proportionate share of the net pension liability, \$2,474,978 is attributable to business-type activities (\$735,655 for the Water Fund, \$702,864 for the Sewer Fund, \$664,520 for the Sanitation Fund and \$371,939 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, 2016 and the actuarial determination of the total pension liability was January 1, 2017. 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, 2016 to December 31, 2016).

NOTES TO FINANCIAL STATEMENTS

The City's proportionate share of the net pension liability or asset for each plan as of December 31, 2016 and December 31, 2015 is as follows:

	<u>Proportionate Share as of December 31, 2016</u>	<u>Proportionate Share as of December 31, 2015</u>
Public Employee Pension	0.207663%	0.209276%
Law Enforcement Pension	1.238755%	1.266202%

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, 2017, the City recognized a total pension expense of \$650,593 as detailed below:

Public Employee Pension	\$	443,985
Law Enforcement Pension		206,608
Total Pension Expense	\$	<u>650,593</u>

Pension expense attributable to business-type activities totals \$206,608 (\$56,680 for the Water Fund, \$54,884 for the Sewer Fund, and \$61,446 for the Sanitation Fund and \$28,480 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, 2017, the City reported the following deferred outflows of resources related to pensions:

	<u>Public Employee Pension</u>	<u>Law Enforcement Pension</u>	<u>Total</u>
<i>Deferred Outflows of Resources</i>			
Proportionate share of unamortized differences between the projected and actual earnings on pension plan investments	\$ 928,673	\$ 445,883	\$ 1,374,556
Proportionate share of unamortized differences between the expected and actual experience in the measurement of total pension liability	-	12,656	12,656
Contributions subsequent to the measurement date	<u>229,958</u>	<u>126,328</u>	<u>356,286</u>
Total Deferred Outflows Related to Pensions	<u>\$ 1,158,631</u>	<u>\$ 584,867</u>	<u>\$ 1,743,498</u>

Deferred outflows of resources related to business-type activities total \$625,703 (\$196,989 for the Water Fund, \$181,752 for the Sewer Fund, and \$150,427 for the Sanitation Fund and \$96,535 for the Airport Fund).

NOTES TO FINANCIAL STATEMENTS

The \$356,286 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, 2018.

At June 30, 2017, 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	\$ 134,578	\$ 34,459	\$ 169,037
Unamortized amounts related to the change in the City's proportionate share of the net pension liability or (asset)	27,834	16,380	44,214
Total Deferred Inflows Related to Pensions	\$ 162,412	\$ 50,839	\$ 213,251

Pension-related deferred inflows of resources for business-type activities totaled \$87,708 (\$27,613 for the Water Fund, \$25,477 for the Sewer Fund, \$21,086 for the Sanitation Fund, and \$13,532 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>	
2018	\$ 276,939
2019	276,939
2020	284,991
2021	335,092
	\$ 1,173,961

Actuarial Assumptions

Actuarial valuations are performed annually with the most recent valuation date of January 1, 2017. 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	1/1/2017	1/1/2017
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:	<p>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%</p> <p>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%</p> <p>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%</p>	

Significant assumptions are based on an experience study that covered a five-year period ending December 31, 2011.

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 4.25% net real rate of return and an inflation rate of 3.25%. For the fiscal year ended December 31, 2016, WRS pension plans saw an annual money-weighted real rate of return, net of expenses, of 7.60% compared to the 4.25% 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 arithmetically and geometrically below over a 20 year time frame.

NOTES TO FINANCIAL STATEMENTS

	Target Allocation	20-Year Assumptions - Arithmetic Real Return	20-Year Assumptions - Arithmetic Nominal Return	20-Year Assumptions - Geometric Real Return	20-Year Assumptions - Geometric Nominal Return
Tactical Cash	0.0%	-0.2%	2.3%	-0.2%	2.3%
Fixed Income	20.0%	2.0%	4.5%	1.4%	3.9%
Core Plus	7.5%	1.2%	3.7%	1.1%	3.6%
US Government	10.0%	1.9%	4.4%	1.1%	3.6%
Opportunistic Credit	2.5%	4.4%	6.9%	3.7%	6.2%
Equity	45.0%	7.7%	10.2%	5.7%	8.2%
US Large Cap	22.5%	7.0%	9.5%	5.3%	7.8%
Developed International	17.5%	7.6%	10.1%	5.6%	8.1%
Emerging Markets	5.0%	11.5%	14.0%	8.0%	10.5%
Marketable Alternatives	17.5%	3.7%	6.2%	3.0%	5.5%
Opportunistic/Directional	0.0-10.0%	4.6%	7.1%	4.0%	6.5%
Absolute Return	5.0-15.0%	3.7%	6.2%	3.1%	5.6%
Enhanced Fixed Income	0.0-10.0%	2.8%	5.3%	2.3%	4.8%
Global Asset Allocation	2.5-12.0%	3.3%	5.8%	2.5%	5.0%
Private Markets	17.5%	7.1%	9.6%	5.1%	7.6%
Private Real Assets	0.0-7.5%	7.0%	9.5%	5.1%	7.6%
Real Estate	2.5-7.5%	4.2%	6.7%	3.4%	5.9%
Private Debt	2.5-7.5%	7.7%	10.2%	4.8%	7.3%
Private Equity	2.5-12.5%	9.8%	12.3%	6.9%	9.4%
Total Plan	100.00%	5.77%	8.27%	4.28%	6.78%

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 geometric forecasts by subtracting corresponding volatility drags which depend on forecasted standard deviation. Real returns are then generated by subtracting a constant inflation forecast, which in this case is 2.5%.

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 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%	3.78%	2115
Law Enforcement Pension	7.75%	7.75%	3.78%	2115

*Source per WRS CAFR 2016: State and local bonds rate from Federal Reserve statistical release (H.15) as of December 31, 2016. The release describes the rate as "bond buyer index, general obligation, 20 years to maturity, mixed quality." For this index, the bonds' average credit quality is roughly equivalent to Moody's Aa2 rating and Standard and Poor's AA rating.

NOTES TO FINANCIAL STATEMENTS

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.

Pension Plan	1.0% Decrease 6.75%	Current Discount Rate 7.75%	1.0% Increase 8.75%
Public Employee Pension	\$ 7,210,753	\$ 5,020,248	\$ 3,180,433
Law Enforcement Pension	1,941,883	935,802	103,806

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, 2017 totaling \$70,379 and comprised of \$45,015 for the Public Employee Pension, and \$25,364 for the Law Enforcement Pension. The payables are short-term in nature and relate to the statutorily required contributions for June 2017 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, 2017, the City incurred landfill monitoring costs of \$25,308 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 2017 were approximately \$140,500.

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 2017 and 2016 were as follows for the City's participation in the Unemployment Compensation Act Program:

	June 30, 2017	June 30, 2016
Unpaid claims, beginning of year	\$ -	\$ -
Incurred claims	84,710	60,478
Claim payments	(84,710)	(60,478)
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 quarterly, 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	10%	5%	5%	2%	22%
City Administrator	5%	5%	5%	2%	17%
Administrative Services	21%	18%	11%	9%	59%
Information Technology	10%	10%	10%	5%	35%
Community Development	15%	15%	5%	0%	35%
Public Services	30%	20%	10%	10%	70%
Fleet Maintenance	6%	7%	15%	7%	35%
City Hall Facility Maintenance	2%	2%	2%	10%	16%
Law Enforcement	3%	3%	3%	0%	9%

For the year ended June 30, 2017, the City allocated \$1,085,826 in overhead expenses to the above listed funds.

NOTES TO FINANCIAL STATEMENTS

Note 13. Commitments and Contingences

Contingencies

As of June 30, 2017, there are no contingent claims that are pending or threatened against the City.

Commitments

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.

The City has multiple commitments in progress at year end, which result from contractual obligations related to capital projects. Capital commitments as of June 30, 2017 are presented below:

	<u>Capital Commitments</u>
Governmental Funds:	
General Fund	
Streets	\$ 1,019,911
Total Governmental Fund Commitments	<u>1,019,911</u>
Proprietary Funds:	
Water Fund	3,645,931
Airport Fund	<u>1,247,276</u>
Total Proprietary Fund Commitments	<u>4,893,207</u>
Total Commitments	<u>\$ 5,913,118</u>

Note 14. Fund Balance Restatement

Beginning General Fund fund balance was restated for the year ending June 30, 2017 in the amount of \$179,210 due to the previous year inadvertently recording grants receivable associated with revenues earned in fiscal year 2017 in the amount of \$165,416 and for under reporting retainage payable by \$13,794. The effect of the restatement is an increase of revenue of \$165,416, an increase in liability of \$13,794 and a decrease of beginning fund balance for \$179,210.

Beginning Economic Development fund balance was restated for the year ending June 30, 2017 in the amount of \$13,500 due to the previous year inadvertently overstating fund-basis notes receivable. The effect of the restatement is a decrease in Notes Receivable and a decrease in fund balance for \$13,500.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RIVERTON, WYOMING

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 380,000	\$ 380,000	\$ 394,917	\$ 14,917
Motor vehicle taxes	170,000	170,000	146,953	(23,047)
Sales taxes	3,718,000	3,718,000	3,642,450	(75,550)
Franchise taxes	905,000	905,000	876,968	(28,032)
Licenses and permits	211,250	211,250	120,348	(90,902)
Intergovernmental	2,784,253	2,784,253	2,789,691	5,438
Grants, contributions and donations	3,184,760	3,184,760	522,438	(2,662,322)
Fines and forfeitures	125,000	125,000	124,604	(396)
Investment income	2,000	2,000	3,867	1,867
Charges for services	233,282	233,282	255,725	22,443
Total revenues	<u>11,713,545</u>	<u>11,713,545</u>	<u>8,877,961</u>	<u>(2,835,584)</u>
EXPENDITURES:				
General government	1,946,980	1,947,980	1,845,831	102,149
Public safety	3,403,415	3,529,338	3,521,140	8,198
Streets and alleys	1,034,205	1,034,205	911,268	122,937
Parks and recreation	507,725	507,725	412,217	95,508
Health and welfare	88,667	88,667	74,087	14,580
Community development	432,072	432,072	406,554	25,518
Capital outlay	<u>2,314,400</u>	<u>5,579,236</u>	<u>1,891,883</u>	<u>3,687,353</u>
Total expenditures	<u>9,727,464</u>	<u>13,119,223</u>	<u>9,062,980</u>	<u>4,056,243</u>
Excess (deficiency) of revenues over (under) expenditures	1,986,081	(1,405,678)	(185,019)	1,220,659
Fund balance - beginning	<u>6,069,542</u>	<u>6,069,542</u>	<u>6,069,542</u>	<u>-</u>
Fund balance - ending	<u>\$ 8,055,623</u>	<u>\$ 4,663,864</u>	<u>\$ 5,884,523</u>	<u>\$ 1,220,659</u>

(Continued)

CITY OF RIVERTON, WYOMING

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For the Year Ended June 30, 2017

(Continued)

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

Revenue:

Actual total revenue budgetary basis	\$ 8,877,961
Differences- Budget to GAAP	
Taxes and other receivables difference	<u>1,063,942</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance- governmental funds	<u>\$ 9,941,903</u>

Expenditures:

Actual total expenditures budgetary basis	\$ 9,062,980
Differences- Budget to GAAP	
Accounts payable & payroll accrual difference	<u>(164,079)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance- governmental funds	<u>\$ 8,898,901</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>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.208%	0.209%	0.212%
City's proportionate share of the net pension liability (asset)	<u>\$ 4,837</u>	<u>\$ 4,875</u>	<u>\$ 3,734</u>
City's covered-employee payroll	<u>\$ 3,714</u>	<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	130.231%	133.482%	99.626%
Plan fiduciary net position as a percentage of the total pension liability	73.422%	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 three 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>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	1.239%	1.266%	1.246%
City's proportionate share of the net pension liability (asset)	<u>\$ 931</u>	<u>\$ 952</u>	<u>\$ 368</u>
City's covered-employee payroll	<u>\$ 1,938</u>	<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	48.040%	47.830%	18.254%
Plan fiduciary net position as a percentage of the total pension liability	88.107%	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 three years of information is currently available.

CITY OF RIVERTON, WYOMING

SCHEDULE OF CONTRIBUTIONS

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

	<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>	<u>2017</u>
Contractually required contribution	\$ 347	\$ 390	\$ 389	\$ 456	\$ 489	\$ 509	\$ 536	\$ 595	\$ 607	\$ 617
Contributions in relation to the contractually required contribution	<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>(607)</u>	<u>(617)</u>
Contribution deficiency (excess)	<u>\$ -</u>									
City's covered-employee payroll	\$ 3,144	\$ 3,390	\$ 3,456	\$ 3,335	\$ 3,461	\$ 3,604	\$ 3,689	\$ 3,748	\$ 3,652	\$ 3,714
Contributions as a percentage of covered-employee payroll	11.05%	11.51%	11.25%	13.66%	14.12%	14.12%	14.54%	15.87%	16.62%	16.62%

*The amounts presented are for the City of Riverton, Wyoming's fiscal year, not 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>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>	<u>2017</u>
Contractually required contribution	\$ 293	\$ 300	\$ 294	\$ 311	\$ 323	\$ 339	\$ 332	\$ 347	\$ 342	\$ 333
Contributions in relation to the contractually required contribution	<u>(293)</u>	<u>(300)</u>	<u>(294)</u>	<u>(311)</u>	<u>(323)</u>	<u>(339)</u>	<u>(332)</u>	<u>(347)</u>	<u>(342)</u>	<u>(333)</u>
Contribution deficiency (excess)	<u>\$ -</u>									
City's covered-employee payroll	\$ 1,735	\$ 1,695	\$ 1,705	\$ 1,809	\$ 1,875	\$ 1,969	\$ 1,933	\$ 2,016	\$ 1,990	\$ 1,938
Contributions as a percentage of covered-employee payroll	16.87%	17.68%	17.23%	17.20%	17.20%	17.20%	17.20%	17.20%	17.20%	17.20%

*The amounts presented are for the City of Riverton, Wyoming's fiscal year, not the Wyoming Retirement System measurement period, and include both the employee and employer contributions.

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OTHER SUPPLEMENTARY INFORMATION

CITY OF RIVERTON, WYOMING

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2017

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, 2017

	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	
ASSETS						
Cash	\$ 4,983	\$ 106	\$ 35,481	\$ 54,230	\$ -	\$ 94,800
Investments	932,384	-	-	-	-	932,384
Operating receivable	-	4,505	-	-	-	4,505
Note receivable	-	-	12,500	-	-	12,500
Interfund receivables	-	-	34,847	-	50,380	85,227
Total Assets	<u>\$ 937,367</u>	<u>\$ 4,611</u>	<u>\$ 82,828</u>	<u>\$ 54,230</u>	<u>\$ 50,380</u>	<u>\$ 1,129,416</u>
LIABILITIES						
Accounts payable	\$ 1,835	\$ 1,939	\$ 2,000	\$ 10,600	\$ -	\$ 16,374
Interfund payables	7,414	3,500	164,822	-	43,571	219,307
Total Liabilities	<u>9,249</u>	<u>5,439</u>	<u>166,822</u>	<u>10,600</u>	<u>43,571</u>	<u>235,681</u>
FUND BALANCES						
Restricted by voter resolution	881,000	-	-	-	-	881,000
Restricted for 911 emergency response	-	(828)	-	-	-	(828)
Restricted for debt service	-	-	-	-	6,809	6,809
Assigned	-	-	-	43,630	-	43,630
Unassigned	47,118	-	(83,994)	-	-	(36,876)
Total Fund Balances	<u>928,118</u>	<u>(828)</u>	<u>(83,994)</u>	<u>43,630</u>	<u>6,809</u>	<u>893,735</u>
Total Liabilities and Fund Balance	<u>\$ 937,367</u>	<u>\$ 4,611</u>	<u>\$ 82,828</u>	<u>\$ 54,230</u>	<u>\$ 50,380</u>	<u>\$ 1,129,416</u>

CITY OF RIVERTON, WYOMING

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**
For the Year Ended June 30, 2017

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Senior Citizen's Center Endowment Fund	911 Fund	Economic Development	Rendezvous Fund	Debt Service Fund	
REVENUES						
Intergovernmental	\$ -	\$ 23,135	\$ -	\$ 6,000	\$ -	\$ 29,135
Grants, contributions, and donations	-	-	73	28,250	-	28,323
Investment income	5,723	-	-	4	-	5,727
Total revenues	5,723	23,135	73	34,254	-	63,185
EXPENDITURES						
Current operating:						
Public safety	-	23,256	-	-	-	23,256
Health and welfare	27,805	-	-	-	-	27,805
Community development	-	-	-	31,199	-	31,199
Capital outlay	-	-	24,000	-	-	24,000
Total expenditures	27,805	23,256	24,000	31,199	-	106,260
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(22,082)	(121)	(23,927)	3,055	-	(43,075)
Fund balances - beginning, as restated	950,200	(707)	(60,067)	40,575	6,809	936,810
Fund balance - ending	\$ 928,118	\$ (828)	\$ (83,994)	\$ 43,630	\$ 6,809	\$ 893,735

CITY OF RIVERTON, WYOMING

**SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED
EACH QUARTER AND YEAR ENDED JUNE 30, 2017**

	FY 2016 Total	1st Quarter July 2016 - September 2016	2nd Quarter October 2016 - December 2016	3rd Quarter January 2017 - March 2017	4th Quarter April 2017 - June 2017	FY 2017 Total
Revenue						
Collections		\$ 3,425	\$ 7,985	\$ 8,555	\$ 11,528	\$ 31,493
Interest		-	-	17	15	32
Total Revenue		3,425	7,985	8,572	11,543	31,525
Expenditures						
Application 15-03-C-00-RIW						
002 - Reconstruction Runway 28		-	-	-	-	-
008 - Reconstruction Runway 10		-	-	-	-	-
Total Expenditures		-	-	-	-	-
Excess of PFC Revenue over Expenditures		3,425	7,985	8,572	11,543	31,525
PFC Account Balance	\$ 175,731	\$ 179,156	\$ 187,141	\$ 195,713	\$ 207,256	\$ 207,256

CITY OF RIVERTON, WYOMING

**NOTES TO SCHEDULE OF PASSENGER FACILITY CHARGES (PFC) COLLECTED
AND EXPENDED EACH QUARTER AND YEAR ENDED JUNE 30, 2017**

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, 2017**

The accompanying schedule of passenger facility charges collected and expended each quarter and year ended June 30, 2017 presents the revenues received from PFCs and expenditures incurred on approved projects.

PFCs collected represent the cash collected through June 30, 2017 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, 2017

<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			
Cooperative Forestry Assistance	10.664	*	\$ 5,065
Total U.S. Department of Agriculture			<u>5,065</u>
<u>U.S. Department of Justice</u>			
Passed through the Wyoming Office of the Attorney General			
Crime Victim Assistance	16.575	2012-VA-GX-0018	28,242
ARRA - Violence Against Women Formula Grants	16.588	*	24,917
Edward Byrne Memorial Justice Assistance Grant Program	16.738	*	39,177
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>94,550</u>
<u>U.S. Department of Transportation</u>			
Small Community Air Service Development	20.930		445,156
Passed through the Wyoming Department of Transportation - Wyoming Aeronautics Division			
Airport Improvement Program	20.106	*	1,336,765
<i>Federal Highway Administration</i>			
Highway Planning and Construction Cluster			
Passed through the Wyoming Department of Transportation			
Highway Planning and Construction	20.205	*	<u>82,390</u>
Total Highway Planning and Construction Cluster			<u>82,390</u>
<i>National Highway Traffic Safety Administration</i>			
Highway Safety Cluster			
Passed through the Wyoming Department of Transportation			
National Priority Safety Programs	20.616	*	<u>13,514</u>
Total Highway Safety Cluster			<u>13,514</u>
Total U.S. Department of Transportation			<u>1,877,825</u>
<u>U.S. Department of Homeland Security</u>			
Passed through the Transportation Security Administration			
Law Enforcement Reimbursement Program	97.090	*	<u>13,600</u>
Total U.S. Department of Homeland Security			<u>13,600</u>
Total Federal Awards			<u>\$ 1,991,040</u>

* Pass-through number not available

CITY OF RIVERTON, WYOMING

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2017

Note 1. 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, 2017. 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.

Note 2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

Note 3. Indirect Cost Recovery

The City did not recover its indirect costs using the 10% de minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance.

Note 4. Airport Improvement Projects

The following is a schedule of the activity in the Airport Improvement Projects for the year ended June 30, 2017:

<u>Airport Improvement Project Description</u>	<u>Award Amount</u>	<u>FY2016 and Prior</u>	<u>For the Year Ended June 30, 2017 Federal Portion</u>	<u>Award Balance as of June 30, 2017</u>	<u>For the Year Ended June 30, 2017 Local Match</u>
AIP-37 <i>Rehabilitate Runway 10/28 (Phase I - Design)</i> DOT-FA14NM-1051 3-56-0024-037-2014	\$ 870,548	\$ 777,881	\$ 92,667	\$ -	\$ 6,178
AIP-39 <i>Rehabilitate Runway 10/28 (Phase II - Construction)</i> DOT-FA15NM-1015 3-56-0024-039-2015	12,147,555	10,988,855	341,243	817,457	22,750
AIP-41 <i>Acquire Aircraft Rescue & Fire Fighting Vehicle (Index B)</i> DOT-FA16NM-1014 3-56-0024-041-2016	660,000	-	592,080	67,920	39,472
AIP-42 <i>Modify Aircraft Rescue and Fire Fighting Building</i> DOT-FA16NM-1065 3-56-0024-042-2016	355,550	-	310,775	44,775	20,718
Totals	<u>\$ 14,033,653</u>	<u>\$ 11,766,736</u>	<u>\$ 1,336,765</u>	<u>\$ 930,152</u>	<u>\$ 89,118</u>



**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, 2017, 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 27, 2017.

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.



We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be a significant deficiency.

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 questioned costs. 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 27, 2017



**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, 2017. 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, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2017-003 and 2017-004. Our opinion on each major federal program is not modified with respect to these matters.

Additional audit procedures were performed during a quality control review by a governmental agency which resulted in a compliance finding not originally reported in our audit report dated December 27, 2017. Compliance finding 2017-003 relates to the untimely filing of the federal FAA Form 5100-127 and 5100-126. However, our opinion on the major federal program, 20.106 Airport Improvement Program, was not modified from our original report.

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 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 have not been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-003 and 2017-004 that we consider to be significant deficiencies.

City of Riverton, Wyoming’s Response to Finding

City of Riverton, Wyoming’s response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. City of Riverton, Wyoming’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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
March 6, 2018



**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, 2017.

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, 2017.

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. (2017-002)

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 questioned costs. 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, 2017, and have issued our report thereon dated December 27, 2017. 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, 2017 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 27, 2017

CITY OF RIVERTON, WYOMING

PASSENGER FACILITY CHARGE PROGRAM AUDIT SUMMARY

For the Year Ended June 30, 2017

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, 2017

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 weaknesses?	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 weaknesses?	Yes
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	Yes

Identification of Major Programs:

CFDA Numbers	Name of Federal Program or Cluster	Expenditures
20.106	Airport Improvement Program	\$ 1,336,765
20.930	Small Community Air Service Development	\$ 445,156

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, 2017

(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
2017-001: Financial Statement Preparation**

Criteria

The Auditing Standards Board (ASB) issued guidance to auditors related to an entity's internal control over external financial reporting (i.e. financial statements presented in conformity with generally accepted accounting principles (GAAP) and issued to outside third parties). Many small organizations rely on their auditor to generate these annual financial statements, including the related footnotes. AU 265 emphasizes that the auditor cannot be a part of the entity's internal control over financial reporting. Consequently, the entity must have personnel who are capable of preparing external financial statements in conformity with GAAP even though the auditor may draft the statements on behalf of the entity.

Condition

The City has controls in place over the preparation of budget-basis financial reports, including in depth review by management and the Council and a high level of awareness of all transactions being reported. However, budgetary basis financial reporting (non-GAAP) differs significantly from GAAP financial reporting. In our judgement, the City's accounting personnel and those charged with governance, in the course of their assigned duties, lack the skills to prepare the external financial statements and related footnotes in accordance with GAAP, but could detect and correct a material misstatement, if present.

Recommendation

In our judgement, management and those charged with governance need to understand the importance of this communication as it relates to external GAAP basis financial statements. The City should evaluate the cost/benefit of having an employee with the expertise to prepare financial statements.

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, 2017

(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:
2017-002: 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 after the fiscal year 2016 audit and immediately opened a separate interest-bearing account specifically for the collection of PFC revenue.

(Continued)

CITY OF RIVERTON, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2017

(Continued)

PART IV – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Significant Deficiency in Internal Control Over Compliance & Other Matters

Finding 2017-003: Reporting

Program Name: Airport Improvement Program
CFDA No. 20.106
Passed through the Wyoming Department of Transportation

Federal Award No.:
3-56-0024-037-2014
3-56-0024-039-2015
3-56-0024-041-2016
3-56-0024-042-2016

Federal Agency: U.S. Department of Transportation

Criteria

Sponsors of commercial service airports are required to submit the forms FAA Form 5100-127, *Operating and Financial Summary (OMB No. 2120-0569)* and FAA Form 5100-126, *Financial Government Payment Report (OMB No. 2120-0569)* no later than October 28, 2017.

Condition

The City of Riverton did not submit the FAA Forms 5100-127 or 5100-126 by the October 28, 2017 deadline.

Question Costs: None.

Context

As part of our audit procedures, we reviewed the Certification Activity Tracking System (CATS) to verify the date the FAA Forms 5100-127 and 5100-126 were filed. At the date of our report, no reports had been submitted.

Effect

The City's internal controls over report filing are not operating as designed by internal policies and procedures.

Cause

During the transition of Finance Directors at the City, it was not readily made known that the new Finance Director was responsible for the filing of these reports.

CITY OF RIVERTON, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2017

(Continued)

Identification as a Repeat Finding: Not applicable.

Recommendation

We recommend the City evaluate their policies and procedures regarding FAA report filing to ensure the timely submission of all compliance reports.

Views of Responsible Officials

We agree with this finding. The City of Riverton is reviewing their policies and procedures to ensure the individuals responsible for report submissions are aware of their responsibilities and associated deadlines.

Significant Deficiency in Internal Control Over Compliance & Other Matters

Finding 2017-004: Reporting

Program Name:

Small Community Air Service Development
CFDA No. 20.930

Federal Award No.: DOT-OST-2015-0126-051

Criteria

The grant agreement states that “Grant Project Reports, including progress on milestones as set forth in Section 4.b...shall be reported to the DOT on a quarterly basis, with reports due to the DOT as follows: January 15 for the First Quarter, April 15 for the Second Quarter, July 15 for the Third Quarter, and October 15 for the Fourth Quarter. The first Grant Project report is due on April 15, 2016.” Reports required for submission on a quarterly basis are due no later than 15 calendar days after the close of the calendar quarter.

Condition

The Grant Project Report for the fourth quarter was filed on October 18, three days after the reporting deadline.

Question Costs: None.

Context

ACM tested two of the four quarterly reports for fiscal year 2017 and noted the issue described above. A non-statistical sampling methodology was used to select the sample.

Effect

The City’s internal controls over report filing are not operating at designed by internal policies and procedures.

CITY OF RIVERTON, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2017

(Continued)

Cause

The individual responsible for the Grant Project Reports did not abide by report deadlines outlined in the grant agreement.

Identification as a Repeat Finding: Not applicable.

Recommendation

We recommend the City evaluate their policies and procedures regarding quarterly report filing to ensure the timely submission of all compliance reports.

Views of Responsible Officials

We agree with this finding. The City of Riverton is reviewing their policies and procedures to ensure the individuals responsible for report submissions understand the importance of timely submission.



City of Riverton

Schedule of Prior Audit Findings

June 30, 2017

Significant Deficiencies

2016-001

While City management is knowledgeable about governmental accounting practices, the City relies on their auditors to prepare the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), including financial statement disclosures required by GAAP. The auditor cannot be a part of the City's internal control system over financial reporting or a compensating control.

Status: This is a recurring finding. As it is not economically feasible for the City to hire a CPA in order to prepare the financial statements, management and the City Council need to continue 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. Additionally, management will continue to provide the City Council with any financial information requested for support of the financial statements and assist with any additional inquiries made throughout the fiscal year.



City of Riverton

Management's Corrective Action Plan June 30, 2017

2017-001: Financial Statement Preparation

Criteria

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

Finding

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.

Action Plan

This is a recurring finding. As it is not economically feasible for the City to hire a CPA in order to prepare the financial statements, management and the City Council need to continue 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. Additionally, management will continue to provide the City Council with any financial information requested for support of the financial statements and assist with any additional inquiries made throughout the fiscal year.

Persons Responsible for Action Plan

N/A

Timeline/Status

No action taken.

2017-003: Timely Report Filing

Criteria

Sponsors of commercial service airports are required to submit the forms FAA Form 5100-127, *Operating and Financial Summary (OMB No. 2120-0569)* and FAA Form 5100-126, *Financial Government Payment Report (OMB No. 2120-0569)* no later than October 28, 2017.

Finding

The City of Riverton did not submit the FAA Forms 5100-127 or 5100-126 by the October 28, 2017 deadline.

Action Plan

Management will improve the process for the preparation and submission of the Forms 5100-126 and 5100-127 to ensure they are timely filed.

(Continued)



City of Riverton

Management's Corrective Action Plan

June 30, 2017

(Continued)

2017-003: Timely Report Filing (continued)

Persons Responsible for Action Plan

Finance Director

Timeline/Status

The FY2017 report was filed immediately upon notice of untimely submission. The Finance Director will report the Forms 5100-126 and 5100-127 no later than September 30th following the end of each fiscal year.

2017-004: Timely Report Filing

Criteria

Quarterly grant status reports are required for the Small Community Air Service Development Program.

Finding

Quarterly grant status reports for the Small Community Air Service Development Program were not timely filed during the year ended June 30, 2017.

Action Plan

Management will improve the process for the preparation and submission of the quarterly grant status reports to ensure they are timely filed. This will require improved communication between the grant manager and the finance director as to the status and submission of the reports.

Persons Responsible for Action Plan

Finance Director

Grant Manager

Timeline/Status

Target implementation date: January 1, 2018

Actual implementation date: January 1, 2018

The City has improved its communication between the finance director and the grant manager and therefore is considered to have successfully implemented the above corrective action plan, effective January 1, 2018.