

**CITY OF CHEYENNE, WYOMING**

**FINANCIAL AND COMPLIANCE  
REPORT**

**For the fiscal year ended  
June 30, 2013**

**Prepared By:**

**City Treasurer's Office**

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**City of Cheyenne**  
**Financial and Compliance Report**  
**For the fiscal year ended June 30, 2013**

**Table of Contents**

**Financial Section**

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Independent Auditors' Report	1
<b>Management's Discussion and Analysis</b>	<b>5</b>
<b>Basic Financial Statements</b>	
<b>Government-wide Financial Statements</b>	
Statement of Net Position	14
Statement of Activities	16
<b>Fund Financial Statements</b>	
Balance Sheet – Governmental Funds	18
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	20
Reconciliation of Statement of Revenues, Expenses and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Net Position – Proprietary Funds	22
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	26
Statement of Cash Flows – Proprietary Funds	28
<b>Notes to Financial Statements</b>	<b>33</b>
<b>Required Supplementary Information</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (GAAP Basis) – General Fund	70
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (GAAP Basis) – One Percent Sales Tax Fund	71
Note to the Budgetary Schedules	72
Schedule of Funding Progress	73
<b>Combining and Other Individual Fund and Other Supplementary Information</b>	
Combining Balance Sheet – Nonmajor Governmental Funds	78
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	84
Combining Statement of Net Position – Nonmajor Proprietary Funds	92
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Nonmajor Proprietary Funds	93
Combining Statement of Cash Flows – Nonmajor Proprietary Funds	94

## Table of Contents (continued)

### **Single Audit Section**

Schedule of Expenditures of Federal Awards	99
Independent Auditors' Report on the Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	103
Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	105
Schedule of Findings and Questioned Costs	108
Summary Schedule of Prior Federal Audit Findings	110

## **Independent Auditors' Report**

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

### **Report On The Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Cheyenne, Wyoming (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility For The Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Cheyenne Downtown Development Authority (the Authority), which is reported as and comprises in its entirety the discretely presented component unit of the City. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis Of Matter Regarding Prior-Period Adjustment***

As discussed in Note 13 to the financial statements, certain errors resulting in overstatement of previously reported revenues during fiscal years 2005 through 2012 were discovered by management of the City during the current year. Accordingly, an adjustment totaling \$675,000 has been made to the opening general fund balance as of July 1, 2012, to correct the error. Our opinions are not modified with respect to the matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information and the schedule of funding progress, on pages 5-12, 70-72 and 73, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements and the schedule of expenditures of federal awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

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**Other Reporting Required By *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2013 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

*RubinBrown LLP*

December 17, 2013



# CITY OF CHEYENNE, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013

The City of Cheyenne (the City) offers readers of the City's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2013. In addition to this overview and analysis based on currently known facts, decisions and conditions, the City would encourage readers to consider the information presented in the City's financial statements, which begins on page 14 of this report.

### **Financial Highlights**

- ❖ The City's total net position (governmental and business-type combined) increased by \$20.9 million (4.5%) during fiscal year 2013. The governmental net position increased by \$16.8 million (7.3%) and the business-type net assets increased by \$5.1 million (2.1%). The primary source of the increase in governmental net assets was from the collection of optional and capital facilities sales tax that was not expended prior to June 30, 2013.
- ❖ The General Fund, the City's primary operating fund, reported an increase of \$180,998 on a current financial resource basis. This does not include a reduction in fund balance of \$675,000 for a prior period correction. As of June 30, 2013, unassigned fund balance for the General Fund was \$6.1 million or 44 days of total General Fund expenditures of \$50.7 million. The City Council has a requirement by resolution to maintain an unassigned fund balance in the General Fund of \$6 million.
- ❖ The City's total long-term liabilities decreased by \$5.5 million (5.5%) during the current fiscal year. Within that activity, the City's governmental long-term liabilities decreased by \$125,480 and business-type long-term liabilities decreased by \$5.4 million.

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

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

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

The statement of net position presents information on all of the City's assets and liabilities. The difference between assets and liabilities 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 Civic Center and the Ice and Events Center.

## CITY OF CHEYENNE, WYOMING

### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013

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

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. A major fund should generally meet both of the following criteria: 1) total assets, liabilities, revenues, or expenditures/expenses are at least 10% of the corresponding total (assets, liabilities, etc.) for that fund type (i.e., governmental or enterprise funds) and 2) total assets, liabilities, 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 in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the One Percent Sales Tax Fund, both of which are considered to be major funds. Data from the other 21 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has been provided for the general and one percent sales tax funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 18-20 of this report.

**Proprietary funds.** The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Board of Public Utilities, Civic Center and Ice and Events Center.

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 and Sewer funds as they are considered to be major funds of the City.

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

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of

# CITY OF CHEYENNE, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013

those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City does not currently have a fiduciary fund.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 33-68 of this report.

**Other information.** The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 78-95 of this report.

### Government-wide financial analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City's net position, 85 percent reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table reflects the condensed Statement of Net Assets.

<b>Statement of Net Assets</b>						
(amounts expressed in thousands, totals may not add due to rounding)						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current assets	\$ 70,583	\$ 67,853	\$ 35,819	\$ 31,934	\$ 106,402	\$ 99,787
Capital and other assets	199,964	186,801	291,333	293,633	491,298	480,434
Total assets	270,547	254,654	327,152	325,567	597,700	580,221
Long-term liabilities	25,914	26,040	68,552	73,974	94,467	100,014
Other liabilities	12,738	12,499	10,005	8,085	22,743	20,584
Total liabilities	38,652	38,539	78,557	82,059	117,210	120,598
Net position:						
Invested in capital assets, net of related debt	187,243	172,595	219,416	216,666	406,660	389,261
Restricted	42,906	38,577	1,390	1,390	44,295	39,967
Unrestricted	1,746	4,944	27,789	25,453	29,535	30,397
Total net position	\$ 231,895	\$ 216,116	\$ 248,595	\$ 243,509	\$ 480,490	\$ 459,625

A portion of the City's net position (9.2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$29.5 million) may be used to meet the government's ongoing obligations to citizens and creditors subject to the City's fund designations and fiscal policies.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

# CITY OF CHEYENNE, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013

Net position in the City's governmental type activities increased by \$15.8 million during fiscal year 2013. This was up from a prior year increase of \$8.4 million. The major reasons for this increase, as previously noted, is due to excess of optional and capital facilities sales taxes collected over amounts expended. Net assets in the City's business type activities increased by \$5.1 million during fiscal year 2013 compared to an increase of \$6.9 million in the prior year.

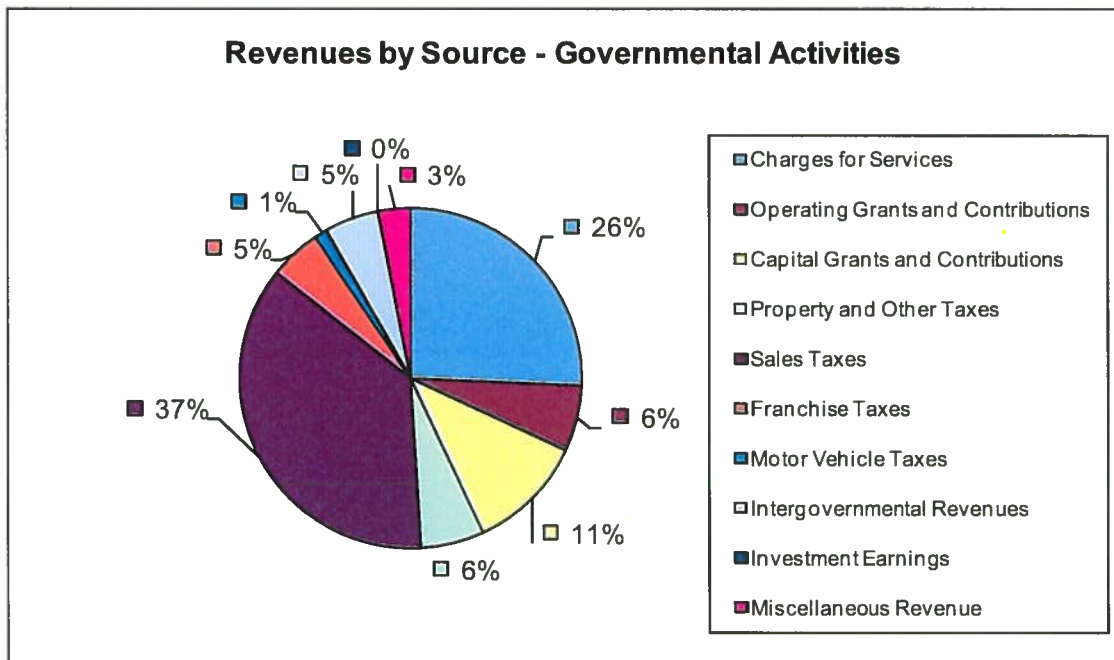
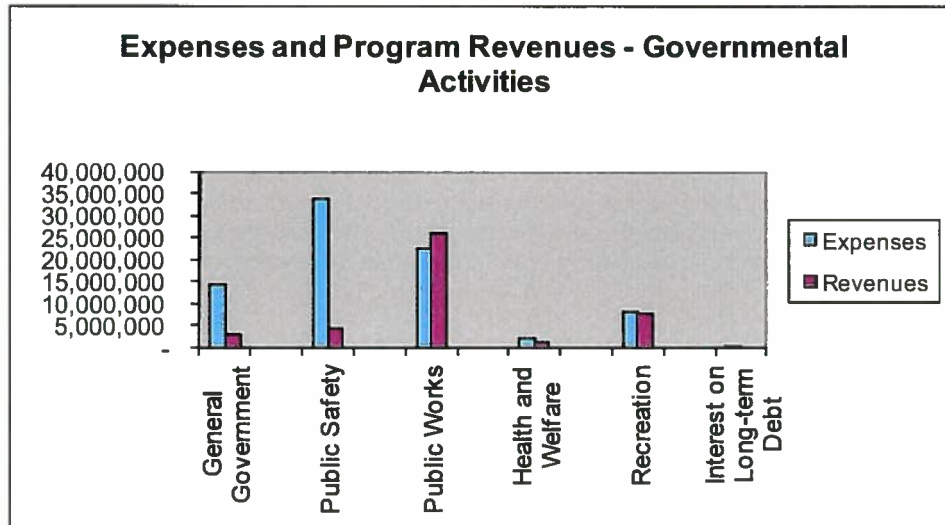
The following table reflects a condensed summary of activities and changes in net assets.

<b>Changes in Net Position</b>						
(amounts expressed in thousands, totals may not add due to rounding)						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues:						
Program revenues:						
Charges for services	\$ 24,910	\$ 22,727	\$ 29,604	\$ 29,726	\$ 54,513	\$ 52,453
Operating grants and contributions	6,100	5,837	1,532	1,928	7,632	7,765
Capital grants and contributions	10,749	2,848	3,765	4,381	14,514	7,229
General revenues:						
Property and other taxes	11,772	11,247	-	-	11,772	11,247
Sales taxes	35,523	31,380	-	-	35,523	31,380
Intergovernmental	4,934	4,773	-	-	4,934	4,773
Other	3,251	7,970	19	77	3,270	8,047
Total revenues	<u>97,237</u>	<u>86,782</u>	<u>34,920</u>	<u>36,112</u>	<u>132,158</u>	<u>122,894</u>
Expenses:						
General government	14,108	12,295	-	-	14,108	12,295
Public safety	33,719	23,064	-	-	33,719	23,064
Public works	22,433	29,500	-	-	22,433	29,500
Health and welfare	1,787	1,662	-	-	1,787	1,662
Recreation	8,092	10,173	-	-	8,092	10,173
Interest on long-term debt	387	925	-	-	387	925
Water	-	-	18,701	18,612	18,701	18,612
Sewer	-	-	9,868	9,579	9,868	9,579
Other	-	-	1,521	1,724	1,521	1,724
Total expenses	<u>80,527</u>	<u>77,619</u>	<u>30,090</u>	<u>29,915</u>	<u>110,616</u>	<u>107,534</u>
Increase in net assets						
before transfers	16,711	9,163	4,831	6,197	21,541	15,360
Transfers	(256)	(741)	256	741	-	-
Change in net position	<u>16,454</u>	<u>8,422</u>	<u>5,087</u>	<u>6,938</u>	<u>21,541</u>	<u>15,360</u>
Net position - beg. of year, original	216,116	207,696	243,508	236,570	459,624	444,266
Prior period adjustment	(675)	-	-	-	(675)	-
Net position - beg of year, amended	<u>215,441</u>	<u>207,696</u>	<u>243,508</u>	<u>236,570</u>	<u>458,949</u>	<u>444,266</u>
Net position - end of year	<u>\$ 231,895</u>	<u>\$ 216,118</u>	<u>\$ 248,595</u>	<u>\$ 243,508</u>	<u>\$ 480,490</u>	<u>\$ 459,626</u>

## CITY OF CHEYENNE, WYOMING

### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013



#### Financial Analysis of the City's Funds

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

## CITY OF CHEYENNE, WYOMING

### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$61,155,538. Approximately 9.9 percent of this total amount (\$6,054,174) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted, committed or assigned to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period, to pay debt service or has been dedicated to other uses.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$6,153,895, while total fund balance reached \$10,634,678. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 12.1 percent of total general fund expenditures, while total fund balance represents 20.9 percent of that same amount. This compares to 14.5 percent and 21.9 percent respectively in the prior year.

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

Unrestricted net position of the Waterworks and Sewer funds at the end of the year amounted to \$27,757,842 and those for the Civic Center and Ice and Events Center amounted to \$31,543. Other factors concerning the finances of these four funds have already been addressed in the discussion of the City's business-type activities.

#### **General Fund Budgetary Highlights**

Differences between the original and the final amended budgeted expenditures and transfers were \$3,430,103. The major expenditure increases follow:

- ❖ \$ 729,977 in carryover projects
- ❖ \$ 1,601,718 for various agency account projects and unanticipated revenues
- ❖ \$ 1,098,408 from reserves for various unanticipated projects and expenditures

Of this increase, \$1,601,718 was funded from unanticipated revenue with the remaining \$1,828,385 budgeted from available fund balance. Expenditures were less than budgetary estimates for all functions thus eliminating the need to further draw upon existing fund balance for operations.

#### **Capital Asset and Debt Administration**

**Capital assets.** The City of Cheyenne's investment in capital assets for its governmental and business-type activities as of June 30, 2013, amounted to \$490,811,804 (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 2.2 percent.

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

- ❖ Acquisition of equipment for the sanitation department.
- ❖ A variety of street construction projects.
- ❖ Vehicles for the police and fire departments.
- ❖ Various building and system additions and improvements for the Board of Public Utilities.

# CITY OF CHEYENNE, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2013

### Capital Assets Net of Depreciation

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 19,733	\$ 15,722	\$ 7,208	\$ 5,410	\$ 26,940	\$ 21,132
Construction in progress	6,590	2,747	3,929	8,194	10,519	10,941
Buildings and improvements	71,759	68,920	14,773	8,958	86,532	77,878
Utility plant in service	-	-	458,760	454,082	458,760	454,082
Machinery and equipment	43,959	40,883	4,966	5,122	48,925	46,005
Infrastructure	180,426	173,237	-	-	180,426	173,237
Less accumulated depreciation	(122,908)	(114,709)	(198,384)	(188,132)	(321,292)	(302,841)
Total	<u>\$ 199,560</u>	<u>\$ 186,800</u>	<u>\$ 291,252</u>	<u>\$ 293,634</u>	<u>\$ 490,812</u>	<u>\$ 480,434</u>

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

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

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

	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Loans and capital leases	\$ 3,565,751	\$ 5,177,518	\$ 61,540,772	\$ 66,152,873	\$ 65,106,523	\$ 71,330,391
Revenue bonds	9,155,000	9,455,000	10,005,000	10,510,000	19,160,000	19,965,000
Total	<u>\$ 12,720,751</u>	<u>\$ 14,632,518</u>	<u>\$ 71,545,772</u>	<u>\$ 76,662,873</u>	<u>\$ 84,266,523</u>	<u>\$ 91,295,391</u>

The City of Cheyenne's total debt decreased by \$7,028,868 (7.7 percent) during the current fiscal year.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 4 percent of its total assessed valuation. The current debt limitation for the City of Cheyenne is \$21,847,014.

## **CITY OF CHEYENNE, WYOMING**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2013

Additional information on the City of Cheyenne's long-term debt can be found in Note 7 on pages 50-59 of this report.

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

The City's original approved fiscal year 2014 budget for the general fund totaled \$54,661,323 compared to an original budget in fiscal year 2013 of \$49,560,879. This represented a 10.3 percent increase. The majority of this increase was the budget for anticipated one time funds from the State of Wyoming and from Impact Assistance Distributions expected. The total of the general operating budget proposed for fiscal year 2014 without one time funds was \$51,022,318, or a 2.9% increase over the prior year.

A challenge in the fiscal year 2014 budget was balancing the budget without the use of one time funds to be received from the State that carry restrictions on their use. The City expenditures continue to rise for major expenditures such as insurance, fuel, repairs and health insurance for employees. Requests from departments for ongoing additional staff and expanded service costs were not funded. Each department has been asked to do more with less, i.e. line items for operational costs have been reduced to the bare minimum necessary to perform the functions of each department.

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

#### **Requests for Information**

The financial report is designed to provide a general overview of the City of Cheyenne's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Treasurer, City of Cheyenne, 2101 O'Neil, Room 108, Cheyenne, WY 82001.



**BASIC  
FINANCIAL  
STATEMENTS**

# CITY OF CHEYENNE, WYOMING

## STATEMENT OF NET POSITION

June 30, 2013

	Primary Government			Component Unit
	Governmental	Business-type	Total	Downtown
	Activities	Activities		Development
				Authority
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 8,404,660	\$ 27,679,489	\$ 36,084,149	\$ 764,510
Investments, at fair value	11,433,071	2,036,713	13,469,784	-
Restricted assets				
Cash and cash equivalents	11,538,473	474,412	12,012,885	-
Investments	20,847,534	989,594	21,837,128	-
Due from other governments	-	716,078	716,078	-
Receivables				
Accrued interest	54,829	10,604	65,433	-
Accounts- customers	885,391	1,905,876	2,791,267	-
Estimated unbilled usage	-	2,500,203	2,500,203	-
Sanitation receivable and unbilled usage	-	1,557,749	1,557,749	-
Property tax receivable	4,473,488	-	4,473,488	160,905
Internal balances	2,346,136	(2,346,136)	-	-
Intergovernmental receivable	9,679,725	-	9,679,725	-
Prepaid expenses	624,788	11,511	636,299	-
Notes receivable	-	-	-	6,699
Inventories	295,029	282,814	577,843	-
Total current assets	70,583,124	35,818,907	106,402,031	932,114
Noncurrent assets				
Capital assets				
Land	19,732,565	5,409,966	25,142,531	-
Utility plant in service	-	458,760,225	458,760,225	-
Water rights	-	1,797,968	1,797,968	-
Machinery and equipment	20,798,045	1,382,472	22,180,517	-
Transportation equipment	21,466,287	2,451,419	23,917,706	-
Buildings and improvements	71,759,135	14,772,594	86,531,729	2,731
Office furniture and equipment	1,695,098	1,132,136	2,827,234	30,361
Infrastructure	180,426,446	-	180,426,446	-
Construction in progress	6,590,405	3,928,772	10,519,177	-
	322,467,981	489,635,552	812,103,533	33,092
Less accumulated depreciation	(122,907,997)	(198,383,732)	(321,291,729)	(21,530)
Total capital assets (net of accumulated depreciation)	199,559,984	291,251,820	490,811,804	11,562
Other assets				
Deferred charges	404,193	81,640	485,833	-
Notes receivable	-	-	-	48,713
Total other assets	404,193	81,640	485,833	48,713
Total noncurrent assets	199,964,177	291,333,460	491,297,637	60,275
Total assets	\$ 270,547,301	\$ 327,152,367	\$ 597,699,668	\$ 992,389

# CITY OF CHEYENNE, WYOMING

## STATEMENT OF NET POSITION (CONTINUED)

June 30, 2013

	Primary Government			Component Unit
	Governmental	Business-type		Downtown
	Activities	Activities	Total	Development
				Authority
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$ 4,922,550	\$ 1,658,523	\$ 6,581,073	\$ 81,514
Accrued interest	-	637,526	637,526	-
Accrued salaries including compensated absences and early retirement, current portion	2,196,033	422,483	2,618,516	-
Unearned fees and deposits	-	2,766,017	2,766,017	-
Unearned revenue	4,369,403	240,694	4,610,097	160,905
Long-term debt and capital leases current portion	1,250,103	4,279,477	5,529,580	9,470
Total current liabilities	<u>12,738,089</u>	<u>10,004,720</u>	<u>22,742,809</u>	<u>251,889</u>
Noncurrent liabilities				
Accrued landfill closure and post-closure costs	12,105,359	-	12,105,359	-
Accrued compensated absences	2,338,264	996,325	3,334,589	-
Long-term portion of capital leases	2,615,648	-	2,615,648	-
Long-term portion of debt	8,855,000	67,556,114	76,411,114	39,809
Total noncurrent liabilities	<u>25,914,271</u>	<u>68,552,439</u>	<u>94,466,710</u>	<u>39,809</u>
Total liabilities	<u>38,652,360</u>	<u>78,557,159</u>	<u>117,209,519</u>	<u>291,698</u>
<b>NET POSITION</b>				
Net investment in capital assets	187,243,426	219,416,229	406,659,655	11,562
Restricted for				
Debt service and capital improvements	938,872	1,389,594	2,328,466	-
Legal restrictions	7,582,970	-	7,582,970	-
Tax voter approved projects	34,383,709	-	34,383,709	-
Unrestricted	1,745,964	27,789,385	29,535,349	689,129
Total net position	<u>\$ 231,894,941</u>	<u>\$ 248,595,208</u>	<u>\$ 480,490,149</u>	<u>\$ 700,691</u>

# CITY OF CHEYENNE, WYOMING

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2013

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
Functions/Programs				
Primary Government				
Governmental activities				
General government	\$ 14,107,665	\$ 2,208,580	\$ 496,201	\$ -
Public safety	33,719,057	1,310,562	1,971,800	974,719
Public works	22,433,254	14,761,339	2,363,760	8,852,694
Health and welfare	1,787,347	2,620	1,240,877	-
Recreation	8,091,854	6,626,448	27,174	921,373
Interest on long-term debt	387,407	-	-	-
Total governmental activities	<u>80,526,584</u>	<u>24,909,549</u>	<u>6,099,812</u>	<u>10,748,786</u>
Business-type activities				
Water	18,700,556	19,049,105	1,206,117	2,812,040
Sewer	9,868,095	9,367,986	325,891	953,409
Civic Center	955,587	671,427	-	-
Ice and Events Center	565,360	515,303	-	-
Total business-type activities	<u>30,089,598</u>	<u>29,603,821</u>	<u>1,532,008</u>	<u>3,765,449</u>
Total primary government	<u>\$ 110,616,182</u>	<u>\$ 54,513,370</u>	<u>\$ 7,631,820</u>	<u>\$ 14,514,235</u>
Governmental component unit				
Downtown Development Authority	<u>\$ 562,504</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

Gain on sale of capital assets

Miscellaneous revenue

### Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year, as originally reported

Prior period adjustment

Net position - beginning of year, as restated

Net position - end of year

Net (Expense) Revenue and Changes in Net Position			Component Unit
Primary Government			Downtown Development Authority
Governmental Activities	Business-type Activities	Total	
\$ (11,402,884)	\$ -	\$ (11,402,884)	\$ -
(29,461,976)	-	(29,461,976)	-
3,544,539	-	3,544,539	-
(543,850)	-	(543,850)	-
(516,859)	-	(516,859)	-
(387,407)	-	(387,407)	-
(38,768,437)	-	(38,768,437)	-
-	4,366,706	4,366,706	-
-	779,191	779,191	-
-	(284,160)	(284,160)	-
-	(50,057)	(50,057)	-
-	4,811,680	4,811,680	-
(38,768,437)	4,811,680	(33,956,757)	-
-	-	-	(562,504)
5,791,816	-	5,791,816	153,888
35,522,673	-	35,522,673	-
4,752,597	-	4,752,597	-
1,227,096	-	1,227,096	-
4,933,807	-	4,933,807	487,120
40,501	18,990	59,491	838
1,527,337	-	1,527,337	-
303,779	-	303,779	-
1,379,509	-	1,379,509	22,054
(256,498)	256,498	-	-
55,222,617	275,488	55,498,105	663,900
16,454,180	5,087,168	21,541,348	101,396
216,115,761	243,508,040	459,623,801	599,295
(675,000)	-	(675,000)	-
215,440,761	243,508,040	458,948,801	599,295
\$ 231,894,941	\$ 248,595,208	\$ 480,490,149	\$ 700,691

# CITY OF CHEYENNE, WYOMING

## BALANCE SHEET GOVERNMENTAL FUNDS June 30, 2013

	General Fund	One Percent Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 2,270,214	\$ -	\$ 6,134,446	\$ 8,404,660
Investments, at fair value	2,026,287	-	9,406,784	11,433,071
Cash and cash equivalents - restricted	15,632	8,562,164	2,960,677	11,538,473
Investments - restricted	923,240	17,285,295	2,638,999	20,847,534
Receivables				
Accrued interest	-	36,321	18,508	54,829
Property tax	4,473,488	-	-	4,473,488
Customers	769,078	-	116,313	885,391
Due from other funds	1,919,687	235,672	2,032,196	4,187,555
Due from other governments	2,947,133	2,191,787	4,540,805	9,679,725
Prepaid items	624,788	-	-	624,788
Inventories	295,029	-	-	295,029
	<u>\$ 16,264,576</u>	<u>\$ 28,311,239</u>	<u>\$ 27,848,728</u>	<u>\$ 72,424,543</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 1,201,086	\$ 1,564,652	\$ 2,155,912	\$ 4,921,650
Accrued salaries including vacation and sick leave	-	-	-	-
Due to other funds	-	-	1,841,419	1,841,419
Due to other governments	900	-	-	900
Deferred revenue	4,427,912	-	77,124	4,505,036
	<u>5,629,898</u>	<u>1,564,652</u>	<u>4,074,455</u>	<u>11,269,005</u>
Total liabilities				
Fund balances				
Nonspendable	1,252,564	-	-	1,252,564
Restricted	938,872	26,746,587	13,967,528	41,652,987
Committed	856,836	-	9,746,575	10,603,411
Assigned	1,432,511	-	159,891	1,592,402
Unassigned	6,153,895	-	(99,721)	6,054,174
	<u>10,634,678</u>	<u>26,746,587</u>	<u>23,774,273</u>	<u>61,155,538</u>
Total fund balances				
Total liabilities and fund balances	<u>\$ 16,264,576</u>	<u>\$ 28,311,239</u>	<u>\$ 27,848,728</u>	<u>\$ 72,424,543</u>

## CITY OF CHEYENNE, WYOMING

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

June 30, 2012

Total fund balances - governmental funds	\$	61,155,538
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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.	199,559,984
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Other assets are not available to pay for current period expenditures and, therefore are deferred in the funds.	135,633
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Long-term liabilities for compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(4,534,297)
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Long-term liability for landfill closure costs is not due and payable in the current period and therefore is not reported in the funds.	(12,105,359)
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Capital leases	(3,565,751)
Bonds payable	(9,155,000)
Bond issuance costs	404,193

Net position of governmental activities	\$	<u>231,894,941</u>
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**CITY OF CHEYENNE, WYOMING**

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2013

	General Fund	One Percent Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes and special assessments	\$ 10,237,701	\$ -	\$ -	\$ 10,237,701
Licenses and permits	2,521,096	-	-	2,521,096
Intergovernmental	24,897,931	11,678,541	15,485,862	52,062,334
Charges for services	10,048,124	-	11,022,590	21,070,714
Fines and forfeitures	1,317,739	-	-	1,317,739
Investment income	(51,904)	91,542	863	40,501
Miscellaneous	834,349	-	552,796	1,387,145
Total revenues	<u>49,805,036</u>	<u>11,770,083</u>	<u>27,062,111</u>	<u>88,637,230</u>
Expenditures				
Current				
General government	12,103,902	-	847,637	12,951,539
Public safety	20,116,610	87,055	1,319,395	21,523,060
Public works	10,638,680	2,157,491	5,209,372	18,005,543
Health and welfare	-	603,000	1,186,659	1,789,659
Recreation	5,391,801	89,445	996,448	6,477,694
Capital outlay	1,934,938	7,804,434	14,718,449	24,457,821
Debt service				
Principal retirements	300,000	-	1,611,767	1,911,767
Interest payments	232,122	-	133,416	365,538
Total expenditures	<u>50,718,053</u>	<u>10,741,425</u>	<u>26,023,143</u>	<u>87,482,621</u>
Excess (deficiency) of revenues over expenditures	<u>(913,017)</u>	<u>1,028,658</u>	<u>1,038,968</u>	<u>1,154,609</u>
Other financing sources (uses)				
Transfers in	12,140	-	431,784	443,924
Transfers out	(638,240)	(50,042)	(12,140)	(700,422)
Insurance proceeds	1,527,337	-	-	1,527,337
Proceeds from sale of assets	192,778	-	-	192,778
Total other financing sources (uses)	<u>1,094,015</u>	<u>(50,042)</u>	<u>419,644</u>	<u>1,463,617</u>
Net change in fund balances	<u>180,998</u>	<u>978,616</u>	<u>1,458,612</u>	<u>2,618,226</u>
Fund balances - beginning of year, as originally reported	11,128,680	25,767,971	22,315,663	59,212,314
Prior period adjustment	(675,000)	-	-	(675,000)
Fund balances - beginning of year, as restated	<u>10,453,680</u>	<u>25,767,971</u>	<u>22,315,663</u>	<u>58,537,314</u>
Fund balances - end of year	<u>\$ 10,634,678</u>	<u>\$ 26,746,587</u>	<u>\$ 23,774,275</u>	<u>\$ 61,155,540</u>



## CITY OF CHEYENNE, WYOMING

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES Year Ended June 30, 2013

Net change in fund balances - total governmental funds	\$	2,618,226
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital purchases and contributions exceeded depreciation and disposals in the current period.

Donated fixed assets	6,781,685
Capital outlay	18,012,313
Depreciation expense	(11,726,675)
Disposal of assets	(308,310)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(12,767)
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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.	(325,749)
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Expenses reported in the statement of activities for the increase in the landfill closure liability do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.	(474,441)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and 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.	<u>1,889,898</u>
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Change in net position of governmental activities	\$	<u>16,454,180</u>
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**CITY OF CHEYENNE, WYOMING**

**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**

June 30, 2013

	Business-type Activities	
	Waterworks Fund	Sewer Fund
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 20,617,071	\$ 6,720,894
Investments, at fair value	1,050,000	986,713
Restricted assets		
Cash and cash equivalents	474,412	-
Investments	989,594	-
Due from other governments	499,749	216,329
City of Cheyenne sanitation account	1,557,749	-
Receivables		
Accrued interest	8,215	2,389
Accounts- customers	1,193,599	702,816
Estimated unbilled usage	1,897,387	602,816
Inventories	268,013	14,801
Prepaid expenses	11,511	-
Total current assets	<u>28,567,300</u>	<u>9,246,758</u>
Noncurrent assets		
Capital assets		
Land	4,538,963	528,760
Utility plant in service	338,926,736	119,833,489
Water rights	1,797,968	-
Machinery and equipment	544,914	180,342
Transportation equipment	1,829,097	602,327
Buildings and improvements	6,015,106	2,021,318
Office furniture and equipment	694,390	240,191
Construction in progress	3,278,130	650,642
	<u>357,625,304</u>	<u>124,057,069</u>
Less accumulated depreciation	<u>(146,925,959)</u>	<u>(47,418,028)</u>
Total capital assets (net of accumulated depreciation)	<u>210,699,345</u>	<u>76,639,041</u>
Other assets		
Deferred charges	81,640	-
Total other assets	<u>81,640</u>	<u>-</u>
Total noncurrent assets	<u>210,780,985</u>	<u>76,639,041</u>
Total assets	<u>\$ 239,348,285</u>	<u>\$ 85,885,799</u>

Enterprise Funds	
Other Proprietary Funds	Totals
\$ 341,524	\$ 27,679,489
-	2,036,713
-	474,412
-	989,594
-	716,078
-	1,557,749
-	10,604
9,461	1,905,876
-	2,500,203
-	282,814
-	11,511
<u>350,985</u>	<u>38,165,043</u>
342,243	5,409,966
-	458,760,225
-	1,797,968
657,216	1,382,472
19,995	2,451,419
6,736,170	14,772,594
197,555	1,132,136
-	3,928,772
<u>7,953,179</u>	<u>489,635,552</u>
<u>(4,039,745)</u>	<u>(198,383,732)</u>
<u>3,913,434</u>	<u>291,251,820</u>
-	81,640
-	81,640
<u>3,913,434</u>	<u>291,333,460</u>
<u>\$ 4,264,419</u>	<u>\$ 329,498,503</u>

**CITY OF CHEYENNE, WYOMING**

**STATEMENT OF NET POSITION - PROPRIETARY FUNDS (CONTINUED)**

June 30, 2013

	<u>Business-type Activities</u>	
	<u>Waterworks Fund</u>	<u>Sewer Fund</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	\$ 1,144,899	\$ 489,947
Accrued interest	512,120	125,406
Unearned revenue	-	-
Due to other funds	2,251,311	94,825
Unearned fees and deposits	2,287,609	478,408
Accrued salaries including vacation and sick leave	222,617	180,134
Current portion of general obligation and loan debt	2,131,631	2,147,846
Total current liabilities	<u>8,550,187</u>	<u>3,516,566</u>
Long term liabilities		
Accrued compensated absences	577,066	383,920
General obligation and loan debt, deferred amount on refunding and unamortized bond premium, net of current portion	<u>37,076,475</u>	<u>30,479,639</u>
Total long term liabilities	<u>37,653,541</u>	<u>30,863,559</u>
Total liabilities	<u>46,203,728</u>	<u>34,380,125</u>
<b>NET POSITION</b>		
Net investment in capital assets	171,491,240	44,011,555
Restricted for debt service and capital improvements	1,389,594	-
Unrestricted	<u>20,263,723</u>	<u>7,494,119</u>
Total net position	<u>193,144,557</u>	<u>51,505,674</u>

Enterprise Funds		
	Other Proprietary Funds	Totals
\$	23,677	\$ 1,658,523
	-	637,526
	240,694	240,694
	-	2,346,136
	-	2,766,017
	19,732	422,483
	-	4,279,477
	<u>284,103</u>	<u>12,350,856</u>
	35,339	996,325
	-	67,556,114
	<u>35,339</u>	<u>68,552,439</u>
	<u>319,442</u>	<u>80,903,295</u>
	3,913,434	219,416,229
	-	1,389,594
	<u>31,543</u>	<u>27,789,385</u>
	<u><u>3,944,977</u></u>	<u><u>248,595,208</u></u>

**CITY OF CHEYENNE, WYOMING**

**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS  
Year Ended June 30, 2013**

	<u>Business-type Activities</u>	
	<u>Waterworks Fund</u>	<u>Sewer Fund</u>
Operating revenues		
Sales and charges for services	\$ 18,727,876	\$ 8,913,119
Fees and miscellaneous	321,229	454,867
Total operating revenues	<u>19,049,105</u>	<u>9,367,986</u>
Operating expenses		
Source of supply	1,218,162	-
Water treatment	1,779,324	-
Transmission and distribution	2,015,765	-
Engineering and water resources	854,312	282,481
Sewer collection lines	-	1,109,167
Water reclamation	-	2,360,921
Information technology and customer service	753,750	250,519
Administrative and general	3,396,542	1,721,931
Depreciation	7,434,716	3,296,673
Parts and supplies	-	-
Intra-city charges	-	-
Total operating expenses	<u>17,452,571</u>	<u>9,021,692</u>
Operating income (loss)	<u>1,596,534</u>	<u>346,294</u>
Non-operating income (expenses)		
System development fees	1,206,117	325,891
Investment income		
Interest income	43,622	16,267
Net decrease in fair value of investments	(32,001)	(8,898)
Interest expense	<u>(1,247,985)</u>	<u>(846,403)</u>
Total non-operating income (expenses)	<u>(30,247)</u>	<u>(513,143)</u>
Income (loss) before contributions and transfers	1,566,287	(166,849)
Capital grants	1,404,495	170,115
Donated utilities and other assets	1,407,545	783,294
Transfers in	<u>-</u>	<u>-</u>
Change in net position	4,378,327	786,560
Net position - beginning of year	<u>188,766,230</u>	<u>50,719,114</u>
Net position - end of year	<u>\$ 193,144,557</u>	<u>\$ 51,505,674</u>

Enterprise Funds

Other Proprietary Funds	Totals
\$ 918,286	\$ 28,559,281
268,444	1,044,540
<u>1,186,730</u>	<u>29,603,821</u>
-	1,218,162
-	1,779,324
-	2,015,765
-	1,136,793
-	1,109,167
-	2,360,921
-	1,004,269
1,249,649	6,368,122
219,248	10,950,637
35,945	35,945
16,105	16,105
<u>1,520,947</u>	<u>27,995,210</u>
<u>(334,217)</u>	<u>1,608,611</u>
-	1,532,008
-	59,889
-	(40,899)
-	(2,094,388)
-	(543,390)
<u>(334,217)</u>	<u>1,065,221</u>
-	1,574,610
-	2,190,839
<u>256,498</u>	<u>256,498</u>
(77,719)	5,087,168
<u>4,022,696</u>	<u>243,508,040</u>
<u>\$ 3,944,977</u>	<u>\$ 248,595,208</u>

**CITY OF CHEYENNE, WYOMING**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2013**

	<u>Business-type Activities</u>	
	<u>Waterworks Fund</u>	<u>Sewer Fund</u>
Cash flows from operating activities		
Cash received from customers	\$ 19,319,438	\$ 9,220,521
Cash payments to suppliers	(3,379,109)	(1,775,476)
Cash payments to employees	(6,147,686)	(3,568,807)
Change in City sanitation account	(107,266)	-
Net cash provided by (used in) operating activities	<u>9,685,377</u>	<u>3,876,238</u>
Cash flows from noncapital financing activities		
Transfers from other funds	<u>-</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities		
System development fees	2,670,425	582,946
Proceeds from issuance of debt	131,786	66,131
Acquisition and construction of capital assets	(4,917,092)	(1,337,236)
Principal paid on revenue bonds and loan debt maturities	(3,494,377)	(2,095,725)
Capital grants	1,182,268	139,781
Interest paid on debt	(1,559,833)	(887,892)
Net cash provided by (used in) capital and related financing activities	<u>(5,986,823)</u>	<u>(3,531,995)</u>
Cash flows from investing activities		
Interest on cash accounts and investments	11,842	7,841
Redemption of investments	-	36,585
Purchase of investments	<u>-</u>	<u>(36,713)</u>
Net cash provided by (used in) investing activities	<u>11,842</u>	<u>7,713</u>
Net increase (decrease) in cash and cash equivalents	3,710,396	351,956
Cash and cash equivalents - beginning of year	<u>17,381,087</u>	<u>6,368,938</u>
Cash and cash equivalents - end of year	<u><u>\$ 21,091,483</u></u>	<u><u>\$ 6,720,894</u></u>



Enterprise Funds	
Other Proprietary Funds	Totals
\$ 1,266,532	\$ 29,806,491
(705,603)	(5,860,188)
(607,021)	(10,323,514)
-	(107,266)
(46,092)	13,515,523
256,498	256,498
256,498	256,498
-	3,253,371
-	197,917
(55,000)	(6,309,328)
-	(5,590,102)
-	1,322,049
-	(2,447,725)
(55,000)	(9,573,818)
-	19,683
-	36,585
-	(36,713)
-	19,555
155,406	4,217,758
186,118	23,936,143
<u>\$ 341,524</u>	<u>\$ 28,153,901</u>

**CITY OF CHEYENNE, WYOMING**

**STATEMENT OF CASH FLOWS (CONTINUED)**  
**PROPRIETARY FUNDS**  
**Year Ended June 30, 2013**

	<u>Business-type Activities</u>	
	<u>Waterworks Fund</u>	<u>Sewer Fund</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	\$ 1,596,534	\$ 346,294
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	7,434,716	3,296,673
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities		
Receivables	282,748	(132,954)
Inventory	32,256	(211)
Prepaid expenses	5,929	-
Accounts payable	421,725	323,041
City sanitation account	(107,266)	-
Accrued salaries including vacation and sick leave	18,735	43,395
Deferred revenue	-	-
Net cash provided by (used in) operating activities	<u>\$ 9,685,377</u>	<u>\$ 3,876,238</u>
Noncash investing, capital and noncapital financing activities		
Amortization of deferred refunding loss and debt premiums	\$ (10,300)	\$ -
Donated asset acquisitions	1,407,545	783,294
Capitalized interest	62,818	6,528

<u>Enterprise Funds</u>	
<u>Other Proprietary Funds</u>	<u>Totals</u>

\$ (334,217)	\$ 1,608,611
--------------	--------------

219,248	10,950,637
---------	------------

(64)	149,730
------	---------

-	32,045
---	--------

-	5,929
---	-------

2,207	746,973
-------	---------

-	(107,266)
---	-----------

(13,132)	48,998
----------	--------

<u>79,866</u>	<u>79,866</u>
---------------	---------------

<u>\$ (46,092)</u>	<u>\$ 13,515,523</u>
--------------------	----------------------

\$ -	\$ (10,300)
------	-------------

-	2,190,839
---	-----------

-	69,346
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# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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

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

The City of Cheyenne, Wyoming (the City or the City of Cheyenne) is a municipal corporation governed by an elected mayor and nine elected council members. The accompanying financial statements present the government and its component units. As required by accounting principles generally accepted in the United States of America, these financial statements include all of the governmental activities and business-type activities relevant to the operations of the City. The accompanying financial statements of the City are to include those separately administered organizations for which the elected officials of the City are financially accountable or those that it would be misleading to exclude. Financial accountability is determined based on the appointment of a voting majority of the governing board and, either the City's ability to impose its will, or the presence of a potential financial benefit or burden to the City. The City of Cheyenne Board of Public Utilities (the Board) is not a separate legal entity; as such, the Board's information is reported as proprietary funds of the City.

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

The Cheyenne Downtown Development Authority ("DDA") was established to account for all the revenues and those expenditures associated with the activities of developing the City downtown area. The DDA primarily serves the citizens and businesses of the City of Cheyenne, and is dependent upon revenue from tax incremental financing through sales tax that is shared with the City of Cheyenne. Due to the nature and significance of its relationship with the City, the exclusion of the DDA would render the financial statements of the City incomplete or misleading. Complete financial statements for the DDA may be obtained from the Cheyenne Downtown Development Authority, 121 W. 15<sup>th</sup>, Suite 200, Cheyenne, Wyoming.

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

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

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

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

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual enterprise funds 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*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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.

## CITY OF CHEYENNE, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

---

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

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

The City reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *one percent sales tax fund* accounts for the City's share of revenue received and expenditures made with the general purpose optional 1% sales tax approved by the voters.

The City reports the following major proprietary funds:

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

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

Additionally, the government reports the following fund types:

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

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

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

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

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues for the various functions concerned.

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

---

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

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the waterworks, sewer, civic center and ice and events center enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

#### ***Assets, Liabilities and Net Position***

##### **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 date of acquisition. For purposes of the statements of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. The City also has investments in the State Treasurer's Investment Pool (WYO-STAR) and the Wyoming Government Investment Fund (WGIF), which are considered cash equivalents due to the City's ability to withdraw funds at any time. Interest earned is allocated among the various funds based on the average monthly outstanding balance in the consolidated bank account. Accrued interest is shown separately on the statement of net position and fund balance sheet. The City uses consolidated bank accounts, which earn interest at variable interest rates. Occasionally, certain individual funds may reflect a deficiency in the cash balance per books. These deficit cash balances are reported as an inter-fund payable between the fund showing the deficit and the fund showing the related asset.

Investments, which consist of certificates of deposit, money market certificates, mortgage-backed securities and government securities, are reported at fair value at June 30, 2013. Fair value is determined using the latest bid price or by the closing exchange price. A significant portion of the City's investment activity, except for funds that are required to maintain their investments separately, is conducted in a pooled investment account with the State of Wyoming, State Treasurer's office. The State Treasurer's Investment Pool (WYO-STAR) operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.



## CITY OF CHEYENNE, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

---

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

##### ***Assets, Liabilities and Net Position (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 inter-fund loans) or “advances to/from other funds” (i.e. the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Accounts receivable — customers are shown on the statement of net position net of allowances for doubtful accounts of \$319,907 at June 30, 2013.

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

The City is permitted by Wyoming Statutes to levy up to 8 mills of the assessed valuation except for the payment of public debt and the interest thereon. The combined tax rate to finance general governmental services other than the payment of principal and interest on long-term debt for the year ended June 30, 2013 was 8 mills, which means the City has no available tax margin and accordingly, cannot raise any additional property taxes.

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

##### **Inventories**

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

##### **Restricted Assets**

By voter approval, restricted assets include cash, cash equivalents and investments required to be set aside as specific purpose sales and use taxes for the exclusive purpose of funding various projects. Assets held by the Board for the City sanitation, as well as amounts due from the State of Wyoming on requested loan advances are also deemed restricted. In addition, cash required to be set aside for the repair and maintenance of capital assets that were funded by the State of Wyoming loans, as well as the Bond Reserve Funds required by the issuance of the Series 2007 Refunding Revenue Water Bonds and the Series 2013 Refunding Revenue Bonds, are deemed restricted.

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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

#### *Assets, Liabilities and Net Position (Continued)*

##### **Capital Assets**

Capital assets of governmental funds and the Civic and Ice and Events Centers, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the statement of net position. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

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

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

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

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

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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

#### *Assets, Liabilities and Net Position (Continued)*

##### **Compensated Absences**

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

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

Employees may accumulate up to 240 hours of vacation. Accumulated vacation leave in excess of 240 hours shall be deemed forfeited at the end of the December pay period. Sick leave accrues at the rate of 10 hours per month and employees may accumulate unlimited hours of sick leave but upon termination are only paid up to one half of the accrued sick leave not to exceed 240 hours of sick leave.

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

Employees of the waterworks and sewer departments earn vacation leave at the following rates:

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

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

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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

#### *Assets, Liabilities and Net Position (Continued)*

##### **Compensated Absences (Continued)**

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

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

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

##### **Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, 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. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

##### **Fund Balance**

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

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

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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

#### ***Assets, Liabilities and Net Position (Continued)***

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

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

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

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

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

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

##### **Net Position**

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

##### **Estimates**

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

##### **Encumbrances**

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year end do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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

#### *Assets, Liabilities and Net Position (Continued)*

#### **Encumbrances (Continued)**

Encumbrances are reflected as either a restricted, committed, or assigned portion of the fund balance. The City's encumbrances have been included within fund balance as follows:

General Fund	
Assigned	\$ 220,129
One Percent Sales Tax Fund	
Restricted	1,109,027
Other Governmental Funds	
Restricted	663,620
Committed	9,135
Total Encumbrances	<u>\$ 2,001,911</u>

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

#### **Fund Deficit**

The following funds had a deficit balance at June 30, 2013:

Fund	Deficit Balance
Community Development Block Grant	\$ (752)
Athletic Facilities	(98,969)

For the Community Development Block Grant Fund, the fund deficit is due to draws not made early in the program or requests for reimbursements not meeting the availability requirement. The Athletic Facilities deficit is caused by expenses made from loans from the general fund. As revenues are generated from future years and the loans are repaid, the deficit will be eliminated.

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

### 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	Other Funds	Total
<b>Fund balances</b>					
<b>Nonspendable</b>					
Prepaid items	\$ 624,788	\$ -	\$ -	\$ -	\$ 624,788
Inventory	295,029	-	-	-	295,029
Loans receivable	332,747	-	-	-	332,747
<b>Restricted for</b>					
Bond ordinances	938,872	-	-	-	938,872
Weed and Pest programs	-	389,075	-	-	389,075
Capital projects	-	26,746,587	11,766,482	3,297	38,516,366
Cemetery projects	-	-	-	645,218	645,218
Juvenile justice programs	-	271,989	-	-	271,989
Grants	-	307,772	-	-	307,772
Housing programs	-	350,427	-	-	350,427
Youth programs	-	233,268	-	-	233,268
<b>Committed to</b>					
Capital projects	856,836	-	1,099,977	-	1,956,813
Landfill development	-	8,179,900	-	-	8,179,900
Annexation improvements	-	194,069	-	-	194,069
Youth programs	-	172,578	100,051	-	272,629
<b>Assigned to</b>					
Future expenditures	526,400	-	-	-	526,400
Recreation programs	-	159,891	-	-	159,891
Agency accounts	906,111	-	-	-	906,111
<b>Unassigned</b>	6,153,895	(752)	(98,969)	-	6,054,174
<b>Totals</b>	<u>\$ 10,634,678</u>	<u>\$ 37,004,804</u>	<u>\$ 12,867,541</u>	<u>\$ 648,515</u>	<u>\$ 61,155,538</u>

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

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

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

## CITY OF CHEYENNE, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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

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

Custodial credit risk for deposits and certificates of deposit is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require that the City and Board's deposits in excess of the Federal depository insurance must be collateralized. As of June 30, 2013, the deposits of the City and Board were fully insured and collateralized as required by State statutes. The deposits of the component unit of the City were fully insured and collateralized at June 30, 2013.

In addition to the applicable statutes, the City and Board's policies require all deposits to be collateralized at 105% of the amount invested including accrued interest to further reduce its exposure to custodial credit risk. At June 30, 2013, the City and Board's deposits were fully collateralized as required by City and Board policy.

For an investment, this is the risk that in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes limit the type of investments the City can use. Statutes limit investments primarily to securities issued or guaranteed by the U.S. Treasury or agencies of the United States Government; therefore, reducing the City's exposure to custodial credit risk for its investments. As of June 30, 2013, all investment securities were held by the City's custodians and registered in the City's name.

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

The City's investment policy states that with the exception of U.S. Treasury securities, obligations or securities issued by or guaranteed by any federal government agency or instrumentality, certificates of deposits, and authorized pools, no more than 50% of the City's total investment portfolio will be invested in a single security type. The City met this limitation as of June 30, 2013. The City holds \$7,496,647 or 10% of its portfolio in Federal National Mortgage Association (FNMA) Pools and \$6,116,543 or 8% of its portfolio in FNMA. The Board's investment policy does not allow more than 25% of the total investment portfolio to be invested in any one issuer, with the exception of WYOSTAR, WGIF, bank certificates of deposit and U.S. Treasury securities, which include all of the Board's investments.

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



# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS June 30, 2013

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

#### *Interest Rate Risk (continued)*

interest rates of the City and Board's investments are displayed in the following Interest Rate Risk Table.

Investment Type	Fair Value	Interest Rate	Investment Maturities in Years			
			Less Than 1	1-5	6-10	More Than 10
Certificates of Deposit	\$ 3,733,245	.05%-5.55%	\$ 3,156,307	\$ 576,938	\$ -	\$ -
U.S. Government Securities	13,009,049	.25%-2.25%	3,918,205	9,090,844	-	-
U.S. Agencies	18,564,618	.375%-6.50%	546,177	15,331,054	970,755	1,716,632
State Treasurer's Investment Pool (WYO-STAR)	35,188,766	0.07%	35,188,766	-	-	-
Wyoming Government Investment fund (WGIF)	509,899	0.05%	509,899	-	-	-
	<u>\$ 71,005,577</u>		<u>\$ 43,319,354</u>	<u>\$ 24,998,836</u>	<u>\$ 970,755</u>	<u>\$ 1,716,632</u>

The component unit of the City had investments in the Wyoming Government Investment Fund (WGIF) which was established pursuant to the Wyoming Statutory Trust Act. The component unit's balance in WGIF as of June 30, 2013 was \$726,279. The WGIF's investment policy limits its exposure to market value fluctuations due to changes in interest rates by requiring that the Fund's portfolio maintain a dollar -weighted average maturity of less than sixty days.

The City holds certain investments that are classified as "highly sensitive." These securities, because of their specific type and structure, are rate sensitive as market conditions change. Step-up bonds are structured so that the bonds, at strategic times during their life, will step-up to a higher interest rate if they are not called. The portfolio holds \$2,845,602 or 4% of the securities in step-up structured bonds.

#### *Credit Risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City and Board's investment policies do not contain any specific provisions intended to limit the City or Board's exposure to credit risk. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. Under investment agreements with WYO-STAR and WGIF, the City and Board have invested monies at a variable and fixed contract rate of interest, respectively. There is no rating available for the WYO-STAR investment; however, under Wyoming statutes underlying providers are required to have the highest rating from at least one of the nationally recognized rating organizations. The WGIF investment received an AAA rating by Standard & Poor's. State law does not allow governments to invest in corporate bonds, stocks or mutual funds and limits investments in commercial paper to short term maturities (not greater than 270 days) and to

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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

#### ***Credit Risk (Continued)***

top ratings issued by nationally recognized statistical rating organizations (Moody's and Standard and Poor's). Obligations of the U.S. Government and obligations specifically guaranteed are backed by the full faith and credit of the U.S. Government. Of the investments in U.S. Agencies, \$15,968,981 were rated AAA by Moody's and \$2,595,637 were not rated. The City's investments in the governmental mutual funds were not rated. Under investment note agreements with WYO-STAR and WGIF, the City has invested monies at a variable and fixed contract rate of interest, respectively.

### **Note 4. Capital Assets**

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

	Balance June 30, 2012	Additions	Retirements and Transfers	Balance June 30, 2013
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 15,722,349	\$ 4,010,216	\$ -	\$ 19,732,565
Construction in progress	2,746,707	7,970,620	(4,126,921)	6,590,406
Total capital assets, not being depreciated	18,469,056	11,980,836	(4,126,921)	26,322,971
Capital assets, being depreciated:				
Buildings and improvements	68,920,344	34,188	2,804,602	71,759,134
Machinery and equipment	16,909,437	4,833,684	(945,076)	20,798,045
Transportation equipment	22,928,331	1,656,196	(3,118,240)	21,466,287
Office furniture and equipment	1,045,580	413,576	235,942	1,695,098
Infrastructure	173,237,002	6,902,523	286,921	180,426,446
Total capital assets, being depreciated	283,040,694	13,840,167	(735,851)	296,145,010
Less accumulated depreciation for:				
Buildings	15,198,900	1,154,902	(7,876)	16,345,926
Improvements other than buildings	7,368,785	1,006,125	-	8,374,910
Infrastructure	66,621,516	6,655,951	-	73,277,467
Equipment	25,519,580	2,909,697	(3,519,583)	24,909,694
Total accumulated depreciation	114,708,781	11,726,675	(3,527,459)	122,907,997
Total capital assets being depreciated, net	168,331,913	2,113,492	2,791,608	173,237,013
Governmental activities, capital assets, net	\$ 186,800,969	\$ 14,094,328	\$ (1,335,313)	\$ 199,559,984

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS June 30, 2013

### Note 4. Capital Assets (Continued)

Business-type capital asset activity for the year ended June 30, 2013, was as follows:

	Balance June 30, 2012	Additions	Retirements and Transfers	Balance June 30, 2013
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 5,409,966	\$ -	\$ -	\$ 5,409,966
Water rights	1,797,968	-	-	1,797,968
Construction in progress	8,193,596	5,222,982	(9,487,806)	3,928,772
Total capital assets, not being depreciated	15,401,530	5,222,982	(9,487,806)	11,136,706
Capital assets, being depreciated:				
Utility plant in service	452,284,110	6,792,548	(316,433)	458,760,225
Machinery and equipment	1,647,887	61,548	(326,963)	1,382,472
Transportation equipment	2,323,008	165,297	(36,886)	2,451,419
Structures and improvements	8,957,650	5,814,944	-	14,772,594
Office furniture and equipment	1,150,973	-	(18,837)	1,132,136
Total capital assets, being depreciated	466,363,628	12,834,337	(699,119)	478,498,846
Less accumulated depreciation for:				
Utility plant in service	179,490,689	10,348,228	(316,433)	189,522,484
Machinery and equipment	1,018,438	89,479	(326,963)	780,954
Transportation equipment	2,154,845	110,588	(36,886)	2,228,547
Structures and improvements	4,454,799	349,011	-	4,803,810
Office furniture and equipment	1,013,443	53,331	(18,837)	1,047,937
Total accumulated depreciation	188,132,214	10,950,637	(699,119)	198,383,732
Total capital assets being depreciated, net	278,231,414	1,883,700	-	280,115,114
Business-type activities, capital assets, net	\$ 293,632,944	\$ 7,106,682	\$ (9,487,806)	\$ 291,251,820

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

Governmental activities	
General government	\$ 725,351
Public safety	1,141,305
Public works	8,396,396
Recreation	1,463,623
Total depreciation expense - governmental activities	\$ 11,726,675
Business-type activities	
Waterworks	\$ 7,434,716
Sewer	3,296,673
Civic center	98,263
Ice and events center	120,985
Total depreciation expense - business-type activities	\$ 10,950,637

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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

The composition of interfund receivables and payables as of June 30, 2013 is as follows:

Fund	Fund Level Financial Statements Due From/To Other Funds	
	Receivable	Payable
Governmental activities:		
General fund	\$ 1,919,687	\$ -
Special revenue funds:		
State Grants	684,196	285,000
Community Development Block Grant	-	4,000
One Percent Sales Tax Fund	235,672	-
Local Law Enforcement Block Grants	-	67,000
Transportation Planning	-	148,000
Solid Waste Management	1,348,000	-
Recreation Programs	-	235,672
Miscellaneous Federal Grants	-	844,000
Capital projects funds:		
Athletic Facilities	-	257,747
Business-type activities:		
Waterworks	-	2,251,311
Sewer	-	94,825
	<u>\$ 4,187,555</u>	<u>\$ 4,187,555</u>

A balance of \$1,632,162 due from the waterworks fund to the general fund resulted from the Board of Public Utilities billing and collection of sanitation charges on behalf of the City. All other balances resulted from the time lag between dates that (1) interfund goods and services were provided or reimbursable expenses occurred, (2) transactions were recorded in the accounting systems, and (3) payments between funds were made.

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS June 30, 2013

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

Transfers for the year ended June 30, 2013 were as follows:

Fund	Transfers	
	In	Out
Governmental activities:		
General fund	\$ 12,140	\$ 638,240
Special revenue funds:		
Law Enforcement Block Grant	9,125	-
Transportation Planning	50,042	-
One Percent Sales Tax	-	50,042
UMTA Transit Grants	372,617	-
Permanent fund		
Cemetery Perpetual Care	-	12,140
Total governmental activities	<u>443,924</u>	<u>700,422</u>
Business-type activities:		
Civic Center	201,498	-
Ice and Events Center	55,000	-
Total business-type activities	<u>256,498</u>	<u>-</u>
Total primary government	<u>\$ 700,422</u>	<u>\$ 700,422</u>

During the year ended June 30, 2013, transfers were used to (1) move revenues from the fund that statute or budget requires expending them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

### **Note 6. Leases**

The City has entered into lease agreements as lessee for financing the acquisition of landfill equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. For governmental activities, capital lease obligations are generally liquidated by the solid waste management fund.

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset	
Machinery and equipment	\$ 6,186,186
Less accumulated depreciation	<u>(1,183,482)</u>
Total	<u>\$ 5,002,704</u>

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS June 30, 2013

### **Note 6. Leases (continued)**

The capital lease obligations payable as of June 30, 2013 were as follows:

Lease payable for landfill equipment, due in semi-annual installments of \$94,536, with interest of 3.60%, through June 2014.	\$ 148,958
Lease payable for landfill equipment, due in semi-annual installments of \$139,152, with interest at 3.90%, through June 2017.	673,965
Lease payable for landfill equipment, due in semi-annual installments of \$100,269, with interest at 4.60%, through June 2016.	556,010
Lease payable for landfill equipment, due in semi-annual installments of \$112,881, with interest at 2.49%, through June 2018.	833,329
Lease payable for landfill equipment, due in semi-annual installments of \$115,530 to \$147,012, with interest at 1.94% through June 2019.	<u>1,353,489</u>
	<u><u>\$ 3,565,751</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2013, were as follows:

Year Ending June 30,	Governmental Activities
2014	\$ 1,050,718
2015	898,051
2016	778,126
2017	419,208
2018	419,208
Thereafter	<u>240,473</u>
Total minimum lease payments	3,805,784
Less amount representing interest	<u>(240,033)</u>
Present value of minimum lease payments	<u><u>\$ 3,565,751</u></u>

### **Note 7. Long-Term Debt**

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

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS June 30, 2013

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

General long-term debt currently outstanding is as follows:

	Balance at June 30, 2013	Amount Due Within One Year
<b><i>Governmental activities</i></b>		
Refunding Revenue Bonds, Series 2012, original amount of \$9,455,000, due in annual installments of \$300,000 to \$1,700,000 through April 2028 plus interest from 1.95% to 2.80%. Secured by a pledge of federal mineral royalties and gross parking fee revenues received.	\$ 9,155,000	\$ 300,000
<b><i>Business-type activities</i></b>		
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #133, advances on a \$3,000,000 loan for the Construction of the Hydro-Electric Generation project. Interest thereon is at 0.0% for a term of twenty years. Upon completion of project, loan shall be granted principal forgiveness up to 25% of the loan, not to exceed \$750,000. The payments are currently estimated at \$112,500 per year. Secured by a pledge and assignment of revenues from the City's water system user fees necessary to meet the annual payment.	13,866	-
Due to the State of Wyoming, Water Development Commission, original amount of \$6,250,000, with interest at 4%, due annually on December 1. Annual principal and interest payments are \$306,348 through 2037. Secured by a mortgage on the Stage I pipeline and revenues from the Cheyenne Water System.	4,672,227	119,459
Refunding Revenue Water bonds, Series 2007, original amount of \$12,330,000, due in annual installments ranging from \$485,000 to \$910,000 through December 2026; interest at 4% to 5%. Secured by pledge of revenues from the City's water system tap and user fees and system development fees, net of premiums.	10,005,000	525,000

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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

	Balance at June 30, 2013	Amount Due Within One Year
<i>Business-type activities (continued)</i>		
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #002, original amount of \$4,000,000, with interest at 2.5%, due annually on December 1. Annual principal and interest payments are \$258,075 through 2023. Secured by an assignment and pledge of all revenues generated by the Cheyenne Water System sufficient to meet the required debt service.	2,258,922	201,608
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #065, original amount of \$5,600,000 for the Southern Water Transmission Main - Phase I Project, with interest at 2.5%, due annually on September 1. Annual principal and interest payments are \$334,582 through 2029. Secured by a pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	4,379,328	226,591
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #120, advances on a \$9,400,000 loan for the design and construction of Phase II of the Southern Water Transmission Main. Interest will accrue at 2.5% from the date of loan disbursements. Twenty annual payments of principal and interest will begin not later than one year after substantial completion of the project. The payments are currently estimated at \$602,983 per year. Secured by the pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	443,162	-
Due to the State of Wyoming, Water Development Commission, original amount of \$767,000, with interest at 4%, due annually on December 1. Annual principal and interest payments are \$55,556 through 2015 for the construction of a water storage tank. Secured by a mortgage on the tank and revenues from the Cheyenne Water System.	142,502	49,389



# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS June 30, 2013

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

	Balance at June 30, 2013	Amount Due Within One Year
<i><b>Business-type activities (continued)</b></i>		
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #007, original amount of \$2,334,500, with interest at 2.5%, due annually on September 1. Annual principal and interest payments are \$147,951 through 2019 for the rehabilitation of the Crow Creek and Rollins sewer lines. Secured by the pledge and assignment of revenue generated from wastewater user fees necessary to meet the annual loan payment.	814,867	127,577
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #023, original amount of \$10,000,000, with interest at 2.5%, due annually on December 1. Annual principal and interest payments are \$641,471 through 2023. Secured with the pledge and assignment of revenues from water system user fees necessary to meet the annual loan payment.	5,614,783	501,116
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #032, original amount of \$3,200,000, with interest at 2.5%, due annually on June 1. Annual principal and interest payments are \$205,271 through 2026 for the Dry and Crow Creek Rehab - Engineering project. Secured by the pledge and assignment of revenue generated from wastewater user fees necessary to meet the annual loan payment.	2,254,527	148,908
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF #034, original amount of \$825,000, with interest at 2.5%, due annually on December 1. Annual principal and interest payments are \$47,729 through 2025 for funding of the City's Water Main Rehabilitation Project for Fiscal Year 2004. Secured by a pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	489,638	35,489

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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

	Balance at June 30, 2013	Amount Due Within One Year
<i>Business-type activities (continued)</i>		
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF #074, original amount of \$324,246 loan for the planning phase of the Administration Building Project, with interest at 2.5% due annually on June 1. Annual principal and interest payments are \$20,799 through 2032. Secured by pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	311,553	13,011
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.	360,321	15,048
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #046, original amount of \$36,450,000, with interest at 2.5%, due annually on June 1. Annual principal and interest payments are \$2,338,163 through 2026 for the Dry and Crow Creek Rehab - Construction project. Secured by the pledge and assignment of revenues generated from wastewater user fees necessary to meet the annual loan payment.	25,680,475	1,696,151
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #81, original amount of \$1,280,000 for the extension of Cheyenne's Recycled Water System Project, with interest at 2.5%, due annually on September 1. Annual principal and interest payments are \$81,843 through 2030. Secured by a pledge and assignment of revenues from the city's water system user fees necessary to meet the annual loan payment.	1,125,326	54,093

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS June 30, 2013

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

	Balance at June 30, 2013	Amount Due Within One Year
<i>Business-type activities (continued)</i>		
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #056, original amount of \$1,300,000, with interest at 2.5%, due annually on March 1. Annual principal and interest payments are \$61,885 through 2028. Secured by the pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	766,452	42,730
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #060, original amount of \$2,900,000 loan, with interest at 2.5%, due annually on September 1. Annual principal and interest payments are \$174,898 through 2029. Secured by the pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	2,289,223	118,447
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 June 1. Annual principal and interest payments are \$329,107 through 2031. Secured by pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	4,929,313	205,866

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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

	Balance at June 30, 2013	Amount Due Within One Year
<i>Business-type activities (continued)</i>		
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #106, original amount of \$3,500,000 for the construction phase of the Administration Building Project, with interest at 2.5% due annually on June 1. Annual principal and interest payments are \$159,062 through 2032. Secured by pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	2,382,575	99,497
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #115, original amount of \$3,500,000 for the construction phase of the Administration Building Project, with interest at 2.5% due annually on June 1. Annual principal and interest payments are \$159,062 through 2032. Secured by pledge and assignment of revenues from the City's wastewater user fees necessary to meet the annual loan payment.	2,382,575	99,497
Due to the State of Wyoming, Office of State Land and Investments, CWSRF Loan #133, advances on a \$5,000,000 loan for Crow Creek Plant Improvements Project. Interest will accrue at 2.5% from the date of the loan disbursements. Twenty annual payments of principal and interest will begin one year after substantial completion of the project. The payments are currently estimated at \$93,433 per year. Secured by pledge and assignment of revenues from the City's wastewater user fees necessary to meet the annual loan payment.	229,137	-
Total business-type activities	71,545,772	4,279,477
Total long-term debt	\$ 80,700,772	\$ 4,579,477

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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

The annual debt service requirements of the long-term debt and current principal maturities as of June 30, 2013, are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2014	300,000	225,488	4,279,477	2,045,474
2015	330,000	217,237	4,470,375	1,936,218
2016	350,000	209,812	4,503,387	1,812,024
2017	425,000	201,938	4,628,266	1,685,545
2018	450,000	192,375	4,765,716	1,558,194
2019-2023	2,700,000	806,087	25,246,521	5,634,266
2024-2028	4,600,000	433,500	17,859,232	2,194,442
2029-2033	-	-	4,620,885	572,442
2034-2038	-	-	1,171,913	115,668
	<u>\$ 9,155,000</u>	<u>\$ 2,286,437</u>	<u>\$ 71,545,772</u>	<u>\$ 17,554,273</u>

The balances above do not include the unamortized bond premium, discount or the deferred loss on re-funding in the net amount of (\$404,193) for Governmental Activities and \$289,819 for Business-type Activities.

In July 2011, the Board received approval of a \$14,029,800 grant from the Wyoming Water Development Commission for the design and construction of the Southern Water Transmission Main project. The grant provisions required the Board to increase the capital additions and replacement restricted cash balance from \$300,000 to \$400,000.

The Board has pledged and assigned future water system and wastewater user fees to meet certain annual debt requirements. Proceeds from the debt has been used to improve, expand and replace the distribution system, source of supply, and treatment facilities. The proportion of pledged revenues to total revenues is not estimable because annual total fees fluctuate annually. Principal and interest paid for the current year was \$7,680,451. Related net customer revenues totaled \$28,417,091 for the year. At year end, pledged future revenues totaled \$89,100,045 which is the amount of the remaining principal and interest on related outstanding debt.

The City has pledged and assigned future federal mineral royalties and gross parking fee revenues to meet certain annual debt requirements of the Series 2012 Refunding Revenue Bonds. Proceeds from the original debt were used to construct a parking facility. The proportion of pledged revenues to total revenues is not estimable because annual total fees fluctuate annually. Principal and interest paid for the current year was \$532,122. Net mineral royalties totaled \$2,669,793 and gross parking fees totaled \$305,269 for the year. At year end, pledged future revenues totaled \$11,441,437 which is the amount of the remaining principal and interest on the related outstanding debt.

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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

The following is a summary of long-term liability transactions for the City of Cheyenne for the year ended June 30, 2013.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Revenue bonds	\$ 9,455,000	\$ -	\$ (300,000)	\$ 9,155,000	\$ 300,000
Less deferred amounts					
Discount/Premium	(117,308)	-	6,021	(111,287)	(6,176)
On refunding	(308,754)	-	15,848	(292,906)	(16,255)
Capital leases	5,177,518	-	(1,611,767)	3,565,751	950,103
Compensated absences	4,208,548	2,531,696	(2,205,947)	4,534,297	2,196,033
Landfill closure and post-closure costs	11,630,918	474,441	-	12,105,359	-
<b>Governmental activity long-term liabilities</b>	<u>\$ 30,045,922</u>	<u>\$ 3,006,137</u>	<u>\$ (4,095,845)</u>	<u>\$ 28,956,214</u>	<u>\$ 3,423,705</u>
<b>Business-type activities</b>					
Refunding revenue bonds	\$ 10,510,000	\$ -	\$ (505,000)	\$ 10,005,000	\$ 525,000
Loans payable	66,152,873	473,001	(5,085,102)	61,540,772	3,754,477
Less deferred amounts					
Premium	304,158	-	(14,339)	289,819	-
On refunding	-	-	-	-	-
Compensated absences	1,369,810	285,314	(236,316)	1,418,808	422,483
<b>Business-type activity long-term liabilities</b>	<u>\$ 78,336,841</u>	<u>\$ 758,315</u>	<u>\$ (5,840,757)</u>	<u>\$ 73,254,399</u>	<u>\$ 4,701,960</u>

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

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

On December 21, 2007, the Board issued \$12,330,000 in Refunding Revenue Water Bonds with an average interest rate of 4.368 percent in order to refinance two Wyoming Water Development Commission loans totaling \$8,043,330 and one Permanent Mineral Trust fund loan for \$3,567,231 bearing substantially higher interest rates between 5.5% and 7.25%. The proceeds of the Series 2007 Bonds, together with other available monies of the Board, were used to: (i) refinance the above-referenced loans in the amount of \$11,610,561, (ii) pay expenses incurred in connection with the issuance of the Bonds in the amount of \$102,636, and (iii) establish a debt service reserve fund for the Bonds in the amount of \$989,594. The proceeds from the Series 2007 Bonds included a premium on the bond issue of \$361,903, which is being charged to operations through the year 2027 using the effective interest method.

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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

#### *Advance and Current Refundings (continued)*

On June 12, 2012, the City issued \$9,455,000 in Refunding Revenue Bonds with an average interest rate of 2.537% to advance refund \$8,975,000 of outstanding 2003 Series Bonds with an average interest rate of 3.985%. The net proceeds of \$9,211,981, (after payment of \$125,711 in underwriting fees and issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments to the 2003 bonds which were defeased. As a result, the 2003 Bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position. As of June 30, 2013, the outstanding in-substance defeased debt was \$8,825,000. The net proceeds also included a net discount on the bond issue of \$117,308 which is being charged to operations through the year 2028 using the effective interest method.

The 2012 refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$308,754. This difference, reported in the accompanying financial section as a deduction from bonds payable, is being charged to operations through the year 2028 using the effective interest method. The City completed the refunding to reduce its total debt service payments over the next 16 years by \$1,330,852 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$1,099,860.

#### *Component Unit Note Payable*

The DDA entered into a loan agreement on September 25, 2012 with the Cheyenne-Laramie County Economic Development Joint Powers Board in the amount of \$55,412 with interest at 2%. Monthly payments to the Joint Powers Board are \$864 through June 30, 2018. As of June 30, 2013, the note balance was \$49,279. Activity related to the note payable includes new debt issuance of \$55,412, principal payments of \$6,133 with an ending balance of \$49,279. The amount due within one year is \$9,470. Aggregate principal including interest of \$2,545 required on the note at June 30, 2013 is as follows:

Year Ending June 30	Principal	Interest
2014	\$ 9,470	\$ 899
2015	9,661	708
2016	9,856	513
2017	10,055	314
2018	10,237	111
	<u>\$ 49,279</u>	<u>\$ 2,545</u>

## CITY OF CHEYENNE, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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#### **Note 8. Retirement Commitments**

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

##### ***Police Pension Plan***

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

The report may be obtained by writing to the Wyoming Retirement System, 6101 Yellowstone Road, Suite 500, Cheyenne, Wyoming 82002.

Benefits 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.

The Police Plan is funded by amounts withheld from participating employees' salaries and by contributions from the City. These contributions are determined by State statutes and as of June 30, 2013, the percentages to be contributed on compensation were 8.6% by the employees and the same by the City.

The City's contributions to the Police Plan for the years ended June 30, 2013, 2012 and 2011 were \$552,579, \$532,497, and \$526,254, respectively, equal to the required contributions for each year.

##### ***Fire Pension Plans***

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

The members of this plan qualify for a retirement allowance if they are 50 years old and have at least 48 months of credited service. The basic monthly benefit for participants is based on a formula involving years of service, highest average salary and age at retirement. The current benefit formula equals 2.8% of the members highest average salary for each year of service up to 25 years. The benefit is capped at 70% of the highest average salary. The highest average salary is calculated by averaging the 36 highest continuous months of acceptable salary as defined in the rules of the Wyoming Retirement Board. The Fund also provides disability retirement to any employee who becomes permanently incapacitated, mentally or physically, and cannot continue in the performance of their duties.



## CITY OF CHEYENNE, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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

##### ***Fire Pension Plans (continued)***

Individual members participating under this plan are required to contribute 8.5% of their compensation and the City is required to contribute 12% of the compensation of covered members. Legislation enacted in 1979 allows the employer to pay any or all of the employee's contribution. The City currently pays 1.5% of the required employee's contribution of 8.5%. The City's contributions to the fund for the years ended June 30, 2013, 2012 and 2011 were \$802,161, \$819,673 and \$784,560, respectively, equal to the required contributions for each year plus the City's share of the required employee contribution.

##### ***Wyoming Retirement System***

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

The System has two tiers of benefits. If an employee made a contribution prior to September 1, 2012, they are in Tier 1. Under this tier, the benefit is calculated using a multiplier of 2.125% for the members first 15 years of service and 2.25% for years of service above 15 and the members three-year highest average salary. If the first contribution for an employee was made after September 1, 2012, the member is in Tier 2. Under this tier, the benefit is calculated using a multiplier of 2% for all years of service and the members five-year highest average salary.

The System also provides disability retirement to any employee who becomes permanently incapacitated, mentally or physically, and who cannot continue in the performance of his duties. Benefits are established by State statute.

Contributions to the System consist of an amount equal to 14.12% of the employee's salary. The City is required by State statute to contribute 7.12% of the amount. Legislation enacted in 1979 allows the employer to pay any or all of the employees' contribution in addition to the matching contribution. The Board currently pays 4.50% of the required employee's contribution of 7.00% and the City pays 3.00% of the required employee's contribution of 7.00%.

The City and Board's contributions to the System for the years ended June 30, 2013, 2012 and 2011 were \$2,256,303, \$2,268,508 and \$2,142,847, respectively, equal to the required contributions for each year, plus the City's share of the required employee contribution.

## CITY OF CHEYENNE, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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

##### ***Wyoming Retirement System (continued)***

The Board and City employees have the option to participate in one of two defined contribution plans. The defined contribution plans include the Wyoming Deferred Compensation program (457 Plan) administered by the Wyoming Retirement System and a defined contribution plan administered by VALIC Financial Advisors. Employees are allowed to contribute the maximum amount per Internal Revenue Service guidelines. The total employee contributions for the years ended June 30, 2013, 2012 and 2011 were \$773,530, \$775,147 and \$841,770, respectively. Beginning July 1, 2008, the Board and City elected to match an employee's contribution up to \$25 per month. The City's match ended on January 31, 2010. The Board continues to provide a match. The total matching contributions for the years ended June 30, 2013, 2012 and 2011 were \$29,250, \$28,750 and \$29,575, respectively.

#### **Note 9. Risk Management**

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

The City is a member of the Wyoming Association of Risk Management (WARM), which is a separate legal agency created under Wyoming State Statutes for the purpose of establishing a shared risk pool and/or jointly purchasing insurance coverage. The premiums required by the participating entities are calculated annually and are based upon actuarially sound and recognized pooling practices. The pool is responsible for determining the amounts of the premiums charged to the entities and is also responsible for managing the pool's assets. The entities have the right to submit claims for losses incurred. The pool has the right to collect premiums and admit or terminate members for nonpayment of premiums. The City management considers the assets of WARM to be sufficient to cover any claims that may be incurred by its members.

The City has not had significant settlements exceeding insurance coverage in any of the past three fiscal years. The City has had no significant reductions in insurance coverage from coverage in the prior year.

The City pays into the State Worker's Compensation System. All employers within the State of Wyoming are participants of this plan unless the employer elects not to be covered under the plan. This Act requires the City to obtain liability coverage for payment of benefits to employees for job-related injuries and diseases through the Workers' Compensation Fund. This Act provides general protection from suits filed by employees against the City. The City makes monthly payments to the Department of Employment, State of Wyoming. This amount is based on salaries and a split rate between hazardous and non-hazardous positions.

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS June 30, 2013

### **Note 10.       Compensated Absences**

Compensated absences have been accrued in the financial statements of the City and consist of the following at June 30, 2013:

	Vacation Leave	Sick Leave	Comp Time	Early Retirement Obligation	Total
Governmental activities	\$ 2,364,912	\$ 2,169,385	\$ -	\$ -	\$ 4,534,297
Business-type activities					
Waterworks fund	334,002	305,422	81,908	78,351	799,683
Sewer fund	221,679	203,615	54,606	84,154	564,054
Civic Center fund	23,594	24,082	-	-	47,676
Ice and Events Center fund	3,670	3,725	-	-	7,395
Total business-type activities	582,945	536,844	136,514	162,505	1,418,808
Total all funds	\$ 2,947,857	\$ 2,706,229	\$ 136,514	\$ 162,505	\$ 5,953,105

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 issues of industrial revenue bonds for constructing privately operated manufacturing and other related facilities in the City. These bonds are not direct or contingent liabilities of the City. As of June 30, 2013, there were two series of industrial revenue bonds outstanding, with an aggregate principal amount payable of \$9,345,000.

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

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports the estimated liability for these closure and post-closure costs in the government-wide financial statements based on landfill capacity used as of each balance sheet date. The current operating costs of the landfill are accounted for within the Solid Waste Management Fund of the City using the modified accrual basis of accounting. The \$12,105,359 reported as landfill closure and post-closure care liability at June 30, 2013, represents the cumulative liability estimated to date based on the use of 94% of the estimated capacity of the site. The City will recognize the remaining estimated cost of closure and post-closure care of \$762,668 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 2013. In the event no action is taken by the City to expand the landfill, the City expects the landfill site to be at full capacity in approximately 10 years. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

### **Note 13. Prior Period Adjustment**

During the year ended June 30, 2013, an error was discovered by the gas and electric utility company that collects franchise fees on behalf of the City. It was determined that the franchise fees collected and remitted to the City for the period 2005 through 2012 were overpaid. An agreement was reached between the City and the utility company whereby the City agreed to repay the overpaid franchise fees in the amount of \$675,000. This correction of an error is reported as an adjustment to the beginning fund balance of the general fund as of July 1, 2012.

### **Note 14. Commitments**

As of June 30, 2013, 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 2013, the amounts below represent the activity pertaining to the contract as a whole.

	Expended to Date at June 30, 2013	Total Contract	Total Commitment at June 30, 2013
<b>Governmental Activities</b>			
E. Pershing Blvd. Reconstruction	\$ 1,303,149	\$ 3,651,937	\$ 2,348,788
E. Pershing/19th/Converse Roundabout	1,204,172	4,503,142	3,298,970
FY12 City Overlay	2,032,409	2,436,511	404,102
FY13 Crack Seal	644,589	808,750	164,161
Holliday Park Connector	1,402,541	1,460,647	58,106
Greenway Walterscheid Underpass	830,862	876,663	45,801
Snyder Avenue Reconstruction	-	5,821,597	5,821,597
FY13 City Overlay	-	2,443,546	2,443,546
FY13 Concrete for Overlay Part A	-	697,744	697,744
Total governmental activities	<u>7,417,722</u>	<u>22,700,537</u>	<u>15,282,815</u>
<b>Business-type Activities</b>			
W. Pershing Blvd. Reconstruction	808,284	959,105	150,821
FY13 Water Rehabs	20,735	1,412,084	1,391,349
E. Pershing Blvd. Reconstruction	951,636	1,666,107	714,471
FY13 Well Rehabs	63,158	117,779	54,621
PCCP Study - Little Snake River	401,530	1,200,896	799,366
Southern Water Transmission Main	1,410,937	22,637,310	21,226,373
Hydro Electric Generator	28,866	364,895	336,029
2013 Master Plan	404,745	979,400	574,655
FY13 Sewer Main Rehabs	13,889	644,015	630,126
Crow Creek Improvements	229,137	744,332	515,195
Total business-type activities	<u>4,332,917</u>	<u>30,725,923</u>	<u>26,393,006</u>
 Total primary government	 <u>\$ 11,750,639</u>	 <u>\$ 53,426,460</u>	 <u>\$ 41,675,821</u>

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

### Note 15. Postemployment Benefits Other Than Pensions

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

Under the Post Retirement Health Insurance Plan, the City offers retiring firefighters an offset to postretirement medical premiums. To be eligible for the coverage, an active firefighter must be at least age 50 and have a minimum of 4 years of service upon retirement. Firefighters retiring prior to age 50 must pay the full premium until age 50 when the monthly offset begins. Some current retirees have retired under differing monthly offset provisions and disabled firefighters are also included in current retiree costs with medical benefits payable to age 65 as well. The current program offers payment of health insurance benefits equal to \$300 per month. There were 10 persons eligible for this program and 24 participants at June 30, 2013.

*Funding Policy.* The City finances this program on a “pay-as-you-go” basis. The City Council has the authority for establishing and amending the funding policy.

*Annual OPEB Cost and Net OPEB Obligation.* The City’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of Governmental Accounting Standards Board Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation:

	Post Retirement Health Insurance Plan
Annual required contribution	\$ 265,003
Interest on net OPEB obligation	(5,481)
Adjustment to annual required contribution	7,477
Annual OPEB cost	266,999
Contributions made	(221,986)
Change in net OPEB obligation	45,013
Net OPEB obligation - beginning of year	(121,790)
Net OPEB obligation - end of year	\$ (76,777)

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

### **Note 15. Postemployment Benefits Other Than Pensions (Continued)**

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013, 2012 and 2011 for the plan was as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
Post Retirement Health Insurance Plan:			
6/30/2013	266,999	83.10%	(76,777)
6/30/2012	265,215	83.70%	(121,790)
6/30/2011	152,615	123.80%	(164,957)

*Funded Status and Funding Progress.* The funded status of the plan as of June 30, 2013, was as follows:

Actuarial accrued liability (a)	\$ 3,769,265
Actuarial value of plan assets (b)	-
Unfunded actuarial accrued liability (funding excess) (a) - (b)	<u>\$ 3,769,265</u>
Funded ratio (b) / (a)	0%
Covered payroll (c)	\$ 5,600,512
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll $[(a) - (b)] / (c)$	67.30%

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information relative to the actuarial accrued liability for benefits.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2013

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### Note 15. Postemployment Benefits Other Than Pensions (Continued)

*Actuarial Methods and Assumptions.* Projections of benefits are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits in force at the valuation date. Actuarial calculations reflect long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

	Post Retirement Health Insurance Plan
Actuarial valuation date	June 30, 2012
Actuarial cost method	Entry age normal
Amortization method	Level dollar, open
Remaining amortization period	30 years
Actuarial assumptions:	
Discount rate	4.50%
Healthcare Cost Trend Rate (HCCTR)	N/A
Assumed rates of increase applied to	
retiree premiums	N/A
Projected salary increases	N/A

### Note 16. Contingencies

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

### Note 17. Recent Pronouncements

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which replaces GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers* for most government pensions. Statement 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI).

# **CITY OF CHEYENNE, WYOMING**

## **NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2013

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### **Note 17. Recent Pronouncements (Continued)**

GASB Statement No. 68 is effective for years beginning after June 15, 2014 with the effects of changes made to comply with this statement reported as adjustments to prior periods. The effect that the adoption of GASB Statement No. 68 will have on the City's financial statements has not been determined.



**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

# CITY OF CHEYENNE, WYOMING

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GAAP BASIS - GENERAL FUND Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Motor vehicle	\$ 1,175,922	\$ 1,175,922	\$ 1,227,095	\$ 51,173
Property	4,305,453	4,305,453	4,258,009	(47,444)
Franchise	4,609,666	3,934,666	4,752,597	817,931
Licenses and permits	2,110,750	2,110,750	2,521,096	410,346
Intergovernmental	24,725,501	24,728,601	24,897,931	169,330
Charges for services	10,596,772	10,596,772	10,048,124	(548,648)
Fines and forfeitures	1,307,128	1,307,128	1,317,739	10,611
Investment income (loss)	115,985	115,985	(51,904)	(167,889)
Miscellaneous	552,722	711,912	834,349	122,437
Total revenues	<u>49,499,899</u>	<u>48,987,189</u>	<u>49,805,036</u>	<u>817,847</u>
Expenditures				
General government				
City Council	315,179	345,969	304,473	41,496
Mayor	2,074,978	2,092,754	2,070,920	21,834
City Clerk	2,614,650	2,616,483	2,586,493	29,990
Planning and development	2,693,030	2,693,727	2,546,064	147,663
Budget and finance	578,232	573,282	563,674	9,608
General accounts	3,858,043	4,657,970	4,032,278	625,692
Public works	10,560,388	10,752,422	10,638,680	113,742
Public safety				
Police	9,082,691	9,085,184	9,048,906	36,278
Fire	10,966,712	11,178,080	11,067,704	110,376
Recreation	5,493,532	5,507,715	5,391,801	115,914
Capital outlay	185,093	2,103,295	1,934,938	168,357
Principal retirements	300,000	300,000	300,000	-
Interest payments	227,723	227,723	232,122	(4,399)
Total expenditures	<u>48,950,251</u>	<u>52,134,604</u>	<u>50,718,053</u>	<u>1,416,551</u>
Excess (deficiency) of revenues over expenditures	<u>549,648</u>	<u>(3,147,415)</u>	<u>(913,017)</u>	<u>2,234,398</u>
Other financing sources (uses)				
Transfers in	15,000	15,000	12,140	(2,860)
Transfers out	(610,628)	(856,378)	(638,240)	218,138
Insurance proceeds	-	680,187	1,527,337	847,150
Proceeds from sales of assets	45,980	179,568	192,778	13,210
Total other financing sources (uses)	<u>(549,648)</u>	<u>18,377</u>	<u>1,094,015</u>	<u>1,075,638</u>
Net change in fund balance	<u>-</u>	<u>(3,129,038)</u>	<u>180,998</u>	<u>\$ 3,310,036</u>
Fund balance - beginning of year, as originally reported	11,128,680	11,128,680	11,128,680	
Prior period adjustment	-	-	(675,000)	
Fund balance - beginning of year, as restated	<u>11,128,680</u>	<u>11,128,680</u>	<u>10,453,680</u>	
Fund balance - end of year	<u>\$ 11,128,680</u>	<u>\$ 7,999,642</u>	<u>\$ 10,634,678</u>	

# CITY OF CHEYENNE, WYOMING

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GAAP BASIS - ONE PERCENT SALES TAX FUND Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 10,249,654	\$ 10,249,654	\$ 11,678,541	\$ 1,428,887
Investment income	75,000	75,000	91,542	16,542
Miscellaneous	-	-	-	-
Total revenues	10,324,654	10,324,654	11,770,083	1,445,429
Expenditures				
General government				
General accounts	-	-	-	-
Public safety				
Fire	130,000	202,425	87,055	115,370
Public works	1,947,654	3,235,649	2,157,491	1,078,158
Health and welfare	603,000	603,000	603,000	-
Recreation	85,000	92,915	89,445	3,470
Capital	7,539,000	22,751,398	7,804,434	14,946,964
Total expenditures	10,304,654	26,885,387	10,741,425	16,143,962
Excess (deficiency) of revenues over expenditures	20,000	(16,560,733)	1,028,658	17,589,391
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	(20,000)	(53,434)	(50,042)	3,392
Total other financing sources and uses	(20,000)	(53,434)	(50,042)	3,392
Net change in fund balance	-	(16,614,167)	978,616	\$ 17,592,783
Fund balance - beginning of year	25,767,971	25,767,971	25,767,971	
Fund balance - end of year	\$ 25,767,971	\$ 9,153,804	\$ 26,746,587	

CITY OF CHEYENNE, WYOMING

NOTE TO THE BUDGETARY SCHEDULES

June 30, 2013

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***Budget Information***

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

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

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

# CITY OF CHEYENNE, WYOMING

## SCHEDULE OF FUNDING PROGRESS

Year Ended June 30, 2013

### Post Retirement Health Insurance Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a percentage of Covered Payroll ((b- a)/c)
6/30/2012	-	3,832,468	3,832,468	0.00%	5,702,905	67.20%
6/30/2010	-	3,373,344	3,373,344	0.00%	5,246,818	64.29%
6/30/2008	-	2,851,318	2,851,318	0.00%	4,839,935	58.91%

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

## **Non-Major Governmental Funds**

### **Special Revenue Funds**

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

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

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

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

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

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

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

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

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

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

*Solid Waste Management* – accounts for the maintenance of the Landfill as mandated by EPA regulations and is also used to accumulate funds for the closure and post-closure costs of the Landfill.

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

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

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

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



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

### **Debt Service Fund**

The debt service fund accounts for resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

*JPA Loans* – accounts for the collection of special assessments in order to pay principal and interest on JPA loans incurred for the construction of streets and sewage projects in the Sunnyside Improvement and the North Cheyenne Improvement Districts.

### **Capital Projects Funds**

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

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

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

*Capital Facilities Tax* – accounts for major projects financed through a special voter approved capital facilities sales tax.

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

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

### **Permanent Fund**

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

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

# CITY OF CHEYENNE, WYOMING

## COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2013

	Special Revenue Funds		
	Weed and Pest Control	Youth Alternative Grants	Juvenile Justice
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 56,190	\$ 216,877
Investments, at fair value	-	-	-
Receivables			
Accrued interest	-	-	-
Customers	-	-	-
Due from other funds	-	-	-
Due from other governments	17,212	117,186	59,612
Prepaid items	-	-	-
Cash and cash equivalents - restricted	416,213	-	-
Investments - restricted	-	-	-
Total assets	<u>\$ 433,425</u>	<u>\$ 173,376</u>	<u>\$ 276,489</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>			
Liabilities			
Accounts payable	\$ 44,350	\$ 798	\$ 4,500
Accrued salaries including vacation and sick leave	-	-	-
Due to other funds	-	-	-
Deferred revenue	-	-	-
Total liabilities	<u>44,350</u>	<u>798</u>	<u>4,500</u>
Fund balances (deficits)			
Nonspendable	-	-	-
Restricted	389,075	-	271,989
Committed	-	172,578	-
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances (deficits)	<u>389,075</u>	<u>172,578</u>	<u>271,989</u>
Total liabilities and fund balances (deficits)	<u>\$ 433,425</u>	<u>\$ 173,376</u>	<u>\$ 276,489</u>

Special Revenue Funds			
Special Friends	Community Development Block Grant	Law Enforcement Block Grant	Miscellaneous Federal Grants
\$ 234,154	\$ 118	\$ 358	\$ 241
-	-	-	-
-	-	-	-
-	-	8,636	-
-	-	-	-
-	79,205	84,912	1,183,062
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 234,154</u>	<u>\$ 79,323</u>	<u>\$ 93,906</u>	<u>\$ 1,183,303</u>
\$ 886	\$ 76,075	\$ -	\$ 339,265
-	-	-	-
-	4,000	67,000	844,000
-	-	-	-
<u>886</u>	<u>80,075</u>	<u>67,000</u>	<u>1,183,265</u>
-	-	-	-
233,268	-	26,906	38
-	-	-	-
-	-	-	-
-	(752)	-	-
<u>233,268</u>	<u>(752)</u>	<u>26,906</u>	<u>38</u>
<u>\$ 234,154</u>	<u>\$ 79,323</u>	<u>\$ 93,906</u>	<u>\$ 1,183,303</u>

# CITY OF CHEYENNE, WYOMING

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

June 30, 2013

	Special Revenue Funds		
	Transportation Planning	UMTA Transit Grant	Solid Waste Management
<b>ASSETS</b>			
Cash and cash equivalents	\$ 910	\$ 220,299	\$ 1,593,784
Investments, at fair value	-	-	5,360,665
Receivables			
Accrued interest	-	-	12,814
Customers	-	-	11,466
Due from other funds	-	-	1,348,000
Due from other governments	296,872	108,476	-
Prepaid items	-	-	-
Cash and cash equivalents - restricted	-	-	-
Investments - restricted	-	-	-
Total assets	<u>\$ 297,782</u>	<u>\$ 328,775</u>	<u>\$ 8,326,729</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>			
Liabilities			
Accounts payable	\$ 147,765	\$ 62,283	\$ 146,829
Accrued salaries including vacation and sick leave	-	-	-
Due to other funds	148,000	-	-
Deferred revenue	-	-	-
Total liabilities	<u>295,765</u>	<u>62,283</u>	<u>146,829</u>
Fund balances (deficits)			
Nonspendable	-	-	-
Restricted	2,017	266,492	-
Committed	-	-	8,179,900
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances (deficits)	<u>2,017</u>	<u>266,492</u>	<u>8,179,900</u>
Total liabilities and fund balances (deficits)	<u>\$ 297,782</u>	<u>\$ 328,775</u>	<u>\$ 8,326,729</u>

Special Revenue Funds				Debt Service Fund
State Grants	Recreation Programs	Annexation Improvements	Housing Loans	JPA Loans
\$ 508	\$ 413,439	\$ 406,922	\$ 351,151	\$ 3,297
-	-	-	-	-
-	-	-	-	-
2,981	9,311	-	77,124	-
684,196	-	-	-	-
282,330	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 970,015</u>	<u>\$ 422,750</u>	<u>\$ 406,922</u>	<u>\$ 428,275</u>	<u>\$ 3,297</u>
\$ 672,696	\$ 27,187	\$ 212,853	\$ 724	\$ -
-	-	-	-	-
285,000	235,672	-	-	-
-	-	-	77,124	-
<u>957,696</u>	<u>262,859</u>	<u>212,853</u>	<u>77,848</u>	<u>-</u>
-	-	-	-	-
12,319	-	-	350,427	3,297
-	-	194,069	-	-
-	159,891	-	-	-
-	-	-	-	-
<u>12,319</u>	<u>159,891</u>	<u>194,069</u>	<u>350,427</u>	<u>3,297</u>
<u>\$ 970,015</u>	<u>\$ 422,750</u>	<u>\$ 406,922</u>	<u>\$ 428,275</u>	<u>\$ 3,297</u>

# CITY OF CHEYENNE, WYOMING

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

June 30, 2013

	Capital Projects Funds		
	Youth Alternatives	Athletic Facilities	Capital Facilities Tax
<b>ASSETS</b>			
Cash and cash equivalents	\$ 100,051	\$ 181,875	\$ -
Investments, at fair value	-	-	-
Receivables			
Accrued interest	-	-	5,694
Customers	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	2,311,938
Prepaid items	-	-	-
Cash and cash equivalents - restricted	-	-	2,544,464
Investments - restricted	-	-	2,638,999
Total assets	<u>\$ 100,051</u>	<u>\$ 181,875</u>	<u>\$ 7,501,095</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>			
Liabilities			
Accounts payable	\$ -	\$ 23,097	\$ 253,048
Accrued salaries including vacation and sick leave	-	-	-
Due to other funds	-	257,747	-
Deferred revenue	-	-	-
Total liabilities	<u>-</u>	<u>280,844</u>	<u>253,048</u>
Fund balances (deficits)			
Nonspendable	-	-	-
Restricted	-	-	7,248,047
Committed	100,051	-	-
Assigned	-	-	-
Unassigned	<u>-</u>	<u>(98,969)</u>	<u>-</u>
Total fund balances (deficits)	<u>100,051</u>	<u>(98,969)</u>	<u>7,248,047</u>
Total liabilities and fund balances (deficits)	<u>\$ 100,051</u>	<u>\$ 181,875</u>	<u>\$ 7,501,095</u>

Capital Projects Funds		Permanent Fund	
Parks Facilities	Local Fees	Cemetery Perpetual Care	Nonmajor Governmental Funds Total
\$ 1,004,947	\$ 1,133,867	\$ 215,458	\$ 6,134,446
3,616,119	-	430,000	9,406,784
-	-	-	18,508
-	-	6,795	116,313
-	-	-	2,032,196
-	-	-	4,540,805
-	-	-	-
-	-	-	2,960,677
-	-	-	2,638,999
<u>\$ 4,621,066</u>	<u>\$ 1,133,867</u>	<u>\$ 652,253</u>	<u>\$ 27,848,728</u>
\$ 102,631	\$ 33,890	\$ 7,035	2,155,912
-	-	-	-
-	-	-	1,841,419
-	-	-	77,124
<u>102,631</u>	<u>33,890</u>	<u>7,035</u>	<u>4,074,455</u>
-	-	-	-
4,518,435	-	645,218	13,967,528
-	1,099,977	-	9,746,575
-	-	-	159,891
-	-	-	(99,721)
<u>4,518,435</u>	<u>1,099,977</u>	<u>645,218</u>	<u>23,774,273</u>
<u>\$ 4,621,066</u>	<u>\$ 1,133,867</u>	<u>\$ 652,253</u>	<u>\$ 27,848,728</u>

# CITY OF CHEYENNE, WYOMING

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS Year Ended June 30, 2013

	Special Revenue Funds		
	Weed and Pest Control	Youth Alternatives Grants	Juvenile Justice
Revenues			
Intergovernmental	\$ 513,213	\$ 627,174	\$ 343,570
Charges for services	-	-	-
Investment income (loss)	-	-	-
Miscellaneous	4,275	32,876	11,000
Total revenues	517,488	660,050	354,570
Expenditures			
Current			
General government	-	-	51,170
Public safety	-	258,987	167,559
Public works	-	-	-
Health and welfare	484,399	173,454	-
Recreation	-	-	-
Capital outlay	-	-	-
Debt service			
Principal retirements	-	-	-
Interest payments	-	-	-
Total expenditures	484,399	432,441	218,729
Revenues over (under) expenditures	33,089	227,609	135,841
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances (deficits)	33,089	227,609	135,841
Fund balances (deficits) - beginning of year	355,986	(55,031)	136,148
Fund balances (deficits) - end of year	\$ 389,075	\$ 172,578	\$ 271,989



Special Revenue Funds			
Special Friends	Community Development Block Grant	Law Enforcement Block Grant	Miscellaneous Federal Grants
\$ 39,501	\$ 411,818	\$ 608,782	\$ 2,333,752
-	-	-	-
-	-	-	-
65,988	-	-	-
105,489	411,818	608,782	2,333,752
-	-	-	298,714
49,260	-	566,607	267,984
-	-	-	-
40,216	411,818	-	-
-	-	-	9,556
-	-	-	1,585,065
-	-	-	-
-	-	-	-
89,476	411,818	566,607	2,161,319
16,013	-	42,175	172,433
-	-	9,125	-
-	-	-	-
-	-	9,125	-
16,013	-	51,300	172,433
217,255	(752)	(24,394)	(172,395)
<u>\$ 233,268</u>	<u>\$ (752)</u>	<u>\$ 26,906</u>	<u>\$ 38</u>

# CITY OF CHEYENNE, WYOMING

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS (CONTINUED) Year Ended June 30, 2013

	Special Revenue Funds		
	Transportation Planning	UMTA Transit Grant	Solid Waste Management
Revenues			
Intergovernmental	\$ 1,002,463	\$ 1,150,146	\$ -
Charges for services	-	-	5,042,555
Investment income (loss)	-	-	14,283
Miscellaneous	-	85,302	213,373
Total revenues	1,002,463	1,235,448	5,270,211
Expenditures			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	958,998	1,549,394	2,700,980
Health and welfare	-	-	-
Recreation	-	-	-
Capital outlay	-	70,257	2,962,670
Debt service			
Principal retirements	-	-	1,611,767
Interest payments	-	-	133,416
Total expenditures	958,998	1,619,651	7,408,833
Revenues over (under) expenditures	43,465	(384,203)	(2,138,622)
Other financing sources (uses)			
Transfers in	50,042	372,617	-
Transfers out	-	-	-
Total other financing sources (uses)	50,042	372,617	-
Net change in fund balances (deficits)	93,507	(11,586)	(2,138,622)
Fund balances (deficits) - beginning of year	(91,490)	278,078	10,318,524
Fund balances (deficits) - end of year	\$ 2,017	\$ 266,492	\$ 8,179,902

Special Revenue Funds				Debt Service Fund
State Grants	Recreation Programs	Annexation Improvements	Housing Loans	JPA Loans
\$ 2,390,074	\$ 13,896	\$ -	\$ -	\$ -
-	1,045,379	-	-	-
-	67	465	23,242	-
-	48,798	-	58,004	-
			-	
2,390,074	1,108,140	465	81,246	-
449,148	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	76,772	-
-	831,994	-	-	-
1,942,086	47,891	-	-	-
-	-	-	-	-
-	-	-	-	-
2,391,234	879,885	-	76,772	-
(1,160)	228,255	465	4,474	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(1,160)	228,255	465	4,474	-
13,479	(68,364)	193,604	345,953	3,297
\$ 12,319	\$ 159,891	\$ 194,069	\$ 350,427	\$ 3,297

# CITY OF CHEYENNE, WYOMING

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS (CONTINUED) Year Ended June 30, 2013

	Capital Projects Funds		
	Youth Alternatives	Athletic Facilities	Capital Facilities Tax
Revenues			
Intergovernmental	\$ -	\$ -	\$ 6,051,473
Charges for services	-	193,450	-
Investment income (loss)	-	99	(6,409)
Miscellaneous	4,980	5,000	-
Total revenues	4,980	198,549	6,045,064
Expenditures			
Current			
General government	-	-	46,450
Public safety	8,998	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation	-	2,017	140,761
Capital outlay	-	143,429	3,076,349
Debt service			
Principal retirements	-	-	-
Interest payments	-	-	-
Total expenditures	8,998	145,446	3,263,560
Revenues over (under) expenditures	(4,018)	53,103	2,781,504
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances (deficits)	(4,018)	53,103	2,781,504
Fund balances (deficits) - beginning of year	104,069	(152,072)	4,466,543
Fund balances (deficits) - end of year	\$ 100,051	\$ (98,969)	\$ 7,248,047

		Permanent Fund	
Parks Facilities	Local Fees	Cemetery Perpetual Care	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 15,485,862
-	4,741,206	-	11,022,590
(46,046)	867	14,295	863
-	-	23,200	552,796
(46,046)	4,742,073	37,495	27,062,111
-	-	2,155	847,637
-	-	-	1,319,395
-	-	-	5,209,372
-	-	-	1,186,659
10,245	1,875	-	996,448
763,575	4,127,127	-	14,718,449
-	-	-	1,611,767
-	-	-	133,416
773,820	4,129,002	2,155	26,023,143
(819,866)	613,071	35,340	1,038,968
-	-	-	431,784
-	-	(12,140)	(12,140)
-	-	(12,140)	419,644
(819,866)	613,071	23,200	1,458,612
5,338,301	486,906	622,018	22,315,663
\$ 4,518,435	\$ 1,099,977	\$ 645,218	\$ 23,774,275

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## **Nonmajor Proprietary Funds**

### **Business-type Activities**

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

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

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

**CITY OF CHEYENNE, WYOMING**

**COMBINING STATEMENT OF NET POSITION - NONMAJOR PROPRIETARY FUNDS**  
June 30, 2013

	Civic Center Fund	Ice and Events Center Fund	Nonmajor Proprietary Funds Totals
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 273,890	\$ 67,634	\$ 341,524
Receivables			
Accounts - customers	5,988	3,473	9,461
Total current assets	<u>279,878</u>	<u>71,107</u>	<u>350,985</u>
Noncurrent assets			
Capital assets			
Land	-	342,243	342,243
Machinery and equipment	445,512	211,704	657,216
Transportation equipment	19,995	-	19,995
Buildings and improvements	3,768,560	2,967,610	6,736,170
Office furniture and equipment	159,980	37,575	197,555
	<u>4,394,047</u>	<u>3,559,132</u>	<u>7,953,179</u>
Less accumulated depreciation	<u>(3,448,700)</u>	<u>(591,045)</u>	<u>(4,039,745)</u>
Total capital assets (net of accumulated depreciation)	<u>945,347</u>	<u>2,968,087</u>	<u>3,913,434</u>
Total noncurrent assets	<u>945,347</u>	<u>2,968,087</u>	<u>3,913,434</u>
Total assets	<u>\$ 1,225,225</u>	<u>\$ 3,039,194</u>	<u>\$ 4,264,419</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 15,759	\$ 7,918	\$ 23,677
Unearned revenue	240,694	-	240,694
Due to other funds	-	-	-
Accrued salaries including vacation and sick leave	16,958	2,774	19,732
	<u>273,411</u>	<u>10,692</u>	<u>284,103</u>
Total current liabilities	<u>273,411</u>	<u>10,692</u>	<u>284,103</u>
Long term liabilities			
Accrued compensated absences	30,718	4,621	35,339
	<u>30,718</u>	<u>4,621</u>	<u>35,339</u>
Total liabilities	<u>304,129</u>	<u>15,313</u>	<u>319,442</u>
<b>NET POSITION</b>			
Net investment in capital assets	945,347	2,968,087	3,913,434
Unrestricted (deficit)	<u>(24,251)</u>	<u>55,794</u>	<u>31,543</u>
Total net position	<u>\$ 921,096</u>	<u>\$ 3,023,881</u>	<u>\$ 3,944,977</u>



**CITY OF CHEYENNE, WYOMING**

COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION - NONMAJOR PROPRIETARY FUNDS  
Year Ended June 30, 2013

	Civic Center Fund	Ice and Events Center Fund	Nonmajor Proprietary Funds Totals
Operating revenues			
Sales and charges for services	\$ 544,190	\$ 374,096	\$ 918,286
Fees and miscellaneous	127,237	141,207	268,444
Total operating revenues	<u>671,427</u>	<u>515,303</u>	<u>1,186,730</u>
Operating expenses			
Administrative and general	822,286	427,363	1,249,649
Depreciation	98,263	120,985	219,248
Parts and supplies	19,063	16,882	35,945
Intra-city charges	15,975	130	16,105
Total operating expenses	<u>955,587</u>	<u>565,360</u>	<u>1,520,947</u>
Operating income (loss)	<u>(284,160)</u>	<u>(50,057)</u>	<u>(334,217)</u>
Non-operating income (expenses)			
Investment income			
Interest income	<u>-</u>	<u>-</u>	<u>-</u>
Capital contributions	-	-	-
Transfers in (out)	<u>201,498</u>	<u>55,000</u>	<u>256,498</u>
Change in net position	(82,662)	4,943	(77,719)
Total net position - beginning of year	<u>1,003,758</u>	<u>3,018,938</u>	<u>4,022,696</u>
Total net position - end of year	<u>\$ 921,096</u>	<u>\$ 3,023,881</u>	<u>\$ 3,944,977</u>

**CITY OF CHEYENNE, WYOMING**

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
Year Ended June 30, 2013**

	Civic Center Fund	Ice and Events Center Fund	Nonmajor Proprietary Funds Totals
Cash flows from operating activities			
Cash received from customers	\$ 747,314	\$ 519,218	\$ 1,266,532
Cash payments to suppliers	(487,828)	(217,775)	(705,603)
Cash payments to employees	(372,383)	(234,638)	(607,021)
Net cash provided by (used in) operating activities	(112,897)	66,805	(46,092)
Cash flows from noncapital financing activities			
Transfers from other funds	201,498	55,000	256,498
Payments of due to other funds	-	-	-
Net cash provided by noncapital financing activities	201,498	55,000	256,498
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	-	(55,000)	(55,000)
Net cash (used in) provided by capital and related financing activities	-	(55,000)	(55,000)
Cash flows from investing activities			
Interest on cash accounts and investments	-	-	-
Net cash provided by investing activities	-	-	-
Net increase (decrease) in cash and cash equivalents	88,601	66,805	155,406
Cash and cash equivalents - beginning of year	185,289	829	186,118
Cash and cash equivalents - end of year	\$ 273,890	\$ 67,634	\$ 341,524

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS (CONTINUED)  
Year Ended June 30, 2013

	Civic Center Fund	Ice and Events Center Fund	Nonmajor Proprietary Funds Totals
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ (284,160)	\$ (50,057)	\$ (334,217)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	98,263	120,985	219,248
Loss on disposal of capital assets	-	-	-
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities			
Receivables	(3,979)	3,915	(64)
Prepaid expenses	-	-	-
Accounts payable	(1,158)	3,365	2,207
Accrued salaries including vacation and sick leave	(1,729)	(11,403)	(13,132)
Unearned revenue	79,866	-	79,866
Net cash provided by (used in) operating activities	<u>\$ (112,897)</u>	<u>\$ 66,805</u>	<u>\$ (46,092)</u>

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**SINGLE  
AUDIT  
SECTION**

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# CITY OF CHEYENNE, WYOMING

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2013

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Expenditures June 30, 2013
<b>U.S. Department of Agriculture</b>			
Passed through Wyoming State Forestry Division Coooperative Forestry Assistance	10.664	-	3,261
<b>U.S. Department of Housing and Urban Development</b>			
CDBG - Entitlement Grants Cluster: Community Development Block Grants/Entitlement Grants	14.218	-	400,098
<b>U.S. Department of the Interior</b>			
Passed through Wyoming Department of State Parks and Cultural Resources			
Historic Preservation Fund Grants-In-Aid	15.904	56-12-00000.05	2,250
Outdoor Recreation Acquisition, Development and Planning	15.916	56-00884	25,000
Total U.S. Department of the Interior			27,250
<b>U.S. Department of Justice</b>			
Community Oriented Policing Services, Recovery Act	16.710-ARRA	2009RKWX0951	103,667
Joint Law Enforcement Operations	16.111	-	3,021
Violence Against Women Formula Grants (CARI)	16.588	2012-WE-AX-0058	61,461
Passed through Volunteers of America Northern Rockies/Laramie County Office of Juvenile Justice and Delinquency Prevention	16.540	-	39,832
Passed through Wyoming Department of Family Services/Laramie County Juvenile Accountability Block Grants	16.523	2013	18,860
Passed through Wyoming Division of Victim Services			
Violence Against Women	16.588	2011-WF-AX-0051	32,174
Crime Victim Assistance	16.575	2011-VA-GX-0026	39,388
Bulletproof Vest Partnership Program	16.607	FY2011	5,566
Bulletproof Vest Partnership Program	16.607	FY2012	6,392
Passed through Wyoming Association of Sheriffs and Chiefs of Police			
Enforcing Underage Drinking Laws Program	16.727	FY2012	14,793
Enforcing Underage Drinking Laws Program	16.727	FY2013	2,386
Project Safe Neighborhoods	16.609	CAGE	7,726
Passed through Wyoming Department of Health			
Enforcing Underage Drinking Laws Program - Military Discretion Grant	16.727	-	10,423
JAG Program Cluster:			
Passed through Wyoming Division of Criminal Investigation			
Recovery Act: Edward Byrne Memorial Justice Assistance Grant	16.803-ARRA	-	72,562
Passed through Laramie County			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-1413	5,978
Subtotal JAG Program Cluster			78,540
Total U.S. Department of Justice			424,229

# CITY OF CHEYENNE, WYOMING

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2013

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Expenditures June 30, 2013
<b>U.S. Department of Labor</b>			
Passed through Wyoming Department of Workforce Services			
Recovery Act: WIA Youth Activities	17.259	-	3,212
<b>U.S. Department of Transportation</b>			
Highway Planning and Construction Cluster:			
Passed through Wyoming Department of Transportation			
Highway Planning and Construction	20.205	-	952,422
Highway Planning and Construction	20.205	Walterscheid	252,224
Highway Planning and Construction (East Pershing)	20.205	STPU 0.00 4002013	768,747
Highway Planning and Construction (Holliday Park)	20.205	STP-E-CH 0.00 TL12003	250,000
Passed through Wyoming Department of State Parks and Cultural Resources			
Recreational Trails Grant Fund Program	20.219	NRT 1227	35,000
Subtotal Highway Planning and Construction Cluster			2,258,393
State and Community Highway Safety Cluster:			
Passed through Wyoming Department of Transportation			
State and Community Highway Safety	20.600	FY2012-SA06	20,148
State and Community Highway Safety	20.600	12-SA06	3,881
State and Community Highway Safety	20.600	12-RS01A	1,676
State and Community Highway Safety	20.601	FY12 - HS-3	3,821
State and Community Highway Safety	20.601	154AL - FY11	4,797
State and Community Highway Safety	20.601	154AL - FY12	10,693
Subtotal State and Community Highway Safety Cluster			45,016
Federal Transit Formula Grant	20.507	90-X051-00	619,521
Federal Transit Formula Grant	20.507	90-X046-00	86,078
Total U.S. Department of Transportation			3,009,008
<b>U.S. Environmental Protection Agency</b>			
Passed through Wyoming State Land and Investment Board			
Capitalization Grants for Drinking Water State Revolving Fund	66.468		124,138
Capitalization Grants for Clean Water State Revolving Fund	66.458		95,338
Brownsfield Assessment Grant	66.818	BF-96807601-0	296,464
Total U.S. Environmental Protection Agency			515,940
<b>U.S. Department of Education</b>			
Passed through Laramie County Community Partnership			
Twenty First Century Community Learning Centers	84.287	Cohort 4	55,201
Twenty First Century Community Learning Centers	84.287	Cohort 5	104,560
Twenty First Century Community Learning Centers	84.287	Cohort 8	13,694
Total U.S. Department of Education			173,455



# CITY OF CHEYENNE, WYOMING

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2013

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Expenditures June 30, 2013
<b>U.S. Department of Health and Human Services</b>			
Passed through Wyoming Department of Health			
Special Programs for the Aging, Title III, Part B Grants for			
Supportive Services and Senior Centers	93.044	-	46,365
Passed through Wyoming Department of Family Services			
Child Welfare services IV-B, Part II, Family Preservation	93.556	-	6,796
Child Welfare services IV-B, Part II, Family Preservation	93.556	5931	24,968
Community-Based Child Abuse Prevention Grants	93.590	2012	31,456
Passed through Wyoming Department of Health			
Substance Abuse Treatment and Prevention Block Grant	93.959	CORE	24,128
Total U.S. Department of Health and Human Services			133,713
<b>U.S. Department of Homeland Security</b>			
Assistance to Firefighters Grant	97.044	EM W-2010-FP-01858-001	6,101
Assistance to Firefighters Grant	97.044	EM W-2011-FO-02642	98,663
Assistance to Firefighters Grant	97.044	EM W-2011-FH-00743	212,825
Passed through Wyoming Office of Homeland Security			
Homeland Security Grant Program	97.067	11-GPD-CHE-LP-HLE911	53,016
Homeland Security Grant Program	97.067	10-GPD-CHE-LP-HLE10	76,412
Homeland Security Grant Program	97.067	11-GDP-RR7-RR-HRT 11	51,722
Security Cameras	97.067	10-GPD-CHE-LE-SLW10	17,427
Total U.S. Department of Homeland Security			516,166
Total Expenditures of Federal Awards			5,206,332

**Note:**

The following information regarding the schedule of expenditures of Federal awards is provided to assist the reader in understanding the accounting policies regarding, and the nature of, the Federal awards.

**Basis of Accounting:** The schedule of expenditures of Federal awards is prepared on the modified accrual basis of accounting, the same basis used by the City in its governmental fund financial reporting. Receivables are recorded when appropriate program expenditures are made and the City has a claim for reimbursement. The information in this schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some of the amounts presented in this schedule may differ from their presentation in the financial statements.

**Sub-Recipients:** The City provided federal awards to sub-recipients as follows:

Department of Housing and Urban Development		
Community Development Block Grant	14.218	\$ 240,243

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**Independent Auditors' 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, Wyoming

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Cheyenne, Wyoming (the City), as of and for the year ended June 30, 2013 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 17, 2013. Our report includes a reference to other auditors, who audited the financial statements of the Cheyenne Downtown Development Authority, as described in our report on the City's financial statements. This report does not include the results of the Cheyenne Downtown Development Authority auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

### **Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose Of This Report**

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

*RubinBrown LLP*

December 17, 2013

**Independent Auditors' Report On Compliance  
For Each Major Federal Program And  
Report On Internal Control Over Compliance  
Required By OMB Circular A-133**

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

**Report On Compliance For Each Major Federal Program**

We have audited the City of Cheyenne, Wyoming's (the City), compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2013. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Office of Management and Budget's (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion On Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

### **Report On Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*RubinBrown LLP*

December 17, 2013

**THE CITY OF CHEYENNE, WYOMING**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended June 30, 2013**

**Section I - Summary Of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- |   |       |     |              |               |
|---|-------|-----|--------------|---------------|
| • Material weakness(es) identified?       | _____ | yes | <u>  x  </u> | no            |
| • Significant deficiency(ies) identified? | _____ | yes | <u>  x  </u> | none reported |

Noncompliance material to financial statements noted?

\_\_\_\_\_ yes   x   no

**Federal Awards**

Internal control over major programs:

- |   |       |     |              |               |
|---|-------|-----|--------------|---------------|
| • Material weakness(es) identified?       | _____ | yes | <u>  x  </u> | no            |
| • Significant deficiency(ies) identified? | _____ | yes | <u>  x  </u> | none reported |

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

\_\_\_\_\_ yes   x   no

Identification of major programs:

**CFDA**

**Number**

**Name Of Federal Program Or Cluster**

20.205 & 20.219	Highway Planning and Construction Cluster
14.218	Community Development Block Grants/Entitlement Grants
16.710	Public Safety Partnership and Community Policing - ARRA
97.044	Assistance to Firefighters

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

  x   yes \_\_\_\_\_ no



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**THE CITY OF CHEYENNE, WYOMING**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*)**  
**For The Year Ended June 30, 2013**

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**Section II - Financial Statement Findings**

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There were no findings relating to the City's financial statements for the year ended June 30, 2013.

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**Section III - Federal Award Findings And Questioned Costs**

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There were no federal audit findings for the year ended June 30, 2013.

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**Section IV - Prior-Year Audit On Federal Award Findings  
And Questioned Costs**

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There were no prior-year audit on federal award findings or questioned costs for the year ended June 30, 2012.

**CITY OF CHEYENNE, WYOMING**

**SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**  
**Year Ended June 30, 2013**

There were no Federal audit findings in the prior year.