

**CITY OF CHEYENNE, WYOMING**

**FINANCIAL AND COMPLIANCE  
REPORT**

**For the fiscal year ended  
June 30, 2011**

**Prepared By:**

**City Treasurer's Office**

**City of Cheyenne**  
Financial and Compliance Report  
For the fiscal year ended June 30, 2011

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**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Cheyenne, Wyoming (the "City") as of and for the year ended June 30, 2011, 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 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 68 through 70 and schedule of funding progress on page 71, 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.

*Mc Gee, Hearne & Paiz, LLP*

Cheyenne, Wyoming  
December 14, 2011

# CITY OF CHEYENNE, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

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, 2011. In addition to this overview and analysis based on currently known facts, decisions and conditions, the City would encourage readers to consider the information presented in the City's financial statements, which begins on page 12 of this report.

### Financial Highlights

- ❖ The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$444.3 million (net assets). Of the net asset balance, \$31 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 \$4.1 million (.9%). The governmental net assets decreased by \$2.9 million (1.4%) and the business-type assets increased by \$6.9 million (3.0%).
- ❖ The General Fund, the City's primary operating fund, reported an increase of \$1,216,594 on a current financial resource basis. As of June 30, 2011, unassigned fund balance for the General Fund was \$6.2 million or 14% of total General Fund expenditures of \$45.9 million.
- ❖ The City's total long-term liabilities decreased by \$6.7 million (6.3%) during the current fiscal year. Within that activity, the City's governmental long-term liabilities increased by \$1,067,702 and business-type long-term liabilities decreased by \$7,792,845.

### 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, 2011

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 22 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the One Percent Sales Tax Fund, both of which are considered to be major funds. Data from the other 20 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

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

The basic fiduciary fund financial statement can be found on page 30 of this report.

# CITY OF CHEYENNE, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-66 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 76-94 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, 86 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	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 59,064	\$ 56,034	\$ 30,711	\$ 30,754	\$ 89,775	\$ 86,788
Capital assets	186,596	190,497	291,822	294,448	478,418	484,946
Total assets	<u>245,660</u>	<u>246,531</u>	<u>322,533</u>	<u>325,202</u>	<u>568,193</u>	<u>571,734</u>
Long-term liabilities	25,477	24,409	74,646	82,439	100,123	106,848
Other liabilities	12,488	11,573	11,317	13,109	23,805	24,681
Total liabilities	<u>37,965</u>	<u>35,982</u>	<u>85,963</u>	<u>95,548</u>	<u>123,928</u>	<u>131,529</u>
Net assets:						
Invested in capital assets, net of related debt	172,805	177,215	211,394	206,135	384,199	383,350
Restricted	28,239	27,840	1,290	1,290	29,529	29,130
Unrestricted	6,652	5,494	23,886	22,231	30,538	27,225
Total net assets	<u>\$ 207,696</u>	<u>\$ 210,549</u>	<u>\$ 236,570</u>	<u>\$ 229,656</u>	<u>\$ 444,266</u>	<u>\$ 440,205</u>

A portion of the City's net assets (6.6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$30,996,104) 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 decreased by \$2.9 million during fiscal year 2011, this was down from a prior year increase of over \$11 million. The decrease is due to a decrease in capital grant revenues received from the State of Wyoming. Net assets in the City's business type activities increased by \$6.9 million

# CITY OF CHEYENNE, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

during fiscal year 2011, compared to a prior year increase of \$1.6 million. This was attributed to an increase in capital grants and charges for services.

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

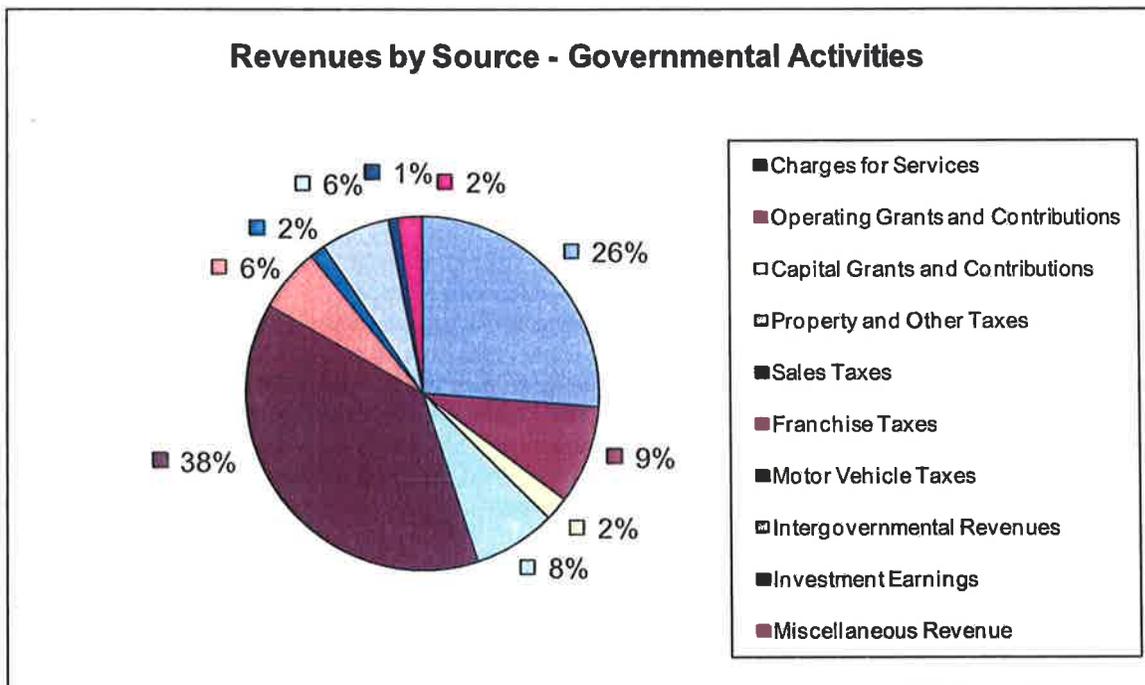
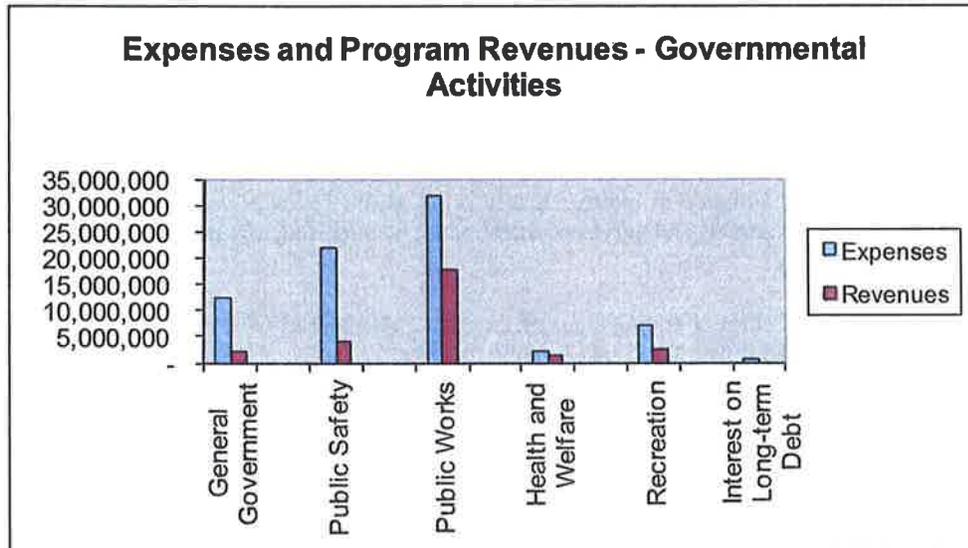
<b>Changes in Net Assets</b>						
(amounts expressed in thousands, totals may not add due to rounding)						
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 19,306	\$ 18,158	\$ 27,800	\$ 25,302	\$ 47,106	\$ 43,460
Operating grants and contributions	6,626	5,659	1,656	1,153	8,281	6,812
Capital grants and contributions	1,607	16,139	5,959	1,498	7,566	17,637
General revenues:						
Property and other taxes	10,901	11,438	-	-	10,901	11,438
Sales taxes	28,174	28,293	-	10	28,174	28,303
Intergovernmental	4,700	5,188	-	-	4,700	5,188
Other	2,269	2,974	147	307	2,416	3,281
Total revenues	<u>73,582</u>	<u>87,849</u>	<u>35,562</u>	<u>28,270</u>	<u>109,144</u>	<u>116,119</u>
<b>Expenses:</b>						
General government	12,460	16,335	-	-	12,460	16,335
Public safety	21,805	21,777	-	-	21,805	21,777
Public works	31,736	27,357	-	-	31,736	27,357
Health and welfare	2,064	2,483	-	-	2,064	2,483
Recreation	7,225	6,535	-	-	7,225	6,535
Interest on long-term debt	587	564	-	-	587	564
Water	-	-	17,936	17,078	17,936	17,078
Sewer	-	-	9,704	9,763	9,704	9,763
Other	-	-	1,565	1,554	1,565	1,554
Total expenses	<u>75,878</u>	<u>75,051</u>	<u>29,205</u>	<u>28,394</u>	<u>105,083</u>	<u>103,446</u>
Increase in net assets before transfers	(2,296)	12,798	6,357	(122)	4,061	12,673
Transfers	(558)	(1,702)	558	1,702	-	-
Change in net assets	(2,854)	11,096	6,915	1,580	4,061	12,673
Net assets - beg. of year (restated)	210,550	199,454	229,655	228,074	440,205	427,530
Net assets - end of year	<u>\$ 207,696</u>	<u>\$ 210,550</u>	<u>\$ 236,570</u>	<u>\$ 229,655</u>	<u>\$ 444,266</u>	<u>\$ 440,203</u>

The above condensed summary of the City's governmental and business type activities for the period ended June 30, 2011 reflects net assets increasing by over \$4 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, 2011



#### 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, 2011

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$49,900,490. Approximately 12 percent of this total amount (\$5,754,909) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is nonspendable, restricted, committed or assigned to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period, to pay debt service or has been dedicated to other uses.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$6,223,477, while total fund balance reached \$10,482,019. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 14 percent of total general fund expenditures, while total fund balance represents 22.8 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 \$24,280,698 and those for the Civic Center and Ice and Events Center amounted to \$(394,104). 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 \$2,891,749. The major expenditure increases follow:

- ❖ \$ 1,481,695 in carryover projects
- ❖ \$ 341,336 for various agency account projects and unanticipated revenues
- ❖ \$ 946,846 from reserves for various unanticipated projects and expenditures

Of this increase, \$341,336 was funded from unanticipated revenue with the remaining \$2,428,541 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, 2011.

### 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, 2011, amounted to \$478,418,282 (net of accumulated depreciation). This investment in capital assets included land, buildings, utility plant, improvements, machinery and equipment, park facilities and roads. The total decrease in the City's investment in capital assets for the current fiscal year was 1.3 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, 2011

<b>Capital Assets Net of Depreciation</b>						
<i>(amounts expressed in thousands, totals may not add due to rounding)</i>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Land	\$ 13,727	\$ 13,727	\$ 5,410	\$ 5,410	\$ 19,137	\$ 19,137
Construction in progress	1,053	5,011	7,134	5,260	8,187	10,271
Buildings and improvements	66,703	62,988	8,827	8,506	75,529	71,494
Utility plant in service	-	-	442,756	437,596	442,756	437,596
Machinery and equipment	39,937	36,461	5,291	5,292	45,227	41,753
Infrastructure	170,827	167,571	-	-	170,827	167,571
Less accumulated depreciation	(105,651)	(95,260)	(177,595)	(167,616)	(283,246)	(262,876)
<b>Total</b>	<b>\$ 186,596</b>	<b>\$ 190,498</b>	<b>\$ 291,822</b>	<b>\$ 294,448</b>	<b>\$ 478,418</b>	<b>\$ 484,946</b>

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

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$2,615,000, 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>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
General obligation bonds	\$ -	\$ -	\$ 2,615,000	\$ 5,465,000	\$ 2,615,000	\$ 5,465,000
Loans and capital leases	4,816,458	4,207,504	66,551,824	71,207,860	71,368,282	75,415,364
Revenue bonds	8,975,000	9,075,000	10,995,000	11,460,000	19,970,000	20,535,000
<b>Total</b>	<b>\$ 13,791,458</b>	<b>\$ 13,282,504</b>	<b>\$ 80,161,824</b>	<b>\$ 88,132,860</b>	<b>\$ 93,953,282</b>	<b>\$ 101,415,364</b>

The City of Cheyenne's total debt decreased by \$7,462,082 (7.4 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 \$20,900,257; 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, 2011

Additional information on the City of Cheyenne's long-term debt can be found in Note 7 on pages 49-58 of this report.

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

These factors were considered in preparing the City's budget for the 2012 fiscal year (July 1, 2011 to June 30, 2012).

Wyoming's economic recession did not start until the end of 2008 – lagging the U.S. recession by about one year. However, the recovery of the State's economy occurred rapidly, thanks to the improvement of energy prices. For the two quarters of 2011, the Wyoming state revenue has exceeded projections. The local Cheyenne economy fared well relative to other areas of the country during the recession. Personal income, in Cheyenne, rose by .5 percent during 2009 running contrary to the national 1.7 percent reduction.

The Cheyenne area's unemployment rate decreased from 8.8% in the first quarter of 2010 to 7.8% in the first quarter of 2011. According to the Wyoming Center for Business and Economic Analysis job growth on a year over year basis increased by 500 jobs, but the rate of increase in job growth was a meager 1.17% and, at that pace, it will take over 4.5 years to get back to the peak number prior to the recession.

The City's original approved budget for the general fund for the upcoming fiscal year 2012 totaled \$50,473,830. This represented a 9.1 increase over the original budget for fiscal year 2011. The Wyoming State legislature increased the direct distribution to the City by \$1,033,204 which had a direct effect on the general fund budget.

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

### Requests for Information

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

**BASIC  
FINANCIAL  
STATEMENTS**

**CITY OF CHEYENNE, WYOMING**

**STATEMENT OF NET ASSETS**  
June 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 16,248,003	\$ 18,440,587	\$ 34,688,590	\$ 180,439
Investments, at fair value	24,589,705	6,095,625	30,685,330	-
<b>Restricted assets</b>				
Cash and cash equivalents	1,270,184	388,105	1,658,289	-
Investments	3,546,658	989,594	4,536,252	-
Due from other governments	-	1,093,104	1,093,104	-
<b>Receivables</b>				
Accrued interest	104,217	17,261	121,478	-
Accounts- customers	937,124	1,840,176	2,777,300	-
Estimated unbilled usage	-	1,936,770	1,936,770	-
Sanitation receivable and unbilled usage	-	1,382,310	1,382,310	-
Property tax receivable	4,413,061	-	4,413,061	-
Internal balances	1,842,415	(1,842,415)	-	-
Intergovernmental receivable	5,081,929	-	5,081,929	494,838
Prepaid expenses	481,267	10,709	491,976	-
Notes receivable	-	-	-	8,047
Inventories	327,888	262,871	590,759	-
<b>Total current assets</b>	<b>58,842,451</b>	<b>30,614,697</b>	<b>89,457,148</b>	<b>683,324</b>
<b>Capital assets</b>				
Land	13,726,919	5,409,966	19,136,885	-
Utility plant in service	-	442,756,063	442,756,063	-
Machinery and equipment	16,055,472	1,653,240	17,708,712	-
Transportation equipment	22,399,513	2,311,826	24,711,339	-
Buildings and improvements	66,702,777	8,826,694	75,529,471	-
Office furniture and equipment	1,481,816	1,325,581	2,807,397	23,251
Infrastructure	170,827,454	-	170,827,454	-
Construction in progress	1,053,466	7,133,671	8,187,137	-
	292,247,417	469,417,041	761,664,458	23,251
Less accumulated depreciation	(105,651,094)	(177,595,082)	(283,246,176)	(17,133)
<b>Total capital assets (net of accumulated depreciation)</b>	<b>186,596,323</b>	<b>291,821,959</b>	<b>478,418,282</b>	<b>6,118</b>
<b>Other assets</b>				
Notes receivable	-	-	-	2,629
Deferred charges	221,565	96,712	318,277	-
<b>Total other assets</b>	<b>221,565</b>	<b>96,712</b>	<b>318,277</b>	<b>2,629</b>
<b>Total noncurrent assets</b>	<b>186,817,888</b>	<b>291,918,671</b>	<b>478,736,559</b>	<b>8,747</b>
<b>Total assets</b>	<b>\$ 245,660,339</b>	<b>\$ 322,533,368</b>	<b>\$ 568,193,707</b>	<b>\$ 692,071</b>

**CITY OF CHEYENNE, WYOMING**

**STATEMENT OF NET ASSETS (CONTINUED)**

June 30, 2011

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Downtown Development Authority
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	\$ 4,515,810	\$ 1,868,342	\$ 6,384,152	\$ 15,662
Accrued interest	-	802,008	802,008	-
Accrued salaries including compensated absences and early retirement, current portion	2,643,705	397,374	3,041,079	-
Unearned fees and deposits	-	1,288,794	1,288,794	-
Intergovernmental payable	100	-	100	-
Unearned revenue	4,180,050	281,652	4,461,702	-
Long-term debt and capital leases current portion	1,148,317	6,679,241	7,827,558	-
Total current liabilities	<u>12,487,982</u>	<u>11,317,411</u>	<u>23,805,393</u>	<u>15,662</u>
Noncurrent liabilities				
Accrued landfill closure and post-closure costs	11,190,821	-	11,190,821	-
Accrued compensated absences	1,642,670	897,051	2,539,721	-
Long-term portion of capital leases	3,818,141	-	3,818,141	-
Long-term portion of debt	8,825,000	73,748,796	82,573,796	-
Total noncurrent liabilities	<u>25,476,632</u>	<u>74,645,847</u>	<u>100,122,479</u>	<u>-</u>
Total liabilities	<u>37,964,614</u>	<u>85,963,258</u>	<u>123,927,872</u>	<u>15,662</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	172,804,865	211,393,922	384,198,787	6,118
Restricted for				
Debt service and capital improvements	-	1,289,594	1,289,594	-
Legal restrictions - nonexpendable	27,951,290	-	27,951,290	-
Tax voter approved specific projects	287,810	-	287,810	-
Unrestricted	6,651,760	23,886,594	30,538,354	670,291
Total net assets	<u>\$ 207,695,725</u>	<u>\$ 236,570,110</u>	<u>\$ 444,265,835</u>	<u>\$ 676,409</u>

**CITY OF CHEYENNE, WYOMING**

**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2011

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs				
Primary Government				
Governmental activities				
General government	\$ 12,459,839	\$ 2,130,725	\$ 19,951	\$ 5,708
Public safety	21,805,303	1,228,159	2,412,026	322,851
Public works	31,736,289	14,105,291	2,762,809	742,448
Health and welfare	2,064,458	3,420	1,390,746	-
Recreation	7,224,882	1,838,231	40,219	536,235
Interest on long-term debt	587,421	-	-	-
Total governmental activities	<u>75,878,192</u>	<u>19,305,826</u>	<u>6,625,751</u>	<u>1,607,242</u>
Business-type activities				
Water	17,935,801	17,876,149	1,335,754	1,020,889
Sewer	9,704,033	8,698,967	319,809	4,937,709
Civic Center	1,008,783	792,621	-	-
Ice and Events Center	555,977	432,712	-	-
Total business-type activities	<u>29,204,594</u>	<u>27,800,449</u>	<u>1,655,563</u>	<u>5,958,598</u>
Total primary government	<u>\$ 105,082,786</u>	<u>\$ 47,106,275</u>	<u>\$ 8,281,314</u>	<u>\$ 7,565,840</u>
Governmental component unit				
Downtown Development Authority	<u>\$ 664,610</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 - beginning of year	
			Net assets - end of year	

Net (Expense) Revenue and Changes in Net Assets			Component Unit
Primary Government			Downtown Development Authority
Governmental Activities	Business-type Activities	Total	
\$ (10,303,455)	\$ -	\$ (10,303,455)	\$ -
(17,842,267)	-	(17,842,267)	-
(14,125,741)	-	(14,125,741)	-
(670,292)	-	(670,292)	-
(4,810,197)	-	(4,810,197)	-
(587,421)	-	(587,421)	-
<u>(48,339,373)</u>	<u>-</u>	<u>(48,339,373)</u>	<u>-</u>
-	2,296,991	2,296,991	-
-	4,252,452	4,252,452	-
-	(216,162)	(216,162)	-
-	(123,265)	(123,265)	-
<u>-</u>	<u>6,210,016</u>	<u>6,210,016</u>	<u>-</u>
(48,339,373)	6,210,016	(42,129,357)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>(664,610)</u>
5,544,752	-	5,544,752	6,150
28,173,881	-	28,173,881	-
4,299,178	-	4,299,178	-
1,057,104	-	1,057,104	-
4,699,771	-	4,699,771	494,838
626,990	147,225	774,215	1,289
1,641,568	-	1,641,568	13,901
(557,681)	557,681	-	-
<u>45,485,563</u>	<u>704,906</u>	<u>46,190,469</u>	<u>516,178</u>
<u>(2,853,810)</u>	<u>6,914,922</u>	<u>4,061,112</u>	<u>(148,432)</u>
<u>210,549,535</u>	<u>229,655,188</u>	<u>440,204,723</u>	<u>824,841</u>
<u>\$ 207,695,725</u>	<u>\$ 236,570,110</u>	<u>\$ 444,265,835</u>	<u>\$ 676,409</u>

**CITY OF CHEYENNE, WYOMING**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2011**

	<u>General Fund</u>	<u>One Percent Sales Tax Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,126,464	\$ 6,415,998	\$ 6,705,541	\$ 16,248,003
Investments, at fair value	3,112,252	15,235,940	6,241,513	24,589,705
Cash and cash equivalents - restricted	-	-	1,270,184	1,270,184
Investments - restricted	-	-	3,546,658	3,546,658
Receivables				
Accrued interest	-	64,851	39,366	104,217
Property tax	4,413,061	-	-	4,413,061
Customers	801,345	8,040	127,739	937,124
Due from other funds	2,995,139	457,750	18,357	3,471,246
Due from other governments	2,222,680	1,757,966	1,101,283	5,081,929
Prepaid items	481,267	-	-	481,267
Inventories	327,888	-	-	327,888
Total assets	<u>\$ 17,480,096</u>	<u>\$ 23,940,545</u>	<u>\$ 19,050,641</u>	<u>\$ 60,471,282</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities				
Accounts payable	\$ 2,756,969	\$ 993,573	\$ 765,268	\$ 4,515,810
Accrued salaries including vacation and sick leave	-	-	-	-
Due to other funds	-	-	1,628,831	1,628,831
Due to other governments	100	-	-	100
Deferred revenue	4,241,008	-	185,043	4,426,051
Total liabilities	<u>6,998,077</u>	<u>993,573</u>	<u>2,579,142</u>	<u>10,570,792</u>
Fund balances				
Nonspendable:				
Prepaid items	481,267	-	-	481,267
Inventories	327,888	-	-	327,888
Loans receivable	506,081	-	-	506,081
Restricted for:				
Bond ordinances	975,997	-	-	975,997
Weed and pest programs	-	-	287,810	287,810
Specific capital projects	-	22,946,972	5,004,318	27,951,290
Cemetery projects	-	-	588,189	588,189
Juvenile justice programs	-	-	141,342	141,342
Transit program	-	-	389,267	389,267
Housing programs	-	-	325,644	325,644
Committed to:				
Capital projects	-	-	511,805	511,805
Landfill development	-	-	9,197,696	9,197,696
Annexation improvements	-	-	234,279	234,279
Youth programs	-	-	72,478	72,478
Assigned to:				
Youth programs	-	-	187,239	187,239
Future expenditures	913,655	-	-	913,655
Agency accounts	1,053,654	-	-	1,053,654
Unassigned	6,223,477	-	(468,568)	5,754,909
Total fund balances	<u>10,482,019</u>	<u>22,946,972</u>	<u>16,471,499</u>	<u>49,900,490</u>
Total liabilities and fund balances	<u>\$ 17,480,096</u>	<u>\$ 23,940,545</u>	<u>\$ 19,050,641</u>	<u>\$ 60,471,282</u>

**CITY OF CHEYENNE, WYOMING**

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

June 30, 2011

Total fund balances - governmental funds	\$ 49,900,490
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.	186,596,323
Other assets are not available to pay for current period expenditures and, therefore are deferred in the funds.	246,001
Long-term liabilities for compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(4,286,375)
Long-term liability for landfill closure costs is not due and payable in the current period and therefore is not reported in the funds.	(11,190,821)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(13,569,893)</u>
Net assets of governmental activities	<u>\$ 207,695,725</u>

**CITY OF CHEYENNE, WYOMING**

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
Year Ended June 30, 2011**

	<u>General Fund</u>	<u>One Percent Sales Tax Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>				
Taxes and special assessments	\$ 9,432,787	\$ -	\$ -	\$ 9,432,787
Licenses and permits	1,919,256	-	-	1,919,256
Intergovernmental	23,386,383	10,594,040	8,637,033	42,617,456
Charges for services	10,569,218	-	5,591,899	16,161,117
Fines and forfeitures	1,225,453	-	-	1,225,453
Investment income	69,857	321,530	235,603	626,990
Miscellaneous	980,017	-	723,049	1,703,066
<b>Total revenues</b>	<u>47,582,971</u>	<u>10,915,570</u>	<u>15,187,584</u>	<u>73,686,125</u>
<b>Expenditures</b>				
<b>Current</b>				
General government	11,588,387	-	91,312	11,679,699
Public safety	18,752,663	119,175	2,004,350	20,876,188
Public works	9,786,433	2,014,142	5,213,852	17,014,427
Health and welfare	-	519,500	1,543,671	2,063,171
Recreation	4,818,115	181,755	933,942	5,933,812
Capital	488,414	7,565,433	4,998,296	13,052,143
<b>Debt service</b>				
Principal retirements	100,000	-	944,490	1,044,490
Interest payments	408,413	-	164,530	572,943
<b>Total expenditures</b>	<u>45,942,425</u>	<u>10,400,005</u>	<u>15,894,443</u>	<u>72,236,873</u>
<b>Excess (deficiency) of revenues     over expenditures</b>	<u>1,640,546</u>	<u>515,565</u>	<u>(706,859)</u>	<u>1,449,252</u>
<b>Other financing sources (uses)</b>				
Transfers in	516,291	-	585,539	1,101,830
Transfers out	(940,243)	-	(719,268)	(1,659,511)
Issuance of debt	-	-	1,553,444	1,553,444
<b>Total other financing sources (uses)</b>	<u>(423,952)</u>	<u>-</u>	<u>1,419,715</u>	<u>995,763</u>
<b>Net change in fund balances</b>	1,216,594	515,565	712,856	2,445,015
Fund balances - beginning of year	<u>9,265,425</u>	<u>22,431,407</u>	<u>15,758,643</u>	<u>47,455,475</u>
Fund balances - end of year	<u>\$ 10,482,019</u>	<u>\$ 22,946,972</u>	<u>\$ 16,471,499</u>	<u>\$ 49,900,490</u>

**CITY OF CHEYENNE, WYOMING**

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2011

Net change in fund balances - total governmental funds	\$ 2,445,015
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 depreciation and disposals exceeded capital purchases and contributions in the current period.	(3,901,060)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(195,771)
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.	(258,287)
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.	(420,275)
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.	<u>(523,432)</u>
Change in net assets of governmental activities	<u>\$ (2,853,810)</u>

**CITY OF CHEYENNE, WYOMING**

**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**

June 30, 2011

	Business-type Activities	
	Waterworks Fund	Sewer Fund
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 13,343,033	\$ 4,723,907
Investments, at fair value	3,759,312	2,336,313
Restricted assets		
Cash and cash equivalents	388,105	-
Investments	989,594	-
Due from other governments	956,408	136,696
City of Cheyenne sanitation account	1,382,310	-
Receivables		
Accrued interest	12,888	4,373
Accounts- customers	1,183,993	645,844
Estimated unbilled usage	1,392,158	544,612
Inventories	248,364	14,507
Prepaid expenses	10,709	-
Total current assets	23,666,874	8,406,252
Noncurrent assets		
Capital assets		
Land	4,538,963	528,760
Utility plant in service	326,662,723	116,093,340
Machinery and equipment	788,023	261,378
Transportation equipment	1,718,873	572,958
Buildings and improvements	1,547,349	543,175
Office furniture and equipment	677,623	228,402
Construction in progress	6,440,965	692,706
	342,374,519	118,920,719
Less accumulated depreciation	(132,464,000)	(41,278,161)
Total capital assets (net of accumulated depreciation)	209,910,519	77,642,558
Other assets		
Deferred charges	96,712	-
Total other assets	96,712	-
Total noncurrent assets	210,007,231	77,642,558
Total assets	\$ 233,674,105	\$ 86,048,810

<u>Enterprise Funds</u>	
Other Proprietary Funds	Totals
\$ 373,647	\$ 18,440,587
-	6,095,625
-	388,105
-	989,594
-	1,093,104
-	1,382,310
-	17,261
10,339	1,840,176
-	1,936,770
-	262,871
-	10,709
<u>383,986</u>	<u>32,457,112</u>
342,243	5,409,966
-	442,756,063
603,839	1,653,240
19,995	2,311,826
6,736,170	8,826,694
419,556	1,325,581
-	7,133,671
<u>8,121,803</u>	<u>469,417,041</u>
<u>(3,852,921)</u>	<u>(177,595,082)</u>
<u>4,268,882</u>	<u>291,821,959</u>
-	96,712
-	96,712
<u>4,268,882</u>	<u>291,918,671</u>
<u>\$ 4,652,868</u>	<u>\$324,375,783</u>

**CITY OF CHEYENNE, WYOMING**

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

June 30, 2011

	Business-type Activities	
	Waterworks Fund	Sewer Fund
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	\$ 1,285,177	\$ 507,925
Accrued interest	654,997	147,011
Unearned revenue	-	-
Due to other funds	1,470,415	-
Unearned fees and deposits	1,030,217	258,577
Accrued salaries including vacation and sick leave	227,307	151,538
Current portion of general obligation and loan debt	4,688,843	1,990,398
Total current liabilities	9,356,956	3,055,449
Long term liabilities		
Accrued compensated absences	519,829	346,553
General obligation and loan debt, deferred amount on refunding and unamortized bond premium, net of current portion	40,308,287	33,440,509
Total long term liabilities	40,828,116	33,787,062
Total liabilities	50,185,072	36,842,511
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	164,913,389	42,211,651
Restricted for debt service and capital improvements	1,289,594	-
Unrestricted (deficit)	17,286,050	6,994,648
Total net assets	183,489,033	49,206,299

<u>Enterprise Funds</u>		
	Other	
	Proprietary	
	Funds	Totals
\$ 75,240	\$ 1,868,342	
-	802,008	
281,652	281,652	
372,000	1,842,415	
-	1,288,794	
18,529	397,374	
-	6,679,241	
<u>747,421</u>	<u>13,159,826</u>	
30,669	897,051	
-	<u>73,748,796</u>	
<u>30,669</u>	<u>74,645,847</u>	
<u>778,090</u>	<u>87,805,673</u>	
4,268,882	211,393,922	
-	1,289,594	
<u>(394,104)</u>	<u>23,886,594</u>	
<u>3,874,778</u>	<u>236,570,110</u>	

**CITY OF CHEYENNE, WYOMING**

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

Year Ended June 30, 2011

	Business-type Activities	
	Waterworks Fund	Sewer Fund
Operating revenues		
Sales and charges for services	\$ 17,517,713	\$ 8,279,468
Fees and miscellaneous	358,436	419,499
Total operating revenues	17,876,149	8,698,967
Operating expenses		
Source of supply	1,129,193	-
Water treatment	2,032,733	-
Transmission and distribution	1,893,363	-
Engineering and water resources	600,738	445,615
Sewer collection lines	-	1,073,547
Water reclamation	-	2,303,619
Information technology and customer service	709,835	237,864
Administrative and general	2,614,076	1,508,118
Depreciation	7,378,944	3,223,587
Parts and supplies	-	-
Intra-city charges	-	-
Total operating expenses	16,358,882	8,792,350
Operating income (loss)	1,517,267	(93,383)
Non-operating income (expenses)		
System development fees	1,335,754	319,809
Investment income		
Interest income	122,891	55,829
Net decrease in fair value of investments	(19,849)	(11,646)
Interest expense	(1,576,919)	(911,683)
Total non-operating income (expenses)	(138,123)	(547,691)
Income (loss) before contributions and transfers	1,379,144	(641,074)
Capital contributions	264,247	4,331,216
Donated utilities and other assets	756,642	606,493
Transfers in	-	-
Change in net assets	2,400,033	4,296,635
Total net assets - beginning of year	181,089,000	44,909,664
Total net assets - end of year	\$ 183,489,033	\$ 49,206,299

Enterprise Funds

<u>Other Proprietary Funds</u>	<u>Totals</u>
\$ 1,122,731	\$ 26,919,912
102,602	880,537
<u>1,225,333</u>	<u>27,800,449</u>
-	1,129,193
-	2,032,733
-	1,893,363
-	1,046,353
-	1,073,547
-	2,303,619
-	947,699
1,296,277	5,418,471
208,396	10,810,927
45,170	45,170
14,917	14,917
<u>1,564,760</u>	<u>26,715,992</u>
<u>(339,427)</u>	<u>1,084,457</u>
-	1,655,563
-	178,720
-	(31,495)
-	(2,488,602)
<u>-</u>	<u>(685,814)</u>
<u>(339,427)</u>	<u>398,643</u>
-	4,595,463
-	1,363,135
<u>557,681</u>	<u>557,681</u>
218,254	6,914,922
<u>3,656,524</u>	<u>229,655,188</u>
<u>\$ 3,874,778</u>	<u>\$236,570,110</u>

**CITY OF CHEYENNE, WYOMING**

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2011**

	<u>Business-type Activities</u>	
	<u>Waterworks Fund</u>	<u>Sewer Fund</u>
Cash flows from operating activities		
Cash received from customers	\$ 17,317,245	\$ 8,742,322
Cash payments to suppliers	(3,757,138)	(2,047,727)
Cash payments to employees	(5,712,986)	(3,612,136)
Change in City sanitation account	10,284	-
Net cash provided by (used in) operating activities	<u>7,857,405</u>	<u>3,082,459</u>
Cash flows from noncapital financing activities		
Transfers from other funds	-	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities		
System development fees	1,335,754	319,809
Proceeds from issuance of debt	2,988,143	376,274
Proceeds from due to other funds	-	-
Acquisition and construction of capital assets	(4,718,245)	(1,809,791)
Principal paid on general obligation bonds and loan debt maturities	(4,862,348)	(1,941,889)
Capital grants	64,247	-
Interest paid on debt	(1,429,762)	(916,115)
Net cash provided by (used in) capital and related financing activities	<u>(6,622,211)</u>	<u>(3,971,712)</u>
Cash flows from investing activities		
Interest on cash accounts and investments	102,166	43,913
Redemption of investments	2,575,000	1,250,000
Purchase of investments	(997,981)	(1,442)
Net cash provided by (used in) investing activities	<u>1,679,185</u>	<u>1,292,471</u>
Net increase (decrease) in cash and cash equivalents	2,914,379	403,218
Cash and cash equivalents - beginning of year	<u>10,816,759</u>	<u>4,320,689</u>
Cash and cash equivalents - end of year	<u><u>\$ 13,731,138</u></u>	<u><u>\$ 4,723,907</u></u>

<u>Enterprise Funds</u>	
<u>Other Proprietary Funds</u>	<u>Totals</u>
\$ 1,248,027	\$ 27,307,594
(735,807)	(6,540,672)
(593,558)	(9,918,680)
<u>-</u>	<u>10,284</u>
<u>(81,338)</u>	<u>10,858,526</u>
<u>557,681</u>	<u>557,681</u>
<u>557,681</u>	<u>557,681</u>
-	1,655,563
-	3,364,417
47,000	47,000
(293,282)	(6,821,318)
-	(6,804,237)
-	64,247
<u>-</u>	<u>(2,345,877)</u>
<u>(246,282)</u>	<u>(10,840,205)</u>
-	146,079
-	3,825,000
<u>-</u>	<u>(999,423)</u>
<u>-</u>	<u>2,971,656</u>
230,061	3,547,658
<u>143,586</u>	<u>15,281,034</u>
<u>\$ 373,647</u>	<u>\$ 18,828,692</u>

**CITY OF CHEYENNE, WYOMING**

**STATEMENT OF CASH FLOWS (CONTINUED)  
 PROPRIETARY FUNDS  
 Year Ended June 30, 2011**

	Business-type Activities	
	Waterworks Fund	Sewer Fund
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities		
Operating income (loss)	\$ 1,517,267	\$ (93,383)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	7,378,944	3,223,587
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities		
Receivables	(305,838)	40,151
Inventory	(19,010)	1,801
Prepaid expenses	(10,709)	-
Accounts payable	(491,184)	(113,814)
Other accruals	-	434
City sanitation account	10,284	-
Accrued salaries including vacation and sick leave	30,717	20,479
Deferred revenue	(253,066)	3,204
	<u>\$ 7,857,405</u>	<u>\$ 3,082,459</u>
Net cash provided by (used in) operating activities		
Noncash investing, capital and noncapital financing activities		
Amortization of deferred refunding loss and debt premiums	\$ 85,275	\$ -
Donated asset acquisitions	756,642	606,493
Capitalized interest	124,350	8,280
Principal forgiveness granted on loans	200,000	4,331,216

<u>Enterprise Funds</u>	
<u>Other Proprietary Funds</u>	<u>Totals</u>
\$ (339,427)	\$ 1,084,457
208,396	10,810,927
(1,152)	(266,839)
-	(17,209)
-	(10,709)
25,474	(579,524)
-	434
-	10,284
1,525	52,721
<u>23,846</u>	<u>(226,016)</u>
<u>\$ (81,338)</u>	<u>\$ 10,858,526</u>
\$ -	\$ 85,275
-	1,363,135
-	132,630
-	4,531,216

**CITY OF CHEYENNE, WYOMING**

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS**

June 30, 2011

	<u>Agency Fund DARE</u>
<b>ASSETS</b>	
Cash and cash equivalents	<u>\$          658</u>
Total assets	<u><u>\$          658</u></u>
 <b>LIABILITIES</b>	
Accounts payable	<u>\$          658</u>
Total liabilities	<u><u>\$          658</u></u>

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

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

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

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

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

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

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

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

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

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

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

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

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

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

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

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

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

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

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

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

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

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

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

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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 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, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

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

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

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

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

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

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

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

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

Investments, which consist of certificates of deposit, money market certificates, mortgage-backed securities and government securities, are reported at fair value at June 30, 2011. Fair value is determined using the latest bid price or by the closing exchange price at the statement of net assets date. A significant portion of the City's investment activity, except for funds that are required to maintain their investments separately, is conducted in a pooled investment account with the State of Wyoming, State Treasurer's office. The State Treasurer's Investment Pool (WYOSTAR) operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2011

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

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

***Receivables and Payables***

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

Accounts receivable are shown on the statement of net assets net of allowances for doubtful accounts of \$410,446.

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, 2011 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, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

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

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

**Capital Assets**

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

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

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

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

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

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

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

CITY OF CHEYENNE, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

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

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

**Compensated Absences**

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

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

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

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

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

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

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

CITY OF CHEYENNE, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

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

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

***Compensated Absences (Continued)***

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

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

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

***Long-Term Obligations***

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

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

***Fund Balance***

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

CITY OF CHEYENNE, WYOMING

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

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

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

*Fund Balance (Continued)*

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

As of June 30, 2011, the City does not have a policy on the order in which unrestricted (committed, assigned or unassigned) resources are to be used when any of these amounts are available for expenditure. As a result, the City assumes the default approach that resources be used in the following order: committed, assigned, and unassigned.

*Net Assets*

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

*Estimates*

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

*Encumbrances*

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

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

General Fund		
Assigned	\$	214,811
One Percent Sales Tax Fund		
Restricted		899,768
Other Governmental Funds		
Restricted		42,539
Committed		646,688
Total Encumbrances	\$	<u>1,803,806</u>

**CITY OF CHEYENNE, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2011

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

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

**Deficit Fund Equity**

The following funds had a deficit balance at June 30, 2011:

Fund	Deficit Balance
Youth Alternative Grants	\$ (23,234)
Community Development Block Grant	(752)
Law Enforcement Block Grant	(13,682)
Miscellaneous Federal Grants	(40,347)
Transportation Planning	(56,541)
State Grants	(78,659)
Recreation Programs	(100,622)
Athletic Facilities	(154,731)

For the Youth Alternative Grants, 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.

**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 \$13,569,893 difference are as follows:

Long-term portion of capital leases	\$ 3,818,141
Long-term portion of debt	8,825,000
Long-term debt and capital leases current portion	1,148,317
Less: Bond issue costs	<u>(221,565)</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u><u>\$ 13,569,893</u></u>

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2011

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

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

The basic financial statements include a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$(3,901,060) difference are as follows:

Capital outlay	\$ 7,824,363
Depreciation expense	(11,195,444)
Disposal of assets	(673,979)
Donated Fixed Assets	144,000
	<b>\$ (3,901,060)</b>

**Note 3. Cash and Investments**

Cash and investments and restricted cash and investments as of June 30, 2011, as classified in the accompanying financial statements, consist of the following:

	Governmental Activities	Business-type Activities	Total
Deposits with financial institutions:			
Cash	\$ 12,048,419	\$ 650,093	\$ 12,698,512
Certificates of deposit	680,448	9,085,219	9,765,667
Investments:			
WYOSTAR	5,152,473	16,168,735	21,321,208
WGIF	-	9,864	9,864
Investment accounts	27,773,216	-	27,773,216
	<b>\$ 45,654,556</b>	<b>\$ 25,913,911</b>	<b>\$ 71,568,467</b>

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

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

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

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

#### ***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, 2011, 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, 2011.

In addition to the applicable statutes, the City and Board's policies require all deposits to be collateralized at 105% of the amount invested including accrued interest to further reduce its exposure to custodial credit risk. At June 30, 2011, 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, 2011, all investment securities were held by the City's custodians and registered in the City's name.

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

The City's investment policy states that with the exception of U.S. Treasury securities, obligations or securities issued by or guaranteed by any federal government agency or instrumentality, certificates of deposits, and authorized pools, no more than 25% of the City's total investment portfolio will be invested in a single security type. The City met this limitation as of June 30, 2011. The City holds \$3,992,444 or 12% of its portfolio in Federal National Mortgage Association (FNMA); \$7,169,776 or 21% of its portfolio in FNMA Pool; and \$3,501,940 or 10% 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.

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2011

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

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

Investment Type	Fair Value	Interest Rate	Investment Maturities in Years			
			Less Than 1	1-5	6-10	More Than 10
Certificates of Deposit	\$ 9,765,667	.15%-.75%	\$ 9,160,219	\$ 605,448	\$ -	\$ -
U.S. Government Securities	11,342,058	1.00%-4.375%	-	11,342,058	-	-
U.S. Agencies	16,113,857	.50%-6.50%	505,553	13,042,964	1,559,382	1,005,958
State Treasurer's Investment Pool (WYO-STAR)	21,321,208	0.50%	21,321,208	-	-	-
Wyoming Government Investment fund (WGIF)	9,864	0.03%	9,864	-	-	-
U.S. Government Mutual Fund	317,301		317,301	-	-	-
	<u>\$ 58,869,955</u>		<u>\$ 31,314,145</u>	<u>\$ 24,990,470</u>	<u>\$ 1,559,382</u>	<u>\$ 1,005,958</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, 2011 was \$174,962. 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, 2011 was 40 days.

***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, \$8,242,268 were rated AAA by Moody's and \$7,871,389 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.

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2011**

**Note 4. Capital Assets**

Governmental capital asset activity for the year ended June 30, 2011 was as follows:

	Balance June 30, 2010	Additions	Retirements and Transfers	Balance June 30, 2011
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 13,726,919	\$ -	\$ -	\$ 13,726,919
Construction in progress	5,010,566	3,175,118	(7,132,217)	1,053,467
Total capital assets, not being depreciated	<u>18,737,485</u>	<u>3,175,118</u>	<u>(7,132,217)</u>	<u>14,780,386</u>
Capital assets, being depreciated:				
Buildings and improvements	62,987,965	666,676	3,048,136	66,702,777
Machinery and equipment	12,916,160	2,919,276	220,036	16,055,472
Transportation equipment	22,181,250	945,093	(726,829)	22,399,514
Office furniture and equipment	1,363,616	118,199	-	1,481,815
Infrastructure	167,570,724	144,000	3,112,729	170,827,453
Total capital assets, being depreciated	<u>267,019,715</u>	<u>4,793,244</u>	<u>5,654,072</u>	<u>277,467,031</u>
Less accumulated depreciation for:				
Buildings	13,155,658	1,411,697	-	14,567,355
Improvements other than buildings	5,413,402	540,113	-	5,953,515
Infrastructure	53,168,122	6,787,286	-	59,955,408
Equipment	23,522,635	2,456,347	(804,166)	25,174,816
Total accumulated depreciation	<u>95,259,817</u>	<u>11,195,443</u>	<u>(804,166)</u>	<u>105,651,094</u>
Total capital assets being depreciated, net	<u>171,759,898</u>	<u>(6,402,199)</u>	<u>6,458,238</u>	<u>171,815,937</u>
Governmental activities, capital assets, net	<u>\$ 190,497,383</u>	<u>\$ (3,227,081)</u>	<u>\$ (673,979)</u>	<u>\$ 186,596,323</u>

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2011

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

Business-type capital asset activity for the year ended June 30, 2011 was as follows:

	Balance June 30, 2010	Additions	Retirements and Transfers	Balance June 30, 2011
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 5,409,966	\$ -	\$ -	\$ 5,409,966
Construction in progress	5,260,250	6,097,797	(4,224,376)	7,133,671
Total capital assets, not being depreciated	<u>10,670,216</u>	<u>6,097,797</u>	<u>(4,224,376)</u>	<u>12,543,637</u>
Capital assets, being depreciated:				
Utility plant in service	437,595,748	1,726,683	3,433,632	442,756,063
Machinery and equipment	1,650,463	29,597	(26,820)	1,653,240
Transportation equipment	2,325,828	-	(14,002)	2,311,826
Structures and improvements	8,505,894	73,273	247,527	8,826,694
Office furniture and equipment	1,316,006	9,575	-	1,325,581
Total capital assets, being depreciated	<u>451,393,939</u>	<u>1,839,128</u>	<u>3,640,337</u>	<u>456,873,404</u>
Less accumulated depreciation for:				
Utility plant in service	159,738,657	10,224,350	(790,744)	169,172,263
Machinery and equipment	930,191	97,802	(26,820)	1,001,173
Transportation equipment	1,861,697	182,549	(14,002)	2,030,244
Structures and improvements	4,052,092	196,824	-	4,248,916
Office furniture and equipment	1,033,084	109,402	-	1,142,486
Total accumulated depreciation	<u>167,615,721</u>	<u>10,810,927</u>	<u>(831,566)</u>	<u>177,595,082</u>
Total capital assets being depreciated, net	<u>283,778,218</u>	<u>(8,971,799)</u>	<u>4,471,903</u>	<u>279,278,322</u>
Business-type activities, capital assets, net	<u>\$ 294,448,434</u>	<u>\$ (2,874,002)</u>	<u>\$ 247,527</u>	<u>\$ 291,821,959</u>

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

Governmental activities	
General government	\$ 748,773
Public safety	941,366
Public works	8,173,899
Recreation	<u>1,331,406</u>
Total depreciation expense - governmental activities	<u>\$ 11,195,444</u>
Business-type activities	
Waterworks	\$ 7,378,944
Sewer	3,223,587
Civic center	104,139
Ice and events center	<u>104,257</u>
Total depreciation expense - business-type activities	<u>\$ 10,810,927</u>

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2011

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

The composition of interfund receivables and payables as of June 30, 2011 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	\$ 1,842,415	\$ -	\$ 2,995,139	\$ -
Special revenue funds:				
Youth Alternatives Grants	-	-	-	21,000
Community Development Block Grant	-	-	-	9,000
One Percent Sales Tax Fund	-	-	457,750	-
Local Law Enforcement Block Grants	-	-	-	288,000
Transportation Planning	-	-	-	85,000
State Grants	-	-	18,357	265,000
Recreation Programs	-	-	-	510,880
Miscellaneous Federal Grants	-	-	-	72,000
Capital projects funds:				
Athletic Facilities	-	-	-	377,951
Business-type activities:				
Waterworks	-	1,470,415	-	1,470,415
Ice and Events Center	-	372,000	-	372,000
	<u>\$ 1,842,415</u>	<u>\$ 1,842,415</u>	<u>\$ 3,471,246</u>	<u>\$ 3,471,246</u>

The balance of \$1,470,415 due from the waterworks fund to the general fund resulted from the Board of Public Utilities billing and collection of sanitation charges on behalf of the City. All other balances resulted from the time lag between dates that (1) interfund goods and services were provided or reimbursable expenses occurred, (2) transactions were recorded in the accounting systems, and (3) payments between funds were made.

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2011

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

Transfers for the year ended June 30, 2011 were as follows:

Fund	Transfers	
	In	Out
Governmental activities:		
General fund	\$ 516,291	\$ 940,243
Special revenue funds:		
State Grants	-	262,200
Solid Waste Management	-	402,400
Juvenile Justice	40,777	
Special Friends		40,777
UMTA Transit Grants	544,762	-
Permanent fund		
Cemetery Perpetual Care	-	13,891
Total governmental activities	<u>1,101,830</u>	<u>1,659,511</u>
Business-type activities:		
Ice and Events Center	293,281	-
Civic Center	264,400	-
Total business-type activities	<u>557,681</u>	<u>-</u>
Total primary government	<u>\$ 1,659,511</u>	<u>\$ 1,659,511</u>

During the year ended June 30, 2011, transfers were used to (1) move revenues from the fund that statute or budget requires expending them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Note 6. Leases**

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

The assets acquired through capital leases are as follows:

Asset	Governmental Activities
Machinery and equipment	\$ 3,127,575
Less accumulated depreciation	<u>(762,435)</u>
Total	<u>\$ 2,365,140</u>

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2011

**Note 6. Leases (Continued)**

The capital lease obligations payable as of June 30, 2011 were as follows:

Lease payable for landfill equipment, due in semi-annual installments of \$79,157, with interest of 3.98%, through June 2013.	\$ 302,012
Lease payable for landfill equipment, due in semi-annual installments of \$94,536, with interest of 3.60%, through June 2014.	505,565
Lease payable for landfill equipment, due in semi-annual installments of \$54,792 to \$54,901, variable interest rate through June 2013.	203,999
Lease payable for landfill equipment, due in semi-annual installments of \$139,152, with interest at 3.90%, through June 2017.	1,476,112
Lease payable for landfill equipment, due in semi-annual installments of \$100,269, with interest at 4.60%, through June 2016.	886,703
Lease payable for landfill equipment, due in semi-annual installments of \$112,881, with interest at 2.49%, through June 2018.	<u>1,442,067</u>
	<u><u>\$ 4,816,458</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011, were as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>
2012	\$ 1,161,728
2013	1,156,923
2014	857,270
2015	704,605
2016	704,605
Thereafter	<u>729,826</u>
Total minimum lease payments	5,314,957
Less amount representing interest	<u>(498,499)</u>
Present value of minimum lease payments	<u><u>\$ 4,816,458</u></u>

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2011

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**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, 2011</u>	<u>Amount Due Within One Year</u>
<i>Governmental activities</i>		
Refunding and Improvement Revenue Bonds, Series 2003, due in annual installments of \$150,000 to \$1,775,000 through April 2028 plus interest from 3.75% 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>\$ 8,975,000</u>	<u>\$ 150,000</u>

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2011

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

	<u>Balance at June 30, 2011</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.	2,615,000	2,615,000
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.	1,459,616	35,048
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.	888,103	281,714
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.	937,817	51,270
Due to the State of Wyoming, Water Development Commission, original amount of \$6,250,000, with interest at 4%, due annually on December 1. Annual principal and interest payments are \$306,348 through 2037. Secured by a mortgage on the Stage I pipeline and revenues from the Cheyenne Water System.	4,897,537	110,446

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2011

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

	Balance at June 30, 2011	Amount Due Within One Year
<i>Business-type activities (continued)</i>		
Refunding Revenue Water bonds, Series 2007, original amount of \$12,330,000, due in annual installments ranging from \$465,000 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.	10,995,000	485,000
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.	2,647,270	191,893
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.	4,816,594	215,817
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.	54,051	54,051
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.	239,441	45,663

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2011

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

	Balance at <u>June 30, 2011</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, 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.	1,060,826	121,430
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.	6,580,061	476,970
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.	2,541,535	141,732
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.	557,992	33,779

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2011

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

	Balance at <u>June 30, 2011</u>	Amount Due Within <u>One Year</u>
<i>Business-type activities (continued)</i>		
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF #074, advances on a \$375,000 loan for the planning phase of the Administration Building Project. Interest will accrue at 2.5% from the date of loan disbursements. Twenty annual payments of principal and interest will begin not later than one year after substantial completion of the project. The payments are currently estimated at \$18,453 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.	293,534	-
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 \$20,175 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.	320,915	-
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.	28,949,677	1,614,421
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #81, original amount of \$1,280,000 for the extension of Cheyenne's Recycled Water System Project, with interest at 2.5%, due annually on September 1. Annual principal and interest payments are \$81,843 through 2030. Secured by a pledge and assignment of revenues from the city's water system user fees necessary to meet the annual loan payment.	1,229,718	51,521

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2011

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

	<u>Balance at June 30, 2011</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 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.	848,586	40,671
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.	2,517,797	112,815
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 \$306,845 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.	4,880,920	-

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2011

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

	Balance at June 30, 2011	Amount Due Within One Year
	<u>                    </u>	<u>                    </u>
<i>Business-type activities (continued)</i>		
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #106, advances on a \$3,500,000 loan for the construction phase of the Administration Building Project. Interest will accrue at 2.5% from the date of loan disbursements. Twenty annual payments of principal will begin not later than one year after substantial completion of the project. The payments are currently estimated at \$26,084 per year. Secured by a pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	414,917	-
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #115, advances on a \$3,500,000 loan for the construction phase of the Administration Building Project. Interest will accrue at 2.5% from the date of loan disbursements. Twenty annual payments of principal will begin not later than one year after substantial completion of the project. The payments are currently estimated at \$26,084 per year. Secured by a pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	<u>414,917</u>	<u>-</u>
 Total business-type activities	 <u>80,161,824</u>	 <u>6,679,241</u>
 Total long-term debt	 <u><u>\$ 89,136,824</u></u>	 <u><u>\$ 6,829,241</u></u>

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2011

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

The annual debt service requirements of the long-term debt and current principal maturities as of June 30, 2011, are as follows:

Year Ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2012	150,000	405,787	6,679,241	2,207,260
2013	200,000	400,162	4,545,643	2,281,615
2014	225,000	392,663	4,677,703	2,146,430
2015	250,000	383,100	4,547,497	2,006,628
2016	300,000	372,475	4,571,043	1,873,415
2017-2021	2,050,000	1,633,813	23,545,212	6,932,440
2022-2026	3,250,000	1,063,313	23,707,731	3,421,683
2027-2031	2,550,000	200,031	5,854,731	865,068
2032-2036			1,735,116	272,410
2037	-	-	297,907	11,916
	<u>\$ 8,975,000</u>	<u>\$ 4,851,344</u>	<u>\$ 80,161,824</u>	<u>\$ 22,018,865</u>

The balances above do not include the unamortized bond premium or the deferred loss on refunding in the net amount of \$266,213 that are reported as components of bonds payable.

In July 2011, the Board entered into a loan agreement with the State of Wyoming, Office of State Lands and Investment, DWSRF #120, for the financing of the construction of the Southern Water Main Transmission project. The authorized amount of the loan is \$9,400,000 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. Additionally, the Board received approval of a \$14,029,800 grant from the Wyoming Water Development Commission for the project. The grant provisions require the Board to increase the capital additions and replacement restricted cash balance from \$300,000 to \$400,000.

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2011

**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, 2011.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Revenue bonds	\$ 9,075,000	\$ -	\$ (100,000)	\$ 8,975,000	\$ 150,000
Capital leases	4,207,504	1,553,444	(944,490)	4,816,458	998,317
Compensated absences	4,028,088	2,381,877	(2,123,590)	4,286,375	2,643,705
Landfill closure and post closure costs	<u>10,770,546</u>	<u>420,275</u>		<u>11,190,821</u>	<u>-</u>
Governmental activity long-term liabilities	<u>\$ 28,081,138</u>	<u>\$ 4,355,596</u>	<u>\$ (3,168,080)</u>	<u>\$ 29,268,654</u>	<u>\$ 3,792,022</u>
Business-type activities					
General obligation bonds	\$ 5,465,000	\$ -	\$ (2,850,000)	\$ 2,615,000	\$ 2,615,000
Refunding revenue bonds	11,460,000	-	(465,000)	10,995,000	485,000
Loans payable	71,207,860	3,364,417	(8,020,453)	66,551,824	3,481,351
Less deferred amounts					
Premium	387,911	-	(50,605)	337,306	-
On refunding	(206,973)	-	135,880	(71,093)	-
Compensated absences	<u>1,146,167</u>	<u>222,236</u>	<u>(236,226)</u>	<u>1,132,177</u>	<u>235,124</u>
Business-type activity long-term liabilities	<u>\$ 89,459,965</u>	<u>\$ 3,586,653</u>	<u>\$ (11,486,404)</u>	<u>\$ 81,560,214</u>	<u>\$ 6,816,475</u>

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

***Advance and Current Refundings***

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

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2011

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

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

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

On 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***

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

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

Police State Retirement is funded by amounts withheld from participating employees' salaries and by contributions from the City. These contributions are determined by state statutes and as of June 30, 2011, the percentages to be contributed on compensation were 8.6% by the employees and the same by the City.

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

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

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

The City's contribution to the Police State Retirement for the years ended June 30, 2011, 2010 and 2009 were \$526,254, \$599,945, and \$546,082, 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, 2011, 2010 and 2009 were \$784,560, \$767,244 and \$661,619 respectively, equal to the required contributions for each year plus the City's share of the required employee contribution.

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

The City participates in the Wyoming Retirement System ("System"), a statewide cost-sharing multiple-employer public employee retirement system administered by the State of Wyoming Retirement System Board. Substantially all city full-time employees not covered by the Police or Fire Plans are eligible to participate. Participants who retire at age 60 with four years of credited service are entitled to a retirement benefit according to predetermined

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2011

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

*Wyoming Retirement System (continued)*

formulas and are allowed to select one of seven optional methods for receiving benefits. Early retirement is allowed provided the employee has completed four years of service and attained the age of 50, but will result in a reduction of benefits based on the length of time remaining to normal retirement age. The System also provides death and disability benefits. Benefits are established by State statutes. The System issues a publicly available financial report which includes audited financial statements and required supplementary information. The report may be obtained by writing to the Wyoming Retirement System, 6101 Yellowstone Road, Suite 500, Cheyenne, Wyoming 82002.

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

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

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

The City and Board's contributions to the System for the years ended June 30, 2011, 2010 and 2009 were \$2,142,847, \$2,184,596 and \$1,897,977, respectively, equal to the required contributions for each year, plus the City's share of the required employee contribution.

The Board employees have the option to participate in one of two defined contribution plans. The defined contribution plans include the Wyoming Deferred Compensation program (457 Plan) administered by the Wyoming Retirement System and a defined contribution plan administered by VALIC Financial Advisors. Employees are allowed to contribute the maximum amount per Internal Revenue Service guidelines. The total employee contributions for the years ended June 30, 2011, 2010 and 2009 were \$841,770, \$963,105 and \$863,569, respectively. Beginning July 1, 2008, the Board and City elected to match an employee's contribution up to \$25 per month. The City's match ended on January 31, 2010. The Board continues to provide a match. The total matching contributions for the years ended June 30, 2011, 2010 and 2009 were \$29,575, \$91,164 and \$114,229, respectively.

**Note 9. Risk Management**

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

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2011

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

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

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

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

**Note 10. Compensated Absences**

Compensated absences have been accrued in the financial statements of the City and consist of the following at June 30, 2011:

	<u>Vacation Leave</u>	<u>Sick Leave</u>	<u>Compensatory Time</u>	<u>Total</u>
Governmental activities	<u>\$ 2,238,770</u>	<u>\$ 2,047,604</u>	<u>\$ -</u>	<u>\$ 4,286,374</u>
Business-type activities				
Waterworks fund	285,205	289,807	74,774	649,786
Sewer fund	190,136	193,205	49,850	433,191
Civic Center fund	22,573	23,505	-	46,078
Ice and Events Center fund	<u>1,384</u>	<u>1,737</u>	<u>-</u>	<u>3,120</u>
Total business-type activities	<u>499,298</u>	<u>508,254</u>	<u>124,624</u>	<u>1,132,175</u>
Total all funds	<u>\$ 2,738,068</u>	<u>\$ 2,555,858</u>	<u>\$ 124,624</u>	<u>\$ 5,418,549</u>

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

**Note 11. Industrial Revenue Bonds**

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

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2011

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

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports the estimated liability for these closure and post closure costs in the government-wide financial statements based on landfill capacity used as of each balance sheet date. The current operating costs of the landfill are accounted for within the Solid Waste Management Fund of the City using the modified accrual basis of accounting. The \$11,190,821 reported as landfill closure and post closure care liability at June 30, 2011, represents the cumulative amount estimated to date based on the use of 93% of the estimated capacity of the site. The city will recognize the remaining estimated cost of closure and post closure care of \$879,887 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 2011. In the event no action is taken by the City to expand the landfill, the City expects the landfill site to be at full capacity in approximately 9 years. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

**Note 13. Commitments**

As of June 30, 2011, 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 2011, the amounts below represent the activity pertaining to the contract as a whole.

	Expended to Date at June 30, 2011	Total Contract	Total Commitment at June 30, 2011
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Governmental Activities</b>			
Norris Viaduct Replacement	\$ 17,796,872	\$ 18,043,937	\$ 247,065
FY11 City Overlay	48,528	1,730,597	1,682,069
FY11 Concrete	137,579	472,704	335,125
Westland Road Overlay & Improvements	171,407	938,955	767,548
Snyder Avenue Stormwater Pipeline	-	322,475	322,475
Romero Park Playground Safety Surfacing	-	77,381	77,381
Carey & Pioneer Ave Rehab	3,632,524	3,803,409	170,885
	<u>21,786,910</u>	<u>25,389,458</u>	<u>3,602,548</u>
<b>Business-type Activities</b>			
Carey Avenue City Project	628,976	713,654	84,678
W. Lincolnway - WYDOT Project	265,472	395,732	130,260
30" Water Transmission Main/WAFB	4,901,297	5,240,341	339,044
FY11 Water Rehabs	157,111	828,644	671,533
Administration Building - Engineering	425,214	503,872	78,658
Administration Building - Construction	873,660	4,756,857	3,883,197
FY11 Sewer Main Rehabs	267,735	434,685	166,950
	<u>7,519,465</u>	<u>12,873,785</u>	<u>5,354,320</u>
<b>Total business-type activities</b>	<u>7,519,465</u>	<u>12,873,785</u>	<u>5,354,320</u>
<b>Total primary government</b>	<u>\$ 29,306,375</u>	<u>\$ 38,263,243</u>	<u>\$ 8,956,868</u>

# CITY OF CHEYENNE, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

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### **Note 13. Commitments (continued)**

In addition, the City entered into an agreement to purchase real property in the Swan Ranch Development for a pre-determined amount equal to the amounts collected by the City for development fees on the Swan Ranch Development. The total purchase price and development fee revenue to be received are \$6,650,640 to be paid/received in ten installments from July 1, 2011 through December 20, 2012.

### **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 34 persons eligible for this program and 21 participants at June 30, 2011.

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, WYOMING**

NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2011

**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	\$ 149,828	\$ -
Interest on net OPEB obligation	(5,789)	-
Adjustment to annual required contribution	<u>8,576</u>	<u>-</u>
 Annual OPEB Cost	 152,615	 -
Contributions made	<u>(188,936)</u>	<u>-</u>
 Change in net OPEB obligation	 (36,321)	 -
Net OPEB obligation - beginning of year	<u>(128,636)</u>	<u>-</u>
Net OPEB obligation - end of year	<u><u>\$ (164,957)</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 2011, 2010 and 2009 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>			
6/30/2011	152,615	123.80%	(164,957)
6/30/2010	150,385	131.70%	(128,636)
6/30/2009	130,771	138.60%	(80,934)
 <b>Implicit Rate Subsidy Health Insurance Plan:</b>			
6/30/2011	Eliminated as of 7/1/2009		
6/30/2010	Eliminated as of 7/1/2009		
6/30/2009	13,231	368.90%	(65,402)

**CITY OF CHEYENNE, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2011

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

*Funded Status and Funding Progress.* The funded status of the plans as of June 30, 2011, was as follows:

	Post Retirement Health Insurance Plan	Implicit Rate Subsidy Health Insurance Plan
Actuarial accrued liability (a)	\$ 3,360,415	\$ -
Actuarial value of plan assets (b)	-	-
Unfunded actuarial accrued liability (funding excess) (a) - (b)	\$ 3,360,415	\$ -
Funded ratio (b) / (a)	0%	0%
Covered payroll (c)	\$ 5,519,150	\$ -
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll $[(a) - (b)] / (c)$	60.89%	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, WYOMING**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2011

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

	Post Retirement Health Insurance Plan	Implicit Rate Subsidy Health Insurance Plan
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:		
Discount rate	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**

**CITY OF CHEYENNE, WYOMING**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GAAP BASIS - GENERAL FUND  
Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes				
Motor vehicle	\$ 1,150,000	\$ 1,150,000	\$ 1,057,104	\$ (92,896)
Property	4,107,485	4,107,485	4,076,505	(30,980)
Franchise	4,463,190	4,463,190	4,299,178	(164,012)
Licenses and permits	1,871,500	1,871,500	1,919,256	47,756
Intergovernmental	21,523,831	21,571,588	23,386,383	1,814,795
Charges for services	10,457,833	10,457,833	10,569,218	111,385
Fines	1,426,126	1,426,126	1,225,453	(200,673)
Investment income	196,810	198,203	69,857	(128,346)
Miscellaneous	533,255	897,312	980,017	82,705
Total revenues	<u>45,730,030</u>	<u>46,143,237</u>	<u>47,582,971</u>	<u>1,439,734</u>
<b>Expenditures</b>				
General government				
City Council	350,740	1,714,905	644,711	1,070,194
Mayor	2,049,093	2,081,668	1,910,632	171,036
City Clerk	2,454,965	2,484,692	2,290,741	193,951
Planning and development	2,418,858	2,459,279	2,404,257	55,022
Budget and finance	550,968	557,864	527,918	29,946
General accounts	3,241,378	3,838,265	3,810,128	28,137
Public works	9,631,900	9,649,419	9,786,433	(137,014)
Public safety				
Police	10,675,092	10,637,628	10,091,352	546,276
Fire	8,702,332	8,724,550	8,661,311	63,239
Recreation	4,894,404	5,006,325	4,818,115	188,210
Capital	129,780	736,663	488,414	248,249
Debt service	509,290	509,290	508,413	877
Total expenditures	<u>45,608,800</u>	<u>48,400,548</u>	<u>45,942,425</u>	<u>2,458,123</u>
Excess (deficiency) of revenues over expenditures	<u>121,230</u>	<u>(2,257,311)</u>	<u>1,640,546</u>	<u>3,897,857</u>
<b>Other financing sources (uses)</b>				
Transfers in	530,670	530,670	516,291	(14,379)
Transfers out	(651,900)	(751,900)	(940,243)	(188,343)
Total other financing sources and uses	<u>(121,230)</u>	<u>(221,230)</u>	<u>(423,952)</u>	<u>(202,722)</u>
Net change in fund balance	-	(2,478,541)	1,216,594	\$ <u>3,695,135</u>
Fund balance - beginning of year	<u>9,265,425</u>	<u>9,265,425</u>	<u>9,265,425</u>	
Fund balance - end of year	<u>\$ 9,265,425</u>	<u>\$ 6,786,884</u>	<u>\$ 10,482,019</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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ 6,878,900	\$ 6,878,900	\$ 10,594,040	\$ 3,715,140
Investment income	621,000	621,000	321,530	(299,470)
Miscellaneous	-	-	-	-
Total revenues	<u>7,499,900</u>	<u>7,499,900</u>	<u>10,915,570</u>	<u>3,415,670</u>
<b>Expenditures</b>				
General government				
General accounts	8,500	8,500	-	8,500
Public safety				
Fire	-	149,104	119,175	29,929
Public works	1,564,583	2,162,538	2,014,142	148,396
Health and welfare	519,500	519,500	519,500	-
Recreation	50,000	155,594	181,755	(26,161)
Capital	4,872,000	23,575,007	7,565,433	16,009,574
Total expenditures	<u>7,014,583</u>	<u>26,570,243</u>	<u>10,400,005</u>	<u>16,170,238</u>
Excess (deficiency) of revenues over expenditures	485,317	(19,070,343)	515,565	<u>\$ 19,585,908</u>
Fund balance - beginning of year	<u>22,431,407</u>	<u>22,431,407</u>	<u>22,431,407</u>	
Fund balance - end of year	<u>\$ 22,916,724</u>	<u>\$ 3,361,064</u>	<u>\$ 22,946,972</u>	

## CITY OF CHEYENNE, WYOMING

### NOTE TO THE BUDGETARY SCHEDULES

June 30, 2011

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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, 2011**

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%
6/30/2008	-	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%
6/30/2008	-	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 revenue resources that are legally restricted or committed to expenditure for particular purposes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Debt Service Fund**

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

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

### **Capital Projects Funds**

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

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

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

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

### **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, 2011

	Special Revenue Funds		
	Weed and Pest Control	Youth Alternative Grants	Juvenile Justice
<b>ASSETS</b>			
Cash and cash equivalents	\$ 328,673	\$ 692	\$ 141,386
Investments, at fair value	-	-	-
Receivables			
Accrued interest	-	-	-
Customers	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
Prepaid items	-	-	-
Cash and cash equivalents - restricted	-	-	-
Investments - restricted	-	-	-
Total assets	\$ 328,673	\$ 692	\$ 141,386
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 40,863	\$ 2,926	\$ 44
Accrued salaries including vacation and sick leave	-	-	-
Due to other funds	-	21,000	-
Deferred revenue	-	-	-
Total liabilities	40,863	23,926	44
Fund balances			
Restricted for:			
Weed and pest programs	287,810	-	-
Specific capital projects	-	-	-
Cemetery projects	-	-	-
Juvenile justice programs	-	-	141,342
Transit program	-	-	-
Housing programs	-	-	-
Committed to:			
Capital projects	-	-	-
Landfill development	-	-	-
Annexation improvements	-	-	-
Youth programs	-	-	-
Assigned to:			
Youth programs	-	-	-
Unassigned	-	(23,234)	-
Total fund balances (deficits)	287,810	(23,234)	141,342
Total liabilities and fund balances	\$ 328,673	\$ 692	\$ 141,386

Special Revenue Funds

Special Friends	Local Fees	Community Development Block Grant	Law Enforcement Block Grant	Miscellaneous Federal Grants
\$ 190,784	\$ 520,168	\$ 89	\$ 3,901	\$ 361
-	-	-	-	-
-	-	-	-	-
-	-	72,108	311,249	96,069
-	-	-	-	-
-	-	-	-	-
<u>\$ 190,784</u>	<u>\$ 520,168</u>	<u>\$ 72,197</u>	<u>\$ 315,150</u>	<u>\$ 96,430</u>
\$ 3,545	\$ 8,363	\$ 63,949	\$ 29,473	\$ 42,949
-	-	-	-	-
-	-	9,000	288,000	72,000
-	-	-	11,359	21,828
<u>3,545</u>	<u>8,363</u>	<u>72,949</u>	<u>328,832</u>	<u>136,777</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	511,805	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
187,239	-	-	-	-
-	-	(752)	(13,682)	(40,347)
<u>187,239</u>	<u>511,805</u>	<u>(752)</u>	<u>(13,682)</u>	<u>(40,347)</u>
<u>\$ 190,784</u>	<u>\$ 520,168</u>	<u>\$ 72,197</u>	<u>\$ 315,150</u>	<u>\$ 96,430</u>

**CITY OF CHEYENNE, WYOMING**

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

June 30, 2011

	Special Revenue Funds		
	Transportation Planning	UMTA Transit Grant	Solid Waste Management
<b>ASSETS</b>			
Cash and cash equivalents	\$ 888	\$ 308,172	\$ 3,623,347
Investments, at fair value	-	-	5,761,543
Receivables			
Accrued interest	-	-	24,367
Customers	-	-	25,648
Due from other funds	-	-	-
Due from other governments	147,492	83,849	-
Prepaid items	-	-	-
Cash and cash equivalents - restricted	-	-	-
Investments - restricted	-	-	-
Total assets	\$ 148,380	\$ 392,021	\$ 9,434,905
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 61,360	\$ 2,754	\$ 237,209
Accrued salaries including vacation and sick leave	-	-	-
Due to other funds	85,000	-	-
Deferred revenue	58,561	-	-
Total liabilities	204,921	2,754	237,209
Fund balances			
Restricted for:			
Weed and pest programs	-	-	-
Specific capital projects	-	-	-
Cemetery projects	-	-	-
Juvenile justice programs	-	-	-
Transit program	-	389,267	-
Housing programs	-	-	-
Committed to:			
Capital projects	-	-	-
Landfill development	-	-	9,197,696
Annexation improvements	-	-	-
Youth programs	-	-	-
Assigned to:			
Youth programs	-	-	-
Unassigned	(56,541)	-	-
Total fund balances (deficits)	(56,541)	389,267	9,197,696
Total liabilities and fund balances	\$ 148,380	\$ 392,021	\$ 9,434,905

Special Revenue Funds				Debt Service Fund
State Grants	Recreation Programs	Annexation Improvements	Housing Loans	JPA Loans
\$ 2,316	\$ 430,517	\$ 405,745	\$ 330,769	\$ 3,297
-	-	-	-	-
-	-	-	-	-
-	7,384	-	93,295	-
18,357	-	-	-	-
200,045	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 220,718</u>	<u>\$ 437,901</u>	<u>\$ 405,745</u>	<u>\$ 424,064</u>	<u>\$ 3,297</u>
\$ 34,377	\$ 27,643	\$ 171,466	\$ 5,125	\$ -
-	-	-	-	-
265,000	510,880	-	-	-
-	-	-	93,295	-
<u>299,377</u>	<u>538,523</u>	<u>171,466</u>	<u>98,420</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	3,297
-	-	-	-	-
-	-	-	-	-
-	-	-	325,644	-
-	-	-	-	-
-	-	-	-	-
-	-	234,279	-	-
-	-	-	-	-
(78,659)	(100,622)	-	-	-
<u>(78,659)</u>	<u>(100,622)</u>	<u>234,279</u>	<u>325,644</u>	<u>3,297</u>
<u>\$ 220,718</u>	<u>\$ 437,901</u>	<u>\$ 405,745</u>	<u>\$ 424,064</u>	<u>\$ 3,297</u>

**CITY OF CHEYENNE, WYOMING**

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

June 30, 2011

	Capital Projects Funds		
	Youth Alternatives	Athletic Facilities	Capital Facilities Tax
<b>ASSETS</b>			
Cash and cash equivalents	\$ 72,478	\$ 225,901	\$ -
Investments, at fair value	-	-	-
Receivables			
Accrued interest	-	-	14,999
Customers	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	190,471
Prepaid items	-	-	-
Cash and cash equivalents - restricted	-	-	1,270,184
Investments - restricted	-	-	3,546,658
Total assets	\$ 72,478	\$ 225,901	\$ 5,022,312
 <b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ -	\$ 2,681	\$ 21,291
Accrued salaries including vacation and sick leave	-	-	-
Due to other funds	-	377,951	-
Deferred revenue	-	-	-
Total liabilities	-	380,632	21,291
 Fund balances			
Restricted for:			
Weed and pest programs	-	-	-
Specific capital projects	-	-	5,001,021
Cemetery projects	-	-	-
Juvenile justice programs	-	-	-
Transit program	-	-	-
Housing programs	-	-	-
Committed to:			
Capital projects	-	-	-
Landfill development	-	-	-
Annexation improvements	-	-	-
Youth programs	72,478	-	-
Assigned to:			
Youth programs	-	-	-
Unassigned	-	(154,731)	-
Total fund balances (deficits)	72,478	(154,731)	5,001,021
Total liabilities and fund balances	\$ 72,478	\$ 225,901	\$ 5,022,312

<u>Permanent Fund</u>		
<u>Cemetery Perpetual Care</u>		<u>Nonmajor Governmental Funds Total</u>
\$ 116,057		\$ 6,705,541
479,970		6,241,513
-		39,366
1,412		127,739
-		18,357
-		1,101,283
-		-
-		1,270,184
-		3,546,658
<u>\$ 597,439</u>		<u>\$ 19,050,641</u>
\$ 9,250		\$ 765,268
-		-
-		1,628,831
-		185,043
<u>9,250</u>		<u>2,579,142</u>
-		287,810
-		5,004,318
588,189		588,189
-		141,342
-		389,267
-		325,644
-		511,805
-		9,197,696
-		234,279
-		72,478
-		187,239
-		(468,568)
<u>588,189</u>		<u>16,471,499</u>
<u>\$ 597,439</u>		<u>\$ 19,050,641</u>

**CITY OF CHEYENNE, WYOMING**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
Year Ended June 30, 2011

	Special Revenue Funds		
	Weed and Pest Control	Youth Alternatives Grants	Juvenile Justice
<b>Revenues</b>			
Intergovernmental	\$ 542,233	\$ 293,601	\$ 307,692
Charges for services	-	-	-
Investment income	-	-	-
Miscellaneous	7,938	7,580	26,052
<b>Total revenues</b>	<u>550,171</u>	<u>301,181</u>	<u>333,744</u>
<b>Expenditures</b>			
Current			
General government	-	-	44,802
Public safety	-	203,242	273,408
Public works	-	-	-
Health and welfare	524,698	146,168	-
Recreation	-	-	-
Capital outlay	-	-	-
Debt service			
Principal retirements	-	-	-
Interest payments	-	-	-
<b>Total expenditures</b>	<u>524,698</u>	<u>349,410</u>	<u>318,210</u>
<b>Revenues over (under) expenditures</b>	<u>25,473</u>	<u>(48,229)</u>	<u>15,534</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	40,777
Transfers out	-	-	-
Issuance of debt	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>40,777</u>
<b>Net change in fund balances</b>	25,473	(48,229)	56,311
<b>Fund balances (deficits) - beginning of year</b>	<u>262,337</u>	<u>24,995</u>	<u>85,031</u>
<b>Fund balances (deficits) - end of year</b>	<u>\$ 287,810</u>	<u>\$ (23,234)</u>	<u>\$ 141,342</u>

Special Revenue Funds

Special Friends	Local Fees	Community Development Block Grant	Law Enforcement Block Grant	Miscellaneous Federal Grants
\$ 40,988	\$ -	\$ 722,787	\$ 1,217,146	\$ 1,137,309
-	175,210	-	-	-
-	1,435	-	-	-
60,364	-	-	3,000	-
<u>101,352</u>	<u>176,645</u>	<u>722,787</u>	<u>1,220,146</u>	<u>1,137,309</u>
-	-	-	-	30,798
26,976	-	-	1,220,000	277,215
-	-	-	-	10,812
71,540	-	722,787	-	-
-	2,550	-	-	48,760
-	168,280	-	-	781,260
-	-	-	-	-
<u>98,516</u>	<u>170,830</u>	<u>722,787</u>	<u>1,220,000</u>	<u>1,148,845</u>
<u>2,836</u>	<u>5,815</u>	<u>-</u>	<u>146</u>	<u>(11,536)</u>
-	-	-	-	-
(40,777)	-	-	-	-
-	-	-	-	-
<u>(40,777)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(37,941)	5,815	-	146	(11,536)
<u>225,180</u>	<u>505,990</u>	<u>(752)</u>	<u>(13,828)</u>	<u>(28,811)</u>
<u>\$ 187,239</u>	<u>\$ 511,805</u>	<u>\$ (752)</u>	<u>\$ (13,682)</u>	<u>\$ (40,347)</u>

**CITY OF CHEYENNE, WYOMING**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
Year Ended June 30, 2011

	Special Revenue Funds		
	Transportation Planning	UMTA Transit Grant	Solid Waste Management
<b>Revenues</b>			
Intergovernmental	\$ 659,856	\$ 1,897,591	\$ -
Charges for services	-	-	4,377,283
Investment income	-	-	120,837
Miscellaneous	-	233,437	58,380
<b>Total revenues</b>	<b>659,856</b>	<b>2,131,028</b>	<b>4,556,500</b>
<b>Expenditures</b>			
Current			
General government	-	-	-
Public safety	-	-	-
Public works	605,050	1,468,043	3,129,947
Health and welfare	-	-	-
Recreation	-	-	-
Capital outlay	4,638	1,041,284	1,771,186
Debt service			
Principal retirements	-	-	944,490
Interest payments	-	-	164,530
<b>Total expenditures</b>	<b>609,688</b>	<b>2,509,327</b>	<b>6,010,153</b>
<b>Revenues over (under) expenditures</b>	<b>50,168</b>	<b>(378,299)</b>	<b>(1,453,653)</b>
<b>Other financing sources (uses)</b>			
Transfers in	-	544,762	-
Transfers out	-	-	(402,400)
Issuance of debt	-	-	1,553,444
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>544,762</b>	<b>1,151,044</b>
<b>Net change in fund balances</b>	<b>50,168</b>	<b>166,463</b>	<b>(302,609)</b>
<b>Fund balances (deficits) - beginning of year</b>	<b>(106,709)</b>	<b>222,804</b>	<b>9,500,305</b>
<b>Fund balances (deficits) - end of year</b>	<b>\$ (56,541)</b>	<b>\$ 389,267</b>	<b>\$ 9,197,696</b>

Special Revenue Funds				Debt Service Fund
State Grants	Recreation Programs	Annexation Improvements	Housing Loans	JPA Loans
\$ 655,770	\$ 14,599	\$ -	\$ -	\$ -
-	832,971	-	-	-
-	669	1,523	26,830	91
226,100	-	300	61,626	-
881,870	848,239	1,823	88,456	91
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	78,478	-
-	770,560	-	-	-
544,922	-	-	-	-
-	-	-	-	-
-	-	-	-	-
544,922	770,560	-	78,478	-
336,948	77,679	1,823	9,978	91
-	-	-	-	-
(262,200)	-	-	-	-
-	-	-	-	-
(262,200)	-	-	-	-
74,748	77,679	1,823	9,978	91
(153,407)	(178,301)	232,456	315,666	3,206
\$ (78,659)	\$ (100,622)	\$ 234,279	\$ 325,644	\$ 3,297

**CITY OF CHEYENNE, WYOMING**

COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
Year Ended June 30, 2011

	Capital Projects Funds		
	Youth Alternatives	Athletic Facilities	Capital Facilities Tax
<b>Revenues</b>			
Intergovernmental	\$ -	\$ -	\$ 1,147,461
Charges for services	-	206,435	-
Investment income	-	324	73,013
Miscellaneous	5,380	-	-
<b>Total revenues</b>	<u>5,380</u>	<u>206,759</u>	<u>1,220,474</u>
<b>Expenditures</b>			
Current			
General government	-	-	10,733
Public safety	3,509	-	-
Public works	-	-	-
Health and welfare	-	-	-
Recreation	-	20,328	91,744
Capital outlay	-	98,892	587,834
Debt service			
Principal retirements	-	-	-
Interest payments	-	-	-
<b>Total expenditures</b>	<u>3,509</u>	<u>119,220</u>	<u>690,311</u>
<b>Revenues over (under) expenditures</b>	<u>1,871</u>	<u>87,539</u>	<u>530,163</u>
<b>Other financing sources (uses)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Issuance of debt	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	1,871	87,539	530,163
<b>Fund balances (deficits) - beginning of year</b>	<u>70,607</u>	<u>(242,270)</u>	<u>4,470,858</u>
<b>Fund balances (deficits) - end of year</b>	<u>\$ 72,478</u>	<u>\$ (154,731)</u>	<u>\$ 5,001,021</u>

<u>Permanent Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Cemetery Perpetual Care	
\$ -	\$ 8,637,033
-	5,591,899
10,881	235,603
<u>32,892</u>	<u>723,049</u>
<u>43,773</u>	<u>15,187,584</u>
4,979	91,312
-	2,004,350
-	5,213,852
-	1,543,671
-	933,942
-	4,998,296
-	944,490
-	<u>164,530</u>
<u>4,979</u>	<u>15,894,443</u>
<u>38,794</u>	<u>(706,859)</u>
-	585,539
(13,891)	(719,268)
-	1,553,444
<u>(13,891)</u>	<u>1,419,715</u>
24,903	712,856
<u>563,286</u>	<u>15,758,643</u>
<u>\$ 588,189</u>	<u>\$ 16,471,499</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, 2011

	<u>Civic Center Fund</u>	<u>Ice and Events Center Fund</u>	<u>Nonmajor Proprietary Funds Totals</u>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 372,802	\$ 845	\$ 373,647
Receivables			
Customers	3,756	6,583	10,339
Total current assets	<u>376,558</u>	<u>7,428</u>	<u>383,986</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	2,967,610	6,736,170
Office furniture and equipment	381,981	37,575	419,556
	<u>4,646,471</u>	<u>3,475,332</u>	<u>8,121,803</u>
Less accumulated depreciation	<u>(3,499,311)</u>	<u>(353,610)</u>	<u>(3,852,921)</u>
Total capital assets (net of accumulated depreciation)	<u>1,147,160</u>	<u>3,121,722</u>	<u>4,268,882</u>
Total noncurrent assets	<u>1,147,160</u>	<u>3,121,722</u>	<u>4,268,882</u>
Total assets	<u>\$ 1,523,718</u>	<u>\$ 3,129,150</u>	<u>\$ 4,652,868</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 67,773	\$ 7,467	\$ 75,240
Unearned revenue	281,652	-	281,652
Due to other funds	-	372,000	372,000
Accrued salaries including vacation and sick leave	15,409	3,120	18,529
Total current liabilities	<u>364,834</u>	<u>382,587</u>	<u>747,421</u>
Long term liabilities			
Accrued compensated absences	30,669	-	30,669
Total liabilities	<u>395,503</u>	<u>382,587</u>	<u>778,090</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	1,147,160	3,121,722	4,268,882
Unrestricted (deficit)	<u>(18,945)</u>	<u>(375,159)</u>	<u>(394,104)</u>
Total net assets	<u>\$ 1,128,215</u>	<u>\$ 2,746,563</u>	<u>\$ 3,874,778</u>

**CITY OF CHEYENNE, WYOMING**

**COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN FUND NET ASSETS - NONMAJOR PROPRIETARY FUNDS  
Year Ended June 30, 2011**

	Civic Center Fund	Ice and Events Center Fund	Nonmajor Proprietary Funds Totals
Operating revenues			
Sales and charges for services	\$ 697,564	\$ 425,167	\$ 1,122,731
Fees and miscellaneous	95,057	7,545	102,602
Total operating revenues	<u>792,621</u>	<u>432,712</u>	<u>1,225,333</u>
Operating expenses			
Administrative and general	866,498	429,779	1,296,277
Depreciation	104,139	104,257	208,396
Parts and supplies	23,246	21,924	45,170
Intra-city charges	14,900	17	14,917
Total operating expenses	<u>1,008,783</u>	<u>555,977</u>	<u>1,564,760</u>
Operating income (loss)	<u>(216,162)</u>	<u>(123,265)</u>	<u>(339,427)</u>
Non-operating income (expenses)			
Investment income	-	-	-
Interest income	-	-	-
Capital contributions	-	-	-
Transfers in (out)	<u>264,400</u>	<u>293,281</u>	<u>557,681</u>
Change in net assets	48,238	170,016	218,254
Total net assets - beginning of year	<u>1,079,977</u>	<u>2,576,547</u>	<u>3,656,524</u>
Total net assets - end of year	<u>\$ 1,128,215</u>	<u>\$ 2,746,563</u>	<u>\$ 3,874,778</u>

**CITY OF CHEYENNE, WYOMING**

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

Year Ended June 30, 2011

	<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	\$ 834,432	\$ 413,595	\$ 1,248,027
Cash payments to suppliers	(494,291)	(241,516)	(735,807)
Cash payments to employees	<u>(371,745)</u>	<u>(221,813)</u>	<u>(593,558)</u>
Net cash (used in) operating activities	<u>(31,604)</u>	<u>(49,734)</u>	<u>(81,338)</u>
Cash flows from noncapital financing activities			
Transfers from other funds	<u>264,400</u>	<u>293,281</u>	<u>557,681</u>
Net cash provided by noncapital financing activities	<u>264,400</u>	<u>293,281</u>	<u>557,681</u>
Cash flows from capital and related financing activities			
Proceeds from due to other funds	-	47,000	47,000
Acquisition and construction of capital assets	<u>-</u>	<u>(293,282)</u>	<u>(293,282)</u>
Net cash (used in) provided by capital and related financing activities	<u>-</u>	<u>(246,282)</u>	<u>(246,282)</u>
Cash flows from investing activities			
Interest on cash accounts and investments	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by investing activities	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	232,796	(2,735)	230,061
Cash and cash equivalents - beginning of year	<u>140,006</u>	<u>3,580</u>	<u>143,586</u>
Cash and cash equivalents - end of year	<u>\$ 372,802</u>	<u>\$ 845</u>	<u>\$ 373,647</u>
Combined components of cash and cash equivalents			
Cash and cash equivalents	<u>\$ 372,802</u>	<u>\$ 845</u>	<u>\$ 373,647</u>

**CITY OF CHEYENNE, WYOMING**

**COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS (CONTINUED)  
Year Ended June 30, 2011**

	Civic Center Fund	Ice and Events Center Fund	Nonmajor Proprietary Funds Totals
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ (216,162)	\$ (123,265)	\$ (339,427)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	104,139	104,257	208,396
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities			
Receivables	(903)	(249)	(1,152)
Prepaid expenses	-	-	-
Accounts payable	34,790	(9,316)	25,474
Accrued salaries including vacation and sick leave	3,818	(2,293)	1,525
Deferred revenue	42,714	(18,868)	23,846
	<u>\$ (31,604)</u>	<u>\$ (49,734)</u>	<u>\$ (81,338)</u>
Net cash provided by (used in) operating activities			

**CITY OF CHEYENNE, WYOMING**

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUND  
Year Ended June 30, 2011**

	<u>DARE</u>
<b>ADDITIONS</b>	
Contributions	\$ 100
Investment income	<u>2</u>
Total additions	<u>102</u>
<b>DEDUCTIONS</b>	
Educational outreach	<u>89</u>
Total deductions	<u>89</u>
Total decrease in assets and liabilities	13
Assets and liabilities - beginning of year	645
Assets and liabilities - end of year	<u><u>\$ 658</u></u>

**SINGLE  
AUDIT  
SECTION**

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**CITY OF CHEYENNE, WYOMING**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2011

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	-	\$ 2,860
<b>U.S. Department of Housing and Urban Development</b>			
CDBG - Entitlement Grants Cluster:			
Community Development Block Grants/Entitlement Grants	14.218	-	667,798
Community Development Block Grant ARRA Entitlement Grants, Recovery Act	14.253-ARRA	-	19,082
Total U.S. Department of Housing and Urban Development			<u>686,880</u>
<b>U.S. Department of the Interior</b>			
Passed through Wyoming Department of State Parks and Cultural Resources			
Historic Preservation Fund Grants-In-Aid	15.904	56-10-00000.03	13,258
Historic Preservation Fund Grants-In-Aid	15.904	56-11-00000.01	7,515
Historic Preservation Fund Grants-In-Aid	15.904	56-11-00000.04	1,455
Historic Preservation Fund Grants-In-Aid	15.904	56-11-00000.05	8,570
Outdoor Recreation Acquisition, Development and Planning	15.916	-	20,150
Total U.S. Department of the Interior			<u>50,948</u>
<b>U.S. Department of Justice</b>			
Community Oriented Policing Services, Recovery Act	16.710-ARRA	2009RKWX0951	189,750
Violence Against Women Formula Grants (CARI)	16.588	2009-WE-AX-0014	185,520
Passed through Wyoming Department of Family Services/Laramie County			
Juvenile Accountability Block Grants	16.523	2009	22,468
Juvenile Accountability Block Grants	16.523	JB-09-002	11,350
Passed through Wyoming Division of Victim Services			
Violence Against Women	16.588	2009-WF-AX-0015	11,790
Crime Victim Assistance	16.575	2009-VA-GX-0064	41,648
Passed through Wyoming Division of Criminal Investigation			
Recovery Act: Internet Crimes Against Children Task Force	16.800-ARRA	-	93,370
Bulletproof Vest Partnership Program	16.607	-	1,230
Passed through Wyoming Association of Sheriffs and Chiefs of Police			
Enforcing Underage Drinking Laws Program	16.727	-	21,891
Project Safe Neighborhoods	16.609	-	2,344
Passed through Wyoming Department of Health			
Enforcing Underage Drinking Laws Program - Military Discretion Grant	16.727	-	28,567
JAG Program Cluster:			
Passed through Wyoming Division of Criminal Investigation			
Recovery Act: Edward Byrne Memorial Justice Assistance Grant	16.803-ARRA	-	131,252
Passed through Laramie County			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-1413	56,732
Subtotal JAG Program Cluster			<u>187,984</u>
Total U.S. Department of Justice			<u>797,912</u>
<b>U.S. Department of Labor</b>			
Passed through Wyoming Department of Workforce Services			
Recovery Act: WIA Youth Activities	17.259	-	22,760

**CITY OF CHEYENNE, WYOMING**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended June 30, 2011

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	-	551,707
Highway Planning and Construction	20.205	STP-E-CH 0.00 TL08001	56,201
Highway Planning and Construction	20.205	STP-E-CH 0.00 TL10004	8,848
State and Community Highway Safety Cluster:			
State and Community Highway Safety	20.600	FY2011-SA06	9,454
State and Community Highway Safety	20.600	10-SA06	1,690
State and Community Highway Safety	20.600	10-PT04	15,504
State and Community Highway Safety	20.600	402	32,248
State and Community Highway Safety	20.601	154AL	6,751
Subtotal State and Community Highway Safety Cluster			<u>65,647</u>
Alcohol Open Container Requirements	20.607	10-154AL22U	3,497
Federal Transit Formula Grant	20.507	90-X033-00	6,705
Federal Transit Formula Grant	20.507	90-X038-00	16,611
Federal Transit Formula Grant	20.507	90-X041-00	67,829
Federal Transit Formula Grant	20.507	90-X045-00	159,555
Federal Transit Formula Grant	20.507	90-X046-00	375,162
Federal Transit Formula Grant	20.507	90-X048-00	237,670
Federal Transit Formula Grant (ARRA)	20.507-ARRA	WY-96-X001	793,735
Total U.S. Department of Transportation			<u>2,343,167</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	192,599
Capitalization Grants for Clean Water State Revolving Fund	66.458	CWSRF No. 84	58,114
Capitalization Grants for Clean Water State Revolving Fund	66.458	CWSRF No. 115	174,495
Capitalization Grants for Drinking Water State Revolving Fund	66.468	DWSRF No. 79	2,078,934
Capitalization Grants for Drinking Water State Revolving Fund	66.468	DWSRF No. 74	3,350
Capitalization Grants for Drinking Water State Revolving Fund	66.468	DWSRF No. 106	174,495
Total U.S. Environmental Protection Agency			<u>2,681,987</u>

**CITY OF CHEYENNE, WYOMING**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2011

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>556,062</u>
<b>U.S. Department of Education</b>			
Passed through Laramie County Community Partnership Twenty First Century Community Learning Centers	84.287	-	<u>143,946</u>
<b>U.S. Department of Health and Human Services</b>			
Passed through Wyoming Department of Health Special Programs for the Aging, Title III, Part B Grants for Supportive Services and Senior Centers	93.044	-	50,824
Passed through Wyoming Department of Family Services Child Welfare services IV-B, Part II, Family Preservation	93.556	-	25,680
Child Welfare Services - State Grants	93.645	2010	34,324
Child Welfare Services - State Grants	93.645	2011	21,006
Passed through First Christian Church Mentoring Children of Prisoners	93.616	-	12,530
Total U.S. Department of Health and Human Services			<u>144,364</u>
<b>U.S. Department of Homeland Security</b>			
Assistance to Firefighters Grant	97.044	EMW-2009-FO-00509	140,000
Passed through Wyoming Office of Homeland Security Homeland Security Grant Program	97.067	10-GDP-RR7-RR-HRT10	29,301
Homeland Security Grant Program	97.067	09-GPD-RR7-RR-HRT9	69,951
Homeland Security Grant Program	97.067	09-GPD-CHE-LP-HLE9	7,782
Homeland Security Grant Program	97.067	08-GDP-BT7-BM-HMB8	93,052
Passed through Laramie County Homeland Security Grant Program	97.067	-	77,130
Total U.S. Department of Homeland Security			<u>417,216</u>
Total Expenditures of Federal Awards			<u>\$ 7,850,602</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, 2011, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 14, 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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

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

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 2011-01.

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.

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

Cheyenne, Wyoming  
December 14, 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, 2011. 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, 2011.

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.

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

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

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

*McGee, Heurne & Paiz, LLP*

Cheyenne, Wyoming  
December 14, 2011

CITY OF CHEYENNE, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2011

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

A. Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

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

B. Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
16.710-ARRA	Public Safety Partnership and Community Policing Grants
20.205	Highway Planning and Construction
20.507-ARRA	Federal Transit Formula Grant
66.458-ARRA	Capitalization Grants for Clean Water State Revolving Fund
81.128-ARRA	Energy Efficiency and Conservation Block Grant

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

## CITY OF CHEYENNE, WYOMING

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued) Year Ended June 30, 2011

#### II. FINANCIAL STATEMENT FINDINGS

##### **2011-01: Budgetary Compliance**

**Condition:** We noted that the budgeted appropriations within the Public Works category of the General Fund and the Recreation category of the One Percent Sales Tax 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 \$137,014, and the Recreation category of the One Percent Sales Tax Fund were over spent by \$26,161.

**Response:** The final re-appropriation of the fiscal year is done before payable accruals are recorded. As such, departments are sometimes unaware of the total expenditures incurred prior to June 30 that will be recorded as a payable. This results in the budget being overspent. The City has made departments aware of the necessity to obtain estimated invoices from contractors and other suppliers prior to the end of the year. As always, the City does its best to ensure that budgets are not overspent and will continue to do so in the future.

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

None

**CITY OF CHEYENNE, WYOMING**

**SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS**  
For the Year Ended June 30, 2011

<b>Finding</b>	<b>Status</b>
<b><u>2010-03: Suspension and Debarment</u></b>	
The Community Development Block Grant Entitlement Grants Cluster did not have an effective system in place to determine if entities are suspended or debarred from receiving Federal funds.	<i>The City's Housing and Community Development office has updated their procedures handbook to ensure the Suspension and Debarment listing is checked prior to any application being approved. In addition, their subgrantee agreement was amended to include a statement requiring the subgrantee to confirm all work contracted out is not to someone who is suspended or debarred.</i>