

**CITY OF CHEYENNE, WYOMING**

**FINANCIAL AND COMPLIANCE  
REPORT**

**For the fiscal year ended  
June 30, 2010**

**Prepared By:**

**City Treasurer's Office**

**City of Cheyenne**  
 Financial and Compliance Report  
 For the fiscal year ended June 30, 2010

**Table of Contents**

**Financial Section**

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Independent Auditor's Report	1
<b>Management's Discussion and Analysis</b>	<b>3</b>
<b>Basic Financial Statements</b>	
<b>Government-wide Financial Statements</b>	
Statement of Net Assets	12
Statement of Activities	14
<b>Fund Financial Statements</b>	
Balance Sheet – Governmental Funds	16
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	20
Reconciliation of Statement of Revenues, Expenses and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Statement of Net Assets – Proprietary Funds	24
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds	28
Statement of Cash Flows – Proprietary Funds	30
Statement of Fiduciary Net Assets – Fiduciary Funds	34
<b>Notes to Financial Statements</b>	<b>35</b>
<b>Required Supplementary Information</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (GAAP Basis) – General Fund	75
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (GAAP Basis) – One Percent Sales Tax Fund	76
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (GAAP Basis) – State Grants Fund	77
Note to the Budgetary Schedules	78
Schedule of Funding Progress	79
<b>Combining and Other Individual Fund and Other Supplementary Information</b>	
Combining Balance Sheet – Nonmajor Governmental Funds	84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	90
Combining Statement of Net Assets – Nonmajor Proprietary Funds	98
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Nonmajor Proprietary Funds	99
Combining Statement of Cash Flows – Nonmajor Proprietary Funds	100
Statement of Changes in Assets and Liabilities – Agency Fund	102

## Table of Contents (continued)

### **Single Audit Section**

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Schedule of Expenditures of Federal Awards	105
Report on the Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	109
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	111
Schedule of Findings and Questioned Costs	113
Summary Schedule of Prior Federal Audit Findings	117

**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, 2010, 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, 2010, 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 January 19, 2011 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.

The Management's discussion and analysis on pages 3 through 10 and budgetary comparison information on pages 75 through 78 and schedule of funding progress on page 79, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*McGee, Hearne & Paiz, LLP*

Cheyenne, Wyoming  
January 19, 2011

# CITY OF CHEYENNE, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

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, 2010. 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 11 of this report.

### Financial Highlights

- ❖ The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$440.2 million (net assets). Of the net asset balance, \$27.7 million (governmental and business-type combined) is considered unrestricted and is available to meet the government's obligations in accordance with the City's fund designations and fiscal policies.
- ❖ The City's total net assets increased by \$12.7 million (3.1%). The governmental net assets increased by \$11.1 million (6.1%) and the business-type assets increased by \$1.6 million (.7%).
- ❖ The General Fund, the City's primary operating fund, reported an increase of \$644,748 on a current financial resource basis. As of June 30, 2010, unreserved, undesignated fund balance for the General Fund was \$5.1 million or 10.4% of total General Fund expenditures of \$49.3 million.
- ❖ The City's total long-term liabilities increased by \$1.0 million (1.0%) during the current fiscal year. Within that activity, the City's governmental long-term liabilities increased by \$460,013 and business-type long-term liabilities increased by \$564,381.

### 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 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.

# CITY OF CHEYENNE, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

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, the One Percent Sales Tax Fund and the State Grants Fund, all of which are considered to be major funds. Data from the other 20 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 16-23 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 24-33 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 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.

# CITY OF CHEYENNE, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2010

The basic fiduciary fund financial statement can be found on page 34 of this report.

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 35-72 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 84-102 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, 87 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	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 56,034	\$ 62,573	\$ 30,754	\$ 31,762	\$ 86,788	\$ 94,335
Capital assets	190,497	158,402	294,448	289,184	484,946	447,585
Total assets	<u>246,531</u>	<u>220,974</u>	<u>325,202</u>	<u>320,946</u>	<u>571,734</u>	<u>541,920</u>
Long-term liabilities	24,409	23,949	82,439	81,874	106,848	105,823
Other liabilities	11,573	14,607	13,109	10,997	24,681	25,604
Total liabilities	<u>35,982</u>	<u>38,556</u>	<u>95,547</u>	<u>92,871</u>	<u>131,529</u>	<u>131,427</u>
Net assets:						
Invested in capital assets, net of related debt	177,215	145,940	206,135	201,582	383,350	347,522
Restricted	27,840	30,893	1,290	1,290	29,130	32,183
Unrestricted	5,494	5,585	22,231	25,203	27,725	30,788
Total net assets	<u>\$ 210,549</u>	<u>\$ 182,418</u>	<u>\$ 229,655</u>	<u>\$ 228,075</u>	<u>\$ 440,205</u>	<u>\$ 410,493</u>

A portion of the City's net assets (7.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$27,725,343) 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.

Net assets in the City's governmental type activities increased by \$11.1 million during fiscal year 2010, this was down from a prior year increase of almost \$15 million. The decrease is due to a decrease in capital grant revenues

**CITY OF CHEYENNE, WYOMING**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2010

received from the State of Wyoming. Net assets in the City's business type activities increased by \$1.6 million during fiscal year 2010, compared to a prior year increase of \$3.3 million. This was also attributed to a decrease in capital grants.

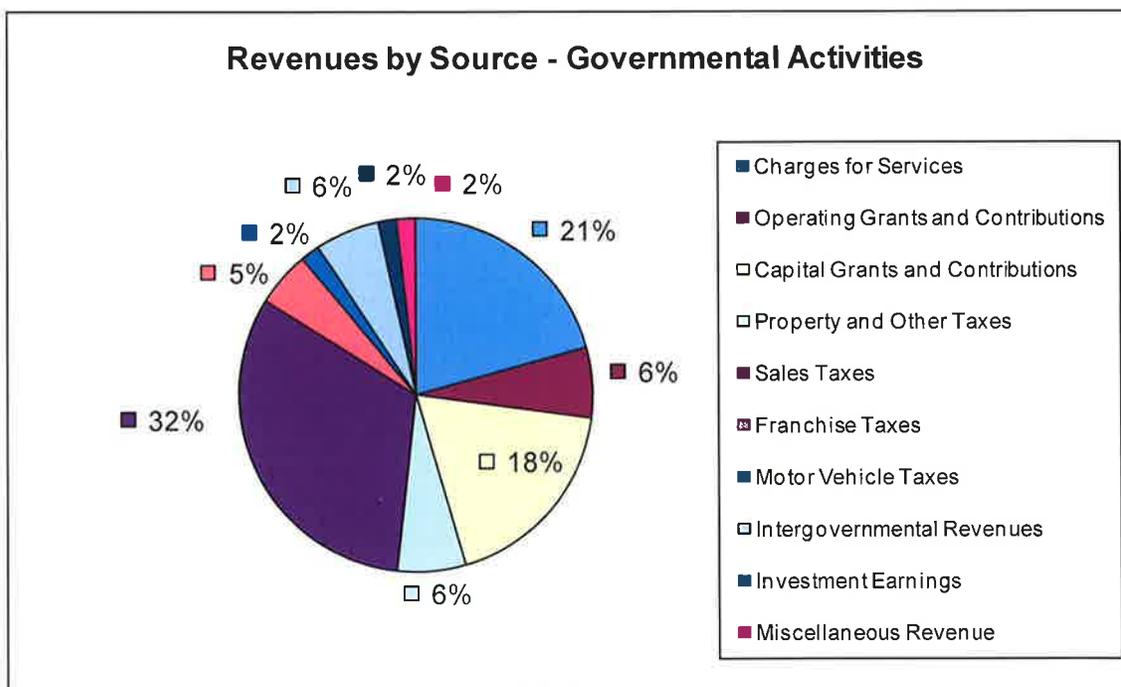
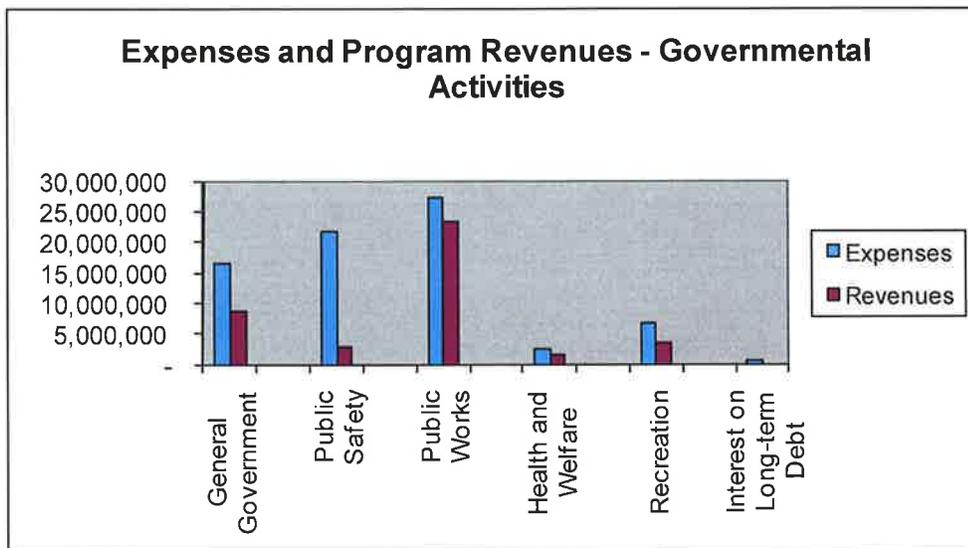
The following table reflects a condensed summary of activities and changes in net assets.

<b>Changes in Net Assets</b>						
<i>(amounts expressed in thousands, totals may not add due to rounding)</i>						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 18,158	\$ 17,567	\$ 25,302	\$ 24,767	\$ 43,460	\$ 42,334
Operating grants and contributions	5,659	5,284	1,153	1,267	6,812	6,551
Capital grants and contributions	16,139	16,049	1,498	3,279	17,637	19,329
General revenues:						
Property and other taxes	11,438	10,723	-	-	11,438	10,723
Sales taxes	28,293	30,839	10	260	28,304	31,099
Intergovernmental	5,188	4,921	-	-	5,188	4,921
Other	2,974	5,052	307	696	3,281	5,748
Total revenues	<u>87,849</u>	<u>90,436</u>	<u>28,272</u>	<u>30,269</u>	<u>116,121</u>	<u>120,705</u>
<b>Expenses:</b>						
General government	16,335	15,593	-	-	16,335	15,593
Public safety	21,777	22,295	-	-	21,777	22,295
Public works	27,358	26,656	-	-	27,358	26,656
Health and welfare	2,483	2,677	-	-	2,483	2,677
Recreation	6,535	6,441	-	-	6,535	6,441
Interest on long-term debt	564	538	-	-	564	538
Water	-	-	17,078	17,090	17,078	17,090
Sewer	-	-	9,763	9,719	9,763	9,719
Other	-	-	1,554	1,596	1,554	1,596
Total expenses	<u>75,052</u>	<u>74,200</u>	<u>28,394</u>	<u>28,406</u>	<u>103,446</u>	<u>102,606</u>
Increase in net assets before transfers	12,797	16,236	(122)	1,863	12,675	18,100
Transfers	(1,702)	(1,415)	1,702	1,415	-	-
Increase in net assets	<u>11,095</u>	<u>14,821</u>	<u>1,580</u>	<u>3,278</u>	<u>12,675</u>	<u>18,100</u>
Net assets - beg. of year (restated)	199,454	167,597	228,074	224,796	427,530	392,393
Net assets - end of year	<u>\$ 210,549</u>	<u>\$ 182,418</u>	<u>\$ 229,655</u>	<u>\$ 228,074</u>	<u>\$ 440,205</u>	<u>\$ 410,493</u>

The above condensed summary of the City's governmental and business type activities for the period ended June 30, 2010 reflects net assets increasing by almost \$13 million. The prior period is also included for comparative purposes. In addition, revenue and expense graphs have been presented to enhance the reader's understanding of the current year activities.

**CITY OF CHEYENNE, WYOMING**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
June 30, 2010



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, 2010

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, unreserved and undesignated 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 \$47,455,475. Approximately 9.3 percent of this total amount (\$4,397,059) constitutes unreserved and undesignated fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved or designated 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 committed to other uses.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, undesignated fund balance of the general fund was \$5,117,931, while total fund balance reached \$9,265,425. As a measure of the general fund's liquidity, it may be useful to compare both undesignated fund balance and total fund balance to total fund expenditures. Undesignated fund balance represents 10.4 percent of total general fund expenditures, while total fund balance represents 19 percent of that same amount.

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 \$22,758,430 and those for the Civic Center and Ice and Events Center amounted to \$(527,472). 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 \$2,212,254. The major expenditure increases follow:

- ❖ \$ 445,135 in carryover projects in general government activities
- ❖ \$ 1,009,609 for various agency account projects

Of this increase, \$1,024,118 was funded from unanticipated revenue with the remaining \$1,188,136 budgeted from available fund balance. Expenditures were less than budgetary estimates for all functions except for the public works department, thus eliminating the need to further draw upon existing fund balance for operations. However, a large portion of this variance was due to capital projects that had been budgeted in their entirety but were still in process at June 30, 2010.

### 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, 2010, amounted to \$484,945,817 (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 8.3 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, 2010

<b>Capital Assets Net of Depreciation</b>						
<i>(amounts expressed in thousands, totals may not add due to rounding)</i>						
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 13,727	\$ 13,178	\$ 5,410	\$ 5,231	\$ 19,137	\$ 18,409
Construction in progress	5,011	31,313	5,260	5,486	10,271	36,799
Buildings and improvements	62,988	50,232	8,506	8,472	71,494	58,705
Utility plant in service	-	-	437,596	422,858	437,596	422,858
Machinery and equipment	36,461	35,668	5,292	5,451	41,753	41,119
Infrastructure	167,571	113,383	-	-	167,571	113,383
Less accumulated depreciation	(95,260)	(85,371)	(167,616)	(158,315)	(262,876)	(243,686)
<b>Total</b>	<b>\$ 190,497</b>	<b>\$ 158,403</b>	<b>\$ 294,448</b>	<b>\$ 289,183</b>	<b>\$ 484,946</b>	<b>\$ 447,585</b>

Additional information on the City's capital assets can be found in Note 4 on pages 47-49 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$5,465,000, 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	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ -	\$ -	\$ 5,465,000	\$ 8,170,000	\$ 5,465,000	\$ 8,170,000
Loans and capital leases	4,207,504	3,311,674	71,207,860	67,425,078	75,415,364	70,736,752
Revenue bonds	9,075,000	9,150,000	11,460,000	11,905,000	20,535,000	21,055,000
<b>Total</b>	<b>\$ 13,282,504</b>	<b>\$ 12,461,674</b>	<b>\$ 88,132,860</b>	<b>\$ 87,500,078</b>	<b>\$ 101,415,364</b>	<b>\$ 99,961,752</b>

The City of Cheyenne's total debt increased by \$1,453,612 (1.5 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 \$20,413,427; however, the Board of Public Utilities' general obligation debt is not subject to that limitation.

# CITY OF CHEYENNE, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS June 30, 2010

Additional information on the City of Cheyenne's long-term debt can be found in Note 7 on pages 53-63 of this report.

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

These factors were considered in preparing the City's budget for the 2011 fiscal year (July 1, 2010 to June 30, 2011).

The unemployment rate for Cheyenne was 7.3 percent as of April 30, 2010, compared to the rate of 4.9 percent a year ago. This compares to the state's average unemployment rate of 6.7 percent and the national average rate of 9.5 percent.

The City's original approved budget for the general fund for the upcoming fiscal year 2011 totaled \$46,260,700. This represented a 10% decrease over the original budget for fiscal year 2010. The 2011 budget reflects the effects of the loss of 42 employees due to retirements and layoffs.

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 effect of a downturn in this economic area has proven to be a challenge for future budgets of the City. The Wyoming State legislature reduced the direct distributions to the city by \$3,329,911 which has a significant impact on the general fund budget.

### 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, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 12,924,107	\$ 13,913,619	\$ 26,837,726	\$ 835,810
Investments, at fair value	24,344,937	9,910,794	34,255,731	-
Restricted assets				
Cash and cash equivalents	1,070,857	1,367,415	2,438,272	-
Investments	3,469,147	-	3,469,147	-
Due from other governments	-	2,078,824	2,078,824	-
Receivables				
Accrued interest	146,404	16,115	162,519	-
Accounts- customers	1,015,205	1,373,092	2,388,297	-
Estimated unbilled usage	-	2,137,015	2,137,015	-
Sanitation receivable and unbilled usage	-	1,310,488	1,310,488	-
Property tax receivable	4,305,465	-	4,305,465	-
Internal balances	1,713,309	(1,713,309)	-	-
Intergovernmental receivable	6,150,024	-	6,150,024	-
Prepaid expenses	463,621	-	463,621	-
Notes receivable	-	-	-	5,378
Inventories	194,938	245,662	440,600	-
Total current assets	<u>55,798,014</u>	<u>30,639,715</u>	<u>86,437,729</u>	<u>841,188</u>
Capital assets				
Land	13,726,919	5,409,966	19,136,885	-
Utility plant in service	-	437,595,748	437,595,748	-
Machinery and equipment	12,916,160	1,650,463	14,566,623	-
Transportation equipment	22,181,250	2,325,828	24,507,078	-
Buildings and improvements	62,987,965	8,505,894	71,493,859	-
Office furniture and equipment	1,363,616	1,316,006	2,679,622	20,670
Infrastructure	167,570,724	-	167,570,724	-
Construction in progress	5,010,566	5,260,250	10,270,816	-
	<u>285,757,200</u>	<u>462,064,155</u>	<u>747,821,355</u>	<u>20,670</u>
Less accumulated depreciation	<u>(95,259,817)</u>	<u>(167,615,721)</u>	<u>(262,875,538)</u>	<u>(14,983)</u>
Total capital assets (net of accumulated depreciation)	<u>190,497,383</u>	<u>294,448,434</u>	<u>484,945,817</u>	<u>5,687</u>
Other assets				
Notes receivable	-	-	-	12,809
Deferred charges	236,043	114,238	350,281	-
Total other assets	<u>236,043</u>	<u>114,238</u>	<u>350,281</u>	<u>12,809</u>
Total noncurrent assets	<u>190,733,426</u>	<u>294,562,672</u>	<u>485,296,098</u>	<u>18,496</u>
Total assets	<u>\$ 246,531,440</u>	<u>\$ 325,202,387</u>	<u>\$ 571,733,827</u>	<u>\$ 859,684</u>

**CITY OF CHEYENNE, WYOMING**

STATEMENT OF NET ASSETS (CONTINUED)

June 30, 2010

	Primary Government			Component Unit Downtown Development Authority
	Governmental Activities	Business-type Activities	Total	
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$ 3,817,283	\$ 3,433,152	\$ 7,250,435	\$ 34,843
Accrued interest	-	762,083	762,083	-
Accrued salaries including compensated absences and early retirement, current portion	2,739,095	320,459	3,059,554	-
Unearned fees and deposits	-	1,538,656	1,538,656	-
Intergovernmental payable	800	-	800	-
Unearned revenue	4,082,684	257,806	4,340,490	-
Long-term debt and capital leases current portion	933,113	6,796,351	7,729,464	-
Total current liabilities	<u>11,572,975</u>	<u>13,108,507</u>	<u>24,681,482</u>	<u>34,843</u>
Noncurrent liabilities				
Accrued landfill closure and post-closure costs	10,770,546	-	10,770,546	-
Accrued compensated absences	1,288,993	921,245	2,210,238	-
Long-term portion of capital leases	3,374,391	-	3,374,391	-
Long-term portion of debt	8,975,000	81,517,447	90,492,447	-
Total noncurrent liabilities	<u>24,408,930</u>	<u>82,438,692</u>	<u>106,847,622</u>	<u>-</u>
Total liabilities	<u>35,981,905</u>	<u>95,547,199</u>	<u>131,529,104</u>	<u>34,843</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	177,214,879	206,134,636	383,349,515	5,687
Restricted for				
Debt service and capital improvements	-	1,289,594	1,289,594	-
Legal restrictions - nonexpendable	1,540,527	-	1,540,527	-
Tax voter approved specific projects	26,299,744	-	26,299,744	-
Unrestricted	<u>5,494,385</u>	<u>22,230,958</u>	<u>27,725,343</u>	<u>819,154</u>
Total net assets	<u>\$ 210,549,535</u>	<u>\$ 229,655,188</u>	<u>\$ 440,204,723</u>	<u>\$ 824,841</u>

**CITY OF CHEYENNE, WYOMING**

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2010

	<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	\$ 16,335,040	\$ 3,275,462	\$ 47,677	\$ 5,474,048
Public safety	21,777,101	1,296,101	1,499,710	52,481
Public works	27,358,116	11,932,798	2,545,341	8,817,116
Health and welfare	2,482,411	-	1,541,809	-
Recreation	6,535,011	1,653,576	24,134	1,795,657
Interest on long-term debt	563,902	-	-	-
Total governmental activities	<u>75,051,581</u>	<u>18,157,937</u>	<u>5,658,671</u>	<u>16,139,302</u>
Business-type activities				
Water	17,077,609	15,763,214	915,960	1,143,301
Sewer	9,762,621	8,518,746	237,365	354,972
Civic Center	949,745	635,174	-	-
Ice and Events Center	603,961	385,235	-	-
Total business-type activities	<u>28,393,936</u>	<u>25,302,369</u>	<u>1,153,325</u>	<u>1,498,273</u>
Total primary government	<u>\$ 103,445,517</u>	<u>\$ 43,460,306</u>	<u>\$ 6,811,996</u>	<u>\$ 17,637,575</u>
Governmental component unit				
Downtown Development Authority	<u>\$ 730,270</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  
Miscellaneous revenue  
Transfers  
Total general revenues and transfers  
Change in net assets

Net assets - at July 1, 2009  
Prior period adjustment  
Net assets as restated at July 1, 2009

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	
\$ (7,537,853)	\$ -	\$ (7,537,853)	\$ -
(18,928,809)	-	(18,928,809)	-
(4,062,861)	-	(4,062,861)	-
(940,602)	-	(940,602)	-
(3,061,644)	-	(3,061,644)	-
(563,902)	-	(563,902)	-
<u>(35,095,671)</u>	<u>-</u>	<u>(35,095,671)</u>	<u>-</u>
-	744,866	744,866	-
-	(651,538)	(651,538)	-
-	(314,571)	(314,571)	-
-	(218,726)	(218,726)	-
<u>-</u>	<u>(439,969)</u>	<u>(439,969)</u>	<u>-</u>
(35,095,671)	(439,969)	(35,535,640)	-
-	-	-	(730,270)
5,480,463	-	5,480,463	167,951
28,293,243	10,257	28,303,500	-
4,418,734	-	4,418,734	-
1,538,716	-	1,538,716	-
5,188,392	-	5,188,392	493,236
1,482,500	307,432	1,789,932	2,326
1,491,105	-	1,491,105	5,204
(1,702,149)	1,702,149	-	-
<u>46,191,004</u>	<u>2,019,838</u>	<u>48,210,842</u>	<u>668,717</u>
<u>11,095,333</u>	<u>1,579,869</u>	<u>12,675,202</u>	<u>(61,553)</u>
182,417,868	228,075,319	410,493,187	886,394
17,036,334	-	17,036,334	-
<u>199,454,202</u>	<u>228,075,319</u>	<u>427,529,521</u>	<u>886,394</u>
<u>\$ 210,549,535</u>	<u>\$ 229,655,188</u>	<u>\$ 440,204,723</u>	<u>\$ 824,841</u>

**CITY OF CHEYENNE, WYOMING**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2010

	<u>General Fund</u>	<u>One Percent Sales Tax Fund</u>	<u>State Grants</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,033,113	\$ 6,521,273	\$ 12,177
Investments, at fair value	3,430,188	14,794,204	-
Cash and cash equivalents - restricted	-	-	-
Investments - restricted	-	-	-
Receivables			
Accrued interest	-	89,023	-
Property tax	4,305,465	-	-
Customers	872,577	-	-
Due from other funds	1,895,544	457,750	-
Due from other governments	2,239,599	1,560,365	1,661,795
Prepaid items	463,621	-	-
Inventories	194,938	-	-
Total assets	<u>\$14,435,045</u>	<u>\$23,422,615</u>	<u>\$ 1,673,972</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 1,031,007	\$ 991,208	\$ 968,581
Accrued salaries including vacation and sick leave	-	-	-
Due to other funds	-	-	675,000
Due to other governments	800	-	-
Deferred revenue	4,137,813	-	183,798
Total liabilities	<u>5,169,620</u>	<u>991,208</u>	<u>1,827,379</u>
Fund balances			
Reserved for			
Tax voter approved specific projects	-	21,570,990	-
Legal restrictions	977,241	-	-
Prepaid items	463,621	-	-
Unreserved, designated for, reported in:			
Encumbrances	139,817	402,667	-
Capital projects	51,121	-	-
Loans	757,236	457,750	-
Future expenditures	555,200	-	-
Agency accounts	1,203,258	-	-
Special revenue funds	-	-	-
Capital projects funds	-	-	-
Unreserved, undesignated reported in:			
General fund	5,117,931	-	-
Special revenue funds	-	-	(153,407)
Capital project funds	-	-	-
Debt service fund	-	-	-
Total fund balances	<u>9,265,425</u>	<u>22,431,407</u>	<u>(153,407)</u>
Total liabilities and fund balances	<u>\$14,435,045</u>	<u>\$23,422,615</u>	<u>\$ 1,673,972</u>

Other Governmental Funds	Total Governmental Funds
\$ 5,357,544	\$ 12,924,107
6,120,545	24,344,937
1,070,857	1,070,857
3,469,147	3,469,147
57,381	146,404
-	4,305,465
142,628	1,015,205
1,395,000	3,748,294
688,265	6,150,024
-	463,621
-	194,938
<u>\$ 18,301,367</u>	<u>\$ 57,832,999</u>
\$ 826,487	\$ 3,817,283
-	-
1,359,985	2,034,985
-	800
202,845	4,524,456
<u>2,389,317</u>	<u>10,377,524</u>
4,728,754	26,299,744
563,286	1,540,527
-	463,621
-	542,484
-	51,121
-	1,214,986
-	555,200
-	1,203,258
11,116,868	11,116,868
70,607	70,607
-	5,117,931
(328,401)	(481,808)
(242,270)	(242,270)
3,206	3,206
<u>15,912,050</u>	<u>47,455,475</u>
<u>\$ 18,301,367</u>	<u>\$ 57,832,999</u>

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**CITY OF CHEYENNE, WYOMING**

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

June 30, 2010

Total fund balances - governmental funds	\$ 47,455,475
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.	190,497,383
Other assets are not available to pay for current period expenditures and, therefore are deferred in the funds.	441,772
Long-term liabilities for compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(4,028,088)
Long-term liability for landfill closure costs is not due and payable in the current period and therefore is not reported in the funds.	(10,770,546)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(13,046,461)</u>
Net assets of governmental activities	<u>\$ 210,549,535</u>

**CITY OF CHEYENNE, WYOMING**

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2010

	General Fund	One Percent Sales Tax Fund	State Grants
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues			
Taxes and special assessments	\$ 9,971,870	\$ -	\$ -
Licenses and permits	1,860,367	-	-
Intergovernmental	25,154,488	9,184,636	10,801,145
Charges for services	10,692,267	-	-
Fines and forfeitures	1,372,594	-	-
Investment income	197,699	755,118	-
Miscellaneous	1,045,117	-	-
Total revenues	<u>50,294,402</u>	<u>9,939,754</u>	<u>10,801,145</u>
Expenditures			
Current			
General government	13,242,006	-	1,501,500
Public safety	19,117,768	132,833	-
Public works	10,350,354	4,257,665	-
Health and welfare	-	887,500	-
Recreation	5,067,966	41,071	-
Capital	1,094,782	2,896,115	8,853,807
Debt service			
Principal retirements	75,000	-	-
Interest payments	411,116	-	-
Total expenditures	<u>49,358,992</u>	<u>8,215,184</u>	<u>10,355,307</u>
Excess (deficiency) of revenues over expenditures	<u>935,410</u>	<u>1,724,570</u>	<u>445,838</u>
Other financing sources (uses)			
Transfers in	1,280,294	-	-
Transfers out	(1,570,956)	-	(408,407)
Issuance of debt	-	-	-
Total other financing sources (uses)	<u>(290,662)</u>	<u>-</u>	<u>(408,407)</u>
Net change in fund balances	644,748	1,724,570	37,431
Fund balances - beginning of year	<u>8,620,677</u>	<u>20,706,837</u>	<u>(190,838)</u>
Fund balances - end of year	<u>\$ 9,265,425</u>	<u>\$ 22,431,407</u>	<u>\$ (153,407)</u>

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 9,971,870
-	1,860,367
6,402,018	51,542,287
4,232,709	14,924,976
-	1,372,594
529,683	1,482,500
493,217	1,538,334
<u>11,657,627</u>	<u>82,692,928</u>
129,176	14,872,682
1,483,344	20,733,945
4,678,720	19,286,739
1,594,583	2,482,083
904,673	6,013,710
8,219,254	21,063,958
919,131	994,131
138,308	549,424
<u>18,067,189</u>	<u>85,996,672</u>
<u>(6,409,562)</u>	<u>(3,303,744)</u>
157,214	1,437,508
(1,160,294)	(3,139,657)
<u>1,814,961</u>	<u>1,814,961</u>
<u>811,881</u>	<u>112,812</u>
(5,597,681)	(3,190,932)
<u>21,509,731</u>	<u>50,646,407</u>
<u>\$ 15,912,050</u>	<u>\$ 47,455,475</u>

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**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, 2010

Net change in fund balances - total governmental funds \$ (3,190,932)

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. 15,059,412

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 239,142

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. 238,814

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. (415,795)

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. (835,308)

Change in net assets of governmental activities \$ 11,095,333

**CITY OF CHEYENNE, WYOMING**

**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**

June 30, 2010

	Business-type Activities	
	Waterworks Fund	Sewer Fund
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 9,449,344	\$ 4,320,689
Investments, at fair value	6,325,000	3,585,794
Restricted assets		
Cash and cash equivalents	1,367,415	-
Investments	-	-
Due from other governments	661,581	1,417,243
City of Cheyenne sanitation account	1,310,488	-
Receivables		
Accrued interest	12,012	4,103
Accounts- customers	742,317	621,588
Estimated unbilled usage	1,527,996	609,019
Inventories	229,354	16,308
Prepaid expenses	-	-
Total current assets	21,625,507	10,574,744
Noncurrent assets		
Capital assets		
Land	4,538,963	528,760
Utility plant in service	323,810,263	113,785,485
Machinery and equipment	785,951	260,673
Transportation equipment	1,729,375	576,458
Buildings and improvements	1,518,536	534,895
Office furniture and equipment	677,623	228,402
Construction in progress	4,558,012	702,238
	337,618,723	116,616,911
Less accumulated depreciation	(125,803,223)	(38,167,973)
Total capital assets (net of accumulated depreciation)	211,815,500	78,448,938
Other assets		
Deferred charges	114,238	-
Total other assets	114,238	-
Total noncurrent assets	211,929,738	78,448,938
Total assets	\$ 233,555,245	\$ 89,023,682

Enterprise Funds	
Other Proprietary Funds	Totals
\$ 143,586	\$ 13,913,619
-	9,910,794
-	1,367,415
-	-
-	2,078,824
-	1,310,488
-	16,115
9,187	1,373,092
-	2,137,015
-	245,662
-	-
<u>152,773</u>	<u>32,353,024</u>
342,243	5,409,966
-	437,595,748
603,839	1,650,463
19,995	2,325,828
6,452,463	8,505,894
409,981	1,316,006
-	5,260,250
<u>7,828,521</u>	<u>462,064,155</u>
<u>(3,644,525)</u>	<u>(167,615,721)</u>
<u>4,183,996</u>	<u>294,448,434</u>
-	114,238
-	<u>114,238</u>
<u>4,183,996</u>	<u>294,562,672</u>
<u>\$ 4,336,769</u>	<u>\$326,915,696</u>

**CITY OF CHEYENNE, WYOMING**

STATEMENT OF NET ASSETS - PROPRIETARY FUNDS (CONTINUED)

June 30, 2010

	Business-type Activities	
	Waterworks Fund	Sewer Fund
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	\$ 1,481,534	\$ 1,901,852
Accrued interest	610,640	151,443
Unearned revenue	-	-
Due to other funds	1,388,309	-
Unearned fees and deposits	1,283,283	255,373
Accrued salaries including vacation and sick leave	170,141	130,363
Current portion of general obligation and loan debt	4,854,462	1,941,889
Total current liabilities	9,788,369	4,380,920
Long term liabilities		
Accrued compensated absences	546,278	347,249
General obligation and loan debt, deferred amount on refunding and unamortized bond premium, net of current portion	42,131,598	39,385,849
Total long term liabilities	42,677,876	39,733,098
Total liabilities	52,466,245	44,114,018
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	164,829,440	37,121,200
Restricted for debt service and capital improvements	1,289,594	-
Unrestricted (deficit)	14,969,966	7,788,464
Total net assets	181,089,000	44,909,664

<u>Enterprise Funds</u>		
<u>Other</u>		<u>Totals</u>
<u>Proprietary</u>		
<u>Funds</u>		
\$ 49,766	\$ 3,433,152	
-	762,083	
257,806	257,806	
325,000	1,713,309	
-	1,538,656	
19,955	320,459	
-	6,796,351	
<u>652,527</u>	<u>14,821,816</u>	
27,718	921,245	
-	81,517,447	
<u>27,718</u>	<u>82,438,692</u>	
<u>680,245</u>	<u>97,260,508</u>	
4,183,996	206,134,636	
-	1,289,594	
<u>(527,472)</u>	<u>22,230,958</u>	
<u>3,656,524</u>	<u>229,655,188</u>	

**CITY OF CHEYENNE, WYOMING**

**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET ASSETS - PROPRIETARY FUNDS**

Year Ended June 30, 2010

	Business-type Activities	
	Waterworks Fund	Sewer Fund
Operating revenues		
Sales and charges for services	\$ 15,460,342	\$ 8,242,981
Fees and miscellaneous	302,872	275,765
Total operating revenues	15,763,214	8,518,746
Operating expenses		
Source of supply	1,076,321	-
Water treatment	1,959,147	-
Transmission and distribution	1,902,540	-
Engineering and water resources	522,608	518,130
Sewer collection lines	-	1,134,465
Water reclamation	-	2,266,565
Information technology and customer service	449,852	446,382
Administrative and general	2,185,923	1,369,437
Depreciation	7,301,542	3,087,276
Parts and supplies	-	-
Intra-city charges	-	-
Total operating expenses	15,397,933	8,822,255
Operating income (loss)	365,281	(303,509)
Non-operating income (expenses)		
System development fees	915,960	237,365
Special purpose taxes	-	10,257
Investment income		
Interest income	155,746	78,468
Net increase in fair value of investments	51,225	21,954
Gain on disposal of capital assets	5,175	-
Interest expense	(1,684,851)	(940,366)
Total non-operating income (expenses)	(556,745)	(592,322)
Income (loss) before contributions and transfers	(191,464)	(895,831)
Capital contributions	622,551	-
Donated utilities and other assets	520,750	354,972
Transfers in (out)	1,000,000	-
Change in net assets	1,951,837	(540,859)
Total net assets - beginning of year	179,137,163	45,450,523
Total net assets - end of year	\$ 181,089,000	\$ 44,909,664

<u>Enterprise Funds</u>	
<u>Other Proprietary Funds</u>	<u>Totals</u>
\$ 951,187	\$ 24,654,510
69,222	647,859
<u>1,020,409</u>	<u>25,302,369</u>
-	1,076,321
-	1,959,147
-	1,902,540
-	1,040,738
-	1,134,465
-	2,266,565
-	896,234
1,343,696	4,899,056
168,832	10,557,650
26,282	26,282
14,896	14,896
<u>1,553,706</u>	<u>25,773,894</u>
<u>(533,297)</u>	<u>(471,525)</u>
-	1,153,325
-	10,257
39	234,253
-	73,179
-	5,175
-	(2,625,217)
<u>39</u>	<u>(1,149,028)</u>
<u>(533,258)</u>	<u>(1,620,553)</u>
-	622,551
-	875,722
<u>702,149</u>	<u>1,702,149</u>
168,891	1,579,869
<u>3,487,633</u>	<u>228,075,319</u>
<u>\$ 3,656,524</u>	<u>\$229,655,188</u>

**CITY OF CHEYENNE, WYOMING**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 Year Ended June 30, 2010

	Business-type Activities	
	Waterworks Fund	Sewer Fund
Cash flows from operating activities		
Cash received from customers	\$ 16,133,857	\$ 8,443,211
Cash payments to suppliers	(3,736,997)	(1,661,252)
Cash payments to employees	(5,116,208)	(3,702,902)
Change in City sanitation account	(33,334)	-
	<u>7,247,318</u>	<u>3,079,057</u>
Cash flows from noncapital financing activities		
Transfers from other funds	1,000,000	-
	<u>1,000,000</u>	<u>-</u>
Cash flows from capital and related financing activities		
System development fees	915,960	237,365
Special purpose taxes	-	10,257
Proceeds from issuance of debt	2,882,814	4,237,216
Proceeds from due to other funds	-	-
Acquisition and construction of capital assets	(8,619,329)	(5,918,865)
Payment of bond issuance costs	-	-
Proceeds from disposition of capital assets	5,175	-
Principal paid on general obligation bonds and loan debt maturities	(4,592,685)	(1,894,563)
Capital grants	622,551	-
Interest paid on debt	(1,593,984)	(1,013,491)
	<u>(10,379,498)</u>	<u>(4,342,081)</u>
Cash flows from investing activities		
Interest on cash accounts and investments	221,937	105,358
Purchase of certificates of deposit	(6,325,000)	(3,585,794)
	<u>(6,103,063)</u>	<u>(3,480,436)</u>
Net increase (decrease) in cash and cash equivalents	(8,235,243)	(4,743,460)
Cash and cash equivalents - beginning of year	<u>19,052,002</u>	<u>9,064,149</u>
Cash and cash equivalents - end of year	<u>\$ 10,816,759</u>	<u>\$ 4,320,689</u>

<u>Enterprise Funds</u>	
<u>Other Proprietary Funds</u>	<u>Totals</u>
\$ 965,416	\$ 25,542,484
(718,815)	(6,117,064)
(653,676)	(9,472,786)
<u>-</u>	<u>(33,334)</u>
<u>(407,075)</u>	<u>9,919,300</u>
<u>702,149</u>	<u>1,702,149</u>
<u>702,149</u>	<u>1,702,149</u>
-	1,153,325
-	10,257
-	7,120,030
125,000	125,000
(408,407)	(14,946,601)
-	-
-	5,175
-	(6,487,248)
-	622,551
-	(2,607,475)
<u>(283,407)</u>	<u>(15,004,986)</u>
39	327,334
<u>-</u>	<u>(9,910,794)</u>
<u>39</u>	<u>(9,583,460)</u>
11,706	(12,966,997)
<u>131,880</u>	<u>28,248,031</u>
<u>\$ 143,586</u>	<u>\$ 15,281,034</u>

**CITY OF CHEYENNE, WYOMING**

STATEMENT OF CASH FLOWS (CONTINUED)  
 PROPRIETARY FUNDS  
 Year Ended June 30, 2010

	Business-type Activities	
	Waterworks Fund	Sewer Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	\$ 365,281	\$ (303,509)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	7,301,542	3,087,276
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities		
Receivables	107,827	(112,813)
Inventory	24,431	(1,974)
Prepaid expenses	-	-
Accounts payable	(782,286)	371,355
Other accruals	-	750
City sanitation account	(33,334)	-
Due from/due to other funds	-	-
Accrued salaries including vacation and sick leave	1,041	694
Deferred revenue	262,816	37,278
Net cash provided by (used in) operating activities	\$ 7,247,318	\$ 3,079,057
Noncash investing, capital and noncapital financing activities		
Amortization of deferred refunding loss and debt premiums	\$ 79,647	\$ -
Donated asset acquisitions	520,750	354,972
Capitalized interest	129,442	25,776

Enterprise Funds	
Other Proprietary Funds	Totals

\$ (533,297)	\$ (471,525)
--------------	--------------

168,832	10,557,650
---------	------------

(1,663)	(6,649)
---------	---------

-	22,457
---	--------

-	-
---	---

9,631	(401,300)
-------	-----------

-	750
---	-----

-	(33,334)
---	----------

-	-
---	---

2,752	4,487
-------	-------

<u>(53,330)</u>	<u>246,764</u>
-----------------	----------------

<u>\$ (407,075)</u>	<u>\$ 9,919,300</u>
---------------------	---------------------

\$ -	\$ 79,647
------	-----------

-	875,722
---	---------

-	155,218
---	---------

**CITY OF CHEYENNE, WYOMING**

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
June 30, 2010**

	<u>Agency Fund DARE</u>
<b>ASSETS</b>	
Cash and cash equivalents	<u>\$          645</u>
Total assets	<u><u>\$          645</u></u>
 <b>LIABILITIES</b>	
Accounts payable	<u>\$          645</u>
Total liabilities	<u><u>\$          645</u></u>

# CITY OF CHEYENNE

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

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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

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

---

### 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

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

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### 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 *state grants fund* accounts for the City's grants received from non-federal sources and expenditures made with those funds.

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 the proceeds of designated specific revenue sources that are restricted to expenditures for specified purposes.

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

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

The *agency fund* is used to report DARE resources held by the City in a purely custodial capacity.

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

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

---

### **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, 2010. 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

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

---

### **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 \$397,483.

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, 2010 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 2003 Refunding and Improvement Revenue Bonds, are deemed restricted.

CITY OF CHEYENNE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

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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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

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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

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

---

**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.

CITY OF CHEYENNE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

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

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

***Fund Equity***

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balances represent tentative management plans that are subject to change.

***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 are reported as designations of fund balances and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year.

***Deficit Fund Equity***

The following funds had a deficit balance at June 30, 2010:

Fund	Deficit Balance
Community Development Block Grant	\$ (752)
Law Enforcement Block Grant	(13,828)
Miscellaneous Federal Grants	(28,811)
State Grants	(153,407)
Transportation Planning	(106,709)
Recreation Programs	(178,301)
Athletic Facilities	(242,270)

For the Community Development Block Grant, Law Enforcement Block Grant, Miscellaneous Federal Grants, State 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.

CITY OF CHEYENNE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

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**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 \$13,046,461 difference are as follows:

Long-term portion of capital leases	\$ 3,374,391
Long-term portion of debt	8,975,000
Long-term debt and capital leases current portion	933,113
Less: Bond issue costs	<u>(236,043)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net assets - governmental activities</i>	<u>\$ 13,046,461</u>

***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 \$15,059,412 difference are as follows:

Capital outlay	\$ 20,229,556
Depreciation expense	(9,943,857)
Disposal of assets	(183,435)
Donated Fixed Assets	4,957,148
	<u>\$ 15,059,412</u>

**CITY OF CHEYENNE**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

**Note 3. Cash and Investments**

Cash and investments and restricted cash and investments as of June 30, 2010, as classified in the accompanying financial statements, consist of the following:

	Governmental Activities	Business-type Activities	Total
Deposits with financial institutions:			
Cash	\$ 8,797,772	\$ 406,089	\$ 9,203,861
Certificates of deposit	644,648	10,900,388	11,545,036
Investments:			
WYOSTAR	5,133,143	13,875,493	19,008,636
WGIF	-	9,858	9,858
Investment accounts	27,233,485	-	27,233,485
	\$ 41,809,048	\$ 25,191,828	\$ 67,000,876

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

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

***Custodial Credit Risk***

In the case of deposits and certificates of deposit, this 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, 2010, 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, 2010.

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 unless the financial institution is participating in the Transaction Account Guarantee Program, which is in effect until December 31, 2010. At June 30, 2010, 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, 2010, all investment securities were held by the City's custodians and registered in the City's name.

**CITY OF CHEYENNE**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

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

***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 any one issuer. The City met this limitation as of June 30, 2010. The City holds \$6,230,089 or 19% of its portfolio in Federal National Mortgage Association (FNMA); \$1,508,740 or 5% of its portfolio in FNMA Grantor Trust; \$4,442,223 or 13% of its portfolio in FNMA Pool; \$1,636,835 or 5% of its portfolio in Federal Home Loan Bank (FHLB); and \$4,161,880 or 13% of its portfolio in Federal Home Loan Mortgage Corporation (FHLMC). 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 account, 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.

Investment Type	Fair Value	Interest Rate	Investment Maturities in Years			
			Less Than 1	1-5	6-10	More Than 10
Certificates of Deposit	\$ 11,545,036	.25%-5.55%	\$ 11,010,338	\$ 534,698	\$ -	\$ -
U.S. Government Securities	7,201,977	1.00%-4.00%	-	7,201,977	-	-
U.S. Agencies	19,967,457	1.13%-6.50%	1,172,685	16,733,424	1,481,915	579,433
Governmental Mutual Funds	64,051	n/a	64,051	-	-	-
State Treasurer's Investment Pool (WYO-STAR)	19,008,636	1.47%	19,008,636	-	-	-
Wyoming Government Investment fund (WGIF)	9,858	0.12%	9,858	-	-	-
	<u>\$ 57,797,015</u>		<u>\$ 31,265,568</u>	<u>\$ 24,470,099</u>	<u>\$ 1,481,915</u>	<u>\$ 579,433</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, 2010 was \$809,072. 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 weighted average maturity of the Fund's entire portfolio at June 30, 2010 was 49 days.

**CITY OF CHEYENNE**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2010

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

**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, \$12,246,528 were rated AAA by Moody's and \$7,720,939 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 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 AAAM rating by Standard & Poor's.

**Note 4. Capital Assets (Prior Period Adjustment)**

Governmental capital asset activity for the year ended June 30, 2010 was as follows:

	Balance June 30, 2009 (as presented)	Prior Period Adjustment	Balance June 30, 2009 (as restated)	Additions	Retirements and Transfers	Balance June 30, 2010
Governmental activities:						
Capital assets, not being depreciated:						
Land	\$ 13,177,583	\$ -	\$ 13,177,583	\$ 140,730	\$ 408,606	\$ 13,726,919
Construction in progress	31,312,683	-	31,312,683	19,645,802	(45,947,919)	5,010,566
Total capital assets, not being depreciated	<u>44,490,266</u>	<u>-</u>	<u>44,490,266</u>	<u>19,786,532</u>	<u>(45,539,313)</u>	<u>18,737,485</u>
Capital assets, being depreciated:						
Buildings and improvements	50,232,359	-	50,232,359	280,792	12,474,814	62,987,965
Machinery and equipment	12,774,521	-	12,774,521	530,915	(389,276)	12,916,160
Transportation equipment	21,434,256	-	21,434,256	1,955,826	(1,208,832)	22,181,250
Office furniture and equipment	1,459,032	-	1,459,032	9,316	(104,732)	1,363,616
Infrastructure	113,382,580	18,592,740	131,975,320	2,623,323	32,972,081	167,570,724
Total capital assets, being depreciated	<u>199,282,748</u>	<u>18,592,740</u>	<u>217,875,488</u>	<u>5,400,172</u>	<u>43,744,055</u>	<u>267,019,715</u>
Less accumulated depreciation for:						
Buildings	11,848,111	-	11,848,111	1,313,587	(6,040)	13,155,658
Improvements other than buildings	5,070,483	-	5,070,483	342,919	-	5,413,402
Infrastructure	45,837,437	1,556,406	47,393,843	5,774,279	-	53,168,122
Equipment	22,615,346	-	22,615,346	2,513,072	(1,605,783)	23,522,635
Total accumulated depreciation	<u>85,371,377</u>	<u>1,556,406</u>	<u>86,927,783</u>	<u>9,943,857</u>	<u>(1,611,823)</u>	<u>95,259,817</u>
Total capital assets being depreciated, net	<u>113,911,371</u>	<u>17,036,334</u>	<u>130,947,705</u>	<u>(4,543,685)</u>	<u>45,355,878</u>	<u>171,759,898</u>
Governmental activities, capital assets, net	<u>\$ 158,401,637</u>	<u>\$ 17,036,334</u>	<u>\$ 175,437,971</u>	<u>\$ 15,242,847</u>	<u>\$ (183,435)</u>	<u>\$ 190,497,383</u>

**CITY OF CHEYENNE**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2010

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

Business-type capital asset activity for the year ended June 30, 2010 was as follows:

	Balance June 30, 2009	Additions	Retirements and Transfers	Balance June 30, 2010
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 5,231,081	\$ 122,785	\$ 56,100	\$ 5,409,966
Construction in progress	5,485,883	13,282,497	(13,508,130)	5,260,250
Total capital assets, not being depreciated	<u>10,716,964</u>	<u>13,405,282</u>	<u>(13,452,030)</u>	<u>10,670,216</u>
Capital assets, being depreciated:				
Utility plant in service	422,858,283	1,637,198	13,100,267	437,595,748
Machinery and equipment	1,231,137	454,698	(35,372)	1,650,463
Transportation equipment	2,242,843	201,381	(118,396)	2,325,828
Structures and improvements	8,472,312	89,682	(56,100)	8,505,894
Office furniture and equipment	1,977,082	34,082	(695,158)	1,316,006
Total capital assets, being depreciated	<u>436,781,657</u>	<u>2,417,041</u>	<u>12,195,241</u>	<u>451,393,939</u>
Less accumulated depreciation for:				
Utility plant in service	150,199,370	9,947,150	(407,863)	159,738,657
Machinery and equipment	908,277	57,286	(35,372)	930,191
Transportation equipment	1,743,905	236,188	(118,396)	1,861,697
Structures and improvements	3,858,442	193,650	-	4,052,092
Office furniture and equipment	1,604,866	123,376	(695,158)	1,033,084
Total accumulated depreciation	<u>158,314,860</u>	<u>10,557,650</u>	<u>(1,256,789)</u>	<u>167,615,721</u>
Total capital assets being depreciated, net	<u>278,466,797</u>	<u>(8,140,609)</u>	<u>13,452,030</u>	<u>283,778,218</u>
Business-type activities, capital assets, net	<u>\$ 289,183,761</u>	<u>\$ 5,264,673</u>	<u>\$ -</u>	<u>\$ 294,448,434</u>

**CITY OF CHEYENNE**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2010

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

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

Governmental activities	
General government	\$ 694,126
Public safety	922,408
Public works	7,186,194
Recreation	<u>1,141,129</u>
Total depreciation expense - governmental activities	<u>\$ 9,943,857</u>
Business-type activities	
Waterworks	\$ 7,301,542
Sewer	3,087,276
Civic center	66,914
Ice and events center	<u>101,918</u>
Total depreciation expense - business-type activities	<u>\$ 10,557,650</u>

An adjustment was made to the infrastructure amount reported in prior periods as the City was not previously capitalizing infrastructure donated by developers. The effect of this error was the understatement of capital assets being depreciated in the amount of \$17,036,334 as of June 30, 2009 for government capital assets.

**CITY OF CHEYENNE**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2010

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

The composition of interfund receivables and payables as of June 30, 2010 is as follows:

Fund	Government-wide Statements		Fund Level Financial Statements	
	Internal Balances		Due From/To Other Funds	
	Receivable	Payable	Receivable	Payable
Governmental activities:				
General fund	\$ 1,388,309	\$ -	\$ 1,895,544	\$ -
Special revenue funds:				
Solid Waste Management	325,000	-	1,395,000	-
Community Development Block Grant	-	-	-	20,000
One Percent Sales Tax Fund	-	-	457,750	-
Local Law Enforcement Block Grants	-	-	-	160,000
Transportation Planning	-	-	-	155,000
State Grants	-	-	-	675,000
Recreation Programs	-	-	-	530,880
Miscellaneous Federal Grants	-	-	-	60,000
Capital projects funds:				
Capital Facilities Tax	-	-	-	-
Athletic Facilities	-	-	-	434,105
Business-type activities:				
Waterworks	-	1,388,309	-	1,388,309
Sewer	-	-	-	-
Ice and Events Center	-	325,000	-	325,000
	<u>\$ 1,713,309</u>	<u>\$ 1,713,309</u>	<u>\$ 3,748,294</u>	<u>\$ 3,748,294</u>

The balance of \$1,388,309 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**

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2010

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

Transfers for the year ended June 30, 2010 were as follows:

Fund	Transfers	
	In	Out
Governmental activities:		
General fund	\$ 1,280,294	\$ 1,570,956
Special revenue funds:		
Recreation Programs	-	528,892
Solid Waste Management	-	597,600
Law Enforcement Block Grant	28,187	-
UMTA Transit Grants	129,027	-
State Grants	-	408,407
Capital projects funds:		
Depot Square	-	16,839
Permanent fund		
Cemetery Perpetual Care	-	16,963
Total governmental activities	1,437,508	3,139,657
Business-type activities:		
Waterworks	1,000,000	-
Civic Center	702,149	-
Total business-type activities	1,702,149	-
Total primary government	\$ 3,139,657	\$ 3,139,657

During the year ended June 30, 2010, the waterworks fund received \$1,000,000 from the general fund for payment of bond indebtedness. Other transfers are 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.

**CITY OF CHEYENNE**

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2010

**Note 6. Leases (Continued)**

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset	
Machinery and equipment	\$ 2,892,496
Less accumulated depreciation	(628,307)
Total	\$ 2,264,189

The capital lease obligations payable as of June 30, 2010 were as follows:

Lease payable for landfill equipment, due in semi-annual installments of \$79,157, with interest of 3.98%, through June 2013.	\$ 444,748
Lease payable for landfill equipment, due in semi-annual installments of \$94,536, with interest of 3.60%, through June 2014.	671,943
Lease payable for landfill equipment, due in semi-annual installments of \$54,792 to \$54,901, variable interest rate through June 2013.	302,020
Lease payable for landfill equipment, due in semi-annual installments of \$139,152, with interest at 3.90%, through June 2017.	1,690,555
Lease payable for landfill equipment, due in semi-annual installments of \$100,269, with interest at 4.60%, through June 2016.	1,041,106
Lease payable for landfill equipment, due in semi-annual installments of \$37,070, with interest at 3.50%, through June 2011.	57,132
	\$ 4,207,504

**CITY OF CHEYENNE**

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2010

**Note 6. Leases (Continued)**

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010, were as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2011	\$ 994,416
2012	935,967
2013	931,162
2014	631,509
2015	478,843
Thereafter	<u>757,148</u>
Total minimum lease payments	4,729,045
Less amount representing interest	<u>(521,541)</u>
Present value of minimum lease payments	<u>\$ 4,207,504</u>

**Note 7. Long-Term Debt**

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

General long-term debt currently outstanding is as follows:

	<u>Balance at June 30, 2010</u>	<u>Amount Due Within One Year</u>
<b><i>Governmental activities</i></b>		
Refunding and Improvement Revenue Bonds, Series 2003, due in annual installments of \$100,000 to \$1,775,000 through April 2028 plus interest from 3.50% to 4.625%. Bonds are callable by the City as of April 1, 2013 on any interest date, for the principal and accrued interest. Secured by a pledge of federal mineral royalties and gross parking fee revenues received.	<u>\$ 9,075,000</u>	<u>\$ 100,000</u>

**CITY OF CHEYENNE**

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2010

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

	<u>Balance at June 30, 2010</u>	<u>Amount Due Within One Year</u>
<i>Business-type activities</i>		
General Obligation Water Refunding Bonds, Series 1998, original amount of \$23,380,000, due in annual installments ranging from \$2,615,000 to \$2,850,000 through December 2011; interest at 5.25%. Secured by all taxable property within the City and all revenue, net of premiums and deferred loss.	5,465,000	2,850,000
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.	1,493,316	33,700
Due to the State of Wyoming, Office of State Lands and Investment, #IRR-802, original amount of \$4,500,000, with interest at 5%, due annually on December 1. Annual principal and interest payments are \$326,119 through 2014 for rehabilitation of Stage II embankments. Secured by assignment and pledge of all revenues generated by the Cheyenne Water System sufficient to meet the required debt service.	1,156,402	268,299
Due to the State of Wyoming, Water Development Commission, original amount of \$1,535,224, with interest at 4%, due annually on December 1. Annual principal and interest payments of \$88,782 through 2024 for rehabilitation of the North Crow Creek dams and reservoirs. Collateralized by a mortgage on North Crow Creek dams and reservoirs and revenue from the Cheyenne Water System.	987,114	49,298
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.	5,003,735	106,198

**CITY OF CHEYENNE**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

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

	<u>Balance at June 30, 2010</u>	<u>Amount Due Within One Year</u>
<i>Business-type activities (continued)</i>		
Refunding Revenue Water bonds, Series 2007, original amount of \$12,330,000, due in annual installments ranging from \$445,000 to \$910,000 through December 2026; interest at 4% to 5%. Secured by pledge of revenues from the city's water system tap and user fees and system development fees, net of premiums.	11,460,000	465,000
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #002, original amount of \$4,000,000, with interest at 2.5%, due annually on December 1. Annual principal and interest payments are \$258,075 through 2023. Secured by an assignment and pledge of all revenues generated by the Cheyenne Water System sufficient to meet the required debt service.	2,834,482	187,213
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 \$334,721 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.	5,027,217	210,623
Due to the State of Wyoming, Water Development Commission, original amount of \$625,000, with interest at 4% due annually on December 1. Annual principal and interest payments are \$56,213 through 2012. Secured by a mortgage on the wells and revenues from the Cheyenne Water System.	106,025	51,972
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.	291,235	43,907

**CITY OF CHEYENNE**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2010

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

	<u>Balance at June 30, 2010</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>	1,179,295	118,468
<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>	7,045,397	465,336
<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>	2,679,811	138,276
<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>	590,947	32,955

**CITY OF CHEYENNE**

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2010

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

	Balance at <u>June 30, 2010</u>	<u>Amount Due Within 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 \$16,858 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.	262,800	-
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 \$16,858 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.	262,800	-
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.	30,524,722	1,575,045
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 \$94,827 in 2011 and \$81,843 each year thereafter 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.	1,280,000	50,282

**CITY OF CHEYENNE**

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2010

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

	Balance at <u>June 30, 2010</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 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.	888,264	39,679
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.	2,627,896	110,100
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 \$165,614 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.	2,581,788	-

**CITY OF CHEYENNE**

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2010

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

	<u>Balance at June 30, 2010</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 #092, advances on a \$4,331,216 loan, with interest at 0%, for the purpose of funding the Crow Creek Anoxic Basin project. Twenty annual payments of principal will begin not later than one year after substantial completion of the project, unless the conditions described below are met. The payments are currently estimated at \$209,231 per year. Secured by the pledge and assignment of revenues generated from wastewater user fees necessary to meet the annual loan payments. The source of the loan funds is either in whole or part the American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5 (the "Act"). As such, the Board must comply with all applicable requirements of the Act when constructing and contracting for the construction of this project. In addition, the Board is required to draw all funds on the loan by September 13, 2013 as well as meet certain other conditions as set forth in the loan agreement. Upon completion of this project in accordance with all required terms and conditions and prior to commencement of repayment of the loan, this project will be granted principal forgiveness of up to \$4,331,216 on the loan.</p>	4,184,614	-

**CITY OF CHEYENNE**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

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

	Balance at <u>June 30, 2010</u>	Amount Due Within <u>One Year</u>
<i>Business-type activities (continued)</i>		
<p>Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #082, original amount of \$200,000, with interest at 0%, for the purpose of funding the 2010 Water Wells project. Twenty annual payments of principal, being \$10,000 per year, will begin not later than one year after substantial completion of the project, unless the conditions described below are met. Secured by the pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payments. The source of the loan funds is either in whole or part the American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5 (the "Act"). As such, the Board must comply with all applicable requirements of the Act when constructing and contracting for the construction of this project. In addition, the Board is required to draw all funds on the loan by September 13, 2013 as well as meet certain other conditions as set forth in the loan agreement. Upon completion of this project in accordance with all required terms and conditions and prior to commencement of repayment of the loan, this project will be granted principal forgiveness of up to \$200,000 on the loan.</p>	<u>200,000</u>	<u>-</u>
Total business-type activities	<u>88,132,860</u>	<u>6,796,351</u>
Total long-term debt	<u><u>\$ 97,207,860</u></u>	<u><u>\$ 6,896,351</u></u>

**CITY OF CHEYENNE**

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2010

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

The annual debt service requirements of the long-term debt and current principal maturities as of June 30, 2010, are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2011	100,000	409,288	6,796,351	2,480,595
2012	150,000	405,787	7,024,978	2,285,944
2013	200,000	400,162	4,472,786	2,090,099
2014	225,000	392,663	4,597,543	1,962,217
2015	250,000	383,100	4,467,738	1,829,823
2016-2020	1,875,000	1,716,475	23,478,392	7,283,729
2021-2025	2,975,000	1,200,500	24,438,852	3,933,778
2026-2030	3,300,000	352,656	10,116,240	1,035,814
2031-2035	-	-	2,069,127	343,474
2036-2040	-	-	670,853	38,750
	<u>\$ 9,075,000</u>	<u>\$ 5,260,631</u>	<u>\$ 88,132,860</u>	<u>\$ 23,284,223</u>

The balances above do not include the unamortized bond premium or the deferred loss on refunding in the net amount of \$180,938 that are reported as components of bonds payable.

In July 2009, the Board entered into a loan agreement with the State of Wyoming, Office of State Lands and Investment, CWSRF #115, for the financing of the construction of the Board's Administration/Engineering and Water Resource Facility. The authorized amount of the loan is \$3,500,000 at 2.5% interest. The Board will be required to make annual principal and interest payments over the 20-year term of the loan. The loan is secured by the assignment and pledge of all water system user fees and system development fees. As of June 30, 2010, no advances had been made on this loan.

In July 2009, the Board entered into a loan agreement with the State of Wyoming, Office of State Lands and Investments, DWSRF #106, for the financing of the construction of the Board's Administration/Engineering and Water Resource Facility. The authorized amount of the loan is \$3,500,000 at 2.5% interest. The Board will be required to make annual principal and interest payments over the 20-year term of the loan. The loan is secured by the assignment and pledge of all water system user fees and system development fees. As of June 30, 2010, no advances had been made on the loan.

**CITY OF CHEYENNE**

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

**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, 2010.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Revenue bonds	\$ 9,150,000	\$ -	\$ (75,000)	\$ 9,075,000	\$ 100,000
Capital leases	3,311,674	1,814,961	(919,131)	4,207,504	833,113
Compensated absences	4,266,902	2,825,111	(3,063,925)	4,028,088	2,739,095
Landfill closure and post closure costs	10,354,751	415,795	-	10,770,546	-
<b>Governmental activity long-term liabilities</b>	<b><u>\$ 27,083,327</u></b>	<b><u>\$ 5,055,867</u></b>	<b><u>\$ (4,058,056)</u></b>	<b><u>\$ 28,081,138</u></b>	<b><u>\$ 3,672,208</u></b>
<b>Business-type activities</b>					
General obligation bonds	\$ 8,170,000	\$ -	\$ (2,705,000)	\$ 5,465,000	\$ 2,850,000
Refunding revenue bonds	11,905,000	-	(445,000)	11,460,000	465,000
Loans payable	67,425,078	7,120,030	(3,337,248)	71,207,860	3,481,351
Less deferred amounts					
Premium	436,149	-	(48,238)	387,911	-
On refunding	(334,858)	-	127,885	(206,973)	-
Compensated absences	1,102,868	274,889	(231,590)	1,146,167	224,924
<b>Business-type activity long-term liabilities</b>	<b><u>\$ 88,704,237</u></b>	<b><u>\$ 7,394,919</u></b>	<b><u>\$ (6,639,191)</u></b>	<b><u>\$ 89,459,965</u></b>	<b><u>\$ 7,021,275</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 City 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 is being charged to operations through the year 2012 using the effective interest method.

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, is being charged to operations through the year 2012 using the effective-interest method.

## CITY OF CHEYENNE

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

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

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

On December 21, 2007, the City 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 March 25, 2003, the City issued \$9,575,000 in Refunding and Improvement Revenue Bonds with an average interest rate of 3.985% to defease the outstanding City of Cheyenne Second Lien Federal Mineral Royalty Revenue Bonds, Series 1994 (the "1994 bonds"), to finance a portion of the cost of constructing a new multi-level parking structure, and to establish a debt service reserve fund for the 2003 Bonds. The net proceeds of \$9.45 million, (after payment of \$331,325 in underwriting fees, insurance and other issuance costs) were used as follows: \$7.45 million to fund the project, \$957,500 to purchase governmental securities for the 2003 Bond Reserve Fund, and \$821,820 to refund the 1994 Bonds. As a result, the 1994 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 1, 2009, the defeased debt was repaid in full.

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

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

##### *Police Pension Plans*

In the past, the City had established two police pension funds as required by Wyoming statutes. Both were single employer defined benefit plans which did not issue separately available financial statements. Police Pension Fund No. 1 was for police officers employed before July 1, 1981, and Police Pension Fund No. 2 was for police officers employed after June 30, 1981. The funds were established under the authority of the Police Pension Board, made up of City council members, the mayor, and police department representatives. Administrative costs for each plan were deducted from plan assets. As of July 1, 2002, all funds were transferred to the Wyoming Retirement System and are currently administered by the Wyoming Retirement System. Under the current plan, employees 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. Employees are eligible for early retirement with a reduced benefit after they reach age 50 with forty-eight months of contributions. Benefits are established by State statutes. The Fund issues a publicly available financial report which includes audited financial statements and required supplementary information for the Fund. The report may be obtained by writing to the Wyoming Retirement System, 6101 Yellowstone Road, Suite 500, Cheyenne, Wyoming 82002.

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

**CITY OF CHEYENNE**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2010

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

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

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, 2010, the percentages to be contributed on compensation were 8.6% by the employees and the same by the City. The City paid 1.5% of the required employee's contribution until February 1, 2010.

The City's contribution to the Police State Retirement for the years ended June 30, 2010, 2009 and 2008 were \$599,945, \$546,082, and \$503,416, 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.

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, 2010, 2009 and 2008 were \$767,244, \$661,619 and \$623,309 respectively, equal to the required contributions for each year plus the City's share of the required employee contribution.

CITY OF CHEYENNE

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2010

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

***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.

Plan members are required to contribute 5.57% of their annual covered salary and the City is required to contribute 5.68% of the annual covered payroll. Legislation enacted in 1979 allows the employer to pay any or all of the employees’ contribution. The City paid 4.5% of the required employee’s contribution of 5.57% until February 1, 2010. Beginning February 1, 2010, the City pays 3% of the required employee’s contribution of 5.57%.

The City’s contributions to the System for the years ended June 30, 2010, 2009 and 2008 were \$2,184,596, \$1,897,977 and \$1,795,910, respectively, equal to the required contributions for each year, plus the City’s share of the required employee contribution.

**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 City’s management considers the assets of WARM to be sufficient to cover any claims that may be incurred by its members. The City has paid premiums to WARM of \$558,125 and \$543,531 for the years ended June 30, 2010 and 2009, respectively.

**CITY OF CHEYENNE**

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2010

**Note 9. Risk Management (continued)**

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 also participates in two other risk management programs: Workers' Compensation Act and Unemployment Compensation Act.

Wyoming Statute §27-14-101 created the Wyoming Workers' Compensation Act, which is administered as an enterprise fund by the State of Wyoming. 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. Amounts paid by the City to the State for Workers' Compensation during fiscal years 2010 and 2009 were \$681,909 and \$825,450 respectively.

Wyoming Statute §27-3-101 created the Unemployment Compensation Act. This Act requires the City to pay the cost of actual claims incurred. The City incurred and paid claims of \$120,217 and \$47,715 during the fiscal years ended June 30, 2010 and 2009 respectively.

**Note 10. Compensated Absences**

Compensated absences have been accrued in the financial statements of the City and consist of the following at June 30, 2010:

	<u>Vacation Leave</u>	<u>Sick Leave</u>	<u>Compensatory Time</u>	<u>Total</u>
Governmental activities	<u>\$ 2,309,515</u>	<u>\$ 1,718,573</u>	<u>\$ -</u>	<u>\$ 4,028,088</u>
Business-type activities				
Waterworks fund	291,327	295,244	72,527	659,098
Sewer fund	194,217	196,829	48,350	439,396
Civic Center fund	22,606	19,654	-	42,260
Ice and Events Center fund	<u>5,353</u>	<u>60</u>	<u>-</u>	<u>5,413</u>
Total business-type activities	<u>513,503</u>	<u>511,787</u>	<u>120,877</u>	<u>1,146,167</u>
Total all funds	<u>\$ 2,823,018</u>	<u>\$ 2,230,360</u>	<u>\$ 120,877</u>	<u>\$ 5,174,255</u>

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

## CITY OF CHEYENNE

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

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**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 \$10,770,546 reported as landfill closure and post closure care liability at June 30, 2010, represents the cumulative amount estimated to date based on the use of 92% of the estimated capacity of the site. The city will recognize the remaining estimated cost of closure and post closure care of \$925,877 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 2010. The City expects to close the landfill site in approximately 8 years. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**CITY OF CHEYENNE**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2010

**Note 13. Commitments**

As of June 30, 2010, 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 2010, the amounts below represent the activity pertaining to the contract as a whole.

	Expended to Date at June 30, 2010	Total Contract	Total Commitment at June 30, 2010
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Governmental Activities</b>			
Norris Viaduct Replacement	\$ 17,453,705	\$ 18,043,937	\$ 590,232
FY09 City Overlay	929,851	1,346,505	416,654
East Cheyenne Greenway Phase IIIb	176,275	358,329	182,054
Transfer Station Addition	847,001	901,246	54,245
FY10 Concrete for Street & Alley Overlay	119,342	355,060	235,718
FY09 Crack Seal	574,695	745,000	170,305
Depot Operations and Restrooms	783,000	785,000	2,000
FY10 Intersection Repair	99,344	267,900	168,556
Cheyenne Youth Activity & Community Center	2,264,411	2,282,531	18,120
So. Cheyenne Community Park	1,642,534	1,645,450	2,916
C & D Recycle Building	1,127,758	1,135,441	7,683
Carey & Pioneer Ave Rehab	2,474,410	3,803,409	1,328,999
	<u>28,492,326</u>	<u>31,669,808</u>	<u>3,177,482</u>
<b>Business-type Activities</b>			
FY10 Well Projects	487,473	509,399	21,926
Water Recycle Pipelines - Phase II	1,695,998	1,719,813	23,815
ASR Project	374,733	453,615	78,882
FY10 Water Main Rehabs	311,463	1,061,231	749,768
Carey Avenue City Project	763,956	1,049,106	285,150
Pioneer Avenue City Project	341,375	486,068	144,693
W. Lincolnway - WYDOT Project	226,268	408,888	182,620
Deming Drive and Walterscheid City Project	709,511	743,726	34,215
Norris Viaduct City Project	2,646,652	2,696,652	50,000
30" Water Transmission Main/WAFB	2,324,495	2,932,026	607,531
Crystal Lake Aeration	889,262	903,884	14,622
Administration Building - Engineering	522,701	606,891	84,190
FY10 Sewer Main Rehabs	283,185	1,149,689	866,504
FY09 Manhole Projects	92,673	111,864	19,191
Crow Creek Anoxic Basins	4,165,425	4,543,034	377,609
FY10 Manhole Projects	20,707	115,826	95,119
	<u>15,855,877</u>	<u>19,491,712</u>	<u>3,635,835</u>
Total primary government	<u>\$ 44,348,203</u>	<u>\$ 51,161,520</u>	<u>\$ 6,813,317</u>

## CITY OF CHEYENNE

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2010

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

*Plan Descriptions.* The City participates in two single-employer defined benefit postemployment healthcare plans, being the Post Retirement Health Insurance Plan and the Implicit Rate Subsidy Health Insurance Plan. The City Council has the authority for establishing and amending any of these plans. None of these plans issue a separate report.

Under the Post Retirement Health Insurance Plan, the City offers retiring firefighters an offset to postretirement medical premiums. To be eligible for the coverage, an active firefighter must be at least age 50 and have a minimum of 4 years of service upon retirement. Firefighters retiring prior to age 50 must pay the full premium until age 50 when the monthly offset begins. Some current retirees have retired under differing monthly offset provisions and disabled firefighters are also included in current retiree costs with medical benefits payable to age 65 as well. The current program offers payment of health insurance benefits equal to \$300 per month. There were 33 persons eligible for this program and 23 participants at June 30, 2010.

Under the Implicit Rate Subsidy Health Insurance Plan, the City allows retiring employees to remain on the City's health insurance plan, as long as the retiring employee pays their full premium each month. Employees qualify for the benefit by retiring with the City. In this situation, the retired employee may remain on the City's health insurance plan until the participant reaches age 65. Prior to July 1, 2009, retiree premiums were set 25% higher than active plan premiums while their true value should have been 38% higher than active premiums. This created a subsidization of the retiree plan premiums by the active employees. As of July 1, 2009, the retiree premiums are 38% higher than active premiums and there is no longer an implicit premium subsidy.

*Funding Policy.* The City finances these programs 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:

**CITY OF CHEYENNE**

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2010

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

	<u>Post Retirement Health Insurance Plan</u>	<u>Implicit Rate Subsidy Health Insurance Plan</u>
Annual required contribution	\$ 148,631	\$ -
Interest on net OPEB obligation	(3,642)	(2,943)
Adjustment to annual required contribution	<u>5,396</u>	<u>2,943</u>
 Annual OPEB Cost	150,385	-
Contributions made	<u>(198,087)</u>	<u>65,402</u>
 Increase in net OPEB obligation	(47,702)	65,402
Net OPEB obligation - beginning of year	<u>(80,934)</u>	<u>(65,402)</u>
Net OPEB obligation - end of year	<u><u>\$ (128,636)</u></u>	<u><u>\$ -</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010, 2009 and 2008 for each of the plans were as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
<b>Post Retirement Health Insurance Plan:</b>			
6/30/2010	150,385	131.70%	(128,636)
6/30/2009	130,771	138.60%	(80,934)
6/30/2008	132,461	123.00%	(30,455)
 <b>Implicit Rate Subsidy Health Insurance Plan:</b>			
6/30/2010	Eliminated as of 7/1/2009		
6/30/2009	13,231	368.90%	(65,402)
6/30/2008	17,220	273.20%	(29,823)

**CITY OF CHEYENNE**

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2010

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

*Funded Status and Funding Progress.* The funded status of the plans as of June 30, 2010, being the actuarial valuation date, was as follows:

	Post Retirement Health Insurance Plan	Implicit Rate Subsidy Health Insurance Plan
Actuarial accrued liability (a)	\$ 3,373,344	\$ -
Actuarial value of plan assets (b)	-	-
Unfunded actuarial accrued liability (funding excess) (a) - (b)	\$ 3,373,344	\$ -
Funded ratio (b) / (a)	0%	0%
Covered payroll (c)	\$ 5,246,818	\$ -
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll $(((a) - (b)) / (c))$	64.29%	0.00%

The required schedule of funding progress immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

*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:

**CITY OF CHEYENNE**

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2010

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

	Post Retirement Health Insurance Plan	Implicit Rate Subsidy Health Insurance Plan
	<u>June 30, 2010</u>	<u>Eliminated as of 7/1/2009</u>
Actuarial valuation date	June 30, 2010	Eliminated as of 7/1/2009
Actuarial cost method	Entry age normal	
Amortization method	Level dollar, open	
Remaining amortization period	30 years	
Asset valuation method	N/A	
Actuarial assumptions:		
Investment rate of return	4.50%	
Healthcare cost Trend Rate (HCCTR)	10% for 2010; decreasing 1% each year until 5% in year 2015 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.

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

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**CITY OF CHEYENNE, WYOMING**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GAAP BASIS - GENERAL FUND  
Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Motor vehicle	\$ 1,002,820	\$ 1,002,820	\$ 1,538,716	\$ 535,896
Property	4,047,830	4,047,830	4,014,420	(33,410)
Franchise	4,903,365	4,428,914	4,418,734	(10,180)
Licenses and permits	2,067,415	2,067,415	1,860,367	(207,048)
Intergovernmental	26,343,881	25,163,479	25,154,488	(8,991)
Charges for services	10,557,573	10,557,573	10,692,267	134,694
Fines	1,646,640	1,661,640	1,372,594	(289,046)
Investment income	365,070	216,785	197,699	(19,086)
Miscellaneous	408,595	964,750	1,045,117	80,367
Total revenues	<u>51,343,189</u>	<u>50,111,206</u>	<u>50,294,402</u>	<u>183,196</u>
Expenditures				
General government				
City Council	455,708	2,522,583	1,172,111	1,350,472
Mayor	2,332,004	2,211,582	2,132,992	78,590
City Clerk	2,812,520	2,673,733	2,531,601	142,132
Planning and development	2,774,570	2,600,624	2,509,989	90,635
Budget and finance	650,017	599,617	576,036	23,581
General accounts	3,604,630	5,434,474	4,878,797	555,677
Public works	10,914,450	10,245,238	10,350,354	(105,116)
Public safety				
Police	11,153,897	10,901,450	10,543,882	357,568
Fire	8,758,840	8,609,190	8,573,886	35,304
Recreation	5,569,591	5,249,055	5,067,966	181,089
Capital	215,320	621,568	535,262	86,306
Debt service	486,725	486,725	486,116	609
Total expenditures	<u>49,728,272</u>	<u>52,155,839</u>	<u>49,358,992</u>	<u>2,796,847</u>
Excess (deficiency) of revenues over expenditures	<u>1,614,917</u>	<u>(2,044,633)</u>	<u>935,410</u>	<u>2,980,043</u>
Other financing sources (uses)				
Transfers in	31,803	1,278,295	1,280,294	1,999
Transfers out	<u>(1,771,720)</u>	<u>(1,556,407)</u>	<u>(1,570,956)</u>	<u>(14,549)</u>
Total other financing sources and uses	<u>(1,739,917)</u>	<u>(278,112)</u>	<u>(290,662)</u>	<u>(12,550)</u>
Net change in fund balance	(125,000)	(2,322,745)	644,748	\$ <u>2,967,493</u>
Fund balance - beginning of year	<u>8,620,677</u>	<u>8,620,677</u>	<u>8,620,677</u>	
Fund balance - end of year	<u>\$ 8,495,677</u>	<u>\$ 6,297,932</u>	<u>\$ 9,265,425</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, 2010

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 11,250,000	\$ 11,250,000	\$ 9,184,636	\$ (2,065,364)
Investment income	527,000	527,000	755,118	228,118
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>11,777,000</u>	<u>11,777,000</u>	<u>9,939,754</u>	<u>(1,837,246)</u>
<b>Expenditures</b>				
General government				
General accounts	8,500	8,500	-	8,500
Public safety				
Fire	55,500	200,172	132,833	67,339
Public works	1,703,790	2,408,629	1,979,066	429,563
Health and welfare	887,500	887,500	887,500	-
Recreation	140,000	121,850	41,071	80,779
Capital	9,379,000	24,332,286	5,174,714	19,157,572
<b>Total expenditures</b>	<u>12,174,290</u>	<u>27,958,937</u>	<u>8,215,184</u>	<u>19,743,753</u>
Excess (deficiency) of revenues over expenditures	(397,290)	(16,181,937)	1,724,570	<u>\$ 17,906,507</u>
Fund balance - beginning of year	<u>20,706,837</u>	<u>20,706,837</u>	<u>20,706,837</u>	
Fund balance - end of year	<u>\$ 20,309,547</u>	<u>\$ 4,524,900</u>	<u>\$ 22,431,407</u>	

**CITY OF CHEYENNE, WYOMING**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GAAP BASIS - STATE GRANTS FUND**

Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 11,427,947	\$ 10,801,145	\$ (626,802)
Charges for services	-	-	-	-
Investment income	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	-	11,427,947	10,801,145	(626,802)
<b>Expenditures</b>				
Current				
General government	-	1,503,336	1,501,500	1,836
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	-	-	-	-
Recreation	-	-	-	-
Capital outlay	-	9,931,111	8,853,807	1,077,304
Debt service				
Principal retirements	-	-	-	-
Interest payments	-	-	-	-
Total expenditures	-	11,434,447	10,355,307	1,079,140
Revenues over (under) expenditures	-	(6,500)	445,838	452,338
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	(408,407)	(408,407)
Issuance of debt	-	-	-	-
Total other financing sources (uses)	-	-	(408,407)	(408,407)
Net change in fund balance	-	(6,500)	37,431	\$ 43,931
Fund balances (deficits) - beginning of year	(190,838)	(190,838)	(190,838)	
Fund balances (deficits) - end of year	\$ (190,838)	\$ (197,338)	\$ (153,407)	

## CITY OF CHEYENNE

### NOTE TO THE BUDGETARY SCHEDULES

June 30, 2010

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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, 2010

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>
6/30/2010	-	3,373,344	3,373,344	0.00%	5,246,818	64.29%
6/30/2009	-	2,852,146	2,852,146	0.00%	5,104,241	55.87%
6/30/2008	-	2,851,318	2,851,318	0.00%	4,839,935	58.91%

Implicit Rate Subsidy 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>
6/30/2010	-	-	-	0.00%	-	0.00%
6/30/2009	-	344,333	344,333	0.00%	27,821,006	1.24%
6/30/2008	-	370,672	370,672	0.00%	26,220,977	1.41%

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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 resources that are legally restricted 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.

*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.

*Depot Square* – accounts for construction of the downtown depot square.

### **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, 2010

	Special Revenue Funds		
	Weed and Pest Control	Youth Alternative Grants	Juvenile Justice
<b>ASSETS</b>			
Cash and cash equivalents	\$ 295,431	\$ 25,401	\$ 71,162
Investments, at fair value	-	-	-
Receivables			
Accrued interest	-	-	-
Customers	-	-	13,913
Due from other funds	-	-	-
Due from other governments	-	-	-
Prepaid items	-	-	-
Cash and cash equivalents - restricted	-	-	-
Investments - restricted	-	-	-
Total assets	\$ 295,431	\$ 25,401	\$ 85,075
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 33,094	\$ 406	\$ 44
Accrued salaries including vacation and sick leave	-	-	-
Due to other funds	-	-	-
Deferred revenue	-	-	-
Total liabilities	33,094	406	44
Fund balances			
Reserved for			
Tax voter approved specific projects	257,896	-	-
Legal restrictions	-	-	-
Prepaid expenses	-	-	-
Unreserved:			
Designated for:			
Encumbrances	4,441	-	-
Revenue designations	-	24,995	85,031
Capital projects	-	-	-
Landfill development	-	-	-
Housing loans	-	-	-
Undesignated, reported in			
Special revenue funds	-	-	-
Capital project funds	-	-	-
Debt service fund	-	-	-
Total fund balances (deficits)	262,337	24,995	85,031
Total liabilities and fund balances	\$ 295,431	\$ 25,401	\$ 85,075

Special Revenue Funds

Special Friends	Local Fees	Community Development Block Grant	Law Enforcement Block Grant	Miscellaneous Federal Grants
\$ 227,043	\$ 505,990	\$ 1,121	\$ 6,429	\$ 3,515
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	28,982	174,392	69,428
-	-	-	-	-
-	-	-	-	-
<u>\$ 227,043</u>	<u>\$ 505,990</u>	<u>\$ 30,103</u>	<u>\$ 180,821</u>	<u>\$ 72,943</u>
\$ 1,863	\$ -	\$ 10,855	\$ 34,649	\$ 41,754
-	-	-	-	-
-	-	20,000	160,000	60,000
-	-	-	-	-
<u>1,863</u>	<u>-</u>	<u>30,855</u>	<u>194,649</u>	<u>101,754</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
225,180	505,990	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	(752)	(13,828)	(28,811)
-	-	-	-	-
<u>225,180</u>	<u>505,990</u>	<u>(752)</u>	<u>(13,828)</u>	<u>(28,811)</u>
<u>\$ 227,043</u>	<u>\$ 505,990</u>	<u>\$ 30,103</u>	<u>\$ 180,821</u>	<u>\$ 72,943</u>

**CITY OF CHEYENNE, WYOMING**

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

June 30, 2010

	Special Revenue Funds		
	Transportation Planning	UMTA Transit Grant	Solid Waste Management
<b>ASSETS</b>			
Cash and cash equivalents	\$ 4,789	\$ 133,317	\$ 2,636,286
Investments, at fair value	-	-	5,635,625
Receivables			
Accrued interest	-	-	33,449
Customers	-	-	14,654
Due from other funds	-	-	1,395,000
Due from other governments	153,688	92,728	-
Prepaid items	-	-	-
Cash and cash equivalents - restricted	-	-	-
Investments - restricted	-	-	-
Total assets	\$ 158,477	\$ 226,045	\$ 9,715,014
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 9,843	\$ 3,241	\$ 214,709
Accrued salaries including vacation and sick leave	-	-	-
Due to other funds	155,000	-	-
Deferred revenue	100,343	-	-
Total liabilities	265,186	3,241	214,709
Fund balances			
Reserved for			
Tax voter approved specific projects	-	-	-
Legal restrictions	-	-	-
Prepaid expenses	-	-	-
Unreserved:			
Designated for:			
Encumbrances	-	2,516	520,577
Revenue designations	-	220,288	-
Capital projects	-	-	-
Landfill development	-	-	8,979,728
Housing loans	-	-	-
Undesignated, reported in			
Special revenue funds	(106,709)	-	-
Capital project funds	-	-	-
Debt service fund	-	-	-
Total fund balances (deficits)	(106,709)	222,804	9,500,305
Total liabilities and fund balances	\$ 158,477	\$ 226,045	\$ 9,715,014

Special Revenue Funds			Debt Service Fund
Recreation Programs	Annexation Improvements	Housing Loans	JPA Loans
\$ 364,887	\$ 403,922	\$ 315,666	\$ 2,741
-	-	-	-
-	-	-	-
8,293	-	102,502	465
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
<u>\$ 373,180</u>	<u>\$ 403,922</u>	<u>\$ 418,168</u>	<u>\$ 3,206</u>
\$ 20,601	\$ 171,466	\$ -	\$ -
-	-	-	-
530,880	-	-	-
-	-	102,502	-
<u>551,481</u>	<u>171,466</u>	<u>102,502</u>	<u>-</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	232,456	-	-
-	-	-	-
-	-	-	-
-	-	315,666	-
(178,301)	-	-	-
-	-	-	-
-	-	-	3,206
<u>(178,301)</u>	<u>232,456</u>	<u>315,666</u>	<u>3,206</u>
<u>\$ 373,180</u>	<u>\$ 403,922</u>	<u>\$ 418,168</u>	<u>\$ 3,206</u>

**CITY OF CHEYENNE, WYOMING**

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)

June 30, 2010

	Capital Projects Funds		
	Youth Alternatives	Athletic Facilities	Capital Facilities Tax
<b>ASSETS</b>			
Cash and cash equivalents	\$ 70,607	\$ 206,170	\$ -
Investments, at fair value	-	-	-
Receivables			
Accrued interest	-	-	20,590
Customers	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	169,047
Prepaid items	-	-	-
Cash and cash equivalents - restricted	-	-	1,070,857
Investments - restricted	-	-	3,469,147
Total assets	\$ 70,607	\$ 206,170	\$ 4,729,641
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ -	\$ 14,335	\$ 258,783
Accrued salaries including vacation and sick leave	-	-	-
Due to other funds	-	434,105	-
Deferred revenue	-	-	-
Total liabilities	-	448,440	258,783
Fund balances			
Reserved for			
Tax voter approved specific projects	-	-	4,470,858
Legal restrictions	-	-	-
Prepaid expenses	-	-	-
Unreserved:			
Designated for:			
Encumbrances	-	-	-
Revenue designations	-	-	-
Capital projects	70,607	-	-
Landfill development	-	-	-
Housing loans	-	-	-
Undesignated, reported in			
Special revenue funds	-	-	-
Capital project funds	-	(242,270)	-
Debt service fund	-	-	-
Total fund balances (deficits)	70,607	(242,270)	4,470,858
 Total liabilities and fund balances	\$ 70,607	\$ 206,170	\$ 4,729,641

<u>Capital Projects Funds</u>		<u>Permanent Fund</u>		
	<u>Depot Square</u>		<u>Cemetery Perpetual Care</u>	<u>Nonmajor Governmental Funds Total</u>
\$	-	\$	83,067	\$ 5,357,544
	-		484,920	6,120,545
	-		3,342	57,381
	-		2,801	142,628
	-		-	1,395,000
	-		-	688,265
	-		-	-
	-		-	1,070,857
	-		-	3,469,147
<u>\$</u>	<u>-</u>	<u>\$</u>	<u>574,130</u>	<u>\$ 18,301,367</u>
\$	-	\$	10,844	\$ 826,487
	-		-	-
	-		-	1,359,985
	-		-	202,845
<u></u>	<u>-</u>	<u></u>	<u>10,844</u>	<u>2,389,317</u>
	-		-	4,728,754
	-		563,286	563,286
	-		-	-
	-		-	527,534
	-		-	1,293,940
	-		-	70,607
	-		-	8,979,728
	-		-	315,666
	-		-	(328,401)
	-		-	(242,270)
	-		-	3,206
<u></u>	<u>-</u>	<u></u>	<u>563,286</u>	<u>15,912,050</u>
<u>\$</u>	<u>-</u>	<u>\$</u>	<u>574,130</u>	<u>\$ 18,301,367</u>

**CITY OF CHEYENNE, WYOMING**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
Year Ended June 30, 2010

	Special Revenue Funds		
	Weed and Pest Control	Youth Alternatives Grants	Juvenile Justice
Revenues			
Intergovernmental	\$ 652,815	\$ 468,145	\$ 368,346
Charges for services	-	-	-
Investment income	29	12	9
Miscellaneous	5,941	5,268	61
Total revenues	<u>658,785</u>	<u>473,425</u>	<u>368,416</u>
Expenditures			
Current			
General government	-	-	41,033
Public safety	-	397,432	273,546
Public works	-	-	-
Health and welfare	576,074	142,767	-
Recreation	-	-	-
Capital outlay	-	-	-
Debt service			
Principal retirements	-	-	-
Interest payments	-	-	-
Total expenditures	<u>576,074</u>	<u>540,199</u>	<u>314,579</u>
Revenues over (under) expenditures	<u>82,711</u>	<u>(66,774)</u>	<u>53,837</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Issuance of debt	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	82,711	(66,774)	53,837
Fund balances (deficits) - beginning of year	<u>179,626</u>	<u>91,769</u>	<u>31,194</u>
Fund balances (deficits) - end of year	<u>\$ 262,337</u>	<u>\$ 24,995</u>	<u>\$ 85,031</u>

Special Revenue Funds

Special Friends	Local Fees	Community Development Block Grant	Law Enforcement Block Grant	Miscellaneous Federal Grants
\$ 52,663	\$ -	\$ 747,218	\$ 623,387	\$ 514,770
-	120,630	-	-	-
67	3,543	-	-	-
80,017	11,933	-	-	-
<u>132,747</u>	<u>136,106</u>	<u>747,218</u>	<u>623,387</u>	<u>514,770</u>
-	-	-	-	-
50,095	-	-	655,511	102,374
-	-	-	-	-
92,685	-	747,218	-	-
-	-	-	-	88,480
-	-	-	-	167,342
-	-	-	-	-
-	-	-	-	-
<u>142,780</u>	<u>-</u>	<u>747,218</u>	<u>655,511</u>	<u>358,196</u>
<u>(10,033)</u>	<u>136,106</u>	<u>-</u>	<u>(32,124)</u>	<u>156,574</u>
-	-	-	28,187	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>28,187</u>	<u>-</u>
(10,033)	136,106	-	(3,937)	156,574
<u>235,213</u>	<u>369,884</u>	<u>(752)</u>	<u>(9,891)</u>	<u>(185,385)</u>
<u>\$ 225,180</u>	<u>\$ 505,990</u>	<u>\$ (752)</u>	<u>\$ (13,828)</u>	<u>\$ (28,811)</u>

**CITY OF CHEYENNE, WYOMING**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
Year Ended June 30, 2010

	Special Revenue Funds		
	Transportation Planning	UMTA Transit Grant	Solid Waste Management
Revenues			
Intergovernmental	\$ 633,887	\$ 1,302,886	\$ -
Charges for services	-	-	3,201,748
Investment income	-	54	285,723
Miscellaneous	-	245,391	75,804
Total revenues	<u>633,887</u>	<u>1,548,331</u>	<u>3,563,275</u>
Expenditures			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	738,991	1,460,229	2,479,500
Health and welfare	-	-	-
Recreation	-	-	-
Capital outlay	698	431,854	1,638,661
Debt service			
Principal retirements	-	-	919,131
Interest payments	-	-	138,308
Total expenditures	<u>739,689</u>	<u>1,892,083</u>	<u>5,175,600</u>
Revenues over (under) expenditures	<u>(105,802)</u>	<u>(343,752)</u>	<u>(1,612,325)</u>
Other financing sources (uses)			
Transfers in	-	129,027	-
Transfers out	-	-	(597,600)
Issuance of debt	-	-	1,814,961
Total other financing sources (uses)	<u>-</u>	<u>129,027</u>	<u>1,217,361</u>
Net change in fund balances	<u>(105,802)</u>	<u>(214,725)</u>	<u>(394,964)</u>
Fund balances (deficits) - beginning of year	<u>(907)</u>	<u>437,529</u>	<u>9,895,269</u>
Fund balances (deficits) - end of year	<u>\$ (106,709)</u>	<u>\$ 222,804</u>	<u>\$ 9,500,305</u>

Special Revenue Funds			Debt Service Fund
Recreation Programs	Annexation Improvements	Housing Loans	JPA Loans
\$ 20,274	\$ -	\$ -	\$ -
723,999	-	-	-
1,701	3,892	8,109	-
-	-	42,304	-
<u>745,974</u>	<u>3,892</u>	<u>50,413</u>	<u>-</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	35,839	-
696,988	-	-	-
20,888	-	-	-
-	-	-	-
-	-	-	-
<u>717,876</u>	<u>-</u>	<u>35,839</u>	<u>-</u>
<u>28,098</u>	<u>3,892</u>	<u>14,574</u>	<u>-</u>
-	-	-	-
(528,892)	-	-	-
-	-	-	-
<u>(528,892)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(500,794)	3,892	14,574	-
<u>322,493</u>	<u>228,564</u>	<u>301,092</u>	<u>3,206</u>
<u>\$ (178,301)</u>	<u>\$ 232,456</u>	<u>\$ 315,666</u>	<u>\$ 3,206</u>

**CITY OF CHEYENNE, WYOMING**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
Year Ended June 30, 2010

	Capital Projects Funds		
	Youth Alternatives	Athletic Facilities	Capital Facilities Tax
Revenues			
Intergovernmental	\$ -	\$ -	\$ 1,017,627
Charges for services	-	186,332	-
Investment income	-	841	207,873
Miscellaneous	4,675	-	-
Total revenues	<u>4,675</u>	<u>187,173</u>	<u>1,225,500</u>
Expenditures			
Current			
General government	-	-	83,640
Public safety	4,386	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation	-	22,692	96,513
Capital outlay	2,045	102,274	5,855,492
Debt service			
Principal retirements	-	-	-
Interest payments	-	-	-
Total expenditures	<u>6,431</u>	<u>124,966</u>	<u>6,035,645</u>
Revenues over (under) expenditures	<u>(1,756)</u>	<u>62,207</u>	<u>(4,810,145)</u>
Other financing sources (uses)			
Transfers in	-	-	-
Transfers out	-	-	-
Issuance of debt	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,756)	62,207	(4,810,145)
Fund balances (deficits) - beginning of year	<u>72,363</u>	<u>(304,477)</u>	<u>9,281,003</u>
Fund balances (deficits) - end of year	<u>\$ 70,607</u>	<u>\$ (242,270)</u>	<u>\$ 4,470,858</u>

<u>Capital Projects Funds</u>	<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Depot Square	Cemetery Perpetual Care	
	\$ -	\$ 6,402,018
-	-	4,232,709
-	17,830	529,683
-	21,823	493,217
-	39,653	11,657,627
-	4,503	129,176
-	-	1,483,344
-	-	4,678,720
-	-	1,594,583
-	-	904,673
-	-	8,219,254
-	-	919,131
-	-	138,308
-	4,503	18,067,189
-	35,150	(6,409,562)
-	-	157,214
(16,839)	(16,963)	(1,160,294)
-	-	1,814,961
(16,839)	(16,963)	811,881
(16,839)	18,187	(5,597,681)
16,839	545,099	21,509,731
<u>\$ -</u>	<u>\$ 563,286</u>	<u>\$ 15,912,050</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, 2010

	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	\$ 140,006	\$ 3,580	\$ 143,586
Receivables			
Customers	2,853	6,334	9,187
Total current assets	<u>142,859</u>	<u>9,914</u>	<u>152,773</u>
Noncurrent assets			
Capital assets			
Land	-	342,243	342,243
Machinery and equipment	475,935	127,904	603,839
Transportation equipment	19,995	-	19,995
Buildings and improvements	3,768,560	2,683,903	6,452,463
Office furniture and equipment	381,981	28,000	409,981
	<u>4,646,471</u>	<u>3,182,050</u>	<u>7,828,521</u>
Less accumulated depreciation	<u>(3,395,172)</u>	<u>(249,353)</u>	<u>(3,644,525)</u>
Total capital assets (net of accumulated depreciation)	<u>1,251,299</u>	<u>2,932,697</u>	<u>4,183,996</u>
Total noncurrent assets	<u>1,251,299</u>	<u>2,932,697</u>	<u>4,183,996</u>
Total assets	<u>\$ 1,394,158</u>	<u>\$ 2,942,611</u>	<u>\$ 4,336,769</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 32,983	\$ 16,783	\$ 49,766
Unearned revenue	238,938	18,868	257,806
Due to other funds	-	325,000	325,000
Accrued salaries including vacation and sick leave	14,542	5,413	19,955
Total current liabilities	<u>286,463</u>	<u>366,064</u>	<u>652,527</u>
Long term liabilities			
Accrued compensated absences	27,718	-	27,718
Total liabilities	<u>314,181</u>	<u>366,064</u>	<u>680,245</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,251,299	2,932,697	4,183,996
Unrestricted (deficit)	<u>(171,322)</u>	<u>(356,150)</u>	<u>(527,472)</u>
Total net assets	<u>\$ 1,079,977</u>	<u>\$ 2,576,547</u>	<u>\$ 3,656,524</u>

**CITY OF CHEYENNE, WYOMING**

COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET ASSETS - NONMAJOR PROPRIETARY FUNDS  
Year Ended June 30, 2010

	Civic Center Fund	Ice and Events Center Fund	Nonmajor Proprietary Funds Totals
Operating revenues			
Sales and charges for services	\$ 566,105	\$ 385,082	\$ 951,187
Fees and miscellaneous	69,069	153	69,222
Total operating revenues	<u>635,174</u>	<u>385,235</u>	<u>1,020,409</u>
Operating expenses			
Administrative and general	851,576	492,120	1,343,696
Depreciation	66,914	101,918	168,832
Parts and supplies	16,509	9,773	26,282
Intra-city charges	14,746	150	14,896
Total operating expenses	<u>949,745</u>	<u>603,961</u>	<u>1,553,706</u>
Operating income (loss)	<u>(314,571)</u>	<u>(218,726)</u>	<u>(533,297)</u>
Non-operating income (expenses)			
Investment income			
Interest income	<u>39</u>	<u>-</u>	<u>39</u>
Capital contributions	-	-	-
Transfers in (out)	<u>702,149</u>	<u>-</u>	<u>702,149</u>
Change in net assets	387,617	(218,726)	168,891
Total net assets - beginning of year	<u>692,360</u>	<u>2,795,273</u>	<u>3,487,633</u>
Total net assets - end of year	<u>\$1,079,977</u>	<u>\$ 2,576,547</u>	<u>\$ 3,656,524</u>

**CITY OF CHEYENNE, WYOMING**

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
Year Ended June 30, 2010

	<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	\$ 585,681	\$ 379,735	\$ 965,416
Cash payments to suppliers	(493,952)	(224,863)	(718,815)
Cash payments to employees	<u>(371,211)</u>	<u>(282,465)</u>	<u>(653,676)</u>
Net cash (used in) operating activities	<u>(279,482)</u>	<u>(127,593)</u>	<u>(407,075)</u>
Cash flows from noncapital financing activities			
Transfers from other funds	<u>702,149</u>	<u>-</u>	<u>702,149</u>
Net cash provided by noncapital financing activities	<u>702,149</u>	<u>-</u>	<u>702,149</u>
Cash flows from capital and related financing activities			
Proceeds from due to other funds	-	125,000	125,000
Acquisition and construction of capital assets	<u>(408,407)</u>	<u>-</u>	<u>(408,407)</u>
Net cash (used in) provided by capital and related financing activities	<u>(408,407)</u>	<u>125,000</u>	<u>(283,407)</u>
Cash flows from investing activities			
Interest on cash accounts and investments	<u>39</u>	<u>-</u>	<u>39</u>
Net cash provided by investing activities	<u>39</u>	<u>-</u>	<u>39</u>
Net increase (decrease) in cash and cash equivalents	14,299	(2,593)	11,706
Cash and cash equivalents - beginning of year	<u>125,707</u>	<u>6,173</u>	<u>131,880</u>
Cash and cash equivalents - end of year	<u>\$ 140,006</u>	<u>\$ 3,580</u>	<u>\$ 143,586</u>
Combined components of cash and cash equivalents			
Cash and cash equivalents	<u>\$ 140,006</u>	<u>\$ 3,580</u>	<u>\$ 143,586</u>

**CITY OF CHEYENNE, WYOMING**

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS (CONTINUED)**

Year Ended June 30, 2010

	<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)	\$ (314,571)	\$ (218,726)	\$ (533,297)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	66,914	101,918	168,832
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities			
Receivables	(1,663)	-	(1,663)
Prepaid expenses	-	-	-
Accounts payable	15,464	(5,833)	9,631
Accrued salaries including vacation and sick leave	2,204	548	2,752
Deferred revenue	<u>(47,830)</u>	<u>(5,500)</u>	<u>(53,330)</u>
Net cash provided by (used in) operating activities	<u>\$ (279,482)</u>	<u>\$ (127,593)</u>	<u>\$ (407,075)</u>

**CITY OF CHEYENNE, WYOMING**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
Year Ended June 30, 2010**

	<u>DARE</u>
<b>ADDITIONS</b>	
Contributions	\$ 100
Investment income	<u>2</u>
Total additions	<u>102</u>
<b>DEDUCTIONS</b>	
Educational outreach	<u>85</u>
Total deductions	<u>85</u>
Total decrease in assets and liabilities	17
Assets and liabilities - beginning of year	628
Assets and liabilities - end of year	<u><u>\$ 645</u></u>

**SINGLE  
AUDIT  
SECTION**

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**CITY OF CHEYENNE, WYOMING**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2010

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Amount Expended
<b>U.S. Department of Agriculture</b>			
Passed through Wyoming State Forestry Division Coooperative Forestry Assistance	10.664	-	\$ 3,860
<b>U.S. Department of Housing and Urban Development</b>			
CDBG - Entitlement Grants Cluster:			
Community Development Block Grants/Entitlement Grants	14.218	-	607,913
Community Development Block Grant ARRA Entitlement Grants, Recovery Act	14.253-ARRA	-	119,830
Total U.S. Department of Housing and Urban Development			<u>727,743</u>
<b>U.S. Department of the Interior</b>			
Preserve America	15.929	56-08-AP-4042	52,500
Passed through Wyoming Department of State Parks and Cultural Resources			
Historic Preservation Fund Grants-In-Aid	15.904	56-08-23755.08	5,000
Historic Preservation Fund Grants-In-Aid	15.904	56-09-21856.02	16
Historic Preservation Fund Grants-In-Aid	15.904	56-09-21856.05	261
Historic Preservation Fund Grants-In-Aid	15.904	56-10-00000.11	3,260
Outdoor Recreation Acquisition, Development and Planning	15.916	-	13,806
Total U.S. Department of the Interior			<u>74,843</u>
<b>U.S. Department of Justice</b>			
Community Oriented Policing Services, Recovery Act	16.710-ARRA	2009RKWX0951	96,739
Violence Against Women Formula Grants (CARI)	16.588	2009-WE-AX-0014	95,298
Passed through Wyoming Department of Family Services			
Juvenile Accountability Block Grants	16.523	2008	3,032
Passed through Wyoming Division of Victim Services			
Recovery Act: State Victim Assistance Formula Grant Program	16.801-ARRA	-	58,096
Passed through Wyoming Division of Criminal Investigation			
Edward Byrne Memorial Formula Grant Program	16.579	-	26,968
Recovery Act: Edward Byrne Memorial Justice Assistance Grant	16.803-ARRA	-	87,197
Recovery Act: Internet Crimes Against Children Task Force	16.800-ARRA	-	55,250
Bulletproof Vest Partnership Program	16.607	-	7,257
Passed through Wyoming Association of Sheriffs and Chiefs of Police			
Enforcing Underage Drinking Laws Program	16.727	-	2,606
Passed through Laramie County			
Edward Byrne Memorial Justice Assistance Grant Program (JAG)	16.738	2008-DJ-BX-0526	519
Edward Byrne Memorial Justice Assistance Grant Program (JAG)	16.738		1,138
Total U.S. Department of Justice			<u>434,100</u>

**CITY OF CHEYENNE, WYOMING**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2010

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Amount Expended
<b>U.S. Department of Transportation</b>			
Passed through Wyoming Department of Transportation			
Highway Planning and Construction	20.205	-	641,759
Highway Planning and Construction	20.205	PL01209	20,000
Highway Planning and Construction	20.205	STP-E-CH 0.00 TL08001	80,936
Highway Planning and Construction	20.205	STP-E-CH 0.00 TL10004	2,470
Highway Planning and Construction	20.205	SRTS 0.00 B071036	1,149
State and Community Highway Safety	20.600	09-OP08	426
State and Community Highway Safety	20.600	10-SA06	12,715
State and Community Highway Safety	20.600	FY2010-OP08	18,979
State and Community Highway Safety	20.600	09-PT05AG	4,000
State and Community Highway Safety	20.600	10-PT05U	6,166
State and Community Highway Safety	20.600	-	301
Alcohol Open Container Requirements	20.607	10-154AL22U	1,400
Alcohol Open Container Requirements	20.607	09-410-01AL	6,139
Alcohol Open Container Requirements	20.607	09-154AL15D	5,600
Federal Transit Formula Grant	20.507	90-X033-02	1,466
Federal Transit Formula Grant	20.507	90-X035-00	2,010
Federal Transit Formula Grant	20.507	90-X041-00	46,868
Federal Transit Formula Grant	20.507	90-X045-00	224,493
Federal Transit Formula Grant	20.507	90-X046-00	381,606
Federal Transit Formula Grant (ARRA)	20.507-ARRA	WY-96-X001	426,551
Total U.S. Department of Transportation			<u>1,885,034</u>
<b>National Endowment of the Arts</b>			
Passed through Wyoming Arts Council			
Promotion of the Arts Partnership Agreements	45.025	-	2,500
Total National Endowment of the Arts			<u>2,500</u>
<b>U.S. Environmental Protection Agency</b>			
Passed through Wyoming State Land and Investment Board			
Capitalization Grants for Clean Water State Revolving Fund, Recovery Act	66.458-ARRA	CWSRF No. 92	4,138,617
Capitalization Grants for Clean Water State Revolving Fund	66.458	CWSRF No. 84	94,830
Capitalization Grants for Drinking Water State Revolving Fund, Recovery Act	66.468-ARRA	DWSRF No. 82	200,000
Capitalization Grants for Drinking Water State Revolving Fund	66.468	DWSRF No. 79	2,215,863
Capitalization Grants for Drinking Water State Revolving Fund	66.468	DWSRF No. 74	94,830
Total U.S. Environmental Protection Agency			<u>6,744,140</u>

**CITY OF CHEYENNE, WYOMING**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2010

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass Through Grantor's Number	Amount Expended
<b>U.S. Department of Energy</b>			
Energy Efficiency and Conservation Block Grant, Recovery Act	81.128-ARRA	DE-SC0003442	<u>3,000</u>
<b>U.S. Department of Education</b>			
Passed through Laramie County Community Partnership Twenty First Century Community Learning Centers	84.287	-	<u>139,753</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	-	47,694
Passed through Wyoming Department of Family Services Child Welfare Services - State Grants	93.645	-	48,758
Total U.S. Department of Health and Human Services			<u>96,452</u>
<b>U.S. Department of Homeland Security</b>			
Passed through Wyoming Office of Homeland Security Homeland Security Grant Program	97.067	08-GPD-RR7-RR-HRT8	69,799
Homeland Security Grant Program	97.067	09-GPD-RR7-RR-HRT9	32,575
Homeland Security Grant Program	97.067	09-GPD-CHE-LP-HLE9	43,613
Homeland Security Grant Program	97.067	07-ODP-CHE-LP-HLE7	22,368
Total U.S. Department of Homeland Security			<u>168,355</u>
Total Expenditures of Federal Awards			<u>\$ 10,279,780</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, 2010, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 19, 2011. 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

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. However, we identified a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs as item 2010-01, that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2010-02.

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

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 "McGee, Heurne & Paiz, LLP". The signature is written in a cursive, flowing style.

Cheyenne, Wyoming  
January 19, 2011

**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, 2010. 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, 2010.

Internal Control over Compliance

The 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2010-03 to be a significant deficiency.

The City's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City's response and, accordingly, we express no opinion on it.

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  
January 19, 2011

**CITY OF CHEYENNE, WYOMING**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2010

**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?   X   Yes \_\_\_\_\_ 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?   X   Yes \_\_\_\_\_ 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?   X   Yes \_\_\_\_\_ No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.218 & 14.253-ARRA	Community Development Block Grants Entitlement Grants Cluster
66.468-ARRA	Capitalization Grants for Drinking Water State Revolving Fund
66.458-ARRA	Capitalization Grants for Clean Water State Revolving Fund
20.507-ARRA	Federal Transit Formula Grant
16.803-ARRA	Recovery Act: Edward Byrne Memorial Justice Assistance Grant
16.800-ARRA	Recovery Act: Internet Crimes Against Children Task Force

- Dollar threshold used to distinguish between Type A and Type B programs:   \$ 308,393
- Auditee qualified as low-risk auditee?   X   Yes \_\_\_\_\_ No

## CITY OF CHEYENNE, WYOMING

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued) Year Ended June 30, 2010

#### II. FINANCIAL STATEMENT FINDINGS

##### **2010-01: Capital Assets**

**Condition:** We noted that infrastructure that is donated to the City by contractors or other local entities was not capitalized.

**Criteria:** Capital assets, including donated assets, are reported on the government-wide statements for governmental funds and at the fund level for the business-type funds.

**Cause:** We noted the City was not aware of the requirement to capitalize infrastructure that is donated to the City by contractors or other local entities.

**Effect:** This resulted in infrastructure being excluded from the fixed asset listing for current and prior years. The City was required to post a current year adjustment as well as restate the prior period financial statements to properly reflect donated infrastructure within capital assets.

**Recommendation:** We recommend the City implement controls to ensure that all such infrastructure is captured and valued appropriately.

**Response:** The City Treasurer's office has worked with Engineering to develop a form for contractors to complete when infrastructure is donated to the City. The form includes the value of the infrastructure so the Treasurer can appropriately record them in the financial statements.

##### **2010-02: Budgetary Compliance**

**Condition:** We noted that the budgeted appropriations within the Public Works category of the General Fund were over-spent.

**Criteria:** The City is required by Wyoming State Statute to adopt a budget for each category of expenditures and limit its expenditures to its budgeted appropriations.

**Cause:** The City inadvertently allowed the expenditures to exceed budgeted appropriations.

**Effect:** We noted that the budgeted appropriations within the Public Works category of the General Fund were over-spent by \$105,116.

**Response:** The final re-appropriation of the fiscal year is done before the June payroll and the payable accruals are recorded. The Public Works Department was severely affected by the retirements and the lay-offs the City experienced as it was necessary to use funds to pay off vacation and sick accruals and unemployment. As always, the City does its best to ensure that budgets are not overspent and will continue to do so in the future.

## CITY OF CHEYENNE, WYOMING

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued) Year Ended June 30, 2010

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

##### **2010-03: Suspension and Debarment**

**Criteria:** The internal control objective around the *Suspension and Debarment* compliance requirement is to provide reasonable assurance that covered transactions (as defined in the suspension and debarment common rule) are not made with a debarred or suspended party.

**Condition:** The following U.S. Department of Housing and Urban Development program did not have an effective system in place to ensure compliance with the aforementioned control objective:

Community Development Block Grant Entitlement Grants Cluster –  
CFDA 14.218 and 14.253-ARRA

Covered transactions were identified in the above program for which the City did not have verification that the suspension and debarment requirements were addressed.

**Cause:** The covered transactions not meeting the internal control objective surrounding suspension and debarment were those contracts awarded to sub-recipients of the above program. In these instances, the City did not check the Excluded Parties List System (EPLS) website to ensure the sub-recipient was not suspended or debarred. In addition, none of these contracts with sub-recipients contained a suspension or debarment clause and no separate verification from the sub-recipient existed regarding suspension and debarment. The City's Purchasing Department is typically responsible for ensuring the suspension and debarment requirements are addressed for all covered transactions involving vendors. However, contracts relating to sub-awards of Federal programs do not always run through the Purchasing Department before they are finalized.

**Effect:** By not further developing and implementing a system of internal control surrounding contracts awarded to sub-recipients, the City may enter into a covered transaction with a suspended or debarred party.

**Response:** The City's Housing and Community Development (H&CD) Office has updated their Procedures Handbook to include the following statement prior to any application approval:

All grant proposals are initially reviewed by the Cheyenne H&CD Office Program Manager for eligibility. The Program Manager will then check that the sub-grantee is not on the Suspended and Debarred Listing at [www.epls.gov](http://www.epls.gov). The proposals will then be presented to the Cheyenne H&CD Office Advisory Council members for review and recommendation.

The H&CD Office has created General and Public Service Procedures (that will be given to the sub-grantees at the application training in October) and have amended their sub-grantee agreement to include the following statement:

Suspended and Debarred Listing: The sub-grantee shall check the suspended and debarred listing at [www.epls.gov](http://www.epls.gov) to ensure that all work being contracted out is not given to a company or individual on the suspended and debarred list.

Prior to signing the 2010 sub-grantee agreements, the H&CD Program Manager went to [www.epls.gov](http://www.epls.gov) to ensure that none of the sub-grantees were listed. A copy of this report has been included in the files. The debarred and suspended information mentioned above was also included on page 2 of the 2010 sub-grantee agreements that were signed in August 2010. This should ensure neither the sub-grantee nor any company working with the sub-grantee will not be on the suspended and debarred listing.

**CITY OF CHEYENNE, WYOMING**

**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**  
For the Year Ended June 30, 2010

There were no prior Federal audit findings for the year ended June 30, 2009.