

CITY OF CHEYENNE, WYOMING

FINANCIAL AND COMPLIANCE REPORT

YEAR ENDED JUNE 30, 2020

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EXHIBIT I: CORRECTIVE ACTION PLAN



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cheyenne, Wyoming (the "City") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 11, budgetary comparison schedule on page 64, Schedule of Changes in the City's Total OPEB Liability and Related Ratios on page 65, Schedule of the City's Proportionate Share of Net Pension Liability on pages 66 and 67, Schedule of the City's Contributions on pages 68 and 69, and the Notes to Required Supplementary Information on pages 70 and 71 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Statements of Nonmajor Governmental Funds, Combining Statements of Nonmajor Proprietary Funds, and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming
January 13, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF CHEYENNE, WYOMING
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

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, 2020. In addition to this overview and analysis based on currently known facts, decisions, and conditions, the City would encourage readers to consider the information presented in the City's financial statements, which begin on page 12 of this report.

Financial Highlights

The City's total net position (governmental and business-type combined) increased by \$7.46 million (1.32%) during fiscal year 2020, including the effect of two prior-period adjustments that decreased net position by \$1,934,986. The governmental net position decreased by \$5.08 million (2.25%), including the effect of two prior-period adjustments that decreased net position by \$1,934,986. The business-type net position increased by \$12.54 million (3.68%).

- ❖ The General Fund, the City's primary operating fund, reported a decrease in fund balance of \$3.86 million on a current financial resource basis. As of June 30, 2020, the unassigned fund balance for the General Fund was \$13.36 million or 86 days of total General Fund expenditures of \$56.52 million. The City Council has a requirement by resolution to maintain an unrestricted fund balance in the General Fund of 60 days of operating expenditures.

Overview of the Financial Statements

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

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

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources is reported as net position. Over time, increases or decreases in net position may provide an indication of whether the City's financial position is improving or deteriorating.

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

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

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

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 22 individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, the One-Percent Sales Tax Fund, and the Capital Facilities Tax Fund, all of which are considered to be major funds. Data from the other 19 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 16 through 19 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 20 through 24 of this report.

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

The 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 25 through 63 of this report.

Other information. Required supplementary information regarding the budget comparisons, total OPEB liability, and net pension liability is included in this report on pages 64 through 71. The combining statements referred to earlier in connection with nonmajor governmental funds and nonmajor proprietary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 72 through 83 of this report.

Government-wide financial analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City's net position, over 98% reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding and any accounts or retainage payable related to those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt and accounts payable, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

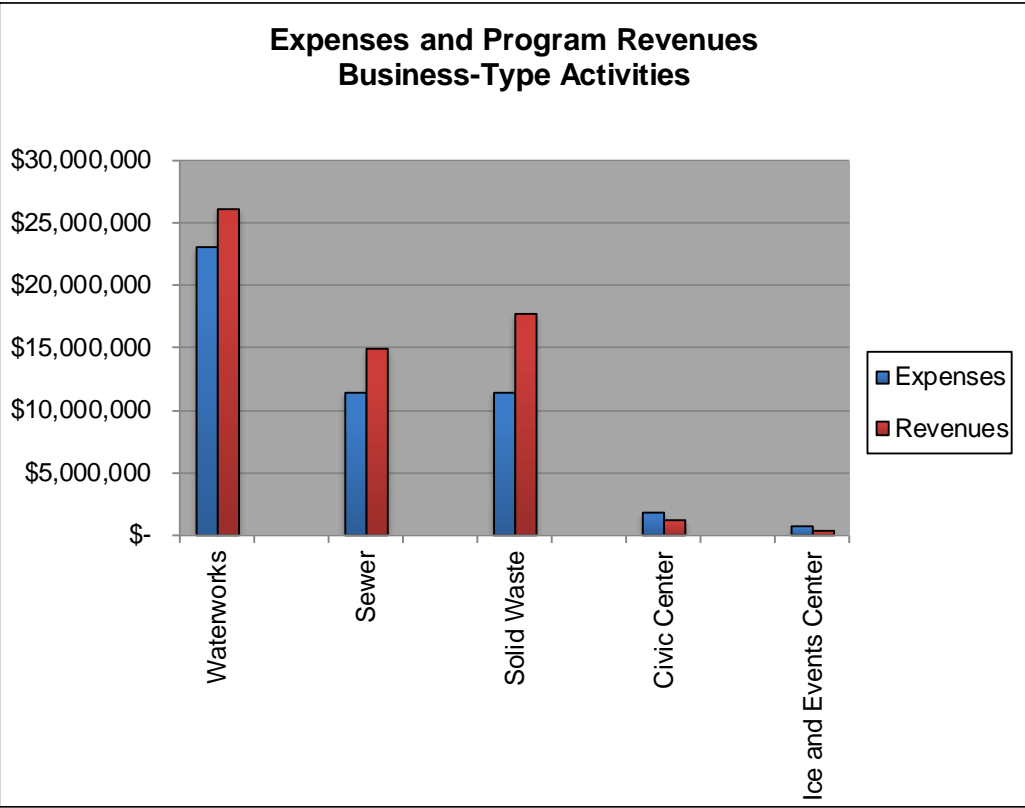
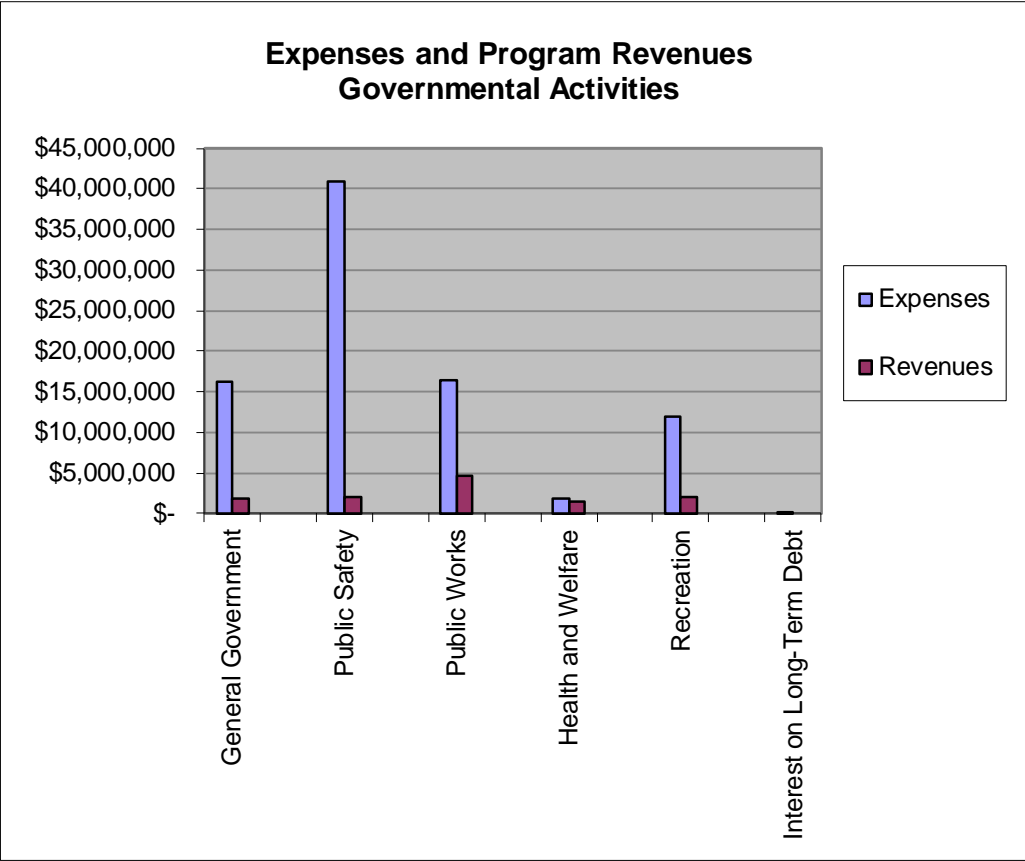
Statement of Net Position						
(Amounts expressed in thousands; totals may not add due to rounding)						
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current assets	\$ 94,183	\$ 96,072	\$ 73,335	\$ 69,406	\$ 167,518	\$ 165,478
Capital and other assets	271,341	261,156	365,673	369,086	637,014	630,242
Total assets	365,524	357,228	439,008	438,492	804,532	795,720
Deferred outflows of resources	12,697	24,651	1,603	4,588	14,300	29,239
Long-term liabilities	118,411	127,573	74,005	87,167	192,416	214,740
Other liabilities	11,998	12,654	11,579	15,284	23,577	27,938
Total liabilities	130,409	140,227	85,584	102,451	215,993	242,678
Deferred inflows of resources	26,857	15,617	2,285	422	29,142	16,039
Net position:						
Net investment in capital assets	258,502	246,537	307,543	298,700	566,045	545,237
Restricted	58,239	56,130	500	500	58,739	56,630
Unrestricted	(95,786)	(76,632)	44,699	41,007	(51,087)	(35,625)
Total net position	\$ 220,955	\$ 226,035	\$ 352,742	\$ 340,207	\$ 573,697	\$ 566,242

A portion of the City's net position, 10.24%, represents resources that are subject to external restrictions on how they may be used. Although currently in a deficit position, the remaining balance of unrestricted net position, (\$51.1 million), is intended to be utilized to meet the government's ongoing obligations to citizens and creditors subject to the City's fund designations and fiscal policies.

Net position in the City's governmental activities decreased by \$5.08 million during fiscal year 2020, including the effect of two prior-period adjustments that decreased net position by \$1,934,986. This was down from a prior-year increase of \$13.82 million. Net position in the City's business-type activities increased by \$12.54 million during fiscal year 2020, compared to an increase of \$12.76 million in the prior year.

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

Changes in Net Position						
(Amounts expressed in thousands; totals may not add due to rounding)						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues:						
Program revenues:						
Charges for services	\$ 6,081	\$ 7,988	\$ 54,506	\$ 52,391	\$ 60,587	\$ 60,379
Operating grants and contributions	5,545	4,792	2,971	2,494	8,516	7,286
Capital grants and contributions	470	6,264	2,811	2,775	3,281	9,039
General revenues:						
Property and other taxes	15,009	12,990	-	-	15,009	12,990
Sales taxes	51,714	51,546	-	-	51,714	51,546
Intergovernmental	5,861	6,224	-	-	5,861	6,224
Other	(648)	4,263	1,301	1,361	653	5,624
Total revenues	84,032	94,067	61,589	59,021	145,621	153,088
Expenses:						
General government	16,325	17,810	-	-	16,325	17,810
Public safety	40,820	32,071	-	-	40,820	32,071
Public works	16,498	17,967	-	-	16,498	17,967
Health and welfare	1,958	2,145	-	-	1,958	2,145
Recreation	12,021	12,487	-	-	12,021	12,487
Interest on long-term debt	259	210	-	-	259	210
Water	-	-	23,107	22,874	23,107	22,874
Sewer	-	-	11,353	11,729	11,353	11,729
Solid waste	-	-	11,451	7,684	11,451	7,684
Civic Center	-	-	1,769	2,683	1,769	2,683
Other	-	-	670	743	670	743
Total expenses	87,881	82,690	48,350	45,713	136,231	128,403
Increase (decrease) in net position before transfers	(3,849)	11,377	13,239	13,308	9,390	24,685
Transfers	704	548	(704)	(548)	-	-
Change in net position	(3,145)	11,925	12,535	12,760	9,390	24,685
Net Position, beginning of year, original	226,035	212,213	340,207	327,447	566,242	539,660
Prior-period adjustments	(1,935)	1,897	-	-	(1,935)	1,897
Net Position, beginning of year, amended	224,100	214,110	340,207	327,447	564,307	541,557
Net Position, end of year	\$ 220,955	\$ 226,035	\$ 352,742	\$ 340,207	\$ 573,697	\$ 566,242



Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$78,919,734. Approximately 17% of this total amount, \$13,352,654, constitutes the unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period or pay debt service, or has been dedicated to other uses.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$13,356,106, while the total fund balance reached \$18,843,682. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and the total fund balance to the total fund expenditures. The unassigned fund balance represents 23.63% of the total General Fund expenditures, while the total fund balance represents 33.34% of that same amount. This compares to 23.18% and 40.89%, respectively, in the prior year.

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

The unrestricted net position of the Waterworks Fund and the Sewer Fund at the end of the year amounted to \$34,459,246, the Solid Waste Fund was \$11,810,672, and those for the Civic Center and Ice and Events Center amounted to (\$1,685,766). Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Differences between the original and the final amended budgeted expenditures and transfers out were \$6,890,572. The major expenditure increases follow:

- ❖ \$4,020,000 for the Municipal Court Building, 2nd Floor
- ❖ \$940,632 in capital projects (roofs)
- ❖ \$763,316 in carryover projects
- ❖ \$531,862 in encumbrances

Of this increase, \$6,890,572 was budgeted from the available fund balance. Expenditures were less than budgetary estimates, thus eliminating the need to further draw upon the existing fund balance for operations.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounted to \$634,168,288 (net of accumulated depreciation). This investment in capital assets included land, buildings, utility plant, improvements, machinery and equipment, park facilities, and roads. The total increase in the City's investment in capital assets for the current fiscal year was 1.17%.

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

- ❖ Replacement of public safety vehicles and public works and recreation vehicles and equipment
- ❖ Construction of the new Municipal Court Building
- ❖ Various recreation projects, including the purchase of 100 acres of land for a future community park located in east Cheyenne
- ❖ A variety of drainage and street construction projects, including the Christensen Road Overpass Project
- ❖ 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	
	2020	2019	2020	2019	2020	2019
Land	\$ 11,850	\$ 17,638	\$ 13,843	\$ 13,941	\$ 25,693	\$ 31,579
Construction in progress	34,235	17,520	11,290	4,919	45,525	22,439
Buildings and improvements	122,973	122,805	34,184	34,184	157,157	156,989
Utility plant in service	-	-	577,215	572,181	577,215	572,181
Machinery and equipment	42,968	42,136	24,506	24,426	67,474	66,562
Infrastructure	231,910	223,887	-	-	231,910	223,887
Less accumulated depreciation	(175,441)	(166,251)	(295,365)	(280,565)	(470,806)	(446,816)
Total	\$ 268,495	\$ 257,735	\$ 365,673	\$ 369,086	\$ 634,168	\$ 626,821

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

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

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

	Governmental Activities		Business-Type Activities		Total	
	2020	2019*	2020	2019	2020	2019*
Loans and capital leases	\$ 4,730,131	\$ 5,263,985	\$ 51,878,770	\$ 61,012,442	\$ 56,608,901	\$ 66,276,427
Revenue bonds	6,325,000	6,825,000	5,030,000	5,880,000	11,355,000	12,705,000
Total	\$ 11,055,131	\$ 12,088,985	\$ 56,908,770	\$ 66,892,442	\$ 67,963,901	\$ 78,981,427

* As restated; see Notes 6 and 7.

The City's total debt decreased by \$11,017,395 or 13.95% during the current fiscal year.

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

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

Economic Factors and Next Year's Budgets and Rates

The City's original approved fiscal year 2020 budget for the General Fund totaled \$55,823,809, compared to an original budget in fiscal year 2019 of \$53,500,797. This represented a 4.3% increase. The increase was directly related to increased sales tax and building permit revenue projections for fiscal year 2020. Property tax projections decreased 9.9%. Other revenue sources also came in significantly lower than projections. These include gas and electric franchise fees, lottery proceeds, parking structure revenues, court fines and bonds, and building permits.

The original adopted fiscal year 2020 budget used \$1,050,000 in General Fund reserves in order to fund various one-time expenditures, including deferred capital maintenance on City facilities, additional security at Cheyenne Frontier Days, and the minimum revenue guarantee for SkyWest Airlines. Various budget amendments were approved throughout the year, including \$4,020,000 from General Fund reserves to pay for the second floor shell of the new Municipal Court Building in fiscal year 2020.

City expenditures continued to rise in fiscal year 2020 for major expenditures such as insurance, fuel, and repairs, as well as health insurance and pension expense increases for employees. In addition, the following positions were added to the fiscal year 2020 budget that were not included in the fiscal year 2019 budget: a Chief Economic Development Officer, a Deputy Human Resources Director, and three new firefighters.

In fiscal year 2020, the COVID-19 pandemic posed a significant economic risk to the City. As a result, actual collections of sales tax revenue, which is the largest contributor of General Fund revenue, was \$1,656,788 less than the amount budgeted. Actual sales and use tax collections for fiscal year 2020 were \$19,649,985, which only represented a \$123,664 increase compared to fiscal year 2019.

When preparing the fiscal year 2021 budget, the City utilized economic forecasts obtained from the Consensus Revenue Estimating Group, economic data from the State of Wyoming Economic Analysis Division, a review of historical revenues, and estimates from City departments to facilitate decisions on projecting sales and use tax collections and other revenues. Even prior to the COVID-19 pandemic, there were signs of a weakening economy. Specifically, the City of Cheyenne was experiencing an economic downturn driven by a reduction in local mining and construction jobs. The only significant revenue source that was increased in the fiscal year 2021 budget was property tax and vehicle registration fees.

As a result of the COVID-19 pandemic, extraordinary measures were taken to adjust revenues in the fiscal year 2021 budget. The first is the transfer from the Solid Waste Fund. Resolution #5635, which was approved in 2014, directs that a 5% transfer from the Solid Waste Fund be made to the General Fund based on budgeted operating expenditures. To overcome the revenue challenges in fiscal year 2021, a temporary revenue adjustment was approved to increase this transfer to 9.3% for one year.

In addition, a resolution was approved by the governing body that directs the Belvoir wind energy lease payments that the City will start receiving in fiscal year 2021 be split between the newly established Belvoir Recreation Fund, the Solid Waste Fund and the Board of Public Utilities. However, to offset the projected revenue shortages, the fiscal year 2021 budget proposed that those funds, estimated to be \$1 million annually, be diverted to the General Fund for a one-year period.

City expenditures were projected to continue to increase in fiscal year 2021. Major increases include health insurance, Wyoming Retirement System ("WRS") contribution rates, and property and liability insurance.

Blue Cross Blue Shield of Wyoming increased the City's employee health insurance 10% in fiscal year 2021. Prior to the COVID-19 pandemic, the City had been researching and analyzing the feasibility of creating a self-funded health plan in fiscal year 2021. However, with the extreme uncertainty and volatility of the economy, it was decided to table this discussion for one year.

The WRS contribution rates increased 0.5% for regular employees (all full-time employees except fire and law enforcement) again in fiscal year 2021's budget. Legislation was passed in 2018 to gradually increase retirement contributions for regular employees to a total of 1.5% over a four-year period beginning on September 1, 2018. The City elected to pay the employee's share of the increase in fiscal years 2019, 2020, and 2021. WRS contribution rates for Paid Firemen's Pension Plan B increased 1% for the employer's share and 0.5% for the employee's share. The City must pay both shares per the negotiated union contract. There were no increases in fiscal year 2021 for the Law Enforcement Pension Plan.

Finally, the Wyoming Association of Risk Management (“WARM”) projected a 9.3% increase in fiscal year 2021 for the City’s property insurance. The City Treasurer determined that although WARM insurance premiums have been paid from the General Fund for many years, those premiums should have been properly allocated to the various other City funds, including Solid Waste, One-Percent Sales Tax, Urban Mass Transportation Administration Transit, Weed and Pest Control, and Special-Purpose Option Tax. This was apportioned based on the number of employees in each fund. This decreased the property and liability expense to the General Fund.

Requests for Information

The financial report is designed to provide a general overview of the City of Cheyenne’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Treasurer, City of Cheyenne, 2101 O’Neil, Room 309, Cheyenne, Wyoming 82001.

BASIC FINANCIAL STATEMENTS

CITY OF CHEYENNE, WYOMING

STATEMENT OF NET POSITION

June 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
ASSETS				
Current assets				
Cash and cash equivalents	\$ 3,991,140	\$ 5,123,292	\$ 9,114,432	\$ 1,532,039
Investments, at fair value	14,287,947	62,031,714	76,319,661	-
Restricted assets				
Cash and cash equivalents	6,523,218	238,759	6,761,977	-
Investments, at fair value	48,961,732	-	48,961,732	-
Due from other governments	605	69,937	70,542	-
Receivables				
Accrued interest	176,115	70,635	246,750	-
Accounts, customers, net	422,490	2,200,910	2,623,400	30,290
Estimated unbilled usage	-	2,987,901	2,987,901	-
Sanitation receivable and unbilled usage	-	2,106,882	2,106,882	-
Property tax receivable	6,338,276	-	6,338,276	356,626
Internal balances	2,067,082	(2,067,082)	-	-
Intergovernmental receivable	10,603,183	-	10,603,183	-
Prepaid expenses	82,591	5,798	88,389	-
Inventories	101,596	565,910	667,506	-
Net investment in direct financing lease, current portion	627,255	-	627,255	-
Total current assets	94,183,230	73,334,656	167,517,886	1,918,955
Noncurrent assets				
Capital assets not being depreciated				
Land	11,849,660	12,044,867	23,894,527	-
Construction in progress	34,235,354	11,289,917	45,525,271	-
Water rights	-	1,797,968	1,797,968	-
Capital assets being depreciated				
Utility plant in service	-	577,215,219	577,215,219	-
Machinery and equipment	16,006,145	9,653,928	25,660,073	-
Transportation equipment	23,036,660	13,141,860	36,178,520	-
Buildings and improvements	122,973,452	34,183,540	157,156,992	9,700
Office furniture and equipment	3,924,652	1,710,695	5,635,347	19,242
Infrastructure	231,910,191	-	231,910,191	-
Accumulated depreciation	(175,441,075)	(295,364,745)	(470,805,820)	(28,942)
Net investment in direct financing lease, net of current portion	2,845,469	-	2,845,469	-
Total noncurrent assets	271,340,508	365,673,249	637,013,757	-
Total assets	365,523,738	439,007,905	804,531,643	1,918,955
DEFERRED OUTFLOWS OF RESOURCES	12,697,216	1,603,112	14,300,328	-

Continued

CITY OF CHEYENNE, WYOMING

STATEMENT OF NET POSITION, *Continued*
June 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Downtown Development Authority
LIABILITIES				
Current liabilities				
Accounts payable	\$ 7,511,624	\$ 1,978,928	\$ 9,490,552	\$ 19,786
Accrued interest	40,399	447,217	487,616	-
Accrued salaries, including compensated absences and early retirement	2,891,236	836,075	3,727,311	-
Unearned fees and deposits	-	2,036,290	2,036,290	-
Unearned revenue	32,654	557	33,211	-
Capital leases, due within one year	108,310	1,154,458	1,262,768	-
Bonds and loans payable, due within one year	1,413,345	5,124,784	6,538,129	-
Total current liabilities	11,997,568	11,578,309	23,575,877	19,786
Noncurrent liabilities				
Landfill closure and post-closure costs	-	8,690,962	8,690,962	-
Net pension liability	101,609,369	13,558,572	115,167,941	-
Net postemployment benefits other than pensions ("OPEB") liability	5,655,229	-	5,655,229	-
Compensated absences	1,678,116	1,126,346	2,804,462	-
Capital leases	513,217	1,062,754	1,575,971	-
Bonds and loans payable	8,955,678	49,566,774	58,522,452	-
Total noncurrent liabilities	118,411,609	74,005,408	192,417,017	-
Total liabilities	130,409,177	85,583,717	215,992,894	19,786
DEFERRED INFLOWS OF RESOURCES	26,857,101	2,285,139	29,142,240	356,626
NET POSITION				
Net investment in capital assets	258,501,680	307,543,403	566,045,083	-
Restricted for				
Debt service and capital improvements	934,125	500,000	1,434,125	-
Legal restrictions	1,978,346	-	1,978,346	-
Tax voter-approved projects	55,326,477	-	55,326,477	-
Unrestricted	(95,785,952)	44,698,758	(51,087,194)	1,542,543
Total net position	\$ 220,954,676	\$ 352,742,161	\$ 573,696,837	\$ 1,542,543

See Notes to Financial Statements.

CITY OF CHEYENNE, WYOMING

STATEMENT OF ACTIVITIES

Year Ended June 30, 2020

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary government				
Governmental activities				
General government	\$ 16,325,294	\$ 1,405,048	\$ 385,643	\$ -
Public safety	40,820,111	614,649	1,200,790	181,383
Public works	16,497,583	2,219,270	2,392,212	143,046
Health and welfare	1,957,894	2,060	1,539,192	-
Recreation	12,020,556	1,839,908	27,385	145,657
Interest on long-term debt	259,177	-	-	-
Total governmental activities	87,880,615	6,080,935	5,545,222	470,086
Business-type activities				
Waterworks	23,106,559	21,590,812	2,431,107	2,096,362
Sewer	11,353,165	13,722,347	540,172	714,389
Solid Waste	11,451,038	17,670,692	-	-
Civic Center	1,769,303	1,138,434	-	-
Ice and Events Center	670,345	384,177	-	-
Total business-type activities	48,350,410	54,506,462	2,971,279	2,810,751
Total primary government	\$ 136,231,025	\$ 60,587,397	\$ 8,516,501	\$ 3,280,837
Governmental component unit				
Downtown Development Authority	\$ 562,777	\$ -	\$ -	\$ -

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
 Impairment (loss)
 Miscellaneous revenue
 Transfers

Total general revenues and transfers**Change in net position**

Net position, beginning of year
 Prior-period adjustment (Note 1)
 Prior-period adjustment (Note 6)
 Net position, beginning of year, as restated
 Net position, end of year

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position			Component Unit
Primary Government			Downtown
Governmental Activities	Business-Type Activities	Total	Development Authority
\$ (14,534,603)	\$ -	\$ (14,534,603)	\$ -
(38,823,289)	-	(38,823,289)	-
(11,743,055)	-	(11,743,055)	-
(416,642)	-	(416,642)	-
(10,007,606)	-	(10,007,606)	-
(259,177)	-	(259,177)	-
(75,784,372)	-	(75,784,372)	-
-	3,011,722	3,011,722	-
-	3,623,743	3,623,743	-
-	6,219,654	6,219,654	-
-	(630,869)	(630,869)	-
-	(286,168)	(286,168)	-
-	11,938,082	11,938,082	-
(75,784,372)	11,938,082	(63,846,290)	-
-	-	-	(562,777)
8,558,423	-	8,558,423	349,118
51,714,173	-	51,714,173	-
4,906,402	-	4,906,402	-
1,543,777	-	1,543,777	-
5,860,605	-	5,860,605	296,667
2,673,834	1,626,266	4,300,100	7,426
119,120	-	119,120	-
352,110	(324,900)	27,210	-
(5,788,262)	-	(5,788,262)	-
1,995,197	-	1,995,197	8,984
704,119	(704,119)	-	-
72,639,498	597,247	73,236,745	662,195
(3,144,874)	12,535,329	9,390,455	99,418
226,034,536	340,206,832	566,241,368	1,443,125
243,788	-	243,788	-
(2,178,774)	-	(2,178,774)	-
224,099,550	340,206,832	564,306,382	1,443,125
\$ 220,954,676	\$ 352,742,161	\$ 573,696,837	\$ 1,542,543

CITY OF CHEYENNE, WYOMING

BALANCE SHEET –
GOVERNMENTAL FUNDS
June 30, 2020

	General Fund	One-Percent Sales Tax Fund	Capital Facilities Tax Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 1,840,653	\$ -	\$ -	\$ 1,999,876	\$ 3,840,529
Investments, at fair value	11,654,984	-	-	2,632,963	14,287,947
Cash and cash equivalents, restricted	734	5,420,758	494,028	607,698	6,523,218
Investments, at fair value, restricted	933,391	31,086,981	16,941,360	-	48,961,732
Receivables					
Accrued interest	-	103,582	72,533	-	176,115
Property tax	6,338,276	-	-	-	6,338,276
Customers	289,675	-	-	132,815	422,490
Due from other funds	1,895,635	-	-	419,718	2,315,353
Due from other governments	4,880,263	2,820,353	1,947,813	954,754	10,603,183
Prepaid items	49,517	30,823	-	2,251	82,591
Total assets	<u>\$ 27,883,128</u>	<u>\$ 39,462,497</u>	<u>\$ 19,455,734</u>	<u>\$ 6,750,075</u>	<u>\$ 93,551,434</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 2,563,178	\$ 1,771,289	\$ 2,355,263	\$ 999,923	\$ 7,689,653
Accrued interest	40,399	-	-	-	40,399
Accrued salaries, including vacation and sick leave	80,971	-	308	24,748	106,027
Due to other funds	-	-	-	263,000	263,000
Total liabilities	<u>2,684,548</u>	<u>1,771,289</u>	<u>2,355,571</u>	<u>1,287,671</u>	<u>8,099,079</u>
Deferred inflows of resources					
Unavailable revenues	<u>6,354,898</u>	<u>-</u>	<u>-</u>	<u>177,723</u>	<u>6,532,621</u>
Fund balances					
Nonspendable	55,586	30,823	-	2,251	88,660
Restricted	934,125	37,660,385	17,100,163	2,544,275	58,238,948
Committed	2,983,482	-	-	2,706,394	5,689,876
Assigned	1,514,383	-	-	35,213	1,549,596
Unassigned	13,356,106	-	-	(3,452)	13,352,654
Total fund balances	<u>18,843,682</u>	<u>37,691,208</u>	<u>17,100,163</u>	<u>5,284,681</u>	<u>78,919,734</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 27,883,128</u>	<u>\$ 39,462,497</u>	<u>\$ 19,455,734</u>	<u>\$ 6,750,075</u>	<u>\$ 93,551,434</u>

See Notes to Financial Statements.

CITY OF CHEYENNE, WYOMING

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

June 30, 2020

Total fund balances - governmental funds	\$ 78,919,734
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.	268,495,039
Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	306,953
Assets related to net investment in direct financing lease are not available to pay for current period expenditures and, therefore, are not reported in the funds.	3,472,724
Long-term liabilities for compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(4,463,325)
Pension and OPEB plan accounts, such as deferred inflows/outflows of resources, net pension liability, and OPEB liability, are not receivable or payable in the current period and, therefore, are not reported in the funds.	
Net pension liability	(101,609,369)
Net OPEB liability	(5,655,229)
Deferred outflows of resources	12,527,243
Deferred inflows of resources	(20,664,087)
Long-term liabilities, including loans and bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	
Wyoming Business Council loan/grant	(4,108,603)
Bonds payable	(6,260,420)
Capital lease	(621,527)
Deferred charge on refunding	169,973
Previously owed portions of the Wyoming Business Council loan/grant reported as accounts payable in the funds but removed from accounts payable on the government-wide level.	272,103
An Internal Service Fund is used by management to charge the costs of certain activities to individual funds. The assets and liabilities of this Internal Service Fund are allocated 50% to governmental activities based on usage in the Statement of Net Position.	173,467
Net position of governmental activities	\$ 220,954,676

See Notes to Financial Statements.

CITY OF CHEYENNE, WYOMING

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS**
Year Ended June 30, 2020

	General Fund	One-Percent Sales Tax Fund	Capital Facilities Tax Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Taxes and special assessments	\$ 12,312,288	\$ -	\$ -	\$ 2,776	\$ 12,315,064
Licenses and permits	2,498,933	-	-	-	2,498,933
Intergovernmental	33,070,235	16,421,742	11,309,840	5,497,268	66,299,085
Charges for services	1,616,256	-	-	1,285,461	2,901,717
Fines and forfeitures	680,285	-	-	-	680,285
Investment income	644,621	1,092,808	863,739	72,666	2,673,834
Miscellaneous	1,754,440	-	-	812,631	2,567,071
Total revenues	<u>52,577,058</u>	<u>17,514,550</u>	<u>12,173,579</u>	<u>7,670,802</u>	<u>89,935,989</u>
Expenditures					
Current					
General government	14,588,832	-	23,844	476,405	15,089,081
Public safety	25,211,148	75,073	-	935,683	26,221,904
Public works	4,002,184	1,669,470	-	2,715,284	8,386,938
Health and welfare	-	679,262	-	1,249,844	1,929,106
Recreation	7,224,894	302,892	409,508	1,189,087	9,126,381
Capital outlay	4,824,694	8,408,974	15,979,721	1,158,851	30,372,240
Debt service					
Principal retirements	500,000	188,515	-	617,443	1,305,958
Interest payments	170,376	38,839	-	23,847	233,062
Total expenditures	<u>56,522,128</u>	<u>11,363,025</u>	<u>16,413,073</u>	<u>8,366,444</u>	<u>92,664,670</u>
Excess (deficiency) of revenues over expenditures	<u>(3,945,070)</u>	<u>6,151,525</u>	<u>(4,239,494)</u>	<u>(695,642)</u>	<u>(2,728,681)</u>
Other Financing Sources (Uses)					
Transfers in	1,565,937	-	-	885,903	2,451,840
Transfers out	(1,614,092)	(60,909)	(6,146)	(56,304)	(1,737,451)
Insurance proceeds	119,120	-	-	-	119,120
Proceeds from sales of assets	10,740	-	-	571,570	582,310
Total other financing sources (uses)	<u>81,705</u>	<u>(60,909)</u>	<u>(6,146)</u>	<u>1,401,169</u>	<u>1,415,819</u>
Net change in fund balances	<u>(3,863,365)</u>	<u>6,090,616</u>	<u>(4,245,640)</u>	<u>705,527</u>	<u>(1,312,862)</u>
Fund Balances, beginning of year	22,707,047	31,600,592	21,345,803	4,335,366	79,988,808
Prior-period adjustment to properly record a loan/grant payable	-	-	-	243,788	243,788
Fund Balances, beginning of year, as restated	<u>22,707,047</u>	<u>31,600,592</u>	<u>21,345,803</u>	<u>4,579,154</u>	<u>80,232,596</u>
Fund Balances, end of year	<u>\$ 18,843,682</u>	<u>\$ 37,691,208</u>	<u>\$ 17,100,163</u>	<u>\$ 5,284,681</u>	<u>\$ 78,919,734</u>

See Notes to Financial Statements.

CITY OF CHEYENNE, WYOMING

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES Year Ended June 30, 2020

Net change in fund balances - total governmental funds	\$ (1,312,862)
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

Capital outlay	29,073,915
Depreciation expense	(10,999,287)
Disposal of assets	(7,314,024)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	33,709
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Expenses for accrued absences reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	549,305
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The change in the defined benefit pension and OPEB liability and pension and OPEB-related outflows and inflows are not reported in the governmental funds. This is the net effect of the change in these balances in the Statement of Net Position.	(13,729,676)
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the Statement of Activities. This amount is the net effect of the differences in the treatment of long-term debt and related items.	1,007,740
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Receipts related to net investment in direct financing lease provide current financial resources to governmental funds. However, these receipts do not have an effect on net position.	(621,044)
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Previously owed portions of the Wyoming Business Council loan/grant reported as principal retirements in the funds but removed from principal retirements on the government-wide level.	272,103
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The Internal Service Fund is accounted for as a proprietary fund; therefore, it is not included in the governmental funds.	(104,753)
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Change in net position of governmental activities	\$ (3,144,874)
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See Notes to Financial Statements.

CITY OF CHEYENNE, WYOMING

STATEMENT OF NET POSITION –
PROPRIETARY FUNDS

June 30, 2020

	Business-Type Activities					Internal Service Fund
	Enterprise Funds				Totals	
	Waterworks Fund	Sewer Fund	Solid Waste Fund	Other Proprietary Funds		
ASSETS						
Current assets						
Cash and cash equivalents	\$ 2,425,119	\$ 638,240	\$ 1,905,312	\$ 4,010	\$ 4,972,681	\$ 301,222
Investments, at fair value	25,219,671	16,036,344	20,775,699	-	62,031,714	-
Restricted assets						
Cash and cash equivalents	238,759	-	-	-	238,759	-
Due from other governments	69,332	-	-	-	69,332	1,209
City of Cheyenne sanitation account	2,106,882	-	-	-	2,106,882	-
Receivables						
Accrued interest	18,181	11,560	40,894	-	70,635	-
Accounts, customers	1,296,890	825,018	79,002	-	2,200,910	-
Estimated unbilled usage	2,102,814	885,087	-	-	2,987,901	-
Due from other funds	-	-	2,345,642	-	2,345,642	29,458
Inventories	439,976	24,338	-	-	464,314	203,193
Prepaid expenses	591	-	5,207	-	5,798	-
Total current assets	33,918,215	18,420,587	25,151,756	4,010	77,494,568	535,082
Noncurrent assets						
Capital assets						
Land	4,587,691	545,003	6,512,000	243,923	11,888,617	312,500
Utility plant in service	419,849,990	155,887,873	1,477,356	-	577,215,219	-
Water rights	1,797,968	-	-	-	1,797,968	-
Machinery and equipment	519,500	171,840	7,917,728	826,112	9,435,180	437,496
Transportation equipment	2,660,831	867,881	9,309,029	35,086	12,872,827	538,066
Buildings and improvements	6,425,936	2,158,201	18,308,635	6,849,621	33,742,393	882,294
Office furniture and equipment	991,707	345,761	214,692	155,580	1,707,740	5,909
Construction in progress	6,921,816	3,712,798	655,303	-	11,289,917	-
Accumulated depreciation	(204,432,705)	(71,873,676)	(12,736,354)	(5,499,886)	(294,542,621)	(1,644,247)
Total noncurrent assets	239,322,734	91,815,681	31,658,389	2,610,436	365,407,240	532,018
Total assets	273,240,949	110,236,268	56,810,145	2,614,446	442,901,808	1,067,100
DEFERRED OUTFLOWS OF RESOURCES	959,416	233,256	410,440	-	1,603,112	-

Continued

CITY OF CHEYENNE, WYOMING

STATEMENT OF NET POSITION –
PROPRIETARY FUNDS, *Continued*

June 30, 2020

	Business-Type Activities					Internal Service Fund
	Enterprise Funds				Totals	
	Waterworks Fund	Sewer Fund	Solid Waste Fund	Other Proprietary Funds		
LIABILITIES						
Current liabilities						
Accounts payable	\$ 762,665	\$ 669,730	\$ 426,675	\$ 25,784	\$ 1,884,854	\$ 188,148
Accrued interest	192,696	254,521	-	-	447,217	-
Unearned revenue	-	-	-	557	557	-
Due to other funds	2,528,191	269,262	-	1,630,000	4,427,453	-
Unearned fees and deposits	1,675,842	360,448	-	-	2,036,290	-
Accrued salaries, including vacation and sick leave	317,162	212,475	240,343	26,621	796,601	78,948
Current portion of capital leases	-	-	1,154,458	-	1,154,458	-
Current portion of general obligation and loan debt	2,229,873	2,894,911	-	-	5,124,784	-
Total current liabilities	7,706,429	4,661,347	1,821,476	1,682,962	15,872,214	267,096
Noncurrent liabilities						
Accrued compensated absences	584,790	393,991	121,364	6,814	1,106,959	38,774
Landfill closure and post-closure costs	-	-	8,690,962	-	8,690,962	-
Net pension liability	7,417,535	2,472,512	3,668,525	-	13,558,572	-
Capital leases, net of current portion	-	-	1,062,754	-	1,062,754	-
General obligation and loan debt, unamortized bond premium, net of current portion	22,580,037	26,986,737	-	-	49,566,774	-
Total noncurrent liabilities	30,582,362	29,853,240	13,543,605	6,814	73,986,021	38,774
Total liabilities	38,288,791	34,514,587	15,365,081	1,689,776	89,858,235	305,870
DEFERRED INFLOWS OF RESOURCES	1,243,421	414,473	627,245	-	2,285,139	-
NET POSITION						
Net investment in capital assets	214,128,568	61,120,803	29,417,587	2,610,436	307,277,394	532,018
Restricted for debt service and capital improvements	500,000	-	-	-	500,000	-
Unrestricted	20,039,585	14,419,661	11,810,672	(1,685,766)	44,584,152	229,212
Total net position	\$ 234,668,153	\$ 75,540,464	\$ 41,228,259	\$ 924,670	352,361,546	\$ 761,230
Adjustment to report the portion of the internal balance for the net effect of the activity between the Internal Service Fund and the enterprise funds over time					380,615	
Net position of business-type activities					\$ 352,742,161	

See Notes to Financial Statements.

CITY OF CHEYENNE, WYOMING

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION –
PROPRIETARY FUNDS
Year Ended June 30, 2020

	Business-Type Activities					
	Enterprise Funds					
	Waterworks Fund	Sewer Fund	Solid Waste Fund	Other Proprietary Funds	Totals	Internal Service Fund
Operating Revenues						
Sales and charges for services	\$ 21,236,291	\$ 13,307,490	\$ 17,409,345	\$ 1,426,958	\$ 53,380,084	\$ 3,601,569
Fees and miscellaneous	354,521	414,857	261,347	95,653	1,126,378	123
Total operating revenues	<u>21,590,812</u>	<u>13,722,347</u>	<u>17,670,692</u>	<u>1,522,611</u>	<u>54,506,462</u>	<u>3,601,692</u>
Operating Expenses						
Waterworks	13,295,974	-	-	-	13,295,974	-
Sewer	-	6,654,307	-	-	6,654,307	-
Sanitation collection	-	-	6,722,718	-	6,722,718	-
Recycling/compost	-	-	1,024,338	-	1,024,338	-
Landfill	-	-	1,534,300	-	1,534,300	-
Belvoir Ranch	-	-	206,375	-	206,375	-
Fleet maintenance	-	-	-	-	-	3,774,992
Culture and recreation	-	-	-	2,203,033	2,203,033	-
Depreciation	9,162,818	3,922,491	1,781,835	236,615	15,103,759	48,804
Total operating expenses	<u>22,458,792</u>	<u>10,576,798</u>	<u>11,269,566</u>	<u>2,439,648</u>	<u>46,744,804</u>	<u>3,823,796</u>
Operating income (loss)	<u>(867,980)</u>	<u>3,145,549</u>	<u>6,401,126</u>	<u>(917,037)</u>	<u>7,761,658</u>	<u>(222,104)</u>
Nonoperating Income (Expenses)						
Gain (loss) on sale of assets	-	-	(519,455)	194,555	(324,900)	-
System development fees	2,431,107	540,172	-	-	2,971,279	-
Investment income						
Interest income	439,395	244,596	372,683	-	1,056,674	191
Net increase in fair value of investments	115,110	73,595	380,887	-	569,592	-
Interest expense	(647,767)	(776,367)	(70,516)	-	(1,494,650)	-
Total nonoperating income	<u>2,337,845</u>	<u>81,996</u>	<u>163,599</u>	<u>194,555</u>	<u>2,777,995</u>	<u>191</u>
Income (loss) before contributions and transfers	<u>1,469,865</u>	<u>3,227,545</u>	<u>6,564,725</u>	<u>(722,482)</u>	<u>10,539,653</u>	<u>(221,913)</u>
Donated Utilities and Other Assets	2,096,362	714,389	-	-	2,810,751	-
Transfers In	-	-	-	200,000	200,000	-
Transfers Out	-	-	(884,313)	(9,536)	(893,849)	(20,540)
Change in net position	<u>3,566,227</u>	<u>3,941,934</u>	<u>5,680,412</u>	<u>(532,018)</u>	<u>12,656,555</u>	<u>(242,453)</u>
Net Position, beginning of year	<u>231,101,926</u>	<u>71,598,530</u>	<u>35,547,847</u>	<u>1,456,688</u>		<u>1,003,683</u>
Net Position, end of year	<u>\$ 234,668,153</u>	<u>\$ 75,540,464</u>	<u>\$ 41,228,259</u>	<u>\$ 924,670</u>		<u>\$ 761,230</u>
Adjustment to report the portion of the internal balance for the net effect of the activity between the Internal Service Fund and the enterprise funds over time					(121,226)	
Change in net position of business-type activities					<u>\$ 12,535,329</u>	

See Notes to Financial Statements.

CITY OF CHEYENNE, WYOMING

STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS
 Year Ended June 30, 2020

	Business-Type Activities					
	Enterprise Funds					
	Waterworks Fund	Sewer Fund	Solid Waste Fund	Other Proprietary Funds	Totals	Internal Service Fund
Cash Flows from Operating Activities						
Cash received from customers	\$ 20,298,243	\$ 13,915,089	\$ 17,694,447	\$ 1,499,158	\$ 53,406,937	\$ 3,604,975
Cash payments to suppliers	(4,625,901)	(2,179,390)	(4,829,115)	(1,352,918)	(12,987,324)	(2,472,171)
Cash payments to employees	(8,364,264)	(4,513,094)	(5,182,586)	(899,793)	(18,959,737)	(1,237,835)
Change in City sanitation account	91,666	-	-	-	91,666	-
Net cash provided by (used in) operating activities	7,399,744	7,222,605	7,682,746	(753,553)	21,551,542	(105,031)
Cash Flows from Noncapital Financing Activities						
Proceeds from amounts due to other funds	-	-	-	470,000	470,000	-
Proceeds from amounts due from other funds	-	-	-	-	-	16,747
Advances to other funds	-	-	(54,157)	(197,000)	(251,157)	-
Transfers to other funds	-	-	(884,313)	(9,536)	(893,849)	(20,540)
Transfers from other funds	-	-	-	200,000	200,000	-
Net cash provided by (used in) noncapital financing activities	-	-	(938,470)	463,464	(475,006)	(3,793)
Cash Flows from Capital and Related Financing Activities						
System development fees	2,000,560	485,320	-	-	2,485,880	-
Proceeds from issuance of debt	59,022	-	-	-	59,022	-
Acquisition and construction of capital assets	(5,701,420)	(3,883,706)	(1,072,829)	-	(10,657,955)	(14,675)
Principal paid on revenue bonds and loan debt maturities	(6,621,814)	(2,824,496)	(644,781)	-	(10,091,091)	-
Proceeds from sale of capital assets	-	-	-	292,875	292,875	-
Interest paid on debt	(699,873)	(993,520)	(70,516)	-	(1,763,909)	-
Net cash provided by (used in) capital and related financing activities	(10,963,525)	(7,216,402)	(1,788,126)	292,875	(19,675,178)	(14,675)
Cash Flows from Investing Activities						
Interest on cash accounts and investments	555,006	317,176	357,462	-	1,229,644	191
Redemption of investments	3,554,106	1,164,500	-	1,357,000	6,075,606	-
Purchase of investments	-	(3,027,967)	(8,494,873)	-	(11,522,840)	-
Net cash provided by (used in) investing activities	4,109,112	(1,546,291)	(8,137,411)	1,357,000	(4,217,590)	191
Net increase (decrease) in cash and cash equivalents	545,331	(1,540,088)	(3,181,261)	1,359,786	(2,816,232)	(123,308)
Cash and Cash Equivalents, beginning of year	2,118,547	2,178,328	5,086,573	(1,355,776)	8,027,672	424,530
Cash and Cash Equivalents, end of year	<u>\$ 2,663,878</u>	<u>\$ 638,240</u>	<u>\$ 1,905,312</u>	<u>\$ 4,010</u>	<u>\$ 5,211,440</u>	<u>\$ 301,222</u>

Continued

CITY OF CHEYENNE, WYOMING

STATEMENT OF CASH FLOWS –
PROPRIETARY FUNDS, *Continued*

Year Ended June 30, 2020

	Business-Type Activities					Totals	Internal Service Fund
	Enterprise Funds						
	Waterworks Fund	Sewer Fund	Solid Waste Fund	Other Proprietary Funds			
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities							
Operating income (loss)	\$ (867,980)	\$ 3,145,549	\$ 6,401,126	\$ (917,037)	\$ 7,761,658	\$ (222,104)	
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities							
Depreciation	9,162,818	3,922,491	1,781,835	236,615	15,103,759	48,804	
Pension liability	(2,124,602)	(708,201)	(648,194)	-	(3,480,997)	-	
Deferred outflow - pension	1,712,043	570,681	658,640	-	2,941,364	-	
Deferred inflow - pension	1,007,601	335,867	520,044	-	1,863,512	-	
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities							
Receivables	(1,292,569)	192,742	23,753	5,479	(1,070,595)	3,283	
Inventory	8,132	988	-	-	9,120	24,025	
Prepaid expenses	-	-	(5,207)	-	(5,207)	-	
Accounts payable	(16,818)	(75,365)	(1,337,614)	(29,437)	(1,459,234)	41,626	
Due to other funds	(123,369)	(57,139)	-	-	(180,508)	-	
Landfill closure and post-closure costs	-	-	320,592	-	320,592	-	
City sanitation account	91,666	-	-	-	91,666	-	
Accrued salaries, including vacation and sick leave	(157,178)	(105,008)	(32,229)	(20,241)	(314,656)	(665)	
Unearned revenue	-	-	-	(28,932)	(28,932)	-	
Net cash provided by (used in) operating activities	\$ 7,399,744	\$ 7,222,605	\$ 7,682,746	\$ (753,553)	\$ 21,551,542	\$ (105,031)	
Noncash Investing, Capital and Noncapital Financing Activities							
Amortization of deferred refunding loss and debt premiums	\$ (43,624)	\$ -	\$ -	\$ -	\$ (43,624)	\$ -	
Donated asset acquisitions	2,096,362	714,389	-	-	2,810,751	-	
Change in fair value of investments	115,110	73,595	-	-	188,705	-	
Purchase of capital assets in accounts payable	643,903	813,230	23,590	-	1,480,723	-	

See Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 1. Reporting Entity and Significant Accounting Policies

Reporting entity: The City of Cheyenne, Wyoming (the “City” or the “City of Cheyenne”) is a municipal corporation governed by an elected mayor and nine elected City Council members. The accompanying financial statements present the government and its component unit. As required by accounting principles generally accepted in the United States of America, these financial statements include all of the governmental activities and business-type activities relevant to the operations of the City. The accompanying financial statements of the City are to include those separately administered organizations for which the elected officials of the City are financially accountable or those that it would be misleading to exclude. Financial accountability is determined based on the appointment of a voting majority of the governing board and either the City’s ability to impose its will, or the presence of a potential financial benefit or burden to the City. The City of Cheyenne’s Board of Public Utilities (the “Board”) is not a separate legal entity; as such, the Board’s information is reported as proprietary funds of the City. The Board’s finances are overseen by a finance department separate from the management of the City’s other funds. The Board also issues standalone audited financial statements for the waterworks and sewer funds. Additional inquiries regarding the Board or its standalone audited financial statements may be directed to the Board of Public Utilities, Administration Manager, 2416 Snyder Avenue, Cheyenne, Wyoming 82001.

Discretely presented component unit: The Cheyenne Downtown Development Authority (the “DDA”) was established to account for all the revenues and those expenditures associated with the activities of developing the City’s downtown area. The DDA primarily serves the citizens and businesses of the City of Cheyenne, and is dependent upon revenue from property tax assessments and funding from the City of Cheyenne. Due to the nature and significance of its relationship with the City, the exclusion of the DDA would render the financial statements of the City incomplete or misleading. Additional inquiries regarding the DDA may be directed to the Cheyenne Downtown Development Authority, 109 W. 17th Street, Cheyenne, Wyoming 82001. No separate financial statements for the DDA are available.

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

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

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

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

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

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Separate fund financial statements are provided for governmental and proprietary funds. Major individual governmental funds, major individual enterprise funds, and the Internal Service Fund are reported as separate columns in the fund financial statements.

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

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

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

The City reports the following major governmental funds:

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

The *One-Percent Sales Tax Fund* accounts for the City's share of revenue received and expenditures made with the general-purpose optional 1% sales tax approved by the voters.

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

The City reports the following major proprietary funds:

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

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

The *Solid Waste Fund* accounts for the operation of all solid waste activities, including collection and disposal, as mandated by Federal and State regulations, and accumulates 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.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

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 used to account for the operations of the Civic Center and the Ice and Events Center.

The *Internal Service Fund* accounts for fleet management services provided to other departments, or to other governments, on a cost reimbursement basis. Based on the usage of the Internal Service Fund, its activity is allocated half to governmental activities and half to business-type activities in the Statement of Net Position and the Statement of Activities.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Waterworks, Sewer, Solid Waste, Civic Center, and Ice and Events Center enterprise funds, and the City's Internal Service Fund, are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and the Internal Service Fund include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as 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 end of the fiscal year. For purposes of the Statement of Cash Flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. The City also has investments in the Wyoming Government Investment Fund ("WGIF"), which are reported as cash equivalents due to the City's ability to withdraw funds at any time without restriction. Interest earned is allocated among the various funds based on the average monthly outstanding balance in the consolidated bank account. Accrued interest is shown separately on the Statement of Net Position and 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.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Investments, which consist of certificates of deposit, money market certificates, mortgage-backed securities, government securities and the State Treasurer's Investment Pools (WYO-STAR I and WYO-STAR II, collectively "WYO-STAR") are reported at fair value at June 30, 2020. The City's non-negotiable certificates of deposit are reported at cost. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. As of June 30, 2020, the City had recurring fair value measurements of mortgage-backed securities and government securities in the amount of \$41,667,333, which are valued using a matrix pricing model and the market approach (Level 2 inputs). The City also had recurring fair value measurements of negotiable certificates of deposit in the amount of \$5,068,485, which are valued using a matrix pricing model and the market approach (Level 2 inputs).

A significant portion of the City's investment activity, except for funds that are required to maintain their investments separately, is conducted in the WYO-STAR pooled investment accounts with the Wyoming State Treasurer's office. WYO-STAR operates in accordance with appropriate State laws and regulations. The City considers fair value measurements as of June 30, 2020 for WYO-STAR to be completed by the pool using the matrix pricing model and the market approach (Level 2 inputs).

Receivables and payables: Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the noncurrent 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 \$253,012 at June 30, 2020.

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

The City is permitted by Wyoming State Statutes to levy up to eight mills of the assessed valuation, except for the payment of public debt and the interest thereon. The combined tax rate to finance general governmental services other than the payment of principal and interest on long-term debt for the year ended June 30, 2020 was eight mills, which means the City has no available tax margin and, accordingly, cannot raise any additional property taxes.

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

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

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

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's sanitation, as well as amounts due from the State of Wyoming on requested loan advances, are also deemed restricted. In addition, cash required to be set aside for the repair and maintenance of capital assets that were funded by the State of Wyoming loans are deemed restricted.

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

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

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

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

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

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

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

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Impairments: The City evaluates prominent events or changes in circumstances that affect capital assets to determine whether impairment of a capital asset has occurred. Such events or changes in circumstances that may be indicative of impairment include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or evidence of obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. The City will consider an asset impaired if both the decline in service utility of the capital asset is large in magnitude and the event or change in circumstance is outside the normal life cycle of the capital asset. The City will recognize the impairment loss when the City considers a capital asset impaired, and will recognize the capital asset at the lower of the carrying value or fair value.

During the year ended June 30, 2020, the value of certain pieces of land owned by the City was impaired. This resulted in an impairment loss of \$5,788,262. The impaired land was subsequently traded and is no longer owned by the City.

Compensated absences: City employees, other than employees of the Board, earn vacation leave at the following rates:

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

Employees may accumulate up to 240 hours of vacation. Accumulated vacation leave in excess of 240 hours shall be deemed forfeited at the end of the December pay period. Sick leave accrues at the rate of 10 hours per month and employees may accumulate unlimited hours of sick leave (unless hired after July 1, 2015 and are, therefore, entitled to accumulate 520 hours of sick leave) but upon termination are only paid up to one-half of the accrued sick leave, not to exceed 240 hours of sick leave. Nonexempt full-time employees of the City may earn up to 80 hours of compensatory time in lieu of overtime wages. Compensatory time is earned at one-and-one-half hours for time worked in excess of 40 hours in a 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 one-and-one-half hours for time worked in excess of 40 hours in a workweek and for call-back hours. The maximum accumulation of compensatory time is 120 hours. A full-time or part-time exempt employee may earn administrative time at a rate of one-for-one for hours worked above 40 in a workweek, up to a maximum of 120 hours. Upon termination, an employee is paid for his or her accrued unused compensatory or administrative time, not to exceed 120 hours. Payment is calculated using the rate of pay at the time of termination.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

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

1. *Nonspendable fund balance:* This classification reflects the portion of net resources that is inherently nonspendable because of its form or because it must be maintained intact, which for the City includes prepaid items, inventories, and the long-term portion of annexation loans in the General Fund.
2. *Restricted fund balance:* The portion of fund balance for which there are legally enforceable restrictions on use, either by limitations imposed 1) by creditors, grantors, contributors, or laws and regulations of other governments; or 2) by laws representing amounts constrained to a specific purpose by their providers, through constructional provisions, or by enabling legislation.
3. *Committed fund balance:* The portion of net resources for which there are self-imposed limitations enacted by the City Council that 1) require formal action at the same level to remove; and 2) are set in place prior to the end of the period. Commitments may be established, modified, or rescinded through motion action enacted by the City Council.
4. *Assigned fund balance:* This classification reflects the portion of fund balance for which there are limitations that result from intended use established by the City Council or the Mayor. The City's policy delegates to the City Treasurer the authority to assign unrestricted fund balance amounts.
5. *Unassigned fund balance:* The portion of net resources that is residual after nonspendable, restricted, committed, and assigned amounts have been determined.

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

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

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

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

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

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

General Fund	
Assigned	\$ 345,481
One-Percent Sales Tax Fund	
Restricted	2,477,561
Other Governmental Funds	
Restricted	282,110
Total encumbrances	\$ 3,105,152

Deferred outflows/inflows of resources: In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period and, thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has recognized deferred outflows of resources in the government-wide financial statements in accordance with presentation requirements for Governmental Accounting Standards Board ("GASB") Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, as amended, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as amended. The City and the Board also recognize a deferred outflow of resources for the loss on refunding, which is amortized over the life of the related debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has recognized deferred inflows of resources in the government-wide financial statements in accordance with presentation requirements for GASB Statement No. 68 and GASB Statement No. 75, as well as unavailable property taxes. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

Postemployment benefits other than pensions ("OPEB"): The total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense associated with the City of Cheyenne Retiree Health Care Plan have been actuarially determined. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Prior-period adjustment – fund balance: A prior-period adjustment was posted during the year ended June 30, 2020 to correct the beginning fund balance for prior-year account balances relating to a loan/grant payable. This was related to conflicting information from the granting agency as to the repayment requirements. During the fiscal year ended June 30, 2020, the City received information that confirmed the repayment requirements.

Note 2. Stewardship, Compliance, and Accountability

Fund deficit: The following funds had a deficit balance at June 30, 2020:

<u>Fund</u>	<u>Deficit Balance</u>
Miscellaneous Federal Grants	\$ (3,452)
Civic Center	(1,091,859)

The fund deficit in Miscellaneous Federal Grants is due to retainage liabilities that do not qualify for reimbursement until the liability is actually paid in a future year.

The fund deficit for the Civic Center is due to the reorganization of the Civic Center. In fiscal year 2018, it moved from the Mayor's Department to the Community Recreation and Events ("CRE") Department. Under previous Civic Center leadership, the facility played host to an average of eight performances a year, in addition to a few rentals from outside promoters and outside organizations. CRE developed a strategy to change the facility operations to diversify programming and audiences, and offer a wider variety of events. This strategy was implemented in fiscal year 2019 but still resulted in a net loss. During the first six months of fiscal year 2020, the Civic Center saw an improvement with a net loss that was significantly less compared to the same period in fiscal year 2019. However, once the COVID-19 pandemic began and the facility closed in March 2020 for the remainder of the fiscal year, the net loss grew to a total of \$516,719 for fiscal year 2020.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Fund balance specific-purpose details: The following table outlines the specific-purpose details for governmental fund balances of the City:

	General	Special Revenue	Capital Projects	Permanent	Total
Fund Balances					
Nonspendable					
Prepaid items	\$ 49,517	\$ 2,251	\$ 30,823	\$ -	\$ 82,591
Long-term notes receivable	6,069	-	-	-	6,069
Restricted					
Bond ordinances	934,125	-	-	-	934,125
Weed and Pest programs	-	565,929	-	-	565,929
Capital projects	-	-	54,762,526	-	54,762,526
Cemetery projects	-	-	-	791,162	791,162
Juvenile justice programs	-	191,476	-	-	191,476
Grants	-	614,278	-	-	614,278
Housing programs	-	289,362	-	-	289,362
Youth programs	-	90,090	-	-	90,090
Committed					
Capital projects	2,983,482	567,949	1,088,706	-	4,640,137
Annexation improvements	-	240,875	-	-	240,875
Youth and recreation programs	-	808,864	-	-	808,864
Assigned					
Agency accounts	1,197,524	-	-	-	1,197,524
Deficit fund balance coverage	316,859	-	-	-	316,859
Youth programs	-	-	35,213	-	35,213
Unassigned	13,356,106	(3,452)	-	-	13,352,654
Total	\$ 18,843,682	\$ 3,367,622	\$ 55,917,268	\$ 791,162	\$ 78,919,734

Note 3. Cash, Cash Equivalents, and Investments

Investments authorized by the City's investment policy: The City follows the guidelines set forth in Wyoming State Statute 9-4-831 as it relates to the investment of public funds. The City's investment policy requires investments to comply with Wyoming State Statutes, which generally allow the City to invest in U.S., State, and local government securities and accounts of any bank and savings associations that 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. Wyoming State Statutes require that the City's and the Board's deposits in excess of the Federal depository insurance must be collateralized. As of June 30, 2020, the deposits of the City and the Board were fully insured and collateralized as required by Wyoming State Statutes. The deposits of the component unit of the City were fully insured and collateralized at June 30, 2020. In addition to the applicable Wyoming State Statutes, the City's and the Board's policies require all deposits to be collateralized at 105% of the amount invested, including accrued interest, to further reduce their exposure to custodial credit risk.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

For an investment, this is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the City and the Board will not be able to recover the value of their investments or collateral securities that are in the possession of an outside party. Wyoming State Statutes limit the type of investments the City and the Board can use. Wyoming State Statutes limit investments primarily to securities issued or guaranteed by the U.S. Treasury or agencies of the U.S. government, thereby reducing the City's and the Board's exposure to custodial credit risk for their investments. As of June 30, 2020, all investment securities were held by the City's and the Board's custodians and registered in the City's or the Board's name.

Concentration of credit risk: The City's investment policy states that, with the exception of U.S. Treasury securities, obligations, 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, 2020. The City held \$10,868,947 or 12.9% of its portfolio in Federal National Mortgage Association ("FNMA") Pools and \$3,448,979 or 4.1% of its portfolio in FNMA as of June 30, 2020. The Board's policy does not allow more than 50% of the total investment portfolio to be invested in any one single security type or more than 5% in any one single obligor with the exception of funds held in WYO-STAR. Therefore, no further disclosure regarding concentrations of credit risk is required.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The City's investments are held in external pooled investment accounts, bank certificates of deposit, and accounts managed by an investment manager, and as a means of limiting its exposure to fair value losses arising from rising interest rates, the City attempts to match its investment maturities to expected cash flow needs. Unless matched to a specified cash flow, the City's policy is to maintain a weighted-average life of less than seven years. The Board's investment portfolio shall have a minimum level of three months of budgeted operating expenditures in short-term investments to be maintained to provide sufficient liquidity for expected disbursements. At June 30, 2020, the Board's investments met this policy. With this investment focus, investments are expected to reach maturity with limited gains and losses.

The maturities and applicable interest rates of the City's and the Board's investments are displayed in the following interest rate risk table:

Investment Type	Fair Value	Interest Rate	Investment Maturities in Years			
			Less Than 1	1-5	6-10	More Than 10
Certificates of deposit	\$ 5,068,485	0.45% - 3.05%	\$ 1,429,805	\$ 3,638,680	\$ -	\$ -
U.S. government securities	17,737,951	0.13% - 3.38%	-	14,797,716	2,042,440	897,795
U.S. agencies	23,929,382	0.25% - 6.50%	584,848	20,629,491	283,918	2,431,125
State Treasurer's Investment Pool						
WYO-STAR I	70,045,186	2.25%	70,045,186	-	-	-
WYO-STAR II	8,500,391	3.19%	8,500,391	-	-	-
WGIF	3,326	0.36%	3,326	-	-	-
Government mutual funds	732		732	-	-	-
	<u>\$ 125,285,453</u>		<u>\$ 80,564,288</u>	<u>\$ 39,065,887</u>	<u>\$ 2,326,358</u>	<u>\$ 3,328,920</u>

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City's and the Board's investment policies do not contain any specific provisions intended to limit the City's or the Board's exposure to credit risk. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. Under investment agreements with WYO-STAR and WGIF, the City and the Board have invested monies at a variable and fixed contract rate of interest, respectively. There is no rating available for the WYO-STAR investments; however, under Wyoming State Statutes, underlying providers are required to have the highest rating from at least one of the nationally recognized statistical rating organizations. The WGIF investment received a AAA rating by Standard & Poor's. State law does not allow governments to invest in corporate bonds, stocks, or mutual funds, and limits investments in commercial paper to short-term maturities (not greater than 270 days) and to top ratings issued by nationally recognized statistical rating organizations (Moody's and Standard & Poor's). Obligations of the U.S. government and obligations specifically guaranteed are backed by the full faith and credit of the U.S. government. Of the investments in U.S. agencies, \$5,740,552 were rated AAA by Moody's and \$18,188,830 were not rated. The City's investments in the governmental mutual funds were not rated.

Note 4. Capital Assets

Governmental capital asset activity for the year ended June 30, 2020 was as follows:

	Balance July 1, 2019	Additions	Retirements and Transfers	Balance June 30, 2020
Capital assets, not being depreciated:				
Land	\$ 17,637,922	\$ 1,295,562	\$ (7,083,824)	\$ 11,849,660
Construction in progress	17,520,428	25,564,504	(8,849,578)	34,235,354
Total capital assets, not being depreciated	35,158,350	26,860,066	(15,933,402)	46,085,014
Capital assets, being depreciated:				
Buildings and improvements	122,804,637	621,882	(453,067)	122,973,452
Machinery and equipment	15,275,586	1,508,718	(778,159)	16,006,145
Transportation equipment	23,117,618	698,485	(779,443)	23,036,660
Office furniture and equipment	3,742,351	211,147	(28,846)	3,924,652
Infrastructure	223,886,996	8,023,195	-	231,910,191
Total capital assets, being depreciated	388,827,188	11,063,427	(2,039,515)	397,851,100
Less accumulated depreciation for:				
Buildings and improvements	38,669,632	3,789,000	(373,475)	42,085,157
Machinery and equipment	8,202,441	975,947	(633,070)	8,545,318
Transportation equipment	16,513,948	1,425,674	(776,324)	17,163,298
Office furniture and equipment	2,434,273	448,416	(26,446)	2,856,243
Infrastructure	100,430,809	4,360,250	-	104,791,059
Total accumulated depreciation	166,251,103	10,999,287	(1,809,315)	175,441,075
Total capital assets being depreciated, net	222,576,085	64,140	(230,200)	222,410,025
Governmental activities, capital assets, net	\$ 257,734,435	\$ 26,924,206	\$ (16,163,602)	\$ 268,495,039

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Business-type capital asset activity for the year ended June 30, 2020 was as follows:

	Balance July 1, 2019	Additions	Retirements and Transfers	Balance June 30, 2020
Capital assets, not being depreciated				
Land	\$ 12,143,187	\$ -	\$ (98,320)	\$ 12,044,867
Water rights	1,797,968	-	-	1,797,968
Construction in progress	4,918,976	7,916,830	(1,545,889)	11,289,917
Total capital assets, not being depreciated	18,860,131	7,916,830	(1,644,209)	25,132,752
Capital assets, being depreciated:				
Utility plant in service	572,181,281	5,033,938	-	577,215,219
Machinery and equipment	10,122,652	301,091	(769,815)	9,653,928
Transportation equipment	12,592,658	627,093	(77,891)	13,141,860
Buildings and improvements	34,183,540	-	-	34,183,540
Office furniture and equipment	1,710,695	-	-	1,710,695
Total capital assets, being depreciated	630,790,826	5,962,122	(847,706)	635,905,242
Less accumulated depreciation for:				
Utility plant in service	257,682,815	551,837	-	258,234,652
Machinery and equipment	4,556,425	10,003,783	(250,359)	14,309,849
Transportation equipment	6,553,034	1,601,158	(77,892)	8,076,300
Buildings and improvements	10,160,346	2,834,225	-	12,994,571
Office furniture and equipment	1,612,215	137,158	-	1,749,373
Total accumulated depreciation	280,564,835	15,128,161	(328,251)	295,364,745
Total capital assets being depreciated, net	350,225,991	(9,166,039)	(519,455)	340,540,497
Business-type activities, capital assets, net	\$ 369,086,122	\$ (1,249,209)	\$ (2,163,664)	\$ 365,673,249

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

Governmental Activities	
General government	\$ 903,075
Public safety	2,267,987
Public works	5,275,914
Recreation	2,552,311
Total depreciation expense, governmental activities	\$ 10,999,287
Business-Type Activities	
Waterworks	\$ 9,162,818
Sewer	3,922,491
Solid Waste Fund	1,781,835
Civic Center	108,388
Ice and Events Center	128,227
Fleet maintenance	24,402
Total depreciation expense, business-type activities	\$ 15,128,161

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 5. Inter-Fund Receivables, Payables, and Transfers

The composition of inter-fund receivables and payables as of June 30, 2020 is as follows:

	Fund-Level Financial Statements Due From/To Other Funds	
	Receivable	Payable
Governmental Activities:		
General Fund	\$ 1,895,635	\$ -
Special Revenue Funds:		
State grants	419,718	-
Transportation planning	-	109,000
Law enforcement block grant	-	90,000
Miscellaneous Federal grants	-	64,000
Internal Service Fund	29,458	-
Business-Type Activities:		
Waterworks	-	2,528,191
Sewer	-	269,262
Solid Waste	2,345,642	-
Civic Center	-	1,470,000
Ice and Events Center	-	160,000
	<u>\$ 4,690,453</u>	<u>\$ 4,690,453</u>

A balance of \$2,345,642, due from the Waterworks and Sewer funds to the Solid Waste Fund, resulted from the Board's billing and collection of sanitation charges on behalf of the City. All other balances resulted from the time lag between dates that 1) interfund goods and services were provided or reimbursable expenses occurred, 2) transactions were recorded in the accounting systems, and 3) payments between funds were made.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Transfers for the year ended June 30, 2020 were as follows:

	Transfers	
	In	Out
Governmental Activities:		
General Fund	\$ 1,565,937	\$ 1,614,092
Special Revenue Funds:		
Urban Mass Transportation Administration		
transit grants	645,000	17,869
Transportation planning	46,733	5,385
Weed and pest control	-	3,397
Youth alternatives	-	5,386
Community development block grant	11,471	1,154
Law enforcement block grant	18,758	1,699
Recreation programs	163,941	7,460
Special friends	-	1,154
Juvenile justice	-	761
Capital Projects Funds:		
One-Percent Sales Tax	-	60,909
Capital Facilities Tax	-	6,146
Permanent Fund:		
Cemetery perpetual care	-	12,039
Total governmental activities	2,451,840	1,737,451
Internal Service Fund:		
Fleet Maintenance	-	20,540
Business-Type Activities:		
Solid Waste	-	884,313
Civic Center	120,000	5,850
Ice and Events Center	80,000	3,686
Total business-type activities	200,000	893,849
Total primary government	\$ 2,651,840	\$ 2,651,840

During the year ended June 30, 2020, transfers were used to 1) move revenues from the fund that Wyoming State Statutes or the budget require expending them; and 2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 6. Leases

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

Machinery and equipment/transportation equipment	\$ 8,315,605
Less accumulated depreciation	<u>(3,201,661)</u>
Total	<u>\$ 5,113,944</u>

The capital lease obligations payable as of June 30, 2020 were as follows:

Lease payable for landfill equipment, due in semi-annual installments of \$164,296, with interest at 2.61% through June 2021.	\$ 802,397
Lease payable for landfill equipment, due in semi-annual installments of \$128,636, with interest at 2.61% through June 2022.	864,588
Lease payable for landfill equipment, due in semi-annual installments of \$64,651, with interest at 2.61% through June 2023.	550,227
Lease payable for fire equipment, due in annual installments of \$124,133, with interest at 4.65% through February 2023.	340,276
Lease payable for fire equipment, due in annual installments of \$103,220, with interest at 4.97% through November 2023.	<u>281,252</u>
	<u>\$ 2,838,740</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020, were as follows:

	Governmental Activities	Business-Type Activities
Year Ending June 30,		
2021	\$ 124,133	\$ 1,207,906
2022	227,353	772,482
2023	227,353	323,257
2024	<u>103,220</u>	<u>-</u>
Total minimum lease payments	682,059	2,303,645
Less amount representing interest	<u>(60,531)</u>	<u>(86,433)</u>
Present value of minimum lease payments	<u>\$ 621,528</u>	<u>\$ 2,217,212</u>

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

On May 2, 2014, the City entered into an agreement with the Wyoming Business Council (the “Council”) and Granite Peak Development (the “Developer”) for the funding of the Swan Ranch Rail Spur (the “Rail Spur”). In connection with the development of the Rail Spur, the City received a grant with recapture totaling \$2,000,000 and a loan totaling \$2,453,943 from the Council, for a total net investment in direct financing lease receivable of \$4,453,943 (see Note 7 for disclosures on the loan). After completion of the project, the City leased the Rail Spur to the Developer. General terms of the lease include no principal payments until November 1, 2019, with annual payments of principal and interest of \$661,982 after that. Upon the end of the lease, ownership of the Rail Spur will be transferred to the Developer.

During the year ended June 30, 2020, the City received monthly payments from the Developer totaling \$661,982.

The City anticipates receiving lease payments as follows: \$661,982 for fiscal years 2021 through 2025, and \$275,826 in fiscal year 2026; of that amount, \$113,012 is interest.

In the prior year, the liability was recorded at \$2,223,716. However, the actual liability should have been \$4,453,943. As a result, a prior-period adjustment was posted, which is reflected in the Statement of Net Position and the Statement of Activities as of and for the year ended June 30, 2020.

In the prior year, the direct financing lease receivable was recorded at \$4,042,315. However, the actual receivable should have been \$4,093,768. As a result, a prior-period adjustment was posted, which is reflected in the Statement of Activities for the year ended June 30, 2020.

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.

Wyoming State Statutes limit the amount of general obligation debt a governmental entity may issue to 4% of its total assessed valuation. The current debt limitation for the City is \$30,965,064.

General long-term debt currently outstanding is as follows:

	Balance at June 30, 2020	Amount Due Within One Year
Governmental Activities		
Refunding Revenue Bonds, Series 2012, original amount of \$9,455,000, due in annual installments of \$425,000 to \$1,700,000 through April 2028 plus interest from 1.95% to 2.80%. Secured by pledge of Federal mineral royalties and gross parking fee revenues received.	\$ 6,325,000	\$ 525,000
Due to the Wyoming Business Council, original amount of \$4,453,943 with interest at 0.5%, due annually on November 1. Annual principal and interest payments beginning in fiscal year 2020 are \$661,982 through fiscal year 2026. Secured by the collateral assignment of a promissory note, mortgage and railroad easement and track lease between the City and Granite Peak Development Limited Partnership.	4,108,603	895,720
Total governmental activities	10,433,603	1,420,720

Continued

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

	Balance at June 30, 2020	Amount Due Within One Year
Business-Type Activities		
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #133, advances on a \$4,900,000 loan for the construction of the Hydro-Electric Generation Project. Interest thereon is at 0.0% for a term of 20 years. Upon completion of the Project, loan shall be granted principal forgiveness up to 25% of the loan, not to exceed \$1,225,000. The payments are currently estimated at \$245,000 per year. Secured by pledge and assignment of revenues from the City's water system user fees necessary to meet the annual payment.	\$ 796,164	\$ -
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #143, original amount of \$875,000 for the Holliday Park Reuse Project, with interest at 0.0%. Principal amounts of \$37,500 are due annually in September through 2037. Secured by pledge and assignment of revenues from the City's wastewater user fees necessary to meet the annual loan payment.	637,500	37,500
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #144, original amount of \$1,300,000 for Southern Interceptor Main with interest at 2.5%, due annually on December 1. Annual principal and interest payments are \$83,391 through 2039. Secured by pledge and assignment of revenues from the City's wastewater user fees necessary to meet the annual loan payment.	1,248,664	52,602
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #177, original amount of \$5,280,000 for the design and construction of Phase III of the Southern Water Transmission Main, with interest at 2.5%, due annually on March 1. This loan is also granted principal forgiveness up to 25% of the loan, not to exceed \$1,320,000. Annual principal and interest payments are \$186,808 per year through 2038. Secured by pledge and assignment of revenues from the City's water system user fees necessary to meet the annual payment.	2,680,134	120,742
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #065, original amount of \$5,600,000 for the Southern Water Transmission Main - Phase I Project, with interest at 2.5%, due annually on September 1. Annual principal and interest payments are \$334,582 through 2029. Secured by pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	2,668,778	268,717
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #120, original amount of \$7,494,828 for the design and construction of Phase II of the Southern Water Transmission Main, with interest at 2.5%, due annually on June 1. Annual principal and interest payments are \$480,772 per year through 2034. Secured by pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	5,620,761	340,255
Balance forward	13,652,001	819,816

Continued

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

	Balance at June 30, 2020	Amount Due Within One Year
Business-Type Activities, <i>Continued</i>		
Balance forwarded	\$ 13,652,001	\$ 819,816
2013 Refunding Revenue Water Note, original amount of \$8,740,000, due in annual principal installments ranging from \$215,000 to \$955,000 through December 2025; interest at 2.41%. Note originated to refinance the callable portion of 2007 Water Revenue Bonds. Secured by pledge of revenues from the City's water system tap and user fees and system development fees, net of premiums.	5,030,000	870,000
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #159, advances on \$9,900,000 loan for the Southern Sewer Interceptor Main. Interest thereon is 2.5% for a term of 20 years. The payments are currently estimated at \$635,057 per year. Secured by pledge and assignment of revenues from the City's wastewater user fees necessary to meet the annual loan payment.	9,509,054	400,587
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF #034, original amount of \$825,000, with interest at 2.5%, due annually on December 1. Annual principal and interest payments are \$47,729 through 2025 for funding of the City's Water Main Rehabilitation Project for fiscal year 2004. Secured by pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	221,825	42,185
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.	246,754	17,887
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #046, original amount of \$36,450,000, with interest at 2.5%, due annually on June 1. Annual principal and interest payments are \$2,338,163 through 2026 for the Dry and Crow Creek Rehab Construction Project. Secured by pledge and assignment of revenues generated from the City's wastewater user fees necessary to meet the annual loan payment.	12,881,277	2,016,190
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #081, original amount of \$1,280,000 for the extension of Cheyenne's Recycled Water System Project, with interest at 2.5%, due annually on September 1. Annual principal and interest payment are \$81,843 through 2030. Secured by pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	716,834	64,149
Balance forward	42,257,745	4,230,814

Continued

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

	Balance at June 30, 2020	Amount Due Within One Year
Business-Type Activities, <i>Continued</i>		
Balance forwarded	\$ 42,257,745	\$ 4,230,814
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #056, original amount of \$1,300,000, with interest at 2.5%, due annually on March 1. Annual principal and interest payments are \$61,885 through 2028. Secured by pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	443,846	50,792
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #060, original amount of \$2,900,000, with interest at 2.5%, due annually on September 1. Annual principal and interest payments are \$174,898 through 2029. Secured by pledge and assignment of revenues from the City's wastewater user fees necessary to meet the annual loan payment.	1,393,956	140,467
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #079, original amount of \$5,130,509 for the 30" Transmission Line Replacement Project, with interest at 2.5%, due annually on September 1. Annual principal and interest payments are \$329,107 through 2031. Secured by pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	3,361,554	244,710
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #106, original amount of \$3,500,000 for the construction phase of the Administration Building Project, with interest at 2.5%, due annually on June 1. Annual principal and interest payments are \$159,062 through 2032. Secured by pledge and assignment of revenues from the City's wastewater user fees necessary to meet the annual loan payment.	1,631,632	118,272
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #115, original amount of \$3,500,000 for the construction phase of the Administration Building Project, with interest at 2.5%, due annually on June 1. Annual principal and interest payments are \$159,062 through 2032. Secured by pledge and assignment of revenues from the City's wastewater user fees necessary to meet the annual loan payment.	1,631,632	118,272
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #133, advances on a \$5,000,000 loan for Crow Creek Plant Improvements Project, with interest at 2.5% annually on June 15. Annual principal and interest payments are \$320,736 through 2039. Secured by pledge and assignment of revenues from the City's wastewater user fees necessary to meet the annual loan payment.	3,971,193	221,457
Total business-type activities	54,691,558	5,124,784
Total long-term debt	\$ 65,125,161	\$ 6,545,504

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

The annual debt service requirements of the long-term debt and current principal maturities as of June 30, 2020 are as follows:

Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 1,420,720	\$ 191,670	\$ 5,124,784	\$ 1,310,606
2022	1,204,853	167,002	5,249,858	1,184,324
2023	1,261,152	150,340	5,422,356	1,054,882
2024	1,292,513	131,534	5,552,731	922,215
2025	1,348,938	112,722	5,685,942	786,230
2026-2030	3,905,427	208,777	15,319,304	2,399,043
2031-2035	-	-	8,811,145	971,013
2036-2040	-	-	3,445,821	210,183
2041-2045	-	-	79,617	-
	<u>\$ 10,433,603</u>	<u>\$ 962,045</u>	<u>\$ 54,691,558</u>	<u>\$ 8,838,496</u>

The balances above do not include the unamortized bond premium/discount of \$64,580 or the deferred loss on refunding in the amount of \$169,973 for governmental activities.

In May 2014, the Board received approval of a \$1,206,000 grant from the Wyoming Water Development Commission for the design and construction of the Southern Water Transmission Main Phase III project. The grant provisions required the Board to maintain a capital additions and replacement reserve of \$500,000, which is included in restricted net position.

The Board has pledged and assigned future water system and wastewater user fees to meet the annual debt requirements. Proceeds from the debt have been used to improve, expand, and replace the distribution system, source of supply, and treatment facilities. The proportion of pledged revenues to total revenues is not estimable because annual total fees fluctuate annually. Principal and interest paid for the current year totaled \$10,826,820. Net customer revenues totaled \$35,313,159 for the year. At year-end, pledged future revenues totaled \$63,530,054, which is the amount of the remaining principal and interest on outstanding debt.

The City has pledged and assigned future Federal mineral royalties and gross parking fee revenues to meet certain annual debt requirements of the Series 2012 Refunding Revenue Bonds. Proceeds from the original debt were used to construct a parking facility. The proportion of pledged revenues to total revenues is not estimable because annual total fees fluctuate annually. Principal and interest paid for the current year totaled \$670,376. Net mineral royalties totaled \$2,719,511 and gross parking fees totaled \$323,336 for the year. At year-end, pledged future revenues totaled \$7,209,350, which is the amount of the remaining principal and interest on the related outstanding debt.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Advance and Current Refundings

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

On December 27, 2013, the Board entered into an agreement with Colorado State Bank and Trust to authorize an advanced refunding of a portion of the 2007 Refunding Revenue Water Bonds. The Board received an \$8,740,000 Refunding Revenue Water Note with an annual interest rate of 2.41%, with the proceeds to be deposited in a special fund and trust account to be used to refund, pay, discharge, and redeem the portion of the refunded bonds outstanding and maturing on or after December 1, 2016. The costs from the advance refunding include a deferred loss of \$525,305, which is being charged to operations through the year 2025 using the effective interest method. The Board completed the advance refunding to reduce its total debt service payments over the next 12 years by \$1,065,000 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$700,000. As of June 30, 2020, the deferred loss on refunding totaled \$259,647 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 the 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 Series Bonds that were defeased. As a result, the 2003 Series Bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide Statement of Net Position. As of June 30, 2020, the outstanding in-substance defeased debt was \$6,325,000. 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.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

The following is a summary of long-term liability transactions for the City for the year ended June 30, 2020:

	Beginning Balance, as Restated	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
Revenue bonds	\$ 6,825,000	\$ -	\$ (500,000)	\$ 6,325,000	\$ 525,000
Less: discount on refunding	(71,770)	-	7,190	(64,580)	(7,375)
Note payable	4,453,943	-	(345,340)	4,108,603	895,720
Leases payable	810,042	-	(188,514)	621,528	108,311
Compensated absences	5,012,372	2,235,458	(2,784,505)	4,463,325	2,784,763
Governmental activities long-term liabilities	\$ 17,029,587	\$ 2,235,458	\$ (3,811,169)	\$ 15,453,876	\$ 4,306,419
Business-type activities					
Refunding revenue bonds	\$ 5,880,000	\$ -	\$ (850,000)	\$ 5,030,000	\$ 870,000
Loans payable	58,150,449	107,419	(8,596,310)	49,661,558	4,254,784
Leases payable	2,861,993	-	(644,781)	2,217,212	1,154,458
Landfill closure and post-closure costs	8,370,370	320,592	-	8,690,962	-
Compensated absences and early retirement	2,259,244	465,081	(776,183)	1,948,142	821,796
Business-type activities long-term liabilities	\$ 77,522,056	\$ 893,092	\$ (10,867,274)	\$ 67,547,874	\$ 7,101,038

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

Note 8. Retirement Commitments

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

	Deferred Outflows - Pension Plans	Deferred Inflows - Pension Plans	Net Pension Liability	Pension Expense
Pension Plan				
Public Employee Pension Plan				
City of Cheyenne	\$ 2,565,253	\$ (3,920,283)	\$ (22,928,284)	\$ 3,453,324
Board of Public Utilities	933,025	(1,657,894)	(9,890,047)	1,455,770
Paid Firemen's Pension Plan A	-	(1,350,223)	(76,294,294)	11,363,044
Paid Firemen's Pension Plan B	5,308,063	(8,824,673)	(1,772,750)	1,167,775
Law Enforcement Pension Plan	4,842,733	(6,147,932)	(4,282,566)	1,410,528
Total	\$ 13,649,074	\$ (21,901,005)	\$ (115,167,941)	\$ 18,850,441

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Public Employee Pension Plan

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

Benefits provided: The determination of retirement benefits is dependent upon the employee's initial employment date.

Service Retirement Tier 1: If an employee made a contribution prior to September 1, 2012, the employee is in Tier 1. Full retirement at age 60 or qualifies for the Rule of 85. Early retirement is permitted at age 50 or 25 years of service. The formula for retirement equals 2.125% times the number of years of service times the three-year highest average salary for the first 15 years and 2.25% times the number of years of service times the three-year highest average salary over 15 years.

Service Retirement Tier 2: If an employee made his or her first contribution after September 1, 2012, the employee is in Tier 2. Full retirement at age 65 or qualifies for the Rule of 85. Early retirement is permitted at age 55 or 25 years of service. The formula for retirement equals 2% times the number of years of service times the five-year highest average salary.

Disability Benefits: Partial or total disability retirement is available to any member who becomes incapacitated, mentally or physically, and cannot continue in the performance of his or her duties. To qualify, the member must have at least 10 years of service and must be "in service" at the time of application for disability retirement. Upon retirement for a partial disability, the member receives a monthly disability retirement benefit for the period of his or her disability equal to 50% of the normal benefit payable to the member, as if the member was eligible for normal retirement benefits. Upon retirement for a total disability, the member receives a monthly disability benefit equal to 100% of his or her service retirement benefit as if the member was eligible for normal retirement benefits. Disability benefits are payable for the life of the member or until death.

Survivor's Benefits: Certain surviving dependents receive benefits based on the deceased member's compensation and their relationship to the deceased, as well as the benefit option selected by the member at the date of retirement.

Contributions: Per Title 9-3-412 and 413 of Wyoming State Statutes, for the year ended June 30, 2020, member contributions were required to be 8.75% of compensation and employer contributions were required to be 8.87% of compensation for both the City and the Board. In accordance with Title 9-3-412(c)(ii) of Wyoming State Statutes, the Board and the City have elected to pay 6.25% and 4.75%, respectively, in addition to the employer's contribution.

The City's and the Board's contributions to the WRS for the year ended June 30, 2020 totaled \$3,604,897, equal to the required contribution, plus the City's and the Board's share of the required member contribution.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Paid Firemen's Pension Plan A

Plan description: The City formerly participated in the Wyoming Paid Firemen's Plan A ("Plan A"), a statewide cost-sharing, multiple-employer defined benefit contributory retirement plan covering paid firemen who were employed prior to July 1, 1981 and who elected to participate. 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: Plan A statutorily provides retirement, disability, and death benefits according to a percentage of a Fireman First Class salary. Plan A also statutorily provides for an annual percentage increase in the benefit amounts beginning in the year following 12 months of payments, by at least 3%.

Disability Benefits: Partial or total disability retirement is available to any member who becomes incapacitated, mentally or physically, and cannot continue in the performance of his or her duties from an individual and specific act incurred while employed. To qualify for benefit, there is no age or service requirement. The member receives a monthly disability retirement benefit for the period based on maximum salary and years of service.

Survivor's Benefit: Certain surviving beneficiaries receive benefits based on the maximum salary and years of service. Upon death, 100% of the benefit continues to be paid to the beneficiary.

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

Paid Firemen's Pension Plan B

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

Benefits provided: The members of the Fund qualify for a retirement allowance if they are 50 years old and have a least 48 months of credited service. The basic monthly benefit for participants is based on a formula involving years of service, highest average salary, and age at retirement. The current benefit formula equals 2.8% times the three-year final average compensation for the first 25 years of service. The benefit is capped at 70% of the highest average salary. The highest average salary is calculated by averaging the 36 highest continuous months of acceptable salary as defined in the rules of the WRS Board.

Disability Benefits: Partial or total disability retirement is available to any member who becomes incapacitated, mentally or physically, and cannot continue in the performance of his or her duties from an individual and specific act incurred while employed. To qualify for benefits, there is no age or service requirement. The member receives a monthly disability retirement benefit equal to 50% of the final average salary.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Survivor Benefits: The surviving spouse or other qualified dependents receive benefits based on 50% of the member's final actual salary. On the death of a member, inactive member, retired member, or survivor, the excess of the accumulated member contributions over all pension payments made are payable as a death benefit to the next qualified beneficiary.

Contributions: Individual members participating under this Fund are required to contribute 9.745% of their compensation and the City is required to contribute 13% of the compensation of covered members.

Legislation enacted in 1979 allows the employer to pay any or all of the members' contribution. The City currently pays 1.5% of the required members' contribution of 9.745%. The City's contribution to the Fund for the year ended June 30, 2020 was \$1,054,221, equal to the required contribution plus the City's share of the required members' contribution.

Law Enforcement Pension Plan

Plan description: The City participates in the Wyoming Law Enforcement Pension Plan (the "Police Plan"), a statewide cost-sharing, multiple-employer defined benefit pension plan administered by the WRS Board. Employees who are sworn law enforcement officers are eligible for full retirement benefits after they either reach age 60 with at least 48 months of contributions to the Police Plan or at any age with 20 years of service. These same employees are eligible for early retirement with a reduced benefit after they reach age 50 with 48 months of contributions. Benefits are established by Wyoming State Statutes. The Police Plan issues a publicly available financial report, which includes audited financial statements and required supplementary information for the Police Plan. The report may be obtained by writing to the Wyoming Retirement System, 6101 Yellowstone Road, Suite 500, Cheyenne, Wyoming 82002.

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

Disability Benefits: Partial or total disability retirement is available to any member who becomes incapacitated, mentally or physically, and cannot continue in the performance of his or her duties from an individual and specific act incurred while employed. To qualify for duty disability retirement, there is no age or service requirement, and the member receives a monthly disability retirement benefit for the period of his or her disability equal to 62.5% of final salary. To qualify for non-duty disability retirement, the member must have a least 10 years of service, and the member receives a monthly disability benefit for the period of his or her disability equal to 50% of final salary.

Survivor's Benefit: The surviving spouse receives benefits dependent on if the member was on duty at time of death. Additional benefits are available for additional qualified dependents.

Contributions: The Police Plan is funded by amounts withheld from participating members' salaries and by contributions from the City. These contributions are determined by Wyoming State Statutes, and as of June 30, 2020, the percentages to be contributed on compensation were 8.6% by the members and 8.6% by the City.

The City's contribution to the Police Plan for the year ended June 30, 2020 was \$681,867, equal to the required contribution.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2020, the City and the Board reported a total liability of \$115,167,941 for their proportionate share of the net pension liability. The breakdown between plans is as follows:

Pension Plan	Net Pension Liability
Public Employee Pension Plan	
City of Cheyenne	\$ 22,928,284
Board of Public Utilities	9,890,047
Paid Firemen's Pension Plan A	76,294,294
Paid Firemen's Pension Plan B	1,772,750
Law Enforcement Pension Plan	4,282,566
Total net pension liability	\$ 115,167,941

The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019.

At December 31, 2019, the City's and the Board's proportionate shares were as follows:

	Proportion of the Net Pension Liability		
	December 31, 2019	December 31, 2018	Increase (Decrease)
Pension Plan			
Public Employee Pension Plan			
City of Cheyenne	0.9757	0.9450	0.0307
Board of Public Utilities	0.4209	0.4178	0.0031
Paid Firemen's Pension Plan A	29.2792	30.1135	(0.8343)
Paid Firemen's Pension Plan B	24.9421	24.5705	0.3716
Law Enforcement Pension Plan	4.9682	4.9257	0.0425

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2020, the City and the Board recognized pension expense and reported deferred outflows of resources and deferred inflows of resources related to pensions as follows and from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Public Employee Pension Plan:		
Governmental Activities:		
Differences between expected and actual experience	\$ -	\$ (367,324)
Changes of assumptions	647,821	-
Net difference between projected and actual earnings on pension plan investments	-	(2,925,714)
Changes in proportionate share of contributions	874,692	-
Contributions subsequent to the measurement date	632,300	-
	<u>\$ 2,154,813</u>	<u>\$ (3,293,038)</u>
Business-Type Activities:		
City:		
Differences between expected and actual experience	\$ -	\$ (69,966)
Changes of assumptions	123,394	-
Net difference between projected and actual earnings on pension plan investments	-	(557,279)
Changes in proportionate share of contributions	166,608	-
Contributions subsequent to the measurement date	120,438	-
	<u>\$ 410,440</u>	<u>\$ (627,245)</u>
Board:		
Differences between expected and actual experience	\$ -	\$ (192,047)
Changes of assumptions	337,225	-
Net difference between projected and actual earnings on pension plan investments	-	(1,465,847)
Changes in proportionate share of contributions	256,573	-
Contributions subsequent to the measurement date	339,227	-
	<u>\$ 933,025</u>	<u>\$ (1,657,894)</u>
Paid Firemen's Pension Plan A:		
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ (1,350,223)

Continued

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

	Deferred Outflows of Resources	Deferred Inflows of Resources
Paid Firemen's Pension Plan B:		
Differences between expected and actual experience	\$ 101,133	\$ (1,499,198)
Changes of assumptions	4,430,477	(5,519,924)
Net difference between projected and actual earnings on pension plan investments	-	(1,793,494)
Changes in proportionate share of contributions	306,755	(12,057)
Contributions subsequent to the measurement date	469,698	-
	<u>\$ 5,308,063</u>	<u>\$ (8,824,673)</u>
Law Enforcement Pension Plan:		
Differences between expected and actual experience	\$ 761,915	\$ (348,691)
Changes of assumptions	3,511,606	(4,275,743)
Net difference between projected and actual earnings on pension plan investments	-	(1,523,498)
Changes in proportionate share of contributions	230,886	-
Contributions subsequent to the measurement date	338,326	-
	<u>\$ 4,842,733</u>	<u>\$ (6,147,932)</u>

The amount reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows 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 Plan	Total	Public Employee Pension Plan		
						Board	City	Total
Year Ending June 30,								
2021	\$ (35,622)	\$ (361,622)	\$ (607,941)	\$ 44,984	\$ (960,201)	\$ (70,267)	\$ (6,785)	\$ (77,052)
2022	(544,678)	(413,048)	(639,891)	(92,637)	(1,690,254)	(324,555)	(103,748)	(428,303)
2023	93,877	49,554	(206,816)	(515,015)	(578,400)	(9,876)	17,881	8,005
2024	(1,284,102)	(625,107)	(1,318,845)	(1,080,857)	(4,308,911)	(659,398)	(244,591)	(903,989)
Thereafter	-	-	(1,212,815)	-	(1,212,815)	-	-	-
	<u>\$ (1,770,525)</u>	<u>\$ (1,350,223)</u>	<u>\$ (3,986,308)</u>	<u>\$ (1,643,525)</u>	<u>\$ (8,750,581)</u>	<u>\$ (1,064,096)</u>	<u>\$ (337,243)</u>	<u>\$ (1,401,339)</u>

Actuarial assumptions: The total pension liability in the January 1, 2019 valuation was determined using the following actuarial assumptions adopted by the WRS Board effective August 23, 2017 and applied to all periods included in the measurement:

Actuarial Assumption	Public Employee Pension Plan	Paid Firemen's Pension Plan A	Paid Firemen's Pension Plan B	Law Enforcement Pension Plan
Inflation	2.25%	2.25%	2.25%	2.25%
Salary increases	2.50% - 6.50%	4.50%	4.50% - 7.50%	4.75% - 8.75%
Investment rate of return	7.00%	7.00%	7.00%	7.00%
Payroll growth rate	2.50%	0.00%	2.50%	2.50%
Cost of living adjustment	0.00%	3.00%	0.00%	0.00%

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Mortality rates were based on the RP-2014 Mortality Tables for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale MP-2017.

Long-term expected rate of return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected arithmetic returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Each major asset class is included in the pension plan's target asset allocation as of January 1, 2019. These best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Long-Term Expected Arithmetic Real Rate of Return
Cash	2.00%	-0.20%	-0.20%
Fixed income	21.00%	1.32%	1.67%
Equity	48.50%	5.43%	7.42%
Marketable alternatives	19.00%	3.46%	4.33%
Private markets	9.50%	4.46%	5.58%
	<u>100.00%</u>		

Experience analysis: An experience study was conducted on behalf of all WRS plans covering the five-year period ended December 31, 2016. The study provided a detailed analysis concerning the development of the long-term inflation rate, real rate of return, and discount rate. The study also analyzed each major actuarial assumption (e.g., mortality, salary increases, retirement, termination, and disability) and proposed assumptions consistent with the findings.

Discount rate: The discount rate used to measure the total pension liability was 7.00% for the Public Employee Pension Plan, 7.00% for the Law Enforcement Pension Plan, 3.09% for the Paid Firemen's Pension Plan A, and 7.00% for the Paid Firemen's Pension Plan B. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating employers will be made at contractually required rates, actuarially determined. Based on these assumptions, the WRS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investment was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Sensitivity of the City's and the Board's proportionate share of the net pension liability to changes in the discount rate: The table below presents the net pension liability calculated using the discount rate previously disclosed, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower or higher than the current rate:

	1% Decrease	Current Single Discount Rate Assumption	1% Increase
Public Employee Pension Plan			
City of Cheyenne	\$ 34,640,767	\$ 22,928,284	\$ 13,153,137
Board of Public Utilities	14,942,194	9,890,047	5,673,567
Paid Firemen's Pension Plan A	92,458,823	76,294,294	63,336,194
Paid Firemen's Pension Plan B	7,846,774	1,772,750	(3,264,707)
Law Enforcement Pension Plan	9,547,291	4,282,566	(21,251)

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

Defined contribution plans: Board and City employees have the option to participate in one of two defined contribution plans. The defined contribution plans include the Wyoming Deferred Compensation Program (commonly referred to as the "457 Plan") administered by the WRS and a defined contribution plan administered by VALIC Financial Advisors. Employees are allowed to contribute the maximum amount per Internal Revenue Service guidelines. Beginning July 1, 2008, the Board and the City elected to match an employee's contribution up to \$25 per month. The City's match ended on January 31, 2010. The Board continues to provide a match. The total matching contributions for the year ended June 30, 2020 were \$32,775.

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.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

The City pays into the State Worker's Compensation System (the "Act"). All employers within the State of Wyoming are participants in this Act unless the employer elects not to be covered under the Act. This Act requires the City to obtain liability coverage for payment of benefits to employees for job-related injuries and diseases through the Workers' Compensation Fund. This Act provides general protection from suits filed by employees against the City. The City makes monthly payments to the State of Wyoming Department of Employment. These payments are based on salaries and a split rate between hazardous and 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, 2020:

	Vacation Leave	Sick Leave	Compensatory/ Administrative Time	Early Retirement Obligation	Total
Governmental Activities	\$ 2,240,067	\$ 1,720,937	\$ 502,321	\$ -	\$ 4,463,325
Business-Type Activities:					
Waterworks Fund	374,719	273,858	82,410	170,965	901,952
Sewer Fund	254,977	182,572	54,940	113,977	606,466
Solid Waste Fund	188,373	155,527	6,675	-	350,575
Fleet Maintenance Fund	31,278	25,047	2,090	-	58,415
Civic Center Fund	13,215	1,839	2,380	-	17,434
Ice and Events Center Fund	12,427	652	221	-	13,300
Total business-type activities	874,989	639,495	148,716	284,942	1,948,142
Total all funds	\$ 3,115,056	\$ 2,360,432	\$ 651,037	\$ 284,942	\$ 6,411,467

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

Note 11. Industrial Revenue Bonds

The City has participated in several issuances of industrial revenue bonds for constructing privately operated manufacturing and other related facilities in the City. These bonds are not direct or contingent liabilities of the City. As of June 30, 2020, there was one series of industrial revenue bonds outstanding, with an aggregate principal amount payable of \$7,005,000.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 12. Closure and Post-Closure Care Liability

State and Federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports the estimated liability for these closure and post-closure costs in the government-wide financial statements based on landfill capacity used as of each Statement of Net Position date. The current operating costs of the landfill are accounted for within the Solid Waste Fund of the City using the accrual basis of accounting. The \$8,690,962 reported as landfill closure and post-closure care liability at June 30, 2020 represents the cumulative liability estimated to date based on the use of 49.13% of the estimated capacity of the site. The City will recognize the remaining estimated cost of closure and post-closure care of \$8,998,237 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 2020. The City expects the landfill site to be at full capacity in approximately 65 years. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

Note 13. Deferred Outflows/Inflows of Resources

The detail of the deferred outflows/inflows of resources for the City in its Statement of Net Position as of June 30, 2020 is as follows:

	Governmental Activities	Business-Type Activities
Deferred Outflows of Resources:		
Deferred loss on refunding	\$ 169,973	\$ 259,647
Deferred outflows, pension liability	12,305,609	1,343,465
Deferred outflows, OPEB liability	221,634	-
Total deferred outflows of resources	\$ 12,697,216	\$ 1,603,112
Deferred Inflows of Resources:		
Unavailable property taxes	\$ 6,193,014	\$ -
Deferred inflows, pension liability	19,615,866	2,285,139
Deferred inflows, OPEB liability	1,048,221	-
Total deferred inflows of resources	\$ 26,857,101	\$ 2,285,139

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 14. Commitments

As of June 30, 2020, 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 2020, the amounts below represent the activity pertaining to the contract as a whole:

	Expended to Date at June 30, 2020	Total Contract	Commitment at June 30, 2020
Governmental Activities:			
Cheyenne Municipal Court Building	\$ 9,363,051	\$ 10,239,026	\$ 875,975
Pavement Rehabilitation, 20th Street and Mountain Road	2,072,728	2,167,600	94,872
Evers Boulevard Reconstruction	6,146,050	7,453,669	1,307,619
Christensen Railroad Overpass and Corridor	8,228,347	10,557,155	2,328,808
2019 Wearing Course	163,132	199,722	36,590
Henderson Greenway Connector	-	167,443	167,443
Miscellaneous Governmental	809,980	1,274,338	464,358
Total governmental activities	26,783,288	32,058,953	5,275,665
Business-Type Activities:			
FY20 Water Rehabs	549,128	4,679,608	4,130,480
FY19 Water Main Rehabs	3,096,038	3,273,085	177,047
FY19 Sewer Rehabs	2,249,732	3,088,715	838,983
Buffalo Ridge Booster Station	21,050	3,960,000	3,938,950
Hydroelectric Generator	806,488	1,535,664	729,176
Miscellaneous Water Projects	2,622,589	3,810,723	1,188,134
Miscellaneous Sewer Projects	1,224,165	2,342,985	1,118,820
Total business-type activities	10,569,190	22,690,780	12,121,590
Total primary government	\$ 37,352,478	\$ 54,749,733	\$ 17,397,255

Note 15. OPEB Commitment

On July 1, 2017, the City implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which recognizes a long-term obligation for OPEB benefits. The accounting change was adopted to conform to the provisions of GASB Statement No. 75.

General Information about the OPEB Plan

Plan description: The City participates in a single-employer defined benefit postemployment healthcare plan, the City of Cheyenne Retiree Health Care Plan (the "Plan"). The City Council has the authority for establishing and amending the Plan. The Plan does not issue a separate report and is not administered in trust.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Benefits provided: Under the Plan, the City offers retiring firefighters who were hired prior to July 1, 2013 a \$300 monthly offset to postretirement medical premiums. To be eligible for the coverage, an active firefighter must be at least age 50 and have a minimum of four years of service upon retirement. City employees, police officers, and firefighters not meeting the previous criteria must pay the full subsidized premium. Some current retirees have retired under differing offset provisions and disabled firefighters are also included in current retiree costs. All benefits end at age 65.

Funding policy: The City finances this program on a “pay-as-you-go” basis and has no assets held in trust. The City Council has the authority for establishing and amending the funding policy.

Employees covered by the benefit terms: As of June 30, 2020, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	23
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	<u>441</u>
Total plan members	<u><u>464</u></u>

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

At June 30, 2020, the City reported a total OPEB liability of \$5,655,229. The total OPEB liability was measured as of June 30, 2020 and determined by an actuarial valuation as of that date.

Changes in the total OPEB liability:

Total OPEB liability:	
Service cost	\$ 267,460
Interest on the total OPEB liability	201,417
Change of benefit terms	-
Difference between expected and actual experience	(860,067)
Changes of assumptions	(59,703)
Benefit payments	<u>(390,389)</u>
Net change in total OPEB liability	(841,282)
Total OPEB liability, beginning	<u>6,496,511</u>
Total OPEB liability, ending	<u><u>\$ 5,655,229</u></u>

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

For the year ended June 30, 2020, the City recognized OPEB expense of \$377,518. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 777,479
Changes of assumptions or other inputs	221,634	270,742
	<u>\$ 221,634</u>	<u>\$ 1,048,221</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the City's OPEB expense as follows:

Year ending June 30,	
2021	\$ (91,359)
2022	(91,359)
2023	(91,359)
2024	(91,359)
2025	(91,359)
Thereafter	<u>(369,792)</u>
	<u>\$ (826,587)</u>

Actuarial methods and assumptions: The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial valuation date	June 30, 2020
Actuarial cost method	Individual Entry Age
Discount rate	2.45% as of June 30, 2020
Inflation	2.25%
Salary increases	2.50% - 6.50%, including wage inflation of 2.50%
Demographic assumptions	This report has used the same demographic assumptions used to value the WRS defined benefit retirement plan in which the members participate in the actuarial valuation as of January 1, 2020.
Mortality	For healthy retirees, the gender-distinct RP-2014 Healthy Annuitant Mortality Tables are used with male rates multiplied by 100% and female rates multiplied by 88%. Those rates are projected on a fully generational basis, based on Scale MP-2017.

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Healthcare cost trend rates Initial rate of 7.00%, declining to an ultimate rate of 4.15% after 15 years.

Participation rates 75% of participants eligible to receive an explicit subsidy are assumed to elect coverage with the City. Coverage is for the employee only.

17% of participants eligible for any explicit subsidy are assumed to elect coverage. It is assumed that 35% of participants elect two-person coverage and that, upon participant death, coverage will continue to the beneficiary.

Discount rate: The discount rate changed from 3.13% as of June 30, 2019 to 2.45% as of June 30, 2020. The discount rate is based on the Fidelity “20-Year Municipal GO AA Index.”

Sensitivity of the City’s total OPEB liability to changes in the discount rate: The table below presents the City’s total OPEB liability calculated using a discount rate of 2.45%, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.45%) or 1% higher (3.45%) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB liability	\$ 6,171,886	\$ 5,655,229	\$ 5,179,191

Sensitivity of the City’s total OPEB liability to changes in the healthcare cost trend rates: The table below presents the City’s total OPEB liability, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Total OPEB liability	\$ 5,077,877	\$ 5,655,229	\$ 6,334,641

Note 16. Contingencies

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

CITY OF CHEYENNE, WYOMING

NOTES TO FINANCIAL STATEMENTS

Note 17. Coronavirus Aid, Relief, and Economic Security (CARES) Act and Subsequent Event

During March 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of a novel strain of coronavirus (COVID-19). The pandemic has impacted, and continues to significantly impact, the economic conditions in the U.S. as Federal, State, and local governments react to the public health crisis, and has created significant uncertainties in the U.S. economy. It is unknown how long the adverse economic conditions associated with the coronavirus will last and what the complete financial effect will be, if any, for the City.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to, among other provisions, provide emergency assistance for State and local governments affected by the coronavirus pandemic. Subsequent to June 30, 2020, the Wyoming State Loan and Investment Board authorized \$4.3 million in CARES Act funds for the City based on applications submitted to the State of Wyoming. Approximately \$3.2 million of those authorized funds are to be utilized to backfill payroll costs for City officials directly involved in combating COVID-19.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CHEYENNE, WYOMING

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL (BUDGETARY BASIS) – GENERAL FUND
Year Ended June 30, 2020**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 12,386,281	\$ 12,386,281	\$ 12,312,288	\$ (73,993)
Licenses and permits	2,870,290	2,870,290	2,498,933	(371,357)
Intergovernmental	34,269,718	34,274,631	33,070,235	(1,204,396)
Charges for services	1,807,000	1,807,000	1,616,256	(190,744)
Fines and forfeitures	1,485,000	1,485,000	680,285	(804,715)
Investment income	264,000	264,000	632,190	368,190
Miscellaneous	1,229,520	1,299,520	1,601,457	301,937
Total revenues	54,311,809	54,386,722	52,411,644	(1,975,078)
Expenditures				
General government				
City Council	272,185	285,338	242,021	43,317
Mayor	4,579,433	4,902,495	4,471,102	431,393
Economic/community development	2,872,416	-	-	-
Engineering	1,246,183	1,248,131	1,043,147	204,984
Miscellaneous	4,727,303	10,695,116	7,517,203	3,177,913
Support services	-	2,942,276	2,623,874	318,402
City Treasurer	900,421	853,970	829,156	24,814
City Clerk	2,073,490	2,075,018	1,892,874	182,144
Planning and development	915,936	917,038	810,744	106,294
Special projects	50,000	-	-	-
Public works	4,182,614	4,264,714	3,893,154	371,560
Public safety				
Fire	11,496,254	11,592,267	11,432,740	159,527
Police	14,636,688	14,978,849	13,901,376	1,077,473
Recreation				
Community recreation and events	7,870,886	7,881,983	7,225,763	656,220
Total expenditures	55,823,809	62,637,195	55,883,154	6,754,041
Excess (deficiency) of revenues over expenditures	(1,512,000)	(8,250,473)	(3,471,510)	4,778,963
Other Financing Sources (Uses)				
Transfers out	-	-	(1,614,092)	1,614,092
Transfers in	712,000	789,186	1,565,937	776,751
Proceeds from sales of assets	-	-	10,740	10,740
Total other financing sources (uses)	712,000	789,186	(37,415)	2,401,583
Net change in fund balance	\$ (800,000)	\$ (7,461,287)	\$ (3,508,925)	\$ 7,180,546

See Notes to Required Supplementary Information.

CITY OF CHEYENNE, WYOMING

**SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY
AND RELATED RATIOS
Last Three Fiscal Years***

	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 267,460	\$ 243,371	\$ 270,144
Interest on the total OPEB liability	201,417	220,105	224,371
Changes in benefit terms	-	-	-
Difference between expected and actual experience	(860,067)	-	-
Changes of assumptions	(59,703)	275,378	(306,502)
Benefit payments	(390,389)	(401,826)	(392,021)
Net change in total OPEB liability	(841,282)	337,028	(204,008)
Total OPEB Liability, beginning	<u>6,496,511</u>	<u>6,159,483</u>	<u>6,363,491</u>
Total OPEB Liability, ending	<u><u>\$ 5,655,229</u></u>	<u><u>\$ 6,496,511</u></u>	<u><u>\$ 6,159,483</u></u>
Covered-Employee Payroll	<u><u>\$ 24,227,152</u></u>	<u><u>\$ 26,908,871</u></u>	<u><u>\$ 26,252,557</u></u>
Total OPEB liability as a percentage of covered-employee payroll	23.34%	24.14%	23.46%

** This schedule is to be built prospectively until it contains 10 years of data.*

See Notes to Required Supplementary Information.

CITY OF CHEYENNE, WYOMING

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
Last Seven Fiscal Years*

	For the Year Ended June 30,						
	2020	2019	2018	2017	2016	2015	2014
Public Employee Pension Plan							
City of Cheyenne							
City's proportion of the net pension liability (asset)	0.9757%	0.9450%	0.9312%	0.9045%	0.8842%	0.8850%	0.8686%
City's proportionate share of the net pension liability (asset)	\$ 22,928,084	\$ 28,778,132	\$ 21,224,141	\$ 21,868,666	\$ 20,595,553	\$ 15,618,025	\$ 13,205,851
City's covered payroll	17,353,726	16,446,362	16,362,135	16,333,427	15,933,164	15,449,954	14,962,498
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	132.12%	174.98%	129.71%	133.89%	129.26%	101.09%	88.26%
Plan fiduciary net position as a percentage of the total pension liability	76.83%	69.17%	76.35%	73.42%	73.40%	79.08%	81.10%
Board of Public Utilities							
Board's proportion of the net pension liability (asset)	0.4209%	0.4178%	0.4072%	0.3979%	0.3838%	0.3621%	0.3772%
Board's proportionate share of the net pension liability (asset)	\$ 9,890,047	\$ 12,722,850	\$ 9,280,567	\$ 9,619,011	\$ 8,940,291	\$ 6,390,668	\$ 5,735,039
Board's covered payroll	7,604,611	7,409,311	7,177,501	7,127,606	6,855,922	6,307,367	6,463,729
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	130.05%	171.71%	129.30%	134.95%	130.40%	101.32%	88.73%
Plan fiduciary net position as a percentage of the total pension liability	76.83%	69.17%	76.35%	73.42%	73.40%	79.08%	81.10%
Paid Firemen's Pension Plan A							
City's proportion of the net pension liability (asset)	29.2792%	30.1135%	29.9816%	30.1332%	29.1245%	29.8597%	29.2907%
City's proportionate share of the net pension liability (asset)	\$ 76,294,294	\$ 68,357,664	\$ 67,077,510	\$ 55,286,196	\$ 54,012,637	\$ 49,145,415	\$ 17,188,483
City's covered payroll	-	-	-	-	-	-	-
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	27.32%	29.99%	34.28%	38.91%	40.05%	45.95%	71.55%
Paid Firemen's Pension Plan B							
City's proportion of the net pension liability (asset)	24.9421%	24.5705%	24.3574%	23.4759%	23.5543%	24.4894%	25.0324%
City's proportionate share of the net pension liability (asset)	\$ 1,772,750	\$ 5,155,687	\$ 10,043,721	\$ 7,409,315	\$ 7,201,639	\$ (275,411)	\$ (902,906)
City's covered payroll	7,006,469	6,891,466	6,552,239	6,603,344	6,432,467	6,532,467	6,303,806
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	25.30%	74.81%	153.29%	112.21%	111.96%	-4.22%	-14.32%
Plan fiduciary net position as a percentage of the total pension liability	95.93%	87.07%	77.98%	80.16%	79.33%	100.98%	103.45%

Continued

CITY OF CHEYENNE, WYOMING

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY, *Continued*
Last Seven Fiscal Years*

	For the Year Ended June 30,						
	2020	2019	2018	2017	2016	2015	2014
Law Enforcement Pension Plan							
City's proportion of the net pension liability (asset)	4.9682%	4.9257%	4.7984%	4.5225%	4.4224%	4.4884%	4.4436%
City's proportionate share of the net pension liability (asset)	\$ 4,282,566	\$ 11,923,758	\$ 4,128,778	\$ 3,414,154	\$ 3,322,120	\$ 1,322,464	\$ 810,003
City's covered payroll	8,687,750	7,735,333	7,450,974	7,077,700	6,933,372	6,936,457	6,707,023
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	49.29%	154.15%	55.41%	48.24%	47.91%	19.07%	12.08%
Plan fiduciary net position as a percentage of the total pension liability	89.05%	71.22%	87.99%	88.11%	87.49%	94.76%	96.53%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

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

See Notes to Required Supplementary Information.

CITY OF CHEYENNE, WYOMING

SCHEDULE OF THE CITY'S CONTRIBUTIONS
Last Seven Fiscal Years

	For the Year Ended June 30,						
	2020	2019	2018	2017	2016	2015	2014
Public Employee Pension Plan							
City of Cheyenne							
Statutorily required contribution	\$ 1,523,725	\$ 1,453,409	\$ 1,370,762	\$ 1,427,569	\$ 1,372,651	\$ 1,203,890	\$ 1,078,803
Contribution in relation to the statutorily required contribution	<u>1,523,725</u>	<u>1,453,409</u>	<u>1,370,762</u>	<u>1,427,569</u>	<u>1,372,651</u>	<u>1,203,890</u>	<u>1,078,803</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 17,178,405	\$ 16,940,902	\$ 16,377,083	\$ 16,694,692	\$ 16,220,390	\$ 15,660,040	\$ 15,194,542
Contributions as a percentage of covered-employee payroll	8.87%	8.58%	8.37%	8.55%	8.46%	7.69%	7.10%
Board of Public Utilities							
Statutorily required contribution	\$ 678,924	\$ 645,547	\$ 608,519	\$ 602,689	\$ 586,407	\$ 512,031	\$ 465,964
Contribution in relation to the statutorily required contribution	<u>678,924</u>	<u>645,547</u>	<u>608,519</u>	<u>602,689</u>	<u>586,407</u>	<u>512,031</u>	<u>465,964</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Board's covered-employee payroll	\$ 7,654,160	\$ 7,524,834	\$ 7,270,239	\$ 7,200,585	\$ 7,006,054	\$ 6,719,564	\$ 6,544,388
Contributions as a percentage of covered-employee payroll	8.87%	8.58%	8.37%	8.37%	8.37%	7.62%	7.12%
Paid Firemen's Pension Plan A							
Statutorily required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contribution in relation to the statutorily required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Paid Firemen's Pension Plan B							
Statutorily required contribution	\$ 945,164	\$ 836,796	\$ 802,935	\$ 785,180	\$ 772,527	\$ 783,023	\$ 779,804
Contribution in relation to the statutorily required contribution	<u>945,164</u>	<u>836,796</u>	<u>802,935</u>	<u>785,180</u>	<u>772,527</u>	<u>783,023</u>	<u>779,804</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 7,270,489	\$ 6,973,302	\$ 6,691,128	\$ 6,543,169	\$ 6,437,727	\$ 6,525,189	\$ 6,498,364
Contributions as a percentage of covered-employee payroll	13.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%

Continued

CITY OF CHEYENNE, WYOMING

SCHEDULE OF THE CITY'S CONTRIBUTIONS, *Continued*

Last Seven Fiscal Years

	For the Year Ended June 30,						
	2020	2019	2018	2017	2016	2015	2014
Law Enforcement Pension Plan							
Statutorily required contribution	\$ 681,867	\$ 688,842	\$ 652,267	\$ 618,944	\$ 605,058	\$ 591,129	\$ 595,430
Contribution in relation to the statutorily required contribution	681,867	688,842	652,267	618,944	605,058	591,129	595,430
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 7,928,697	\$ 8,009,795	\$ 7,584,494	\$ 7,197,025	\$ 7,035,554	\$ 6,873,586	\$ 6,923,605
Contributions as a percentage of covered-employee payroll	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%	8.60%

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

See Notes to Required Supplementary Information.

CITY OF CHEYENNE, WYOMING

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 1. Budget Information

Annual budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (“U.S. GAAP”) for all governmental funds, with the exception of certain pass-through funds not reported on the budgetary basis. All annual appropriations lapse at fiscal year-end.

Prior to May 15, the 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 24 hours of the public hearing, the governing body adopts the budget.

At the request of the City Treasurer, or upon its own motion after publication of notice, the City Council may, by resolution, transfer any unencumbered or unexpended appropriation balance or part thereof from one fund, department, or account to another. No officer or employee of the City shall make any expenditure or encumbrance in excess of the total appropriation for any department. Management may amend the budget within the department level without the approval of the governing body. Formal budgetary integration is employed as a management control device during the year for the General Fund, 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.

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

	General Fund
Revenues	
Actual amounts (budgetary basis) from the budgetary comparison schedule	\$ 52,411,644
Differences, budget to U.S. GAAP:	
Adjustments to include various pass-through funds included in the General Fund on the U.S. GAAP basis	165,414
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	\$ 52,577,058
Expenditures	
Actual amounts (budgetary basis) from the budgetary comparison schedule	\$ 55,883,154
Differences, budget to U.S. GAAP:	
Adjustments to include various pass-through funds included in the General Fund on the U.S. GAAP basis	638,974
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	\$ 56,522,128

Note 3. Explanation of Changes in Retirement Commitment – Wyoming Retirement System

Changes in benefit terms: There were no changes in benefit terms between the December 31, 2018 and December 31, 2019 measurement dates.

CITY OF CHEYENNE, WYOMING

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Note 3. Explanation of Changes in Retirement Commitment – Wyoming Retirement System (Continued)

Changes in assumptions: There were no changes in assumptions between the December 31, 2018 and December 31, 2019 measurement dates for the Public Employee Pension Plan or the Paid Firemen's Pension Plan B. However, there was a change in the assumed discount rate from 5.92% to 7.00% for the Law Enforcement Pension Plan and from 4.01% to 3.09% for the Paid Firemen's Pension Plan A between the December 31, 2018 and December 31, 2019 measurement dates.

Note 4. Explanation of Changes in the OPEB Commitment

The City of Cheyenne Retiree Health Care Plan administered by the City does not have assets accumulated in trust.

Following are changes in the OPEB liability valuation:

Changes in benefit terms: There were no changes in benefit terms between the June 30, 2019 and June 30, 2020 measurement dates.

Changes in assumptions: There was a change in assumption between the June 30, 2019 and June 30, 2020 measurement dates, related to the change in discount rate, whereby the discount rate decreased from 3.13% at June 30, 2019 to 2.45% at June 30, 2020. There was also a change in the election rate for the Fire group whereby the election rate decreased from 90% to 75%.

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

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

Youth Alternative Grants: Accounts for monies received by the City from various agencies to administer a program for youth.

Juvenile Justice: Accounts for a program that assists youth in trouble.

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

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

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

Miscellaneous Federal Grants: Accounts for revenue received from various Federal agencies to administer Federal programs.

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

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

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 homeowners who received low-interest rehabilitation loans through the Cheyenne Redevelopment Agency is also in this fund.

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

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.

NONMAJOR GOVERNMENTAL FUNDS, *Continued*

Capital Projects Funds, *Continued*

Athletic Facilities: Accounts for improvements to City parks and recreation facilities.

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

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

Permanent Fund

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

Cemetery Perpetual Care: This trust fund was set up for perpetual care of the Cheyenne cemetery. The fund receives \$80 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, 2020

	Special Revenue Funds						
	Weed and Pest Control	Youth Alternative Grants	Juvenile Justice	Special Friends	Community Development Block Grant	Law Enforcement Block Grant	Miscellaneous Federal Grants
ASSETS							
Cash and cash equivalents	\$ -	\$ 62,470	\$ 44,362	\$ 90,362	\$ 71,513	\$ 616	\$ 361
Investments, at fair value	-	338,381	146,283	-	-	-	-
Receivables							
Customers	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-
Due from other governments	-	28,299	1,344	-	168,098	115,840	79,475
Prepaid items	-	-	-	-	-	-	-
Cash and cash equivalents, restricted	607,698	-	-	-	-	-	-
Total assets	<u>\$ 607,698</u>	<u>\$ 429,150</u>	<u>\$ 191,989</u>	<u>\$ 90,362</u>	<u>\$ 239,611</u>	<u>\$ 116,456</u>	<u>\$ 79,836</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)							
Liabilities							
Accounts payable	\$ 41,769	\$ 3,022	\$ 513	\$ 272	\$ 152,654	\$ 2,774	\$ 19,288
Accrued salaries	-	5,625	-	-	-	423	-
Due to other funds	-	-	-	-	-	90,000	64,000
Total liabilities	<u>41,769</u>	<u>8,647</u>	<u>513</u>	<u>272</u>	<u>152,654</u>	<u>93,197</u>	<u>83,288</u>
Deferred inflows of resources	-	-	-	-	85,038	-	-
Fund balances (deficits)							
Nonspendable	-	-	-	-	-	-	-
Restricted	565,929	-	191,476	90,090	1,919	23,259	-
Committed	-	420,503	-	-	-	-	-
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	(3,452)
Total fund balances (deficits)	<u>565,929</u>	<u>420,503</u>	<u>191,476</u>	<u>90,090</u>	<u>1,919</u>	<u>23,259</u>	<u>(3,452)</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 607,698</u>	<u>\$ 429,150</u>	<u>\$ 191,989</u>	<u>\$ 90,362</u>	<u>\$ 239,611</u>	<u>\$ 116,456</u>	<u>\$ 79,836</u>

Continued

CITY OF CHEYENNE, WYOMING

COMBINING BALANCE SHEET –
 NONMAJOR GOVERNMENTAL FUNDS, *Continued*
 June 30, 2020

	Special Revenue Funds						
	Transportation Planning	UMTA Transit Grant	State Grants	Recreation Programs	Annexation Improvements	Housing Loans	Revolving Real Property
ASSETS							
Cash and cash equivalents	\$ 231	\$ 14,515	\$ 179,512	\$ 428,939	\$ 16,472	\$ 289,361	\$ 567,949
Investments, at fair value	-	-	-	-	332,451	-	-
Receivables							
Customers	-	-	25,000	11,302	-	90,906	-
Due from other funds	-	-	419,718	-	-	-	-
Due from other governments	271,373	146,250	144,075	-	-	-	-
Prepaid items	2,251	-	-	-	-	-	-
Cash and cash equivalents, restricted	-	-	-	-	-	-	-
Total assets	<u>\$ 273,855</u>	<u>\$ 160,765</u>	<u>\$ 768,305</u>	<u>\$ 440,241</u>	<u>\$ 348,923</u>	<u>\$ 380,267</u>	<u>\$ 567,949</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)							
Liabilities							
Accounts payable	\$ 157,858	\$ 7,456	\$ 332,443	\$ 37,997	\$ 108,048	\$ -	\$ -
Accrued salaries	-	4,817	-	13,883	-	-	-
Due to other funds	109,000	-	-	-	-	-	-
Total liabilities	<u>266,858</u>	<u>12,273</u>	<u>332,443</u>	<u>51,880</u>	<u>108,048</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources	-	-	-	-	-	90,905	-
Fund balances (deficits)							
Nonspendable	2,251	-	-	-	-	-	-
Restricted	4,746	148,492	435,862	-	-	289,362	-
Committed	-	-	-	388,361	240,875	-	567,949
Assigned	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-
Total fund balances (deficits)	<u>6,997</u>	<u>148,492</u>	<u>435,862</u>	<u>388,361</u>	<u>240,875</u>	<u>289,362</u>	<u>567,949</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 273,855</u>	<u>\$ 160,765</u>	<u>\$ 768,305</u>	<u>\$ 440,241</u>	<u>\$ 348,923</u>	<u>\$ 380,267</u>	<u>\$ 567,949</u>

Continued

CITY OF CHEYENNE, WYOMING

COMBINING BALANCE SHEET –
 NONMAJOR GOVERNMENTAL FUNDS, *Continued*
 June 30, 2020

	Capital Projects Funds				Permanent Fund	Total Nonmajor Governmental Funds
	Youth Alternatives	Athletic Facilities	Parks Facilities	Development Impact Fees	Cemetery Perpetual Care	
ASSETS						
Cash and cash equivalents	\$ 35,213	\$ 103,113	\$ 1,978	\$ 35,780	\$ 57,129	\$ 1,999,876
Investments, at fair value	-	385,527	-	696,163	734,158	2,632,963
Receivables						
Customers	-	-	-	3,952	1,655	132,815
Due from other funds	-	-	-	-	-	419,718
Due from other governments	-	-	-	-	-	954,754
Prepaid items	-	-	-	-	-	2,251
Cash and cash equivalents, restricted	-	-	-	-	-	607,698
Total assets	<u>\$ 35,213</u>	<u>\$ 488,640</u>	<u>\$ 1,978</u>	<u>\$ 735,895</u>	<u>\$ 792,942</u>	<u>\$ 6,750,075</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES (DEFICITS)						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ 135,829	\$ -	\$ 999,923
Accrued salaries	-	-	-	-	-	24,748
Due to other funds	-	-	-	-	-	263,000
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,829</u>	<u>-</u>	<u>1,287,671</u>
Deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,780</u>	<u>177,723</u>
Fund balances (deficits)						
Nonspendable	-	-	-	-	-	2,251
Restricted	-	-	1,978	-	791,162	2,544,275
Committed	-	488,640	-	600,066	-	2,706,394
Assigned	35,213	-	-	-	-	35,213
Unassigned	-	-	-	-	-	(3,452)
Total fund balances (deficits)	<u>35,213</u>	<u>488,640</u>	<u>1,978</u>	<u>600,066</u>	<u>791,162</u>	<u>5,284,681</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 35,213</u>	<u>\$ 488,640</u>	<u>\$ 1,978</u>	<u>\$ 735,895</u>	<u>\$ 792,942</u>	<u>\$ 6,750,075</u>

CITY OF CHEYENNE, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2020

	Special Revenue Funds						
	Weed and Pest Control	Youth Alternatives Grants	Juvenile Justice	Special Friends	Community Development Block Grant	Law Enforcement Block Grant	Miscellaneous Federal Grants
Revenues							
Taxes and special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	559,629	491,107	62,062	56,000	416,418	538,628	662,716
Charges for services	-	-	-	-	-	-	-
Investment income	225	6,701	4,915	47	-	-	-
Miscellaneous	1,985	13,581	5,954	5,435	-	-	-
Total revenues	561,839	511,389	72,931	61,482	416,418	538,628	662,716
Expenditures							
Current							
General government	-	-	-	-	-	-	362,219
Public safety	-	224,785	66,470	-	-	511,104	129,323
Public works	-	-	-	-	-	-	-
Health and welfare	562,000	208,791	-	61,345	413,345	-	-
Recreation	-	-	-	-	-	-	223
Capital outlay	-	-	-	-	-	-	77,094
Debt service							
Principal retirements	-	-	-	-	-	-	-
Interest payments	-	-	-	-	-	-	-
Total expenditures	562,000	433,576	66,470	61,345	413,345	511,104	568,859
Revenues over (under) expenditures	(161)	77,813	6,461	137	3,073	27,524	93,857
Other Financing Sources (Uses)							
Transfers in	-	-	-	-	11,471	18,758	-
Transfers out	(3,397)	(5,386)	(761)	(1,154)	(1,154)	(1,699)	-
Proceeds from sales of assets	-	-	-	-	-	-	-
Total other financing sources (uses)	(3,397)	(5,386)	(761)	(1,154)	10,317	17,059	-
Net change in fund balances (deficits)	(3,558)	72,427	5,700	(1,017)	13,390	44,583	93,857
Fund Balances (Deficits), beginning of year	569,487	348,076	185,776	91,107	(11,471)	(21,324)	(97,309)
Prior-period adjustment to properly record a loan/grant payable	-	-	-	-	-	-	-
Fund Balances (Deficits), beginning of year, as restated	569,487	348,076	185,776	91,107	(11,471)	(21,324)	(97,309)
Fund Balances (Deficits), end of year	\$ 565,929	\$ 420,503	\$ 191,476	\$ 90,090	\$ 1,919	\$ 23,259	\$ (3,452)

Continued

CITY OF CHEYENNE, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS, *Continued*

Year Ended June 30, 2020

	Special Revenue Funds						
	Transportation Planning	UMTA Transit Grant	State Grants	Recreation Programs	Annexation Improvements	Housing Loans	Revolving Real Property
Revenues							
Taxes and special assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	872,259	1,534,315	302,767	1,367	-	-	-
Charges for services	-	-	-	923,491	-	-	-
Investment income	-	-	-	300	4,277	10,540	24
Miscellaneous	-	1,894	690,053	43,478	-	28,541	-
Total revenues	872,259	1,536,209	992,820	968,636	4,277	39,081	24
Expenditures							
Current							
General government	-	-	114,186	-	-	-	-
Public safety	-	-	-	-	-	-	-
Public works	905,886	1,809,398	-	-	-	-	-
Health and welfare	-	-	-	-	-	4,363	-
Recreation	-	-	-	1,149,252	-	-	-
Capital outlay	-	37,243	210,851	5,035	-	-	-
Debt service							
Principal retirements	-	-	617,443	-	-	-	-
Interest payments	-	-	22,270	-	1,577	-	-
Total expenditures	905,886	1,846,641	964,750	1,154,287	1,577	4,363	-
Revenues over (under) expenditures	(33,627)	(310,432)	28,070	(185,651)	2,700	34,718	24
Other Financing Sources (Uses)							
Transfers in	46,733	645,000	-	163,941	-	-	-
Transfers out	(5,385)	(17,869)	-	(7,460)	-	-	-
Proceeds from sales of assets	1,743	1,902	-	-	-	-	567,925
Total other financing sources (uses)	43,091	629,033	-	156,481	-	-	567,925
Net change in fund balances (deficits)	9,464	318,601	28,070	(29,170)	2,700	34,718	567,949
Fund Balances (Deficits), beginning of year	(2,467)	(170,109)	164,004	417,531	238,175	254,644	-
Prior-period adjustment to properly record a loan/grant payable	-	-	243,788	-	-	-	-
Fund Balances (Deficits), beginning of year, as restated	(2,467)	(170,109)	407,792	417,531	238,175	254,644	-
Fund Balances (Deficits), end of year	\$ 6,997	\$ 148,492	\$ 435,862	\$ 388,361	\$ 240,875	\$ 289,362	\$ 567,949

Continued

CITY OF CHEYENNE, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS, *Continued*
Year Ended June 30, 2020

	Capital Projects Funds				Permanent Fund	Total Nonmajor Governmental Funds
	Youth Alternatives	Athletic Facilities	Parks Facilities	Development Impact Fees	Cemetery Perpetual Care	
Revenues						
Taxes and special assessments	\$ -	\$ -	\$ -	\$ 2,776	\$ -	\$ 2,776
Intergovernmental	-	-	-	-	-	5,497,268
Charges for services	-	194,517	-	167,453	-	1,285,461
Investment income	18	8,402	18	20,770	16,429	72,666
Miscellaneous	1,740	5,000	-	-	14,970	812,631
Total revenues	<u>1,758</u>	<u>207,919</u>	<u>18</u>	<u>190,999</u>	<u>31,399</u>	<u>7,670,802</u>
Expenditures						
Current						
General government	-	-	-	-	-	476,405
Public safety	4,001	-	-	-	-	935,683
Public works	-	-	-	-	-	2,715,284
Health and welfare	-	-	-	-	-	1,249,844
Recreation	-	3,688	3,265	32,659	-	1,189,087
Capital outlay	-	127,058	95,170	606,400	-	1,158,851
Debt service						
Principal retirements	-	-	-	-	-	617,443
Interest payments	-	-	-	-	-	23,847
Total expenditures	<u>4,001</u>	<u>130,746</u>	<u>98,435</u>	<u>639,059</u>	<u>-</u>	<u>8,366,444</u>
Revenues over (under) expenditures	<u>(2,243)</u>	<u>77,173</u>	<u>(98,417)</u>	<u>(448,060)</u>	<u>31,399</u>	<u>(695,642)</u>
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	-	885,903
Transfers out	-	-	-	-	(12,039)	(56,304)
Proceeds from sales of assets	-	-	-	-	-	571,570
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,039)</u>	<u>1,401,169</u>
Net change in fund balances (deficits)	<u>(2,243)</u>	<u>77,173</u>	<u>(98,417)</u>	<u>(448,060)</u>	<u>19,360</u>	<u>705,527</u>
Fund Balances (Deficits), beginning of year	37,456	411,467	100,395	1,048,126	771,802	4,335,366
Prior-period adjustment to properly record a loan/grant payable	-	-	-	-	-	243,788
Fund Balances (Deficits), beginning of year, as restated	<u>37,456</u>	<u>411,467</u>	<u>100,395</u>	<u>1,048,126</u>	<u>771,802</u>	<u>4,579,154</u>
Fund Balances (Deficits), end of year	<u>\$ 35,213</u>	<u>\$ 488,640</u>	<u>\$ 1,978</u>	<u>\$ 600,066</u>	<u>\$ 791,162</u>	<u>\$ 5,284,681</u>

NONMAJOR PROPRIETARY FUNDS

Business-Type Activities

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

Civic Center: Accounts for monies received by the City from the operation of the Civic Center.

Ice and Events Center: Accounts for monies received by the City from the operation of the Ice and Events Center.

CITY OF CHEYENNE, WYOMING

COMBINING STATEMENT OF NET POSITION –
NONMAJOR PROPRIETARY FUNDS
June 30, 2020

	Civic Center Fund	Ice and Events Center Fund	Nonmajor Proprietary Funds Totals
ASSETS			
Current assets			
Cash and cash equivalents	\$ 644	\$ 3,366	\$ 4,010
Total current assets	<u>644</u>	<u>3,366</u>	<u>4,010</u>
Noncurrent assets			
Capital assets being depreciated			
Land	-	243,923	243,923
Machinery and equipment	445,512	380,600	826,112
Transportation equipment	-	35,086	35,086
Buildings and improvements	3,867,398	2,982,223	6,849,621
Office furniture and equipment	117,868	37,712	155,580
Accumulated depreciation	(4,018,051)	(1,481,835)	(5,499,886)
Total noncurrent assets	<u>412,727</u>	<u>2,197,709</u>	<u>2,610,436</u>
Total assets	<u>413,371</u>	<u>2,201,075</u>	<u>2,614,446</u>
LIABILITIES			
Current liabilities			
Accounts payable	16,857	8,927	25,784
Unearned revenue	557	-	557
Due to other funds	1,470,000	160,000	1,630,000
Accrued salaries, including vacation and sick leave	17,816	8,805	26,621
Total current liabilities	<u>1,505,230</u>	<u>177,732</u>	<u>1,682,962</u>
Noncurrent liabilities			
Accrued compensated absences	-	6,814	6,814
Total noncurrent liabilities	<u>-</u>	<u>6,814</u>	<u>6,814</u>
Total liabilities	<u>1,505,230</u>	<u>184,546</u>	<u>1,689,776</u>
NET POSITION			
Net investment in capital assets	412,727	2,197,709	2,610,436
Unrestricted (deficit)	(1,504,586)	(181,180)	(1,685,766)
Total net position	<u>\$ (1,091,859)</u>	<u>\$ 2,016,529</u>	<u>\$ 924,670</u>

CITY OF CHEYENNE, WYOMING

**COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION –
NONMAJOR PROPRIETARY FUNDS
Year Ended June 30, 2020**

	Civic Center Fund	Ice and Events Center Fund	Nonmajor Proprietary Funds Totals
Operating Revenues			
Sales and charges for services	\$ 1,042,781	\$ 384,177	\$ 1,426,958
Fees and miscellaneous	95,653	-	95,653
Total operating revenues	<u>1,138,434</u>	<u>384,177</u>	<u>1,522,611</u>
Operating Expenses			
Administrative and general	1,610,634	527,693	2,138,327
Depreciation	108,388	128,227	236,615
Parts and supplies	29,448	13,709	43,157
Intra-city charges	20,833	716	21,549
Total operating expenses	<u>1,769,303</u>	<u>670,345</u>	<u>2,439,648</u>
Operating (loss)	<u>(630,869)</u>	<u>(286,168)</u>	<u>(917,037)</u>
Nonoperating Income			
Gain on sale of assets	-	194,555	194,555
Total nonoperating income	<u>-</u>	<u>194,555</u>	<u>194,555</u>
(Loss) before transfers	<u>(630,869)</u>	<u>(91,613)</u>	<u>(722,482)</u>
Transfers In	120,000	80,000	200,000
Transfers Out	(5,850)	(3,686)	(9,536)
Change in net position	<u>(516,719)</u>	<u>(15,299)</u>	<u>(532,018)</u>
Net Position, beginning of year	<u>(575,140)</u>	<u>2,031,828</u>	<u>1,456,688</u>
Net Position, end of year	<u>\$ (1,091,859)</u>	<u>\$ 2,016,529</u>	<u>\$ 924,670</u>

CITY OF CHEYENNE, WYOMING

**COMBINING STATEMENT OF CASH FLOWS –
NONMAJOR PROPRIETARY FUNDS
Year Ended June 30, 2020**

	Civic Center Fund	Ice and Events Center Fund	Nonmajor Proprietary Funds Totals
Cash Flows from Operating Activities			
Cash received from customers	\$ 1,111,871	\$ 387,287	\$ 1,499,158
Cash payments to suppliers	(1,140,571)	(212,347)	(1,352,918)
Cash payments to employees	(555,660)	(344,133)	(899,793)
Net cash (used in) operating activities	(584,360)	(169,193)	(753,553)
Cash Flows from Noncapital Financing Activities			
Transfers from other funds	120,000	80,000	200,000
Transfers to other funds	(5,850)	(3,686)	(9,536)
Advances to other funds	-	(197,000)	(197,000)
Proceeds from amounts due to other funds	470,000	-	470,000
Net cash provided by (used in) noncapital financing activities	584,150	(120,686)	463,464
Cash Flows from Capital and Related Financing Activities			
Proceeds from sale of capital assets	-	292,875	292,875
Net cash provided by capital and related financing activities	-	292,875	292,875
Cash Flows from Investing Activities			
Redemption of investments	1,000,000	357,000	1,357,000
Net cash provided by investing activities	1,000,000	357,000	1,357,000
Net increase in cash and cash equivalents	999,790	359,996	1,359,786
Cash and Cash Equivalents, beginning of year	(999,146)	(356,630)	(1,355,776)
Cash and Cash Equivalents, end of year	<u>\$ 644</u>	<u>\$ 3,366</u>	<u>\$ 4,010</u>
Reconciliation of Operating (Loss) to Net Cash (Used in) Operating Activities			
Operating (loss)	\$ (630,869)	\$ (286,168)	\$ (917,037)
Adjustments to reconcile operating (loss) to net cash (used in) operating activities			
Depreciation	108,388	128,227	236,615
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities			
Receivables	2,369	3,110	5,479
Accounts payable	(23,408)	(6,029)	(29,437)
Accrued salaries, including vacation and sick leave	(11,908)	(8,333)	(20,241)
Unearned revenue	(28,932)	-	(28,932)
Net cash (used in) operating activities	\$ (584,360)	\$ (169,193)	\$ (753,553)

SINGLE AUDIT SECTION

CITY OF CHEYENNE, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Total Federal Expenditures June 30, 2020
U.S. Department of Agriculture				
Pass-through program from Wyoming State Forestry Division: Cooperative Forestry Assistance	10.664	-	\$ -	\$ 223
U.S. Department of Housing and Urban Development Direct Program				
CDBG - Entitlement Grants Cluster: Community Development Block Grants/Entitlement Grants	14.218	-	326,855	414,499
U.S. Department of the Interior				
Pass-through program from Wyoming Department of State Parks and Cultural Resources:				
Historic Preservation Fund Grants-In-Aid	15.904	56-19-01	-	67
Historic Preservation Fund Grants-In-Aid	15.904	56-19-03	-	15,255
Historic Preservation Fund Grants-In-Aid	15.904	56-20-06	-	3,504
Subtotal Historic Preservation Fund Grants-In-Aid				18,826
Outdoor Recreation Acquisition, Development, and Planning	15.916	56-00904	-	5,535
Total U.S. Department of the Interior				24,361
U.S. Department of Justice				
U.S. Department of Justice Direct Programs				
Grants to Encourage Arrest Policies and Enforcement of Protection Orders (CARI)	16.590	2015-WE-AX-0003	-	2,594
Bulletproof Vest Partnership Program	16.607	FY 2019	-	2,370
Total U.S. Department of Justice Direct Programs				4,964
U.S. Department of Justice Pass-Through Programs				
Pass-through from Wyoming Division of Victim Services: Crime Victim Assistance	16.575	2018-VA-GX-0016	-	190,597
Pass-through from Wyoming Association of Sheriffs and Chiefs of Police:				
Enforcing Underage Drinking Laws Program	16.727	PFS - 2019	-	17,095
Enforcing Underage Drinking Laws Program	16.727	PFS - 2020	-	605
Subtotal Enforcing Underage Drinking Laws Program				17,700
Pass-through from Laramie County, Wyoming:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0439	-	2,330
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DJ-BX-0197	-	19,550
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DJ-BX-0912	-	5,280
Subtotal Edward Byrne Memorial Justice Assistance Grant Program				27,160
Total U.S. Department of Justice Pass-Through Programs				235,457
Total U.S. Department of Justice				240,421
U.S. Department of Transportation				
U.S. Department of Transportation Direct Programs				
Federal Transit Cluster:				
Federal Transit Formula Grant	20.507	90-X057-00	-	17,374
Federal Transit Formula Grant	20.507	90-X059-00	-	4,560
Federal Transit Formula Grant	20.507	90-X062-00	-	67,067
Federal Transit Formula Grant	20.507	90-X063-00	-	531,557
COVID-19: Federal Transit Formula Grant	20.507	90-X067-00	-	460,126
COVID-19: Federal Transit Formula Grant	20.507	90-X068-00	-	93,822
Subtotal Federal Transit Cluster				1,174,506

Continued

CITY OF CHEYENNE, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, *Continued*
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Total Federal Expenditures June 30, 2020
U.S. Department of Transportation, <i>Continued</i>				
U.S. Department of Transportation Pass-Through Programs:				
Highway Planning and Construction Cluster:				
Pass-through from Wyoming Department of Transportation:				
Highway Planning and Construction (Prairie & Frontier)	20.205	STPU-CH 0.00 B171028	\$ -	\$ 14,560
Highway Planning and Construction (Allison & Cribbon)	20.205	CD18101	-	4,798
Subtotal Highway Planning and Construction Cluster				19,358
Pass-through from Wyoming Department of Transportation:				
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	-	-	827,621
Pass-through from Wyoming Department of Transportation:				
Alcohol Open Container Requirements	20.607	154AL-2018-TF-AL-05	-	768
Alcohol Open Container Requirements	20.607	154AL-2019-TF-AL-03	-	19,088
Alcohol Open Container Requirements	20.607	154AL-2020-FA-AL-08	-	13,076
Subtotal Pass-Through from Wyoming Department of Transportation				32,932
Pass-through from Wyoming Association of Sheriffs and Chiefs of Police:				
Alcohol Open Container Requirements	20.607	DUI-154AL-20.607	-	241
Alcohol Open Container Requirements	20.607	Alcohol 154	-	5,561
Subtotal Pass-Through Wyoming Association of Sheriffs and Chiefs of Police				5,802
Subtotal Alcohol Open Container Requirements				38,734
State and Community Highway Safety Cluster:				
Pass-through from Wyoming Association of Sheriffs and Chiefs of Police:				
State and Community Highway Safety	20.600	Radars 402	-	5,470
National Priority Safety Program	20.616	DUI-405D-20.616	-	473
National Priority Safety Program	20.616	DUI-405D-20.616	-	12,617
National Priority Safety Program	20.616	OP HVE-405B	-	18,026
Subtotal National Priority Safety Program				31,116
Subtotal State and Community Highway Safety Cluster				36,586
Total U.S. Department of Transportation Pass-Through Programs			-	922,299
Total U.S. Department of Transportation			-	2,096,805
National Endowment for the Arts				
Pass-through from Wyoming Arts Council:				
Promotion of the Arts Partnership Agreements	45.025	54212799	-	100
U.S. Environmental Protection Agency				
U.S. Environmental Protection Agency Direct Programs				
Brownfields Training, Research and Technical Assistance Grants and Cooperative Agreements	66.814	TR-96805701-0	-	320,502
U.S. Environmental Protection Agency Pass-Through Programs				
Pass-through from Wyoming State Land and Investment Board and Administered by City of Cheyenne Board of Public Utilities:				
Drinking Water State Revolving Fund Cluster:				
Capitalization Grants for Drinking Water State Revolving Fund	66.468	DWSRF-133GR	-	48,670
Total U.S. Environmental Protection Agency				369,172
U.S. Department of Energy				
Pass-through from Wyoming Business Council:				
State Energy Program	81.041	-	-	25,000

Continued

CITY OF CHEYENNE, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, *Continued*
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Total Federal Expenditures June 30, 2020
U.S. Department of Education				
Pass-through from Laramie County Community Partnership:				
Twenty-First Century Community Learning Centers	84.287	Cohort 11	\$ -	\$ 99,530
Twenty-First Century Community Learning Centers	84.287	Cohort 12	-	82,765
Total U.S. Department of Education				<u>182,295</u>
U.S. Department of Health and Human Services				
Pass-through from Wyoming Department of Health:				
Aging Cluster:				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	-	-	<u>67,094</u>
Corporation for National and Community Service Direct Program				
Foster Grandparent/Senior Companion Cluster:				
Foster Grandparent Program	94.011	20SFPWY001	-	<u>3,513</u>
U.S. Department of Homeland Security				
Pass-through from Wyoming Office of Homeland Security:				
Homeland Security Grant Program	97.067	17-GPD-RR7-RR-HRT17	-	45,090
Homeland Security Grant Program	97.067	17-GPD-RR7-RR2-HRT17	-	9,949
Homeland Security Grant Program	97.067	18-SHSP-RR7-RR-HRT18	-	71,689
Homeland Security Grant Program	97.067	18-SHSP-CHE-LP-HIT18	-	50,700
Homeland Security Grant Program	97.067	19-SHSP-RR7-RR-HRT19	-	14,546
Homeland Security Grant Program	97.067	19-SHSP-CHE-LP-HIT19	-	1,500
Total U.S. Department of Homeland Security				<u>193,474</u>
Total Expenditures of Federal Awards			<u>\$ 326,855</u>	<u>\$ 3,616,957</u>

The Notes to Schedule of Expenditures of Federal Awards are an integral part of this Schedule.

CITY OF CHEYENNE, WYOMING

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

Expenditures reported on the accompanying City of Cheyenne, Wyoming (the “City”) Schedule of Expenditures of Federal Awards (the “Schedule”) are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “Uniform Guidance”), wherein certain types of expenditures are not allowable or are limited as to reimbursement. All programs are administered by the City unless otherwise noted.

Note 2. Indirect Cost Rate

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

Note 3. Basis of Presentation

The Schedule includes the Federal award activity of the City under programs of the Federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 13, 2021.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies; therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2020-001, that we consider to be a material weakness.

Compliance and Other Matters

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

The City's Response to the Finding

The City's response to the finding identified in our audit is described in the accompanying Exhibit I: Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in cursive script that reads "McGee, Hearne & Paig, LLP".

Cheyenne, Wyoming
January 13, 2021



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT
ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Cheyenne, Wyoming's (the "City") compliance with the types of compliance requirements described in the *Office of Management and Budget Compliance Supplement* that could have a direct and material effect on each of the City's major Federal programs for the year ended June 30, 2020. The City's major Federal programs are identified in the summary of independent auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

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

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

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming
January 13, 2021

CITY OF CHEYENNE, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2020

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☒ Yes ☐ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major Federal programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

Type of auditor's report issued on compliance for major Federal programs: Unmodified

- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516 (a)? ☐ Yes ☒ No

Identification of major Federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
Cluster	Federal Transit Cluster
97.067	Homeland Security Grant Program

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

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

CITY OF CHEYENNE, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2020

II. FINANCIAL STATEMENT FINDINGS

2020-001: Audit Adjustments (Board of Public Utilities)

Criteria: An internal control structure should be designed to identify the adjusting journal entries that are significant to the City's financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Condition/Context: Various audit adjustments were proposed and recorded. The most significant of those adjustments include, but are not limited to, the following:

- To properly state property, plant, and equipment, including construction in progress
- To properly roll forward equity accounts from the prior year
- To properly recognize loan principal reduction
- To record revenues received in the form of donated utilities

Cause: The Board of Public Utilities' (the "Board") personnel have experience in financial statements prepared in accordance with U.S. GAAP. However, as a result of full turnover in the accounting department and implementation of a new financial processing system, certain required adjustments were not identified or calculated, depending on the situation, by Board personnel.

Effect: Prior to the proposed audit adjustments, the financial statements were not properly stated in accordance with U.S. GAAP.

Recommendation: We recommend the Board implement a control system to identify and capture all year-end accounting adjustments.

Views of Responsible Officials and Planned Corrective Action: Management concurs with the finding. See Exhibit I.

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

CITY OF CHEYENNE, WYOMING

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS Year Ended June 30, 2020

FINDING	STATUS
<u>2019-001: Audit Adjustments</u> Condition/Context: As part of our audit, significant adjustments were proposed and recorded in order to properly state the financial statements in accordance with U.S. GAAP.	<p>See finding 2020-001. However, finding 2020-001 relates only to the Board of Public Utilities and not the City as a whole.</p> <p>As a result of the Corrective Action Plan put in place by the City subsequent to the fiscal year 2019 audit, the City has completed monthly reconciliations on all funds, which has allowed for appropriate and timely accruals.</p> <p>Auditor's Comment: Per work performed in the current year, the City implemented its Corrective Action Plan. Finding 2019-001 is considered to be resolved.</p>
<u>2019-002: Improper Classification of Expenditures – Private Award/Grant</u> Condition/Context: We selected three vendor payments, totaling \$27,518, coded to a private award/grant received by the City. Of these charges, \$5,253 appeared to be inconsistent with the award/grant terms. Simultaneously, the City reviewed all charges coded to this private award/grant and identified a total of \$23,354 that were improper charges to the private award/grant. This amount included the transactions we identified previously. As a result, these expenditures were subsequently reclassified out of the private grant and into a general discretionary account.	<p>As a result of the Corrective Action Plan put in place by the City subsequent to the fiscal year 2019 audit, the City Treasurer's Department implemented a Grant Approval Form and Checklist in August 2019 that is now a requirement to be completed and digitally approved by the City Treasurer prior to requesting grant funds. An Access database was also created by the City Treasurer's Department in September 2019 that includes all grant awards, agreements, award letters, and reimbursement requests in one centralized location. This allows the City Treasurer's Department to be kept apprised of all grant funds received by the City, make sure copies of all relevant documentation are received, and ensure departments are following applicable reporting due dates. A new Budget and Accounting Analyst was hired in September 2019 and is responsible for maintaining the grant database and reconciling three grant funds (Law Enforcement, Local and State Grants, and Federal Grants) on a monthly basis. Lastly, although a formalized class was not provided to departmental supervisors by the City Treasurer's Department due to the COVID-19 pandemic, detailed instructions were sent to all applicable persons.</p> <p>Auditor's Comment: Per work performed in the current year, the City implemented its Corrective Action Plan. This finding is considered to be resolved.</p>

EXHIBIT I:
CORRECTIVE ACTION PLAN



Board of Public Utilities

Cheyenne Water and Sewer Departments

2416 Snyder Ave.
P.O. Box 1469
Cheyenne, Wyoming
82003
(307) 637-6460
www.cheyennebopu.org

MEMORANDUM

TO: Amber M. Nuse, CPA, CTFA
Stephanie Pickering, CPA

FROM: Ashley Miller, Administration Manager

DATE: October 12, 2020

RE: 2020 Financial Report
Audit Finding Corrective Action Plan

The response and Corrective Action Plan to the fiscal year 2020 finding is below.

2020-001: Audit Adjustments

Response and Corrective Action Plan:

In fiscal year 2020, the Board of Public Utilities (the "Board") underwent a change in leadership of the Administration Division Manager and its two-person Accounting Department. The Administration Manager was hired mid-July, the Accounting Supervisor in August, and the Accountant in September 2019. Additionally, in October, the Board converted from a legacy system of HTE to a new and more dynamic financial system – Tyler Technologies. It has been identified that not all reconciliations had been completed for several accounts throughout fiscal year 2020. This led to the discovery that multiple prior-period adjustment entries were needed, which affected the contra accounts, accrued leave liability, capital assets, and several construction work-in-progress accounts. The Accounting Department worked with MHP to identify the errors and make the necessary corrections. As a result, all reconciliations have been completed through June 30, 2020, and all future reconciliations will be done on a monthly basis.

Contact Person: Ashley Miller, Administration Manager

Anticipated Date of Completion: September 30, 2020