

CITY OF CHEYENNE, WYOMING

FINANCIAL AND COMPLIANCE REPORT

YEAR ENDED JUNE 30, 2019

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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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 11, budgetary comparison schedule on page 72, Schedule of Changes in the City's Total OPEB Liability and Related Ratios on page 73, Schedule of the City's Proportionate Share of Net Pension Liability on page 74, Schedule of the City's Contributions on page 75, and the Notes to Required Supplementary Information on pages 76 through 78, 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 December 2, 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
December 2, 2019

CITY OF CHEYENNE, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

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, 2019. 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 \$26.58 million (4.93%) during fiscal year 2019, including the effect of four prior period adjustments which increased net position by \$1,896,622. The governmental net position increased by \$13.82 million (6.51%), including the effect of four prior period adjustments which increased net position by \$1,896,622. The business-type net position increased by \$12.76 million (3.90%).

- ❖ The General Fund, the City's primary operating fund, reported a decrease in fund balance of \$300,212 on a current financial resource basis, including the effect of a prior period adjustment which increased fund balance by \$207,516. As of June 30, 2019, unassigned fund balance for the General Fund was \$12.87 million or 84 days of total General Fund expenditures of \$55.5 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, 2019

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.

CITY OF CHEYENNE, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

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.

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 30-71 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 72-78. The combining statements referred to earlier in connection with non-major governmental funds and non-major proprietary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 81-96 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 96% 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 and any accounts or retainage payable related to those assets. 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.

CITY OF CHEYENNE, WYOMING

**MANAGEMENT’S DISCUSSION AND ANALYSIS
June 30, 2019**

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	
	2019	2018	2019	2018	2019	2018
Current assets	\$ 96,072	\$ 81,389	\$ 69,406	\$ 62,455	\$ 165,478	\$ 143,844
Capital and other assets	261,156	253,921	369,086	368,353	630,242	622,274
Total assets	357,228	335,310	438,492	430,808	795,720	766,118
Deferred outflows of resources	24,651	19,055	4,588	3,986	29,239	23,041
Long-term liabilities	127,573	117,693	87,167	91,042	214,740	208,735
Other liabilities	12,654	8,943	15,284	13,842	27,938	22,785
Total liabilities	140,227	126,636	102,451	104,884	242,678	231,520
Deferred inflows of resources	15,617	15,516	422	2,463	16,039	17,979
Net position:						
Net investment in capital assets	246,537	242,245	298,700	296,669	545,237	538,914
Restricted	56,130	48,668	500	500	56,630	49,168
Unrestricted	(76,632)	(78,700)	41,007	30,278	(35,625)	(48,422)
Total net position	\$ 226,035	\$ 212,213	\$ 340,207	\$ 327,447	\$ 566,242	\$ 539,660

A portion of the City’s net position (10.00%) 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 (\$-35.6 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 increased by \$13.82 million during fiscal year 2019, including the effect of four prior period adjustments which increased net position by \$1,896,622. This was up from a prior year decrease of \$6.7 million. Net position in the City’s business-type activities increased by \$12.76 million during fiscal year 2019 compared to an increase of \$20.6 million in the prior year.

CITY OF CHEYENNE, WYOMING

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

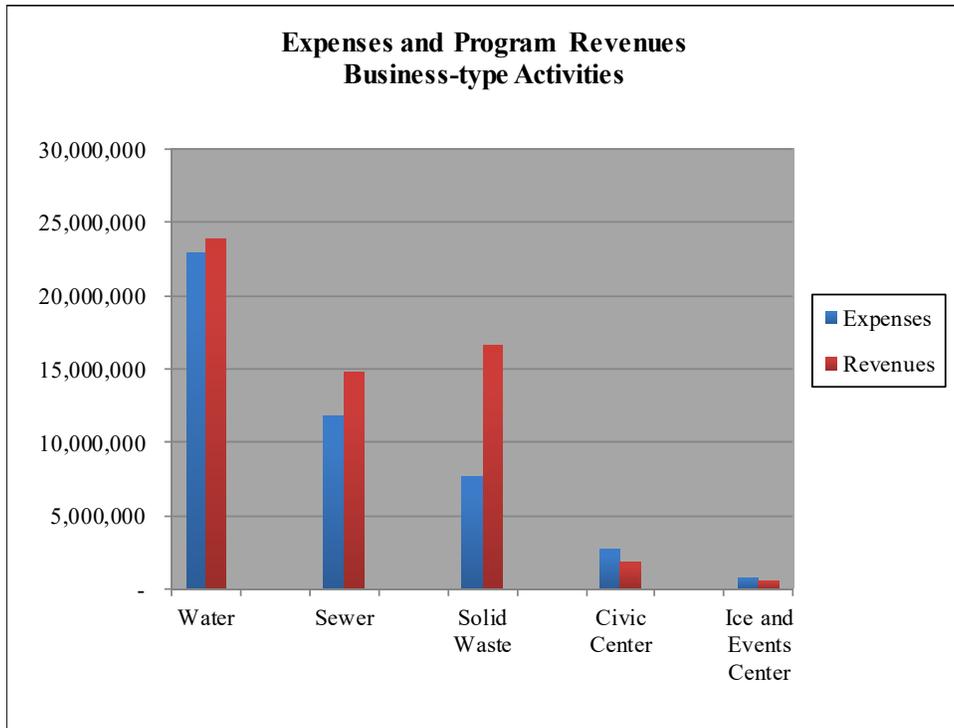
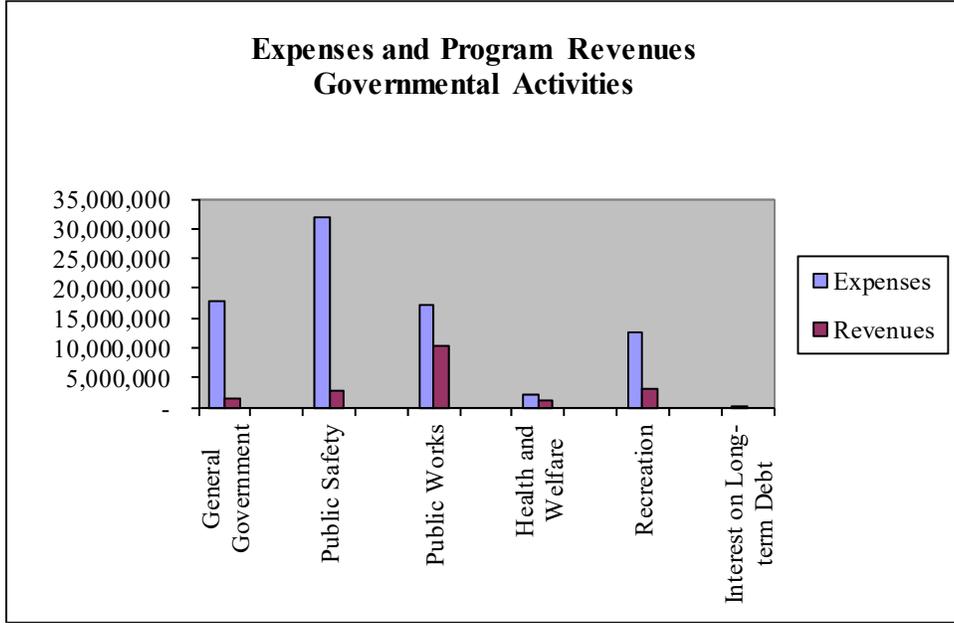
The following table reflects a condensed summary of activities and changes in net position.

Changes in Net Position
(amounts expressed in thousands; totals may not add due to rounding)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 7,988	\$ 7,503	\$ 52,391	\$ 51,757	\$ 60,379	\$ 59,260
Operating grants and contributions	4,792	5,188	2,494	3,110	7,286	8,298
Capital grants and contributions	6,264	5,661	2,775	8,635	9,039	14,296
General revenues:						
Property and other taxes	12,990	14,096	-	-	12,990	14,096
Sales taxes	51,546	48,210	-	-	51,546	48,210
Intergovernmental	6,224	5,870	-	-	6,224	5,870
Other	4,263	3,407	1,361	420	5,624	3,827
Total revenues	94,067	89,935	59,021	63,922	153,088	153,857
Expenses:						
General government	17,810	15,371	-	-	17,810	15,371
Public safety	32,071	45,655	-	-	32,071	45,655
Public works	17,967	17,350	-	-	17,967	17,350
Health and welfare	2,145	2,514	-	-	2,145	2,514
Recreation	12,487	10,740	-	-	12,487	10,740
Interest on long-term debt	210	242	-	-	210	242
Water	-	-	22,874	22,181	22,874	22,181
Sewer	-	-	11,729	10,917	11,729	10,917
Solid waste	-	-	7,684	7,701	7,684	7,701
Civic Center	-	-	2,683	1,385	2,683	1,385
Other	-	-	743	745	743	745
Total expenses	82,690	91,872	45,713	42,929	128,403	134,801
Increase in Net Position before transfers	11,377	(1,937)	13,308	20,993	24,685	19,056
Transfers	548	419	(548)	(419)	-	-
Change in net position	11,925	(1,518)	12,760	20,574	24,685	19,056
Net Position, beginning of year, original	212,213	218,937	327,447	306,873	539,660	525,810
Prior period adjustments	1,897	(5,206)	-	-	1,897	(5,206)
Net Position, beginning of year, amended	214,110	213,731	327,447	306,873	541,557	520,604
Net Position, end of year	\$ 226,035	\$ 212,213	\$ 340,207	\$ 327,447	\$ 566,242	\$ 539,660

CITY OF CHEYENNE, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019



CITY OF CHEYENNE, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

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 \$79,988,808. Approximately 16% of this total amount (\$12,453,532) 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 \$12,873,327, while total fund balance reached \$22,707,047. 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 23.18% of total General Fund expenditures, while total fund balance represents 40.89% of that same amount. This compares to 41.34% and 46.17%, 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 Fund and Sewer Fund at the end of the year amounted to \$35,556,920, Solid Waste Fund was \$6,719,892, and those for the Civic Center and Ice and Events Center amounted to (\$1,488,683). 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 out were \$3,305,323. The major expenditure increases follow:

- ❖ \$561,992 in carryover projects
- ❖ \$940,475 in encumbrances
- ❖ \$1,802,856 from reserves for various unanticipated projects and expenditures

Of this increase, \$3,305,323 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, 2019, amounted to \$626,820,556 (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 1.34%.

CITY OF CHEYENNE, WYOMING

**MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

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

- ❖ Replacement of public safety vehicles and public works and recreation vehicles and equipment.
- ❖ Construction of the new Municipal Court Building.
- ❖ Various recreation projects.
- ❖ A variety of drainage and street construction projects.
- ❖ Various building and system additions and improvements for the Board of Public Utilities.

Capital Assets Net of Depreciation

(amounts expressed in thousands; totals may not add due to rounding)

	Governmental Activities		Business-type Activities		Total	
	2019	2018*	2019	2018	2019	2018*
Land	\$ 17,638	\$ 17,638	\$ 13,941	\$ 13,941	\$ 31,579	\$ 31,579
Construction in progress	17,520	5,225	4,919	28,404	22,439	33,629
Buildings and improvements	122,805	121,397	34,184	33,858	156,989	155,255
Utility plant in service	-	-	572,181	537,862	572,181	537,862
Machinery and equipment	42,136	38,907	24,426	22,211	66,562	61,118
Infrastructure	223,887	223,618	-	-	223,887	223,618
Less accumulated depreciation	(166,251)	(156,590)	(280,565)	(267,923)	(446,816)	(424,513)
Total	\$ 257,735	\$ 250,195	\$ 369,086	\$ 368,353	\$ 626,821	\$ 618,548

*As restated; see Note 4.

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 - General Obligation Bonds, Revenue Bonds and Loans

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Loans and capital leases	\$ 3,033,758	\$ 2,453,943	\$ 61,012,442	\$ 65,320,463	\$ 64,046,200	\$ 67,774,406
Revenue bonds	6,825,000	7,300,000	5,880,000	6,710,000	12,705,000	14,010,000
Total	\$ 9,858,758	\$ 9,753,943	\$ 66,892,442	\$ 72,030,463	\$ 76,751,200	\$ 81,784,406

The City's total debt decreased by \$4,952,584 (6.06%) 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.

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

CITY OF CHEYENNE, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2019

Economic Factors and Next Year's Budgets and Rates

The City's original approved fiscal year 2019 budget for the General Fund totaled \$53,500,797 compared to an original budget in fiscal year 2018 of \$48,947,286. This represented a 9.3% increase. The increase was directly related to increased sales tax and property tax projections for fiscal year 2019. Additionally, charges for services revenue increased 8%. The increased revenue projections permitted the growth in overall payroll costs, including the addition of two new police officers.

The adopted fiscal year 2019 budget used \$1,000,000 in General Fund reserves in order to fund much-needed capital expenditures in the Fire Department. City expenditures continued to rise for major expenditures such as insurance, fuel, repairs, and health insurance for employees.

A significant risk to the City is the uncertainty of the economy in Wyoming due to the mineral industry. As a result, sales tax revenue, which is the largest contributor of General Fund Revenue, can significantly fluctuate from year to year. Resurgent economic activity associated primarily with oil and gas extraction was the main reason for the increase in sales and use tax collections. Furthermore, the growth in sales and use tax collections were attributable to the economic shopping and mail order houses sub-sector or retail trade. Legislation taking effect on July 1, 2017 required online businesses engaged in more than 200 annual transactions or \$100,000 in annual sales in the state to collect and remit sales taxes. Actual sales and use tax collections for fiscal year 2019 were \$19,526,321. This is an 11% growth from fiscal year 2018.

When preparing the fiscal year 2020 budget, the City utilized information obtained from the Consensus Revenue Estimating Group (CREG), as well as economic data from the State of Wyoming Economic Division, to facilitate decisions on projecting sales and use tax collections. This City decided to project an 8% increase in sales and use tax revenue. Most other revenue projections remained stable.

City expenditures continue to increase in fiscal year 2020. Major increases include health insurance, Wyoming Retirement System contribution rates, and property and liability insurance. The City initially projected a 9.5% health insurance increase. However, due to aggressive negotiations with the City's health insurance provider, a zero percent increase was achieved. However, the projected increase remained intact in the budget and will be transferred monthly to the City's self-insurance fund to prepare for the possibility of pursuing a self-insurance plan in fiscal year 2021.

The Wyoming State Retirement System (WRS) contribution rates have increased 0.5% for regular employees (all full-time employees except fire and law enforcement). Legislation was passed in 2018 to gradually increase retirement contributions for regular employees to a total of 1.5% over a four-year period beginning in September 1, 2018. The City elected to pay the employee's share of the increase in both fiscal year 2019 and 2020. WRS contribution rates for Paid Fire B Plan increased 1% for employer's share and .5% for the employees' share. The City must pay both shares per the negotiated union contract.

Finally, the Wyoming Association of Risk Management projected an increase in fiscal year 2020 for the City's property insurance of 10% and liability insurance increased 15%.

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, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
ASSETS				
Current Assets				
Cash and cash equivalents	\$ 9,609,501	\$ 50,415,784	\$ 60,025,285	\$ 1,394,453
Investments, at fair value	12,234,884	13,880,653	26,115,537	-
Restricted assets				
Cash and cash equivalents	22,520,970	147,093	22,668,063	-
Investments	31,251,068	-	31,251,068	-
Due from other governments	2,246	23,181	25,427	-
Receivables				
Accrued interest	110,561	54,900	165,461	-
Accounts, customers	1,282,180	1,785,693	3,067,873	26,000
Estimated unbilled usage	-	2,332,525	2,332,525	-
Sanitation receivable and unbilled usage	-	2,144,392	2,144,392	-
Property tax receivable	6,002,676	-	6,002,676	356,507
Internal balances	1,966,024	(1,966,024)	-	-
Intergovernmental receivable	10,346,242	-	10,346,242	-
Prepaid expenses	10,750	591	11,341	-
Inventories	113,609	587,044	700,653	-
Net investment in direct financing lease, current portion	621,559	-	621,559	-
Total current assets	96,072,270	69,405,832	165,478,102	1,776,960
Noncurrent Assets				
Capital assets not being depreciated:				
Land	17,637,922	12,143,187	29,781,109	-
Construction in progress	17,520,428	4,918,976	22,439,404	-
Water rights	-	1,797,968	1,797,968	-
Capital assets being depreciated:				
Utility plant in service	-	572,181,281	572,181,281	-
Machinery and equipment	15,275,586	10,122,652	25,398,238	38,550
Transportation equipment	23,117,618	12,592,658	35,710,276	-
Buildings and improvements	122,804,637	34,183,540	156,988,177	5,500
Office furniture and equipment	3,742,351	1,710,694	5,453,045	34,302
Infrastructure	223,886,996	-	223,886,996	-
Accumulated depreciation	(166,251,103)	(280,564,835)	(446,815,938)	(45,989)
Net investment in direct financing lease, net of current portion	3,420,756	-	3,420,756	-
Total noncurrent assets	261,155,191	369,086,121	630,241,312	32,363
Total assets	\$ 357,227,461	\$ 438,491,953	\$ 795,719,414	\$ 1,809,323
DEFERRED OUTFLOWS OF RESOURCES				
	\$ 24,651,638	\$ 4,588,100	\$ 29,239,738	\$ -

Continued

See Notes to Financial Statements.

CITY OF CHEYENNE, WYOMING

STATEMENT OF NET POSITION, *Continued*

June 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
LIABILITIES				
Current liabilities				
Accounts payable	\$ 8,883,578	\$ 4,560,521	\$ 13,444,099	\$ 20,827
Accrued interest	43,011	760,105	803,116	-
Accrued salaries, including compensated absences and early retirement	2,784,216	1,077,875	3,862,091	-
Unearned fees and deposits	-	2,521,689	2,521,689	-
Unearned revenue	-	29,489	29,489	-
Capital leases, due within one year	103,498	644,650	748,148	-
Bonds and loans payable, due within one year	839,282	5,690,267	6,529,549	-
Total current liabilities	12,653,585	15,284,596	27,938,181	20,827
Noncurrent liabilities				
Landfill closure and post-closure costs	-	8,370,370	8,370,370	-
Net pension liability	109,898,522	17,039,569	126,938,091	-
Net OPEB liability	6,496,511	-	6,496,511	-
Compensated absences	2,334,273	1,199,534	3,533,807	-
Capital leases	706,544	2,217,343	2,923,887	-
Bonds and loans payable	8,137,664	58,340,182	66,477,846	-
Total noncurrent liabilities	127,573,514	87,166,998	214,740,512	-
Total liabilities	140,227,099	102,451,594	242,678,693	20,827
DEFERRED INFLOWS OF RESOURCES				
	15,617,464	421,627	16,039,091	350,741
NET POSITION				
Net investment in capital assets	246,536,914	298,699,935	545,236,849	32,363
Restricted for				
Debt service and capital improvements	939,093	500,000	1,439,093	-
Legal restrictions	1,684,843	-	1,684,843	-
Tax voter approved projects	53,505,132	-	53,505,132	-
Unrestricted	(76,631,446)	41,006,897	(35,624,549)	1,410,762
Total net position	\$ 226,034,536	\$ 340,206,832	\$ 566,241,368	\$ 1,443,125

See Notes to Financial Statements.

CITY OF CHEYENNE, WYOMING

STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 17,809,454	\$ 1,508,574	\$ -	\$ -
Public safety	32,071,227	1,232,179	1,302,982	171,603
Public works	17,966,711	2,825,127	2,125,837	5,357,237
Health and welfare	2,145,340	2,565	1,292,794	-
Recreation	12,486,989	2,419,126	69,888	735,498
Interest on long-term debt	209,861	-	-	-
Total governmental activities	82,689,582	7,987,571	4,791,501	6,264,338
Business-type activities				
Waterworks	22,874,247	19,791,599	2,005,813	2,060,383
Sewer	11,728,478	13,611,407	488,320	714,311
Solid Waste	7,683,535	16,610,300	-	-
Civic Center	2,683,291	1,871,658	-	-
Ice and Events Center	743,079	505,754	-	-
Total business-type activities	45,712,630	52,390,718	2,494,133	2,774,694
Total primary government	\$ 128,402,212	\$ 60,378,289	\$ 7,285,634	\$ 9,039,032
Governmental Component Unit				
Downtown Development Authority	\$ 697,420	\$ -	\$ -	\$ -

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 4)
 Prior period adjustment (Note 15)
 Prior period adjustment (Note 6)
 Prior period adjustment (Note 1)
 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	
\$ (16,300,880)	\$ -	\$ (16,300,880)	\$ -
(29,364,463)	-	(29,364,463)	-
(7,658,510)	-	(7,658,510)	-
(849,981)	-	(849,981)	-
(9,262,477)	-	(9,262,477)	-
(209,861)	-	(209,861)	-
<u>(63,646,172)</u>	<u>-</u>	<u>(63,646,172)</u>	<u>-</u>
-	983,548	983,548	-
-	3,085,560	3,085,560	-
-	8,926,765	8,926,765	-
-	(811,633)	(811,633)	-
-	(237,325)	(237,325)	-
<u>-</u>	<u>11,946,915</u>	<u>11,946,915</u>	<u>-</u>
<u>(63,646,172)</u>	<u>11,946,915</u>	<u>(51,699,257)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(697,420)</u>
6,243,419	-	6,243,419	350,923
51,546,338	-	51,546,338	-
5,208,074	-	5,208,074	-
1,538,189	-	1,538,189	-
6,224,173	-	6,224,173	432,000
2,141,563	1,579,652	3,721,215	11,044
367,463	-	367,463	-
46,033	(219,321)	(173,288)	-
1,707,686	757	1,708,443	17,448
548,000	(548,000)	-	-
<u>75,570,938</u>	<u>813,088</u>	<u>76,384,026</u>	<u>811,415</u>
<u>11,924,766</u>	<u>12,760,003</u>	<u>24,684,769</u>	<u>113,995</u>
212,213,148	327,446,829	539,659,977	1,329,130
728,000	-	728,000	-
(1,052,425)	-	(1,052,425)	-
2,000,000	-	2,000,000	-
221,047	-	221,047	-
<u>214,109,770</u>	<u>327,446,829</u>	<u>541,556,599</u>	<u>1,329,130</u>
<u>\$ 226,034,536</u>	<u>\$ 340,206,832</u>	<u>\$ 566,241,368</u>	<u>\$ 1,443,125</u>

CITY OF CHEYENNE, WYOMING

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019**

	General Fund	One-Percent Sales Tax Fund	Capital Facilities Tax	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 5,240,707	\$ -	\$ -	\$ 4,156,529	\$ 9,397,236
Investments, at fair value	12,234,884	-	-	-	12,234,884
Cash and cash equivalents, restricted	3,130	14,611,856	7,308,144	597,840	22,520,970
Investments, restricted	936,244	16,869,026	13,445,798	-	31,251,068
Receivables					
Accrued interest	-	65,027	45,534	-	110,561
Property tax	6,002,676	-	-	-	6,002,676
Customers	665,185	-	-	616,995	1,282,180
Due from other funds	3,224,750	-	-	584,171	3,808,921
Due from other governments	4,264,713	2,787,654	1,914,242	1,379,633	10,346,242
Prepaid items	-	10,750	-	-	10,750
Total assets	<u>\$ 32,572,289</u>	<u>\$ 34,344,313</u>	<u>\$ 22,713,718</u>	<u>\$ 7,335,168</u>	<u>\$ 96,965,488</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 3,792,951	\$ 2,743,468	\$ 1,365,877	\$ 908,022	\$ 8,810,318
Accrued interest	43,011	-	-	-	43,011
Accrued salaries, including vacation and sick leave	77,510	253	2,038	26,316	106,117
Due to other funds	-	-	-	1,866,000	1,866,000
Total liabilities	<u>3,913,472</u>	<u>2,743,721</u>	<u>1,367,915</u>	<u>2,800,338</u>	<u>10,825,446</u>
Deferred inflows of resources					
Unavailable revenues	<u>5,951,770</u>	<u>-</u>	<u>-</u>	<u>199,464</u>	<u>6,151,234</u>
Fund balances					
Nonspendable	6,949	10,750	-	-	17,699
Restricted	939,374	31,589,842	21,345,803	2,254,330	56,129,349
Committed	7,334,775	-	-	2,089,364	9,424,139
Assigned	1,552,622	-	-	411,467	1,964,089
Unassigned	<u>12,873,327</u>	<u>-</u>	<u>-</u>	<u>(419,795)</u>	<u>12,453,532</u>
Total fund balances	<u>22,707,047</u>	<u>31,600,592</u>	<u>21,345,803</u>	<u>4,335,366</u>	<u>79,988,808</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 32,572,289</u>	<u>\$ 34,344,313</u>	<u>\$ 22,713,718</u>	<u>\$ 7,335,168</u>	<u>\$ 96,965,488</u>

See Notes to Financial Statements.

CITY OF CHEYENNE, WYOMING

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

June 30, 2019

Total fund balances - governmental funds \$ 79,988,808

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.	257,734,435
Other assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	273,244
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.	4,042,315
Long-term liabilities for compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(5,012,372)
Pension and OPEB plan accounts, such as deferred inflows/outflows, net pension liability, and OPEB liability, are not receivable or payable in the current period and, therefore, are not reported in the funds.	
Net pension liability	(109,898,522)
Net OPEB liability	(6,496,511)
Deferred outflows of resources	24,462,740
Deferred inflows of resources	(9,739,474)
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	(8,976,946)
Capital lease	(810,042)
Deferred charge on refunding	188,898
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	277,963
Net position of governmental activities	<u><u>\$ 226,034,536</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, 2019

	General Fund	One-Percent Sales Tax Fund	Capital Facilities Tax	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes and special assessments	\$ 12,208,502	\$ -	\$ -	\$ -	\$ 12,208,502
Licenses and permits	3,125,031	-	-	-	3,125,031
Intergovernmental	33,344,325	16,292,992	11,212,426	10,421,971	71,271,714
Charges for services	1,810,563	-	-	1,750,046	3,560,609
Fines and forfeitures	1,301,931	-	-	-	1,301,931
Investment income	543,370	837,801	658,778	101,614	2,141,563
Miscellaneous	1,332,719	-	213,757	462,023	2,008,499
Total revenues	53,666,441	17,130,793	12,084,961	12,735,654	95,617,849
Expenditures					
Current					
General government	15,753,601	-	24,000	44,700	15,822,301
Public safety	25,797,467	27,453	-	955,636	26,780,556
Public works	4,058,969	1,813,264	-	2,547,717	8,419,950
Health and welfare	-	799,711	-	1,284,491	2,084,202
Recreation	7,013,688	241,715	348,673	1,519,888	9,123,964
Capital outlay	2,048,590	9,117,469	6,437,889	4,867,605	22,471,553
Debt service					
Principal retirements	679,754	-	-	230,227	909,981
Interest payments	175,952	-	-	8,448	184,400
Total expenditures	55,528,021	11,999,612	6,810,562	11,458,712	85,796,907
Excess (deficiency) of revenues over expenditures	(1,861,580)	5,131,181	5,274,399	1,276,942	9,820,942
Other Financing Sources (Uses)					
Transfers in	763,024	-	-	3,353,208	4,116,232
Transfers out	(889,074)	(345,684)	(2,249,887)	(83,587)	(3,568,232)
Insurance proceeds	367,463	-	-	-	367,463
Capital lease	1,014,797	-	-	-	1,014,797
Proceeds from sales of assets	97,642	-	-	4,420	102,062
Total other financing sources (uses)	1,353,852	(345,684)	(2,249,887)	3,274,041	2,032,322
Net change in fund balances	(507,728)	4,785,497	3,024,512	4,550,983	11,853,264
Fund Balances, beginning of year	23,007,259	26,815,095	18,321,291	(229,148)	67,914,497
Prior period adjustment to properly record revenues which were improperly recorded/not recorded prior to fiscal year 2019	207,516	-	-	13,531	221,047
Fund Balances, beginning of year as restated	23,214,775	26,815,095	18,321,291	(215,617)	68,135,544
Fund Balances, end of year	\$ 22,707,047	\$ 31,600,592	\$ 21,345,803	\$ 4,335,366	\$ 79,988,808

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, 2019**

Net change in fund balances - total governmental funds \$ 11,853,264

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 these 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 outlay	18,896,468
Depreciation expense	(11,093,836)
Disposal of assets	(58,042)

Revenues in the Statement of Activities that do not provide current financial
resources are not reported as revenues in the funds. (1,553,369)

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. (344,881)

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. (5,026,930)

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. (335,031)

Receipts related to net investment in direct financing lease provide current financial
resources to governmental funds. However, these receipts do not have an effect
on net position. (411,628)

Internal service funds are accounted for as a proprietary fund; therefore, they are
not included in the governmental funds. (1,249)

Change in net position of governmental activities \$ 11,924,766

See Notes to Financial Statements.

CITY OF CHEYENNE, WYOMING

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS

June 30, 2019

	Business-type Activities		
	Waterworks Fund	Sewer Fund	Solid Waste Fund
ASSETS			
Current assets			
Cash and cash equivalents	\$ 29,695,231	\$ 15,401,205	\$ 5,105,859
Investments, at fair value	1,050,000	950,000	11,880,653
Restricted assets			
Cash and cash equivalents	147,093	-	-
Investments	-	-	-
Due from other governments	20,935	-	-
City of Cheyenne sanitation account	2,144,392	-	-
Receivables			
Accrued interest	18,682	10,545	25,673
Accounts, customers	766,318	911,139	102,757
Estimated unbilled usage	1,340,817	991,708	-
Due from other funds	-	-	2,291,485
Inventories	448,108	25,327	-
Prepaid expenses	591	-	-
Total current assets	35,632,167	18,289,924	19,406,427
Noncurrent assets			
Capital assets			
Land	4,587,691	545,003	6,512,000
Utility plant in service	415,732,632	154,971,293	1,477,356
Water rights	1,797,968	-	-
Machinery and equipment	519,477	171,862	8,390,470
Transportation equipment	2,602,640	848,485	8,828,714
Buildings and improvements	6,425,891	2,158,246	18,308,635
Office furniture and equipment	991,723	345,744	214,692
Construction in progress	3,819,834	673,412	425,730
Accumulated depreciation	(195,269,886)	(67,951,186)	(11,270,749)
Total noncurrent assets	241,207,970	91,762,859	32,886,848
Total assets	\$ 276,840,137	\$ 110,052,783	\$ 52,293,275
DEFERRED OUTFLOWS OF RESOURCES			
	\$ 2,715,083	\$ 803,937	\$ 1,069,080

See Notes to Financial Statements.

<u>Enterprise Funds</u>		
<u>Other Proprietary Funds</u>	<u>Totals</u>	<u>Internal Service Fund</u>
\$ 1,224	\$ 50,203,519	\$ 424,530
-	13,880,653	-
-	147,093	-
-	-	-
-	20,935	4,492
-	2,144,392	-
-	54,900	-
5,479	1,785,693	-
-	2,332,525	-
-	2,291,485	46,205
-	473,435	227,218
-	591	-
<u>6,703</u>	<u>73,335,221</u>	<u>702,445</u>
342,243	11,986,937	312,500
-	572,181,281	-
-	1,797,968	-
826,112	9,907,921	429,463
35,086	12,314,925	555,466
6,849,621	33,742,393	882,294
155,580	1,707,739	5,909
-	4,918,976	-
<u>(5,263,271)</u>	<u>(279,755,092)</u>	<u>(1,619,485)</u>
<u>2,945,371</u>	<u>368,803,048</u>	<u>566,147</u>
<u>\$ 2,952,074</u>	<u>\$ 442,138,269</u>	<u>\$ 1,268,592</u>
<u>\$ -</u>	<u>\$ 4,588,100</u>	<u>\$ -</u>

Continued

CITY OF CHEYENNE, WYOMING

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS, *Continued*

June 30, 2019

	Business-type Activities		
	Waterworks Fund	Sewer Fund	Solid Waste Fund
LIABILITIES			
Current liabilities			
Accounts payable	\$ 1,299,683	\$ 1,367,877	\$ 1,764,289
Accrued interest	288,430	471,675	-
Unearned revenue	-	-	-
Due to other funds	2,597,400	326,401	-
Unearned fees and deposits	2,106,389	415,300	-
Accrued salaries, including vacation and sick leave	441,676	295,528	280,789
Current portion of capital leases	-	-	644,650
Current portion of general obligation and loan debt	3,256,717	2,433,550	-
Total current liabilities	9,990,295	5,310,331	2,689,728
Noncurrent liabilities			
Accrued compensated absences	617,454	415,946	113,147
Landfill closure and post-closure costs	-	-	8,370,370
Net pension liability	9,542,137	3,180,713	4,316,719
Capital leases, net of current portion	-	-	2,217,343
General obligation and loan debt, unamortized bond premium, net of current portion	28,067,588	30,272,594	-
Total noncurrent liabilities	38,227,179	33,869,253	15,017,579
Total liabilities	48,217,474	39,179,584	17,707,307
DEFERRED INFLOWS OF RESOURCES	235,820	78,606	107,201
NET POSITION			
Net investment in capital assets	209,022,833	57,620,703	28,827,955
Restricted for debt service and capital improvements	500,000	-	-
Unrestricted	21,579,093	13,977,827	6,719,892
Total net position	\$ 231,101,926	\$ 71,598,530	\$ 35,547,847

Adjustment to report a portion of the 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>
\$ 55,411	\$ 4,487,260	\$ 146,522
-	760,105	-
29,489	29,489	-
1,356,810	4,280,611	-
-	2,521,689	-
25,617	1,043,610	68,532
-	644,650	-
-	5,690,267	-
<u>1,467,327</u>	<u>19,457,681</u>	<u>215,054</u>
28,059	1,174,606	49,855
-	8,370,370	-
-	17,039,569	-
-	2,217,343	-
-	58,340,182	-
<u>28,059</u>	<u>87,142,070</u>	<u>49,855</u>
<u>1,495,386</u>	<u>106,599,751</u>	<u>264,909</u>
-	421,627	-
2,945,371	298,416,862	566,147
-	500,000	-
<u>(1,488,683)</u>	<u>40,788,129</u>	<u>437,536</u>
<u>\$ 1,456,688</u>	<u>339,704,991</u>	<u>\$ 1,003,683</u>
	<u>501,841</u>	
	<u>\$ 340,206,832</u>	

CITY OF CHEYENNE, WYOMING

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2019

	Business-type Activities		
	Waterworks Fund	Sewer Fund	Solid Waste Fund
Operating Revenues			
Sales and charges for services	\$ 19,383,845	\$ 13,008,656	\$ 16,409,421
Fees and miscellaneous	407,754	602,751	200,879
Total operating revenues	19,791,599	13,611,407	16,610,300
Operating Expenses			
Waterworks	13,349,935	-	-
Sewer	-	7,423,384	-
Sanitation collection	-	-	7,008,800
Recycling/compost	-	-	859,293
Landfill	-	-	(2,000,398)
Belvoir Ranch	-	-	209,784
Fleet maintenance	-	-	-
Culture and recreation	-	-	-
Depreciation	8,842,468	3,713,915	1,518,217
Total operating expenses	22,192,403	11,137,299	7,595,696
Operating income (loss)	(2,400,804)	2,474,108	9,014,604
Non-Operating Income (Expenses)			
Gain (loss) on sale of assets	4,000	3,000	(225,721)
Other non-operating income	-	-	757
System development fees	2,005,813	488,320	-
Investment income			
Interest income	746,745	360,580	191,012
Net increase (decrease) in fair value of investments	(51,952)	(24,448)	357,715
Interest expense	(681,844)	(591,179)	(90,180)
Total non-operating income (expenses)	2,022,762	236,273	233,583
Income (loss) before contributions and transfers	(378,042)	2,710,381	9,248,187
Capital Grants	1,065,740	-	-
Donated Utilities and Other Assets	994,643	714,311	-
Transfers In	-	-	-
Transfers Out	-	-	(748,000)
Change in net position	1,682,341	3,424,692	8,500,187
Net Position, beginning of year	229,419,585	68,173,838	27,047,660
Net Position, end of year	<u>\$ 231,101,926</u>	<u>\$ 71,598,530</u>	<u>\$ 35,547,847</u>

Adjustment to report the a portion of the internal balance for the net effect of the activity
between the internal service fund and the enterprise fund over time

Change in net position of business-type activities

See Notes to Financial Statements.

Enterprise Funds		
Other Proprietary Funds	Totals	Internal Service Fund
\$ 2,205,608	\$ 51,007,530	\$ 3,756,453
171,804	1,383,188	35
<u>2,377,412</u>	<u>52,390,718</u>	<u>3,756,488</u>
-	13,349,935	-
-	7,423,384	-
-	7,008,800	-
-	859,293	-
-	(2,000,398)	-
-	209,784	-
-	-	3,689,231
3,194,252	3,194,252	-
232,118	14,306,718	62,575
<u>3,426,370</u>	<u>44,351,768</u>	<u>3,751,806</u>
<u>(1,048,958)</u>	<u>8,038,950</u>	<u>4,682</u>
(600)	(219,321)	-
-	757	-
-	2,494,133	-
-	1,298,337	-
-	281,315	-
-	(1,363,203)	-
<u>(600)</u>	<u>2,492,018</u>	<u>-</u>
(1,049,558)	10,530,968	4,682
-	1,065,740	-
-	1,708,954	-
200,000	200,000	-
-	(748,000)	-
<u>(849,558)</u>	<u>12,757,662</u>	<u>4,682</u>
<u>2,306,246</u>		<u>999,001</u>
<u>\$ 1,456,688</u>		<u>\$ 1,003,683</u>
	<u>2,341</u>	
	<u>\$ 12,760,003</u>	

CITY OF CHEYENNE, WYOMING

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 Year Ended June 30, 2019

	Business-type Activities		
	Waterworks Fund	Sewer Fund	Solid Waste Fund
Cash Flows from Operating Activities			
Cash received from customers	\$ 20,951,397	\$ 13,489,903	\$ 16,657,695
Cash payments to suppliers	(4,293,129)	(2,455,272)	(2,043,068)
Cash payments to employees	(7,612,204)	(4,392,098)	(5,189,253)
Change in City sanitation account	(25,500)	-	-
Net cash provided by (used in) operating activities	<u>9,020,564</u>	<u>6,642,533</u>	<u>9,425,374</u>
Cash Flows from Noncapital Financing Activities			
Proceeds from amounts due to other funds	-	-	(169,995)
Transfers to other funds	-	-	(748,000)
Transfers from other funds	-	-	-
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>(917,995)</u>
Cash Flows from Capital and Related Financing Activities			
System development fees	2,932,540	676,640	-
Proceeds from issuance of debt	819,326	3,199,685	-
Acquisition and construction of capital assets	(4,975,463)	(5,402,186)	(4,310,831)
Principal paid on revenue bonds and loan debt maturities	(3,177,126)	(2,325,635)	(865,167)
Capital grants	95,016	-	-
Proceeds from sale of capital assets	4,000	3,000	-
Interest paid on debt	(877,455)	(593,705)	(89,423)
Net cash (used in) capital and related financing activities	<u>(5,179,162)</u>	<u>(4,442,201)</u>	<u>(5,265,421)</u>
Cash Flows from Investing Activities			
Interest on cash accounts and investments	690,966	295,761	189,007
Redemption of investments	-	37,231	-
Purchase of investments	-	-	(188,610)
Net cash provided by investing activities	<u>690,966</u>	<u>332,992</u>	<u>397</u>
Net increase (decrease) in cash and cash equivalents	4,532,368	2,533,324	3,242,355
Cash and Cash Equivalents, beginning of year	<u>25,309,956</u>	<u>12,867,881</u>	<u>1,863,504</u>
Cash and Cash Equivalents, end of year	<u>\$ 29,842,324</u>	<u>\$ 15,401,205</u>	<u>\$ 5,105,859</u>

See Notes to Financial Statements.

Enterprise Funds		
Other Proprietary Funds	Totals	Internal Service Fund
\$ 2,418,518	\$53,517,513	\$ 3,800,782
(2,361,506)	(11,152,975)	(2,587,455)
(810,558)	(18,004,113)	(1,188,475)
-	(25,500)	-
<u>(753,546)</u>	<u>24,334,925</u>	<u>24,852</u>
702,000	532,005	(35,136)
-	(748,000)	-
<u>200,000</u>	<u>200,000</u>	<u>-</u>
902,000	(15,995)	(35,136)
-	3,609,180	-
-	4,019,011	-
(146,182)	(14,834,662)	(75,443)
-	(6,367,928)	-
-	95,016	-
-	7,000	-
-	(1,560,583)	-
<u>(146,182)</u>	<u>(15,032,966)</u>	<u>(75,443)</u>
-	1,175,734	-
-	37,231	-
-	(188,610)	-
<u>-</u>	<u>1,024,355</u>	<u>-</u>
2,272	10,310,319	(85,727)
<u>(1,048)</u>	<u>40,040,293</u>	<u>510,257</u>
<u>\$ 1,224</u>	<u>\$50,350,612</u>	<u>\$ 424,530</u>

Continued

CITY OF CHEYENNE, WYOMING

STATEMENT OF CASH FLOWS, *Continued*
PROPRIETARY FUNDS
Year Ended June 30, 2019

	Business-type Activities		
	Waterworks Fund	Sewer Fund	Solid Waste Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ (2,400,804)	\$ 2,474,108	\$ 9,014,604
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	8,842,468	3,713,915	1,518,217
Pension liability	2,581,712	860,571	1,133,099
Deferred outflow - pension	(358,995)	(119,665)	(166,242)
Deferred inflow - pension	(1,139,247)	(379,749)	(522,244)
Increase (decrease) in cash and cash equivalent resulting from changes in operating assets and liabilities			
Receivables	1,159,798	(121,504)	47,395
Inventory	8,181	(4,783)	-
Accounts payable	(15,921)	(289,993)	1,645,668
Due to other funds	85,486	318,273	-
Landfill closure and post-closure costs	-	-	(3,241,684)
City sanitation account	(25,500)	-	-
Accrued salaries including vacation and sick leave	283,386	191,360	(3,439)
Unearned revenue	-	-	-
Net cash provided by (used in) operating activities	\$ 9,020,564	\$ 6,642,533	\$ 9,425,374
Noncash investing, capital and noncapital financing activities			
Amortization of deferred refunding loss and debt premiums	\$ (42,587)	\$ -	\$ -
Donated asset acquisitions	994,643	714,311	-
Capitalized interest	161,463	254,463	-
Debt forgiveness	970,724	-	-
Capital assets transferred (to) from other funds	-	-	4,023
Change in fair value of investments	(51,952)	(24,448)	-

See Notes to Financial Statements.

<u>Enterprise Funds</u>		
<u>Other Proprietary Funds</u>	<u>Totals</u>	<u>Internal Service Fund</u>
\$ (1,048,958)	\$ 8,038,950	\$ 4,682
232,118	14,306,718	62,575
-	4,575,382	-
-	(644,902)	-
-	(2,041,240)	-
12,272	1,097,961	44,294
-	3,398	20
(7,490)	1,332,264	(92,405)
	403,759	
-	(3,241,684)	-
-	(25,500)	-
29,678	500,985	5,686
28,834	28,834	-
<u>\$ (753,546)</u>	<u>\$ 24,334,925</u>	<u>\$ 24,852</u>

\$ -	\$ (42,587)	\$ -
-	1,708,954	-
-	415,926	-
-	970,724	-
(41,707)	(37,684)	(4,023)
-		-

NOTES TO FINANCIAL STATEMENTS

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

June 30, 2019

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 collectable 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

June 30, 2019

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

June 30, 2019

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 I") and the Wyoming Government Investment Fund ("WGIF"), which are reported as 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, 2019. 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, 2019 of mortgage-backed securities and government securities in the amount of \$41,755,082, 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, 2019 of negotiable certificates of deposit in the amount of \$6,792,375, 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 two pooled investment accounts with the State of Wyoming, State Treasurer's office. WYO-STAR I and WYO-STAR II operate in accordance with appropriate State laws and regulations. WYO-STAR II is reported as an investment due to the fact that the pool is geared toward longer-term investment options and the City cannot withdraw funds at any time without restriction. The City considers fair value measurements as of June 30, 2019 for WYO-STAR I and WYO-STAR II 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 \$311,669 at June 30, 2019.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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.

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

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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.

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.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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.

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.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

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

1. **Nonspendable Fund Balance.** This classification reflects the portion of net resources that is inherently nonspendable because of its form or because it must be maintained intact, which for the City includes prepaid items, inventories, and the long-term portion of annexation loans in the General Fund.
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 and any related accounts payable balances. 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.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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.

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	\$ 779,927
One-Percent Sales Tax Fund	
Restricted	1,063,694
Capital Facilities Tax Fund	
Restricted	51,897
Other Governmental Funds	
Restricted	117,115
Committed	53,089
Assigned	29,673
Total encumbrances	<u><u>\$ 2,095,395</u></u>

Deferred outflows/inflows of resources: In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred 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*, as amended, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, as amended. 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, 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.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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.

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.

Prior period adjustment – fund balance: A prior period adjustment was posted during the year ended June 30, 2019 to correct beginning fund balance for revenues not recorded in fiscal year 2018, as well as revenues improperly recorded during fiscal year ended June 30, 2018.

Note 2. Stewardship, Compliance, and Accountability

Fund deficit: The following funds had a deficit balance at June 30, 2019:

Fund	Deficit Balance
Community Development Block Grant	\$ (11,471)
Law Enforcement Block Grant	(21,324)
Miscellaneous Federal Grants	(97,309)
Transportation Planning	(2,467)
UMTA Transit Grant	(170,109)
Civic Center	(575,140)

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

The fund deficit for the Civic Center is due to the reorganization of the Civic Center. In fiscal year 2018, it moved from the Mayor’s Department to the Community Recreation and Events (CRE) Department. Under previous Civic Center leadership, the facility played host to an average of eight performances a year, in addition to a few rentals from outside promoters and outside organizations. CRE developed a strategy to change the facility operations to diversify programming and audiences, and offer a wider variety of events. As a result, fiscal year 2019 was the first full year of increased programming. A challenge faced by CRE management was to determine the type of new programming the community would support. There were both successful shows, as well as others that were not as well attended. As a result, the profits realized from the shows were not enough to cover the overhead costs of operating the facility, such as full-time staff costs, utilities, and depreciation. As a result, there was a net loss of \$691,633 in fiscal year 2019.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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	\$ -	\$ -	\$ 10,750	\$ -	\$ 10,750
Long-term notes receivable	6,949	-	-	-	6,949
Restricted					
Bond ordinances	939,374	-	-	-	939,374
Weed and Pest programs	-	569,487	-	-	569,487
Capital projects	-	-	53,036,040	-	53,036,040
Cemetery projects	-	-	-	771,802	771,802
Juvenile justice programs	-	185,776	-	-	185,776
Grants	-	281,119	-	-	281,119
Housing programs	-	254,644	-	-	254,644
Youth programs	-	91,107	-	-	91,107
Committed					
Capital projects	7,334,775	-	1,085,582	-	8,420,357
Annexation improvements	-	238,175	-	-	238,175
Youth and recreation programs	-	765,607	-	-	765,607
Assigned					
Future expenditures	861,490	-	411,467	-	1,272,957
Agency accounts	691,132	-	-	-	691,132
Unassigned	12,873,327	(419,795)	-	-	12,453,532
Total	<u>\$ 22,707,047</u>	<u>\$ 1,966,120</u>	<u>\$ 54,543,839</u>	<u>\$ 771,802</u>	<u>\$ 79,988,808</u>

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, 2019, 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, 2019. 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

June 30, 2019

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, 2019 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, 2019. The City held \$10,661,545 or 14% of its portfolio in Federal National Mortgage Association FNMA Pools and \$2,393,286 or 3.4% of its portfolio in FNMA as of June 30, 2019. 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, 2019, 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	\$ 11,580,375	0.28%-3.05%	\$ 7,159,145	\$ 4,421,230	\$ -	\$ -
U.S. Government Securities	21,999,013	0.13%-3.88%	206,205	18,791,146	2,247,125	754,537
U.S. Agencies	19,756,069	0.88%-6.50%	1,554,702	14,935,411	60,132	3,205,824
State Treasurer's Investment Pool						
WYO-STAR I	61,641,897	2.31%-2.32%	61,641,897	-	-	-
WYO-STAR II	6,581,148	2.36%	6,581,148	-	-	-
Wyoming Government						
Investment Fund (WGIF)	3,277	2.28%	3,277	-	-	-
Government Mutual Funds	3,130		3,130	-	-	-
	<u>\$ 121,564,909</u>		<u>\$ 77,149,504</u>	<u>\$ 38,147,787</u>	<u>\$ 2,307,257</u>	<u>\$ 3,960,361</u>

CITY OF CHEYENNE, WYOMING

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June 30, 2019

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 325,062 or 0.43% of the securities in step-up structured bonds.

Credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City and Board’s investment policies do not contain any specific provisions intended to limit the City or Board’s exposure to credit risk. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. Under investment agreements with WYO-STAR and WGIF, the City and Board have invested monies at a variable and fixed contract rate 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, \$3,530,025 were rated AAA by Moody’s and \$15,290,082 were not rated. The City’s investments in the governmental mutual funds were not rated.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 4. Capital Assets

Governmental capital asset activity for the year ended June 30, 2019, was as follows:

	Balance 7/1/2018, as Restated	Additions	Retirements and Transfers	Balance June 30, 2019
Capital assets, not being depreciated:				
Land	\$ 17,637,922	\$ -	\$ -	\$ 17,637,922
Construction in progress	5,225,353	14,414,349	(2,119,274)	17,520,428
Total capital assets, not being depreciated	22,863,275	14,414,349	(2,119,274)	35,158,350
Capital assets, being depreciated:				
Buildings and improvements	121,396,576	1,408,061	-	122,804,637
Machinery and equipment	12,944,948	2,894,239	(563,601)	15,275,586
Transportation equipment	22,349,053	1,130,415	(361,850)	23,117,618
Office furniture and equipment	3,612,502	694,966	(565,117)	3,742,351
Infrastructure	223,618,039	268,957	-	223,886,996
Total capital assets, being depreciated	383,921,118	6,396,638	(1,490,568)	388,827,188
Less accumulated depreciation for:				
Buildings and improvements	34,871,330	3,798,302	-	38,669,632
Machinery and equipment	7,926,485	837,251	(561,295)	8,202,441
Transportation equipment	15,227,870	1,618,588	(332,510)	16,513,948
Office furniture and equipment	2,458,037	514,957	(538,721)	2,434,273
Infrastructure	96,106,071	4,324,738	-	100,430,809
Total accumulated depreciation	156,589,793	11,093,836	(1,432,526)	166,251,103
Total capital assets being depreciated, net	227,331,325	(4,697,198)	(58,042)	222,576,085
Governmental activities, capital assets, net	\$ 250,194,600	\$ 9,717,151	\$ (2,177,316)	\$ 257,734,435

The governmental capital assets as reported for the year ended June 30, 2018 were restated by \$728,000 for land that was donated during the year ended 2018, but not recorded.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Business-type capital asset activity for the year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Additions	Retirements and Transfers	Balance June 30, 2019
Capital assets, not being depreciated				
Land	\$ 12,143,187	\$ -	\$ -	\$ 12,143,187
Water rights	1,797,968	-	-	1,797,968
Construction in progress	28,404,445	8,372,864	(31,858,333)	4,918,976
Total capital assets, not being depreciated	42,345,600	8,372,864	(31,858,333)	18,860,131
Capital assets, being depreciated:				
Utility plant in service	537,861,557	34,574,944	(255,220)	572,181,281
Machinery and equipment	9,686,412	662,642	(226,402)	10,122,652
Transportation equipment	10,847,920	3,184,684	(1,439,946)	12,592,658
Buildings and improvements	33,858,282	325,258	-	34,183,540
Office furniture and equipment	1,676,789	33,905	-	1,710,694
Total capital assets, being depreciated	593,930,960	38,781,433	(1,921,568)	630,790,825
Less accumulated depreciation for:				
Utility plant in service	245,899,536	12,038,813	(255,534)	257,682,815
Machinery and equipment	4,244,667	465,799	(154,041)	4,556,425
Transportation equipment	7,023,216	817,092	(1,287,274)	6,553,034
Buildings and improvements	9,240,851	919,495	-	10,160,346
Office furniture and equipment	1,515,092	97,123	-	1,612,215
Total accumulated depreciation	267,923,362	14,338,322	(1,696,849)	280,564,835
Total capital assets, being depreciated, net	326,007,598	24,443,111	(224,719)	350,225,990
Business-type activities, capital assets, net	\$ 368,353,198	\$ 32,815,975	\$ (32,083,052)	\$ 369,086,121

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

Governmental Activities	\$ 1,021,129
General government	2,233,198
Public safety	5,304,122
Public works	2,535,387
Total depreciation expense, governmental activities	\$ 11,093,836
Business-type Activities	
Waterworks	\$ 8,842,468
Sewer	3,713,915
Solid Waste Fund	1,518,217
Civic Center	104,221
Ice and Events Center	127,897
Fleet maintenance	31,604
Total depreciation expense, business-type activities	\$ 14,338,322

Note 5. Interfund Receivables, Payables, and Transfers

The composition of interfund receivables and payables as of June 30, 2019 is as follows:

	Fund-Level Financial Statements	
	Due From/To Other Funds	
	<u>Receivable</u>	<u>Payable</u>
Governmental Activities		
General fund	\$ 3,224,750	\$ -
Special revenue funds:		
State grants	584,171	507,000
Community Development Block Grant	-	24,000
Transportation planning	-	172,000
Law Enforcement Block Grant	-	138,000
UMTA Transit Grant	-	879,000
Miscellaneous Federal grants	-	146,000
Internal service fund	46,205	-
Business-type Activities:		
Waterworks	-	2,597,400
Sewer	-	326,401
Solid Waste	2,291,485	-
Civic Center	-	1,000,000
Ice and Events Center	-	356,810
	<u>\$ 6,146,611</u>	<u>\$ 6,146,611</u>

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

A balance of \$2,291,485, due from the waterworks and sewer funds 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.

Transfers for the year ended June 30, 2019 were as follows:

	Transfers	
	In	Out
Governmental Activities:		
General fund	\$ 763,024	\$ 889,074
Special revenue funds:		
State grants	624,523	-
Transportation planning	37,718	-
UMTA Transit Grants	615,275	-
Law Enforcement Block Grants	101,671	-
Miscellaneous Federal grants	1,939,337	-
Parks facilities	-	68,563
Recreation programs	34,684	-
Capital projects		
One-percent sales tax	-	345,684
Capital facilities tax	-	2,249,887
Permanent fund		
Cemetery perpetual care	-	15,024
Total governmental activities	<u>\$ 4,116,232</u>	<u>\$ 3,568,232</u>
Business-type Activities:		
Solid Waste	-	748,000
Civic Center	120,000	-
Ice and Events Center	80,000	-
Total business-type activities	<u>200,000</u>	<u>748,000</u>
Total primary government	<u><u>\$ 4,316,232</u></u>	<u><u>\$ 4,316,232</u></u>

During the year ended June 30, 2019, transfers were used to (1) move revenues from the fund that State Statute or budget requires expending them; and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Note 6. Leases

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

	<u>Business-Type Activities</u>
Machinery and equipment/transportation equipment	\$ 8,315,605
Less accumulated depreciation	<u>(2,560,232)</u>
Total	<u>\$ 5,755,373</u>

The capital lease obligations payable as of June 30, 2019 were as follows:

Lease payable for landfill equipment, due in semi-annual installments of \$164,296, with interest at 2.61% through June 2021.	\$ 1,104,259
Lease payable for landfill equipment, due in semi-annual installments of \$128,636, with interest at 2.61% through June 2022.	1,094,779
Lease payable for landfill equipment, due in semi-annual installments of \$64,651, with interest at 2.61% through June 2023.	662,956
Lease payable for fire equipment, due in annual installments of \$124,133, with interest at 4.65% through February 2023.	443,774
Lease payable for fire equipment, due in annual installments of \$103,220, with interest at 4.97%, through November 2023.	<u>366,267</u>
	<u>\$ 3,672,035</u>

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019, were as follows:

Year Ending June 30,	<u>Governmental Activities</u>	<u>Business-type Activities</u>
2020	\$ 124,133	\$ 715,166
2021	227,353	1,208,038
2022	227,353	772,482
2023	227,353	323,256
2024	103,220	-
Total minimum lease payments	<u>909,412</u>	<u>3,018,942</u>
Less amount representing interest	<u>(99,370)</u>	<u>(156,949)</u>
Present value of minimum lease payments	<u><u>\$ 810,042</u></u>	<u><u>\$ 2,861,993</u></u>

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 November 1, 2019, with annual payments of principal and interest of \$661,982 after that. Upon the end of the lease, ownership of the Rail Spur will be transferred to the Developer.

During the year ended June 30, 2019, the City began receiving monthly payments for payment due in full by November 1, 2019. As of June 30, 2019, the City had billed \$456,168, of which \$386,156 was received. The remainder is included in accounts receivable on the Statement of Net Position.

The City anticipates receiving lease payments as follows: \$661,982 for fiscal years 2020 through 2025 and \$220,660 in fiscal year 2026; of that amount, \$150,238 is interest.

In the prior year, the liability was recorded at \$4,453,943. However, the actual liability should only have been \$2,453,943. As a result, a prior period adjustment was posted, which is reflected in the Statement of Net Position and the Statement of Activities at June 30, 2019.

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.

State Statutes limit the amount of general obligation debt a governmental entity may issue to 4% of its total assessed valuation. The current debt limitation for the City is \$29,389,951.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

General long-term debt currently outstanding is as follows:

	Balance at June 30, 2019	Amount Due Within One Year
Governmental Activities		
Refunding Revenue Bonds, Series 2012, original amount of \$9,455,000, due in annual installments of \$425,000 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.	\$ 6,825,000	\$ 500,000
Due to the Wyoming Business Council, original amount of \$2,453,943 with interest at 0.5%, due annually on November 1. Annual principal and interest payments beginning in fiscal year 2020 are \$357,610 through fiscal year 2026. 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.	2,223,716	346,472
Total governmental activities	<u>\$ 9,048,716</u>	<u>\$ 846,472</u>
Business-type Activities		
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #133, advances on a \$4,900,000 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 \$1,225,000. The payments are currently estimated at \$245,000 per year. Secured by a pledge and assignment of revenues from the City's water system user fees necessary to meet the annual payment.	\$ 688,745	\$ -
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.	1,058,565	264,005
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #144, original amount of \$1,300,000 for Southern Interceptor Main with interest at 2.5%, due annually on December 1. Annual principal and interest payments are \$83,391 through 2039. Secured by pledge and assignment of revenues from the City's wastewater user fees necessary to meet the annual loan payment.	1,300,000	51,338

Continued

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

	Balance at June 30, 2019	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 #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.	\$ 971,276	\$ 233,803
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.	2,931,028	262,250
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #120, original amount of \$7,494,828 for the design and construction of Phase II of the Southern Water Transmission Main, with interest at 2.5%, due annually on June 1. Annual principal and interest payments are \$480,772 per year through 2034. Secured by the pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	5,952,717	331,956
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.	5,880,000	850,000
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.	2,414,207	581,141

Continued

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

	<u>Balance at June 30, 2019</u>	<u>Amount Due Within One Year</u>
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.	\$ 262,981	\$ 41,156
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.	264,205	17,451
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #046, original amount of \$36,450,000, with interest at 2.5%, due annually on June 1. Annual principal and interest payments are \$2,338,163 through 2026 for the Dry and Crow Creek Rehab construction Project. Secured by the pledge and assignment of revenues generated from the City's wastewater user fees necessary to meet the annual loan payment.	14,848,291	1,967,015
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 payment 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.	779,440	62,606
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #056, original amount of \$1,300,000, with interest at 2.5% due annually on March 1. Annual principal and interest payments are \$61,885 through 2028. Secured by the pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	493,399	49,553

Continued

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

	Balance at June 30, 2019	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 #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.	\$ 1,531,043	\$ 137,087
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.	3,600,295	238,741
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 wastewater user fees necessary to meet the annual loan payment.	1,747,019	115,387
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.	1,747,019	115,387
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #133, advances on a \$5,000,000 loan for Crow Creek Plant Improvements Project with interest at 2.5% annually on June 15. Annual principal and interest payments are \$320,736 through 2039. Secured by pledge and assignment of revenues from the City's wastewater user fees necessary to meet the annual loan payment.	4,187,249	216,055
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.	9,900,000	-

Continued

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

	<u>Balance at June 30, 2019</u>	<u>Amount Due Within One Year</u>
Business-type Activities, <i>Continued</i>		
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #143, original amount of \$875,000 for the Holliday Park Reuse Project, with interest at 0.0%. Principal amounts of \$37,500 are due annually in September through 2037. Secured by pledge and assignment of revenues from the City's wastewater user fees necessary to meet the annual loan payment.	\$ 675,000	\$ 37,500
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #177, original amount of \$5,280,000 for the design and construction of Phase III of the Southern Water Transmission Main, with interest at 2.5%, due annually on March 1. This loan is also granted principal forgiveness up to 25% of the loan, not to exceed \$1,320,000. Annual principal and interest payments are \$186,808 per year through 2038. Secured by pledge and assignment of revenues from the City's water system user fees necessary to meet the annual payment.	<u>2,797,970</u>	<u>117,836</u>
Total business-type activities	64,030,449	5,690,267
Total long-term debt	<u><u>\$ 73,079,165</u></u>	<u><u>\$ 6,536,739</u></u>

The annual debt service requirements of the long-term debt and current principal maturities as of June 30, 2019 are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 846,472	\$ 178,556	\$ 5,690,267	\$ 1,370,288
2021	873,214	167,185	6,256,074	1,419,646
2022	924,964	154,760	6,412,824	1,261,688
2023	976,714	140,373	6,517,043	1,098,194
2024	1,003,466	123,872	5,533,760	935,814
2025-2029	4,423,886	313,243	18,711,564	2,914,898
2030-2034	-	-	9,706,934	1,282,269
2035-2039	-	-	4,547,976	396,917
2040-2044	-	-	654,007	15,489
	<u><u>\$ 9,048,716</u></u>	<u><u>\$ 1,077,989</u></u>	<u><u>\$ 64,030,449</u></u>	<u><u>\$ 10,695,203</u></u>

The balances above do not include the unamortized bond premium/discount of \$(71,770) or the deferred loss on refunding in the amount of \$(188,898) for Governmental Activities.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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 maintain a capital additions and replacement reserve of \$500,000, which is included in restricted net position.

The Board has pledged and assigned future water system and wastewater user fees to meet the annual debt requirements. Proceeds from the debt have been used to improve, expand, and replace the distribution system, source of supply, and treatment facilities. The proportion of pledged revenues to total revenues is not estimable because annual total fees fluctuate annually. Principal and interest paid for the current year was \$8,119,847. Net customer revenues totaled \$33,403,006 for the year. At year end, pledged future revenues totaled \$74,725,652, which is the amount of the remaining principal and interest on 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 \$650,952. Net mineral royalties totaled \$2,720,745 and gross parking fees totaled \$383,442 or the year. At year end, pledged future revenues totaled \$7,882,338, 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 (difference between the present values of the old and new debt service payments) of \$700,000. As of June 30, 2019, the deferred loss on refunding totaled \$303,271 and is classified as a deferred outflow of resources.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

On June 12, 2012, the City issued \$9,455,000 in Refunding Revenue Bonds with an average interest rate of 2.537% to advance refund \$8,975,000 of outstanding 2003 Series Bonds with an average interest rate of 3.985%. The net proceeds of \$9,211,981 (after payment of \$125,711 in underwriting fees and issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments to the 2003 bonds which were defeased. As a result, the 2003 Bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide Statement of Net Position. As of June 30, 2019, the outstanding in-substance defeased debt was \$6,825,000. The net proceeds also included a net discount on the bond issue of \$117,308 which is being charged to operations through the year 2028 using the effective interest method.

The following is a summary of long-term liability transactions for the City for the year ended June 30, 2019:

	Beginning Balance, as restated	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Revenue bonds	\$ 7,300,000	\$ -	\$ (475,000)	\$ 6,825,000	\$ 500,000
Less: discount on refunding	(78,780)	-	7,010	(71,770)	(7,190)
Note payable	2,453,943	-	(230,227)	2,223,716	346,472
Leases payable	-	1,014,797	(204,755)	810,042	103,498
Compensated absences	4,667,491	3,022,980	(2,678,099)	5,012,372	2,678,099
Governmental activities long-term liabilities	<u>\$ 14,342,654</u>	<u>\$ 4,037,777</u>	<u>\$ (3,581,071)</u>	<u>\$ 14,799,360</u>	<u>\$ 3,620,879</u>
Business-type activities					
Refunding revenue bonds	\$ 6,710,000	\$ -	\$ (830,000)	\$ 5,880,000	\$ 850,000
Loans payable	61,593,303	2,200,628	(5,643,482)	58,150,449	4,840,267
Leases payable	3,727,160	-	(865,167)	2,861,993	644,650
Landfill closure and post-closure costs	11,612,054	-	(3,241,684)	8,370,370	-
Compensated absences and early retirement	1,773,581	1,066,275	(580,612)	2,259,244	1,059,710
Business-type activities long-term liabilities	<u>\$ 85,416,098</u>	<u>\$ 3,266,903</u>	<u>\$ (11,160,945)</u>	<u>\$ 77,522,056</u>	<u>\$ 7,394,627</u>

For governmental activities, revenue bonds and compensated absences are generally liquidated by the General Fund. The note payable is liquidated by the State Grant fund.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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.

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, 2019, 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, 2019 was \$688,842, equal to the required contribution.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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.

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, 2019 was \$946,016, equal to the required contribution plus the City's share of the required member contribution.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

June 30, 2019

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: Per Title 9-3-412 and 413 of State Statutes, for the year ended June 30, 2019, member contributions were required to be 8.50% of compensation and employer contributions were required to be 8.62% of compensation for both the City and the Board. These contributions increased September 1, 2018. Previously, the member and employer contribution percentages were 8.25% and 8.37%, respectively. In accordance with Title § 9-3-412(c)(ii) of State Statutes, the Board and City have elected to pay 6% and 4.50%, respectively, of the member's contribution subsequent to the change and 5.75% and 4.25%, respectively, prior to the change, in addition to the employer's contribution.

The City and Board's contributions to the WRS for the year ended June 30, 2019 was \$3,357,358, 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

June 30, 2019

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2019, the City and Board reported a total liability of \$126,938,091 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	\$ 28,778,132
Board of Public Utilities	12,722,850
Paid Firemen's Pension Plan A	68,357,664
Paid Firemen's Pension Plan B	5,155,687
Law Enforcement Pension Plan	<u>11,923,758</u>
Total net pension liability	<u><u>\$ 126,938,091</u></u>

The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018 and incorporated assumption changes adopted by the WRS Board effective August 23, 2017. Standard update procedures were used to roll forward the total pension liability at December 31, 2018. The City and Board's proportion of the net pension liability for all plans, except Paid Firemen's Plan A, was based on a projection of the City and the Board'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 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, 2018, the City and Board's proportionate shares were as follows:

	<u>Proportion of the Net Pension Liability</u>		
	<u>December 31, 2018</u>	<u>December 31, 2017</u>	<u>Increase (Decrease)</u>
Pension Plan			
Public Employee Pension Plan			
City of Cheyenne	0.9450	0.9312	0.0138
Board of Public Utilities	0.4178	0.4072	0.0106
Paid Firemen's Pension Plan A	30.1135	29.9816	0.1319
Paid Firemen's Pension Plan B	24.5705	24.3574	0.2131
Law Enforcement Pension Plan	4.9257	4.7984	0.1273

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

For the year ended June 30, 2019, 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
Paid Firemen's Pension Plan A:		
Net difference between projected and actual earnings on pension plan investments	\$ 2,076,191	\$ -
Paid Firemen's Pension Plan B:		
Differences between expected and actual experience	\$ 14,783	\$ (1,784,892)
Changes of assumptions	5,518,147	(6,553,702)
Net difference between projected and actual earnings on pension plan investments	2,281,734	-
Changes in proportionate share of contributions	288,609	(15,034)
Contributions subsequent to the measurement date	407,443	-
	<u>\$ 8,510,716</u>	<u>\$ (8,353,628)</u>
Law Enforcement:		
Differences between expected and actual experience	\$ -	\$ (528,159)
Changes of assumptions	5,050,801	-
Net difference between projected and actual earnings on pension plan investments	1,938,128	-
Changes in proportionate share of contributions	234,768	(3,530)
Contributions subsequent to the measurement date	345,503	-
	<u>\$ 7,569,200</u>	<u>\$ (531,689)</u>
Public Employee:		
Governmental Activities:		
Differences between expected and actual experience	\$ -	\$ (607,474)
Changes of assumptions	1,204,234	-
Net difference between projected and actual earnings on pension plan investments	3,641,666	-
Change sin proportionate share of contributions	577,588	-
Contributions subsequent to the measurement date	634,639	-
	<u>\$ 6,058,127</u>	<u>\$ (607,474)</u>

Continued

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Business-type Activities:		
City:		
Differences between expected and actual experience	\$ -	\$ (107,202)
Changes of assumptions	212,512	-
Net difference between projected and actual earnings		
on pension plan investments	642,646	-
Changes in proportionate share of contributions	101,928	-
Contributions subsequent to the measurement date	111,995	-
	<u>\$ 1,069,081</u>	<u>\$ (107,202)</u>
Board:		
Differences between expected and actual experience	\$ -	\$ (314,425)
Changes of assumptions	619,493	-
Net difference between projected and actual earnings		
on pension plan investments	1,898,192	-
Changes in proportionate share of contributions	372,668	-
Contributions subsequent to the measurement date	325,395	-
	<u>\$ 3,215,748</u>	<u>\$ (314,425)</u>

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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
2020	\$ 1,960,168	\$ 925,986	\$ 657,582	\$ 2,123,930	\$ 5,667,666	\$ 1,050,336	\$ 345,912	\$ 1,396,248
2021	1,077,262	263,485	174,697	1,774,003	3,289,447	572,927	190,105	763,032
2022	562,146	212,059	142,748	1,608,227	2,525,180	318,639	99,202	417,841
2023	1,216,438	674,661	(1,225,382)	1,185,848	1,851,565	634,026	214,665	848,691
Thereafter	-	-	-	-	-	-	-	-
	<u>\$ 4,816,014</u>	<u>\$ 2,076,191</u>	<u>\$ (250,355)</u>	<u>\$ 6,692,008</u>	<u>\$ 13,333,858</u>	<u>\$ 2,575,928</u>	<u>\$ 849,884</u>	<u>\$ 3,425,812</u>

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Actuarial assumptions: The total pension liability in the January 1, 2018 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%	3.00%	2.25%	2.25%
Salary increases	2.50% - 6.50%	4.50%	4.50% - 7.50%	3.00% - 7.00%
Investment rate of return	7.00%	7.00%	7.00%	7.00%
Payroll growth rate	2.50%	0.00%	2.50%	2.50%
Cost of living adjustment	0.00%	3.00%	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.

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.

For each major asset class that is included in the pension plans target asset allocation for fiscal year 2018, these best estimates 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%	0.30%	0.30%
Fixed income	20.00%	1.50%	2.00%
Equity	49.00%	6.00%	7.40%
Marketable alternatives	19.00%	3.10%	3.50%
Private markets	12.00%	5.20%	7.00%
	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.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Discount rate: The discount rate used to measure the total pension liability was 7.00% for the Public Employee Plan, 5.92% for the Law Enforcement Plan, 4.01% for the Paid Firemen's Plan A, and 7.00% 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.

	1% Decrease	Current Single Discount Rate Assumption	1% Increase
Public Employee Pension Plan			
City of Cheyenne	\$ 39,911,387	\$ 28,778,132	\$ 19,487,531
Board of Public Utilities	17,644,879	12,722,850	8,615,464
Paid Firemen's Pension Plan A	1,271,814,993	68,357,664	620,989,035
Paid Firemen's Pension Plan B	1,037,713,658	5,155,687	506,684,389
Law Enforcement Pension Plan	208,032,476	11,923,758	101,576,005

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, 2019 was \$30,625.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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.

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, 2019:

	Vacation Leave	Sick Leave	Comp Time	Early Retirement Obligation	Total
Governmental Activities	\$ 2,259,580	\$ 2,219,028	\$ 533,764	\$ -	\$ 5,012,372
Business-type Activities					
Waterworks fund	383,662	296,131	92,025	287,312	1,059,130
Sewer fund	261,160	197,421	61,350	191,543	711,474
Solid waste fund	188,913	189,488	7,594	-	385,995
Fleet maintenance fund	31,197	25,560	2,249	-	59,006
Civic Center fund	8,990	8,818	4,620	-	22,428
Ice and Events Center fund	11,336	7,763	2,112	-	21,211
Total business-type activities	885,258	725,181	169,950	478,855	2,259,244
Total all funds	\$ 3,144,838	\$ 2,944,209	\$ 703,714	\$ 478,855	\$ 7,271,616

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

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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, 2019, there were two series of industrial revenue bonds outstanding, with an aggregate principal amount payable of \$7,107,083.

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 \$8,370,370 reported as landfill closure and post-closure care liability at June 30, 2019, represents the cumulative liability estimated to date based on the use of 48.36% of the estimated capacity of the site. The City will recognize the remaining estimated cost of closure and post-closure care of \$8,938,044 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 2019. The City expects the landfill site to be at full capacity in approximately 68 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, 2019 is as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Deferred Outflows of Resources:		
Deferred loss on refunding	\$ 188,898	\$ 303,271
Deferred outflows, pension liability	24,214,234	4,284,829
Deferred outflows, OPEB liability	248,506	-
Total deferred outflows of resources	<u><u>\$ 24,651,638</u></u>	<u><u>\$ 4,588,100</u></u>
Deferred Inflows of Resources:		
Unavailable property taxes	\$ 5,877,991	\$ -
Deferred inflows, pension liability	9,492,791	421,627
Deferred inflows, OPEB liability	246,682	-
Total deferred inflows of resources	<u><u>\$ 15,617,464</u></u>	<u><u>\$ 421,627</u></u>

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS
June 30, 2019

Note 14. Commitments

As of June 30, 2019, 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 2019, the amounts below represent the activity pertaining to the contract as a whole.

	Expended to Date at June 30, 2019	Total Contract	Commitment at June 30, 2019
Governmental Activities			
Civic Center Commons Park	\$ 6,598,035	\$ 6,833,524	\$ 235,489
2018 Traffic Signal Upgrade	426,352	448,020	21,668
2018 Chip Seal #1	827,939	880,800	52,861
2018 Chip Seal #2	931,404	1,115,396	183,992
2017 City Chip Seal #2	794,047	814,363	20,316
Pavement Rehabilitation, 20th Street and Mountain Road	583,328	1,891,929	1,308,601
Evers Boulevard Reconstruction	1,860,377	7,453,669	5,593,292
Christensen Railroad Overpass and Corridor	1,230,028	10,557,155	9,327,127
Storm Sewer Improvements, Southwest and Grandview	-	179,229	179,229
Smalley Park Greenway Reconstruction	-	119,190	119,190
Miscellaneous Governmental	139,995	1,786,532	1,646,537
Total governmental activities	\$ 13,391,505	\$ 32,079,807	\$ 18,688,302
Business-type Activities			
FY17 Water Rehabs	2,253,425	2,887,387	633,962
FY18 Water Rehabs	1,255,308	1,588,332	333,024
FY18 Sewer Rehabs	1,238,343	1,375,937	137,594
S. Sewer Interceptor Main Phase I	11,356,921	12,562,839	1,205,918
Miscellaneous Water Projects	3,319,197	7,117,001	3,797,804
Miscellaneous Sewer Projects	2,110,886	2,513,272	402,386
Total business-type activities	21,534,080	28,044,768	6,510,688
Total primary government	\$ 34,925,585	\$ 60,124,575	\$ 25,198,990

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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 was adopted to conform to the provisions of GASB Statement No. 75 but, due to a misstatement the beginning net position for the fiscal year ended June 30, 2019, was restated by \$1,052,425.

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, 2019, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	32
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	<u>459</u>
Total plan members	<u><u>491</u></u>

Rollforward Disclosure

The actuarial valuation was performed as of June 30, 2018. Updated procedures were used to roll forward the total OPEB liability to June 30, 2019.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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

At June 30, 2019, the City reported a total OPEB liability of \$6,496,511. The total OPEB liability was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

Changes in the total OPEB liability:

Total OPEB Liability:	
Service cost	\$ 243,371
Interest on the total OPEB liability	220,105
Change of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions	275,378
Benefit payments	<u>(401,826)</u>
Net change in total OPEB liability	337,028
Total OPEB liability, beginning (restated)	<u>6,159,483</u>
Total OPEB liability, ending	<u><u>\$ 6,496,511</u></u>

For the year ended June 30, 2019, the City recognized OPEB expense of \$460,438. At June 30, 2019 the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions or other inputs	<u>\$ 248,506</u>	<u>\$ 246,682</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,	
2020	\$ (3,038)
2021	(3,038)
2022	(3,038)
2023	(3,038)
2024	(3,038)
Thereafter	<u>17,014</u>
	<u><u>\$ 1,824</u></u>

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

Actuarial methods and assumptions: The total OPEB liability was determined by an actuarial valuation as of June 30, 2019, 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	3.13% as of June 30, 2019
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 3.62% as of June 30, 2018 to 3.13% as of June 30, 2019. The discount rate is based on the Fidelity "20-Year Municipal GO AA Index".

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

June 30, 2019

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 3.13%, 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 (2.13%) or 1-percentage-point higher (4.13%) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB liability	<u>\$ 7,097,025</u>	<u>\$ 6,496,511</u>	<u>\$ 5,947,395</u>

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	Current Healthcare Cost Trend Rate	1% Increase
Total OPEB liability	<u>\$ 5,810,622</u>	<u>\$ 6,496,511</u>	<u>\$ 7,306,908</u>

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, 2019

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 12,983,281	\$ 12,983,281	\$ 12,208,502	\$ (774,779)
Licenses and permits	2,473,500	2,473,500	3,125,031	651,531
Intergovernmental	31,599,076	33,101,543	33,344,325	242,782
Charges for services	2,599,650	2,599,650	1,810,563	(789,087)
Fines and forfeitures	1,373,000	1,373,000	1,301,931	(71,069)
Investment income (loss)	191,000	191,000	543,370	352,370
Miscellaneous	737,000	737,000	891,865	154,865
Total revenues	51,956,507	53,458,974	53,225,587	(233,387)
Expenditures				
General government				
City Council	296,572	324,725	278,769	45,956
Mayor	3,120,783	3,128,006	3,065,521	62,485
Economic/Community Development	2,211,059	-	-	-
Engineering	1,027,917	1,118,357	1,097,054	21,303
Miscellaneous	4,067,355	5,376,009	4,101,566	1,274,443
Support Services	-	2,847,035	2,803,297	43,738
City Treasurer	833,814	873,857	835,491	38,366
City Clerk	2,070,203	2,105,299	1,977,122	128,177
Planning and Development	2,085,079	2,087,920	1,915,998	171,922
Special projects	50,000	-	-	-
Public works	4,177,124	4,346,860	3,958,336	388,524
Public safety				
Fire	11,544,548	11,631,734	11,748,664	(116,930)
Police	14,351,555	15,001,233	14,610,651	390,582
Recreation				
Community recreation and events	7,664,788	7,965,085	7,449,416	515,669
Total expenditures	53,500,797	56,806,120	53,841,885	2,964,235
Excess (deficiency) of revenues over expenditures	(1,544,290)	(3,347,146)	(616,298)	2,730,848
Other Financing Sources (Uses)				
Transfers out	-	-	(889,074)	889,074
Transfers in	794,290	808,890	763,024	(45,866)
Proceeds from sales of assets	-	-	97,642	97,642
Total other financing sources (uses)	794,290	808,890	(28,408)	940,850
Net change in fund balance	\$ (750,000)	\$ (2,538,256)	\$ (644,706)	\$ 3,671,698

See Notes to Required Supplementary Information.

CITY OF CHEYENNE, WYOMING

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

Last Two Fiscal Years*

	<u>2019</u>	<u>2018</u>
Total OPEB Liability		
Service cost	\$ 243,371	\$ 270,144
Interest on the total OPEB liability	220,105	224,371
Changes in benefit terms	-	-
Difference between expected and actual experience	-	-
Changes of assumptions	275,378	(306,502)
Benefit payments	<u>(401,826)</u>	<u>(392,021)</u>
Net change in total OPEB liability	337,028	(204,008)
Total OPEB liability, beginning	<u>6,159,483</u>	<u>6,363,491</u>
Total OPEB liability, ending	<u><u>\$ 6,496,511</u></u>	<u><u>\$ 6,159,483</u></u>
Covered-Employee Payroll	<u><u>\$ 26,908,871</u></u>	<u><u>\$ 26,252,557</u></u>
Total OPEB liability		
as a percentage of covered-employee payroll	24.14%	23.46%

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

See Notes to Required Supplementary Information.

CITY OF CHEYENNE, WYOMING

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY

Last 6 Fiscal Years*

	For the Year Ended June 30,					
	2019	2018	2017	2016	2015	2014
Public Employee Pension Plan						
City of Cheyenne						
City's proportion of the net pension liability (asset)	0.9450%	0.9312%	0.9045%	0.8842%	0.8850%	0.8686%
City's proportionate share of the net pension liability (asset)	\$ 28,778,132	\$ 21,224,141	\$ 21,868,666	\$ 20,595,553	\$ 15,618,025	\$ 13,205,851
City's covered payroll	16,446,362	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	174.98%	129.71%	133.89%	129.26%	101.09%	88.26%
Plan fiduciary net position as a percentage of the total pension liability	69.17%	76.35%	73.42%	73.40%	79.08%	81.10%
Board of Public Utilities						
Board's proportion of the net pension liability (asset)	0.4178%	0.4072%	0.3979%	0.3838%	0.3621%	0.3772%
Board's proportionate share of the net pension liability (asset)	\$ 12,722,850	\$ 9,280,567	\$ 9,619,011	\$ 8,940,291	\$ 6,390,668	\$ 5,735,039
Board's covered payroll	7,409,311	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	171.71%	129.30%	134.95%	130.40%	101.32%	88.73%
Plan fiduciary net position as a percentage of the total pension liability	69.17%	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)	30.1135%	29.9816%	30.1332%	29.1245%	29.8597%	29.2907%
City's proportionate share of the net pension liability (asset)	\$ 68,357,664	\$ 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%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	29.99%	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)	24.5705%	24.3574%	23.4759%	23.5543%	24.4894%	25.0324%
City's proportionate share of the net pension liability (asset)	\$ 5,155,687	\$ 10,043,721	\$ 7,409,315	\$ 7,201,639	\$ (275,411)	\$ (902,906)
City's covered payroll	6,891,466	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	74.81%	153.29%	112.21%	111.96%	-4.22%	-14.32%
Plan fiduciary net position as a percentage of the total pension liability	87.07%	77.98%	80.16%	79.33%	100.98%	103.45%
Law Enforcement Pension Plan						
City's proportion of the net pension liability (asset)	4.9257%	4.7984%	4.5225%	4.4224%	4.4884%	4.4436%
City's proportionate share of the net pension liability (asset)	\$ 11,923,758	\$ 4,128,778	\$ 3,414,154	\$ 3,322,120	\$ 1,322,464	\$ 810,003
City's covered payroll	7,735,333	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	154.15%	55.41%	48.24%	47.91%	19.07%	12.08%
Plan fiduciary net position as a percentage of the total pension liability	71.22%	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 Notes to Required Supplementary Information.

CITY OF CHEYENNE, WYOMING

SCHEDULE OF THE CITY'S CONTRIBUTIONS
Last 6 Fiscal Years

	For the Year Ended June 30,					
	2019	2018	2017	2016	2015	2014
Public Employee Pension Plan						
City of Cheyenne						
Statutorily required contribution	\$ 1,453,409	\$ 1,370,762	\$ 1,427,569	\$ 1,372,651	\$ 1,203,890	\$ 1,078,803
Contribution in relation to the statutorily required contribution	<u>1,453,409</u>	<u>1,370,762</u>	<u>1,427,569</u>	<u>1,372,651</u>	<u>1,203,890</u>	<u>1,078,803</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 16,940,902	\$ 16,377,083	\$ 16,694,692	\$ 16,220,390	\$ 15,660,040	\$ 15,194,542
Contributions as a percentage of covered-employee payroll	8.58%	8.37%	8.55%	8.46%	7.69%	7.10%
Board of Public Utilities						
Statutorily required contribution	\$ 645,547	\$ 608,519	\$ 602,689	\$ 586,407	\$ 512,031	\$ 465,964
Contribution in relation to the statutorily required contribution	<u>645,547</u>	<u>608,519</u>	<u>602,689</u>	<u>586,407</u>	<u>512,031</u>	<u>465,964</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 7,524,834	\$ 7,270,239	\$ 7,200,585	\$ 7,006,054	\$ 6,719,564	\$ 6,544,388
Contributions as a percentage of covered-employee payroll	8.58%	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	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Paid Firemen's Pension Plan B						
Statutorily required contribution	\$ 836,796	\$ 802,935	\$ 785,180	\$ 772,527	\$ 783,023	\$ 779,804
Contribution in relation to the statutorily required contribution	<u>836,796</u>	<u>802,935</u>	<u>785,180</u>	<u>772,527</u>	<u>783,023</u>	<u>779,804</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 6,973,302	\$ 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%	12.00%
Law Enforcement Pension Plan						
Statutorily required contribution	\$ 688,842	\$ 652,267	\$ 618,944	\$ 605,058	\$ 591,129	\$ 595,430
Contribution in relation to the statutorily required contribution	<u>688,842</u>	<u>652,267</u>	<u>618,944</u>	<u>605,058</u>	<u>591,129</u>	<u>595,430</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 8,009,795	\$ 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%	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 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	\$ 53,225,587
Differences, budget to U.S. GAAP:	
Adjustments to include various pass-through funds included in the General Fund on the U.S. GAAP basis	<u>440,854</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u><u>\$ 53,666,441</u></u>
Expenditures	
Actual amounts (budgetary basis) from the budgetary comparison schedule	\$ 53,841,885
Differences, budget to U.S. GAAP:	
Adjustments to include various pass-through funds included in the General Fund on the U.S. GAAP basis	671,339
Adjustment for capital lease expenditures recognition required by U.S. GAAP	<u>1,014,797</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u><u>\$ 55,528,021</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, 2017 measurement date and the December 31, 2018 measurement date.

Changes in assumptions: There were no changes in assumptions between the December 31, 2017 measurement date and the December 31, 2018 measurement date for the Public Employee Pension Plan or the Paid Firemen’s Pension Plan A. However, there was a change in the assumed discount rate from 7.00% to 5.92% for the Law Enforcement Pension Plan and from 5.65% to 7.00% for the Paid Firemen’s Pension Plan B between the December 31, 2017 measurement date and the December 31, 2018 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, 2018 measurement date and the June 30, 2019 measurement date.

Changes in assumptions: There was a change in assumption between the June 30, 2018 measurement date and the June 30, 2019 measurement date, related to the change in discount rate, whereby the discount rate decreased from 3.62% at June 30, 2018 to 3.13% at June 30, 2019.

**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, 2019

	Special Revenue Funds			
	Weed and Pest Control	Youth Alternative Grants	Juvenile Justice	Special Friends
ASSETS				
Cash and cash equivalents	\$ -	\$ 315,484	\$ 183,848	\$ 91,348
Receivables				
Customers	-	23,696	2,150	-
Due from other funds	-	-	-	-
Due from other governments	-	14,149	-	-
Cash and cash equivalents, restricted	597,840	-	-	-
Total assets	<u>\$ 597,840</u>	<u>\$ 353,329</u>	<u>\$ 185,998</u>	<u>\$ 91,348</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)				
Liabilities				
Accounts payable	\$ 28,353	\$ 1,335	\$ 52	\$ 241
Accrued salaries	-	3,918	170	-
Due to other funds	-	-	-	-
Total liabilities	<u>28,353</u>	<u>5,253</u>	<u>222</u>	<u>241</u>
Deferred inflows of resources	-	-	-	-
Fund balances (deficits)				
Restricted	569,487	-	185,776	91,107
Committed	-	348,076	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances (deficits)	<u>569,487</u>	<u>348,076</u>	<u>185,776</u>	<u>91,107</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 597,840</u>	<u>\$ 353,329</u>	<u>\$ 185,998</u>	<u>\$ 91,348</u>

Special Revenue Funds

Community Development Block Grant	Law Enforcement Block Grant	Miscellaneous Federal Grants
\$ 45	\$ 102,126	\$ 1,972
-	-	-
-	-	-
26,965	49,596	144,981
-	-	-
<u>\$ 27,010</u>	<u>\$ 151,722</u>	<u>\$ 146,953</u>
\$ 14,481	\$ 22,035	\$ 35,414
-	70	-
24,000	138,000	146,000
<u>38,481</u>	<u>160,105</u>	<u>181,414</u>
-	12,941	62,848
-	26,430	90,685
-	-	-
-	-	-
<u>(11,471)</u>	<u>(47,754)</u>	<u>(187,994)</u>
<u>(11,471)</u>	<u>(21,324)</u>	<u>(97,309)</u>
<u>\$ 27,010</u>	<u>\$ 151,722</u>	<u>\$ 146,953</u>

Continued

CITY OF CHEYENNE, WYOMING

COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS, *Continued*

June 30, 2019

	Special Revenue Funds		
	Transportation Planning	UMTA Transit Grant	State Grants
ASSETS			
Cash and cash equivalents	\$ 225	\$ 522	\$ 254
Receivables			
Customers	-	-	384,887
Due from other funds	-	-	584,171
Due from other governments	240,030	722,607	181,305
Cash and cash equivalents, restricted	-	-	-
Total assets	<u>\$ 240,255</u>	<u>\$ 723,129</u>	<u>\$1,150,617</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	\$ 70,722	\$ 13,859	\$ 479,613
Accrued salaries	-	379	-
Due to other funds	172,000	879,000	507,000
Total liabilities	<u>242,722</u>	<u>893,238</u>	<u>986,613</u>
Deferred inflows of resources	-	-	-
Fund balances (deficits)			
Restricted	-	-	164,004
Committed	-	-	-
Assigned	-	-	-
Unassigned	(2,467)	(170,109)	-
Total fund balances (deficits)	<u>(2,467)</u>	<u>(170,109)</u>	<u>164,004</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 240,255</u>	<u>\$ 723,129</u>	<u>\$1,150,617</u>

Special Revenue Funds

<u>Recreation Programs</u>	<u>Annexation Improvements</u>	<u>Housing Loans</u>
\$ 423,531	\$ 360,053	\$ 254,969
91,556	-	110,814
-	-	-
-	-	-
-	-	-
<u>\$ 515,087</u>	<u>\$ 360,053</u>	<u>\$ 365,783</u>

\$ 62,917	\$ 121,878	\$ 324
21,779	-	-
-	-	-
<u>84,696</u>	<u>121,878</u>	<u>324</u>

<u>12,860</u>	<u>-</u>	<u>110,815</u>
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-	-	254,644
417,531	238,175	-
-	-	-
-	-	-
<u>417,531</u>	<u>238,175</u>	<u>254,644</u>

<u>\$ 515,087</u>	<u>\$ 360,053</u>	<u>\$ 365,783</u>
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Continued

CITY OF CHEYENNE, WYOMING

COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS, *Continued*
June 30, 2019

	Capital Projects Funds			
	Youth Alternatives	Athletic Facilities	Parks Facilities	Development Impact Fees
ASSETS				
Cash and cash equivalents	\$ 37,710	\$ 411,467	\$ 100,395	\$ 1,099,358
Receivables				
Customers	-	-	-	3,892
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Cash and cash equivalents, restricted	-	-	-	-
Total assets	<u>\$ 37,710</u>	<u>\$ 411,467</u>	<u>\$ 100,395</u>	<u>\$ 1,103,250</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)				
Liabilities				
Accounts payable	\$ 254	\$ -	\$ -	\$ 55,124
Accrued salaries	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>254</u>	<u>-</u>	<u>-</u>	<u>55,124</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits)				
Restricted	-	-	100,395	-
Committed	37,456	-	-	1,048,126
Assigned	-	411,467	-	-
Unassigned	-	-	-	-
Total fund balances (deficits)	<u>37,456</u>	<u>411,467</u>	<u>100,395</u>	<u>1,048,126</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 37,710</u>	<u>\$ 411,467</u>	<u>\$ 100,395</u>	<u>\$ 1,103,250</u>

<u>Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Cemetery Perpetual Care	
\$ 773,222	\$ 4,156,529
-	616,995
-	584,171
-	1,379,633
-	597,840
<u>\$ 773,222</u>	<u>\$ 7,335,168</u>

\$ 1,420	\$ 908,022
-	26,316
-	1,866,000
<u>1,420</u>	<u>2,800,338</u>

<u>-</u>	<u>199,464</u>
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771,802	2,254,330
-	2,089,364
-	411,467
-	(419,795)
<u>771,802</u>	<u>4,335,366</u>

<u>\$ 773,222</u>	<u>\$ 7,335,168</u>
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CITY OF CHEYENNE, WYOMING

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2019**

	Special Revenue Funds		
	Weed and Pest Control	Youth Alternatives Grants	Juvenile Justice
Revenues			
Intergovernmental	\$ 642,881	\$ 409,064	\$ 66,900
Charges for services	-	-	-
Investment income	-	5,141	5,356
Miscellaneous	1,952	19,260	7,098
Total revenues	<u>644,833</u>	<u>433,465</u>	<u>79,354</u>
Expenditures			
Current			
General government	-	-	-
Public safety	-	249,705	77,103
Public works	-	-	-
Health and welfare	535,322	141,681	-
Recreation	-	-	-
Capital outlay	-	-	-
Debt service			
Principal retirements	-	-	-
Interest payments	-	-	-
Total expenditures	<u>535,322</u>	<u>391,386</u>	<u>77,103</u>
Revenues over (under) expenditures	<u>109,511</u>	<u>42,079</u>	<u>2,251</u>
Other Financing Sources (Uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Proceeds from sales of assets	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances (deficits)	109,511	42,079	2,251
Fund Balances (deficits), beginning of year	<u>459,976</u>	<u>305,997</u>	<u>183,525</u>
Prior period adjustment to properly record revenues which were improperly billed/not billed prior to fiscal year 2019	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (deficits), beginning of year as restated	<u>459,976</u>	<u>305,997</u>	<u>183,525</u>
Fund balances (deficits), end of year	<u><u>\$ 569,487</u></u>	<u><u>\$ 348,076</u></u>	<u><u>\$ 185,776</u></u>

Special Revenue Funds			
Special Friends	Community Development Block Grant	Law Enforcement Block Grant	Miscellaneous Federal Grants
\$ 67,352	\$ 443,039	\$ 444,736	\$ 3,893,668
-	-	-	-
-	-	-	-
13,421	-	-	-
<u>80,773</u>	<u>443,039</u>	<u>444,736</u>	<u>3,893,668</u>
-	-	-	22,430
-	-	462,318	155,319
-	-	-	-
85,829	447,745	-	-
-	-	-	22,647
-	-	15,042	2,387,080
-	-	-	-
-	-	-	-
-	-	-	-
<u>85,829</u>	<u>447,745</u>	<u>477,360</u>	<u>2,587,476</u>
<u>(5,056)</u>	<u>(4,706)</u>	<u>(32,624)</u>	<u>1,306,192</u>
-	-	101,671	1,939,337
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>101,671</u>	<u>1,939,337</u>
<u>(5,056)</u>	<u>(4,706)</u>	<u>69,047</u>	<u>3,245,529</u>
<u>96,163</u>	<u>(42,432)</u>	<u>(90,371)</u>	<u>(3,184,176)</u>
-	35,667	-	(158,662)
<u>96,163</u>	<u>(6,765)</u>	<u>(90,371)</u>	<u>(3,342,838)</u>
<u>\$ 91,107</u>	<u>\$ (11,471)</u>	<u>\$ (21,324)</u>	<u>\$ (97,309)</u>

Continued

CITY OF CHEYENNE, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS, *Continued*
Year Ended June 30, 2019

	Special Revenue Funds		
	Transportation Planning	UMTA Transit Grant	State Grants
Revenues			
Intergovernmental	\$ 755,531	\$ 1,365,005	\$ 2,320,358
Charges for services	-	-	-
Investment income	-	-	44,540
Miscellaneous	-	937	383,557
Total revenues	<u>755,531</u>	<u>1,365,942</u>	<u>2,748,455</u>
Expenditures			
Current			
General government	-	-	22,270
Public safety	-	-	-
Public works	786,574	1,761,143	-
Health and welfare	-	-	-
Recreation	-	-	-
Capital outlay	-	109,463	1,909,634
Debt service			
Principal retirements	-	-	230,227
Interest payments	-	-	6,135
Total expenditures	<u>786,574</u>	<u>1,870,606</u>	<u>2,168,266</u>
Revenues over (under) expenditures	<u>(31,043)</u>	<u>(504,664)</u>	<u>580,189</u>
Other financing sources (uses)			
Transfers in	37,718	615,275	624,523
Transfers out	-	-	-
Proceeds from sales of assets	-	4,420	-
Total other financing sources (uses)	<u>37,718</u>	<u>619,695</u>	<u>624,523</u>
Net change in fund balances (deficits)	<u>6,675</u>	<u>115,031</u>	<u>1,204,712</u>
Fund Balances (deficits), beginning of year	<u>(9,142)</u>	<u>(450,975)</u>	<u>(1,011,399)</u>
Prior period adjustment to properly record revenues which were improperly billed/not billed prior to fiscal year 2019	-	165,835	(29,309)
Fund Balances (deficits), beginning of year as restated	<u>(9,142)</u>	<u>(285,140)</u>	<u>(1,040,708)</u>
Fund balances (deficits), end of year	<u>\$ (2,467)</u>	<u>\$ (170,109)</u>	<u>\$ 164,004</u>

Special Revenue Funds

Recreation Programs	Annexation Improvements	Housing Loans
\$ 3,437	\$ -	\$ -
1,385,356	-	-
-	2,630	10,484
3,417	-	4,529
<u>1,392,210</u>	<u>2,630</u>	<u>15,013</u>
-	-	-
-	-	-
-	-	-
-	-	73,914
1,469,966	-	-
1,388	-	-
-	-	-
-	2,313	-
<u>1,471,354</u>	<u>2,313</u>	<u>73,914</u>
<u>(79,144)</u>	<u>317</u>	<u>(58,901)</u>
34,684	-	-
-	-	-
-	-	-
<u>34,684</u>	<u>-</u>	<u>-</u>
(44,460)	317	(58,901)
<u>461,991</u>	<u>237,858</u>	<u>313,545</u>
-	-	-
<u>461,991</u>	<u>237,858</u>	<u>313,545</u>
<u>\$ 417,531</u>	<u>\$ 238,175</u>	<u>\$ 254,644</u>

Continued

CITY OF CHEYENNE, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS, *Continued*
Year Ended June 30, 2019

	Capital Projects Funds			
	Youth Alternatives	Athletic Facilities	Parks Facilities	Development Impact Fees
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ 10,000
Charges for services	-	196,875	-	167,815
Investment income	-	2,025	-	16,414
Miscellaneous	2,142	5,000	-	-
Total revenues	<u>2,142</u>	<u>203,900</u>	<u>-</u>	<u>194,229</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	11,191	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation	-	4,292	10,416	12,567
Capital outlay	-	124,564	269,689	50,745
Debt service				
Principal retirements	-	-	-	-
Interest payments	-	-	-	-
Total expenditures	<u>11,191</u>	<u>128,856</u>	<u>280,105</u>	<u>63,312</u>
Revenues over (under) expenditures	<u>(9,049)</u>	<u>75,044</u>	<u>(280,105)</u>	<u>130,917</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	(68,563)	-
Proceeds from sales of assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(68,563)</u>	<u>-</u>
Net change in fund balances (deficits)	<u>(9,049)</u>	<u>75,044</u>	<u>(348,668)</u>	<u>130,917</u>
Fund Balances (deficits), beginning of year	<u>46,505</u>	<u>336,423</u>	<u>449,063</u>	<u>917,209</u>
Prior period adjustment to properly record revenues which were improperly billed/not billed prior to fiscal year 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances (deficits), beginning of year as restated	<u>46,505</u>	<u>336,423</u>	<u>449,063</u>	<u>917,209</u>
Fund balances (deficits), end of year	<u>\$ 37,456</u>	<u>\$ 411,467</u>	<u>\$ 100,395</u>	<u>\$1,048,126</u>

<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Cemetery Perpetual Care	
\$ -	\$ 10,421,971
-	1,750,046
15,024	101,614
<u>20,710</u>	<u>462,023</u>
<u>35,734</u>	<u>12,735,654</u>
-	44,700
-	955,636
-	2,547,717
-	1,284,491
-	1,519,888
-	4,867,605
-	230,227
-	<u>8,448</u>
<u>-</u>	<u>11,458,712</u>
<u>35,734</u>	<u>1,276,942</u>
-	3,353,208
(15,024)	(83,587)
<u>-</u>	<u>4,420</u>
<u>(15,024)</u>	<u>3,274,041</u>
20,710	4,550,983
<u>751,092</u>	<u>(229,148)</u>
-	13,531
<u>751,092</u>	<u>(215,617)</u>
<u>\$ 771,802</u>	<u>\$ 4,335,366</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, 2019

	Civic Center Fund	Ice and Events Center Fund	Nonmajor Proprietary Funds Totals
ASSETS			
Current assets			
Cash and cash equivalents	\$ 854	\$ 370	\$ 1,224
Receivables			
Accounts, customers	2,369	3,110	5,479
Total current assets	<u>3,223</u>	<u>3,480</u>	<u>6,703</u>
Noncurrent assets			
Capital assets being depreciated			
Land	-	342,243	342,243
Machinery and equipment	445,512	380,600	826,112
Transportation equipment	-	35,086	35,086
Buildings and improvements	3,867,398	2,982,223	6,849,621
Office furniture and equipment	117,868	37,712	155,580
Accumulated depreciation	(3,909,663)	(1,353,608)	(5,263,271)
Total noncurrent assets	<u>521,115</u>	<u>2,424,256</u>	<u>2,945,371</u>
Total assets	<u>\$ 524,338</u>	<u>\$ 2,427,736</u>	<u>\$ 2,952,074</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 40,265	\$ 15,146	\$ 55,411
Unearned revenue	29,489	-	29,489
Due to other funds	1,000,000	356,810	1,356,810
Accrued salaries, including vacation and sick leave	20,564	5,053	25,617
Total current liabilities	<u>1,090,318</u>	<u>377,009</u>	<u>1,467,327</u>
Noncurrent liabilities			
Accrued compensated absences	9,160	18,899	28,059
Total noncurrent liabilities	<u>9,160</u>	<u>18,899</u>	<u>28,059</u>
Total liabilities	<u>1,099,478</u>	<u>395,908</u>	<u>1,495,386</u>
NET POSITION			
Net investment in capital assets	521,115	2,424,256	2,945,371
Unrestricted (deficit)	(1,096,255)	(392,428)	(1,488,683)
Total net position	<u>\$ (575,140)</u>	<u>\$ 2,031,828</u>	<u>\$ 1,456,688</u>

CITY OF CHEYENNE, WYOMING

**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
Year Ended June 30, 2019**

	Civic Center Fund	Ice and Events Center Fund	Nonmajor Proprietary Funds Totals
Operating revenues			
Sales and charges for services	\$ 1,699,672	\$ 505,936	\$ 2,205,608
Fees and miscellaneous	171,986	(182)	171,804
Total operating revenues	<u>1,871,658</u>	<u>505,754</u>	<u>2,377,412</u>
Operating expenses			
Administrative and general	2,520,499	599,670	3,120,169
Depreciation	104,221	127,897	232,118
Parts and supplies	40,242	12,696	52,938
Intra-city charges	18,329	2,816	21,145
Total operating expenses	<u>2,683,291</u>	<u>743,079</u>	<u>3,426,370</u>
Operating income (loss)	<u>(811,633)</u>	<u>(237,325)</u>	<u>(1,048,958)</u>
Income (loss) before transfers	(811,633)	(237,325)	(1,048,958)
Nonoperating income (expenses)			
Gain (loss) on sale of assets	-	(600)	(600)
Total non-operating income (expenses)	<u>-</u>	<u>(600)</u>	<u>(600)</u>
Income (loss) before contributions and transfers	(811,633)	(237,925)	(1,049,558)
Transfers in	<u>120,000</u>	<u>80,000</u>	<u>200,000</u>
Change in net position	(691,633)	(157,925)	(849,558)
Total net position, beginning of year	<u>116,493</u>	<u>2,189,753</u>	<u>2,306,246</u>
Total net position, end of year	<u><u>\$ (575,140)</u></u>	<u><u>\$ 2,031,828</u></u>	<u><u>\$ 1,456,688</u></u>

CITY OF CHEYENNE, WYOMING

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
Year Ended June 30, 2019**

	Civic Center Fund	Ice and Events Center Fund	Nonmajor Proprietary Funds Totals
Cash Flows from Operating Activities			
Cash received from customers	\$ 1,914,841	\$ 503,677	\$ 2,418,518
Cash payments to suppliers	(2,096,342)	(265,164)	(2,361,506)
Cash payments to employees	(461,666)	(348,892)	(810,558)
Net cash (used in) operating activities	<u>(643,167)</u>	<u>(110,379)</u>	<u>(753,546)</u>
Cash Flows from Noncapital Financing Activities			
Transfers from other funds	120,000	80,000	200,000
Proceeds from amounts due to other funds	650,000	52,000	702,000
Net cash provided by noncapital financing activities	<u>770,000</u>	<u>132,000</u>	<u>902,000</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(122,743)	(23,439)	(146,182)
Net cash (used in) capital and related financing activities	<u>(122,743)</u>	<u>(23,439)</u>	<u>(146,182)</u>
Net increase (decrease) in cash and cash equivalents	4,090	(1,818)	2,272
Cash and cash equivalents, beginning of year	<u>(3,236)</u>	<u>2,188</u>	<u>(1,048)</u>
Cash and cash equivalents, end of year	<u>\$ 854</u>	<u>\$ 370</u>	<u>\$ 1,224</u>
Reconciliation of operating (loss) to net cash (used in) operating activities			
Operating (loss)	\$ (811,633)	\$ (237,325)	\$ (1,048,958)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities			
Depreciation	104,221	127,897	232,118
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities			
Receivables	14,349	(2,077)	12,272
Accounts payable	1,057	(8,547)	(7,490)
Accrued salaries including vacation and sick leave	20,005	9,673	29,678
Unearned revenue	28,834	-	28,834
Net cash (used in) operating activities	<u>\$ (643,167)</u>	<u>\$ (110,379)</u>	<u>\$ (753,546)</u>
Noncash investing, capital, and noncapital financing activities			
Capital assets transferred from other funds	\$ (19,995)	\$ (21,712)	\$ (41,707)

SINGLE AUDIT SECTION

CITY OF CHEYENNE, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

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, 2019
U.S. Department of Agriculture				
Pass through program from Wyoming State Forestry Division Cooperative Forestry Assistance	10.664	-	\$ -	\$ 22,647
U.S. Department of Commerce Direct Program				
Economic Development Cluster: Investments for Public Works and Economic Development	11.300	05-01-05628	-	196
U.S. Department of Housing and Urban Development Direct Program				
CDBG - Entitlement Grants Cluster: Community Development Block Grants/Entitlement Grants	14.218	-	364,050	447,745
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	56-18-08	-	15,600
Historic Preservation Fund Grants-In-Aid	15.904	56-19-02	-	12,993
Subtotal Historic Preservation Fund Grants-In-Aid				28,593
Outdoor Recreation Acquisition, Development, and Planning	15.916	56-00911	-	34,684
Total U.S. Department of the Interior				63,277
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	2018-WE-AX-0003	-	59,515
Bulletproof Vest Partnership Program	16.607	FY2016	-	8,020
Bulletproof Vest Partnership Program	16.607	FY2017	-	11,810
Subtotal Bulletproof Vest Partnership Program				19,830
Total U.S. Department of Justice Direct Programs				79,345
U.S. Department of Justice Pass Through Programs				
Pass through from Wyoming Division of Victim Services Crime Victim Assistance	16.575	2018-VA-GX-0036	-	87,733
Pass through from Wyoming Association of Sheriffs and Chiefs of Police				
Enforcing Underage Drinking Laws Program	16.727	PFS - 2018	-	30,068
Enforcing Underage Drinking Laws Program	16.727	PFS - 2019	-	4,007
Subtotal Enforcing Underage Drinking Laws Program				34,075
Pass through from Laramie County, Wyoming				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-1060	-	2,303
Edward Byrne Memorial Justice Assistance Grant Program	16.738	-	-	19,229
Subtotal Edward Byrne Memorial Justice Assistance Grant Program				21,532
Total U.S. Department of Justice Pass-Through Programs				143,340
Total U.S. Department of Justice				222,685

Continued

CITY OF CHEYENNE, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, *Continued*
 Year Ended June 30, 2019

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, 2019
U.S. Department of Transportation				
U.S. Department of Transportation Direct Programs				
Federal Transit Cluster:				
Federal Transit Formula Grant	20.507	90-X057-00	\$ -	\$ 1,824
Federal Transit Formula Grant	20.507	90-X059-00	-	79,822
Federal Transit Formula Grant	20.507	90-X062-00	-	516,801
Federal Transit Formula Grant	20.507	90-X063-00	-	382,928
Subtotal Federal Transit Cluster				<u>981,375</u>
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 & Frontier)	20.205	-	-	47,939
Highway Planning and Construction (Avenues/CB&Q)	20.205	-	-	13,753
Subtotal Highway Planning and Construction Cluster				<u>61,692</u>
Pass through from Wyoming Department of Transportation				
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research				
	20.505	-	-	717,812
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	-	18,606
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	-	-	20,895
Subtotal Alcohol Impaired Driving Countermeasures Incentive Grants				<u>39,501</u>
Pass through from Wyoming Association of Sheriffs and Chiefs of Police				
National Priority Safety Program	20.616	Non-DUI - FY2018	-	4,169
National Priority Safety Program	20.616	DUI - FY2018	-	10,745
National Priority Safety Program	20.616	Non-DUI - FY2019	-	21,338
National Priority Safety Program	20.616	DUI - FY2019	-	8,809
Subtotal National Priority Safety Program				<u>45,061</u>
Subtotal State and Community Highway Safety Cluster				<u>84,562</u>
Total U.S. Department of Transportation Pass-Through Programs			-	<u>864,066</u>
Total U.S. Department of Transportation			-	<u>1,845,441</u>
U.S. Environmental Protection Agency				
U.S. Environmental Protection Agency Direct Programs				
Brownfields Training, Research and Technical Assistance Grants and Cooperative Agreements	66.814	TR-96805701-0	-	3,206
U.S. Environmental Protection Agency Pass-Through Programs				
Pass through from Wyoming State Land and Investment Board and Administered by City of Cheyenne Board of Public Utilities				
Clean Water State Revolving Fund Cluster:				
Capitalization Grants for Clean Water State Revolving Fund	66.458	CWSRF-159	-	1,936,857
Drinking Water State Revolving Fund Cluster:				
Capitalization Grants for Drinking Water State Revolving Fund	66.468	DWSRF-133GR	-	435,003
Total U.S. Environmental Protection Agency Pass-Through Programs				<u>2,371,860</u>
Total U.S. Environmental Protection Agency				<u>2,375,066</u>
U.S. Department of Education				
Pass through from Laramie County Community Partnership				
Twenty-First Century Community Learning Centers	84.287	Cohort 11	-	91,830

Continued

CITY OF CHEYENNE, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, *Continued*
 Year Ended June 30, 2019

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, 2019
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	-	\$ -	<u>\$ 50,307</u>
U.S. Department of Homeland Security				
Pass through from Wyoming Office of Homeland Security Pre-Disaster Mitigation	97.047	14FEMA-CHE-PD-PDCH14	-	<u>2,316,895</u>
Homeland Security Grant Program	97.067	16-GPD-RR7-RR-HRT16	-	58,662
Homeland Security Grant Program	97.067	17-GPD-RR7-RR-HRT17	-	<u>96,657</u>
Subtotal Homeland Security Grant Program				<u>155,319</u>
Total U.S. Department of Homeland Security				<u>2,472,214</u>
Total Expenditures of Federal Awards			<u>\$ 364,050</u>	<u>\$ 7,591,408</u>

The Notes to 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. Summary of Significant Accounting Policies

Expenditures reported on the accompanying City of Cheyenne, Wyoming (the “City”) Schedule of Expenditures of Federal Awards (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. All programs are administered by the City unless otherwise noted.

Note 2. De Minimis Cost Rate

The City did not elect to use the de minimis cost rate.

Note 3. Basis of Presentation

The Schedule includes the Federal award activity of the City under programs of the Federal government for the year ended June 30, 2019. 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.



**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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 2, 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 2019-001 and 2019-002, 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the Schedule of Findings and Questioned Costs as item 2019-002.

The City's Response to Findings

The City's response to the findings 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 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.

McLee, Hearne & Paiz, LLP

Cheyenne, Wyoming
December 2, 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, 2019. 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, 2019.

Report on Internal Control over Compliance

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

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

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

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

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming
December 2, 2019

CITY OF CHEYENNE, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

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 U.S. 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 Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.507	Federal Transit Cluster
66.458	Capitalization Grants for Clean Water State Revolving Funds
66.468	Capitalization Grants for Drinking Water State Revolving Funds

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, 2019

II. FINANCIAL STATEMENT FINDINGS

2019-001: Audit Adjustments

Criteria: Under professional auditing standards, a control deficiency exists as City personnel either 1) did not identify or 2) identified but did not calculate 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 (U.S. 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 U.S. GAAP.

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

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

- Prior period adjustments were required to adjust for revenues improperly billed/not billed prior to the current year audit.
- Equity was not rolled forward properly from the prior year in the proprietary funds.
- Entries to properly recognize loan obligations.
- Entry to correct negative cash balances.

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

2019-002: Improper Classification of Expenditures – Private Award/Grant

Criteria: In accordance with the City's Accounting Manual, accounts payable payments are coded to accounts and projects, as well as reviewed and approved at the department level for propriety prior to being submitted to the Treasurer's office for payment.

Condition/Context: We selected three vendor payments, totaling \$27,518, coded to a private award/grant received by the City. Of these charges, \$5,253 appeared to be inconsistent with the award/grant terms. Simultaneously, the City reviewed all charges coded to this private award/grant and identified a total of \$23,354 that were improper charges to the private award/grant. This amount included the transactions also identified by us. As a result, these expenditures were subsequently reclassified out of the private grant and into a general discretionary account.

Cause: While these expenditures were reviewed and approved by the departmental supervisors within the Mayor's Office, per City policy, the expenditures were coded to incorrect accounts. The internal control process failed to identify the incorrect coding of the expenditures.

Effect: Expenditures were improperly coded and charged against an award/grant, which were not proper expenditures under the terms and conditions of the award/grant.

Recommendation: For all non-standard awards/grants, the City should consider identifying a point of contact within the Treasurer's office to help oversee the award/grant to ensure conformity with all award requirements, including allowable charges.

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, 2019

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

CITY OF CHEYENNE, WYOMING

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2019

FINDING	STATUS
<p><u>2018-001: 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 U.S. GAAP.</p>	<p>See finding 2019-001.</p>
<p><u>2018-002: 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>As a result of the Corrective Action Plan put in place by the City subsequent to the fiscal year 2018 audit, the City has changed its year-end accruals process. This will allow for appropriate and timely accruals, including revenue accruals. The City has also spent a considerable amount of time reconciling all City balance sheet accounts from March 2017 through June 30, 2019. All grant funds have been reconciled (local and State grant funds as well as Federal grant funds), which will ensure appropriate amounts are accrued at year end for any receivables due to the City from local, State, and Federal agencies and organizations going forward.</p> <p>Auditor’s Comment: Per work performed in the current year, the City implemented their Corrective Action Plan. This finding is considered to be resolved.</p>

CITY OF CHEYENNE, WYOMING

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2019

FINDING	STATUS				
<p>2018-003: Schedule of Expenditures of Federal Awards</p> <table border="1" data-bbox="207 531 792 840"> <tr> <td data-bbox="207 531 792 636"> Catalog of Federal Domestic Assistance (CFDA) Number and Title: CFDA #97.047, Pre-Disaster Mitigation </td> </tr> <tr> <td data-bbox="207 636 792 703"> Federal Agency Name: U.S. Department of Homeland Security </td> </tr> <tr> <td data-bbox="207 703 792 770"> Pass-through Entity Name: Wyoming Office of Homeland Security </td> </tr> <tr> <td data-bbox="207 770 792 840"> Award Year: July 1, 2017 – June 30, 2018 </td> </tr> </table> <p>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 quarters ended September 30, 2017, December 31, 2017, and March 31, 2018.</p>	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	<p>As a result of the Corrective Action Plan put in place by the City subsequent to fiscal year 2018, all FEMA SF-425 Federal financial reports have been submitted and a new process is in place to ensure all requirements are being met timely and accurately.</p> <p>Auditor's Comment: Per work performed in the current year, the City implemented their Corrective Action Plan. This finding is considered to be resolved.</p>
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					

**EXHIBIT I:
CORRECTIVE ACTION PLANS**



MEMORANDUM

TO: Amber M. Nuse, CPA, CTFA

FROM: Robin Lockman, CPA
City Treasurer

DATE: December 2, 2019

RE: 2019 Financial and Compliance Report
Audit Findings Corrective Action Plan

The response and Corrective Action Plan to the fiscal year 2019 findings are below.

2019-001: Audit Adjustments

Criteria: Under professional auditing standards, a control deficiency exists as City personnel either 1) did not identify or 2) identified but did not calculate 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 (U.S. GAAP).

Response and Corrective Action Plan: In fiscal year 2019 the City once again underwent a change in leadership in the City Treasurer's Department. The new City Treasurer started in March 2019 and the Deputy Treasurer started in the middle of the City's year-end process in August of 2019. The new City Treasurer discovered that reconciliations on all funds and balance sheet accounts except for cash had not been done consistently. As a result, all reconciliations were completed through June 30, 2019 and are now being done monthly, which led to the discovery of various prior period adjustments. The City Treasurer informed MHP and worked with them to correct this issue. The City Treasurer also informed MHP about the correction of the Swan Ranch Rail Spur loan obligation entry. As the staff in the City Treasurer's Department has now gone through an entire year-end process and audit, the other two audit entries (equity rolled forward for the prior year in proprietary funds and the correction of negative cash balances) have been included on the year-end checklist for Fiscal Year 2020 along with Swan Ranch Rail Spur loan obligation entry.

Continued



2019-002: Improper Classification of Expenditures

Criteria: In accordance with the City's Accounting Manual, accounts payable payments are coded to accounts and projects, as well as reviewed and approved at the department level for propriety prior to being submitted to the Treasurer's office for payment.

Response and Corrective Action Plan: Each City Department is responsible for approving expenditures for any grants awarded to the City. As such an educational class will be given by the City Treasurer's Departments to make sure departmental supervisors are aware of how to follow the terms and conditions of grant/award funds. Additionally, the City Treasurer's Department implemented a Grant Approval Form and Checklist in August of 2019 that is now a requirement to be completed and digitally approved by the City Treasurer prior to requesting grant funds. An Access database was also created by the City Treasurer's Department in September 2019 that includes all grant awards, agreements, award letters, and reimbursement requests in one centralized location. This allows the City Treasurer's Department to be kept apprised of all grant funds received by the City, to make sure copies all relevant documentation is received, and to ensure departments are following applicable reporting due dates. Finally, a new Budget and Accounting Analyst was hired in September 2019. This position is responsible for maintaining the grant database and reconciling three grant funds (Law Enforcement, Local and State Grants, and Federal Grants) on a monthly basis.