

# **CITY OF CHEYENNE FINANCIAL & COMPLIANCE REPORT**



**Cheyenne, Wyoming  
Year Ended June 30, 2015**

**Prepared by  
City Treasurer's Office**

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**City of Cheyenne**  
**Financial and Compliance Report**  
**For the fiscal year ended June 30, 2015**

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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, 2015, 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, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis Of Matter Regarding Newly Adopted Standards***

As discussed in Note 1, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - An amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*, effective July 1, 2014. Our opinions were not modified with respect to this matter.

As discussed in Note 17, the City restated beginning net position as a result of changes in financial reporting for certain funds. The Authority restated beginning net position to correct an error from fiscal year 2014. Our opinions were not modified with respect to these matters.

## ***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, the schedule of funding progress, schedule of the City's proportionate share of net pension liability and schedule of the City's contributions on pages 5 - 12, 76 - 78, 80, 81 and 82, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2015 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 4, 2015



# CITY OF CHEYENNE, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

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, 2015. 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) decreased by \$573,470 (.1%) during fiscal year 2015. The governmental net position decreased by \$9.1 million (4.21%) and the business-type net position increased by \$8.5 million (3.1%). The primary source of the decrease in governmental net position was from the effect of reporting net pension expense under a new Governmental Accounting Standard (GASB 68).
- ❖ The General Fund, the City's primary operating fund, reported an increase of \$2,348,035 on a current financial resource basis. As of June 30, 2015, unrestricted fund balance for the General Fund was \$17.5 million or 132 days of total General Fund expenditures of \$48.5 million. The City Council has a requirement by resolution to maintain an unrestricted fund balance in the General Fund of 60 days of operating expenditures.
- ❖ The City implemented GASB 68, *Accounting and Reporting for Pensions—an Amendment of GASB 27*. Implementing GASB 68 resulted in the City restating its net position as of July 1, 2014 in order to report a Net Pension Liability totaling \$36,036,471. The balance of the Net Pension Liability as of June 30, 2015 was \$72,201,161.

### **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 Solid Waste Fund, the Civic Center and the Ice and Events Center.

## CITY OF CHEYENNE, WYOMING

### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

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

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

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

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

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

The City maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the One Percent Sales Tax Fund and the Capital Facilities Tax Fund, all of which are considered to be major funds. Data from the other 18 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these 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 18-21 of this report.

**Proprietary funds.** The City maintains two types 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, Solid Waste Fund, Civic Center and Ice and Events Center. The Internal Service fund is used to account for activities of our Fleet Maintenance facility.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Waterworks, Sewer and Solid Waste funds as they are considered to be major funds of the City.

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

# CITY OF CHEYENNE, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

**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 33-74 of this report.

**Other information.** Required supplementary information regarding the budget comparisons, the funding progress and the Net Pension Liability is included in this report on pages 76-82. 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 86-103 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, 94 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.

<b>Statement of Net Position</b>						
(amounts expressed in thousands, totals may not add due to rounding)						
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current assets	\$ 81,169	\$ 90,611	\$ 50,190	\$ 39,758	\$ 131,359	\$ 130,369
Capital and other assets	211,010	207,225	340,763	314,128	551,773	521,353
Total assets	292,179	297,836	390,953	353,886	683,132	651,722
Deferred outflows of resources	10,566	277	1,855	506	12,421	783
Long-term liabilities	75,443	26,905	95,883	72,300	171,326	99,205
Other liabilities	10,968	11,482	12,855	11,377	23,823	22,859
Total liabilities	86,411	38,387	108,738	83,677	195,149	122,064
Deferred inflows of resources	9,271	4,621	-	-	9,271	4,621
Net position:						
Net investment in capital assets	200,130	193,703	261,522	238,249	461,652	431,952
Restricted	44,349	51,964	1,103	1,103	45,452	53,067
Unrestricted	(37,416)	9,438	21,445	31,363	(15,971)	40,801
Total net position	\$ 207,063	\$ 255,105	\$ 284,070	\$ 270,715	\$ 491,133	\$ 525,820

A portion of the City's net position (9.2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$-15.9 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, 2015

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 decreased by \$9.1 million during fiscal year 2015. This was down from a prior year increase of \$23.2 million. The major reasons for this, as previously noted, was due to the recording of a net pension expense during implementation of GASB Statement No. 68. Net position in the City's business type activities increased by \$8.5 million during fiscal year 2015 compared to an increase of \$22.1 million in the prior year. The major difference was due to the GASB 68 implementation.

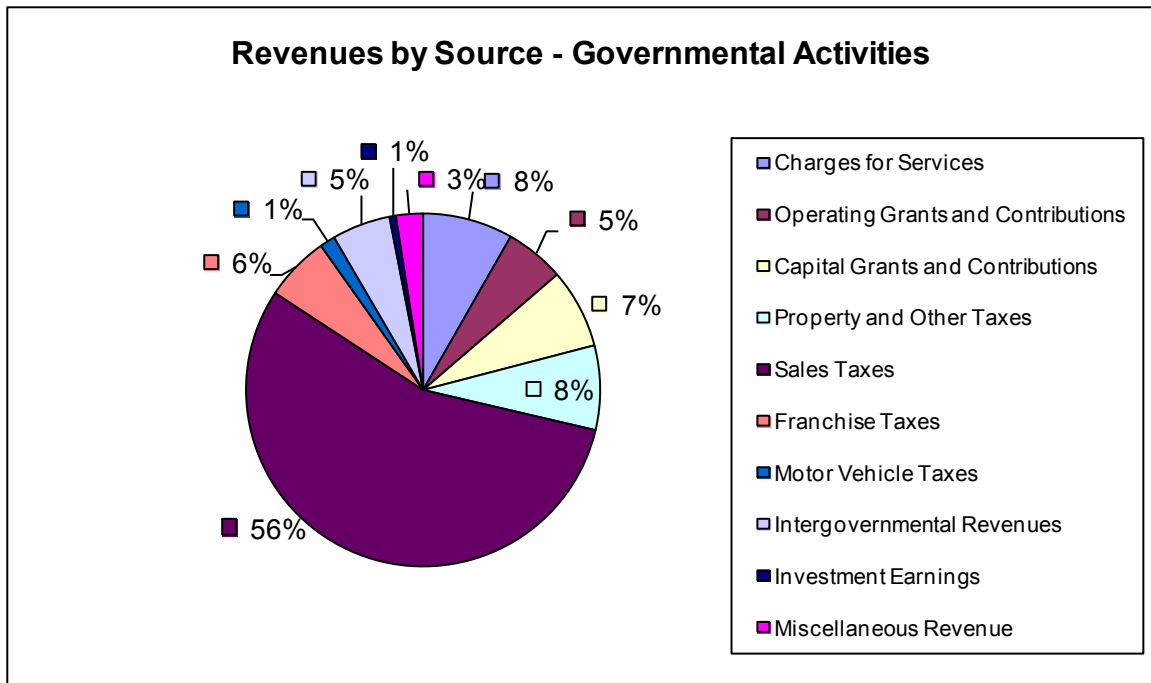
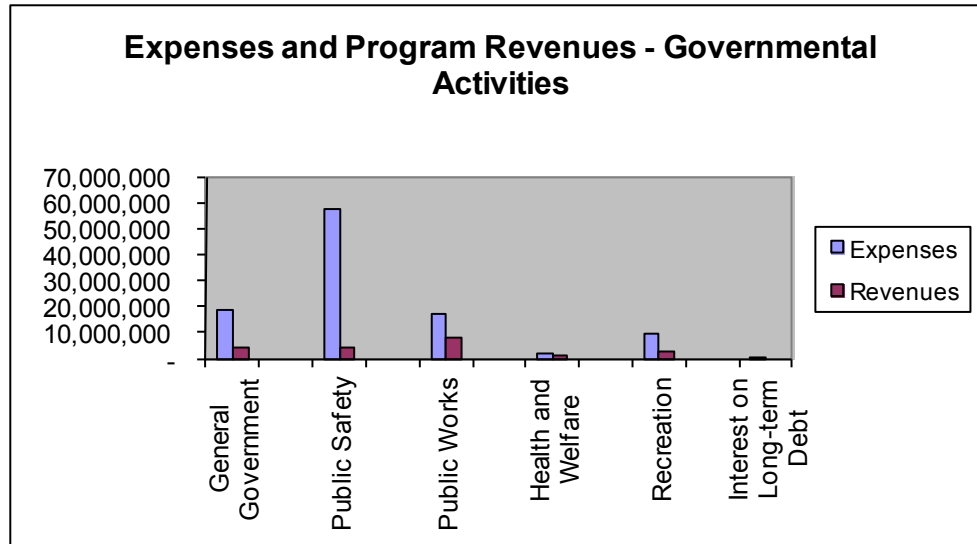
The following table reflects a condensed summary of activities and changes in net assets.

<b>Changes in Net Position</b>						
(amounts expressed in thousands, totals may not add due to rounding)						
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 7,865	\$ 20,288	\$ 41,758	\$ 29,092	\$ 49,623	\$ 49,380
Operating grants and contributions	5,177	7,476	4,480	4,152	9,657	11,628
Capital grants and contributions	6,940	5,299	4,198	19,084	11,138	24,383
General revenues:						
Property and other taxes	14,411	13,114	-	-	14,411	13,114
Sales taxes	53,084	50,665	-	-	53,084	50,665
Intergovernmental	5,088	9,388	-	-	5,088	9,388
Other	1,892	2,604	566	378	2,458	2,982
Total revenues	<u>94,457</u>	<u>108,834</u>	<u>51,002</u>	<u>52,706</u>	<u>145,459</u>	<u>161,540</u>
Expenses:						
General government	18,918	17,139	-	-	18,918	17,139
Public safety	57,179	25,394	-	-	57,179	25,394
Public works	16,997	31,632	-	-	16,997	31,632
Health and welfare	1,648	1,682	-	-	1,648	1,682
Recreation	9,553	9,006	-	-	9,553	9,006
Interest on long-term debt	286	429	-	-	286	429
Water	-	-	19,180	19,149	19,180	19,149
Sewer	-	-	10,076	10,009	10,076	10,009
Solid waste	-	-	10,479	-	10,479	-
Other	-	-	1,717	1,770	1,717	1,770
Total expenses	<u>104,581</u>	<u>85,282</u>	<u>41,452</u>	<u>30,928</u>	<u>146,033</u>	<u>116,210</u>
Increase in net position before transfers	(10,124)	23,552	9,550	21,778	(574)	45,330
Transfers	1,020	(342)	(1,020)	342	-	-
Change in net position	<u>(9,104)</u>	<u>23,210</u>	<u>8,530</u>	<u>22,120</u>	<u>(574)</u>	<u>45,330</u>
Net position - beg. of year, original	255,105	231,895	270,715	248,595	525,820	480,490
Prior period adjustment	(38,938)	-	4,825	-	(34,113)	-
Net position - beg of year, amended	<u>216,167</u>	<u>231,895</u>	<u>275,540</u>	<u>248,595</u>	<u>491,707</u>	<u>480,490</u>
Net position - end of year	<u>\$ 207,063</u>	<u>\$ 255,105</u>	<u>\$ 284,070</u>	<u>\$ 270,715</u>	<u>\$ 491,133</u>	<u>\$ 525,820</u>

# CITY OF CHEYENNE, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015



### 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, 2015

**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 \$63,644,518. Approximately 21.6 percent of this total amount (\$13,736,000) 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 \$13,811,405, while total fund balance reached \$19,200,706. 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 28.4 percent of total general fund expenditures, while total fund balance represents 39.6 percent of that same amount. This compares to 20.1 percent and 31.9 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 \$26,138,255, Solid Waste Fund was \$(4,562,567) and those for the Civic Center and Ice and Events Center amounted to (\$84,391). 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 \$6,685,457. The major expenditure increases follow:

- ❖ \$ 2,701,343 in carryover projects
- ❖ \$ 1,259,585 for various agency account projects and unanticipated revenues
- ❖ \$ 2,724,529 from reserves for various unanticipated projects and expenditures

Of this increase, \$1,259,585 was funded from unanticipated revenue with the remaining \$5,425,872 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, 2015, amounted to \$551,773,660 (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 5.8 percent.

# CITY OF CHEYENNE, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2015

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.
- ❖ Construction of a public safety building and addition to an aquatics center.
- ❖ Various building and system additions and improvements for the Board of Public Utilities.

### Capital Assets Net of Depreciation

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

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 14,162	\$ 20,137	\$ 14,097	\$ 7,273	\$ 28,259	\$ 27,410
Construction in progress	19,620	9,558	8,829	28,706	28,449	38,264
Buildings and improvements	76,304	72,944	22,468	14,515	98,772	87,459
Utility plant in service	-	-	504,586	467,423	504,586	467,423
Machinery and equipment	34,837	46,385	20,991	5,250	55,828	51,635
Infrastructure	196,727	191,422	-	-	196,727	191,422
Less accumulated depreciation	(130,640)	(133,222)	(230,208)	(209,040)	(360,848)	(342,262)
Total	<u>\$ 211,010</u>	<u>\$ 207,224</u>	<u>\$ 340,763</u>	<u>\$ 314,127</u>	<u>\$ 551,773</u>	<u>\$ 521,351</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	
	2015	2014	2015	2014	2015	2014
Loans and capital leases	\$ 2,453,943	\$ 4,665,648	\$ 70,136,086	\$ 65,998,271	\$ 72,590,029	\$ 70,663,919
Revenue bonds	8,525,000	8,855,000	9,105,000	9,880,000	17,630,000	18,735,000
Total	<u>\$ 10,978,943</u>	<u>\$ 13,520,648</u>	<u>\$ 79,241,086</u>	<u>\$ 75,878,271</u>	<u>\$ 90,220,029</u>	<u>\$ 89,398,919</u>

The City of Cheyenne's total debt increased by \$821,110 (.9 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 \$24,088,253.

## **CITY OF CHEYENNE, WYOMING**

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

June 30, 2015

Additional information on the City of Cheyenne's long-term debt can be found in Note 7 on pages 51-60 of this report.

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

The City's original approved fiscal year 2016 budget for the general fund totaled \$50,451,696 compared to an original budget in fiscal year 2015 of \$47,229,809. This represented a 6.8 percent increase. The increase was due to several factors including additional personnel required by a split of the planning and development office, special projects funded with one-time monies and an increase in operating costs for the expanded aquatics center.

A continuing challenge in the fiscal year 2016 budget was balancing the budget without the use of one time funds to be received from the State. As of the preparation of this report, the State of Wyoming has shown a marked decrease in mineral revenues which could result in the City's loss of funding from the State during the 2016 legislative session. This would impact future budgets of the City but efforts have already been made to review expenditures in light of the expected decreases in future funding. The City expenditures continue to rise for major expenditures such as insurance, fuel, repairs and health insurance for employees. Requests from departments for ongoing additional staff and expanded service costs have not typically been funded.

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

#### **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, 2015

	Primary Government			Component Unit
	Governmental	Business-type		Downtown
	Activities	Activities	Total	Development
				Authority
<b>ASSETS</b>				
Cash and cash equivalents	\$ 12,710,962	\$ 33,640,843	\$ 46,351,805	\$ 1,043,449
Investments, at fair value	6,142,203	8,670,219	14,812,422	-
Restricted assets				
Cash and cash equivalents	12,201,203	638,257	12,839,460	-
Investments	29,475,343	603,001	30,078,344	-
Due from other governments	-	814,093	814,093	-
Receivables				
Accrued interest	64,174	28,632	92,806	-
Accounts- customers	5,504,215	2,465,798	7,970,013	21,029
Estimated unbilled usage	-	2,119,875	2,119,875	-
Sanitation receivable and unbilled usage	-	1,519,676	1,519,676	-
Property tax receivable	4,999,269	-	4,999,269	163,005
Internal balances	980,741	(980,741)	-	-
Intergovernmental receivable	8,507,788	-	8,507,788	-
Prepaid expenses	583,024	103,108	686,132	2,000
Notes receivable	-	-	-	10,760
Inventories	-	567,243	567,243	-
Capital assets not being depreciated:				
Land	14,162,166	12,299,437	26,461,603	-
Construction in progress	19,620,246	8,828,778	28,449,024	-
Capital assets, net of depreciation:				
Utility plant in service	-	292,977,929	292,977,929	-
Water rights	-	1,797,968	1,797,968	-
Machinery and equipment	4,457,582	5,406,333	9,863,915	-
Transportation equipment	7,660,905	4,426,861	12,087,766	-
Buildings and improvements	49,670,833	14,648,049	64,318,882	3,878
Office furniture and equipment	1,455,633	377,848	1,833,481	4,115
Infrastructure	113,983,092	-	113,983,092	-
Notes receivable	-	-	-	35,652
<b>Total Assets</b>	<b>292,179,379</b>	<b>390,953,207</b>	<b>683,132,586</b>	<b>1,283,888</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>10,566,213</b>	<b>1,855,723</b>	<b>12,421,936</b>	<b>-</b>

# CITY OF CHEYENNE, WYOMING

## STATEMENT OF NET POSITION (CONTINUED) June 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
<b>LIABILITIES</b>				
Accounts payable	\$ 8,013,468	\$ 3,975,466	\$ 11,988,934	\$ 20,294
Accrued interest	53,313	664,219	717,532	-
Accrued salaries including compensated absences and early retirement, current portion	2,551,478	692,846	3,244,324	-
Unearned fees and deposits	-	1,044,827	1,044,827	-
Unearned revenue	-	237,420	237,420	5,475
Noncurrent liabilities				
Due within one year				
Capital leases	-	1,061,475	1,061,475	-
Bonds and loans payable	350,000	5,178,831	5,528,831	9,856
Due in more than one year				
Landfill closure and post-closure costs	-	12,760,604	12,760,604	-
Net pension liability	63,183,350	9,017,811	72,201,161	-
Compensated absences	1,729,363	1,104,101	2,833,464	-
Capital leases	-	3,008,050	3,008,050	-
Bonds and loans payable	10,530,167	69,992,730	80,522,897	20,293
Total liabilities	86,411,139	108,738,380	195,149,519	55,918
<b>DEFERRED INFLOWS OF RESOURCES</b>	9,271,594	-	9,271,594	163,005
<b>NET POSITION</b>				
Net investment in capital assets	200,130,290	261,522,116	461,652,406	7,993
Restricted for				
Debt service and capital improvements	939,223	1,103,001	2,042,224	-
Legal restrictions	3,606,880	-	3,606,880	-
Tax voter approved projects	39,802,801	-	39,802,801	-
Unrestricted	(37,416,335)	21,445,433	(15,970,902)	1,056,972
Total net position	\$ 207,062,859	\$ 284,070,550	\$ 491,133,409	\$ 1,064,965

# CITY OF CHEYENNE, WYOMING

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
Functions/Programs				
Primary Government				
Governmental activities				
General government	\$ 18,917,685	\$ 1,905,009	\$ 326,909	\$ 1,684,359
Public safety	57,179,742	1,546,842	1,948,216	690,043
Public works	16,997,143	2,266,389	1,647,364	4,083,525
Health and welfare	1,648,124	3,080	1,208,397	-
Recreation	9,553,414	2,143,585	46,704	482,053
Interest on long-term debt	286,143	-	-	-
Total governmental activities	<u>104,582,251</u>	<u>7,864,905</u>	<u>5,177,590</u>	<u>6,939,980</u>
Business-type activities				
Water	19,180,205	17,363,488	2,568,658	2,132,161
Sewer	10,075,697	10,860,170	1,911,722	421,879
Solid Waste	10,479,481	12,501,283	-	1,643,974
Civic Center	1,062,690	682,110	-	-
Ice and Events Center	653,169	350,531	-	-
Total business-type activities	<u>41,451,242</u>	<u>41,757,582</u>	<u>4,480,380</u>	<u>4,198,014</u>
Total primary government	<u>\$ 146,033,493</u>	<u>\$ 49,622,487</u>	<u>\$ 9,657,970</u>	<u>\$ 11,137,994</u>
Governmental component unit				
Downtown Development Authority	<u>\$ 629,200</u>	<u>\$ 44,273</u>	<u>\$ 1,600</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  
Adjustment of beginning net position  
Net position - beginning of year, as restated (Note 17)

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	
\$ (15,001,408)	\$ -	\$ (15,001,408)	\$ -
(52,994,641)	-	(52,994,641)	-
(8,999,865)	-	(8,999,865)	-
(436,647)	-	(436,647)	-
(6,881,072)	-	(6,881,072)	-
(286,143)	-	(286,143)	-
<u>(84,599,776)</u>	<u>-</u>	<u>(84,599,776)</u>	<u>-</u>
-	2,884,102	2,884,102	-
-	3,118,074	3,118,074	-
-	3,665,776	3,665,776	-
-	(380,580)	(380,580)	-
-	(302,638)	(302,638)	-
<u>-</u>	<u>8,984,734</u>	<u>8,984,734</u>	<u>-</u>
(84,599,776)	8,984,734	(75,615,042)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>(583,327)</u>
7,383,696	-	7,383,696	155,071
53,084,141	-	53,084,141	-
5,679,774	-	5,679,774	-
1,347,591	-	1,347,591	-
5,088,161	-	5,088,161	657,569
555,875	134,920	690,795	1,169
138,996	-	138,996	-
19,958	210,426	230,384	-
1,177,152	220,882	1,398,034	35,283
1,020,376	(1,020,376)	-	-
75,495,720	(454,148)	75,041,572	849,092
<u>(9,104,056)</u>	<u>8,530,586</u>	<u>(573,470)</u>	<u>265,765</u>
255,105,156	270,714,611	525,819,767	740,990
<u>(38,938,241)</u>	<u>4,825,353</u>	<u>(34,112,888)</u>	<u>58,210</u>
<u>216,166,915</u>	<u>275,539,964</u>	<u>491,706,879</u>	<u>799,200</u>
<u>\$ 207,062,859</u>	<u>\$ 284,070,550</u>	<u>\$ 491,133,409</u>	<u>\$ 1,064,965</u>

# CITY OF CHEYENNE, WYOMING

## BALANCE SHEET GOVERNMENTAL FUNDS June 30, 2015

	General Fund	One Percent Sales Tax Fund	Capital Facilities Tax	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 7,997,217	\$ -	\$ -	\$ 4,713,745	\$ 12,710,962
Investments, at fair value	5,727,578	-	-	414,625	6,142,203
Cash and cash equivalents - restricted	16,994	5,289,350	6,446,095	448,764	12,201,203
Investments - restricted	922,228	16,787,894	11,765,221	-	29,475,343
Receivables					
Accrued interest	5,943	50,124	8,107	-	64,174
Property tax	4,999,269	-	-	-	4,999,269
Customers	875,675	-	-	4,628,540	5,504,215
Due from other funds	1,297,347	80,119	-	939,588	2,317,054
Due from other governments	3,212,874	2,220,425	2,370,473	704,016	8,507,788
Prepaid items	560,117	16,891	-	6,016	583,024
	<u>\$ 25,615,242</u>	<u>\$ 24,444,803</u>	<u>\$ 20,589,896</u>	<u>\$ 11,855,294</u>	<u>\$ 82,505,235</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities					
Accounts payable	\$ 1,448,039	\$ 2,918,485	\$ 2,724,564	\$ 922,380	\$ 8,013,468
Accrued interest	53,313	-	-	-	53,313
Accrued salaries including vacation and sick leave	51,988	-	-	26,850	78,838
Due to other funds	-	-	-	1,336,313	1,336,313
Due to other governments	-	-	-	-	-
Unearned revenue	-	-	-	63,646	63,646
Total liabilities	1,553,340	2,918,485	2,724,564	2,349,189	9,545,578
Deferred inflows of resources					
Deferred property taxes	4,861,196	-	-	4,453,943	9,315,139
Total liabilities and deferred inflows of resources	6,414,536	2,918,485	2,724,564	6,803,132	18,860,717
Fund balances					
Nonspendable	686,311	16,891	-	6,016	709,218
Restricted	939,223	21,509,427	17,865,332	3,325,704	43,639,686
Committed	2,448,286	-	-	1,795,847	4,244,133
Assigned	1,315,481	-	-	-	1,315,481
Unassigned	13,811,405	-	-	(75,405)	13,736,000
	<u>19,200,706</u>	<u>21,526,318</u>	<u>17,865,332</u>	<u>5,052,162</u>	<u>63,644,518</u>
Total fund balances	<u>19,200,706</u>	<u>21,526,318</u>	<u>17,865,332</u>	<u>5,052,162</u>	<u>63,644,518</u>
Total liabilities and fund balances	<u>\$ 25,615,242</u>	<u>\$ 24,444,803</u>	<u>\$ 20,589,896</u>	<u>\$ 11,855,294</u>	<u>\$ 82,505,235</u>

# CITY OF CHEYENNE, WYOMING

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION June 30, 2015

Total fund balances - governmental funds	\$ 63,644,518
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.	211,010,457
Other assets are not available to pay for current period expenditures and, therefore are deferred in the funds.	107,191
Assets related to capital lease are not available to pay for current period expenditures and, therefore are deferred in the funds.	5,710,183
Long-term liabilities for compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(4,202,003)
Pension plan accounts, such as deferred inflows/outflows and net pension liability, are not receivable or payable in the current period and, therefore, not reported in the funds.	
Net pension liability	(63,183,350)
Deferred outflows of resources	4,596,051
Long-term liabilities, including loans and bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds payable	(10,880,167)
Deferred charge on refunding	259,979
Net position of governmental activities	<u>\$ 207,062,859</u>

**CITY OF CHEYENNE, WYOMING**

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2015**

	General Fund	One Percent Sales Tax Fund	Capital Facilities Tax	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes and special assessments	\$ 11,703,156	\$ -	\$ -	\$ -	\$ 11,703,156
Licenses and permits	2,592,927	-	-	-	2,592,927
Intergovernmental	30,555,234	15,037,624	15,949,876	8,012,978	69,555,712
Charges for services	2,257,784	-	-	1,543,714	3,801,498
Fines and forfeitures	1,470,480	-	-	-	1,470,480
Investment income	139,705	175,086	88,609	152,475	555,875
Miscellaneous	866,230	-	-	316,498	1,182,728
Total revenues	<u>49,585,516</u>	<u>15,212,710</u>	<u>16,038,485</u>	<u>10,025,665</u>	<u>90,862,376</u>
<b>Expenditures</b>					
Current					
General government	13,395,471	-	23,835	331,393	13,750,699
Public safety	22,633,957	141,138	-	1,286,204	24,061,299
Public works	3,856,717	2,158,680	-	2,424,125	8,439,522
Health and welfare	-	603,000	-	1,026,910	1,629,910
Recreation	6,077,102	356,970	139,490	1,143,724	7,717,286
Capital outlay	1,968,486	15,544,027	14,133,018	9,596,560	41,242,091
Debt service					
Principal retirements	330,000	-	2,000,000	-	2,330,000
Interest payments	216,538	-	46,599	-	263,137
Total expenditures	<u>48,478,271</u>	<u>18,803,815</u>	<u>16,342,942</u>	<u>15,808,916</u>	<u>99,433,944</u>
Excess (deficiency) of revenues over expenditures	<u>1,107,245</u>	<u>(3,591,105)</u>	<u>(304,457)</u>	<u>(5,783,251)</u>	<u>(8,571,568)</u>
<b>Other financing sources (uses)</b>					
Transfers in	1,606,291	-	-	357,310	1,963,601
Transfers out	(778,806)	(90,988)	(67,140)	(6,291)	(943,225)
Insurance proceeds	138,996	-	-	-	138,996
Proceeds from sales of assets	274,309	-	-	-	274,309
Proceeds from capital financing	-	-	-	2,453,943	2,453,943
Total other financing sources (uses)	<u>1,240,790</u>	<u>(90,988)</u>	<u>(67,140)</u>	<u>2,804,962</u>	<u>3,887,624</u>
Net change in fund balances	<u>2,348,035</u>	<u>(3,682,093)</u>	<u>(371,597)</u>	<u>(2,978,289)</u>	<u>(4,683,944)</u>
Fund balances - beginning of year	16,852,671	25,208,411	18,236,929	17,607,819	77,905,830
Adjustment to beginning fund balance	-	-	-	(9,577,368)	(9,577,368)
Fund balances - beginning of year, as restated (Note 17)	<u>16,852,671</u>	<u>25,208,411</u>	<u>18,236,929</u>	<u>8,030,451</u>	<u>68,328,462</u>
Fund balances - end of year	<u>\$ 19,200,706</u>	<u>\$ 21,526,318</u>	<u>\$ 17,865,332</u>	<u>\$ 5,052,162</u>	<u>\$ 63,644,518</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, 2015

Net change in fund balances - total governmental funds \$ (4,683,944)

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	3,560,390
Capital outlay	33,663,315
Depreciation expense	(9,228,573)
Disposal of assets	(254,351)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (123,901)

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. (49,123)

Certain expenses for pensions 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. (31,840,920)

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. (146,949)

Change in net position of governmental activities \$ (9,104,056)

**CITY OF CHEYENNE, WYOMING**

**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**

June 30, 2015

	<u>Business-type Activities</u>	
	<u>Waterworks Fund</u>	<u>Sewer Fund</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 22,324,316	\$ 8,445,159
Investments, at fair value	1,050,000	986,898
Restricted assets		
Cash and cash equivalents	638,257	-
Investments	603,001	-
Due from other governments	791,621	10,183
City of Cheyenne sanitation account	1,519,676	-
Receivables		
Accrued interest	6,565	2,230
Accounts- customers	644,499	1,739,152
Estimated unbilled usage	1,353,093	766,782
Due from other funds	-	-
Inventories	378,960	23,996
Prepaid expenses	592	-
Total current assets	<u>29,310,580</u>	<u>11,974,400</u>
Noncurrent assets		
Capital assets, net of depreciation		
Land	4,587,691	545,003
Utility plant in service	216,654,748	76,323,181
Water rights	1,797,968	-
Machinery and equipment	59,210	19,592
Transportation equipment	368,368	72,899
Buildings and improvements	4,790,003	1,612,951
Office furniture and equipment	96,739	47,417
Construction in progress	6,471,373	2,357,405
Total noncurrent assets	<u>234,826,100</u>	<u>80,978,448</u>
Total assets	<u>264,136,680</u>	<u>92,952,848</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>1,197,833</u>	<u>243,399</u>

Enterprise Funds

Solid Waste Fund	Other Proprietary Funds	Totals	Internal Service Fund
\$ 2,595,083	\$ 263,086	\$ 33,627,644	\$ 13,199
6,633,321	-	8,670,219	-
-	-	638,257	-
-	-	603,001	-
-	-	801,804	12,289
-	-	1,519,676	-
19,837	-	28,632	-
77,254	4,893	2,465,798	-
-	-	2,119,875	-
1,662,932	-	1,662,932	14,556
-	-	402,956	164,287
83,332	-	83,924	19,184
<u>11,071,759</u>	<u>267,979</u>	<u>52,624,718</u>	<u>223,515</u>
6,512,000	342,243	11,986,937	312,500
-	-	292,977,929	-
-	-	1,797,968	-
4,907,272	324,262	5,310,336	95,997
3,824,180	13,752	4,279,199	147,662
5,237,074	2,800,880	14,440,908	207,141
161,019	72,673	377,848	-
-	-	8,828,778	-
<u>20,641,545</u>	<u>3,553,810</u>	<u>339,999,903</u>	<u>763,300</u>
<u>31,713,304</u>	<u>3,821,789</u>	<u>392,624,621</u>	<u>986,815</u>
<u>414,491</u>	<u>-</u>	<u>1,855,723</u>	<u>-</u>

**CITY OF CHEYENNE, WYOMING**

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

June 30, 2015

	<u>Business-type Activities</u>	
	<u>Waterworks Fund</u>	<u>Sewer Fund</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	\$ 1,942,024	\$ 1,459,116
Accrued interest	447,851	216,368
Unearned revenue	-	-
Due to other funds	2,265,696	356,533
Unearned fees and deposits	818,787	226,040
Accrued salaries including vacation and sick leave	230,417	153,872
Current portion of capital leases	-	-
Current portion of general obligation and loan debt	2,725,027	2,453,804
Total current liabilities	<u>8,429,802</u>	<u>4,865,733</u>
Long term liabilities		
Accrued compensated absences	585,925	391,659
Landfill closure and post-closure costs	-	-
Net pension liability	4,793,001	1,597,667
Capital leases, net of current portion	-	-
General obligation and loan debt, unamortized bond premium, net of current portion	39,459,047	30,533,683
Total long term liabilities	<u>44,837,973</u>	<u>32,523,009</u>
Total liabilities	<u>53,267,775</u>	<u>37,388,742</u>
<b>NET POSITION</b>		
Net investment in capital assets	192,642,026	47,990,961
Restricted for debt service and capital improvements	1,103,001	-
Unrestricted	<u>18,321,711</u>	<u>7,816,544</u>
Total net position	<u><u>212,066,738</u></u>	<u><u>55,807,505</u></u>
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service fund and the enterprise funds over time		
Net position of business-type activities		

Enterprise Funds

Solid Waste Fund	Other Proprietary Funds	Totals	Internal Service Fund
\$ 368,905	\$ 31,622	\$ 3,801,667	\$ 173,799
-	-	664,219	-
-	237,420	237,420	-
-	36,000	2,658,229	-
-	-	1,044,827	-
220,549	29,815	634,653	58,193
1,061,475	-	1,061,475	-
-	-	5,178,831	-
<u>1,650,929</u>	<u>334,857</u>	<u>15,281,321</u>	<u>231,992</u>
71,615	17,516	1,066,715	37,386
12,760,604	-	12,760,604	-
2,627,143	-	9,017,811	-
3,008,050	-	3,008,050	-
-	-	69,992,730	-
<u>18,467,412</u>	<u>17,516</u>	<u>95,845,910</u>	<u>37,386</u>
<u>20,118,341</u>	<u>352,373</u>	<u>111,127,231</u>	<u>269,378</u>
16,572,021	3,553,807	260,758,815	763,301
-	-	1,103,001	-
<u>(4,562,567)</u>	<u>(84,391)</u>	<u>21,491,297</u>	<u>(45,864)</u>
<u>12,009,454</u>	<u>3,469,416</u>	<u>283,353,113</u>	<u>717,437</u>
		<u>717,437</u>	
		<u>\$ 284,070,550</u>	

**CITY OF CHEYENNE, WYOMING**

STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS  
Year Ended June 30, 2015

	<u>Business-type Activities</u>	
	Waterworks Fund	Sewer Fund
Operating revenues		
Sales and charges for services	\$ 16,927,691	\$ 10,203,095
Fees and miscellaneous	435,797	657,075
Total operating revenues	<u>17,363,488</u>	<u>10,860,170</u>
Operating expenses		
Waterworks	10,481,000	-
Sewer	-	5,932,883
Sanitation collection	-	-
Recycling/compost	-	-
Landfill	-	-
Belvoir Ranch	-	-
Fleet maintenance	-	-
Culture and recreation	-	-
Depreciation	7,828,324	3,363,544
Total operating expenses	<u>18,309,324</u>	<u>9,296,427</u>
Operating income (loss)	<u>(945,836)</u>	<u>1,563,743</u>
Non-operating income (expenses)		
Gain (loss) on sale of assets	7,819	106
Other non-operating income	-	-
System development fees	2,568,658	1,911,722
Investment income		
Interest income	62,361	23,715
Net decrease in fair value of investments	(12,753)	(4,508)
Interest expense	(870,881)	(779,270)
Total non-operating income (expenses)	<u>1,755,204</u>	<u>1,151,765</u>
Income (loss) before contributions and transfers	809,368	2,715,508
Capital grants	1,361,856	118,500
Donated utilities and other assets	770,305	303,379
Transfers in	-	-
Transfers out	-	-
Change in net position	<u>2,941,529</u>	<u>3,137,387</u>
Net position - beginning of year	213,130,268	54,005,138
Adjustment to net position - beginning of year	(4,005,059)	(1,335,020)
Net position - beginning of year, as restated (Note 17)	<u>209,125,209</u>	<u>52,670,118</u>
Net position - end of year	<u>\$ 212,066,738</u>	<u>\$ 55,807,505</u>

Adjustment for the net effect of the current year activity between  
the internal service fund and the enterprise funds

Change in net position of business-type activities

Enterprise Funds

Solid Waste Fund	Other Proprietary Funds	Totals	Internal Service Fund
\$ 12,269,122	\$ 965,905	\$ 40,365,813	\$ 4,331,561
232,161	66,736	1,391,769	3,002
<u>12,501,283</u>	<u>1,032,641</u>	<u>41,757,582</u>	<u>4,334,563</u>
-	-	10,481,000	-
-	-	5,932,883	-
6,057,333	-	6,057,333	-
513,291	-	513,291	-
2,520,297	-	2,520,297	-
195,327	-	195,327	-
-	-	-	4,299,184
-	1,488,133	1,488,133	-
1,046,170	227,726	12,465,764	81,844
<u>10,332,418</u>	<u>1,715,859</u>	<u>39,654,028</u>	<u>4,381,028</u>
<u>2,168,865</u>	<u>(683,218)</u>	<u>2,103,554</u>	<u>(46,465)</u>
182,501	20,000	210,426	(14,034)
-	220,882	220,882	-
-	-	4,480,380	-
91,934	-	178,010	-
(25,829)	-	(43,090)	-
(86,564)	-	(1,736,715)	-
<u>162,042</u>	<u>240,882</u>	<u>3,309,893</u>	<u>(14,034)</u>
2,330,907	(442,336)	5,413,447	(60,499)
1,643,974	-	3,124,330	-
-	-	1,073,684	-
206,013	332,547	538,560	41,064
<u>(1,600,000)</u>	<u>-</u>	<u>(1,600,000)</u>	<u>-</u>
<u>2,580,894</u>	<u>(109,789)</u>	<u>8,550,021</u>	<u>(19,435)</u>
-	3,579,205	-	-
<u>9,428,560</u>	<u>-</u>	<u>736,872</u>	<u>736,872</u>
<u>9,428,560</u>	<u>3,579,205</u>	<u>736,872</u>	<u>736,872</u>
<u>\$ 12,009,454</u>	<u>\$ 3,469,416</u>		<u>\$ 717,437</u>
		<u>(19,435)</u>	
		<u>\$ 8,530,586</u>	

**CITY OF CHEYENNE, WYOMING**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 Year Ended June 30, 2015

	<u>Business-type Activities</u>	
	<u>Waterworks Fund</u>	<u>Sewer Fund</u>
Cash flows from operating activities		
Cash received from customers	\$ 17,760,682	\$ 9,788,634
Cash payments to suppliers	(4,685,977)	(1,219,571)
Cash payments to employees	(6,699,301)	(3,903,741)
Change in City sanitation account	<u>10,490</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>6,385,894</u>	<u>4,665,322</u>
Cash flows from noncapital financing activities		
Donations and operating grants	-	-
Proceeds from amounts due to other funds	-	-
Advances to other funds	-	-
Transfers to other funds	-	-
Transfers from other funds	<u>-</u>	<u>-</u>
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities		
System development fees	2,454,925	1,882,803
Proceeds from issuance of debt	939,921	3,875,520
Acquisition and construction of capital assets	(8,157,513)	(6,981,833)
Principal paid on revenue bonds and loan debt maturities	(2,669,343)	(2,199,687)
Capital grants	2,920,053	108,317
Proceeds from sale of capital assets	7,819	106
Interest paid on debt	<u>(1,230,045)</u>	<u>(757,340)</u>
Net cash (used in) capital and related financing activities	<u>(5,734,183)</u>	<u>(4,072,114)</u>
Cash flows from investing activities		
Interest on cash accounts and investments	49,453	19,143
Redemption of investments	-	36,806
Purchase of investments	<u>-</u>	<u>(36,898)</u>
Net cash provided by investing activities	<u>49,453</u>	<u>19,051</u>
Net increase (decrease) in cash and cash equivalents	701,164	612,259
Cash and cash equivalents - beginning of year	<u>22,261,409</u>	<u>7,832,900</u>
Cash and cash equivalents - end of year	<u><u>\$ 22,962,573</u></u>	<u><u>\$ 8,445,159</u></u>



Enterprise Funds

Solid Waste Fund	Other Proprietary Funds	Totals	Internal Service Fund
\$ 10,769,933	\$ 975,198	\$ 39,294,447	\$ 4,307,718
(4,745,816)	(834,980)	(11,486,344)	(3,190,957)
(4,186,943)	(695,499)	(15,485,484)	(1,108,730)
-	-	10,490	-
1,837,174	(555,281)	12,333,109	8,031
-	240,882	240,882	-
-	36,000	36,000	-
(5,000)	-	(5,000)	-
(1,600,000)	-	(1,600,000)	-
206,013	332,547	538,560	41,064
(1,398,987)	609,429	(789,558)	41,064
-	-	4,337,728	-
2,381,493	-	7,196,934	-
(4,286,900)	(65,748)	(19,491,994)	(47,396)
(977,615)	-	(5,846,645)	-
1,643,974	-	4,672,344	-
202,500	-	210,425	11,500
(86,564)	-	(2,073,949)	-
(1,123,112)	(65,748)	(10,995,157)	(35,896)
89,372	-	157,968	-
-	-	36,806	-
(84,042)	-	(120,940)	-
5,330	-	73,834	-
(679,595)	(11,600)	622,228	13,199
3,274,678	274,686	33,643,673	-
\$ 2,595,083	\$ 263,086	\$ 34,265,901	\$ 13,199

**CITY OF CHEYENNE, WYOMING**

**STATEMENT OF CASH FLOWS (CONTINUED)**

**PROPRIETARY FUNDS**

Year Ended June 30, 2015

	<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)	\$ (945,836)	\$ 1,563,743
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	7,828,324	3,363,544
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities		
Receivables	401,733	(1,062,000)
Inventory	(66,681)	(9,284)
Prepaid expenses	9,612	-
Deferred outflows pension	(433,976)	(144,659)
Accounts payable	(896,919)	798,454
Landfill closure and post-closure costs	-	-
Net pension liability	491,722	163,907
City sanitation account	10,490	-
Accrued salaries including vacation and sick leave	(12,575)	(8,383)
Unearned revenue	-	-
	<u>\$ 6,385,894</u>	<u>\$ 4,665,322</u>
Net cash provided by (used in) operating activities		
Noncash investing, capital and noncapital financing activities		
Amortization of deferred refunding loss and debt premiums	\$ (38,677)	\$ -
Donated asset acquisitions	770,305	303,379
Capitalized interest	302,157	69,485

Enterprise Funds

<u>Solid Waste Fund</u>	<u>Other Proprietary Funds</u>	<u>Totals</u>	<u>Internal Service Fund</u>
\$ 2,168,865	\$ (683,218)	\$ 2,103,554	\$ (46,465)
1,046,170	227,726	12,465,764	81,844
(73,417)	(4,470)	(738,154)	(26,845)
-	-	(75,965)	(164,287)
(83,331)	-	(73,719)	(19,183)
(281,764)		(860,399)	
75,374	(31,891)	(54,982)	173,799
164,136	-	164,136	-
467,986	-	1,123,615	-
(1,657,933)	-	(1,647,443)	-
11,088	(10,456)	(20,326)	9,168
<u>-</u>	<u>(52,972)</u>	<u>(52,972)</u>	<u>-</u>
<u>\$ 1,837,174</u>	<u>\$ (555,281)</u>	<u>\$ 12,333,109</u>	<u>\$ 8,031</u>
\$ -	\$ -	\$ (38,677)	\$ -
-	-	1,073,684	-
-	-	371,642	-

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# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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

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

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

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

The Cheyenne Downtown Development Authority ("DDA") was established to account for all the revenues and those expenditures associated with the activities of developing the City downtown area. The DDA primarily serves the citizens and businesses of the City of Cheyenne, and is dependent upon revenue from tax incremental financing through sales tax that is shared with the City of Cheyenne. Due to the nature and significance of its relationship with the City, the exclusion of the DDA would render the financial statements of the City incomplete or misleading. Complete financial statements for the DDA may be obtained from the Cheyenne Downtown Development Authority, 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, 2015

---

### **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, major individual enterprise funds and the internal service fund are reported as separate columns in the fund financial statements.

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

The City's government-wide financial statements are designed to present the information in a format more closely resembling that of the private sector and to provide the user with more managerial analysis regarding the financial results and the City's financial outlook.

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

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

The City reports the following major governmental funds:

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

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

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

---

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

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

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

The City reports the following major proprietary funds:

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

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

The *solid waste fund* accounts for the operation of all solid waste activities including collection and disposal as mandated by federal and state regulations and to accumulate funds for the closure and post-closure costs of the landfill.

Additionally, the government reports the following fund types:

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

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

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

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

The *internal service fund* accounts for fleet management services provided to other departments, or to other governments, on a cost reimbursement basis.

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, 2015

---

### **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, solid waste, civic center and ice and events center enterprise funds and the City's internal service fund are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and the internal service fund include the cost of sales and services, administrative expenses, and depreciation 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, 2015. 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, 2015

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### **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 \$150,346 at June 30, 2015.

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, 2015 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, 2015

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

#### *Capital Assets*

Capital assets of governmental funds and the Solid Waste, Civic Center, Ice and Events Center and Fleet Maintenance proprietary funds, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the statement of net position. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical costs or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated 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 Solid Waste, Civic Center, Ice and Events Center and Fleet Maintenance activities are depreciated using the straight-line method over the following estimated useful lives:

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

Sewer and waterworks capital assets, which include property, plant equipment and infrastructure assets (e.g., water and sewer lines), are reported in the applicable business-type activities columns in the statement of net position. Capital assets are defined by the Board as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Assets such as land, buildings and improvements, equipment and utility plant in service are reported at an estimated historical cost, as determined by an independent study as of June 30, 1973, plus additions since that time have been recorded at historical cost. Property and equipment donated by developers is 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, 2015

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### 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, 2015

### 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, 2015

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### **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, deferred outflows of resources, liabilities, deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual amounts could differ from those estimates.

#### ***New Accounting Pronouncements***

Effective July 1, 2014, the City and Board have implemented the provisions of GASB 68, *Accounting and Financial Reporting for Pensions—An Amendment of GASB Statement No. 27* (GASB 68) to improve the usefulness of pension information included in the general purpose financial reports of state and local governments. The implementation resulted in a restatement of the City and Board's net position as of July 1, 2014 as illustrated in Note 17.

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

### 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	\$ 803,323
One Percent Sales Tax Fund	
Restricted	385,095
Capital Facilities Tax Fund	
Restricted	181,714
Other Governmental Funds	
Restricted	-
Committed	893,312
Total Encumbrances	<u>\$ 2,263,444</u>

#### ***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has recognized deferred outflows of resources in the government-wide financial statements in accordance with presentation requirements for GASB 68. The City and Board also recognize a deferred outflow of resources for the loss on refunding, which is amortized over the life of the related debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises under only a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly the item, deferred property taxes, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

#### ***Pensions***

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

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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

#### ***Fund Deficit***

The following funds had a deficit balance at June 30, 2015:

Fund	Deficit Balance
Community Development Block Grant	\$(20,752)
Miscellaneous Federal Grants	(53)
State Grants	(96)
Athletic Facilities	(54,504)

For the Community Development Block Grant Fund, Miscellaneous Federal Grants Fund and State 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
<b>Fund balances</b>					
<b>Nonspendable</b>					
Prepaid items	\$ 560,117	\$ 6,016	\$ -	\$ -	\$ 566,133
Loans receivable	126,194	-	-	-	126,194
<b>Restricted for</b>					
Bond ordinances	939,223	-	-	-	939,223
Weed and Pest programs	-	428,042	-	-	428,042
Capital projects	-	21,526,318	18,962,169	-	40,488,487
Cemetery projects	-	-	-	686,438	686,438
Juvenile justice programs	-	313,616	-	-	313,616
Grants	-	341,325	-	-	341,325
Housing programs	-	317,559	-	-	317,559
Youth programs	-	141,887	-	-	141,887
<b>Committed to</b>					
Capital projects	2,448,286	-	844,568	-	3,292,854
Annexation improvements	-	206,167	-	-	206,167
Youth and recreation programs	-	745,112	-	-	745,112
<b>Assigned to</b>					
Future expenditures	1,065,322	-	-	-	1,065,322
Agency accounts	250,159	-	-	-	250,159
<b>Unassigned</b>	13,811,405	(20,901)	(54,504)	-	13,736,000
<b>Totals</b>	<u>\$ 19,200,706</u>	<u>\$ 24,005,141</u>	<u>\$ 19,752,233</u>	<u>\$ 686,438</u>	<u>\$ 63,644,518</u>

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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### **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, 2015, 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, 2015. 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, 2015, 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, 2015. The City held \$7,190,206 or 12.4% of its portfolio in Federal National Mortgage Association (FNMA) Pools and \$7,113,368 or 12.3% of its portfolio in FNMA as of June 30, 2015. 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, 2015

### 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 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	\$ 6,126,343	.05%-2.66%	\$ 5,514,585	\$ 591,042	\$ 20,716	\$ -
U.S. Government Securities	23,029,387	.125%-3.625%	4,097,828	16,169,749	1,734,133	1,027,677
U.S. Agencies	18,285,036	.375%-6.50%	1,276,858	15,082,055	732,292	1,193,831
State Treasurer's Investment Pool (WYO-STAR)	44,232,975	0.30%	44,232,975	-	-	-
Wyoming Government Investment Fund (WGIF)	13,032	0.05%	13,032	-	-	-
	<u>\$91,686,773</u>		<u>\$55,135,278</u>	<u>\$31,842,846</u>	<u>\$2,487,141</u>	<u>\$2,221,508</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, 2015 was \$785,447. The WGIF's investment policy limits its exposure to market value fluctuations due to changes in interest rates by requiring that the Fund's portfolio maintain a dollar-weighted average maturity of less than sixty days.

The City holds certain investments that are classified as "highly sensitive." These securities, because of their specific type and structure, are rate sensitive as market conditions change. Step-up bonds are structured so that the bonds, at strategic times during their life, will step-up to a higher interest rate if they are not called. The portfolio holds \$2,063,476 or 3.6% 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, 2015

### **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, \$15,935,052 were rated AAA by Moody's and \$2,349,984 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, 2015, was as follows:

	Balance July 1, 2014	Additions	Retirements and Transfers	Balance June 30, 2015
Capital assets, not being depreciated:				
Land	\$ 13,312,353	\$ 1,060,071	\$ (210,258)	\$ 14,162,166
Construction in progress	8,935,007	29,841,244	(19,156,005)	19,620,246
Total capital assets, not being depreciated	22,247,360	30,901,315	(19,366,263)	33,782,412
Capital assets, being depreciated:				
Buildings and improvements	67,360,517	9,078,560	(135,000)	76,304,077
Machinery and equipment	11,990,962	299,070	(276,709)	12,013,323
Transportation equipment	18,170,870	2,628,818	(869,185)	19,930,503
Office furniture and equipment	1,913,160	979,561	-	2,892,721
Infrastructure	189,944,878	11,236,086	(4,453,943)	196,727,021
Total capital assets, being depreciated	289,380,387	24,222,095	(5,734,837)	307,867,645
Less accumulated depreciation for:				
Buildings and improvements	24,585,811	2,182,433	(135,000)	26,633,244
Machinery and equipment	7,186,286	646,164	(276,709)	7,555,741
Transportation equipment	11,503,937	1,590,753	(825,092)	12,269,598
Office furniture and equipment	1,123,818	313,270	-	1,437,088
Infrastructure	78,247,976	4,495,953	-	82,743,929
Total accumulated depreciation	122,647,828	9,228,573	(1,236,801)	130,639,600
Total capital assets being depreciated, net	166,732,559	14,993,522	(4,498,036)	177,228,045
Governmental activities, capital assets, net	<u>\$ 188,979,919</u>	<u>\$ 45,894,837</u>	<u>\$ (23,864,299)</u>	<u>\$ 211,010,457</u>

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

### **Note 4. Capital Assets (Continued)**

Business-type capital asset activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Retirements and Transfers	Balance June 30, 2015
Capital assets, not being depreciated:				
Land	\$ 12,299,437	\$ -	\$ -	\$ 12,299,437
Water rights	1,797,968	-	-	1,797,968
Construction in progress	29,329,302	16,178,914	(36,679,438)	8,828,778
Total capital assets, not being depreciated	43,426,707	16,178,914	(36,679,438)	22,926,183
Capital assets, being depreciated:				
Utility plant in service	468,900,137	36,259,013	(572,712)	504,586,438
Machinery and equipment	9,901,034	252,352	(315,742)	9,837,644
Transportation equipment	8,256,380	2,479,825	(1,015,070)	9,721,135
Structures and improvements	20,098,486	2,369,346	-	22,467,832
Office furniture and equipment	1,393,042	124,706	(85,413)	1,432,335
Total capital assets, being depreciated	508,549,079	41,485,242	(1,988,937)	548,045,384
Less accumulated depreciation for:				
Utility plant in service	201,396,243	10,784,978	(572,712)	211,608,509
Machinery and equipment	4,193,084	533,970	(295,743)	4,431,311
Transportation equipment	5,630,890	652,920	(989,536)	5,294,274
Structures and improvements	7,344,266	475,517	-	7,819,783
Office furniture and equipment	1,039,677	100,223	(85,413)	1,054,487
Total accumulated depreciation	219,604,160	12,547,608	(1,943,404)	230,208,364
Total capital assets being depreciated, net	288,944,919	28,937,634	(45,533)	317,837,020
Business-type activities, capital assets, net	\$ 332,371,626	\$ 45,116,548	\$ (36,724,971)	\$ 340,763,203

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

Governmental activities	
General government	\$ 825,988
Public safety	1,393,883
Public works	5,367,581
Recreation	1,641,121
Total depreciation expense - governmental activities	\$ 9,228,573
Business-type activities	
Waterworks	\$ 7,828,324
Sewer	3,363,544
Solid Waste Fund	1,046,170
Civic center	99,261
Ice and events center	128,465
Fleet maintenance	81,844
Total depreciation expense - business-type activities	\$ 12,547,608

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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

The composition of interfund receivables and payables as of June 30, 2015 is as follows:

Fund	Fund Level Financial Statements Due From/To Other Funds	
	Receivable	Payable
Governmental activities:		
Special revenue funds:		
State Grants	939,588	815,000
Community Development Block Grant	-	25,000
One Percent Sales Tax Fund	80,119	-
Local Law Enforcement Block Grants	-	50,000
Recreation Programs	-	80,119
Miscellaneous Federal Grants	-	135,000
Capital projects funds:		
Athletic Facilities	-	126,194
Internal service fund	14,556	-
Business-type activities:		
Waterworks	-	2,265,696
Sewer	-	356,533
Solid Waste	1,662,932	-
Ice and Events Center	-	36,000
	<u>\$ 2,697,195</u>	<u>\$ 3,889,542</u>

A balance of \$1,657,933 due from the waterworks fund to the solid waste 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, 2015

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

Transfers for the year ended June 30, 2015 were as follows:

Fund	Transfers	
	In	Out
Governmental activities:		
General fund	\$ 1,606,291	\$ 778,806
Special revenue funds:		
Law Enforcement Block Grant	19,933	-
Transportation Planning	37,377	-
One Percent Sales Tax	-	90,988
UMTA Transit Grants	300,000	-
Capital projects		
Capital Facilities Tax	-	67,140
Debt service - JPA Loans	-	3,297
Permanent fund		
Cemetery Perpetual Care	-	2,994
Total governmental activities	<u>1,963,601</u>	<u>943,225</u>
Business-type activities:		
Solid Waste	206,013	1,600,000
Civic Center	212,547	-
Ice and Events Center	120,000	-
Internal service	41,064	-
Total business-type activities	<u>579,624</u>	<u>1,600,000</u>
Total primary government	<u>\$ 2,543,225</u>	<u>\$ 2,543,225</u>

During the year ended June 30, 2015, transfers were used to (1) move revenues from the fund that statute or budget requires expending them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

### **Note 6. Leases**

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

	Business-Type Activities
Machinery and equipment	\$ 7,292,376
Less accumulated depreciation	(1,314,488)
Total	<u>\$ 5,977,888</u>

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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

The capital lease obligations payable as of June 30, 2015 were as follows:

Lease payable for landfill equipment, due in semi-annual installments of \$139,152, with interest at 3.90%, through June 2017.	\$ 154,989
Lease payable for landfill equipment, due in semi-annual installments of \$100,269, with interest at 4.60%, through June 2016.	193,826
Lease payable for landfill equipment, due in semi-annual installments of \$112,881, with interest at 2.49%, through June 2018.	513,596
Lease payable for landfill equipment, due in semi-annual installments of \$115,530 to \$147,012, with interest at 1.94% through June 2019.	921,226
Lease payable for landfill equipment, due in semi-annual installments, of \$164,296, with interest at 2.61%, through June 2021.	2,235,887
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 2022.	
Unused balance of lease is \$2,049,999 at June 30, 2015	50,001
	<u>\$ 4,069,525</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2015, were as follows:

Year Ending June 30,	Business-Type Activities
2016	\$ 1,156,718
2017	747,800
2018	747,800
2019	569,064
2020	328,591
Thereafter	821,479
Total minimum lease payments	4,371,452
Less amount representing interest	<u>(301,927)</u>
Present value of minimum lease payments	<u>\$ 4,069,525</u>

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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

On May 2, 2014, the City entered into an agreement with the Wyoming Business Council (the Council) and Granite Peak Development (the Developer) for the funding of the Swan Ranch Rail Spur (the Rail Spur). In connection with the development of the Rail Spur, the City received a grant totaling \$2,000,000 and a loan totaling \$2,453,943 from the Council (see Note 7 for disclosures on the loan). The Rail Spur was constructed for approximately \$5,700,000, which included a donated asset of approximately \$1,250,000 from the Developer. After completion of the project, the City leased the Rail Spur to the Developer. General terms of the thirteen year lease include no payments until 2019, with three annual principal payments beginning in 2019 of \$50,000 and annual payments thereafter totaling approximately \$615,000 annually from 2022-2028. Upon the end of the lease, ownership of the Rail Spur will be transferred to the Developer.

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

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

General long-term debt currently outstanding is as follows:

	Balance at June 30, 2015	Amount Due Within One Year
<b><i>Governmental activities</i></b>		
Refunding Revenue Bonds, Series 2012, original amount of \$9,455,000, due in annual installments of \$350,000 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.	\$ 8,525,000	\$ 350,000
Due to the Wyoming Business Council, advances on a \$3,000,000 loan for the construction of the Swan Ranch Rail Spur. Interest is at .5% for a term of ten years. Interest accrues from the first day of the month following the date on which the Council accepts the project. Interest only is due for the first three years with equal annual installments of principal and interest due for the seven years following. Payments are estimated to be \$743,141 per year for the final seven years. Secured by the collateral assignment of a promissory note, mortgage and railroad easement and track lease between the City and Granite Peak Development Limited Partnership.	2,453,943	-
<b>Total governmental activities</b>	<b>10,978,943</b>	<b>350,000</b>

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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

	Balance at June 30, 2015	Amount Due Within One Year
<b><i>Business-type activities</i></b>		
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #133, advances on a \$3,000,000 loan for the Construction of the Hydro-Electric Generation project. Interest thereon is at 0.0% for a term of twenty years. Upon completion of project, loan shall be granted principal forgiveness up to 25% of the loan, not to exceed \$750,000. The payments are currently estimated at \$112,500 per year. Secured by a pledge and assignment of revenues from the City's water system user fees necessary to meet the annual payment.	67,140	-
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.	4,428,532	129,206
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.	580,000	580,000
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #002, original amount of \$4,000,000, with interest at 2.5%, due annually on December 1. Annual principal and interest payments are \$258,075 through 2023. Secured by an assignment and pledge of all revenues generated by the Cheyenne Water System sufficient to meet the required debt service.	1,850,766	211,814
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #065, original amount of \$5,600,000 for the Southern Water Transmission Main - Phase I Project, with interest at 2.5%, due annually on September 1. Annual principal and interest payments are \$334,582 through 2029. Secured by a pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	3,919,678	237,903



# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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

	Balance at June 30, 2015	Amount Due Within One Year
<b><i>Business-type activities (continued)</i></b>		
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.	7,201,427	300,736
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.	8,525,000	200,000
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.	556,587	134,036
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.	4,600,271	526,485
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.	1,953,140	156,446

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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

	Balance at June 30, 2015	Amount Due Within One Year
<b><i>Business-type activities (continued)</i></b>		
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.	417,796	37,286
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.	33,969	19,951
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.	329,845	15,809
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.	22,247,481	1,782,019
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.	1,015,652	56,794

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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

	Balance at June 30, 2015	Amount Due Within One Year
<b><i>Business-type activities (continued)</i></b>		
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.	679,671	44,893
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.	2,048,790	124,360
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #079, original amount of \$5,130,509 for the 30" Transmission Line Replacement Project, with interest at 2.5% due annually on September 1. Annual principal and interest payments are \$329,107 through 2031. Secured by pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	4,511,747	216,288
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.	2,181,070	104,535

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

### **Note 7. Long Term Debt (continued)**

	Balance at June 30, 2015	Amount Due Within One Year
<b><i>Business-type activities (continued)</i></b>		
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.	2,181,070	104,535
Due to the State of Wyoming, Office of State Land and Investments, CWSRF Loan #133, advances on a \$5,000,000 loan for Crow Creek Plant Improvements Project. Interest will accrue at 2.5% from the date of the loan disbursements. Twenty annual payments of principal and interest will begin one year after substantial completion of the project. The payments are currently estimated at \$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.	5,000,000	195,735
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #150, advances on a \$1,878,825 loan for the 2015 Water Distribution Rehabilitations. Interest thereon is at 2.5% 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 \$469,706. The payments are currently estimated at \$120,500 per year. Secured by a pledge and assignment of revenues from the City's water system user fees necessary to meet the annual payment.	763,961	-
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #151, advances on a \$589,800 loan for the construction of the Powder Activated Carbon Project. Interest thereon is at 2.5% 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 \$147,450. The payments are currently estimated at \$37,800 per year. Secured by a pledge and assignment of revenues from the City's water system user fees necessary to meet the annual payment.	40,382	-

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS June 30, 2015

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

	Balance at June 30, 2015	Amount Due Within One Year
<b><i>Business-type activities (continued)</i></b>		
Due to the State of Wyoming, Office of State Land and Investments, CWSRF Loan #143, advances on \$875,000 loan for Holliday Park Reuse Project. Interest thereon is at 0.00% for a term of twenty years. The payments are currently estimated at \$43,750 per year. Secured by pledge and assignment of revenues from the City's wastewater user fees necessary to meet the annual loan payment.	37,586	-
Total business-type activities	75,171,561	5,178,831
Total long-term debt	\$ 86,150,504	\$ 5,528,831

The annual debt service requirements of the long-term debt and current principal maturities as of June 30, 2015 are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2016	350,000	209,812	5,178,831	1,938,989
2017	425,000	214,208	6,113,744	1,787,697
2018	450,000	204,645	5,424,505	1,638,272
2019	475,000	194,520	5,556,559	1,501,397
2020	845,328	185,257	5,548,666	1,361,095
2021-2025	4,827,713	714,126	28,092,338	4,651,300
2026-2030	3,605,902	207,280	12,792,640	1,776,078
2031-2035	-	-	5,878,027	549,233
2036-2040	-	-	586,251	35,157
	\$ 10,978,943	\$ 1,929,848	\$ 75,171,561	\$ 15,239,218

The balances above do not include the unamortized bond premium/discount of (\$98,776) or the deferred loss on refunding in the amount of (\$259,979) for Governmental Activities and (\$467,636) 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.

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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

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 have been used to improve, expand and replace the distribution system, source of supply, and treatment facilities. The proportion of pledged revenues to total revenues is not estimable because annual total fees fluctuate annually. Principal and interest paid for the current year was \$6,856,415. Net customer revenues totaled \$28,223,658 for the year. At year end, pledged future revenues totaled \$90,410,779 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 \$547,237. Net mineral royalties totaled \$2,663,263 and gross parking fees totaled \$360,573 for the year. At year end, pledged future revenues totaled \$10,368,712 which is the amount of the remaining principal and interest on the related outstanding debt.

The following is a summary of long-term liability transactions for the City of Cheyenne for the year ended June 30, 2015.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Revenue bonds	\$ 8,855,000	\$ -	\$ (330,000)	\$ 8,525,000	\$ 350,000
Less: discount on refunding	(105,110)	-	6,334	(98,776)	(6,497)
Note payable	-	2,453,943	-	2,453,943	-
Capital leases	2,000,000	-	(2,000,000)	-	-
Compensated absences	4,520,366	2,463,284	(2,781,647)	4,202,003	2,472,640
Governmental activities long-term liabilities	<u>\$ 15,270,256</u>	<u>\$ 4,917,227</u>	<u>\$ (5,105,313)</u>	<u>\$ 15,082,170</u>	<u>\$ 2,816,143</u>
Business-type activities					
Refunding revenue bonds	\$ 9,880,000	\$ -	\$ (775,000)	\$ 9,105,000	\$ 780,000
Loans payable	65,998,271	4,162,320	(4,094,030)	66,066,561	4,398,831
Leases payable	2,665,648	2,381,493	(977,616)	4,069,525	1,061,475
Landfill closure and post- closure costs	12,596,468	164,136	-	12,760,604	-
Compensated absences	1,440,618	1,021,083	(664,754)	1,796,947	692,846
Business-type activity long-term liabilities	<u>\$ 92,581,005</u>	<u>\$ 7,729,032</u>	<u>\$ (6,511,400)</u>	<u>\$ 93,798,637</u>	<u>\$ 6,933,152</u>

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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

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 economic gain (difference between the present values of the old and new debt service payments) of \$700,000. As of June 30, 2015, the deferred loss on refunding totaled \$467,636 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, 2015, the outstanding in-substance defeased debt was \$8,150,000. 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.

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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

#### ***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, 2015, the note balance was \$30,149. Activity related to the note payable included principal payments of \$9,660. The amount due within one year is \$9,856. Aggregate principal including interest of \$938 required on the note at June 30, 2015 is as follows:

Year Ending June 30	Principal	Interest
2016	\$ 9,856	\$ 513
2017	10,055	314
2018	10,238	111
	<u>\$ 30,149</u>	<u>\$ 938</u>

### Note 8. Retirement Commitments

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

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

Plan Description: The City participates in the Wyoming Law Enforcement Pension Plan ("Police Plan"), a statewide cost-sharing multiple-employer 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 Plan issues a publicly available financial report which includes audited financial statements and required supplementary information for the Plan. The report may be obtained by writing to the Wyoming Retirement System, 6101 Yellowstone Road, Suite 500, Cheyenne, Wyoming 82002.

Benefits Provided: Benefits are based on a formula involving years of service, highest average salary and age at retirement. Currently, the benefit formula entitles retirees to 2.5% of the highest average salary for each year of service with a ceiling on the benefit at 75% of the highest average salary.

Contributions: 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, 2015, 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, 2015, 2014, and 2013 were \$591,477, \$598,649, and \$552,579, respectively, equal to the required contributions for each year.



# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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

#### ***Paid Firemen's Pension Plan B***

Plan Description: The City participates in the Wyoming Paid Firemen's Retirement Fund ("Fund"), a statewide cost-sharing multiple-employer defined benefit pension plan administered by the State of Wyoming Retirement System Board. Substantially all paid City firemen hired after July 1, 1981 are eligible to participate. The Fund provides retirement, disability and death benefits according to predetermined formulas. Benefits are established by Wyoming Statutes. The Fund issues a publicly available financial report which includes audited financial statements and required supplementary information for the Fund. The report may be obtained by writing to the Wyoming Retirement System, 6101 Yellowstone Road, Suite 500, Cheyenne, Wyoming 82002.

Benefits Provided: The members of 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% times the 3 year final average compensation for first 25 years of service. The benefit is capped at 70% of the highest average salary. The highest average salary is calculated by averaging the 36 highest continuous months of acceptable salary as defined in the rules of the 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.

Contributions: Individual members participating under this plan are required to contribute 9.245% of their compensation and the City is required to contribute 12% of the compensation of covered members. Legislation enacted in 1979 allows the employer to pay any or all of the employee's contribution. The City currently pays 1.5% of the required employee's contribution of 9.245%. The City's contributions to the fund for the years ended June 30, 2015, 2014 and 2013 were \$852,687, \$840,629 and \$802,161, respectively, equal to the required contributions for each year plus the City's share of the required employee contribution.

#### ***Paid Firemen's Pension Plan A***

Plan Description: The City formerly participated in the Wyoming Paid Firemen's Plan A, a statewide cost sharing multiple employer defined benefit, contributory retirement plan covering paid firemen who were employed prior to July 1, 1981 and who elected to participate.

Benefits Provided: The plan statutorily required participants to contribute 8% of their salary to a maximum not to exceed the salary of a Firemen First Class. Employers were required to contribute 21% of the salary. Effective April 1, 1997, required contributions were suspended as the Plan had been determined to be actuarially over-funded. This plan is being reviewed by the Wyoming Retirement System to determine the appropriate measures to take to ensure this plan is adequately funded, as it is a closed plan.

Contributions: The plan statutorily provides retirement, disability and death benefits according to a percentage of a fireman first class salary. The Plan also statutorily provides for an annual percentage increase in the benefit amounts beginning in the year following twelve (12) months of payments, by at least 3%.

## CITY OF CHEYENNE, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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

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

Plan Description: The City participates in the Wyoming Retirement System ("System"), a statewide cost-sharing multiple-employer 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.

Benefits Provided: 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: Contributions to the System consist of an amount equal to 15.87% of the employee's salary. The City is required by State statute to contribute 7.62% 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 5.75% of the required employee's contribution of 8.25% and the City pays 4.25% of the required employee's contribution of 8.25%.

The City and Board's contributions to the System for the years ended June 30, 2015, 2014 and 2013 were \$2,767,363, \$2,401,542 and \$2,256,303, respectively, equal to the required contributions for each year, plus the City and Board's share of the required employee contribution.

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

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

#### ***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2015, the City and Board reported a total liability of \$72,201,161 for its proportionate share of the net pension liability. The breakdown between plans is as follows:

	<b>Net Pension Liability</b>
<b>Pension Plan:</b>	
<b>Public Employee Pension Plan</b>	
City of Cheyenne	\$ 15,618,024
Board of Public Utilities	6,390,668
<b>Paid Firemen's Pension Plan A</b>	49,145,415
<b>Paid Firemen's Pension Plan B</b>	(275,411)
<b>Law Enforcement Pension Plan</b>	1,322,464
<b>Total Net Pension Liability</b>	<u><u>\$ 72,201,160</u></u>

The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. Standard update procedures were used to roll forward the total pension liability at December 31, 2014. The City and Board's proportion of the net pension liability for all plans except Firemen's Plan A, was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The proportion of the net pension liability for Firemen's Plan A was based on a projection of the City's long-term share of benefit payments made by the plan relative to the projected benefits paid for all participating employers. At December 31, 2014, the City and Board's proportionate shares were as follows:

	<b>Proportion of the Net Pension Liability</b>		
<b>Pension Plan:</b>	<b><u>December 31, 2014</u></b>	<b><u>December 31, 2013</u></b>	<b><u>Increase (Decrease)</u></b>
<b>Public Employee Pension Plan</b>			
City of Cheyenne	0.8850	0.8686	0.0164
Board of Public Utilities	0.3621	0.3772	(0.0151)
<b>Paid Firemen's Pension Plan A</b>	29.8597	29.2907	0.5690
<b>Paid Firemen's Pension Plan B</b>	24.4894	25.0324	(0.5430)
<b>Law Enforcement Pension Plan</b>	4.4884	4.4361	0.0523

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS June 30, 2015

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

#### ***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)***

For the year ended June 30, 2015, the City and Board recognized pension expense and reported deferred outflows of resources related to pensions as follows and from the following sources:

	Governmental Activities					Business-Type Activities		
	Public Employee Pension Plan	Paid Firemen's Pension Plan A	Paid Firemen's Pension Plan B	Law Enforcement Pension Plan	Total	Public Employee Pension Plan		
						Board	City	Total
<b>Pension Expense</b>	<u>\$ 822,753</u>	<u>\$ 31,048,407</u>	<u>\$ (28,219)</u>	<u>\$ (2,021)</u>	<u>\$ 31,840,920</u>	<u>\$ 975,399</u>	<u>\$ 186,222</u>	<u>\$ 1,161,621</u>
<b>Deferred Outflows of Resources</b>								
Differences between expected and actual experience	\$ 1,018,832	\$ 908,525	\$ 624,175	\$ 522,285	\$ 3,073,817	\$ 523,979	\$ 261,711	\$ 785,690
Changes of assumptions	-	-	-	-	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	-	-	-	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-	-	-	-	-	-
Contributions subsequent to the measurement date	781,655	-	449,617	290,962	1,522,234	449,617	152,780	602,397
	<u>\$ 1,800,487</u>	<u>\$ 908,525</u>	<u>\$ 1,073,792</u>	<u>\$ 813,247</u>	<u>\$ 4,596,051</u>	<u>\$ 973,596</u>	<u>\$ 414,491</u>	<u>\$ 1,388,087</u>

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

### Note 8. Retirement Commitments (Continued)

#### *Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)*

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

	Governmental Activities					Business-Type Activities		
	Public Employee Pension Plan	Paid Firemen's Pension Plan A	Paid Firemen's Pension Plan B	Law Enforcement Pension Plan	Total	Public Employee Pension Plan		
						Board	City	Total
Year Ended June 30:								
2016	\$ 254,708	\$ 227,131	\$ 156,044	\$ 130,571	\$ 768,454	\$ 130,995	\$ 65,428	\$ 196,423
2017	254,708	227,131	156,044	130,571	768,454	130,995	65,428	196,423
2018	254,708	227,131	156,044	130,571	768,454	130,995	65,428	196,423
2019	254,708	227,132	156,043	130,572	768,455	130,994	65,427	196,421
2020	-	-	-	-	-	-	-	-
Thereafter	-	-	-	-	-	-	-	-
	<u>\$ 1,018,832</u>	<u>\$ 908,525</u>	<u>\$ 624,175</u>	<u>\$ 522,285</u>	<u>\$ 3,073,817</u>	<u>\$ 523,979</u>	<u>\$ 261,711</u>	<u>\$ 785,690</u>

#### *Actuarial assumptions*

The total pension liability at December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Inflation	Salary Increases	Investment Rate of Return
<b>Public Employee Pension Plan</b>	3.25 percent	4.25 to 6.00 percent, average, including inflation	7.75 percent, net of pension plan investment expense, including inflation
<b>Paid Firemen's Pension Plan A</b>	3.25 percent	4.25 percent per year	7.75 percent, net of pension plan investment expense, including inflation
<b>Paid Firemen's Pension Plan B</b>	3.25 percent	4.25 to 7.00 percent, average, including inflation	7.75 percent, net of pension plan investment expense, including inflation
<b>Law Enforcement Pension Plan</b>	3.25 percent	4.25 to 8.00 percent, average, including inflation	7.75 percent, net of pension plan investment expense, including inflation

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

### Note 8. Retirement Commitments (Continued)

#### *Actuarial assumptions (continued)*

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2007—December 31, 2011. The expectation of life after disability was based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Allocation		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.50%	0.50%
Fixed Income	15.00%	0.80%
Equity	55.00%	5.26%
Marketable Alternatives	15.50%	3.79%
Private Markets	12.00%	5.76%
Total	100.00%	

#### *Discount rate*

The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating employers will be made at contractually required rates, actuarially determined. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investment was applied to all periods of projected benefit payments to determine the total pension liability.

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

### Note 8. Retirement Commitments (Continued)

#### ***Sensitivity of the City and Board's proportionate share of the net pension liability to changes in the discount rate:***

In accordance with GASB 67 regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the table below presents the net pension liability calculated using the discount rate of 7.75 percent for all plans except for the Paid Fire Pension Plan A using blended single discount rate of 4.468 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00 percent lower or higher than the current rate.

Sensitivity of Net Pension Liability to the Single Discount Rate Assumption			
	1% Decrease	Current Single Discount Rate Assumption	1% Increase
Public Employees Pension Plan:	34,391,010	22,008,692	11,608,163
Paid Firemen's Pension Plan A	62,838,265	49,145,415	38,176,188
Paid Firemen's Pension Plan B	3,641,199	(275,411)	(3,539,187)
Law Enforcement Pension Plan	4,617,570	1,322,464	(1,396,802)

#### ***Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in the separately issued WRS financial report which can be obtained at [www.retirement.state.wy.us/employers/GASB.html](http://www.retirement.state.wy.us/employers/GASB.html).

#### ***Defined Contribution Plans***

The Board and City employees have the option to participate in one of two defined contribution plans. The defined contribution plans include the Wyoming Deferred Compensation program (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, 2015, 2014 and 2013 were \$911,216, \$930,364 and \$773,530, 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, 2015, 2014 and 2013 were \$30,800, \$29,250 and \$29,250, respectively.

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

### **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.

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

Compensated absences have been accrued in the financial statements of the City and consist of the following at June 30, 2015:

	Vacation Leave	Sick Leave	Comp Time	Early Retirement Obligation	Total
Governmental activities	\$ 2,237,186	\$ 1,827,270	\$ 137,547	\$ -	\$ 4,202,003
Business-type activities					
Waterworks fund	340,538	306,321	85,548	83,935	816,342
Sewer fund	228,328	204,214	57,032	55,957	545,531
Solid waste fund	158,890	132,372	902	-	292,164
Fleet maintenance fund	51,883	42,344	1,352	-	95,579
Civic Center fund	20,215	20,938	-	-	41,153
Ice and Events Center fund	4,626	97	1,455	-	6,178
Total business-type activities	804,480	706,286	146,289	139,892	1,796,947
Total all funds	\$ 3,041,666	\$ 2,533,556	\$ 283,836	\$ 139,892	\$ 5,998,950



# **CITY OF CHEYENNE, WYOMING**

## **NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2015

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### **Note 10.       Compensated Absences (Continued)**

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, 2015, there were two series of industrial revenue bonds outstanding, with an aggregate principal amount payable of \$8,365,000. During the year ended June 30, 2015, one of the issues was refunded, redeemed and defeased and reissued in a new 2015 issue in the amount of \$7,915,000.

### **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 accrual basis of accounting. The \$12,760,604 reported as landfill closure and post-closure care liability at June 30, 2015, represents the cumulative liability estimated to date based on the use of 95.62% of the estimated capacity of the site. The City will recognize the remaining estimated cost of closure and post-closure care of \$584,852 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 2015. 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, 2015

### **Note 13. Commitments**

As of June 30, 2015, 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 2015, the amounts below represent the activity pertaining to the contract as a whole.

	Expended to Date at June 30, 2015	Total Contract	Commitment at June 30, 2015
<b>Governmental Activities</b>			
FY14 City Overlay	\$ 1,894,162	\$ 2,762,455	\$ 868,293
Logan Avenue Reconstruction	3,813,563	7,231,157	3,417,594
19th Street Rehabilitation	2,269,296	3,423,142	1,153,846
FY15 City Overlay Part 1	88,129	1,515,418	1,427,289
FY15 City Overlay Part 2	36,206	1,344,527	1,308,321
Public Safety Center	8,070,951	20,228,015	12,157,064
Botanic Gardens Expansion	165,100	775,000	609,900
Total governmental activities	<u>16,337,407</u>	<u>37,279,714</u>	<u>20,942,307</u>
<b>Business-type Activities</b>			
19th Street Rehab	726,217	1,232,065	505,848
Logan Avenue Rehab	952,298	1,886,725	934,427
FY14 Water Rehabs	710,602	2,530,348	1,819,746
S. Water Transmission Main Ph III	14,423	867,099	852,676
FY15 Water Rehabs	809,275	2,388,727	1,579,452
FY15 Sewer Rehabs	31,333	1,043,103	1,011,770
Crow Creek Sewer Interceptor Main	1,242,028	1,822,315	580,287
S. Sewer Interceptor Main Ph I	21,075	806,798	785,723
Total business-type activities	<u>4,507,251</u>	<u>12,577,180</u>	<u>8,069,929</u>
Total primary government	<u>\$ 20,844,658</u>	<u>\$ 49,856,894</u>	<u>\$ 29,012,236</u>

### **Note 14. Postemployment Benefits Other Than Pensions**

*Plan Description.* The City participates in a single-employer defined benefit postemployment healthcare plan, being a Post-retirement Health Insurance Plan. The Governing Body 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.

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

### **Note 14. Postemployment Benefits Other Than Pensions (continued)**

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

*Annual OPEB Cost:* The City’s annual other postemployment benefits (OPEB) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 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)	\$ 357,031	\$ 236,934	\$ 120,097
Interest on OPEB obligation	1,298	(2,705)	4,003
Adjustment to ARC	<u>(1,695)</u>	<u>3,531</u>	<u>(5,226)</u>
Annual OPEB cost - end of year	356,634	237,760	118,874
Net employer contributions	<u>315,391</u>	<u>273,733</u>	<u>41,658</u>
Change in net OPEB obligation	41,243	(35,973)	77,216
Net OPEB obligation - beginning of year	<u>28,839</u>	<u>(60,109)</u>	<u>88,948</u>
Net OPEB obligation - end of year	<u><u>\$ 70,082</u></u>	<u><u>\$ (96,082)</u></u>	<u><u>\$ 166,164</u></u>

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, 2015 and the preceding two fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Amount Contributed	Percentage Contributed	Net OPEB Obligation
6/30/2013	\$ 266,999	\$ 221,986	83.10%	\$ (76,777)
6/30/2014	362,697	257,081	70.90%	28,839
6/30/2015	356,634	315,391	88.40%	70,082

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

### **Note 14. Postemployment Benefits Other Than Pensions (continued)**

*Funding Status and Funding Progress:* The funded status of the City's retiree health care plan under GASB Statement No. 45 as of June 30, 2015 (based on a roll forward of liabilities from June 30, 2014) is as follows:

	<u>Total</u>	<u>Explicit</u>	<u>Implicit</u>
(a) Actuarial accrued liability (AAL)			
(1) Actuarial accrued liability - prior year	\$ 3,834,862	\$ 2,909,497	\$ 925,365
(2) Normal Cost - prior year	136,351	68,317	68,034
(3) AAL	3,824,363	2,830,387	993,976
(b) Actuarial value of assets (AVA)	-	-	-
(c) Unfunded actuarial accrued liability (UAAL) (a) - (b)	<u>3,824,363</u>	<u>2,830,387</u>	<u>993,976</u>
(d) Funded ratio (b) / (a)	0%	0%	0%
(e) Covered payroll	\$ 28,522,652	\$ 5,489,110	\$ 28,522,652
(f) UAAL as % of covered payroll (c)/(e)	13.4%	51.6%	3.5%

*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 a 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

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.

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

### **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**

The GASB released Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, in June of 2015 which will replace GASB Statement No. 45 and which will require balance sheet recognition of a liability which resembles the current unfunded accrued liability. The Statement will be effective for fiscal years beginning after June 15, 2017.

### **Note 17. Prior Period Adjustments**

As of July 1, 2014, the City began reporting the Solid Waste Fund as a Business Type Activity whereas, in the past, it was reported as a Governmental-Type Special Revenue Fund. The net effect of this change was an adjustment to the beginning net position of \$11,454,990 as shown in the table below. In addition, in connection with the implementation of GASB 68 as reported in Note 8, a net pension liability of \$2,026,430 as of June 30, 2014 has been reported as an adjustment of beginning net position.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
	<u>Other Governmental Funds</u>	<u>Solid Waste Fund</u>
Fund balance, as previously reported as of July 1, 2014	\$ 9,577,368	\$ -
Transfer to Solid Waste Fund - Business-Type Activities	(9,577,368)	-
Fund balance previously reported in governmental activities	-	9,577,368
Cost of capital assets, July 1, 2014	-	26,503,836
Accumulated depreciation of capital assets, July 1, 2014	-	(9,083,023)
Leases payable, July 1, 2014	-	(2,665,647)
Landfill closure liability, July 1, 2014	-	(12,596,468)
Compensated absences, July 1, 2014	-	(281,076)
Adjustment due to change in fund type	-	11,454,990
Net pension liability, July 1, 2014	-	(2,026,430)
Beginning net position, as of July 1, 2014, as restated	<u>\$ -</u>	<u>\$ 9,428,560</u>

Also as of July 1, 2014, the City began reporting the activities of Fleet Maintenance as an Internal Service Fund. Prior to July 1, 2014, those activities were reported as an activity in the General Fund. As such, the net effect of this change was an adjustment to the beginning net position as follows:

	<u>Fleet Service Fund</u>
Net position, as previously reported as of July 1, 2014	\$ -
Cost of capital assets, July 1, 2014	2,314,597
Accumulated depreciation of capital assets, July 1, 2014	(1,491,314)
Compensated absences, July 1, 2014	(86,411)
Adjustment to beginning net position	<u>\$ 736,872</u>

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2015

### **Note 17. Prior Period Adjustments (Continued)**

The effect on the City's previously issued fiscal year 2014 statement of net position is summarized as follows:

	Governmental Activites	Business-type Activities
Net position at June 30, 2014 as previously reported	\$ 255,105,156	\$ 270,714,611
Adjustments to beginning net position:		
Adjustment due to change in fund type - Solid Waste Fund	(11,454,990)	11,454,990
Adjustment due to change in fund type - Internal Service	(736,872)	736,872
Net pension liability	(28,142,274)	(7,894,197)
Deferred outflow of resources	1,395,895	527,688
Total adjustment to beginning net position	(38,938,241)	4,825,353
Net Position as of July 1, 2014, as Restated	\$ 216,166,915	\$ 275,539,964

At June 30, 2014, the Downtown Development Authority incorrectly reported an expense of \$58,210 related to parking. The total parking expense cost of \$52,990 has been reported as a restatement of beginning net position for the year ended June 30, 2015.

### **Note 18. Deferred Outflows/Inflows of Resources**

The detail of the deferred outflows/inflows of resources for the City in its statement of net position as of June 30, 2015 is as follows:

	Governmental Activites	Business-type Activities
Deferred outflows of resources:		
Deferred loss on refunding	\$ 259,979	\$ 467,636
Deferred outflows - pension liability	4,596,051	1,388,087
Deferred outflows - capital lease	5,710,183	-
Total deferred outflows of resources	\$ 10,566,213	\$ 1,855,723
Deferred inflows of resources:		
Deferred property taxes	\$ 9,271,594	\$ -

**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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Motor vehicle	\$ 1,390,775	\$ 1,390,775	\$ 1,347,591	\$ (43,184)
Property	4,656,778	4,656,778	4,675,791	19,013
Franchise	5,533,700	5,533,700	5,679,774	146,074
Licenses and permits	2,203,168	2,203,168	2,592,927	389,759
Intergovernmental	27,687,738	27,687,737	30,555,234	2,867,497
Charges for services	2,079,500	2,079,500	2,257,784	178,284
Fines and forfeitures	1,489,750	1,489,750	1,470,480	(19,270)
Investment income (loss)	62,500	62,500	139,705	77,205
Miscellaneous	512,900	711,552	866,230	154,678
Total revenues	<u>45,616,809</u>	<u>45,815,460</u>	<u>49,585,516</u>	<u>3,770,056</u>
Expenditures				
General government				
City Council	288,648	306,663	274,720	31,943
Mayor	2,173,001	2,175,834	2,055,866	119,968
City Clerk	2,923,384	2,993,411	2,799,174	194,237
Planning and development	1,945,689	1,949,070	1,852,140	96,930
Engineering	942,408	943,771	848,428	95,343
Budget and finance	662,124	662,364	633,543	28,821
General accounts	3,653,274	5,615,350	4,931,600	683,750
Public works	3,998,818	3,969,644	3,856,717	112,927
Public safety				
Police	13,385,000	13,424,067	12,859,158	564,909
Fire	9,820,780	9,823,309	9,774,799	48,510
Parks and recreation	6,235,383	6,357,818	6,077,102	280,716
Capital outlay	35,900	4,368,560	1,968,486	2,400,074
Principal retirements	330,000	330,000	330,000	-
Interest payments	215,400	216,600	216,538	62
Total expenditures	<u>46,609,809</u>	<u>53,136,461</u>	<u>48,478,271</u>	<u>4,658,190</u>
Excess (deficiency) of revenues over expenditures	<u>(993,000)</u>	<u>(7,321,001)</u>	<u>1,107,245</u>	<u>8,428,246</u>
Other financing sources (uses)				
Transfers in	1,613,000	1,613,000	1,606,291	(6,709)
Transfers out	(620,000)	(778,806)	(778,806)	-
Insurance proceeds	-	138,296	138,996	700
Proceeds from sales of assets	-	-	274,309	274,309
Total other financing sources (uses)	<u>993,000</u>	<u>972,490</u>	<u>1,240,790</u>	<u>268,300</u>
Net change in fund balance	-	(6,348,511)	2,348,035	<u>\$ 8,696,546</u>
Fund balance - beginning of year	<u>16,852,671</u>	<u>16,852,671</u>	<u>16,852,671</u>	
Fund balance - end of year	<u>\$ 16,852,671</u>	<u>\$ 10,504,160</u>	<u>\$ 19,200,706</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ 10,110,180	\$ 10,410,881	\$ 15,037,624	\$ 4,626,743
Investment income	50,000	50,000	175,086	125,086
Miscellaneous	-	-	-	-
Total revenues	<u>10,160,180</u>	<u>10,460,881</u>	<u>15,212,710</u>	<u>4,751,829</u>
Expenditures				
Public safety				
Fire	150,000	281,682	141,138	140,544
Public works	2,083,881	2,554,441	2,158,680	395,761
Health and welfare	603,000	1,652,679	603,000	1,049,679
Recreation	284,299	716,885	356,970	359,915
Capital	<u>7,039,000</u>	<u>28,052,677</u>	<u>15,544,027</u>	<u>12,508,650</u>
Total expenditures	<u>10,160,180</u>	<u>33,258,364</u>	<u>18,803,815</u>	<u>14,454,549</u>
Excess (deficiency) of revenues over expenditures	-	(22,797,483)	(3,591,105)	19,206,378
Other financing sources (uses)				
Transfers out	-	(90,988)	(90,988)	-
Total other financing sources and uses	<u>-</u>	<u>(90,988)</u>	<u>(90,988)</u>	<u>-</u>
Net change in fund balance	-	(22,888,471)	(3,682,093)	<u>\$ 19,206,378</u>
Fund balance - beginning of year	<u>25,208,411</u>	<u>25,208,411</u>	<u>25,208,411</u>	
Fund balance - end of year	<u>\$ 25,208,411</u>	<u>\$ 2,319,940</u>	<u>\$ 21,526,318</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, 2015

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ -	\$ 15,949,876	\$ 15,949,876
Investment income	25,000	25,000	88,609	63,609
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>16,038,485</u>	<u>16,013,485</u>
Expenditures				
General government	20,900	75,179	23,835	51,344
Recreation	151,584	151,584	139,490	12,094
Capital	-	50,716,549	14,133,018	36,583,531
Principal payments	-	2,000,000	2,000,000	-
Interest payments	-	46,599	46,599	-
Total expenditures	<u>172,484</u>	<u>52,989,911</u>	<u>16,342,942</u>	<u>36,646,969</u>
Excess (deficiency) of revenues over expenditures	<u>(147,484)</u>	<u>(52,964,911)</u>	<u>(304,457)</u>	<u>52,660,454</u>
Other financing sources (uses)				
Transfer to other funds	-	(67,140)	(67,140)	-
Total other financing sources and uses	<u>-</u>	<u>(67,140)</u>	<u>(67,140)</u>	<u>-</u>
Net change in fund balance	(147,484)	(53,032,051)	(371,597)	<u>\$ 52,660,454</u>
Fund balance - beginning of year	<u>18,236,929</u>	<u>18,236,929</u>	<u>18,236,929</u>	
Fund balance - end of year	<u>\$ 18,089,445</u>	<u>\$ (34,795,122)</u>	<u>\$ 17,865,332</u>	

**CITY OF CHEYENNE, WYOMING**

**NOTE TO THE BUDGETARY SCHEDULES**

June 30, 2015

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***Budget Information***

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

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

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

# CITY OF CHEYENNE, WYOMING

## SCHEDULE OF FUNDING PROGRESS

Year Ended June 30, 2015

### 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%

# CITY OF CHEYENNE, WYOMING

## SCHEDULE OF CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY Year Ended June 30, 2015

	<b>For the Year Ended June 30,</b>	
	<b>2015</b>	<b>2014</b>
<b>Public Employee Pension Plan</b>		
<b>City of Cheyenne</b>		
City's proportion of the net pension liability (asset)	0.8850%	0.8686%
City's proportionate share of the net pension liability (asset)	\$ 15,618,025	\$ 13,205,851
City's covered-employee payroll	15,531,626	15,194,542
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	100.56%	84.89%
Plan fiduciary net position as a percentage of the total pension liability	79.08%	81.10%
<b>Board of Public Utilities</b>		
Board's proportion of the net pension liability (asset)	0.3621%	0.3772%
Board's proportionate share of the net pension liability (asset)	\$ 6,390,668	\$ 5,735,039
Board's covered-employee payroll	6,719,564	6,544,388
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	95.11%	87.63%
Plan fiduciary net position as a percentage of the total pension liability	79.08%	81.10%
<b>Paid Firemen's Pension Plan A</b>		
City's proportion of the net pension liability (asset)	29.8597%	29.2907%
City's proportionate share of the net pension liability (asset)	\$ 49,145,415	\$ 17,188,483
City's covered-employee payroll	-	-
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	45.95%	71.55%
<b>Paid Firemen's Pension Plan B</b>		
City's proportion of the net pension liability (asset)	24.4894%	25.0324%
City's proportionate share of the net pension liability (asset)	\$ (275,411)	\$ (902,906)
City's covered-employee payroll	6,525,189	6,498,364
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-4.22%	-15.65%
Plan fiduciary net position as a percentage of the total pension liability	100.98%	103.45%
<b>Law Enforcement Pension Plan</b>		
City's proportion of the net pension liability (asset)	4.4884%	4.4361%
City's proportionate share of the net pension liability (asset)	\$ 1,322,464	\$ 810,003
City's covered-employee payroll	6,873,586	6,934,446
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	19.24%	12.33%
Plan fiduciary net position as a percentage of the total pension liability	94.76%	96.53%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City is presenting information for those years for which information is available.

**CITY OF CHEYENNE, WYOMING**  
**SCHEDULE OF THE CITY'S CONTRIBUTIONS**  
Year Ended June 30, 2015

	<b>For the Year Ended June 30,</b>	
	<b>2015</b>	<b>2014</b>
<b>Public Employee Pension Plan</b>		
<b>City of Cheyenne</b>		
Contractually required contribution	\$ 1,183,510	\$ 1,081,852
Contribution in relation to the contractually required contribution	1,851,158	1,633,027
Contribution deficiency (excess)	<u>\$ (667,648)</u>	<u>\$ (551,175)</u>
City's covered- employee payroll	\$ 15,531,626	\$ 15,194,542
Contributions as a percentage of covered-employee payroll	11.92%	10.75%
<b>Board of Public Utilities</b>		
Contractually required contribution	\$ 512,031	\$ 465,964
Contribution in relation to the contractually required contribution	898,406	787,719
Contribution deficiency (excess)	<u>\$ (386,375)</u>	<u>\$ (321,755)</u>
City's covered- employee payroll	\$ 6,719,564	\$ 6,544,388
Contributions as a percentage of covered-employee payroll	13.37%	12.04%
<b>Paid Firemen's Pension Plan A</b>		
Contractually required contribution	\$ -	\$ -
Contribution in relation to the contractually required contribution	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered- employee payroll	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	0.00%	0.00%
<b>Paid Firemen's Pension Plan B</b>		
Contractually required contribution	\$ 783,023	\$ 779,804
Contribution in relation to the contractually required contribution	817,640	877,279
Contribution deficiency (excess)	<u>\$ (34,617)</u>	<u>\$ (97,475)</u>
City's covered- employee payroll	\$ 6,525,189	\$ 6,498,364
Contributions as a percentage of covered-employee payroll	12.53%	13.50%
<b>Law Enforcement Pension Plan</b>		
Contractually required contribution	\$ 591,129	\$ 596,362
Contribution in relation to the contractually required contribution	591,129	596,362
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
City's covered- employee payroll	\$ 6,873,586	\$ 6,934,446
Contributions as a percentage of covered-employee payroll	8.60%	8.60%

Note: This schedule is presented to illustrate the requirement to show information for 10 years.  
However, until a full 10-year trend is compiled, the City is presenting information for those years  
for which information is available.

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

## **Non-Major Governmental Funds**

### **Special Revenue Funds**

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

### **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, 2015

	Special Revenue Funds		
	Weed and Pest Control	Youth Alternative Grants	Juvenile Justice
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 282,797	\$ 283,172
Investments, at fair value	-	-	-
Receivables			
Accrued interest	-	-	-
Customers	-	-	29,580
Due from other funds	-	-	-
Due from other governments	21,864	33,237	5,920
Prepaid items	-	-	-
Cash and cash equivalents - restricted	448,764	-	-
Investments - restricted	-	-	-
Total assets	<u>\$ 470,628</u>	<u>\$ 316,034</u>	<u>\$ 318,672</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>			
Liabilities			
Accounts payable	\$ 42,586	\$ 8,179	\$ 5,056
Accrued interest	-	-	-
Accrued salaries including vacation and sick leave	-	-	-
Due to other funds	-	-	-
Unearned revenue	-	-	-
Total liabilities	<u>42,586</u>	<u>8,179</u>	<u>5,056</u>
Deferred inflows of resources	-	-	-
Total liabilities and deferred inflows of resources	<u>42,586</u>	<u>8,179</u>	<u>5,056</u>
Fund balances (deficits)			
Nonspendable	-	-	-
Restricted	428,042	-	313,616
Committed	-	307,855	-
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances (deficits)	<u>428,042</u>	<u>307,855</u>	<u>313,616</u>
Total liabilities and fund balances (deficits)	<u>\$ 470,628</u>	<u>\$ 316,034</u>	<u>\$ 318,672</u>

Special Revenue Funds				
Special Friends	Community Development Block Grant	Law Enforcement Block Grant	Miscellaneous Federal Grants	
\$ 144,138	\$ 1,492	\$ 895	\$ 3,705	
-	-	-	-	
-	-	-	-	
-	-	14,706	-	
-	-	-	-	
-	23,880	110,907	146,222	
-	-	-	-	
-	-	-	-	
-	-	-	-	
<u>\$ 144,138</u>	<u>\$ 25,372</u>	<u>\$ 126,508</u>	<u>\$ 149,927</u>	
\$ 2,251	\$ 21,124	\$ 72,409	\$ 14,980	
-	-	-	-	
-	-	-	-	
-	25,000	50,000	135,000	
-	-	-	-	
<u>2,251</u>	<u>46,124</u>	<u>122,409</u>	<u>149,980</u>	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
<u>2,251</u>	<u>46,124</u>	<u>122,409</u>	<u>149,980</u>	
-	-	-	-	
141,887	-	4,099	-	
-	-	-	-	
-	-	-	-	
-	(20,752)	-	(53)	
<u>141,887</u>	<u>(20,752)</u>	<u>4,099</u>	<u>(53)</u>	
<u>\$ 144,138</u>	<u>\$ 25,372</u>	<u>\$ 126,508</u>	<u>\$ 149,927</u>	

# CITY OF CHEYENNE, WYOMING

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

June 30, 2015

	Special Revenue Funds		
	Transportation Planning	UMTA Transit Grant	Solid Waste Management
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,724	\$ 221,358	\$ -
Investments, at fair value	-	-	-
Receivables			
Accrued interest	-	-	-
Customers	-	14,893	-
Due from other funds	-	-	-
Due from other governments	156,077	99,322	-
Prepaid items	-	-	-
Cash and cash equivalents - restricted	-	-	-
Investments - restricted	-	-	-
Total assets	<u>\$ 158,801</u>	<u>\$ 335,573</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>			
Liabilities			
Accounts payable	\$ 51,782	\$ 366	\$ -
Accrued interest	-	-	-
Accrued salaries including vacation and sick leave	-	-	-
Due to other funds	105,000	-	-
Unearned revenue	-	-	-
Total liabilities	<u>156,782</u>	<u>366</u>	<u>-</u>
Deferred inflows of resources	-	-	-
Total liabilities and deferred inflows of resources	<u>156,782</u>	<u>366</u>	<u>-</u>
Fund balances (deficits)			
Nonspendable	-	-	-
Restricted	2,019	335,207	-
Committed	-	-	-
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances (deficits)	<u>2,019</u>	<u>335,207</u>	<u>-</u>
Total liabilities and fund balances (deficits)	<u>\$ 158,801</u>	<u>\$ 335,573</u>	<u>\$ -</u>

Special Revenue Funds

State Grants	Recreation Programs	Annexation Improvements	Housing Loans
\$ 1,417	\$ 533,227	\$ 409,194	\$ 318,969
-	-	-	-
-	-	-	-
4,455,240	49,510	-	63,646
939,588	-	-	-
106,587	-	-	-
-	6,016	-	-
-	-	-	-
-	-	-	-
<u>\$ 5,502,832</u>	<u>\$ 588,753</u>	<u>\$ 409,194</u>	<u>\$ 382,615</u>
\$ 233,985	\$ 38,511	\$ 203,027	\$ 1,410
-	-	-	-
-	26,850	-	-
815,000	80,119	-	-
-	-	-	63,646
<u>1,048,985</u>	<u>145,480</u>	<u>203,027</u>	<u>65,056</u>
<u>4,453,943</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>5,502,928</u>	<u>145,480</u>	<u>203,027</u>	<u>65,056</u>
-	6,016	-	-
-	-	-	317,559
-	437,257	206,167	-
-	-	-	-
<u>(96)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(96)</u>	<u>443,273</u>	<u>206,167</u>	<u>317,559</u>
<u>\$ 5,502,832</u>	<u>\$ 588,753</u>	<u>\$ 409,194</u>	<u>\$ 382,615</u>

# CITY OF CHEYENNE, WYOMING

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

June 30, 2015

	Capital Projects Funds		
	Youth Alternatives	Athletic Facilities	Parks Facilities
<b>ASSETS</b>			
Cash and cash equivalents	\$ 59,833	\$ 131,974	\$ 1,136,320
Investments, at fair value	-	-	-
Receivables			
Accrued interest	-	-	-
Customers	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
Prepaid items	-	-	-
Cash and cash equivalents - restricted	-	-	-
Investments - restricted	-	-	-
Total assets	<u>\$ 59,833</u>	<u>\$ 131,974</u>	<u>\$ 1,136,320</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>			
Liabilities			
Accounts payable	\$ 351	\$ 60,284	\$ 39,483
Accrued interest	-	-	-
Accrued salaries including vacation and sick leave	-	-	-
Due to other funds	-	126,194	-
Unearned revenue	-	-	-
Total liabilities	<u>351</u>	<u>186,478</u>	<u>39,483</u>
Deferred inflows of resources	-	-	-
Total liabilities and deferred inflows of resources	<u>351</u>	<u>186,478</u>	<u>39,483</u>
Fund balances (deficits)			
Nonspendable	-	-	-
Restricted	-	-	1,096,837
Committed	59,482	-	-
Assigned	-	-	-
Unassigned	-	(54,504)	-
Total fund balances (deficits)	<u>59,482</u>	<u>(54,504)</u>	<u>1,096,837</u>
Total liabilities and fund balances (deficits)	<u>\$ 59,833</u>	<u>\$ 131,974</u>	<u>\$ 1,136,320</u>

<u>Capital Projects Funds</u>	<u>Permanent Fund</u>	
Development Impact Fees	Cemetery Perpetual Care	Nonmajor Governmental Funds Total
\$ 909,902	\$ 272,628	\$ 4,713,745
-	414,625	414,625
-	-	-
-	965	4,628,540
-	-	939,588
-	-	704,016
-	-	6,016
-	-	448,764
-	-	-
<u>\$ 909,902</u>	<u>\$ 688,218</u>	<u>\$ 11,855,294</u>
\$ 124,816	\$ 1,780	\$ 922,380
-	-	-
-	-	-
-	-	26,850
-	-	1,336,313
-	-	63,646
<u>124,816</u>	<u>1,780</u>	<u>2,349,189</u>
-	-	4,453,943
<u>124,816</u>	<u>1,780</u>	<u>6,803,132</u>
-	-	6,016
-	686,438	3,325,704
785,086	-	1,795,847
-	-	-
-	-	(75,405)
<u>785,086</u>	<u>686,438</u>	<u>5,052,162</u>
<u>\$ 909,902</u>	<u>\$ 688,218</u>	<u>\$ 11,855,294</u>

# CITY OF CHEYENNE, WYOMING

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS Year Ended June 30, 2015

	Special Revenue Funds		
	Weed and Pest Control	Youth Alternatives Grants	Juvenile Justice
Revenues			
Intergovernmental	\$ 550,994	\$ 453,633	\$ 270,700
Charges for services	-	-	-
Investment income (loss)	-	-	-
Miscellaneous	3,421	11,225	3,890
Total revenues	554,415	464,858	274,590
Expenditures			
Current			
General government	-	-	-
Public safety	-	206,232	234,185
Public works	-	-	-
Health and welfare	535,371	125,693	-
Recreation	-	-	-
Capital outlay	-	-	-
Debt service			
Principal retirements	-	-	-
Interest payments	-	-	-
Total expenditures	535,371	331,925	234,185
Revenues over (under) expenditures	19,044	132,933	40,405
Other financing sources (uses)			
Proceeds from capital financing	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances (deficits)	19,044	132,933	40,405
Fund balances (deficits) - beginning of year	408,998	174,922	273,211
Adjustment to beginning fund balance (deficit)	-	-	-
Fund balances (deficits) - beginning of year, as restated	408,998	174,922	273,211
Fund balances (deficits) - end of year	\$ 428,042	\$ 307,855	\$ 313,616



Special Revenue Funds			
Special Friends	Community Development Block Grant	Law Enforcement Block Grant	Miscellaneous Federal Grants
\$ 73,900	\$ 524,335	\$ 1,084,760	\$ 722,512
-	-	-	-
-	-	-	-
16,923	-	-	-
90,823	524,335	1,084,760	722,512
-	-	-	226,910
-	-	424,413	409,045
-	-	-	-
143,688	167,394	-	-
-	-	-	83,009
-	376,941	690,044	-
-	-	-	-
-	-	-	-
143,688	544,335	1,114,457	718,964
(52,865)	(20,000)	(29,697)	3,548
-	-	-	-
-	-	19,933	-
-	-	-	-
-	-	19,933	-
(52,865)	(20,000)	(9,764)	3,548
194,752	(752)	13,863	(3,601)
-	-	-	-
194,752	(752)	13,863	(3,601)
\$ 141,887	\$ (20,752)	\$ 4,099	\$ (53)

# CITY OF CHEYENNE, WYOMING

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS (CONTINUED) Year Ended June 30, 2015

	Special Revenue Funds		
	Transportation Planning	UMTA Transit Grant	Solid Waste Management
Revenues			
Intergovernmental	\$ 748,529	\$ 1,299,244	\$ -
Charges for services	-	-	-
Investment income (loss)	-	-	-
Miscellaneous	-	243,208	-
Total revenues	748,529	1,542,452	-
Expenditures			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	781,205	1,635,149	-
Health and welfare	-	-	-
Recreation	-	-	-
Capital outlay	4,699	260,137	-
Debt service			
Principal retirements	-	-	-
Interest payments	-	-	-
Total expenditures	785,904	1,895,286	-
Revenues over (under) expenditures	(37,375)	(352,834)	-
Other financing sources (uses)			
Proceeds from capital financing	-	-	-
Transfers in	37,377	300,000	-
Transfers out	-	-	-
Total other financing sources (uses)	37,377	300,000	-
Net change in fund balances (deficits)	2	(52,834)	-
Fund balances (deficits) - beginning of year	2,017	388,041	9,577,368
Adjustment to beginning fund balance (deficit)	-	-	(9,577,368)
Fund balances (deficits) - beginning of year, as restated	2,017	388,041	-
Fund balances (deficits) - end of year	\$ 2,019	\$ 335,207	\$ -

Special Revenue Funds				Debt Service Fund
State Grants	Recreation Programs	Annexation Improvements	Housing Loans	JPA Loans
\$ 2,274,183	\$ 10,188	\$ -	\$ -	\$ -
-	1,094,918	-	-	-
-	160	1,044	1,056	-
-	-	-	5,576	-
			-	
2,274,183	1,105,266	1,044	6,632	-
101,483	-	-	-	-
-	-	-	-	-
7,771	-	-	-	-
-	-	-	54,764	-
-	1,012,783	-	-	-
4,627,854	-	-	-	-
-	-	-	-	-
-	-	-	-	-
4,737,108	1,012,783	-	54,764	-
(2,462,925)	92,483	1,044	(48,132)	-
2,453,943	-	-	-	-
-	-	-	-	-
-	-	-	-	(3,297)
2,453,943	-	-	-	(3,297)
(8,982)	92,483	1,044	(48,132)	(3,297)
8,886	350,790	205,123	365,691	3,297
-	-	-	-	-
8,886	350,790	205,123	365,691	3,297
\$ (96)	\$ 443,273	\$ 206,167	\$ 317,559	\$ -

# CITY OF CHEYENNE, WYOMING

## COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS (CONTINUED) Year Ended June 30, 2015

	Capital Projects Funds		
	Youth Alternatives	Athletic Facilities	Parks Facilities
Revenues			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	-	197,966	-
Investment income (loss)	-	237	141,909
Miscellaneous	4,335	5,500	-
Total revenues	4,335	203,703	141,909
Expenditures			
Current			
General government	-	-	-
Public safety	12,329	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation	-	9,722	35,580
Capital outlay	5,800	211,528	3,166,259
Debt service			
Principal retirements	-	-	-
Interest payments	-	-	-
Total expenditures	18,129	221,250	3,201,839
Revenues over (under) expenditures	(13,794)	(17,547)	(3,059,930)
Other financing sources (uses)			
Proceeds from capital financing	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances (deficits)	(13,794)	(17,547)	(3,059,930)
Fund balances (deficits) - beginning of year	73,276	(36,957)	4,156,767
Adjustment to beginning fund balance (deficit)	-	-	-
Fund balances (deficits) - beginning of year, as restated	73,276	(36,957)	4,156,767
Fund balances (deficits) - end of year	\$ 59,482	\$ (54,504)	\$ 1,096,837

	Permanent Fund	
Development Impact Fees	Cemetery Perpetual Care	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 8,012,978
250,830	-	1,543,714
2,075	5,994	152,475
-	22,420	316,498
252,905	28,414	10,025,665
-	3,000	331,393
-	-	1,286,204
-	-	2,424,125
-	-	1,026,910
2,630	-	1,143,724
253,298	-	9,596,560
-	-	-
-	-	-
255,928	3,000	15,808,916
(3,023)	25,414	(5,783,251)
-	-	2,453,943
-	-	357,310
-	(2,994)	(6,291)
-	(2,994)	2,804,962
(3,023)	22,420	(2,978,289)
788,109	664,018	17,607,819
-	-	(9,577,368)
788,109	664,018	8,030,451
\$ 785,086	\$ 686,438	\$ 5,052,162

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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, 2015

	Civic Center Fund	Ice and Events Center Fund	Nonmajor Proprietary Funds Totals
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 258,580	\$ 4,506	\$ 263,086
Receivables			
Accounts - customers	4,670	223	4,893
Total current assets	<u>263,250</u>	<u>4,729</u>	<u>267,979</u>
Noncurrent assets			
Capital assets, net of depreciation			
Land	-	342,243	342,243
Machinery and equipment	204,204	120,058	324,262
Transportation equipment	-	13,752	13,752
Buildings and improvements	546,234	2,254,646	2,800,880
Office furniture and equipment	<u>58,804</u>	<u>13,869</u>	<u>72,673</u>
Total noncurrent assets	<u>809,242</u>	<u>2,744,568</u>	<u>3,553,810</u>
Total assets	<u>\$ 1,072,492</u>	<u>\$ 2,749,297</u>	<u>\$ 3,821,789</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 29,056	\$ 2,566	\$ 31,622
Unearned revenue	237,420	-	237,420
Due to other funds	-	36,000	36,000
Net pension liability			-
Accrued salaries including vacation and sick leave	<u>23,637</u>	<u>6,178</u>	<u>29,815</u>
Total current liabilities	<u>290,113</u>	<u>44,744</u>	<u>334,857</u>
Long term liabilities			
Accrued compensated absences	<u>17,516</u>	<u>-</u>	<u>17,516</u>
Total liabilities	<u>307,629</u>	<u>44,744</u>	<u>352,373</u>
<b>NET POSITION</b>			
Net investment in capital assets	809,241	2,744,566	3,553,807
Unrestricted (deficit)	<u>(44,378)</u>	<u>(40,013)</u>	<u>(84,391)</u>
Total net position	<u>\$ 764,863</u>	<u>\$ 2,704,553</u>	<u>\$ 3,469,416</u>



**CITY OF CHEYENNE, WYOMING**

COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET POSITION - NONMAJOR PROPRIETARY FUNDS  
Year Ended June 30, 2015

	Civic Center Fund	Ice and Events Center Fund	Nonmajor Proprietary Funds Totals
Operating revenues			
Sales and charges for services	\$ 615,374	\$ 350,531	\$ 965,905
Fees and miscellaneous	66,736	-	66,736
Total operating revenues	<u>682,110</u>	<u>350,531</u>	<u>1,032,641</u>
Operating expenses			
Administrative and general	932,495	496,116	1,428,611
Depreciation	99,261	128,465	227,726
Parts and supplies	12,824	25,406	38,230
Intra-city charges	18,110	3,182	21,292
Total operating expenses	<u>1,062,690</u>	<u>653,169</u>	<u>1,715,859</u>
Operating income (loss)	<u>(380,580)</u>	<u>(302,638)</u>	<u>(683,218)</u>
Non-operating income (expenses)			
Gain (loss) on disposal of assets	20,000	-	20,000
Operating grants	15,692	-	15,692
Donations	205,190	-	205,190
Total non-operating income (expenses)	<u>240,882</u>	<u>-</u>	<u>240,882</u>
Income (loss) before transfers	<u>(139,698)</u>	<u>(302,638)</u>	<u>(442,336)</u>
Transfers in	<u>212,547</u>	<u>120,000</u>	<u>332,547</u>
Change in net position	72,849	(182,638)	(109,789)
Total net position - beginning of year	<u>692,014</u>	<u>2,887,191</u>	<u>3,579,205</u>
Total net position - end of year	<u>\$ 764,863</u>	<u>\$ 2,704,553</u>	<u>\$ 3,469,416</u>

**CITY OF CHEYENNE, WYOMING**

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
Year Ended June 30, 2015

	Civic Center Fund	Ice and Events Center Fund	Nonmajor Proprietary Funds Totals
Cash flows from operating activities			
Cash received from customers	\$ 624,467	\$ 350,731	\$ 975,198
Cash payments to suppliers	(561,883)	(273,097)	(834,980)
Cash payments to employees	(437,772)	(257,727)	(695,499)
Net cash provided by (used in) operating activities	(375,188)	(180,093)	(555,281)
Cash flows from noncapital financing activities			
Transfers from other funds	212,547	120,000	332,547
Donations and operating grants	240,882	-	240,882
Proceeds from due from other funds	-	36,000	36,000
Net cash provided by noncapital financing activities	453,429	156,000	609,429
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	(60,611)	(5,137)	(65,748)
Net cash (used in) provided by capital and related financing activities	(60,611)	(5,137)	(65,748)
Net increase (decrease) in cash and cash equivalents	17,630	(29,230)	(11,600)
Cash and cash equivalents - beginning of year	240,950	33,736	274,686
Cash and cash equivalents - end of year	\$ 258,580	\$ 4,506	\$ 263,086

**CITY OF CHEYENNE, WYOMING**

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS (CONTINUED)  
Year Ended June 30, 2015

	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)	\$ (380,580)	\$ (302,638)	\$ (683,218)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	99,261	128,465	227,726
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities			
Receivables	(4,670)	200	(4,470)
Accounts payable	(28,105)	(3,786)	(31,891)
Accrued salaries including vacation and sick leave	(8,122)	(2,334)	(10,456)
Unearned revenue	(52,972)	-	(52,972)
Net cash provided by (used in) operating activities	<u>\$ (375,188)</u>	<u>\$ (180,093)</u>	<u>\$ (555,281)</u>

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**SINGLE  
AUDIT  
SECTION**

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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, 2015 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 4, 2015. 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 other 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 4, 2015



**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, 2015. 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, 2015.

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

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

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

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

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

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The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*RubinBrown LLP*

December 4, 2015

**THE CITY OF CHEYENNE, WYOMING**

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For The Year Ended June 30, 2015**

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

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**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes   x   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes   x   none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes   x   no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes   x   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes   x   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 OMB Circular A-133? \_\_\_\_\_ yes   x   no

Identification of major programs:

**CFDA**

<b>Number</b>	<b>Name Of Federal Program Or Cluster</b>
20.600, 20.601, 20.616	State and Community Highway Safety Cluster
66.458	Capitalization Grants for Clean Water State Revolving Fund
66.468	Capitalization Grants for Drinking Water State Revolving Fund

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?   x   yes \_\_\_\_\_ no

# **THE CITY OF CHEYENNE, WYOMING**

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## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*CONTINUED*)** **For The Year Ended June 30, 2015**

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### **Section II - Financial Statement Findings**

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There were no findings relating to the City's financial statements for the year ended June 30, 2015.

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

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There were no federal audit findings for the year ended June 30, 2015.

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

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There were no prior-year audit findings on federal awards or questioned costs for the year ended June 30, 2014.

# THE CITY OF CHEYENNE, WYOMING

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2015

Page 1 Of 3

Program Description	Federal CFDA Number	Pass Through Grantor's Number	Expenditures June 30, 2015
<b>U.S. Department Of Agriculture</b>			
Passed through Wyoming State Forestry Division			
Cooperative Forestry Assistance	10.664	—	\$ 19,366
<b>U.S. Department Of Housing And Urban Development</b>			
CDBG - Entitlement Grants Cluster:			
Community Development Block Grants/Entitlement Grants	14.218	—	518,669
<b>U.S. Department Of The Interior</b>			
Passed through Wyoming Department of State Parks and Cultural Resources			
Historic Preservation Fund Grants-In-Aid	15.904	56-12-00000.05	7,880
Historic Preservation Fund Grants-In-Aid	15.904	56-12-00000.04	1,800
Historic Preservation Fund Grants-In-Aid	15.904	56-13-00000.03	2,132
Historic Preservation Fund Grants-In-Aid	15.904	56-13-00000.06	1,240
Historic Preservation Fund Grants-In-Aid	15.904	56-13-00000.07	3,636
Historic Preservation Fund Grants-In-Aid	15.904	56-13-00000.03	4,060
Historic Preservation Fund Grants-In-Aid	15.904	56-14-00000.03	12,000
Outdoor Recreation Acquisition, Development and Planning	15.916	56-00890	12,765
<b>Total U.S. Department Of The Interior</b>			<b>45,513</b>
<b>U.S. Department Of Justice</b>			
Joint Law Enforcement Operations	16.111	—	6,551
Violence Against Women Formula Grants (CARI)	16.588	2012-WE-AX-0058	34,548
Crime Victim Assistance Discretionary Grant	16.582	14-117	500
Passed through Volunteers of America Northern Rockies/Laramie County			
Office of Juvenile Justice and Delinquency Prevention	16.540	FY2014	9,217
Office of Juvenile Justice and Delinquency Prevention	16.540	FY2015	59,017
Passed through Wyoming Department of Family Services/Laramie County			
Juvenile Accountability Block Grants	16.523	2014	6,448
Passed through Wyoming Division of Victim Services			
Violence Against Women	16.588	2012-WF-AX-0049	25,501
Crime Victim Assistance	16.575	2011-VA-GX-0026	7,002
Crime Victim Assistance	16.575	2012-VA-GX-0018	38,785
Bulletproof Vest Partnership Program	16.607	FY2014	1,532
Bulletproof Vest Partnership Program	16.607	FY2013	122
Passed through Wyoming Association of Sheriffs and Chiefs of Police			
Enforcing Underage Drinking Laws Program	16.727	PFS - 2014	3,850
JAG Program Cluster:			
Passed through Laramie County			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-1060	4,549
<b>Total U.S. Department Of Justice</b>			<b>197,622</b>

# THE CITY OF CHEYENNE, WYOMING

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2015

Page 2 Of 3

Program Description	Federal CFDA Number	Pass Through Grantor's Number	Expenditures June 30, 2015
<b>U.S. Department Of Transportation</b>			
Highway Planning and Construction Cluster:			
Passed through Wyoming Department of Transportation			
Highway Planning and Construction	20.205	—	\$ 710,421
Highway Planning and Construction (On-Street System Improvements)	20.205	STP-E-CH 0.00 TL13001	4,472
<b>Subtotal Highway Planning And Construction Cluster</b>			<b>714,893</b>
State and Community Highway Safety Cluster:			
Passed through Wyoming Department of Transportation			
State and Community Highway Safety	20.600	FY15 - HS-3 - 402	3,611
State and Community Highway Safety	20.600	RS-2014-14-RS-02	50,045
State and Community Highway Safety	20.601	K8HV-2014-14-K8-01	463,889
State and Community Highway Safety	20.601	K8HV-2015-15-K8-01	13,626
Passed through Wyoming Association of Sheriffs and Chiefs of Police			
State and Community Highway Safety	20.601	NHTSA - 2014	7,920
State and Community Highway Safety	20.601	Sturgis - FY2014	4,550
State and Community Highway Safety	20.601	DUI - FY2014	7,500
National Priority Safety Program	20.616	Non-DUI - FY2015	12,032
National Priority Safety Program	20.616	DUI - FY2015	5,301
National Priority Safety Program	20.616	DRE	576
<b>Subtotal State And Community Highway Safety Cluster</b>			<b>569,050</b>
Passed through Wyoming Department of Transportation			
Federal Transit Formula Grant	20.507	90-X045-00	17,398
Federal Transit Formula Grant	20.507	90-X052-00	207,242
Federal Transit Formula Grant	20.507	90-X057-00	24,148
Federal Transit Formula Grant	20.507	90-X055-00	790,305
<b>Total U.S. Department Of Transportation</b>			<b>2,323,036</b>
<b>U.S. Environmental Protection Agency</b>			
Passed through Wyoming State Land and Investment Board			
Capitalization Grants for Drinking Water State Revolving Fund	66.468		2,199,269
Capitalization Grants for Clean Water State Revolving Fund	66.458		3,909,347
Brownsfield Assessment Grant	66.818	BF-96807601-0	194,162
<b>Total U.S. Environmental Protection Agency</b>			<b>6,302,778</b>
<b>U.S. Department Of Education</b>			
Passed through Laramie County Community Partnership			
Twenty First Century Community Learning Centers	84.287	Cohort 8	115,312

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# THE CITY OF CHEYENNE, WYOMING

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2015

Page 3 Of 3

Program Description	Federal CFDA Number	Pass Through Grantor's Number	Expenditures June 30, 2015
<b>U.S. Department Of Health And Human Services</b>			
Passed through Wyoming Department of Health			
Special Programs for the Aging, Title III, Part B Grants for			
Supportive Services and Senior Centers	93.044	—	\$ 45,461
Passed through Wyoming Department of Family Services			
Child Welfare Services IV-B, Part II, Family Preservation	93.556	5931	9,744
Passed through Wyoming Department of Health			
Substance Abuse Treatment and Prevention Block Grant	93.959	CORE	6,527
<b>Total U.S. Department Of Health And Human Services</b>			<b>61,732</b>
<b>U.S. Department Of Homeland Security</b>			
Assistance to Firefighters Grant	97.044	EMW-2011-FH-00743	275,192
Passed through Wyoming Office of Homeland Security			
Homeland Security Grant Program	97.067	13-GPD-CHE-LP-HLE13	32,053
Homeland Security Grant Program	97.067	13-GDP-RR7-RR-HRT13	39,751
Homeland Security Grant Program	97.067	14-GDP-RR7-RR-HRT14	43,796
<b>Total U.S. Department Of Homeland Security</b>			<b>390,792</b>
<b>Total Expenditures Of Federal Awards</b>			<b>\$ 9,974,820</b>



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**THE CITY OF CHEYENNE, WYOMING**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**June 30, 2015**

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**1. Organization**

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of the City of Cheyenne, Wyoming (the City), for the year ended June 30, 2015. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included on the schedule.

**2. Basis Of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City and is presented on the modified-accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**3. Sub-Recipients**

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

Department of Housing and Urban Development		
Community Development Block Grant	14.218	\$ 453,635