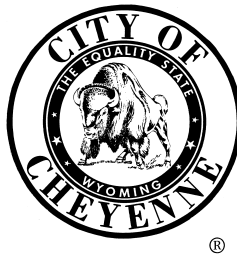


CITY OF CHEYENNE FINANCIAL & COMPLIANCE REPORT



**Cheyenne, Wyoming
Year Ended June 30, 2014**

CITY OF CHEYENNE, WYOMING

**FINANCIAL AND COMPLIANCE
REPORT**

**For the fiscal year ended
June 30, 2014**

Prepared By:

City Treasurer's Office

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City of Cheyenne
Financial and Compliance Report
For the fiscal year ended June 30, 2014

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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, 2014, 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, 2014, 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

As discussed in Note 1 to the financial statements, for the year ended June 30, 2014, the City adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective July 1, 2013. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the schedule of funding progress, on pages 5 - 12, 70 - 73 and 74, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, 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

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2014 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 the City's internal control over financial reporting and compliance.

RubinBrown LLP

December 18, 2014

CITY OF CHEYENNE, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

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, 2014. 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 \$45.3 million (9.4%) during fiscal year 2014. The governmental net position increased by \$23.2 million (10%) and the business-type net position increased by \$22.1 million (8.9%). The primary source of the increase in governmental net position was from the collection of optional and capital facilities sales tax that was not expended prior to June 30, 2014 and from an increase in general sales tax and impact assistance collections.
- ❖ The General Fund, the City's primary operating fund, reported an increase of \$6,217,993 on a current financial resource basis. As of June 30, 2014, unrestricted fund balance for the General Fund was \$14.8 million or 102 days of total General Fund expenditures of \$52.7 million. The City Council has a requirement by resolution to maintain an unrestricted fund balance in the General Fund of 60 days of operating expenditures.
- ❖ The City's total long-term liabilities increased by \$4.7 million (5.0%) during the current fiscal year. Within that activity, the City's governmental long-term liabilities increased by \$1 million and business-type long-term liabilities increased by \$3.7 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, deferred outflows of resources and liabilities and deferred inflows of resources. The difference between assets, deferred outflows of resources and liabilities and deferred inflows of resources is reported as net position. Over time, increases or decreases in net position may provide an indication of whether the City's financial position is improving or deteriorating.

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

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

CITY OF CHEYENNE, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

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

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. A major fund should generally meet both of the following criteria: 1) total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses are at least 10% of the corresponding total (assets and deferred outflows, liabilities and deferred inflows, etc.) for that fund type (i.e., governmental or enterprise funds) and 2) total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5% of the corresponding total for all governmental and enterprise funds combined.

The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 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, the One Percent Sales Tax Fund and the Capital Facilities Tax Fund, all of which are considered to be major funds. Data from the other 20 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.

CITY OF CHEYENNE, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

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

The City does not currently have a fiduciary fund.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 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, 82 percent reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table reflects the condensed Statement of Net Position.

Statement of Net Position						
(amounts expressed in thousands, totals may not add due to rounding)						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current assets	\$ 90,611	\$ 70,583	\$ 39,758	\$ 35,819	\$ 130,369	\$ 106,402
Capital and other assets	207,225	199,964	314,128	291,333	521,353	491,297
Total assets	297,836	270,547	353,886	327,152	651,722	597,699
Deferred outflows of resources	277	-	506	-	783	-
Long-term liabilities	26,905	25,914	72,300	68,552	99,205	94,466
Other liabilities	11,482	12,738	11,377	10,005	22,859	22,743
Total liabilities	38,387	38,652	83,677	78,557	122,064	117,209
Deferred inflows of resources	4,621	-	-	-	4,621	-
Net position:						
Net investment in capital assets	193,703	187,243	238,249	219,416	431,952	406,659
Restricted	51,964	42,906	1,103	1,390	53,067	44,296
Unrestricted	9,438	1,746	31,363	27,789	40,801	29,535
Total net position	\$ 255,105	\$ 231,895	\$ 270,715	\$ 248,595	\$ 525,820	\$ 480,490

A portion of the City's net position (10.1 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$40.8 million) may be used to meet the government's ongoing obligations to citizens and creditors subject to the City's fund designations and fiscal policies.

CITY OF CHEYENNE, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, 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.

Net position in the City's governmental type activities increased by \$23.2 million during fiscal year 2014. This was up from a prior year increase of \$15.8 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 and increased general sales tax and impact assistance payments. Net position in the City's business type activities increased by \$22.1 million during fiscal year 2014 compared to an increase of \$5.1 million in the prior year.

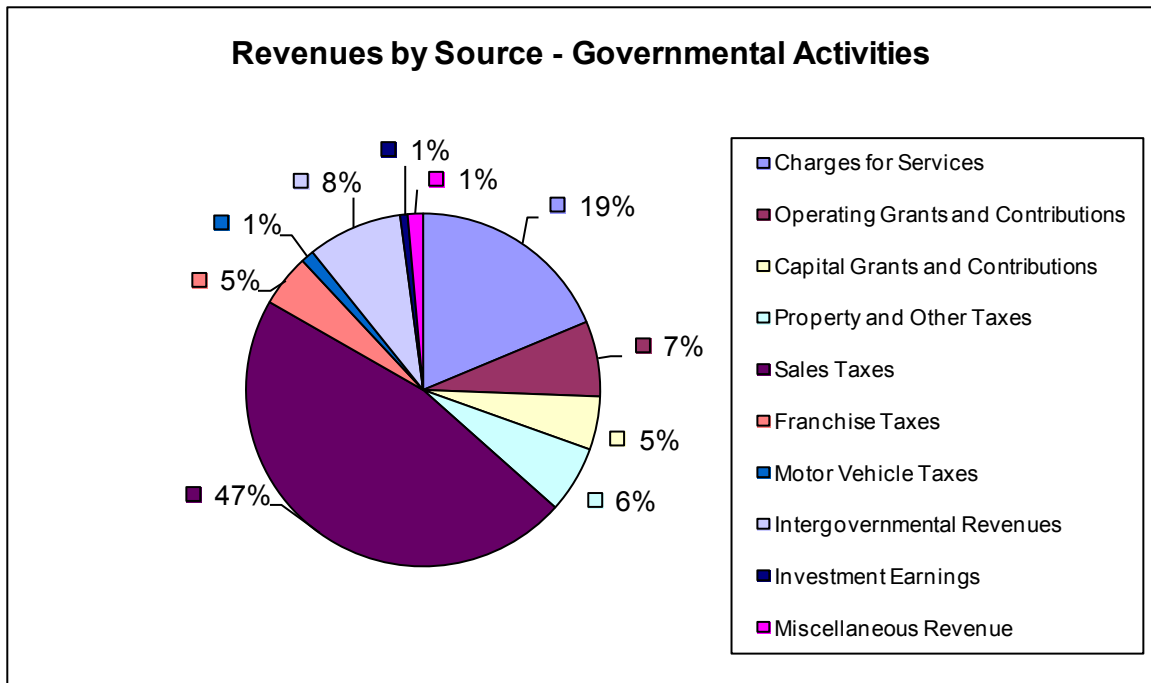
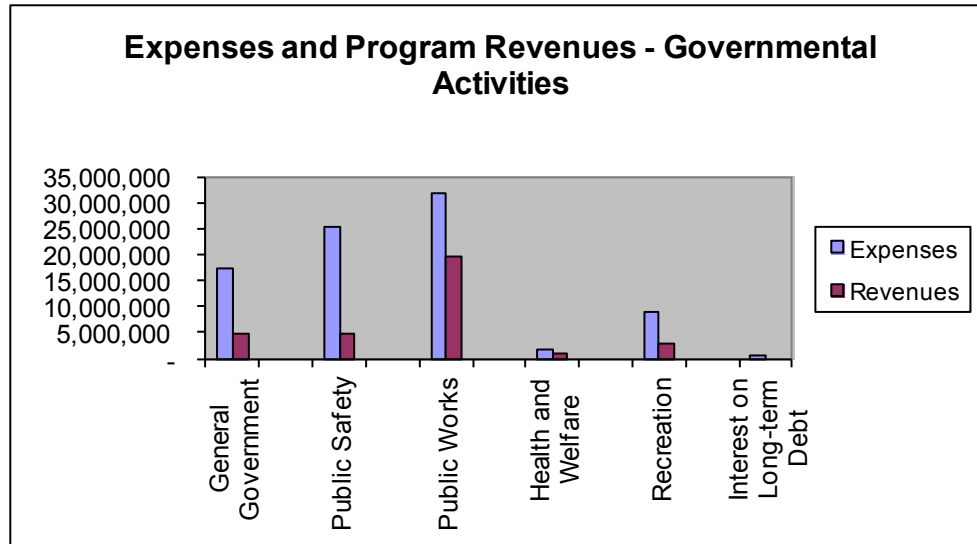
The following table reflects a condensed summary of activities and changes in net assets.

Changes in Net Position						
(amounts expressed in thousands, totals may not add due to rounding)						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 20,289	\$ 24,910	\$ 29,092	\$ 29,604	\$ 49,381	\$ 54,514
Operating grants and contributions	7,476	6,100	4,152	1,532	11,628	7,632
Capital grants and contributions	5,299	10,749	19,084	3,765	24,382	14,514
General revenues:						
Property and other taxes	13,114	11,772	-	-	13,114	11,772
Sales taxes	50,665	35,523	-	-	50,665	35,523
Intergovernmental	9,388	4,934	-	-	9,388	4,934
Other	2,604	3,251	378	19	2,982	3,270
Total revenues	<u>108,835</u>	<u>97,239</u>	<u>52,706</u>	<u>34,920</u>	<u>161,540</u>	<u>132,159</u>
Expenses:						
General government	17,138	14,108	-	-	17,138	14,108
Public safety	25,394	33,719	-	-	25,394	33,719
Public works	31,632	22,433	-	-	31,632	22,433
Health and welfare	1,682	1,787	-	-	1,682	1,787
Recreation	9,006	8,092	-	-	9,006	8,092
Interest on long-term debt	429	387	-	-	429	387
Water	-	-	19,149	18,701	19,149	18,701
Sewer	-	-	10,009	9,868	10,009	9,868
Other	-	-	1,770	1,521	1,770	1,521
Total expenses	<u>85,283</u>	<u>80,526</u>	<u>30,927</u>	<u>30,090</u>	<u>116,210</u>	<u>110,616</u>
Increase in net position before transfers	23,552	16,713	21,778	4,830	45,330	21,543
Transfers	(342)	(256)	342	256	-	-
Change in net position	<u>23,210</u>	<u>16,457</u>	<u>22,120</u>	<u>5,086</u>	<u>45,330</u>	<u>21,543</u>
Net position - beg. of year, original	231,895	216,116	248,595	243,508	480,490	459,624
Prior period adjustment	-	(675)	-	-	-	(675)
Net position - beg of year, amended	<u>231,895</u>	<u>215,441</u>	<u>248,595</u>	<u>243,508</u>	<u>480,490</u>	<u>458,949</u>
Net position - end of year	<u>\$ 255,105</u>	<u>\$ 231,898</u>	<u>\$ 270,715</u>	<u>\$ 248,594</u>	<u>\$ 525,820</u>	<u>\$ 480,492</u>

CITY OF CHEYENNE, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014



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, 2014

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 \$77,905,830. Approximately 13.5 percent of this total amount (\$10,531,869) 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 \$10,573,179, while total fund balance reached \$16,852,671. 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 20.1 percent of total general fund expenditures, while total fund balance represents 31.9 percent of that same amount. This compares to 12.1 percent and 20.9 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 \$31,498,933 and those for the Civic Center and Ice and Events Center amounted to (\$136,581). 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 \$3,489,433. The major expenditure increases follow:

- ❖ \$ 930,378 in carryover projects
- ❖ \$ 2,014,117 for various agency account projects and unanticipated revenues
- ❖ \$ 544,938 from reserves for various unanticipated projects and expenditures

Of this increase, \$687,118 was funded from unanticipated revenue with the remaining \$2,802,315 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, 2014, amounted to \$521,351,485 (net of accumulated depreciation). This investment in capital assets included land, buildings, utility plant, improvements, machinery and equipment, park facilities and roads. The total increase in the City's investment in capital assets for the current fiscal year was 6.2 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, 2014

Capital Assets Net of Depreciation

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

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 20,137	\$ 19,733	\$ 7,273	\$ 7,208	\$ 27,410	\$ 26,941
Construction in progress	9,558	6,590	28,706	3,929	38,264	10,519
Buildings and improvements	72,944	71,759	14,515	14,773	87,459	86,532
Utility plant in service	-	-	467,423	458,760	467,423	458,760
Machinery and equipment	46,385	43,959	5,250	4,966	51,635	48,925
Infrastructure	191,422	180,426	-	-	191,422	180,426
Less accumulated depreciation	(133,222)	(122,908)	(209,040)	(198,384)	(342,262)	(321,292)
Total	<u>\$ 207,224</u>	<u>\$ 199,559</u>	<u>\$ 314,127</u>	<u>\$ 291,252</u>	<u>\$ 521,351</u>	<u>\$ 490,811</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	
	2014	2013	2014	2013	2014	2013
Loans and capital leases	\$ 4,665,648	\$ 3,565,751	\$ 65,998,271	\$ 61,540,772	\$ 70,663,919	\$ 65,106,523
Revenue bonds	8,855,000	9,155,000	9,880,000	10,005,000	18,735,000	19,160,000
Total	<u>\$ 13,520,648</u>	<u>\$ 12,720,751</u>	<u>\$ 75,878,271</u>	<u>\$ 71,545,772</u>	<u>\$ 89,398,919</u>	<u>\$ 84,266,523</u>

The City of Cheyenne's total debt increased by \$5,132,396 (6.1 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 \$23,105,605.

CITY OF CHEYENNE, WYOMING

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014

Additional information on the City of Cheyenne's long-term debt can be found in Note 7 on pages 51-59 of this report.

Economic Factors and Next Year's Budgets and Rates

The City's original approved fiscal year 2015 budget for the general fund totaled \$47,229,809 compared to an original budget in fiscal year 2014 of \$54,661,323. This represented a 15.7 percent decrease. The majority of this decrease was due to the accounting of all solid waste activity in an Enterprise Fund for Fiscal Year 2015 and moving the Fleet Maintenance Division from the General Fund to an Internal Service Fund as of July 1, 2015.

A continuing challenge in the fiscal year 2015 budget was balancing the budget without the use of one time funds to be received from the State. In addition, as the Solid Waste activity was moved to an Enterprise Fund as of July 1, 2015, the General Fund budget was balanced with a transfer from that activity in the amount of \$1.6 million. With increased costs anticipated for future landfill expansion and closure costs, these transfers are not expected to be continued in future years. 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. The City is continuing to see an increase in general sales tax collections which is anticipated to continue into Fiscal Year 2015 which reduces the impact of increased expenditures on the General Fund.

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, 2014

	Primary Government			Component Unit
	Governmental	Business-type		Downtown
	Activities	Activities	Total	Development
				Authority
ASSETS				
Cash and cash equivalents	\$ 14,688,298	\$ 29,741,228	\$ 44,429,526	\$ 770,023
Investments, at fair value	13,530,124	2,036,806	15,566,930	-
Restricted assets				
Cash and cash equivalents	19,285,495	627,767	19,913,262	-
Investments	23,997,871	603,001	24,600,872	-
Due from other governments	-	3,005,722	3,005,722	-
Receivables				
Accrued interest	67,984	8,491	76,475	-
Accounts- customers	1,218,238	1,644,258	2,862,496	13,468
Estimated unbilled usage	-	2,199,426	2,199,426	-
Sanitation receivable and unbilled usage	-	1,560,651	1,560,651	-
Property tax receivable	4,736,182	-	4,736,182	159,925
Internal balances	2,007,110	(2,007,110)	-	-
Intergovernmental receivable	10,243,826	-	10,243,826	-
Prepaid expenses	639,607	10,204	649,811	1,400
Notes receivable	-	-	-	-
Inventories	197,196	326,991	524,187	-
Capital assets not being depreciated:				
Land	20,136,853	5,474,937	25,611,790	-
Construction in progress	9,558,286	28,706,023	38,264,309	-
Capital assets, net of depreciation:				
Utility plant in service	-	267,503,894	267,503,894	-
Water rights	-	1,797,968	1,797,968	-
Machinery and equipment	10,103,348	495,393	10,598,741	-
Transportation equipment	8,828,628	445,703	9,274,331	-
Buildings and improvements	45,974,661	9,554,204	55,528,865	4,724
Office furniture and equipment	925,277	149,408	1,074,685	7,769
Infrastructure	111,696,902	-	111,696,902	-
Notes receivable	-	-	-	56,959
Total Assets	297,835,886	353,884,965	651,720,851	1,014,268
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	276,651	506,313	782,964	-

CITY OF CHEYENNE, WYOMING

STATEMENT OF NET POSITION (CONTINUED)

June 30, 2014

	Primary Government			Component Unit
	Governmental	Business-type		Downtown
	Activities	Activities	Total	Development
				Authority
LIABILITIES				
Accounts payable	\$ 7,759,777	\$ 4,211,520	\$ 11,971,297	\$ 69,519
Accrued interest	67,332	668,387	735,719	-
Accrued salaries including compensated absences and early retirement, current portion	2,448,863	438,574	2,887,437	-
Unearned fees and deposits	-	1,187,479	1,187,479	-
Unearned revenue	-	290,392	290,392	4,025
Noncurrent liabilities				
Due within one year				
Capital leases	882,010	-	882,010	-
Bonds and loans payable	323,666	4,580,498	4,904,164	9,661
Due in more than one year				
Landfill closure and post-closure costs	12,596,468	-	12,596,468	-
Compensated absences	2,098,282	1,002,044	3,100,326	-
Capital leases	3,783,638	-	3,783,638	-
Bonds and loans payable	8,426,224	71,297,773	79,723,997	30,148
Total liabilities	38,386,260	83,676,667	122,062,927	113,353
DEFERRED INFLOWS OF RESOURCES				
Deferred property taxes	4,621,121	-	4,621,121	159,925
NET POSITION				
Net investment in capital assets	193,703,307	238,249,258	431,952,565	12,493
Restricted for				
Debt service and capital improvements	939,252	1,103,001	2,042,253	-
Legal restrictions	7,175,801	-	7,175,801	-
Tax voter approved projects	43,854,338	-	43,854,338	-
Unrestricted	9,432,458	31,362,352	40,794,810	728,497
Total net position	\$ 255,105,156	\$ 270,714,611	\$ 525,819,767	\$ 740,990

CITY OF CHEYENNE, WYOMING

STATEMENT OF ACTIVITIES

Year Ended June 30, 2014

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and Contributions	Grants and Contributions
Functions/Programs				
Primary Government				
Governmental activities				
General government	\$ 17,138,477	\$ 2,133,678	\$ 2,262,585	\$ 315,641
Public safety	25,393,937	1,571,341	2,347,975	734,141
Public works	31,632,397	14,544,339	1,741,834	3,282,397
Health and welfare	1,682,212	2,540	1,096,971	-
Recreation	9,006,117	2,036,639	26,622	966,487
Interest on long-term debt	429,457	-	-	-
Total governmental activities	<u>85,282,597</u>	<u>20,288,537</u>	<u>7,475,987</u>	<u>5,298,666</u>
Business-type activities				
Water	19,148,956	17,693,277	3,292,384	17,885,996
Sewer	10,008,500	10,336,845	859,212	1,197,511
Civic Center	1,036,775	607,693	-	-
Ice and Events Center	733,007	454,605	-	-
Total business-type activities	<u>30,927,238</u>	<u>29,092,420</u>	<u>4,151,596</u>	<u>19,083,507</u>
Total primary government	<u>\$ 116,209,835</u>	<u>\$ 49,380,957</u>	<u>\$ 11,627,583</u>	<u>\$ 24,382,173</u>
Governmental component unit				
Downtown Development Authority	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
General revenues				
Property taxes and other taxes				
Sales taxes				
Franchise taxes				
Motor vehicle taxes				
Intergovernmental funds and shared revenues not restricted to specific programs				
Unrestricted investment earnings				
Insurance proceeds				
Gain on sale of capital assets				
Miscellaneous revenue				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning of year				
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	
\$ (12,426,573)	\$ -	\$ (12,426,573)	\$ -
(20,740,480)	-	(20,740,480)	-
(12,063,827)	-	(12,063,827)	-
(582,701)	-	(582,701)	-
(5,976,369)	-	(5,976,369)	-
(429,457)	-	(429,457)	-
<u>(52,219,407)</u>	<u>-</u>	<u>(52,219,407)</u>	<u>-</u>
-	19,722,701	19,722,701	-
-	2,385,068	2,385,068	-
-	(429,082)	(429,082)	-
-	(278,402)	(278,402)	-
<u>-</u>	<u>21,400,285</u>	<u>21,400,285</u>	<u>-</u>
(52,219,407)	21,400,285	(30,819,122)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>(681,504)</u>
6,640,363	-	6,640,363	160,200
50,665,195	-	50,665,195	-
5,181,346	-	5,181,346	-
1,292,199	-	1,292,199	-
9,387,742	-	9,387,742	531,834
742,830	101,738	844,568	1,884
196,108	-	196,108	-
40,098	248,729	288,827	-
1,625,453	26,939	1,652,392	27,885
(341,712)	341,712	-	-
<u>75,429,622</u>	<u>719,118</u>	<u>76,148,740</u>	<u>721,803</u>
23,210,215	22,119,403	45,329,618	40,299
<u>231,894,941</u>	<u>248,595,208</u>	<u>480,490,149</u>	<u>700,691</u>
<u>\$ 255,105,156</u>	<u>\$ 270,714,611</u>	<u>\$ 525,819,767</u>	<u>\$ 740,990</u>

CITY OF CHEYENNE, WYOMING

BALANCE SHEET GOVERNMENTAL FUNDS June 30, 2014

	General Fund	One Percent Sales Tax Fund	Capital Facilities Tax	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 6,888,249	\$ -	\$ -	\$ 7,800,049	\$ 14,688,298
Investments, at fair value	3,412,229	-	-	10,117,895	13,530,124
Cash and cash equivalents - restricted	16,489	5,951,483	12,882,901	434,622	19,285,495
Investments - restricted	922,763	19,377,384	3,697,724	-	23,997,871
Receivables					
Accrued interest	-	43,650	7,059	17,275	67,984
Property tax	4,736,182	-	-	-	4,736,182
Customers	910,684	-	-	307,554	1,218,238
Due from other funds	2,406,739	158,665	-	273,826	2,839,230
Due from other governments	3,691,642	2,492,307	2,643,567	1,416,310	10,243,826
Prepaid items	633,767	-	-	5,840	639,607
Inventories	197,196	-	-	-	197,196
	<u>\$ 23,815,940</u>	<u>\$ 28,023,489</u>	<u>\$ 19,231,251</u>	<u>\$ 20,373,371</u>	<u>\$ 91,444,051</u>
Total assets					
	<u>\$ 23,815,940</u>	<u>\$ 28,023,489</u>	<u>\$ 19,231,251</u>	<u>\$ 20,373,371</u>	<u>\$ 91,444,051</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 2,126,165	\$ 2,815,078	\$ 981,003	\$ 1,837,431	\$ 7,759,677
Accrued interest	54,013	-	13,319	-	67,332
Accrued salaries including vacation and sick leave	-	-	-	26,779	26,779
Due to other funds	-	-	-	832,120	832,120
Due to other governments	100	-	-	-	100
Unearned revenue	117,892	-	-	69,222	187,114
Total liabilities	<u>2,298,170</u>	<u>2,815,078</u>	<u>994,322</u>	<u>2,765,552</u>	<u>8,873,122</u>
Deferred inflows of resources					
Deferred property taxes	4,665,099	-	-	-	4,665,099
Total liabilities and deferred inflows of resources	<u>6,963,269</u>	<u>2,815,078</u>	<u>994,322</u>	<u>2,765,552</u>	<u>13,538,221</u>
Fund balances					
Nonspendable	1,099,418	-	-	5,840	1,105,258
Restricted	939,252	25,208,411	18,236,929	6,479,541	50,864,133
Committed	2,573,983	-	-	11,163,748	13,737,731
Assigned	1,666,838	-	-	-	1,666,838
Unassigned	10,573,180	-	-	(41,310)	10,531,870
	<u>16,852,671</u>	<u>25,208,411</u>	<u>18,236,929</u>	<u>17,607,819</u>	<u>77,905,830</u>
Total fund balances					
	<u>16,852,671</u>	<u>25,208,411</u>	<u>18,236,929</u>	<u>17,607,819</u>	<u>77,905,830</u>
Total liabilities and fund balances	<u>\$ 23,815,940</u>	<u>\$ 28,023,489</u>	<u>\$ 19,231,251</u>	<u>\$ 20,373,371</u>	<u>\$ 91,444,051</u>

CITY OF CHEYENNE, WYOMING

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

June 30, 2014

Total fund balances - governmental funds	\$	77,905,830
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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.	207,223,955
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Other assets are not available to pay for current period expenditures and, therefore are deferred in the funds.	231,092
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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.	(4,520,366)
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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.	(12,596,468)
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Long-term liabilities, including capital leases and bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Capital leases	(4,665,648)
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Bonds payable	(8,749,890)
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Deferred charge on refunding	276,651
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Net position of governmental activities	\$	<u>255,105,156</u>
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CITY OF CHEYENNE, WYOMING

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2014

	General Fund	One Percent Sales Tax Fund	Capital Facilities Tax	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes and special assessments	\$ 10,858,895	\$ -	\$ -	\$ -	\$ 10,858,895
Licenses and permits	2,322,384	-	-	-	2,322,384
Intergovernmental	33,827,541	13,734,100	14,556,032	12,128,570	74,246,243
Charges for services	9,973,370	-	-	6,476,894	16,450,264
Fines and forfeitures	1,515,889	-	-	-	1,515,889
Investment income	117,465	351,314	67,104	206,947	742,830
Miscellaneous	900,434	343,527	-	389,394	1,633,355
Total revenues	<u>59,515,978</u>	<u>14,428,941</u>	<u>14,623,136</u>	<u>19,201,805</u>	<u>107,769,860</u>
Expenditures					
Current					
General government	12,878,191	-	66,219	2,154,899	15,099,309
Public safety	21,438,317	140,326	-	1,798,999	23,377,642
Public works	11,045,101	2,240,772	-	5,176,507	18,462,380
Health and welfare	-	603,000	-	1,079,532	1,682,532
Recreation	5,659,406	107,880	152,389	915,462	6,835,137
Capital outlay	1,165,465	12,818,935	5,376,063	6,449,372	25,809,835
Debt service					
Principal retirements	300,000	-	-	950,104	1,250,104
Interest payments	223,436	-	39,583	144,007	407,026
Total expenditures	<u>52,709,916</u>	<u>15,910,913</u>	<u>5,634,254</u>	<u>18,668,882</u>	<u>92,923,965</u>
Excess (deficiency) of revenues over expenditures	<u>6,806,062</u>	<u>(1,481,972)</u>	<u>8,988,882</u>	<u>532,923</u>	<u>14,845,895</u>
Other financing sources (uses)					
Transfers in	5,653	-	-	530,390	536,043
Transfers out	(789,830)	(56,204)	-	(31,721)	(877,755)
Insurance proceeds	196,108	-	-	-	196,108
Proceeds from capital financing	-	-	2,000,000	50,001	2,050,001
Total other financing sources (uses)	<u>(588,069)</u>	<u>(56,204)</u>	<u>2,000,000</u>	<u>548,670</u>	<u>1,904,397</u>
Net change in fund balances	<u>6,217,993</u>	<u>(1,538,176)</u>	<u>10,988,882</u>	<u>1,081,593</u>	<u>16,750,292</u>
Fund balances - beginning of year	<u>10,634,678</u>	<u>26,746,587</u>	<u>7,248,047</u>	<u>16,526,226</u>	<u>61,155,538</u>
Fund balances - end of year	<u>\$ 16,852,671</u>	<u>\$ 25,208,411</u>	<u>\$ 18,236,929</u>	<u>\$ 17,607,819</u>	<u>\$ 77,905,830</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, 2014

Net change in fund balances - total governmental funds	\$	16,750,292
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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	733,000
Capital outlay	18,965,654
Depreciation expense	(11,833,953)
Disposal of assets	(200,730)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	95,458
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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.	13,931
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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.	(491,109)
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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 premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. This amount is the net effect of the differences in the treatment of long-term debt and related items.	<u>(822,328)</u>
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Change in net position of governmental activities	\$	<u>23,210,215</u>
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CITY OF CHEYENNE, WYOMING

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

June 30, 2014

	Business-type Activities	
	Waterworks Fund	Sewer Fund
ASSETS		
Current assets		
Cash and cash equivalents	\$ 21,633,642	\$ 7,832,900
Investments, at fair value	1,050,000	986,806
Restricted assets		
Cash and cash equivalents	627,767	-
Investments	603,001	-
Due from other governments	2,366,225	639,497
City of Cheyenne sanitation account	1,560,651	-
Receivables		
Accrued interest	6,410	2,081
Accounts- customers	899,070	744,763
Estimated unbilled usage	1,500,255	699,171
Inventories	312,279	14,712
Prepaid expenses	10,204	-
Total current assets	<u>30,569,504</u>	<u>10,919,930</u>
Noncurrent assets		
Capital assets, net of depreciation		
Land	4,587,691	545,003
Utility plant in service	195,426,164	72,077,730
Water rights	1,797,968	-
Machinery and equipment	70,115	23,204
Transportation equipment	345,742	99,961
Buildings and improvements	4,937,037	1,659,487
Office furniture and equipment	100,240	35,379
Construction in progress	26,159,492	2,546,531
Total noncurrent assets	<u>233,424,449</u>	<u>76,987,295</u>
Total assets	<u>263,993,953</u>	<u>87,907,225</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>506,313</u>	<u>-</u>

<u>Enterprise Funds</u>	
Other Proprietary Funds	Totals
\$ 274,686	\$ 29,741,228
-	2,036,806
-	627,767
-	603,001
-	3,005,722
-	1,560,651
-	8,491
425	1,644,258
-	2,199,426
-	326,991
-	10,204
<u>275,111</u>	<u>41,764,545</u>
342,243	5,474,937
-	267,503,894
-	1,797,968
402,074	495,393
-	445,703
2,957,680	9,554,204
13,789	149,408
-	28,706,023
<u>3,715,786</u>	<u>314,127,530</u>
<u>3,990,897</u>	<u>355,892,075</u>
<u>-</u>	<u>506,313</u>

CITY OF CHEYENNE, WYOMING

STATEMENT OF NET POSITION - PROPRIETARY FUNDS (CONTINUED)

June 30, 2014

	<u>Business-type Activities</u>	
	<u>Waterworks Fund</u>	<u>Sewer Fund</u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 3,176,237	\$ 971,770
Accrued interest	543,435	124,952
Unearned revenue	-	-
Due to other funds	1,961,769	45,341
Unearned fees and deposits	932,520	254,959
Accrued salaries including vacation and sick leave	251,258	167,766
Current portion of general obligation and loan debt	2,377,464	2,203,034
Total current liabilities	<u>9,242,683</u>	<u>3,767,822</u>
Long term liabilities		
Accrued compensated absences	577,659	386,148
General obligation and loan debt, unamortized bond premium, net of current portion	<u>41,549,656</u>	<u>29,748,117</u>
Total long term liabilities	<u>42,127,315</u>	<u>30,134,265</u>
Total liabilities	<u>51,369,998</u>	<u>33,902,087</u>
NET POSITION		
Net investment in capital assets	189,497,329	45,036,143
Restricted for debt service and capital improvements	1,103,001	-
Unrestricted	<u>22,529,938</u>	<u>8,968,995</u>
Total net position	<u>213,130,268</u>	<u>54,005,138</u>

<u>Enterprise Funds</u>	
<u>Other Proprietary Funds</u>	<u>Totals</u>
\$ 63,513	\$ 4,211,520
-	668,387
290,392	290,392
-	2,007,110
-	1,187,479
19,550	438,574
-	4,580,498
<u>373,455</u>	<u>13,383,960</u>
38,237	1,002,044
-	71,297,773
<u>38,237</u>	<u>72,299,817</u>
<u>411,692</u>	<u>85,683,777</u>
3,715,786	238,249,258
-	1,103,001
<u>(136,581)</u>	<u>31,362,352</u>
<u>3,579,205</u>	<u>270,714,611</u>

CITY OF CHEYENNE, WYOMING

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS
Year Ended June 30, 2014

	Business-type Activities	
	Waterworks Fund	Sewer Fund
Operating revenues		
Sales and charges for services	\$ 17,210,780	\$ 9,737,163
Fees and miscellaneous	482,497	599,682
Total operating revenues	<u>17,693,277</u>	<u>10,336,845</u>
Operating expenses		
Source of supply	1,426,207	-
Water treatment	1,846,817	-
Transmission and distribution	2,052,179	-
Engineering and water resources	911,238	288,155
Sewer collection lines	-	1,144,516
Water reclamation	-	2,348,946
Information technology and customer service	788,193	261,060
Administrative and general	3,741,264	1,862,024
Depreciation	7,492,864	3,320,480
Parts and supplies	-	-
Intra-city charges	-	-
Total operating expenses	<u>18,258,762</u>	<u>9,225,181</u>
Operating income (loss)	<u>(565,485)</u>	<u>1,111,664</u>
Non-operating income (expenses)		
Gain on sale of assets	186,647	62,082
Oil and gas lease revenue	-	26,939
System development fees	3,292,384	859,212
Investment income		
Interest income	47,945	17,403
Net decrease in fair value of investments	28,418	7,972
Interest expense	<u>(890,194)</u>	<u>(783,319)</u>
Total non-operating income (expenses)	<u>2,665,200</u>	<u>190,289</u>
Income (loss) before contributions and transfers	2,099,715	1,301,953
Capital grants	15,173,443	60,643
Donated utilities and other assets	2,712,553	1,136,868
Transfers in	<u>-</u>	<u>-</u>
Change in net position	19,985,711	2,499,464
Net position - beginning of year	<u>193,144,557</u>	<u>51,505,674</u>
Net position - end of year	<u>\$ 213,130,268</u>	<u>\$ 54,005,138</u>

Enterprise Funds	
Other Proprietary Funds	Totals
\$ 1,001,943	\$ 27,949,886
60,355	1,142,534
<u>1,062,298</u>	<u>29,092,420</u>
-	1,426,207
-	1,846,817
-	2,052,179
-	1,199,393
-	1,144,516
-	2,348,946
-	1,049,253
1,488,710	7,091,998
224,393	11,037,737
40,321	40,321
16,358	16,358
<u>1,769,782</u>	<u>29,253,725</u>
<u>(707,484)</u>	<u>(161,305)</u>
-	248,729
-	26,939
-	4,151,596
-	65,348
-	36,390
-	(1,673,513)
-	2,855,489
<u>(707,484)</u>	<u>2,694,184</u>
-	15,234,086
-	3,849,421
<u>341,712</u>	<u>341,712</u>
(365,772)	22,119,403
<u>3,944,977</u>	<u>248,595,208</u>
<u>\$ 3,579,205</u>	<u>\$ 270,714,611</u>

CITY OF CHEYENNE, WYOMING

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 Year Ended June 30, 2014

	<u>Business-type Activities</u>	
	<u>Waterworks Fund</u>	<u>Sewer Fund</u>
Cash flows from operating activities		
Cash received from customers	\$ 17,125,772	\$ 10,201,333
Cash payments to suppliers	(2,042,495)	(1,676,867)
Cash payments to employees	(6,577,292)	(3,781,490)
Change in City sanitation account	<u>53,355</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>8,559,340</u>	<u>4,742,976</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	1,937,295	635,763
Proceeds from issuance of debt	15,148,753	1,065,674
Acquisition and construction of capital assets	(27,169,278)	(2,510,131)
Principal paid on revenue bonds and loan debt maturities	(10,751,739)	(2,211,174)
Capital grants	13,917,062	106,641
Proceeds from sale of capital assets	191,485	63,696
Interest paid on debt	<u>(1,127,753)</u>	<u>(807,121)</u>
Net cash provided by (used in) capital and related financing activities	<u>(7,854,175)</u>	<u>(3,656,652)</u>
Cash flows from investing activities		
Interest on cash accounts and investments	78,168	25,775
Redemption of investments	386,593	36,713
Purchase of investments	<u>-</u>	<u>(36,806)</u>
Net cash provided by (used in) investing activities	<u>464,761</u>	<u>25,682</u>
Net increase (decrease) in cash and cash equivalents	1,169,926	1,112,006
Cash and cash equivalents - beginning of year	<u>21,091,483</u>	<u>6,720,894</u>
Cash and cash equivalents - end of year	<u><u>\$ 22,261,409</u></u>	<u><u>\$ 7,832,900</u></u>

Enterprise Funds	
Other Proprietary Funds	Totals
\$ 1,121,032	\$ 28,448,137
(914,062)	(4,633,424)
(588,775)	(10,947,557)
-	53,355
(381,805)	12,920,511
341,712	341,712
341,712	341,712
-	2,573,058
-	16,214,427
(26,745)	(29,706,154)
-	(12,962,913)
-	14,023,703
-	255,181
-	(1,934,874)
(26,745)	(11,537,572)
-	103,943
-	423,306
-	(36,806)
-	490,443
(66,838)	2,215,094
341,524	28,153,901
\$ 274,686	\$ 30,368,995

CITY OF CHEYENNE, WYOMING

STATEMENT OF CASH FLOWS (CONTINUED)

PROPRIETARY FUNDS

Year Ended June 30, 2014

	<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)	\$ (565,485)	\$ 1,111,664
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	7,492,864	3,320,480
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities		
Receivables	(530,252)	(138,302)
Inventory	(44,266)	89
Prepaid expenses	1,307	-
Accounts payable	2,122,583	459,185
City sanitation account	53,355	-
Accrued salaries including vacation and sick leave	29,234	(10,140)
Unearned revenue	<u>-</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ 8,559,340</u>	<u>\$ 4,742,976</u>
Noncash investing, capital and noncapital financing activities		
Amortization of deferred refunding loss and debt premiums	\$ (13,658)	\$ -
Donated asset acquisitions	2,712,553	1,136,868
Capitalized interest	340,975	23,349

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

\$ (707,484)	\$ (161,305)
--------------	--------------

224,393	11,037,737
---------	------------

9,036	(659,518)
-------	-----------

-	(44,177)
---	----------

-	1,307
---	-------

39,836	2,621,604
--------	-----------

-	53,355
---	--------

2,716	21,810
-------	--------

<u>49,698</u>	<u>49,698</u>
---------------	---------------

<u>\$ (381,805)</u>	<u>\$ 12,920,511</u>
---------------------	----------------------

\$ -	\$ (13,658)
------	-------------

-	3,849,421
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-	364,324
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CITY OF CHEYENNE, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

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, 1601 Capitol Avenue, Cheyenne, Wyoming.

Nature of Operations

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

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

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

Government-Wide and Fund Financial Statements

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

CITY OF CHEYENNE, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues, except property taxes, to be available if they are collected within 90 days of the end of the current fiscal period. Property taxes are considered available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF CHEYENNE, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

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

The City reports the following major proprietary funds:

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

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

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, 2014

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.

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, 2014. 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, 2014

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

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portion of 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 \$213,293 at June 30, 2014.

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, 2014 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, 2014

Note 1. The Reporting Entity and Significant Accounting Policies (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, 2014

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

Compensated Absences

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

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

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

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

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

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

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

CITY OF CHEYENNE, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

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

Compensated Absences (Continued)

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

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

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

Long-Term Obligations

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

In the fund financial statements, governmental 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, 2014

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

Fund Balance (Continued)

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

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

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

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

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

Net Position

Net position represent the difference between assets, deferred outflows, 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.

Unearned Fees and Deposits

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

Estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets 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.

CITY OF CHEYENNE, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

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

Encumbrances

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

General Fund	
Assigned	\$ 845,892
One Percent Sales Tax Fund	
Restricted	601,277
Other Governmental Funds	
Restricted	1,193,675
Committed	1,595,150
Total Encumbrances	<u>\$ 4,235,994</u>

Deferred Outflows/Inflows of Resources

The City implemented Governmental Accounting Standards Board Statement No. 65 Items Previously Reported as Assets and Liabilities for the year ended June 30, 2014. The objective of GASB 65 is to either properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflow of resources (revenue).

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period and thus, will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

CITY OF CHEYENNE, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

Note 2. Stewardship, Compliance, and Accountability

Fund Deficit

The following funds had a deficit balance at June 30, 2014:

Fund	Deficit Balance
Community Development Block Grant	\$ (752)
Miscellaneous Federal Grants	\$ (3,601)
Athletic Facilities	(36,957)

For the Community Development Block Grant Fund and the Miscellaneous Federal Grants 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.

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
Fund balances					
Nonspendable					
Prepaid items	\$ 633,767	\$ -	\$ -	\$ -	\$ 633,767
Inventory	197,196	-	-	-	197,196
Loans receivable	268,455	-	-	-	268,455
Restricted for					
Bond ordinances	939,253	-	-	-	939,253
Weed and Pest programs	-	408,998	-	-	408,998
Capital projects	-	25,208,411	22,393,696	3,297	47,605,404
Cemetery projects	-	-	-	664,018	664,018
Juvenile justice programs	-	273,211	-	-	273,211
Grants	-	412,807	-	-	412,807
Housing programs	-	365,691	-	-	365,691
Youth programs	-	194,752	-	-	194,752
Committed to					
Capital projects	2,573,983	-	788,109	-	3,362,092
Landfill development	-	9,577,368	-	-	9,577,368
Annexation improvements	-	205,123	-	-	205,123
Youth and recreation programs	-	525,712	73,276	-	598,988
Assigned to					
Future expenditures	744,200	-	-	-	744,200
Agency accounts	922,638	-	-	-	922,638
Unassigned	10,573,179	(4,353)	(36,957)	-	10,531,869
Totals	<u>\$ 16,852,671</u>	<u>\$ 37,167,720</u>	<u>\$ 23,218,124</u>	<u>\$ 667,315</u>	<u>\$ 77,905,830</u>

CITY OF CHEYENNE, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

Note 3. Cash, Cash Equivalents and Investments

Investments Authorized by the City's Investment Policy

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

Custodial Credit Risk

Custodial credit risk for deposits and certificates of deposit is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require that the City and Board's deposits in excess of the Federal depository insurance must be collateralized. As of June 30, 2014, 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, 2014. In addition to the applicable statutes, the City and Board's policies require all deposits to be collateralized at 105% of the amount invested including accrued interest to further reduce its exposure to custodial credit risk.

For an investment, this is the risk that in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes limit the type of investments the City can use. Statutes limit investments primarily to securities issued or guaranteed by the U.S. Treasury or agencies of the United States Government; therefore, reducing the City's exposure to custodial credit risk for its investments. As of June 30, 2014, 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, 2014. The City held \$7,250,018 or 8% of its portfolio in Federal National Mortgage Association (FNMA) Pools and \$4,348,151 or 5% of its portfolio in FNMA as of June 30, 2014. The Board's investment policy does not allow more than 25% of the total investment portfolio to be invested in any one issuer, with the exception of WYOSTAR, WGIF, bank certificates of deposit and U.S. Treasury securities, which include all of the Board's investments.

CITY OF CHEYENNE, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

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

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The City's investments are held in 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 interest rates of the City and Board's investments are displayed in the following Interest Rate Risk Table.

Investment Type	Fair Value	Interest Rate	Investment Maturities in Years			
			Less Than 1	1-5	6-10	More Than 10
Certificates of Deposit	\$ 6,368,365	.05%-3.25%	\$ 5,777,281	\$ 591,084	\$ -	\$ -
U.S. Government Securities	19,920,438	.25%-2.25%	4,506,179	13,021,998	1,218,926	1,173,335
U.S. Agencies	16,428,998	.375%-6.50%	81,599	14,332,574	555,892	1,458,933
State Treasurer's Investment Pool (WYO-STAR)	47,820,470	0.30%	47,820,470	-	-	-
Wyoming Government Investment fund (WGIF)	13,028	0.05%	13,028	-	-	-
	<u>\$ 90,551,299</u>		<u>\$ 58,198,557</u>	<u>\$ 27,945,656</u>	<u>\$ 1,774,818</u>	<u>\$ 2,632,268</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, 2014 was \$659,806. 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 \$3,568,525 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

CITY OF CHEYENNE, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

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

Credit Risk (Continued)

of interest, respectively. There is no rating available for the WYO-STAR investment; however, under Wyoming statutes underlying providers are required to have the highest rating from at least one of the nationally recognized rating organizations. The WGIF investment received an AAA rating by Standard & Poor's. State law does not allow governments to invest in corporate bonds, stocks or mutual funds and limits investments in commercial paper to short term maturities (not greater than 270 days) and to top ratings issued by nationally recognized statistical rating organizations (Moody's and Standard and Poor's). Obligations of the U.S. Government and obligations specifically guaranteed are backed by the full faith and credit of the U.S. Government. Of the investments in U.S. Agencies, \$15,968,981 were rated AAA by Moody's and \$460,017 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, 2014, was as follows:

	Balance June 30, 2013	Additions	Retirements and Transfers	Balance June 30, 2014
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 19,732,565	\$ -	\$ 404,288	\$ 20,136,853
Construction in progress	6,590,406	15,489,282	(12,521,402)	9,558,286
Total capital assets, not being depreciated	26,322,971	15,489,282	(12,117,114)	29,695,139
Capital assets, being depreciated:				
Buildings and improvements	71,759,134	190,686	993,951	72,943,771
Machinery and equipment	20,798,045	786,136	(1,072,971)	20,511,210
Transportation equipment	21,466,287	3,190,481	(916,761)	23,740,007
Office furniture and equipment	1,695,098	159,525	279,137	2,133,760
Infrastructure	180,426,446	-	10,995,788	191,422,234
Total capital assets, being depreciated	296,145,010	4,326,828	10,279,144	310,750,982
Less accumulated depreciation for:				
Buildings and improvements	24,720,836	2,248,274	-	26,969,110
Machinery and equipment	10,113,133	1,163,733	(869,004)	10,407,862
Transportation equipment	13,858,908	1,815,531	(763,060)	14,911,379
Office furniture and equipment	937,654	158,550	112,279	1,208,483
Infrastructure	73,277,467	6,447,865	-	79,725,332
Total accumulated depreciation	122,907,998	11,833,953	(1,519,785)	133,222,166
Total capital assets being depreciated, net	173,237,012	(7,507,125)	11,798,929	177,528,816
Governmental activities, capital assets, net	<u>\$ 199,559,983</u>	<u>\$ 7,982,157</u>	<u>\$ (318,185)</u>	<u>\$ 207,223,955</u>

CITY OF CHEYENNE, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

Note 4. Capital Assets (Continued)

Business-type capital asset activity for the year ended June 30, 2014, was as follows:

	Balance June 30, 2013	Additions	Retirements and Transfers	Balance June 30, 2014
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 5,409,966	\$ -	\$ 64,971	\$ 5,474,937
Water rights	1,797,968	-	-	1,797,968
Construction in progress	3,928,772	28,879,257	(4,102,006)	28,706,023
Total capital assets, not being depreciated	11,136,706	28,879,257	(4,037,035)	35,978,928
Capital assets, being depreciated:				
Utility plant in service	458,760,225	8,685,356	(22,800)	467,422,781
Machinery and equipment	1,382,472	26,745	(68,257)	1,340,960
Transportation equipment	2,451,419	314,035	(99,922)	2,665,532
Structures and improvements	14,772,594	1,490	(258,912)	14,515,172
Office furniture and equipment	1,132,136	115,020	(2,676)	1,244,480
Total capital assets, being depreciated	478,498,846	9,142,646	(452,567)	487,188,925
Less accumulated depreciation for:				
Utility plant in service	189,522,484	10,413,764	(17,361)	199,918,887
Machinery and equipment	822,612	90,941	(67,986)	845,567
Transportation equipment	2,184,316	135,435	(99,922)	2,219,829
Structures and improvements	4,803,810	350,357	(193,199)	4,960,968
Office furniture and equipment	1,050,509	47,239	(2,676)	1,095,072
Total accumulated depreciation	198,383,731	11,037,736	(381,144)	209,040,323
Total capital assets being depreciated, net	280,115,115	(1,895,090)	(71,423)	278,148,602
Business-type activities, capital assets, net	<u>\$ 291,251,821</u>	<u>\$ 26,984,167</u>	<u>\$ (4,108,458)</u>	<u>\$ 314,127,530</u>

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

Governmental activities	
General government	\$ 737,500
Public safety	1,239,003
Public works	8,297,140
Recreation	1,560,310
Total depreciation expense - governmental activities	<u>\$ 11,833,953</u>
Business-type activities	
Waterworks	\$ 7,492,864
Sewer	3,320,480
Civic center	97,455
Ice and events center	126,938
Total depreciation expense - business-type activities	<u>\$ 11,037,737</u>

CITY OF CHEYENNE, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

Note 5. Interfund Receivables, Payables and Transfers

The composition of interfund receivables and payables as of June 30, 2014 is as follows:

Fund	Fund Level Financial Statements Due From/To Other Funds	
	Receivable	Payable
Governmental activities:		
General fund	\$ 2,406,739	\$ -
Special revenue funds:		
State Grants	273,826	115,000
Community Development Block Grant	-	-
One Percent Sales Tax Fund	158,665	-
Local Law Enforcement Block Grants	-	115,000
Transportation Planning	-	100,000
Solid Waste Management	-	-
Recreation Programs	-	158,665
Miscellaneous Federal Grants	-	150,000
Capital projects funds:		-
Athletic Facilities	-	193,455
Business-type activities:		
Waterworks	-	2,007,110
Sewer	-	-
	\$ 2,839,230	\$ 2,839,230

A balance of \$1,688,418 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, 2014

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

Transfers for the year ended June 30, 2014 were as follows:

Fund	Transfers	
	In	Out
Governmental activities:		
General fund	\$ 5,653	\$ 789,830
Special revenue funds:		
Youth Alternative Grants	26,068	-
Transportation Planning	34,492	-
One Percent Sales Tax	-	56,204
UMTA Transit Grants	469,830	-
Capital projects		
Youth Alternatives Building Fund	-	26,068
Permanent fund		
Cemetery Perpetual Care	-	5,653
Total governmental activities	<u>536,043</u>	<u>877,755</u>
Business-type activities:		
Civic Center	200,000	-
Ice and Events Center	141,712	-
Total business-type activities	<u>341,712</u>	<u>-</u>
Total primary government	<u>\$ 877,755</u>	<u>\$ 877,755</u>

During the year ended June 30, 2014, 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 and the construction of the public safety center. 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 for landfill leases and by the capital facilities tax fund for the public safety center lease. The assets acquired through capital leases are as follows:

	Governmental Activities
Asset	
Machinery and equipment	\$ 7,811,205
Less accumulated depreciation	<u>(887,125)</u>
Total	<u>\$ 6,924,080</u>

CITY OF CHEYENNE, WYOMING

NOTES TO THE FINANCIAL STATEMENTS June 30, 2014

Note 6. Leases (continued)

The capital lease obligations payable as of June 30, 2014 were as follows:

Lease payable for landfill equipment, due in semi-annual installments of \$139,152, with interest at 3.90%, through June 2017.	\$ 419,488
Lease payable for landfill equipment, due in semi-annual installments of \$100,269, with interest at 4.60%, through June 2016.	379,035
Lease payable for landfill equipment, due in semi-annual installments of \$112,881, with interest at 2.49%, through June 2018.	676,494
Lease payable for landfill equipment, due in semi-annual installments of \$115,530 to \$147,012, with interest at 1.94% through June 2019.	1,140,630
Lease payable for landfill equipment, due in semi-annual installments, amounts to be estimated on a semi-annual basis based on the estimated outstanding principal balance with interest accruing at 2.61%, final payment estimated to be due June of 2021. Unused balance of lease is \$2,528,172 at June 30, 2014.	50,001
Lease payable for Public Safety Center, due in quarterly installments, amounts to be estimated on a quarterly basis based on the amount drawn with interest at .70% plus 75% of the one-month LIBOR rate plus .40% on the amount of proceeds remaining undrawn, final payment estimated to be due October of 2017. Unused balance of lease is \$16,000,000 at June 30, 2014.	2,000,000
	\$ 4,665,648

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014, were as follows:

Year Ending June 30,	Governmental Activities
2015	\$ 948,053
2016	778,126
2017	419,208
2018	2,419,208
2019	240,473
Thereafter	-
Total minimum lease payments	4,805,068
Less amount representing interest	(139,420)
Present value of minimum lease payments	\$ 4,665,648

CITY OF CHEYENNE, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

Note 7. Long-Term Debt

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

General long-term debt currently outstanding is as follows:

	Balance at June 30, 2014	Amount Due Within One Year
<i>Governmental activities</i>		
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.	\$ 8,855,000	\$ 330,000
<i>Business-type activities</i>		
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #133, advances on a \$3,000,000 loan for the Construction of the Hydro-Electric Generation project. Interest thereon is at 0.0% for a term of twenty years. Upon completion of project, loan shall be granted principal forgiveness up to 25% of the loan, not to exceed \$750,000. The payments are currently estimated at \$112,500 per year. Secured by a pledge and assignment of revenues from the City's water system user fees necessary to meet the annual payment.	53,488	-
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.	4,552,769	124,237
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.	1,140,000	560,000

CITY OF CHEYENNE, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

Note 7. Long-Term Debt (Continued)

	Balance at June 30, 2014	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.	2,056,856	206,648
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.	4,152,433	232,179
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.	7,424,112	-
2013 Refunding Revenue Water Note, original amount of \$8,740,000 due in annual principal installments ranging from \$215,000 to \$955,000 through December 2025; interest at 2.41%. Note originated to refinance the callable portion 2007 Water Revenue Bonds. Secured by pledge of revenues from the City's water system tap and user fees and system development fees, net of premiums.	8,740,000	215,000

CITY OF CHEYENNE, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

Note 7. Long-Term Debt (Continued)

	Balance at June 30, 2014	Amount Due Within One Year
<i>Business-type activities (continued)</i>		
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #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.	687,400	130,767
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.	5,112,528	513,644
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.	2,105,485	152,630
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.	454,049	36,376

CITY OF CHEYENNE, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

Note 7. Long-Term Debt (Continued)

	Balance at June 30, 2014	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.	53,425	19,464
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.	345,223	15,423
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.	23,982,789	1,738,555
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.	1,071,155	55,427

CITY OF CHEYENNE, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

Note 7. Long-Term Debt (Continued)

	Balance at June 30, 2014	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.	723,518	43,798
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.	2,170,462	121,368
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.	4,723,100	211,012
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.	2,282,751	101,985

CITY OF CHEYENNE, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

Note 7. Long Term Debt (continued)

	Balance at June 30, 2014	Amount Due Within One Year
<i>Business-type activities (continued)</i>		
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #115, original amount of \$3,500,000 for the construction phase of the Administration Building Project, with interest at 2.5% due annually on June 1. Annual principal and interest payments are \$159,062 through 2032. Secured by pledge and assignment of revenues from the City's wastewater user fees necessary to meet the annual loan payment.	2,282,751	101,985
Due to the State of Wyoming, Office of State Land and Invesments, CWSRF Loan #133, advances on a \$5,000,000 loan for Crow Creek Plant Improvements Project. Interest will accrue at 2.5% from the date of the loan disbursements. Twenty annual payments of principal and interest will begin one year after substantial completion of the project. The payments are currently estimated at \$320,736 per year. Secured by pledge and assignment of revenues from the City's wastewater user fees necessary to meet the annual loan payment.	1,763,977	-
Total business-type activities	75,878,271	4,580,498
Total long-term debt	\$ 84,733,271	\$ 4,910,498

The annual debt service requirements of the long-term debt and current principal maturities as of June 30, 2014, are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2015	330,000	217,238	4,580,498	1,735,847
2016	350,000	209,812	5,044,141	1,836,524
2017	425,000	201,938	5,166,100	1,701,576
2018	450,000	192,375	5,277,760	1,571,095
2019	475,000	182,250	5,406,319	1,437,711
2020-2024	2,875,000	745,637	27,470,933	5,106,387
2025-2029	3,950,000	311,700	15,606,561	2,032,786
2030-2034	-	-	5,894,364	697,182
2035-2039	-	-	1,431,595	83,745
	\$ 8,855,000	\$ 2,060,950	\$ 75,878,271	\$ 16,202,853

CITY OF CHEYENNE, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

Note 7. Long-Term Debt (Continued)

The balances above do not include the unamortized bond premium/discount of (\$105,110) or the deferred loss on refunding in the amount of (\$276,651) for Governmental Activities and (\$506,313) 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.

In May 2014, the Board received approval of a \$1,206,000 grant from the Wyoming Water Development Commission for the design and construction of the Southern Water Transmission Main Phase III project. The grant provisions required the Board to increase the capital additions and replacement restricted cash balance from \$400,000 to \$500,000.

The Board has pledged and assigned future water system and wastewater user fees to meet certain annual debt requirements. Proceeds from the debt 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 \$6,802,736. Net customer revenues totaled \$28,030,122 for the year. At year end, pledged future revenues totaled \$92,084,555 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 \$523,436. Net mineral royalties totaled \$2,664,298 and gross parking fees totaled \$361,416 for the year. At year end, pledged future revenues totaled \$10,915,950 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, 2014

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, 2014.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Revenue bonds	\$ 9,155,000	\$ -	\$ (300,000)	\$ 8,855,000	\$ 330,000
Less: discount on refunding	(111,286)	-	6,176	(105,110)	(6,334)
Capital leases	3,565,751	2,050,001	(950,104)	4,665,648	882,010
Compensated absences	4,534,297	2,938,864	(2,952,795)	4,520,366	2,422,084
Landfill closure and post- closure costs	12,105,359	491,109	-	12,596,468	-
Governmental activity long-term liabilities	<u>\$ 29,249,121</u>	<u>\$ 5,479,974</u>	<u>\$ (4,196,723)</u>	<u>\$ 30,532,372</u>	<u>\$ 3,627,760</u>
Business-type activities					
Refunding revenue bonds	\$ 10,005,000	\$ 8,740,000	\$ (8,865,000)	\$ 9,880,000	\$ 775,000
Loans payable	61,540,772	8,555,412	(4,097,913)	65,998,271	3,805,498
Compensated absences	1,418,808	323,039	(301,229)	1,440,618	438,574
Business-type activity long-term liabilities	<u>\$ 72,964,580</u>	<u>\$ 17,618,451</u>	<u>\$ (13,264,142)</u>	<u>\$ 77,318,889</u>	<u>\$ 5,019,072</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.

On December 27, 2013, the Board entered into an agreement with Colorado State Bank and Trust to authorize an advanced refunding of a portion of the 2007 Refunding Revenue Water Bonds. The Board received an \$8,740,000 Refunding Revenue Water Note with an annual interest rate of 2.41% with the proceeds to be deposited in a special fund and trust account to be used to refund, pay, discharge and redeem the portion of the refunded bonds outstanding and maturing on or after December 1, 2016. The costs from the advance refunding include a deferred loss of \$525,305, which is being charged to operations through the year 2025 using the effective interest method. The Board completed the advance refunding to reduce its total debt service payments over the next 12 years by \$1,065,000 and to obtain an

CITY OF CHEYENNE, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

Note 7. Long-Term Debt (Continued)

Advance and Current Refundings (continued)

economic gain (difference between the present values of the old and new debt service payments) of \$700,000. As of June 30, 2014, the deferred loss on refunding totaled \$506,313 and is classified as a deferred outflow of resources.

On June 12, 2012, the City issued \$9,455,000 in Refunding Revenue Bonds with an average interest rate of 2.537% to advance refund \$8,975,000 of outstanding 2003 Series Bonds with an average interest rate of 3.985%. The net proceeds of \$9,211,981, (after payment of \$125,711 in underwriting fees and issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments to the 2003 bonds which were defeased. As a result, the 2003 Bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position. As of June 30, 2014, the outstanding in-substance defeased debt was \$8,400,000. 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, 2014, the note balance was \$39,809. Activity related to the note payable included principal payments of \$9,470. The amount due within one year is \$9,661. Aggregate principal including interest of \$1,646 required on the note at June 30, 2014 is as follows:

Year Ending June 30	Principal	Interest
2015	\$ 9,661	\$ 708
2016	9,856	513
2017	10,055	314
2018	10,237	111
	<u>\$ 39,809</u>	<u>\$ 1,646</u>

CITY OF CHEYENNE, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

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, 2014, 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, 2014, 2013, and 2012 were \$598,649, \$552,579, and \$532,497, 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, 2014

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, 2014, 2013 and 2012 were \$840,629, \$802,161 and \$819,673, 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 14.62% 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 5.00% of the required employee's contribution of 7.50% and the City pays 4.00% of the required employee's contribution of 7.50%.

The City and Board's contributions to the System for the years ended June 30, 2014, 2013 and 2012 were \$2,401,542, \$2,256,303 and \$2,268,508, 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, 2014

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, 2014, 2013 and 2012 were \$930,364, \$773,530 and \$775,147, 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, 2014, 2013 and 2012 were \$29,950, \$29,250 and \$28,750, 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, 2014

Note 10. Compensated Absences

Compensated absences have been accrued in the financial statements of the City and consist of the following at June 30, 2014:

	Vacation Leave	Sick Leave	Comp Time	Early Retirement Obligation	Total
Governmental activities	\$ 2,372,798	\$ 2,022,259	\$ 125,309	\$ -	\$ 4,520,366
Business-type activities					
Waterworks fund	329,102	306,434	86,538	106,843	828,917
Sewer fund	220,704	204,289	57,692	71,229	553,914
Civic Center fund	24,651	24,624	-	-	49,275
Ice and Events Center fund	5,302	3,210	-	-	8,512
Total business-type activities	579,759	538,557	144,230	178,072	1,440,618
Total all funds	\$ 2,952,557	\$ 2,560,816	\$ 269,539	\$ 178,072	\$ 5,960,984

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, 2014, there were two series of industrial revenue bonds outstanding, with an aggregate principal amount payable of \$8,960,000.

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 \$12,596,468 reported as landfill closure and post-closure care liability at June 30, 2014, represents the cumulative liability estimated to date based on the use of 95% of the estimated capacity of the site. The City will recognize the remaining estimated cost of closure and post-closure care of \$709,071 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 2014. 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 9 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, 2014

Note 13. Commitments

As of June 30, 2014, 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 2014, the amounts below represent the activity pertaining to the contract as a whole.

	Expended to Date at <u>June 30, 2014</u>	Total Contract <u> </u>	Total Commitment at June 30, 2014 <u> </u>
Governmental Activities			
E. Pershing Blvd. Reconstruction	\$ 3,915,390	\$ 4,507,673	\$ 592,283
FY14 Concrete	-	974,805	974,805
FY14 Misc Concrete	285,090	604,151	319,061
Polk Avenue Greenway	136,506	706,166	569,660
Household Haz Waste/Underground Tank	535,490	2,125,260	1,589,770
Converse Softball Field	12,620	1,626,576	1,613,956
Snyder Avenue Reconstruction	3,458,435	5,714,859	2,256,424
FY13 City Overlay	1,092,629	2,443,546	1,350,917
FY13 Concrete for Overlay Part B	523,122	749,110	225,988
Yellowstone Wear Course	-	569,137	569,137
FY14 City Overlay	-	2,762,455	2,762,455
Norris Detention Pond	-	449,338	449,338
Logan Avenue Reconstruction	80,185	7,231,157	7,150,972
Cheyenne Aquatics Center	835,186	7,266,518	6,431,332
Public Safety Center	1,022,530	3,065,201	2,042,671
Botanic Gardens Expansion	715,030	1,508,555	793,525
	<u>12,612,213</u>	<u>42,304,507</u>	<u>29,692,294</u>
Business-type Activities			
Holiday Park Reuse	1,708	112,486	110,778
Logan Avenue Rehab	61,737	1,854,176	1,792,439
FY14 Water Rehabs	710,602	2,530,348	1,819,746
Snyder Avenue Rehab	571,976	1,032,308	460,332
Swan Ranch Dump Station	65,312	218,274	152,962
Sherard Hydropower	68,489	364,895	296,406
19th Street Rehab	3,000	196,656	193,656
FY14 Sewer Rehabs	16,535	958,066	941,531
Crow Creek Improvements	1,763,977	5,733,904	3,969,927
	<u>3,263,336</u>	<u>13,001,113</u>	<u>9,737,777</u>
Total primary government	<u>\$ 15,875,549</u>	<u>\$ 55,305,620</u>	<u>\$ 39,430,071</u>

CITY OF CHEYENNE, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

Note 14. 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, who were hired prior to July 1, 2013, an offset to postretirement medical premiums. To be eligible for the coverage, an active firefighter must be at least age 50 and have a minimum of 4 years of service upon retirement. City employees, police officers, and firefighters not meeting the previous criteria must pay the full subsidized premium. Some current retirees have retired under differing offset provisions and disabled firefighters are also included in current retiree costs. All benefits end at age 65.

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

Annual OPEB Cost. The City’s annual other postemployment benefit (OPEB) cost 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 No. 45. The ARC represents a level of accrual that is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation:

	<u>Total</u>	<u>Explicit</u>	<u>Implicit</u>
Annual required contribution (ARC)	\$ 361,641	\$ 239,244	\$ 122,397
Interest on OPEB obligation	(3,455)	(3,455)	-
Adjustment to ARC	4,510	4,510	-
Annual OPEB cost - end of year	362,696	240,299	122,397
Net employer contributions	257,081	223,632	33,449
Change in net OPEB obligation	105,615	16,667	88,948
Net OPEB obligation - beginning of year	(76,777)	(76,777)	-
Net OPEB obligation - end of year	<u>\$ 28,838</u>	<u>\$ (60,110)</u>	<u>\$ 88,948</u>

CITY OF CHEYENNE, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

Note 14. 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 fiscal year ending June 30, 2014 and the preceding two fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Obligation
6/30/2012	\$ 265,215	\$ 222,048	83.70%	\$(121,790)
6/30/2013	265,215	221,986	83.10%	(76,777)
6/30/2014	152,615	257,081	70.90%	28,839

Funded Status and Funding Progress. The funded status of the City's retiree health care plan under GASB Statement No. 45 as of June 30, 2014 is as follows:

	<u>Total</u>	<u>Explicit</u>	<u>Implicit</u>
(a) Actuarial accrued liability (AAL)	\$ 3,834,862	\$ 2,909,497	\$ 925,365
(b) Actuarial value of assets (AVA)	-	-	-
(c) Unfunded actuarial accrued liability (UAAL) (a) - (b)	<u>3,834,862</u>	<u>2,909,497</u>	<u>925,365</u>
(d) Funded ratio (b) / (a)	0%	0%	0%
(e) Covered payroll	\$ 29,520,945	\$ 5,681,229	\$ 29,520,945
(f) UAAL as % of covered payroll (c)/(e)	13.0%	51.2%	3.1%

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

Actuarial valuation date	June 30, 2014
Actuarial cost method	Entry age normal
Amortization method	Level dollar, open
Amortization period	30 year, open amortization
Investment rate of return	4.50%, net of expenses
Inflation rate	N/A
Payroll growth	N/A
Healthcare cost trend rate	Initial rate of 7.00%, declining to an ultimate rate of 4.50% after 11 years

CITY OF CHEYENNE, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

Note 14. Postemployment Benefits Other Than Pensions (Continued)

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

Note 15. 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 16. 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). 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.

The GASB released exposure drafts for new standards in May of 2014, which would require balance sheet recognition of a liability which resembles the current unfunded accrued liability for postemployment benefits other than pensions. The proposed requirements would be effective for fiscal years beginning after December 15, 2016.

Note 17. Subsequent Events

As of July 1, 2014, the City has reclassified two divisions of the General Fund of the City to Proprietary Funds. For years prior to July 1, 2014, the Solid Waste activity, including collection and disposal of municipal solid waste, has been accounted for in a Special Revenue fund for landfill, recycling and equipment financing operations and in the General fund for all other activities. As of July 1, 2014, all activities of municipal solid waste will be reported in a separate Enterprise Fund.

CITY OF CHEYENNE, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2014

Note 17. Subsequent Events (continued)

As of July 1, 2014, the City has established an Internal Service fund to account for charges of the fleet maintenance shop. The activity of this fund provides fleet services to other funds, departments and agencies of the primary government and to other governments, on a cost-reimbursement basis.

The City has entered into various Construction Manager at Risk (CMAR) contracts for three major projects—the Cheyenne Aquatics Center, the Botanic Gardens Expansion and the Public Safety Center. The contracts for CMAR are modified as costs become known for the project. As of June 30, 2014, the costs of the Cheyenne Aquatics Center have been determined and are included in Note 13—Commitments. Subsequent to June 30, 2014, the Public Safety Center modified the contract with the CMAR to include construction, abatement and demolition costs of \$19,783,735. The Botanic Gardens Expansion project is still under negotiation for a maximum price.

**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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Motor vehicle	\$ 1,234,718	\$ 1,234,718	\$ 1,292,199	\$ 57,481
Property	4,477,671	4,477,671	4,385,350	(92,321)
Franchise	5,030,635	5,030,635	5,181,346	150,711
Licenses and permits	2,322,140	2,322,140	2,322,384	244
Intergovernmental	29,515,088	30,185,088	33,827,541	3,642,453
Charges for services	10,173,271	10,173,271	9,973,370	(199,901)
Fines and forfeitures	1,315,000	1,315,000	1,515,889	200,889
Investment income (loss)	95,000	95,000	117,465	22,465
Miscellaneous	484,800	757,201	900,434	143,233
Total revenues	<u>54,648,323</u>	<u>55,590,724</u>	<u>59,515,978</u>	<u>3,925,254</u>
Expenditures				
General government				
City Council	273,694	291,970	269,712	22,258
Mayor	2,145,241	2,151,472	2,030,486	120,986
City Clerk	2,797,558	2,851,032	2,725,138	125,894
Planning and development	1,888,248	1,893,362	1,747,706	145,656
Engineering	888,171	889,141	885,448	3,693
Budget and finance	601,190	603,335	600,209	3,126
General accounts	3,640,785	5,441,260	4,619,492	821,768
Public works	11,214,006	11,254,577	11,045,101	209,476
Public safety				
Police	9,195,592	9,339,934	9,250,796	89,138
Fire	11,714,394	12,370,127	12,187,521	182,606
Recreation	5,694,387	5,714,046	5,659,406	54,640
Capital outlay	3,545,202	4,037,230	1,165,465	2,871,765
Principal retirements	300,000	300,000	300,000	-
Interest payments	223,425	223,440	223,436	4
Total expenditures	<u>54,121,893</u>	<u>57,360,926</u>	<u>52,709,916</u>	<u>4,651,010</u>
Excess (deficiency) of revenues over expenditures	<u>526,430</u>	<u>(1,770,202)</u>	<u>6,806,062</u>	<u>8,576,264</u>
Other financing sources (uses)				
Transfers in	13,000	13,000	5,653	(7,347)
Transfers out	(539,430)	(789,830)	(789,830)	-
Insurance proceeds	-	165,601	196,108	30,507
Proceeds from sales of assets	-	-	-	-
Total other financing sources (uses)	<u>(526,430)</u>	<u>(611,229)</u>	<u>(588,069)</u>	<u>23,160</u>
Net change in fund balance	-	(2,381,431)	6,217,993	<u>\$ 8,599,424</u>
Fund balance - beginning of year	<u>10,634,678</u>	<u>10,634,678</u>	<u>10,634,678</u>	
Fund balance - end of year	<u>\$ 10,634,678</u>	<u>\$ 8,253,247</u>	<u>\$ 16,852,671</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, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 12,557,309	\$ 12,557,309	\$ 13,734,100	\$ 1,176,791
Investment income	50,000	50,000	351,314	301,314
Miscellaneous	-	-	343,527	343,527
Total revenues	<u>12,607,309</u>	<u>12,607,309</u>	<u>14,428,941</u>	<u>1,821,632</u>
Expenditures				
Public safety				
Fire	150,000	272,008	140,326	131,682
Public works	2,140,928	2,762,621	2,240,772	521,849
Health and welfare	603,000	603,000	603,000	-
Recreation	164,200	239,765	107,880	131,885
Capital	9,509,800	24,828,073	12,818,935	12,009,138
Total expenditures	<u>12,567,928</u>	<u>28,705,467</u>	<u>15,910,913</u>	<u>12,794,554</u>
Excess (deficiency) of revenues over expenditures	39,381	(16,098,158)	(1,481,972)	14,616,186
Other financing sources (uses)				
Transfers out	(39,381)	(61,093)	(56,204)	4,889
Total other financing sources and uses	<u>(39,381)</u>	<u>(61,093)</u>	<u>(56,204)</u>	<u>4,889</u>
Net change in fund balance	-	(16,159,251)	(1,538,176)	<u>\$ 14,621,075</u>
Fund balance - beginning of year	<u>26,746,587</u>	<u>26,746,587</u>	<u>26,746,587</u>	
Fund balance - end of year	<u>\$ 26,746,587</u>	<u>\$ 10,587,336</u>	<u>\$ 25,208,411</u>	

CITY OF CHEYENNE, WYOMING

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL - GAAP BASIS - CAPITAL FACILITIES TAX Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 58,454,238	\$ 14,556,032	\$ (43,898,206)
Investment income	25,000	25,000	67,104	42,104
Total revenues	25,000	58,479,238	14,623,136	(43,856,102)
Expenditures				
General government	25,000	120,498	66,219	54,279
Recreation	142,446	152,446	152,389	57
Capital	-	58,166,294	5,376,063	52,790,231
Interest payments	-	40,000	39,583	417
Total expenditures	167,446	58,479,238	5,634,254	52,844,984
Excess (deficiency) of revenues over expenditures	(142,446)	-	8,988,882	8,988,882
Other financing sources (uses)				
Proceeds from capital financing	-	-	2,000,000	2,000,000
Total other financing sources and uses	-	-	2,000,000	2,000,000
Net change in fund balance	(142,446)	-	10,988,882	10,988,882
Fund balance - beginning of year	7,248,047	7,248,047	7,248,047	
Fund balance - end of year	\$ 7,105,601	\$ 7,248,047	\$ 18,236,929	

CITY OF CHEYENNE, WYOMING

NOTE TO THE BUDGETARY SCHEDULES

June 30, 2014

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, 2014

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)
6/30/2014	-	3,834,862	3,834,862	0.00%	29,520,945	13.00%
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%

**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.

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

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

Permanent Fund

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

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

CITY OF CHEYENNE, WYOMING

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2014

	Special Revenue Funds			
	Weed and Pest Control	Youth Alternative Grants	Juvenile Justice	
ASSETS				
Cash and cash equivalents	\$ -	\$ 143,038	\$ 256,037	
Investments, at fair value	-	-	-	
Receivables				
Accrued interest	-	-	-	
Customers	-	-	-	
Due from other funds	-	-	-	
Due from other governments	16,630	36,148	19,778	
Prepaid items	-	-	-	
Cash and cash equivalents - restricted	434,622	-	-	
Investments - restricted	-	-	-	
Total assets	<u>\$ 451,252</u>	<u>\$ 179,186</u>	<u>\$ 275,815</u>	
LIABILITIES AND FUND BALANCES (DEFICITS)				
Liabilities				
Accounts payable	\$ 42,254	\$ 4,264	\$ 2,604	
Accrued interest	-	-	-	
Accrued salaries including vacation and sick leave	-	-	-	
Due to other funds	-	-	-	
Unearned revenue	-	-	-	
Total liabilities	<u>42,254</u>	<u>4,264</u>	<u>2,604</u>	
Fund balances (deficits)				
Nonspendable	-	-	-	
Restricted	408,998	-	273,211	
Committed	-	174,922	-	
Assigned	-	-	-	
Unassigned	-	-	-	
Total fund balances (deficits)	<u>408,998</u>	<u>174,922</u>	<u>273,211</u>	
Total liabilities and fund balances (deficits)	<u>\$ 451,252</u>	<u>\$ 179,186</u>	<u>\$ 275,815</u>	

Special Revenue Funds			
Special Friends	Community Development Block Grant	Law Enforcement Block Grant	Miscellaneous Federal Grants
\$ 194,980	\$ 3,674	\$ 4,530	\$ 1,519
-	-	-	-
-	-	-	-
500	-	24,951	-
-	-	-	-
-	55,658	120,337	233,161
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 195,480</u>	<u>\$ 59,332</u>	<u>\$ 149,818</u>	<u>\$ 234,680</u>
\$ 728	\$ 60,084	\$ 20,955	\$ 88,281
-	-	-	-
-	-	-	-
-	-	115,000	150,000
-	-	-	-
<u>728</u>	<u>60,084</u>	<u>135,955</u>	<u>238,281</u>
-	-	-	-
194,752	-	13,863	-
-	-	-	-
-	-	-	-
-	(752)	-	(3,601)
<u>194,752</u>	<u>(752)</u>	<u>13,863</u>	<u>(3,601)</u>
<u>\$ 195,480</u>	<u>\$ 59,332</u>	<u>\$ 149,818</u>	<u>\$ 234,680</u>

CITY OF CHEYENNE, WYOMING

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

June 30, 2014

	Special Revenue Funds		
	Transportation Planning	UMTA Transit Grant	Solid Waste Management
ASSETS			
Cash and cash equivalents	\$ 3,552	\$ 323,237	\$ 3,274,678
Investments, at fair value	-	-	6,575,109
Receivables			
Accrued interest	-	-	17,275
Customers	-	-	3,837
Due from other funds	-	-	-
Due from other governments	146,698	78,307	-
Prepaid items	-	-	-
Cash and cash equivalents - restricted	-	-	-
Investments - restricted	-	-	-
Total assets	<u>\$ 150,250</u>	<u>\$ 401,544</u>	<u>\$ 9,870,899</u>
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	\$ 48,233	\$ 13,503	\$ 293,531
Accrued interest	-	-	-
Accrued salaries including vacation and sick leave	-	-	-
Due to other funds	100,000	-	-
Unearned revenue	-	-	-
Total liabilities	<u>148,233</u>	<u>13,503</u>	<u>293,531</u>
Fund balances (deficits)			
Nonspendable	-	-	-
Restricted	2,017	388,041	-
Committed	-	-	9,577,368
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances (deficits)	<u>2,017</u>	<u>388,041</u>	<u>9,577,368</u>
Total liabilities and fund balances (deficits)	<u>\$ 150,250</u>	<u>\$ 401,544</u>	<u>\$ 9,870,899</u>

Special Revenue Funds				Debt Service Fund
State Grants	Recreation Programs	Annexation Improvements	Housing Loans	JPA Loans
\$ 565	\$ 508,798	\$ 392,655	\$ 365,691	\$ 3,297
-	-	-	-	-
-	-	-	-	-
144,892	46,727	15,495	69,222	-
273,826	-	-	-	-
709,593	-	-	-	-
-	5,840	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 1,128,876</u>	<u>\$ 561,365</u>	<u>\$ 408,150</u>	<u>\$ 434,913</u>	<u>\$ 3,297</u>
\$ 1,004,990	\$ 25,131	\$ 203,027	\$ -	\$ -
-	-	-	-	-
-	26,779	-	-	-
115,000	158,665	-	-	-
-	-	-	69,222	-
<u>1,119,990</u>	<u>210,575</u>	<u>203,027</u>	<u>69,222</u>	<u>-</u>
-	5,840	-	-	-
8,886	-	-	365,691	3,297
-	344,950	205,123	-	-
-	-	-	-	-
-	-	-	-	-
<u>8,886</u>	<u>350,790</u>	<u>205,123</u>	<u>365,691</u>	<u>3,297</u>
<u>\$ 1,128,876</u>	<u>\$ 561,365</u>	<u>\$ 408,150</u>	<u>\$ 434,913</u>	<u>\$ 3,297</u>

CITY OF CHEYENNE, WYOMING

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

June 30, 2014

	Capital Projects Funds		
	Youth Alternatives	Athletic Facilities	Parks Facilities
ASSETS			
Cash and cash equivalents	\$ 74,136	\$ 167,867	\$ 1,033,240
Investments, at fair value	-	-	3,138,494
Receivables			
Accrued interest	-	-	-
Customers	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
Prepaid items	-	-	-
Cash and cash equivalents - restricted	-	-	-
Investments - restricted	-	-	-
Total assets	<u>\$ 74,136</u>	<u>\$ 167,867</u>	<u>\$ 4,171,734</u>
LIABILITIES AND FUND BALANCES (DEFICITS)			
Liabilities			
Accounts payable	\$ 860	\$ 11,369	\$ 14,967
Accrued interest	-	-	-
Accrued salaries including vacation and sick leave	-	-	-
Due to other funds	-	193,455	-
Unearned revenue	-	-	-
Total liabilities	<u>860</u>	<u>204,824</u>	<u>14,967</u>
Fund balances (deficits)			
Nonspendable	-	-	-
Restricted	-	-	4,156,767
Committed	73,276	-	-
Assigned	-	-	-
Unassigned	-	(36,957)	-
Total fund balances (deficits)	<u>73,276</u>	<u>(36,957)</u>	<u>4,156,767</u>
Total liabilities and fund balances (deficits)	<u>\$ 74,136</u>	<u>\$ 167,867</u>	<u>\$ 4,171,734</u>

Capital Projects Funds	Permanent Fund	
Development Impact Fees	Cemetery Perpetual Care	Nonmajor Governmental Funds Total
\$ 788,109	\$ 260,446	\$ 7,800,049
-	404,292	10,117,895
-	-	17,275
-	1,930	307,554
-	-	273,826
-	-	1,416,310
-	-	5,840
-	-	434,622
-	-	-
<u>\$ 788,109</u>	<u>\$ 666,668</u>	<u>\$ 20,373,371</u>
\$ -	\$ 2,650	\$ 1,837,431
-	-	-
-	-	-
-	-	26,779
-	-	832,120
-	-	69,222
<u>-</u>	<u>2,650</u>	<u>2,765,552</u>
-	-	5,840
-	664,018	6,479,541
788,109	-	11,163,748
-	-	-
<u>-</u>	<u>-</u>	<u>(41,310)</u>
<u>788,109</u>	<u>664,018</u>	<u>17,607,819</u>
<u>\$ 788,109</u>	<u>\$ 666,668</u>	<u>\$ 20,373,371</u>

CITY OF CHEYENNE, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS Year Ended June 30, 2014

	Special Revenue Funds		
	Weed and Pest Control	Youth Alternatives Grants	Juvenile Justice
Revenues			
Intergovernmental	\$ 524,249	\$ 550,374	\$ 247,841
Charges for services	-	-	-
Investment income (loss)	-	-	-
Miscellaneous	4,117	12,031	2,831
Total revenues	528,366	562,405	250,672
Expenditures			
Current			
General government	-	-	-
Public safety	-	405,864	249,450
Public works	-	-	-
Health and welfare	508,443	180,265	-
Recreation	-	-	-
Capital outlay	-	-	-
Debt service			
Principal retirements	-	-	-
Interest payments	-	-	-
Total expenditures	508,443	586,129	249,450
Revenues over (under) expenditures	19,923	(23,724)	1,222
Other financing sources (uses)			
Proceeds from capital financing	-	-	-
Transfers in	-	26,068	-
Transfers out	-	-	-
Total other financing sources (uses)	-	26,068	-
Net change in fund balances (deficits)	19,923	2,344	1,222
Fund balances (deficits) - beginning of year	389,075	172,578	271,989
Fund balances (deficits) - end of year	\$ 408,998	\$ 174,922	\$ 273,211

Special Revenue Funds			
Special Friends	Community Development Block Grant	Law Enforcement Block Grant	Miscellaneous Federal Grants
\$ 72,986	\$ 403,047	\$ 596,316	\$ 2,745,987
-	-	-	-
-	-	-	-
13,590	-	-	-
-	-	-	-
86,576	403,047	596,316	2,745,987
-	-	-	300,499
-	-	563,349	580,336
-	-	-	30,000
125,092	243,096	-	-
-	-	-	17,653
-	159,951	46,010	1,821,138
-	-	-	-
-	-	-	-
125,092	403,047	609,359	2,749,626
(38,516)	-	(13,043)	(3,639)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
(38,516)	-	(13,043)	(3,639)
233,268	(752)	26,906	38
\$ 194,752	\$ (752)	\$ 13,863	\$ (3,601)

CITY OF CHEYENNE, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS (CONTINUED) Year Ended June 30, 2014

	Special Revenue Funds		
	Transportation Planning	UMTA Transit Grant	Solid Waste Management
Revenues			
Intergovernmental	\$ 691,764	\$ 1,249,718	\$ -
Charges for services	-	-	5,017,462
Investment income (loss)	-	-	122,361
Miscellaneous	-	112,488	190,766
Total revenues	<u>691,764</u>	<u>1,362,206</u>	<u>5,330,589</u>
Expenditures			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	717,197	1,559,046	2,849,011
Health and welfare	-	-	-
Recreation	-	-	-
Capital outlay	9,059	151,441	40,000
Debt service			
Principal retirements	-	-	950,104
Interest payments	-	-	144,007
Total expenditures	<u>726,256</u>	<u>1,710,487</u>	<u>3,983,122</u>
Revenues over (under) expenditures	<u>(34,492)</u>	<u>(348,281)</u>	<u>1,347,467</u>
Other financing sources (uses)			
Proceeds from capital financing	-	-	50,001
Transfers in	34,492	469,830	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>34,492</u>	<u>469,830</u>	<u>50,001</u>
Net change in fund balances (deficits)	-	121,549	1,397,468
Fund balances (deficits) - beginning of year	<u>2,017</u>	<u>266,492</u>	<u>8,179,900</u>
Fund balances (deficits) - end of year	<u>\$ 2,017</u>	<u>\$ 388,041</u>	<u>\$ 9,577,368</u>

Special Revenue Funds				Debt Service Fund
State Grants	Recreation Programs	Annexation Improvements	Housing Loans	JPA Loans
\$ 5,033,681	\$ 12,607	\$ -	\$ -	\$ -
-	1,067,992	31,531	-	-
-	118	776	9,154	-
-	186	-	23,803	-
			-	
5,033,681	1,080,903	32,307	32,957	-
1,851,900	-	-	-	-
-	-	-	-	-
-	-	21,253	-	-
-	-	-	17,693	-
-	884,313	-	-	-
3,185,214	5,691	-	-	-
-	-	-	-	-
-	-	-	-	-
5,037,114	890,004	21,253	17,693	-
(3,433)	190,899	11,054	15,264	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
(3,433)	190,899	11,054	15,264	-
12,319	159,891	194,069	350,427	3,297
\$ 8,886	\$ 350,790	\$ 205,123	\$ 365,691	\$ 3,297

CITY OF CHEYENNE, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS (CONTINUED) Year Ended June 30, 2014

	Capital Projects Funds		
	Youth Alternatives	Athletic Facilities	Parks Facilities
Revenues			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	-	187,889	-
Investment income (loss)	-	174	64,533
Miscellaneous	5,365	5,000	-
Total revenues	5,365	193,063	64,533
Expenditures			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	-
Health and welfare	4,943	-	-
Recreation	-	1,693	5,502
Capital outlay	1,129	129,358	420,699
Debt service			
Principal retirements	-	-	-
Interest payments	-	-	-
Total expenditures	6,072	131,051	426,201
Revenues over (under) expenditures	(707)	62,012	(361,668)
Other financing sources (uses)			
Proceeds from capital financing	-	-	-
Transfers in	-	-	-
Transfers out	(26,068)	-	-
Total other financing sources (uses)	(26,068)	-	-
Net change in fund balances (deficits)	(26,775)	62,012	(361,668)
Fund balances (deficits) - beginning of year	100,051	(98,969)	4,518,435
Fund balances (deficits) - end of year	\$ 73,276	\$ (36,957)	\$ 4,156,767

	Permanent Fund	
Development Impact Fees	Cemetery Perpetual Care	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 12,128,570
172,020	-	6,476,894
1,678	8,153	206,947
417	18,800	389,394
174,115	26,953	19,201,805
-	2,500	2,154,899
-	-	1,798,999
-	-	5,176,507
-	-	1,079,532
6,301	-	915,462
479,682	-	6,449,372
-	-	950,104
-	-	144,007
485,983	2,500	18,668,882
(311,868)	24,453	532,923
-	-	50,001
-	-	530,390
-	(5,653)	(31,721)
-	(5,653)	548,670
(311,868)	18,800	1,081,593
1,099,977	645,218	16,526,226
\$ 788,109	\$ 664,018	\$ 17,607,819

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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, 2014

	Civic Center Fund	Ice and Events Center Fund	Nonmajor Proprietary Funds Totals
ASSETS			
Current assets			
Cash and cash equivalents	\$ 240,950	\$ 33,736	\$ 274,686
Receivables			
Accounts - customers	-	425	425
Total current assets	<u>240,950</u>	<u>34,161</u>	<u>275,111</u>
Noncurrent assets			
Capital assets, net of depreciation			
Land	-	342,243	342,243
Machinery and equipment	245,044	157,030	402,074
Transportation equipment	-	-	-
Buildings and improvements	602,848	2,354,832	2,957,680
Office furniture and equipment	<u>-</u>	<u>13,789</u>	<u>13,789</u>
Total noncurrent assets	<u>847,892</u>	<u>2,867,894</u>	<u>3,715,786</u>
Total assets	<u>\$ 1,088,842</u>	<u>\$ 2,902,055</u>	<u>\$ 3,990,897</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 57,161	\$ 6,352	\$ 63,513
Unearned revenue	290,392	-	290,392
Accrued salaries including vacation and sick leave	<u>16,942</u>	<u>2,608</u>	<u>19,550</u>
Total current liabilities	<u>364,495</u>	<u>8,960</u>	<u>373,455</u>
Long term liabilities			
Accrued compensated absences	<u>32,333</u>	<u>5,904</u>	<u>38,237</u>
Total liabilities	<u>396,828</u>	<u>14,864</u>	<u>411,692</u>
NET POSITION			
Net investment in capital assets	847,892	2,867,894	3,715,786
Unrestricted (deficit)	<u>(155,878)</u>	<u>19,297</u>	<u>(136,581)</u>
Total net position	<u>\$ 692,014</u>	<u>\$ 2,887,191</u>	<u>\$ 3,579,205</u>

CITY OF CHEYENNE, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION - NONMAJOR PROPRIETARY FUNDS
Year Ended June 30, 2014

	Civic Center Fund	Ice and Events Center Fund	Nonmajor Proprietary Funds Totals
Operating revenues			
Sales and charges for services	\$ 547,373	\$ 454,570	\$ 1,001,943
Fees and miscellaneous	60,320	35	60,355
Total operating revenues	<u>607,693</u>	<u>454,605</u>	<u>1,062,298</u>
Operating expenses			
Administrative and general	900,444	588,266	1,488,710
Depreciation	97,455	126,938	224,393
Parts and supplies	23,035	17,286	40,321
Intra-city charges	15,841	517	16,358
Total operating expenses	<u>1,036,775</u>	<u>733,007</u>	<u>1,769,782</u>
Operating income (loss)	<u>(429,082)</u>	<u>(278,402)</u>	<u>(707,484)</u>
Transfers in (out)	<u>200,000</u>	<u>141,712</u>	<u>341,712</u>
Change in net position	(229,082)	(136,690)	(365,772)
Total net position - beginning of year	<u>921,096</u>	<u>3,023,881</u>	<u>3,944,977</u>
Total net position - end of year	<u><u>\$ 692,014</u></u>	<u><u>\$ 2,887,191</u></u>	<u><u>\$ 3,579,205</u></u>

CITY OF CHEYENNE, WYOMING

**COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
Year Ended June 30, 2014**

	<u>Civic Center Fund</u>	<u>Ice and Events Center Fund</u>	<u>Nonmajor Proprietary Funds Totals</u>
Cash flows from operating activities			
Cash received from customers	\$ 663,379	\$ 457,653	\$ 1,121,032
Cash payments to suppliers	(510,913)	(403,149)	(914,062)
Cash payments to employees	<u>(385,406)</u>	<u>(203,369)</u>	<u>(588,775)</u>
Net cash provided by (used in) operating activities	<u>(232,940)</u>	<u>(148,865)</u>	<u>(381,805)</u>
Cash flows from noncapital financing activities			
Transfers from other funds	200,000	141,712	341,712
Payments of due to other funds	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>200,000</u>	<u>141,712</u>	<u>341,712</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	<u>-</u>	<u>(26,745)</u>	<u>(26,745)</u>
Net cash (used in) provided by capital and related financing activities	<u>-</u>	<u>(26,745)</u>	<u>(26,745)</u>
Net increase (decrease) in cash and cash equivalents	(32,940)	(33,898)	(66,838)
Cash and cash equivalents - beginning of year	<u>273,890</u>	<u>67,634</u>	<u>341,524</u>
Cash and cash equivalents - end of year	<u><u>\$ 240,950</u></u>	<u><u>\$ 33,736</u></u>	<u><u>\$ 274,686</u></u>

CITY OF CHEYENNE, WYOMING

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS (CONTINUED)
Year Ended June 30, 2014

	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)	\$ (429,082)	\$ (278,402)	\$ (707,484)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	97,455	126,938	224,393
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities			
Receivables	5,988	3,048	9,036
Accounts payable	41,402	(1,566)	39,836
Accrued salaries including vacation and sick leave	1,599	1,117	2,716
Unearned revenue	49,698	-	49,698
Net cash provided by (used in) operating activities	<u>\$ (232,940)</u>	<u>\$ (148,865)</u>	<u>\$ (381,805)</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, 2014

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Expenditures June 30, 2014
U.S. Department of Agriculture			
Passed through Wyoming State Forestry Division			
Cooperative Forestry Assistance	10.664	-	14,015
U.S. Department of Housing and Urban Development			
CDBG - Entitlement Grants Cluster:			
Community Development Block Grants/Entitlement Grants	14.218	-	389,548
U.S. Department of the Interior			
Passed through Wyoming Department of State Parks and Cultural Resources			
Historic Preservation Fund Grants-In-Aid	15.904	56-12-00000.05	389
Historic Preservation Fund Grants-In-Aid	15.904	56-12-00000.04	93
Historic Preservation Fund Grants-In-Aid	15.904	56-13-00000.03	4,229
Historic Preservation Fund Grants-In-Aid	15.904	56-13-00000.06	5,760
Historic Preservation Fund Grants-In-Aid	15.904	56-13-00000.07	8,308
Historic Preservation Fund Grants-In-Aid	15.904	56-13-00000.03	1,139
Historic Preservation Fund Grants-In-Aid	15.904	56-14-00000.03	1,520
Outdoor Recreation Acquisition, Development and Planning	15.916	56-00884	35,040
Total U.S. Department of the Interior			56,478
U.S. Department of Justice			
Equitable Sharing Program	16.922	-	10,084
Violence Against Women Formula Grants (CARI)	16.588	2012-WE-AX-0058	150,327
Crime Victim Assistance Discretionary Grant	16.582	14-117	4,448
Passed through Volunteers of America Northern Rockies/Laramie County			
Office of Juvenile Justice and Delinquency Prevention	16.540	-	37,000
Passed through Wyoming Department of Family Services/Laramie County			
Juvenile Accountability Block Grants	16.523	2014	9,253
Passed through Wyoming Division of Victim Services			
Violence Against Women	16.588	2012-WF-AX-0049	44,520
Crime Victim Assistance	16.575	2011-VA-GX-0026	4,376
Crime Victim Assistance	16.575	2012-VA-GX-0018	33,878
Bulletproof Vest Partnership Program	16.607	FY2012	6,640
Bulletproof Vest Partnership Program	16.607	FY2013	9,729
Passed through Wyoming Association of Sheriffs and Chiefs of Police			
Enforcing Underage Drinking Laws Program	16.727	PFS	2,230
Enforcing Underage Drinking Laws Program	16.727	FY2013	9,524
Project Safe Neighborhoods	16.609	CAGE	11,126
JAG Program Cluster:			
Passed through Laramie County			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-2979	6,367
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-0647	29,909
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-2979	31,260
Subtotal JAG Program Cluster			67,536
Total U.S. Department of Justice			400,671

CITY OF CHEYENNE, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2014

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Expenditures June 30, 2014
U.S. Department of Transportation			
Highway Planning and Construction Cluster:			
Passed through Wyoming Department of Transportation			
Highway Planning and Construction	20.205	-	657,272
Highway Planning and Construction (East Pershing)	20.205	STPU 0.00 4002013	1,731,253
Highway Planning and Construction (Holliday Park)	20.205	STP-E-CH 0.00 TL12003	27,877
Subtotal Highway Planning and Construction Cluster			<u>2,416,402</u>
State and Community Highway Safety Cluster:			
Passed through Wyoming Department of Transportation			
State and Community Highway Safety	20.600	FY14-HS-3	18,303
State and Community Highway Safety	20.600	K9-2014-14-K9-10	6,452
State and Community Highway Safety	20.600	FY14 - HS-3	12,568
State and Community Highway Safety	20.601	Sturgis and laramie	5,575
State and Community Highway Safety	20.601	FY13	7,800
Passed through Wyoming Association of Sheriffs and Chiefs of Police			
State and Community Highway Safety	20.601	NHTSA	5,730
Subtotal State and Community Highway Safety Cluster			<u>56,428</u>
Passed through Wyoming Association of Sheriffs and Chiefs of Police			
National Priority Safety Program	20.616	DRE	850
Passed through Wyoming Department of Transportation			
Alcohol Open Container Requirements	20.607	Road Safety Audit	30,000
Federal Transit Formula Grant	20.507	90-X045-00	114,132
Federal Transit Formula Grant	20.507	90-X046-00	12,511
Federal Transit Formula Grant	20.507	90-X051-00	4,618
Federal Transit Formula Grant	20.507	90-X052-00	682,851
Federal Transit Formula Grant	20.507	90-X055-00	32,716
Total U.S. Department of Transportation			<u>3,350,508</u>
U.S. Environmental Protection Agency			
Passed through Wyoming State Land and Investment Board			
Capitalization Grants for Drinking Water State Revolving Fund	66.468		6,347,534
Capitalization Grants for Clean Water State Revolving Fund	66.458		742,466
Brownsfield Assessment Grant	66.818	BF-96807601-0	279,061
Total U.S. Environmental Protection Agency			<u>7,369,061</u>
U.S. Department of Education			
Passed through Laramie County Community Partnership			
Twenty First Century Community Learning Centers	84.287	Cohort 5	40,919
Twenty First Century Community Learning Centers	84.287	Cohort 8	128,500
Twenty First Century Community Learning Centers	84.287	NASA	3,500
Total U.S. Department of Education			<u>172,919</u>

CITY OF CHEYENNE, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2014

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Expenditures June 30, 2014
U.S. Department of Health and Human Services			
Passed through Wyoming Department of Health			
Special Programs for the Aging, Title III, Part B Grants for			
Supportive Services and Senior Centers	93.044	-	45,573
Passed through Wyoming Department of Family Services			
Child Welfare services IV-B, Part II, Family Preservation	93.556	5931	26,358
Community-Based Child Abuse Prevention Grants	93.590	2012	1,722
Passed through Prevention Management Organization of Wyoming			
Substance Abuse Treatment and Prevention Block Grant	93.959	PMO	18,873
Passed through Wyoming Department of Health			
Substance Abuse Treatment and Prevention Block Grant	93.959	CORE	4,493
Total U.S. Department of Health and Human Services			97,019
U.S. Department of Homeland Security			
Assistance to Firefighters Grant	97.044	EMW-2011-FH-00743	358,075
Passed through Wyoming Office of Homeland Security			
Homeland Security Grant Program	97.067	11-GPD-CHE-LP-HLE11	17,473
Homeland Security Grant Program	97.067	12-GPD-CHE-LP-HLE12	29,417
Homeland Security Grant Program	97.067	13-GPD-CHE-LP-HLE13	2,761
Homeland Security Grant Program	97.067	13-GPD-RR7-RR-HRT13	60,249
Homeland Security Grant Program	97.067	12-GDP-RR7-RR-HRT12	100,000
Homeland Security Grant Program	97.067	11-GDP-RR7-RR-HRT11	30,323
Total U.S. Department of Homeland Security			598,298
Total Expenditures of Federal Awards			12,448,517

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	\$ 340,709

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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, 2014 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 18, 2014. 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 18, 2014

**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 Office of Management and Budget's (OMB) *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, 2014. 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 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, 2014.

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 compliance 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.

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 18, 2014

THE CITY OF CHEYENNE, WYOMING
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2014

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
---------------	---

20.507	Federal Transit Formula Grant
66.458	Capitalization Grants for Clean Water State Revolving Fund
66.468	Capitalization Grants for Drinking Water State Revolving Fund
84.287	Twenty-First Century Community Learning Centers Grant

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

\$373,455

Auditee qualified as low-risk auditee?

_____ x _____ yes _____ no

THE CITY OF CHEYENNE, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*)
For The Year Ended June 30, 2014

Section II - Financial Statement Findings

There were no findings relating to the City's financial statements for the year ended June 30, 2014.

Section III - Federal Award Findings And Questioned Costs

There were no federal audit findings for the year ended June 30, 2014.

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

There were no prior-year audit findings on federal awards or questioned costs for the year ended June 30, 2013.