

CITY OF CHEYENNE, WYOMING

FINANCIAL AND COMPLIANCE REPORT

YEAR ENDED JUNE 30, 2018

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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, 2018, 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 as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter – Change in Accounting Principle

As discussed in Notes 1 and 15 to the financial statements, in 2018 the City adopted new accounting guidance with the implementation of the Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaced GASB Statement No. 45. Our opinion is not modified with respect to this matter.

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 4 through 11, budgetary comparison schedule on page 73, Schedule of Changes in the City's Total OPEB Liability and Related Ratios on page 74, Schedule of the City's Proportionate Share of Net Pension Liability on page 75, Schedule of the City's Contributions on page 76, and the Notes to Required Supplementary Information on pages 77-79, 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 Governmental Funds, the Combining Statements of Nonmajor Proprietary Funds, 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*, 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 State 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 January 30, 2019 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 grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the City's 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.

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming
January 30, 2019

CITY OF CHEYENNE, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

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, 2018. 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 12 of this report.

Financial Highlights

The City's total net position (governmental and business-type combined) increased by \$13.85 million (2.63%) during fiscal year 2018, including the effect of a prior period adjustment which decreased net position by \$5.21 million. The governmental net position decreased by \$6.7 million (3.07%), including the effect of a prior period adjustment which decreased net position by \$5.21 million. The business-type net position increased by \$20.6 million (6.70%).

- ❖ The General Fund, the City's primary operating fund, reported an increase of \$3,238,388 on a current financial resource basis, including the effect of a prior period adjustment which decreased fund balance by \$470,020. As of June 30, 2018, unassigned fund balance for the General Fund was \$20.6 million or 151 days of total General Fund expenditures of \$49.8 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.

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. Required supplementary information and supplementary information are 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.

CITY OF CHEYENNE, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

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 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 non-major 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 16-19 of this report.

Proprietary funds. The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City 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, and is allocated based on other funds' usage on the Statement of Net Position and Statement of Activities.

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 20-29 of this report.

CITY OF CHEYENNE, WYOMING

MANAGEMENT’S DISCUSSION AND ANALYSIS June 30, 2018

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.

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 30-72 of this report.

Other information. Required supplementary information regarding the budget comparisons, the Total OPEB Liability, and the Net Pension Liability is included in this report on pages 73-79. 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 82-97 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, over 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.

Statement of Net Position						
(amounts expressed in thousands, totals may not add due to rounding)						
	Governmental Activities		Business-type Activities		Total	
	2018	2017*	2018	2017	2018	2017*
Current assets	\$ 81,389	\$ 64,852	\$ 62,455	\$ 54,235	\$ 143,844	\$ 119,087
Capital and other assets	253,921	250,847	368,353	351,468	622,274	602,315
Total assets	<u>335,310</u>	<u>315,699</u>	<u>430,808</u>	<u>405,703</u>	<u>766,118</u>	<u>721,402</u>
Deferred outflows of resources	19,055	14,947	3,986	3,691	23,041	18,638
Long-term liabilities	117,282	97,009	91,042	88,519	208,324	185,528
Other liabilities	9,354	8,417	13,842	13,649	23,196	22,066
Total liabilities	<u>126,636</u>	<u>105,426</u>	<u>104,884</u>	<u>102,168</u>	<u>231,520</u>	<u>207,594</u>
Deferred inflows of resources	15,516	6,283	2,463	353	17,979	6,636
Net position:						
Net investment in capital assets	242,452	238,729	296,669	284,821	539,121	523,550
Restricted	48,668	36,300	500	500	49,168	36,800
Unrestricted	<u>(78,907)</u>	<u>(56,092)</u>	<u>30,278</u>	<u>21,552</u>	<u>(48,629)</u>	<u>(34,540)</u>
Total net position	<u>\$ 212,213</u>	<u>\$ 218,937</u>	<u>\$ 327,447</u>	<u>\$ 306,873</u>	<u>\$ 539,660</u>	<u>\$ 525,810</u>

* GASB Statement No. 75 is effective for the year ended June 30, 2018. The year ended June 30 2017, as presented in this column, was not restated. For further discussion, see Note 15 of this report.

CITY OF CHEYENNE, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2018

A portion of the City's net position (9.11 percent) represents resources that are subject to external restrictions on how they may be used. Although currently in a deficit position, the remaining balance of unrestricted net position (\$-48.6 million) is intended to be utilized to meet the government's ongoing obligations to citizens and creditors subject to the City's fund designations and fiscal policies.

Net position in the City's governmental type activities decreased by \$6.7 million during fiscal year 2018, including the effect of a prior period adjustment which decreased net position by \$5.2 million. This was down from a prior year increase of \$1.8 million. Net position in the City's business type activities increased by \$20.6 million during fiscal year 2018 compared to an increase of \$11.5 million in the prior year.

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

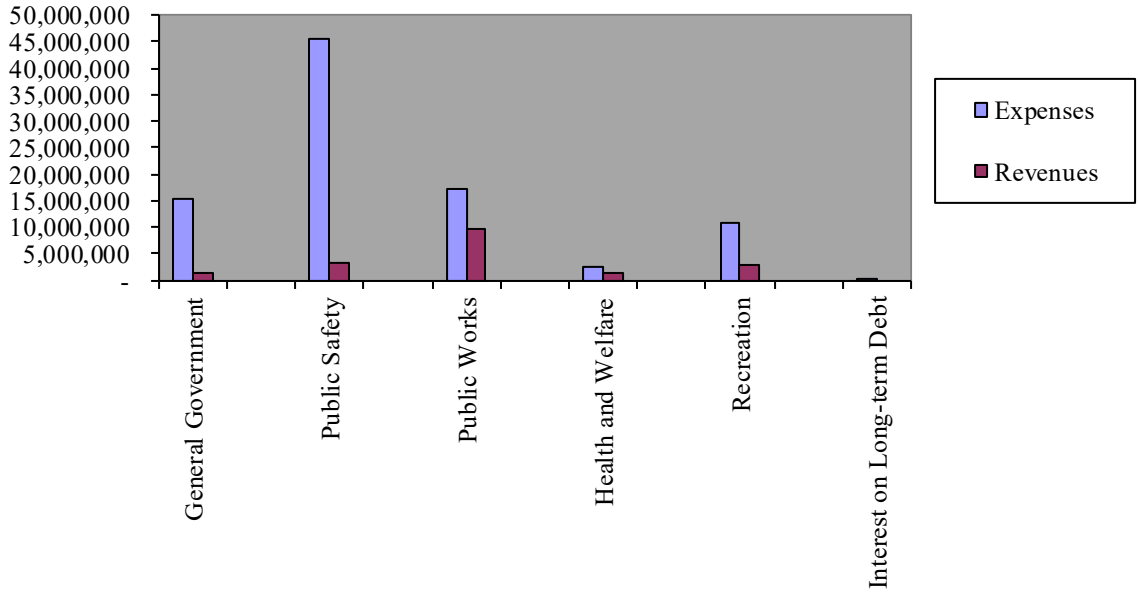
Changes in Net Position						
(amounts expressed in thousands, totals may not add due to rounding)						
	Governmental Activities		Business-type Activities		Total	
	2018	2017*	2018	2017	2018	2017*
Revenues:						
Program revenues:						
Charges for services	\$ 7,503	\$ 8,495	\$ 51,757	\$ 48,656	\$ 59,260	\$ 57,151
Operating grants and contributions	5,188	5,217	3,110	3,553	8,298	8,770
Capital grants and contributions	5,661	3,807	8,635	4,132	14,296	7,939
General revenues:						
Property and other taxes	14,096	14,470	-	-	14,096	14,470
Sales taxes	48,210	40,901	-	-	48,210	40,901
Intergovernmental	5,870	5,492	-	-	5,870	5,492
Other	3,407	2,030	420	179	3,827	2,209
Total revenues	89,935	80,412	63,922	56,520	153,857	136,932
Expenses:						
General government	15,591	16,225	-	-	15,591	16,225
Public safety	45,755	29,676	-	-	45,755	29,676
Public works	17,030	18,055	-	-	17,030	18,055
Health and welfare	2,514	2,219	-	-	2,514	2,219
Recreation	10,740	10,185	-	-	10,740	10,185
Interest on long-term debt	242	246	-	-	242	246
Waterworks	-	-	22,181	21,415	22,181	21,415
Sewer	-	-	10,917	10,843	10,917	10,843
Solid waste	-	-	7,701	13,019	7,701	13,019
Civic Center	-	-	1,385	942	1,385	942
Ice and Events Center	-	-	745	780	745	780
Total expenses	91,872	76,606	42,929	46,999	134,801	123,605
Increase in net position before transfers	(1,937)	3,806	20,993	9,521	19,056	13,327
Transfers	419	(2,000)	(419)	2,000	-	-
Change in net position	(1,518)	1,806	20,574	11,521	19,056	13,327
Net position - beginning of year, original	218,937	217,131	306,873	295,352	525,810	512,483
Prior period adjustment	(5,206)	-	-	-	(5,206)	-
Net position - beginning of year, as restated	213,731	217,131	306,873	295,352	520,604	512,483
Net position - end of year	\$ 212,213	\$ 218,937	\$ 327,447	\$ 306,873	\$ 539,660	\$ 525,810

* GASB Statement No. 75 is effective for the year ended June 30, 2018. The year ended June 30 2017, as presented in this column, was not restated. For further discussion, see Note 15 of this report.

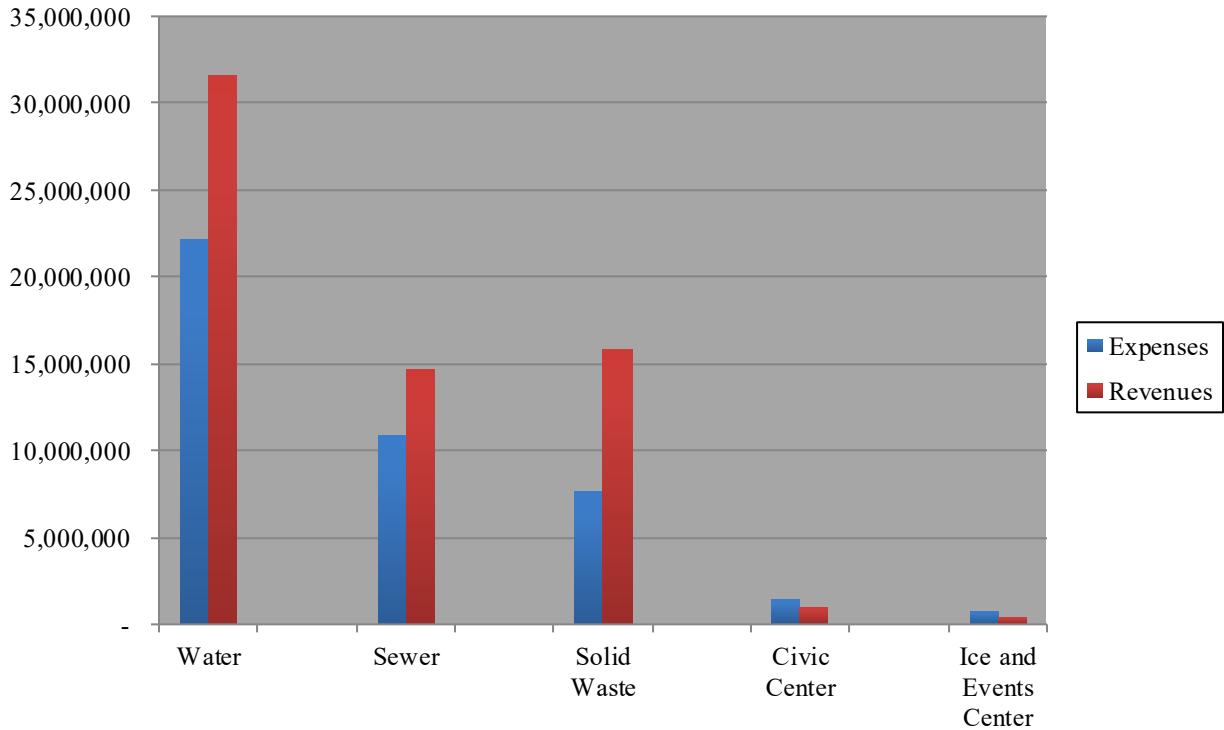
CITY OF CHEYENNE, WYOMING

MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2018

Expenses and Program Revenues - Governmental Activities



Expenses and Program Revenues - Business-type Activities



CITY OF CHEYENNE, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

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.

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 \$67,914,497. Approximately 23% of this total amount (\$15,471,949) 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 \$20,599,632, while total fund balance reached \$23,007,259. 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 41.34 percent of total General Fund expenditures, while total fund balance represents 46.17 percent of that same amount. This compares to 35.70 percent and 40.79 percent, respectively, in the prior year.

Proprietary funds. The City'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 \$30,326,170, Solid Waste Fund was \$454,865, and those for the Civic Center and Ice and Events Center amounted to (\$725,661). Other factors concerning the finances of these 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 \$1,533,485. The major expenditure increases follow:

- ❖ \$360,079 in carryover projects
- ❖ \$1,173,406 from reserves for various unanticipated projects and expenditures

Of this increase, \$1,533,485 was budgeted from available fund balance. Expenditures were less than budgetary estimates thus eliminating the need to further draw upon existing fund balance for operations.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2018, amounted to \$617,819,798 (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 3.34 percent.

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

- ❖ Replacement of public safety vehicles.
- ❖ A variety of street construction projects.
- ❖ Various building and system additions and improvements for the Board of Public Utilities.

CITY OF CHEYENNE, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2018

Capital Assets Net of Depreciation (amounts expressed in thousands, totals may not add due to rounding)

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 16,910	\$ 15,199	\$ 13,941	\$ 13,941	\$ 30,851	\$ 29,140
Construction in progress	5,225	20,548	28,404	18,634	33,629	39,182
Buildings and improvements	121,397	104,183	33,858	22,830	155,255	127,013
Utility plant in service	-	-	537,862	527,779	537,862	527,779
Machinery and equipment	38,907	36,116	22,211	22,775	61,118	58,891
Infrastructure	223,618	217,866	-	-	223,618	217,866
Less accumulated depreciation	(156,590)	(147,519)	(267,923)	(254,491)	(424,513)	(402,010)
Total	\$ 249,467	\$ 246,393	\$ 368,353	\$ 351,468	\$ 617,820	\$ 597,861

Additional information on the City's capital assets can be found in Note 4 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 - Revenue Bonds and Loans

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Loans and capital leases	\$ 4,453,943	\$ 4,453,943	\$ 65,320,463	\$ 59,509,220	\$ 69,774,406	\$ 63,963,163
Revenue bonds	7,300,000	7,750,000	6,710,000	7,525,000	14,010,000	15,275,000
Total	\$ 11,753,943	\$ 12,203,943	\$ 72,030,463	\$ 67,034,220	\$ 83,784,406	\$ 79,238,163

The City's total debt increased by \$4,546,243 (5.74 percent) during the current fiscal year.

The Board of Public Utilities maintains a AA rating from Standard & Poor's for general obligation debt. The City 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 is \$27,429,211.

Additional information on the City's long-term debt can be found in Notes 6 and 7 of this report.

Economic Factors and Next Year's Budgets and Rates

The City's original approved fiscal year 2018 budget for the General Fund totaled \$50,674,545 compared to an original budget in fiscal year 2017 of \$49,004,088. This represented a 3.4 percent increase. The increase was directly related to sales tax projections for fiscal year 2018 that resulted in increased capital project expenditures. Sales tax receipts continued to be strong throughout 2018 and are projected to be stronger into 2019.

A continuing challenge in the fiscal year 2018 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 slight increase in mineral revenues which could result in the City receiving more stable funding from the State during the upcoming legislative session. 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 and eleven positions were cut from the 2018 budget.

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.

CITY OF CHEYENNE, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

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 309, Cheyenne, Wyoming 82001.

BASIC FINANCIAL STATEMENTS

CITY OF CHEYENNE, WYOMING

STATEMENT OF NET POSITION

June 30, 2018

ASSETS	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
Current Assets				
Cash and cash equivalents	\$ 10,334,106	\$ 39,622,828	\$ 49,956,934	\$ 1,292,928
Investments, at fair value	8,180,825	13,371,559	21,552,384	-
Restricted assets				
Cash and cash equivalents	17,419,418	672,593	18,092,011	-
Investments	25,283,588	-	25,283,588	-
Due from other governments	24,393	1,863,708	1,888,101	-
Receivables				
Accrued interest	101,928	45,965	147,893	-
Accounts, customers	1,120,560	2,371,597	3,492,157	-
Estimated unbilled usage	-	2,844,582	2,844,582	-
Sanitation receivable and unbilled usage	-	1,945,926	1,945,926	-
Property tax receivable	5,613,535	-	5,613,535	347,810
Internal balances	875,049	(875,049)	-	-
Intergovernmental receivable	12,322,184	-	12,322,184	-
Prepaid expenses	250	591	841	-
Notes receivable	-	-	-	15,266
Inventories	113,619	590,452	704,071	-
Total current assets	81,389,455	62,454,752	143,844,207	1,656,004
Noncurrent Assets				
Capital assets not being depreciated:				
Land	16,909,922	12,143,187	29,053,109	-
Construction in progress	5,225,353	28,404,445	33,629,798	-
Water rights	-	1,797,968	1,797,968	-
Capital assets being depreciated:				
Utility plant in service	-	537,861,557	537,861,557	-
Machinery and equipment	12,944,948	9,686,412	22,631,360	38,550
Transportation equipment	22,349,053	10,847,920	33,196,973	-
Buildings and improvements	121,396,576	33,858,282	155,254,858	5,500
Office furniture and equipment	3,612,502	1,676,789	5,289,291	34,302
Infrastructure	223,618,039	-	223,618,039	-
Accumulated depreciation	(156,589,793)	(267,923,362)	(424,513,155)	(41,130)
Net investment in direct financing lease	4,453,943	-	4,453,943	-
Notes receivable	-	-	-	3,294
Total noncurrent assets	253,920,543	368,353,198	622,273,741	40,516
Total assets	\$ 335,309,998	\$ 430,807,950	\$ 766,117,948	\$ 1,696,520
DEFERRED OUTFLOWS OF RESOURCES	\$ 19,055,647	\$ 3,985,785	\$ 23,041,432	\$ -

Continued

CITY OF CHEYENNE, WYOMING

STATEMENT OF NET POSITION (Continued)

June 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 5,630,359	\$ 5,011,552	\$ 10,641,911	\$ 26,252
Accrued interest	45,314	584,905	630,219	-
Accrued salaries, including compensated absences and early retirement	2,724,976	588,944	3,313,920	-
Unearned fees and deposits	-	1,406,642	1,406,642	-
Unearned revenue	74,159	655	74,814	-
Capital leases, due within one year	-	865,167	865,167	-
Bonds and loans payable, due within one year	879,618	5,384,516	6,264,134	-
Total current liabilities	9,354,426	13,842,381	23,196,807	26,252
Noncurrent Liabilities				
Landfill closure and post-closure costs	-	11,612,054	11,612,054	-
Net pension liability	99,290,530	12,464,187	111,754,717	-
Total OPEB liability	5,119,808	-	5,119,808	-
Compensated absences	2,075,975	1,184,637	3,260,612	-
Capital leases	-	2,861,993	2,861,993	-
Bonds and loans payable	10,795,545	62,918,787	73,714,332	-
Total noncurrent liabilities	117,281,858	91,041,658	208,323,516	-
Total liabilities	\$ 126,636,284	\$ 104,884,039	\$ 231,520,323	\$ 26,252
DEFERRED INFLOWS OF RESOURCES	\$ 15,516,213	\$ 2,462,867	\$ 17,979,080	\$ 341,138
NET POSITION				
Net investment in capital assets	\$ 242,452,730	\$ 296,668,594	\$ 539,121,324	\$ 37,222
Restricted for				
Debt service and capital improvements	938,893	500,000	1,438,893	-
Legal restrictions	2,132,576	-	2,132,576	-
Tax voter approved projects	45,596,362	-	45,596,362	-
Unrestricted	(78,907,413)	30,278,235	(48,629,178)	1,291,908
Total net position	\$ 212,213,148	\$ 327,446,829	\$ 539,659,977	\$ 1,329,130

See Notes to Financial Statements.

CITY OF CHEYENNE, WYOMING

STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary Government				
Governmental activities				
General government	\$ 15,591,302	\$ 1,404,115	\$ 24,000	\$ -
Public safety	45,755,456	1,320,793	1,802,015	140,000
Public works	17,029,593	2,464,835	1,992,097	5,051,583
Health and welfare	2,513,652	2,645	1,366,767	-
Recreation	10,740,154	2,310,948	2,790	469,821
Interest on long-term debt	241,865	-	-	-
Total governmental activities	91,872,022	7,503,336	5,187,669	5,661,404
Business-type activities				
Waterworks	22,180,616	21,688,152	2,541,631	7,362,001
Sewer	10,916,865	12,830,287	568,702	1,272,680
Solid Waste	7,701,408	15,833,989	-	-
Civic Center	1,384,838	1,003,558	-	-
Ice and Events Center	745,511	401,275	-	-
Total business-type activities	42,929,238	51,757,261	3,110,333	8,634,681
Total primary government	\$ 134,801,260	\$ 59,260,597	\$ 8,298,002	\$ 14,296,085
Governmental Component Unit				
Downtown Development Authority	\$ 561,457	\$ 43,682	\$ -	\$ -

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
Prior period adjustment (Note 15)
Net position, beginning of year, as restated
Net position, end of year

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position			Component Unit
Primary Government			Downtown Development Authority
Governmental Activities	Business-type Activities	Total	
\$ (14,163,187)	\$ -	\$ (14,163,187)	\$ -
(42,492,648)	-	(42,492,648)	-
(7,521,078)	-	(7,521,078)	-
(1,144,240)	-	(1,144,240)	-
(7,956,595)	-	(7,956,595)	-
(241,865)	-	(241,865)	-
(73,519,613)	-	(73,519,613)	-
-	9,411,168	9,411,168	-
-	3,754,804	3,754,804	-
-	8,132,581	8,132,581	-
-	(381,280)	(381,280)	-
-	(344,236)	(344,236)	-
-	20,573,037	20,573,037	-
(73,519,613)	20,573,037	(52,946,576)	-
-	-	-	(517,775)
7,309,208	-	7,309,208	337,102
48,210,277	-	48,210,277	-
5,324,403	-	5,324,403	-
1,461,388	-	1,461,388	-
5,870,188	-	5,870,188	410,243
186,303	323,556	509,859	6,482
801,921	-	801,921	-
574,265	96,516	670,781	-
1,844,360	-	1,844,360	23,682
419,300	(419,300)	-	-
72,001,613	772	72,002,385	777,509
(1,518,000)	20,573,809	19,055,809	259,734
218,936,762	306,873,020	525,809,782	1,069,396
(5,205,614)	-	(5,205,614)	-
213,731,148	306,873,020	520,604,168	1,069,396
\$ 212,213,148	\$ 327,446,829	\$ 539,659,977	\$ 1,329,130

CITY OF CHEYENNE, WYOMING

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018**

	General Fund	One Percent Sales Tax Fund	Capital Facilities Tax Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 5,777,480	\$ -	\$ -	\$ 4,301,497	\$ 10,078,977
Investments, at fair value	8,180,825	-	-	-	8,180,825
Cash and cash equivalents, restricted	18,324	9,889,651	7,007,056	504,387	17,419,418
Investments, restricted	920,569	14,726,615	9,636,404	-	25,283,588
Receivables					
Accrued interest	-	59,949	41,979	-	101,928
Property tax	5,613,535	-	-	-	5,613,535
Customers	825,152	-	-	295,408	1,120,560
Due from other funds	5,287,934	-	-	215,778	5,503,712
Due from other governments	4,416,151	2,965,931	1,998,922	2,941,180	12,322,184
Prepaid items	250	-	-	-	250
Total assets	\$ 31,040,220	\$ 27,642,146	\$ 18,684,361	\$ 8,258,250	\$ 85,624,977
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 2,348,239	\$ 827,051	\$ 363,070	\$ 1,972,535	\$ 5,510,895
Accrued interest	45,314	-	-	-	45,314
Accrued salaries including vacation and sick leave	98,707	-	-	34,753	133,460
Due to other funds	-	-	-	4,634,197	4,634,197
Unearned revenue	-	-	-	74,159	74,159
Total liabilities	\$ 2,492,260	\$ 827,051	\$ 363,070	\$ 6,715,644	\$ 10,398,025
Deferred Inflows of Resources					
Unavailable revenue	5,540,701	-	-	1,771,754	7,312,455
Fund Balances					
Nonspendable	250	-	-	-	250
Restricted	938,893	26,815,095	18,321,291	2,592,552	48,667,831
Committed	214,852	-	-	1,969,560	2,184,412
Assigned	1,253,632	-	-	336,423	1,590,055
Unassigned	20,599,632	-	-	(5,127,683)	15,471,949
Total fund balances	23,007,259	26,815,095	18,321,291	(229,148)	67,914,497
Total liabilities, deferred inflows of resources, and fund balances	\$ 31,040,220	\$ 27,642,146	\$ 18,684,361	\$ 8,258,250	\$ 85,624,977

See Notes to Financial Statements.

CITY OF CHEYENNE, WYOMING

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

June 30, 2018

Total fund balances - governmental funds	\$ 67,914,497
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.	249,466,600
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	1,826,613
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.	(4,667,491)
Pension and OPEB plan accounts, such as deferred inflows/outflows, net pension liability, and total OPEB liability, are not receivable or payable in the current period and, therefore, are not reported in the funds.	
Net pension liability	(99,290,530)
Total OPEB liability	(5,119,808)
Deferred outflows of resources	18,848,297
Deferred inflows of resources	(10,030,371)
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	(11,675,163)
Deferred charge on refunding	207,350
An internal service fund is used by management to charge the costs of certain activities to individual funds. The assets and liabilities of this internal service fund are allocated 50% to governmental activities based on usage in the Statement of Net Position	279,211
Net position of governmental activities	<u><u>\$ 212,213,148</u></u>

See Notes to Financial Statements.

CITY OF CHEYENNE, WYOMING

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 GOVERNMENTAL FUNDS
 Year Ended June 30, 2018

	General Fund	One Percent Sales Tax Fund	Capital Facilities Tax Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes and special assessments	\$ 12,082,678	\$ -	\$ -	\$ -	\$ 12,082,678
Licenses and permits	2,743,853	-	-	-	2,743,853
Intergovernmental	31,681,618	14,983,936	10,599,915	8,508,558	65,774,027
Charges for services	1,950,378	-	-	1,466,228	3,416,606
Fines and forfeitures	1,342,877	-	-	-	1,342,877
Investment income	68,369	14,286	61,866	41,782	186,303
Miscellaneous	1,332,553	42,125	235,967	233,715	1,844,360
Total revenues	51,202,326	15,040,347	10,897,748	10,250,283	87,390,704
Expenditures					
Current					
General government	13,605,783	-	20,096	177,518	13,803,397
Public safety	23,989,324	241,930	-	1,213,698	25,444,952
Public works	4,073,593	1,926,877	-	2,488,947	8,489,417
Health and welfare	-	1,124,679	-	1,382,922	2,507,601
Recreation	6,693,094	200,849	286,707	1,125,218	8,305,868
Capital outlay	836,489	6,832,506	2,972,448	6,035,574	16,677,017
Debt service					
Principal retirements	450,000	-	-	-	450,000
Interest payments	186,540	-	-	30,501	217,041
Total expenditures	49,834,823	10,326,841	3,279,251	12,454,378	75,895,293
Excess (deficiency) of revenues over expenditures	1,367,503	4,713,506	7,618,497	(2,204,095)	11,495,411
Other Financing Sources (Uses)					
Transfers in	816,350	-	-	338,075	1,154,425
Transfers out	(540,000)	(186,775)	-	(8,350)	(735,125)
Insurance proceeds	801,921	-	-	-	801,921
Proceeds from sales of assets	1,262,634	-	-	-	1,262,634
Total other financing sources (uses)	2,340,905	(186,775)	-	329,725	2,483,855
Net change in fund balances	3,708,408	4,526,731	7,618,497	(1,874,370)	13,979,266
Fund balances, beginning of year	19,768,871	22,288,364	10,702,794	1,175,202	53,935,231
Prior period adjustment to reclassify Universal Playground expenditures from prior years	(470,020)	-	-	470,020	-
Fund balances, beginning of year, as restated	19,298,851	22,288,364	10,702,794	1,645,222	53,935,231
Fund balances, end of year	\$ 23,007,259	\$ 26,815,095	\$ 18,321,291	\$ (229,148)	\$ 67,914,497

See Notes to Financial Statements.

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, 2018

Net change in fund balances - total governmental funds \$ 13,979,266

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.

Capital purchases and contributions	14,026,565
Depreciation expense	(10,264,674)
Disposal of assets	(688,369)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 1,167,837

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. (297,093)

The change in the defined benefit pension and OPEB liability and pension and OPEB related outflows and inflows are not reported in the governmental funds. This is the net effect of the change in these balances in the Statement of Net Position. (19,875,096)

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. 425,175

Internal service funds are accounted for as a proprietary fund, therefore, they are not included in the governmental funds. 8,389

Change in net position of governmental activities \$ (1,518,000)

See Notes to Financial Statements.

CITY OF CHEYENNE, WYOMING

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

June 30, 2018

ASSETS	Enterprise Funds		
	Waterworks Fund	Sewer Fund	Solid Waste Fund
Current Assets			
Cash and cash equivalents	\$ 24,637,363	\$ 12,867,881	\$ 1,863,504
Investments, at fair value	1,050,000	987,231	11,334,328
Restricted assets			
Cash and cash equivalents	672,593	-	-
Due from other governments	260,593	1,578,722	-
City of Cheyenne sanitation account	1,945,926	-	-
Receivables			
Accrued interest	14,855	7,442	23,668
Accounts, customers	1,295,326	908,368	150,152
Estimated unbilled usage	1,971,607	872,975	-
Due from other funds	-	-	2,121,490
Inventories	456,289	20,544	-
Prepaid expenses	591	-	-
Total current assets	32,305,143	17,243,163	15,493,142
Noncurrent Assets			
Capital assets			
Land	4,587,691	545,003	6,512,000
Utility plant in service	398,029,716	138,354,485	1,477,356
Water rights	1,797,968	-	-
Machinery and equipment	509,441	168,517	7,983,639
Transportation equipment	2,538,387	838,543	7,124,106
Buildings and improvements	6,411,011	2,153,287	18,109,017
Office furniture and equipment	984,224	343,244	214,692
Construction in progress	15,867,840	12,536,605	-
Accumulated depreciation	(186,690,655)	(64,250,610)	(11,100,855)
Total noncurrent assets	244,035,623	90,689,074	30,319,955
Total assets	\$ 276,340,766	\$ 107,932,237	\$ 45,813,097
DEFERRED OUTFLOWS OF RESOURCES	\$ 2,398,675	\$ 684,272	\$ 902,838

See Notes to Financial Statements.

Enterprise Funds		
Other Proprietary Funds	Totals	Internal Service Fund
\$ (1,048)	\$ 39,367,700	\$ 510,257
-	13,371,559	-
-	672,593	-
-	1,839,315	48,786
-	1,945,926	-
-	45,965	-
17,751	2,371,597	-
-	2,844,582	-
-	2,121,490	11,069
-	476,833	227,238
-	591	-
<u>16,703</u>	<u>65,058,151</u>	<u>797,350</u>
342,243	11,986,937	312,500
-	537,861,557	-
-	1,797,968	-
810,949	9,472,546	427,731
76,793	10,577,829	540,181
6,750,783	33,424,098	868,369
131,675	1,673,835	5,909
-	28,404,445	-
(5,080,536)	(267,122,656)	(1,601,411)
<u>3,031,907</u>	<u>368,076,559</u>	<u>553,279</u>
<u>\$ 3,048,610</u>	<u>\$ 433,134,710</u>	<u>\$ 1,350,629</u>
<u>\$ -</u>	<u>\$ 3,985,785</u>	<u>\$ -</u>

Continued

CITY OF CHEYENNE, WYOMING

STATEMENT OF NET POSITION - PROPRIETARY FUNDS (Continued)

June 30, 2018

	Enterprise Funds		
	Waterworks Fund	Sewer Fund	Solid Waste Fund
LIABILITIES			
Current Liabilities			
Accounts payable	\$ 1,432,358	\$ 3,278,399	\$ 118,621
Accrued interest	365,167	219,738	-
Unearned revenue	-	-	-
Due to other funds	2,338,946	8,128	-
Unearned fees and deposits	1,179,662	226,980	-
Accrued salaries, including vacation and sick leave	191,742	128,418	224,107
Current portion of capital leases	-	-	865,167
Current portion of bonds and loan debt	3,060,360	2,324,156	-
Total current liabilities	8,568,235	6,185,819	1,207,895
Noncurrent Liabilities			
Accrued compensated absences	584,002	391,695	173,268
Landfill closure and post-closure costs	-	-	11,612,054
Net pension liability	6,960,425	2,320,142	3,183,620
Capital leases, net of current portion	-	-	2,861,993
Bonds and loan debt, unamortized bond premium, net of current portion	31,832,127	31,086,660	-
Total noncurrent liabilities	39,376,554	33,798,497	17,830,935
Total liabilities	47,944,789	39,984,316	19,038,830
DEFERRED INFLOWS OF RESOURCES	1,375,067	458,355	629,445
NET POSITION			
Net investment in capital assets	209,488,994	57,278,259	26,592,795
Restricted for debt service and capital improvements	500,000	-	-
Unrestricted	19,430,591	10,895,579	454,865
Total net position	\$ 229,419,585	\$ 68,173,838	\$ 27,047,660

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

See Notes to Financial Statements.

<u>Enterprise Funds</u>		
<u>Other Proprietary Funds</u>	<u>Totals</u>	<u>Internal Service Fund</u>
\$ 62,711	\$ 4,892,089	\$ 238,927
-	584,905	-
655	655	-
655,000	3,002,074	-
-	1,406,642	-
13,448	557,715	62,457
-	865,167	-
-	5,384,516	-
<u>731,814</u>	<u>16,693,763</u>	<u>301,384</u>
10,550	1,159,515	50,244
-	11,612,054	-
-	12,464,187	-
-	2,861,993	-
-	62,918,787	-
<u>10,550</u>	<u>91,016,536</u>	<u>50,244</u>
<u>742,364</u>	<u>107,710,299</u>	<u>351,628</u>
-	2,462,867	-
3,031,907	296,391,955	553,279
-	500,000	-
(725,661)	30,055,374	445,722
<u>\$ 2,306,246</u>	<u>326,947,329</u>	<u>\$ 999,001</u>
	<u>499,500</u>	
	<u>\$ 327,446,829</u>	

CITY OF CHEYENNE, WYOMING

STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
 Year Ended June 30, 2018

	Enterprise Funds		
	Waterworks Fund	Sewer Fund	Solid Waste Fund
Operating Revenues			
Sales and charges for services	\$ 21,305,003	\$ 12,300,941	\$ 15,678,218
Fees and miscellaneous	383,149	529,346	155,771
Total operating revenues	21,688,152	12,830,287	15,833,989
Operating Expenses			
Waterworks	12,900,076	-	-
Sewer	-	6,633,452	-
Sanitation collection	-	-	6,081,357
Recycling/compost	-	-	703,489
Landfill	-	-	(744,328)
Belvoir Ranch	-	-	190,275
Fleet maintenance	-	-	-
Culture and recreation	-	-	-
Depreciation	8,600,484	3,666,347	1,337,889
Total operating expenses	21,500,560	10,299,799	7,568,682
Operating income (loss)	187,592	2,530,488	8,265,307
Non-Operating Income (Expenses)			
Gain on sale of assets	83,559	12,957	-
System development fees	2,541,631	568,702	-
Investment income			
Interest income	281,002	126,904	161,653
Net (decrease) in fair value of investments	(58,384)	(30,302)	(157,317)
Interest expense	(680,056)	(617,066)	(110,806)
Total non-operating income (expenses)	2,167,752	61,195	(106,470)
Income (loss) before contributions and transfers	2,355,344	2,591,683	8,158,837
Capital grants	6,046,604	-	-
Donated utilities and other assets	1,315,397	1,272,680	-
Transfers in	-	-	-
Transfers out	-	-	(808,000)
Change in net position	9,717,345	3,864,363	7,350,837
Net position, beginning of year	219,702,240	64,309,475	19,696,823
Net position, end of year	\$ 229,419,585	\$ 68,173,838	\$ 27,047,660

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

See Notes to Financial Statements.

Enterprise Funds		
Other Proprietary Funds	Totals	Internal Service Fund
\$ 1,302,947	\$ 50,587,109	\$ 3,750,770
101,886	1,170,152	-
<u>1,404,833</u>	<u>51,757,261</u>	<u>3,750,770</u>
-	12,900,076	-
-	6,633,452	-
-	6,081,357	-
-	703,489	-
-	(744,328)	-
-	190,275	-
-	-	3,730,235
1,908,339	1,908,339	-
222,010	13,826,730	64,375
<u>2,130,349</u>	<u>41,499,390</u>	<u>3,794,610</u>
(725,516)	10,257,871	(43,840)
-	96,516	-
-	3,110,333	-
-	569,559	-
-	(246,003)	-
-	(1,407,928)	-
<u>-</u>	<u>2,122,477</u>	<u>-</u>
(725,516)	12,380,348	(43,840)
-	6,046,604	-
-	2,588,077	-
388,700	388,700	-
-	(808,000)	-
<u>(336,816)</u>	<u>20,595,729</u>	<u>(43,840)</u>
<u>2,643,062</u>		<u>1,042,841</u>
<u>\$ 2,306,246</u>		<u>\$ 999,001</u>
	<u>(21,920)</u>	
	<u>\$ 20,573,809</u>	

CITY OF CHEYENNE, WYOMING

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

Year Ended June 30, 2018

	Enterprise Funds		
	Waterworks Fund	Sewer Fund	Solid Waste Fund
Cash Flows from Operating Activities			
Cash received from customers	\$ 21,107,572	\$ 12,603,895	\$ 16,153,953
Cash payments to suppliers	(7,511,041)	(2,160,712)	(4,423,807)
Cash payments to employees	(7,323,539)	(4,281,835)	(4,966,845)
Change in City sanitation account	9,573	-	-
Net cash provided by (used in) operating activities	6,282,565	6,161,348	6,763,301
Cash Flows from Noncapital Financing Activities			
Proceeds from (payments on) amounts due to other funds	-	-	(1,488,620)
Advances to other funds	-	-	(232,532)
Transfers to other funds	-	-	(808,000)
Transfers from other funds	-	-	-
Net cash provided by (used in) noncapital financing activities	-	-	(2,529,152)
Cash Flows from Capital and Related Financing Activities			
System development fees	2,816,630	636,251	-
Proceeds from issuance of debt	4,471,314	7,449,666	266,001
Acquisition and construction of capital assets	(13,165,269)	(8,700,739)	(1,503,397)
Principal paid on bonds and loan debt maturities	(3,723,508)	(2,267,475)	(1,023,567)
Capital grants	5,645,903	-	-
Proceeds from sale of capital assets	83,559	12,957	-
Interest paid on debt	(863,593)	(651,867)	(110,806)
Net cash (used in) capital and related financing activities	(4,734,964)	(3,521,207)	(2,371,769)
Cash Flows from Investing Activities			
Interest on cash and investments	217,336	94,411	156,427
Redemption of investments	-	37,083	-
Purchase of investments	-	(37,231)	(156,201)
Net cash provided by investing activities	217,336	94,263	226
Net increase (decrease) in cash and cash equivalents	1,764,937	2,734,404	1,862,606
Cash and cash equivalents, beginning of year	23,545,019	10,133,477	898
Cash and cash equivalents, end of year	<u>\$ 25,309,956</u>	<u>\$ 12,867,881</u>	<u>\$ 1,863,504</u>

See Notes to Financial Statements.

Enterprise Funds		
Other Proprietary Funds	Totals	Internal Service Fund
\$ 1,392,500	\$ 51,257,920	\$ 3,718,991
(1,303,533)	(15,399,093)	(2,602,593)
(758,026)	(17,330,245)	(1,089,157)
-	9,573	-
(669,059)	18,538,155	27,241
425,000	(1,063,620)	12,156
-	(232,532)	-
-	(808,000)	-
240,000	240,000	-
665,000	(1,864,152)	12,156
-	3,452,881	-
-	12,186,981	-
-	(23,369,405)	-
-	(7,014,550)	-
-	5,645,903	-
-	96,516	-
-	(1,626,266)	-
-	(10,627,940)	-
-	468,174	-
-	37,083	-
-	(193,432)	-
-	311,825	-
(4,059)	6,357,888	39,397
3,011	33,682,405	470,860
\$ (1,048)	\$ 40,040,293	\$ 510,257

Continued

CITY OF CHEYENNE, WYOMING

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (Continued)

Year Ended June 30, 2018

	Enterprise Funds		
	Waterworks Fund	Sewer Fund	Solid Waste Fund
Reconciliation of Operating Income (Loss) to Net Cash			
Provided by (Used in) Operating Activities			
Operating income (loss)	\$ 187,592	\$ 2,530,488	\$ 8,265,307
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	8,600,484	3,666,347	1,337,889
Net pension expense	718,949	239,650	(58,044)
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities			
Receivables	(570,848)	(215,613)	319,964
Inventory	(48,141)	(627)	-
Prepaid expenses	1,574	-	70,143
Accounts payable	(2,391,718)	(69,684)	(1,347,006)
Landfill closure and post-closure costs	-	-	(1,869,314)
City sanitation account	(222,959)	-	-
Accrued salaries including vacation and sick leave	7,632	10,787	44,362
Unearned revenue	-	-	-
Net cash provided by (used in) operating activities	\$ 6,282,565	\$ 6,161,348	\$ 6,763,301
Noncash Investing, Capital, and Noncapital Financing Activities			
Amortization of deferred refunding loss and debt premiums	\$ (41,574)	\$ -	\$ -
Donated asset acquisitions	1,315,397	1,272,680	-
Capitalized interest	242,364	95,340	-
Debt forgiveness	244,482	-	-
Capital assets transferred from other funds	-	-	-

See Notes to Financial Statements.

Enterprise Funds		
Other Proprietary Funds	Totals	Internal Service Fund
\$ (725,516)	\$ 10,257,871	\$ (43,840)
222,010	13,826,730	64,375
-	900,555	-
(12,235)	(478,732)	(31,779)
-	(48,768)	(57,332)
-	71,717	18,855
(127,569)	(3,935,977)	80,716
-	(1,869,314)	-
-	(222,959)	-
(25,651)	37,130	(3,754)
(98)	(98)	-
<u>\$ (669,059)</u>	<u>\$ 18,538,155</u>	<u>\$ 27,241</u>

\$ -	\$ (41,574)	\$ -
-	2,588,077	-
-	337,704	-
-	244,482	-
148,700	148,700	-

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

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 (the “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 82001.

Nature of operations: The City provides the following services as authorized by Wyoming State Statutes (hereinafter “State Statutes”): 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, F. E. 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.

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.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

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.

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.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

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. Based on usage of the internal service fund, its activity is allocated half to governmental activities and half to business type activities in the Statement of Net Position and the Statement of Activities.

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.

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 of 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.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

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 Statement 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, 2018. The City's and the Board's non-negotiable certificates of deposit are reported at cost. 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, 2018 of mortgage-backed securities and government securities in the amount of \$42,432,330 which are valued using a matrix pricing model and the market approach (Level 2 inputs). The City also had recurring fair value measurements as of June 30, 2018 of negotiable certificates of deposit in the amount of \$2,128,412 which are valued using a matrix pricing model and the market approach (Level 2 inputs).

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. WYO-STAR operates in accordance with appropriate State laws and regulations. The City considers fair value measurements as of June 30, 2018 for WYO-STAR to be completed by the pool using the matrix pricing model and the market approach (Level 2 inputs).

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 \$111,444 at June 30, 2018.

Property is annually valued and assessed on January 1. 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; an enforceable lien is attached to the property on May 11. Laramie County bills and collects property taxes for all municipalities and political subdivisions within Laramie County, including the City of Cheyenne and the DDA.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

The City is permitted by State 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, 2018 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.

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 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 recorded at its acquisition value at the date of donation.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Depreciation for the Waterworks and Sewer capital assets had 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
Buildings and improvements	40 years
Office furniture and equipment	3 - 5 years

Impairments: The City evaluates prominent events or changes in circumstances that affect capital assets to determine whether impairment of a capital asset has occurred. Such events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. The City will consider an asset impaired if both the decline in service utility of the capital asset is large in magnitude and the event or change in circumstance is outside the normal life cycle of the capital asset. The City will recognize the impairment loss when the City considers a capital asset impaired, and will recognize the capital asset at the lower of carrying value or fair value.

Compensated absences: City employees, other than employees of the Board, 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 hours in a work week. 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 one and one-half hours for time worked in excess of 40 hours in a work week 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 work week, 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.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Employees of the Board 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.

Employees of the Board 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.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

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 and inventories.
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 constructional 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 represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets, 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 require 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 FINANCIAL STATEMENTS

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	\$ 451,390
One Percent Sales Tax Fund	
Restricted	267,500
Capital Facilities Tax Fund	
Restricted	24,975
Other Governmental Funds	
Restricted	340,136
Committed	1,069
Total encumbrances	\$ 1,085,070

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 outflow 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 Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. 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 recognized deferred inflows of resources in the government-wide financial statements in accordance with presentation requirements for GASB Statement No. 68 and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as well as unavailable property taxes. 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 (the "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 FINANCIAL STATEMENTS

Postemployment benefits other than pensions (OPEB): The total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense associated with the City of Cheyenne Retiree Health Care Plan have been actuarially determined. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Recent pronouncement: In June 2015, the GASB issued GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces GASB Statement No. 45 and requires balance sheet recognition of a liability which resembles the current unfunded accrued liability. The Statement also enhances accountability and transparency through revised and new note disclosure and required supplementary information. The Statement is effective for fiscal years beginning after June 15, 2017. Accounting changes adopted to conform to the provisions of this Statement were applied beginning in the year ended June 30, 2018 retroactively by restating the beginning net position. See discussion of prior period restatement in Note 15.

Note 2. Stewardship, Compliance, and Accountability

Fund deficit: The following funds had a deficit balance at June 30, 2018:

<u>Fund</u>	<u>Deficit Balance</u>
Community Development Block Grant	\$ (42,432)
Law Enforcement Block Grant	(90,371)
Miscellaneous Federal Grants	(3,184,176)
Transportation Planning	(9,142)
UMTA Transit Grant	(450,975)
State Grants	(1,011,399)

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

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

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

	General	Special Revenue	Capital Projects	Permanent	Total
Fund Balances					
Nonspendable					
Prepaid items	\$ 250	\$ -	\$ -	\$ -	\$ 250
Restricted					
Bond ordinances	938,893	-	-	-	938,893
Weed and Pest programs	-	459,976	-	-	459,976
Capital projects	-	-	45,585,449	-	45,585,449
Cemetery projects	-	-	-	751,092	751,092
Juvenile justice programs	-	183,525	-	-	183,525
Grants	-	339,188	-	-	339,188
Housing programs	-	313,545	-	-	313,545
Youth programs	-	96,163	-	-	96,163
Committed					
Capital projects	214,852	-	963,714	-	1,178,566
Annexation improvements	-	237,858	-	-	237,858
Youth and recreation programs	-	767,988	-	-	767,988
Assigned					
Future expenditures	461,159	-	336,423	-	797,582
Agency accounts	792,473	-	-	-	792,473
Unassigned	20,599,632	(5,127,683)	-	-	15,471,949
Totals	\$ 23,007,259	\$ (2,729,440)	\$ 46,885,586	\$ 751,092	\$ 67,914,497

Note 3. Cash, Cash Equivalents, and Investments

Investments authorized by the City’s Investment Policy: The City follows the guidelines set forth in 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, 2018, 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, 2018. In addition to the applicable State 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.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

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. State 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, 2018 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, 2018. The City held \$10,300,352 or 18.8% of its portfolio in Federal National Mortgage Association (FNMA) Pools and \$5,429,078 or 9.9% of its portfolio in FNMA as of June 30, 2018. The Board's policy does not allow more than 50% of the total investment portfolio to be invested in any one single security type and to 5% in any one single obligor, with the exception of funds held in WYO-STAR. Therefore, no further disclosure regarding concentrations of credit risk is required.

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 specified cash flow, the City's policy is to maintain a weighted average life of less than seven years. The Board's investment portfolio shall have a minimum level of three months of budgeted operating expenditures in short-term investment to be maintained to provide sufficient liquidity for expected disbursements. At June 30, 2018, the Board's investments met this policy. 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	\$ 6,953,643	0.60% - 2.65%	\$ 6,541,823	\$ 411,820	\$ -	\$ -
U.S. Government Securities	19,671,990	0.13% - 3.88%	982,529	14,722,959	3,036,034	930,468
U.S. Agencies	22,760,340	0.88% - 6.50%	1,208,875	17,942,024	824,571	2,784,870
State Treasurer's Investment Pool						
Investment Pool (WYO-STAR)	44,961,393	0.76%-0.78%	44,961,393	-	-	-
Wyoming Government						
Investment Fund (WGIF)	3,208	1.15%	3,208	-	-	-
Government Mutual Funds	18,324		18,324	-	-	-
	<u>\$ 94,368,898</u>		<u>\$ 53,716,152</u>	<u>\$ 33,076,803</u>	<u>\$ 3,860,605</u>	<u>\$ 3,715,338</u>

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 \$1,812,304 or 3.30% of the securities in step-up structured bonds.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

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 of interest, respectively. There is no rating available for the WYO-STAR investment; however, under State Statutes, underlying providers are required to have the highest rating from at least one of the nationally recognized rating organizations. The WGIF investment received a 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, \$5,780,377 were rated AAA by Moody's and \$16,979,963 were not rated. The City's investments in the governmental mutual funds were not rated.

Note 4. Capital Assets

Governmental capital asset activity for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Additions	Retirements and Transfers	Balance June 30, 2018
Capital assets, not being depreciated:				
Land	\$ 15,198,574	\$ 1,711,348	\$ -	\$ 16,909,922
Construction in progress	20,547,893	8,643,094	(23,965,634)	5,225,353
Total capital assets, not being depreciated	35,746,467	10,354,442	(23,965,634)	22,135,275
Capital assets, being depreciated:				
Buildings and improvements	104,182,840	18,704,834	(1,491,098)	121,396,576
Machinery and equipment	11,918,816	1,082,468	(56,336)	12,944,948
Transportation equipment	20,733,612	1,949,946	(334,505)	22,349,053
Office furniture and equipment	3,463,995	148,507	-	3,612,502
Infrastructure	217,866,037	5,752,002	-	223,618,039
Total capital assets, being depreciated	358,165,300	27,637,757	(1,881,939)	383,921,118
Less accumulated depreciation for:				
Buildings and improvements	32,596,588	3,247,545	(972,803)	34,871,330
Machinery and equipment	7,286,565	668,277	(28,357)	7,926,485
Transportation equipment	13,867,879	1,552,401	(192,410)	15,227,870
Office furniture and equipment	1,969,384	488,653	-	2,458,037
Infrastructure	91,798,273	4,307,798	-	96,106,071
Total accumulated depreciation	147,518,689	10,264,674	(1,193,570)	156,589,793
Total capital assets being depreciated, net	210,646,611	17,373,083	(688,369)	227,331,325
Governmental activities, capital assets, net	\$ 246,393,078	\$ 27,727,525	\$ (24,654,003)	\$ 249,466,600

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Business-type capital asset activity for the year ended June 30, 2018, was as follows:

	Balance July 1, 2017	Additions	Retirements and Transfers	Balance June 30, 2018
Capital assets, not being depreciated				
Land	\$ 12,143,187	\$ -	\$ -	\$ 12,143,187
Water rights	1,797,968	-	-	1,797,968
Construction in progress	18,633,758	25,861,120	(16,090,433)	28,404,445
Total capital assets, not being depreciated	32,574,913	25,861,120	(16,090,433)	42,345,600
Capital assets, being depreciated:				
Utility plant in service	529,255,993	8,927,959	(322,395)	537,861,557
Machinery and equipment	9,254,490	436,965	(5,043)	9,686,412
Transportation equipment	10,380,754	536,890	(69,724)	10,847,920
Buildings and improvements	22,830,328	11,027,954	-	33,858,282
Office furniture and equipment	1,662,278	43,559	(29,048)	1,676,789
Total capital assets, being depreciated	573,383,843	20,973,327	(426,210)	593,930,960
Less accumulated depreciation for:				
Utility plant in service	234,514,123	11,707,808	(322,395)	245,899,536
Machinery and equipment	3,809,379	440,331	(5,043)	4,244,667
Transportation equipment	6,212,260	880,680	(69,724)	7,023,216
Buildings and improvements	8,576,290	664,561	-	9,240,851
Office furniture and equipment	1,378,602	165,538	(29,048)	1,515,092
Total accumulated depreciation	254,490,654	13,858,918	(426,210)	267,923,362
Total capital assets being depreciated, net	318,893,189	7,114,409	-	326,007,598
Business-type activities, capital assets, net	\$ 351,468,102	\$ 32,975,529	\$ (16,090,433)	\$ 368,353,198

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

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

Governmental Activities	
General government	\$ 992,216
Public safety	2,058,031
Public works	5,197,260
Recreation	2,017,167
Total depreciation expense, governmental activities	<u>\$ 10,264,674</u>
Business-type Activities	
Waterworks	\$ 8,600,484
Sewer	3,666,347
Solid Waste Fund	1,337,889
Civic center	101,011
Ice and events center	120,999
Fleet maintenance	32,188
Total depreciation expense, business-type activities	<u>\$ 13,858,918</u>

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 5. Interfund Receivables, Payables, and Transfers

The composition of interfund receivables and payables as of June 30, 2018 is as follows:

	Fund Level Financial Statements Due From/To Other Funds	
	Receivable	Payable
Governmental Activities:		
General fund	\$ 5,287,934	\$ -
Special revenue funds:		
State Grants	215,778	506,891
Community Development Block Grant	-	123,000
Transportation Planning	-	35,000
Law Enforcement Block Grant	-	145,984
UMTA Transit Grant	-	1,381,000
Miscellaneous Federal Grants	-	2,442,264
Capital projects funds:		
Athletic Facilities	-	58
Internal service fund	11,069	-
Business-type Activities:		
Waterworks	-	2,338,946
Sewer	-	8,128
Solid Waste	2,121,490	-
Civic Center	-	350,000
Ice and Events Center	-	305,000
	<u>\$ 7,636,271</u>	<u>\$ 7,636,271</u>

A balance of \$2,121,490, due from the waterworks fund to the solid waste fund, resulted from the Board's 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 FINANCIAL STATEMENTS

Transfers for the year ended June 30, 2018 were as follows:

Fund	Transfers	
	In	Out
Governmental Activities:		
General fund	\$ 816,350	\$ 540,000
Special revenue funds:		
Transportation Planning	38,075	-
UMTA Transit Grant	300,000	-
Capital projects		
One Percent Sales Tax	-	186,775
Permanent fund		
Cemetery Perpetual Care	-	8,350
Total governmental activities	<u>1,154,425</u>	<u>735,125</u>
Business-type Activities:		
Solid Waste	-	808,000
Civic Center	160,000	-
Ice and Events Center	228,700	-
Total business-type activities	<u>388,700</u>	<u>808,000</u>
Total primary government	<u>\$ 1,543,125</u>	<u>\$ 1,543,125</u>

During the year ended June 30, 2018, transfers were used to (1) move revenues from the fund that State Statutes or budget that require 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.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

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 lease are as follows:

	<u>Business-Type Activities</u>
Machinery and equipment/transportation equipment	\$ 7,300,808
Less accumulated depreciation	<u>(1,993,700)</u>
Total	<u><u>\$ 5,307,108</u></u>

The capital lease obligations payable as of June 30, 2018 were as follows:

Lease payable for landfill equipment, due in semi-annual installments of \$120,236, with interest at 1.94% through June 2019.	\$ 237,018
Lease payable for landfill equipment, due in semi-annual installments of \$164,296, with a final installment of \$657,183, and interest at 2.61% through June 2021.	1,398,265
Lease payable for landfill equipment, due in semi-annual installments of \$128,636, with a final installment of \$514,543, and interest at 2.61% through June 2022.	1,319,077
Lease payable for landfill equipment, due in semi-annual installments of \$64,651, with a final installment of \$258,605, and interest at 2.61% through June 2023.	772,800
	<u>\$ 3,727,160</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018, were as follows:

Year Ending June 30,	<u>Business-type Activities</u>
2019	\$ 955,638
2020	715,166
2021	1,208,038
2022	772,482
2023	<u>323,256</u>
Total minimum lease payments	3,974,580
Less amount representing interest	<u>(247,420)</u>
Present value of minimum lease payments	<u><u>\$ 3,727,160</u></u>

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

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). 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, 2018	Amount Due Within One Year
Governmental Activities		
Refunding Revenue Bonds, Series 2012, original amount of \$9,455,000, due in annual installments of \$475,000 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.	\$ 7,300,000	\$ 475,000
Due to the Wyoming Business Council, original amount of \$4,453,943 with interest at 0.5%, 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	411,628
Total governmental activities	<u>\$ 11,753,943</u>	<u>\$ 886,628</u>

Continued

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

	Balance at June 30, 2018	Amount Due Within One Year
Business-type Activities		
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 20 years. Upon completion of the 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.	\$ 155,865	\$ -
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.	1,312,416	253,852
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #144, advances on a \$1,300,000 loan for Southern Sewer Interceptor Main. Interest thereon is at 2.5% for a term of 20 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.	1,300,000	-
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 of revenues from the City's water system user fees necessary to meet the annual loan payment.	1,199,447	228,101

Continued

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

	Balance at June 30, 2018	Amount Due Within One Year
Business-type Activities, <i>Continued</i>		
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.	\$ 3,187,026	\$ 255,939
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.	6,276,994	323,860
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 of 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.	6,710,000	830,000
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.	2,981,349	566,967

Continued

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

	Balance at June 30, 2018	Amount Due Within One Year
Business-type Activities, <i>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.	\$ 303,152	\$ 40,152
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.	281,248	17,025
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 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.	16,768,393	1,919,040
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #081, 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.	840,557	61,099

Continued

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

	Balance at June 30, 2018	Amount Due Within One Year
Business-type Activities, <i>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 from the City's water system user fees necessary to meet the annual loan payment.	\$ 541,741	\$ 48,345
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #060, original amount of \$2,900,000, 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 wastewater user fees necessary to meet the annual loan payment.	1,664,888	133,788
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.	3,834,820	232,918
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.	1,859,715	112,572

Continued

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

	Balance at June 30, 2018	Amount Due Within One Year
Business-type Activities, <i>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.	\$ 1,859,715	\$ 112,572
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #133, advances on a \$5,000,000 loan for the 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.	4,398,328	210,786
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #159, advances on \$9,900,000 loan for the Southern Sewer Interceptor Main. Interest thereon is 2.5% for a term of 20 years. The payments are currently estimated at \$635,057 per year. Secured by pledge and assignment of revenues from the City's wastewater user fees necessary to meet the annual loan payment.	8,279,037	-
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #143, advances on an \$875,000 loan for the Holliday Park Reuse Project. Interest thereon is at 0.00% for a term of 20 years. The payments are currently estimated at \$37,500 per year. Secured by pledge and assignment of revenues from the City's wastewater user fees necessary to meet the annual loan payment.	712,500	37,500

Continued

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

	Balance at June 30, 2018	Amount Due Within One Year
Business-type Activities, Continued		
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 20 years. Upon completion of the project, the 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.	\$ 3,836,112	\$ -
Total business-type activities	68,303,303	5,384,516
Total long-term debt	\$ 80,057,246	\$ 6,271,144

The annual debt service requirements of the long-term debt and current principal maturities as of June 30, 2018 are as follows:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 886,628	\$ 204,520	\$ 5,384,516	\$ 1,352,481
2020	1,121,559	193,199	6,054,052	1,551,038
2021	1,152,774	179,591	6,206,823	1,397,541
2022	1,209,052	164,902	6,363,068	1,240,088
2023	1,265,393	148,220	6,467,014	1,076,867
2024-2028	6,118,537	446,544	21,369,210	3,328,738
2029-2033	-	-	10,433,786	1,461,247
2034-2038	-	-	5,177,486	436,438
2039-2043	-	-	847,348	20,989
	\$ 11,753,943	\$ 1,336,976	\$ 68,303,303	\$ 11,865,427

The balances above do not include the unamortized bond premium/discount of \$(78,780) or the deferred loss on refunding in the amount of \$(207,350) for the Governmental Activities and the deferred loss on refunding in the amount of \$(345,858) 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.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

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 \$7,750,925. Net customer revenues totaled \$34,518,439 for the year. At year end, pledged future revenues totaled \$80,168,730, 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 \$636,540. Net mineral royalties totaled \$2,675,508 and gross parking fees totaled \$328,029 for the year. At year end, pledged future revenues totaled \$8,539,587, 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% 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.

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 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 (the difference between the present values of the old and new debt service payments) of \$700,000. As of June 30, 2018 the deferred loss on refunding totaled \$345,858 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 that 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 2018, the outstanding in-substance defeased debt was \$7,300,000. 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.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

The following is a summary of long-term liability transactions for the City for the year ended June 30, 2018:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Revenue bonds	\$ 7,750,000	\$ -	\$ (450,000)	\$ 7,300,000	\$ 475,000
Less: discount on refunding	(85,615)	-	6,835	(78,780)	(7,010)
Note payable	4,453,943	-	-	4,453,943	411,628
Compensated absences	4,370,398	2,888,610	(2,591,517)	4,667,491	2,591,516
Governmental activities long-term liabilities	\$ 16,488,726	\$ 2,888,610	\$ (3,034,682)	\$ 16,342,654	\$ 3,471,134
Business-type activities					
Refunding revenue bonds	\$ 7,525,000	\$ -	\$ (815,000)	\$ 6,710,000	\$ 830,000
Loans payable	55,024,494	11,989,273	(5,420,464)	61,593,303	4,554,516
Leases payable	4,484,726	266,001	(1,023,567)	3,727,160	865,167
Landfill closure and post-closure costs	13,481,368	-	(1,869,314)	11,612,054	-
Compensated absences	1,738,327	599,963	(564,709)	1,773,581	588,944
Business-type activities long-term liabilities	\$ 82,253,915	\$ 12,855,237	\$ (9,693,054)	\$ 85,416,098	\$ 6,838,627

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

Note 8. Retirement Commitments

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

Law Enforcement Pension Plan

Plan description: The City participates in the Wyoming Law Enforcement Pension Plan (the “Police Plan”), a statewide cost-sharing multiple-employer defined benefit pension plan administered by the WRS Board. Employees who are sworn law enforcement officers are eligible for full retirement benefits after they either reach age 60 with at least 48 months of contributions to the Police 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 48 months of contributions. Benefits are established by State Statutes. The Police Plan issues a publicly available financial report, which includes audited financial statements and required supplementary information for the Police Plan. 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 FINANCIAL STATEMENTS

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 or 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 or her disability equal to 62.5% of final salary. To qualify for non-duty disability retirement, the member must have a least 10 years of service, and the member receives a monthly disability benefit for the period of his or her disability equal to 50% of final salary.

Survivor's Benefit: The 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 members' salaries and by contributions from the City. These contributions are determined by State Statutes and, as of June 30, 2018, the percentages to be contributed on compensation were 8.6% by the members and the same by the City.

The City's contribution to the Police Plan for the year ended June 30, 2018 was \$652,267, equal to the required contribution.

Paid Firemen's Pension Plan B

Plan description: The City participates in the Wyoming Paid Firemen's Retirement Fund (the "Fund"), a statewide cost-sharing multiple-employer defined benefit pension plan administered by the WRS 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 State 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 the Fund qualify for a retirement allowance if they are 50 years old and have a 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 three-year final average compensation for the 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 WRS 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 or her duties from an individual and specific act incurred while employed. To qualify for benefits, there is no age or service requirement. The member receives a monthly disability retirement benefit equal to 50% of the final average salary.

Survivor Benefits: The 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.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

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

Legislation enacted in 1979 allows the employer to pay any or all of the member's contribution. The City currently pays 1.5% of the required member's contribution of 9.245%. The City's contribution to the Fund for the year ended June 30, 2018 was \$903,467, equal to the required contribution plus the City's share of the required member contribution.

Paid Firemen's Pension Plan A

Plan description: The City formerly participated in the Wyoming Paid Firemen's Plan A ("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: Plan A statutorily provides retirement, disability, and death benefits according to a percentage of a Fireman First Class salary. Plan A also statutorily provides for an annual percentage increase in the benefit amounts beginning in the year following 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 or her duties from an individual and specific act incurred while employed. To qualify for benefit, there is no age or service requirement. The 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: Plan A statutorily required participants to contribute 8% of their salary to a maximum not to exceed the salary of a Fireman First Class. Employers were required to contribute 21% of the salary. Effective April 1, 1997, required contributions were suspended as Plan A had been determined to be actuarially over-funded. Plan A is being reviewed by the WRS to determine the appropriate measures to take to ensure Plan A is adequately funded, as it is a closed plan.

Public Employee Pension Plan

Plan description: The City participates in the WRS's statewide cost-sharing multiple-employer defined benefit pension plan administered by the WRS Board. Substantially all City full-time employees not covered by the Law Enforcement Pension Plan, Paid Firemen's Pension Plan A, or Paid Firemen's Pension Plan B 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 WRS also provides death and disability benefits. Benefits are established by State Statutes. The WRS issues a publicly available financial report, which includes audited financial statements and required supplementary information for the Public Employee Pension Plan. 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 FINANCIAL STATEMENTS

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, the employee is 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. The 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 his or her 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. The 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 or 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 or 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 WRS consist of an amount equal to 16.62% of the member's salary. The City and Board are required by State Statutes to contribute 8.37% of the amount. Legislation enacted in 1979 allows the employer to pay any or all of the member's contribution in addition to the matching contribution. The Board currently pays 5.75% of the required member's contribution of 8.25% and the City pays 4.25% of the required member's contribution of 8.25%.

The City and Board's contributions to the WRS for the year ended June 30, 2018 was \$3,147,284, equal to the required contribution, plus the City and Board's share of the required employee contribution.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2018, the City and Board reported a total liability of \$111,754,717 for its proportionate share of the net pension liability. The breakdown between plans is as follows:

	<u>Net Pension Liability</u>
Pension Plan	
Public Employee Pension Plan	
City of Cheyenne	\$ 21,224,141
Board of Public Utilities	9,280,567
Paid Firemen's Pension Plan A	67,077,510
Paid Firemen's Pension Plan B	10,043,721
Law Enforcement Pension Plan	<u>4,128,778</u>
Total net pension liability	<u><u>\$ 111,754,717</u></u>

The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017 and incorporated assumption changes adopted by the Board effective August 23, 2017. Standard update procedures were used to roll forward the total pension liability at December 31, 2017. The City and Board's proportion of the net pension liability for all plans, except Paid Firemen's Pension 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 Paid Firemen's Pension 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, 2017, the City and Board's proportionate shares were as follows:

	<u>Proportion of the Net Pension Liability</u>		
	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>Increase (Decrease)</u>
Pension Plan			
Public Employee Pension Plan			
City of Cheyenne	0.9312	0.9045	0.0267
Board of Public Utilities	0.4072	0.3979	0.0093
Paid Firemen's Pension Plan A	29.9816	30.1332	(0.1516)
Paid Firemen's Pension Plan B	24.3574	23.4759	0.8815
Law Enforcement Pension Plan	4.7984	4.5225	0.2759

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2018, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Paid Firemen's Pension Plan A:		
Net difference between projected and actual earnings on pension plan investments	\$ 1,706,410	\$ (1,850,405)
	<u> </u>	<u> </u>
Paid Firemen's Pension Plan B:		
Differences between expected and actual experience	\$ 18,158	\$ (481,809)
Changes of assumptions	6,605,817	(264,302)
Net difference between projected and actual earnings on pension plan investments	1,217,662	(1,732,298)
Changes in proportionate share of contributions	249,402	(18,012)
Contributions subsequent to the measurement date	397,623	-
	<u> </u>	<u> </u>
	\$ 8,488,662	\$ (2,496,421)
	<u> </u>	<u> </u>
Law Enforcement:		
Differences between expected and actual experience	\$ 29,202	\$ (346,636)
Changes of assumptions	1,947,265	-
Net difference between projected and actual earnings on pension plan investments	1,030,116	(1,498,697)
Changes in proportionate share of contributions	208,656	(7,512)
Contributions subsequent to the measurement date	321,899	-
	<u> </u>	<u> </u>
	\$ 3,537,138	\$ (1,852,845)
	<u> </u>	<u> </u>

Continued

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

	Deferred Outflows of Resources	Deferred Inflows of Resources
Public Employee:		
Governmental Activities:		
Differences between expected and actual experience	\$ -	\$ (620,092)
Changes of assumptions	1,752,935	-
Net difference between projected and actual earnings on pension plan investments	2,171,784	(2,943,784)
Changes in proportionate share of contributions	610,319	(2,982)
Contributions subsequent to the measurement date	581,049	-
	<u>\$ 5,116,087</u>	<u>\$ (3,566,858)</u>
Business-type Activities:		
City:		
Differences between expected and actual experience	\$ -	\$ (109,428)
Changes of assumptions	309,341	-
Net difference between projected and actual earnings on pension plan investments	383,256	(519,491)
Changes in proportionate share of contributions	107,703	(526)
Contributions subsequent to the measurement date	102,538	-
	<u>\$ 902,838</u>	<u>\$ (629,445)</u>
Board:		
Differences between expected and actual experience	\$ -	\$ (319,054)
Changes of assumptions	901,761	-
Net difference between projected and actual earnings on pension plan investments	1,102,253	(1,514,368)
Changes in proportionate share of contributions	427,049	-
Contributions subsequent to the measurement date	306,026	-
	<u>\$ 2,737,089</u>	<u>\$ (1,833,422)</u>

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

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, 2019. 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 Plan	Total	Public Employee Pension Plan		
						Board	City	Total
2019	\$ 928,893	\$ 478,457	\$ 1,248,088	\$ 683,891	\$ 3,339,329	\$ 583,503	\$ 163,922	\$ 747,425
2020	773,405	251,326	1,092,044	552,015	2,668,790	407,748	136,483	544,231
2021	(109,501)	(411,176)	609,159	132,054	220,536	(69,661)	(19,324)	(88,985)
2022	(624,617)	(462,600)	2,645,327	(5,566)	1,552,544	(323,949)	(110,226)	(434,175)
Thereafter	-	-	-	-	-	-	-	-
	\$ 968,180	\$ (143,993)	\$ 5,594,618	\$ 1,362,394	\$ 7,781,199	\$ 597,641	\$ 170,855	\$ 768,496

Actuarial assumptions: The total pension liability in the January 1, 2017 valuation was determined using the following actuarial assumptions adopted by the Wyoming Retirement System Board effective August 23, 2017 and applied to all periods included in the measurement:

Actuarial Assumption	Public Employee Pension Plan	Paid Firemen's Pension Plan A	Paid Firemen's Pension Plan B	Law Enforcement Pension Plan
Inflation	2.25%	2.25%	2.25%	2.25%
Salary increases	2.50% to 6.00%	4.25%	2.50% to 7.00%	2.50% to 8:00%
Investment rate of return	7.00%	7.00%	7.00%	7.00%
Payroll growth rate	2.50%	3.25%	2.50%	2.50%
Cost of living adjustment	0.00%	0.00%	0.00%	0.00%

Mortality rates were based on the RP-2014 Mortality Tables for Males or Females, as appropriate with adjustments for mortality improvements based on Scale MP-2017. There were economic and demographic changes in assumptions between the December 31, 2016 and December 31, 2017 measurement dates.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

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:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Long-Term Expected Arithmetic Real Rate of Return
Cash	0.00%	0.40%	0.40%
Fixed income	20.00%	1.25%	1.77%
Equity	45.00%	4.96%	6.88%
Marketable alternatives	17.50%	2.79%	3.30%
Private markets	17.50%	5.06%	7.11%
	100.00%		

Experience analysis: An experience study was conducted on behalf of all WRS plans covering the five-year period ended December 31, 2016. The 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.

Discount rate: The discount rate used to measure the total pension liability was 7.00% for the Public Employee and Law Enforcement Plans, 3.75% for the Paid Firemen’s Plan A, and 5.65% 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 WRS’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: 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% lower or higher than the current rate.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

The sensitivity of the net pension liability to the single discount rate assumption is as follows:

	1% Decrease	Current Single Discount Rate Assumption	1% Increase
Public Employee Pension Plan			
City of Cheyenne	\$32,077,939	\$ 21,224,141	\$12,172,225
Board of Public Utilities	14,026,552	9,280,567	5,322,485
Paid Firemen's Pension Plan A	82,855,383	67,077,510	54,467,239
Paid Firemen's Pension Plan B	17,163,905	10,043,721	4,207,930
Law Enforcement Pension Plan	8,861,607	4,128,778	275,869

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued WRS financial report available from the Wyoming Retirement System, 6101 Yellowstone Road, Cheyenne, Wyoming 82002 or by accessing the WRS website at <http://retirement.state.wy.us/About/Reports?Label=Financial#categories>.

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 (commonly referred to as the "457 Plan") administered by the WRS and a defined contribution plan administered by VALIC Financial Advisors. Employees are allowed to contribute the maximum amount per Internal Revenue Service guidelines. 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, 2018 was \$31,650.

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 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.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

The City pays into the State Worker’s Compensation System (the “Act”). All employers within the State of Wyoming are participants in this Act unless the employer elects not to be covered under the Act. 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. These payments are 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, 2018:

	Vacation Leave	Sick Leave	Comp Time	Early Retirement Obligation	Total
Governmental Activities	\$2,228,620	\$1,939,140	\$499,731	\$ -	\$4,667,491
Business-type Activities					
Waterworks fund	352,347	295,982	81,673	45,742	775,744
Sewer fund	237,848	197,322	54,449	30,494	520,113
Solid waste fund	204,153	184,723	8,499	-	397,375
Fleet maintenance fund	29,201	24,857	2,293	-	56,351
Civic Center fund	4,772	4,526	421	-	9,719
Ice and Events Center fund	6,707	4,044	3,528	-	14,279
Total business-type activities	835,028	711,454	150,863	76,236	1,773,581
Total all funds	\$3,063,648	\$2,650,594	\$650,594	\$76,236	\$6,441,072

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

Note 11. Industrial Revenue Bonds

The City has participated in several issuances 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, 2018, there were two series of industrial revenue bonds outstanding, with an aggregate principal amount payable of \$6,957,000.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

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 30 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 \$11,612,054 reported as landfill closure and post-closure care liability at June 30, 2018 represents the cumulative liability estimated to date based on the use of 47.60% of the estimated capacity of the site. The City will recognize the remaining estimated cost of closure and post-closure care of \$12,783,017 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 2018. The City expects the landfill site to be at full capacity in approximately 62 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, 2018 is as follows:

	Governmental Activities	Business-type Activities
Deferred Outflows of Resources:		
Deferred loss on refunding	\$ 207,350	\$ 345,858
Deferred outflows, pension liability	18,848,297	3,639,927
Total deferred outflows of resources	\$ 19,055,647	\$ 3,985,785
Deferred Inflows of Resources:		
Unavailable property taxes	\$ 5,485,842	\$ -
Deferred inflows, pension liability	9,766,529	2,462,867
Deferred inflows, OPEB liability	263,842	-
Total deferred inflows of resources	\$ 15,516,213	\$ 2,462,867

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 14. Commitments

As of June 30, 2018, 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 2018, the amounts below represent the activity pertaining to the contract as a whole.

	Expended to Date at June 30, 2018	Total Contract	Commitment at June 30, 2018
Governmental Activities			
Botanic Gardens Expansion	\$ 12,267,800	\$ 12,317,459	\$ 49,659
Civic Center Commons Park	1,368,586	6,833,524	5,464,938
Lions Park Pavilion	243,958	277,600	33,642
Capital Basin 26th Street Interceptor	2,882,623	3,412,542	529,919
FY17 City Overlay Part 1	1,297,096	1,307,857	10,761
2018 Traffic Signal Upgrade	-	448,020	448,020
2018 Traffic Signal Installation	-	295,572	295,572
2018 Chip Seal #1	110,476	880,800	770,324
2017 City Chip Seal #2	196,941	814,363	617,422
Warren Rest House Restoration	29,115	37,687	8,572
Miscellaneous Governmental	289,224	547,275	258,051
Total governmental activities	18,685,819	27,172,699	8,486,880
Business-type Activities			
S. Water Transmission Main Phase III	11,801,163	11,944,076	142,913
FY17 Water Rehabs	2,499,242	2,892,566	393,324
FY18 Water Rehabs	1,269,943	2,532,548	1,262,605
S. Sewer Interceptor Main Phase I	11,305,856	12,518,828	1,212,972
Miscellaneous Water Projects	1,237,384	3,925,719	2,688,335
Miscellaneous Sewer Projects	1,629,088	4,646,530	3,017,442
Total business-type activities	29,742,676	38,460,267	8,717,591
Total primary government	\$ 48,428,495	\$ 65,632,966	\$ 17,204,471

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 15. Postemployment Benefits Other than Pensions (OPEB) Commitment and Prior Period Adjustment

On July 1, 2017, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which recognizes a long-term obligation for OPEB benefits. The accounting change adopted to conform to the provisions of GASB Statement No. 75 has been applied retroactively by restating the beginning net position for the fiscal year ended June 30, 2018 by \$5,205,614.

General Information about the OPEB Plan

Plan description: The City participates in a single-employer defined benefit postemployment healthcare plan, being the City of Cheyenne Retiree Health Care Plan (the “Plan”). The City Council has the authority for establishing and amending the Plan. The Plan does not issue a separate report and is not administered in trust.

Benefits provided: Under the Plan, the City offers retiring firefighters who were hired prior to July 1, 2013 a \$300 monthly 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 four 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.

Funding policy: The City finances this program on a “pay-as-you-go” basis and has no assets held in trust. The City Council has the authority for establishing and amending the funding policy.

Employees covered by the benefit terms: As of June 30, 2018, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	27
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	<u>459</u>
Total plan members	486

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2018, the City reported a total OPEB liability of \$5,119,808. The total OPEB liability was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Changes in the total OPEB liability:

Total OPEB Liability:	
Service cost	\$ 270,144
Interest on the total OPEB liability	185,686
Change of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions	(292,051)
Benefit payments	<u>(249,585)</u>
Net change in total OPEB liability	(85,806)
Total OPEB liability, beginning	<u>5,205,614</u>
Total OPEB liability, ending	<u>\$ 5,119,808</u>

For the year ended June 30, 2018, the City recognized OPEB expense of \$427,621. At June 30, 2018 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	<u>\$ -</u>	<u>\$ 263,842</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the City's OPEB expense as follows:

Year ended June 30,	
2019	\$ (28,209)
2020	(28,209)
2021	(28,209)
2022	(28,209)
2023	(28,209)
Thereafter	<u>(122,797)</u>
	<u>\$ (263,842)</u>

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Actuarial methods and assumptions: The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial valuation date	June 30, 2018
Actuarial cost method	Individual Entry Age
Discount rate	3.62% as of June 30, 2018
Inflation	2.25%
Salary increases	2.50% - 6.50%, including wage inflation of 2.50%
Demographic assumptions	This report has used the same demographic assumptions used to value the Wyoming Retirement System defined benefit retirement plan in which the members participate in the actuarial valuation as of January 1, 2018.
Mortality	For healthy retirees, the gender-distinct RP-2014 Healthy Annuitant Mortality Tables are used with male rates multiplied by 100% and female rates multiplied by 88%. Those rates are projected on a fully generational basis, based on Scale MP-2017.
Health care trend rates	Initial rate of 7.50%, declining to an ultimate rate of 4.25% after 15 years.
Participation rates	90% of participants eligible to receive an explicit subsidy are assumed to elect coverage with the City. Coverage is for the employee only. 17% of participants eligible for any explicit subsidy are assumed to elect coverage. It is assumed that 35% of participants elect two-person coverage and that, upon participant death, coverage will continue to the beneficiary.

Discount rate: The discount rate changed from 3.56% as of June 30, 2017 to 3.62% as of June 30, 2018. The discount rate is based on the Fidelity “20-Year Municipal GO AA Index”.

The demographic assumptions were changed to be consistent with those adopted by the State of Wyoming Retirement System effective August 23, 2017. For a detailed description of the experience related to these assumptions, as well as the rationale for any changes, please see the latest Wyoming Retirement System Actuarial Experience Study dated January 10, 2018.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Sensitivity of the City’s total OPEB liability to changes in the discount rate: The table below presents the City’s total OPEB liability calculated using a discount rate of 3.62%, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.62%) or 1-percentage-point higher (4.62%) than the current discount rate:

	1% Decrease (2.62%)	Current Discount Rate (3.62%)	1% Increase (4.62%)
Total OPEB liability	\$ 5,592,256	\$ 5,119,808	\$ 4,687,672

Sensitivity of the City’s total OPEB liability to changes in the healthcare cost trend rates: The table below presents the City’s total OPEB liability, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (6.50%)	Current Healthcare Cost Trend Rate (7.50%)	1% Increase (8.50%)
Total OPEB liability	\$ 4,716,912	\$ 5,119,808	\$ 5,849,751

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.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CHEYENNE, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL -BUDGETARY BASIS - GENERAL FUND
 Year Ended June 30, 2018

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 11,954,900	\$ 11,954,900	\$ 12,082,678	\$ 127,778
Licenses and permits	2,534,825	2,534,825	2,743,853	209,028
Intergovernmental	28,571,220	28,571,220	31,681,618	3,110,398
Charges for services	2,413,900	2,413,900	1,950,378	(463,522)
Fines and forfeitures	1,373,000	1,373,000	1,342,877	(30,123)
Investment income (loss)	126,000	126,000	68,369	(57,631)
Miscellaneous	1,881,800	1,881,800	839,222	(1,042,578)
Total revenues	48,855,645	48,855,645	50,708,995	1,853,350
Expenditures				
General government				
City Council	269,120	316,554	290,390	26,164
Mayor	3,095,763	3,087,274	3,072,376	14,898
Economic/Community Development	2,046,084	2,057,824	2,116,400	(58,576)
Engineering	2,942,550	2,943,490	2,770,282	173,208
Miscellaneous	3,051,100	3,429,162	2,519,673	909,489
Support Services	2,973,715	3,017,783	2,882,788	134,995
Public works	8,390,988	7,964,675	7,639,585	325,090
Public safety				
Fire	10,034,304	10,884,859	10,916,205	(31,346)
Police	13,510,764	13,589,116	13,425,058	164,058
Recreation				
Community recreation and events	2,632,898	3,150,034	3,645,057	(495,023)
Total expenditures	48,947,286	50,440,771	49,277,814	1,162,957
Excess (deficiency) of revenues over expenditures	(91,641)	(1,585,126)	1,431,181	3,016,307
Other financing sources (uses)				
Transfers out	(1,727,259)	(1,767,259)	(540,000)	(1,227,259)
Transfers in	810,900	810,900	816,350	5,450
Insurance proceeds	-	-	801,921	801,921
Proceeds from sales of assets	-	-	1,262,634	1,262,634
Total other financing sources (uses)	(916,359)	(956,359)	2,340,905	842,746
Net change in fund balance	(1,008,000)	(2,541,485)	3,772,086	\$ 3,859,053
Fund balance, beginning of year	17,612,547	15,646,250	19,768,871	
Fund balance, end of year	<u>\$ 16,604,547</u>	<u>\$ 13,104,765</u>	<u>\$ 23,540,957</u>	

See accompanying Notes to Required Supplementary Information.

CITY OF CHEYENNE, WYOMING

SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY
AND RELATED RATIOS

Year Ended June 30, 2018*

Total OPEB Liability	
Service cost	\$ 270,144
Interest on the total OPEB liability	185,686
Changes in benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions	(292,051)
Benefit payments	<u>(249,585)</u>
Net change in total OPEB liability	(85,806)
Total OPEB liability, beginning	<u>5,205,614</u>
Total OPEB liability, ending	<u>\$ 5,119,808</u>
Covered-Employee Payroll	<u>\$ 26,252,557</u>
Total OPEB liability as a percentage of covered-employee payroll	19.50%

* *This schedule is to be built prospectively until it contains ten years of data.*

See accompanying Notes to Required Supplementary Information.

CITY OF CHEYENNE, WYOMING

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last 5 Fiscal Years*

	For the Year Ended June 30,				
	2018	2017	2016	2015	2014
Public Employee Pension Plan					
City of Cheyenne					
City's proportion of the net pension liability (asset)	0.9312%	0.9045%	0.8842%	0.8850%	0.8686%
City's proportionate share					
of the net pension liability (asset)	\$ 21,224,141	\$ 21,868,666	\$ 20,595,553	\$ 15,618,025	\$ 13,205,851
City's covered payroll	16,362,135	16,333,427	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	129.71%	133.89%	129.26%	101.09%	88.26%
Plan fiduciary net position as a					
percentage of the total pension liability	76.35%	73.42%	73.40%	79.08%	81.10%
Board of Public Utilities					
Board's proportion of the net pension liability (asset)	0.4072%	0.3979%	0.3838%	0.3621%	0.3772%
Board's proportionate share					
of the net pension liability (asset)	\$ 9,280,567	\$ 9,619,011	\$ 8,940,291	\$ 6,390,668	\$ 5,735,039
Board's covered payroll	7,177,501	7,127,606	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	129.30%	134.95%	130.40%	101.32%	88.73%
Plan fiduciary net position as a					
percentage of the total pension liability	76.35%	73.42%	73.40%	79.08%	81.10%
Paid Firemen's Pension Plan A					
City's proportion of the net pension liability (asset)	29.9816%	30.1332%	29.1245%	29.8597%	29.2907%
City's proportionate share					
of the net pension liability (asset)	\$ 67,077,510	\$ 55,286,196	\$ 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%	0.00%	0.00%
Plan fiduciary net position					
percentage of the total pension liability	34.28%	38.91%	40.05%	45.95%	71.55%
Paid Firemen's Pension Plan B					
City's proportion of the net pension liability (asset)	24.3574%	23.4759%	23.5543%	24.4894%	25.0324%
City's proportionate share					
of the net pension liability (asset)	\$ 10,043,721	\$ 7,409,315	\$ 7,201,639	\$ (275,411)	\$ (902,906)
City's covered payroll	6,552,239	6,603,344	6,432,467	6,532,467	6,303,806
City's proportionate share					
of the net pension liability (asset)					
as a percentage of its covered payroll	153.29%	112.21%	111.96%	-4.22%	-14.32%
Plan fiduciary net position					
percentage of the total pension liability	77.98%	80.16%	79.33%	100.98%	103.45%
Law Enforcement Pension Plan					
City's proportion of the net pension liability (asset)	4.7984%	4.5225%	4.4224%	4.4884%	4.4361%
City's proportionate share					
of the net pension liability (asset)	\$ 4,128,778	\$ 3,414,154	\$ 3,322,120	\$ 1,322,464	\$ 810,003
City's covered payroll	7,450,974	7,077,700	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	55.41%	48.24%	47.91%	19.07%	12.08%
Plan fiduciary net position as a					
percentage of the total pension liability	87.99%	88.11%	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 5 Fiscal Years

	For the Year Ended June 30,				
	2018	2017	2016	2015	2014
Public Employee Pension Plan					
City of Cheyenne					
Statutorily required contribution	\$ 1,370,762	\$ 1,427,569	\$ 1,372,651	\$ 1,203,890	\$ 1,078,803
Contribution in relation to the statutorily required contribution	1,370,762	1,427,569	1,372,651	1,203,890	1,078,803
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 16,377,083	\$ 16,694,692	\$ 16,220,390	\$ 15,660,040	\$ 15,194,542
Contributions as a percentage of covered-employee payroll	8.37%	8.55%	8.46%	7.69%	7.10%
Board of Public Utilities					
Statutorily required contribution	\$ 608,519	\$ 602,689	\$ 586,407	\$ 512,031	\$ 465,964
Contribution in relation to the statutorily required contribution	608,519	602,689	586,407	512,031	465,964
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Board's covered-employee payroll	\$ 7,270,239	\$ 7,200,585	\$ 7,006,054	\$ 6,719,564	\$ 6,544,388
Contributions as a percentage of covered-employee payroll	8.37%	8.37%	8.37%	7.62%	7.12%
Paid Firemen's Pension Plan A					
Statutorily required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution in relation to the statutorily required contribution	-	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Paid Firemen's Pension Plan B					
Statutorily required contribution	\$ 802,935	\$ 785,180	\$ 772,527	\$ 783,023	\$ 779,804
Contribution in relation to the statutorily required contribution	802,935	785,180	772,527	783,023	779,804
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 6,691,128	\$ 6,543,169	\$ 6,437,727	\$ 6,525,189	\$ 6,498,364
Contributions as a percentage of covered-employee payroll	12.00%	12.00%	12.00%	12.00%	12.00%
Law Enforcement Pension Plan					
Statutorily required contribution	\$ 652,267	\$ 618,944	\$ 605,058	\$ 591,129	\$ 595,430
Contribution in relation to the statutorily required contribution	652,267	618,944	605,058	591,129	595,430
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 7,584,494	\$ 7,197,025	\$ 7,035,554	\$ 6,873,586	\$ 6,923,605
Contributions as a percentage of covered-employee payroll	8.60%	8.60%	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 REQUIRED SUPPLEMENTARY INFORMATION

Note 1. Budget Information

Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles for all governmental funds, with the exception of certain pass-through funds not reported on the budgetary basis. 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.

CITY OF CHEYENNE, WYOMING

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

**Note 2. Explanation of Differences Between Budgetary Basis and GAAP Basis
Revenues and Expenditures**

	<u>General Fund</u>
Revenues	
Actual amounts (budgetary basis) from the budgetary comparison schedule	\$ 50,708,995
Differences, budget to GAAP:	
Adjustments to include various pass-through funds included in the General Fund on the GAAP basis	<u>493,331</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u><u>\$ 51,202,326</u></u>
Expenditures	
Actual amounts (budgetary basis) from the budgetary comparison schedule	\$ 49,277,814
Differences, budget to GAAP:	
Adjustments to include various pass-through funds included in the General Fund on the GAAP basis	<u>557,009</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u><u>\$ 49,834,823</u></u>

Note 3. Explanation of Changes in Retirement Commitment – Wyoming Retirement System

Changes in benefit terms: There were no changes in benefit terms between the December 31, 2016 measurement date and the December 31, 2017 measurement date.

Changes in assumptions: There were economic and demographic changes in assumptions between the December 31, 2016 measurement date and the December 31, 2017 measurement date.

CITY OF CHEYENNE, WYOMING

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 4. Explanation of Changes in the OPEB Commitment

The City of Cheyenne Retiree Health Care Plan administered by the City does not have assets accumulated in trust.

Following are changes in the OPEB liability valuation:

Changes in benefit terms: There were no changes in benefit terms between the June 30, 2017 measurement date and the June 30, 2018 measurement date.

Changes in assumptions: There was a change in assumption between the June 30, 2017 measurement date and the June 30, 2018 measurement date, related to the change in discount rate. In addition, the demographic assumptions were changed to be consistent with the Wyoming Retirement System.

**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, 2018

	Special Revenue Funds			
	Weed and Pest Control	Youth Alternative Grants	Juvenile Justice	Special Friends
ASSETS				
Cash and cash equivalents	\$ -	\$ 261,403	\$ 181,651	\$ 96,397
Receivables				
Customers	-	28,621	1,959	-
Due from other funds	-	-	-	-
Due from other governments	-	16,603	-	-
Cash and cash equivalents, restricted	504,387	-	-	-
Total assets	\$ 504,387	\$ 306,627	\$ 183,610	\$ 96,397
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)				
Liabilities				
Accounts payable	\$ 44,411	\$ 630	\$ 85	\$ 234
Accrued salaries	-	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Total liabilities	44,411	630	85	234
Deferred inflows of resources	-	-	-	-
Fund balances (deficits)				
Restricted	459,976	-	183,525	96,163
Committed	-	305,997	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficits)	459,976	305,997	183,525	96,163
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 504,387	\$ 306,627	\$ 183,610	\$ 96,397

Special Revenue Funds

Community Development Block Grant	Law Enforcement Block Grant	Miscellaneous Federal Grants
\$ 723	\$ -	\$ -
-	-	-
-	-	-
92,428	78,582	1,295,880
-	-	-
<u>\$ 93,151</u>	<u>\$ 78,582</u>	<u>\$ 1,295,880</u>
\$ 12,583	\$ 22,969	\$ 765,755
-	-	-
123,000	145,984	2,442,264
-	-	-
<u>135,583</u>	<u>168,953</u>	<u>3,208,019</u>
-	-	1,272,037
130,788	8,430	98,692
-	-	-
-	-	-
<u>(173,220)</u>	<u>(98,801)</u>	<u>(3,282,868)</u>
<u>(42,432)</u>	<u>(90,371)</u>	<u>(3,184,176)</u>
<u>\$ 93,151</u>	<u>\$ 78,582</u>	<u>\$ 1,295,880</u>

Continued

CITY OF CHEYENNE, WYOMING

COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (Continued)

June 30, 2018

	Special Revenue Funds		
	Transportation Planning	UMTA Transit Grant	State Grants
ASSETS			
Cash and cash equivalents	\$ 420	\$ 242	\$ -
Receivables			
Customers	-	-	143,906
Due from other funds	-	-	215,778
Due from other governments	35,597	943,420	478,670
Cash and cash equivalents, restricted	-	-	-
Total assets	\$ 36,017	\$ 943,662	\$ 838,354
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	\$ 10,159	\$ 1,429	\$ 843,145
Accrued salaries	-	12,208	-
Due to other funds	35,000	1,381,000	506,891
Unearned revenue	-	-	-
Total liabilities	45,159	1,394,637	1,350,036
Deferred inflows of resources	-	-	499,717
Fund balances (deficits)			
Restricted	294	100,984	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	(9,436)	(551,959)	(1,011,399)
Total fund balances (deficits)	(9,142)	(450,975)	(1,011,399)
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 36,017	\$ 943,662	\$ 838,354

Special Revenue Funds

Recreation Programs	Annexation Improvements	Housing Loans
\$ 500,366	\$ 400,196	\$ 301,161
32,694	-	86,543
-	-	-
-	-	-
-	-	-
<u>\$ 533,060</u>	<u>\$ 400,196</u>	<u>\$ 387,704</u>

\$ 48,524	\$ 162,338	\$ -
22,545	-	-
-	-	-
-	-	74,159
<u>71,069</u>	<u>162,338</u>	<u>74,159</u>

-	-	-
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-	-	313,545
461,991	237,858	-
-	-	-
-	-	-
<u>461,991</u>	<u>237,858</u>	<u>313,545</u>

<u>\$ 533,060</u>	<u>\$ 400,196</u>	<u>\$ 387,704</u>
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Continued

CITY OF CHEYENNE, WYOMING

COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (Continued)

June 30, 2018

	Capital Projects Funds			
	Youth Alternatives	Athletic Facilities	Parks Facilities	Development Impact Fees
ASSETS				
Cash and cash equivalents	\$ 47,961	\$ 339,062	\$ 449,063	\$ 971,225
Receivables				
Customers	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Cash and cash equivalents, restricted	-	-	-	-
Total assets	\$ 47,961	\$ 339,062	\$ 449,063	\$ 971,225
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)				
Liabilities				
Accounts payable	\$ 1,456	\$ 2,581	\$ -	\$ 54,016
Accrued salaries	-	-	-	-
Due to other funds	-	58	-	-
Unearned revenue	-	-	-	-
Total liabilities	1,456	2,639	-	54,016
Deferred inflows of resources	-	-	-	-
Fund balances (deficits)				
Restricted	-	-	449,063	-
Committed	46,505	-	-	917,209
Assigned	-	336,423	-	-
Unassigned	-	-	-	-
Total fund balances (deficits)	46,505	336,423	449,063	917,209
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 47,961	\$ 339,062	\$ 449,063	\$ 971,225

<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 751,627	\$ 4,301,497
1,685	295,408
-	215,778
-	2,941,180
-	504,387
<u>\$ 753,312</u>	<u>\$ 8,258,250</u>
\$ 2,220	\$ 1,972,535
-	34,753
-	4,634,197
-	74,159
<u>2,220</u>	<u>6,715,644</u>
<u>-</u>	<u>1,771,754</u>
751,092	2,592,552
-	1,969,560
-	336,423
-	(5,127,683)
<u>751,092</u>	<u>(229,148)</u>
<u>\$ 753,312</u>	<u>\$ 8,258,250</u>

CITY OF CHEYENNE, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2018

	Special Revenue Funds			
	Weed and Pest Control	Youth Alternatives Grants	Juvenile Justice	Special Friends
Revenues				
Intergovernmental	\$ 617,762	\$ 506,947	\$ 56,763	\$ 61,465
Charges for services	-	-	-	-
Investment income	-	2,919	3,041	-
Miscellaneous	3,554	18,460	7,661	7,547
Total revenues	621,316	528,326	67,465	69,012
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	328,771	139,363	-
Public works	-	-	-	-
Health and welfare	571,126	208,129	-	85,060
Recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Interest payments	-	-	-	-
Total expenditures	571,126	536,900	139,363	85,060
Revenues over (under) expenditures	50,190	(8,574)	(71,898)	(16,048)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances (deficits)	50,190	(8,574)	(71,898)	(16,048)
Fund balances (deficits), beginning of year	409,786	314,571	255,423	112,211
Prior period adjustment to reclassify Universal Playground expenditures from prior years	-	-	-	-
Fund balances (deficits), end of year	\$ 459,976	\$ 305,997	\$ 183,525	\$ 96,163

Special Revenue Funds		
Community Development Block Grant	Law Enforcement Block Grant	Miscellaneous Federal Grants
\$ 455,628	\$ 511,796	\$ 2,035,082
-	-	-
-	-	-
-	-	-
455,628	511,796	2,035,082
-	-	155,248
-	569,714	165,650
-	-	-
488,279	-	-
-	-	20,975
-	1,273	2,794,368
-	-	-
488,279	570,987	3,136,241
(32,651)	(59,191)	(1,101,159)
-	-	-
-	-	-
-	-	-
(32,651)	(59,191)	(1,101,159)
(9,781)	(31,180)	(2,083,017)
-	-	-
\$ (42,432)	\$ (90,371)	\$ (3,184,176)

Continued

CITY OF CHEYENNE, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Continued)

Year Ended June 30, 2018

	Special Revenue Funds		
	Transportation Planning	UMTA Transit Grant	State Grants
Revenues			
Intergovernmental	\$ 677,533	\$ 1,703,240	\$ 1,849,322
Charges for services	-	-	-
Investment income	-	-	-
Miscellaneous	-	16,107	75,006
Total revenues	677,533	1,719,347	1,924,328
Expenditures			
Current			
General government	-	-	22,270
Public safety	-	-	-
Public works	693,305	1,795,642	-
Health and welfare	-	-	-
Recreation	-	-	-
Capital outlay	-	599,326	2,418,705
Debt service			
Interest payments	-	-	22,270
Total expenditures	693,305	2,394,968	2,463,245
Revenues over (under) expenditures	(15,772)	(675,621)	(538,917)
Other financing sources (uses)			
Transfers in	38,075	300,000	-
Transfers out	-	-	-
Total other financing sources (uses)	38,075	300,000	-
Net change in fund balances (deficits)	22,303	(375,621)	(538,917)
Fund balances (deficits), beginning of year	(31,445)	(75,354)	(472,482)
Prior period adjustment to reclassify Universal Playground expenditures from prior years	-	-	-
Fund balances (deficits), end of year	\$ (9,142)	\$ (450,975)	\$ (1,011,399)

Special Revenue Funds		
Recreation Programs	Annexation Improvements	Housing Loans
\$ 2,790	\$ -	\$ -
1,087,955	3,470	-
-	1,493	16,479
2,468	-	76,928
1,093,213	4,963	93,407
-	-	-
-	-	-
-	-	-
-	-	30,328
1,096,616	-	-
6,757	-	-
-	8,231	-
1,103,373	8,231	30,328
(10,160)	(3,268)	63,079
-	-	-
-	-	-
-	-	-
(10,160)	(3,268)	63,079
472,151	241,126	250,466
-	-	-
\$ 461,991	\$ 237,858	\$ 313,545

Continued

CITY OF CHEYENNE, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Continued)

Year Ended June 30, 2018

	Capital Projects Funds			
	Youth Alternatives	Athletic Facilities	Parks Facilities	Development Impact Fees
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ 30,230
Charges for services	-	197,298	-	177,505
Investment income	-	-	-	9,320
Miscellaneous	3,609	-	-	-
Total revenues	3,609	197,298	-	217,055
Expenditures				
Current				
General government	-	-	-	-
Public safety	10,200	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation	-	452	317	6,858
Capital outlay	-	16,036	11,211	187,898
Debt service				
Interest payments	-	-	-	-
Total expenditures	10,200	16,488	11,528	194,756
Revenues over (under) expenditures	(6,591)	180,810	(11,528)	22,299
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances (deficits)	(6,591)	180,810	(11,528)	22,299
Fund balances (deficits), beginning of year	53,096	155,613	460,591	424,890
Prior period adjustment to reclassify Universal Playground expenditures from prior years	-	-	-	470,020
Fund balances (deficits), end of year	\$ 46,505	\$ 336,423	\$ 449,063	\$ 917,209

<u>Permanent Fund</u>	Total Nonmajor Governmental Funds
\$ -	\$ 8,508,558
-	1,466,228
8,530	41,782
<u>22,375</u>	<u>233,715</u>
<u>30,905</u>	<u>10,250,283</u>
-	177,518
-	1,213,698
-	2,488,947
-	1,382,922
-	1,125,218
-	6,035,574
-	<u>30,501</u>
-	<u>12,454,378</u>
<u>30,905</u>	<u>(2,204,095)</u>
-	338,075
<u>(8,350)</u>	<u>(8,350)</u>
<u>(8,350)</u>	<u>329,725</u>
22,555	(1,874,370)
<u>728,537</u>	<u>1,175,202</u>
-	470,020
<u>\$ 751,092</u>	<u>\$ (229,148)</u>

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, 2018

	Civic Center Fund	Ice and Events Center Fund	Nonmajor Proprietary Funds Totals
ASSETS			
Current assets			
Cash and cash equivalents	\$ (3,236)	\$ 2,188	\$ (1,048)
Receivables			
Accounts, customers	16,718	1,033	17,751
Total current assets	13,482	3,221	16,703
Noncurrent assets			
Capital assets being depreciated			
Land	-	342,243	342,243
Machinery and equipment	445,512	365,437	810,949
Transportation equipment	19,995	56,798	76,793
Buildings and improvements	3,768,560	2,982,223	6,750,783
Office furniture and equipment	93,963	37,712	131,675
Accumulated depreciation	(3,825,437)	(1,255,099)	(5,080,536)
Total noncurrent assets	502,593	2,529,314	3,031,907
Total assets	\$ 516,075	\$ 2,532,535	\$ 3,048,610
LIABILITIES			
Current liabilities			
Accounts payable	\$ 39,208	\$ 23,503	\$ 62,711
Unearned revenue	655	-	655
Due to other funds	350,000	305,000	655,000
Accrued salaries, including vacation and sick leave	6,342	7,106	13,448
Total current liabilities	396,205	335,609	731,814
Noncurrent liabilities			
Accrued compensated absences	3,377	7,173	10,550
Total noncurrent liabilities	3,377	7,173	10,550
Total liabilities	399,582	342,782	742,364
NET POSITION			
Net investment in capital assets	502,593	2,529,314	3,031,907
Unrestricted (deficit)	(386,100)	(339,561)	(725,661)
Total net position	\$ 116,493	\$ 2,189,753	\$ 2,306,246

CITY OF CHEYENNE, WYOMING

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION - NONMAJOR PROPRIETARY FUNDS
Year Ended June 30, 2018**

	Civic Center Fund	Ice and Events Center Fund	Nonmajor Proprietary Funds Totals
Operating revenues			
Sales and charges for services	\$ 902,035	\$ 400,912	\$ 1,302,947
Fees and miscellaneous	101,523	363	101,886
Total operating revenues	1,003,558	401,275	1,404,833
Operating expenses			
Administrative and general	1,239,110	600,851	1,839,961
Depreciation	101,011	120,999	222,010
Parts and supplies	26,295	21,175	47,470
Intra-city charges	18,422	2,486	20,908
Total operating expenses	1,384,838	745,511	2,130,349
Operating income (loss)	(381,280)	(344,236)	(725,516)
Income (loss) before transfers	(381,280)	(344,236)	(725,516)
Transfers in	160,000	228,700	388,700
Change in net position	(221,280)	(115,536)	(336,816)
Total net position, beginning of year	337,773	2,305,289	2,643,062
Total net position, end of year	\$ 116,493	\$ 2,189,753	\$ 2,306,246

CITY OF CHEYENNE, WYOMING

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
Year Ended June 30, 2018

	Civic Center Fund	Ice and Events Center Fund	Nonmajor Proprietary Funds Totals
Cash flows from operating activities			
Cash received from customers	\$ 991,341	\$ 401,159	\$ 1,392,500
Cash payments to suppliers	(1,050,700)	(252,833)	(1,303,533)
Cash payments to employees	(405,519)	(352,507)	(758,026)
Net cash (used in) operating activities	(464,878)	(204,181)	(669,059)
Cash flows from noncapital financing activities			
Transfers from other funds	160,000	80,000	240,000
Proceeds from amounts due to other funds	300,000	125,000	425,000
Net cash provided by noncapital financing activities	460,000	205,000	665,000
Net increase (decrease) in cash and cash equivalents	(4,878)	819	(4,059)
Cash and cash equivalents, beginning of year	1,642	1,369	3,011
Cash and cash equivalents, end of year	\$ (3,236)	\$ 2,188	\$ (1,048)
Reconciliation of operating (loss) to net cash (used in) operating activities			
Operating (loss)	\$ (381,280)	\$ (344,236)	\$ (725,516)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities			
Depreciation	101,011	120,999	222,010
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities			
Receivables	(12,119)	(116)	(12,235)
Accounts payable	(147,960)	20,391	(127,569)
Accrued salaries including vacation and sick leave	(24,432)	(1,219)	(25,651)
Unearned revenue	(98)	-	(98)
Net cash (used in) operating activities	\$ (464,878)	\$ (204,181)	\$ (669,059)
Noncash investing, capital, and noncapital financing activities			
Capital assets transferred from other funds	\$ -	\$ 148,700	\$ 148,700

SINGLE AUDIT SECTION

CITY OF CHEYENNE, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Total Federal Expenditures June 30, 2018
U.S. Department of Agriculture				
Pass through program from Wyoming State Forestry Division Cooperative Forestry Assistance	10.664	-	\$ -	\$ 20,975
U.S. Department of Commerce Direct Program				
Economic Development Cluster: Investments for Public Works and Economic Development Facilities	11.300	N/A	-	1,096,753
U.S. Department of Housing and Urban Development Direct Program				
CDBG - Entitlement Grants Cluster: Community Development Block Grants/Entitlement Grants	14.218	N/A	93,092	488,279
U.S. Department of the Interior				
Pass through program from Wyoming Department of State Parks and Cultural Resources				
Historic Preservation Fund Grants-In-Aid	15.904	56-16-00000.02	-	750
Historic Preservation Fund Grants-In-Aid	15.904	56-16-00000.07	-	31,000
Historic Preservation Fund Grants-In-Aid	15.904	56-17-00000.03	-	3,373
Outdoor Recreation Acquisition, Development, and Planning	15.916	-	-	109,781
Total U.S. Department of the Interior				144,904
U.S. Department of Justice				
U.S. Department of Justice Direct Programs				
Grants to Encourage Arrest Policies and Enforcement of Protection Orders (CARI)	16.590	N/A	-	95,432
Bulletproof Vest Partnership Program	16.607	N/A	-	12,490
Total U.S. Department of Justice Direct Programs				107,922
U.S. Department of Justice Pass Through Programs				
Pass through from Volunteers of America Northern Rockies Juvenile Justice and Delinquency Prevention	16.540	2018-JF-FX-K001	-	18,521
Pass through from Wyoming Division of Victim Services Violence Against Women Formula Grants	16.588	2018-WF-AX-0010 (LE)	-	2,345
Crime Victim Assistance	16.575	2018-VA-GX-0036	-	104,737
Pass through from Wyoming Association of Sheriffs and Chiefs of Police Enforcing Underage Drinking Laws Program	16.727	PFS - 2017	-	18,905
Enforcing Underage Drinking Laws Program	16.727	PFS - 2018	-	7,295
Subtotal Enforcing Underage Drinking Laws Program				26,200
JAG Program				
Pass through from Laramie County, Wyoming Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-1060	-	15,015
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015	-	5,578
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016	-	25,488
Subtotal JAG Program				46,081
Total U.S. Department of Justice Pass Through Programs				197,884
Total U.S. Department of Justice				305,806

Continued

CITY OF CHEYENNE, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Total Federal Expenditures June 30, 2018
U.S. Department of Transportation				
U.S. Department of Transportation Direct Programs				
Federal Transit Cluster:				
Federal Transit Formula Grant	20.507	N/A	\$ -	\$ 318,817
Federal Transit Formula Grant	20.507	N/A	-	552,811
Federal Transit Formula Grant	20.507	N/A	-	537,085
Subtotal Federal Transit Cluster				1,408,713
U.S. Department of Transportation Pass Through Programs:				
Highway Planning and Construction Cluster:				
Pass through from Wyoming Department of Transportation				
Highway Planning and Construction (Prairie and Frontier)	20.205	-	-	34,398
Highway Planning and Construction (Saddle Ridge Greenway)	20.205	CD 0.00 CD15003	-	295,280
Highway Planning and Construction (Avenues/CB&Q)	20.205	-	-	69,176
Subtotal Highway Planning and Construction Cluster				398,854
Pass through from Wyoming Department of Transportation				
Metropolitan Transportation Planning and				
State and Non-Metropolitan Planning and Research	20.505	-	-	641,721
State and Community Highway Safety Cluster:				
Pass through from Wyoming Department of Transportation				
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	MH5VE-2017-17-HV-01	-	17,505
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	2018	-	21,347
Pass through from Wyoming Association of Sheriffs and Chiefs of Police				
National Priority Safety Program	20.616	Non-DUI - FY2017	-	9,881
National Priority Safety Program	20.616	DUI - FY2017	-	5,855
National Priority Safety Program	20.616	Non-DUI - FY2018	-	20,932
National Priority Safety Program	20.616	DUI - FY2018	-	22,793
National Priority Safety Program	20.616	DRE	-	1,273
Subtotal State and Community Highway Safety Cluster				99,586
Total U.S. Department of Transportation				
Pass Through Programs				1,140,161
Total U.S. Department of Transportation				2,548,874
U.S. Environmental Protection Agency				
U.S. Environmental Protection Agency Direct Programs				
Brownfields Training, Research and Technical Assistance Grants and Cooperative Agreement	66.814	N/A	-	122,500
Brownfields Assessment and Cleanup Cooperative Agreement	66.818	N/A	-	2,292
U.S. Environmental Protection Agency Pass Through Programs				
Pass through from Wyoming State Land and Investment Board				
Clean Water State Revolving Fund Cluster:				
Capitalization Grants for Clean Water State Revolving Fund	66.458	CWSRF-159	-	2,931,670
Drinking Water State Revolving Fund Cluster:				
Capitalization Grants for Drinking Water State Revolving Fund	66.468	DWSRF-133	-	6,778
Total U.S. Environmental Protection Agency				
Pass-Through Programs				2,938,448
Total U.S. Environmental Protection Agency				3,063,240
U.S. Department of Energy				
Pass through from Wyoming Business Council Energy Office				
State Energy Program	81.041	-	-	19,395
U.S. Department of Education				
Pass through from Laramie County Community Partnership				
Twenty First Century Community Learning Centers	84.287	Cohort 11	-	115,548
Twenty First Century Community Learning Centers	84.287	Cohort 8	-	92,580
Total U.S. Department of Education				208,128

Continued

CITY OF CHEYENNE, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
 Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Total Federal Expenditures June 30, 2018
U.S. Department of Health and Human Services				
Pass through from Wyoming Department of Health Aging Cluster:				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	-	\$ -	\$ 41,558
U.S. Department of Homeland Security				
Pass through from Wyoming Office of Homeland Security				
Pre-Disaster Mitigation	97.047	14FEMA-CHE-PD-PDCH14	-	1,023,015
Homeland Security Grant Program	97.067	15-GPD-RR7-RR-HRT16	-	18,744
Homeland Security Grant Program	97.067	16-GPD-RR7-RR-HRT16	-	74,393
Homeland Security Grant Program	97.067	17-GPD-RR7-RR-HRT17	-	89,435
Homeland Security Grant Program	97.067	14-GPD-CHE-LP-HLE14	-	187,765
Total U.S. Department of Homeland Security				<u>1,393,352</u>
Total Expenditures of Federal Awards			<u>\$ 93,092</u>	<u>\$ 9,331,264</u>

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

CITY OF CHEYENNE, WYOMING

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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, 2018. 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 position, 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 does not charge indirect costs under the de minimis rate.



**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 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 30, 2019.

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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2018-001 and 2018-002, that we consider to be significant deficiencies.

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*.

The City's Response to Findings

The City's response to the findings identified in our audit are described in the accompanying Exhibit I, Corrective Action Plans. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming
January 30, 2019



**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's (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, 2018. The City's major Federal programs are identified in the summary of independent 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 (CFR) 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, 2018.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2018-003. Our opinion on each major Federal program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying Exhibit I, Corrective Action Plans. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as item 2018-003, that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying Exhibit I, Corrective Action Plans. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming
January 30, 2019

CITY OF CHEYENNE, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of 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 No
- Significant deficiency (ies) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major Federal programs:

- Material weakness (es) identified? Yes No
- Significant deficiency (ies) identified? Yes 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 Section 2 CFR 200.516 (a)? Yes No

Identification of major Federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.505	Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research
66.458	Capitalization Grants for Clean Water State Revolving Fund
97.047	Pre-Disaster Mitigation

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

Auditee qualified as low-risk auditee? Yes No

CITY OF CHEYENNE, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2018

II. FINANCIAL STATEMENT FINDINGS

2018-001: Audit Adjustments

Criteria: Under professional auditing standards, a control deficiency exists as City personnel did not identify multiple adjusting journal entries, which were significant to the City's financial statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Condition/Context: As part of our audit, significant adjustments were proposed and recorded in order to properly state the financial statements in accordance with GAAP.

Cause: The Treasurer's Department has extensive experience in financial statements prepared in accordance with GAAP. However, as a result of continued turnover in multiple departments, certain adjustments were required and were not identified by City personnel.

Effect: Significant adjustments identified during the audit were as follows:

- Amounts accrued as accounts receivable that were not received within the modified accrual period (90 days after year end, and 60 days after year end for property taxes) were not properly deferred, thereby overstating revenue within the governmental funds.
- Equity was not rolled forward properly from the prior year.
- Accounts payable was understated for retainage payable to contractors on significant projects of the City, as well as day to day operational accounts payable.

Views of Responsible Officials and Planned Corrective Action: See Exhibit I.

2018-002: Timely Reconciliations

Criteria: In accordance with the City's Accounting Manual, certain reconciliations should be performed at least monthly for bank accounts (including all receipts and disbursements of funds), accounts receivable, and Federal expenditures to ensure amounts are properly reported in the general ledger and accounting system. As a best practice, accounts payable should also be periodically reconciled.

Condition/Context: During the course of our audit, we noted the City did not timely reconcile the balances as indicated above, which resulted in adjustments posted by the Treasurer's Department several months after year end, as well as adjustments proposed by us during the audit process.

Cause: The Treasurer's Department has extensive experience in accounting and internal control processes, including preparation of reconciliations. However, as a result of continued turnover in multiple departments, certain reconciliations were not performed timely, which resulted in various adjustments by the Treasurer's Department and auditors several months after year end.

Effect: Adjustments were posted to a number of accounts within the financial statements as a result of reconciliations not being performed timely.

Views of Responsible Officials and Planned Corrective Action: See Exhibit I.

CITY OF CHEYENNE, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2018-003: Pre-Disaster Mitigation – Reporting

Catalog of Federal Domestic Assistance (CFDA) Number and Title: CFDA #97.047, Pre-Disaster Mitigation
Federal Agency Name: U.S. Department of Homeland Security
Pass-through Entity Name: Wyoming Office of Homeland Security
Award Year: July 1, 2017 - June 30, 2018

Criteria: Per the Guidance Section VI.c.iii, “Obligations and expenditures must be reported on a quarterly basis through the FFR (SF-425) and must be filed electronically using PARS (the City submits the forms directly to the State Hazard Mitigation Officer at Wyoming Homeland Security, who then submits it to FEMA).” “An FFR report must be submitted for quarterly throughout the period of performance, including partial calendar quarters, as well as for periods where no grant award activity occurs. Future awards and fund drawdowns may be withheld if these reports are delinquent, demonstrate lack of progress, or are insufficient in detail.”

Condition/Context: During our testing of compliance, we noted that the City did not prepare or submit the required quarterly FEMA SF-425 Federal financial reports for the quarters ended September 30, 2017, December 31, 2017, and March 31, 2018.

Cause: The City does not have an effective control system in place to ensure that the SF-425 reports are completed and submitted on a timely basis.

Effect: Failure to submit SF-425 reports (or if the reports are delinquent, demonstrate lack of progress, or are insufficient in detail per review of the grant guidance) may result in future awards and fund drawdowns being withheld.

Recommendation: We recommend the City implement controls surrounding the financial reporting process in order to ensure that the SF-425 reports are submitted in conjunction with the requests for reimbursement and the quarterly progress reports.

Questioned Costs: \$0

Views of Responsible Officials and Planned Corrective Action: See Exhibit I.

CITY OF CHEYENNE, WYOMING

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2018

FINDING	STATUS
<p><u>2017-001: Audit Adjustments</u></p> <p>Condition/Context: As part of our audit, significant adjustments were proposed and recorded in order to properly state the financial statements in accordance with GAAP.</p>	<p>See finding 2018-001.</p>
<p><u>2017-002: Timely Reconciliations</u></p> <p>Condition/Context: During the course of our audit, we noted the City did not timely reconcile the balances as indicated above, which resulted in adjustments posted by the Treasurer's Department several months after year end, as well as adjustments proposed by us during the audit process.</p>	<p>See finding 2018-002.</p>
<p><u>2017-003: Schedule of Expenditures of Federal Awards</u></p> <p>Condition/Context: The Schedule of Expenditures of Federal Awards (SEFA) provided by the City reported excess Federal fund expenditures compared to actual activity for the fiscal year. Specifically, we noted that one award (CFDA #66.814, Brownsfield Area-Wide Planning) reported excess expenditures of approximately \$760,000.</p>	<p>As a result of the Corrective Action Plan put in place by the City at the end of fiscal year 2017, the City is able to conform to the requirements of 2 CFR 200.502 and 2 CFR 500.510. Assigning a project ID to each award and tracking expenditures by the project ID allows the City to timely and accurately identify all Federal expenditures during each fiscal period by corresponding program. This allows for a timely and accurate production of the SEFA.</p> <p>Auditor's Comment: Per work performed in the current year, the SEFA appeared to be accurately stated for the year ended June 30, 2018. This finding is considered to be resolved.</p>

**EXHIBIT I:
CORRECTIVE ACTION PLANS**



Amber M. Nuse, CPA, CTFA
McGee, Hearne & Paiz, LLP
314 West 18th Street
Cheyenne, WY 82001

Ms. Nuse,

The response and Corrective Action Plan to the FY 2018 findings are below. The procedures put in place during FY 2019 have made the processes more efficient and allowed for more timely reconciliations and to better accrue appropriate amounts at year end.

2018-001: Audit Adjustments

Criteria: Under professional auditing standards, a control deficiency exists as City personnel did not identify multiple adjusting journal entries, which were significant to the City's financial statements prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Response and Corrective Action Plan: The City has changed the procedure for year-end accruals. This will allow for appropriate and timely revenue accruals. As with the changes made to the grants process, this also will ensure appropriate amounts are accrued at year end for any receivables due the City from the State and Federal government.

2018-002: Timely Reconciliations

Criteria: In accordance with the City's Accounting Manual, certain reconciliations should be performed at least monthly for bank accounts (including all receipts and disbursements of funds), accounts receivable, and Federal expenditures to ensure amounts are properly reported in the general ledger and accounting system. As a best practice, accounts payable should also be periodically reconciled.

Response and Corrective Action Plan: The City has added monthly reconciliation of the Optional One Cent Tax Fund, Specific Purpose Optional Tax Fund, Federal Grants Fund, and State Grants Fund to the monthly procedures. The changes made have allowed for more efficient and timely reconciliations of the bank accounts. The changes were made too late in the year to allow for the bank reconciliation to be completed timely at year end.

These changes, along with adding an additional accountant to the staff, have made a positive impact on the operations of the Department.

2018-003: Pre-Disaster Mitigation – Reporting

Criteria: Per the Guidance Section VI.c.iii, “Obligations and expenditures must be reported on a quarterly basis through the FFR (SF-425) and must be filed electronically using PARS (the City submits the forms directly to the State Hazard Mitigation Officer at Wyoming Homeland Security, who then submits it to FEMA).” “An FFR report must be submitted for quarterly throughout the period of performance, including partial calendar quarters, as well as for periods where no grant award activity occurs. Future awards and fund drawdowns may be withheld if these reports are delinquent, demonstrate lack of progress, or are insufficient in detail.”

Response and Corrective Action Plan: We have identified the area where the weakness occurred and have taken steps to ensure all documentation and reporting requirements are completed in a timely manner. The City will use a formal and centralized approach to grants, from notification of award through expenditure of funds and billing. The process will include documentation of award, assignment of account and project ID, documentation of billing and reporting requirements, and documentation of each step of the process to ensure all requirements are being met timely and accurately.

These changes will allow the City to accurately and timely account for and complete any reporting requirements associated with any State or Federal grant received.

Sincerely,



Ron Downey
City Treasurer