



CITY OF RIVERTON, WYOMING

FINANCIAL AND COMPLIANCE REPORT

June 30, 2014

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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, 2014, 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Riverton, Wyoming, as of June 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4–13 and 44-46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Riverton, Wyoming's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial

statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic 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 22, 2014, 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.

Mader Tschacke Peterson + Co, LLC

Laramie, Wyoming
December 22, 2014

CITY OF RIVERTON, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2014

As management of the City of Riverton, we offer readers these financial statements including a narrative overview and analysis of the financial activities of the City of Riverton for the fiscal year ended June 30, 2014.

Financial Highlights

The assets of the City of Riverton exceeded its liabilities at the close of the most recent fiscal year by \$65,507,284 (net position). Of this amount, \$7,653,684 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net position increased by \$4,220,186. Much of this increase can be attributed to the increase of fixed assets due to completed projects (i.e. N. Broadway St. Extension), construction in progress (i.e. S. Federal waterlines, Riverview Rd. waterline, SCADA improvements, Riverton Water Supply project, Booster Station Rehabilitation project and AIP34 Taxiway C/Apron Reconstruction) as well as miscellaneous improvements (i.e. Exchange Server, callbox in City Park) and fleet purchases.

As of the close of the current fiscal year, the City of Riverton's governmental funds reported combined ending fund balances of \$8,429,455, an increase of \$1,949,385 in comparison with the prior year. Approximately seventy-two percent (72%) of this total amount (\$6,092,164) is available for spending at the government's discretion (unreserved fund balance).

At the end of the current fiscal year, unreserved fund balance pertaining to the general fund was \$5,954,169, approximately sixty-two percent (63%) of the total general fund expenditures.

The City of Riverton's total notes payable debt is \$3,456,268 which includes an SRF loan for the Water Treatment Plant, a Wyoming State Loan and Investment Board for the A&T Mobile Home Park, Fike Subdivision and North Riverton Water Improvement projects and a loan from the Wyoming Department of Transportation Aeronautics Division for a building at the Airport Industrial Park. The City of Riverton has \$1,155,752 outstanding on a defeased Wyoming Water Commission Loan. This debt is serviced by securities escrowed to service the debt and, therefore, is not included in the City of Riverton's Statement of Net Position.

Overview of the Financial Statements

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

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

CITY OF RIVERTON, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2014

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

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

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

The government-wide financial statements can be found on pages 14 through 16 of this report.

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

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

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

CITY OF RIVERTON, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2014

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

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

The basic governmental fund financial statements can be found on pages 17 through 20 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Wastewater, Sanitation and Airport operations, all of which are considered to be major funds of the City of Riverton. The basic proprietary fund financial statements can be found on pages 21 through 25 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 through 43 of this report. The combining and individual fund statements referred to earlier in connection with non-major governmental funds can be found on pages 48 through 49 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Riverton's net position, approximately 86.9% percent reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Riverton uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Riverton's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF RIVERTON, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2014

City of Riverton's Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2014	2013	2014	2013	2014
Current and Other assets	\$ 8,159,022	\$ 9,685,386	\$ 6,462,596	\$ 5,637,583	\$ 14,621,618	\$ 15,322,969
Capital assets	12,468,261	12,532,142	43,654,124	47,840,798	56,122,385	60,372,940
Total assets	20,627,283	22,217,528	50,116,720	53,478,381	70,744,003	75,695,909
Long-term liabilities outstanding	-	-	3,359,118	3,470,152	3,359,118	3,470,152
Other liabilities	1,962,929	1,941,650	4,134,858	4,776,823	6,097,787	6,718,472
Total liabilities	1,962,929	1,941,650	7,493,976	8,246,975	9,456,905	10,188,625
Invested in capital assets	12,468,261	12,532,142	40,487,577	44,384,530	52,955,838	56,916,672
Restricted	938,652	936,928	-	-	938,652	936,928
Unrestricted	5,257,441	6,806,808	2,135,167	846,876	7,392,608	7,653,684
Total net position	\$ 18,664,354	\$ 20,275,878	\$ 42,622,744	\$ 45,231,406	\$ 61,287,098	\$ 65,507,284

A portion of the City of Riverton's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$7,653,684) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Riverton is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The City's net position increased by \$4,220,186 during the current fiscal year due to improvements and the changes in the number of on-going construction projects.

CITY OF RIVERTON, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2014

City of Riverton's Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2014	2013	2014	2013	2014
Revenues:						
Program Revenues						
Charges for Services	\$ 612,675	\$ 497,154	\$ 7,094,476	\$ 7,430,112	\$ 7,707,151	\$ 7,927,266
Operating grants and contributions	1,461,481	818,668	156,837	420,825	1,618,318	1,239,493
Capital grants and contributions	133,411	39,070	2,132,780	3,190,234	2,266,191	3,229,304
General Revenues:						
Property Taxes	370,673	378,179	-	-	370,673	378,179
Motor Vehicle Taxes	172,021	76,629	-	-	172,021	76,629
Franchise Taxes	880,017	930,592	-	-	880,017	930,592
Sales Taxes	2,518,131	5,039,089	-	-	2,518,131	5,039,089
Intergovernmental Funds and shared revenues not restricted to specific programs	2,357,065	2,377,169	76,715	106,298	2,433,780	2,483,467
Passenger facility charges			57,007	48,930	57,007	48,930
Sale of Property			179,753	71,988	179,753	71,988
Unrestricted investment earnings	72,232	71,074	3,759	3,500	75,991	74,574
Total revenues	8,577,706	10,227,625	9,701,327	11,271,887	18,279,033	21,499,512
Expenses:						
General government	3,074,747	3,533,037			3,074,747	3,533,037
Public Safety	3,490,040	3,540,818			3,490,040	3,540,818
Streets and alleys	587,371	671,019			587,371	671,019
Parks	557,926	517,206			557,926	517,206
Health and welfare	359,966	354,022			359,966	354,022
Water			2,418,903	2,369,195	2,418,903	2,369,195
Wastewater			2,173,361	2,204,992	2,173,361	2,204,992
Sanitation			2,458,448	2,151,590	2,458,448	2,151,590
Airport			1,736,691	1,860,010	1,736,691	1,860,010
Interest on long-term debt			86,552	77,438	86,552	77,438
Total expenses	8,070,050	8,616,101	8,873,955	8,663,225	16,944,005	17,279,326
Change in net position before transfers	507,656	1,611,524	827,372	2,608,662	1,335,028	4,220,186
Net position - beginning	18,156,698	18,664,354	41,795,372	42,622,744	59,952,070	61,287,098
Net position - ending	\$18,664,354	\$ 20,275,878	\$42,622,744	\$ 45,231,406	\$61,287,098	\$ 65,507,284

CITY OF RIVERTON, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2014

Expenses and Program Revenues

Governmental activities. The governmental activities showed an increase in net position of \$1,611,524 due to the addition of Fund 12 which is the 1% optional sales tax monies received during the fiscal year. Total of governmental activities expenditures increased by \$546,050 due to capital projects.

Business-type activities. Business-type activities showed an increase in net position of \$2,680,662, mainly as a result of continued influx of capital grants and contributions from local, state and federal funding agencies.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Riverton's governmental funds reported combined ending fund balances of \$8,429,453 an increase of \$1,949,385 in comparison with the prior year. Approximately seventy-two percent (72%) of this amount (\$6,092,164) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed by voter resolution for the Senior Center corpus (\$881,000), and the remainder (\$1,456,290) is committed for various future expenditures.

The general fund is the chief operating fund of the City of Riverton. At the end of the current fiscal year, unreserved fund balance of the general fund was \$5,954,169. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents approximately sixty-three percent (63%) of the total general fund expenditures, while total fund balance represents approximately seventy-seven percent (77%) of the same amount.

The fund balance of the City of Riverton's general fund increased by \$2,027,321 during the current fiscal year. The key factor for the increase is due to an increase in sales tax dollars from the 1% Optional tax.

The debt service fund has a total fund balance of \$49,880 all of which is reserved for the payment of debt service. The fund balance during the current year in the debt service fund remained the same as the previous fiscal year. The debt service fund continues to be used to pay

CITY OF RIVERTON, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2014

principal and interest on the City of Riverton's defeased Wyoming Water Development Commission loan as it becomes due.

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

Unrestricted net assets of the Water Fund at the end of the fiscal year amounted to \$913,527, a decrease over the prior year of \$616,330 which is due to projects not yet completed such as the Riverton Water Supply Project.

Unrestricted net assets of the Sewer Fund at the end of the fiscal year amounted to \$1,428,256, a decrease of \$605,493 which is due to Riverview Rd. Utility Improvements, S. Federal sewer lines, Riverview Rd. sewer lines and the purchase of a sewer jet truck with camera (approximately \$384,000).

Unrestricted net assets in the Sanitation Fund at the end of the fiscal year amounted to \$880,858, an increase of \$364,289 as there were no capital projects or purchases for the fiscal year.

Unrestricted net assets of the Airport Fund at the end of the fiscal year amounted to (\$2,375,765), a decrease of \$430,757. The decrease is related to the AIP 34 Taxiway C/Apron Reconstruction project. There was an overall increase in total net position of \$108,683 from \$11,515,288 in 2013 to \$11,623,971 in 2014.

Governmental Funds Budgetary Highlights

Differences between the original and final amended budget in the general fund were approximately \$891,300. The budget increase to expenditures was due to General Government line items (public safety, and capital outlay for the city's portion of S. Federal and Riverview Rd. projects).

Capital Asset and Debt Administration

Capital assets. The City of Riverton's investment in capital assets for its governmental and business type activities as of June 30, 2014, amounts to \$60,372,940 (net of accumulated depreciation). This investment in capital assets included land, buildings, delivery systems, improvements, machinery and equipment, park facilities, and streets and alleys. The total increase in the City of Riverton's investment in capital assets for the current fiscal year was \$4,250,555.

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

In the General Fund, major contributors to capital asset events were: North Broadway Street Extension Project and fleet capital. The Water Fund indicated an increase in capital assets due to the Riverton Water Supply project, Main Street Booster Station, Riverview Rd. water line, and S. Federal water line improvements. In the Sewer Fund, the South Federal sewer line replacement and Riverview Rd. sewer line improvements contributed to major capital

CITY OF RIVERTON, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2014

projects that increased the assets for this fund. There a minimal increase in capital assets with the Sanitation Fund. The major contribution to capital assets in the Airport Fund was the AIP 34 Taxiway C/Apron Reconstruction project, and the Runway 10 REIL relocation project.

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

	Governmental Activities		Business-type Activities		Total	
	2013	2014	2013	2014	2013	2014
Land	\$ 1,714,701	\$ 1,714,701	\$ 707,683	\$ 707,683	\$ 2,422,384	\$ 2,422,384
Works of art						
Buildings	2,911,045	2,659,900	18,982,257	17,760,634	21,893,302	20,420,534
Improvements other than buildings	2,048,629	2,771,384	-	-	2,048,629	2,771,384
Collection, transmission and distributions	-	-	15,445,920	14,784,560	15,445,920	14,784,560
Machinery and equipment	440,331	428,519	1,305,185	1,598,982	1,745,516	2,027,501
Source of supply			1,574,403	2,251,169	1,574,403	2,251,169
Transportation equipment	377,917	419,072	-	-	377,917	419,072
Computer equipment	9,924	380	-	-	9,924	380
Treatment plants	-	-	21,169	18,016	21,169	18,016
Furniture and fixtures	-	-	-	-	-	-
Infrastructure	3,614,170	3,323,386	-	-	3,614,170	3,323,386
Construction in progress	1,351,544	1,214,800	5,617,507	10,719,754	6,969,051	11,934,554
Total	\$ 12,468,261	\$ 12,532,142	\$ 43,654,124	\$ 47,840,798	\$ 56,122,385	\$ 60,372,940

Additional information on The City of Riverton's capital assets can be found in Note 5 on pages 35 through 37 of this report.

Long-term debt. At the end of the current fiscal year, the City of Riverton had a total of \$3,656,268 in outstanding debt. Of this amount, \$200,000 has been recorded as a liability measure for future landfill monitoring costs.

Defeased debt. The City of Riverton has an escrow account for the payment of principal and interest on a defeased Wyoming Water Development Commission loan. While it is believed that the monies placed in this escrow account are sufficient to pay all principal and interest as it becomes due, the City of Riverton is contingently liable if the funds become insufficient. The outstanding balance of this loan as of 2014 is \$1,155,752.

Additional information on the City of Riverton's long-term and defeased debt can be found in Note 6 on pages 37 through 40 of this report.

CITY OF RIVERTON, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2014

Economic Factors and Next Year's Budgets and Rates

It appears that natural gas and oilfield operations are slightly increasing again this fiscal year. Our local area is experiencing activity in the energy industry. Our projections indicate that we are seeing significant increases in use tax and gas/special fuel tax through actual monies being received. This is encouraging news since 32% of our general fund is made up of sales and use tax. We also anticipate moderate growth in retail sales tax collections and small business growth as well as the previously mentioned industrial activity which should have a positive effect on sales tax activity in the future.

As with the previous fiscal year, there was a slim increase of the sales & use taxes for the General Fund. We cannot anticipate nor predict what the local economy will do with any conviction. Riverton, Fremont County and West Central Wyoming continue to be ideally situated on promising deposits of natural gas, oil and uranium.

As previously reported, officials in Riverton were notified by the Federal Government in 2007 that a national Job Corps center would be built in Riverton. Construction of the center continues and once completed, the center could bring 100+ jobs to with an anticipated stream of new revenue to the community. The City has signed a lease making 100+ acres of land available on a leased basis for the project. City staff has been actively working with the Job Corp, Department of Labor and the selected design team to bring the project forward on schedule. The completion date is scheduled for 2015.

The residents of Fremont County passed an optional one-cent sales tax proposition for Fremont County voters. The city had projected an influx of approximately \$2M for the first year from this tax, however, that amount slightly exceeded our predictions this fiscal year by 1.5%. Monies from these funds will go towards streets and infrastructure. The city has established a FORCC (Fix Our Roads Citizen Committee) committee to oversee and make recommendations pursuant to the expenditure of these funds in order to promote transparency in government. Several projects were implemented this year with these monies (i.e. concrete replacements, overlay and repairs).

During the current fiscal year, unreserved fund balance in the general fund increased by \$2,049,817. With management, it is anticipated that the remaining unreserved fund balance of \$5,954,169 will be sufficient to provide the necessary general fund services. The City continues to pursue several types of available grants for use in major, one-time capital projects. Council provided direction that the General Fund operational reserve shall remain at 18.5% for the fifth year in a row.

Economic development efforts by IDEA, Inc. and the City of Riverton have opened up some much needed land for development that was owned by the Wyoming Honor Farm Prison. Riverton is currently land locked on three sides and the only commercial growth opportunity is north of Walmart with land being owned by the State of Wyoming. IDEA, Inc. along with the City has successfully garnered support from the state's top elected officials and the Wyoming Business Council to put forth a public auction for sale of property located at the Wyoming Honor

CITY OF RIVERTON, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2014

Farm. The motion was to auction 302 acres contingent upon the legislature making the Honor Farm whole in purchasing additional property. If legislation does not pass, 85 acres would be auctioned. This is a great opportunity to provide some land for private development that will generate more jobs and taxes for our community.

Water users experienced a 1.1% increase in rates due to capital projects and CPI (i.e. Water Fund -Riverton Water Supply Project which the city's contribution amount will be \$2M - \$3M). In accordance with the Riverton Municipal code the increase in our rate structures are due to the Consumer Price Index (CPI) which indicated an annual increase in the CPI for February 2013 to February of 2014 of 1.1%. The remaining amount of any increase in each of the funds was due to building reserve for the respective projects The Sanitation Fund experienced a CPI increase of 1.1% as well with the remaining percentage going into reserves to meet the 18.5% reserve amount directed by Council to assist with future capital projects. The Sewer Fund rates increased by 7% in 2014 in order to replenish reserves pursuant to capital projects (i.e. S. Federal and Riverview Rd. sewer line improvements). The City Council gave clear direction that the reserves for each of the utility enterprises should not subsidize their operations and established a reserve amount of 18.5% annually for the fifth year in a row.

Requests for Information

The financial report is designed to provide a general overview of the City of Riverton's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Courtney V. Bohlender, Director of Administrative Services; City of Riverton; 816 N. Federal Blvd.; Riverton WY 82501. Inquiries may also be made on our web site, www.rivertonwy.gov.

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CITY OF RIVERTON, WYOMING

STATEMENT OF NET POSITION

June 30, 2014

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash	\$ 5,722,969	\$ 1,891,800	\$ 7,614,769
Investments	1,490,297	1,550,689	3,040,986
Receivables, net of allowance for uncollectible accounts	636,031	1,629,908	2,265,939
Notes receivable	50,000	-	50,000
Due from other governments	1,351,519	-	1,351,519
Interfund receivables	434,570	565,186	999,756
Capital assets, including land and construction in progress not subject to depreciation, net of accumulated depreciation	12,532,142	47,840,798	60,372,940
Total Assets	<u>\$ 22,217,528</u>	<u>\$ 53,478,381</u>	<u>\$ 75,695,909</u>
LIABILITIES			
Bank overdraft	\$ 500	\$ 2,232,754	\$ 2,233,254
Accounts payable	1,251,214	1,373,699	2,624,913
Accrued payroll	115,527	44,831	160,358
Accrued interest	-	49,590	49,590
Interfund payables	233,274	766,482	999,756
Noncurrent liabilities			
Due within one year	341,135	309,467	650,602
Due in more than one year	-	3,470,152	3,470,152
Total Liabilities	<u>1,941,650</u>	<u>8,246,975</u>	<u>10,188,625</u>
NET POSITION			
Net investment in capital assets	12,532,142	44,384,530	56,916,672
Restricted			
Maintenance and operation of Senior Citizens Center	881,000	-	881,000
911 emergency response system	6,048	-	6,048
Debt service fund	49,880	-	49,880
Unrestricted	6,806,808	846,876	7,653,684
Total Net Position	<u>\$ 20,275,878</u>	<u>\$ 45,231,406</u>	<u>\$ 65,507,284</u>

See Notes to Financial Statements.

CITY OF RIVERTON, WYOMING

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014

Function/Program Activities	Expenses	Indirect Expenses Allocation	Program Revenues		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:					
General government	\$ 4,525,853	\$ (992,818)	\$ 417,596	\$ 333,329	\$ 39,070
Public safety	3,540,818	-	5,868	116,114	-
Streets and alleys	671,019	-	-	258,039	-
Parks	517,206	-	73,690	47,882	-
Health and welfare	354,022	-	-	63,304	-
Total governmental activities	<u>9,608,918</u>	<u>(992,818)</u>	<u>497,154</u>	<u>818,668</u>	<u>39,070</u>
Business-Type Activities:					
Water	2,041,720	327,475	2,802,388	231,895	1,806,385
Sewer	1,908,760	296,232	2,095,266	-	(15,353)
Sanitation	1,906,364	245,226	2,363,953	135	-
Airport	1,736,125	123,885	168,505	188,795	1,399,202
Interest on long-term debt	77,438	-	-	-	-
Total business-type activities	<u>7,670,407</u>	<u>992,818</u>	<u>7,430,112</u>	<u>420,825</u>	<u>3,190,234</u>
Total primary government	<u>\$ 17,279,325</u>	<u>\$ -</u>	<u>\$ 7,927,266</u>	<u>\$ 1,239,493</u>	<u>\$ 3,229,304</u>

General revenues:

Taxes:

- Property taxes
- Sales and use taxes
- Franchise taxes based on gross revenues collected by service providers
- Motor vehicle taxes
- Passenger facility charges
- Sale of property
- 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.

<u>Net Revenue (Expense) and Changes in Net Position</u>		
<u>Primary Government</u>		
<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
<u>Activities</u>	<u>Activities</u>	
\$ (2,743,040)	\$ -	\$ (2,743,040)
(3,418,836)	-	(3,418,836)
(412,980)	-	(412,980)
(395,634)	-	(395,634)
(290,718)	-	(290,718)
<u>(7,261,208)</u>	<u>-</u>	<u>(7,261,208)</u>
-	2,471,473	2,471,473
-	(125,079)	(125,079)
-	212,498	212,498
-	(103,508)	(103,508)
-	(77,438)	(77,438)
-	<u>2,377,946</u>	<u>2,377,946</u>
<u>\$ (7,261,208)</u>	<u>\$ 2,377,946</u>	<u>\$ (4,883,262)</u>
\$ 378,179	\$ -	\$ 378,179
5,039,089	-	5,039,089
930,592	-	930,592
76,629	-	76,629
-	48,930	48,930
-	71,988	71,988
2,377,169	106,298	2,483,467
71,074	3,500	74,574
<u>8,872,732</u>	<u>230,716</u>	<u>9,103,448</u>
1,611,524	2,608,662	4,220,186
<u>18,664,354</u>	<u>42,622,744</u>	<u>61,287,098</u>
<u>\$ 20,275,878</u>	<u>\$ 45,231,406</u>	<u>\$ 65,507,284</u>

CITY OF RIVERTON, WYOMING

BALANCE SHEET
GOVERNMENTAL FUNDS
 June 30, 2014

	General	Economic Development	Non-major Governmental	Total Governmental Funds
ASSETS				
Cash	\$ 5,532,765	\$ 104,934	\$ 85,271	\$ 5,722,970
Investments	494,509	-	995,788	1,490,297
Receivables, other	1,029,329	-	1,885	1,031,214
Note receivable	-	38,500	-	38,500
Due from other governments	1,351,519	-	-	1,351,519
Interfund receivables	349,343	34,847	50,380	434,570
Inventories	-	-	-	-
Total Assets	<u>\$ 8,757,465</u>	<u>\$ 178,281</u>	<u>\$ 1,133,324</u>	<u>\$ 10,069,070</u>
LIABILITIES				
Bank Overdraft	\$ -	\$ -	\$ 500	\$ 500
Accounts payable	1,229,781	-	10,015	1,239,796
Accrued payroll	166,046	-	-	166,046
Interfund payables	<u>55,952</u>	<u>177,322</u>	<u>-</u>	<u>233,274</u>
Total Liabilities	<u>1,451,779</u>	<u>177,322</u>	<u>10,515</u>	<u>1,639,616</u>
FUND BALANCES				
Nonspendable	1,351,519	-	-	1,351,519
Restricted for				
Senior Citizens Center endowment				
by voters resolution	-	-	881,000	881,000
911 emergency response system	-	-	6,048	6,048
Debt service fund	-	-	49,880	49,880
Assigned	-	-	48,845	48,845
Unassigned, reported in				
General Fund	5,954,167	-	-	5,954,167
Special revenue funds	<u>-</u>	<u>959</u>	<u>137,036</u>	<u>137,995</u>
Total Fund Balances	<u>7,305,686</u>	<u>959</u>	<u>1,122,809</u>	<u>8,429,454</u>
Total Liabilities and Fund Balances	<u>\$ 8,757,465</u>	<u>\$ 178,281</u>	<u>\$ 1,133,324</u>	<u>\$ 10,069,070</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, 2014

Fund balances - total governmental funds \$ 8,429,454

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 12,532,142

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	(395,184)	
Note receivable - Child Development Services	<u>11,500</u>	(383,684)

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	(290,616)	
Accounts payable - retainage	<u>(11,418)</u>	<u>(302,034)</u>

Net position of governmental activities \$ 20,275,878

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, 2014

	General	Economic Development	Non-major Governmental	Total Governmental Funds
REVENUES:				
Property taxes	\$ 382,050	\$ -	\$ -	\$ 382,050
Motor vehicle taxes	166,402	-	-	166,402
Sales taxes	5,044,743	-	-	5,044,743
Franchise taxes	930,592	-	-	930,592
Licenses and permits	189,903	-	-	189,903
Intergovernmental	3,300,456	-	37,155	3,337,611
Grants, contributions, and donations	1,280,689	-	39,070	1,319,759
Fines and forfeitures	200,001	-	-	200,001
Investment income	2,039	-	69,036	71,075
Charges for services	41,167	-	-	41,167
Total Revenues	<u>11,538,042</u>	<u>-</u>	<u>145,261</u>	<u>11,683,303</u>
EXPENDITURES:				
Current operating:				
General government	2,094,958	-	-	2,094,958
Public safety	3,408,455	-	22,879	3,431,334
Streets and alleys	1,169,391	-	-	1,169,391
Parks and recreation	520,888	-	-	520,888
Health and welfare	119,973	-	75,833	195,806
Community development	336,097	-	31,499	367,596
Capital outlay	1,827,959	32,041	26,605	1,886,605
Debt service	-	-	67,339	67,339
Total Expenditures	<u>9,477,721</u>	<u>32,041</u>	<u>224,155</u>	<u>9,733,917</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,060,321</u>	<u>(32,041)</u>	<u>(78,894)</u>	<u>1,949,386</u>
Transfer in (out)	<u>(33,000)</u>	<u>33,000</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	2,027,321	959	(78,894)	1,949,386
Fund Balances - Beginning	<u>5,278,365</u>	<u>-</u>	<u>1,201,703</u>	<u>6,480,068</u>
Fund Balances - Ending	<u>\$ 7,305,686</u>	<u>\$ 959</u>	<u>\$ 1,122,809</u>	<u>\$ 8,429,454</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, 2014

Net change in fund balances- total governmental funds \$ 1,949,386

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	213,997	
Less current year depreciation	<u>(882,542)</u>	(668,545)

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

Change in grants receivable	402,671	
Change in taxes receivable	(2,604)	
Change in assessments receivable	(4,883)	
Lease payment - Child Development Services	<u>(11,500)</u>	383,684

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

Retainage payable	(61,132)	
Change in long-term compensated absences	<u>8,131</u>	<u>(53,001)</u>

Change in net assets of governmental activities \$ 1,611,524

See Notes to Financial Statements.

CITY OF RIVERTON, WYOMING

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

June 30, 2014

	Business - Type Activities- Enterprise Funds				
	Water	Sewer	Sanitation	Airport	Total
ASSETS					
Current Assets					
Cash	\$ 908,422	\$ -	\$ 614,751	\$ 368,627	\$ 1,891,800
Investments	273,162	896,714	380,813	-	1,550,689
Receivables:					
Accounts, net allowance for doubtful	275,746	206,450	169,551	238,291	890,038
Unbilled usage	238,372	405,304	96,194	-	739,870
Interfund receivables	483,281	81,905	-	-	565,186
Total current assets	<u>2,178,983</u>	<u>1,590,373</u>	<u>1,261,309</u>	<u>606,918</u>	<u>5,637,583</u>
Noncurrent Assets					
Capital assets, net of accumulated depreciation	<u>20,384,322</u>	<u>12,067,461</u>	<u>1,037,528</u>	<u>14,351,487</u>	<u>47,840,798</u>
Total noncurrent assets	<u>20,384,322</u>	<u>12,067,461</u>	<u>1,037,528</u>	<u>14,351,487</u>	<u>47,840,798</u>
 Total Assets	 <u>\$ 22,563,305</u>	 <u>\$ 13,657,834</u>	 <u>\$ 2,298,837</u>	 <u>\$ 14,958,405</u>	 <u>\$ 53,478,381</u>
LIABILITIES					
Current liabilities					
Bank overdraft	\$ -	\$ 65,419	\$ -	\$ 2,167,335	\$ 2,232,754
Accounts payable	1,116,339	49,490	60,626	147,244	1,373,699
Accrued payroll	11,641	12,680	13,188	7,322	44,831
Accrued interest	39,074	3,921	-	6,595	49,590
Compensated absences	34,109	30,607	25,779	32,856	123,351
Landfill monitoring costs payable, current	-	-	50,000	-	50,000
Current maturities of note payable	84,204	39,409	-	12,503	136,116
Interfund payables	64,293	-	80,858	621,331	766,482
Total current liabilities	<u>1,349,660</u>	<u>201,526</u>	<u>230,451</u>	<u>2,995,186</u>	<u>4,776,823</u>

(Continued)

See Notes to Financial Statements.

CITY OF RIVERTON, WYOMING

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

June 30, 2014

(Continued)

	Business -Type Activities- Enterprise Funds				
	Water	Sewer	Sanitation	Airport	Total
Noncurrent liabilities					
Landfill monitoring costs payable	-	-	150,000	-	150,000
Notes payable	<u>2,355,143</u>	<u>625,761</u>	<u>-</u>	<u>339,248</u>	<u>3,320,152</u>
Total noncurrent liabilities	<u>2,355,143</u>	<u>625,761</u>	<u>150,000</u>	<u>339,248</u>	<u>3,470,152</u>
Total Liabilities	<u>3,704,803</u>	<u>827,287</u>	<u>380,451</u>	<u>3,334,434</u>	<u>8,246,975</u>
NET POSITION					
Net invested in capital assets	17,944,975	11,402,291	1,037,528	13,999,736	44,384,530
Unrestricted	<u>913,527</u>	<u>1,428,256</u>	<u>880,858</u>	<u>(2,375,765)</u>	<u>846,876</u>
Total Net Position	<u>18,858,502</u>	<u>12,830,547</u>	<u>1,918,386</u>	<u>11,623,971</u>	<u>45,231,406</u>
Total Liabilities and Net Position	<u>\$ 22,563,305</u>	<u>\$ 13,657,834</u>	<u>\$ 2,298,837</u>	<u>\$ 14,958,405</u>	<u>\$ 53,478,381</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, 2014

	Business-Type Activities- Enterprise Funds				
	Water	Sewer	Sanitation	Airport	Total
OPERATING REVENUES:					
Charges for services	\$ 2,802,388	\$ 2,095,266	\$ 2,363,953	\$ 168,505	\$ 7,430,112
OPERATING EXPENSES					
Cost of services and operations	1,144,903	1,123,021	1,543,246	721,586	4,532,756
Depreciation	631,369	538,209	221,071	1,003,358	2,394,007
General and administration	592,923	543,762	387,273	135,066	1,659,024
Total operating expenses	<u>2,369,195</u>	<u>2,204,992</u>	<u>2,151,590</u>	<u>1,860,010</u>	<u>8,585,787</u>
Operating income (loss)	<u>433,193</u>	<u>(109,726)</u>	<u>212,363</u>	<u>(1,691,505)</u>	<u>(1,155,675)</u>
NONOPERATING REVENUES					
(EXPENSES):					
Passenger facility charges	-	-	-	48,930	48,930
Sale of property	-	-	-	71,988	71,988
Intergovernmental	-	-	-	106,298	106,298
Investment income	850	1,860	790	-	3,500
Interest expense	(52,885)	(9,528)	-	(15,025)	(77,438)
Grants, contributions and donations	231,895	-	135	188,795	420,825
Total nonoperating revenue (expenses)	<u>179,860</u>	<u>(7,668)</u>	<u>925</u>	<u>400,986</u>	<u>574,103</u>
Income (loss) before other income	<u>613,053</u>	<u>(117,394)</u>	<u>213,288</u>	<u>(1,290,519)</u>	<u>(581,572)</u>
Capital contributions - grants and other	<u>1,806,385</u>	<u>(15,353)</u>	<u>-</u>	<u>1,399,202</u>	<u>3,190,234</u>
	<u>1,806,385</u>	<u>(15,353)</u>	<u>-</u>	<u>1,399,202</u>	<u>3,190,234</u>
Change in net position	2,419,438	(132,747)	213,288	108,683	2,608,662
Net position, beginning	<u>16,439,064</u>	<u>12,963,294</u>	<u>1,705,098</u>	<u>11,515,288</u>	<u>42,622,744</u>
Net position, ending	<u>\$ 18,858,502</u>	<u>\$ 12,830,547</u>	<u>\$ 1,918,386</u>	<u>\$ 11,623,971</u>	<u>\$ 45,231,406</u>

See Notes to Financial Statements.

CITY OF RIVERTON, WYOMING

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended June 30, 2014

	Business-Type Activities- Enterprise Funds				Total
	Water	Sewer	Sanitation	Airport	
CASH FLOWS FROM OPERATIONS:					
Receipts from customers and users	\$ 3,922,247	\$ 2,091,862	\$ 2,403,377	\$ 32,918	\$ 8,450,404
Payments to suppliers	(1,280,015)	(1,031,447)	(1,582,807)	(105,130)	(3,999,399)
Payments to employees	(587,734)	(533,463)	(402,254)	(133,089)	(1,656,540)
Net cash from operating activities	<u>2,054,498</u>	<u>526,952</u>	<u>418,316</u>	<u>(205,301)</u>	<u>2,794,465</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Due to (from) other funds	(250,000)	-	250,000	-	-
Net cash from noncapital financing activities	<u>(250,000)</u>	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Subsidy from passenger facility charges	-	-	-	48,930	48,930
Proceeds from sale of property	-	-	-	71,988	71,988
Receipts from other governments	-	-	-	106,298	106,298
Interest paid on long-term debt	(52,885)	(9,528)	-	(15,025)	(77,438)
Receipts from grants, contributions and donations	2,038,280	(15,353)	135	1,587,997	3,611,059
Purchase of equipment and improvements	(4,031,887)	(972,057)	(70,070)	(1,530,890)	(6,604,904)
Change in accrued interest	(1,584)	(234)	-	(3,159)	(4,977)
Change in long-term debt	<u>340,527</u>	<u>(38,898)</u>	<u>(50,000)</u>	<u>(11,908)</u>	<u>239,721</u>
Net cash from capital and related financing activities	<u>(1,707,549)</u>	<u>(1,036,070)</u>	<u>(119,935)</u>	<u>254,231</u>	<u>(2,609,323)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase (sale) of investments	499,154	(1,860)	(790)	-	496,504
Interest earned on investments	<u>850</u>	<u>1,860</u>	<u>790</u>	<u>-</u>	<u>3,500</u>
Net cash from investing activities	<u>500,004</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500,004</u>
Net change in cash and cash equivalents	596,953	(509,118)	548,381	48,930	685,146
Cash, beginning	<u>311,469</u>	<u>509,118</u>	<u>66,370</u>	<u>319,697</u>	<u>1,206,654</u>
Cash, ending	<u>\$ 908,422</u>	<u>\$ -</u>	<u>\$ 614,751</u>	<u>\$ 368,627</u>	<u>\$ 1,891,800</u>

(Continued)

See Notes to Financial Statements.

CITY OF RIVERTON, WYOMING

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended June 30, 2014
(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	\$ 433,193	\$ (109,726)	\$ 212,363	\$ (1,691,505)	\$ (1,155,675)
Adjustments to reconcile income (loss) from operations to net cash from operating activities:					
Depreciation	631,369	538,209	221,071	1,003,358	2,394,007
(Increase) decrease in:					
Accounts receivable	1,119,859	(3,404)	39,424	(135,587)	1,020,292
Inventory	34,083	25,080	-	15,059	74,222
Increase (decrease) in:					
Bank overdrafts	-	65,420	-	474,099	539,519
Accounts payable	(169,195)	1,074	(39,561)	127,298	(80,384)
Payroll liabilities	1,636	7,503	(6,512)	1,391	4,018
Compensated absences	3,553	2,796	(8,469)	586	(1,534)
Net cash from operating activities	<u>\$ 2,054,498</u>	<u>\$ 526,952</u>	<u>\$ 418,316</u>	<u>\$ (205,301)</u>	<u>\$ 2,794,465</u>

See Notes to Financial Statements

CITY OF RIVERTON, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 1. The Reporting Entity and Significant Accounting Policies

Reporting Entity

The City of Riverton (City) is a municipal corporation governed by an elected mayor and six-member council. As required by accounting principles generally accepted in the United States of America, these financial statements include all of the governmental activities and business-type activities relevant to the operations of the City. The accompanying financial statements of the City are to include those separately administered organizations for which the elected officials of the City are financially accountable or those that it would be misleading to exclude. Financial accountability is determined based on the appointment of a voting majority of the governing board and, either the City's ability to impose its will, or the presence of a potential financial benefit or burden to the City. The City has determined that no other outside agency meets the above criteria and, therefore, no other entity has been included as a component unit in the City's basic financial statements.

Nature of Operations

The City provides a broad range of services to citizens, including general government, public safety, streets, sanitation, health, cultural, social services, and park facilities. It also operates an airport, water, sewer and sanitation utilities, and emergency response system, and several recreational facilities.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

NOTES TO FINANCIAL STATEMENTS

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

Measurements Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

The government reports the following major proprietary funds:

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

Cash and Cash Equivalents

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

Investments

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

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

Receivables and Payables

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

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

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

Property taxes attach as an enforceable lien on property as of July 1. The 2014 property taxes were levied as of July 1, 2013 and were due in two installments.

NOTES TO FINANCIAL STATEMENTS

Installments are due on September 1 and March 1 and are collectible on November 10 and May 10. If the first installment payment is made after November 10, the entire amount is due by December 31. Delinquent taxes have been recognized as revenue to the extent they have been collected within 60 days after June 30, 2014. 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 \$8,637, \$1,180, \$12,351, and \$25,804 for Spencer, Gardens North, Fike, and Raintree assessments during the year ended June 30, 2014, respectively. The remaining current assessment receivable is \$417,522.

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, 2014.

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal yearend. The appropriated budget is prepared by fund and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. The council made four supplemental budgetary appropriations during the year ended June 30, 2014.

Fund Equity

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

The Government Accounting Standards Board (GASB) has issued Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The initial distinction that is made in reporting fund balance information is identifying amounts that are considered *nonspendable*, such as a fund balance associated with inventories. This Statement also provides for additional classifications as *restricted*, *committed*, *assigned*, and *unassigned* based on the relative strength of the constraints that control how specific amounts can be spent. The definitions used by the City to distinguish fund allocations are as follows:

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

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.

Subsequent Events

The City’s Management has evaluated the need for disclosures and/or adjustments resulting from subsequent events and transactions through December 22, 2014, the date the financial statements were available to be issued.

Note 2. Cash and Investments

As of June 30, 2014, the City had the following investments:

Investment Type	Fair Value	Interest Rate	Investment maturities (in years)			
			Less Than 1	1-5	6-10	More Than 10
Wyoming Government Investment Pool (WyoStar)	\$ 3,040,986	0.20-0.24%	\$3,040,986	\$ -	\$ -	\$ -
Total	<u>\$ 3,040,986</u>		<u>\$3,040,986</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS

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, 2014, the City's deposits held by Wells Fargo were not 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.

Credit Risk

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

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

Concentration of Credit Risk

The City does not have a formal policy that allows for or limits an investment in any one issuer to a specified percentage of the City's total investments. The City had 100% of its investments in WyoStar as of June 30, 2014.

NOTES TO FINANCIAL STATEMENTS

Note 3. Receivables

As of June 30, 2014, receivables in the Water, Sewer and Sanitation Funds including the applicable allowances for uncollectible amounts are as follows:

	Water Fund	Sewer Fund	Sanitation Fund
Balance at June 30, 2014	\$ 294,082	\$ 219,232	\$ 184,017
Allowance for uncollectible accounts	(18,336)	(12,782)	(14,466)
	\$ 275,746	\$ 206,450	\$ 169,551

Note 4. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2014, is as follows:

	Receivable	Payable
General Fund	\$ 349,343	\$ (55,952)
Economic Development Fund	34,847	(177,322)
Debt Service Fund	50,380	-
Water Fund	483,281	(64,293)
Sewer Fund	81,905	-
Sanitation Fund	-	(80,858)
Airport Fund	-	(621,331)
	\$ 999,756	\$ (999,756)

The composition of interfund transfers as of June 30, 2014 is as follows:

	Interfund Transfer (out)	Interfund Transfer in
General Fund	\$ -	\$ 33,000
Economic Development Fund	(33,000)	-
	\$ (33,000)	\$ 33,000

NOTES TO FINANCIAL STATEMENTS

Note 5. Capital Assets

Capital asset activity for Governmental funds for the year ended June 30, 2014 was as follows:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 1,714,701	\$ -	\$ -	\$ 1,714,701
Construction in progress	<u>1,351,544</u>	<u>-</u>	<u>136,744</u>	<u>1,214,800</u>
Total capital assets, not being depreciated	<u>3,066,245</u>	<u>-</u>	<u>136,744</u>	<u>2,929,501</u>
Capital assets, being depreciated				
Buildings	7,139,999	-	-	7,139,999
Improvements other than buildings	3,228,163	873,053	-	4,101,216
Machinery and equipment	1,734,082	59,598	-	1,793,680
Transportation equipment	2,617,980	150,517	116,761	2,651,736
Computer equipment	261,481	-	-	261,481
Furniture and fixtures	90,741	-	-	90,741
Infrastructure	<u>42,034,907</u>	<u>-</u>	<u>-</u>	<u>42,034,907</u>
Total capital assets, being depreciated	<u>57,107,353</u>	<u>1,083,168</u>	<u>116,761</u>	<u>58,073,760</u>
Less accumulated depreciation for				
Buildings	4,228,954	251,145	-	4,480,099
Improvements other than buildings	1,179,534	150,298	-	1,329,832
Machinery and equipment	1,293,751	71,410	-	1,365,161
Transportation equipment	2,240,063	109,362	116,761	2,232,664
Computer equipment	251,557	9,544	-	261,101
Furniture and fixtures	90,741	-	-	90,741
Infrastructure	<u>38,420,737</u>	<u>290,784</u>	<u>-</u>	<u>38,711,521</u>
Total accumulated depreciation	<u>47,705,337</u>	<u>882,543</u>	<u>116,761</u>	<u>48,471,119</u>
Total capital assets, being depreciated, net	<u>9,402,016</u>	<u>200,625</u>	<u>-</u>	<u>9,602,641</u>
Governmental activities capital assets, net	<u>\$ 12,468,261</u>	<u>\$ 200,625</u>	<u>\$ 136,744</u>	<u>\$ 12,532,142</u>

NOTES TO FINANCIAL STATEMENTS

Capital asset activity for Enterprise funds for the year ended June 30, 2014 was as follows:

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 707,683	\$ -	\$ -	\$ 707,683
Construction in progress	<u>5,617,507</u>	<u>5,102,247</u>	<u>-</u>	<u>10,719,754</u>
Total capital assets, not being depreciated	<u>6,325,190</u>	<u>5,102,247</u>	<u>-</u>	<u>11,427,437</u>
Capital assets, being depreciated				
Buildings and improvements	35,189,366	-	-	35,189,366
Collection, transmission and distributions	25,648,623	-	-	25,648,623
Equipment and other improvements	7,165,812	663,416	157,563	7,671,665
Source of supply	4,061,433	809,702	-	4,871,135
Treatment plants	<u>10,521,440</u>	<u>-</u>	<u>-</u>	<u>10,521,440</u>
Total capital assets, being depreciated	<u>82,586,674</u>	<u>1,473,118</u>	<u>157,563</u>	<u>83,902,229</u>
Less accumulated depreciation for				
Buildings and improvements	16,201,793	1,226,939	-	17,428,732
Collection, transmission and distributions	10,202,703	661,360	-	10,864,063
Equipment and other improvements	5,860,627	369,619	157,563	6,072,683
Source of supply	2,487,030	132,936	-	2,619,966
Treatment plants	<u>10,500,271</u>	<u>3,153</u>	<u>-</u>	<u>10,503,424</u>
Total accumulated depreciation	<u>45,252,424</u>	<u>2,394,007</u>	<u>157,563</u>	<u>47,488,868</u>
Total capital assets, being depreciated, net	<u>37,334,250</u>	<u>(920,889)</u>	<u>-</u>	<u>36,413,361</u>
Business-type activities capital assets, net	<u>\$ 43,659,440</u>	<u>\$ 4,181,358</u>	<u>\$ -</u>	<u>\$ 47,840,798</u>

NOTES TO FINANCIAL STATEMENTS

Depreciation expense as of June 30, 2014 was charged to functions/programs of the primary government as follows:

Governmental activities	
General government	\$ 441,272
Public safety	105,905
Streets and alleys	123,556
Parks	70,603
Health and welfare	<u>141,207</u>
Total depreciation expense - governmental activities	<u><u>\$ 882,543</u></u>
Business-type activities	
Water	\$ 631,369
Sewer	538,209
Sanitation	221,071
Airport	<u>1,003,358</u>
Total depreciation expense - business-type activities	<u><u>\$ 2,394,007</u></u>

Note 6. Long-Term Debt

The following is a summary of the changes in long-term liabilities of the City for the year ended June 30, 2014:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Compensated absences	\$ 349,266	\$ -	\$ 8,131	\$ 341,135	\$ 341,135
Governmental activity short-term liabilities	<u>\$ 349,266</u>	<u>\$ -</u>	<u>\$ 8,131</u>	<u>\$ 341,135</u>	<u>\$ 341,135</u>
Business-type activities					
Notes payable	\$ 3,166,547	\$ 422,534	\$ 132,813	\$ 3,456,268	\$ 136,116
Landfill monitoring costs payable	250,000	-	50,000	200,000	50,000
Compensated absences	<u>124,885</u>	<u>-</u>	<u>1,534</u>	<u>123,351</u>	<u>123,351</u>
Business-type activity long-term liabilities	<u><u>\$ 3,541,432</u></u>	<u><u>\$ 422,534</u></u>	<u><u>\$ 184,347</u></u>	<u><u>\$ 3,779,619</u></u>	<u><u>\$ 309,467</u></u>

NOTES TO FINANCIAL STATEMENTS

Governmental Activities

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

Business-Type Activities

As of June 30, 2014, 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. \$ 879,600

Note payable to Wyoming State Land & Investments due in annual installments of \$48,102, including interest at 2.5% to September 2025. 493,419

Note payable to Wyoming State Land & Investments due in annual installments of \$24,228, including interest at 4.94% to December 2041. 362,094
1,735,113

Sewer Fund

Note payable to Wyoming State Land & Investments due in annual installments of \$18,450, including interest at 0.0% to June 2030. 295,208

Note payable to Wyoming State Land & Investments due in annual installments of \$12,3120, including interest at 2.5% to July 2030. 160,834

Note payable to Wyoming State Land & Investments due in annual installments of \$17,888, including interest at 2.5% to October 2027. 209,128
665,170

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. 351,751
351,751

Total business-type activities notes payable \$ 2,752,034

NOTES TO FINANCIAL STATEMENTS

Annual Debt Service Requirements

The annual requirements to amortize all notes payable outstanding as of June 30, 2014 are as follows:

Water Fund:

Years ended June 30,	Principal	Interest	Total
2015	\$ 84,205	\$ 52,272	\$ 136,477
2016	86,462	50,015	136,477
2017	88,785	47,692	136,477
2018	91,172	45,305	136,477
2019	93,629	42,848	136,477
2020-2024	507,524	174,858	682,382
2025-2029	432,489	105,587	538,076
2030-2034	195,079	54,354	249,433
2035-2039	90,916	30,221	121,137
2040-2043	64,852	6,628	71,480
	<u>\$ 1,735,113</u>	<u>\$ 609,780</u>	<u>\$ 2,344,893</u>

Note: The outstanding balance of \$704,234 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
2015	\$ 39,408	\$ 9,451	\$ 48,859
2016	39,933	8,933	48,866
2017	40,471	8,400	48,871
2018	41,021	7,856	48,877
2019	41,585	7,297	48,882
2020-2024	216,894	26,397	243,291
2025-2029	215,379	10,025	225,404
2030-2031	30,479	177	30,656
	<u>\$ 665,170</u>	<u>\$ 78,536</u>	<u>\$ 743,706</u>

Airport Fund:

Years ended June 30,	Principal	Interest	Total
2015	\$ 12,503	\$ 17,588	\$ 30,091
2016	13,129	16,962	30,091
2017	13,785	16,306	30,091
2018	14,474	15,617	30,091
2019	15,197	14,894	30,091
2020-2024	88,178	62,277	150,455
2025-2029	112,539	37,916	150,455
2030-2032	81,946	8,327	90,273
	<u>\$ 351,751</u>	<u>\$ 189,887</u>	<u>\$ 541,638</u>

NOTES TO FINANCIAL STATEMENTS

Defeased Debt

The City has an escrow agreement whereby securities were placed in an escrow account for the express purpose of paying the principal and interest on the City's defeased Wyoming Water Development Commission loan payments as they become due. The outstanding balance of this loan as of June 30, 2014 is \$1,155,752.

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

Note 7. Fund Equity

The restricted fund balance in the Senior Citizens' Center Endowment Fund is \$881,000. The restricted amount represents a determination reached per Resolution No. 1179 which established and clarified the Management and Disbursement of the Riverton Senior Citizens and Community Center Endowment Center Endowed Fund. The use of the Endowment funds can only be determined in the event of a true emergency as authorized by unanimous approval of the Riverton Senior Center Board of Directors, which must include a provision to repay or replace those funds in a reasonable way and timeframe. This directive must be provided to the Riverton City Council through the Riverton Senior Citizens and Community Center Endowment Board for their consenting vote, which shall not be unreasonably withheld. Any residual funds in the endowment gathered from interest proceeds, may be used for the operational and maintenance needs of the Riverton Senior Citizens Center as authorized by the Board of Directors of the Riverton Senior Citizens Center and through the corresponding Endowment Board to the Riverton City Council for their consenting vote, which shall not be unreasonably withheld.

Note 8. Defined Benefit Pension Plan

The City's full-time employees participate in the Wyoming Retirement System (System), a cost-sharing multiple-employer public employee retirement system. The plan provides retirement benefits at age 60 with early retirement options available. The plan also provides disability and death benefits. Benefits are established by State Statute. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Wyoming Retirement System, 6106 Yellowstone Road, Suite 500, Cheyenne, Wyoming 82002 or by calling (307) 777-5995.

The System statutorily requires 14.62% (14.12% prior to September 2013) of the covered non-law enforcement employees' salary and 17.20% for law enforcement employees' salary to be contributed to the plan. The contribution requirement for the

NOTES TO FINANCIAL STATEMENTS

year ended June 30, 2014 was \$411,310. 100% of the required amount was contributed for the year ended June 30, 2014. The required contribution amounts of \$419,641 and \$414,632 for the years ended June 30, 2013 and 2012, respectively, were also 100% contributed.

Note 9. Landfill Post Closure Monitoring Costs

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

The post closure costs of groundwater and methane gas monitoring for this period is estimated to be approximately \$50,000 per year for a total of \$300,000 over the 6-year monitoring period. This amount for additional landfill monitoring costs is accrued in the Sanitation fund as required by Government Accounting Standards No. 18. During the year ended June 30, 2014, the City incurred landfill monitoring costs of \$50,753 which was charged against the accrual for landfill liability account.

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

Note 10. Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets and natural disasters. During fiscal year ended June 30, 2001 the City changed their risk management and Local Government Liability (“WARM”) pool. All risk management activities are accounted for in each fund as appropriate. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

All heavy equipment owned by the City is covered by a blanket equipment policy. This blanket policy has coverage limits, which could be exceeded in the unlikely event that the City and the other jurisdictions, which participate in WARM, were subject to a major disaster. In an effort to control to control potential losses, the City has implemented a risk containment policy, which provides for mandatory use of seat belts and hard hats, extraordinary caution on the part of employees and other preventive measures.

The City also participates in two other risk management programs: Workers’ Compensation Act and Unemployment Compensation Act.

NOTES TO FINANCIAL STATEMENTS

Wyoming Statute 27-14-101 created the Wyoming Workers' Compensation Act, which is administered as an enterprise fund by the State of Wyoming. All employers within the State of Wyoming are participants of this plan unless the employer elects not to be covered under the plan. This Act requires the City to obtain liability coverage for payment of benefits to employees for job-related injuries and diseases through the Workers' Compensation Fund. This Act provides general protection from suits filed by employees against the City.

The City makes monthly payments to the Department of Employment, State of Wyoming. This amount is based on salaries and split rate between hazardous and non-hazardous positions. Amounts paid by the City to the State for Workers' Compensation during fiscal year 2014 were approximately \$119,626.

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 2014 and 2013 were as follows for the City's participation in the Unemployment Compensation Act Program:

	June 30, 2014	June 30, 2013
Unpaid claims, beginning of year	\$ -	\$ -
Incurred claims	48,079	114,127
Claim payments	(48,079)	(114,127)
Unpaid claims, end of year	\$ -	\$ -

Note 11. Allocation of Expenses

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

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

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2014, the City allocated \$992,818 in overhead expenses to the above listed funds.

Note 12. Commitments and Contingences

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

Note 13. Related Parties

During the year ended June 30, 2014, the City contracted work through a company that has a project manager who is related to a council member. The amount of the related party transactions totaled \$114,391. The amount of related party payables due as of June 30, 2014 was \$65,988, of which \$6,050 was retainage.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF RIVERTON, WYOMING

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For the Year Ended June 30, 2014

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 375,000	\$ 375,000	\$ 379,299	\$ 4,299
Motor vehicle taxes	160,000	160,000	166,402	6,402
Sales taxes	4,724,000	4,724,000	4,521,661	(202,339)
Franchise taxes	836,000	836,000	917,584	81,584
Licenses and permits	189,800	189,800	189,902	102
Intergovernmental	2,453,093	2,453,093	2,402,133	(50,960)
Grants, contributions and donations	2,081,061	2,081,061	901,155	(1,179,906)
Fines and forfeitures	180,000	180,000	206,422	26,422
Investment income	3,000	3,000	2,039	(961)
Charges for services	67,000	67,000	59,417	(7,583)
Total revenues	<u>11,068,954</u>	<u>11,068,954</u>	<u>9,746,014</u>	<u>(1,322,940)</u>
EXPENDITURES:				
General government	2,133,991	2,140,991	2,090,070	50,921
Public safety	3,679,566	3,788,546	3,541,133	247,413
Streets and alleys	1,006,193	957,213	933,205	24,008
Parks and recreation	559,986	559,986	517,717	42,269
Health and welfare	148,492	148,492	121,279	27,213
Community development	352,412	352,412	331,792	20,620
Capital outlay	<u>4,034,520</u>	<u>4,858,858</u>	<u>1,116,890</u>	<u>3,741,968</u>
Total expenditures	<u>11,915,160</u>	<u>12,806,498</u>	<u>8,652,086</u>	<u>4,154,412</u>
Excess (deficiency) of revenues over (under) expenditures	(846,206)	(1,737,544)	1,093,928	2,831,472
Fund balance at beginning of year	<u>1,539,298</u>	<u>1,336,098</u>	<u>2,664,761</u>	<u>1,328,663</u>
Fund balance at end of year	<u>\$ 693,092</u>	<u>\$ (401,446)</u>	<u>\$ 3,758,689</u>	<u>\$ 4,160,135</u>

(Continued)

CITY OF RIVERTON, WYOMING

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For the Year Ended June 30, 2014

(Continued)

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

Revenue:

Actual total revenue budgetary basis	\$ 9,746,014
Differences- Budget to GAAP	
Taxes and other receivables difference	<u>1,792,028</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance- governmental funds	<u>\$ 11,538,042</u>

Expenditures:

Actual total expenditures budgetary basis	\$ 8,652,086
Differences- Budget to GAAP	
Accounts payable & payroll accrual difference	<u>825,635</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance- governmental funds	<u>\$ 9,477,721</u>

CITY OF RIVERTON, WYOMING

**BUDGETARY COMPARISON SCHEDULE
ECONOMIC DEVELOPMENT FUND
For the Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Grants, contributions and donations	\$ 1,112,500	\$ 1,112,500	\$ 5,243	\$ (1,107,257)
Total revenues	<u>1,112,500</u>	<u>1,112,500</u>	<u>5,243</u>	<u>(1,107,257)</u>
EXPENDITURES:				
Capital outlay	<u>1,124,000</u>	<u>1,124,000</u>	<u>32,041</u>	<u>1,091,959</u>
Total expenditures	<u>1,124,000</u>	<u>1,124,000</u>	<u>32,041</u>	<u>1,091,959</u>
Excess (deficiency) of revenues over (under) expenditures	(11,500)	(11,500)	(26,798)	(15,298)
Fund balance at beginning of year	<u>(35,144)</u>	<u>(230,144)</u>	<u>(330,087)</u>	<u>(99,943)</u>
Fund balance at end of year	<u>\$ (46,644)</u>	<u>\$ (241,644)</u>	<u>\$ (356,885)</u>	<u>\$ (115,241)</u>

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

Revenue:

Actual total revenue budgetary basis	\$ 5,243
Differences- Budget to GAAP	
Other receivables difference	<u>(5,243)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance- governmental funds	<u>\$ -</u>

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OTHER SUPPLEMENTARY INFORMATION

CITY OF RIVERTON, WYOMING

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2014

Special Revenue Funds

Special Revenue Funds are used to account for proceeds from specific revenue sources, which are required to be accounted for separately and used for specific purposes.

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

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

Rendezvous Fund

Accounts for revenues generated in order to assist in community development and construction projects.

Debt Service Fund

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

CITY OF RIVERTON, WYOMING
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2014

	Special Revenue Funds					Total Nonmajor Governmental Funds	
	Senior Citizen's Center			Rendezvous Fund	Debt Service Fund		
	Endowment Fund	911 Fund	Total				
	Fund	Fund	Fund				
ASSETS							
Cash	\$ 28,081	\$ 6,070	\$ 34,151	\$ 51,120	\$ -	\$ 85,271	
Investments	995,788	-	995,788	-	-	995,788	
Accounts receivable	-	1,885	1,885	-	-	1,885	
Interfund receivables	-	-	-	-	50,380	50,380	
Total Assets	\$ 1,023,869	\$ 7,955	\$ 1,031,824	\$ 51,120	\$ 50,380	\$ 1,133,324	
LIABILITIES							
Bank overdraft	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 500	
Accounts payable	5,833	1,907	7,740	2,275	-	10,015	
Total Liabilities	5,833	1,907	7,740	2,275	500	10,515	
FUND BALANCES							
Restricted by voter resolution	881,000	-	881,000	-	-	881,000	
Restricted for 911 emergency response	-	6,048	6,048	-	-	6,048	
Restricted for debt service	-	-	-	-	49,880	49,880	
Assigned	-	-	-	48,845	-	48,845	
Unassigned	137,036	-	137,036	-	-	137,036	
	1,018,036	6,048	1,024,084	48,845	49,880	1,122,809	
Total Liabilities and Fund Balance	\$ 1,023,869	\$ 7,955	\$ 1,031,824	\$ 51,120	\$ 50,380	\$ 1,133,324	

CITY OF RIVERTON, WYOMING

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**
For the Year Ended June 30, 2014

	Special Revenue Funds			Rendezvous Fund	Debt Service Fund	Total Nonmajor Governmental Funds
	Senior Citizen's Center Endowment Fund	911 Fund	Total			
REVENUES						
Intergovernmental	\$ -	\$ 21,655	\$ 21,655	\$ 15,500	\$ -	\$ 37,155
Grants, contributions, and donations	-	-	-	39,070	-	39,070
Investment income	2,193	-	2,193	4	66,839	69,036
Total revenues	2,193	21,655	23,848	54,574	66,839	145,261
EXPENDITURES						
Current operating:						
Public safety	-	22,879	22,879	-	-	22,879
Health and welfare	75,833	-	75,833	-	-	75,833
Community development	-	-	-	31,499	-	31,499
Capital outlay	26,605	-	26,605	-	-	26,605
Debt service	-	-	-	-	67,339	67,339
Total expenditures	102,438	22,879	125,317	31,499	67,339	224,155
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(100,245)	(1,224)	(101,469)	23,075	(500)	(78,894)
Fund balances - beginning	1,118,281	7,272	1,125,553	25,770	50,380	1,201,703
Fund balance - ending	\$ 1,018,036	\$ 6,048	\$ 1,024,084	\$ 48,845	\$ 49,880	\$ 1,122,809

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CITY OF RIVERTON, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2014

<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 Housing and Urban Development</u>			
Passed through the Wyoming Business Council Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii Federal Boulevard Plan	14.228		\$ 7,249
Community Entry Services - Alzheimer's/ Dementia Residence Study	14.228		<u>8,000</u>
Total U.S. Department of Housing and Urban Development			<u>15,249</u>
<u>U.S. Department of Justice</u>			
Passed through the Wyoming Office of Attorney General Victims of Crime Act	16.575	2012-VA-GX-0018	25,728
ARRA - Violence Against Women Formula Grants	16.588		14,421
Passed through the U.S Department of Transportation and the Wyoming Department of Transportation Bulletproof Vest Partnership Program	16.607	06-20-05H	3,690
Passed through the Wyoming Association of Sheriffs and Chiefs Enforcing Underage Drinking Laws Program	16.727		<u>6,262</u>
Total U.S. Department of Justice			<u>50,101</u>
<u>U.S. Department of Transportation</u>			
Passed through the Wyoming Department of Transportation - Wyoming Aeronautics Division Airport Improvement Program	20.106		1,376,287
Highway Planning & Construction	20.205		60,176
Passed through the Wyoming Department of Transportation Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	06-20-05H	<u>20,738</u>
Total U.S. Department of Transportation			<u>1,457,201</u>

(Continued)

CITY OF RIVERTON, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2014
 (Continued)

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Numbers</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of Health & Human Services</u>			
Passed through the Wyoming Office of Attorney General Community Services Block Grant	93.569		<u>3,703</u>
Total U.S. Department of Health and Human Services			<u>3,703</u>
<u>U.S. Department of Homeland Security</u>			
Passed through the Wyoming Office of Homeland Security Homeland Security Grant Program	97.067		<u>17,663</u>
Total U.S. Department of Homeland Security			<u>17,663</u>
Total Federal Awards			<u>\$ 1,543,917</u>

CITY OF RIVERTON, WYOMING

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2014

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, 2014. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the City of Riverton, Wyoming, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Riverton, Wyoming.

Summary of Significant Accounting Policies

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

Pass-through numbers were provided where available.

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**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, 2014, 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 22, 2014.

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.

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However, material weaknesses may exist that have not been identified. We did identify a certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. (2014-001 and 2014-002)

Compliance and Other Matters

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

City of Riverton, Wyoming's Response to Finding

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

Purpose of this Report

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

Madel Tschacher Peterson + Co, LLC

Laramie, Wyoming
December 22, 2014



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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 *OMB Circular A-133 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, 2014. 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 the 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Riverton, Wyoming's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion 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, 2014.

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Riverton, Wyoming's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Madel Tschacher Peterson + Co, LLC

Laramie, Wyoming
December 22, 2014

CITY OF RIVERTON, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2014

PART I - SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified?	No
Significant deficiencies identified that are not considered to be material weakness?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

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

Identification of Major Programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>	<u>Expenditures</u>
20.106	Airport Improvement Program	\$ 1,376,287

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

Auditee qualified as low-risk auditee? No

(Continued)

CITY OF RIVERTON, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2014

(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
2014-001: Financial Statement Preparation**

Criteria

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

Condition

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

Recommendation

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

Response

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

**Significant Deficiency in Internal Control
2014-002: Compliance with Deposit Pledging**

Criteria

The State of Wyoming requires that the City manage their deposit accounts to ensure they have sufficient securities pledged to protect against credit risk.

(Continued)

CITY OF RIVERTON, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2014

(Continued)

Condition

The City of Riverton did not have sufficient pledged securities for one of their financial institutions.

Recommendation

Individuals responsible for monitoring the assets pledged need to monitor the status of the pledged securities for deposit accounts and notify institutions where funds are held of large deposits at or near the end of the fiscal period.

Response

The City's management will reiterate the importance of monitoring deposit accounts, and communicate any large deposits with the City banking partners.

PART II – FINDINGS AND QUESTIONED COSTS

No such findings.

