

CITY OF CHEYENNE, WYOMING
FINANCIAL AND COMPLIANCE REPORT
JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Notes 6 and 18 to the financial statements, the City adopted new accounting guidance with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal-control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 14, the budgetary comparison schedules on pages 77 and 78, the Schedule of Changes in the City's Total OPEB Liability and Related Ratios on page 79, the Schedule of the City's Proportionate Share of Net Pension Liability on pages 80 and 81, the Schedule of the City's Contributions on pages 82 and 83, and the Notes to Required Supplementary Information on pages 84 through 87 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB 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 GAAS, 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.

Supplementary 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. Such 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. The 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 GAAS. 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 29, 2022 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 29, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF CHEYENNE, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

The City of Cheyenne (the City) offers readers of the City's financial statements this narrative overview and analysis of the financial activities as of and for the fiscal year ended June 30, 2022. 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 begin on page 15 of this report.

Financial Highlights

The City's total net position (governmental and business-type combined) increased by \$99.01 million (16.38%) from 2021 to 2022. The governmental net position increased by \$84.67 million (35.18%) and the business-type net position increased by \$14.34 million (3.93%).

- The General Fund, the City's primary operating fund, reported an increase in fund balance of \$9.04 million on a current financial resource basis. As of June 30, 2022, the unassigned fund balance for the General Fund was \$31.43 million or 210 days of total General Fund expenditures of \$54.57 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, liabilities, and deferred inflows of resources. The difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources is reported as net position. Over time, increases or decreases in net position may provide an indication of whether the City's financial position is improving or deteriorating.

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

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety - police and fire, public works, health and welfare, and recreation. The business-type activities of the City include the Board of Public Utilities (water and sewer departments), the Solid Waste Fund, the Civic Center, and the Ice and Events Center.

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

CITY OF CHEYENNE, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

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 23 individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the Miscellaneous Federal Grants 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 19 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for all of its governmental funds. Budgetary comparison schedules have been provided for the General Fund and the Miscellaneous Federal Grants Fund to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 19 through 22 of this report.

Proprietary funds: The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Board of Public Utilities, Solid Waste Fund, Civic Center, and Ice and Events Center. The Internal Service Fund is used to account for activities of the City's Fleet Maintenance facility, and is allocated based on other funds' usage on the Statement of Net Position and Statement of Activities.

CITY OF CHEYENNE, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

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 23 through 27 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 statements 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 basic fiduciary fund financial statements can be found on pages 28 and 29 of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30 through 76 of this report.

Other information: Required supplementary information regarding the budget comparisons, total OPEB liability, and net pension liability is included in this report on pages 77 through 87. The combining statements referred to earlier in connection with nonmajor governmental funds and nonmajor proprietary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 88 through 99 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 85% 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 and accounts payable, 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, 2022

The following table reflects the condensed Statement of Net Position at June 30:

Statement of Net Position
(Amounts expressed in thousands; totals may not add due to rounding)

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------------|-------------------------|-------------------|--------------------------|-------------------|-------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Current assets | \$ 146,582 | \$ 122,818 | \$ 85,856 | \$ 77,465 | \$ 232,438 | \$ 200,283 |
| Capital and other assets | <u>281,542</u> | <u>282,332</u> | <u>376,289</u> | <u>368,053</u> | <u>657,831</u> | <u>650,385</u> |
| Total assets | <u>428,124</u> | <u>405,150</u> | <u>462,145</u> | <u>445,518</u> | <u>890,269</u> | <u>850,668</u> |
| Deferred outflows of resources | <u>23,301</u> | <u>8,940</u> | <u>1,765</u> | <u>1,208</u> | <u>25,066</u> | <u>10,148</u> |
| Long-term liabilities | <u>66,552</u> | <u>128,836</u> | <u>63,414</u> | <u>67,502</u> | <u>129,966</u> | <u>196,338</u> |
| Other liabilities | <u>22,490</u> | <u>16,574</u> | <u>15,985</u> | <u>12,267</u> | <u>38,475</u> | <u>28,841</u> |
| Total liabilities | <u>89,042</u> | <u>145,410</u> | <u>79,399</u> | <u>79,769</u> | <u>168,441</u> | <u>225,179</u> |
| Deferred inflows of resources | <u>37,016</u> | <u>27,987</u> | <u>6,432</u> | <u>3,221</u> | <u>43,448</u> | <u>31,208</u> |
| Net position: | | | | | | |
| Net investment in capital assets | <u>273,616</u> | <u>273,028</u> | <u>325,461</u> | <u>315,412</u> | <u>599,077</u> | <u>588,440</u> |
| Restricted | <u>73,612</u> | <u>71,184</u> | <u>500</u> | <u>500</u> | <u>74,112</u> | <u>71,684</u> |
| Unrestricted | <u>(21,861)</u> | <u>(103,519)</u> | <u>52,117</u> | <u>47,824</u> | <u>30,256</u> | <u>(55,695)</u> |
| Total net position | <u>\$ 325,367</u> | <u>\$ 240,693</u> | <u>\$ 378,078</u> | <u>\$ 363,736</u> | <u>\$ 703,445</u> | <u>\$ 604,429</u> |

A portion of the City's net position, 10.54%, represents resources that are subject to external restrictions on how they may be used. Currently in a surplus position, the remaining balance of unrestricted net position, \$30.26 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 activities increased by \$84.67 million during fiscal year 2022. This was up from a prior-year increase of \$19.78 million. Net position in the City's business-type activities increased by \$14.34 million during fiscal year 2022, compared to an increase of \$10.99 million in the prior year.

CITY OF CHEYENNE, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS

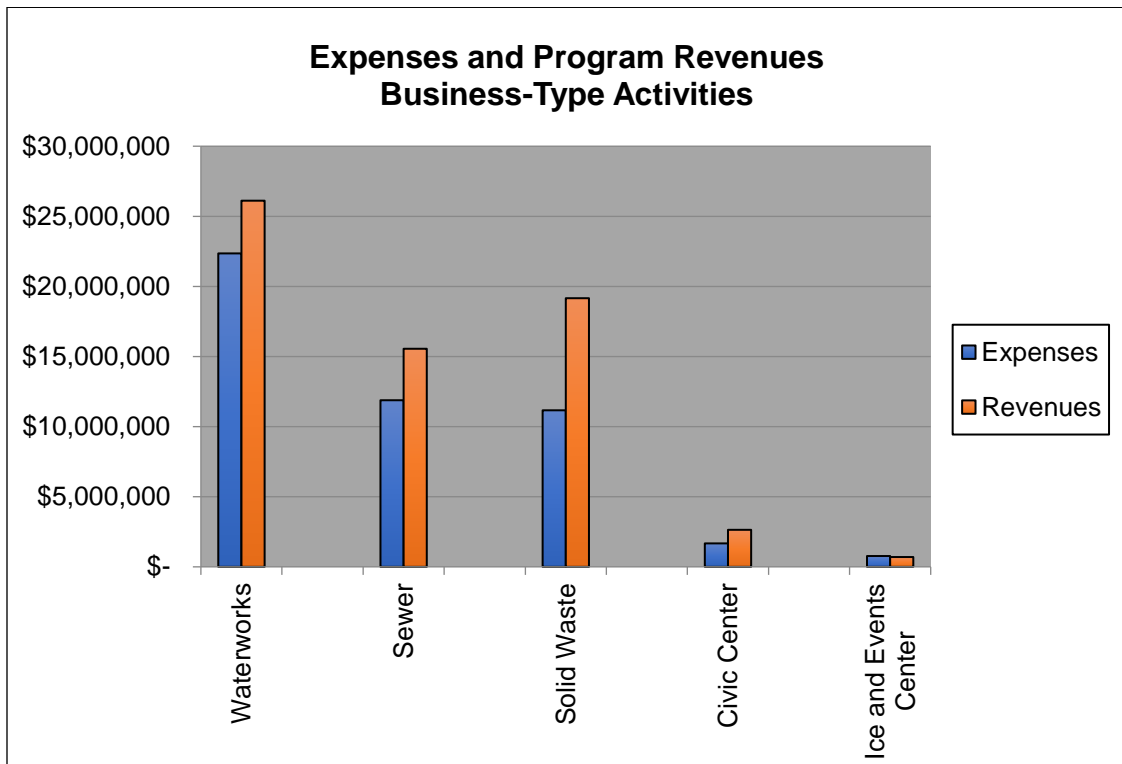
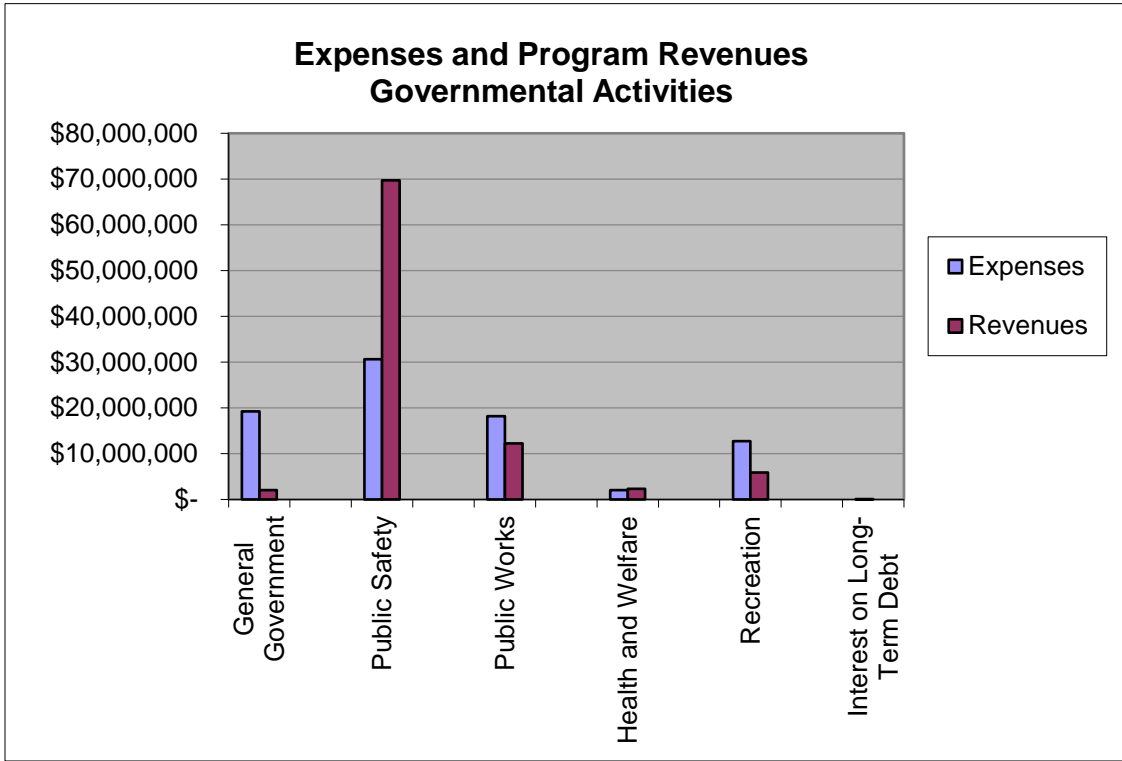
June 30, 2022

The following table reflects a condensed summary of activities and changes in net position for the years ended June 30:

| Changes in Net Position | | | | | | |
|--|-------------------------|------------|--------------------------|------------|-------------------|------------|
| (Amounts expressed in thousands; totals may not add due to rounding) | | | | | | |
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 11,440 | \$ 9,249 | \$ 55,175 | \$ 52,278 | \$ 66,615 | \$ 61,527 |
| Operating grants and contributions | 76,308 | 5,702 | 5,065 | 4,527 | 81,373 | 10,229 |
| Capital grants and contributions | 4,409 | 13,086 | 3,960 | 1,159 | 8,369 | 14,245 |
| General revenues: | | | | | | |
| Property and other taxes | 16,950 | 15,389 | - | - | 16,950 | 15,389 |
| Sales taxes | 52,570 | 55,810 | - | - | 52,570 | 55,810 |
| Intergovernmental | 6,652 | 6,072 | - | - | 6,652 | 6,072 |
| Other | (1,045) | 3,014 | (1,649) | (84) | (2,694) | 2,930 |
| Total revenues | 167,284 | 108,322 | 62,551 | 57,880 | 229,835 | 166,202 |
| Expenses: | | | | | | |
| Civic Center | - | - | 1,673 | 582 | 1,673 | 582 |
| General government | 19,242 | 15,484 | - | - | 19,242 | 15,484 |
| Health and welfare | 2,050 | 1,983 | - | - | 2,050 | 1,983 |
| Interest on long-term debt | 79 | 499 | - | - | 79 | 499 |
| Public safety | 30,661 | 45,570 | - | - | 30,661 | 45,570 |
| Public works | 18,179 | 15,195 | - | - | 18,179 | 15,195 |
| Recreation | 12,760 | 11,166 | - | - | 12,760 | 11,166 |
| Sewer | - | - | 11,883 | 11,446 | 11,883 | 11,446 |
| Solid waste | - | - | 11,165 | 10,982 | 11,165 | 10,982 |
| Water | - | - | 22,355 | 21,898 | 22,355 | 21,898 |
| Ice and events | - | - | 772 | 626 | 772 | 626 |
| Total expenses | 82,971 | 89,897 | 47,848 | 45,534 | 130,819 | 135,431 |
| Increase (decrease) in net position before transfers | 84,313 | 18,425 | 14,703 | 12,346 | 99,016 | 30,771 |
| Transfers | 361 | 1,352 | (361) | (1,352) | - | - |
| Change in net position | 84,674 | 19,777 | 14,342 | 10,994 | 99,016 | 30,771 |
| Net Position, beginning of year | 240,693 | 220,916 | 363,736 | 352,742 | 604,429 | 573,658 |
| Net Position, end of year | \$ 325,367 | \$ 240,693 | \$ 378,078 | \$ 363,736 | \$ 703,445 | \$ 604,429 |

CITY OF CHEYENNE, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022



CITY OF CHEYENNE, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

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, the 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 \$121,252,783. Approximately 26% of this total amount, \$31,108,980, constitutes the unassigned fund balance, which is available for spending at the government's discretion. The remainder of the 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 or 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, the unassigned fund balance of the General Fund was \$31,432,576, while the total fund balance reached \$38,010,616. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to the total fund expenditures. The unassigned fund balance represents 57.60% of the total General Fund expenditures, while the total fund balance represents 69.65% of that same amount. This compares to 47.77% and 53.74%, 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.

The unrestricted net position of the Waterworks Fund and the Sewer Fund at the end of the year amounted to \$42,164,544, the Solid Waste Fund was \$9,793,415, and the Civic Center and the Ice and Events Center amounted to \$53,436. 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 \$2,971,948. The major expenditure increases follow:

- \$359,961 in carryover projects
- \$217,268 in encumbrances
- \$153,727 to move three Botanic Gardens employees to the General Fund being temporarily paid for by the Operations and Maintenance (O&M) Fund in the Specific Purpose Option Tax Fund
- \$327,701 to hire four Animal Control Officers and one Animal Control Supervisor as well as pay for other necessary costs of the new Animal Control Division
- \$25,000 to hire a consultant to prepare a submission package for the American Rescue Plan Build Back Better Regional Challenge Phase I
- \$2,280 to provide training dollars for members of the Mayor's Council for People with Disabilities
- \$28,721 to pay for a price increase in the HVAC system maintenance contract
- \$562,056 to provide a \$1.50-per-hour raise for all eligible full-time employees starting on January 1, 2022
- \$86,572 to reinstate longevity pay for regular employees and police officers
- \$512,582 to increase the Fire Department's overtime budget
- \$77,000 to increase the public defender fees budget to cover increased costs

CITY OF CHEYENNE, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

- \$31,250 to pay for the homeless bridge project in cooperation with the Wyoming Department of Transportation
- \$16,200 to pay for animal shelter housing and care of animals after 10 days per Contract #7464
- \$11,995 to pay for 10 non-insured incidents under the deductible limit for the Police Department
- \$75,000 for higher-than-anticipated jail costs
- \$42,665 to install a new hydraulic power unit for the elevator at the Jack R. Spiker Parking Facility
- \$78,000 to pay for increased costs with the Cheyenne Animal Shelter's contract
- \$34,391 to replace one Clean and Safe Technician lost in the fiscal year 2021 budget reduction-in-force for six months
- \$10,000 to pay the insurance deductible for flood damage to the Youth Alternatives building and damages to the batting cages due to the March 2021 blizzard
- \$14,470 to pay for repairs to a 1999 Pierce Fire Truck (insurance reimbursement was received in fiscal year 2021 and not used until fiscal year 2022)
- \$15,000 to pay for development incentivization ordinance permit fee refunds
- \$137,187 for higher-than-projected fleet fuel, labor and parts inventory costs
- \$94,261 for higher-than-projected natural gas and electricity utility costs for City buildings
- \$58,661 to pay for additional roof replacement costs at the Ice and Events Center

Of this increase, \$2,971,948 was budgeted from the available fund balance. Expenditures were less than budgetary estimates, thus eliminating the need to further draw upon the 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, 2022 amounted to \$654,769,787 (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 1.02%.

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

- Replacement of public safety, public works and recreation vehicles and equipment
- Various recreation and quality-of-life projects, including the 17th Street Streetscape Project, Kiwanis (East) Park improvements, Cheyenne Junior League concession and restroom buildings construction, and the Romero and Sun Valley Playground Resurfacing Project
- Preliminary work on the construction of three new fire stations
- A variety of drainage and street construction projects, including the Christensen Road Overpass Project, the Reed Avenue Corridor Project, the Evers Boulevard Project, the 26th Street Capitol Basin storm sewer extension, the Laramie County Community College Sweetgrass Underpass, and various traffic signal upgrades
- Several greenway projects, including the Sun Valley Open Space to East Park Greenway Connector and the Carey Avenue Multi-Use Greenway Project
- Re-roofing the Ice and Events Center building
- Construction of a new landfill building/scale house, expansion of the City's landfill, and a landfill litter fence expansion project
- Various building and system additions and improvements for the Board of Public Utilities

CITY OF CHEYENNE, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

Capital Assets, Net of Depreciation

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

| | Governmental Activities | | Business-Type Activities | | Total | |
|-------------------------------|-------------------------|-------------------|--------------------------|-------------------|-------------------|-------------------|
| | 2022 | 2021* | 2022 | 2021* | 2022 | 2021* |
| Land | \$ 15,086 | \$ 14,735 | \$ 14,028 | \$ 14,003 | \$ 29,114 | \$ 28,738 |
| Construction in progress | 9,761 | 10,993 | 24,189 | 17,341 | 33,950 | 28,334 |
| Buildings and improvements | 138,723 | 137,067 | 38,275 | 34,840 | 176,998 | 171,907 |
| Utility plant in service | - | - | 596,612 | 585,968 | 596,612 | 585,968 |
| Machinery and equipment | 46,164 | 44,687 | 27,376 | 25,933 | 73,540 | 70,620 |
| Infrastructure | 264,609 | 256,337 | - | - | 264,609 | 256,337 |
| Less accumulated depreciation | (195,520) | (183,699) | (324,533) | (310,032) | (520,053) | (493,731) |
| Total | \$ 278,823 | \$ 280,120 | \$ 375,947 | \$ 368,053 | \$ 654,770 | \$ 648,173 |

* 2021 balances have not been adjusted for the effects of Governmental Accounting Standards Board Statement No. 87.

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 | |
|-----------------------------------|-------------------------|---------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Loans and finance/lease-purchases | \$ 7,756,343 | \$ 3,726,100 | \$ 46,132,475 | \$ 46,765,989 | \$ 53,888,818 | \$ 50,492,089 |
| Revenue bonds | 4,895,000 | 5,455,000 | 3,270,000 | 4,160,000 | 8,165,000 | 9,615,000 |
| Total | \$ 12,651,343 | \$ 9,181,100 | \$ 49,402,475 | \$ 50,925,989 | \$ 62,053,818 | \$ 60,107,089 |

The City's total debt increased by \$1,946,729 or 3.24% 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.

Economic Factors and Next Year's Budgets and Rates

The City's original approved fiscal year 2022 budget for the General Fund totaled \$53,893,219, compared to an original budget in fiscal year 2021 of \$50,652,480. This represented a 6.4% increase. In comparison, the city's budget in fiscal year 2012 was \$50,473,830. Over this 10-year period, the City's budget only increased \$3,419,389, while inflation in Southeast Wyoming increased over 33% during this time. Factoring in the inflation rate, the City's expenditure budget should have grown by over \$16.6 million during the past 10 years to maintain the same level of municipal government services experienced by Cheyenne citizens in 2012. This disparity underscores the challenges facing the City's elected officials and leadership as revenues have remained stagnant, but the cost of employees, supplies, utilities, fuel and insurance continue to increase significantly each year.

CITY OF CHEYENNE, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

Fiscal year 2022 was very positive for the City. Revenues in almost every category exceeded expectations. Sales tax is the City's largest revenue source, accounting for 39% of all General Fund revenue. In fiscal year 2022, the City saw an increase of \$2,184,404 in sales tax revenue compared to the previous fiscal year. The primary drivers of this strong sales tax performance was inflation, as well as the continued expansions in retail sales and leisure and hospitality services, and a robust rebound in the oil and gas industry in Laramie County.

When preparing the fiscal year 2022 budget, the City utilized economic forecasts obtained from the Consensus Revenue Estimating Group, economic data from the State of Wyoming Economic Analysis Division, and a review of historical revenues and estimates from City departments to facilitate decisions on projecting sales and use tax collections and other revenues.

When COVID-19 first began in the spring of 2020, cities across Wyoming faced unknown economic implications. As a result, the City responded by significantly dropping revenue forecasts in the fiscal year 2021 budget, which, in turn, forced the City to make some very difficult expenditure-cutting decisions. These difficult decisions included a reduction in force as well as the removal of longevity pay for both sworn police officers and regular employees. Fortunately, revenues ended up being much higher than projected. As a result, the governing body approved increasing staffing levels to 397.4 full-time equivalents in fiscal year 2022, up from 381.6 approved in fiscal year 2021. In addition, the governing body approved the reinstatement of longevity pay in January 2022.

Increasing employee wages to address the City's struggle with attracting and retaining quality employees was also a significant contributor to the increased fiscal year 2022 General Fund budget. Amid rising inflation, employers, including the City, faced the tightest job market in recent history. In second quarter of 2021, the Southeast Wyoming cost-of-living index was 7.2%. To help offset this inflationary increase, the governing body approved a \$1.50-per-hour increase for all full-time employees in January 2022. Seasonal and part-time staff received significant increases throughout fiscal year 2022 as well.

City expenditures continued to rise in fiscal year 2022 for non-payroll-related major categories such as insurance, fuel, parts and utilities. The surge in crude oil prices impacted the City's fiscal year 2022 budget. To address higher fuel costs, the city budgeted a 60% increase. Additionally, because of supply chain issues and inflationary pressures, the parts expense budget was increased 10%. Natural gas and electricity costs also increased in fiscal year 2022. The City, using estimates from Black Hills Energy, projected a 2.2% increase in electric and a 3.5% increase in natural gas expenses. The fiscal year 2022 actual utility costs were higher than projected, and a budget amendment was required to cover the shortfall.

The original adopted fiscal year 2022 budget included \$553,703 in General Fund reserves to fund various expenditures, including the \$240,000 minimum revenue guarantee for SkyWest Airlines. In addition, the City received one-time building permit fees of approximately \$1.43 million from the new Microsoft datacenter in fiscal year 2021. Mayor Collins assigned a portion of these funds to pay for three new compliance employees, including two inspectors and one plan reviewer, for two years, or \$295,428 from assigned reserves in fiscal year 2022. An additional \$18,275 was also used from reserves for nuisance abatement. Various budget amendments were approved throughout the year, which included expenditures related to increasing the public defender line item and higher janitorial service costs for the Botanic Gardens.

Actual revenues received in fiscal year 2022 were much higher than the City's conservative revenue forecasts. The City received a total of \$61,319,177 in revenue, which was \$9,416,962 higher than the final approved budgeted revenues and \$3,841,372 higher than what was received in fiscal year 2021.

CITY OF CHEYENNE, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

The significant revenue increases in fiscal year 2022 compared to the final approved budget is attributed, in part, to the following:

- \$2,184,404 more in state sales tax
- \$707,304 increase in building permit revenue
- \$618,873 because of the new 2% assessment fee on the Board of Public Utilities water and sewer monthly bills approved per ordinance
- \$460,641 more in gas and electric franchise fees
- \$408,534 increase in property taxes
- \$293,588 higher historic horse racing revenues
- \$70,522 more in gas and special fuels taxes
- \$143,807 increased severance tax revenue
- \$113,906 more in the state distribution
- \$112,654 because of the new skill-based amusement games revenue
- \$109,000 from Laramie County to reimburse the City for animal control services for county residents
- \$99,820 more in golf course revenue
- \$76,850 increase in revenue from the City's aquatics facilities

The City's total General Fund expenditures were \$54,322,691, which were \$2,542,476 less than the \$56,865,167 final approved budget. This is due to a combination of factors but primarily was the result of not being able to hire vacant positions. In comparison, during fiscal year 2021, the City had \$49,042,315 in expenditures. Therefore, in fiscal year 2022, the City expended \$5,280,376 more compared to fiscal year 2021.

Requests for Information

The financial report is designed to provide a general overview of the City'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, 2022**

| | Primary Government | | | Component Unit |
|--|----------------------------|-----------------------------|--------------------|--------------------------------------|
| | Governmental Activities | Business-Type Activities | Total | Downtown Development Authority |
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | \$ 11,780,444 | \$ 6,187,668 | \$ 17,968,112 | \$ - |
| Investments, at fair value | 35,830,656 | 70,077,193 | 105,907,849 | - |
| Restricted assets: | | | | |
| Cash and cash equivalents | 1,759,000 | 768,958 | 2,527,958 | - |
| Investments, at fair value | 68,131,079 | - | 68,131,079 | - |
| Due from other governments | 995 | 79,018 | 80,013 | - |
| Receivables: | | | | |
| Accrued interest | 549,937 | 303,073 | 853,010 | - |
| Accounts, customers, net | 857,310 | 2,151,743 | 3,009,053 | - |
| Estimated unbilled usage | - | 3,051,585 | 3,051,585 | - |
| Sanitation receivable and unbilled usage | - | 2,216,420 | 2,216,420 | - |
| Property tax receivable | 7,672,907 | - | 7,672,907 | - |
| Internal balances | 83,503 | (83,503) | - | - |
| Intergovernmental receivable | 13,782,135 | - | 13,782,135 | - |
| Prepaid expenses | 5,291,213 | 357,609 | 5,648,822 | - |
| Inventories | 94,174 | 669,125 | 763,299 | - |
| Lease receivable, current | 108,731 | 76,797 | 185,528 | - |
| Finance/lease-sale receivable, current | 639,863 | - | 639,863 | - |
| Total current assets | 146,581,947 | 85,855,686 | 232,437,633 | - |
| Noncurrent Assets | | | | |
| Capital assets not being depreciated: | | | | |
| Land | 15,085,858 | 12,230,233 | 27,316,091 | - |
| Construction in progress | 9,760,600 | 24,188,656 | 33,949,256 | - |
| Water rights | - | 1,797,968 | 1,797,968 | - |
| Capital assets being depreciated: | | | | |
| Utility plant in service | - | 596,612,314 | 596,612,314 | - |
| Machinery and equipment | 17,542,896 | 9,309,422 | 26,852,318 | - |
| Transportation equipment | 23,889,531 | 16,352,884 | 40,242,415 | - |
| Buildings and improvements | 138,723,016 | 38,275,094 | 176,998,110 | - |
| Office furniture and equipment | 4,731,524 | 1,714,322 | 6,445,846 | - |
| Infrastructure | 264,608,594 | - | 264,608,594 | - |
| Accumulated depreciation | (195,520,121) | (324,533,004) | (520,053,125) | - |
| Lease receivable | 1,147,856 | 341,697 | 1,489,553 | - |
| Finance/lease-sale receivable | 1,572,079 | - | 1,572,079 | - |
| Total noncurrent assets | 281,541,833 | 376,289,586 | 657,831,419 | - |
| Total assets | 428,123,780 | 462,145,272 | 890,269,052 | - |
| DEFERRED OUTFLOWS OF RESOURCES | 23,300,723 | 1,764,846 | 25,065,569 | - |

Continued

CITY OF CHEYENNE, WYOMING

STATEMENT OF NET POSITION, *Continued*
June 30, 2022

| | Primary Government | | | Component Unit |
|--|----------------------------|-----------------------------|-----------------------|--------------------------------------|
| | Governmental Activities | Business-Type Activities | Total | Downtown Development Authority |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Accounts payable | \$ 7,837,197 | \$ 2,485,873 | \$ 10,323,070 | \$ - |
| Accrued interest | 18,122 | 385,839 | 403,961 | - |
| Accrued salaries, including compensated absences and early retirement | 4,458,469 | 966,205 | 5,424,674 | - |
| Unearned fees and deposits | - | 6,439,652 | 6,439,652 | - |
| Unearned revenue | 8,484,409 | 10,890 | 8,495,299 | - |
| Finace/lease-purchases, due within one year | 212,295 | 315,803 | 528,098 | - |
| Bonds and loans payable, due within one year | 1,479,289 | 5,381,115 | 6,860,404 | - |
| Total current liabilities | 22,489,781 | 15,985,377 | 38,475,158 | - |
| Noncurrent Liabilities | | | | |
| Landfill closure and post-closure costs | - | 10,046,274 | 10,046,274 | - |
| Net pension liability | 49,823,270 | 8,681,827 | 58,505,097 | - |
| Net postemployment benefits other than pensions (OPEB) liability | 5,198,705 | - | 5,198,705 | - |
| Compensated absences | 570,184 | 980,805 | 1,550,989 | - |
| Finace/lease-purchases | 98,333 | - | 98,333 | - |
| Bonds and loans payable | 10,861,486 | 43,705,557 | 54,567,043 | - |
| Total noncurrent liabilities | 66,551,978 | 63,414,463 | 129,966,441 | - |
| Total liabilities | 89,041,759 | 79,399,840 | 168,441,599 | - |
| DEFERRED INFLOWS OF RESOURCES | 37,016,168 | 6,432,278 | 43,448,446 | - |
| NET POSITION | | | | |
| Net Investment in Capital Assets | 273,616,270 | 325,460,524 | 599,076,794 | - |
| Restricted for: | | | | |
| Debt service and capital improvements | 548,169 | 500,000 | 1,048,169 | - |
| Legal restrictions | 1,917,142 | - | 1,917,142 | - |
| Tax voter-approved projects | 71,146,980 | - | 71,146,980 | - |
| Unrestricted | (21,861,985) | 52,117,476 | 30,255,491 | - |
| Total net position | \$ 325,366,576 | \$ 378,078,000 | \$ 703,444,576 | \$ - |

See Notes to Financial Statements.

CITY OF CHEYENNE, WYOMING

**STATEMENT OF ACTIVITIES
Year Ended June 30, 2022**

| Functions/Programs | Expenses | Program Revenues | | |
|---------------------------------------|-----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government: | | | | |
| Governmental activities: | | | | |
| General government | \$ 19,241,886 | \$ 1,607,887 | \$ 420,820 | \$ 28,200 |
| Public safety | 30,661,183 | 618,682 | 68,936,186 | 126,171 |
| Public works | 18,178,551 | 4,850,480 | 3,333,904 | 4,034,518 |
| Health and welfare | 2,050,236 | 2,845 | 2,348,097 | - |
| Recreation | 12,760,547 | 4,360,091 | 1,269,368 | 220,377 |
| Interest on long-term debt | 79,367 | - | - | - |
| Total governmental activities | <u>82,971,770</u> | <u>11,439,985</u> | <u>76,308,375</u> | <u>4,409,266</u> |
| Business-type activities: | | | | |
| Waterworks | 22,355,369 | 21,311,979 | 2,967,270 | 1,836,036 |
| Sewer | 11,882,807 | 13,009,145 | 732,443 | 1,812,469 |
| Solid Waste | 11,165,391 | 19,116,114 | - | 73,341 |
| Civic Center | 1,672,714 | 1,252,490 | 1,365,193 | 23,177 |
| Ice and Events Center | 771,809 | 485,349 | - | 215,046 |
| Total business-type activities | <u>47,848,090</u> | <u>55,175,077</u> | <u>5,064,906</u> | <u>3,960,069</u> |
| Total primary government | <u>\$ 130,819,860</u> | <u>\$ 66,615,062</u> | <u>\$ 81,373,281</u> | <u>\$ 8,369,335</u> |
| Governmental component unit: | | | | |
| Downtown Development Authority | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

| |
|---|
| General Revenues |
| Property taxes and other taxes |
| Sales taxes |
| Franchise taxes |
| Motor vehicle taxes |
| Intergovernmental funds and shared revenues not restricted to specific programs |
| Unrestricted investment earnings |
| Insurance proceeds |
| (Loss) on sale of capital assets |
| Miscellaneous revenue |
| Transfer of fiscal responsibility |
| Transfers |
| Total general revenues and transfers |
| Change in net position |

Net Position, beginning of year

Net Position, end of year

See Notes to Financial Statements.

| Net (Expense) Revenue and Changes in Net Position | | | Component Unit |
|---|-----------------------|-----------------------|--------------------|
| Primary Government | | | Downtown |
| Governmental | Business-Type | Total | Development |
| Activities | Activities | | Authority |
| \$ (17,184,979) | \$ - | \$ (17,184,979) | \$ - |
| 39,019,856 | - | 39,019,856 | - |
| (5,959,649) | - | (5,959,649) | - |
| 300,706 | - | 300,706 | - |
| (6,910,711) | - | (6,910,711) | - |
| (79,367) | - | (79,367) | - |
| <u>9,185,856</u> | <u>-</u> | <u>9,185,856</u> | <u>-</u> |
| - | 3,759,916 | 3,759,916 | - |
| - | 3,671,250 | 3,671,250 | - |
| - | 8,024,064 | 8,024,064 | - |
| - | 968,146 | 968,146 | - |
| - | (71,414) | (71,414) | - |
| <u>-</u> | <u>16,351,962</u> | <u>16,351,962</u> | <u>-</u> |
| <u>9,185,856</u> | <u>16,351,962</u> | <u>25,537,818</u> | <u>-</u> |
| - | - | - | - |
| 9,749,946 | - | 9,749,946 | - |
| 52,569,628 | - | 52,569,628 | - |
| 5,538,189 | - | 5,538,189 | - |
| 1,661,824 | - | 1,661,824 | - |
| 6,651,777 | - | 6,651,777 | - |
| (2,901,018) | (1,271,256) | (4,172,274) | - |
| 102,413 | - | 102,413 | - |
| (1,027,102) | (377,735) | (1,404,837) | - |
| 2,780,427 | - | 2,780,427 | - |
| - | - | - | (1,371,037) |
| 361,070 | (361,070) | - | - |
| <u>75,487,154</u> | <u>(2,010,061)</u> | <u>73,477,093</u> | <u>(1,371,037)</u> |
| <u>84,673,010</u> | <u>14,341,901</u> | <u>99,014,911</u> | <u>(1,371,037)</u> |
| <u>240,693,566</u> | <u>363,736,099</u> | <u>604,429,665</u> | <u>1,371,037</u> |
| <u>\$ 325,366,576</u> | <u>\$ 378,078,000</u> | <u>\$ 703,444,576</u> | <u>\$ -</u> |

CITY OF CHEYENNE, WYOMING

**BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2022**

| | General Fund | Miscellaneous Federal Grants Fund | One-Percent Sales Tax Fund | Capital Facilities Tax Fund | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|---|----------------------------------|-----------------------------------|--------------------------------|--------------------------------|
| ASSETS | | | | | | |
| Cash and Cash Equivalents | \$ 1,204,879 | \$ 8,144,497 | \$ - | \$ - | \$ 2,382,765 | \$ 11,732,141 |
| Investments, at fair value | 29,951,565 | 1,709 | - | - | 5,840,419 | 35,793,693 |
| Cash and Cash Equivalents, restricted | 28,009 | - | 3,752 | 1,214,663 | 512,576 | 1,759,000 |
| Investments, at fair value, restricted | 520,160 | - | 56,396,884 | 10,815,619 | 398,416 | 68,131,079 |
| Receivables | | | | | | |
| Accrued interest | 37,643 | - | 378,379 | 130,021 | 3,894 | 549,937 |
| Property tax | 7,672,907 | - | - | - | - | 7,672,907 |
| Customers | 550,064 | - | - | - | 307,246 | 857,310 |
| Lease receivable | 1,256,587 | - | - | - | - | 1,256,587 |
| Due from Other Funds | 2,062,782 | - | 2,800,000 | 4,020,000 | 12,112 | 8,894,894 |
| Due from Other Governments | 5,984,575 | 437,188 | 3,551,340 | 2,619,477 | 1,189,555 | 13,782,135 |
| Prepaid Items | 1,217,040 | 3,329 | 45,591 | 3,846,875 | 164,454 | 5,277,289 |
| Total assets | \$ 50,486,211 | \$ 8,586,723 | \$ 63,175,946 | \$ 22,646,655 | \$ 10,811,437 | \$ 155,706,972 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ 3,348,038 | \$ 307,438 | \$ 1,648,374 | \$ 1,586,939 | \$ 830,876 | \$ 7,721,665 |
| Retainage payable | - | - | - | - | 16,157 | 16,157 |
| Accrued interest | 9,530 | - | 8,592 | - | - | 18,122 |
| Accrued salaries, including vacation and sick leave | 244,328 | - | 1,321 | 1,485 | 52,789 | 299,923 |
| Due to other funds | - | - | 5,520,000 | 2,800,000 | 500,000 | 8,820,000 |
| Unearned revenue | - | 8,335,103 | - | - | 301,687 | 8,636,790 |
| Total liabilities | 3,601,896 | 8,642,541 | 7,178,287 | 4,388,424 | 1,701,509 | 25,512,657 |
| Deferred Inflows of Resources | | | | | | |
| Lease revenue | 1,251,101 | - | - | - | - | 1,251,101 |
| Unavailable revenues | 7,622,598 | - | - | - | 67,833 | 7,690,431 |
| Total deferred inflows of resources | 8,873,699 | - | - | - | 67,833 | 8,941,532 |
| Fund Balances | | | | | | |
| Nonspendable | 1,222,288 | 3,329 | 45,591 | 3,846,875 | 164,454 | 5,282,537 |
| Restricted | 548,169 | - | 55,952,068 | 14,411,356 | 2,700,698 | 73,612,291 |
| Committed | - | - | - | - | 6,410,773 | 6,410,773 |
| Assigned | 4,807,583 | 2,801 | - | - | 27,818 | 4,838,202 |
| Unassigned | 31,432,576 | (61,948) | - | - | (261,648) | 31,108,980 |
| Total fund balances | 38,010,616 | (55,818) | 55,997,659 | 18,258,231 | 9,042,095 | 121,252,783 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 50,486,211 | \$ 8,586,723 | \$ 63,175,946 | \$ 22,646,655 | \$ 10,811,437 | \$ 155,706,972 |

See Notes to Financial Statements.

CITY OF CHEYENNE, WYOMING

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

June 30, 2022

| | |
|--|-----------------------|
| Total fund balances - governmental funds | \$ 121,252,783 |
| 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. | 278,821,898 |
| Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | 458,569 |
| Assets related to finance/lease-sale are not available to pay for current-period expenditures and, therefore, are not reported in the funds. | 2,211,942 |
| Long-term liabilities for compensated absences are not due and payable in the current period and, therefore, are not reported in the funds. | (4,728,730) |
| Pension and OPEB plan accounts, such as deferred inflows/outflows of resources, 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 | (49,823,270) |
| Net OPEB liability | (5,198,705) |
| Deferred outflows of resources | 23,300,723 |
| Deferred inflows of resources | (27,893,168) |
| 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. | |
| Wyoming Business Council loan/grant | (2,583,030) |
| Bonds payable | (4,895,000) |
| Finance/lease-purchase payable | (310,628) |
| Paid Firemen's Pension Plan A loan | (4,862,745) |
| Deferred inflows of resources related to public-public partnership and, therefore, not reported in the funds. | (487,656) |
| 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 37% to governmental activities based on usage in the Statement of Net Position. | 103,593 |
| | <hr/> |
| Net position of governmental activities | \$ 325,366,576 |

See Notes to Financial Statements.

CITY OF CHEYENNE, WYOMING

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

Year Ended June 30, 2022

| | General Fund | Miscellaneous Federal Grants Fund | One-Percent Sales Tax Fund | Capital Facilities Tax Fund | Other Governmental Funds | Total Governmental Funds |
|--|-------------------|---|----------------------------------|-----------------------------------|--------------------------------|--------------------------------|
| Revenues | | | | | | |
| Taxes and special assessments | \$ 14,363,741 | \$ - | \$ - | \$ - | \$ - | \$ 14,363,741 |
| Licenses and permits | 5,101,413 | - | - | - | - | 5,101,413 |
| Intergovernmental | 38,411,463 | 5,263,534 | 20,357,149 | 3,657,005 | 7,936,315 | 75,625,466 |
| Charges for services | 1,918,450 | - | - | - | 3,610,231 | 5,528,681 |
| Fines and forfeitures | 751,224 | - | - | - | - | 751,224 |
| Investment (loss) | (1,017,825) | (7,623) | (1,502,910) | (311,606) | (61,054) | (2,901,018) |
| Miscellaneous | 2,205,631 | - | - | - | 1,068,105 | 3,273,736 |
| Total revenues | 61,734,097 | 5,255,911 | 18,854,239 | 3,345,399 | 12,553,597 | 101,743,243 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| General government | 15,086,399 | 3,088,722 | - | 37,866 | 116,592 | 18,329,579 |
| Public safety | 26,747,653 | 68,700 | 164,266 | - | 1,112,150 | 28,092,769 |
| Public works | 4,113,727 | - | 2,154,516 | 2,346,001 | 4,333,735 | 12,947,979 |
| Health and welfare | - | - | 778,024 | - | 1,284,231 | 2,062,255 |
| Recreation | 7,475,078 | - | 301,612 | 1,173,003 | 1,432,464 | 10,382,157 |
| Capital outlay | 549,523 | 1,180,587 | 5,258,944 | 2,220,281 | 1,669,160 | 10,878,495 |
| Debt service: | | | | | | |
| Principal retirements | 560,000 | - | 202,589 | - | 629,853 | 1,392,442 |
| Interest payments | 39,650 | - | 19,656 | - | 20,061 | 79,367 |
| Total expenditures | 54,572,030 | 4,338,009 | 8,879,607 | 5,777,151 | 10,598,246 | 84,165,043 |
| Excess (deficiency) of revenues over expenditures | 7,162,067 | 917,902 | 9,974,632 | (2,431,752) | 1,955,351 | 17,578,200 |
| Other Financing Sources (Uses) | | | | | | |
| Transfers in | 2,076,085 | - | - | - | 579,149 | 2,655,234 |
| Transfers out | (301,377) | (797,139) | (50,373) | (1,142,837) | (2,438) | (2,294,164) |
| Insurance proceeds | 102,413 | - | - | - | - | 102,413 |
| Proceeds from sales of assets | 2,033 | - | 101 | - | 184 | 2,318 |
| Total other financing sources (uses) | 1,879,154 | (797,139) | (50,272) | (1,142,837) | 576,895 | 465,801 |
| Net change in fund balances | 9,041,221 | 120,763 | 9,924,360 | (3,574,589) | 2,532,246 | 18,044,001 |
| Fund Balances, beginning of year | 28,969,395 | (176,581) | 46,073,299 | 21,832,820 | 6,509,849 | 103,208,782 |
| Fund Balances, end of year | \$ 38,010,616 | \$ (55,818) | \$ 55,997,659 | \$ 18,258,231 | \$ 9,042,095 | \$ 121,252,783 |

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, 2022**

| | |
|---|----------------------|
| Net change in fund balances - total governmental funds | \$ 18,044,001 |
| 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. | |
| Donated assets | 384,215 |
| Capital outlay | 11,807,896 |
| Depreciation expense | (12,343,463) |
| Disposal of assets | (1,656,166) |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. | 167,066 |
| 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. | (102,265) |
| 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. | 72,509,911 |
| The issuance of long-term debt (e.g., bonds, finance purchases, loans) 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. | (3,470,304) |
| Receipts related to finance/lease-sale provide current financial resources to governmental funds. However, these receipts do not have an effect on net position. | (633,527) |
| Revenue related to the public-public partnership that does not provide current financial resources and, therefore, is not included in the governmental funds. | 20,021 |
| The Internal Service Fund is accounted for as a proprietary fund; therefore, it is not included in the governmental funds. | (54,375) |
| | <hr/> |
| Change in net position of governmental activities | \$ 84,673,010 |
| | <hr/> <hr/> |

See Notes to Financial Statements.

CITY OF CHEYENNE, WYOMING

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2022

| | Business-Type Activities | | | | | |
|---------------------------------------|--------------------------|--------------------|------------------------|-------------------------------|--------------------|--------------------------|
| | Enterprise Funds | | | | | Internal Service Fund |
| | Waterworks Fund | Sewer Fund | Solid Waste Fund | Other Proprietary Funds | Totals | |
| ASSETS | | | | | | |
| Current Assets | | | | | | |
| Cash and cash equivalents | \$ 4,601,608 | \$ 118,075 | \$ 1,187,970 | \$ 197,770 | \$ 6,105,423 | \$ 130,548 |
| Investments, at fair value | 36,920,172 | 13,605,854 | 19,488,231 | - | 70,014,257 | 99,899 |
| Restricted assets: | | | | | | |
| Cash and cash equivalents | 768,958 | - | - | - | 768,958 | - |
| Due from other governments | 77,324 | - | - | - | 77,324 | 2,689 |
| City of Cheyenne sanitation account | 2,216,420 | - | - | - | 2,216,420 | - |
| Receivables: | | | | | | |
| Accrued interest | 20,848 | 8,314 | 273,911 | - | 303,073 | - |
| Accounts, customers | 1,250,912 | 777,014 | 123,805 | 12 | 2,151,743 | - |
| Estimated unbilled usage | 2,217,310 | 834,275 | - | - | 3,051,585 | - |
| Lease receivable | 327,736 | - | 90,758 | - | 418,494 | - |
| Due from other funds | - | - | 2,924,346 | - | 2,924,346 | 23,267 |
| Inventories | 470,028 | 38,747 | - | - | 508,775 | 254,524 |
| Prepaid expenses | 103,040 | 34,347 | 193,006 | 3,507 | 333,900 | 37,633 |
| Total current assets | 48,974,356 | 15,416,626 | 24,282,027 | 201,289 | 88,874,298 | 548,560 |
| Noncurrent Assets | | | | | | |
| Capital assets: | | | | | | |
| Land | 4,629,495 | 545,002 | 6,512,000 | 346,861 | 12,033,358 | 312,500 |
| Utility plant in service | 431,228,447 | 163,906,511 | 1,477,356 | - | 596,612,314 | - |
| Water rights | 1,797,968 | - | - | - | 1,797,968 | - |
| Machinery and equipment | 610,215 | 170,845 | 7,372,659 | 831,412 | 8,985,131 | 514,748 |
| Transportation equipment | 2,721,218 | 888,010 | 12,400,789 | 50,241 | 16,060,258 | 464,486 |
| Buildings and improvements | 6,440,199 | 2,162,956 | 21,824,300 | 7,077,535 | 37,504,990 | 1,222,388 |
| Office furniture and equipment | 1,014,510 | 353,362 | 21,519 | 321,208 | 1,710,599 | 5,909 |
| Construction in progress | 10,070,525 | 6,780,689 | 7,337,442 | - | 24,188,656 | - |
| Accumulated depreciation | (222,762,383) | (79,976,787) | (14,897,616) | (5,848,049) | (323,484,835) | (1,663,762) |
| Total noncurrent assets | 235,750,194 | 94,830,588 | 42,048,449 | 2,779,208 | 375,408,439 | 856,269 |
| Total assets | 284,724,550 | 110,247,214 | 66,330,476 | 2,980,497 | 464,282,737 | 1,404,829 |
| DEFERRED OUTFLOWS OF RESOURCES | 1,065,542 | 298,787 | 400,517 | - | 1,764,846 | - |

Continued

CITY OF CHEYENNE, WYOMING

STATEMENT OF NET POSITION - PROPRIETARY FUNDS, *Continued*
 June 30, 2022

| | Business-Type Activities | | | | | |
|--|--------------------------|----------------------|----------------------|-------------------------|-----------------------|-----------------------|
| | Enterprise Funds | | | | Totals | Internal Service Fund |
| | Waterworks Fund | Sewer Fund | Solid Waste Fund | Other Proprietary Funds | | |
| LIABILITIES | | | | | | |
| Current Liabilities | | | | | | |
| Accounts payable | \$ 1,600,804 | \$ 99,633 | \$ 536,563 | \$ 79,666 | \$ 2,316,666 | \$ 268,582 |
| Accrued interest | 163,789 | 222,050 | - | - | 385,839 | - |
| Unearned revenue | - | - | - | 10,890 | 10,890 | - |
| Due to other funds | 3,015,224 | 7,283 | - | - | 3,022,507 | - |
| Unearned fees and deposits | 5,850,566 | 589,086 | - | - | 6,439,652 | - |
| Accrued salaries, including vacation and sick leave | 289,242 | 195,855 | 358,614 | 52,189 | 895,900 | 111,596 |
| Current portion of finance/lease-purchases | - | - | 315,803 | - | 315,803 | - |
| Current portion of general obligation and loan debt | 2,339,857 | 3,041,258 | - | - | 5,381,115 | - |
| Total current liabilities | 13,259,482 | 4,155,165 | 1,210,980 | 142,745 | 18,768,372 | 380,178 |
| Noncurrent Liabilities | | | | | | |
| Accrued compensated absences | 584,002 | 391,695 | - | 5,108 | 980,805 | - |
| Landfill closure and post-closure costs | - | - | 10,046,274 | - | 10,046,274 | - |
| Net pension liability | 4,833,917 | 1,611,306 | 2,236,604 | - | 8,681,827 | - |
| General obligation and loan debt, unamortized bond premium, net of current portion | 22,727,160 | 20,978,397 | - | - | 43,705,557 | - |
| Total noncurrent liabilities | 28,145,079 | 22,981,398 | 12,282,878 | 5,108 | 63,414,463 | - |
| Total liabilities | 41,404,561 | 27,136,563 | 13,493,858 | 147,853 | 82,182,835 | 380,178 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Lease Revenue | 342,553 | - | 89,729 | - | 432,282 | - |
| Pension Contributions | 3,283,988 | 1,094,663 | 1,621,345 | - | 5,999,996 | - |
| Total deferred inflows of resources | 3,626,541 | 1,094,663 | 1,711,074 | - | 6,432,278 | - |
| NET POSITION | | | | | | |
| Net Investment in Capital Assets | 209,619,816 | 70,789,405 | 41,732,646 | 2,779,208 | 324,921,075 | 856,269 |
| Restricted for Debt Service and Capital Improvements | 500,000 | - | - | - | 500,000 | - |
| Unrestricted | 30,639,174 | 11,525,370 | 9,793,415 | 53,436 | 52,011,395 | 168,382 |
| Total net position | \$ 240,758,990 | \$ 82,314,775 | \$ 51,526,061 | \$ 2,832,644 | 377,432,470 | \$ 1,024,651 |
| Adjustment to report the portion of the internal balance for the net effect of the activity between the Internal Service Fund and the enterprise funds over time | | | | | 645,530 | |
| Net position of business-type activities | | | | | \$ 378,078,000 | |

See Notes to Financial Statements.

CITY OF CHEYENNE, WYOMING

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION - PROPRIETARY FUNDS**

Year Ended June 30, 2022

| | Business-Type Activities | | | | | |
|--|--------------------------|----------------------|------------------------|-------------------------------|----------------------|--------------------------|
| | Enterprise Funds | | | | | Internal Service Fund |
| | Waterworks Fund | Sewer Fund | Solid Waste Fund | Other Proprietary Funds | Totals | |
| Operating Revenues | | | | | | |
| Sales and charges for services | \$ 20,934,274 | \$ 12,500,477 | \$ 18,840,221 | \$ 1,609,219 | \$ 53,884,191 | \$ 4,317,694 |
| Intergovernmental | - | - | - | 1,365,193 | 1,365,193 | - |
| Fees and miscellaneous | 377,705 | 508,668 | 275,893 | 128,620 | 1,290,886 | 1,197 |
| Total operating revenues | <u>21,311,979</u> | <u>13,009,145</u> | <u>19,116,114</u> | <u>3,103,032</u> | <u>56,540,270</u> | <u>4,318,891</u> |
| Operating Expenses | | | | | | |
| Waterworks | 12,629,608 | - | - | - | 12,629,608 | - |
| Sewer | - | 7,127,903 | - | - | 7,127,903 | - |
| Sanitation collection | - | - | 5,128,001 | - | 5,128,001 | - |
| Recycling/compost | - | - | 768,727 | - | 768,727 | - |
| Landfill | - | - | 2,835,943 | - | 2,835,943 | - |
| Belvoir Ranch | - | - | 170,872 | - | 170,872 | - |
| Fleet maintenance | - | - | - | - | - | 4,441,972 |
| Culture and recreation | - | - | - | 2,260,397 | 2,260,397 | - |
| Depreciation | 9,184,140 | 4,100,631 | 2,191,607 | 184,126 | 15,660,504 | 58,675 |
| Total operating expenses | <u>21,813,748</u> | <u>11,228,534</u> | <u>11,095,150</u> | <u>2,444,523</u> | <u>46,581,955</u> | <u>4,500,647</u> |
| Operating (loss) income | <u>(501,769)</u> | <u>1,780,611</u> | <u>8,020,964</u> | <u>658,509</u> | <u>9,958,315</u> | <u>(181,756)</u> |
| Nonoperating (Expenses) Income | | | | | | |
| (Loss) gain on sale of assets | - | - | (377,255) | (480) | (377,735) | 939 |
| System development fees | 2,967,270 | 732,443 | - | - | 3,699,713 | - |
| Investment income (loss): | | | | | | |
| Interest income (loss) | 138,329 | 59,633 | 129,983 | 3 | 327,948 | (3,217) |
| Net (decrease) in fair value of investments | (506,136) | (187,201) | (905,867) | - | (1,599,204) | - |
| Interest expense | (541,621) | (654,273) | (25,400) | - | (1,221,294) | - |
| Total nonoperating income (expenses) | <u>2,057,842</u> | <u>(49,398)</u> | <u>(1,178,539)</u> | <u>(477)</u> | <u>829,428</u> | <u>(2,278)</u> |
| Income (loss) before contributions and transfers | <u>1,556,073</u> | <u>1,731,213</u> | <u>6,842,425</u> | <u>658,032</u> | <u>10,787,743</u> | <u>(184,034)</u> |
| Capital Grants | 252,370 | - | - | - | 252,370 | - |
| Donated Utilities and Other Assets | 1,583,666 | 1,812,469 | 73,341 | 238,223 | 3,707,699 | 76,930 |
| Transfers In | - | - | - | 569,740 | 569,740 | - |
| Transfers Out | - | - | (930,810) | - | (930,810) | - |
| Change in net position | <u>3,392,109</u> | <u>3,543,682</u> | <u>5,984,956</u> | <u>1,465,995</u> | <u>14,386,742</u> | <u>(107,104)</u> |
| Net Position, beginning of year | <u>237,366,881</u> | <u>78,771,093</u> | <u>45,541,105</u> | <u>1,366,649</u> | | <u>1,131,755</u> |
| Net Position, end of year | <u>\$ 240,758,990</u> | <u>\$ 82,314,775</u> | <u>\$ 51,526,061</u> | <u>\$ 2,832,644</u> | | <u>\$ 1,024,651</u> |
| Adjustment to report the portion of the internal balance for the net effect of the activity between the Internal Service Fund and the enterprise funds over time | | | | | (67,476) | |
| Adjustment to report the change in allocation from the previous period for the net effect of the activity between the Internal Service Fund and the enterprise funds | | | | | 22,635 | |
| Change in net position of business-type activities | | | | | <u>\$ 14,341,901</u> | |

See Notes to Financial Statements.

CITY OF CHEYENNE, WYOMING

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended June 30, 2022**

| | Business-Type Activities | | | | | |
|--|--------------------------|--------------------|------------------------|-------------------------------|---------------------|--------------------------|
| | Enterprise Funds | | | | | Internal Service Fund |
| | Waterworks Fund | Sewer Fund | Solid Waste Fund | Other Proprietary Funds | Totals | |
| Cash Flows from Operating Activities | | | | | | |
| Cash received from customers | \$ 20,646,781 | \$ 13,064,045 | \$ 19,010,105 | \$ 3,115,715 | \$ 55,836,646 | \$ 4,320,099 |
| Cash payments to suppliers | (4,481,111) | (2,513,032) | (5,015,402) | (1,358,299) | (13,367,844) | (3,198,497) |
| Cash payments to employees | (8,240,917) | (4,700,179) | (5,354,738) | (889,728) | (19,185,562) | (1,229,415) |
| Change in City sanitation account | 675,990 | - | - | - | 675,990 | - |
| Net cash provided by (used in) operating activities | 8,600,743 | 5,850,834 | 8,639,965 | 867,688 | 23,959,230 | (107,813) |
| Cash Flows from Noncapital Financing Activities | | | | | | |
| Proceeds from amounts due to other funds | - | - | - | (240,600) | (240,600) | - |
| Proceeds from amounts due from other funds | - | - | (662,060) | - | (662,060) | (10,441) |
| Advances to other funds | - | - | - | (891,000) | (891,000) | - |
| Transfers to other funds | - | - | (930,810) | - | (930,810) | - |
| Transfers from other funds | - | - | - | 569,740 | 569,740 | - |
| Net cash (used in) noncapital financing activities | - | - | (1,592,870) | (561,860) | (2,154,730) | (10,441) |
| Cash Flows from Capital and Related Financing Activities | | | | | | |
| System development fees | 8,076,602 | 1,181,723 | - | - | 9,258,325 | - |
| Proceeds from issuance of debt | 4,687,767 | - | - | - | 4,687,767 | - |
| Acquisition and construction of capital assets | (6,664,347) | (5,702,242) | (8,250,123) | (111,489) | (20,728,201) | 2,268 |
| Principal paid on revenue bonds and loan debt maturities | (2,282,775) | (2,967,080) | (747,082) | - | (5,996,937) | - |
| Capital grants | 252,370 | - | - | - | 252,370 | - |
| Proceeds from sale of capital assets | - | - | - | (480) | (480) | 939 |
| Interest paid on debt | (513,082) | (670,706) | (25,400) | - | (1,209,188) | - |
| Net cash provided by (used in) capital and related financing activities | 3,556,535 | (8,158,305) | (9,022,605) | (111,969) | (13,736,344) | 3,207 |
| Cash Flows from Investing Activities | | | | | | |
| Interest on cash accounts and investments | (382,901) | (132,009) | 26,421 | 3 | (488,486) | (3,217) |
| Redemption of investments | - | 732,010 | - | - | 732,010 | - |
| Purchase of investments | (9,467,099) | - | 1,021,369 | - | (8,445,730) | 150,953 |
| Net cash (used in) provided by investing activities | (9,850,000) | 600,001 | 1,047,790 | 3 | (8,202,206) | 147,736 |
| Net increase (decrease) in cash and cash equivalents | 2,307,278 | (1,707,470) | (927,720) | 193,862 | (134,050) | 32,689 |
| Cash and Cash Equivalents, beginning of year | 3,063,288 | 1,825,545 | 2,115,690 | 3,908 | 7,008,431 | 97,859 |
| Cash and Cash Equivalents, end of year | \$ 5,370,566 | \$ 118,075 | \$ 1,187,970 | \$ 197,770 | \$ 6,874,381 | \$ 130,548 |

Continued

CITY OF CHEYENNE, WYOMING

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS, *Continued*
Year Ended June 30, 2022

| | Business-Type Activities | | | | | |
|--|--------------------------|---------------------|------------------------|-------------------------------|----------------------|--------------------------|
| | Enterprise Funds | | | | | Internal Service Fund |
| | Waterworks Fund | Sewer Fund | Solid Waste Fund | Other Proprietary Funds | Totals | |
| Reconciliation of Operating (Loss) Income to Net Cash | | | | | | |
| Provided by (Used in) Operating Activities | | | | | | |
| Operating (loss) income | \$ (501,769) | \$ 1,780,611 | \$ 8,020,964 | \$ 658,509 | \$ 9,958,315 | \$ (181,756) |
| Adjustments to reconcile operating (loss) income to net cash provided by (used in) operating activities: | | | | | | |
| Depreciation | 9,184,140 | 4,100,631 | 2,191,607 | 184,126 | 15,660,504 | 58,675 |
| Pension liability | (1,920,199) | (640,066) | (1,333,049) | - | (3,893,314) | - |
| Deferred outflow - pension | (385,009) | (128,337) | (88,973) | - | (602,319) | - |
| Deferred inflow - pension | 1,647,823 | 549,275 | 582,325 | - | 2,779,423 | - |
| Deferred inflow - leases | 342,553 | - | 89,729 | - | 432,282 | - |
| (Decrease) increase in cash and cash equivalents resulting from changes in operating assets and liabilities: | | | | | | |
| Receivables | (1,007,751) | 54,900 | (120,625) | 34,857 | (1,038,619) | 1,208 |
| Inventory | 48,159 | (12,565) | - | - | 35,594 | (74,585) |
| Prepaid expenses | 231,318 | 76,909 | (193,006) | (3,507) | 111,714 | (36,633) |
| Accounts payable | 442,194 | 73,315 | (1,480,377) | 1,819 | (963,049) | 131,136 |
| Due to other funds | (159,840) | (5,929) | - | - | (165,769) | - |
| Landfill closure and post-closure costs | - | - | 1,044,824 | - | 1,044,824 | - |
| City sanitation account | 675,990 | - | - | - | 675,990 | - |
| Accrued salaries, including vacation and sick leave | 3,134 | 2,090 | 1,659 | 14,058 | 20,941 | (5,858) |
| Unearned revenue | - | - | (75,113) | (22,174) | (97,287) | - |
| Net cash provided by (used in) operating activities | \$ 8,600,743 | \$ 5,850,834 | \$ 8,639,965 | \$ 867,688 | \$ 23,959,230 | \$ (107,813) |
| Noncash Investing, Capital and Noncapital Financing Activities | | | | | | |
| Amortization of deferred refunding loss and debt premiums | \$ (45,777) | \$ - | \$ - | \$ - | \$ (45,777) | \$ - |
| Donated asset acquisitions | 1,583,666 | 1,812,469 | 73,341 | 238,223 | 3,707,699 | 76,930 |
| Change in fair value of investments | (506,136) | (187,201) | - | - | (693,337) | - |
| Purchase of capital assets in accounts payable | 1,232,544 | 21,528 | - | - | 1,254,072 | - |
| Trade-in value received on disposal of capital assets | - | - | 303,550 | - | 303,550 | - |

See Notes to Financial Statements.

CITY OF CHEYENNE, WYOMING

STATEMENT OF FIDUCIARY NET POSITION - CUSTODIAL FUND
June 30, 2022

| | Custodial Fund |
|------------------------------|------------------|
| <hr/> | |
| ASSETS | |
| Cash and Cash Equivalents | \$ 47,372 |
| Total assets | <u>47,372</u> |
| | |
| LIABILITIES | |
| Due to Others | <u>5,014</u> |
| Total liabilities | <u>5,014</u> |
| | |
| NET POSITION | |
| Restricted for Organizations | <u>42,358</u> |
| Total net position | <u>\$ 42,358</u> |

See Notes to Financial Statements.

CITY OF CHEYENNE, WYOMING

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION -
CUSTODIAL FUND**

Year Ended June 30, 2022

| | Custodial Fund |
|---|-------------------------|
| <hr/> | |
| Additions | |
| Miscellaneous | \$ 15,816 |
| Total additions | <u>15,816</u> |
| | |
| Deductions | |
| Distributions to organizations | <u>53,919</u> |
| Total deductions | <u>53,919</u> |
| Change in fiduciary net position | (38,103) |
| | |
| Net Position, beginning of year | <u>80,461</u> |
| | |
| Net Position, end of year | <u><u>\$ 42,358</u></u> |

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 1. 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 City 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's 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. The Board's finances are overseen by a finance department separate from the management of the City's other funds. The Board also issues standalone audited financial statements for the waterworks and sewer funds. Additional inquiries regarding the Board or its standalone audited financial statements may be directed to the Board of Public Utilities, Administration Manager, 2416 Snyder Avenue, Cheyenne, Wyoming 82001.

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's downtown area. The DDA primarily serves the citizens and businesses of the City of Cheyenne, and has historically been dependent upon revenue from property tax assessments and funding from the City of Cheyenne. Effective July 1, 2021, Visit Cheyenne took over management of the DDA, and fiscal responsibility of the DDA was transferred to Visit Cheyenne. As a result, the DDA's activities/net position were transferred to Visit Cheyenne as of July 1, 2021. Additional inquiries regarding the DDA may be directed to Visit Cheyenne, 121 W. 15th Street, Cheyenne, Wyoming 82001.

Nature of operations: The City provides the following services as authorized by Wyoming 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 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 interfund 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 that 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

Note 1. Reporting Entity and Significant Accounting Policies, *Continued*

Separate fund financial statements are provided for governmental, proprietary and fiduciary 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 they are earned, while expenses are recognized in the period 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.

Property, cigarette, and sales taxes; various grants; interest revenue; and charges for services associated with the current fiscal period are all susceptible to accrual and have been recognized as revenues in the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

- *General Fund:* 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.
- *Miscellaneous Federal Grants Fund:* The Miscellaneous Federal Grants Fund accounts for proceeds of Federal grant revenue sources that are restricted externally by the respective awarding agencies in order to administer Federal programs.
- *One-Percent Sales Tax 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.
- *Capital Facilities Tax Fund:* 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.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 1. Reporting Entity and Significant Accounting Policies, *Continued*

The City reports the following major proprietary funds:

- *Waterworks Fund:* 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.
- *Sewer Fund:* The Sewer Fund accounts for operation of the water reclamation plant, sewage pumping stations, and the collection systems.
- *Solid Waste Fund:* 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 accumulates funds for the closure and post-closure costs of the landfill.

Additionally, the government reports the following fund types:

- *Special Revenue Funds:* 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.
- *Capital Projects Funds:* 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.
- *Permanent Fund:* The Permanent Fund is used to account for resources legally restricted for use in the care and maintenance of the City's cemetery.
- *Other Proprietary Funds:* The Other Proprietary Funds are used to account for the operations of the Civic Center and the Ice and Events Center.
- *Internal Service Fund:* The Internal Service Fund accounts for fleet maintenance and management services provided to other departments, or to other governments, on a cost-reimbursement basis. Based on the usage of the Internal Service Fund, its activity is allocated 37% to governmental activities and 61% to business-type activities in the Statement of Net Position and the Statement of Activities.
- *Custodial Fund:* The Custodial Fund accounts for assets held by the City as an agent for private organizations. This fund is custodial in nature and the City does not have administrative or direct financial involvement. The Custodial Fund is accounted for using the accrual basis of accounting.

As a general rule, the effect of interfund 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 program revenues. Likewise, general revenues include all taxes.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 1. Reporting Entity and Significant Accounting Policies, *Continued*

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 the 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 nonoperating revenues and expenses.

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

Deposits and investments: The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the end of the fiscal year. For purposes of the 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 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 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 interfund 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, government securities and the Wyoming State Treasurer's Investment Pools (WYO-STAR I and WYO-STAR II) (collectively, WYO-STAR) are reported at fair value at June 30, 2022. 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, and Level 3 inputs are significant unobservable inputs. As of June 30, 2022, the City had recurring fair value measurements of mortgage-backed securities and government securities in the amount of \$49,629,736, which are valued using a matrix pricing model and the market approach (Level 2 inputs). The City also had recurring fair value measurements of negotiable certificates of deposit in the amount of \$7,029,849, 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 the WYO-STAR pooled investment accounts with the Wyoming State Treasurer's office. WYO-STAR operates in accordance with appropriate state laws and regulations. The City considers fair value measurements as of June 30, 2022 for WYO-STAR to be completed by the pool using the matrix pricing model and the market approach (Level 2 inputs).

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 1. Reporting Entity and Significant Accounting Policies, *Continued*

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 interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund 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 \$404,631 at June 30, 2022.

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.

The City is permitted by Wyoming State Statutes to levy up to eight 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, 2022 was eight 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 City in a bond reserve fund are deemed restricted. Assets held by the Board for the City’s 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 cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the 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.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 1. Reporting Entity and Significant Accounting Policies, *Continued*

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

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

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

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

| | |
|--------------------------------|-------------|
| Utility plant in service: | |
| Waterworks system | 10-50 years |
| Sewer system | 10-40 years |
| Machinery and equipment | 5-10 years |
| Transportation equipment | 5 years |
| 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 the carrying value or fair value.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 1. Reporting Entity and Significant Accounting Policies, *Continued*

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> |
|--------------------------|---|
| 0-60 | 8.67 |
| 61-120 | 10.67 |
| 121-180 | 12.67 |
| 181-240 | 14.67 |
| Over 240 | 16.67 |

Employees may accumulate up to 240 hours of vacation. At the end of each calendar year, employees may roll over 240 hours of vacation to the beginning of the next calendar year. Accumulated vacation leave in excess of 240 hours shall be deemed forfeited at the end of the January 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 are, therefore, 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. Non-exempt 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 workweek. Upon termination, an employee is paid for his or her accrued unused compensatory time. Payment is calculated using the rate of pay at the time of termination.

Non-exempt 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 workweek and for call-back hours. The maximum accumulation of compensatory time is 120 hours. A full-time or part-time exempt employee may earn administrative time at a rate of one-for-one for hours worked above 40 in a workweek, up to a maximum of 120 hours. Upon termination, an employee is paid for his or her accrued unused compensatory or administrative time, not to exceed 120 hours. Payment is calculated using the rate of pay at the time of termination.

Employees of the Board earn vacation leave at the following rates:

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

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

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 1. Reporting Entity and Significant Accounting Policies, *Continued*

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:

| Hours Worked per Month | Sick Leave Hours Accrued per Month |
|---------------------------|---------------------------------------|
| 160 or more | 10.0 |
| 120-159 | 7.5 |
| 80-119 | 5.0 |
| 40-79 | 2.5 |
| 39 or less | No accrual |

Vacation and sick leave shall be granted to permanent employees only. Probationary employees can accrue vacation and sick leave on the last day of the month following the date of hire and are eligible to use this leave as soon as it is earned. Unused vacation and sick leave 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 in the 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 (if any).

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 (if any). Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Bond issuance costs: Bond issuance costs are expensed in the period incurred.

Fund balance: The City reports the 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.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 1. Reporting Entity and Significant Accounting Policies, *Continued*

2. *Restricted fund balance:* The portion of fund balance for which there are legally enforceable restrictions on use, either by limitations imposed (1) by creditors, grantors, contributors, or laws and regulations of other governments; or (2) by laws representing amounts constrained to a specific purpose by their providers, through 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) require 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 the 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 the committed fund balance, then the assigned fund balance, and finally the unassigned fund balance.

Net position: Net position represents the difference between assets and deferred outflows of resources, and 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 its use through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws and regulations of other governments.

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

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

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 1. Reporting Entity and Significant Accounting Policies, *Continued*

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

| | | |
|------------------------------------|-----------|------------------|
| General Fund: | | |
| Assigned | \$ | 134,906 |
| One-Percent Sales Tax Fund: | | |
| Restricted | | 3,293,729 |
| Capital Facilities Tax Fund: | | |
| Restricted | | 1,268,098 |
| Miscellaneous Federal Grants Fund: | | |
| Assigned | | 2,081 |
| Other governmental funds: | | |
| Restricted | | 58,030 |
| Committed | | 208,705 |
| | | <hr/> |
| Total encumbrances | \$ | 4,965,549 |

Deferred outflows/inflows of resources: In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period and, thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has recognized deferred outflows of resources in the government-wide financial statements in accordance with presentation requirements for 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 Pensions*, as amended. The Board also recognizes 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, GASB Statement No. 75, and GASB Statement No. 87, *Leases*, 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 the amounts become available.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 1. Reporting Entity and Significant Accounting Policies, *Continued*

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

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 (the Plan) have been actuarially determined. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Note 2. Stewardship, Compliance, and Accountability

Fund deficit: The following funds had a deficit balance at June 30, 2022:

| | <u>Deficit Balance</u> |
|-----------------------------------|----------------------------|
| Fund: | |
| Miscellaneous Federal Grants | \$ (55,818) |
| Community Development Block Grant | (10,855) |
| UMTA Transit Grant | (103,465) |

The fund deficit in the Miscellaneous Federal Grants Fund and the Community Development Block Grant Fund is due to retainage liabilities that do not qualify for reimbursement until the liability is actually paid in a future year. The fund deficit in the UMTA Transit Grant Fund is due to a receivable not received within the 90-day modified accrual period of June 30, 2022 and was recorded as a deferred inflow.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

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

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 | \$ 1,217,040 | \$ 167,783 | \$ 3,892,466 | \$ - | \$ 5,277,289 |
| Long-term notes receivable | 5,248 | - | - | - | 5,248 |
| Restricted: | | | | | |
| Bond ordinances | 548,169 | - | - | - | 548,169 |
| Weed and pest programs | - | 783,556 | - | - | 783,556 |
| Capital projects | - | - | 70,363,424 | - | 70,363,424 |
| Cemetery projects | - | - | - | 820,342 | 820,342 |
| Juvenile justice programs | - | 204,627 | - | - | 204,627 |
| Grants | - | 457,155 | - | - | 457,155 |
| Housing programs | - | 352,904 | - | - | 352,904 |
| Youth programs | - | 82,114 | - | - | 82,114 |
| Committed: | | | | | |
| Capital projects | - | 565,258 | 3,124,848 | - | 3,690,106 |
| Annexation improvements | - | 167,074 | - | - | 167,074 |
| Youth and recreation programs | - | 2,553,593 | - | - | 2,553,593 |
| Assigned: | | | | | |
| Future expenditures | 915,995 | 2,801 | - | - | 918,796 |
| Agency accounts | 1,891,588 | - | - | - | 1,891,588 |
| Fire Pension A | 2,000,000 | - | - | - | 2,000,000 |
| Youth programs | - | - | 27,818 | - | 27,818 |
| Unassigned | 31,432,576 | (323,596) | - | - | 31,108,980 |
| Total | \$ 38,010,616 | \$ 5,013,269 | \$ 77,408,556 | \$ 820,342 | \$ 121,252,783 |

Note 3. Cash, Cash Equivalents, and Investments

Investments authorized by the City’s investment policy: The City follows the guidelines set forth in Wyoming State Statute 9-4-831 as it relates to the investment of public funds. The City’s investment policy requires investments to comply with Wyoming State Statutes, which generally allow the City to invest in U.S., state, and local government securities and accounts of any bank or savings association that is 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.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

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

Custodial credit risk: Custodial credit risk for deposits and non-negotiable 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. Wyoming State Statutes require that the City's and the Board's deposits in excess of the Federal depository insurance must be collateralized. In addition to the applicable Wyoming State Statutes, the City's and the Board's policies require all deposits to be collateralized at 105% of the amount invested, including accrued interest, to further reduce their exposure to custodial credit risk. As of June 30, 2022, the deposits of the City and the Board were fully insured and collateralized as required by Wyoming State Statutes and City/Board policies.

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 and the Board will not be able to recover the value of their investments or collateral securities that are in the possession of an outside party. Wyoming State Statutes limit the type of investments the City and the Board can use. Wyoming State Statutes limit investments primarily to U.S., state and local government securities and accounts of any bank or savings association that is Federally insured or secured by a pledge of assets, including bonds, debentures, and other securities in which the Wyoming State Treasurer may, by law, invest, thereby reducing the City's and the Board's exposure to custodial credit risk for their investments. As of June 30, 2022, all investment securities were held by the City's and the Board's custodians and registered in the City's or the Board's name.

Concentration of credit risk: The City's investment policy states that, with the exception of U.S. Treasury securities, obligations, and securities issued by or guaranteed by any Federal government agency or instrumentality, certificates of deposit, or authorized pools, no more than 50% of the City's total investment portfolio will be invested in any one single obligor. The City met this limitation as of June 30, 2022. The City held \$12,220,392 or 9.9% of its portfolio in Federal National Mortgage Association (FNMA) Pools and \$639,628 or 0.5% of its portfolio in FNMA as of June 30, 2022. The Board's policy does not allow more than 50% of the total investment portfolio to be invested in any one single security type or more than 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, and 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 investments to be maintained to provide sufficient liquidity for expected disbursements. At June 30, 2022, the Board's investments met this policy. With this investment focus, investments are expected to reach maturity with limited gains and losses.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

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

The maturities and applicable interest rates of the City's and the 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 | \$ 7,029,849 | 0.25%-2.5% | \$ 622,159 | \$ 6,302,072 | \$ 105,618 | \$ - |
| U.S. government securities | 32,243,918 | 0.70%-0.75% | 4,402,951 | 25,252,584 | 2,276,440 | 311,943 |
| U.S. agencies | 17,385,818 | 1.853%-6.50% | 244,357 | 211,237 | 489,886 | 16,440,338 |
| Wyoming State Treasurer's Investment Pool: | | | | | | |
| WYO-STAR I | 108,194,104 | -0.59% | 108,194,104 | - | - | - |
| WYO-STAR II | 9,153,896 | -2.50% | 9,153,896 | - | - | - |
| WGIF | 3,334 | 0.90% | 3,334 | - | - | - |
| Government mutual funds | 28,009 | | 28,009 | - | - | - |
| | <u>\$ 174,038,928</u> | | <u>\$ 122,648,810</u> | <u>\$ 31,765,893</u> | <u>\$ 2,871,944</u> | <u>\$ 16,752,281</u> |

The City holds certain investments that are classified as "highly sensitive." These securities, because of their specific type and structure, are rate-sensitive as market conditions change. Step-up bonds are structured so that the bonds, at strategic times during their life, will step up to a higher interest rate if they are not called. The portfolio holds \$281,715 or 0.23% 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's and the Board's investment policies do not contain any specific provisions intended to limit the City's or the 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 the Board have invested monies at a variable and fixed contract rate of interest, respectively. There is no rating available for the WYO-STAR investments; however, under Wyoming State Statutes, underlying providers are required to have the highest rating from at least one of the nationally recognized statistical 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 & Poor's). Obligations of the U.S. government and obligations specifically guaranteed are backed by the full faith and credit of the U.S. government. Of the investments in U.S. agencies, \$17,385,818 were not rated. The City's investments in governmental mutual funds were not rated.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 4. Capital Assets

Governmental capital asset activity for the year ended June 30, 2022 was as follows:

| | Balance July 1, 2021 | Additions and Transfers | Retirements and Transfers | Balance June 30, 2022 |
|---|-------------------------|----------------------------|------------------------------|--------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 14,734,659 | \$ 351,199 | \$ - | \$ 15,085,858 |
| Construction in progress | 10,992,937 | 7,923,100 | (9,155,437) | 9,760,600 |
| Total capital assets not being depreciated | 25,727,596 | 8,274,299 | (9,155,437) | 24,846,458 |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 137,066,742 | 1,731,274 | (75,000) | 138,723,016 |
| Machinery and equipment | 17,534,607 | 1,165,612 | (1,157,323) | 17,542,896 |
| Transportation equipment | 22,744,561 | 1,447,214 | (302,244) | 23,889,531 |
| Office furniture and equipment | 4,408,542 | 342,075 | (19,093) | 4,731,524 |
| Infrastructure | 256,336,732 | 8,271,862 | - | 264,608,594 |
| Total capital assets being depreciated | 438,091,184 | 12,958,037 | (1,553,660) | 449,495,561 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | 46,073,663 | 4,112,516 | - | 50,186,179 |
| Machinery and equipment | 9,150,984 | 1,054,092 | (241,656) | 9,963,420 |
| Transportation equipment | 15,894,375 | 1,705,930 | (261,148) | 17,339,157 |
| Office furniture and equipment | 3,268,414 | 364,746 | (19,093) | 3,614,067 |
| Infrastructure | 109,311,119 | 5,106,179 | - | 114,417,298 |
| Total accumulated depreciation | 183,698,555 | 12,343,463 | (521,897) | 195,520,121 |
| Total capital assets being depreciated, net | 254,392,629 | 614,574 | (1,031,763) | 253,975,440 |
| Governmental activities, capital assets, net | \$ 280,120,225 | \$ 8,888,873 | \$ (10,187,200) | \$ 278,821,898 |

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 4. Capital Assets, *Continued*

Business-type capital asset activity for the year ended June 30, 2022 was as follows:

| | Balance July 1, 2021 | Additions and Transfers | Retirements and Transfers | Balance June 30, 2022 |
|--|-------------------------|----------------------------|------------------------------|--------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 12,204,872 | \$ 25,361 | \$ - | \$ 12,230,233 |
| Water rights | 1,797,968 | - | - | 1,797,968 |
| Construction in progress | 17,341,321 | 17,392,322 | (10,544,987) | 24,188,656 |
| Total capital assets not being depreciated | 31,344,161 | 17,417,683 | (10,544,987) | 38,216,857 |
| Capital assets being depreciated: | | | | |
| Utility plant in service | 585,968,021 | 10,644,293 | - | 596,612,314 |
| Machinery and equipment | 8,684,743 | 2,018,337 | (1,393,658) | 9,309,422 |
| Transportation equipment | 15,426,829 | 1,205,072 | (279,017) | 16,352,884 |
| Buildings and improvements | 34,840,284 | 3,434,810 | - | 38,275,094 |
| Office furniture and equipment | 1,820,292 | 97,987 | (203,957) | 1,714,322 |
| Total capital assets being depreciated | 646,740,169 | 17,400,499 | (1,876,632) | 662,264,036 |
| Less accumulated depreciation for: | | | | |
| Utility plant in service | 282,992,818 | 12,907,104 | - | 295,899,922 |
| Machinery and equipment | 4,811,992 | 362,053 | (738,753) | 4,435,292 |
| Transportation equipment | 8,411,970 | 1,484,266 | (285,696) | 9,610,540 |
| Buildings and improvements | 12,128,001 | 944,853 | - | 13,072,854 |
| Office furniture and equipment | 1,686,984 | 31,369 | (203,957) | 1,514,396 |
| Total accumulated depreciation | 310,031,765 | 15,729,645 | (1,228,406) | 324,533,004 |
| Total capital assets being depreciated, net | 336,708,404 | 1,670,854 | (648,226) | 337,731,032 |
| Business-type activities, capital assets, net | \$ 368,052,565 | \$ 19,088,537 | \$ (11,193,213) | \$ 375,947,889 |

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 4. Capital Assets, *Continued*

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

| | |
|---|------------------------------------|
| Governmental activities: | |
| General government | \$ 1,265,088 |
| Public safety | 2,071,851 |
| Public works | 6,319,413 |
| Recreation | <u>2,687,111</u> |
| Total depreciation expense, governmental activities | <u><u>\$ 12,343,463</u></u> |
| Business-type activities: | |
| Waterworks | \$ 9,184,140 |
| Sewer | 4,100,631 |
| Solid Waste Fund | 2,191,609 |
| Civic Center | 57,380 |
| Ice and Events Center | 126,746 |
| Fleet Maintenance | <u>69,139</u> |
| Total depreciation expense, business-type activities | <u><u>\$ 15,729,645</u></u> |

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 5. Interfund Receivables, Payables, and Transfers

The composition of interfund receivables and payables as of June 30, 2022 is as follows:

| | Fund-Level Financial Statements | |
|-----------------------------------|---------------------------------|----------------------|
| | Due from/to Other Funds | |
| | Receivable | Payable |
| Governmental activities: | | |
| General Fund | \$ 2,062,782 | \$ - |
| Special Revenue Funds: | | |
| Local and State Grants | 12,112 | - |
| Community Development Block Grant | - | 17,000 |
| Transportation Planning | - | 170,000 |
| Law Enforcement Block Grant | - | 41,000 |
| UMTA Transit Grant | - | 272,000 |
| Capital Projects Funds: | | |
| One-Percent Fund | 2,800,000 | 5,520,000 |
| Special Purpose Opinion Tax | 4,020,000 | 2,800,000 |
| Internal Service Fund | 23,267 | - |
| Business-type activities: | | |
| Waterworks | - | 3,015,224 |
| Sewer | - | 7,283 |
| Solid Waste | 2,924,346 | - |
| | <u>\$ 11,842,507</u> | <u>\$ 11,842,507</u> |

A balance of \$2,924,346 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.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

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

Transfers for the year ended June 30, 2022 were as follows:

| | Transfers In | Transfers Out |
|---------------------------------------|---------------------|---------------------|
| Governmental activities: | | |
| General Fund | \$ 2,076,085 | \$ 301,377 |
| Special Revenue Funds: | | |
| Transportation Planning | 50,373 | - |
| Law Enforcement Block Grant | 56,877 | - |
| Recreation Programs | 471,899 | - |
| Federal Grants Fund | - | 797,139 |
| Capital Projects Funds: | | |
| One-Percent Sales Tax | - | 50,373 |
| Capital Facilities Tax | - | 1,142,837 |
| Permanent Fund: | | |
| Cemetery Perpetual Care | - | 2,438 |
| Total governmental activities | 2,655,234 | 2,294,164 |
| Business-type activities: | | |
| Solid Waste | - | 930,810 |
| Civic Center | 149,208 | - |
| Ice and Events Center | 420,532 | - |
| Total business-type activities | 569,740 | 930,810 |
| Total primary government | \$ 3,224,974 | \$ 3,224,974 |

During the year ended June 30, 2022, transfers were used to (1) move revenues from the fund that Wyoming State Statutes or the budget require expending them, (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, (3) transfer 6th penny funds to the General Fund to reimburse reserves used in the Municipal Court 2nd floor shell project, (4) transfer American Rescue Plan revenue recovery funds, and (5) transfer funds from the Solid Waste Fund to the General Fund per City Council resolution.

The amounts presented in this note encompass only interfund activity between governmental funds and proprietary funds when applicable. Amounts due to and from, and transfers to and from, the fiduciary fund are not included.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 6. Financed Leases and Other Leases

Finance/lease-purchases: The City has entered into finance/lease-purchase agreements for financing the acquisition of landfill and fire equipment. These agreements have been recorded at the present value of their future minimum lease payments as of the inception date. The assets acquired through the agreements are as follows:

| | |
|--|----------------------------|
| Machinery and equipment/transportation equipment | \$ 6,536,324 |
| Less accumulated depreciation | <u>(3,498,828)</u> |
| Total | <u>\$ 3,037,496</u> |

The obligations payable as of June 30, 2022 were as follows:

| | |
|---|--------------------------|
| Lease payable for landfill equipment, due in semiannual installments of \$64,651, with interest at 2.61%, through December 2022, with a final purchase option payment in June 2023. | \$ 315,803 |
| Lease payable for fire equipment, due in annual installments of \$124,133, with interest at 4.65%, through February 2023. | 118,618 |
| Lease payable for fire equipment, due in annual installments of \$103,220, with interest at 4.97%, through November 2023. | <u>192,010</u> |
| | <u>\$ 626,431</u> |

The future minimum lease obligations and the net present value of these minimum payments as of June 30, 2022 were as follows:

| | Governmental Activities | Business-Type Activities |
|--|----------------------------|-----------------------------|
| Years ending June 30: | | |
| 2023 | \$ 227,353 | \$ 323,256 |
| 2024 | 103,221 | - |
| Total minimum lease payments | <u>330,574</u> | <u>323,256</u> |
| Less amount representing interest | <u>(19,946)</u> | <u>(7,453)</u> |
| Present value of minimum lease payments | <u>\$ 310,628</u> | <u>\$ 315,803</u> |

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 6. Financed Leases and Other Leases, *Continued*

Finance/lease-sale: 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 a finance/lease-sale 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 agreement included no principal payments until November 1, 2019, with annual payments of principal and interest of \$661,982 after that. Upon the end of the agreement, ownership of the Rail Spur will be transferred to the Developer.

During the year ended June 30, 2022, the City received monthly payments from the Developer totaling \$661,982.

The City anticipates receiving payments as follows: \$661,981 for fiscal years 2023 through 2025, and \$275,826 in fiscal year 2026; of that amount, \$49,827 is interest.

Lessor leases: The City, acting as a lessor, leases facilities, land, rights-of-way, and easements, which expire at various dates through 2119, inclusive of any options to renew that are expected to be exercised.

The City recognizes long-term lessor leases in accordance with GASB Statement No. 87. At the commencement of the lease term for a long-term lease (i.e., lease term is greater than 12 months), the City recognizes a lease receivable and a deferred inflow of resources. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term.

Total future minimum lease payments to be received under the lessor lease agreements are as follows:

| | Governmental Activities | | |
|-----------------------|-------------------------|-------------------|---------------------|
| | Principal | Interest | Total |
| Years ending June 30: | | | |
| 2023 | \$ 108,731 | \$ 27,043 | \$ 135,774 |
| 2024 | 98,052 | 24,771 | 122,823 |
| 2025 | 83,582 | 22,735 | 106,317 |
| 2026 | 85,474 | 20,843 | 106,317 |
| 2027 | 87,408 | 18,909 | 106,317 |
| Thereafter | 793,340 | 205,135 | 998,475 |
| | <u>\$ 1,256,587</u> | <u>\$ 319,436</u> | <u>\$ 1,576,023</u> |

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 6. Financed Leases and Other Leases, *Continued*

| | Business-Type Activities | | |
|-----------------------|--------------------------|------------------|-------------------|
| | Principal | Interest | Total |
| Years ending June 30: | | | |
| 2023 | \$ 76,797 | \$ 9,585 | \$ 86,382 |
| 2024 | 90,994 | 7,609 | 98,603 |
| 2025 | 74,450 | 5,405 | 79,855 |
| 2026 | 57,290 | 3,818 | 61,108 |
| 2027 | 58,738 | 2,369 | 61,107 |
| Thereafter | 60,225 | 884 | 61,109 |
| | <u>\$ 418,494</u> | <u>\$ 29,670</u> | <u>\$ 448,164</u> |

Note 7. Long-Term Debt

The City can issue 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.

Wyoming 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 \$37,667,722.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt, *Continued*

General long-term debt currently outstanding is as follows:

| | Balance June 30, 2022 | Amount Due within One Year |
|--|--------------------------|-------------------------------|
| Governmental activities: | | |
| Refunding Revenue Bonds, Series 2021, original amount of \$5,455,000, due in annual installments of \$560,000 to \$1,575,000 through April 2028, plus interest from 0.3% to 1.03%. Secured by pledge of Federal mineral royalties and gross parking fee revenues received. | \$ 4,895,000 | \$ 600,000 |
| Due to the Council, original amount of \$4,453,943, with interest at 0.5%, due annually on November 1. Annual principal and interest payments beginning in fiscal year 2020 are \$661,982 through fiscal year 2026. Secured by the collateral assignment of a promissory note, mortgage and railroad easement, and track lease between the City and the Developer. | 2,583,030 | 636,152 |
| Due to the State of Wyoming, Treasurer’s Office, original amount of \$4,862,745 with 0% interest, due in annual installments of \$243,137 beginning in fiscal year 2023 through 2024. | 4,862,745 | 243,137 |
| Total governmental activities | 12,340,775 | 1,479,289 |
| Business-type activities: | | |
| Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #133, advances on a \$7,400,000 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 in an amount not to exceed \$750,000. The payments are currently estimated at \$370,000 per year. Secured by pledge and assignment of revenues from the City’s water system user fees necessary to meet the annual payment. | 5,400,742 | - |
| 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. | 562,500 | 37,500 |
| Balance forward | 5,963,242 | 37,500 |

Continued

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt, *Continued*

| | Balance June 30, 2022 | Amount Due within One Year |
|---|--------------------------|-------------------------------|
| Balance forwarded | \$ 5,963,242 | \$ 37,500 |
| <i>Business-type activities, Continued:</i> | | |
| 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. | 1,142,162 | 55,247 |
| 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. | 2,435,673 | 126,812 |
| 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 pledge and assignment of revenues from the City’s water system user fees necessary to meet the annual loan payment. | 2,124,720 | 282,226 |
| 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 pledge and assignment of revenues from the City’s water system user fees necessary to meet the annual loan payment. | 4,931,744 | 357,481 |
| Balance forward | 16,597,541 | 859,266 |

Continued

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt, *Continued*

| | Balance June 30, 2022 | Amount Due within One Year |
|--|--------------------------|-------------------------------|
| Balance forwarded | \$ 16,597,541 | \$ 859,266 |
| <i>Business-type activities, Continued:</i> | | |
| 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. | 3,270,000 | 913,199 |
| Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #159, advances on \$9,900,000 loan for the Southern Sewer Interceptor Main. Interest thereon is 2.5% for a term of 20 years. The payments are currently estimated at \$635,057 per year. Secured by pledge and assignment of revenues from the City’s wastewater user fees necessary to meet the annual loan payment. | 8,698,002 | 420,726 |
| 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 pledge and assignment of revenues from the City’s water system user fees necessary to meet the annual loan payment. | 136,400 | 44,321 |
| 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. | 210,533 | 18,792 |
| Balance forward | 28,912,476 | 2,256,304 |

Continued

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt, *Continued*

| | Balance June 30, 2022 | Amount Due within One Year |
|---|--------------------------|-------------------------------|
| Balance forwarded | \$ 28,912,476 | \$ 2,256,304 |
| <i>Business-type activities, Continued:</i> | | |
| 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 pledge and assignment of revenues generated from the City’s wastewater user fees necessary to meet the annual loan payment. | 8,798,491 | 2,118,260 |
| Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #081, original amount of \$1,280,000 for the extension of Cheyenne’s Recycled Water System Project, with interest at 2.5%, due annually on September 1. Annual principal and interest payments are \$81,843 through 2030. Secured by pledge and assignment of revenues from the City’s water system user fees necessary to meet the annual loan payment. | 586,953 | 67,374 |
| 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 pledge and assignment of revenues from the City’s water system user fees necessary to meet the annual loan payment. | 340,991 | 53,363 |
| 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 pledge and assignment of revenues from the City’s wastewater user fees necessary to meet the annual loan payment. | 1,109,558 | 147,529 |
| Balance forward | 39,748,469 | 4,642,830 |

Continued

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt, *Continued*

| | Balance June 30, 2022 | Amount Due within One Year |
|---|--------------------------|-------------------------------|
| Balance forwarded | \$ 39,748,469 | \$ 4,642,830 |
| <i>Business-type activities, Continued:</i> | | |
| 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. | 2,866,017 | 257,099 |
| 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. | 1,392,132 | 124,259 |
| 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. | 1,392,132 | 124,259 |
| 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. | 3,522,743 | 232,668 |
| Balance forward | 48,921,493 | 5,381,115 |

Continued

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt, *Continued*

| | Balance June 30, 2022 | Amount Due within One Year |
|---|--------------------------|-------------------------------|
| Balance forwarded | \$ 48,921,493 | \$ 5,381,115 |
| <i>Business-type activities, Continued:</i> | | |
| Due to the State of Wyoming, Office of State Land and Investments, DWSRF Loan #229, original amount of \$3,960,000 for the North City Zone Improvements Project. Interest thereon is at 2.5% for a term of 20 years. The payments are currently estimated at \$254,023 per year. Secured by pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment. | 165,179 | - |
| Total business-type activities | 49,086,672 | 5,381,115 |
| Total long-term debt | \$ 61,427,447 | \$ 6,860,404 |

The annual debt service requirements of the long-term debt and current principal maturities as of June 30, 2022 are as follows:

| | Governmental Activities | | Business-Type Activities | |
|-----------------------|-------------------------|------------|--------------------------|--------------|
| | Principal | Interest | Principal | Interest |
| Years ending June 30: | | | | |
| 2023 | \$ 1,479,289 | \$ 51,247 | \$ 5,381,115 | \$ 1,054,882 |
| 2024 | 1,495,650 | 45,786 | 5,791,219 | 922,215 |
| 2025 | 1,552,076 | 39,645 | 5,924,430 | 786,230 |
| 2026 | 1,603,564 | 32,441 | 5,506,742 | 650,880 |
| 2027 | 988,137 | 23,524 | 2,817,035 | 530,019 |
| 2028-2032 | 2,790,686 | 16,223 | 13,039,284 | 1,756,154 |
| 2033-2037 | 1,215,686 | - | 7,460,021 | 568,986 |
| 2038-2042 | 1,215,687 | - | 2,888,530 | 67,338 |
| 2043-2046 | - | - | 278,296 | - |
| | \$ 12,340,775 | \$ 208,866 | \$ 49,086,672 | \$ 6,336,704 |

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.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt, *Continued*

In May 2020, the Board received approval of an \$8,281,200 grant from the Wyoming Water Development Commission for the design, construction and operation of the Cheyenne Transmission, Pump Station and Tank 2020 project.

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 totaled \$6,399,972. Net customer revenues totaled \$34,321,124 for the year. At year-end, pledged future revenues totaled \$55,423,376, 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 2021 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 totaled \$600,123. Net mineral royalties totaled \$2,734,732 and gross parking fees totaled \$300,320 for the year. At year-end, pledged future revenues totaled \$5,071,416, which is the amount of the remaining principal and interest on the related outstanding debt.

Advance and current refunding: 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 advance 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, 2022, the deferred loss on refunding totaled \$169,183 and is classified as a deferred outflow of resources.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 7. Long-Term Debt, Continued

On March 30, 2021, the City issued \$5,445,000 in Refunding Revenue Bonds with an average interest rate of 0.857% to advance refund \$5,800,000 of outstanding 2012 Series Bonds with an average interest rate of 2.537%. The net proceeds of \$5,365,000 (after the payment of \$80,000 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 2012 Series Bonds that were defeased. As a result, the 2012 Series 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, 2022, the outstanding in-substance defeased debt was \$4,895,000.

As discussed in Note 8, during fiscal year 2022, it was determined that Paid Firemen’s Pension Plan A was actuarially underfunded. As a result, the City has a loan with the State of Wyoming, by and through the Wyoming State Treasurer, for the City’s portion of the liability. The Fire Pension Plan A Legislative Reserve Account loan has a face value of \$4,862,745 and is expected to be repaid over 20 years with 0% interest. The first payment is due in fiscal year 2023.

The following is a summary of long-term liability transactions for the City for the year ended June 30, 2022:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due within One Year |
|---|----------------------|---------------------|-----------------------|----------------------|------------------------|
| Governmental activities: | | | | | |
| Revenue bonds | \$ 5,455,000 | \$ - | \$ (560,000) | \$ 4,895,000 | \$ 600,000 |
| Note payable | 3,212,883 | - | (629,883) | 2,583,000 | 636,152 |
| Loan payable - Paid Firemen’s Pension Plan A | - | 4,862,745 | - | 4,862,745 | 243,137 |
| Finance/lease-purchase payable | 513,216 | - | (202,588) | 310,628 | 212,295 |
| Compensated absences | 4,626,465 | 4,260,476 | (4,158,211) | 4,728,730 | 4,158,546 |
| Governmental activities long-term liabilities | \$ 13,807,564 | \$ 9,123,221 | \$ (5,550,682) | \$ 17,380,103 | \$ 5,850,130 |
| Business-type activities: | | | | | |
| Refunding revenue bonds | \$ 4,160,000 | \$ - | \$ (890,000) | \$ 3,270,000 | \$ 913,199 |
| Loans payable | 45,703,104 | 4,473,423 | (4,359,855) | 45,816,672 | 4,467,916 |
| Finance/lease-purchase payable | 1,062,885 | - | (747,082) | 315,803 | 315,803 |
| Landfill closure and post-closure costs | 9,001,450 | 1,044,824 | - | 10,046,274 | - |
| Compensated absences and early retirement | 1,909,331 | 793,774 | (772,650) | 1,930,455 | 949,650 |
| Business-type activities long-term liabilities | \$ 61,836,770 | \$ 6,312,021 | \$ (6,769,587) | \$ 61,379,204 | \$ 6,646,568 |

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

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 8. Retirement Commitments

All eligible City employees are covered under one of the four following retirement plans. Below is a summary of the deferred inflows/outflows, net pension liabilities and pension expense for the defined benefit plans:

| | Deferred Outflows - Pension Plans | Deferred Inflows - Pension Plans | Net Pension Liability | Pension Expense |
|-------------------------------|---|--|--------------------------|------------------------|
| Pension plans: | | | | |
| Public Employee Pension Plan: | | | | |
| City of Cheyenne | \$ 2,503,236 | \$ (10,133,404) | \$ (13,978,778) | \$ (604,629) |
| Board of Public Utilities | 1,195,146 | (4,378,651) | (6,445,223) | (125,924) |
| Paid Firemen's Pension Plan A | 4,862,745 | (703,672) | (28,234,679) | (67,348,982) |
| Paid Firemen's Pension Plan B | 4,384,574 | (10,471,320) | 3,616,211 | (703,472) |
| Law Enforcement Pension Plan | 11,561,809 | (6,378,585) | (13,462,628) | 3,586,428 |
| Total | \$ 24,507,510 | \$ (32,065,632) | \$ (58,505,097) | \$ (65,196,579) |

Public Employee Pension Plan:

Plan description: The City and the Board participate in the WRS's statewide cost-sharing, multiple-employer defined benefit contributory retirement 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, and substantially all employees of the Board 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 reached 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 Wyoming State Statutes. The WRS issues a publicly available financial report that includes audited financial statements and required supplementary information for the Public Employee Pension Plan. The report may be requested from the WRS or accessed through its website at <https://retirement.wyo.gov/About/Reports?Label=Financial#categories>.

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 salary after 15 years.

Service Retirement Tier 2: If an employee made his or her first contribution after September 1, 2012, the employee is 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.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 8. Retirement Commitments, *Continued*

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 or her 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 Titles 9-3-412 and 413 of Wyoming State Statutes, for the year ended June 30, 2022, member contributions were required to be 9.25% of compensation and employer contributions were required to be 9.37% of compensation for both the City and the Board. In accordance with Title 9-3-412(c)(ii) of Wyoming State Statutes, the Board and the City have elected to pay 6.75% and 6.50%, respectively, in addition to the employer’s contribution.

The City’s and the Board’s contributions to the WRS for the year ended June 30, 2022 totaled \$3,893,251, equal to the required contribution plus the City’s and the Board’s share of the required member contribution.

Paid Firemen’s Pension Plan A (Plan A):

Plan description: The City formerly participated in 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. Plan A issues a publicly available financial report that includes audited financial statements and required supplementary information for Plan A. The report may be requested from the WRS or accessed through its website at <https://retirement.wyo.gov/About/Reports?Label=Financial#categories>.

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%. However, during the 2022 State of Wyoming Legislative Session, this provision was removed from Plan A.

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.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 8. Retirement Commitments, *Continued*

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 overfunded.

During fiscal year 2022, it was determined that Plan A was actuarially underfunded. As such, on or about March 7, 2022, the Wyoming State Legislature passed Senate File No. 39, which eliminated the annual cost-of-living percentage increase to the benefit amount and obligated \$75 million toward the stabilization of the plan; of this amount, \$55 million was obligated from the State of Wyoming. The remaining \$20 million was to be repaid by the nine legacy employers that still had employees participating in the plan. To determine the liability to each of the legacy employers, the Wyoming Retirement Board made an assessment based on the number of retired pensioners receiving benefits from each of the legacy plan employers as of April 1, 2022. See the further discussion of the City's portion of the liability at Note 7.

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 contributory retirement 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 Wyoming 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 requested from the WRS or accessed through its website at <https://retirement.wyo.gov/About/Reports?Label=Financial#categories>.

Benefits provided: The members of the Fund qualify for a retirement allowance if they are 50 years old and have at least 48 months of credited service. The basic monthly benefit for participants is based on a formula involving years of service, highest average salary, and age at retirement. The current benefit formula equals 2.8% times the 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 10.745% of their compensation and the City is required to contribute 15% of the compensation of covered members.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 8. Retirement Commitments, *Continued*

Legislation enacted in 1979 allows the employer to pay any or all of the members' contribution. The City currently pays 1.5% of the required members' contribution of 10.745%. The City's contribution to the Fund for the year ended June 30, 2022 was \$1,238,929, equal to the required contribution plus the City's share of the required members' contribution.

Law Enforcement Pension Plan (the Police Plan):

Plan description: The City participates in the Police Plan, a statewide cost-sharing, multiple-employer defined benefit contributory retirement 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 Wyoming State Statutes. The Police Plan issues a publicly available financial report that includes audited financial statements and required supplementary information for the Police Plan. The report may be requested from the WRS or accessed through its website at <https://retirement.wyo.gov/About/Reports?Label=Financial#categories>.

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 at 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 the 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 Wyoming State Statutes, and as of June 30, 2022, the percentages to be contributed on compensation were 8.6% by the members and 8.6% by the City.

The City's contribution to the Police Plan for the year ended June 30, 2022 was \$709,951, equal to the required contribution.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 8. Retirement Commitments, *Continued*

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2022, the City and the Board reported a total liability of \$58,505,097 for their proportionate share of the net pension liability. The breakdown between plans is as follows:

| | <u>Net Pension Liability (Asset)</u> |
|------------------------------------|--|
| Pension plans: | |
| Public Employee Pension Plan: | |
| City of Cheyenne | \$ 13,978,778 |
| Board of Public Utilities | 6,445,223 |
| Paid Firemen’s Pension Plan A | 28,234,679 |
| Paid Firemen’s Pension Plan B | (3,616,211) |
| Law Enforcement Pension Plan | <u>13,462,628</u> |
| Total net pension liability | <u>\$ 58,505,097</u> |

The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021.

At December 31, 2021, the City’s and the Board’s proportionate shares were as follows:

| | <u>Proportion of the Net Pension Liability</u> | | |
|-------------------------------|--|------------------------------|--------------------------------|
| | <u>December 31, 2021</u> | <u>December 31, 2020</u> | <u>Increase (Decrease)</u> |
| Pension plans: | | | |
| Public Employee Pension Plan: | | | |
| City of Cheyenne | 0.9168 | 0.9125 | 0.0043 |
| Board of Public Utilities | 0.4427 | 0.4144 | 0.0283 |
| Paid Firemen’s Pension Plan A | 28.8783 | 29.2606 | (0.3823) |
| Paid Firemen’s Pension Plan B | 23.9001 | 23.8262 | 0.0739 |
| Law Enforcement Pension Plan | 4.7314 | 4.6288 | 0.1026 |

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 8. Retirement Commitments, *Continued*

For the year ended June 30, 2022, the City and the Board recognized pension (offset) 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 |
|---|--------------------------------------|-------------------------------------|
| Public Employee Pension Plan: | | |
| Governmental activities: | | |
| Differences between expected and actual experience | \$ 220,221 | \$ (18,042) |
| Changes of assumptions | 950,181 | - |
| Net difference between projected and actual earnings on pension plan investments | - | (7,805,429) |
| Changes in proportionate share of contributions | 227,548 | (688,588) |
| Contributions subsequent to the measurement date | 704,769 | - |
| | <u>\$ 2,102,719</u> | <u>\$ (8,512,059)</u> |
| Business-type activities: | | |
| City: | | |
| Differences between expected and actual experience | \$ 41,947 | \$ (3,436) |
| Changes of assumptions | 180,987 | - |
| Net difference between projected and actual earnings on pension plan investments | - | (1,486,749) |
| Changes in proportionate share of contributions | 43,342 | (131,160) |
| Contributions subsequent to the measurement date | 134,241 | - |
| | <u>\$ 400,517</u> | <u>\$ (1,621,345)</u> |
| Board: | | |
| Differences between expected and actual experience | \$ 120,879 | \$ (9,903) |
| Changes of assumptions | 521,550 | - |
| Net difference between projected and actual earnings on pension plan investments | - | (4,284,363) |
| Changes in proportionate share of contributions | 177,179 | (84,385) |
| Contributions subsequent to the measurement date | 375,538 | - |
| | <u>\$ 1,195,146</u> | <u>\$ (4,378,651)</u> |

Continued

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 8. Retirement Commitments, *Continued*

| | 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 | \$ - | \$ (703,672) |
| Contributions subsequent to the measurement date | 4,862,745 | - |
| | <u>\$ 4,862,745</u> | <u>\$ (703,672)</u> |
| Paid Firemen's Pension Plan B: | | |
| Differences between expected and actual experience | \$ 62,046 | \$ (1,514,565) |
| Changes of assumptions | 3,656,034 | (3,362,235) |
| Net difference between projected and actual earnings on pension plan investments | - | (5,405,160) |
| Changes in proportionate share of contributions | 116,319 | (189,360) |
| Contributions subsequent to the measurement date | 550,175 | - |
| | <u>\$ 4,384,574</u> | <u>\$ (10,471,320)</u> |
| Law Enforcement Pension Plan: | | |
| Differences between expected and actual experience | \$ 769,916 | \$ (42,316) |
| Changes of assumptions | 10,308,467 | (1,668,394) |
| Net difference between projected and actual earnings on pension plan investments | - | (4,447,178) |
| Changes in proportionate share of contributions | 116,643 | (220,697) |
| Contributions subsequent to the measurement date | 366,783 | - |
| | <u>\$ 11,561,809</u> | <u>\$ (6,378,585)</u> |

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 8. Retirement Commitments, *Continued*

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 ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense, as follows:

| Years ending June 30: | Governmental Activities | | | | | Business-Type Activities | | |
|-----------------------|------------------------------|-------------------------------|-------------------------------|------------------------------|-----------------------|------------------------------|-----------------------|-----------------------|
| | Public Employee Pension Plan | Paid Firemen's Pension Plan A | Paid Firemen's Pension Plan B | Law Enforcement Pension Plan | Total | Public Employee Pension Plan | | |
| | | | | | | Board | City | Total |
| 2023 | \$ (1,476,786) | \$ (31,669) | \$ (1,323,824) | \$ 1,697,587 | \$ (1,134,692) | \$ (673,880) | \$ (281,292) | \$ (955,172) |
| 2024 | (2,760,240) | (678,657) | (2,423,708) | 1,159,635 | (4,702,970) | (1,328,401) | (525,760) | (1,854,161) |
| 2025 | (1,550,062) | (62,108) | (1,904,808) | 2,201,733 | (1,315,245) | (828,366) | (295,250) | (1,123,616) |
| 2026 | (1,327,021) | 68,762 | (1,274,456) | (242,514) | (2,775,229) | (728,396) | (252,767) | (981,163) |
| 2027 | - | - | 116,623 | - | 116,623 | - | - | - |
| Thereafter | - | - | 173,252 | - | 173,252 | - | - | - |
| | <u>\$ (7,114,109)</u> | <u>\$ (703,672)</u> | <u>\$ (6,636,921)</u> | <u>\$ 4,816,441</u> | <u>\$ (9,638,261)</u> | <u>\$ (3,559,043)</u> | <u>\$ (1,355,069)</u> | <u>\$ (4,914,112)</u> |

Actuarial assumptions: The total pension liability in the January 1, 2021 valuation was determined using the following actuarial assumptions adopted by the WRS Board, effective at its November 17, 2021 and February 17, 2022 meetings, and applied to the December 31, 2021 measurement date:

| Actuarial assumption: | Public Employee Pension Plan | Paid Firemen's Pension Plan A | Paid Firemen's Pension Plan B | Law Enforcement Pension Plan |
|---------------------------|------------------------------|-------------------------------|-------------------------------|------------------------------|
| Inflation | 2.25% | 2.25% | 2.25% | 2.25% |
| Salary increases | 2.50%-6.50% | 4.50% | 4.50%-7.50% | 3.00%-7.00% |
| Investment rate of return | 6.80% | 6.80% | 6.80% | 6.80% |
| Payroll growth rate | 2.00% | 0.00% | 2.50% | 2.50% |
| Cost-of-living adjustment | 0.00% | 0.00% | 0.00% | 0.00% |

Post-retirement mortality: Mortality rates were based on the PUB-2010 General Healthy Annuitant Mortality Table, amount-weighted, fully generational, projected with the MP-2020 Ultimate Scale. Males had no setback, with a multiplier of 100%, and females had no setback, with a multiplier of 103% (PERS) and 100% (Law Enforcement and Fire plans).

Pre-retirement mortality: Mortality rates were based on the PUB-2010 General Active Mortality Table, amount-weighted, fully generational, projected with the MP-2020 Ultimate Scale. Males had no setback, with a multiplier of 100%, and females had no setback, with a multiplier of 100%.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 8. Retirement Commitments, *Continued*

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 arithmetic 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 adding expected inflation. Each major asset class is included in the pension plan’s target asset allocation as of January 1, 2021. 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 | 2.00% | -0.50% | -0.50% |
| Fixed income | 21.00% | 1.32% | 1.63% |
| Equity | 48.50% | 5.63% | 7.54% |
| Marketable alternatives | 19.00% | 3.74% | 4.63% |
| Private markets | 9.50% | 4.84% | 5.99% |
| | 100.00% | | |

Experience analysis: An experience study was conducted on behalf of all WRS plans covering the five-year period ended December 31, 2020. The study provided a detailed analysis concerning the development of the long-term inflation rate, real rate of return, and discount rate. The study also analyzed each major actuarial assumption (e.g., mortality, salary increases, retirement, termination, and disability) and proposed assumptions consistent with the findings.

Discount rate: The discount rate used to measure the total pension liability was 6.80% for the Public Employee Pension Plan, 5.17% for the Law Enforcement Pension Plan, 6.80% for the Paid Firemen’s Pension Plan A, and 6.80% for the Paid Firemen’s Pension 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.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 8. Retirement Commitments, *Continued*

Sensitivity of the City’s and the 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 one percentage point lower or one percentage point higher than the current rate:

| | 1% Decrease | Current Single Discount Rate Assumption | 1% Increase |
|-------------------------------|---------------|---|--------------|
| Public Employee Pension Plan: | | | |
| City of Cheyenne | \$ 25,790,673 | \$ 13,978,778 | \$ 4,187,388 |
| Board of Public Utilities | 11,891,358 | 6,445,223 | 1,930,687 |
| Paid Firemen’s Pension Plan A | 32,575,814 | 28,234,679 | 24,496,596 |
| Paid Firemen’s Pension Plan B | 3,114,698 | (3,616,211) | (9,196,332) |
| Law Enforcement Pension Plan | 22,090,138 | 13,462,628 | 6,552,353 |

Pension plan fiduciary net position: Detailed information about the pension plans’ fiduciary net position is available in the separately issued WRS financial report available from the Wyoming Retirement System, 6101 Yellowstone Road, Suite 500, Cheyenne, Wyoming 82002 or by accessing its website at <https://retirement.wyo.gov/About/Reports?Label=Financial#categories>.

Defined contribution plans: 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 the 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, 2022 were \$33,425.

Note 9. Risk Management

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

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

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 9. Risk Management, Continued

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 State of Wyoming Department of Employment. These payments are based on salaries and a split rate between hazardous and nonhazardous positions.

Note 10. Compensated Absences

Compensated absences have been accrued in the financial statements of the City and the Board and consist of the following at June 30, 2022:

| | Vacation Leave | Sick Leave | Compensatory/ Administrative Time | Early Retirement Obligation | Total |
|---------------------------------------|---------------------|---------------------|---|-----------------------------------|---------------------|
| Governmental activities | \$ 2,463,556 | \$ 1,755,481 | \$ 509,693 | \$ - | \$ 4,728,730 |
| Business-type activities: | | | | | |
| Waterworks Fund | 419,544 | 293,746 | 81,940 | 78,014 | 873,244 |
| Sewer Fund | 285,082 | 195,831 | 54,627 | 52,010 | 587,550 |
| Solid Waste Fund | 197,170 | 152,892 | 1,103 | - | 351,165 |
| Fleet Maintenance Fund | 38,912 | 29,124 | 1,373 | - | 69,409 |
| Civic Center Fund | 18,979 | 4,589 | 2,275 | - | 25,843 |
| Ice and Events Center Fund | 11,016 | 10,579 | 1,649 | - | 23,244 |
| Total business-type activities | 970,703 | 686,762 | 142,966 | 130,024 | 1,930,455 |
| Total all funds | \$ 3,434,259 | \$ 2,442,243 | \$ 652,659 | \$ 130,024 | \$ 6,659,185 |

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

Note 11. Industrial Revenue Bonds

The City has participated in several issuances of industrial revenue bonds for constructing privately operated manufacturing and other related facilities in the City. These bonds are not direct or contingent liabilities of the City. As of June 30, 2022, there were no series of industrial revenue bonds outstanding, as these bonds were paid off in full.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 12. Closure and Post-Closure Care Liability

State and Federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports the estimated liability for these closure and post-closure costs in the government-wide financial statements based on landfill capacity used as of each Statement of Net Position date. The current operating costs of the landfill are accounted for within the Solid Waste Fund of the City using the accrual basis of accounting. The \$10,046,274 reported as landfill closure and post-closure care liability at June 30, 2022 represents the cumulative liability estimated to date based on the use of 50.94% of the estimated capacity of the site. The City will recognize the remaining estimated cost of closure and post-closure care of \$9,674,707 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 2022. The City expects the landfill site to be at full capacity in approximately 46 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, 2022 is as follows:

| | Governmental Activities | Business-Type Activities |
|---|----------------------------|-----------------------------|
| Deferred outflows of resources: | | |
| Deferred loss on refunding | \$ - | \$ 169,183 |
| Deferred outflows, pension liability | 22,911,847 | 1,595,663 |
| Deferred outflows, OPEB liability | 388,876 | - |
| | <hr/> | <hr/> |
| Total deferred outflows of resources | \$ 23,300,723 | \$ 1,764,846 |
| | <hr/> | <hr/> |
| Deferred inflows of resources: | | |
| Unavailable property taxes | \$ 7,384,244 | \$ - |
| Deferred inflows, public-public partnership | 487,656 | - |
| Deferred inflows, lease revenue | 1,251,101 | 432,282 |
| Deferred inflows, pension liability | 26,065,636 | 5,999,996 |
| Deferred inflows, OPEB liability | 1,827,531 | - |
| | <hr/> | <hr/> |
| Total deferred inflows of resources | \$ 37,016,168 | \$ 6,432,278 |
| | <hr/> | <hr/> |

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 14. Commitments

As of June 30, 2022, 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 2022, the amounts below represent the activity pertaining to the contract as a whole:

| | Expended to Date at June 30, 2022 | Total Contract | Commitment at June 30, 2022 |
|---|---|----------------------|--------------------------------|
| Governmental activities: | | | |
| East 12th Street and Meadow Drive Mill and Overlay | \$ 392,113 | \$ 1,345,683 | \$ 953,570 |
| Prairie Avenue & Frontier Mall Drive Intersection | 1,589,741 | 1,883,685 | 293,944 |
| 24th Street Mill and Overlay | 451,866 | 1,166,112 | 714,246 |
| Capitol Basin - 26th Street Interceptor Storm Sewer | 2,913,957 | 3,234,843 | 320,886 |
| LCCC Greenway Underpass Project | 1,921,260 | 1,923,333 | 2,073 |
| Carey Avenue Multi Use Path | 754,250 | 835,493 | 81,243 |
| City Overlay | 3,315,959 | 3,434,669 | 118,710 |
| Miscellaneous Governmental | 730,638 | 3,449,031 | 2,718,393 |
| Total governmental activities | 12,069,784 | 17,272,849 | 5,203,065 |
| Business-type activities: | | | |
| FY21 Water Rehabs | 1,199,342 | 2,759,822 | 1,560,480 |
| FY20 Water Rehabs | 4,657,918 | 4,696,887 | 38,969 |
| FY20 Sewer Rehabs | 2,151,177 | 2,173,960 | 22,783 |
| North City Zone | 542,879 | 12,000,000 | 11,457,121 |
| Hydroelectric Generator | 5,423,397 | 7,400,000 | 1,976,603 |
| Miscellaneous Water Projects | 4,565,403 | 8,193,934 | 3,628,531 |
| Miscellaneous Sewer Projects | 7,281,879 | 8,595,387 | 1,313,508 |
| Total business-type activities | 25,821,995 | 45,819,990 | 19,997,995 |
| Total primary government | \$ 37,891,779 | \$ 63,092,839 | \$ 25,201,060 |

Note 15. OPEB Commitment

On July 1, 2017, the City implemented GASB Statement No. 75, which recognizes a long-term obligation for OPEB benefits. The accounting change was adopted to conform to the provisions of GASB Statement No. 75.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 15. OPEB Commitment, Continued

General information about the OPEB plan:

Plan description: The City participates in a single-employer defined benefit postemployment healthcare plan, the City of Cheyenne Retiree Health Care 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, 2022, the following employees were covered by the benefit terms:

| | |
|---|-------------------|
| Inactive Plan members or beneficiaries currently receiving benefits | 15 |
| Inactive Plan members entitled to but not yet receiving benefits | - |
| Active Plan members | <u>437</u> |
| Total Plan members | <u><u>452</u></u> |

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB: At June 30, 2022, the City reported a total OPEB liability of \$5,198,705. The total OPEB liability was measured as of June 30, 2021 and determined by an actuarial valuation as of June 30, 2022.

Changes in the total OPEB liability:

| | |
|---|----------------------------|
| Total OPEB liability: | |
| Service cost | \$ 310,572 |
| Interest on the total OPEB liability | 117,669 |
| Changes in benefit terms | - |
| Difference between expected and actual experience | (613,930) |
| Changes of assumptions | (505,235) |
| Benefit payments | <u>(167,351)</u> |
| Net change in total OPEB liability | (858,275) |
| Total OPEB liability, beginning | <u>6,056,980</u> |
| Total OPEB liability, ending | <u><u>\$ 5,198,705</u></u> |

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 15. OPEB Commitment, *Continued*

For the year ended June 30, 2022, the City recognized OPEB expense of \$259,754. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Difference between expected and actual experience | \$ - | \$ 1,169,516 |
| Changes of assumptions or other inputs | 388,876 | 658,015 |
| | <u>\$ 388,876</u> | <u>\$ 1,827,531</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:

| Years ending June 30: | |
|-----------------------|-----------------------|
| 2023 | \$ (168,487) |
| 2024 | (168,487) |
| 2025 | (168,487) |
| 2026 | (168,487) |
| 2027 | (168,487) |
| Thereafter | <u>(596,220)</u> |
| | <u>\$ (1,438,655)</u> |

Actuarial methods and assumptions: The total OPEB liability was determined by an actuarial valuation as of June 30, 2022 using the following actuarial assumptions, which were applied to all periods included in the measurement unless otherwise specified:

| | |
|--------------------------|--|
| Actuarial Valuation Date | June 30, 2021 |
| Actuarial Cost Method | Individual entry age |
| Discount Rate | 3.69% as of June 30, 2022 |
| Inflation | 2.25% |
| Salary Increases | 2.50%-6.50%, including wage inflation of 2.50% |

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 15. OPEB Commitment, *Continued*

| | |
|-----------------------------|---|
| Demographic Assumptions | This report has used the same demographic assumptions used to value the WRS defined benefit retirement plan in which the members participate in the actuarial valuation as of January 1, 2021. |
| 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. |
| Healthcare Cost Trend Rates | Initial rate of 7.00%, declining to an ultimate rate of 4.15% after 15 years. |
| Participation Rates | 75% 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 1.92% as of June 30, 2021 to 3.69% as of June 30, 2022. The discount rate is based on the Fidelity “20-Year Municipal GO AA Index.”

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 3.69%, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.69%) or one percentage point higher (4.69%) than the current discount rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|----------------------|----------------|--------------------------|----------------|
| Total OPEB liability | \$ 5,711,112 | \$ 5,198,705 | \$ 4,731,803 |

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 one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

| | 1% Decrease | Current Healthcare Cost Trend Rate | 1% Increase |
|----------------------|----------------|--|----------------|
| Total OPEB liability | \$ 4,660,157 | \$ 5,198,705 | \$ 5,830,215 |

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 16. Contingencies

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

Note 17. Public-Public Partnership

During the year ended June 30, 2021, the City entered into a Public-Public Partnership with Laramie County School District #1 (the District). Per the terms of the agreement, the City has granted the District access to the City-owned Cheyenne Junior League Baseball Complex (the Complex) for use in the girls' softball program. The District is to fund and oversee the installation of three artificial turf infields at the Complex. This work was completed during the year ended June 30, 2021. The artificial turf will become the property of the City at the end of the agreement. The agreement is in effect from September 15, 2020 to September 14, 2026, with the option, by the District, for an additional six-year term renewal.

The \$535,622 value of the artificial turf fields installed by the District at the Complex has been recorded as an asset. This asset will be depreciated over the expected useful life of the turf. A deferred inflow of \$487,656 has also been recorded for the value of the asset, net of the amortization of the deferred inflow to date.

Note 18. Recent Pronouncement

In June 2017, the GASB issued Statement No. 87, *Leases*. GASB Statement No. 87 increases the usefulness of governments' financial statements by requiring the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement is effective for years beginning after June 15, 2021. Management has adopted this statement for the year ended June 30, 2022. The adopted accounting changes conform to the provisions of this statement and were applied beginning in the year ended June 30, 2022. As a result of this adoption, a lease receivable and a deferred inflow of resources were established for a lessor lease that had previously only reported annual rents charged to a customer in fees and miscellaneous on the Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds. The present value of the lease was calculated and the deferred inflow of resources will be amortized based on that calculation and the years remaining on the lease. The restatement of beginning net position was not required.

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, 2022**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|---------------------|-----------------------|---------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 13,052,000 | \$ 13,052,000 | \$ 14,363,741 | \$ 1,311,741 |
| Licenses and permits | 3,092,540 | 3,107,540 | 5,101,413 | 1,993,873 |
| Intergovernmental | 31,576,643 | 31,698,152 | 38,411,463 | 6,713,311 |
| Charges for services | 1,712,000 | 1,712,000 | 1,918,450 | 206,450 |
| Fines and forfeitures | 658,300 | 658,300 | 751,224 | 92,924 |
| Investment income | 146,500 | 146,500 | (1,000,571) | (1,147,071) |
| Miscellaneous | 1,527,723 | 1,527,723 | 1,773,457 | 245,734 |
| Total revenues | 51,765,706 | 51,902,215 | 61,319,177 | 9,416,962 |
| Expenditures | | | | |
| General government: | | | | |
| City Council | 258,896 | 260,856 | 260,303 | 553 |
| Mayor | 5,811,938 | 6,594,209 | 5,951,004 | 643,205 |
| Engineering | 1,192,971 | 1,282,474 | 935,309 | 347,165 |
| Miscellaneous | 6,517,732 | 6,856,021 | 6,584,732 | 271,289 |
| City Treasurer | 791,998 | 809,388 | 782,072 | 27,316 |
| City Clerk | 729,595 | 746,485 | 729,095 | 17,390 |
| Planning and development | 779,270 | 809,708 | 778,143 | 31,565 |
| Public works | 3,980,687 | 4,177,739 | 4,036,880 | 140,859 |
| Public safety: | | | | |
| Fire | 11,758,903 | 12,346,984 | 12,070,983 | 276,001 |
| Police | 14,600,577 | 15,087,965 | 14,719,092 | 368,873 |
| Recreation: | | | | |
| Community recreation and events | 7,470,652 | 7,893,338 | 7,475,078 | 418,260 |
| Total expenditures | 53,893,219 | 56,865,167 | 54,322,691 | 2,542,476 |
| (Deficiency) excess of revenues over expenditures | (2,127,513) | (4,962,952) | 6,996,486 | 11,959,438 |
| Other Financing (Uses) Sources | | | | |
| Transfers out | - | - | (301,377) | 301,377 |
| Transfers in | 1,573,810 | 1,573,810 | 2,076,085 | 502,275 |
| Proceeds from sales of assets | - | - | 2,033 | 2,033 |
| Insurance proceeds | - | - | 102,413 | 102,413 |
| Total other financing sources | 1,573,810 | 1,573,810 | 1,879,154 | 908,098 |
| Net change in fund balance | \$ (553,703) | \$ (3,389,142) | \$ 8,875,640 | \$ 12,867,536 |

See Notes to Required Supplementary Information.

CITY OF CHEYENNE, WYOMING

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS) -
MISCELLANEOUS FEDERAL GRANTS FUND
Year Ended June 30, 2022**

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|------------------|--------------|--------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Intergovernmental | \$ - | \$ 9,575,010 | \$ 5,263,534 | \$ (4,311,476) |
| Investment income | - | - | (7,623) | (7,623) |
| Total revenues | - | 9,575,010 | 5,255,911 | (4,319,099) |
| Expenditures | | | | |
| General government | - | 6,249,965 | 3,088,722 | 3,161,243 |
| Public safety | - | 139,013 | 68,700 | 70,313 |
| Capital outlay | - | 2,388,893 | 1,180,587 | 1,208,306 |
| Total expenditures | - | 8,777,871 | 4,338,009 | 4,439,862 |
| Excess of revenues over expenditures | - | 797,139 | 917,902 | 120,763 |
| Other Financing (Uses) | | | | |
| Transfers out | - | (797,139) | (797,139) | - |
| Total other financing (uses) | - | (797,139) | (797,139) | - |
| Net change in fund balance | \$ - | \$ - | \$ 120,763 | \$ 120,763 |

See Notes to Required Supplementary Information.

CITY OF CHEYENNE, WYOMING

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

Last Five Fiscal Years*

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|----------------------|---------------|---------------|---------------|---------------|
| Total OPEB Liability | | | | | |
| Service cost | \$ 310,572 | \$ 271,802 | \$ 267,460 | \$ 243,371 | \$ 270,144 |
| Interest on the total OPEB liability | 117,669 | 138,428 | 201,417 | 220,105 | 224,371 |
| Changes in benefit terms | - | - | - | - | - |
| Difference between expected and actual experience | (613,930) | - | (860,067) | - | - |
| Changes of assumptions | (505,235) | 273,516 | (59,703) | 275,378 | (306,502) |
| Benefit payments | (167,351) | (281,995) | (390,389) | (401,826) | (392,021) |
| Net change in total OPEB liability | (858,275) | 401,751 | (841,282) | 337,028 | (204,008) |
| Total OPEB Liability, beginning | 6,056,980 | 5,655,229 | 6,496,511 | 6,159,483 | 6,363,491 |
| Total OPEB Liability, ending | \$ 5,198,705 | \$ 6,056,980 | \$ 5,655,229 | \$ 6,496,511 | \$ 6,159,483 |
| Covered-Employee Payroll | \$ 25,713,825 | \$ 24,832,831 | \$ 24,227,152 | \$ 26,908,871 | \$ 26,252,557 |
| Total OPEB Liability as a Percentage of Covered-Employee Payroll | 20.22% | 24.39% | 23.34% | 24.14% | 23.46% |

** This schedule is to be built prospectively until it contains 10 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 Nine Fiscal Years***

| | For the Years Ended June 30, | | |
|--|------------------------------|---------------|---------------|
| | 2022 | 2021 | 2020 |
| Public Employee Pension Plan | | | |
| City of Cheyenne: | | | |
| City's proportion of the net pension liability | 0.9168% | 0.9125% | 0.9757% |
| City's proportionate share of the net pension liability | \$ 13,978,778 | \$ 19,831,406 | \$ 22,928,084 |
| City's covered payroll | 16,727,390 | 16,629,106 | 17,353,726 |
| City's proportionate share of the net pension liability as a percentage of its covered payroll | 83.57% | 119.26% | 132.12% |
| Plan fiduciary net position as a percentage of the total pension liability | 86.03% | 79.24% | 76.83% |
| Board of Public Utilities: | | | |
| Board's proportion of the net pension liability | 0.4227% | 0.4144% | 0.4209% |
| Board's proportionate share of the net pension liability | \$ 6,445,223 | \$ 9,005,488 | \$ 9,890,047 |
| Board's covered payroll | 7,733,780 | 7,636,289 | 7,604,611 |
| Board's proportionate share of the net pension liability as a percentage of its covered payroll | 83.34% | 117.93% | 130.05% |
| Plan fiduciary net position as a percentage of the total pension liability | 86.03% | 79.24% | 76.83% |
| Paid Firemen's Pension Plan A | | | |
| City's proportion of the net pension liability | 28.8783% | 29.2606% | 29.2792% |
| City's proportionate share of the net pension liability | \$ 28,234,679 | \$ 94,742,430 | \$ 76,294,294 |
| City's covered payroll | - | - | - |
| City's proportionate share of the net pension liability as a percentage of its covered payroll | 0.00% | 0.00% | 0.00% |
| Plan fiduciary net position as a percentage of the total pension liability | 42.90% | 21.77% | 27.32% |
| Paid Firemen's Pension Plan B | | | |
| City's proportion of the net pension liability | 23.9001% | 23.8262% | 24.9421% |
| City's proportionate share of the net pension (asset) liability | \$ (3,616,211) | \$ (555,157) | \$ 1,772,750 |
| City's covered payroll | 7,462,018 | 7,188,555 | 7,006,469 |
| City's proportionate share of the net pension (asset) liability as a percentage of its covered payroll | -48.46% | -7.72% | 25.30% |
| Plan fiduciary net position as a percentage of the total pension liability | 107.43% | 101.27% | 95.93% |
| Law Enforcement Pension Plan | | | |
| City's proportion of the net pension liability | 4.7314% | 4.6288% | 4.9682% |
| City's proportionate share of the net pension liability | \$ 13,462,628 | \$ 3,153,265 | \$ 4,282,566 |
| City's covered payroll | 7,798,663 | 7,971,757 | 8,687,750 |
| City's proportionate share of the net pension liability as a percentage of its covered payroll | 172.63% | 39.56% | 49.29% |
| Plan fiduciary net position as a percentage of the total pension liability | 75.62% | 91.82% | 89.05% |

* 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.

For the Years Ended June 30,

| | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|----|------------|---------------|---------------|---------------|---------------|---------------|
| | 0.9450% | 0.9312% | 0.9045% | 0.8842% | 0.8850% | 0.8686% |
| \$ | 28,778,132 | \$ 21,224,141 | \$ 21,868,666 | \$ 20,595,553 | \$ 15,618,025 | \$ 13,205,851 |
| | 16,446,362 | 16,362,135 | 16,333,427 | 15,933,164 | 15,449,954 | 14,962,498 |
| | 174.98% | 129.71% | 133.89% | 129.26% | 101.09% | 88.26% |
| | 69.17% | 76.35% | 73.42% | 73.40% | 79.08% | 81.10% |
| | 0.4178% | 0.4072% | 0.3979% | 0.3838% | 0.3621% | 0.3772% |
| \$ | 12,722,850 | \$ 9,280,567 | \$ 9,619,011 | \$ 8,940,291 | \$ 6,390,668 | \$ 5,735,039 |
| | 7,409,311 | 7,177,501 | 7,127,606 | 6,855,922 | 6,307,367 | 6,463,729 |
| | 171.71% | 129.30% | 134.95% | 130.40% | 101.32% | 88.73% |
| | 69.17% | 76.35% | 73.42% | 73.40% | 79.08% | 81.10% |
| | 30.1135% | 29.9816% | 30.1332% | 29.1245% | 29.8597% | 29.2907% |
| \$ | 68,357,664 | \$ 67,077,510 | \$ 55,286,196 | \$ 54,012,637 | \$ 49,145,415 | \$ 17,188,483 |
| | - | - | - | - | - | - |
| | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| | 29.99% | 34.28% | 38.91% | 40.05% | 45.95% | 71.55% |
| | 24.5705% | 24.3574% | 23.4759% | 23.5543% | 24.4894% | 25.0324% |
| \$ | 5,155,687 | \$ 10,043,721 | \$ 7,409,315 | \$ 7,201,639 | \$ (275,411) | \$ (902,906) |
| | 6,891,466 | 6,552,239 | 6,603,344 | 6,432,467 | 6,532,467 | 6,303,806 |
| | 74.81% | 153.29% | 112.21% | 111.96% | -4.22% | -14.32% |
| | 87.07% | 77.98% | 80.16% | 79.33% | 100.98% | 103.45% |
| | 4.9257% | 4.7984% | 4.5225% | 4.4224% | 4.4884% | 4.4436% |
| \$ | 11,923,758 | \$ 4,128,778 | \$ 3,414,154 | \$ 3,322,120 | \$ 1,322,464 | \$ 810,003 |
| | 7,735,333 | 7,450,974 | 7,077,700 | 6,933,372 | 6,936,457 | 6,707,023 |
| | 154.15% | 55.41% | 48.24% | 47.91% | 19.07% | 12.08% |
| | 71.22% | 87.99% | 88.11% | 87.49% | 94.76% | 96.53% |

CITY OF CHEYENNE, WYOMING

**SCHEDULE OF THE CITY'S CONTRIBUTIONS
Last Nine Fiscal Years**

| | For the Years Ended June 30, | | | |
|---|------------------------------|---------------|---------------|---------------|
| | 2022 | 2021 | 2020 | 2019 |
| Public Employee Pension Plan | | | | |
| City of Cheyenne: | | | | |
| Statutorily required contribution | \$ 1,641,531 | \$ 1,487,050 | \$ 1,523,725 | \$ 1,453,409 |
| Contribution in relation to the statutorily required contribution | 1,641,531 | 1,487,050 | 1,523,725 | 1,453,409 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - |
| City's covered-employee payroll | \$ 17,519,004 | \$ 16,305,375 | \$ 17,178,405 | \$ 16,940,902 |
| Contributions as a percentage of covered-employee payroll | 9.37% | 9.12% | 8.87% | 8.58% |
| Board of Public Utilities: | | | | |
| Statutorily required contribution | \$ 744,272 | \$ 694,066 | \$ 678,924 | \$ 645,547 |
| Contribution in relation to the statutorily required contribution | 744,272 | 694,066 | 678,924 | 645,547 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - |
| Board's covered-employee payroll | \$ 7,943,134 | \$ 7,610,377 | \$ 7,654,160 | \$ 7,524,834 |
| Contributions as a percentage of covered-employee payroll | 9.37% | 9.12% | 8.87% | 8.58% |
| Paid Firemen's Pension Plan A | | | | |
| Statutorily required contribution | \$ - | \$ - | \$ - | \$ - |
| Contribution in relation to the statutorily required contribution | - | - | - | - |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - |
| City's covered-employee payroll | \$ - | \$ - | \$ - | \$ - |
| Contributions as a percentage of covered-employee payroll | 0.00% | 0.00% | 0.00% | 0.00% |
| Paid Firemen's Pension Plan B | | | | |
| Statutorily required contribution | \$ 1,126,299 | \$ 1,007,536 | \$ 945,164 | \$ 836,796 |
| Contribution in relation to the statutorily required contribution | 1,126,299 | 1,007,536 | 945,164 | 836,796 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - |
| City's covered-employee payroll | \$ 7,508,661 | \$ 7,196,688 | \$ 7,270,489 | \$ 6,973,302 |
| Contributions as a percentage of covered-employee payroll | 15.00% | 14.00% | 13.00% | 12.00% |
| Law Enforcement Pension Plan | | | | |
| Statutorily required contribution | \$ 709,951 | \$ 671,684 | \$ 681,867 | \$ 688,842 |
| Contribution in relation to the statutorily required contribution | 709,951 | 671,684 | 681,867 | 688,842 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - |
| City's covered-employee payroll | \$ 8,255,241 | \$ 7,810,280 | \$ 7,928,697 | \$ 8,009,795 |
| Contributions as a percentage of covered-employee payroll | 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.

For the Years Ended June 30,

| 2018 | 2017 | 2016 | 2015 | 2014 |
|---------------|---------------|---------------|---------------|---------------|
| \$ 1,370,762 | \$ 1,427,569 | \$ 1,372,651 | \$ 1,203,890 | \$ 1,078,803 |
| 1,370,762 | 1,427,569 | 1,372,651 | 1,203,890 | 1,078,803 |
| \$ - | \$ - | \$ - | \$ - | \$ - |
| \$ 16,377,083 | \$ 16,694,692 | \$ 16,220,390 | \$ 15,660,040 | \$ 15,194,542 |
| 8.37% | 8.55% | 8.46% | 7.69% | 7.10% |
| \$ 608,519 | \$ 602,689 | \$ 586,407 | \$ 512,031 | \$ 465,964 |
| 608,519 | 602,689 | 586,407 | 512,031 | 465,964 |
| \$ - | \$ - | \$ - | \$ - | \$ - |
| \$ 7,270,239 | \$ 7,200,585 | \$ 7,006,054 | \$ 6,719,564 | \$ 6,544,388 |
| 8.37% | 8.37% | 8.37% | 7.62% | 7.12% |
| \$ - | \$ - | \$ - | \$ - | \$ - |
| \$ - | \$ - | \$ - | \$ - | \$ - |
| \$ - | \$ - | \$ - | \$ - | \$ - |
| \$ - | \$ - | \$ - | \$ - | \$ - |
| 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| \$ 802,935 | \$ 785,180 | \$ 772,527 | \$ 783,023 | \$ 779,804 |
| 802,935 | 785,180 | 772,527 | 783,023 | 779,804 |
| \$ - | \$ - | \$ - | \$ - | \$ - |
| \$ 6,691,128 | \$ 6,543,169 | \$ 6,437,727 | \$ 6,525,189 | \$ 6,498,364 |
| 12.00% | 12.00% | 12.00% | 12.00% | 12.00% |
| \$ 652,267 | \$ 618,944 | \$ 605,058 | \$ 591,129 | \$ 595,430 |
| 652,267 | 618,944 | 605,058 | 591,129 | 595,430 |
| \$ - | \$ - | \$ - | \$ - | \$ - |
| \$ 7,584,494 | \$ 7,197,025 | \$ 7,035,554 | \$ 6,873,586 | \$ 6,923,605 |
| 8.60% | 8.60% | 8.60% | 8.60% | 8.60% |

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 (U.S. GAAP) 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 Treasurer of the City of Cheyenne, Wyoming (the City) 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 between the second Tuesday and the third Tuesday in June to obtain public comments. Within 24 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, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Funds, the Proprietary Funds, and the 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.

Note 2. Explanation of Differences between Budgetary Basis and U.S. GAAP Basis Revenues and Expenditures

| | <u>General Fund</u> |
|---|-----------------------------|
| Revenues: | |
| Actual amounts (budgetary basis) from the budgetary comparison schedule | \$ 61,319,177 |
| Differences, budgetary to U.S. GAAP: | |
| Adjustments to include various pass-through funds included in the General Fund on the U.S. GAAP basis | <u>414,920</u> |
| Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | <u>\$ 61,734,097</u> |
| Expenditures: | |
| Actual amounts (budgetary basis) from the budgetary comparison schedule | \$ 54,322,691 |
| Differences, budgetary to U.S. GAAP: | |
| Adjustments to include various pass-through funds included in the General Fund on the U.S. GAAP basis | <u>249,339</u> |
| Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | <u>\$ 54,572,030</u> |

CITY OF CHEYENNE, WYOMING

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 3. Explanation of Changes in Retirement Commitment - Wyoming Retirement System (WRS)

Changes in benefit terms: There were no changes in benefit terms between the initial measurement date reflected below and the December 31, 2021 measurement date.

Changes in assumptions: Healthcare trend rates were updated, along with the assumptions relating to mortality rates, retirement rates, withdrawal rates, disability rates, and salary increase rates, based on the WRS's December 31, 2020 actuarial experience study. Further, there have been various assumption changes from the initial measurement date reflected below through the December 31, 2021 measurement date, as indicated in the tables below:

| Pension Plan Discount Rate | | | | |
|--------------------------------------|------------------------------------|------------------------------------|----------------------------------|----------------------------------|
| Measurement Date (WRS Year Ended) | Public Employee Pension Plan | Law Enforcement Pension Plan | Paid Firemen's Pension Plan A | Paid Firemen's Pension Plan B |
| 2014 | 7.75% | 7.75% | 4.47% | 7.75% |
| 2015 | 7.75% | 7.75% | 4.25% | 6.52% |
| 2016 | 7.75% | 7.75% | 4.38% | 6.59% |
| 2017 | 7.00% | 7.00% | 3.75% | 5.65% |
| 2018 | 7.00% | 5.92% | 4.01% | 7.00% |
| 2019 | 7.00% | 7.00% | 3.09% | 7.00% |
| 2020 | 7.00% | 7.00% | 1.95% | 7.00% |
| 2021 | 6.80% | 5.17% | 6.80% | 6.80% |

| Pension Plan Investment Rate of Return | | | | |
|--|------------------------------------|------------------------------------|----------------------------------|----------------------------------|
| Measurement Date (WRS Year Ended) | Public Employee Pension Plan | Law Enforcement Pension Plan | Paid Firemen's Pension Plan A | Paid Firemen's Pension Plan B |
| 2014 | 7.75% | 7.75% | 7.75% | 7.75% |
| 2015 | 7.75% | 7.75% | 7.75% | 7.75% |
| 2016 | 7.75% | 7.75% | 4.38% | 6.59% |
| 2017 | 7.75% | 7.75% | 7.75% | 7.75% |
| 2018 | 7.00% | 7.00% | 7.00% | 7.00% |
| 2019 | 7.00% | 7.00% | 7.00% | 7.00% |
| 2020 | 7.00% | 7.00% | 1.00% | 7.00% |
| 2021 | 6.80% | 6.80% | 6.80% | 6.80% |

CITY OF CHEYENNE, WYOMING

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 3. Explanation of Changes in Retirement Commitment - Wyoming Retirement System (WRS), *Continued*

| Pension Plan Inflation Rates | | | | |
|--------------------------------------|------------------------------------|------------------------------------|----------------------------------|----------------------------------|
| Measurement Date (WRS Year Ended) | Public Employee Pension Plan | Law Enforcement Pension Plan | Paid Firemen's Pension Plan A | Paid Firemen's Pension Plan B |
| 2014 | 3.25% | 3.25% | 3.25% | 3.25% |
| 2015 | 3.25% | 3.25% | 3.25% | 3.25% |
| 2016 | 3.25% | 3.25% | 3.25% | 3.25% |
| 2017 | 3.25% | 3.25% | 3.25% | 3.25% |
| 2018 | 2.25% | 2.25% | 2.25% | 2.25% |
| 2019 | 2.25% | 2.25% | 2.25% | 2.25% |
| 2020 | 2.25% | 2.25% | 2.25% | 2.25% |
| 2021 | 2.25% | 2.25% | 2.25% | 2.25% |

| Pension Plan Salary Increases (Includes Inflation) | | | | |
|--|------------------------------------|------------------------------------|----------------------------------|----------------------------------|
| Measurement Date (WRS Year Ended) | Public Employee Pension Plan | Law Enforcement Pension Plan | Paid Firemen's Pension Plan A | Paid Firemen's Pension Plan B |
| 2014 | 4.25%-6.00% | 4.75%-8.00% | 4.25% | 4.25%-7.00% |
| 2015 | 4.25%-6.00% | 4.75%-8.00% | 4.25% | 4.25%-7.00% |
| 2016 | 4.25%-6.00% | 4.75%-8.00% | 4.25% | 4.25%-7.00% |
| 2017 | 4.25%-6.00% | 4.75%-8.00% | 4.25% | 4.25%-7.00% |
| 2018 | 2.50%-6.50% | 4.75%-8.75% | 4.50% | 4.50%-7.50% |
| 2019 | 2.50%-6.50% | 4.75%-8.75% | 4.50% | 4.50%-7.50% |
| 2020 | 2.50%-6.50% | 4.75%-8.75% | 4.50% | 4.50%-7.50% |
| 2021 | 2.50%-6.50% | 3.00%-7.00% | 4.50% | 4.50%-7.50% |

| Pension Plan Payroll Growth Rate | | | | |
|--------------------------------------|------------------------------------|------------------------------------|----------------------------------|----------------------------------|
| Measurement Date (WRS Year Ended) | Public Employee Pension Plan | Law Enforcement Pension Plan | Paid Firemen's Pension Plan A | Paid Firemen's Pension Plan B |
| 2014 | 4.25% | 4.25% | 0.00% | 4.25% |
| 2015 | 4.25% | 4.25% | 0.00% | 4.25% |
| 2016 | 4.25% | 4.25% | 0.00% | 4.25% |
| 2017 | 4.25% | 4.25% | 0.00% | 4.25% |
| 2018 | 2.50% | 2.50% | 0.00% | 2.50% |
| 2019 | 2.50% | 2.50% | 0.00% | 2.50% |
| 2020 | 2.50% | 2.50% | 0.00% | 2.50% |
| 2021 | 2.50% | 2.50% | 0.00% | 2.50% |

CITY OF CHEYENNE, WYOMING

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 3. Explanation of Changes in Retirement Commitment - Wyoming Retirement System (WRS), *Continued*

| Measurement Date (WRS Year Ended) | Cost of Living Increases | | | |
|--------------------------------------|------------------------------------|------------------------------------|----------------------------------|----------------------------------|
| | Public Employee Pension Plan | Law Enforcement Pension Plan | Paid Firemen's Pension Plan A | Paid Firemen's Pension Plan B |
| 2014 | 0.00% | 0.00% | 3.00% | 0.00% |
| 2015 | 0.00% | 0.00% | 3.00% | 0.00% |
| 2016 | 0.00% | 0.00% | 3.00% | 0.00% |
| 2017 | 0.00% | 0.00% | 3.00% | 0.00% |
| 2018 | 0.00% | 0.00% | 3.00% | 0.00% |
| 2019 | 0.00% | 0.00% | 3.00% | 0.00% |
| 2020 | 0.00% | 0.00% | 3.00% | 0.00% |
| 2021 | 0.00% | 0.00% | 3.00% | 0.00% |

Note 4. Explanation of Changes in the Other Postemployment Benefits (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 initial measurement date and the June 30, 2022 measurement date.

Changes in assumptions: With the exception of the discount rate, there have been no changes in assumptions between the initial measurement date and the June 30, 2022 measurement date. The discount rate by each measurement date is as follows:

| Measurement Date | Discount Rate |
|------------------|---------------|
| 2018 | 3.62% |
| 2019 | 3.13% |
| 2020 | 2.45% |
| 2021 | 1.92% |
| 2022 | 3.69% |

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

NONMAJOR 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 of Cheyenne (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 that assists youth in trouble.

Special Friends: Accounts for a program that brings adults together with young people.

Community Development Block Grant: Accounts for funds given to various entities that assist low-income individuals.

Law Enforcement Block Grant: Accounts for funds received by the police department to administer various programs.

Transportation Planning: Accounts for funds used for the planning of streets and other transportation projects.

Urban Mass Transportation Administration (UMTA) Transit Grant: Accounts for funds used to provide public transportation.

Local and State Grants: Accounts for revenue received from various agencies to administer local and 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 homeowners who received low-interest rehabilitation loans through the Cheyenne Redevelopment Agency is also in this fund.

Revolving Real Property: Accounts for proceeds received from the sale of any surplus real property to be used only for the acquisition or construction of new real property for the City.

Belvoir Ranch Recreation: Accounts for monies collected from the wind energy lease with NextEra Energy to be used for planning, developing, and maintaining recreation facilities and opportunities at the Belvoir Ranch and Big Hole properties.

NONMAJOR 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 the 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. The fund receives \$400 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, 2022

| | Special Revenue Funds | | | | | | |
|--|--------------------------|--------------------------------|-------------------|------------------|---|-----------------------------------|----------------------------|
| | Weed and Pest Control | Youth Alternative Grants | Juvenile Justice | Special Friends | Community Development Block Grant | Law Enforcement Block Grant | Transportation Planning |
| ASSETS | | | | | | | |
| Cash and Cash Equivalents | \$ - | \$ 155,439 | \$ 38,094 | \$ 82,898 | \$ 276 | \$ 1,263 | \$ 662 |
| Investments, at fair value | - | 434,923 | 145,092 | - | - | - | - |
| Receivables | | | | | | | |
| Accrued interest | - | - | - | - | - | - | - |
| Customers | - | - | - | - | - | - | - |
| Due from Other Funds | - | - | - | - | - | - | - |
| Due from Other Governments | - | 60,306 | 24,095 | - | 145,008 | 94,705 | 268,518 |
| Prepaid Items | 7,302 | - | - | - | - | - | 4,404 |
| Cash and Cash Equivalents, restricted | 512,576 | - | - | - | - | - | - |
| Investments, restricted | 398,416 | - | - | - | - | - | - |
| Total assets | \$ 918,294 | \$ 650,668 | \$ 207,281 | \$ 82,898 | \$ 145,284 | \$ 95,968 | \$ 273,584 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$ 45,633 | \$ 22,235 | \$ 2,654 | \$ 784 | \$ 126,187 | \$ 29,248 | \$ 92,910 |
| Retainage payable | - | - | - | - | 12,952 | - | - |
| Accrued salaries | 1,803 | 4,397 | - | - | - | 803 | - |
| Due to other funds | - | - | - | - | 17,000 | 41,000 | 170,000 |
| Unearned revenue | 80,000 | - | - | - | - | - | - |
| Total liabilities | 127,436 | 26,632 | 2,654 | 784 | 156,139 | 71,051 | 262,910 |
| Deferred Inflows of Resources | | | | | | | |
| | - | - | - | - | - | - | - |
| Fund Balances | | | | | | | |
| Nonspendable | 7,302 | - | - | - | - | - | 4,404 |
| Restricted | 783,556 | - | 204,627 | 82,114 | - | 24,917 | 6,270 |
| Committed | - | 624,036 | - | - | - | - | - |
| Assigned | - | - | - | - | - | - | - |
| Unassigned | - | - | - | - | (10,855) | - | - |
| Total fund balances | 790,858 | 624,036 | 204,627 | 82,114 | (10,855) | 24,917 | 10,674 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 918,294 | \$ 650,668 | \$ 207,281 | \$ 82,898 | \$ 145,284 | \$ 95,968 | \$ 273,584 |

Continued

CITY OF CHEYENNE, WYOMING

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS, *Continued*
June 30, 2022

| | Special Revenue Funds | | | | | | |
|--|-----------------------|---------------------------|------------------------|----------------------------|-------------------|----------------------------|-----------------------------|
| | UMTA Transit Grant | Local and State Grants | Recreation Programs | Annexation Improvements | Housing Loans | Revolving Real Property | Belvoir Ranch Recreation |
| ASSETS | | | | | | | |
| Cash and Cash Equivalents | \$ 1,036 | \$ 142,951 | \$ 932,840 | \$ 150,845 | \$ 54,387 | \$ 46 | \$ 137,378 |
| Investments, at fair value | - | - | 844,846 | 101,879 | 298,518 | 565,212 | 11,938 |
| Receivables | | | | | | | |
| Accrued interest | - | - | - | - | - | - | - |
| Customers | - | 55,165 | 45,686 | - | 67,832 | - | 137,363 |
| Due from Other Funds | - | 12,112 | - | - | - | - | - |
| Due from Other Governments | 325,321 | 271,602 | - | - | - | - | - |
| Prepaid Items | 147,328 | - | 5,420 | - | - | - | - |
| Cash and Cash Equivalents, restricted | - | - | - | - | - | - | - |
| Investments, restricted | - | - | - | - | - | - | - |
| Total assets | \$ 473,685 | \$ 481,830 | \$ 1,828,792 | \$ 252,724 | \$ 420,737 | \$ 565,258 | \$ 286,679 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | | |
| Liabilities | | | | | | | |
| Accounts payable | \$ 138,039 | \$ 52,842 | \$ 83,152 | \$ 85,650 | \$ - | \$ - | \$ - |
| Retainage payable | - | - | - | - | - | - | - |
| Accrued salaries | 7,111 | - | 38,675 | - | - | - | - |
| Due to other funds | 272,000 | - | - | - | - | - | - |
| Unearned revenue | 160,000 | 3,020 | 58,667 | - | - | - | - |
| Total liabilities | 577,150 | 55,862 | 180,494 | 85,650 | - | - | - |
| Deferred Inflows of Resources | - | - | - | - | 67,833 | - | - |
| Fund Balances | | | | | | | |
| Nonspendable | 147,328 | - | 5,420 | - | - | - | - |
| Restricted | - | 425,968 | - | - | 352,904 | - | - |
| Committed | - | - | 1,642,878 | 167,074 | - | 565,258 | 286,679 |
| Assigned | - | - | - | - | - | - | - |
| Unassigned | (250,793) | - | - | - | - | - | - |
| Total fund balances | (103,465) | 425,968 | 1,648,298 | 167,074 | 352,904 | 565,258 | 286,679 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 473,685 | \$ 481,830 | \$ 1,828,792 | \$ 252,724 | \$ 420,737 | \$ 565,258 | \$ 286,679 |

Continued

CITY OF CHEYENNE, WYOMING

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS, *Continued*
June 30, 2022

| | Capital Projects Funds | | | | Permanent Fund | Total Nonmajor Governmental Funds |
|--|------------------------|------------------------|---------------------|----------------------------|----------------------------|---|
| | Youth Alternatives | Athletic Facilities | Parks Facilities | Development Impact Fees | Cemetery Perpetual Care | |
| ASSETS | | | | | | |
| Cash and Cash Equivalents | \$ 27,818 | \$ 181,894 | \$ - | \$ 450,286 | \$ 24,652 | \$ 2,382,765 |
| Investments, at fair value | - | 680,441 | - | 1,963,900 | 793,670 | 5,840,419 |
| Receivables | | | | | | |
| Accrued interest | - | - | - | 3,074 | 820 | 3,894 |
| Customers | - | - | - | - | 1,200 | 307,246 |
| Due from Other Funds | - | - | - | - | - | 12,112 |
| Due from Other Governments | - | - | - | - | - | 1,189,555 |
| Prepaid Items | - | - | - | - | - | 164,454 |
| Cash and Cash Equivalents, restricted | - | - | - | - | - | 512,576 |
| Investments, restricted | - | - | - | - | - | 398,416 |
| Total assets | \$ 27,818 | \$ 862,335 | \$ - | \$ 2,417,260 | \$ 820,342 | \$ 10,811,437 |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | |
| Liabilities | | | | | | |
| Accounts payable | \$ - | \$ 2,609 | \$ - | \$ 148,933 | \$ - | \$ 830,876 |
| Retainage payable | - | - | - | 3,205 | - | 16,157 |
| Accrued salaries | - | - | - | - | - | 52,789 |
| Due to other funds | - | - | - | - | - | 500,000 |
| Unearned revenue | - | - | - | - | - | 301,687 |
| Total liabilities | - | 2,609 | - | 152,138 | - | 1,701,509 |
| Deferred Inflows of Resources | - | - | - | - | - | 67,833 |
| Fund Balances | | | | | | |
| Nonspendable | - | - | - | - | - | 164,454 |
| Restricted | - | - | - | - | 820,342 | 2,700,698 |
| Committed | - | 859,726 | - | 2,265,122 | - | 6,410,773 |
| Assigned | 27,818 | - | - | - | - | 27,818 |
| Unassigned | - | - | - | - | - | (261,648) |
| Total fund balances | 27,818 | 859,726 | - | 2,265,122 | 820,342 | 9,042,095 |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 27,818 | \$ 862,335 | \$ - | \$ 2,417,260 | \$ 820,342 | \$ 10,811,437 |

CITY OF CHEYENNE, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2022

| | Special Revenue Funds | | | | | | |
|--|--------------------------|--------------------------------|------------------|-----------------|---|-----------------------------------|----------------------------|
| | Weed and Pest Control | Youth Alternative Grants | Juvenile Justice | Special Friends | Community Development Block Grant | Law Enforcement Block Grant | Transportation Planning |
| Revenues | | | | | | | |
| Intergovernmental | \$ 626,576 | \$ 722,095 | \$ 60,000 | \$ 46,957 | \$ 542,845 | \$ 508,803 | \$ 901,666 |
| Charges for services | - | - | - | - | - | - | - |
| Investment (loss) income | (3,272) | (3,391) | (1,158) | 16 | - | - | - |
| Miscellaneous | 2,356 | 14,640 | 2,250 | 15,006 | - | - | - |
| Total revenues | 625,660 | 733,344 | 61,092 | 61,979 | 542,845 | 508,803 | 901,666 |
| Expenditures | | | | | | | |
| Current: | | | | | | | |
| General government | - | - | - | - | - | - | - |
| Public safety | - | 468,900 | 66,875 | - | - | 564,924 | - |
| Public works | - | - | - | - | - | - | 948,462 |
| Health and welfare | 473,109 | 180,334 | - | 54,927 | 555,798 | - | - |
| Recreation | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Debt service: | | | | | | | |
| Principal retirements | - | - | - | - | - | - | - |
| Interest payments | - | - | - | - | - | - | - |
| Total expenditures | 473,109 | 649,234 | 66,875 | 54,927 | 555,798 | 564,924 | 948,462 |
| Excess (deficiency) of revenues over expenditures | 152,551 | 84,110 | (5,783) | 7,052 | (12,953) | (56,121) | (46,796) |
| Other Financing Sources (Uses) | | | | | | | |
| Transfers in | - | - | - | - | - | 56,877 | 50,373 |
| Transfers out | - | - | - | - | - | - | - |
| Proceeds from sales of assets | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | 56,877 | 50,373 |
| Net change in fund balances | 152,551 | 84,110 | (5,783) | 7,052 | (12,953) | 756 | 3,577 |
| Fund Balances, beginning of year | 638,307 | 539,926 | 210,410 | 75,062 | 2,098 | 24,161 | 7,097 |
| Fund Balances, end of year | \$ 790,858 | \$ 624,036 | \$ 204,627 | \$ 82,114 | \$ (10,855) | \$ 24,917 | \$ 10,674 |

Continued

CITY OF CHEYENNE, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS, *Continued*
 Year Ended June 30, 2022

| | Special Revenue Funds | | | | | | |
|--|-----------------------|---------------------------|------------------------|----------------------------|------------------|----------------------------|-----------------------------|
| | UMTA Transit Grant | Local and State Grants | Recreation Programs | Annexation Improvements | Housing Loans | Revolving Real Property | Belvoir Ranch Recreation |
| Revenues | | | | | | | |
| Intergovernmental | \$ 3,000,318 | \$ 1,467,045 | \$ - | \$ - | \$ 60,010 | \$ - | \$ - |
| Charges for services | 51,434 | - | 1,767,848 | - | - | - | - |
| Investment (loss) income | 12 | - | (6,958) | (578) | 12,601 | (4,560) | (82) |
| Miscellaneous | 84 | 661,982 | 67,595 | 2,101 | - | - | 274,725 |
| Total revenues | 3,051,848 | 2,129,027 | 1,828,485 | 1,523 | 72,611 | (4,560) | 274,643 |
| Expenditures | | | | | | | |
| Current: | | | | | | | |
| General government | - | 25,173 | - | 91,419 | - | - | - |
| Public safety | - | - | - | - | - | - | - |
| Public works | 3,385,273 | - | - | - | - | - | - |
| Health and welfare | - | - | - | - | 20,063 | - | - |
| Recreation | - | - | 1,392,867 | - | - | - | - |
| Capital outlay | - | 1,498,348 | 6,770 | - | - | - | - |
| Debt service: | | | | | | | |
| Principal retirements | - | 629,853 | - | - | - | - | - |
| Interest payments | - | 16,064 | - | 3,997 | - | - | - |
| Total expenditures | 3,385,273 | 2,169,438 | 1,399,637 | 95,416 | 20,063 | - | - |
| Excess (deficiency) of revenues over expenditures | (333,425) | (40,411) | 428,848 | (93,893) | 52,548 | (4,560) | 274,643 |
| Other Financing Sources (Uses) | | | | | | | |
| Transfers in | - | - | 471,899 | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - |
| Proceeds from sales of assets | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | 471,899 | - | - | - | - |
| Net change in fund balances | (333,425) | (40,411) | 900,747 | (93,893) | 52,548 | (4,560) | 274,643 |
| Fund Balances, beginning of year | 229,960 | 466,379 | 747,551 | 260,967 | 300,356 | 569,818 | 12,036 |
| Fund Balances, end of year | \$ (103,465) | \$ 425,968 | \$ 1,648,298 | \$ 167,074 | \$ 352,904 | \$ 565,258 | \$ 286,679 |

Continued

CITY OF CHEYENNE, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
 NONMAJOR GOVERNMENTAL FUNDS, *Continued*
 Year Ended June 30, 2022

| | Capital Projects Funds | | | | Permanent Fund | Total Nonmajor Governmental Funds |
|--|------------------------|------------------------|---------------------|----------------------------|----------------------------|---|
| | Youth Alternatives | Athletic Facilities | Parks Facilities | Development Impact Fees | Cemetery Perpetual Care | |
| Revenues | | | | | | |
| Intergovernmental | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 7,936,315 |
| Charges for services | - | 305,550 | - | 1,485,399 | - | 3,610,231 |
| Investment (loss) income | 7 | (5,214) | - | (50,915) | 2,438 | (61,054) |
| Miscellaneous | 7,155 | - | - | - | 20,211 | 1,068,105 |
| Total revenues | 7,162 | 300,336 | - | 1,434,484 | 22,649 | 12,553,597 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | - | - | 116,592 |
| Public safety | 11,451 | - | - | - | - | 1,112,150 |
| Public works | - | - | - | - | - | 4,333,735 |
| Health and welfare | - | - | - | - | - | 1,284,231 |
| Recreation | - | 6,735 | - | 32,862 | - | 1,432,464 |
| Capital outlay | - | 48,196 | - | 115,846 | - | 1,669,160 |
| Debt service: | | | | | | |
| Principal retirements | - | - | - | - | - | 629,853 |
| Interest payments | - | - | - | - | - | 20,061 |
| Total expenditures | 11,451 | 54,931 | - | 148,708 | - | 10,598,246 |
| Excess (deficiency) of revenues over expenditures | (4,289) | 245,405 | - | 1,285,776 | 22,649 | 1,955,351 |
| Other Financing Sources (Uses) | | | | | | |
| Transfers in | - | - | - | - | - | 579,149 |
| Transfers out | - | - | - | - | (2,438) | (2,438) |
| Proceeds from sales of assets | - | 184 | - | - | - | 184 |
| Total other financing sources (uses) | - | 184 | - | - | (2,438) | 576,895 |
| Net change in fund balances | (4,289) | 245,589 | - | 1,285,776 | 20,211 | 2,532,246 |
| Fund Balances, beginning of year | 32,107 | 614,137 | - | 979,346 | 800,131 | 6,509,849 |
| Fund Balances, end of year | \$ 27,818 | \$ 859,726 | \$ - | \$ 2,265,122 | \$ 820,342 | \$ 9,042,095 |

NONMAJOR PROPRIETARY FUNDS

Business-Type Activities

Proprietary funds are used to account for business-type activities that 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, 2022

| | Civic Center Fund | Ice and Events Center Fund | Nonmajor Proprietary Funds Totals |
|--|----------------------|-------------------------------|---|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | \$ 196,106 | \$ 1,664 | \$ 197,770 |
| Receivables: | | | |
| Accounts - customers | - | 12 | 12 |
| Prepaid items | 3,507 | - | 3,507 |
| Total current assets | 199,613 | 1,676 | 201,289 |
| Noncurrent Assets | | | |
| Capital assets being depreciated: | | | |
| Land | - | 346,861 | 346,861 |
| Machinery and equipment | 445,512 | 385,900 | 831,412 |
| Transportation equipment | - | 50,241 | 50,241 |
| Buildings and improvements | 3,880,266 | 3,197,269 | 7,077,535 |
| Office furniture and equipment | 283,496 | 37,712 | 321,208 |
| Accumulated depreciation | (4,139,490) | (1,708,559) | (5,848,049) |
| Total noncurrent assets | 469,784 | 2,309,424 | 2,779,208 |
| Total assets | 669,397 | 2,311,100 | 2,980,497 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Accounts payable | 55,928 | 23,738 | 79,666 |
| Unearned revenue | 10,890 | - | 10,890 |
| Accrued salaries, including vacation and sick leave | 27,348 | 24,841 | 52,189 |
| Total current liabilities | 94,166 | 48,579 | 142,745 |
| Noncurrent Liabilities | | | |
| Accrued compensated absences | 3,562 | 1,546 | 5,108 |
| Total noncurrent liabilities | 3,562 | 1,546 | 5,108 |
| Total liabilities | 97,728 | 50,125 | 147,853 |
| NET POSITION | | | |
| Net Investment in Capital Assets | 469,784 | 2,309,424 | 2,779,208 |
| Unrestricted Net Position (Deficit) | 101,885 | (48,449) | 53,436 |
| Total net position | \$ 571,669 | \$ 2,260,975 | \$ 2,832,644 |

CITY OF CHEYENNE, WYOMING

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET POSITION - NONMAJOR PROPRIETARY FUNDS**

Year Ended June 30, 2022

| | Civic Center Fund | Ice and Events Center Fund | Nonmajor Proprietary Funds Totals |
|---------------------------------------|----------------------|-------------------------------|---|
| Operating Revenues | | | |
| Sales and charges for services | \$ 1,123,900 | \$ 485,319 | \$ 1,609,219 |
| Intergovernmental | 1,365,193 | - | 1,365,193 |
| Fees and miscellaneous | 128,590 | 30 | 128,620 |
| Total operating revenues | 2,617,683 | 485,349 | 3,103,032 |
| Operating Expenses | | | |
| Administrative and general | 1,585,652 | 617,258 | 2,202,910 |
| Depreciation | 57,380 | 126,746 | 184,126 |
| Parts and supplies | 29,682 | 25,729 | 55,411 |
| Intra-city charges | - | 2,076 | 2,076 |
| Total operating expenses | 1,672,714 | 771,809 | 2,444,523 |
| Operating income (loss) | 944,969 | (286,460) | 658,509 |
| Nonoperating (Loss) Income | | | |
| (Loss) on disposal of assets | - | (480) | (480) |
| Investment income: | | | |
| Interest income | - | 3 | 3 |
| Donated assets | 23,177 | 215,046 | 238,223 |
| Total nonoperating income | 23,177 | 214,569 | 237,746 |
| Income (loss) before transfers | 968,146 | (71,891) | 896,255 |
| Transfers In | 149,208 | 420,532 | 569,740 |
| Change in net position | 1,117,354 | 348,641 | 1,465,995 |
| Net Position, beginning of year | (545,685) | 1,912,334 | 1,366,649 |
| Net Position, end of year | \$ 571,669 | \$ 2,260,975 | \$ 2,832,644 |

CITY OF CHEYENNE, WYOMING

COMBINING STATEMENT OF CASH FLOWS - NONMAJOR PROPRIETARY FUNDS

Year Ended June 30, 2022

| | Civic Center Fund | Ice and Events Center Fund | Nonmajor Proprietary Funds Totals |
|--|----------------------|-------------------------------|---|
| Cash Flows from Operating Activities | | | |
| Cash received from customers | \$ 2,630,278 | \$ 485,437 | \$ 3,115,715 |
| Cash payments to suppliers | (1,125,883) | (232,416) | (1,358,299) |
| Cash payments to employees | (489,831) | (399,897) | (889,728) |
| Net cash provided by (used in) operating activities | 1,014,564 | (146,876) | 867,688 |
| Cash Flows from Noncapital Financing Activities | | | |
| Transfers from other funds | 149,208 | 420,532 | 569,740 |
| Advances to other funds | (891,000) | - | (891,000) |
| Proceeds from amounts due to other funds | - | (240,600) | (240,600) |
| Net cash (used in) provided by noncapital financing activities | (741,792) | 179,932 | (561,860) |
| Cash Flows from Capital and Related Financing Activities | | | |
| Proceeds from sale of capital assets | - | (480) | (480) |
| Acquisition of capital assets | (77,867) | (33,622) | (111,489) |
| Net cash (used in) capital and related financing activities | (77,867) | (34,102) | (111,969) |
| Cash Flows from Investing Activities | | | |
| Interest on cash accounts and investments | - | 3 | 3 |
| Net cash provided by investing activities | - | 3 | 3 |
| Net increase (decrease) in cash and cash equivalents | 194,905 | (1,043) | 193,862 |
| Cash and Cash Equivalents, beginning of year | 1,201 | 2,707 | 3,908 |
| Cash and Cash Equivalents, end of year | \$ 196,106 | \$ 1,664 | \$ 197,770 |
| Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities | | | |
| Operating income (loss) | \$ 944,969 | \$ (286,460) | \$ 658,509 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Depreciation | 57,380 | 126,746 | 184,126 |
| Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities: | | | |
| Receivables | 34,769 | 88 | 34,857 |
| Prepaid expenses | (3,507) | - | (3,507) |
| Accounts payable | (1,825) | 3,644 | 1,819 |
| Accrued salaries, including vacation and sick leave | 4,952 | 9,106 | 14,058 |
| Unearned revenue | (22,174) | - | (22,174) |
| Net cash provided by (used in) operating activities | \$ 1,014,564 | \$ (146,876) | \$ 867,688 |
| Noncash Investing, Capital and Noncapital Financing Activities | | | |
| Donated asset acquisitions | \$ 23,177 | \$ 215,046 | \$ 238,223 |

SINGLE AUDIT SECTION

CITY OF CHEYENNE, WYOMING

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022**

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal AL Number | Pass-Through Grantor's Number | Passed Through to Subrecipients | Total Federal Expenditures |
|---|-------------------|-------------------------------|---------------------------------|----------------------------|
| U.S. Department of Housing and Urban Development Direct Program: | | | | |
| CDBG - Entitlement Grants Cluster: | | | | |
| Community Development Block Grants/Entitlement Grants | 14.218 | N/A | \$ 451,770 | \$ 555,797 |
| Total U.S. Department of Housing and Urban Development | | | <u>451,770</u> | <u>555,797</u> |
| 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 | 56-22-03 | - | 2,501 |
| Outdoor Recreation Acquisition, Development, and Planning | 15.916 | 56-00937 | - | 75,473 |
| Total U.S. Department of the Interior | | | <u>-</u> | <u>77,974</u> |
| U.S. Department of Justice: | | | | |
| U.S. Department of Justice Direct Programs: | | | | |
| Law Enforcement Assistance-Narcotics and Dangerous Drugs Training | 16.004 | 2021-115 | - | 19,549 |
| Law Enforcement Assistance-Narcotics and Dangerous Drugs Training | 16.004 | FY 2020 | - | 13,566 |
| Law Enforcement Assistance-Narcotics and Dangerous Drugs Training | 16.004 | FY 2021 | - | 47,551 |
| Subtotal Law Enforcement Assistance-Narcotics and Dangerous Drugs Training | | | <u>-</u> | <u>80,666</u> |
| COVID-19: Coronavirus Emergency Supplemental Funding Program | 16.034 | 2020-VD-BX-1276 | - | 12,871 |
| Bulletproof Vest Partnership Program | 16.607 | FY 2019 | - | 2,737 |
| Bulletproof Vest Partnership Program | 16.607 | FY 2021 | - | 2,321 |
| Subtotal Bulletproof Vest Partnership Program | | | <u>-</u> | <u>5,058</u> |
| Total U.S. Department of Justice Direct Programs | | | <u>-</u> | <u>98,595</u> |
| U.S. Department of Justice Pass-Through Programs: | | | | |
| Pass-through from Wyoming Division of Victim Services: | | | | |
| Crime Victim Assistance | 16.575 | 2020-V2-GX-0016 | - | 173,367 |
| Pass through from Wyoming Association of Sheriffs and Chiefs of Police: | | | | |
| Enforcing Underage Drinking Laws Program | 16.727 | PFS-2021 | - | 13,718 |
| Pass-through from Laramie County, Wyoming: | | | | |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2019-DJ-BX-0912 | - | 13,697 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 2020-DJ-BX-0383 | - | 21,113 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 15PBJA-21-GG-02002-JAGX | - | 27,270 |
| Subtotal Edward Byrne Memorial Justice Assistance Grant Program | | | <u>-</u> | <u>62,080</u> |
| Pass-through from Memorial Hospital of Laramie County: | | | | |
| Comprehensive Opioid Abuse Site-Based Program | 16.838 | 2019-AR-BX-K082 | - | 68,753 |
| Total U.S. Department of Justice Pass-Through Programs | | | <u>-</u> | <u>317,918</u> |
| Total U.S. Department of Justice | | | <u>-</u> | <u>416,513</u> |
| U.S. Department of Transportation: | | | | |
| U.S. Department of Transportation Direct Programs: | | | | |
| Federal Transit Cluster: | | | | |
| Federal Transit Formula Grant | 20.507 | WY-2018-001 | - | 156,709 |
| Federal Transit Formula Grant | 20.507 | WY-2018-002 | - | 122 |
| Federal Transit Formula Grant | 20.507 | WY-2020-006 | - | 908,032 |
| Federal Transit Formula Grant | 20.507 | WY-2021-002 | - | 835,396 |
| Bus and Bus Facilities Formula Program | 20.526 | WY-2022-009 | - | 944,014 |
| Subtotal Federal Transit Cluster | | | <u>-</u> | <u>2,844,273</u> |
| Total U.S. Department of Transportation Direct Programs | | | <u>-</u> | <u>2,844,273</u> |

Continued

CITY OF CHEYENNE, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, *Continued*
Year Ended June 30, 2022

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal AL Number | Pass-Through Grantor's Number | Passed Through to Subrecipients | Total Federal Expenditures |
|--|-------------------------|----------------------------------|---------------------------------------|-------------------------------|
| U.S. Department of Transportation, <i>Continued</i> : | | | | |
| 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 | STPU-CH 0.00 B171028 | \$ - | \$ 2,767 |
| Highway Planning and Construction (Allison & Cribbon) | 20.205 | CD21101 | - | 660,000 |
| Highway Planning and Construction (Carey Ave. Multi-Use Path) | 20.205 | CD20101 | - | 341,058 |
| Subtotal Highway Planning and Construction Cluster | | | - | 1,003,825 |
| Pass-through from Wyoming Department of Transportation: | | | | |
| Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research | 20.505 | N/A | - | 851,942 |
| Pass-through from Wyoming Association of Sheriffs and Chiefs of Police: | | | | |
| Alcohol Open Container Requirements | 20.607 | 154AL-2021-FA-AL-01 | - | 24,932 |
| Alcohol Open Container Requirements | 20.607 | 154AL-2022-FA-AL-01 | - | 18,608 |
| Subtotal Alcohol Open Container Requirements | | | - | 43,540 |
| Highway Safety Cluster: | | | | |
| Pass-through from Wyoming Association of Sheriffs and Chiefs of Police: | | | | |
| State and Community Highway Safety | 20.600 | AL-2020-FA-AL-02 | - | 2,676 |
| State and Community Highway Safety | 20.600 | OP-2020-FA-OP-02 | - | 8,122 |
| Subtotal State and Community Highway Safety | | | - | 10,798 |
| National Priority Safety Programs | 20.616 | M2HVE-2022-FA-HV-02 | - | 22,324 |
| National Priority Safety Programs | 20.616 | M5HVE-2022-FA-HV-01 | - | 7,010 |
| Subtotal National Priority Safety Programs | | | - | 29,334 |
| Subtotal Highway Safety Cluster | | | - | 40,132 |
| Total U.S. Department of Transportation Pass-Through Programs | | | - | 1,939,439 |
| Total U.S. Department of Transportation | | | - | 4,783,712 |
| U.S. Department of Treasury: | | | | |
| Pass-through from State of Wyoming Land and Investment Board: | | | | |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds | 21.027 | N/A | - | 3,879,211 |
| Total U.S. Department of Treasury | | | - | 3,879,211 |
| National Endowment for the Arts: | | | | |
| Pass-through from Wyoming Arts Council: | | | | |
| Promotion of the Arts Partnership Agreements | 45.025 | SBAHQ21SV013124 | - | 4,150 |
| Total National Endowment for the Arts | | | - | 4,150 |
| U.S. Small Business Administration Direct Program: | | | | |
| COVID-19 Shuttered Venue Operators Grant Program | 59.075 | N/A | - | 1,365,193 |
| Total U.S. Small Business Administration | | | - | 1,365,193 |
| U.S. Environmental Protection Agency: | | | | |
| 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: | | | | |
| Drinking Water State Revolving Fund Cluster: | | | | |
| Capitalization Grants for Drinking Water State Revolving Fund | 66.468 | DWSRF-133GR | - | 2,122,142 |
| Capitalization Grants for Drinking Water State Revolving Fund | 66.468 | DWSRF-129 | - | 90,598 |
| Subtotal Capitalization Grants for Drinking Water State Revolving Fund | | | - | 2,212,740 |
| Total U.S. Environmental Protection Agency | | | - | 2,212,740 |

Continued

CITY OF CHEYENNE, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, *Continued*
Year Ended June 30, 2022

| Federal Grantor/Pass-Through Grantor/Program or Cluster Title | Federal AL Number | Pass-Through Grantor's Number | Passed Through to Subrecipients | Total Federal Expenditures |
|--|-------------------------|----------------------------------|---------------------------------------|-------------------------------|
| U.S. Department of Education: | | | | |
| Pass-through from Laramie County Community Partnership: Twenty-First Century Community Learning Centers | 84.287 | Cohort 12 | \$ - | \$ 156,340 |
| Total U.S. Department of Education | | | <u>-</u> | <u>156,340</u> |
| 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 | N/A | - | 73,161 |
| Activities to Support State, Local and Territorial Health: | | | | |
| Department Response to Public Health or Healthcare Crises | 93.391 | N/A | - | 41,950 |
| Total U.S. Department of Health and Human Services | | | <u>-</u> | <u>115,111</u> |
| Corporation for National and Community Service Direct Program: | | | | |
| Foster Grandparent/Senior Companion Cluster: | | | | |
| Foster Grandparent Program | 94.011 | 20SFPW Y001 | - | 196,956 |
| Total Corporation for National and Community Service | | | <u>-</u> | <u>196,956</u> |
| U.S. Department of Homeland Security: | | | | |
| Pass-through from Wyoming Office of Homeland Security: | | | | |
| Homeland Security Grant Program | 97.067 | 18-SHSP-RR7-RR-HRT18 | - | 2,326 |
| Homeland Security Grant Program | 97.067 | 19-SHSP-RR7-RR-HRT19 | - | 2,500 |
| Homeland Security Grant Program | 97.067 | 20-SHSP-CHE-HRT20 | - | 47,215 |
| Homeland Security Grant Program | 97.067 | 21-SHSP-RR7-RR-AET | - | 16,659 |
| Homeland Security Grant Program | 97.067 | 21-SHSP-CHY-PD-CDV2 | - | 34,979 |
| Homeland Security Grant Program | 97.067 | 21-SHSP-CHY-PD-CDV1 | - | 71,318 |
| Total U.S. Department of Homeland Security | | | <u>-</u> | <u>174,997</u> |
| | | | <u>\$ 451,770</u> | <u>\$ 13,938,694</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 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* (the Uniform Guidance), 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. Indirect Cost Rate

The City did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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, 2022. The information in this Schedule is presented in accordance with the requirements of the 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, 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, 2022 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 29, 2022.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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


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

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Cheyenne, Wyoming

December 29, 2022



**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

Opinion on Each Major Federal Program

We have audited the City of Cheyenne, Wyoming's (the City) compliance with the types of compliance requirements identified as subject to audit in the *Office of Management and Budget 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, 2022. 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.

In our opinion, the City complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major Federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's Federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major Federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 29, 2022

CITY OF CHEYENNE, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

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>AL Number</u> | <u>Name of Federal Program or Cluster</u> |
|------------------|---|
| 20.505 | Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research |
| 21.027 | COVID-19 Coronavirus State and Local Fiscal Recovery Funds |
| 59.075 | COVID-19 Shuttered Venue Operators Grant |
| 66.468 | Capitalization Grants for Drinking Water State Revolving |
| 14.218 | Community Development Block Grants/Entitlement Grants |
| Cluster | Federal Transit Cluster |

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

Auditee qualified as low-risk auditee? Yes No

II. FINANCIAL STATEMENT FINDINGS

None.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

CITY OF CHEYENNE, WYOMING

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2022

There were no audit findings for the year ended June 30, 2021.