



CITY OF RIVERTON, WYOMING

FINANCIAL AND COMPLIANCE REPORT

June 30, 2013

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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, 2013, 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, 2013, 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 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 combining and individual nonmajor fund financial statements 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 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 3, 2013, 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 Tschackel Peterson + Co, LLC

Laramie, Wyoming
December 3, 2013

CITY OF RIVERTON, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2013

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, 2013.

Financial Highlights

The assets of the City of Riverton exceeded its liabilities at the close of the most recent fiscal year by \$61,287,098 (net position). Of this amount, \$7,392,608 (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 \$1,335,028. Much of this increase can be attributed to the increase of fixed assets due to completed projects, miscellaneous improvements and the purchase of fleet (two new sanitation trucks at approximately \$550,000).

As of the close of the current fiscal year, the City of Riverton's governmental funds reported combined ending fund balances of \$6,480,068, an increase of \$445,034 in comparison with the prior year. Approximately sixty-four percent (64%) of this total amount (\$4,141,633) 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 \$3,904,352, approximately forty-six percent (46%) of the total general fund expenditures.

The City of Riverton's total notes payable debt is \$3,166,547 which includes an SRF loan for the Water Treatment Plant, and Wyoming State Loan and Investment Board for the A&T Mobile Home Park, Fike Subdivision and North Riverton Water Improvement projects. The City of Riverton has \$1,175,606 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.

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.

CITY OF RIVERTON, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2013

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

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

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

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

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

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

The City of Riverton maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of 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

CITY OF RIVERTON, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2013

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 91.5 percent reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City of Riverton uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Riverton's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF RIVERTON, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2013

City of Riverton's Net Position

	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Current and Other assets	\$ 7,025,245	\$ 8,159,022	\$ 6,976,993	\$ 6,462,596	\$ 14,002,238	\$ 14,621,618
Capital assets	12,332,579	12,468,261	40,537,223	43,654,124	52,869,802	56,122,385
Total assets	19,357,824	20,627,283	47,514,216	50,116,720	66,872,040	70,744,003
Long-term liabilities outstanding	-	-	3,412,744	3,359,118	3,412,744	3,359,118
Other liabilities	1,201,126	1,962,929	2,306,100	4,134,858	3,507,226	6,097,787
Total liabilities	1,201,126	1,962,929	5,718,844	7,493,976	6,919,970	9,456,905
Invested in capital assets, net of related debt	12,332,579	12,468,261	37,258,850	40,487,577	49,591,429	52,955,838
Restricted	938,261	938,652	-	-	938,261	938,652
Unrestricted	4,885,858	5,257,441	4,536,522	2,135,167	9,422,380	7,392,608
Total net position	\$ 18,156,698	\$ 18,664,354	\$ 41,795,372	\$ 42,622,744	\$ 59,952,070	\$ 61,287,098

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 (\$7,392,608) 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 \$1,335,027 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, 2013

City of Riverton's Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Revenues:						
Program Revenues						
Charges for Services	\$ 492,282	\$ 612,675	\$ 7,411,008	\$ 7,094,476	\$ 7,903,290	\$ 7,707,151
Operating grants and contributions	2,126,036	1,461,481	82,331	156,837	2,208,367	1,618,318
Capital grants and contributions	30,654	133,411	1,125,584	2,132,780	1,156,238	2,266,191
General Revenues:						
Property Taxes	427,324	370,673	-	-	427,324	370,673
Motor Vehicle Taxes	243,731	172,021	-	-	243,731	172,021
Franchise Taxes	805,244	880,017	-	-	805,244	880,017
Sales Taxes	2,460,776	2,518,131	-	-	2,460,776	2,518,131
Intergovernmental Funds and shared revenues not restricted to specific programs	1,964,844	2,357,065	239,700	76,715	2,204,544	2,433,780
Passenger facility charges			56,794	57,007	56,794	57,007
Sale of Property				179,753	-	179,753
Unrestricted investment earnings	77,268	72,232	9,476	3,759	86,744	75,991
Total revenues	8,628,159	8,577,706	8,924,893	9,701,327	17,553,052	18,279,033
Expenses:						
General government	3,536,519	3,074,747			3,536,519	3,074,747
Public Safety	3,333,485	3,490,040			3,333,485	3,490,040
Streets and alleys	451,179	587,371			451,179	587,371
Parks	696,530	557,926			696,530	557,926
Health and welfare	365,054	359,966			365,054	359,966
Water			2,735,872	2,418,903	2,735,872	2,418,903
Wastewater			1,992,492	2,173,361	1,992,492	2,173,361
Sanitation			2,149,060	2,458,448	2,149,060	2,458,448
Airport			1,667,982	1,736,691	1,667,982	1,736,691
Interest on long-term debt			-	86,552	-	86,552
Total expenses	8,382,767	8,070,051	8,545,406	8,873,955	16,928,173	16,944,006
Increase (decrease) in net assets before transfers	245,392	507,656	379,487	827,372	624,879	1,335,028
Net position - beginning	17,911,306	18,156,698	41,415,885	41,795,372	59,327,191	59,952,070
Net position - ending	\$18,156,698	\$ 18,664,354	\$41,795,372	\$42,622,744	\$59,952,070	\$ 61,287,098

CITY OF RIVERTON, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2013

Expenses and Program Revenues

Governmental activities. The governmental activities showed an increase in net position of \$507,656. Total of governmental activities expenditures decreased by \$312,716 due to capital projects in the Economic Development Fund.

Business-type activities. Business-type activities showed an increase in net position of \$827,372, mainly as a result of continued influx of capital grants and contributions from local, state and federal funding agencies.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Riverton's governmental funds reported combined ending fund balances of \$6,480,068 an increase of \$446,881 in comparison with the prior year. Approximately sixty-four percent (64%) of this amount (\$4,141,633) 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 (\$1,457,435) is committed for various future expenditures.

The general fund is the chief operating fund of the City of Riverton. At the end of the current fiscal year, unreserved fund balance of the general fund was \$3,904,352. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents approximately forty-six percent (46%) of the total general fund expenditures, while total fund balance represents approximately sixty-two percent (62%) of the same amount.

The fund balance of the City of Riverton's general fund increased by \$599,061 during the current fiscal year. Two key factors for the increase is due to timing of grant drawdown reimbursements as well as an increase in sales tax dollars including the 1% Optional tax.

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

CITY OF RIVERTON, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2013

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

Unrestricted net assets of the Water Fund at the end of the fiscal year amounted to \$1,529,857, a decrease over the prior year of \$1,151,660 which is due to the Riverton Water Supply Project.

Unrestricted net assets of the Sewer Fund at the end of the fiscal year amounted to \$2,033,749, an increase of \$124,658. No major projects have been initiated in the Sewer Fund.

Unrestricted net assets in the Sanitation Fund at the end of the fiscal year amounted to \$516,569, a decrease of \$525,758. The decrease is due to two (2) sanitation trucks being purchased during the fiscal year.

Unrestricted net assets of the Airport Fund at the end of the fiscal year amounted to -\$1,945,008, an increase of \$848,595. The increase is related to less revenue being received with charges for services, timing of grant drawdown expenditures and reimbursements as well as the reversal of general fund subsidy to the airport (auditor required and then reversed position on recording of subsidy). There was an overall decrease in total net position of \$1,153,655 from \$12,668,943 in 2012 to \$11,515,288 in 2013.

Governmental Funds Budgetary Highlights

Differences between the original and final amended budget in the general fund were approximately \$213,200. The budget increase to expenditures was due to General Government line items (administration, streets/alleys, parks, etc.) however, no additional monies were needed as expenditures were decreased through inter-departmental line item transfers.

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, 2013, amounts to \$56,122,385 (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 \$3,252,583.

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 Extension Project, collector street extensions, Mesh Network Project for the police department and purchase of fleet. The Water Fund indicated an increase in capital assets due to the Riverton Water Supply project as well as the Main Street Booster Station project. In the Sewer Fund, sewer line replacement projects and the South Federal waterline replacement contributed to major capital projects that increased the assets for this fund. In the Sanitation Fund the increase in capital assets was due to the purchase of two new sanitation trucks. The

CITY OF RIVERTON, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2013

major contribution to capital assets in the Airport Fund was the completion of the new DCI building, Airport Industrial Park infrastructure, airfield paint markings and a new roof on the airport terminal building.

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

	Governmental Activities		Business-type Activities		Total	
	2012	2013	2012	2013	2012	2013
Land	\$ 1,714,701	\$ 1,714,701	\$ 707,683	\$ 707,683	\$ 2,422,384	\$ 2,422,384
Works of art						
Buildings	3,162,521	2,911,045	19,564,773	18,982,257	22,727,294	21,893,302
Improvements other than buildings	2,159,407	2,048,629	-	-	2,159,407	2,048,629
Collection, transmission and distributions	-	-	16,109,662	15,445,920	16,109,662	15,445,920
Machinery and equipment	397,260	440,331	986,997	1,305,185	1,384,257	1,745,516
Source of supply			1,737,580	1,574,403	1,737,580	1,574,403
Transportation equipment	411,677	377,917	-	-	411,677	377,917
Computer equipment	23,911	9,924	-	-	23,911	9,924
Treatment plants	-	-	30,707	21,169	30,707	21,169
Furniture and fixtures	-	-	-	-	-	-
Infrastructure	3,904,954	3,614,170	-	-	3,904,954	3,614,170
Construction in progress	558,148	1,351,544	1,399,821	5,617,507	1,957,969	6,969,051
Total	12,332,579	12,468,261	40,537,223	43,654,124	52,869,802	56,122,385

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 \$3,416,547 in outstanding debt. Of this amount, \$250,000 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 2013 is \$1,175,606.

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, 2013

Economic Factors and Next Year's Budgets and Rates

It appears that natural gas and oilfield operations are slightly increasing this fiscal year which is not reflective of our national economy. Our local area is experiencing activity in the energy industry again. 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 34.5% of our general fund is made up of sales and use tax.

With a very slim increase this current fiscal year by the drivers (sales & use taxes) of the General Fund, a prediction of an overall 5% increase for cities/towns was suggested by the Wyoming Association of Municipalities on sales & use tax revenues for FY 2012-2013. We cannot anticipate nor predict what the local economy will do with any conviction. Riverton, Fremont County and West Central Wyoming continue to be ideally situated on promising deposits of natural gas, oil and uranium. Recent projections about the U.S. attaining energy independence provide encouraging reason to believe that the City of Riverton will benefit from domestic energy production.

As previously reported, officials in Riverton were notified by the Federal Government in 2007 that a national Job Corps center would be built in Riverton. The groundbreaking for this project was held in July, 2013 with construction finally commencing! Once construction is completed, the center could bring 100+ jobs to with an anticipated stream of new revenue to the community of \$10-15M annually. The City has signed a lease making 100+ acres of land available on a leased basis for the project. City staff has been actively working with the Job Corp, Department of Labor and the selected design team to bring the project forward on schedule. Due to Federal legislation and release of funds the completion date is scheduled for late in 2014 or possibly 2015.

The residents of Fremont County finally passed an optional one-cent sales tax proposition for Fremont County voters! The city has projected an influx of approximately \$2M for the first year from this tax. 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 to the public.

During the current fiscal year, unreserved fund balance in the general fund increased by \$904,593. With management, it is anticipated that the remaining unreserved fund balance of \$3,904,352 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 fourth year in a row.

Water users experienced a 4% 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). . These increase in our rate structures are due to the Consumer Price Index (CPI) which indicated an annual increase in the CPI for January 2012 to January of 2013 of 1.6%. The remaining

CITY OF RIVERTON, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2013

amount of any increase in each of the funds was due to building reserve for the respective projects. The Sewer and Sanitation Funds experienced a CPI increase of 1.6% 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. Airport Lease rates experienced a slight increase of 2% in 2013. 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 fourth 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, 2013

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash	\$ 3,365,831	\$ 1,206,654	\$ 4,572,485
Investments	2,596,522	2,047,193	4,643,715
Receivables, net of allowance for uncollectible accounts	307,036	2,650,199	2,957,235
Notes receivable	62,500	-	62,500
Due from other governments	1,390,428	-	1,390,428
Interfund receivables	399,725	484,328	884,053
Inventories	36,980	74,222	111,202
Capital assets, including land and construction in progress not subject to depreciation, net of accumulated depreciation	12,468,261	43,654,124	56,122,385
Total Assets	\$ 20,627,283	\$ 50,116,720	\$ 70,744,003
LIABILITIES			
Bank overdraft	\$ -	\$ 1,717,459	\$ 1,717,459
Accounts payable	1,314,411	1,454,083	2,768,494
Accrued payroll	100,824	40,813	141,637
Accrued interest	-	54,565	54,565
Interfund payables	198,428	685,624	884,052
Noncurrent liabilities			
Due within one year	349,266	182,314	531,580
Due in more than one year	-	3,359,118	3,359,118
Total Liabilities	1,962,929	7,493,976	9,456,905
NET POSITION			
Net investment in capital assets	12,468,261	40,487,577	52,955,838
Restricted			
Maintenance and operation of Senior Citizens Center	881,000	-	881,000
911 emergency response system	7,272	-	7,272
Debt service fund	50,380	-	50,380
Unrestricted	5,257,441	2,135,167	7,392,608
Total Net Position	\$ 18,664,354	\$ 42,622,744	\$ 61,287,098

See Notes to Financial Statements.

CITY OF RIVERTON, WYOMING

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2013

	Expenses	Indirect Expenses Allocation	Program Revenues		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Function/Program Activities					
Governmental Activities:					
General government	\$ 4,176,187	\$ (1,101,440)	\$ 551,411	\$ 1,119,776	\$ 133,411
Public safety	3,490,040	-	18,334	252,832	-
Streets and alleys	587,371	-	40,050	-	-
Parks	557,926	-	2,880	24,980	-
Health and welfare	359,966	-	-	63,893	-
Total governmental activities	<u>9,171,490</u>	<u>(1,101,440)</u>	<u>612,675</u>	<u>1,461,481</u>	<u>133,411</u>
Business-Type Activities:					
Water	2,060,752	358,151	2,720,878	98,391	2,031,378
Sewer	1,835,246	338,115	1,868,251	-	17,355
Sanitation	2,147,854	310,594	2,351,468	-	-
Airport	1,642,111	94,580	153,879	58,446	84,047
Interest on long-term debt	86,552	-	-	-	-
Total business-type activities	<u>7,772,515</u>	<u>1,101,440</u>	<u>7,094,476</u>	<u>156,837</u>	<u>2,132,780</u>
Total primary government	<u>\$ 16,944,006</u>	<u>\$ -</u>	<u>\$ 7,707,151</u>	<u>\$ 1,618,318</u>	<u>\$ 2,266,191</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>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
\$ (1,270,149)	\$ -	\$ (1,270,149)
(3,218,874)	-	(3,218,874)
(547,321)	-	(547,321)
(530,066)	-	(530,066)
(296,073)	-	(296,073)
<u>(5,862,483)</u>	<u>-</u>	<u>(5,862,483)</u>
-	2,431,744	2,431,744
-	(287,755)	(287,755)
-	(106,980)	(106,980)
-	(1,440,319)	(1,440,319)
-	(86,552)	(86,552)
-	<u>510,138</u>	<u>510,138</u>
<u>\$ (5,862,483)</u>	<u>\$ 510,138</u>	<u>\$ (5,352,345)</u>
\$ 370,673	\$ -	\$ 370,673
2,518,131	-	2,518,131
880,017	-	880,017
172,021	-	172,021
-	57,007	57,007
-	179,753	179,753
2,357,065	76,715	2,433,780
72,232	3,759	75,991
<u>6,370,139</u>	<u>317,234</u>	<u>6,687,373</u>
507,656	827,372	1,335,028
<u>18,156,698</u>	<u>41,795,372</u>	<u>59,952,070</u>
<u>\$ 18,664,354</u>	<u>\$ 42,622,744</u>	<u>\$ 61,287,098</u>

CITY OF RIVERTON, WYOMING

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2013**

	<u>General</u>	<u>Economic Development</u>	<u>Non-major Governmental</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash	\$ 3,187,753	\$ 131,732	\$ 46,347	\$ 3,365,832
Investments	1,492,925	-	1,103,597	2,596,522
Receivables, other	263,394	5,243	3,618	272,255
Note receivable	-	38,500	-	38,500
Due from other governments	1,337,032	-	-	1,337,032
Interfund receivables	349,345	1,847	50,380	401,572
Inventories	36,980	-	-	36,980
Total Assets	<u>\$ 6,667,429</u>	<u>\$ 177,322</u>	<u>\$ 1,203,942</u>	<u>\$ 8,048,693</u>
LIABILITIES				
Accounts payable	\$ 1,239,623	\$ -	\$ 2,239	\$ 1,241,862
Accrued payroll	126,488	-	-	126,488
Interfund payables	22,953	177,322	-	200,275
Total Liabilities	<u>1,389,064</u>	<u>177,322</u>	<u>2,239</u>	<u>1,568,625</u>
FUND BALANCES				
Nonspendable	1,374,013	-	-	1,374,013
Restricted for				
Senior Citizens Center endowment				
by voters resolution	-	-	881,000	881,000
911 emergency response system	-	-	7,272	7,272
Debt service fund	-	-	50,380	50,380
Committed	-	-	-	-
Assigned	-	-	25,770	25,770
Unassigned, reported in				
General Fund	3,904,352	-	-	3,904,352
Special revenue funds	-	-	237,281	237,281
Total Fund Balances	<u>5,278,365</u>	<u>-</u>	<u>1,201,703</u>	<u>6,480,068</u>
Total Liabilities and Fund Balances	<u>\$ 6,667,429</u>	<u>\$ 177,322</u>	<u>\$ 1,203,942</u>	<u>\$ 8,048,693</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, 2013

Fund balances - total governmental funds		\$ 6,480,068
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets		12,468,261
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.		
Property taxes receivable	34,781	
Note receivable - Child Development Services	24,000	
Due from other governments	<u>51,549</u>	110,330
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	(321,755)	
Retainage payable	<u>(72,550)</u>	<u>(394,305)</u>
Net position of governmental activities		<u>\$ 18,664,354</u>

See Notes to Financial Statements.

CITY OF RIVERTON, WYOMING

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

For the Year Ended June 30, 2013

	<u>General</u>	<u>Economic Development</u>	<u>Non-major Governmental</u>	<u>Total Governmental Funds</u>
REVENUES:				
Property taxes	\$ 365,888	\$ -	\$ -	\$ 365,888
Motor vehicle taxes	82,248	-	-	82,248
Sales taxes	2,982,896	-	-	2,982,896
Franchise taxes	880,017	-	-	880,017
Licenses and permits	254,224	-	-	254,224
Intergovernmental	3,424,068	-	32,589	3,456,657
Grants, contributions, and donations	822,598	303,466	22,031	1,148,095
Fines and forfeitures	165,841	-	-	165,841
Investment income	3,122	-	69,111	72,233
Charges for services	193,597	-	-	193,597
Total Revenues	<u>9,174,499</u>	<u>303,466</u>	<u>123,731</u>	<u>9,601,696</u>
EXPENDITURES:				
Current				
General government	1,959,274	-	-	1,959,274
Public safety	3,332,445	-	22,886	3,355,331
Streets and alleys	1,023,023	-	-	1,023,023
Parks and recreation	556,951	-	-	556,951
Health and welfare	125,638	-	70,000	195,638
Community Development	310,857	-	58,010	368,867
Capital outlay	1,265,403	365,335	-	1,630,738
Debt service	-	-	66,840	66,840
Total Expenditures	<u>8,573,591</u>	<u>365,335</u>	<u>217,736</u>	<u>9,156,662</u>
Excess (deficiency) of revenues over (under) expenditures	<u>600,908</u>	<u>(61,869)</u>	<u>(94,005)</u>	<u>445,034</u>
Transfer in (out)	<u>(1,847)</u>	<u>1,847</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	599,061	(60,022)	(94,005)	445,034
Fund Balances - Beginning	<u>4,679,304</u>	<u>60,022</u>	<u>1,295,708</u>	<u>6,035,034</u>
Fund Balances - Ending	<u>\$ 5,278,365</u>	<u>\$ -</u>	<u>\$ 1,201,703</u>	<u>\$ 6,480,068</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, 2013

Net change in fund balances- total governmental funds		\$	445,034
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their depreciated over their estimated useful lives.			
Expenditures for capital assets	1,022,945		
Less current year depreciation	<u>(887,263)</u>		135,682
Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in governmental funds.			
Change in taxes receivable			67,635
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	(70,328)		
Change in long-term compensated absences	<u>(70,367)</u>		<u>(140,695)</u>
Change in net assets of governmental activities		\$	<u>507,656</u>

See Notes to Financial Statements.

CITY OF RIVERTON, WYOMING

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

June 30, 2013

	Business - Type Activities- Enterprise Funds				
	Water	Sewer	Sanitation	Airport	Total
ASSETS					
Current Assets					
Cash	\$ 311,469	\$ 509,118	\$ 66,370	\$ 319,697	\$ 1,206,654
Investments	772,316	894,854	380,023	-	2,047,193
Receivables:					
Accounts, net allowance for doubtful	1,365,336	165,804	210,858	102,704	1,844,702
Unbilled usage	268,641	442,545	94,311	-	805,497
Interfund receivables	233,281	81,905	169,142	-	484,328
Inventories	34,083	25,080	-	15,059	74,222
Total current assets	<u>2,985,126</u>	<u>2,119,306</u>	<u>920,704</u>	<u>437,460</u>	<u>6,462,596</u>
Noncurrent Assets					
Capital assets, net of					
accumulated depreciation	17,008,027	11,633,613	1,188,529	13,823,955	43,654,124
Total noncurrent assets	<u>17,008,027</u>	<u>11,633,613</u>	<u>1,188,529</u>	<u>13,823,955</u>	<u>43,654,124</u>
 Total Assets	 <u>\$ 19,993,153</u>	 <u>\$ 13,752,919</u>	 <u>\$ 2,109,233</u>	 <u>\$ 14,261,415</u>	 <u>\$ 50,116,720</u>
LIABILITIES					
Current liabilities					
Bank overdraft	\$ 24,223	\$ -	\$ -	\$ 1,693,236	\$ 1,717,459
Accounts payable	1,285,534	48,416	100,187	19,946	1,454,083
Accrued payroll	10,005	5,177	19,700	5,931	40,813
Accrued interest	40,658	4,153	-	9,754	54,565
Landfill monitoring costs payable, current	-	-	50,000	-	50,000
Current maturities of note payable	82,007	38,399	-	11,908	132,314
Interfund payables	64,293	-	-	621,331	685,624
Total current liabilities	<u>1,506,720</u>	<u>96,145</u>	<u>169,887</u>	<u>2,362,106</u>	<u>4,134,858</u>

(Continued)

See Notes to Financial Statements.

CITY OF RIVERTON, WYOMING

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

June 30, 2013

(Continued)

	Business -Type Activities- Enterprise Funds				
	Water	Sewer	Sanitation	Airport	Total
Noncurrent liabilities					
Compensated absences	30,556	27,811	34,248	32,270	124,885
Landfill monitoring costs payable	-	-	200,000	-	200,000
Notes payable	2,016,813	665,669	-	351,751	3,034,233
Total noncurrent liabilities	<u>2,047,369</u>	<u>693,480</u>	<u>234,248</u>	<u>384,021</u>	<u>3,359,118</u>
 Total Liabilities	<u>3,554,089</u>	<u>789,625</u>	<u>404,135</u>	<u>2,746,127</u>	<u>7,493,976</u>
 NET POSITION					
Net invested in capital assets	14,909,207	10,929,545	1,188,529	13,460,296	40,487,577
Unrestricted	1,529,857	2,033,749	516,569	(1,945,008)	2,135,167
Total Net Position	<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>
 Total Liabilities and Net Position	<u>\$ 19,993,153</u>	<u>\$ 13,752,919</u>	<u>\$ 2,109,233</u>	<u>\$ 14,261,415</u>	<u>\$ 50,116,720</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, 2013

	Business-Type Activities- Enterprise Funds				
	Water	Sewer	Sanitation	Airport	Total
OPERATING REVENUES:					
Charges for services	\$ 2,720,878	\$ 1,868,251	\$ 2,351,468	\$ 153,879	\$ 7,094,476
OPERATING EXPENSES					
Cost of services and operations	1,136,388	1,077,315	1,816,653	498,459	4,528,815
Depreciation	649,448	512,096	183,510	1,016,912	2,361,966
General and administration	633,067	583,950	458,285	221,320	1,896,622
Total operating expenses	<u>2,418,903</u>	<u>2,173,361</u>	<u>2,458,448</u>	<u>1,736,691</u>	<u>8,787,403</u>
Operating income (loss)	<u>301,975</u>	<u>(305,110)</u>	<u>(106,980)</u>	<u>(1,582,812)</u>	<u>(1,692,927)</u>
NONOPERATING REVENUES					
(EXPENSES):					
Passenger facility charges	-	-	-	57,007	57,007
Sale of property	-	-	-	179,753	179,753
Intergovernmental	-	-	-	76,715	76,715
Investment income	1,383	1,625	748	3	3,759
Interest expense	(49,810)	(9,928)	-	(26,814)	(86,552)
Grants, contributions and donations	2,129,769	-	-	58,446	2,188,215
Total nonoperating revenue (expenses)	<u>2,081,342</u>	<u>(8,303)</u>	<u>748</u>	<u>345,110</u>	<u>2,418,897</u>
Income (loss) before other income	<u>2,383,317</u>	<u>(313,413)</u>	<u>(106,232)</u>	<u>(1,237,702)</u>	<u>725,970</u>
Capital contributions - grants and other	-	17,355	-	84,047	101,402
	<u>-</u>	<u>17,355</u>	<u>-</u>	<u>84,047</u>	<u>101,402</u>
Change in net position	2,383,317	(296,058)	(106,232)	(1,153,655)	827,372
Net position, beginning	<u>14,055,747</u>	<u>13,259,352</u>	<u>1,811,330</u>	<u>12,668,943</u>	<u>41,795,372</u>
Net position, ending	<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>

See Notes to Financial Statements.

CITY OF RIVERTON, WYOMING

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended June 30, 2013

	Business-Type Activities- Enterprise Funds				
	Water	Sewer	Sanitation	Airport	Total
CASH FLOWS FROM OPERATIONS:					
Receipts from customers and users	\$ 2,058,049	\$ 1,877,866	\$ 2,314,989	\$ 454,892	\$ 6,705,796
Payments to suppliers	(89,737)	(1,073,501)	(1,667,812)	358,767	(2,472,283)
Payments to employees	(631,214)	(588,650)	(461,813)	(219,615)	(1,901,292)
Net cash from operating activities	1,337,098	215,715	185,364	594,044	2,332,221
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Due to (from) other funds	250,000	-	(250,000)	-	-
Net cash from noncapital financing activities	250,000	-	(250,000)	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Subsidy from passenger facility charges	-	-	-	57,007	57,007
Sale of property	-	-	-	179,753	179,753
Receipts from other governments	-	-	-	76,715	76,715
Interest paid on long-term debt	(49,810)	(9,928)	-	(26,814)	(86,552)
Receipts from grants, contributions and donations	2,129,769	17,355	-	142,493	2,289,617
Purchase of equipment and improvements	(4,260,127)	(52,876)	(603,035)	(562,830)	(5,478,868)
Change in accrued interest	8,924	(226)	-	6,608	15,306
Change in long-term debt	75,700	(38,505)	(50,000)	(149,022)	(161,827)
Net cash from capital and related financing activities	(2,095,544)	(84,180)	(653,035)	(276,090)	(3,108,849)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchase (sale) of investments	(251,383)	(251,625)	-	1,740	(501,268)
Interest earned on investments	1,383	1,625	-	3	3,011
Net cash from investing activities	(250,000)	(250,000)	-	1,743	(498,257)
Net change in cash and cash equivalents	(758,446)	(118,465)	(717,671)	319,697	(1,274,885)
Cash, beginning	1,069,915	627,583	784,041	-	2,481,539
Cash, ending	\$ 311,469	\$ 509,118	\$ 66,370	\$ 319,697	\$ 1,206,654

(Continued)

See Notes to Financial Statements.

CITY OF RIVERTON, WYOMING

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended June 30, 2013
(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	\$ 301,975	\$ (305,110)	\$ (106,980)	\$ (1,582,812)	\$ (1,692,927)
Adjustments to reconcile income (loss) from operations to net cash from operating activities					
Depreciation	649,448	512,096	183,510	1,016,912	2,361,966
(Increase) decrease in:					
Accounts receivable	(662,829)	9,615	(36,479)	301,013	(388,680)
Inventory	2,382	(25,080)	70,586	1,464	49,352
Increase (decrease) in:					
Bank overdrafts	24,223	-	-	838,964	863,187
Accounts payable	1,020,046	28,894	78,255	16,798	1,143,993
Payroll liabilities	87	621	863	5,037	6,608
Due to compensated absences	1,766	(5,321)	(4,391)	(3,332)	(11,278)
	<u>\$ 1,337,098</u>	<u>\$ 215,715</u>	<u>\$ 185,364</u>	<u>\$ 594,044</u>	<u>\$ 2,332,221</u>
Net cash from operating activities	<u>\$ 1,337,098</u>	<u>\$ 215,715</u>	<u>\$ 185,364</u>	<u>\$ 594,044</u>	<u>\$ 2,332,221</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 2013 property taxes were levied as of July 1, 2012 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, 2013. Property Taxes receivable is included in “due from other governments” in the accompanying balance sheet. Property taxes are assessed, billed, collected, and distributed by the Fremont County Treasurer’s and Assessor’s offices. Governmental funds report deferred revenue in connection with property tax receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

Prepaid Items

Prepaid items represent payments made to vendors for services that will benefit periods beyond June 30, 2013 and are recorded as prepaid expenses in enterprise funds or prepaid expenditures in governmental funds.

Inventories

Inventories are carried at cost (first-in, first-out method). Inventories of the governmental fund types are recorded as expenditures when consumed rather than when purchased. Reported inventories of the general fund are equally offset by a fund balance reserve, which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Special Assessments Receivable

The City collected \$8,455, \$684, \$14,652, and \$13,201 for Spencer, Gardens North, Fike, and Raintree assessments during the year ended June 30, 2013, respectively. The remaining current assessment receivable is \$465,494.

Capital Assets

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

NOTES TO FINANCIAL STATEMENTS

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

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

Expenditures for maintenance and repairs of proprietary fund type property and equipment are charged to expense, while renewals and betterments are capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. The City capitalizes net interest costs and interest earned as part of constructing various enterprise fund projects when material. No interest was capitalized during the year ended June 30, 2013.

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, 2013.

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

CITY OF RIVERTON, WYOMING

NOTES TO FINANCIAL STATEMENTS

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

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

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

Committed – The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority, i.e. State of Wyoming or Granting Federal Agency. The City does 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 not have some fund balances that meet the criteria above.

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

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

Subsequent Events

The City’s Management has evaluated the need for disclosures and/or adjustments resulting from subsequent events and transactions through December 3, 2013, the date the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS

Note 2. Cash and Investments

As of June 30, 2013, 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)	\$ 4,643,715	.08%-.20%	\$ 4,643,715	\$ -	\$ -	\$ -
Total	<u>\$ 4,643,715</u>		<u>\$ 4,643,715</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2013, two of the City’s deposits including certificates of deposit classified as investments 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

NOTES TO FINANCIAL STATEMENTS

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, 2013.

Note 3. Receivables

As of June 30, 2013, 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, 2013	\$ 1,380,481	\$ 176,410	\$ 222,923
Allowance for uncollectible accounts	(15,145)	(10,606)	(12,065)
	\$ 1,365,336	\$ 165,804	\$ 210,858

Note 4. Interfund Receivables and Payables

The composition of interfund balances as of June 30, 2013, is as follows:

	Receivable	Payable
General Fund	\$ 349,344	\$ (22,953)
Economic Development Fund	1,847	(177,322)
Debt Service Fund	50,380	-
Water Fund	233,281	(64,293)
Sewer Fund	81,905	-
Sanitation Fund	169,142	-
Airport Fund	-	(621,331)
	\$ 885,899	\$ (885,899)

NOTES TO FINANCIAL STATEMENTS

The composition of interfund transfers as of June 30, 2013 is as follows:

	Interfund Transfer (out)	Interfund Transfer in
General Fund	\$ (1,847)	\$ -
Economic Development Fund	-	1,847
	\$ (1,847)	\$ 1,847

Note 5. Capital Assets

Capital asset activity for Governmental funds for the year ended June 30, 2013 was as follows:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 1,714,701	\$ -	\$ -	\$ 1,714,701
Construction in progress	558,148	793,396	-	1,351,544
Total capital assets, not being depreciated	2,272,849	793,396	-	3,066,245
Capital assets, being depreciated				
Buildings	7,139,999	-	-	7,139,999
Improvements other than buildings	3,194,662	33,501	-	3,228,163
Machinery and equipment	1,620,282	113,800	-	1,734,082
Transportation equipment	2,660,887	82,248	125,155	2,617,980
Computer equipment	261,481	-	-	261,481
Furniture and fixtures	90,741	-	-	90,741
Infrastructure	42,034,907	-	-	42,034,907
Total capital assets, being depreciated	57,002,959	229,549	125,155	57,107,353
Less accumulated depreciation for				
Buildings	3,977,478	251,476	-	4,228,954
Improvements other than buildings	1,035,255	144,279	-	1,179,534
Machinery and equipment	1,223,022	70,729	-	1,293,751
Transportation equipment	2,249,210	116,008	125,155	2,240,063
Computer equipment	237,570	13,987	-	251,557
Furniture and fixtures	90,741	-	-	90,741
Infrastructure	38,129,953	290,784	-	38,420,737
Total accumulated depreciation	46,943,229	887,263	125,155	47,705,337
Total capital assets, being depreciated, net	10,059,730	(657,714)	-	9,402,016
Governmental activities capital assets, net	\$ 12,332,579	\$ 135,682	\$ -	\$ 12,468,261

NOTES TO FINANCIAL STATEMENTS

Capital asset activity for Enterprise funds for the year ended June 30, 2013 was as follows:

	<u>Balance June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 707,683	\$ -	\$ -	\$ 707,683
Construction in progress	<u>1,399,821</u>	<u>4,315,101</u>	<u>97,415</u>	<u>5,617,507</u>
Total capital assets, not being depreciated	<u>2,107,504</u>	<u>4,315,101</u>	<u>97,415</u>	<u>6,325,190</u>
Capital assets, being depreciated				
Buildings and improvements	34,531,218	658,148	-	35,189,366
Collection, transmission and distributions	25,648,623	-	-	25,648,623
Equipment and other improvements	6,562,778	603,034	-	7,165,812
Source of supply	4,061,433	-	-	4,061,433
Treatment plants	<u>10,521,440</u>	<u>-</u>	<u>-</u>	<u>10,521,440</u>
Total capital assets, being depreciated	<u>81,325,492</u>	<u>1,261,182</u>	<u>-</u>	<u>82,586,674</u>
Less accumulated depreciation for				
Buildings and improvements	14,966,445	1,240,664	-	16,207,109
Collection, transmission and distributions	9,538,961	663,742	-	10,202,703
Equipment and other improvements	5,575,781	284,846	-	5,860,627
Source of supply	2,323,853	163,177	-	2,487,030
Treatment plants	<u>10,490,733</u>	<u>9,538</u>	<u>-</u>	<u>10,500,271</u>
Total accumulated depreciation	<u>42,895,773</u>	<u>2,361,967</u>	<u>-</u>	<u>45,257,740</u>
Total capital assets, being depreciated, net	<u>38,429,719</u>	<u>(1,100,785)</u>	<u>-</u>	<u>37,328,934</u>
Business-type activities capital assets, net	<u>\$ 40,537,223</u>	<u>\$ 3,214,316</u>	<u>\$ 97,415</u>	<u>\$ 43,654,124</u>

NOTES TO FINANCIAL STATEMENTS

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

Governmental activities	
General government	\$ 443,631
Public safety	106,472
Streets and alleys	124,217
Parks	70,981
Health and welfare	<u>141,962</u>
Total depreciation expense - governmental activities	<u><u>\$ 887,263</u></u>
Business-type activities	
Water	\$ 649,448
Sewer	512,096
Sanitation	183,510
Airport	<u>1,016,912</u>
Total depreciation expense - business-type activities	<u><u>\$ 2,361,966</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, 2013:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Compensated absences	\$ 278,899	\$ 70,367	\$ -	\$ 349,266	\$ 349,266
Governmental activity short-term liabilities	<u>\$ 278,899</u>	<u>\$ 70,367</u>	<u>\$ -</u>	<u>\$ 349,266</u>	<u>\$ 349,266</u>
Business-type activities					
Notes payable	\$ 3,278,375	\$ 375,000	\$ 486,828	\$ 3,166,547	\$ 132,314
Landfill monitoring costs payable	300,000	-	50,000	250,000	50,000
Compensated absences	<u>136,163</u>	<u>-</u>	<u>11,278</u>	<u>124,885</u>	<u>-</u>
Business-type activity long-term liabilities	<u><u>\$ 3,714,538</u></u>	<u><u>\$ 375,000</u></u>	<u><u>\$ 548,106</u></u>	<u><u>\$ 3,541,432</u></u>	<u><u>\$ 182,314</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, 2013, 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. \$ 920,727

Note payable to Wyoming State Land & Investments due in annual installments of \$48,102, including interest at 2.5% to September 2025. 528,313

Note payable to Wyoming State Land & Investments due in annual installments of \$24,228, including interest at 4.94% to December 2041. 368,065
1,817,105

Sewer Fund

Note payable to Wyoming State Land & Investments due in annual installments of \$18,450, including interest at 0.0% to June 2030. 313,657

Note payable to Wyoming State Land & Investments due in annual installments of \$12,3120, including interest at 2.5% to July 2030. 168,932

Note payable to Wyoming State Land & Investments due in annual installments of \$17,888, including interest at 2.5% to October 2027. 221,479
704,068

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. 363,659
363,659

Total business-type activities notes payable \$ 2,884,832

NOTES TO FINANCIAL STATEMENTS

Annual Debt Service Requirements

The annual requirements to amortize all notes payable outstanding as of June 30, 2013 are as follows:

Water Fund:

Years ended June 30,	Principal	Interest	Total
2014	\$ 82,007	\$ 54,470	\$ 136,477
2015	84,204	52,272	136,476
2016	86,462	50,015	136,477
2017	88,785	47,692	136,477
2018	91,172	45,305	136,477
2019-2023	494,145	188,237	682,382
2024-2028	467,595	118,584	586,179
2029-2033	251,283	62,296	313,579
2034-2038	86,636	34,502	121,138
2039-2043	84,816	10,877	95,693
	<u>\$ 1,817,105</u>	<u>\$ 664,250</u>	<u>\$ 2,481,355</u>

Note: The outstanding balance of \$281,715 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
2014	\$ 38,399	\$ 9,958	\$ 48,357
2015	39,409	9,451	48,860
2016	39,933	8,933	48,866
2017	40,471	8,400	48,871
2018	41,021	7,856	48,877
2019-2023	213,855	29,437	243,292
2024-2028	229,827	13,465	243,292
2029-2031	61,153	771	61,924
	<u>\$ 704,068</u>	<u>\$ 88,271</u>	<u>\$ 792,339</u>

Airport Fund:

Years ended June 30,	Principal	Interest	Total
2014	\$ 11,908	\$ 18,183	\$ 30,091
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
2019-2023	83,978	66,477	150,455
2024-2028	107,180	43,275	150,455
2029-2032	106,702	13,662	120,364
	<u>\$ 363,659</u>	<u>\$ 208,070</u>	<u>\$ 571,729</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, 2013 is \$1,175,606.

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 14.12% of the covered employees' salary to be contributed to the plan, all of which is paid by the City. An additional 1.48% of law

NOTES TO FINANCIAL STATEMENTS

enforcement officers' salaries, paid by the employee, is also contributed. The City's required contribution to the System for the year ended June 30, 2013 was \$419,641. 100% of the required amount was contributed for the year ended June 30, 2013. The required contribution amounts of \$414,632 and \$370,515 for the years ended June 30, 2012 and 2011, 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, 2013, the City incurred landfill monitoring costs of \$40,651 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 2013 were approximately \$117,228.

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 2013 and 2012 were as follows for the City's participation in the Unemployment Compensation Act Program:

	Fiscal Year Ended 2013	Fiscal Year Ended 2012
Unpaid claims, beginning of year	\$ -	\$ -
Incurred claims	114,127	29,984
Claim payments	(114,127)	(29,984)
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, 2013, the City allocated \$1,101,440 in overhead expenses to the above listed funds.

Note 12. Commitments and Contingences

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

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF RIVERTON, WYOMING

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For the Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Property taxes	\$ 391,400	\$ 391,400	\$ 371,405	\$ (19,995)
Motor vehicle taxes	156,500	156,500	169,504	13,004
Sales taxes	2,694,600	2,694,600	2,518,380	(176,220)
Franchise taxes	808,000	808,000	876,014	68,014
Licenses and permits	185,000	185,000	254,225	69,225
Intergovernmental	2,768,379	2,768,379	2,428,136	(340,243)
Grants, contributions and donations	1,062,684	1,062,684	757,021	(305,663)
Fines and forfeitures	190,000	190,000	164,787	(25,213)
Investment income	4,000	4,000	3,122	(878)
Charges for services	189,500	189,500	257,148	67,648
Total revenues	<u>8,450,063</u>	<u>8,450,063</u>	<u>7,799,742</u>	<u>(650,321)</u>
EXPENDITURES:				
General government	2,019,400	2,098,900	1,909,083	189,817
Public safety	3,681,391	3,692,391	3,502,071	190,320
Streets and alleys	824,264	889,264	857,869	31,395
Parks and recreation	583,215	583,215	527,785	55,430
Health and welfare	168,938	168,938	123,418	45,520
Community development	325,407	325,407	308,998	16,409
Capital outlay	2,343,296	2,400,996	1,144,131	1,256,865
Total expenditures	<u>9,945,911</u>	<u>10,159,111</u>	<u>8,373,355</u>	<u>1,785,756</u>
Excess (deficiency) of revenues over (under) expenditures	(1,495,848)	(1,709,048)	(573,613)	1,135,435
Fund balance at beginning of year	<u>3,035,146</u>	<u>3,045,146</u>	<u>3,238,374</u>	<u>193,228</u>
Fund balance at end of year	<u>\$ 1,539,298</u>	<u>\$ 1,336,098</u>	<u>\$ 2,664,761</u>	<u>\$ 1,328,663</u>

(Continued)

CITY OF RIVERTON, WYOMING

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

For the Year Ended June 30, 2013

(Continued)

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

Revenue:

Actual total revenue budgetary basis	\$ 7,799,742
Differences- Budget to GAAP	
Taxes and other receivables difference	<u>1,374,757</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance- governmental funds	<u>\$ 9,174,499</u>

Expenditures:

Actual total expenditures budgetary basis	\$ 8,373,355
Differences- Budget to GAAP	
Accounts payable & payroll accrual difference	<u>200,236</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance- governmental funds	<u>\$ 8,573,591</u>

CITY OF RIVERTON, WYOMING

**BUDGETARY COMPARISON SCHEDULE
ECONOMIC DEVELOPMENT FUND**

For the Year Ended June 30, 2013

	<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	\$ 1,510,000	\$ 1,510,000	\$ 356,392	\$ (1,153,608)
Investment income	-	-	-	-
Total revenues	<u>1,510,000</u>	<u>1,510,000</u>	<u>356,392</u>	<u>(1,153,608)</u>
EXPENDITURES:				
Capital outlay	<u>1,224,000</u>	<u>1,419,000</u>	<u>365,335</u>	<u>1,053,665</u>
Total expenditures	<u>1,224,000</u>	<u>1,419,000</u>	<u>365,335</u>	<u>1,053,665</u>
Excess (deficiency) of revenues over (under) expenditures	286,000	91,000	(8,943)	(99,943)
Fund balance at beginning of year	<u>(321,144)</u>	<u>(321,144)</u>	<u>(321,144)</u>	<u>-</u>
Fund balance at end of year	<u>\$ (35,144)</u>	<u>\$ (230,144)</u>	<u>\$ (330,087)</u>	<u>\$ (99,943)</u>

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

Revenue:

Actual total revenue budgetary basis	\$ 356,392
Differences- Budget to GAAP	
Other receivables difference	<u>(52,926)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance- governmental funds	<u>\$ 303,466</u>

Expenditures:

Actual total expenditures budgetary basis	\$ 365,335
Differences- Budget to GAAP	
Accounts payable	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance- governmental funds	<u>\$ 365,335</u>

OTHER SUPPLEMENTARY INFORMATION

CITY OF RIVERTON, WYOMING

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2013

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, 2013

	<u>Special Revenue Funds</u>					Total Nonmajor Governmental Funds
	Senior Citizen's Center			Rendezvous Fund	Debt Service Fund	
	Endowment Fund	911 Fund	Total			
ASSETS						
Cash	\$ 14,684	\$ 3,654	\$ 18,338	\$ 28,009	\$ -	\$ 46,347
Investments	1,103,597	-	1,103,597	-	-	1,103,597
Accounts receivable	-	3,618	3,618	-	-	3,618
Interfund receivables	-	-	-	-	50,380	50,380
Total Assets	<u>1,118,281</u>	<u>7,272</u>	<u>1,125,553</u>	<u>28,009</u>	<u>50,380</u>	<u>1,203,942</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ 2,239	\$ -	\$ 2,239
FUND BALANCES						
Restricted by voter resolution	881,000	-	881,000	-	-	881,000
Restricted for 911 emergency response	-	7,272	7,272	-	-	7,272
Restricted for capital improvements	-	-	-	-	-	-
Restricted for debt service	-	-	-	-	50,380	50,380
Assigned	-	-	-	25,770	-	25,770
Unassigned	<u>237,281</u>	-	<u>237,281</u>	-	-	<u>237,281</u>
Total Liabilities and Fund Balance	<u>\$ 1,118,281</u>	<u>\$ 7,272</u>	<u>\$ 1,125,553</u>	<u>\$ 28,009</u>	<u>\$ 50,380</u>	<u>\$ 1,203,942</u>

CITY OF RIVERTON, WYOMING

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

For the Year Ended June 30, 2013

	<u>Special Revenue Funds</u>					Total Nonmajor Governmental Funds
	Senior Citizen's Center			Rendezvous	Debt Service	
	Endowment	911	Total			
	Fund	Fund		Fund	Fund	
REVENUES						
Intergovernmental	\$ -	\$ 23,277	\$ 23,277	\$ 9,312	\$ -	\$ 32,589
Grants, contributions, and donations	-	-	-	22,031	-	22,031
Investment income	2,260	-	2,260	11	66,840	69,111
Sales tax	-	-	-	-	-	-
Total revenues	<u>2,260</u>	<u>23,277</u>	<u>25,537</u>	<u>31,354</u>	<u>66,840</u>	<u>123,731</u>
EXPENDITURES						
Current						
Public safety	-	22,886	22,886	-	-	22,886
Health and welfare	70,000	-	70,000	-	-	70,000
Community development	-	-	-	58,010	-	58,010
Capital outlay	-	-	-	-	-	-
Debt service	-	-	-	-	66,840	66,840
Total expenditures	<u>70,000</u>	<u>22,886</u>	<u>92,886</u>	<u>58,010</u>	<u>66,840</u>	<u>217,736</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(67,740)	391	(67,349)	(26,656)	-	(94,005)
Fund balances						
Beginning of year	<u>1,186,021</u>	<u>6,881</u>	<u>1,192,902</u>	<u>52,426</u>	<u>50,380</u>	<u>1,295,708</u>
End of year	<u>\$ 1,118,281</u>	<u>\$ 7,272</u>	<u>\$ 1,125,553</u>	<u>\$ 25,770</u>	<u>\$ 50,380</u>	<u>\$ 1,201,703</u>

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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, 2013, 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 3, 2013.

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. (2013-001 and 2013-002)

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 3, 2013

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2013

Significant Deficiency in Internal Control 2013-001: 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 2013-002: 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.

Condition

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

(Continued)

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2013

(Continued)

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.

