

**CITY OF CHEYENNE, WYOMING**

**FINANCIAL AND COMPLIANCE  
REPORT**

**For the fiscal year ended  
June 30, 2012**

**Prepared By:**

**City Treasurer's Office**

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**City of Cheyenne**  
Financial and Compliance Report  
For the fiscal year ended June 30, 2012

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**INDEPENDENT AUDITOR'S REPORT**

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

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, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 of Cheyenne, Wyoming as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2012 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 10 and budgetary comparison information on pages 68 through 70 and schedule of funding progress on page 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.

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 and individual statements of nonmajor funds, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. In addition, the accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Mc Gee, Heune & Paiz, LLP*

Cheyenne, Wyoming  
December 11, 2012

# CITY OF CHEYENNE, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

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, 2012. In addition to this overview and analysis based on currently known facts, decisions and conditions, the City would encourage readers to consider the information presented in the City's financial statements, which begins on page 12 of this report.

### Financial Highlights

- ❖ The City's total net assets (governmental and business-type combined) increased by \$15.3 million (3.5%) during fiscal year 2012. The governmental net assets increased by \$8.4 million (4.0%) and the business-type net assets increased by \$6.9 million (2.9%). The primary source of the increase in governmental net assets was from the sale of property and collection of optional sales tax that was not expended prior to June 30, 2012.
- ❖ The General Fund, the City's primary operating fund, reported an increase of \$646,661 on a current financial resource basis. As of June 30, 2012, unassigned fund balance for the General Fund was \$7.4 million or 53 days of total General Fund expenditures of \$50.9 million. The City Council has a requirement by resolution to maintain an unassigned fund balance in the General Fund of \$6 million.
- ❖ The City's total long-term liabilities decreased by \$108,416 (.1%) during the current fiscal year. Within that activity, the City's governmental long-term liabilities increased by \$563,119 and business-type long-term liabilities decreased by \$671,535.
- ❖ The solid waste management fund posted an increase to its fund balance of over \$1 million during the fiscal year. The primary source of this increase is proceeds of lease financing that remains unexpended at June 30, 2012. In addition, the fund is adding to a reserve to finance a possible future expansion of the existing landfill.

### Overview of the Financial Statements

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

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

The statement of net assets presents information on all of the City's assets and liabilities. The difference between assets and liabilities is reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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

# CITY OF CHEYENNE, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

and recreation. The business-type activities of the City include the Board of Public Utilities (water and sewer departments), the Civic Center and the Ice and Events Center.

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

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

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

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

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

The City maintains 23 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the One Percent Sales Tax Fund, both of which are considered to be major funds. Data from the other 21 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

The basic proprietary fund financial statements can be found on pages 20-29 of this report.

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

# CITY OF CHEYENNE, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

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 31-66 of this report.

Other information. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 76-93 of this report.

### Government-wide Financial Analysis

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

The following table reflects the condensed Statement of Net Assets.

<b>Statement of Net Assets</b>						
(amounts expressed in thousands, totals may not add due to rounding)						
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 67,853	\$ 59,064	\$ 31,934	\$ 30,711	\$ 99,788	\$ 89,775
Capital assets	186,801	186,596	293,633	291,822	480,434	478,418
Total assets	<u>254,654</u>	<u>245,660</u>	<u>325,567</u>	<u>322,533</u>	<u>580,221</u>	<u>568,193</u>
Long-term liabilities	26,040	25,477	73,974	74,646	100,014	100,123
Other liabilities	12,499	12,488	8,085	11,317	20,584	23,805
Total liabilities	<u>38,538</u>	<u>37,965</u>	<u>82,059</u>	<u>85,963</u>	<u>120,598</u>	<u>123,928</u>
Net assets:						
Invested in capital assets, net of related debt	172,595	172,805	216,666	211,394	389,260	384,199
Restricted	38,577	28,239	1,390	1,290	39,966	29,529
Unrestricted	4,944	6,652	25,453	23,886	30,397	30,538
Total net assets	<u>\$ 216,116</u>	<u>\$ 207,696</u>	<u>\$ 243,509</u>	<u>\$ 236,570</u>	<u>\$ 459,624</u>	<u>\$ 444,266</u>

A portion of the City's net assets (8.7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$30,397,070) may be used to meet the government's ongoing obligations to citizens and creditors subject to the City's fund designations and fiscal policies.

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

# CITY OF CHEYENNE, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

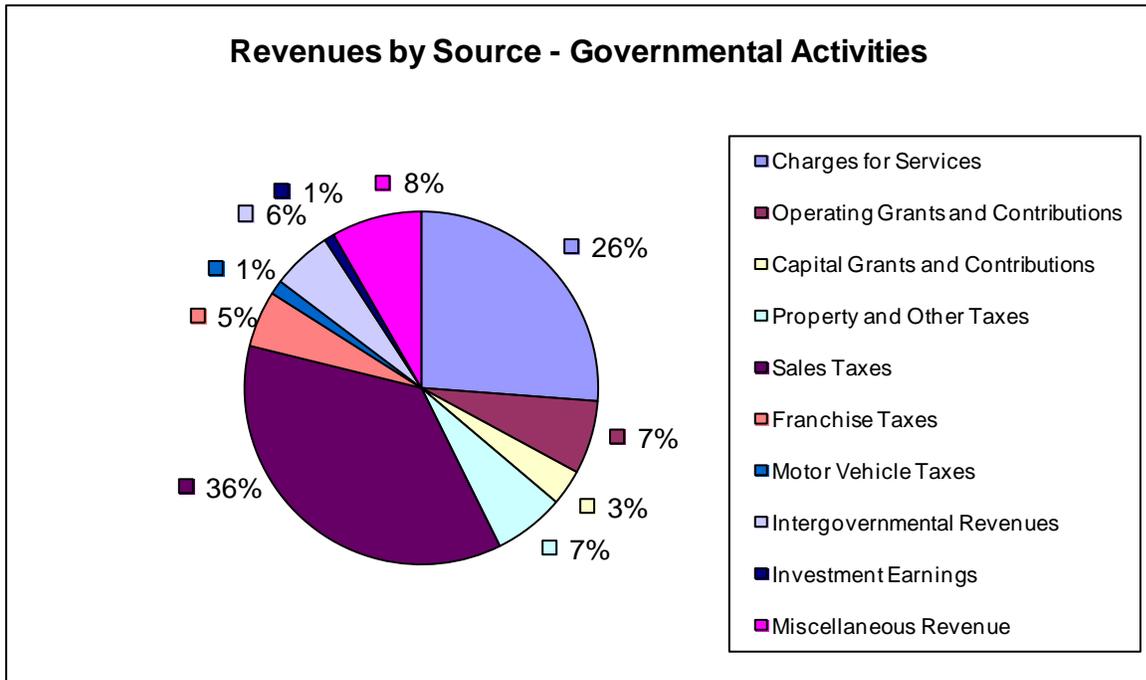
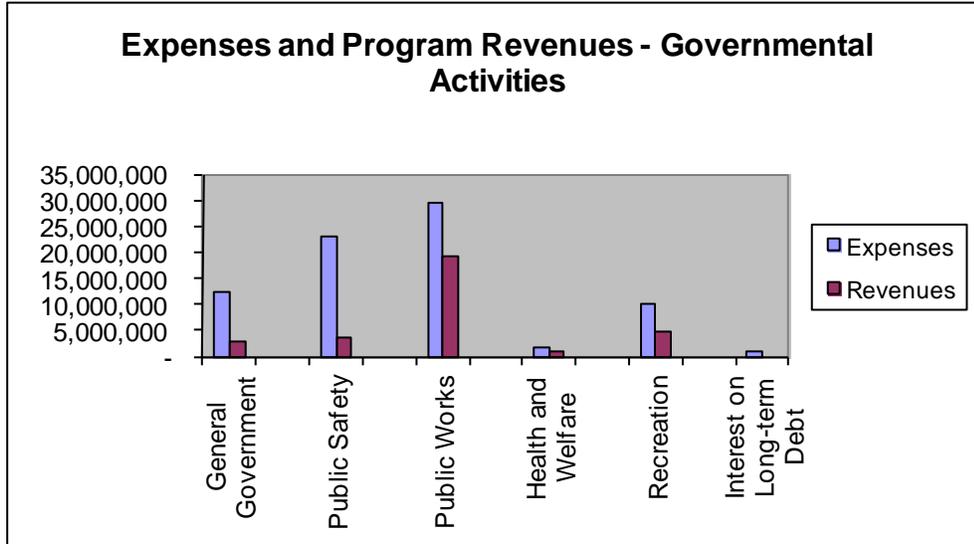
Net assets in the City's governmental type activities increased by \$8.4 million during fiscal year 2012, this was up from a prior year decrease of \$2.9 million. The major reasons for this increase, as previously noted, is due to a gain on the sale of land for \$5.3 million and an excess of optional sales taxes collected over amounts expended. Net assets in the City's business type activities increased by \$6.9 million during fiscal year 2012 which was approximately the same as in the prior year.

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

<b>Changes in Net Assets</b>						
(amounts expressed in thousands, totals may not add due to rounding)						
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 22,727	\$ 19,306	\$ 29,726	\$ 27,800	\$ 52,453	\$ 47,106
Operating grants and contributions	5,837	6,626	1,928	1,656	7,765	8,281
Capital grants and contributions	2,848	1,607	4,381	5,959	7,229	7,566
General revenues:						
Property and other taxes	11,247	10,901	-	-	11,247	10,901
Sales taxes	31,380	28,174	-	-	31,380	28,174
Intergovernmental	4,773	4,700	-	-	4,773	4,700
Other	7,970	2,269	77	147	8,047	2,416
Total revenues	<u>86,781</u>	<u>73,582</u>	<u>36,112</u>	<u>35,562</u>	<u>122,893</u>	<u>109,144</u>
<b>Expenses:</b>						
General government	12,295	12,460	-	-	12,295	12,460
Public safety	23,064	21,805	-	-	23,064	21,805
Public works	29,500	31,736	-	-	29,500	31,736
Health and welfare	1,662	2,064	-	-	1,662	2,064
Recreation	10,173	7,225	-	-	10,173	7,225
Interest on long-term debt	925	587	-	-	925	587
Water	-	-	18,612	17,936	18,612	17,936
Sewer	-	-	9,579	9,704	9,579	9,704
Other	-	-	1,724	1,565	1,724	1,565
Total expenses	<u>77,620</u>	<u>75,878</u>	<u>29,915</u>	<u>29,205</u>	<u>107,535</u>	<u>105,083</u>
Increase in net assets before transfers	9,161	(2,296)	6,197	6,357	15,358	4,061
Transfers	(741)	(558)	741	558	-	-
Change in net assets	8,420	(2,854)	6,938	6,915	15,358	4,061
Net assets - beg. of year	207,696	210,550	236,570	229,655	444,266	440,205
Net assets - end of year	<u>\$ 216,116</u>	<u>\$ 207,696</u>	<u>\$ 243,508</u>	<u>\$ 236,570</u>	<u>\$ 459,624</u>	<u>\$ 444,266</u>

**CITY OF CHEYENNE, WYOMING**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
June 30, 2012



Financial Analysis of the City’s Funds

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

# CITY OF CHEYENNE, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

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 \$59,212,314. Approximately 11 percent of this total amount (\$6,726,628) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted, committed or assigned to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period, to pay debt service or has been dedicated to other uses.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$7,356,094, while total fund balance reached \$11,128,680. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 14.5 percent of total general fund expenditures, while total fund balance represents 21.9 percent of that same amount. This compares to 14 percent and 22.8 percent respectively in the prior year.

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

Unrestricted net assets of the Waterworks and Sewer funds at the end of the year amounted to \$25,507,519 and those for the Civic Center and Ice and Events Center amounted to \$(54,986). Other factors concerning the finances of these four funds have already been addressed in the discussion of the City's business-type activities.

### General Fund Budgetary Highlights

Differences between the original and the final amended budgeted expenditures and transfers were \$13,332,255. The major expenditure increases follow:

- ❖ \$ 1,681,691 in carryover projects
- ❖ \$ 625,017 for various agency account projects and unanticipated revenues
- ❖ \$ 1,242,433 from reserves for various unanticipated projects and expenditures
- ❖ \$ 9,455,000 from proceeds of debt issuance for refunding bonds

Of this increase, \$10,276,964 was funded from unanticipated revenue with the remaining \$3,055,291 budgeted from available fund balance. Expenditures were less than budgetary estimates for all functions thus eliminating the need to further draw upon existing fund balance for operations.

### Capital Asset and Debt Administration

Capital assets. The City of Cheyenne's investment in capital assets for its governmental and business-type activities as of June 30, 2012, amounted to \$480,433,913 (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 .4 percent.

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

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

# CITY OF CHEYENNE, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2012

<b>Capital Assets Net of Depreciation</b>							
(amounts expressed in thousands, totals may not add due to rounding)							
	Governmental Activities		Business-type Activities		Total		
	2012	2011	2012	2011	2012	2011	
Land	\$ 15,722	\$ 13,727	\$ 5,410	\$ 5,410	\$ 21,132	\$ 19,137	
Construction in progress	2,747	1,053	8,194	7,134	10,940	8,187	
Buildings and improvements	68,920	66,703	8,958	8,827	77,878	75,529	
Utility plant in service	-	-	454,082	442,756	454,082	442,756	
Machinery and equipment	40,883	39,937	5,122	5,291	46,005	45,227	
Infrastructure	173,237	170,827	-	-	173,237	170,827	
Less accumulated depreciation	(114,709)	(105,651)	(188,132)	(177,595)	(302,841)	(283,246)	
<b>Total</b>	<b>\$ 186,801</b>	<b>\$ 186,596</b>	<b>\$ 293,633</b>	<b>\$ 291,822</b>	<b>\$ 480,434</b>	<b>\$ 478,418</b>	

Additional information on the City's capital assets can be found in Note 4 on pages 44-45 of this report.

Long-term debt. At the end of the current fiscal year, the City had paid off all bonded debt that was backed by the full faith and credit of the government. The remainder of the City's debt represents bonds and loans secured solely by specified revenue sources (i.e., revenue bonds).

<b>Outstanding Debt - General Obligation Bonds, Revenue Bonds and Loans</b>							
	Governmental Activities		Business-type Activities		Total		
	2012	2011	2012	2011	2012	2011	
General obligation bonds	\$ -	\$ -	\$ -	\$ 2,615,000	\$ -	\$ 2,615,000	
Loans and capital leases	5,177,518	4,816,458	66,152,873	66,551,824	71,330,391	71,368,282	
Revenue bonds	9,455,000	8,975,000	10,510,000	10,995,000	19,965,000	19,970,000	
<b>Total</b>	<b>\$ 14,632,518</b>	<b>\$ 13,791,458</b>	<b>\$ 76,662,873</b>	<b>\$ 80,161,824</b>	<b>\$ 91,295,391</b>	<b>\$ 93,953,282</b>	

The City of Cheyenne's total debt decreased by \$2,657,891 (2.8 percent) during the current fiscal year

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 4 percent of its total assessed valuation. The current debt limitation for the City of Cheyenne is \$21,327,661.

# CITY OF CHEYENNE, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

Additional information on the City of Cheyenne's long-term debt can be found in Note 7 on pages 49-57 of this report.

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

These factors were considered in preparing the City's budget for the 2013 fiscal year (July 1, 2012 to June 30, 2013).

The City's original approved budget for the general fund for the upcoming fiscal year 2013 totaled \$49,560,879 compared to an original budget in fiscal year 2012 of \$50,473,830. This represented a 1.8 percent decrease.

A challenge in the fiscal year 2013 budget was the loss of approximately \$1.1 million from the State of Wyoming as a direct distribution. In addition, during FY2012, the governing body determined, by resolution, that it was necessary to increase the funding into the Solid Waste Fund by approximately \$775,000 to provide funds for the future expansion of the Happy Jack Landfill. This transfer, in effect, reduced the revenues of the General Fund by \$775,000.

On the other side, anticipated expenses continue to rise for the City including, but not limited to, increased costs for fuel, utilities, insurance and health insurance for employees. To compensate for these increases, each department has been asked to do more with less, i.e. line items for operational costs have been reduced to the bare minimum necessary to perform the functions of each department.

In order to balance the budget beyond the reduction in expenditures where possible, it was determined that revenue projections in some areas such as sales tax and building permits will continue to increase in FY2013 as they have in FY2012. The local economy appears to have stabilized and although the development of the oil play in Laramie County has slowed, we anticipate that sales tax revenues will continue to increase during the next fiscal year.

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

### Requests for Information

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

**BASIC  
FINANCIAL  
STATEMENTS**

**CITY OF CHEYENNE, WYOMING**

STATEMENT OF NET ASSETS  
June 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 20,376,444	\$ 23,354,463	\$ 43,730,907	\$ 703,575
Investments, at fair value	28,418,183	2,036,585	30,454,768	-
Restricted assets				
Cash and cash equivalents	994,103	581,680	1,575,783	-
Investments	4,567,541	989,594	5,557,135	-
Due from other governments	-	187,968	187,968	-
Receivables				
Accrued interest	69,654	10,960	80,614	-
Accounts- customers	1,025,557	2,049,410	3,074,967	1,969
Estimated unbilled usage	-	2,506,864	2,506,864	-
Sanitation receivable and unbilled usage	-	1,473,157	1,473,157	-
Property tax receivable	4,474,598	-	4,474,598	156,328
Internal balances	1,674,209	(1,674,209)	-	-
Intergovernmental receivable	5,375,375	-	5,375,375	-
Prepaid expenses	505,795	17,440	523,235	18,623
Notes receivable	-	-	-	3,664
Inventories	371,602	314,859	686,461	-
Total current assets	<u>67,853,061</u>	<u>31,848,771</u>	<u>99,701,832</u>	<u>884,159</u>
Capital assets				
Land	15,722,349	5,409,966	21,132,315	-
Utility plant in service	-	454,082,078	454,082,078	-
Machinery and equipment	16,909,437	1,647,887	18,557,324	-
Transportation equipment	22,928,331	2,323,008	25,251,339	-
Buildings and improvements	68,920,344	8,957,650	77,877,994	-
Office furniture and equipment	1,045,580	1,150,973	2,196,553	23,251
Infrastructure	173,237,002	-	173,237,002	-
Construction in progress	2,746,707	8,193,596	10,940,303	-
	<u>301,509,750</u>	<u>481,765,158</u>	<u>783,274,908</u>	<u>23,251</u>
Less accumulated depreciation	<u>(114,708,781)</u>	<u>(188,132,214)</u>	<u>(302,840,995)</u>	<u>(19,091)</u>
Total capital assets (net of accumulated depreciation)	<u>186,800,969</u>	<u>293,632,944</u>	<u>480,433,913</u>	<u>4,160</u>
Other assets				
Deferred charges	-	85,679	85,679	-
Total other assets	<u>-</u>	<u>85,679</u>	<u>85,679</u>	<u>-</u>
 Total noncurrent assets	 <u>186,800,969</u>	 <u>293,718,623</u>	 <u>480,519,592</u>	 <u>4,160</u>
 Total assets	 <u>\$ 254,654,030</u>	 <u>\$ 325,567,394</u>	 <u>\$ 580,221,424</u>	 <u>\$ 888,319</u>

**CITY OF CHEYENNE, WYOMING**

STATEMENT OF NET ASSETS (CONTINUED)  
June 30, 2012

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$ 4,226,815	\$ 1,605,814	\$ 5,832,629	\$ 132,696
Accrued interest	-	911,217	911,217	-
Accrued salaries including compensated absences and early retirement, current portion	2,482,025	381,935	2,863,960	-
Unearned fees and deposits	-	1,044,654	1,044,654	-
Unearned revenue	4,265,532	160,828	4,426,360	156,328
Long-term debt and capital leases current portion	1,524,146	3,980,594	5,504,740	-
Total current liabilities	<u>12,498,518</u>	<u>8,085,042</u>	<u>20,583,560</u>	<u>289,024</u>
Noncurrent liabilities				
Accrued landfill closure and post-closure costs	11,630,918	-	11,630,918	-
Accrued compensated absences	1,726,523	987,875	2,714,398	-
Long-term portion of capital leases	3,926,743	-	3,926,743	-
Long-term portion of debt	8,755,567	72,986,437	81,742,004	-
Total noncurrent liabilities	<u>26,039,751</u>	<u>73,974,312</u>	<u>100,014,063</u>	<u>-</u>
Total liabilities	<u>38,538,269</u>	<u>82,059,354</u>	<u>120,597,623</u>	<u>289,024</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	172,594,513	216,665,913	389,260,426	4,160
Restricted for				
Debt service and capital improvements	1,000,061	1,389,594	2,389,655	-
Legal restrictions	6,986,150	-	6,986,150	-
Tax voter approved projects	30,590,500	-	30,590,500	-
Unrestricted	<u>4,944,537</u>	<u>25,452,533</u>	<u>30,397,070</u>	<u>595,135</u>
Total net assets	<u>\$ 216,115,761</u>	<u>\$ 243,508,040</u>	<u>\$ 459,623,801</u>	<u>\$ 599,295</u>

**CITY OF CHEYENNE, WYOMING**

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2012

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs				
Primary Government				
Governmental activities				
General government	\$ 12,295,243	\$ 2,286,889	\$ 368,118	\$ 87,882
Public safety	23,064,413	1,239,606	2,246,571	36,987
Public works	29,500,108	15,221,329	2,186,425	1,889,464
Health and welfare	1,662,439	3,111	1,000,515	-
Recreation	10,172,893	3,975,910	35,122	833,241
Interest on long-term debt	925,330	-	-	-
Total governmental activities	<u>77,620,426</u>	<u>22,726,845</u>	<u>5,836,751</u>	<u>2,847,574</u>
Business-type activities				
Water	18,611,585	19,491,200	1,493,401	2,850,068
Sewer	9,578,782	9,102,929	434,752	1,530,952
Civic Center	1,139,888	744,841	-	-
Ice and Events Center	584,380	386,755	-	-
Total business-type activities	<u>29,914,635</u>	<u>29,725,725</u>	<u>1,928,153</u>	<u>4,381,020</u>
Total primary government	<u>\$ 107,535,061</u>	<u>\$ 52,452,570</u>	<u>\$ 7,764,904</u>	<u>\$ 7,228,594</u>
Governmental component unit				
Downtown Development Authority	<u>\$ 560,919</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues  
Property taxes and other taxes  
Sales taxes  
Franchise taxes  
Motor vehicle taxes  
Intergovernmental funds and shared revenues not restricted to specific programs  
Unrestricted investment earnings  
Insurance proceeds  
Gain on sale of capital assets  
Miscellaneous revenue  
Transfers  
Total general revenues and transfers  
Change in net assets

Net assets - beginning of year

Net assets - end of year

Net (Expense) Revenue and Changes in Net Assets			Component Unit
Primary Government			Downtown Development Authority
Governmental Activities	Business-type Activities	Total	
\$ (9,552,354)	\$ -	\$ (9,552,354)	\$ -
(19,541,249)	-	(19,541,249)	-
(10,202,890)	-	(10,202,890)	-
(658,813)	-	(658,813)	-
(5,328,620)	-	(5,328,620)	-
(925,330)	-	(925,330)	-
<u>(46,209,256)</u>	<u>-</u>	<u>(46,209,256)</u>	<u>-</u>
-	5,223,084	5,223,084	-
-	1,489,851	1,489,851	-
-	(395,047)	(395,047)	-
-	<u>(197,625)</u>	<u>(197,625)</u>	-
<u>-</u>	<u>6,120,263</u>	<u>6,120,263</u>	<u>-</u>
(46,209,256)	6,120,263	(40,088,993)	-
-	-	-	(560,919)
5,627,152	-	5,627,152	-
31,380,447	-	31,380,447	-
4,480,823	-	4,480,823	-
1,139,125	-	1,139,125	-
4,772,547	-	4,772,547	476,376
797,976	77,077	875,053	679
680,495	-	680,495	-
5,312,183	-	5,312,183	-
1,179,134	-	1,179,134	6,750
<u>(740,590)</u>	<u>740,590</u>	<u>-</u>	<u>-</u>
<u>54,629,292</u>	<u>817,667</u>	<u>55,446,959</u>	<u>483,805</u>
<u>8,420,036</u>	<u>6,937,930</u>	<u>15,357,966</u>	<u>(77,114)</u>
<u>207,695,725</u>	<u>236,570,110</u>	<u>444,265,835</u>	<u>676,409</u>
<u>\$ 216,115,761</u>	<u>\$ 243,508,040</u>	<u>\$ 459,623,801</u>	<u>\$ 599,295</u>

**CITY OF CHEYENNE, WYOMING**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2012

	General Fund	One Percent Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,201,859	\$ 8,525,030	\$ 8,649,555	\$ 20,376,444
Investments, at fair value	2,732,649	15,717,939	9,967,595	28,418,183
Cash and cash equivalents - restricted	76,381	-	917,722	994,103
Investments - restricted	923,680	-	3,643,861	4,567,541
Receivables				
Accrued interest	-	43,344	26,310	69,654
Property tax	4,474,598	-	-	4,474,598
Customers	905,596	-	119,961	1,025,557
Due from other funds	1,993,415	311,168	660,000	2,964,583
Due from other governments	2,428,938	1,925,447	1,020,990	5,375,375
Prepaid items	472,448	-	33,347	505,795
Inventories	371,602	-	-	371,602
Total assets	<u>\$17,581,166</u>	<u>\$26,522,928</u>	<u>\$ 25,039,341</u>	<u>\$ 69,143,435</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 2,123,312	\$ 754,957	\$ 1,348,546	\$ 4,226,815
Accrued salaries including vacation and sick leave	-	-	-	-
Due to other funds	-	-	1,290,374	1,290,374
Due to other governments	-	-	-	-
Deferred revenue	4,329,174	-	84,758	4,413,932
Total liabilities	<u>6,452,486</u>	<u>754,957</u>	<u>2,723,678</u>	<u>9,931,121</u>
Fund balances				
Nonspendable:				
Prepaid items	472,448	-	33,347	505,795
Inventories	371,602	-	-	371,602
Loans receivable	394,205	-	-	394,205
Restricted for:				
Bond ordinances	1,000,061	-	-	1,000,061
Weed and pest programs	-	-	355,986	355,986
One percent sales and use tax projects	-	25,767,971	-	25,767,971
Capital projects	-	-	9,774,794	9,774,794
Cemetery projects	-	-	622,018	622,018
Juvenile justice programs	-	-	136,148	136,148
Grants	-	-	356,525	356,525
Housing programs	-	-	345,953	345,953
Youth programs	-	-	217,255	217,255
Committed to:				
Capital projects	265,974	-	486,906	752,880
Landfill development	-	-	10,318,524	10,318,524
Annexation improvements	-	-	193,604	193,604
Youth programs	-	-	104,069	104,069
Assigned to:				
Future expenditures	708,600	-	-	708,600
Agency accounts	559,696	-	-	559,696
Unassigned	7,356,094	-	(629,466)	6,726,628
Total fund balances	<u>11,128,680</u>	<u>25,767,971</u>	<u>22,315,663</u>	<u>59,212,314</u>
Total liabilities and fund balances	<u>\$17,581,166</u>	<u>\$26,522,928</u>	<u>\$ 25,039,341</u>	<u>\$ 69,143,435</u>

**CITY OF CHEYENNE, WYOMING**

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

June 30, 2012

Total fund balances - governmental funds	\$ 59,212,314
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.	186,800,969
Other assets are not available to pay for current period expenditures and, therefore are deferred in the funds.	148,400
Long-term liabilities for compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(4,208,548)
Long-term liability for landfill closure costs is not due and payable in the current period and therefore is not reported in the funds.	(11,630,918)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(14,206,456)</u>
Net assets of governmental activities	<u><u>\$ 216,115,761</u></u>

**CITY OF CHEYENNE, WYOMING**

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2012

	General Fund	One Percent Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes and special assessments	\$ 9,803,156	\$ -	\$ -	\$ 9,803,156
Licenses and permits	3,152,888	-	-	3,152,888
Intergovernmental	25,850,416	11,751,939	8,544,727	46,147,082
Charges for services	10,680,490	-	7,665,465	18,345,955
Fines and forfeitures	1,228,002	-	-	1,228,002
Investment income	104,827	422,150	270,999	797,976
Miscellaneous	828,702	-	358,969	1,187,671
<b>Total revenues</b>	<b>51,648,481</b>	<b>12,174,089</b>	<b>16,840,160</b>	<b>80,662,730</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	12,454,854	-	766,044	13,220,898
Public safety	19,752,840	124,803	1,791,807	21,669,450
Public works	10,866,957	1,847,252	5,350,007	18,064,216
Health and welfare	-	603,000	1,060,274	1,663,274
Recreation	5,227,998	75,498	1,169,025	6,472,521
Capital	1,893,771	6,664,549	6,691,666	15,249,986
<b>Debt service</b>				
Principal retirements	150,000	-	1,428,940	1,578,940
Interest payments	521,447	-	182,318	703,765
<b>Total expenditures</b>	<b>50,867,867</b>	<b>9,315,102</b>	<b>18,440,081</b>	<b>78,623,050</b>
<b>Excess (deficiency) of revenues     over expenditures</b>	<b>780,614</b>	<b>2,858,987</b>	<b>(1,599,921)</b>	<b>2,039,680</b>
<b>Other financing sources (uses)</b>				
Transfers in	11,594	-	327,378	338,972
Transfers out	(1,029,980)	(37,988)	(11,594)	(1,079,562)
Proceeds from capital leases	-	-	1,790,000	1,790,000
Issuance of refunding bonds	9,455,000	-	-	9,455,000
Payment to refunded bonds escrow agent	(9,251,062)	-	-	(9,251,062)
Insurance proceeds	680,495	-	-	680,495
Proceeds from sale of assets	-	-	5,338,301	5,338,301
<b>Total other financing sources (uses)</b>	<b>(133,953)</b>	<b>(37,988)</b>	<b>7,444,085</b>	<b>7,272,144</b>
<b>Net change in fund balances</b>	<b>646,661</b>	<b>2,820,999</b>	<b>5,844,164</b>	<b>9,311,824</b>
Fund balances - beginning of year	10,482,019	22,946,972	16,471,499	49,900,490
Fund balances - end of year	<u>\$ 11,128,680</u>	<u>\$ 25,767,971</u>	<u>\$ 22,315,663</u>	<u>\$ 59,212,314</u>

**CITY OF CHEYENNE, WYOMING**

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2012

Net change in fund balances - total governmental funds \$ 9,311,824

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital purchases and contributions exceeded depreciation and disposals in the current period. 204,646

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (97,601)

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. 77,827

Expenses reported in the statement of activities for the increase in the landfill closure liability do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds. (440,097)

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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of the differences in the treatment of long-term debt and related items. (636,563)

Change in net assets of governmental activities \$ 8,420,036

**CITY OF CHEYENNE, WYOMING**

**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
June 30, 2012

	Business-type Activities	
	Waterworks Fund	Sewer Fund
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 16,799,407	\$ 6,368,938
Investments, at fair value	1,050,000	986,585
Restricted assets		
Cash and cash equivalents	581,680	-
Investments	989,594	-
Due from other governments	164,979	22,989
City of Cheyenne sanitation account	1,473,157	-
Receivables		
Accrued interest	8,436	2,524
Accounts- customers	1,445,023	594,990
Estimated unbilled usage	1,929,176	577,688
Inventories	300,269	14,590
Prepaid expenses	17,440	-
Total current assets	24,759,161	8,568,304
Noncurrent assets		
Capital assets		
Land	4,538,963	528,760
Utility plant in service	335,792,445	118,289,633
Machinery and equipment	785,226	260,445
Transportation equipment	1,735,966	567,047
Buildings and improvements	1,653,898	567,582
Office furniture and equipment	708,518	244,900
Construction in progress	6,384,102	1,809,494
	351,599,118	122,267,861
Less accumulated depreciation	(139,852,512)	(44,459,205)
Total capital assets (net of accumulated depreciation)	211,746,606	77,808,656
Other assets		
Deferred charges	85,679	-
Total other assets	85,679	-
Total noncurrent assets	211,832,285	77,808,656
Total assets	\$ 236,591,446	\$ 86,376,960

<u>Enterprise Funds</u>	
<u>Other Proprietary Funds</u>	<u>Totals</u>
\$ 186,118	\$ 23,354,463
-	2,036,585
-	581,680
-	989,594
-	187,968
-	1,473,157
-	10,960
9,397	2,049,410
-	2,506,864
-	314,859
-	17,440
<u>195,515</u>	<u>33,522,980</u>
342,243	5,409,966
-	454,082,078
602,216	1,647,887
19,995	2,323,008
6,736,170	8,957,650
197,555	1,150,973
-	8,193,596
<u>7,898,179</u>	<u>481,765,158</u>
<u>(3,820,497)</u>	<u>(188,132,214)</u>
<u>4,077,682</u>	<u>293,632,944</u>
-	85,679
-	85,679
<u>4,077,682</u>	<u>293,718,623</u>
<u>\$ 4,273,197</u>	<u>\$327,241,603</u>

**CITY OF CHEYENNE, WYOMING**

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS (CONTINUED)

June 30, 2012

	Business-type Activities	
	Waterworks Fund	Sewer Fund
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	\$ 1,328,116	\$ 256,228
Accrued interest	750,850	160,367
Unearned revenue	-	-
Due to other funds	1,669,043	5,166
Unearned fees and deposits	823,301	221,353
Accrued salaries including vacation and sick leave	216,169	144,118
Current portion of general obligation and loan debt	1,940,474	2,040,120
Total current liabilities	6,727,953	2,827,352
Long term liabilities		
Accrued compensated absences	564,779	376,541
General obligation and loan debt, deferred amount on refunding and unamortized bond premium, net of current portion	40,532,484	32,453,953
Total long term liabilities	41,097,263	32,830,494
Total liabilities	47,825,216	35,657,846
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	169,273,648	43,314,583
Restricted for debt service and capital improvements	1,389,594	-
Unrestricted (deficit)	18,102,988	7,404,531
Total net assets	188,766,230	50,719,114

<u>Enterprise Funds</u>		
<u>Other</u>		
<u>Proprietary</u>		
<u>Funds</u>	<u>Totals</u>	
\$ 21,470	\$ 1,605,814	
-	911,217	
160,828	160,828	
-	1,674,209	
-	1,044,654	
21,648	381,935	
-	3,980,594	
<u>203,946</u>	<u>9,759,251</u>	
46,555	987,875	
-	72,986,437	
<u>46,555</u>	<u>73,974,312</u>	
<u>250,501</u>	<u>83,733,563</u>	
4,077,682	216,665,913	
-	1,389,594	
<u>(54,986)</u>	<u>25,452,533</u>	
<u>4,022,696</u>	<u>243,508,040</u>	

**CITY OF CHEYENNE, WYOMING**

STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS  
Year Ended June 30, 2012

	Business-type Activities	
	Waterworks Fund	Sewer Fund
Operating revenues		
Sales and charges for services	\$ 19,136,331	\$ 8,699,568
Fees and miscellaneous	354,869	403,361
Total operating revenues	19,491,200	9,102,929
Operating expenses		
Source of supply	1,245,052	-
Water treatment	2,222,510	-
Transmission and distribution	1,975,019	-
Engineering and water resources	808,774	269,695
Sewer collection lines	-	1,112,374
Water reclamation	-	2,305,548
Information technology and customer service	783,458	261,135
Administrative and general	2,830,570	1,532,005
Depreciation	7,426,084	3,233,194
Parts and supplies	-	-
Intra-city charges	-	-
Total operating expenses	17,291,467	8,713,951
Operating income (loss)	2,199,733	388,978
Non-operating income (expenses)		
System development fees	1,493,401	434,752
Investment income		
Interest income	74,621	30,088
Net decrease in fair value of investments	(20,508)	(7,124)
Interest expense	(1,320,118)	(864,831)
Total non-operating income (expenses)	227,396	(407,115)
Income (loss) before contributions and transfers	2,427,129	(18,137)
Capital contributions	495,259	151,257
Donated utilities and other assets	2,354,809	1,379,695
Transfers in	-	-
Change in net assets	5,277,197	1,512,815
Total net assets - beginning of year	183,489,033	49,206,299
Total net assets - end of year	\$ 188,766,230	\$ 50,719,114

<u>Enterprise Funds</u>	
<u>Other Proprietary Funds</u>	<u>Totals</u>
\$ 1,090,168	\$ 28,926,067
41,428	799,658
<u>1,131,596</u>	<u>29,725,725</u>
-	1,245,052
-	2,222,510
-	1,975,019
-	1,078,469
-	1,112,374
-	2,305,548
-	1,044,593
1,446,620	5,809,195
219,865	10,879,143
41,904	41,904
15,879	15,879
<u>1,724,268</u>	<u>27,729,686</u>
<u>(592,672)</u>	<u>1,996,039</u>
-	1,928,153
-	104,709
-	(27,632)
-	(2,184,949)
-	(179,719)
<u>(592,672)</u>	<u>1,816,320</u>
-	646,516
-	3,734,504
<u>740,590</u>	<u>740,590</u>
147,918	6,937,930
<u>3,874,778</u>	<u>236,570,110</u>
<u>\$ 4,022,696</u>	<u>\$243,508,040</u>

**CITY OF CHEYENNE, WYOMING**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 Year Ended June 30, 2012

	Business-type Activities	
	Waterworks Fund	Sewer Fund
Cash flows from operating activities		
Cash received from customers	\$ 18,675,722	\$ 9,104,418
Cash payments to suppliers	(3,759,030)	(2,192,649)
Cash payments to employees	(6,056,723)	(3,495,864)
Change in City sanitation account	93,575	-
Net cash provided by (used in) operating activities	8,953,544	3,415,905
Cash flows from noncapital financing activities		
Transfers from other funds	-	-
Payments of due to other funds	-	-
Net cash provided by noncapital financing activities	-	-
Cash flows from capital and related financing activities		
System development fees	1,286,485	397,528
Proceeds from issuance of debt	4,503,857	1,182,934
Acquisition and construction of capital assets	(6,772,225)	(1,995,190)
Principal paid on general obligation bonds and loan debt maturities	(6,185,564)	(1,990,398)
Capital grants	406,398	135,594
Interest paid on debt	(1,310,423)	(875,883)
Net cash provided by (used in) capital and related financing activities	(8,071,472)	(3,145,415)
Cash flows from investing activities		
Interest on cash accounts and investments	58,565	24,813
Redemption of investments	2,709,312	1,386,313
Purchase of investments	-	(36,585)
Net cash provided by (used in) investing activities	2,767,877	1,374,541
Net increase (decrease) in cash and cash equivalents	3,649,949	1,645,031
Cash and cash equivalents - beginning of year	13,731,138	4,723,907
Cash and cash equivalents - end of year	\$ 17,381,087	\$ 6,368,938

<u>Enterprise Funds</u>	
<u>Other Proprietary Funds</u>	<u>Totals</u>
\$ 1,011,849	\$ 28,791,989
(932,633)	(6,884,312)
(606,535)	(10,159,122)
-	93,575
<u>(527,319)</u>	<u>11,842,130</u>
740,590	740,590
<u>(372,000)</u>	<u>(372,000)</u>
<u>368,590</u>	<u>368,590</u>
-	1,684,013
-	5,686,791
(28,800)	(8,796,215)
-	(8,175,962)
-	541,992
-	<u>(2,186,306)</u>
<u>(28,800)</u>	<u>(11,245,687)</u>
-	83,378
-	4,095,625
-	<u>(36,585)</u>
<u>-</u>	<u>4,142,418</u>
(187,529)	5,107,451
<u>373,647</u>	<u>18,828,692</u>
<u>\$ 186,118</u>	<u>\$ 23,936,143</u>

**CITY OF CHEYENNE, WYOMING**

STATEMENT OF CASH FLOWS (CONTINUED)  
 PROPRIETARY FUNDS  
 Year Ended June 30, 2012

	Business-type Activities	
	Waterworks Fund	Sewer Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	\$ 2,199,733	\$ 388,978
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	7,426,084	3,233,194
Loss on disposal of capital assets	-	-
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities		
Receivables	(798,169)	17,778
Inventory	(51,905)	(83)
Prepaid expenses	(6,731)	-
Accounts payable	57,145	(246,530)
Other accruals	-	-
City sanitation account	93,575	-
Accrued salaries including vacation and sick leave	33,812	22,568
Deferred revenue	-	-
	\$ 8,953,544	\$ 3,415,905
Noncash investing, capital and noncapital financing activities		
Amortization of deferred refunding loss and debt premiums	\$ 37,946	\$ -
Donated asset acquisitions	2,354,809	1,379,695
Capitalized interest	135,137	24,407

<u>Enterprise Funds</u>	
<u>Other Proprietary Funds</u>	<u>Totals</u>
\$ (592,672)	\$ 1,996,039
219,865	10,879,143
135	135
942	(779,449)
-	(51,988)
-	(6,731)
(53,770)	(243,155)
-	-
-	93,575
19,005	75,385
<u>(120,824)</u>	<u>(120,824)</u>
<u><u>\$ (527,319)</u></u>	<u><u>\$ 11,842,130</u></u>
\$ -	\$ 37,946
-	3,734,504
-	159,544

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# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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

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

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

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

The Downtown Development Authority ("DDA") was established to account for all the revenues and those expenditures associated with the activities of developing the City downtown area. The DDA primarily serves the citizens and businesses of the City of Cheyenne, and is dependent upon revenue from tax incremental financing through 1% sales tax that is shared with the City of Cheyenne. Due to the nature and significance of its relationship with the City, the exclusion of the DDA would render the financial statements of the City incomplete or misleading. Complete financial statements for the DDA may be obtained from the Cheyenne Downtown Development Authority, 121 W. 15<sup>th</sup>, Suite 200, Cheyenne, Wyoming.

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

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

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

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

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

The government-wide financial statements (i.e., the statement of net assets 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 normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The City's fiduciary fund financial statements are for an agency fund in which assets equal liabilities; the agency fund has no measurement focus and uses the *accrual basis of accounting*.

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

Taxes, intergovernmental revenues, charges for services and licenses associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

---

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

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

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

Additionally, the government reports the following fund types:

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

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

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

The *other proprietary funds* are for the civic center and the ice and events center, which are used to account for their operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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

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

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

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

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

#### ***Assets, Liabilities and Net Assets or Equity***

##### ***Deposits and Investments***

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

Investments, which consist of certificates of deposit, money market certificates, mortgage-backed securities and government securities, are reported at fair value at June 30, 2012. Fair value is determined using the latest bid price or by the closing exchange price at the statement of net assets date. A significant portion of the City's investment activity, except for funds that are required to maintain their investments separately, is conducted in a pooled investment account with the State of Wyoming, State Treasurer's office. The State Treasurer's Investment Pool (WYOSTAR) operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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

#### *Assets, Liabilities and Net Assets or Equity (Continued)*

##### ***Receivables and Payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portion of inter-fund loans) or “advances to/from other funds” (i.e. the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Accounts receivable are shown on the statement of net assets net of allowances for doubtful accounts of \$485,150.

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

The City is permitted by Wyoming Statutes to levy up to 8 mills of the assessed valuation except for the payment of public debt and the interest thereon. The combined tax rate to finance general governmental services other than the payment of principal and interest on long-term debt for the year ended June 30, 2012 was 8 mills, which means the City has no available tax margin and accordingly, cannot raise any additional property taxes.

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

##### ***Inventories***

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

##### ***Restricted Assets***

By voter approval, restricted assets include cash and investments required to be set aside as specific purpose sales and use taxes for the exclusive purpose of funding various projects. Assets held by the Board for the City sanitation, as well as amounts due from the State of Wyoming on requested loan advances are also deemed restricted. In addition, cash required to be set aside for the repair and maintenance of capital assets that were funded by the State of Wyoming loans, as well as the Bond Reserve Funds required by the issuance of the Series 2007 Refunding Revenue Water Bonds and the Series 2012 Refunding Revenue Bonds, are deemed restricted.

CITY OF CHEYENNE, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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

*Assets, Liabilities and Net Assets or Equity (Continued)*

**Capital Assets**

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

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

Property, plant, and equipment of the governmental funds and the civic and ice and events center are depreciated using the straight-line method over the following estimated useful lives:

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

Sewer and waterworks capital assets, which include property, plant equipment and infrastructure assets (e.g., water and sewer lines), are reported in the applicable business-type activities columns in the statement of net assets. 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. Such assets, land, buildings and improvements, equipment and utility plant in service have been valued at an estimated historical cost, as determined by an independent study as of June 30, 1973, plus additions since that time at historical cost. Property and equipment donated by developers is valued at its fair value at the date of donation.

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

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

CITY OF CHEYENNE, WYOMING

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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

*Assets, Liabilities and Net Assets or Equity (Continued)*

**Compensated Absences**

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

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

Employees may accumulate up to 30 days of vacation. Accumulated vacation leave in excess of 30 days shall be deemed forfeited at the end of the December pay period. Sick leave accrues at the rate of 1.25 days per month and employees may accumulate unlimited hours of sick leave but upon termination are only paid up to 60 days of sick leave.

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

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

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

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

CITY OF CHEYENNE, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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

*Assets, Liabilities and Net Assets or Equity (Continued)*

***Compensated Absences (Continued)***

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

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

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

***Long-Term Obligations***

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

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

***Fund Balance***

The City reports fund balance in the governmental fund financial statements in one of the following five categories. Nonspendable fund balance represents amounts that are not in spendable form which for the City includes prepaid items and inventories. Restricted fund balance represents amounts constrained to a specific purpose by their providers, through constitutional provisions, or by enabling legislation. Committed fund balance represents amounts constrained to a specific purpose by the City Council through a formal motion. Amounts reported as committed cannot be used for any other purpose unless the City Council makes another formal motion. Assigned fund balance represents amounts constrained by the City's intent to use them for a specific purpose. Although the City does not have a policy specific to assigned fund balance, other City policies authorize certain individuals to

CITY OF CHEYENNE, WYOMING

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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

*Assets, Liabilities and Net Assets or Equity (Continued)*

***Fund Balance (Continued)***

enter into purchase orders which may result in encumbrances at year end. Unassigned fund balance represents amounts that have not been restricted, committed or assigned to a specific purpose.

As of June 30, 2012, the City does not have a 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. As a result, the City assumes the default approach that resources be used in the following order: committed, assigned, and unassigned.

***Net Assets***

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

***Estimates***

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

***Encumbrances***

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

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

General Fund		
Assigned	\$	567,936
One Percent Sales Tax Fund		
Restricted		346,941
Other Governmental Funds		
Restricted		72,240
Committed		2,969,558
Total Encumbrances	\$	<u>3,956,675</u>

**CITY OF CHEYENNE, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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

*Assets, Liabilities and Net Assets or Equity (Continued)*

**Deficit Fund Equity**

The following funds had a deficit balance at June 30, 2012:

Fund	Deficit Balance
Youth Alternative Grants	\$ (55,031)
Community Development Block Grant	(752)
Law Enforcement Block Grant	(24,394)
Miscellaneous Federal Grants	(172,395)
Transportation Planning	(91,490)
Recreation Programs	(68,364)
Athletic Facilities	(152,072)

For the Youth Alternative Grants, Community Development Block Grant, Law Enforcement Block Grant, Miscellaneous Federal Grants and Transportation Planning Funds, the fund deficits are due to draws not made early in the program or requests for reimbursements not meeting the availability requirement. The Athletic Facilities and Recreation Programs deficits are caused by expenses made from loans from the general fund and one percent sales tax fund, respectively. As revenues are generated from future years and the loans are repaid, the deficits will be eliminated.

**Note 2. Reconciliation of Government-wide and Fund Financial Statements**

***Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets***

The basic financial statements include a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$14,206,456 difference are as follows:

Long-term portion of capital leases	\$ 3,926,743
Long-term portion of debt	8,755,567
Long-term debt and capital leases current portion	1,524,146
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	\$ 14,206,456

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2012

**Note 2. Reconciliation of Government-wide and Fund Financial Statements (continued)**

***Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities***

The basic financial statements include a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$204,646 difference are as follows:

Donated fixed assets	\$ 223,246
Capital outlay	11,322,556
Depreciation expense	(11,315,039)
Disposal of assets	(26,117)
	\$ 204,646

**Note 3. Cash and Investments**

Cash and investments and restricted cash and investments as of June 30, 2012, as classified in the accompanying financial statements, consist of the following:

	Governmental Activities	Business-type Activities	Total
Deposits with financial institutions:			
Cash	\$ 16,205,207	\$ 624,774	\$ 16,829,981
Certificates of deposit	917,546	7,576,179	8,493,725
Investments:			
WYOSTAR	5,165,338	18,751,499	23,916,837
WGIF	-	9,870	9,870
Investment accounts	32,068,180	-	32,068,180
	\$ 54,356,271	\$ 26,962,322	\$ 81,318,593

***Investments Authorized by the City’s Investment Policy***

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

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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

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

Custodial credit risk for deposits and certificates of deposit is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. State statutes require that the City and Board's deposits in excess of the Federal depository insurance must be collateralized. As of June 30, 2012, the deposits of the City and Board were fully insured and collateralized as required by state statutes. The deposits of the component unit of the City were fully insured and collateralized at June 30, 2012.

In addition to the applicable statutes, the City and Board's policies require all deposits to be collateralized at 105% of the amount invested including accrued interest to further reduce its exposure to custodial credit risk. At June 30, 2012, the City and Board's deposits were fully collateralized as required by City and Board policy.

For an investment, this is the risk that in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes limit the type of investments the City can use. Statutes limit investments primarily to securities issued or guaranteed by the U.S. Treasury or agencies of the United States Government; therefore, reducing the City's exposure to custodial credit risk for its investments. As of June 30, 2012, all investment securities were held by the City's custodians and registered in the City's name.

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

The City's investment policy states that with the exception of U.S. Treasury securities, obligations or securities issued by or guaranteed by any federal government agency or instrumentality, certificates of deposits, and authorized pools, no more than 25% of the City's total investment portfolio will be invested in a single security type. The City met this limitation as of June 30, 2012. The City holds \$5,633,497 or 15% of its portfolio in Federal National Mortgage Association (FNMA); \$7,726,847 or 20% of its portfolio in FNMA Pool; \$3,995,589 or 10% of its portfolio in Federal Home Loan Mortgage Corporation (FHLMC); and \$3,247,372 or 8% of its portfolio in Federal Home Loan Bank (FHLB). The Board's investment policy does not allow more than 25% of the total investment portfolio to be invested in any one issuer, with the exception of WYOSTAR, WGIF, bank certificates of deposit and U.S. Treasury securities, which include all of the Board's investments.

#### ***Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The City's investments are held in an external pooled investment accounts, bank certificates of deposit, as well as accounts managed by an investment manager, and as a means of limiting its exposure to fair value losses arising from rising interest rates, the City attempts to match its investment maturities to expected cash flow needs. Unless matched to a specific cash flow, the City's policy is to maintain a weighted average life of one to three years for the 1-3 Year Short portfolio and maintain a weighted average life of one to five years for the 1-5 Short-intermediate portfolio. The Board's investment portfolio shall be timed to provide that at least 20% is under 31 days (but this amount need not be more than \$3,000,000) and not more than 25% may be over 181 days and less than three years. With this investment focus, investments are expected to reach maturity with limited gains and losses. The maturities and applicable interest rates of the City and Board's investments are displayed in the following Interest Rate Risk Table.

**CITY OF CHEYENNE, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

**Note 3. Cash and Investments (Continued)**

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

Investment Type	Fair Value	Interest Rate	Investment Maturities in Years			
			Less Than 1	1-5	6-10	More Than 10
Certificates of Deposit	\$ 8,493,725	.10%-5.55%	\$ 7,928,282	\$ 565,443	\$ -	\$ -
U.S. Government Securities	9,108,942	.25%-3.00%	252,070	8,856,872	-	-
U.S. Agencies	22,959,238	.20%-6.50%	4,345,656	14,962,497	1,053,829	2,597,256
State Treasurer's Investment Pool (WYO-STAR)	23,916,837	0.35%	23,916,837	-	-	-
Wyoming Government Investment fund (WGIF)	9,870	0.08%	9,870	-	-	-
U.S. Government Mutual Fund	92,500	0.01%	92,500	-	-	-
	<u>\$ 64,581,112</u>		<u>\$ 36,545,215</u>	<u>\$ 24,384,812</u>	<u>\$ 1,053,829</u>	<u>\$ 2,597,256</u>

The component unit of the City had investments in the Wyoming Government Investment Fund (WGIF) which was established pursuant to the Wyoming Statutory Trust Act. The component unit's balance in WGIF as of June 30, 2012 was \$660,915. The WGIF's investment policy limits its exposure to market value fluctuations due to changes in interest rates by requiring that the Fund's portfolio maintain a dollar-weighted average maturity of less than sixty days.

The City holds investments that are classified as "highly sensitive." These securities, because of their specific type and structure, are rate sensitive as market conditions change. Step-up bonds are structured so that the bonds, at strategic times during their life, will step-up to a higher interest rate if they are not called. The portfolio holds \$2,771,403 or 4.29% of the securities in step-up structured bonds.

***Credit Risk***

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City and Board's investment policies do not contain any specific provisions intended to limit the City or Board's exposure to credit risk. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. 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 the top ratings issued by nationally recognized statistical rating organizations (Moody's and Standard and Poor's). Obligations of the U.S. Government and obligations specifically guaranteed are backed by the full faith and credit of the U.S. Government. Of the investments in U.S. Agencies, \$20,874,189 were rated AAA by Moody's and \$2,085,048 were not rated. The City's investments in the governmental mutual funds were not rated. Under investment agreements with WYOSTAR and WGIF, the City has invested monies at a variable and fixed contract rate of interest, respectively. There is no rating available for the WYOSTAR investment; however, under

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2012

**Note 3. Cash and Investments (Continued)**

***Credit Risk (continued)***

Wyoming statutes, underlying providers are required to have the highest rating from at least one of the nationally recognized rating organizations. The WGIF investment received an AAA rating by Standard & Poor's.

**Note 4. Capital Assets**

Governmental capital asset activity for the year ended June 30, 2012 was as follows:

	Balance June 30, 2011	Additions	Retirements and Transfers	Balance June 30, 2012
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 13,726,919	\$ 1,995,430	\$ -	\$ 15,722,349
Construction in progress	1,053,467	3,231,298	(1,538,058)	2,746,707
Total capital assets, not being depreciated	<u>14,780,386</u>	<u>5,226,728</u>	<u>(1,538,058)</u>	<u>18,469,056</u>
Capital assets, being depreciated:				
Buildings and improvements	66,702,777	1,969,287	248,280	68,920,344
Machinery and equipment	16,055,472	1,248,560	(394,595)	16,909,437
Transportation equipment	22,399,514	1,832,958	(1,304,141)	22,928,331
Office furniture and equipment	1,481,815	138,831	(575,066)	1,045,580
Infrastructure	170,827,453	1,129,438	1,280,111	173,237,002
Total capital assets, being depreciated	<u>277,467,031</u>	<u>6,319,074</u>	<u>(745,411)</u>	<u>283,040,694</u>
Less accumulated depreciation for:				
Buildings	14,567,355	1,164,996	(533,451)	15,198,900
Improvements other than buildings	5,953,515	891,487	523,783	7,368,785
Infrastructure	59,955,408	6,666,108	-	66,621,516
Equipment	25,174,816	2,592,448	(2,247,684)	25,519,580
Total accumulated depreciation	<u>105,651,094</u>	<u>11,315,039</u>	<u>(2,257,352)</u>	<u>114,708,781</u>
Total capital assets being depreciated, net	<u>171,815,937</u>	<u>(4,995,965)</u>	<u>1,511,941</u>	<u>168,331,913</u>
Governmental activities, capital assets, net	<u>\$ 186,596,323</u>	<u>\$ 230,763</u>	<u>\$ (26,117)</u>	<u>\$ 186,800,969</u>

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2012

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

Business-type capital asset activity for the year ended June 30, 2012 was as follows:

	Balance June 30, 2011	Additions	Retirements and Transfers	Balance June 30, 2012
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 5,409,966	\$ -	\$ -	\$ 5,409,966
Construction in progress	7,133,671	7,928,296	(6,868,371)	8,193,596
Total capital assets, not being depreciated	<u>12,543,637</u>	<u>7,928,296</u>	<u>(6,868,371)</u>	<u>13,603,562</u>
Capital assets, being depreciated:				
Utility plant in service	442,756,063	4,507,963	6,818,052	454,082,078
Machinery and equipment	1,653,240	28,800	(34,153)	1,647,887
Transportation equipment	2,311,826	57,548	(46,366)	2,323,008
Structures and improvements	8,826,694	130,956	-	8,957,650
Office furniture and equipment	1,325,581	47,392	(222,000)	1,150,973
Total capital assets, being depreciated	<u>456,873,404</u>	<u>4,772,659</u>	<u>6,515,533</u>	<u>468,161,596</u>
Less accumulated depreciation for:				
Utility plant in service	169,172,263	10,358,052	(39,626)	179,490,689
Machinery and equipment	1,001,173	51,284	(34,019)	1,018,438
Transportation equipment	2,030,244	170,967	(46,366)	2,154,845
Structures and improvements	4,248,916	205,883	-	4,454,799
Office furniture and equipment	1,142,486	92,957	(222,000)	1,013,443
Total accumulated depreciation	<u>177,595,082</u>	<u>10,879,143</u>	<u>(342,011)</u>	<u>188,132,214</u>
Total capital assets being depreciated, net	<u>279,278,322</u>	<u>(6,106,484)</u>	<u>6,857,544</u>	<u>280,029,382</u>
Business-type activities, capital assets, net	<u>\$ 291,821,959</u>	<u>\$ 1,821,812</u>	<u>\$ (10,827)</u>	<u>\$ 293,632,944</u>

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

Governmental activities	
General government	\$ 745,701
Public safety	1,010,198
Public works	8,141,653
Recreation	<u>1,417,487</u>
Total depreciation expense - governmental activities	<u>\$ 11,315,039</u>
Business-type activities	
Waterworks	\$ 7,426,084
Sewer	3,233,194
Civic center	103,415
Ice and events center	<u>116,450</u>
Total depreciation expense - business-type activities	<u>\$ 10,879,143</u>

**CITY OF CHEYENNE, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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

The composition of interfund receivables and payables as of June 30, 2012 is as follows:

Fund	Fund Level Financial Statements	
	Due From/To Other Funds	
	Receivable	Payable
Governmental activities:		
General fund	\$ 1,993,415	\$ -
Special revenue funds:		
Youth Alternatives Grants	-	55,000
Community Development Block Grant	-	22,000
One Percent Sales Tax Fund	311,168	-
Local Law Enforcement Block Grants	-	205,000
Transportation Planning	-	199,000
Solid Waste Management	660,000	-
Recreation Programs	-	311,168
Miscellaneous Federal Grants	-	179,000
Capital projects funds:		
Athletic Facilities	-	319,206
Business-type activities:		
Waterworks	-	1,669,043
Sewer	-	5,166
	\$ 2,964,583	\$ 2,964,583

The balance of \$1,669,043 due from the waterworks fund to the general fund resulted from the Board of Public Utilities billing and collection of sanitation charges on behalf of the City. All other balances resulted from the time lag between dates that (1) interfund goods and services were provided or reimbursable expenses occurred, (2) transactions were recorded in the accounting systems, and (3) payments between funds were made.

**CITY OF CHEYENNE, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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

Transfers for the year ended June 30, 2012 were as follows:

Fund	Transfers	
	In	Out
Governmental activities:		
General fund	\$ 11,594	\$ 1,029,980
Special revenue funds:		
Law Enforcement Block Grant	27,170	-
Transportation Planning	37,988	-
One Percent Sales Tax	-	37,988
UMTA Transit Grants	262,220	-
Permanent fund		
Cemetery Perpetual Care	-	11,594
Total governmental activities	<u>338,972</u>	<u>1,079,562</u>
Business-type activities:		
Civic Center	270,590	-
Ice and Events Center	470,000	-
Total business-type activities	<u>740,590</u>	<u>-</u>
Total primary government	<u>\$ 1,079,562</u>	<u>\$ 1,079,562</u>

During the year ended June 30, 2012, transfers were used to (1) move revenues from the fund that statute or budget requires expending them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 6. Leases**

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

The assets acquired through capital leases are as follows:

Asset	Governmental Activities
Machinery and equipment	\$ 3,820,413
Less accumulated depreciation	<u>(1,112,069)</u>
Total	<u>\$ 2,708,344</u>

**CITY OF CHEYENNE, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

**Note 6. Leases (Continued)**

The capital lease obligations payable as of June 30, 2012 were as follows:

Lease payable for landfill equipment, due in semi-annual installments of \$79,157, with interest of 3.98%, through June 2013.	\$ 153,857
Lease payable for landfill equipment, due in semi-annual installments of \$94,536, with interest of 3.60%, through June 2014.	333,146
Lease payable for landfill equipment, due in semi-annual installments of \$54,888 to \$54,901, variable interest rate through June 2013.	101,767
Lease payable for landfill equipment, due in semi-annual installments of \$139,152, with interest at 3.90%, through June 2017.	918,800
Lease payable for landfill equipment, due in semi-annual installments of \$100,269, with interest at 4.60%, through June 2016.	725,116
Lease payable for landfill equipment, due in semi-annual installments of \$112,881, with interest at 2.49%, through June 2018.	1,251,032
Lease payable for landfill equipment, due in semi-annual installments of \$115,530 to \$147,012, with interest at 1.94% through June 2019.	<u>1,693,800</u>
	<u><u>\$ 5,177,518</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012, were as follows:

Year Ending June 30,	Governmental Activities
2013	\$ 1,390,021
2014	1,098,706
2015	954,837
2016	844,251
2017	495,301
Thereafter	<u>796,776</u>
Total minimum lease payments	5,579,892
Less amount representing interest	<u>(402,374)</u>
Present value of minimum lease payments	<u><u>\$ 5,177,518</u></u>

**CITY OF CHEYENNE, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

**Note 7. Long-Term Debt**

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

General long-term debt currently outstanding is as follows:

	<u>Balance at June 30, 2012</u>	<u>Amount Due Within One Year</u>
<b><i>Governmental activities</i></b>		
Refunding Revenue Bonds, Series 2012, original amount of \$9,455,000, due in annual installments of \$300,000 to \$1,700,000 through April 2028 plus interest from 1.95% to 2.80%. Secured by a pledge of federal mineral royalties and gross parking fee revenues received. For the year ended June 30, 2012, these revenue streams totaled \$2,682,070 and \$220,799, respectively.	<u>\$ 9,455,000</u>	<u>\$ 300,000</u>
<b><i>Business-type activities</i></b>		
Due to the State of Wyoming, Water Development Commission, original amount of \$1,951,313, with interest at 4%, due annually on December 1. Annual principal and interest payments of \$93,433 through 2036. Secured by a mortgage on Granite Springs dam and reservoir and Crystal Lake dam and reservoir and revenues from the Cheyenne Water System.	1,424,568	36,450
Due to the State of Wyoming, Water Development Commission, original amount of \$6,250,000, with interest at 4%, due annually on December 1. Annual principal and interest payments are \$306,348 through 2037. Secured by a mortgage on the Stage I pipeline and revenues from the Cheyenne Water System.	4,787,091	114,864
Refunding Revenue Water bonds, Series 2007, original amount of \$12,330,000, due in annual installments ranging from \$485,000 to \$910,000 through December 2026; interest at 4% to 5%. Secured by pledge of revenues from the city's water system tap and user fees and system development fees.	10,510,000	505,000

**CITY OF CHEYENNE, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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

	Balance at June 30, 2012	Amount Due Within One Year
<i>Business-type activities (continued)</i>		
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #002, original amount of \$4,000,000, with interest at 2.5%, due annually on December 1. Annual principal and interest payments are \$258,075 through 2023. Secured by an assignment and pledge of all revenues generated by the Cheyenne Water System sufficient to meet the required debt service.	2,455,377	196,690
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #065, original amount of \$5,600,000 for the Southern Water Transmission Main - Phase I Project, with interest at 2.5%, due annually on September 1. Annual principal and interest payments are \$334,582 through 2029. Secured by a pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	4,600,777	221,139
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #120, advances on a \$9,400,000 loan for the design and construction of Phase II of the Southern Water Transmission Main. Interest will accrue at 2.5% from the date of loan disbursements. Twenty annual payments of principal and interest will begin not later than one year after substantial completion of the project. The payments are currently estimated at \$13,674 per year. Secured by the pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payments.	213,164	-
Due to the State of Wyoming, Water Development Commission, original amount of \$767,000, with interest at 4%, due annually on December 1. Annual principal and interest payments are \$55,556 through 2015 for the construction of a water storage tank. Secured by a mortgage on the tank and revenues from the Cheyenne Water System.	189,992	47,490

**CITY OF CHEYENNE, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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

	<u>Balance at June 30, 2012</u>	<u>Amount Due Within One Year</u>
<i>Business-type activities (continued)</i>		
<p>Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #007, original amount of \$2,334,500, with interest at 2.5%, due annually on September 1. Annual principal and interest payments are \$147,951 through 2019 for the rehabilitation of the Crow Creek and Rollins sewer lines. Secured by the pledge and assignment of revenue generated from wastewater user fees necessary to meet the annual loan payment.</p>	939,396	124,466
<p>Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #023, original amount of \$10,000,000, with interest at 2.5%, due annually on December 1. Annual principal and interest payments are \$641,471 through 2023. Secured with the pledge and assignment of revenues from water system user fees.</p>	6,103,092	488,894
<p>Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #032, original amount of \$3,200,000, with interest at 2.5%, due annually on June 1. Annual principal and interest payments are \$205,271 through 2026 for the Dry and Crow Creek Rehab - Engineering project. Secured by the pledge and assignment of revenue generated from wastewater user fees necessary to meet the annual loan payments.</p>	2,399,803	145,276
<p>Due to the State of Wyoming, Office of State Lands and Investments, DWSRF #034, original amount of \$825,000, with interest at 2.5%, due annually on December 1. Annual principal and interest payments are \$47,729 through 2025 for funding of the City's Water Main Rehabilitation Project for Fiscal Year 2004. Secured by a pledge and assignment of revenues from the City's water system user fees.</p>	524,213	34,623

**CITY OF CHEYENNE, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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

	Balance at <u>June 30, 2012</u>	Amount Due Within <u>One Year</u>
<i>Business-type activities (continued)</i>		
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF #074, advances on a \$375,000 loan for the planning phase of the Administration Building Project. Interest will accrue at 2.5% from the date of loan disbursements. Twenty annual payments of principal and interest will begin not later than one year after substantial completion of the project. The payments are currently estimated at \$20,799 per year. Secured by a pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payments.	324,247	-
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF #084, advances on a \$375,000 loan for the planning phase of the Administration Building Project. Interest will accrue at 2.5% from the date of loan disbursements. Twenty annual payments of principal and interest will begin not later than one year after substantial completion of the project. The payments are currently estimated at \$24,055 per year. Secured by a pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payments.	375,000	-
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #046, original amount of \$36,450,000, with interest at 2.5%, due annually on June 1. Annual principal and interest payments are \$2,338,163 through 2026 for the Dry and Crow Creek Rehab - Construction project. Secured by the pledge and assignment of revenues generated from wastewater user fees necessary to meet the annual loan payments.	27,335,256	1,654,781
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #81, original amount of \$1,280,000 for the extension of Cheyenne's Recycled Water System Project, with interest at 2.5%, due annually on September 1. Annual principal and interest payments are \$81,843 through 2030. Secured by a pledge and assignment of revenues from the city's water system user fees necessary to meet the annual loan payment.	1,178,197	52,791

**CITY OF CHEYENNE, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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

	Balance at June 30, 2012	Amount Due Within One Year
<i>Business-type activities (continued)</i>		
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #056, original amount of \$1,300,000 , with interest at 2.5%, due annually on March 1. Annual principal and interest payments are \$61,885 through 2028. Secured by the pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payments.	807,915	41,688
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #060, original amount of \$2,900,000 loan, with interest at 2.5%, due annually on September 1. Annual principal and interest payments are \$174,898 through 2029. Secured by the pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payments.	2,404,982	115,597
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #079, advances on a \$6,680,000 loan for the 30" Water Transmission Main Project. Interest will accrue at 2.5% from the date of loan disbursements. Twenty annual payments of principal and interest will begin not later than one year after substantial completion of the project. The payments are currently estimated at \$329,107 per year. Secured by the pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payments.	5,130,509	200,845

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2012

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

	Balance at June 30, 2012	Amount Due Within One Year
<i>Business-type activities (continued)</i>		
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #106, advances on a \$3,500,000 loan for the construction phase of the Administration Building Project. Interest will accrue at 2.5% from the date of loan disbursements. Twenty annual payments of principal and interest will begin not later than one year after substantial completion of the project. The payments are currently estimated at \$159,062 per year. Secured by a pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	2,479,647	-
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #115, advances on a \$3,500,000 loan for the construction phase of the Administration Building Project. Interest will accrue at 2.5% from the date of loan disbursements. Twenty annual payments of principal and interest will begin not later than one year after substantial completion of the project. The payments are currently estimated at \$159,062 per year. Secured by a pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	<u>2,479,647</u>	<u>-</u>
Total business-type activities	<u>76,662,873</u>	<u>3,980,594</u>
Total long-term debt	<u><u>\$ 86,117,873</u></u>	<u><u>\$ 4,280,594</u></u>

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2012

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

The annual debt service requirements of the long-term debt and current principal maturities as of June 30, 2012, are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2013	300,000	187,640	3,980,594	2,177,539
2014	300,000	225,488	4,311,848	2,106,537
2015	330,000	217,237	4,494,577	1,989,806
2016	350,000	209,812	4,519,814	1,858,687
2017	425,000	201,938	4,645,720	1,731,183
2018-2022	2,525,000	861,037	24,806,348	6,656,238
2023-2027	3,525,000	523,325	21,830,283	3,014,055
2028-2032	1,700,000	47,600	5,987,393	866,685
2033-2037	-	-	2,086,296	212,977
	<u>\$ 9,455,000</u>	<u>\$ 2,474,077</u>	<u>\$ 76,662,873</u>	<u>\$ 20,613,707</u>

The balances above do not include the unamortized bond premium, discount or the deferred loss on refunding in the net amount of (\$426,062) for Governmental Activities and \$304,158 for Business-type Activities that are reported as components of bonds payable.

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

**CITY OF CHEYENNE, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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

The following is a summary of long-term liability transactions for the City of Cheyenne for the year ended June 30, 2012.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Revenue bonds	\$ 8,975,000	\$ 9,455,000	\$ (8,975,000)	\$ 9,455,000	\$ 300,000
Less deferred amounts					
Discount/Premium	-	(117,308)	-	(117,308)	(7,332)
On refunding	-	(308,754)	-	(308,754)	(19,297)
Capital leases	4,816,458	1,790,000	(1,428,940)	5,177,518	1,250,775
Compensated absences	4,286,375	2,180,733	(2,258,560)	4,208,548	2,482,025
Landfill closure and post closure costs	11,190,821	440,097	-	11,630,918	-
<b>Governmental activity long-term liabilities</b>	<b><u>\$ 29,268,654</u></b>	<b><u>\$ 13,439,768</u></b>	<b><u>\$ (12,662,500)</u></b>	<b><u>\$ 30,045,922</u></b>	<b><u>\$ 4,006,171</u></b>
<b>Business-type activities</b>					
General obligation bonds	\$ 2,615,000	\$ -	\$ (2,615,000)	\$ -	\$ -
Refunding revenue bonds	10,995,000	-	(485,000)	10,510,000	505,000
Loans payable	66,551,824	4,677,011	(5,075,962)	66,152,873	3,475,594
Less deferred amounts					
Premium	337,306	-	(33,148)	304,158	-
On refunding	(71,093)	-	71,093	-	-
Compensated absences	1,132,177	295,170	(182,494)	1,244,853	256,978
<b>Business-type activity long-term liabilities</b>	<b><u>\$ 81,560,214</u></b>	<b><u>\$ 4,972,181</u></b>	<b><u>\$ (8,320,511)</u></b>	<b><u>\$ 78,211,884</u></b>	<b><u>\$ 4,237,572</u></b>

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

***Advance and Current Refundings***

On April 13, 1998, the Board issued \$23,380,000 in General Obligation Bonds with an average interest rate of 4.8298 percent to advance refund \$22,295,000 of outstanding 1992 Series Bonds with an average interest rate of 6.079 percent. The net proceeds of \$23,772,903 (after payment of \$144,529 in underwriting fees, insurance and other issuance costs) plus an additional \$534,368 in existing sinking fund monies 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 on the 1992 Series bonds which were defeased. As a result, the 1992 Series bonds are considered defeased to the extent of the refunding and the liability for those bonds has been removed from the long-term debt balance. As of December 1, 2002, the defeased debt was repaid in full using all remaining funds in the escrow account. The net proceeds also included a premium on the bond issue of \$391,903, which was being charged to operations through the year 2012 using the effective interest method.

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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

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

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,332,374. This difference, reported in the accompanying financial statements as a deduction from bonds payable, was charged to operations through the year 2012 using the effective-interest method.

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

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

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

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

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

#### ***Police Pension Plans***

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

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2012

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

***Police Pension Plans (continued)***

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

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

Police State Retirement is funded by amounts withheld from participating employees' salaries and by contributions from the City. These contributions are determined by state statutes and as of June 30, 2012, the percentages to be contributed on compensation were 8.6% by the employees and the same by the City.

The City's contribution to the Police State Retirement for the years ended June 30, 2012, 2011 and 2010 were \$532,497, \$526,254, and \$599,945, respectively, equal to the required contributions for each year, plus the City's share of the required employee contribution.

***Fire Pension Plans***

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

The Fund is comprised of two plans. Plan A relates to members hired prior to July 1, 1981 and Plan B relates to members hired on or after July 1, 1981 (and any earlier hires electing this plan). Employees under Plan A qualify for a retirement allowance if they have 20 years of active service while members under Plan B qualify if they are 50 years old and have at least 10 years of credited service. Benefits for members participating under Plan A are based on the maximum monthly salary of a fireman first class. The benefit equals 50% of such salary for 20 years of service plus 1% of such salary for years of service in excess of 20 worked after July 1, 1981, up to a maximum of 60% of such salary. The basic monthly benefit for participants of Plan B is equal to a percentage of the highest average monthly salary during any period of 36 consecutive months, with such percentage based on years of service. The percentage is equal to the sum of (i) 2.00% multiplied by the first 20 years of credited service, (ii) 2.50% multiplied by the next 5 years of credited service, and (iii) 1.00% multiplied by years of service in excess of 25, up to a maximum of 60%. The basic monthly benefit is reduced by 1/3% for each month that the retiring member is under age 55, if any. The Fund also provides disability retirement to any employee who becomes permanently incapacitated, mentally or physically, and cannot continue in the performance of their duties.

Effective April 1997, Firemen's Fund A was determined to be fully funded and the City is no longer required to make contributions to the Fund.

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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

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

Individual members participating under Plan B contribute 8.5% of their compensation and the City contributes 12% of the compensation of covered members. Legislation enacted in 1979 allows the employer to pay any or all of the employee's contribution. The City currently pays 1.5% of the required employee's contribution of 8.5%. The City's contributions to Plan B for the years ended June 30, 2012, 2011 and 2010 were \$819,673, \$784,560 and \$767,244 respectively, equal to the required contributions for each year plus the City's share of the required employee contribution.

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

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

Generally, for individuals with creditable service prior to July 1, 1981, the individuals receive benefits based on the larger of a money purchase benefit structure or a formula basis. The formula consists of multiplying the number of years of service by 2.215% for the members first 15 years of service and 2.25% for all years after 15 by the final average salary. The final average salary consists of the three highest continuous years of service. Benefits for individuals hired after July 1, 1981, are calculated only by the formula method.

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

Contributions to the System consist of an amount equal to 14.12% of the employee's salary. The City is required by State statute to contribute 7.12% of the amount. Legislation enacted in 1979 allows the employer to pay any or all of the employees' contribution in addition to the matching contribution. The Board currently pays 4.50% of the required employee's contribution of 7.00% and the City pays 3.0% of the required employee's contribution of 7.00%.

The City and Board's contributions to the System for the years ended June 30, 2012, 2011 and 2010 were \$2,268,508, \$2,142,847 and \$2,184,596, respectively, equal to the required contributions for each year, plus the City's share of the required employee contribution.

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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

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

The Board and City employees have the option to participate in one of two defined contribution plans. The defined contribution plans include the Wyoming Deferred Compensation program (457 Plan) administered by the Wyoming Retirement System and a defined contribution plan administered by VALIC Financial Advisors. Employees are allowed to contribute the maximum amount per Internal Revenue Service guidelines. The total employee contributions for the years ended June 30, 2012, 2011 and 2010 were \$775,147, \$841,770 and \$963,105, respectively. Beginning July 1, 2008, the Board and City elected to match an employee's contribution up to \$25 per month. The City's match ended on January 31, 2010. The Board continues to provide a match. The total matching contributions for the years ended June 30, 2012, 2011 and 2010 were \$28,750, \$29,575 and \$91,164, respectively.

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

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

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

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

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

**CITY OF CHEYENNE, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

**Note 10.                   Compensated Absences**

Compensated absences have been accrued in the financial statements of the City and consist of the following at June 30, 2012:

	Vacation Leave	Sick Leave	Compensatory Time	Total
Governmental activities	\$ 2,228,035	\$ 1,980,513	\$ -	\$ 4,208,548
Business-type activities				
Waterworks fund	306,587	315,502	83,885	705,974
Sewer fund	204,391	210,361	55,924	470,676
Civic Center fund	25,324	24,081	-	49,405
Ice and Events Center fund	10,037	8,761	-	18,798
Total business-type activities	546,339	558,705	139,809	1,244,853
Total all funds	\$ 2,774,374	\$ 2,539,218	\$ 139,809	\$ 5,453,401

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

**Note 11.                   Industrial Revenue Bonds**

The City has participated in several issues of industrial revenue bonds for constructing privately operated manufacturing and other related facilities in the City. These bonds are not direct or contingent liabilities of the City.

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

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports the estimated liability for these closure and post closure costs in the government-wide financial statements based on landfill capacity used as of each balance sheet date. The current operating costs of the landfill are accounted for within the Solid Waste Management Fund of the City using the modified accrual basis of accounting. The \$11,630,918 reported as landfill closure and post closure care liability at June 30, 2012, represents the cumulative amount estimated to date based on the use of 93% of the estimated capacity of the site. The city will recognize the remaining estimated cost of closure and post closure care of \$813,982 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 2012. In the event no action is taken by the City to expand the landfill, the City expects the landfill site to be at full capacity in approximately 9 years. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2012

**Note 13. Commitments**

As of June 30, 2012, 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 2012, the amounts below represent the activity pertaining to the contract as a whole.

	Expended to Date at June 30, 2012	Total Contract	Total Commitment at June 30, 2012
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Governmental Activities</b>			
FY 12 Concrete for Street & Alley	\$ -	\$ 551,217	\$ 551,217
FY12 City Overlay	-	2,436,511	2,436,511
FY12 Misc. Concrete/Intersection Repair	-	404,951	404,951
Holliday Park Connector	-	1,460,647	1,460,647
Total governmental activities	<u>-</u>	<u>4,853,326</u>	<u>4,853,326</u>
<b>Business-type Activities</b>			
W. Pershing Blvd. Reconstruction	327,042	946,255	619,213
FY12 Water Rehabs	395,298	1,086,604	691,306
Pond 3 - Water Dispenser	15,877	132,138	116,261
FY12 Well Rehabs - VFD	243,551	431,080	187,529
PCCP Study - Little Snake River	233,823	341,897	108,074
Southern Water Transmission Main	712,360	1,544,750	832,390
Pressure Management Phase I Project	62,472	1,382,306	1,319,834
FY12 Sewer Main Rehabs	237,502	622,164	384,662
Total business-type activities	<u>2,227,925</u>	<u>6,487,194</u>	<u>4,259,269</u>
Total primary government	<u>\$ 2,227,925</u>	<u>\$ 11,340,520</u>	<u>\$ 9,112,595</u>

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

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

Under the Post Retirement Health Insurance Plan, the City offers retiring firefighters an offset to postretirement medical premiums. To be eligible for the coverage, an active firefighter must be at least age 50 and have a minimum of 4 years of service upon retirement. Firefighters retiring prior to age 50 must pay the full premium until age 50 when the monthly offset begins. Some current retirees have retired under differing monthly offset

CITY OF CHEYENNE, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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

provisions and disabled firefighters are also included in current retiree costs with medical benefits payable to age 65 as well. The current program offers payment of health insurance benefits equal to \$300 per month. There were 29 persons eligible for this program and 19 participants at June 30, 2012.

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

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

	<u>Post Retirement Health Insurance Plan</u>
Annual required contribution	\$ 262,947
Interest on net OPEB obligation	(7,423)
Adjustment to annual required contribution	<u>9,691</u>
Annual OPEB Cost	265,215
Contributions made	<u>(222,048)</u>
Change in net OPEB obligation	43,167
Net OPEB obligation - beginning of year	<u>(164,957)</u>
Net OPEB obligation - end of year	<u><u>\$ (121,790)</u></u>

**CITY OF CHEYENNE, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2012

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

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012, 2011 and 2010 for the plan was as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
Post Retirement Health Insurance Plan:			
6/30/2012	265,215	83.70%	(121,790)
6/30/2011	152,615	123.80%	(164,957)
6/30/2010	150,385	131.70%	(128,636)

*Funded Status and Funding Progress.* The funded status of the plan as of June 30, 2012, was as follows:

	<u>Post Retirement Health Insurance Plan</u>
Actuarial accrued liability (a)	\$ 3,832,468
Actuarial value of plan assets (b)	<u>-</u>
Unfunded actuarial accrued liability (funding excess) (a) - (b)	<u>\$ 3,832,468</u>
Funded ratio (b) / (a)	0%
Covered payroll (c)	\$ 5,702,905
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll ((a) - (b)) / (c)	67.20%

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

**CITY OF CHEYENNE, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2012

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

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

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

	Post Retirement Health Insurance Plan
Actuarial valuation date	June 30, 2012
Actuarial cost method	Entry age normal
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	N/A
Actuarial assumptions:	
Discount rate	4.50%
Healthcare cost Trend Rate (HCCTR)	10% for 2012; decreasing 1% each year until 5% in year 2017 and after
Assumed rates of increase applied to retiree premiums	 Same as HCCTR

**Note 15. Contingencies**

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

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2012

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**Note 15. Contingencies (continued)**

In December 2012, the City received a formal request from a utility company for repayment of approximately \$1 million in over-collected franchise fees during prior years. At the time of issuance of these financial statements, the City considers it probable that a liability will result from this contingency. The City estimates the range of the possible liability to be \$375,000 to \$750,000, considering anticipated negotiations will take place between the City and the utility company regarding this request.

**Note 16. Recent Pronouncements**

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

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

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

**CITY OF CHEYENNE, WYOMING**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GAAP BASIS - GENERAL FUND

Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Motor vehicle	\$ 877,450	\$ 877,450	\$ 1,139,125	\$ 261,675
Property	4,240,425	4,240,425	4,183,208	(57,217)
Franchise	4,493,025	4,493,025	4,480,823	(12,202)
Licenses and permits	2,091,255	2,139,549	3,152,888	1,013,339
Intergovernmental	25,409,925	25,413,021	25,850,416	437,395
Charges for services	10,523,665	10,523,665	10,680,490	156,825
Fines	1,186,435	1,186,435	1,228,002	41,567
Investment income	113,460	113,460	104,827	(8,633)
Miscellaneous	519,140	981,550	828,702	(152,848)
Total revenues	<u>49,454,780</u>	<u>49,968,580</u>	<u>51,648,481</u>	<u>1,679,901</u>
Expenditures				
General government				
City Council	376,451	903,029	516,026	387,003
Mayor	2,186,041	2,231,670	2,031,355	200,315
City Clerk	2,583,198	2,610,856	2,486,262	124,594
Planning and development	2,669,753	2,716,672	2,600,959	115,713
Budget and finance	652,620	653,088	628,649	24,439
General accounts	4,523,505	4,550,454	4,191,603	358,851
Public works	10,260,627	11,082,269	10,866,957	215,312
Public safety				
Police	11,499,759	11,141,703	10,662,826	478,877
Fire	8,985,675	9,128,824	9,090,014	38,810
Recreation	5,212,471	5,314,800	5,227,998	86,802
Capital	292,500	2,316,490	1,893,771	422,719
Principal retirements	150,000	150,000	150,000	-
Interest payments	405,790	605,790	521,447	84,343
Total expenditures	<u>49,798,390</u>	<u>53,405,645</u>	<u>50,867,867</u>	<u>2,537,778</u>
Excess (deficiency) of revenues over expenditures	<u>(343,610)</u>	<u>(3,437,065)</u>	<u>780,614</u>	<u>4,217,679</u>
Other financing sources (uses)				
Transfers in	19,050	19,050	11,594	(7,456)
Transfers out	(675,440)	(1,145,440)	(1,029,980)	115,460
Issuance of refunding bonds	-	9,455,000	9,455,000	-
Payment to refunded bonds escrow agent	-	(9,255,000)	(9,251,062)	3,938
Insurance proceeds	-	439,207	680,495	241,288
Total other financing sources and uses	<u>(656,390)</u>	<u>(487,183)</u>	<u>(133,953)</u>	<u>353,230</u>
Net change in fund balance	<u>(1,000,000)</u>	<u>(3,924,248)</u>	<u>646,661</u>	<u>\$ 4,570,909</u>
Fund balance - beginning of year	<u>10,482,019</u>	<u>10,482,019</u>	<u>10,482,019</u>	
Fund balance - end of year	<u>\$ 9,482,019</u>	<u>\$ 6,557,771</u>	<u>\$ 11,128,680</u>	

**CITY OF CHEYENNE, WYOMING**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - GAAP BASIS - ONE PERCENT SALES TAX FUND  
 Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 9,300,000	\$ 9,300,000	\$ 11,751,939	\$ 2,451,939
Investment income	427,802	427,802	422,150	(5,652)
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>9,727,802</u>	<u>9,727,802</u>	<u>12,174,089</u>	<u>2,446,287</u>
<b>Expenditures</b>				
General government				
General accounts	-	-	-	-
Public safety				
Fire	150,000	240,134	124,803	115,331
Public works	1,850,032	3,197,560	1,847,252	1,350,308
Health and welfare	603,000	603,000	603,000	-
Recreation	385,000	254,798	75,498	179,300
Capital	6,819,000	21,603,860	6,664,549	14,939,311
<b>Total expenditures</b>	<u>9,807,032</u>	<u>25,899,352</u>	<u>9,315,102</u>	<u>16,584,250</u>
Excess (deficiency) of revenues over expenditures	(79,230)	(16,171,550)	2,858,987	19,030,537
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	(37,988)	(37,988)	(37,988)	-
<b>Total other financing sources and uses</b>	<u>(37,988)</u>	<u>(37,988)</u>	<u>(37,988)</u>	<u>-</u>
Net change in fund balance	(117,218)	(16,209,538)	2,820,999	<u>\$ 19,030,537</u>
Fund balance - beginning of year	<u>22,946,972</u>	<u>22,946,972</u>	<u>22,946,972</u>	
Fund balance - end of year	<u>\$ 22,829,754</u>	<u>\$ 6,737,434</u>	<u>\$ 25,767,971</u>	

## CITY OF CHEYENNE, WYOMING

### NOTE TO THE BUDGETARY SCHEDULES

June 30, 2012

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#### ***Budget Information***

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

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

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

**CITY OF CHEYENNE, WYOMING**

**SCHEDULE OF FUNDING PROGRESS**

Year Ended June 30, 2012

Post Retirement Health Insurance Plan

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

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

## **Non-Major Governmental Funds**

### **Special Revenue Funds**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Special Revenue Funds (Continued)**

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

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

### **Debt Service Fund**

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

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

### **Capital Projects Funds**

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

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

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

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

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

### **Permanent Fund**

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

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

**CITY OF CHEYENNE, WYOMING**

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2012

	Special Revenue Funds		
	Weed and Pest Control	Youth Alternative Grants	Juvenile Justice
<b>ASSETS</b>			
Cash and cash equivalents	\$ 375,618	\$ 1,432	\$ 141,889
Investments, at fair value	-	-	-
Receivables			
Accrued interest	-	-	-
Customers	13,519	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
Prepaid items	-	-	-
Cash and cash equivalents - restricted	-	-	-
Investments - restricted	-	-	-
Total assets	\$ 389,137	\$ 1,432	\$ 141,889
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 33,151	\$ 1,463	\$ 5,741
Accrued salaries including vacation and sick leave	-	-	-
Due to other funds	-	55,000	-
Deferred revenue	-	-	-
Total liabilities	33,151	56,463	5,741
Fund balances			
Nonspendable: Prepaid items	-	-	-
Restricted for:			
Weed and pest programs	355,986	-	-
Capital projects	-	-	-
Cemetery projects	-	-	-
Juvenile justice programs	-	-	136,148
Grants	-	-	-
Housing programs	-	-	-
Youth programs	-	-	-
Committed to:			
Capital projects	-	-	-
Landfill development	-	-	-
Annexation improvements	-	-	-
Youth programs	-	-	-
Unassigned	-	(55,031)	-
Total fund balances (deficits)	355,986	(55,031)	136,148
Total liabilities and fund balances	\$ 389,137	\$ 1,432	\$ 141,889

Special Revenue Funds

Special Friends	Local Fees	Community Development Block Grant	Law Enforcement Block Grant	Miscellaneous Federal Grants
\$ 222,099	\$ 586,268	\$ 16	\$ 785	\$ 445
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	32,769	206,833	163,584
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 222,099</u>	<u>\$ 586,268</u>	<u>\$ 32,785</u>	<u>\$ 207,618</u>	<u>\$ 164,029</u>
\$ 4,844	\$ 99,362	\$ 11,537	\$ 27,012	\$ 157,424
-	-	-	-	-
-	-	22,000	205,000	179,000
-	-	-	-	-
<u>4,844</u>	<u>99,362</u>	<u>33,537</u>	<u>232,012</u>	<u>336,424</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	41,064	23,904
-	-	-	-	-
217,255	-	-	-	-
-	486,906	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	(752)	(65,458)	(196,299)
<u>217,255</u>	<u>486,906</u>	<u>(752)</u>	<u>(24,394)</u>	<u>(172,395)</u>
<u>\$ 222,099</u>	<u>\$ 586,268</u>	<u>\$ 32,785</u>	<u>\$ 207,618</u>	<u>\$ 164,029</u>

**CITY OF CHEYENNE, WYOMING**

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

June 30, 2012

	Special Revenue Funds		
	Transportation Planning	UMTA Transit Grant	Solid Waste Management
<b>ASSETS</b>			
Cash and cash equivalents	\$ 124	\$ 220,625	\$ 3,876,403
Investments, at fair value	-	-	5,919,448
Receivables			
Accrued interest	-	-	16,285
Customers	-	-	8,819
Due from other funds	-	-	660,000
Due from other governments	218,879	59,737	-
Prepaid items	-	-	-
Cash and cash equivalents - restricted	-	-	-
Investments - restricted	-	-	-
Total assets	\$ 219,003	\$ 280,362	\$ 10,480,955
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 111,493	\$ 2,284	\$ 162,431
Accrued salaries including vacation and sick leave	-	-	-
Due to other funds	199,000	-	-
Deferred revenue	-	-	-
Total liabilities	310,493	2,284	162,431
Fund balances			
Nonspendable: Prepaid items	-	-	-
Restricted for:			
Weed and pest programs	-	-	-
Capital projects	-	-	-
Cemetery projects	-	-	-
Juvenile justice programs	-	-	-
Grants	-	278,078	-
Housing programs	-	-	-
Youth programs	-	-	-
Committed to:			
Capital projects	-	-	-
Landfill development	-	-	10,318,524
Annexation improvements	-	-	-
Youth programs	-	-	-
Unassigned	(91,490)	-	-
Total fund balances (deficits)	(91,490)	278,078	10,318,524
Total liabilities and fund balances	\$ 219,003	\$ 280,362	\$ 10,480,955

Special Revenue Funds				Debt Service Fund
State Grants	Recreation Programs	Annexation Improvements	Housing Loans	JPA Loans
\$ 21,345	\$ 281,836	\$ 406,457	\$ 350,449	\$ 3,297
-	-	-	-	-
-	-	-	-	-
-	8,045	-	84,758	-
-	-	-	-	-
339,188	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 360,533</u>	<u>\$ 289,881</u>	<u>\$ 406,457</u>	<u>\$ 435,207</u>	<u>\$ 3,297</u>
\$ 347,054	\$ 47,077	\$ 212,853	\$ 4,496	\$ -
-	-	-	-	-
-	311,168	-	-	-
-	-	-	84,758	-
<u>347,054</u>	<u>358,245</u>	<u>212,853</u>	<u>89,254</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	3,297
-	-	-	-	-
13,479	-	-	-	-
-	-	-	345,953	-
-	-	-	-	-
-	-	193,604	-	-
-	-	-	-	-
-	(68,364)	-	-	-
<u>13,479</u>	<u>(68,364)</u>	<u>193,604</u>	<u>345,953</u>	<u>3,297</u>
<u>\$ 360,533</u>	<u>\$ 289,881</u>	<u>\$ 406,457</u>	<u>\$ 435,207</u>	<u>\$ 3,297</u>

**CITY OF CHEYENNE, WYOMING**

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

June 30, 2012

	Capital Projects Funds		
	Youth Alternatives	Athletic Facilities	Capital Facilities Tax
<b>ASSETS</b>			
Cash and cash equivalents	\$ 104,089	\$ 175,103	\$ -
Investments, at fair value	-	-	-
Receivables			
Accrued interest	-	-	10,025
Customers	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
Prepaid items	-	-	-
Cash and cash equivalents - restricted	-	-	917,722
Investments - restricted	-	-	3,643,861
Total assets	\$ 104,089	\$ 175,103	\$ 4,571,608
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 20	\$ 7,969	\$ 105,065
Accrued salaries including vacation and sick leave	-	-	-
Due to other funds	-	319,206	-
Deferred revenue	-	-	-
Total liabilities	20	327,175	105,065
 Fund balances			
Nonspendable: Prepaid items	-	-	-
Restricted for:			
Weed and pest programs	-	-	-
Capital projects	-	-	4,466,543
Cemetery projects	-	-	-
Juvenile justice programs	-	-	-
Grants	-	-	-
Housing programs	-	-	-
Youth programs	-	-	-
Committed to:			
Capital projects	-	-	-
Landfill development	-	-	-
Annexation improvements	-	-	-
Youth programs	104,069	-	-
Unassigned	-	(152,072)	-
Total fund balances (deficits)	104,069	(152,072)	4,466,543
 Total liabilities and fund balances	\$ 104,089	\$ 175,103	\$ 4,571,608

<u>Capital Projects Funds</u>		<u>Permanent Fund</u>		Nonmajor Governmental Funds Total	
Parks Facilities		Cemetery Perpetual Care			
\$	1,736,777	\$	144,498	\$	8,649,555
	3,568,177		479,970		9,967,595
	-		-		26,310
	-		4,820		119,961
	-		-		660,000
	-		-		1,020,990
	33,347		-		33,347
	-		-		917,722
	-		-		3,643,861
<u>\$</u>	<u>5,338,301</u>	<u>\$</u>	<u>629,288</u>	<u>\$</u>	<u>25,039,341</u>
\$	-	\$	7,270	\$	1,348,546
	-		-		-
	-		-		1,290,374
	-		-		84,758
	-		7,270		2,723,678
	33,347		-		33,347
	-		-		355,986
	5,304,954		-		9,774,794
	-		622,018		622,018
	-		-		136,148
	-		-		356,525
	-		-		345,953
	-		-		217,255
	-		-		486,906
	-		-		10,318,524
	-		-		193,604
	-		-		104,069
	-		-		(629,466)
	<u>5,338,301</u>		<u>622,018</u>		<u>22,315,663</u>
<u>\$</u>	<u>5,338,301</u>	<u>\$</u>	<u>629,288</u>	<u>\$</u>	<u>25,039,341</u>

**CITY OF CHEYENNE, WYOMING**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
Year Ended June 30, 2012

	Special Revenue Funds		
	Weed and Pest Control	Youth Alternatives Grants	Juvenile Justice
Revenues			
Intergovernmental	\$ 504,130	\$ 376,462	\$ 334,220
Charges for services	-	-	-
Investment income	-	-	-
Miscellaneous	2,658	805	-
Total revenues	<u>506,788</u>	<u>377,267</u>	<u>334,220</u>
Expenditures			
Current			
General government	-	-	49,242
Public safety	-	166,901	290,172
Public works	-	-	-
Health and welfare	438,612	242,163	-
Recreation	-	-	-
Capital outlay	-	-	-
Debt service			
Principal retirements	-	-	-
Interest payments	-	-	-
Total expenditures	<u>438,612</u>	<u>409,064</u>	<u>339,414</u>
Revenues over (under) expenditures	<u>68,176</u>	<u>(31,797)</u>	<u>(5,194)</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Issuance of debt	-	-	-
Proceeds from sale of assets	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	68,176	(31,797)	(5,194)
Fund balances (deficits) - beginning of year	<u>287,810</u>	<u>(23,234)</u>	<u>141,342</u>
Fund balances (deficits) - end of year	<u>\$ 355,986</u>	<u>\$ (55,031)</u>	<u>\$ 136,148</u>

Special Revenue Funds

Special Friends	Local Fees	Community Development Block Grant	Law Enforcement Block Grant	Miscellaneous Federal Grants
\$ 69,726	\$ -	\$ 288,096	\$ 1,109,787	\$ 1,482,025
-	2,154,958	-	-	-
-	955	-	-	-
73,802	-	-	-	-
<u>143,528</u>	<u>2,155,913</u>	<u>288,096</u>	<u>1,109,787</u>	<u>1,482,025</u>
-	-	-	-	347,211
40,514	-	-	1,147,669	144,564
-	-	-	-	128,611
72,998	-	288,096	-	-
-	2,947	-	-	53,490
-	2,177,865	-	-	940,197
-	-	-	-	-
-	-	-	-	-
<u>113,512</u>	<u>2,180,812</u>	<u>288,096</u>	<u>1,147,669</u>	<u>1,614,073</u>
<u>30,016</u>	<u>(24,899)</u>	<u>-</u>	<u>(37,882)</u>	<u>(132,048)</u>
-	-	-	27,170	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>27,170</u>	<u>-</u>
30,016	(24,899)	-	(10,712)	(132,048)
<u>187,239</u>	<u>511,805</u>	<u>(752)</u>	<u>(13,682)</u>	<u>(40,347)</u>
<u>\$ 217,255</u>	<u>\$ 486,906</u>	<u>\$ (752)</u>	<u>\$ (24,394)</u>	<u>\$ (172,395)</u>

**CITY OF CHEYENNE, WYOMING**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
Year Ended June 30, 2012

	Special Revenue Funds		
	Transportation Planning	UMTA Transit Grant	Solid Waste Management
Revenues			
Intergovernmental	\$ 829,516	\$ 1,187,317	\$ -
Charges for services	-	-	4,336,830
Investment income	-	-	150,777
Miscellaneous	-	93,765	68,475
Total revenues	<u>829,516</u>	<u>1,281,082</u>	<u>4,556,082</u>
Expenditures			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	886,093	1,563,668	2,729,948
Health and welfare	-	-	-
Recreation	-	-	-
Capital outlay	16,360	90,823	884,048
Debt service			
Principal retirements	-	-	1,428,940
Interest payments	-	-	182,318
Total expenditures	<u>902,453</u>	<u>1,654,491</u>	<u>5,225,254</u>
Revenues over (under) expenditures	<u>(72,937)</u>	<u>(373,409)</u>	<u>(669,172)</u>
Other financing sources (uses)			
Transfers in	37,988	262,220	-
Transfers out	-	-	-
Issuance of debt	-	-	1,790,000
Proceeds from sale of assets	-	-	-
Total other financing sources (uses)	<u>37,988</u>	<u>262,220</u>	<u>1,790,000</u>
Net change in fund balances	(34,949)	(111,189)	1,120,828
Fund balances (deficits) - beginning of year	<u>(56,541)</u>	<u>389,267</u>	<u>9,197,696</u>
Fund balances (deficits) - end of year	<u>\$ (91,490)</u>	<u>\$ 278,078</u>	<u>\$ 10,318,524</u>

Special Revenue Funds				Debt Service Fund
State Grants	Recreation Programs	Annexation Improvements	Housing Loans	JPA Loans
\$ 1,648,317	\$ 12,345	\$ -	\$ -	\$ -
-	960,226	-	-	-
-	-	1,012	6,973	-
15,290	4,582	-	31,741	-
<u>1,663,607</u>	<u>977,153</u>	<u>1,012</u>	<u>38,714</u>	<u>-</u>
343,326	-	-	-	-
-	-	-	-	-
-	-	41,687	-	-
-	-	-	18,405	-
-	922,409	-	-	-
1,228,143	22,486	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,571,469</u>	<u>944,895</u>	<u>41,687</u>	<u>18,405</u>	<u>-</u>
<u>92,138</u>	<u>32,258</u>	<u>(40,675)</u>	<u>20,309</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>92,138</u>	<u>32,258</u>	<u>(40,675)</u>	<u>20,309</u>	<u>-</u>
<u>(78,659)</u>	<u>(100,622)</u>	<u>234,279</u>	<u>325,644</u>	<u>3,297</u>
<u>\$ 13,479</u>	<u>\$ (68,364)</u>	<u>\$ 193,604</u>	<u>\$ 345,953</u>	<u>\$ 3,297</u>

**CITY OF CHEYENNE, WYOMING**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
Year Ended June 30, 2012

	Capital Projects Funds		
	Youth Alternatives	Athletic Facilities	Capital Facilities Tax
Revenues			
Intergovernmental	\$ -	\$ -	\$ 702,786
Charges for services	-	213,451	-
Investment income	-	216	94,718
Miscellaneous	33,578	590	-
Total revenues	<u>33,578</u>	<u>214,257</u>	<u>797,504</u>
Expenditures			
Current			
General government	-	-	21,657
Public safety	1,987	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation	-	19,392	170,787
Capital outlay	-	192,206	1,139,538
Debt service			
Principal retirements	-	-	-
Interest payments	-	-	-
Total expenditures	<u>1,987</u>	<u>211,598</u>	<u>1,331,982</u>
Revenues over (under) expenditures	<u>31,591</u>	<u>2,659</u>	<u>(534,478)</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Issuance of debt	-	-	-
Proceeds from sale of assets	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	31,591	2,659	(534,478)
Fund balances (deficits) - beginning of year	<u>72,478</u>	<u>(154,731)</u>	<u>5,001,021</u>
Fund balances (deficits) - end of year	<u>\$ 104,069</u>	<u>\$ (152,072)</u>	<u>\$ 4,466,543</u>

	Permanent Fund	
Parks Facilities	Cemetery Perpetual Care	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 8,544,727
-	-	7,665,465
-	16,348	270,999
-	33,683	358,969
-	50,031	16,840,160
-	4,608	766,044
-	-	1,791,807
-	-	5,350,007
-	-	1,060,274
-	-	1,169,025
-	-	6,691,666
-	-	1,428,940
-	-	182,318
-	4,608	18,440,081
-	45,423	(1,599,921)
-	-	327,378
-	(11,594)	(11,594)
-	-	1,790,000
5,338,301	-	5,338,301
5,338,301	(11,594)	7,444,085
5,338,301	33,829	5,844,164
-	588,189	16,471,499
<u>\$ 5,338,301</u>	<u>\$ 622,018</u>	<u>\$ 22,315,663</u>

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## **Nonmajor Proprietary Funds**

### **Business-type Activities**

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

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

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

**CITY OF CHEYENNE, WYOMING**

COMBINING STATEMENT OF NET ASSETS - NONMAJOR PROPRIETARY FUNDS  
June 30, 2012

	Civic Center Fund	Ice and Events Center Fund	Nonmajor Proprietary Funds Totals
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 185,289	\$ 829	\$ 186,118
Receivables			
Customers	2,009	7,388	9,397
Total current assets	<u>187,298</u>	<u>8,217</u>	<u>195,515</u>
Noncurrent assets			
Capital assets			
Land	-	342,243	342,243
Machinery and equipment	445,512	156,704	602,216
Transportation equipment	19,995	-	19,995
Buildings and improvements	3,768,560	2,967,610	6,736,170
Office furniture and equipment	159,980	37,575	197,555
	<u>4,394,047</u>	<u>3,504,132</u>	<u>7,898,179</u>
Less accumulated depreciation	<u>(3,350,437)</u>	<u>(470,060)</u>	<u>(3,820,497)</u>
Total capital assets (net of accumulated depreciation)	<u>1,043,610</u>	<u>3,034,072</u>	<u>4,077,682</u>
Total noncurrent assets	<u>1,043,610</u>	<u>3,034,072</u>	<u>4,077,682</u>
Total assets	<u>\$ 1,230,908</u>	<u>\$ 3,042,289</u>	<u>\$ 4,273,197</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 16,917	\$ 4,553	\$ 21,470
Unearned revenue	160,828	-	160,828
Due to other funds	-	-	-
Accrued salaries including vacation and sick leave	15,783	5,865	21,648
	<u>193,528</u>	<u>10,418</u>	<u>203,946</u>
Total current liabilities	<u>193,528</u>	<u>10,418</u>	<u>203,946</u>
Long term liabilities			
Accrued compensated absences	33,622	12,933	46,555
	<u>227,150</u>	<u>23,351</u>	<u>250,501</u>
Total liabilities	<u>227,150</u>	<u>23,351</u>	<u>250,501</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,043,610	3,034,072	4,077,682
Unrestricted (deficit)	<u>(39,852)</u>	<u>(15,134)</u>	<u>(54,986)</u>
Total net assets	<u>\$ 1,003,758</u>	<u>\$ 3,018,938</u>	<u>\$ 4,022,696</u>

**CITY OF CHEYENNE, WYOMING**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET ASSETS - NONMAJOR PROPRIETARY FUNDS  
Year Ended June 30, 2012**

	Civic Center Fund	Ice and Events Center Fund	Nonmajor Proprietary Funds Totals
Operating revenues			
Sales and charges for services	\$ 703,413	\$ 386,755	\$ 1,090,168
Fees and miscellaneous	41,428	-	41,428
Total operating revenues	744,841	386,755	1,131,596
Operating expenses			
Administrative and general	1,000,163	446,457	1,446,620
Depreciation	103,415	116,450	219,865
Parts and supplies	20,434	21,470	41,904
Intra-city charges	15,876	3	15,879
Total operating expenses	1,139,888	584,380	1,724,268
Operating income (loss)	(395,047)	(197,625)	(592,672)
Non-operating income (expenses)			
Investment income			
Interest income	-	-	-
Capital contributions	-	-	-
Transfers in (out)	270,590	470,000	740,590
Change in net assets	(124,457)	272,375	147,918
Total net assets - beginning of year	1,128,215	2,746,563	3,874,778
Total net assets - end of year	\$1,003,758	\$ 3,018,938	\$ 4,022,696

**CITY OF CHEYENNE, WYOMING**

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS**

Year Ended June 30, 2012

	<u>Civic Center Fund</u>	<u>Ice and Events Center Fund</u>	<u>Nonmajor Proprietary Funds Totals</u>
Cash flows from operating activities			
Cash received from customers	\$ 625,899	\$ 385,950	\$ 1,011,849
Cash payments to suppliers	(704,703)	(227,930)	(932,633)
Cash payments to employees	<u>(379,299)</u>	<u>(227,236)</u>	<u>(606,535)</u>
Net cash (used in) operating activities	<u>(458,103)</u>	<u>(69,216)</u>	<u>(527,319)</u>
Cash flows from noncapital financing activities			
Transfers from other funds	270,590	470,000	740,590
Payments of due to other funds	<u>-</u>	<u>(372,000)</u>	<u>(372,000)</u>
Net cash provided by noncapital financing activities	<u>270,590</u>	<u>98,000</u>	<u>368,590</u>
Cash flows from capital and related financing activities			
Acquisition and construction of capital assets	<u>-</u>	<u>(28,800)</u>	<u>(28,800)</u>
Net cash (used in) provided by capital and related financing activities	<u>-</u>	<u>(28,800)</u>	<u>(28,800)</u>
Cash flows from investing activities			
Interest on cash accounts and investments	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(187,513)	(16)	(187,529)
Cash and cash equivalents - beginning of year	<u>372,802</u>	<u>845</u>	<u>373,647</u>
Cash and cash equivalents - end of year	<u>\$ 185,289</u>	<u>\$ 829</u>	<u>\$ 186,118</u>
Combined components of cash and cash equivalents			
Cash and cash equivalents	<u>\$ 185,289</u>	<u>\$ 829</u>	<u>\$ 186,118</u>

**CITY OF CHEYENNE, WYOMING**

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS (CONTINUED)  
Year Ended June 30, 2012**

	<u>Civic Center Fund</u>	<u>Ice and Events Center Fund</u>	<u>Nonmajor Proprietary Funds Totals</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ (395,047)	\$ (197,625)	\$ (592,672)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	103,415	116,450	219,865
Loss on disposal of capital assets	135	-	135
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities			
Receivables	1,747	(805)	942
Prepaid expenses	-	-	-
Accounts payable	(50,856)	(2,914)	(53,770)
Accrued salaries including vacation and sick leave	3,327	15,678	19,005
Deferred revenue	<u>(120,824)</u>	<u>-</u>	<u>(120,824)</u>
Net cash provided by (used in) operating activities	<u>\$ (458,103)</u>	<u>\$ (69,216)</u>	<u>\$ (527,319)</u>

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**SINGLE  
AUDIT  
SECTION**

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**CITY OF CHEYENNE, WYOMING**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2012

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Expenditures June 30, 2012
<b>U.S. Department of Agriculture</b>			
Passed through Wyoming State Forestry Division Cooperative Forestry Assistance	10.664	-	\$ 14,838
<b>U.S. Department of Housing and Urban Development</b>			
CDBG - Entitlement Grants Cluster:			
Community Development Block Grants/Entitlement Grants	14.218	-	275,144
Community Development Block Grant ARRA Entitlement Grants, Recovery Act	14.253-ARRA	-	6,604
Total U.S. Department of Housing and Urban Development			<u>281,748</u>
<b>U.S. Department of the Interior</b>			
Passed through Wyoming Department of State Parks and Cultural Resources			
Historic Preservation Fund Grants-In-Aid	15.904	56-10-00000.03	1,694
Historic Preservation Fund Grants-In-Aid	15.904	56-11-00000.05	19,930
Historic Preservation Fund Grants-In-Aid	15.904	56-11-00000.11	3,000
Historic Preservation Fund Grants-In-Aid	15.904	56-12-00000.03	1,100
Historic Preservation Fund Grants-In-Aid	15.904	56-12-00000.04	4,157
Historic Preservation Fund Grants-In-Aid	15.904	56-12-00000.05	11,061
Total U.S. Department of the Interior			<u>40,942</u>
<b>U.S. Department of Justice</b>			
Community Oriented Policing Services, Recovery Act	16.710-ARRA	2009RKWX0951	196,224
Violence Against Women Formula Grants (CARI)	16.588	2009-WE-AX-0014	83,620
Passed through Volunteers of America Northern Rockies/Laramie County Office of Juvenile Justice and Delinquency Prevention	16.540	-	74,798
Passed through Wyoming Department of Family Services/Laramie County Juvenile Accountability Block Grants	16.523	2009	16,992
Juvenile Accountability Block Grants	16.523	2010	27,327
Passed through Wyoming Division of Victim Services Violence Against Women	16.588	2009-WF-AX-0015	18,210
Crime Victim Assistance	16.575	2009-VA-GX-0064	44,536
Passed through Wyoming Division of Criminal Investigation Recovery Act: Internet Crimes Against Children Task Force	16.800-ARRA	-	38,642
Bulletproof Vest Partnership Program	16.607	-	19,414
Passed through Wyoming Association of Sheriffs and Chiefs of Police Enforcing Underage Drinking Laws Program	16.727	FY2011	26,148
Enforcing Underage Drinking Laws Program	16.727	FY2012	4,762
Project Safe Neighborhoods	16.609	CAGE	10,819
Passed through Wyoming Department of Health Enforcing Underage Drinking Laws Program - Military Discretion Grant	16.727	-	66,616
JAG Program Cluster:			
Passed through Wyoming Division of Criminal Investigation Recovery Act: Edward Byrne Memorial Justice Assistance Grant	16.803-ARRA	-	96,000
Passed through Laramie County Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-1413	19,608
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-2979	28,242
Subtotal JAG Program Cluster			<u>143,850</u>
Total U.S. Department of Justice			<u>771,958</u>

**CITY OF CHEYENNE, WYOMING**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2012

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Expenditures June 30, 2012
<b>U.S. Department of Labor</b>			
Passed through Wyoming Department of Workforce Services			
Recovery Act: WIA Youth Activities	17.259-ARRA	-	<u>7,939</u>
<b>U.S. Department of Transportation</b>			
Passed through Wyoming Department of Transportation			
Highway Planning and Construction	20.205	-	771,475
Highway Planning and Construction	20.205	TCSP003	49,900
Highway Planning and Construction	20.205	Walterscheid	16,458
Highway Planning and Construction	20.205	SRTS - B081064	30,000
Highway Planning and Construction	20.205	SRTS - 11001	200,000
Railroad Safety	20.301	RHC 0.00 CN02091	88,928
State and Community Highway Safety Cluster:			
State and Community Highway Safety	20.600	FY2011-SA06	5,290
State and Community Highway Safety	20.600	12-SA06	25,423
State and Community Highway Safety	20.600	10-PT05U	91
State and Community Highway Safety	20.601		20,755
State and Community Highway Safety	20.601		<u>1,215</u>
Subtotal State and Community Highway Safety Cluster			<u>52,774</u>
Alcohol Open Container Requirements	20.607	10-154AL22U	-
Federal Transit Formula Grant	20.507	90-X051-00	111,282
Federal Transit Formula Grant	20.507	90-X033-00	7,330
Federal Transit Formula Grant	20.507	90-X041-00	63,920
Federal Transit Formula Grant	20.507	90-X045-00	45,804
Federal Transit Formula Grant	20.507	90-X046-00	26,627
Federal Transit Formula Grant	20.507	90-X048-00	503,643
Federal Transit Formula Grant (ARRA)	20.507-ARRA	WY-96-X001	11,273
 Total U.S. Department of Transportation			<u>1,979,414</u>
<b>National Endowment of the Arts</b>			
Passed through Wyoming Arts Council			
Promotion of the Arts Partnership Agreements	45.025	-	<u>2,500</u>
<b>U.S. Environmental Protection Agency</b>			
Passed through Wyoming State Land and Investment Board			
Capitalization Grants for Drinking Water State Revolving Fund	66.468	DWSRF No. 79	659,264
Capitalization Grants for Drinking Water State Revolving Fund	66.468	DWSRF No. 74	59,309
Capitalization Grants for Drinking Water State Revolving Fund	66.468	DWSRF No. 120	136,025
Passed through Wyoming Department of Environmental Quality			
State Clean Diesel Grant Program	66.040	-	141,482
Water Quality Planning Management, Recovery Act	66.454-ARRA	Lake Minnehaha	39,683
Brownsfield Assessment Grant	66.818	BF-96807601-0	162,287
 Total U.S. Environmental Protection Agency			<u>1,198,050</u>

**CITY OF CHEYENNE, WYOMING**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2012

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Expenditures June 30, 2012
<b>U.S. Department of Energy</b>			
Energy Efficiency and Conservation Block Grant, Recovery Act	81.128-ARRA	DE-SC0003442	4,160
Passed through Wyoming Business Council:			
Energy Efficiency and Conservation Block Grant	81.128	Retrofit Part II	120,250
State Energy Program, Recovery Act - Final Call	81.041-ARRA	Final Call	25,000
State Energy Program, Recovery Act	81.041-ARRA	Retrofit Part I	544,329
Total U.S. Department of Energy			<u>693,739</u>
<b>U.S. Department of Education</b>			
Passed through Laramie County Community Partnership			
Twenty First Century Community Learning Centers	84.287	Cohort 4	123,687
Twenty First Century Community Learning Centers	84.287	Cohort 5	115,564
Twenty First Century Community Learning Centers	84.287	Mini-Grant	2,612
Total U.S. Department of Education			<u>241,863</u>
<b>U.S. Department of Health and Human Services</b>			
Passed through Wyoming Department of Health			
Special Programs for the Aging, Title III, Part B Grants for Supportive Services and Senior Centers	93.044	-	50,563
Substance Abuse Treatment and Prevention Block Grant	93.959	CORE	48,634
Passed through Wyoming Department of Family Services			
Child Welfare services IV-B, Part II, Family Preservation	93.556	-	22,670
Community-Based Child Abuse Prevention Grants	93.590	2011	31,451
Community-Based Child Abuse Prevention Grants	93.590	2012	25,889
Total U.S. Department of Health and Human Services			<u>179,207</u>
<b>U.S. Department of Homeland Security</b>			
Assistance to Firefighters Grant	97.044	EMW-2010-FP-01858-001	21,465
Passed through Wyoming Office of Homeland Security			
Homeland Security Grant Program	97.067	09-GPD-CHE-LP-HLE9	34,445
Homeland Security Grant Program	97.067	11-GDP-RR7-RR-HRT11	17,955
Homeland Security Grant Program	97.067	10-GDP-RR7-RR-HRT10	70,699
Total U.S. Department of Homeland Security			<u>144,564</u>
Total Expenditures of Federal Awards			<u><u>\$ 5,556,762</u></u>

**Note:**

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

**Basis of Accounting:** The schedule of expenditures of Federal awards is prepared on the modified accrual basis of accounting, the same basis used by the City in its governmental fund financial reporting. Receivables are recorded when appropriate program expenditures are made and the City has a claim for reimbursement.

The information in this schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some of the amounts presented in this schedule may differ from their presentation in the financial statements.

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**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**

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

We have audited 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, 2012, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 11, 2012. 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.

Internal Control over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

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

This report is intended solely for the information and use of the Honorable Mayor, Members of the City Council, management, others within the entity, Federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

A handwritten signature in blue ink that reads "McBee, Heurne & Paiz, LLP". The signature is written in a cursive, flowing style.

Cheyenne, Wyoming  
December 11, 2012

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND  
MATERIAL EFFECT ON EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the City of Cheyenne, Wyoming (the "City") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2012. The City's major Federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2012.

Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Honorable Mayor, Members of the City Council, management, others within the entity, Federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

*McGee, Hearne & Paiz, LLP*

Cheyenne, Wyoming  
December 11, 2012

CITY OF CHEYENNE, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2012

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

A. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_\_\_ Yes  X  No
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes  X  None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes  X  No

B. Federal Awards

Internal control over major programs:

- Material weaknesses identified? \_\_\_\_\_ Yes  X  No
- Significant deficiencies identified that are not considered to be material weaknesses? \_\_\_\_\_ Yes  X  None reported

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

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? \_\_\_\_\_ Yes  X  No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
16.710-ARRA	Public Safety Partnership and Community Policing Grants, Recovery Act
66.040	State Clean Diesel Grant Program
66.468	Capitalization Grants for Drinking Water State Revolving Fund
81.041-ARRA	State Energy Program, Recovery Act

- Dollar threshold used to distinguish between Type A and Type B programs:  \$ 300,000
- Auditee qualified as low-risk auditee?  X  Yes \_\_\_\_\_ No

**CITY OF CHEYENNE, WYOMING**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**  
**Year Ended June 30, 2012**

**II. FINANCIAL STATEMENT FINDINGS**

None

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

**CITY OF CHEYENNE, WYOMING**

**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**  
For the Year Ended June 30, 2012

There were no Federal audit findings in the prior year.