

# CITY OF CHEYENNE FINANCIAL & COMPLIANCE REPORT



**Cheyenne, Wyoming  
Year Ended June 30, 2016**

**Prepared by  
City Treasurer's Office**

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**City of Cheyenne**  
**Financial and Compliance Report**  
For the fiscal year ended June 30, 2016

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council  
City of Cheyenne  
Cheyenne, Wyoming

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cheyenne, Wyoming (the "City"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City'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 City'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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cheyenne, Wyoming, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 12, budgetary comparison schedule on page 76, Schedule of Funding Progress on page 77, Schedule of City's Proportionate Share of Net Pension Liability on page 78, Schedule of the City's Contributions on page 79, and Notes to the Required Supplementary Information on page 80 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's basic financial statements. The combining statements of nonmajor funds, listed in the table of contents as other supplementary information, and the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

This information is the responsibility of management and was derived from and relates 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, this information is 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 November 9, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 the City's internal control over financial reporting and compliance.

*Mc Gee, Hearne & Paiz, LLP*

Cheyenne, Wyoming  
November 9, 2016

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# CITY OF CHEYENNE, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2016

The City of Cheyenne (the City) offers readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2016. In addition to this overview and analysis based on currently known facts, decisions and conditions, the City would encourage readers to consider the information presented in the City's financial statements, which begins on page 14 of this report.

### **Financial Highlights**

The City's total net position (governmental and business-type combined) increased by \$24.6 million (5.04%) during fiscal year 2016. The governmental net position increased by \$13.3 million (6.5%) and the business-type net position increased by \$11.3 million (4.0%).

- ❖ The General Fund, the City's primary operating fund, reported an decrease of \$925,744 on a current financial resource basis. As of June 30, 2016, unassigned fund balance for the General Fund was \$14.1 million or 105 days of total General Fund expenditures of \$49.4 million. The City Council has a requirement by resolution to maintain an unrestricted fund balance in the General Fund of 60 days of operating expenditures.
- ❖ The City implemented GASB 68, *Accounting and Reporting for Pensions—an Amendment of GASB 27* in fiscal year 2015. Implementing GASB 68 resulted in the City restating its net position as of July 1, 2014 in order to report a Net Pension Liability totaling \$36,036,471. The balance of the Net Pension Liability as of June 30, 2016 was \$94,072,240.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. Other supplementary information is also included at the end of the report.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances using the accrual basis of accounting, the basis of accounting used by most private-sector businesses.

The statement of net position presents information on all of the City's assets, deferred outflows of resources and liabilities and deferred inflows of resources. The difference between assets, deferred outflows of resources and liabilities and deferred inflows of resources is reported as net position. Over time, increases or decreases in net position may provide an indication of whether the City's financial position is improving or deteriorating.

The statement of activities presents information showing how the City'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).

The government-wide financial statements distinguish functions of the City 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 include general government, public safety – police and fire, public works, health and welfare and recreation. The business-type activities of the City include the Board of Public Utilities (water and sewer departments), the Solid Waste Fund, the Civic Center and the Ice and Events Center.

**Fund financial statements.** Traditional users of the City's financial statements will find the fund financial statement presentation more familiar. The focus is now on major funds rather than fund types.

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. A major fund should generally meet both of the following criteria: 1) total

# CITY OF CHEYENNE, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2016

assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses are at least 10% of the corresponding total (assets and deferred outflows, liabilities and deferred inflows, etc.) for that fund type (i.e., governmental or enterprise funds) and 2) total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

The City, 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 can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental 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, the 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 maintains 21 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, the One Percent Sales Tax Fund and the Capital Facilities Tax Fund, all of which are considered to be major funds. Data from the other 18 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 18-21 of this report.

**Proprietary funds.** The City maintains two types of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Board of Public Utilities, Solid Waste Fund, Civic Center and Ice and Events Center. The Internal Service fund is used to account for activities of our Fleet Maintenance facility.

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 Waterworks, Sewer and Solid Waste funds as they are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 22-31 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City does not currently have a fiduciary fund.

# CITY OF CHEYENNE, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2016

**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 33-74 of this report.

**Other information.** Required supplementary information regarding the budget comparisons, the funding progress and the Net Pension Liability is included in this report on pages 76-80. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 84-95 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's net position, 99 percent reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City'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.

The following table reflects the condensed Statement of Net Position.

<b>Statement of Net Position</b>						
(amounts expressed in thousands, totals may not add due to rounding)						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current assets	\$ 67,569	\$ 81,169	\$ 55,533	\$ 50,190	\$ 123,102	\$ 131,359
Capital and other assets	244,894	211,010	344,894	340,763	589,788	551,773
Total assets	<u>312,463</u>	<u>292,179</u>	<u>400,427</u>	<u>390,953</u>	<u>712,890</u>	<u>683,132</u>
Deferred outflows of resources	18,020	10,566	3,886	1,855	21,906	12,421
Long-term liabilities	96,578	75,443	96,086	95,883	192,664	171,326
Other liabilities	11,300	10,968	12,637	12,855	23,937	23,823
Total liabilities	<u>107,878</u>	<u>86,411</u>	<u>108,723</u>	<u>108,738</u>	<u>216,601</u>	<u>195,149</u>
Deferred inflows of resources	5,474	9,271	243	-	5,717	9,271
Net position:						
Net investment in capital assets	232,265	200,130	268,442	261,522	500,707	461,652
Restricted	34,973	44,349	500	1,103	35,473	45,452
Unrestricted	(50,107)	(37,416)	26,405	21,445	(23,702)	(15,971)
Total net position	<u>\$ 217,131</u>	<u>\$ 207,063</u>	<u>\$ 295,347</u>	<u>\$ 284,070</u>	<u>\$ 512,478</u>	<u>\$ 491,133</u>

A portion of the City's net position (6.92 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$-23.7 million) may be used to meet the government's ongoing obligations to citizens and creditors subject to the City's fund designations and fiscal policies.

# CITY OF CHEYENNE, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2016

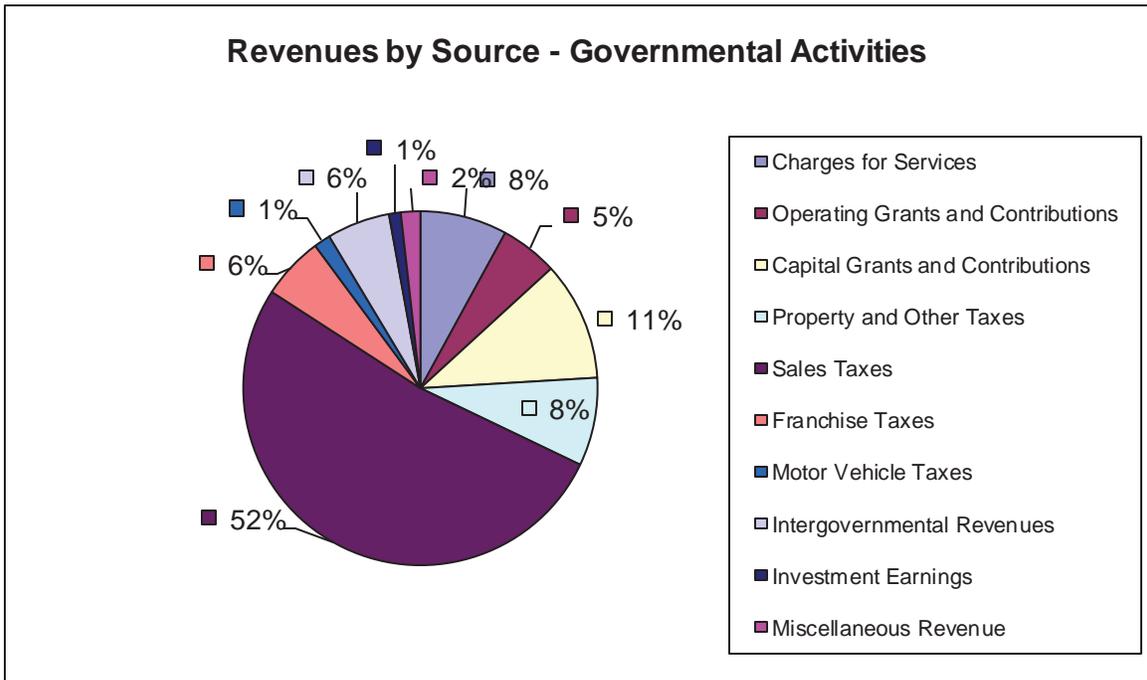
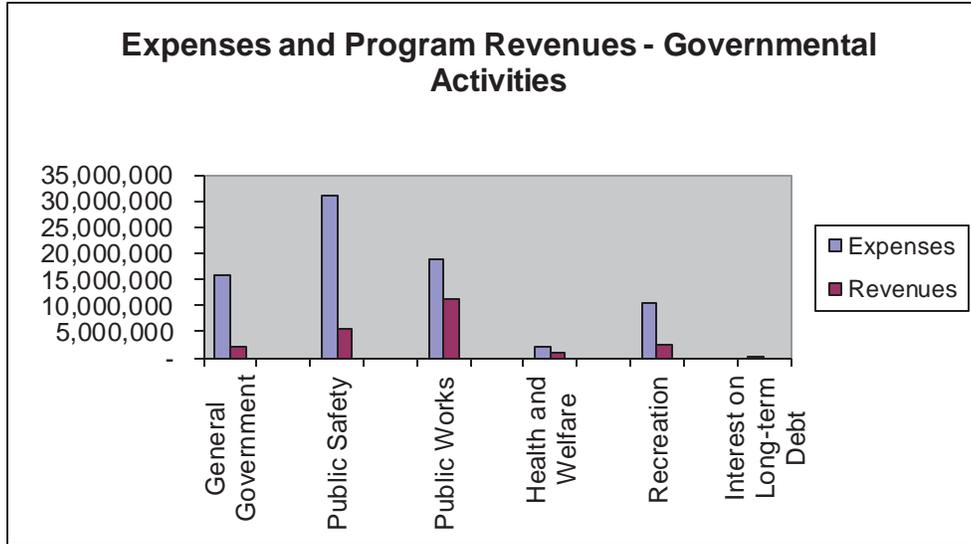
Net position in the City's governmental type activities increased by \$13.3 million during fiscal year 2016. This was up from a prior year decrease of \$9.1 million. Net position in the City's business type activities increased by \$11.3 million during fiscal year 2016 compared to an increase of \$8.5 million in the prior year.

The following table reflects a condensed summary of activities and changes in net assets.

<b>Changes in Net Position</b>						
(amounts expressed in thousands, totals may not add due to rounding)						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 7,305	\$ 7,865	\$ 45,997	\$ 41,758	\$ 53,302	\$ 49,623
Operating grants and contributions	4,824	5,177	4,015	4,480	8,839	9,657
Capital grants and contributions	9,977	6,940	4,082	4,198	14,059	11,138
General revenues:						
Property and other taxes	14,064	14,411	-	-	14,064	14,411
Sales taxes	47,824	53,084	-	-	47,824	53,084
Intergovernmental	5,283	5,088	-	-	5,283	5,088
Other	2,571	1,892	668	566	3,239	2,458
Total revenues	<u>91,848</u>	<u>94,457</u>	<u>54,762</u>	<u>51,002</u>	<u>146,610</u>	<u>145,459</u>
<b>Expenses:</b>						
General government	15,796	18,918	-	-	15,796	18,918
Public safety	31,002	57,179	-	-	31,002	57,179
Public works	18,969	16,997	-	-	18,969	16,997
Health and welfare	2,002	1,648	-	-	2,002	1,648
Recreation	10,561	9,553	-	-	10,561	9,553
Interest on long-term debt	245	286	-	-	245	286
Water	-	-	21,029	19,180	21,029	19,180
Sewer	-	-	10,763	10,076	10,763	10,076
Solid waste	-	-	9,880	10,479	9,880	10,479
Other	-	-	1,762	1,717	1,762	1,717
Total expenses	<u>78,575</u>	<u>104,581</u>	<u>43,434</u>	<u>41,452</u>	<u>122,009</u>	<u>146,033</u>
Increase in net position before transfers	13,273	(10,124)	11,328	9,550	24,601	(574)
Transfers	51	1,020	(51)	(1,020)	-	-
Change in net position	<u>13,324</u>	<u>(9,104)</u>	<u>11,277</u>	<u>8,530</u>	<u>24,601</u>	<u>(574)</u>
Net position - beg. of year, original	207,063	255,105	284,070	270,715	491,133	525,820
Prior period adjustment	(3,256)	(38,938)	-	4,825	(3,256)	(34,113)
Net position - beg of year, amended	<u>203,807</u>	<u>216,167</u>	<u>284,070</u>	<u>275,540</u>	<u>487,877</u>	<u>491,707</u>
Net position - end of year	<u>\$ 217,131</u>	<u>\$ 207,063</u>	<u>\$ 295,347</u>	<u>\$ 284,070</u>	<u>\$ 512,478</u>	<u>\$ 491,133</u>

# CITY OF CHEYENNE, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2016



### Financial Analysis of the City's Funds

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

# CITY OF CHEYENNE, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2016

**Governmental funds.** The focus on the City'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's financing requirements. In particular, unassigned 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's governmental funds reported combined ending fund balances of \$54,228,638. Approximately 26.1 percent of this total amount (\$14,148,658) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted, committed or assigned to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period, to pay debt service or has been dedicated to other uses.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$14,160,865, while total fund balance reached \$18,274,962. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 28.6 percent of total general fund expenditures, while total fund balance represents 36.9 percent of that same amount. This compares to 28.4 percent and 39.6 percent respectively in the prior year.

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

Unrestricted net position of the Waterworks and Sewer funds at the end of the year amounted to \$27,643,743. Solid Waste Fund was \$(1,369,757) and those for the Civic Center and Ice and Events Center amounted to (\$366,071). Other factors concerning the finances of these four funds have already been addressed in the discussion of the City's business-type activities.

### General Fund Budgetary Highlights

Differences between the original and the final amended budgeted expenditures and transfers were \$5,094,207. The major expenditure increases follow:

- ❖ \$ 3,346,054 in carryover projects
- ❖ \$ 837,553 for various agency account projects and unanticipated revenues
- ❖ \$ 910,600 from reserves for various unanticipated projects and expenditures

Of this increase, \$837,553 was funded from unanticipated revenue with the remaining \$4,256,654 budgeted from available fund balance. Expenditures were less than budgetary estimates for all functions thus eliminating the need to further draw upon existing fund balance for operations.

### Capital Asset and Debt Administration

**Capital assets.** The City of Cheyenne's investment in capital assets for its governmental and business-type activities as of June 30, 2016, amounted to \$585,334,328 (net of accumulated depreciation). This investment in capital assets included land, buildings, utility plant, improvements, machinery and equipment, park facilities and roads. The total increase in the City's investment in capital assets for the current fiscal year was 6.1 percent.

# CITY OF CHEYENNE, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2016

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

- ❖ Acquisition of equipment for the sanitation department.
- ❖ A variety of street construction projects.
- ❖ Construction of a public safety building and addition to an aquatics center.
- ❖ Various building and system additions and improvements for the Board of Public Utilities.

### Capital Assets Net of Depreciation

(amounts expressed in thousands, totals may not add due to rounding)						
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 15,247	\$ 14,162	\$ 14,097	\$ 14,097	\$ 29,344	\$ 28,259
Construction in progress	12,755	19,620	9,541	8,829	22,296	28,449
Buildings and improvements	102,801	76,304	23,217	22,468	126,018	98,772
Utility plant in service	-	-	518,779	504,586	518,779	504,586
Machinery and equipment	35,932	34,837	21,414	20,991	57,346	55,828
Infrastructure	211,806	196,727	-	-	211,806	196,727
Less accumulated depreciation	(138,101)	(130,640)	(242,153)	(230,208)	(380,254)	(360,848)
<b>Total</b>	<b>\$ 240,440</b>	<b>\$ 211,010</b>	<b>\$ 344,895</b>	<b>\$ 340,763</b>	<b>\$ 585,335</b>	<b>\$ 551,773</b>

Additional information on the City's capital assets can be found in Note 4 on pages 46-47 of this report.

**Long-term debt.** The City's debt represents bonds and loans secured solely by specified revenue sources (i.e. revenue bonds).

### Outstanding Debt - General Obligation Bonds, Revenue Bonds and Loans

	Governmental Activities		Business-type Activities		Total	
	2016	2015 (as restated)	2016	2015	2016	2015 (as restated)
		Loans and capital leases				
Revenue bonds	8,175,000	8,525,000	8,325,000	9,105,000	16,500,000	17,630,000
<b>Total</b>	<b>\$ 12,628,943</b>	<b>\$ 12,978,943</b>	<b>\$ 76,880,836</b>	<b>\$ 79,241,086</b>	<b>\$ 89,509,779</b>	<b>\$ 92,220,029</b>

The City of Cheyenne's total debt decreased by \$2,710,250 (2.94percent) during the current fiscal year.

The Board of Public Utilities maintains a AA rating from Standard & Poor's for general obligation debt. The City of Cheyenne maintains an A- rating from Standard & Poor's on the revenue bonds.

State statutes limit the amount of general obligation debt a governmental entity may issue to 4 percent of its total assessed valuation. The current debt limitation for the City of Cheyenne is \$25,325,684.

Additional information on the City of Cheyenne's long-term debt can be found in Note 7 on pages 51-60 of this report.

# CITY OF CHEYENNE, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2016

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

The City's original approved fiscal year 2017 budget for the general fund totaled \$49,004,088 compared to an original budget in fiscal year 2016 of \$50,451,696. This represented a 2.9 percent decrease. The decrease was due to several factors including decreased sales tax projections for fiscal year 2017 that resulted in decreased capital project expenditures.

A continuing challenge in the fiscal year 2017 budget was balancing the budget without the use of one time funds to be received from the State. As of the preparation of this report, the State of Wyoming has shown a marked decrease in mineral revenues which could result in the City's additional loss of funding from the State during the 2017 legislative session. This would impact future budgets of the City but efforts have already been made to review expenditures in light of the expected decreases in future funding. The City expenditures continue to rise for major expenditures such as insurance, fuel, repairs and health insurance for employees. Requests from departments for ongoing additional staff and expanded service costs have not typically been funded.

As noted above, the most significant risk to the City is the uncertainty of the economy in Wyoming due to the mineral industry. As the City receives a significant portion of mineral-derived revenues, the roller coaster effect in this economic area has proven to be a challenge for future budgets of the City.

### **Requests for Information**

The financial report is designed to provide a general overview of the City of Cheyenne'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 financial information should be addressed to the Office of the City Treasurer, City of Cheyenne, 2101 O'Neil, Room 108, Cheyenne, WY 82001.

**BASIC  
FINANCIAL  
STATEMENTS**

**CITY OF CHEYENNE, WYOMING**

STATEMENT OF NET POSITION

June 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
<b>ASSETS</b>				
Cash and cash equivalents	\$ 13,439,750	\$ 34,614,604	\$ 48,054,354	\$ 792,977
Investments, at fair value	5,256,862	12,875,102	18,131,964	-
Restricted assets				
Cash and cash equivalents	7,296,315	638,507	7,934,822	-
Investments	26,013,388	-	26,013,388	-
Due from other governments	-	1,440,259	1,440,259	-
Receivables				
Accrued interest	67,162	26,081	93,243	-
Accounts- customers	890,232	1,678,516	2,568,748	3,530
Estimated unbilled usage	-	2,566,339	2,566,339	-
Sanitation receivable and unbilled usage	-	1,643,770	1,643,770	-
Property tax receivable	5,205,611	-	5,205,611	330,071
Internal balances	626,762	(626,762)	-	-
Intergovernmental receivable	8,224,022	-	8,224,022	17,617
Prepaid expenses	549,061	89,590	638,651	-
Notes receivable	-	-	-	13,945
Inventories	-	586,693	586,693	-
Capital assets not being depreciated:				
Land	15,247,549	12,299,437	27,546,986	-
Construction in progress	12,754,725	9,540,886	22,295,611	-
Water rights	-	1,797,968	1,797,968	-
Capital assets, net of depreciation:				
Utility plant in service	-	295,715,975	295,715,975	-
Machinery and equipment	4,340,075	5,478,959	9,819,034	-
Transportation equipment	7,993,597	4,790,156	12,783,753	-
Buildings and improvements	73,700,554	14,850,195	88,550,749	3,032
Office furniture and equipment	1,745,256	420,972	2,166,228	1,725
Infrastructure	124,658,024	-	124,658,024	-
Net investment in direct financing lease	4,453,943	-	4,453,943	-
Notes receivable	-	-	-	32,047
<b>Total Assets</b>	<b>312,462,888</b>	<b>400,427,247</b>	<b>712,890,135</b>	<b>1,194,944</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>18,019,702</b>	<b>3,885,643</b>	<b>21,905,345</b>	<b>-</b>

**CITY OF CHEYENNE, WYOMING**

STATEMENT OF NET POSITION (CONTINUED)  
June 30, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
<b>LIABILITIES</b>				
Accounts payable	\$ 7,980,028	\$ 3,911,750	\$ 11,891,778	\$ 47,677
Accrued interest	50,208	590,273	640,481	-
Accrued salaries including compensated absences and early retirement, current portion	2,844,262	905,610	3,749,872	-
Unearned fees and deposits	-	746,096	746,096	-
Unearned revenue	-	238,196	238,196	10,100
Noncurrent liabilities				
Due within one year				
Capital leases	-	941,311	941,311	-
Bonds and loans payable	425,000	5,304,167	5,729,167	10,055
Due in more than one year				
Landfill closure and post-closure costs	-	12,970,150	12,970,150	-
Net pension liability	82,660,482	11,411,758	94,072,240	-
Compensated absences	1,806,345	1,068,542	2,874,887	-
Capital leases	-	3,867,335	3,867,335	-
Bonds and loans payable	12,111,664	66,768,023	78,879,687	10,238
Total liabilities	107,877,989	108,723,211	216,601,200	78,070
<b>DEFERRED INFLOWS OF RESOURCES</b>	5,473,880	242,763	5,716,643	330,071
<b>NET POSITION</b>				
Net investment in capital assets	232,264,780	268,441,728	500,706,508	4,757
Restricted for				
Debt service and capital improvements	953,838	500,000	1,453,838	-
Legal restrictions	2,757,199	-	2,757,199	-
Tax voter approved projects	31,261,781	-	31,261,781	-
Unrestricted	(50,106,877)	26,405,188	(23,701,689)	782,046
Total net position	\$ 217,130,721	\$ 295,346,916	\$ 512,477,637	\$ 786,803

**CITY OF CHEYENNE, WYOMING**

STATEMENT OF ACTIVITIES

Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities				
General government	\$ 15,795,884	\$ 1,883,085	\$ 244,160	\$ -
Public safety	31,001,635	1,355,366	1,603,532	2,659,899
Public works	18,968,872	1,771,352	2,068,824	7,234,827
Health and welfare	2,002,155	2,780	895,214	-
Recreation	10,560,985	2,291,964	12,561	81,941
Interest on long-term debt	245,151	-	-	-
Total governmental activities	<u>78,574,682</u>	<u>7,304,547</u>	<u>4,824,291</u>	<u>9,976,667</u>
Business-type activities				
Water	21,028,544	19,656,748	2,394,473	2,515,367
Sewer	10,762,548	11,586,292	1,620,218	1,535,798
Solid Waste	9,880,221	13,827,307	-	30,935
Civic Center	1,080,602	588,949	-	-
Ice and Events Center	681,427	337,709	-	-
Total business-type activities	<u>43,433,342</u>	<u>45,997,005</u>	<u>4,014,691</u>	<u>4,082,100</u>
Total primary government	<u>\$ 122,008,024</u>	<u>\$ 53,301,552</u>	<u>\$ 8,838,982</u>	<u>\$ 14,058,767</u>
Governmental component unit				
Downtown Development Authority	<u>\$ 603,226</u>	<u>\$ 43,121</u>	<u>\$ 35,552</u>	<u>\$ 10,000</u>

General revenues

- Property taxes and other taxes
- Sales taxes
- Franchise taxes
- Motor vehicle taxes
- Intergovernmental funds and shared revenues not restricted to specific programs
- Unrestricted investment earnings
- Insurance proceeds
- Gain on sale of capital assets
- Miscellaneous revenue

Transfers

- Total general revenues and transfers
- Change in net position

Net position - beginning of year

Adjustment of beginning net position

Net position - beginning of year, as restated (Note 18)

Net position - end of year

Net (Expense) Revenue and Changes in Net Position			Component Unit
Primary Government			Downtown Development Authority
Governmental Activities	Business-type Activities	Total	
\$ (13,668,639)	\$ -	\$ (13,668,639)	\$ -
(25,382,838)	-	(25,382,838)	-
(7,893,869)	-	(7,893,869)	-
(1,104,161)	-	(1,104,161)	-
(8,174,519)	-	(8,174,519)	-
(245,151)	-	(245,151)	-
<u>(56,469,177)</u>	<u>-</u>	<u>(56,469,177)</u>	<u>-</u>
-	3,538,044	3,538,044	-
-	3,979,760	3,979,760	-
-	3,978,021	3,978,021	-
-	(491,653)	(491,653)	-
-	(343,718)	(343,718)	-
<u>-</u>	<u>10,660,454</u>	<u>10,660,454</u>	<u>-</u>
(56,469,177)	10,660,454	(45,808,723)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>(514,553)</u>
7,405,968	-	7,405,968	166,191
47,823,530	-	47,823,530	-
5,261,578	-	5,261,578	-
1,396,685	-	1,396,685	-
5,283,012	-	5,283,012	-
984,937	401,051	1,385,988	2,274
192,656	-	192,656	-
35,459	266,406	301,865	-
1,357,909	-	1,357,909	67,926
51,545	(46,109)	5,436	-
<u>69,793,279</u>	<u>621,348</u>	<u>70,414,627</u>	<u>236,391</u>
<u>13,324,102</u>	<u>11,281,802</u>	<u>24,605,904</u>	<u>(278,162)</u>
207,062,859	284,070,550	491,133,409	1,064,965
(3,256,240)	-	(3,256,240)	-
<u>203,806,619</u>	<u>284,070,550</u>	<u>487,877,169</u>	<u>1,064,965</u>
<u>\$ 217,130,721</u>	<u>\$ 295,352,352</u>	<u>\$ 512,483,073</u>	<u>\$ 786,803</u>

**CITY OF CHEYENNE, WYOMING**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2016

	<u>General Fund</u>	<u>One Percent Sales Tax Fund</u>	<u>Capital Facilities Tax</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 8,550,870	\$ -	\$ -	\$ 4,888,880	\$ 13,439,750
Investments, at fair value	5,256,862	-	-	-	5,256,862
Cash and cash equivalents - restricted	17,131	1,987,086	4,859,931	432,167	7,296,315
Investments - restricted	921,683	16,181,361	8,910,344	-	26,013,388
Receivables					
Accrued interest	-	39,502	27,660	-	67,162
Property tax	5,205,611	-	-	-	5,205,611
Customers	726,711	-	-	163,521	890,232
Due from other funds	1,007,913	-	-	495,179	1,503,092
Due from other governments	2,985,532	2,019,212	2,139,896	1,079,382	8,224,022
Prepaid items	527,506	14,695	-	6,860	549,061
Total assets	<u>\$ 25,199,819</u>	<u>\$ 20,241,856</u>	<u>\$ 15,937,831</u>	<u>\$ 7,065,989</u>	<u>\$ 68,445,495</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 1,694,329	\$ 2,036,494	\$ 3,277,219	\$ 971,986	\$ 7,980,028
Accrued interest	50,208	-	-	-	50,208
Accrued salaries including vacation and sick leave	78,546	-	-	22,901	101,447
Due to other funds	-	-	-	876,330	876,330
Total liabilities	<u>1,823,083</u>	<u>2,036,494</u>	<u>3,277,219</u>	<u>1,871,217</u>	<u>9,008,013</u>
Deferred inflows of resources					
Unavailable property taxes	5,101,774	-	-	107,070	5,208,844
Fund balances					
Nonspendable	583,336	14,695	-	6,860	604,891
Restricted	953,838	18,190,667	12,660,612	3,167,701	34,972,818
Committed	1,312,597	-	-	1,896,823	3,209,420
Assigned	1,264,326	-	-	28,525	1,292,851
Unassigned	14,160,865	-	-	(12,207)	14,148,658
Total fund balances	<u>18,274,962</u>	<u>18,205,362</u>	<u>12,660,612</u>	<u>5,087,702</u>	<u>54,228,638</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 25,199,819</u>	<u>\$ 20,241,856</u>	<u>\$ 15,937,831</u>	<u>\$ 7,065,989</u>	<u>\$ 68,445,495</u>

**CITY OF CHEYENNE, WYOMING**

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
June 30, 2016

Total fund balances - governmental funds	\$	54,228,638
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.		240,439,780
Other assets are not available to pay for current period expenditures and, therefore are deferred in the funds.		143,707
Assets related to net investment in direct financing lease are not available to pay for current period expenditures and, therefore are not reported in the funds.		4,453,943
Long-term liabilities for compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(4,549,160)
Pension plan accounts, such as deferred inflows/outflows and net pension liability, are not receivable or payable in the current period and, therefore, not reported in the funds.		
Net pension liability		(82,660,482)
Deferred outflows of resources		17,776,824
Deferred inflows of resources		(408,743)
Long-term liabilities, including loans and bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable		(12,536,664)
Deferred charge on refunding		242,878
		242,878
Net position of governmental activities	\$	217,130,721

**CITY OF CHEYENNE, WYOMING**

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2016

	General Fund	One Percent Sales Tax Fund	Capital Facilities Tax	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes and special assessments	\$ 11,448,675	\$ -	\$ -	\$ -	\$ 11,448,675
Licenses and permits	2,081,711	-	-	-	2,081,711
Intergovernmental	29,085,428	13,216,162	14,002,251	8,129,214	64,433,055
Charges for services	2,420,740	-	-	1,510,954	3,931,694
Fines and forfeitures	1,291,142	-	-	-	1,291,142
Investment income	211,598	427,456	283,762	62,121	984,937
Miscellaneous	1,092,600	28,947	17,459	175,479	1,314,485
Total revenues	<u>47,631,894</u>	<u>13,672,565</u>	<u>14,303,472</u>	<u>9,877,768</u>	<u>85,485,699</u>
<b>Expenditures</b>					
Current					
General government	13,329,189	-	25,848	259,132	13,614,169
Public safety	22,779,588	237,253	-	1,054,093	24,070,934
Public works	3,882,671	2,242,330	-	2,639,052	8,764,053
Health and welfare	-	764,000	-	1,195,662	1,959,662
Recreation	6,553,510	144,864	96,652	1,047,958	7,842,984
Capital outlay	2,344,791	13,624,729	18,536,465	3,921,089	38,427,074
Debt service					
Principal retirements	350,000	-	-	-	350,000
Interest payments	206,708	-	-	14,846	221,554
Total expenditures	<u>49,446,457</u>	<u>17,013,176</u>	<u>18,658,965</u>	<u>10,131,832</u>	<u>95,250,430</u>
Excess (deficiency) of revenues over expenditures	<u>(1,814,563)</u>	<u>(3,340,611)</u>	<u>(4,355,493)</u>	<u>(254,064)</u>	<u>(9,764,731)</u>
<b>Other financing sources (uses)</b>					
Transfers in	1,286,614	-	-	340,832	1,627,446
Transfers out	(620,000)	(55,446)	(849,227)	(51,228)	(1,575,901)
Insurance proceeds	192,656	-	-	-	192,656
Proceeds from sales of assets	29,549	75,101	-	-	104,650
Total other financing sources (uses)	<u>888,819</u>	<u>19,655</u>	<u>(849,227)</u>	<u>289,604</u>	<u>348,851</u>
Net change in fund balances	<u>(925,744)</u>	<u>(3,320,956)</u>	<u>(5,204,720)</u>	<u>35,540</u>	<u>(9,415,880)</u>
Fund balances - beginning of year	<u>19,200,706</u>	<u>21,526,318</u>	<u>17,865,332</u>	<u>5,052,162</u>	<u>63,644,518</u>
Fund balances - end of year	<u>\$ 18,274,962</u>	<u>\$ 18,205,362</u>	<u>\$ 12,660,612</u>	<u>\$ 5,087,702</u>	<u>\$ 54,228,638</u>

# CITY OF CHEYENNE, WYOMING

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES Year Ended June 30, 2016

Net change in fund balances - total governmental funds \$ (9,415,880)

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 allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital purchases and contributions exceeded depreciation and disposals in the current period.

Donated fixed assets	6,096,910
Capital outlay	33,042,553
Depreciation expense	(9,640,948)
Disposal of assets	(69,193)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 36,516

Expenses for accrued absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (347,157)

Certain expenses for pensions reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (6,705,102)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of the differences in the treatment of long-term debt and related items. 326,403

Change in net position of governmental activities \$ 13,324,102

**CITY OF CHEYENNE, WYOMING**

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

June 30, 2016

	Business-type Activities	
	Waterworks Fund	Sewer Fund
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 23,542,074	\$ 9,205,256
Investments, at fair value	1,050,000	986,971
Restricted assets		
Cash and cash equivalents	638,507	-
Investments	-	-
Due from other governments	1,398,247	37,427
City of Cheyenne sanitation account	1,643,770	-
Receivables		
Accrued interest	7,104	3,382
Accounts- customers	769,808	792,494
Estimated unbilled usage	1,761,766	804,573
Due from other funds	-	-
Inventories	377,548	19,200
Prepaid expenses	592	-
Total current assets	31,189,416	11,849,303
Noncurrent assets		
Capital assets, net of depreciation		
Land	4,587,691	545,003
Utility plant in service	217,340,075	78,375,900
Water rights	1,797,968	-
Machinery and equipment	42,951	13,021
Transportation equipment	436,017	97,454
Buildings and improvements	5,191,421	1,746,756
Office furniture and equipment	170,696	72,068
Construction in progress	7,016,390	1,625,655
Total noncurrent assets	236,583,209	82,475,857
Total assets	267,772,625	94,325,160
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	2,505,786	692,590

Enterprise Funds

	Solid Waste Fund	Other Proprietary Funds	Totals	Internal Service Fund
\$	1,202,479	\$ 140,611	\$ 34,090,420	\$ 524,184
	10,838,131	-	12,875,102	-
	-	-	638,507	-
	-	-	-	-
	-	-	1,435,674	4,585
	-	-	1,643,770	-
	15,595	-	26,081	-
	112,468	3,746	1,678,516	-
	-	-	2,566,339	-
	1,787,277	-	1,787,277	10,481
	-	-	396,748	189,945
	70,143	-	70,735	18,855
	<u>14,026,093</u>	<u>144,357</u>	<u>57,209,169</u>	<u>748,050</u>
	6,512,000	342,243	11,986,937	312,500
	-	-	295,715,975	-
	-	-	1,797,968	-
	5,085,267	264,543	5,405,782	73,177
	4,133,610	9,408	4,676,489	113,667
	5,062,939	2,658,408	14,659,524	190,671
	118,080	60,128	420,972	-
	898,841	-	9,540,886	-
	<u>21,810,737</u>	<u>3,334,730</u>	<u>344,204,533</u>	<u>690,015</u>
	<u>35,836,830</u>	<u>3,479,087</u>	<u>401,413,702</u>	<u>1,438,065</u>
	<u>687,267</u>	<u>-</u>	<u>3,885,643</u>	<u>-</u>

**CITY OF CHEYENNE, WYOMING**

STATEMENT OF NET POSITION - PROPRIETARY FUNDS (CONTINUED)

June 30, 2016

	Business-type Activities	
	Waterworks Fund	Sewer Fund
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	\$ 2,412,735	\$ 934,101
Accrued interest	420,820	169,453
Unearned revenue	-	-
Due to other funds	2,196,958	97,562
Unearned fees and deposits	630,067	116,029
Accrued salaries including vacation and sick leave	309,325	237,653
Current portion of capital leases	-	-
Current portion of general obligation and loan debt	2,790,668	2,513,499
Total current liabilities	8,760,573	4,068,297
Long term liabilities		
Accrued compensated absences	608,043	403,163
Landfill closure and post-closure costs	-	-
Net pension liability	6,705,218	2,235,073
Capital leases, net of current portion	-	-
General obligation and loan debt, unamortized bond premium, net of current portion	38,336,060	28,431,963
Total long term liabilities	45,649,321	31,070,199
Total liabilities	54,409,894	35,138,496
<b>DEFERRED INFLOWS OF RESOURCES</b>	141,852	47,284
<b>NET POSITION</b>		
Net investment in capital assets	195,884,497	51,530,395
Restricted for debt service and capital improvements	500,000	-
Unrestricted	19,342,168	8,301,575
Total net position	215,726,665	59,831,970
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service fund and the enterprise funds over time		
Net position of proprietary funds		

Enterprise Funds

Solid Waste Fund	Other Proprietary Funds	Totals	Internal Service Fund
\$ 315,763	\$ 93,989	\$ 3,756,588	\$ 155,162
-	-	590,273	-
-	238,196	238,196	-
-	130,000	2,424,520	-
-	-	746,096	-
261,460	25,930	834,368	71,242
941,311	-	941,311	-
-	-	5,304,167	-
<u>1,518,534</u>	<u>488,115</u>	<u>14,835,519</u>	<u>226,404</u>
10,650	22,313	1,044,169	24,373
12,970,150	-	12,970,150	-
2,471,467	-	11,411,758	-
3,867,335	-	3,867,335	-
-	-	66,768,023	-
<u>19,319,602</u>	<u>22,313</u>	<u>96,061,435</u>	<u>24,373</u>
<u>20,838,136</u>	<u>510,428</u>	<u>110,896,954</u>	<u>250,777</u>
<u>53,627</u>	<u>-</u>	<u>242,763</u>	<u>-</u>
17,002,091	3,334,730	267,751,713	690,015
-	-	500,000	-
<u>(1,369,757)</u>	<u>(366,071)</u>	<u>25,907,915</u>	<u>497,273</u>
<u>15,632,334</u>	<u>2,968,659</u>	<u>294,159,628</u>	<u>1,187,288</u>
		<u>1,187,288</u>	
		<u>\$ 295,346,916</u>	

**CITY OF CHEYENNE, WYOMING**

STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS  
Year Ended June 30, 2016

	<u>Business-type Activities</u>	
	<u>Waterworks Fund</u>	<u>Sewer Fund</u>
Operating revenues		
Sales and charges for services	\$ 19,264,134	\$ 11,013,457
Fees and miscellaneous	392,614	572,835
Total operating revenues	<u>19,656,748</u>	<u>11,586,292</u>
Operating expenses		
Waterworks	11,553,006	-
Sewer	-	6,486,263
Sanitation collection	-	-
Recycling/compost	-	-
Landfill	-	-
Belvoir Ranch	-	-
Fleet maintenance	-	-
Culture and recreation	-	-
Depreciation	8,441,502	3,509,710
Total operating expenses	<u>19,994,508</u>	<u>9,995,973</u>
Operating income (loss)	<u>(337,760)</u>	<u>1,590,319</u>
Non-operating income (expenses)		
Gain (loss) on sale of assets	18,094	3,531
Other non-operating income	-	-
System development fees	2,394,473	1,620,218
Investment income		
Interest income	82,366	33,490
Net increase in fair value of investments	21,423	7,684
Interest expense	(1,034,036)	(766,575)
Total non-operating income (expenses)	<u>1,482,320</u>	<u>898,348</u>
Income (loss) before contributions and transfers	1,144,560	2,488,667
Capital grants	768,862	115,430
Donated utilities and other assets	1,746,505	1,420,368
Transfers in	-	-
Transfers out	-	-
Change in net position	3,659,927	4,024,465
Net position - beginning of year	<u>212,066,738</u>	<u>55,807,505</u>
Net position - end of year	<u>\$ 215,726,665</u>	<u>\$ 59,831,970</u>
Adjustment for the net effect of the current year activity between the internal service fund and the enterprise funds		
Change in net position of business-type activities		

Enterprise Funds

Solid Waste Fund	Other Proprietary Funds	Totals	Internal Service Fund
\$ 13,612,104	\$ 848,553	\$ 44,738,248	\$ 4,315,072
<u>215,203</u>	<u>78,105</u>	<u>1,258,757</u>	<u>1,104</u>
<u>13,827,307</u>	<u>926,658</u>	<u>45,997,005</u>	<u>4,316,176</u>
-	-	11,553,006	-
-	-	6,486,263	-
6,823,455	-	6,823,455	-
505,120	-	505,120	-
1,460,601	-	1,460,601	-
196,154	-	196,154	-
-	-	-	3,768,378
-	1,528,338	1,528,338	-
1,252,471	233,691	13,437,374	71,828
<u>10,237,801</u>	<u>1,762,029</u>	<u>41,990,311</u>	<u>3,840,206</u>
<u>3,589,506</u>	<u>(835,371)</u>	<u>4,006,694</u>	<u>475,970</u>
244,781	-	266,406	(683)
-	-	-	-
-	-	4,014,691	-
85,781	-	201,637	-
170,307	-	199,414	-
<u>(117,707)</u>	<u>-</u>	<u>(1,918,318)</u>	<u>-</u>
<u>383,162</u>	<u>-</u>	<u>2,763,830</u>	<u>(683)</u>
3,972,668	(835,371)	6,770,524	475,287
30,935	-	915,227	-
-	-	3,166,873	-
904,277	334,614	1,238,891	-
<u>(1,285,000)</u>	<u>-</u>	<u>(1,285,000)</u>	<u>(5,436)</u>
3,622,880	(500,757)	10,806,515	469,851
<u>12,009,454</u>	<u>3,469,416</u>	<u>469,851</u>	<u>717,437</u>
<u>\$ 15,632,334</u>	<u>\$ 2,968,659</u>	<u>\$ 11,276,366</u>	<u>\$ 1,187,288</u>
		<u>469,851</u>	
		<u>\$ 11,276,366</u>	

**CITY OF CHEYENNE, WYOMING**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 Year Ended June 30, 2016

	Business-type Activities	
	Waterworks Fund	Sewer Fund
Cash flows from operating activities		
Cash received from customers	\$ 19,110,701	\$ 12,482,138
Cash payments to suppliers	(3,432,720)	(2,761,279)
Cash payments to employees	(7,021,657)	(4,160,417)
Change in City sanitation account	250	-
Net cash provided by (used in) operating activities	8,656,574	5,560,442
Cash flows from noncapital financing activities		
Donations and operating grants	-	-
Proceeds from amounts due to other funds	-	-
Advances to other funds	-	-
Transfers to other funds	-	-
Transfers from other funds	-	-
Net cash provided by (used in) noncapital financing activities	-	-
Cash flows from capital and related financing activities		
System development fees	2,205,753	1,510,207
Proceeds from issuance of debt	2,960,138	409,622
Acquisition and construction of capital assets	(8,367,211)	(3,545,657)
Principal paid on revenue bonds and loan debt maturities	(4,130,753)	(2,451,647)
Capital grants	275,505	88,186
Proceeds from sale of capital assets	18,094	3,531
Interest paid on debt	(1,106,343)	(854,584)
Net cash (used in) capital and related financing activities	(8,144,817)	(4,840,342)
Cash flows from investing activities		
Interest on cash accounts and investments	103,250	40,070
Redemption of investments	603,001	36,898
Purchase of investments	-	(36,971)
Net cash provided by investing activities	706,251	39,997
Net increase (decrease) in cash and cash equivalents	1,218,008	760,097
Cash and cash equivalents - beginning of year	22,962,573	8,445,159
Cash and cash equivalents - end of year	\$ 24,180,581	\$ 9,205,256

Enterprise Funds

Solid Waste Fund	Other Proprietary Funds	Totals	Internal Service Fund
\$ 13,792,093	\$ 928,584	\$ 46,313,516	\$ 4,323,879
(4,827,974)	(750,929)	(11,772,902)	(2,704,806)
(4,382,643)	(714,130)	(16,278,847)	(1,101,379)
-	-	250	-
<u>4,581,476</u>	<u>(536,475)</u>	<u>18,262,017</u>	<u>517,694</u>
-	-	-	-
-	94,000	94,000	4,075
(124,344)	-	(124,344)	-
(1,285,000)	-	(1,285,000)	-
-	334,614	334,614	-
<u>(1,409,344)</u>	<u>428,614</u>	<u>(980,730)</u>	<u>4,075</u>
-	-	3,715,960	-
1,858,379	-	5,228,139	-
(2,104,244)	(14,614)	(14,031,726)	(10,784)
(1,119,258)	-	(7,701,658)	-
-	-	363,691	-
862,574	-	884,199	-
(117,707)	-	(2,078,634)	-
<u>(620,256)</u>	<u>(14,614)</u>	<u>(13,620,029)</u>	<u>(10,784)</u>
90,023	-	233,343	-
-	-	639,899	-
(4,034,503)	-	(4,071,474)	-
<u>(3,944,480)</u>	<u>-</u>	<u>(3,198,232)</u>	<u>-</u>
(1,392,604)	(122,475)	463,026	510,985
<u>2,595,083</u>	<u>263,086</u>	<u>34,265,901</u>	<u>13,199</u>
<u>\$ 1,202,479</u>	<u>\$ 140,611</u>	<u>\$ 34,728,927</u>	<u>\$ 524,184</u>

**CITY OF CHEYENNE, WYOMING**

STATEMENT OF CASH FLOWS (CONTINUED)  
 PROPRIETARY FUNDS  
 Year Ended June 30, 2016

	Business-type Activities	
	Waterworks Fund	Sewer Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	\$ (337,760)	\$ 1,590,319
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	8,441,502	3,509,710
Net pension (income) expense	706,497	235,499
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities		
Receivables	(533,982)	908,867
Inventory	1,412	4,796
Prepaid expenses	-	-
Accounts payable	401,973	(784,034)
Landfill closure and post-closure costs	-	-
City sanitation account	(124,094)	-
Accrued salaries including vacation and sick leave	101,026	95,285
Unearned revenue	-	-
	<u>\$ 8,656,574</u>	<u>\$ 5,560,442</u>
Net cash provided by (used in) operating activities		
Noncash investing, capital and noncapital financing activities		
Amortization of deferred refunding loss and debt premiums	\$ (39,619)	\$ -
Donated asset acquisitions	1,746,505	1,420,368
Capitalized interest	84,895	41,094
Debt forgiveness	469,706	-

Enterprise Funds

Solid Waste Fund	Other Proprietary Funds	Totals	Internal Service Fund
\$ 3,589,506	\$ (835,371)	\$ 4,006,694	\$ 475,970
1,252,471 (374,825)	233,691 -	13,437,374 567,171	71,828 -
(35,214)	1,150	340,821	7,704
-	-	6,208	(25,658)
13,188	-	13,188	328
(53,142)	62,367	(372,836)	(12,514)
209,546	-	209,546	-
-	-	(124,094)	-
(20,054)	912	177,169	36
-	776	776	-
<u>\$ 4,581,476</u>	<u>\$ (536,475)</u>	<u>\$ 18,262,017</u>	<u>\$ 517,694</u>
\$ -	\$ -	\$ (39,619)	\$ -
935,211	-	4,102,084	-
-	-	125,989	-
-	-	469,706	-

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# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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### **Note 1. The Reporting Entity and Significant Accounting Policies**

#### ***Reporting Entity***

The City of Cheyenne, Wyoming (the City or the City of Cheyenne) is a municipal corporation governed by an elected mayor and nine elected council members. The accompanying financial statements present the government and its component unit. 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 of Cheyenne Board of Public Utilities (the Board) is not a separate legal entity; as such, the Board's information is reported as proprietary funds of the City.

#### ***Discretely Presented Component Unit***

The Cheyenne Downtown Development Authority ("DDA") was established to account for all the revenues and those expenditures associated with the activities of developing the City downtown area. The DDA primarily serves the citizens and businesses of the City of Cheyenne, and is dependent upon revenue from property tax assessments and funding from the City of Cheyenne. Due to the nature and significance of its relationship with the City, the exclusion of the DDA would render the financial statements of the City incomplete or misleading. Complete financial statements for the DDA may be obtained from the Cheyenne Downtown Development Authority, 1601 Capitol Avenue, Cheyenne, Wyoming.

#### ***Nature of Operations***

The City provides the following services as authorized by statute: public safety, street maintenance and operation, health and social services, culture-recreation, public improvements, planning and zoning, solid waste disposal, and general administrative services.

The DDA plans and implements the restoration and improvement of property within the City downtown boundaries.

The Board provides all water and sewer services for the City, Warren Air Force Base and the South Cheyenne Water & Sewer District. These services include obtaining an adequate source of water supply, water treatment, wastewater collection, and water reclamation.

#### ***Government-Wide and Fund Financial Statements***

The government-wide financial statements (i.e., the statement of net position and the Statement of Activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which are primarily 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.

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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### **Note 1. The Reporting Entity and Significant Accounting Policies (Continued)**

#### ***Government-Wide and Fund Financial Statements (Continued)***

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as general revenues.

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

#### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The City's government-wide financial statements are designed to present the information in a format more closely resembling that of the private sector and to provide the user with more managerial analysis regarding the financial results and the City's financial outlook.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Accordingly, all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

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 City considers revenues, except property taxes, to be available if they are collected within 90 days of the end of the current fiscal period. Property taxes are considered available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a 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 City 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 *one percent sales tax fund* accounts for the City's share of revenue received and expenditures made with the general purpose optional 1% sales tax approved by the voters.

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

---

### **Note 1. The Reporting Entity and Significant Accounting Policies (Continued)**

#### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)***

The *capital facilities tax fund* accounts for the City's share of revenue received and expenditures made with the special purpose option sales tax approved by the voters for specific capital projects.

The City reports the following major proprietary funds:

The *waterworks fund* accounts for the operation of the water distribution system which produces and supplies the City and its inhabitants with water for domestic and industrial purposes, and for public use.

The *sewer fund* accounts for operation of the water reclamation plant, sewage pumping stations, and the collection systems.

The *solid waste fund* accounts for the operation of all solid waste activities including collection and disposal as mandated by federal and state regulations and to accumulate funds for the closure and post-closure costs of the landfill.

Additionally, the government reports the following fund types:

The *special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

The *capital projects funds* are used to account for and report financial resources that are restricted or committed to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The *permanent fund* is used to account for resources legally restricted for use in the care and maintenance of the City's cemetery.

The *other proprietary funds* are for the Civic Center and the Ice and Events Center, which are used to account for their operations.

The *internal service fund* accounts for fleet management services provided to other departments, or to other governments, on a cost reimbursement basis.

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 charges between the government's water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues for the various functions concerned.

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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### **Note 1. The Reporting Entity and Significant Accounting Policies (Continued)**

#### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)***

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 waterworks, sewer, solid waste, civic center and ice and events center enterprise funds and the City's internal service fund 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 the internal service fund 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.

#### ***Deposits and Investments***

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the end of the fiscal year. For purposes of the Statements of Cash Flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. The City also has investments in the State Treasurer's Investment Pool (WYO-STAR) and the Wyoming Government Investment Fund (WGIF), which are considered cash equivalents due to the City's ability to withdraw funds at any time without restriction. Interest earned is allocated among the various funds based on the average monthly outstanding balance in the consolidated bank account. Accrued interest is shown separately on the Statement of Net Position and fund Balance Sheet. The City uses consolidated bank accounts, which earn interest at variable interest rates. Occasionally, certain individual funds may reflect a deficiency in the cash balance per books. These deficit cash balances are reported as an inter-fund payable between the fund showing the deficit and the fund showing the related asset.

Investments, which consist of certificates of deposit, money market certificates, mortgage-backed securities and government securities, are reported at fair value at June 30, 2016. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City had recurring fair value measurements as of June 30, 2016 of mortgage-backed securities and government securities in the amount of \$41,870,381 which are valued using a matrix pricing model and the market approach (Level 2 inputs).

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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### **Note 1. The Reporting Entity and Significant Accounting Policies (Continued)**

#### ***Deposits and Investments (continued)***

A significant portion of the City's investment activity, except for funds that are required to maintain their investments separately, is conducted in a pooled investment account with the State of Wyoming, State Treasurer's office. The State Treasurer's Investment Pool (WYO-STAR) operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

#### ***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 balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Accounts receivable — customers are shown on the statement of net position net of allowances for doubtful accounts of \$152,598 at June 30, 2016.

Property taxes attach as an enforceable lien on property as of May 11. Taxes are levied on or about August 1 and are payable in two installments on September 1 and March 1, with delinquent dates of November 10 and May 10, respectively. If the first installment is not paid, the entire levy is delinquent on December 31. The County bills and collects property taxes for all municipalities and political subdivisions within the County, including the City of Cheyenne.

The City is permitted by Wyoming Statutes to levy up to 8 mills of the assessed valuation except for the payment of public debt and the interest thereon. The combined tax rate to finance general governmental services other than the payment of principal and interest on long-term debt for the year ended June 30, 2016 was 8 mills, which means the City has no available tax margin and accordingly, cannot raise any additional property taxes.

The estimated unbilled usage receivable represents the unbilled utility services that have been provided but not billed as of the end of the year.

#### ***Inventories***

Inventories are stated at the lower of cost, determined by the weighted-average method, or market. All purchases of supplies are recorded as expenditures when used or issued to the user department (consumption method).

#### ***Restricted Assets***

By voter approval, restricted assets include cash, cash equivalents and investments required to be set aside as specific purpose sales and use taxes for the exclusive purpose of funding various projects. Assets held by the Board for the City sanitation, as well as amounts due from the State of Wyoming on requested loan advances are also deemed restricted. In addition, cash required to be set aside for the repair and maintenance of capital assets that were funded by the State of Wyoming loans are deemed restricted.

**CITY OF CHEYENNE, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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**Note 1. The Reporting Entity and Significant Accounting Policies (Continued)**

***Capital Assets***

Capital assets of governmental funds and the Solid Waste, Civic Center, Ice and Events Center and Fleet Maintenance proprietary funds, 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 Statement of Net position. Capital assets are defined by the City 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 costs or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition 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 asset lives are not capitalized.

Property, plant, and equipment of the governmental funds and the Solid Waste, Civic Center, Ice and Events Center and Fleet Maintenance activities are depreciated using the straight-line method over the following estimated useful lives:

Buildings	30-50 years
Infrastructure	15-40 years
Improvements	20 years
Equipment	5-20 years

Sewer and Waterworks capital assets, which include property, plant equipment and infrastructure assets (e.g., water and sewer lines), are reported in the applicable business-type activities columns in the Statement of Net Position. Capital assets are defined by the Board as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Assets such as land, buildings and improvements, equipment and utility plant in service are reported at an estimated historical cost, as determined by an independent study as of June 30, 1973, plus additions since that time have been recorded at historical cost. Property and equipment donated by developers is valued at its fair value at the date of donation.

Depreciation for the Waterworks and Sewer capital assets has been provided over the following estimated useful lives computed by the straight-line method:

Utility plant in service:	
Waterworks system	10-50 years
Sewer system	10-40 years
Machinery and equipment	5-10 years
Transportation equipment	5 years
Structures and improvements	40 years
Office furniture and equipment	3-5 years

**CITY OF CHEYENNE, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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**Note 1. The Reporting Entity and Significant Accounting Policies (Continued)**

***Compensated Absences***

City employees, other than employees of the Waterworks and Sewer departments, earn vacation leave at the following rates:

<u>Months of Service</u>	<u>Vacation Hours Accrued Per Month</u>
0 to 60	8.67
61 to 120	10.67
121 to 180	12.67
181 to 240	14.67
Over 240	16.67

Employees may accumulate up to 240 hours of vacation. Accumulated vacation leave in excess of 240 hours shall be deemed forfeited at the end of the December pay period. Sick leave accrues at the rate of 10 hours per month and employees may accumulate unlimited hours of sick leave (unless hired after July 1, 2015 and therefore are entitled to accumulate 520 hours of sick leave) but upon termination are only paid up to one half of the accrued sick leave not to exceed 240 hours of sick leave. Nonexempt full-time employees of the City may earn up to 80 hours of compensatory time in lieu of overtime wages. Compensatory time is earned at one and one-half hours for time worked in excess of 40 in a workweek. Upon termination, an employee is paid for his or her accrued unused compensatory time, not to exceed 80 hours. Payment is calculated using the rate of pay at the time of termination.

Nonexempt full-time and part-time employees of the waterworks and sewer departments are eligible to earn and use compensatory time upon employment. Compensatory time may be earned in lieu of overtime wages and call back wages. Compensatory time is earned at 1½ hours for time worked in excess of 40 in a workweek and for call back hours. The maximum accumulation of compensatory time is 120 hours. A full-time or part-time exempt employee may earn administrative time at a rate of one for one for hours worked above 40 in a workweek, up to a maximum of 120 hours. Upon termination, an employee is paid for his or her accrued unused compensatory or administrative time, not to exceed 120 hours. Payment is calculated using the rate of pay at the time of termination.

Employees of the Waterworks and Sewer departments earn vacation leave at the following rates:

<u>Months of Service</u>	<u>Vacation Hours Accrued Per Month</u>
0 to 48	8.0
49 to 96	10.0
97 to 144	12.0
145 to 192	14.0
Over 192	16.0

Accumulated vacation leave in excess of 30 days shall be deemed forfeited at the end of the December pay period.

**CITY OF CHEYENNE, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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**Note 1. The Reporting Entity and Significant Accounting Policies (Continued)**

***Compensated Absences (Continued)***

Employees of the Waterworks and Sewer departments accrue sick leave up to a maximum of 480 hours for a full-time employee and 240 hours for a part-time employee on the basis of the number of hours worked in the month at the following rates:

<u>Hours Worked Per Month</u>	<u>Sick Leave Hours Accrued Per Month</u>
160 or more	10.0
120 to 159	7.5
80 to 119	5.0
40 to 79	2.5
39 or less	No accrual

Vacation and sick leave shall be granted to permanent employees only. Probationary employees can accrue leave from the employment date but are not eligible to use leave until a permanent status is achieved. Unused sick leave and vacations of City personnel are accumulated during employment. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The liability for compensated absences is accrued as benefits are accumulated in the government-wide and proprietary fund financial statements. Upon termination of employment, an employee is paid for his or her other accrued unused vacation leave and one-half of his or her accrued unused sick leave up to 240 hours.

***Long-Term Obligations***

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

***Fund Balance***

The City reports fund balance in the governmental fund financial statements in one of the following five categories.

1. Nonspendable Fund Balance—This classification reflects the portion of net resources that is inherently nonspendable because of its form or because it must be maintained intact which for the City includes prepaid items, loans receivable and inventories.

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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### **Note 1. The Reporting Entity and Significant Accounting Policies (Continued)**

#### ***Fund Balance (Continued)***

2. Restricted Fund Balance—The portion of fund balance for which there are legally enforceable restrictions on use, either by limitations imposed 1) by creditors, grantors, contributors, or laws and regulations of other governments or 2) by laws representing amounts constrained to a specific purpose by their providers, through constitutional provisions, or by enabling legislation.

3. Committed Fund Balance—The portion of net resources for which there are self-imposed limitations enacted by the City Council that 1) required formal action at the same level to remove and 2) are set in place prior to the end of the period. Commitments may be established, modified, or rescinded through motion action enacted by City Council.

4. Assigned Fund Balance—This classification reflects the portion of fund balance for which there are limitations that result from intended use established by the City Council or the Mayor. The City's policy delegates to the City Treasurer the authority to assign unrestricted fund balance amounts.

5. Unassigned Fund Balance—The portion of net resources that is residual after nonspendable, restricted, committed, and assigned amounts have been determined.

The City's policy on the order in which unrestricted (committed, assigned or unassigned) resources are to be used when any of these amounts are available for expenditure is to first apply committed fund balance, then assigned fund balance and finally unassigned fund balance.

#### ***Net Position***

Net position represent the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets and deferred outflows of resources, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws and regulations of other governments.

#### ***Unearned Fees and Deposits***

The Board charges new customers a tap fee for water and sewer services. In addition, the Board assesses a system development fee for each service. These fees are paid in advance and recorded as unearned before the service is active. Once the new connections are inspected and service begins, the tap and system development fees become earned and recognized.

#### ***Estimates***

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual amounts could differ from those estimates.

CITY OF CHEYENNE, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

**Note 1. The Reporting Entity and Significant Accounting Policies (Continued)**

***Encumbrances***

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. Encumbrances are reflected as either a restricted, committed, or assigned portion of the fund balance. The City’s encumbrances have been included within fund balance as follows:

General Fund		
Assigned	\$	175,643
One Percent Sales Tax Fund		
Restricted		299,835
Capital Facilities Tax Fund		
Restricted		668,424
Other Governmental Funds		
Restricted		29,613
Committed		3,762
Total Encumbrances	\$	<u>1,177,277</u>

***Deferred Outflows/Inflows of Resources***

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has recognized deferred outflows of resources in the government-wide financial statements in accordance with presentation requirements for GASB 68. The City and Board also recognize a deferred outflow of resources for the loss on refunding, which is amortized over the life of the related debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises under only a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly the item, unavailable property taxes, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

***Pensions***

The City and Board participate in several Pension Plans, all cost-sharing multiple-employer defined benefits pension plans administered by the Wyoming Retirement System (WRS). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the Plans have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CITY OF CHEYENNE, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

**Note 2. Stewardship, Compliance, and Accountability**

***Fund Deficit***

The following funds had a deficit balance at June 30, 2016:

Fund	Deficit Balance
Community Development Block Grant	\$ (752)
Miscellaneous Federal Grants	(1,899)
State Grants	(9,556)

The fund deficit is due to draws not made early in the program or requests for reimbursements not meeting the availability requirement.

***Fund Balance Specific-Purpose Details***

The following table outlines the specific purpose details for governmental fund balances of the City:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Other Funds</u>	<u>Total</u>
<b>Fund balances</b>					
<b>Nonspendable</b>					
Prepaid items	\$ 527,506	\$ 6,860	\$ 14,695	\$ -	\$ 549,061
Loans receivable	55,830	-	-	-	55,830
<b>Restricted for</b>					
Bond ordinances	953,838	-	-	-	953,838
Weed and Pest programs	-	410,502	-	-	410,502
Capital projects	-	-	31,904,354	-	31,904,354
Cemetery projects	-	-	-	711,393	711,393
Juvenile justice programs	-	289,683	-	-	289,683
Grants	-	293,769	-	-	293,769
Housing programs	-	305,206	-	-	305,206
Youth programs	-	104,073	-	-	104,073
<b>Committed to</b>					
Capital projects	1,312,597	-	931,354	-	2,243,951
Annexation improvements	-	207,821	-	-	207,821
Youth and recreation programs	-	757,648	-	-	757,648
<b>Assigned to</b>					
Future expenditures	431,643	-	28,525	-	460,168
Agency accounts	832,683	-	-	-	832,683
<b>Unassigned</b>	14,160,865	(12,207)	-	-	14,148,658
<b>Totals</b>	<u>\$ 18,274,962</u>	<u>\$ 2,363,355</u>	<u>\$ 32,878,928</u>	<u>\$ 711,393</u>	<u>\$ 54,228,638</u>

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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### **Note 3. Cash, Cash Equivalents and Investments**

#### ***Investments Authorized by the City's Investment Policy***

The City follows the guidelines set forth in Wyoming State Statute 9-4-831 as it relates to the investment of public funds. The City's investment policy requires investments to comply with State statutes, which generally allow the City to invest in U.S., state and local government securities and accounts of any bank and savings associations which are federally insured or secured by a pledge of assets including bonds, debentures and other securities in which the City may by law invest. All investments made during the year were made within these statutory limits.

#### ***Custodial Credit Risk***

Custodial credit risk for deposits and certificates of deposit is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require that the City and Board's deposits in excess of the Federal depository insurance must be collateralized. As of June 30, 2016, the deposits of the City and Board were fully insured and collateralized as required by State statutes. The deposits of the component unit of the City were fully insured and collateralized at June 30, 2016. In addition to the applicable statutes, the City and Board's policies require all deposits to be collateralized at 105% of the amount invested including accrued interest to further reduce its exposure to custodial credit risk.

For an investment, this is the risk that in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes limit the type of investments the City can use. Statutes limit investments primarily to securities issued or guaranteed by the U.S. Treasury or agencies of the United States Government; therefore, reducing the City's exposure to custodial credit risk for its investments. As of June 30, 2016, all investment securities were held by the City's custodians and registered in the City's name.

#### ***Concentration of Credit Risk***

The City's investment policy states that with the exception of U.S. Treasury securities, obligations or securities issued by or guaranteed by any federal government agency or instrumentality, certificates of deposits, and authorized pools, no more than 50% of the City's total investment portfolio will be invested in a single security type. The City met this limitation as of June 30, 2016. The City held \$8,247,641 or 15.6% of its portfolio in Federal National Mortgage Association (FNMA) Pools and \$5,570,346 or 10.5% of its portfolio in FNMA as of June 30, 2016. The Board's investment policy does not allow more than 25% of the total investment portfolio to be invested in any one issuer, with the exception of WYOSTAR, WGIF, bank certificates of deposit and U.S. Treasury securities, which include all of the Board's investments.

**CITY OF CHEYENNE, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

**Note 3. Cash, Cash Equivalents and Investments (Continued)**

***Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The City's investments are held in external pooled investment accounts, bank certificates of deposit, as well as accounts managed by an investment manager, and as a means of limiting its exposure to fair value losses arising from rising interest rates, the City attempts to match its investment maturities to expected cash flow needs. Unless matched to a specific cash flow, the City's policy is to maintain a weighted average life of less than seven years. The Board's investment portfolio shall be timed to provide that at least 20% is under 31 days (but this amount need not be more than \$3,000,000) and not more than 25% may be over 181 days and less than three years. With this investment focus, investments are expected to reach maturity with limited gains and losses. The maturities and applicable interest rates of the City and Board's investments are displayed in the following Interest Rate Risk Table.

Investment Type	Fair Value	Interest Rate	Investment Maturities in Years			
			Less Than 1	1-5	6-10	More Than 10
Certificates of Deposit	\$ 4,824,971	.05%-2.66%	\$ 4,824,971			\$ -
U.S. Government Securities	22,318,878	.13%-3.88%	4,035,917	15,370,879	1,437,496	1,474,586
U.S. Agencies	19,551,503	.63%-6.50%	765,884	17,331,728	502,343	951,548
State Treasurer's Investment Pool (WYO-STAR)	41,171,944	0.54%	41,171,944	-	-	-
Wyoming Government Investment Fund (WGIF)	3,155	0.05%	3,155	-	-	-
	<u>\$ 87,870,451</u>		<u>\$ 50,801,871</u>	<u>\$ 32,702,607</u>	<u>\$ 1,939,839</u>	<u>\$ 2,426,134</u>

The component unit of the City had investments in the Wyoming Government Investment Fund (WGIF) which was established pursuant to the Wyoming Statutory Trust Act. The component unit's balance in WGIF as of June 30, 2016 was \$438,371. The WGIF's investment policy limits its exposure to market value fluctuations due to changes in interest rates by requiring that the Fund's portfolio maintain a dollar-weighted average maturity of less than sixty days.

The City holds certain investments that are classified as "highly sensitive." These securities, because of their specific type and structure, are rate sensitive as market conditions change. Step-up bonds are structured so that the bonds, at strategic times during their life, will step-up to a higher interest rate if they are not called. The portfolio holds 825,293 or .9% of the securities in step-up structured bonds.

***Credit Risk***

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City and Board's investment policies do not contain any specific provisions intended to limit the City or Board's exposure to credit risk. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. Under investment agreements with WYO-STAR and WGIF, the City and Board have invested monies at a variable and fixed contract rate

**CITY OF CHEYENNE, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

**Note 3. Cash, Cash Equivalents and Investments (Continued)**

***Credit Risk (Continued)***

of interest, respectively. There is no rating available for the WYO-STAR investment; however, under Wyoming statutes underlying providers are required to have the highest rating from at least one of the nationally recognized rating organizations. The WGIF investment received an AAA rating by Standard & Poor's. 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 top ratings issued by nationally recognized statistical rating organizations (Moody's and Standard and Poor's). Obligations of the U.S. Government and obligations specifically guaranteed are backed by the full faith and credit of the U.S. Government. Of the investments in U.S. Agencies, \$17,402,063 were rated AAA by Moody's and \$2,149,440 were not rated. The City's investments in the governmental mutual funds were not rated. Under investment note agreements with WYO-STAR and WGIF, the City has invested monies at a variable and fixed contract rate of interest, respectively.

**Note 4. Capital Assets**

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

	Balance July 1, 2015	Additions	Retirements and Transfers	Balance June 30, 2016
Capital assets, not being depreciated:				
Land	\$ 14,162,166	\$ 1,085,383	\$ -	\$ 15,247,549
Construction in progress	19,620,246	29,681,597	(36,547,118)	12,754,725
Total capital assets, not being depreciated	<u>33,782,412</u>	<u>30,766,980</u>	<u>(36,547,118)</u>	<u>28,002,274</u>
Capital assets, being depreciated:				
Buildings and improvements	76,304,077	26,496,426	-	102,800,503
Machinery and equipment	12,013,323	584,049	(1,106,385)	11,490,987
Transportation equipment	19,930,503	2,006,286	(692,113)	21,244,676
Office furniture and equipment	2,892,721	754,304	(450,708)	3,196,317
Infrastructure	196,727,021	15,078,535	-	211,805,556
Total capital assets, being depreciated	<u>307,867,645</u>	<u>44,919,600</u>	<u>(2,249,206)</u>	<u>350,538,039</u>
Less accumulated depreciation for:				
Buildings and improvements	26,633,244	2,466,705	-	29,099,949
Machinery and equipment	7,555,741	645,965	(1,050,794)	7,150,912
Transportation equipment	12,269,598	1,670,711	(689,230)	13,251,079
Office furniture and equipment	1,437,088	453,964	(439,991)	1,451,061
Infrastructure	82,743,929	4,403,603	-	87,147,532
Total accumulated depreciation	<u>130,639,600</u>	<u>9,640,948</u>	<u>(2,180,015)</u>	<u>138,100,533</u>
Total capital assets being depreciated, net	<u>177,228,045</u>	<u>35,278,652</u>	<u>(69,191)</u>	<u>212,437,506</u>
Governmental activities, capital assets, net	<u>\$ 211,010,457</u>	<u>\$ 66,045,632</u>	<u>\$ (36,616,309)</u>	<u>\$ 240,439,780</u>

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2016

**Note 4. Capital Assets (Continued)**

Business-type capital asset activity for the year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Retirements and Transfers	Balance June 30, 2016
Capital assets, not being depreciated:				
Land	\$ 12,299,437	\$ -	\$ -	\$ 12,299,437
Water rights	1,797,968	-	-	1,797,968
Construction in progress	8,828,778	11,486,307	(10,774,199)	9,540,886
Total capital assets, not being depreciated	<u>22,926,183</u>	<u>11,486,307</u>	<u>(10,774,199)</u>	<u>23,638,291</u>
Capital assets, being depreciated:				
Utility plant in service	504,586,438	14,192,420	-	518,778,858
Machinery and equipment	9,837,644	1,139,104	(1,884,017)	9,092,731
Transportation equipment	9,721,135	1,233,447	(259,139)	10,695,443
Structures and improvements	22,467,832	748,960	-	23,216,792
Office furniture and equipment	1,432,335	208,173	(14,590)	1,625,918
Total capital assets, being depreciated	<u>548,045,384</u>	<u>17,522,104</u>	<u>(2,157,746)</u>	<u>563,409,742</u>
Less accumulated depreciation for:				
Utility plant in service	211,608,509	11,454,374	-	223,062,883
Machinery and equipment	4,431,311	471,034	(1,288,573)	3,613,772
Transportation equipment	5,294,274	871,931	(260,918)	5,905,287
Structures and improvements	7,819,783	546,814	-	8,366,597
Office furniture and equipment	1,054,487	165,049	(14,590)	1,204,946
Total accumulated depreciation	<u>230,208,364</u>	<u>13,509,202</u>	<u>(1,564,081)</u>	<u>242,153,485</u>
Total capital assets being depreciated, net	<u>317,837,020</u>	<u>4,012,902</u>	<u>(593,665)</u>	<u>321,256,257</u>
Business-type activities, capital assets, net	<u>\$ 340,763,203</u>	<u>\$ 15,499,209</u>	<u>\$ (11,367,864)</u>	<u>\$ 344,894,548</u>

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

Governmental activities	
General government	\$ 1,063,941
Public safety	1,291,377
Public works	5,365,442
Recreation	1,920,188
Total depreciation expense - governmental activities	<u>\$ 9,640,948</u>
Business-type activities	
Waterworks	\$ 8,441,502
Sewer	3,509,710
Solid Waste Fund	1,252,471
Civic center	104,257
Ice and events center	129,434
Fleet maintenance	71,828
Total depreciation expense - business-type activities	<u>\$ 13,509,202</u>

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2016

**Note 5. Interfund Receivables, Payables and Transfers**

The composition of interfund receivables and payables as of June 30, 2016 is as follows:

Fund	Fund Level Financial Statements Due From/To Other Funds	
	Receivable	Payable
Governmental activities:		
General fund	1,007,913	-
Special revenue funds:		
State Grants	495,179	-
Community Development Block Grant	-	500
Transportation Planning	-	225,000
Local Law Enforcement Block Grants	-	100,000
State Grants	-	240,000
Miscellaneous Federal Grants	-	255,000
Capital projects funds:		
Athletic Facilities	-	55,830
Internal service fund	10,481	-
Business-type activities:		
Waterworks	-	2,196,958
Sewer	-	97,562
Solid Waste	1,787,277	-
Ice and Events Center	-	130,000
	\$ 3,300,850	\$ 3,300,850

A balance of \$1,787,277 due from the waterworks fund to the solid waste fund resulted from the Board billing and collection of sanitation charges on behalf of the City. All other balances resulted from the time lag between dates that (1) interfund goods and services were provided or reimbursable expenses occurred, (2) transactions were recorded in the accounting systems, and (3) payments between funds were made.

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2016

**Note 5. Interfund Receivables, Payables and Transfers (continued)**

Transfers for the year ended June 30, 2016 were as follows:

Fund	Transfers	
	In	Out
Governmental activities:		
General fund	\$ 1,286,614	\$ 620,000
Special revenue funds:		
State Grants	-	49,614
Transportation Planning	40,832	-
UMTA Transit Grants	300,000	-
Capital projects		
One Percent Sales Tax	-	55,446
Capital Facilities Tax	-	849,227
Permanent fund		
Cemetery Perpetual Care		1,614
Total governmental activities	<u>1,627,446</u>	<u>1,575,901</u>
Business-type activities:		
Solid Waste	904,277	1,285,000
Civic Center	200,000	-
Ice and Events Center	134,614	-
Internal service	-	5,436
Total business-type activities	<u>1,238,891</u>	<u>1,290,436</u>
Total primary government	<u>\$ 2,866,337</u>	<u>\$ 2,866,337</u>

During the year ended June 30, 2016, transfers were used to (1) move revenues from the fund that statute or budget requires expending them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 6. Leases**

The City has entered into lease agreements as lessee for financing the acquisition of landfill equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The assets acquired through capital leases are as follows:

Machinery and equipment/Transportation equipment	Business-Type Activities \$ 6,733,919
Less accumulated depreciation	(929,278)
Total	<u>\$ 5,804,641</u>

**CITY OF CHEYENNE, WYOMING**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2016

**Note 6. Leases (continued)**

The capital lease obligations payable as of June 30, 2016 were as follows:

Lease payable for landfill equipment, due in semi-annual installments of \$112,881, with interest at 2.49%, through June 2018.	346,616
Lease payable for landfill equipment, due in semi-annual installments of \$115,530 to \$147,012, with interest at 1.94% through June 2019.	697,546
Lease payable for landfill equipment, due in semi-annual installments, of \$164,296, with interest at 2.61%, through June 2021.	1,963,889
Lease payable for landfill equipment, due in semi-annual installments, of \$128,636, with interest at 2.61%, through June 2022.	1,750,594
Lease payable for landfill equipment, due in semi-annual installments, amounts to be estimated on a semi-annual basis based on the estimated outstanding principal balance with interest accruing at 2.61%, final payment estimated to be due June of 2023. Unused balance of lease is \$1,138,673 at June 30, 2016.	50,001
	<u>\$ 4,808,646</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016, were as follows:

<u>Year Ending June 30,</u>	<u>Business-Type Activities</u>
2017	\$ 1,055,072
2018	1,005,071
2019	826,336
2020	585,863
2021	1,078,750
Thereafter	<u>643,180</u>
Total minimum lease payments	5,194,272
Less amount representing interest	<u>(385,626)</u>
Present value of minimum lease payments	<u>\$ 4,808,646</u>

**CITY OF CHEYENNE, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

**Note 6. Leases (continued)**

On May 2, 2014, the City entered into an agreement with the Wyoming Business Council (the Council) and Granite Peak Development (the Developer) for the funding of the Swan Ranch Rail Spur (the Rail Spur). In connection with the development of the Rail Spur, the City received a grant with recapture totaling \$2,000,000 and a loan totaling \$2,453,943 from the Council for a total net investment in direct financing lease receivable of \$4,453,943 (see Note 7 for disclosures on the loan and Note 18 for related prior period adjustment). After completion of the project, the City leased the Rail Spur to the Developer. General terms of the lease include no payments until 2019, with annual payments of \$661,982 after that. Upon the end of the lease, ownership of the Rail Spur will be transferred to the Developer.

**Note 7. Long-Term Debt**

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

General long-term debt currently outstanding is as follows:

	Balance at June 30, 2016	Amount Due Within One Year
<b><i>Governmental activities</i></b>		
Refunding Revenue Bonds, Series 2012, original amount of \$9,455,000, due in annual installments of \$350,000 to \$1,700,000 through April 2028 plus interest from 1.95% to 2.80%. Secured by a pledge of federal mineral royalties and gross parking fee revenues received.	\$ 8,175,000	\$ 425,000
Due to the Wyoming Business Council, original amount of \$4,453,943 with interest at .5%, due annually on November 1. Annual principal and interest payments beginning in 2019 are \$661,982 through 2025. Secured by the collateral assignment of a promissory note, mortgage and railroad easement and track lease between the City and Granite Peak Development Limited Partnership.	4,453,943	-
Total governmental activities	<u>12,628,943</u>	<u>425,000</u>

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2016

**Note 7. Long-Term Debt (Continued)**

	Balance at June 30, 2016	Amount Due Within One Year
<i><b>Business-type activities</b></i>		
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #133, advances on a \$3,000,000 loan for the Construction of the Hydro-Electric Generation project. Interest thereon is at 0.0% for a term of twenty years. Upon completion of project, loan shall be granted principal forgiveness up to 25% of the loan, not to exceed \$750,000. The payments are currently estimated at \$112,500 per year. Secured by a pledge and assignment of revenues from the City's water system user fees necessary to meet the annual payment.	142,949	-
Due to the State of Wyoming, Water Development Commission, original amount of \$6,250,000, with interest at 4%, due annually on December 1. Annual principal and interest payments are \$306,348 through 2037. Secured by a mortgage on the Stage I pipeline and revenues from the Cheyenne Water System.	4,299,327	134,375
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #144, advances on \$1,300,000 loan for Southern Sewer Interceptor Main. Interest thereon is at 2.5% for a term of twenty years. The payments are currently estimated at \$83,391 per year. Secured by pledge and assignment of revenues from the City's wastewater user fees necessary to meet the annual loan payment.	409,623	-
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #002, original amount of \$4,000,000, with interest at 2.5%, due annually on December 1. Annual principal and interest payments are \$258,075 through 2023. Secured by pledge and assignment revenues from the City's water system user fees necessary to meet the annual loan payment.	1,638,960	217,109
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #065, original amount of \$5,600,000 for the Southern Water Transmission Main - Phase I Project, with interest at 2.5%, due annually on September 1. Annual principal and interest payments are \$334,582 through 2029. Secured by a pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	3,684,161	243,770

**CITY OF CHEYENNE, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

**Note 7. Long-Term Debt (Continued)**

	Balance at June 30, 2016	Amount Due Within One Year
<i>Business-type activities (continued)</i>		
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #120, advances on a \$9,400,000 loan for the design and construction of Phase II of the Southern Water Transmission Main. Interest will accrue at 2.5% from the date of loan disbursements. Twenty annual payments of principal and interest will begin not later than one year after substantial completion of the project. The payments are currently estimated at \$602,983 per year. Secured by the pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	6,901,184	308,254
2013 Refunding Revenue Water Note, original amount of \$8,740,000 due in annual principal installments ranging from \$215,000 to \$955,000 through December 2025; interest at 2.41%. Note originated to refinance the callable portion 2007 Water Revenue Bonds. Secured by pledge of revenues from the City's water system tap and user fees and system development fees, net of premiums.	8,325,000	800,000
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #007, original amount of \$2,334,500, with interest at 2.5%, due annually on September 1. Annual principal and interest payments are \$147,951 through 2019 for the rehabilitation of the Crow Creek and Rollins sewer lines. Secured by the pledge and assignment of revenue generated from the City's wastewater user fees necessary to meet the annual loan payment.	422,665	137,387
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #023, original amount of \$10,000,000, with interest at 2.5%, due annually on December 1. Annual principal and interest payments are \$641,471 through 2023. Secured by pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	4,073,806	539,648
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #032, original amount of \$3,200,000, with interest at 2.5%, due annually on June 1. Annual principal and interest payments are \$205,271 through 2026 for the Dry and Crow Creek Rehab - Engineering project. Secured by the pledge and assignment of revenues generated from the City's wastewater user fees necessary to meet the annual loan payment.	1,796,831	160,357

**CITY OF CHEYENNE, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2016

**Note 7. Long-Term Debt (Continued)**

	Balance at June 30, 2016	Amount Due Within One Year
<i>Business-type activities (continued)</i>		
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF #034, original amount of \$825,000, with interest at 2.5%, due annually on December 1. Annual principal and interest payments are \$47,729 through 2025 for funding of the City's Water Main Rehabilitation Project for Fiscal Year 2004. Secured by a pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	380,512	38,218
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF #074, original amount of \$324,246 loan for the planning phase of the Administration Building Project, with interest at 2.5% due annually on June 1. Annual principal and interest payments are \$20,799 through 2032. Secured by pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	14,020	14,020
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF #084, original amount of \$375,000 loan for the planning phase of the Administration Building Project, with interest at 2.5% due annually on June 1. Annual principal and interest payments are \$24,055 through 2032. Secured by pledge and assignment of revenues from the City's wastewater user fees necessary to meet the annual loan payment.	314,060	16,204
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #046, original amount of \$36,450,000, with interest at 2.5%, due annually on June 1. Annual principal and interest payments are \$2,338,163 through 2026 for the Dry and Crow Creek Rehab - Construction project. Secured by the pledge and assignment of revenues generated from the City's wastewater user fees necessary to meet the annual loan payment.	20,467,029	1,826,569
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #81, original amount of \$1,280,000 for the extension of Cheyenne's Recycled Water System Project, with interest at 2.5%, due annually on September 1. Annual principal and interest payments are \$81,843 through 2030. Secured by a pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	959,058	58,194

**CITY OF CHEYENNE, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

**Note 7. Long-Term Debt (Continued)**

	Balance at June 30, 2016	Amount Due Within One Year
<i>Business-type activities (continued)</i>		
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #056, original amount of \$1,300,000, with interest at 2.5%, due annually on March 1. Annual principal and interest payments are \$61,885 through 2028. Secured by the pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	634,917	46,015
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #060, original amount of \$2,900,000 loan, with interest at 2.5%, due annually on September 1. Annual principal and interest payments are \$174,898 through 2029. Secured by the pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	1,924,687	127,427
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #079, original amount of \$5,130,509 for the 30" Transmission Line Replacement Project, with interest at 2.5% due annually on September 1. Annual principal and interest payments are \$329,107 through 2031. Secured by pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	4,295,360	221,695
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #106, original amount of \$3,500,000 for the construction phase of the Administration Building Project, with interest at 2.5% due annually on June 1. Annual principal and interest payments are \$159,062 through 2032. Secured by pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	2,076,684	107,148

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2016

**Note 7. Long Term Debt (continued)**

	Balance at June 30, 2016	Amount Due Within One Year
<i>Business-type activities (continued)</i>		
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #115, original amount of \$3,500,000 for the construction phase of the Administration Building Project, with interest at 2.5% due annually on June 1. Annual principal and interest payments are \$159,062 through 2032. Secured by pledge and assignment of revenues from the City's wastewater user fees necessary to meet the annual loan payment.	2,076,684	107,148
Due to the State of Wyoming, Office of State Land and Invesments, CWSRF Loan #133, advances on a \$5,000,000 loan for Crow Creek Plant Improvements Project. Interest will accrue at 2.5% from the date of the loan disbursements. Twenty annual payments of principal and interest will begin one year after substantial completion of the project. The payments are currently estimated at \$320,736 per year. Secured by pledge and assignment of revenues from the City's wastewater user fees necessary to meet the annual loan payment.	4,804,265	200,629
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #169, advances on a \$1,300,000 loan for the repairs on the Buffalo Ridge Storage Tank. Interest thereon is at 2.5% for a term of twenty years. Upon completion of project, loan shall be granted principal forgiveness up to 25% of the loan, not to exceed \$325,000. The payments are currently estimated at \$62,543 per year. Secured by a pledge and assignment of revenues from the City's water system user fees necessary to meet the annual payment.	1,241,597	-
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #151, advances on a \$589,800 loan for the construction of the Powder Activated Carbon Project. Interest thereon is at 2.5% for a term of twenty years. Upon completion of project, loan shall be granted principal forgiveness up to 25% of the loan, not to exceed \$147,450. The payments are currently estimated at \$37,800 per year. Secured by a pledge and assignment of revenues from the City's water system user fees necessary to meet the annual payment.	182,188	-

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2016

**Note 7. Long-Term Debt (Continued)**

	Balance at June 30, 2016	Amount Due Within One Year
<i>Business-type activities (continued)</i>		
Due to the State of Wyoming, Office of State Land and Investments, CWSRF Loan #143, advances on \$875,000 loan for Holliday Park Reuse Project. Interest thereon is at 0.00% for a term of twenty years. The payments are currently estimated at \$43,750 per year. Secured by pledge and assignment of revenues from the City's wastewater user fees necessary to meet the annual loan payment.	875,000	-
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #177, advances on a \$5,280,000 loan for the design and construction of Phase III of the Southern Water Transmission Main. Interest thereon is at 2.5% for a term of twenty years. Upon completion of project, loan shall be granted principal forgiveness up to 25% of the loan, not to exceed \$1,320,000. The payments are currently estimated at \$254,023 per year. Secured by a pledge and assignment of revenues from the City's water system user fees necessary to meet the annual payment.	131,623	-
Total business-type activities	72,072,190	5,304,167
Total long-term debt	\$ 84,701,133	\$ 5,729,167

The annual debt service requirements of the long-term debt and current principal maturities as of June 30, 2016 are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	425,000	224,207	5,304,167	1,772,195
2018	450,000	214,645	5,547,092	1,687,398
2019	886,628	204,520	5,681,182	1,548,485
2020	1,121,559	193,199	5,675,146	1,406,326
2021	1,152,774	179,591	5,816,612	1,264,135
2022-2026	6,092,982	642,865	28,017,706	4,127,083
2027-2031	2,500,000	116,800	10,187,694	1,572,341
2032-2036	-	-	5,370,809	442,216
2037-2041	-	-	471,782	14,991
	\$ 12,628,943	\$ 1,775,827	\$ 72,072,190	\$ 13,835,170

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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### **Note 7. Long-Term Debt (Continued)**

The balances above do not include the unamortized bond premium/discount of (\$92,278) or the deferred loss on refunding in the amount of (\$242,878) for Governmental Activities and (\$428,017) for Business-type Activities.

In May 2014, the Board received approval of a \$1,206,000 grant from the Wyoming Water Development Commission for the design and construction of the Southern Water Transmission Main Phase III project. The grant provisions required the Board to increase the capital additions and replacement restricted cash balance to \$500,000.

The Board has pledged and assigned future water system and wastewater user fees to meet certain annual debt requirements. Proceeds from the debt have been used to improve, expand and replace the distribution system, source of supply, and treatment facilities. The proportion of pledged revenues to total revenues is not estimable because annual total fees fluctuate annually. Principal and interest paid for the current year was \$8,543,327. Net customer revenues totaled \$31,243,040 for the year. At year end, pledged future revenues totaled \$85,907,360 which is the amount of the remaining principal and interest on related outstanding debt.

The City has pledged and assigned future federal mineral royalties and gross parking fee revenues to meet certain annual debt requirements of the Series 2012 Refunding Revenue Bonds. Proceeds from the original debt were used to construct a parking facility. The proportion of pledged revenues to total revenues is not estimable because annual total fees fluctuate annually. Principal and interest paid for the current year was \$556,708. Net mineral royalties totaled \$2,658,836 and gross parking fees totaled \$310,718 for the year. At year end, pledged future revenues totaled \$9,808,900 which is the amount of the remaining principal and interest on the related outstanding debt.

#### ***Advance and Current Refundings***

On December 21, 2007, the Board issued \$12,330,000 in Refunding Revenue Water Bonds with an average interest rate of 4.368 percent in order to refinance two Wyoming Water Development Commission loans totaling \$8,043,330 and one Permanent Mineral Trust fund loan for \$3,567,231 bearing substantially higher interest rates between 5.5% and 7.25%. The proceeds of the Series 2007 Bonds, together with other available monies of the Board, were used to: (i) refinance the above-referenced loans in the amount of \$11,610,561, (ii) pay expenses incurred in connection with the issuance of the Bonds in the amount of \$102,636, and (iii) establish a debt service reserve fund for the Bonds in the amount of \$989,594. The remaining portion of bonds were paid in full in 2016.

On December 27, 2013, the Board entered into an agreement with Colorado State Bank and Trust to authorize an advanced refunding of a portion of the 2007 Refunding Revenue Water Bonds. The Board received an \$8,740,000 Refunding Revenue Water Note with an annual interest rate of 2.41% with the

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2016

**Note 7. Long-Term Debt (Continued)**

proceeds to be deposited in a special fund and trust account to be used to refund, pay, discharge and redeem the portion of the refunded bonds outstanding and maturing on or after December 1, 2016. The costs from the advance refunding include a deferred loss of \$525,305, which is being charged to operations through the year 2025 using the effective interest method. The Board completed the advance refunding to reduce its total debt service payments over the next 12 years by \$1,065,000 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$700,000. As of June 30, 2016, the deferred loss on refunding totaled \$428,017 and is classified as a deferred outflow of resources.

On June 12, 2012, the City issued \$9,455,000 in Refunding Revenue Bonds with an average interest rate of 2.537% to advance refund \$8,975,000 of outstanding 2003 Series Bonds with an average interest rate of 3.985%. The net proceeds of \$9,211,981, (after payment of \$125,711 in underwriting fees and issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments to the 2003 bonds which were defeased. As a result, the 2003 Bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position. As of June 30, 2016, the outstanding in-substance defeased debt was \$8,175,000. The net proceeds also included a net discount on the bond issue of \$117,308 which is being charged to operations through the year 2028 using the effective interest method.

The following is a summary of long-term liability transactions for the City of Cheyenne for the year ended June 30, 2016.

	Beginning Balance as restated, Note 18	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Revenue bonds	\$ 8,525,000	\$ -	\$ (350,000)	\$ 8,175,000	\$ 425,000
Less: discount on refunding	(98,776)	-	6,497	(92,279)	(6,664)
Note payable	4,453,943	-	-	4,453,943	-
Compensated absences	4,202,003	3,148,443	(2,801,285)	4,549,161	2,742,816
<b>Governmental activities long-term liabilities</b>	<u>\$ 17,082,170</u>	<u>\$ 3,148,443</u>	<u>\$ (3,144,788)</u>	<u>\$ 17,085,825</u>	<u>\$ 3,161,152</u>
<b>Business-type activities</b>					
Refunding revenue bonds	\$ 9,105,000	\$ -	\$ (780,000)	\$ 8,325,000	\$ 800,000
Loans payable	66,066,561	3,952,736	(6,272,107)	63,747,190	4,504,167
Leases payable	4,069,525	1,858,379	(1,119,258)	4,808,646	941,311
Landfill closure and post- closure costs	12,760,604	209,547	-	12,970,151	-
Compensated absences	1,796,947	743,525	(566,320)	1,974,152	905,610
<b>Business-type activity long-term liabilities</b>	<u>\$ 93,798,637</u>	<u>\$ 6,764,187</u>	<u>\$ (8,737,685)</u>	<u>\$ 91,825,139</u>	<u>\$ 7,151,088</u>

**CITY OF CHEYENNE, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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**Note 7. Long-Term Debt (Continued)**

For governmental activities, revenue bonds and compensated absences are generally liquidated by the general fund.

***Component Unit Note Payable***

The DDA entered into a loan agreement on September 25, 2012 with the Cheyenne-Laramie County Economic Development Joint Powers Board in the amount of \$55,412 with interest at 2%. Monthly payments to the Joint Powers Board are \$864 through June 30, 2018. As of June 30, 2016, the note balance was \$20,293. Activity related to the note payable included principal payments of \$9,856. The amount due within one year is \$10,055. Aggregate principal including interest of \$425 required on the note at June 30, 2016 is as follows:

Year Ending June 30	Principal	Interest
2017	\$ 10,055	\$ 314
2018	10,238	111
	<u>\$ 20,293</u>	<u>\$ 425</u>

**Note 8. Retirement Commitments**

All eligible City employees are covered under one of the three following retirement plans:

***Law Enforcement Pension Plan***

Plan Description: The City participates in the Wyoming Law Enforcement Pension Plan (“Police Plan”), a statewide cost-sharing multiple-employer defined benefit pension plan administered by the State of Wyoming Retirement System Board. Employees who are sworn law enforcement officers are eligible for full retirement benefits after they either reach age 60 with at least forty-eight months of contributions to the plan or at any age with 20 years of service. These same employees are eligible for early retirement with a reduced benefit after they reach age 50 with forty-eight months of contributions. Benefits are established by State statutes. The Plan issues a publicly available financial report which includes audited financial statements and required supplementary information for the Plan. The report may be obtained by writing to the Wyoming Retirement System, 6101 Yellowstone Road, Suite 500, Cheyenne, Wyoming 82002.

Benefits Provided: Benefits are based on a formula involving years of service, highest average salary and age at retirement. Currently, the benefit formula entitles retirees to 2.5% of the highest average salary for each year of service with a ceiling on the benefit at 75% of the highest average salary.

Disability Benefits: Partial or total disability retirement is available to any member who becomes incapacitated, mentally or physically, and cannot continue in the performance of his/her duties from an individual and specific act incurred while employed. To qualify for duty disability retirement, there is no age or service requirement, and the member receives a monthly disability retirement benefit for the period of his/her disability equal to 62.5% of final salary. To qualify for non-duty disability retirement, the

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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### **Note 8. Retirement Commitments (Continued)**

#### ***Law Enforcement Pension Plan (continued)***

member must have at least 10 years of service, and the member receives a monthly disability benefit for the period of his/her disability equal to 50% of final salary.

*Survivor's Benefit:* Surviving spouse receives benefits dependent on if the member was on-duty at time of death. Additional benefits are available for additional qualified dependents.

Contributions: The Police Plan is funded by amounts withheld from participating employees' salaries and by contributions from the City. These contributions are determined by State statutes and as of June 30, 2016, the percentages to be contributed on compensation were 8.6% by the employees and the same by the City.

The City's contributions to the Police Plan for the year ended June 30, 2016 was \$609,143, equal to the required contribution.

#### ***Paid Firemen's Pension Plan B***

Plan Description: The City participates in the Wyoming Paid Firemen's Retirement Fund ("Fund"), a statewide cost-sharing multiple-employer defined benefit pension plan administered by the State of Wyoming Retirement System Board. Substantially all paid City firemen hired after July 1, 1981 are eligible to participate. The Fund provides retirement, disability and death benefits according to predetermined formulas. Benefits are established by Wyoming Statutes. The Fund issues a publicly available financial report which includes audited financial statements and required supplementary information for the Fund. The report may be obtained by writing to the Wyoming Retirement System, 6101 Yellowstone Road, Suite 500, Cheyenne, Wyoming 82002.

Benefits Provided: The members of this plan qualify for a retirement allowance if they are 50 years old and have at least 48 months of credited service. The basic monthly benefit for participants is based on a formula involving years of service, highest average salary and age at retirement. The current benefit formula equals 2.8% times the 3 year final average compensation for first 25 years of service. The benefit is capped at 70% of the highest average salary. The highest average salary is calculated by averaging the 36 highest continuous months of acceptable salary as defined in the rules of the Wyoming Retirement Board.

*Disability Benefits:* Partial or total disability retirement is available to any member who becomes incapacitated, mentally or physically, and cannot continue in the performance of his/her duties from an individual and specific act incurred while employed. To qualify for benefits, there is no age or service requirement. Member receives a monthly disability retirement benefit equal to 50% of the final average salary.

*Survivor Benefits:* Surviving spouse or other qualified dependents receive benefits based on 50% of the member's final actual salary. On the death of a member, inactive member, retired member, or survivor, the excess of the accumulated member contributions over all pension payments made are payable as a death benefit to the next qualified beneficiary.

Contributions: Individual members participating under this plan are required to contribute 9.245% of their compensation and the City is required to contribute 12% of the compensation of covered members. Legisla-

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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### **Note 8. Retirement Commitments (Continued)**

#### ***Paid Firemen's Pension Plan B (continued)***

tion enacted in 1979 allows the employer to pay any or all of the employee's contribution. The City currently pays 1.5% of the required employee's contribution of 9.245%. The City's contributions to the fund for the year ended June 30, 2016 was \$869,093, equal to the required contribution plus the City's share of the required employee contribution.

#### ***Paid Firemen's Pension Plan A***

Plan Description: The City formerly participated in the Wyoming Paid Firemen's Plan A, a statewide cost sharing multiple employer defined benefit, contributory retirement plan covering paid firemen who were employed prior to July 1, 1981 and who elected to participate.

Benefits Provided: The plan statutorily provides retirement, disability and death benefits according to a percentage of a fireman first class salary. The Plan also statutorily provides for an annual percentage increase in the benefit amounts beginning in the year following twelve (12) months of payments, by at least 3%.

*Disability Benefits:* Partial or total disability retirement is available to any member who becomes incapacitated, mentally or physically, and cannot continue in the performance of his/her duties from an individual and specific act incurred while employed. To qualify for benefit, there is no age or service requirement. Member receives a monthly disability retirement benefit for the period based on maximum salary and years of service.

*Survivor's Benefit:* Certain surviving beneficiaries receive benefits based on the maximum salary and years of service. Upon death, 100% of the benefit continues to be paid to the beneficiary.

Contributions: The plan statutorily required participants to contribute 8% of their salary to a maximum not to exceed the salary of a Firemen First Class. Employers were required to contribute 21% of the salary. Effective April 1, 1997, required contributions were suspended as the Plan had been determined to be actuarially over-funded. This plan is being reviewed by the Wyoming Retirement System to determine the appropriate measures to take to ensure this plan is adequately funded, as it is a closed plan.

#### ***Public Employee Pension Plan***

Plan Description: The City participates in the Wyoming Retirement System ("System"), a statewide cost-sharing multiple-employer defined benefit pension plan administered by the State of Wyoming Retirement System Board. Substantially all City full-time employees not covered by the Police or Fire Plans are eligible to participate. Participants who retire at age 60 with four years of credited service are entitled to a retirement benefit according to predetermined formulas and are allowed to select one of seven optional methods for receiving benefits. Early retirement is allowed provided the employee has completed four years of service and attained the age of 50, but will result in a reduction of benefits based on the length of time remaining to normal retirement age. The System also provides death and disability benefits. Benefits are established by State statutes. The System issues a publicly available financial report which includes audited financial statements and required supplementary information. The report may be obtained by writing to the Wyoming Retirement System, 6101 Yellowstone Road, Suite 500, Cheyenne, Wyoming 82002.

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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### Note 8. Retirement Commitments (Continued)

#### *Public Employee Pension Plan (continued)*

Benefits Provided: The determination of retirement benefits is dependent upon the employee's initial employment date.

*Service Retirement Tier 1:* If an employee made a contribution prior to September 1, 2012, they are in Tier 1. Full retirement at age 60 or qualifies for the Rule of 85. Early retirement is permitted at age 50 or 25 years of service. Formula for retirement equals 2.125% times the number of years of service times the three-year highest average salary for the first 15 years and 2.25% times the number of years of service times the three-year highest average over 15 years.

*Service Retirement Tier 2:* If an employee made their first contribution after September 1, 2012, they are in Tier 2. Full retirement at age 65 or qualifies for the Rule of 85. Early retirement is permitted at age 55 or 25 years of service. Formula for retirement equals 2% times the number of years of service times the five-year highest average salary.

*Disability Benefits:* Partial or total disability retirement is available to any member who becomes incapacitated, mentally or physically, and cannot continue in the performance of his/her duties. To qualify, the member must have at least 10 years of service and must be "in service" at the time of application for disability retirement. Upon retirement for a partial disability, the member receives a monthly disability retirement benefit for the period of his/her disability equal to 50% of the normal benefit payable to the member, as if the member was eligible for normal retirement benefits. Upon retirement for a total disability, the member receives a monthly disability benefit equal to 100% of his service retirement benefit as if the member was eligible for normal retirement benefits. Disability benefits are payable for the life of the member or until death.

*Survivor's Benefits:* Certain surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased, as well as the benefit option selected by the member at the date of retirement.

Contributions: Contributions to the System consist of an amount equal to 16.62% of the employee's salary. The City and Board are required by State statute to contribute 8.37% of the amount. Legislation enacted in 1979 allows the employer to pay any or all of the employees' contribution in addition to the matching contribution. The Board currently pays 5.75% of the required employee's contribution of 8.25% and the City pays 4.25% of the required employee's contribution of 8.25%.

The City and Board's contributions to the System for the year ended June 30, 2016 was \$3,045,648, equal to the required contribution, plus the City and Board's share of the required employee contribution.

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2016

**Note 8. Retirement Commitments (Continued)**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2016, the City and Board reported a total liability of \$94,072,240 for its proportionate share of the net pension liability. The breakdown between plans is as follows:

	<b>Net Pension Liability</b>
<b>Pension Plan:</b>	
<b>Public Employee Pension Plan</b>	
City of Cheyenne	\$ 20,595,553
Board of Public Utilities	8,940,291
<b>Paid Firemen's Pension Plan A</b>	54,012,637
<b>Paid Firemen's Pension Plan B</b>	7,201,639
<b>Law Enforcement Pension Plan</b>	3,322,120
<b>Total Net Pension Liability</b>	<b>\$ 94,072,240</b>

The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. Standard update procedures were used to roll forward the total pension liability at December 31, 2015. The City and Board's proportion of the net pension liability for all plans except Firemen's Plan A, was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The proportion of the net pension liability for Firemen's Plan A was based on a projection of the City's long-term share of benefit payments made by the plan relative to the projected benefits paid for all participating employers. At December 31, 2015, the City and Board's proportionate shares were as follows:

<b>Pension Plan:</b>	<b>Proportion of the Net Pension Liability</b>		
	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<b>Increase (Decrease)</b>
<b>Public Employee Pension Plan</b>			
City of Cheyenne	0.8842	0.8850	(0.0008)
Board of Public Utilities	0.3838	0.3621	0.0217
<b>Paid Firemen's Pension Plan A</b>	29.1245	29.8597	(0.7352)
<b>Paid Firemen's Pension Plan B</b>	23.5543	24.4894	(0.9351)
<b>Law Enforcement Pension Plan</b>	4.4224	4.4884	(0.0660)

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2016

**Note 8. Retirement Commitments (Continued)**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)***

For the year ended June 30, 2016, the City and Board recognized pension expense and reported deferred outflows of resources and deferred inflows of resources related to pensions as follows and from the following sources:

	Governmental Activities					Business-Type Activities		
	Public Employee Pension Plan	Paid Firemen's Pension Plan A	Paid Firemen's Pension Plan B	Law Enforcement Pension Plan	Total	Public Employee Pension Plan		
						Board	City	Total
<b>Pension (Income) Expense</b>	\$ 3,412,270	\$ 2,444,347	\$ 2,316,797	\$ 990,001	\$ 9,163,415	\$ 1,497,073	\$ (221,380)	\$ 1,275,693
<b>Deferred Outflows (Inflows) of Resources</b>								
Differences between expected and actual experience	\$ (383,423)	\$ -	\$ 24,906	\$ 60,161	\$ (298,356)	\$ (189,136)	\$ (52,285)	\$ (241,421)
Changes of assumptions	-	-	4,183,031	-	4,183,031	-	-	-
Net difference between projected and actual earnings on pension plan investments	4,439,129	3,331,399	2,399,671	2,040,014	12,210,213	2,165,827	605,336	2,771,163
Changes in proportion and differences between contributions and proportionate share of contributions	(9,845)	-	9,262	(15,475)	(16,058)	313,878	(1,342)	312,536
Contributions subsequent to the measurement date	600,830	-	388,266	300,154	1,289,250	290,654	81,931	372,585
	<u>\$ 4,646,691</u>	<u>\$ 3,331,399</u>	<u>\$ 7,005,136</u>	<u>\$ 2,384,854</u>	<u>\$ 17,368,080</u>	<u>\$ 2,581,223</u>	<u>\$ 633,640</u>	<u>\$ 3,214,863</u>

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Governmental Activities					Business-Type Activities		
	Public Employee Pension Plan	Paid Firemen's Pension Plan A	Paid Firemen's Pension Plan B	Law Enforcement Pension Plan	Total	Public Employee Pension Plan		
						Board	City	Total
2017	\$ 1,045,236	\$ 889,633	\$ 1,210,264	\$ 554,144	\$ 3,699,277	\$ 617,019	\$ 142,532	\$ 759,551
2018	1,045,236	889,633	1,210,264	554,144	3,699,277	617,019	142,532	759,551
2019	1,056,896	889,633	1,210,264	564,338	3,721,131	613,320	144,123	757,443
2020	898,493	662,500	1,054,220	412,075	3,027,288	443,211	122,522	565,733
2021	-	-	571,335	-	571,335	-	-	-
Thereafter	-	-	1,360,523	-	1,360,523	-	-	-
	<u>\$ 4,045,861</u>	<u>\$ 3,331,399</u>	<u>\$ 6,616,870</u>	<u>\$ 2,084,701</u>	<u>\$ 16,078,831</u>	<u>\$ 2,290,569</u>	<u>\$ 551,709</u>	<u>\$ 2,842,278</u>

**CITY OF CHEYENNE, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

**Note 8. Retirement Commitments (Continued)**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)***

***Actuarial assumptions***

The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.25% - 6.0%, including inflation
Investment rate of return	7.75%, net of pension plan investment expense
Cost of Living Adjustment	0.00% (except Wyoming Paid Firemen's Plan A, statutory 3.0% increase)

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB.

***Long-term expected rate of return:***

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Allocation</b>		
<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Cash	2.50%	0.25%
Fixed Income	15.00%	0.87%
Equity	59.00%	5.13%
Marketable Alternatives	15.50%	4.75%
Private Markets	8.00%	5.84%
Total	100.00%	

***Experience analysis***

An experience study was conducted on behalf of all WRS's plans covering the five-year period ended December 31, 2011. That study provided a detailed analysis concerning the development of the long-term inflation rate, real rate of return and discount rate. The study also analyzed each major actuarial assumption (e.g., mortality, salary increases, retirement, termination and disability) and proposed assumptions consistent with the findings.

**CITY OF CHEYENNE, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

**Note 8. Retirement Commitments (Continued)**

***Discount rate***

The discount rate used to measure the total pension liability was 7.75 percent for the Public Employee and Law Enforcement Plans, 4.25 percent for the Paid Firemen’s Plan A, and 6.517 percent for the Paid Firemen’s Plan B. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating employers will be made at contractually required rates, actuarially determined. Based on these assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investment was applied to all periods of projected benefit payments to determine the total pension liability.

***Sensitivity of the City and Board’s proportionate share of the net pension liability to changes in the discount rate:***

In accordance with GASB 67 regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the table below presents the net pension liability calculated using the discount rate previously disclosed as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00 percent lower or higher than the current rate.

<b>Sensitivity of Net Pension Liability to the Single Discount Rate Assumption</b>			
	<b>1% Decrease</b>	<b>Current Single Discount Rate Assumption</b>	<b>1% Increase</b>
Public Employees Pension Plan:			
City of Cheyenne	29,567,925	20,595,553	13,010,201
Board of Public Utilities	12,835,095	8,940,291	5,647,578
Paid Firemen's Pension Plan A	67,529,858	54,012,637	43,168,651
Paid Firemen's Pension Plan B	12,364,427	7,201,639	2,934,065
Law Enforcement Pension Plan	6,740,511	3,322,120	3,322,120

***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan’s fiduciary net position is available in the separately issued WRS financial report which can be obtained at [www.retirement.state.wy.us/employers/GASB.html](http://www.retirement.state.wy.us/employers/GASB.html).

***Defined Contribution Plans***

The Board and City employees have the option to participate in one of two defined contribution plans. The defined contribution plans include the Wyoming Deferred Compensation program (457 Plan) administered by the Wyoming Retirement System and a defined contribution plan administered by VALIC Financial Advisors. Employees are allowed to contribute the maximum amount per Internal Revenue Service guidelines. The total employee contributions for the year ended June 30, 2016 was \$884,413. Beginning July 1, 2008, the Board and City elected to match an employee’s contribution up to \$25 per month. The City’s match ended on January 31, 2010. The Board continues to provide a match. The total matching contributions for the year ended June 30, 2016 was \$30,525.

**CITY OF CHEYENNE, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

**Note 9. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters.

The City is a member of the Wyoming Association of Risk Management (WARM), which is a separate legal agency created under Wyoming State Statutes for the purpose of establishing a shared risk pool and/or jointly purchasing insurance coverage. The premiums required by the participating entities are calculated annually and are based upon actuarially sound and recognized pooling practices. The pool is responsible for determining the amounts of the premiums charged to the entities and is also responsible for managing the pool's assets. The entities have the right to submit claims for losses incurred. The pool has the right to collect premiums and admit or terminate members for nonpayment of premiums. The City management considers the assets of WARM to be sufficient to cover any claims that may be incurred by its members. The City has not had significant settlements exceeding insurance coverage in any of the past three fiscal years. The City has had no significant reductions in insurance coverage from coverage in the prior year.

The City pays into the State Worker's Compensation System. 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 a split rate between hazardous and non-hazardous positions.

**Note 10. Compensated Absences**

Compensated absences have been accrued in the financial statements of the City and consist of the following at June 30, 2016:

	Vacation Leave	Sick Leave	Comp Time	Early Retirement Obligation	Total
Governmental activities	\$ 2,230,613	\$ 1,893,745	\$ 424,803	\$ -	\$ 4,549,161
Business-type activities					
Waterworks fund	363,106	313,445	83,503	157,314	917,368
Sewer fund	239,321	208,963	55,669	136,863	640,816
Solid waste fund	149,652	122,408	50	-	272,110
Fleet maintenance fund	48,997	44,960	1,658	-	95,615
Civic Center fund	24,320	21,357	-	-	45,677
Ice and Events Center fund	2,011	513	42	-	2,566
Total business-type activities	827,407	711,646	140,922	294,177	1,974,152
Total all funds	<u>\$ 3,058,020</u>	<u>\$ 2,605,391</u>	<u>\$ 565,725</u>	<u>\$ 294,177</u>	<u>\$ 6,523,313</u>

The amounts reported above for governmental and business-type activities include current and long-term portions.

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2016

**Note 11. Industrial Revenue Bonds**

The City has participated in several issues of industrial revenue bonds for constructing privately operated manufacturing and other related facilities in the City. These bonds are not direct or contingent liabilities of the City. As of June 30, 2016, there were two series of industrial revenue bonds outstanding, with an aggregate principal amount payable of \$8,085,000.

**Note 12. Closure and Post-Closure Care Liability**

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports the estimated liability for these closure and post-closure costs in the government-wide financial statements based on landfill capacity used as of each balance sheet date. The current operating costs of the landfill are accounted for within the Solid Waste Management Fund of the City using the accrual basis of accounting. The \$12,970,150 reported as landfill closure and post-closure care liability at June 30, 2016, represents the cumulative liability estimated to date based on the use of 96.13% of the estimated capacity of the site. The City will recognize the remaining estimated cost of closure and post-closure care of \$522,105 as the remaining estimated capacity is filled. The calculation of the estimated liability has been based on what it would cost to perform all closure and post-closure care in 2016. In the event no action is taken by the City to expand the landfill, the City expects the landfill site to be at full capacity in approximately 7.5 years. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**Note 13. Deferred Outflows/Inflows of Resources**

The detail of the deferred outflows/inflows of resources for the City in its statement of net position as of June 30, 2016 is as follows:

	Governmental Activities	Business-type Activities
Deferred outflows of resources:		
Deferred loss on refunding	\$ 242,878	\$ 428,017
Deferred outflows - pension liability	17,776,824	3,457,626
Total deferred outflows of resources	<u>\$ 18,019,702</u>	<u>\$ 3,885,643</u>
Deferred inflows of resources:		
Unavailable property taxes	\$ 5,065,137	\$ -
Deferred inflows - pension liability	408,743	242,763
Total deferred inflows of resources	<u>\$ 5,473,880</u>	<u>\$ 242,763</u>

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2016

**Note 14. Commitments**

As of June 30, 2016, the City has entered into several construction/engineering contracts resulting in commitments for future capital expenditures. The major projects are listed below. Although portions of the projects may have been completed and capitalized during 2016, the amounts below represent the activity pertaining to the contract as a whole.

	Expended to Date at <u>June 30, 2016</u>	Total <u>Contract</u>	Commitment at <u>June 30, 2016</u>
<b>Governmental Activities</b>			
FY14 City Overlay	\$ 2,562,945	\$ 2,762,455	\$ 199,510
FY15 City Overlay Part 1	1,423,141	1,515,418	92,277
FY15 City Overlay Part 2	1,277,404	1,344,527	67,123
19th Street Recon Phase 2	5,117,301	5,391,669	274,368
FY16 City Overlay Part 1	476,815	1,015,265	538,450
FY16 City Overlay Part 2	613,777	1,868,161	1,254,384
Botanic Gardens Expansion	5,865,794	12,334,309	6,468,515
Miscellaneous Governmental	178,036	1,337,478	1,159,442
<b>Total governmental activities</b>	<u>17,515,213</u>	<u>27,569,282</u>	<u>10,054,069</u>
<b>Business-type Activities</b>			
19th Street Rehab	1,584,700	1,802,377	217,677
Holliday Park Reuse	895,894	1,050,394	154,500
Logan Avenue Rehab	1,821,241	1,890,992	69,751
Buffalo Ridge Storage Tank	1,286,742	1,293,921	7,179
FY16 Water Rehabs	710,929	1,613,075	902,146
Miscellaneous Water Projects	1,587,092	3,430,718	1,843,626
Miscellaneous Sewer Projects	779,506	1,982,456	1,202,950
<b>Total business-type activities</b>	<u>8,666,104</u>	<u>13,063,933</u>	<u>4,397,829</u>
<b>Total primary government</b>	<u>\$ 26,181,317</u>	<u>\$ 40,633,215</u>	<u>\$ 14,451,898</u>

**Note 15. Postemployment Benefits Other Than Pensions**

*Plan Description.* The City participates in a single-employer defined benefit postemployment healthcare plan, being a Post-retirement Health Insurance Plan. The Governing Body has the authority for establishing and amending the plan. The plan does not issue a separate report.

Under the Post-Retirement Health Insurance Plan, the City offers retiring firefighters who were hired prior to July 1, 2013 an offset to postretirement medical premiums. To be eligible for the coverage, an active firefighter must be at least age 50 and have a minimum of 4 years of service upon retirement. City employees, police officers, and firefighters not meeting the previous criteria must pay the full subsidized premium. Some current retirees have retired under differing offset provisions and disabled firefighters are also included in current retiree costs. All benefits end at age 65.

**CITY OF CHEYENNE, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

**Note 15. Postemployment Benefits Other Than Pensions (continued)**

*Funding Policy:* The City finances this program on a “pay-as-you-go” basis. The Governing Body has the authority to establish and amend the funding policy.

*Annual OPEB Cost:* The City’s annual other postemployment benefits (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of accrual that is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation:

	<u>Total</u>	<u>Explicit</u>	<u>Implicit</u>
Annual required contribution (ARC)	\$ 587,707	\$ 176,798	\$ 410,909
Interest on OPEB obligation	2,978	(4,084)	7,062
Adjustment to ARC	<u>(4,006)</u>	<u>5,493</u>	<u>(9,499)</u>
Annual OPEB cost - end of year	586,679	178,207	408,472
Net estimated employer contributions	<u>360,371</u>	<u>177,436</u>	<u>182,935</u>
Change in net OPEB obligation	226,308	771	225,537
Net OPEB obligation - beginning of year	<u>70,082</u>	<u>(96,082)</u>	<u>166,164</u>
Net OPEB obligation - end of year	<u>\$ 296,390</u>	<u>\$ (95,311)</u>	<u>\$ 391,701</u>

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending June 30, 2016 and the preceding three fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Obligation
6/30/2014	362,697	257,081	70.90%	28,839
6/30/2015	356,634	315,391	88.40%	70,082
6/30/2016	586,679	360,221	61.40%	296,390

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2016

**Note 15. Postemployment Benefits Other Than Pensions (continued)**

*Funding Status and Funding Progress:* The funded status of the City’s retiree health care plan under GASB Statement No. 45 as of June 30, 2016 is as follows:

	<b>Total</b>	<b>Explicit</b>	<b>Implicit</b>
(a) Actuarial accrued liability (AAL)			
(1) Actuarial accrued liability - prior year	\$ 3,824,363	\$ 2,830,387	\$ 993,976
(2) Normal Cost - prior year	1,929,840	(676,060)	2,605,900
(3) AAL	5,754,203	2,154,327	3,599,876
(b) Actuarial value of assets (AVA)	-	-	-
(c) Unfunded actuarial accrued liability (UAAL) (a) - (b)	5,754,203	2,154,327	3,599,876
(d) Funded ratio (b) / (a)	0%	0%	0%
(e) Covered payroll	\$ 24,111,097	\$ 5,127,638	\$ 24,111,097
(f) UAAL as % of covered payroll (c)/(e)	23.9%	42.0%	14.9%

*Actuarial methods and assumptions:* Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial valuation date	June 30, 2016
Actuarial cost method	Entry age normal
Amortization method	Level dollar amount
Amortization period	30 year, open amortization
Investment rate of return	4.25%, net of expenses
Inflation rate	N/A
Payroll growth	N/A
Healthcare cost trend rate	Initial rate of 7.50%, declining to an ultimate rate of 4.25% after 16 years

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the City’s retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

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### **Note 16. Contingencies**

At various times, claims and lawsuits are pending against the City. The City is of the opinion that the liability, if any, arising from such claims will not have a materially adverse effect on its financial statements. Under the terms of Federal and State grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. City management believes disallowances, if any, would not be significant to the City's financial statements.

### **Note 17. Recent Pronouncements**

The GASB released Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, in June of 2015 which will replace GASB Statement No. 45 and which will require balance sheet recognition of a liability which resembles the current unfunded accrued liability. The Statement will be effective for fiscal years beginning after June 15, 2017. The effect that the adoption of GASB Statement No. 75 will have on the City's financial statements has not yet been determined.

In March 2016, the GASB issued GASB Statement No. 82, *Pension Issues, an Amendment of GASB Statements No. 67, No. 68, and No. 73*. This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement is effective for years beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal-year end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier adoption is allowed. Management has elected to adopt this update for the fiscal year ended June 30, 2016. The impact of adopting this update is reflected in the financial statements.

In February 2015, the GASB issued GASB Statement No. 72, *Fair Value Measurement and Application*. This statement was issued to address accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In addition, this statement provides guidance for determining a fair value measurement for financial reporting purposes and provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement is effective for years beginning after June 15, 2015. The impact of adopting this update is reflected in the financials statements.

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2016

**Note 18. Prior Period Adjustments**

In the fiscal year ended June 30, 2015, the City reported grant revenue and donated capital grants in relation to the activity in the Swan Ranch transaction with the Wyoming Business Council. As of July 1, 2015, it was determined this was reported in error. As such, the net effect of this change was an adjustment to the beginning net position as follows:

	<u>Governmental Activites</u>
Net position at June 30, 2015 as previously reported	<u>\$ 207,062,859</u>
Adjustments to beginning net position:	
Adjustment due to grant revenue previously reported	(2,000,000)
Adjustment due to donated revenue previously reported	<u>(1,256,240)</u>
Total adjustment to beginning net position	<u>(3,256,240)</u>
Net Position as of July 1, 2015, as Restated	<u><u>\$ 203,806,619</u></u>

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

## CITY OF CHEYENNE, WYOMING

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GAAP BASIS - GENERAL FUND Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Motor vehicle	\$ 1,312,000	\$ 1,312,000	\$ 1,396,685	\$ 84,685
Property	4,605,000	4,605,000	4,790,412	185,412
Franchise	5,439,200	5,439,200	5,261,578	(177,622)
Licenses and permits	2,345,060	2,345,060	2,081,711	(263,349)
Intergovernmental	30,887,260	30,887,260	29,085,428	(1,801,832)
Charges for services	2,144,000	2,144,000	2,420,740	276,740
Fines and forfeitures	1,492,875	1,492,875	1,291,142	(201,733)
Investment income (loss)	96,000	96,000	211,598	115,598
Miscellaneous	491,300	669,823	1,092,600	422,777
Total revenues	<u>48,812,695</u>	<u>48,991,218</u>	<u>47,631,894</u>	<u>(1,359,324)</u>
Expenditures				
General government				
City Council	275,130	293,343	250,467	42,876
Mayor	2,349,081	2,353,364	2,162,734	190,630
City Clerk	3,132,331	3,286,174	3,090,508	195,666
Planning and development	2,219,523	2,280,699	2,003,449	277,250
Engineering	992,907	1,029,482	954,270	75,212
Budget and finance	665,453	669,822	614,264	55,558
General accounts	3,768,498	5,021,836	4,253,497	768,339
Public works	4,122,443	4,125,973	3,882,671	243,302
Public safety				
Police	13,968,041	14,011,237	12,803,621	1,207,616
Fire	10,177,213	10,239,517	9,975,967	263,550
Parks and recreation	6,919,131	6,926,892	6,553,510	373,382
Capital outlay	683,945	4,129,564	2,344,791	1,784,773
Principal retirements	350,000	350,000	350,000	-
Interest payments	208,000	208,000	206,708	1,292
Total expenditures	<u>49,831,696</u>	<u>54,925,903</u>	<u>49,446,457</u>	<u>5,479,446</u>
Excess (deficiency) of revenues over expenditures	<u>(1,019,001)</u>	<u>(5,934,685)</u>	<u>(1,814,563)</u>	<u>4,120,122</u>
Other financing sources (uses)				
Transfers in	1,288,000	1,288,000	1,286,614	(1,386)
Transfers out	(620,000)	(620,000)	(620,000)	-
Insurance proceeds	-	659,030	192,656	(466,374)
Proceeds from sales of assets	-	-	29,549	29,549
Total other financing sources (uses)	<u>668,000</u>	<u>1,327,030</u>	<u>888,819</u>	<u>(438,211)</u>
Net change in fund balance	(351,001)	(4,607,655)	(925,744)	<u>\$ 3,681,911</u>
Fund balance - beginning of year	<u>19,200,706</u>	<u>19,200,706</u>	<u>19,200,706</u>	
Fund balance - end of year	<u>\$ 18,849,705</u>	<u>\$ 14,593,051</u>	<u>\$ 18,274,962</u>	

**CITY OF CHEYENNE, WYOMING**

**SCHEDULE OF FUNDING PROGRESS**

Year Ended June 30, 2016

Post Retirement Health Insurance Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a percentage of Covered Payroll ((b- a)/c)</u>
6/30/2016	-	5,754,203	5,754,203	0.00%	24,111,097	23.87%
6/30/2014	-	3,834,862	3,834,862	0.00%	29,520,945	12.99%
6/30/2012	-	3,832,468	3,832,468	0.00%	5,702,905	67.20%

See accompanying notes to required supplementary information

**CITY OF CHEYENNE, WYOMING**

SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
Last 3 Fiscal Years\*

	<b>For the Year Ended June 30,</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Public Employee Pension Plan</b>			
<b>City of Cheyenne</b>			
City's proportion of the net pension liability (asset)	0.8842%	0.8850%	0.8686%
City's proportionate share of the net pension liability (asset)	\$ 20,595,553	\$ 15,618,025	\$ 13,205,851
City's covered payroll	15,933,164	15,449,954	14,962,498
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	129.26%	101.09%	88.26%
Plan fiduciary net position as a percentage of the total pension liability	73.40%	79.08%	81.10%
<b>Board of Public Utilities</b>			
Board's proportion of the net pension liability (asset)	0.3838%	0.3621%	0.3772%
Board's proportionate share of the net pension liability (asset)	\$ 8,940,291	\$ 6,390,668	\$ 5,735,039
Board's covered payroll	6,855,922	6,307,367	6,463,729
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	130.40%	101.32%	88.73%
Plan fiduciary net position as a percentage of the total pension liability	73.40%	79.08%	81.10%
<b>Paid Firemen's Pension Plan A</b>			
City's proportion of the net pension liability (asset)	29.1245%	29.8597%	29.2907%
City's proportionate share of the net pension liability (asset)	\$ 54,012,637	\$ 49,145,415	\$ 17,188,483
City's covered payroll	-	-	-
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	40.05%	45.95%	71.55%
<b>Paid Firemen's Pension Plan B</b>			
City's proportion of the net pension liability (asset)	23.5543%	24.4894%	25.0324%
City's proportionate share of the net pension liability (asset)	\$ 7,201,639	\$ (275,411)	\$ (902,906)
City's covered payroll	6,432,467	6,532,704	6,303,806
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	111.96%	-4.22%	-14.32%
Plan fiduciary net position as a percentage of the total pension liability	79.33%	100.98%	103.45%
<b>Law Enforcement Pension Plan</b>			
City's proportion of the net pension liability (asset)	4.4224%	4.4884%	4.4361%
City's proportionate share of the net pension liability (asset)	\$ 3,322,120	\$ 1,322,464	\$ 810,003
City's covered payroll	6,933,372	6,936,457	6,707,023
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	47.91%	19.07%	12.08%
Plan fiduciary net position as a percentage of the total pension liability	87.49%	94.76%	96.53%

\* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

Note: This schedule is presented to illustrate the requirement to show information for 10 years.

However, until a full 10-year trend is compiled, the City is presenting information for those years for which information is available.

See accompanying notes to required supplementary information

**CITY OF CHEYENNE, WYOMING**  
**SCHEDULE OF THE CITY'S CONTRIBUTIONS**  
Last 3 Fiscal Years

	<b>For the Year Ended June 30,</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
<b>Public Employee Pension Plan</b>			
<b>City of Cheyenne</b>			
Statutorily required contribution	\$ 1,372,651	\$ 1,203,890	\$ 1,078,803
Contribution in relation to the statutorily required contribution	<u>1,372,651</u>	<u>1,203,890</u>	<u>1,078,803</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered- employee payroll	\$ 16,220,390	\$ 15,660,040	\$ 15,194,542
Contributions as a percentage of covered-employee payroll	8.46%	7.69%	7.10%
<b>Board of Public Utilities</b>			
Statutorily required contribution	\$ 586,407	\$ 512,031	\$ 465,964
Contribution in relation to the statutorily required contribution	<u>586,407</u>	<u>512,031</u>	<u>465,964</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered- employee payroll	\$ 7,006,054	\$ 6,719,564	\$ 6,544,388
Contributions as a percentage of covered-employee payroll	8.37%	7.62%	7.12%
<b>Paid Firemen's Pension Plan A</b>			
Statutorily required contribution	\$ -	\$ -	\$ -
Contribution in relation to the statutorily required contribution	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered- employee payroll	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%
<b>Paid Firemen's Pension Plan B</b>			
Statutorily required contribution	\$ 772,527	\$ 783,023	\$ 779,804
Contribution in relation to the statutorily required contribution	<u>772,527</u>	<u>783,023</u>	<u>779,804</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered- employee payroll	\$ 6,437,727	\$ 6,525,189	\$ 6,498,364
Contributions as a percentage of covered-employee payroll	12.00%	12.00%	12.00%
<b>Law Enforcement Pension Plan</b>			
Statutorily required contribution	\$ 605,058	\$ 591,129	\$ 595,430
Contribution in relation to the statutorily required contribution	<u>605,058</u>	<u>591,129</u>	<u>595,430</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered- employee payroll	\$ 7,035,554	\$ 6,873,586	\$ 6,923,605
Contributions as a percentage of covered-employee payroll	8.60%	8.60%	8.60%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for those years for which information is available.

See accompanying notes to required supplementary information

## CITY OF CHEYENNE, WYOMING

### NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2016

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#### **Budget Information**

Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end.

Prior to May 15, the City Treasurer submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them. A public hearing is conducted not prior to the second Tuesday nor later than the third Tuesday in June to obtain public comments. Within twenty-four hours of the public hearing, the governing body adopts the budget.

At the request of the City Treasurer or upon its own motion after publication of notice, the City Council may by resolution transfer any unencumbered or unexpended appropriation balance or part thereof from one fund, department or account to another. No officer or employee of the City shall make any expenditure or encumbrance in excess of the total appropriation for any department. Management may amend the budget within the department level without the approval of the governing body. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, Proprietary Funds and Permanent Fund. The amounts reported as the original budgeted amounts in the budgetary schedules reflect appropriation in the first appropriated budget. The amounts reported as the final budgeted amounts in the schedules of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations.

#### **Changes in Benefit Terms**

There were no changes in benefit terms between the December 31, 2014 measurement date and the December 31, 2015 measurement date.

#### **Changes in Assumptions**

There were no changes in assumptions between the December 31, 2014 measurement date and the December 31, 2015 measurement date, with the exception of changes in assumption for Paid Firemen's Plan A and Paid Firemen's Plan B.

**COMBINING  
AND OTHER  
INDIVIDUAL FUND  
AND  
OTHER  
SUPPLEMENTARY  
INFORMATION**

## **Non-Major Governmental Funds**

### **Special Revenue Funds**

Special revenue funds are used to account for specific revenue resources that are legally restricted or committed to expenditure for particular purposes.

*Weed and Pest Control* – accounts for monies received by the City from a general county tax levy to administer a program of weed and pest control.

*Youth Alternative Grants* – accounts for monies received by the City from various agencies to administer a program for youth.

*Juvenile Justice* – accounts for a program which assists youth in trouble.

*Special Friends* – accounts for a program which brings adults together with young people.

*Community Development Block Grant* – accounts for funds given to various entities which assist low income individuals.

*Law Enforcement Block Grant* – accounts for funds received by the police department to administer various programs.

*Miscellaneous Federal Grants* – accounts for revenue received from various federal agencies to administer federal programs.

*Transportation Planning* – accounts for funds used for planning of streets and other transportation projects.

*UMTA Transit Grant* – accounts for funds used to provide public transportation.

*State Grants* – accounts for revenue received from various State agencies to administer state programs.

*Recreation Programs* – accounts for monies received by the City from various recreation programs to administer recreation programs.

*Annexation Improvements* – accounts for monies from individuals who have prepaid for annexation improvements in areas not yet annexed by the City.

*Housing Loans* – accounts for monies collected from rehabilitation loans made to low-income owners through the Neighborhood Housing Service. When the agency closed, the loans were turned over to the City. Money collected from home owners who received low-interest rehabilitation loans through the Cheyenne Redevelopment Agency is also in this fund.

## **Non-Major Governmental Funds (Continued)**

### **Capital Projects Funds**

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

*Youth Alternatives* – accounts for construction of youth alternatives projects.

*Athletic Facilities* – accounts for improvements to City parks and recreation facilities.

*Parks Facilities* – accounts for capital improvements to Parks facilities funded by the sales proceeds of property designated for Parks facilities.

*Development Impact Fees*—accounts for fees received by the City to administer specific functions required of the City.

### **Permanent Fund**

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

*Cemetery Perpetual Care* – this trust fund was set up for perpetual care of the Cheyenne cemetery. Eighty dollars is put into the fund each time a cemetery lot is purchased. The fund is managed by a local bank.

## CITY OF CHEYENNE, WYOMING

### COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2016

	Special Revenue Funds		
	Weed and Pest Control	Youth Alternative Grants	Juvenile Justice
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 214,238	\$ 294,762
Receivables			
Customers	-	-	-
Due from other funds	-	-	-
Due from other governments	21,500	18,792	-
Prepaid items	-	-	-
Cash and cash equivalents - restricted	432,167	-	-
Investments - restricted	-	-	-
Total assets	\$ 453,667	\$ 233,030	\$ 294,762
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>			
Liabilities			
Accounts payable	\$ 43,165	\$ 1,407	\$ 5,079
Accrued salaries including vacation and sick leave	-	-	-
Due to other funds	-	-	-
Total liabilities	43,165	1,407	5,079
Deferred inflows of resources	-	-	-
Fund balances (deficits)			
Nonspendable	-	-	-
Restricted	410,502	-	289,683
Committed	-	231,623	-
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances (deficits)	410,502	231,623	289,683
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 453,667	\$ 233,030	\$ 294,762

Special Revenue Funds			
Special Friends	Community Development Block Grant	Law Enforcement Block Grant	Miscellaneous Federal Grants
\$ 110,014	\$ 178	\$ 3,645	\$ 6,142
-	-	-	-
-	-	-	-
-	-	126,259	433,807
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 110,014</u>	<u>\$ 178</u>	<u>\$ 129,904</u>	<u>\$ 439,949</u>
\$ 5,941	\$ 430	\$ 22,296	\$ 186,848
-	-	-	-
-	500	100,000	255,000
<u>5,941</u>	<u>930</u>	<u>122,296</u>	<u>441,848</u>
-	-	-	-
-	-	-	-
104,073	-	7,608	-
-	-	-	-
-	-	-	-
-	(752)	-	(1,899)
<u>104,073</u>	<u>(752)</u>	<u>7,608</u>	<u>(1,899)</u>
\$ 110,014	\$ 178	\$ 129,904	\$ 439,949

**CITY OF CHEYENNE, WYOMING**

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

June 30, 2016

	Special Revenue Funds		
	Transportation Planning	UMTA Transit Grant	State Grants
<b>ASSETS</b>			
Cash and cash equivalents	\$ 6,759	\$ 180,994	\$ 2,038
Receivables			
Customers	-	14,893	11,573
Due from other funds	-	-	495,179
Due from other governments	325,889	93,673	59,462
Prepaid items	-	-	-
Cash and cash equivalents - restricted	-	-	-
Investments - restricted	-	-	-
Total assets	\$ 332,648	\$ 289,560	\$ 568,252
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES (DEFICITS)</b>			
Liabilities			
Accounts payable	\$ 105,629	\$ 5,418	\$ 337,808
Accrued salaries including vacation and sick leave	-	-	-
Due to other funds	225,000	-	240,000
Total liabilities	330,629	5,418	577,808
Deferred inflows of resources	-	-	-
Fund balances (deficits)			
Nonspendable	-	-	-
Restricted	2,019	284,142	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	(9,556)
Total fund balances (deficits)	2,019	284,142	(9,556)
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 332,648	\$ 289,560	\$ 568,252

Special Revenue Funds

	Recreation Programs	Annexation Improvements	Housing Loans
	\$ 564,784	\$ 412,950	\$ 305,637
	27,745	-	107,070
	-	-	-
	-	-	-
	6,860	-	-
	-	-	-
	-	-	-
	<u>\$ 599,389</u>	<u>\$ 412,950</u>	<u>\$ 412,707</u>
	\$ 43,603	\$ 205,129	\$ 431
	22,901	-	-
	-	-	-
	<u>66,504</u>	<u>205,129</u>	<u>431</u>
	-	-	<u>107,070</u>
	6,860	-	-
	-	-	305,206
	526,025	207,821	-
	-	-	-
	-	-	-
	<u>532,885</u>	<u>207,821</u>	<u>305,206</u>
	<u>\$ 599,389</u>	<u>\$ 412,950</u>	<u>\$ 412,707</u>

## CITY OF CHEYENNE, WYOMING

### COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

June 30, 2016

	Capital Projects Funds		
	Youth Alternatives	Athletic Facilities	Parks Facilities
<b>ASSETS</b>			
Cash and cash equivalents	\$ 53,834	\$ 84,355	\$ 1,057,175
Receivables			
Customers	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
Prepaid items	-	-	-
Cash and cash equivalents - restricted	-	-	-
Investments - restricted	-	-	-
Total assets	\$ 53,834	\$ 84,355	\$ 1,057,175
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 828	\$ -	\$ 4,100
Accrued salaries including vacation and sick leave	-	-	-
Due to other funds	-	55,830	-
Total liabilities	828	55,830	4,100
Deferred inflows of resources	-	-	-
Fund balances (deficits)			
Nonspendable	-	-	-
Restricted	-	-	1,053,075
Committed	53,006	-	-
Assigned	-	28,525	-
Unassigned	-	-	-
Total fund balances (deficits)	53,006	28,525	1,053,075
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 53,834	\$ 84,355	\$ 1,057,175

<u>Capital Projects Funds</u>	<u>Permanent Fund</u>	
Development Impact Fees	Cemetery Perpetual Care	Nonmajor Governmental Funds Total
\$ 879,517	\$ 711,858	\$ 4,888,880
-	2,240	163,521
-	-	495,179
-	-	1,079,382
-	-	6,860
-	-	432,167
-	-	-
<u>\$ 879,517</u>	<u>\$ 714,098</u>	<u>\$ 7,065,989</u>
\$ 1,169	\$ 2,705	\$ 971,986
-	-	-
-	-	22,901
-	-	876,330
<u>1,169</u>	<u>2,705</u>	<u>1,871,217</u>
-	-	107,070
-	-	6,860
-	711,393	3,167,701
878,348	-	1,896,823
-	-	28,525
-	-	(12,207)
<u>878,348</u>	<u>711,393</u>	<u>5,087,702</u>
<u>\$ 879,517</u>	<u>\$ 714,098</u>	<u>\$ 7,065,989</u>

**CITY OF CHEYENNE, WYOMING**

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

	Special Revenue Funds		
	Weed and Pest Control	Youth Alternatives Grants	Juvenile Justice
Revenues			
Intergovernmental	\$ 593,375	\$ 444,758	\$ 209,989
Charges for services	-	-	-
Investment income (loss)	-	-	-
Miscellaneous	5,498	4,020	6,396
	<u>598,873</u>	<u>448,778</u>	<u>216,385</u>
Total revenues			
Expenditures			
Current			
General government	-	-	-
Public safety	-	311,814	240,318
Public works	-	-	-
Health and welfare	616,413	213,196	-
Recreation	-	-	-
Capital outlay	-	-	-
Debt service			
Interest payments	-	-	-
	<u>616,413</u>	<u>525,010</u>	<u>240,318</u>
Total expenditures			
Revenues over (under) expenditures	<u>(17,540)</u>	<u>(76,232)</u>	<u>(23,933)</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)			
Net change in fund balances (deficits)	<u>(17,540)</u>	<u>(76,232)</u>	<u>(23,933)</u>
Fund balances (deficits) - beginning of year	<u>428,042</u>	<u>307,855</u>	<u>313,616</u>
Fund balances (deficits) - end of year	<u>\$ 410,502</u>	<u>\$ 231,623</u>	<u>\$ 289,683</u>

Special Revenue Funds			
Special Friends	Community Development Block Grant	Law Enforcement Block Grant	Miscellaneous Federal Grants
\$ 64,431	\$ 193,126	\$ 501,459	\$ 933,362
-	-	-	-
-	-	-	-
5,356	-	-	-
-	-	-	-
69,787	193,126	501,459	933,362
-	-	-	242,619
-	-	449,258	40,173
-	-	-	-
107,601	173,126	-	-
-	-	-	6,385
-	-	48,692	646,031
-	-	-	-
107,601	173,126	497,950	935,208
(37,814)	20,000	3,509	(1,846)
-	-	-	-
-	-	-	-
-	-	-	-
(37,814)	20,000	3,509	(1,846)
141,887	(20,752)	4,099	(53)
\$ 104,073	\$ (752)	\$ 7,608	\$ (1,899)

**CITY OF CHEYENNE, WYOMING**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
Year Ended June 30, 2016

	Special Revenue Funds		
	Transportation Planning	UMTA Transit Grant	State Grants
Revenues			
Intergovernmental	\$ 818,414	\$ 1,647,767	\$ 2,714,458
Charges for services	-	-	-
Investment income (loss)	-	-	29,693
Miscellaneous	-	66,641	-
Total revenues	818,414	1,714,408	2,744,151
Expenditures			
Current			
General government	-	-	14,847
Public safety	-	-	-
Public works	859,246	1,779,806	-
Health and welfare	-	-	-
Recreation	-	-	-
Capital outlay	-	285,667	2,674,304
Debt service			
Interest payments	-	-	14,846
Total expenditures	859,246	2,065,473	2,703,997
Revenues over (under) expenditures	(40,832)	(351,065)	40,154
Other financing sources (uses)			
Transfers in	40,832	300,000	-
Transfers out	-	-	(49,614)
Total other financing sources (uses)	40,832	300,000	(49,614)
Net change in fund balances (deficits)	-	(51,065)	(9,460)
Fund balances (deficits) - beginning of year	2,019	335,207	(96)
Fund balances (deficits) - end of year	\$ 2,019	\$ 284,142	\$ (9,556)

Special Revenue Funds

Recreation Programs	Annexation Improvements	Housing Loans
\$ 8,075	\$ -	\$ -
1,112,965	-	-
210	1,654	23,344
2,051	-	49,629
<u>1,123,301</u>	<u>1,654</u>	<u>72,973</u>
-	-	-
-	-	-
-	-	-
-	-	85,326
1,029,616	-	-
4,073	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>1,033,689</u>	<u>-</u>	<u>85,326</u>
<u>89,612</u>	<u>1,654</u>	<u>(12,353)</u>
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>
89,612	1,654	(12,353)
<u>443,273</u>	<u>206,167</u>	<u>317,559</u>
<u>\$ 532,885</u>	<u>\$ 207,821</u>	<u>\$ 305,206</u>

**CITY OF CHEYENNE, WYOMING**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
Year Ended June 30, 2016

	Capital Projects Funds		
	Youth Alternatives	Athletic Facilities	Parks Facilities
Revenues			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	-	204,838	-
Investment income (loss)	-	260	-
Miscellaneous	6,054	5,000	-
	6,054	210,098	-
Total revenues			
Expenditures			
Current			
General government	-	-	-
Public safety	12,530	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation	-	7,818	1,230
Capital outlay		119,251	42,532
Debt service			
Interest payments	-	-	-
	12,530	127,069	43,762
Total expenditures			
Revenues over (under) expenditures	(6,476)	83,029	(43,762)
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
	-	-	-
Total other financing sources (uses)			
Net change in fund balances (deficits)	(6,476)	83,029	(43,762)
Fund balances (deficits) - beginning of year	59,482	(54,504)	1,096,837
Fund balances (deficits) - end of year	\$ 53,006	\$ 28,525	\$ 1,053,075

Development Impact Fees	Permanent Fund Cemetery Perpetual Care	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 8,129,214
193,151	-	1,510,954
2,725	4,235	62,121
834	24,000	175,479
196,710	28,235	9,877,768
-	1,666	259,132
-	-	1,054,093
-	-	2,639,052
-	-	1,195,662
2,909	-	1,047,958
100,539	-	3,921,089
-	-	14,846
103,448	1,666	10,131,832
93,262	26,569	(254,064)
-	-	340,832
-	(1,614)	(51,228)
-	(1,614)	289,604
93,262	24,955	35,540
785,086	686,438	5,052,162
\$ 878,348	\$ 711,393	\$ 5,087,702

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## **Nonmajor Proprietary Funds**

### **Business-type Activities**

Proprietary funds are used to account for business-type activities which rely to a significant extent on fees and charges for support.

*Civic Center* – accounts for monies received by the City from the operation of the Civic Center.

*Ice and Events Center* – accounts for monies received by the City from the operation of the Ice and Events Center.

**CITY OF CHEYENNE, WYOMING**

COMBINING STATEMENT OF NET POSITION - NONMAJOR PROPRIETARY FUNDS

June 30, 2016

	<u>Civic Center Fund</u>	<u>Ice and Events Center Fund</u>	<u>Nonmajor Proprietary Funds Totals</u>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 133,460	\$ 7,151	\$ 140,611
Receivables			
Accounts - customers	3,231	515	3,746
Total current assets	<u>136,691</u>	<u>7,666</u>	<u>144,357</u>
Noncurrent assets			
Capital assets, net of depreciation			
Land	-	342,243	342,243
Machinery and equipment	163,363	101,180	264,543
Transportation equipment	-	9,408	9,408
Buildings and improvements	489,619	2,168,789	2,658,408
Office furniture and equipment	52,002	8,126	60,128
Total noncurrent assets	<u>704,984</u>	<u>2,629,746</u>	<u>3,334,730</u>
Total assets	<u>\$ 841,675</u>	<u>\$ 2,637,412</u>	<u>\$ 3,479,087</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 84,592	\$ 9,397	\$ 93,989
Unearned revenue	238,196	-	238,196
Due to other funds	-	130,000	130,000
Net pension liability	-	-	-
Accrued salaries including vacation and sick leave	23,364	2,566	25,930
Total current liabilities	<u>346,152</u>	<u>141,963</u>	<u>488,115</u>
Long term liabilities			
Accrued compensated absences	22,313	-	22,313
Total liabilities	<u>368,465</u>	<u>141,963</u>	<u>510,428</u>
<b>NET POSITION</b>			
Net investment in capital assets	704,984	2,629,746	3,334,730
Unrestricted (deficit)	<u>(231,774)</u>	<u>(134,297)</u>	<u>(366,071)</u>
Total net position	<u>\$ 473,210</u>	<u>\$ 2,495,449</u>	<u>\$ 2,968,659</u>

**CITY OF CHEYENNE, WYOMING**

COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION - NONMAJOR PROPRIETARY FUNDS  
Year Ended June 30, 2016

	Civic Center Fund	Ice and Events Center Fund	Nonmajor Proprietary Funds Totals
Operating revenues			
Sales and charges for services	\$ 510,844	\$ 337,709	\$ 848,553
Fees and miscellaneous	78,105	-	78,105
Total operating revenues	<u>588,949</u>	<u>337,709</u>	<u>926,658</u>
Operating expenses			
Administrative and general	936,313	513,615	1,449,928
Depreciation	104,257	129,434	233,691
Parts and supplies	22,973	33,246	56,219
Intra-city charges	17,059	5,132	22,191
Total operating expenses	<u>1,080,602</u>	<u>681,427</u>	<u>1,762,029</u>
Operating income (loss)	<u>(491,653)</u>	<u>(343,718)</u>	<u>(835,371)</u>
Transfers in	<u>200,000</u>	<u>134,614</u>	<u>334,614</u>
Change in net position	(291,653)	(209,104)	(500,757)
Total net position - beginning of year	<u>764,863</u>	<u>2,704,553</u>	<u>3,469,416</u>
Total net position - end of year	<u>\$ 473,210</u>	<u>\$ 2,495,449</u>	<u>\$ 2,968,659</u>

**CITY OF CHEYENNE, WYOMING**

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
Year Ended June 30, 2016**

	<u>Civic Center Fund</u>	<u>Ice and Events Center Fund</u>	<u>Nonmajor Proprietary Funds Totals</u>
Cash flows from operating activities			
Cash received from customers	\$ 591,165	\$ 337,419	\$ 928,584
Cash payments to suppliers	(499,577)	(251,352)	(750,929)
Cash payments to employees	(416,708)	(297,422)	(714,130)
Net cash provided by (used in) operating activities	<u>(325,120)</u>	<u>(211,355)</u>	<u>(536,475)</u>
Cash flows from noncapital financing activities			
Transfers from other funds	200,000	134,614	334,614
Donations and operating grants	-	-	-
Proceeds from due from other funds	-	94,000	94,000
Net cash provided by noncapital financing activities	<u>200,000</u>	<u>228,614</u>	<u>428,614</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	-	(14,614)	(14,614)
Net cash (used in) provided by capital and related financing activities	<u>-</u>	<u>(14,614)</u>	<u>(14,614)</u>
Net increase (decrease) in cash and cash equivalents	(125,120)	2,645	(122,475)
Cash and cash equivalents - beginning of year	<u>258,580</u>	<u>4,506</u>	<u>263,086</u>
Cash and cash equivalents - end of year	<u>\$ 133,460</u>	<u>\$ 7,151</u>	<u>\$ 140,611</u>

**CITY OF CHEYENNE, WYOMING**

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS (CONTINUED)  
Year Ended June 30, 2016

	<u>Civic Center Fund</u>	<u>Ice and Events Center Fund</u>	<u>Nonmajor Proprietary Funds Totals</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ (491,653)	\$ (343,718)	\$ (835,371)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	104,257	129,434	233,691
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities			
Receivables	1,440	(290)	1,150
Accounts payable	55,536	6,831	62,367
Accrued salaries including vacation and sick leave	4,524	(3,612)	912
Unearned revenue	776	-	776
	<u>776</u>	<u>-</u>	<u>776</u>
Net cash provided by (used in) operating activities	<u>\$ (325,120)</u>	<u>\$ (211,355)</u>	<u>\$ (536,475)</u>

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**SINGLE  
AUDIT  
SECTION**

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**CITY OF CHEYENNE, WYOMING**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2016

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Passed Through To Subrecipients	Expenditures June 30, 2016
<b>U.S. Department of Agriculture</b>				
Pass through program from Wyoming State Forestry Division Coooperative Forestry Assistance	10.664	-	-	<u>6,385</u>
<b>U.S. Department of Commerce Direct Program</b>				
Investments for Public Works and Economic Development Facilities	11.300	05-01-05628	-	<u>82,950</u>
<b>U.S. Department of Housing and Urban Development Direct Program</b>				
CDBG - Entitlement Grants Cluster: Community Development Block Grants/Entitlement Grants	14.218	-	89,710	<u>187,904</u>
<b>U.S. Department of the Interior</b>				
Pass through program from Wyoming Department of State Parks and Cultural Resources				
Historic Preservation Fund Grants-In-Aid	15.904	56-14-00000.05	-	5,342
Historic Preservation Fund Grants-In-Aid	15.904	56-15-00000.01	-	7,484
Historic Preservation Fund Grants-In-Aid	15.904	56-15-00000.04	-	6,000
Historic Preservation Fund Grants-In-Aid	15.904	56-16-00000.01	-	2,059
Outdoor Recreation Acquisition, Development and Planning	15.916	56-00895	-	35,107
<b>Total U.S. Department of the Interior</b>				<u>55,992</u>
<b>U.S. Department of Justice</b>				
<b>U.S. Department of Justice Direct Programs</b>				
Grants to Encourage Arrest Policies and Enforcement of Protection Orders (CARI)	16.590	2015-WE-AX-0003	-	87,710
Bulletproof Vest Partnership Program	16.607	FY2014	-	<u>19,604</u>
Total U.S. Department of Justice Direct Programs				<u>107,314</u>
<b>U.S. Department of Justice Pass Through Programs</b>				
Pass through from Volunteers of America Northern Rockies/Laramie County				
Juvenile Justice and Delinquency Prevention	16.540	2015-JF-FX-K001	-	36,110
Juvenile Justice and Delinquency Prevention	16.540	2014-JF-FX-K001	-	<u>19,634</u>
Subtotal Juvenile Justice and Delinquency Prevention				<u>55,744</u>
Pass through from Wyoming Department of Family Services/Laramie County				
Juvenile Accountability Block Grants	16.523	2013-JB-FX-0032	-	10,681
Pass through from Wyoming Division of Victim Services				
Violence Against Women Formula Grants	16.588	2014-WF-AX-0010 (LE)	-	26,528
Violence Against Women Formula Grants	16.588	2014-WF-AX-0010 (D)	-	<u>7,299</u>
Subtotal Violence Against Women Formula Grants				<u>33,827</u>
Crime Victim Assistance	16.575	2014-VA-GX-0036	-	23,577
Pass through from Wyoming Association of Sheriffs and Chiefs of Police				
Enforcing Underage Drinking Laws Program	16.727	PFS - 2015 (CFD)	-	11,871
Enforcing Underage Drinking Laws Program	16.727	PFS - 2016	-	<u>533</u>
Subtotal Enforcing Underage Drinking Laws Program				<u>12,404</u>

**CITY OF CHEYENNE, WYOMING**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2016

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Passed Through To Subrecipients	Expenditures June 30, 2016
<b>U.S. Department of Justice (continued)</b>				
<b>U.S. Department of Justice Pass Through Programs (continued)</b>				
JAG Program Cluster:				
Pass through from Laramie County				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-1060	-	6,566
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-0647	-	761
Subtotal JAG Program Cluster				<u>7,327</u>
Total U.S. Department of Justice Pass Through Programs				<u>143,560</u>
<b>Total U.S. Department of Justice</b>				<b><u>250,874</u></b>
<b>U.S. Department of Transportation</b>				
<b>U.S. Department of Transportation Direct Programs</b>				
Federal Transit Formula Grant	20.507	90-X057-00	-	865,593
Federal Transit Formula Grant	20.507	90-X055-00	-	236,340
Federal Transit Formula Grant	20.507	90-X059-00	-	86,809
Total U.S. Department of Transportation Direct Programs				<u>1,188,742</u>
<b>U.S. Department of Transportation Pass Through Programs:</b>				
Highway Planning and Construction Cluster:				
Pass through from Wyoming Department of Transportation				
Highway Planning and Construction	20.205	-	-	777,056
Highway Planning and Construction (West Lincolnway)	20.205	STP-E- 359.55 P561039	-	87,987
Highway Planning and Construction (Saddle Ridge Greenway)	20.205	CD 0.00 CD15003	-	1,200
Highway Planning and Construction (On-Street System Improvements))	20.205	STP-E-CH 0.00 TL13001	-	125,756
Subtotal Highway Planning and Construction Cluster				<u>991,999</u>
State and Community Highway Safety Cluster:				
Pass through from Wyoming Department of Transportation				
State and Community Highway Safety	20.600	FY16 - Radars 402	-	3,827
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	K8FR-2016-16-K8-12	-	17,171
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	K8HV-2015-15-K8-01	-	15,092
Pass through from Wyoming Association of Sheriffs and Chiefs of Police				
National Priority Safety Program	20.616	Non-DUI - FY2015	-	2,560
National Priority Safety Program	20.616	DUI - FY2015	-	12,204
National Priority Safety Program	20.616	Non-DUI - FY2016	-	20,450
National Priority Safety Program	20.616	DUI - FY2016	-	4,641
National Priority Safety Program	20.616	DRE	-	300
Subtotal State and Community Highway Safety Cluster				<u>76,245</u>
Total U.S. Department of Transportation Pass Through Programs				<u>1,068,244</u>
<b>Total U.S. Department of Transportation</b>				<b><u>2,256,986</u></b>

**CITY OF CHEYENNE, WYOMING**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2016

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Passed Through To Subrecipients	Expenditures June 30, 2016
<b>U.S. Environmental Protection Agency</b>				
<b>U.S. Environmental Protection Agency Direct Programs</b>				
Brownsfield Training, Research and Technical Assistance Grants and Cooperative Agreements	66.814	TR-96805701-0	-	186,250
Brownsfield Assessment and Cleanup Cooperative Agreements	66.818	BF-96807601-0	-	35,452
Total U.S. Environmental Protection Agency Direct Programs				<u>221,702</u>
<b>U.S. Environmental Protection Agency Pass Through Programs</b>				
Pass through from Wyoming State Land and Investment Board				
Capitalization Grants for Drinking Water State Revolving Fund Pass through from Wyoming Department of Environmental Quality	66.468	Various	-	2,006,373
Nonpoint Source Implementation Grant	66.460	319	-	15,778
Total U.S. Environmental Protection Agency Pass Through Programs				<u>2,022,151</u>
<b>Total U.S. Environmental Protection Agency</b>				<u><b>2,243,853</b></u>
<b>U.S. Department of Education</b>				
Pass through from Laramie County Community Partnership				
Twenty First Century Community Learning Centers	84.287	Cohort 11	-	91,185
Twenty First Century Community Learning Centers	84.287	Cohort 8	-	120,848
<b>Total U.S. Department of Education</b>				<u><b>212,033</b></u>
<b>U.S. Department of Health and Human Services</b>				
Pass through from Wyoming Department of Health				
Special Programs for the Aging, Title III, Part B Grants for Supportive Services and Senior Centers	93.044	-	-	<u>45,362</u>
<b>U.S. Department of Homeland Security</b>				
Pass through from Wyoming Office of Homeland Security				
Pre-Disaster Mitigation	97.047	14FEMA-CHE-PD-PDCH14	-	19,658
Homeland Security Grant Program	97.067	15-GPD-RR7-RR-HRT15	-	218,383
Homeland Security Grant Program	97.067	14-GPD-RR7-RR-HRT14	-	24,930
Homeland Security Grant Program	97.067	14-GPD-BT7-BM-HMB14	-	7,319
Homeland Security Grant Program	97.067	14-GPD-CHE-LP-HLE14	-	41,374
<b>Total U.S. Department of Homeland Security</b>				<u><b>311,664</b></u>
Total Expenditures of Federal Awards			\$ 89,710	<u>\$ 5,654,003</u>

## CITY OF CHEYENNE, WYOMING

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2016

**Note 1. Basis of Presentation**

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

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87 Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City uses a 2.82% indirect cost rate as approved by the U.S. Department of Housing and Urban Development.

**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**

Honorable Mayor and Members of the City Council  
City of Cheyenne  
Cheyenne, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cheyenne, Wyoming (the "City") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 9, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City'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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 City'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City'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*.

## **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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "McGee, Hearne & Paiz, LLP". The signature is written in a cursive style.

Cheyenne, Wyoming  
November 9, 2016

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

Honorable Mayor and Members of the City Council  
City of Cheyenne  
Cheyenne, Wyoming

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

We have audited the City of Cheyenne, Wyoming (the "City's") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major Federal programs for the year ended June 30, 2016. The City's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the City's compliance.

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

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2016.

## Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

*Mc Gee, Hearne & Paiz, LLP*

Cheyenne, Wyoming

November 9, 2016

THE CITY OF CHEYENNE, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015

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I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

A. Financial Statements

Type of auditor's report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes  X  No
- Significant deficiency(ies) identified? \_\_\_\_\_ Yes  X  None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes  X  No

B. Federal Awards

Internal control over major Federal programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes  X  No
- Significant deficiency(ies) identified? \_\_\_\_\_ Yes  X  None reported

Type of auditor's report issued on compliance for major Federal programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with Title 2 CFR 200.516(a)? \_\_\_\_\_ Yes  X  No

Identification of major Federal programs:

CFDA Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction Cluster
20.507	Federal Transit Formula Grant

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

Auditee qualified as low-risk auditee?  X  Yes \_\_\_\_\_ No

**THE CITY OF CHEYENNE, WYOMING**

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

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**II. FINANCIAL STATEMENT FINDINGS**

None.

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None.

**IV. SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**

None.