

**BOARD OF PUBLIC UTILITIES**  
**WATERWORKS AND SEWER ENTERPRISE FUNDS**  
**OF THE**  
**CITY OF CHEYENNE, WYOMING**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Prepared By: Administration Division**  
**Board of Public Utilities**  
**City of Cheyenne, Wyoming**

# CONTENTS

## INTRODUCTORY SECTION

---

Letter of Transmittal	i
Certificate of Achievement for Excellence in Financial Reporting	xiii
Board Members	xiv
List of Principal Officials	xv
Water Development	xvi
Organizational Chart of the Board of Public Utilities	xxiii

## FINANCIAL SECTION

---

Independent Auditor's Report on the Basic Financial Statements and Supplementary Information	1 and 2
Management's Discussion and Analysis ( <i>Required Supplementary Information</i> )	3 - 18
Basic Financial Statements	
Statement of net assets	19 and 20
Statement of revenues, expenses and changes in fund net assets	21
Statement of cash flows	22 and 23
Notes to Financial Statements	24 - 42
Supplementary Information	
Budgetary comparison schedule	43 and 44
Notes to budgetary comparison schedule	45

## STATISTICAL SECTION

---

Financial Trends	
Net assets by component	46 and 47
Combined changes in net assets	48 and 49
Combined operating revenues by source	50
Combined operating expenses	51 and 52
Combined nonoperating revenues and expenses	53
Revenue Capacity	
Water and sewer rates	54 and 55
Ten largest water customers	56
Ten largest sewer customers	57
Debt Capacity	
Ratios of outstanding debt by type	58
Sewer Fund legal debt margin information	59
Sewer Fund computation of legal debt margin	60
Pledged revenue coverage – Waterworks Fund	61
Pledged revenue coverage – Sewer Fund	62
Demographic and Economic Information	
Demographic and economic statistics	63
Principal employers	64
Number of employees by identifiable activity	65 and 66

## CONTENTS (Continued)

### STATISTICAL SECTION (Continued)

---

Operating Information	
Operating and capital indicators	67 and 68
Water delivered and sold and wastewater treated	69 and 70
Annual tap sales	71
Number of water and sewer users by type	72 and 73
Gallons per capita per day	74
Metered water sales by customer class and operating and debt service cost per 1,000 gallons sold	75 and 76

### COMPLIANCE SECTION

---

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	77 and 78
--	-----------

---



**Board of Public Utilities  
Cheyenne Water and Sewer Department**

Box 1469 • Cheyenne, Wyoming 82003 • Phone (307) 637-6460  
2416 Snyder Avenue Fax (307) 637-7672

Honorable Mayor Kaysen,  
City Council Members and  
Members of the Board of Public Utilities  
City of Cheyenne, Wyoming

Monday, September 10, 2012

The Board of Public Utilities (Board) Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012 (CAFR FY 2012) is hereby submitted. The Board's Administration Division prepared this report, and is responsible for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures.

To the best of our knowledge and belief, the enclosed data is accurate in all material respects, and is reported in a manner intended to present fairly the financial position and results of operations of the City of Cheyenne's Water and Sewer Enterprise Funds. All disclosures necessary to enable the reader to gain an understanding of the Board's financial activities have been included.

WYO. STAT. § 16-4-121 (1977) requires that an annual audit be conducted by an independent auditor, and be in accordance with generally accepted auditing standards as promulgated by the American Institute of Certified Public Accountants in their guidelines for audits of state and local governments. The audits shall be financial and legal compliance audits. The independent audit shall be completed and a copy sent to the Wyoming Department of Audit within six months of the end of the fiscal year.

McGee, Hearne & Paiz, LLP, a firm of licensed certified public accountants, has audited the Board's financial statements. The goal of the independent audit is to provide reasonable assurance that the Board's financial statements for the fiscal year ended June 30, 2012 are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Board's financial statements for the fiscal year ended June 30, 2012 are fairly presented in conformity with general accepted accounting principles (GAAP). The independent auditor's opinion is presented as the first component of the financial section.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Board's MD&A can be found immediately following the report of the independent auditor in the financial section.

## **THE REPORTING ENTITY AND SERVICES PROVIDED**

Any city or town in the State of Wyoming which owns and operates a municipal waterworks, a sanitary sewer system, a sewage disposal plant or an electric utility distribution system may establish a board of commissioners, to be known as the Board of Public Utilities. On April 27, 1943, the City of Cheyenne established such a board. The board manages, operates, maintains and controls the waterworks, sanitary sewer systems and water reclamation plants, and makes all procedures and regulations necessary for their safe, economical and efficient operation and management.

The Board has exclusive control of all water and sewer utility systems owned by the City of Cheyenne, Wyoming. The Board is charged with developing and supplying the City and its residents with water for domestic and industrial purposes and for public use. Sanitary sewer facilities are provided for this same group of users.

The City of Cheyenne Governing Body, operating under the Mayor/Council form of government, review and approve changes to the water and sewer rates and the water and sewer enterprise fund budgets as recommended by the Board. The Board consists of five members appointed to six-year terms by the Mayor with the advice and consent of the City Council.

The Board is considered a proprietary fund of the City of Cheyenne, Wyoming, which publishes a separate financial report and is subject to separate accountability.

The Board provides water and sewer services for the City of Cheyenne, Warren Air Force Base, and South Cheyenne Water and Sewer District, as well as several residential and commercial customers and ranchers located outside of the City. These services include operation and maintenance of water supplies (ground water, well fields, surface water, dams, recycled water and reservoirs), water purification facilities, water distribution mains and meters, wastewater collection mains and water reclamation facilities.

## **GENERAL INFORMATION**

Starting as an early Union Pacific railroad tent town in 1867 and named for a local Native American tribe, Cheyenne is a progressive city that celebrates both its pioneer heritage and tomorrow's technology. As a railroad and cattle center, Wyoming's capital and largest city has always been an important Western crossroads and a unique blend of western cowboy, military, and contemporary cultures. From the newly reconstructed state-of-the-art water reclamation plants at Crow Creek and Dry Creek east of Cheyenne to the City's R.L. Sherard Water Treatment Plant on the west, Cheyenne is a place to pioneer new ideas and new technology with the same tenacity, spirit and sensibility of its original settlers.

As an innovative, progressive community, Cheyenne utilizes the world's newest technologies at a friendlier and calmer pace than in larger urban areas; yet it is a city that remembers its roots and retains a unique Western flavor. It is known worldwide for its annual celebration of the west, Cheyenne Frontier Days, the Daddy of em All which draws crowds from across the nation and around the world.

According to the U.S. Bureau of Census report, Cheyenne has a 2012 population of 60,096 and a county population of 91,738. The City of Cheyenne has been designated a Standard Metropolitan Statistical Area (50,000 population or greater) since 1985.

Cheyenne is what it is, partly because of where it is -- near the geographic and time center of the North American Continent. Cheyenne serves as a transportation hub with easy access to the intersection of Interstates 80 and 25, two major railroads and the air corridor of the ultra-modern Denver International Airport. Cheyenne serves as the northern anchor city of the rapidly expanding Front Range Region of the Rocky Mountains.

## **ECONOMIC CONDITION AND OUTLOOK**

According to the Wyoming Center for Business & Economic Analysis, during the first nine months of 2011 key labor indicators continued to climb out of their 2009 recession lows. Growth in total employment has climbed very nicely from 2009 with the current 2011 monthly average at 43,744 as compared to 42,800 in 2009, an increase of

2.2 percent. On average, the local economy has added 944 new jobs to the monthly average over this period. The current average (43,744) still needs another 431 jobs to return it to the previous high of 44,175 set in 2007. When the economy reaches that figure, it will then be in real expansion.

Retail sales climbed at a double digit rate during the 4th quarter of 2011, up 11 percent from one year ago. The 4th quarter increased 13.3 percent from second quarter which more than offset the marginal decrease it posted between the first and second quarters of 2011.

Looking forward, there is expectation that job growth will remain positive in the coming year. Help-wanted advertisements continued its upward pace over third quarter 2011. This series stood 33 percent higher than one year ago and 76 percent higher than third quarter 2009. The run up of help-wanted ads helps demonstrate that local employers will be increasing their workforces in future weeks and months and suggests Cheyenne will continue in a positive direction for the near-term future.

One of the most significant events of the current fiscal year was the announcement that Microsoft Corp. has agreed to invest up to \$112 million to build a new data center in Cheyenne. The state of Wyoming has pledged \$10.7 million in grants and incentives for the project. Microsoft is making an initial \$78-million investment and plans to go up to \$112 million. The center ultimately may employ about 40 people in jobs that pay well over the local average. The data center promises to generate \$25 million in tax revenues over five years.



Officials said the center will help expansion of Microsofts cloud computing efforts. Cloud computing allows users to retrieve computer programs and key documents stored remotely using any device with an Internet connection.

Christian Belady, general manager of Data Center Services in Microsofts Global Foundation Services group, issued a statement through the Wyoming Governors office.

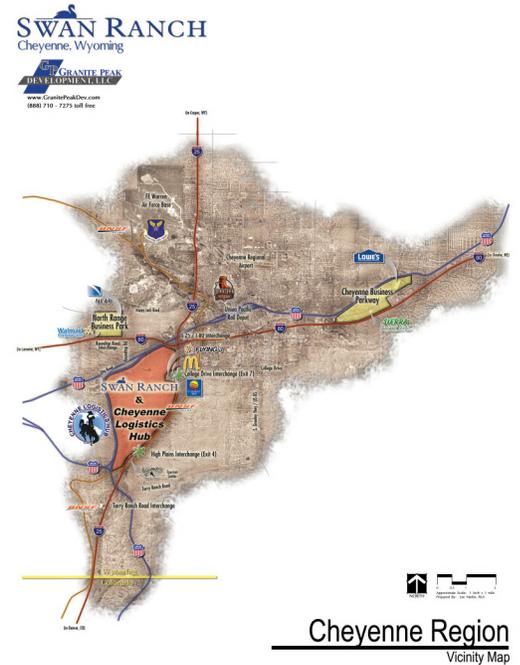
"Microsoft is excited to once again expand its cloud infrastructure and services capacities for our customers in Wyoming and the region." Belady said. "We greatly appreciate the work that the governor, the economic development team and local officials in Cheyenne and Laramie County have done to make Wyoming a smart place for Microsoft to do business."

**Other significant economic news and events during the recent fiscal years included:**

**Swan Ranch Industrial Park**

The new Swan Ranch Industrial Park development continues to expand along I-25 just south of Cheyenne. Swan Ranch is a project that has been in the works for several years. It consists of 7,200 acres located along Interstate 25 and Interstate 80 and is owned by the McMurry family. Swan Ranch will include an industrial, commercial and highway business component. The McMurry family has teamed up with Granite Peak Development to begin the first phase of work on the industrial component called the Cheyenne Logistics Hub.

The Cheyenne Logistics Hub at Swan Ranch is the first phase of development at Swan Ranch and will total 1,300 acres. A pipe manufacturing and coating company has purchased 55 acres in the Cheyenne Logistics Hub mainly because of the rail access. The Union Pacific Railroad borders the hub to the west and BNSF Railway borders the hub to the south and east. Several other companies have or will be locating in this area due to the access to two Class I railroads and two major interstate highways, I-25 and I-80. The proximity to the Front Range and I-70 is also a bonus. Logistically this location makes sense for manufacturing and distribution companies.



**NCAR Super Computer**

The NCAR-Wyoming Supercomputing Center construction progressed with an anticipated completion in late summer of 2012. The project encompasses the design and construction of a world-class center for high performance scientific computing in the atmospheric and related geosciences. Consistent with its mission the facility will be a leader in energy efficiency, incorporating the newest and most efficient designs and technologies available. The center will provide new space to enable the advancement of scientific knowledge, education, and service through high-performance computing.

The center will house a petaflops super computer ( a petaflops is a thousand trillion mathematical flops operation per second). When fully operational the super computer will rank as one of the world's fastest supercomputers dedicated to Earth science research.



Another important sector of Cheyenne's economic base is tourism. Cheyenne's location at the crossroads of I-80 and I-25 make it a natural stopping place for travelers and its combination of shopping, museums and Western charm make it a destination in itself.

While the economic growth is welcome and encouraged, the large base of federal, state and local government brings stability to Cheyenne's economy. That base helped the City weather downturns in the state's energy and agricultural sectors in the 1980's, 1990's, and during the recent great recession.

F.E. Warren Air Force Base, the nation's command post for land-based intercontinental ballistic missiles, is the community's largest employer, with nearly 4,325 civilian and military employees. State government accounts for about 3,397 employees, followed by the Laramie County School District No. 1 with around 2,157 employees, Federal Government with around 1,785 employees, and Cheyenne Regional Medical Center with approximately 1,667 employees. The Union Pacific ranks as the community's largest private employer, with about 594 employees. Sierra Trading Post (outdoor goods outlet and catalogue sales) ranks as the community's second largest private employer with 587 employees.



Another advantage for Cheyenne includes a relatively low cost of doing business. Land is available and inexpensive in comparison to other areas on the Front Range; taxes are among the lowest in the country; and the cost of utilities and materials is relatively low. There is no state or local personal or corporate income tax and no state or local inventory tax.

According to Keith Richardson, President of Sierra Trading Post, "Cheyenne's financial community was more supportive and responsive than any other we found in the Western States. We custom-built our facility for less than it cost to rent a facility in Nevada. In addition, our business survives on quality transportation. Our Cheyenne location allows Sierra Trading Post to enjoy a 20% savings in overall shipping charges with first-rate transportation resources."

With the current recession winding down, the mood throughout the business community is one of cautious optimism. Though concerns about the pace of growth and looming national debt issues have surfaced, Cheyenne has fared better than other cities of similar size. Business leaders remain confident the community can handle growth as long as it continues to invest in infrastructure and remains committed to managing growth.

## **MAJOR INITIATIVES**

For the year, the Board continued to take steps forward to ensure continuing quality and quantity of water and wastewater services.

### **30- Inch Warren Air Force Base (WAFB) Transmission Main Project Phase I & II**

During the fiscal year the 30-inch transmission main project across Warren Air Force Base was completed. The purpose of the Project was to replace or clean and line about 21,000 feet (4 miles) of 30-inch water transmission main that crosses Warren Air Force Base (WAFB). This main was a cast iron pipeline with lead joints and was originally constructed around 1915. This main extends from the Round Top Water Storage Reservoir, west of the base, to the intersection of Randall Avenue at Hynds Boulevard. The Project has been divided into two phases:

Phase I: The first phase of the project was to clean and line 9,140 feet of 30-inch cast iron water main. Lining was chosen to improve the capacity of the pipe to its original design capacity over conventional dig and replace. Phase I goes through an area known as Atlas housing, the WAFB golf course, several athletic fields near a childcare, and an athletic club.

Phase II: The second phase involved replacement of about 12,000 feet of 30-inch cast iron water main. The route goes through an old firing range on WAFB and work involved WAFB completing an unexploded ordinance-clearing project. Funding for both phases was made available through a Drinking Water State Revolving Fund Loan from the State Loan and Investment Board.



### **Southern Water Main Project Phase II**

Phase II consists of about 11.5 miles of pipeline (diameter of 42 inches to 12 inches) at an estimated cost of about \$27.3 million.

The Phase II project starts at the intersection of Round Top Road and Happy Jack Road heading in a southerly direction for approximately 3 miles, then goes in an easterly direction for approximately 4 miles, crossing Interstate 25 south of College Drive, crossing Parsley Blvd. to Walterscheid Blvd.

The pipeline will be extended north along Parsley Blvd. for about 2.5 miles and extend north for about 2 miles along Walterscheid Blvd to Fox Farm Road. These extensions will allow the transmission main to be connected to existing water distribution systems within the City and provide for a looped system.



This new transmission main will serve several important purposes including:

- Provide redundancy for and supplement the flows to the southern Cheyenne areas which are now provided water almost solely from an existing water transmission main that is over 30 years old, known as the “Hynds Line” on Happy Jack Road.
- Provide relief to Cheyenne’s three water transmission mains that feed water from the Round Top Treated Water Storage Reservoir to the northern part of the City.
- Meet current demands for treated water in the southern part of Cheyenne’s service area and the new North Range Industrial Park. (The new Southern Transmission Main will parallel the existing main that runs along Happy Jack Road adjacent to the North Range Business Park.)
- Provide treated water for future growth.

This phase of the project cost is estimated at \$27,300,000 and \$23,400,000 for the project was included in the Fiscal Year 2011 Water Enterprise Fund Budget. An additional \$2,500,000 has been budgeted for Fiscal Year 2013, and the remaining portion to be funded by additional grant dollars or scaling the project back.

During the 2011 General Session of the Wyoming Legislature through its Omnibus Water Bill, a \$14,029,800 grant was approved. The remaining funding will come from a combination of a Drinking Water State Revolving Fund Loan and cash reserves.

### **Administration Building Project**

During FY 2012, the Board completed construction on the new Administration and Engineering Building located near 24th and 25th Streets and Snyder and Dillon Avenues.

Short Elliott Hendrickson Inc. was retained as the building design engineer in early 2008. The construction costs for the building project were financed through a combination of Drinking Water State Revolving Loans and Clean Water State Revolving Loans. Delta Construction was the successful bidder on the project with a base bid of \$4,590,000. Total contracts let through the end of the fiscal year totaled \$5,682,847.



## **Other Initiatives**

Although the Board approved rate increases for the water and sewer fund effective January 1, 2012, the City Governing Body did not concur.

Effective January 1, 2013, the multi-tiered water rate for single family residential will increase approximately 4.1%.

### Water Volume Rate Charge Per 1,000 Gallons

<u>Residential (in-city)</u>		<u>Jan 01, 2011</u>	<u>Jan 01, 2012</u>	<u>Jan 01, 2013</u>
First Block	First 6,000	\$3.46	\$3.46	\$3.60
Second Block	Next 18,000	4.29	4.29	4.46
Third Block	Next 18,000	5.32	5.32	5.53
All Over	42,000	6.61	6.61	6.88

The volume rate charge per 1,000 gallons of drinking water for commercial users during these same time periods of January 1, 2011, January 1, 2012 and January 1, 2013 are as follows: \$3.98, \$3.98 and \$4.14, respectively.

The volume rate charge per 1,000 gallons for sewerage for residential users during these same time periods of January 1, 2011, January 1, 2012 and January 1, 2013 are as follows: \$3.46, \$3.46 and \$3.74, respectively.

It should be noted that the above rates are for in-city users. Users of the system not within the city limits pay 1.5 times those rates.

Fiscal Year 2012 marked the release of the Board's 13th Consumer Confidence Report, an annual report on the quality of the City's drinking water. Once again, the Board was pleased to report that Cheyenne's drinking water is safe and meets or exceeds all state and federal standards and requirements. Tests for 76 chemicals and potential contaminants during the calendar year revealed no violations.

The report concluded: "Our goal is to provide the community of Cheyenne with safe, quality drinking water that meets federal and local requirements at the lowest cost. We encourage all of our water customers to learn about Cheyenne's water system and the Safe Drinking Water Act requirements and to help us protect our valuable water sources, which are the heart of our community, our way of life and vital to our future."

Other noteworthy initiatives during FY 2012 included another ambitious round of water and sewer main rehabilitations. Water and sewer main rehabilitation is an annual priority to keep the City's water distribution and wastewater collection systems in top shape.

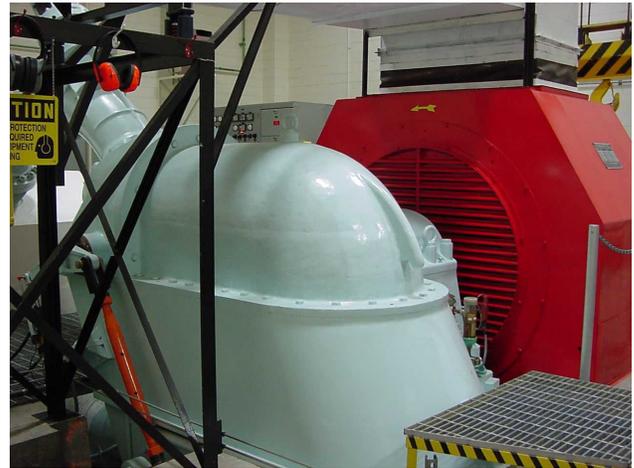
## **FOR THE FUTURE**

Looking ahead, the Board is committed to maintaining a high-quality water and wastewater system that will meet the needs of a growing community in the 21st century. The Board continues to monitor the financial impact from implementing the Federal Safe Drinking Water Act (governing lead, copper, corrosion control and water quality), the Federal Clean Water Act (covering NPDES, effluent quality and industrial pretreatment), and the stream reclassification of Crow Creek.

**FY 2013 projects include:**

**R.L. Sherard Hydro-Generator Project**

The purpose of the Hydroelectric Generation Facility Project is to generate power from the raw water inflow at R.L. Sherard Water Treatment Plant. This project will consist of the technical/economic/financial feasibility analysis, design, and construction management of a hydroelectric generation facility at the R.L. Sherard Water Treatment Plant . Upon completion of the project its hoped that the Hydro-Generator will sustainably reduce and possibly eliminate electric utility expenses at the plants. Current estimates for the cost of the project is \$3,000,000 and could be financed through a Drinking Water State Revolving Fund Loan at 0% interest. Additionally, upon completion of the project, 25% of the loan up to \$750,000 will be forgiven.



**Pressure Management Phase I**

Phase I of the Pressure Management Project will include the construction of four new pressure regulating valves and vaults including all piping, valving, scada and electrical design for each location. The project will also include the construction of a new 0.8 mile 8 inch pipeline to provide a secondary feed to the Panorama Drive area in northeast Cheyenne. In addition, the project will provide the installation of SCADA and electrical design necessary to connect all existing pressure reducing vaults to the Board’s SCADA system to provide real time monitoring of all sites. Mechanical Systems, Inc. was contracted to begin construction at an estimated cost of \$1,290,260.



## **Little Snake Stage II Collection Mains / Siphons**

Cheyenne's Little Snake Water Diversion Pipeline is located in the Medicine Bow National Forest, along the west side of the Continental Divide and is about six miles north of the Colorado/Wyoming border. The Little Snake Water Diversion Pipeline is about 35 road miles from the town of Encampment, Wyoming and about 60 road miles from the community of Steamboat Springs, Colorado. The pipeline is located at an elevation of 8,800 feet.



The pipeline system has been in service for about 25 years. A pipeline break on one of the key legs of the siphons would lead to heavy erosion and environmental damage and would also result in decreased ability to collect water from spring runoff, thereby significantly reducing the water supply available to the City of Cheyenne. In 2011 HDR engineers inspected and evaluated the conditions of the above segments of the PCCP Stage II Little Snake Pipeline and made recommendations for repairs.

The project will include design and construction of repairs to segments of the Little Snake Stage II Water Collection Pipeline in siphons 1, 2, 3, 4, and 5 and along the Hog Park Drop. Estimated project cost is \$994,000.

## **Crow Creek Water Reclamation Plant Upgrades**

The Crow Creek Water Reclamation Plant Upgrades consists of two major components with an estimated cost of \$5,000,000 for the entire upgrade. The project will be financed by a Clean Water State Revolving Loan (CWSRF) 20 Year Loan at 2.5%.

Components include:

- Adding a second screening unit at Crow Creek and enclosing of the grit basin. This project was recommended in the 2003 Master Plan as a 2010 project. Redundant screens are needed because when higher than normal flows occur (storm event, extended wet weather, etc), the single screen clogs, causing the plant to shut down and flow to be transferred to the Dry Creek Plant. Clogging of the single screen often damages the screen, requiring additional down time and cost of repair. The dual screens would allow the Crow Creek plant to stay in continuous operation, allowing its peak capacity of 12 mgd to be fully utilized and relieving the excess load on the Dry Creek plant.
- The outdoor grit basin, although designed to operate in cold climates, has been problematic since its installation due to freezing issues. Enclosing it in the same structure as the new screens will resolve this issue.



- Construction of a new Operations Building at Crow Creek. The existing Operations Building was constructed in the late 1940s and has been in continuous service since, with little improvement. The new building will have ADA compliant male and female restrooms, incorporating locker space and shower for staff. It will also have an operations area to operate and monitor the plant, a small kitchen area, and a separate lab sized to accommodate the required testing. A two bay garage is included for inside storage of front-end loader, tractors and other mowing equipment, truck and other mobile plant equipment.

The original concept recommended in the Master Plan was to construct two structures: one for the second screen/grit basin and one for the new control building. Staff believes some savings in economy of scale, design cost, and construction cost may be realized by incorporating both projects in a single structure. Cost includes a generator to support the new structure and sized to operate one or two blowers. Cost also includes construction of a fiber optic link between Crow Creek and Dry Creek to improve communications.

### **Other Items for 2013**

On June 19, 2012, the City Governing Body adopted the water and sewer enterprise fund budgets as recommended by the Board for fiscal year 2013 (July 1, 2012 to June 30, 2013). The Board's combined water and sewer budget for fiscal year 2013 of \$42,075,900 is \$29,023,287 less than fiscal year 2012's adjusted budget.

The Board also continued its intensive planning efforts. On December 1, 2011, the Board held its annual day-long Goals and Planning Workshop to look at near and long-term projects to carry the City of Cheyenne well into the 21st Century. Another workshop is planned for November 2012.

### **Relevant Financial Policies**

During the course of fiscal year 2012, there were no significant financial policy changes.

### **Administrative Controls**

Internal controls are procedures designed to protect assets from loss, theft or misuse, to check the accuracy of accounting data, to promote operation efficiency, to facilitate the preparation of financial statements, to satisfy other reporting requirements, and to encourage compliance with managerial policies.

The Board is responsible for establishing a system of internal controls that provide reasonable assurance that these objectives are met. The concept of reasonable assurance stipulates that: (1) the cost of control should not exceed the benefits likely to be derived, and (2) the valuation of cost and benefits requires estimates and judgments by management.

As with other internal controls, this system is subject to periodic review and evaluation by management or by the Board's independent auditor.

### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the Board for its comprehensive annual financial report for the fiscal year ended June 30, 2011. This was the 34th consecutive year that the Board has received this prestigious award.

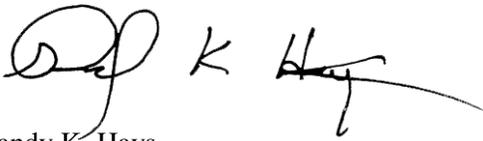
**In Conclusion**

The preparation of the annual financial report on a timely basis was made possible by the dedication of the Administration Division staff. Each member of the Division has our sincere appreciation for the contributions made in the preparation of this report.

In closing, the Board Members and Management continue to provide valuable leadership, planning and direction for Cheyenne's water and wastewater systems. Serving nearly 71,000 residents, these systems will continue to play a vital role in the development and growth of our City for many years to come.

The Board, its management and employees are all dedicated to the goal of providing the Cheyenne area with the highest quality of water and wastewater services at the most economical cost.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Randy K. Hays', with a long horizontal flourish extending to the right.

Randy K. Hays  
Administration Manager

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

Board of Public Utilities,  
City of Cheyenne, Wyoming

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda C. Danison*

President

*Jeffrey R. Emer*

Executive Director

**BOARD OF PUBLIC UTILITIES – BOARD MEMBERS –JUNE 30, 2012**



**David Evans**  
**Board President**  
**Board Member since June 1, 2002**  
**Term expires: June 1, 2015**



**Joe Bonds**  
**Board Secretary**  
**Board Member since June 1, 2007**  
**Term expires: June 1, 2013**



**Brad Oberg**  
**Board Member**  
**Board Member since June 1, 2011**  
**Term expires: June 1, 2017**



**Gary Carver**  
**Board Member**  
**Board Member since June 1, 2001**  
**Term expires: June 1, 2013**



**Barbara Rogers**  
**Board Member**  
**Board Member since June 1, 2009**  
**Term expires: June 1, 2015**

## LIST OF PRINCIPAL OFFICIALS

**As of June 30, 2012 the following is a list of principal officials of the Board of Public Utilities, City of Cheyenne:**

<u>Elected and Appointed Officials</u>	<u>Current Term Expires</u>	<u>Position</u>
Richard Kaysen	January – 2013	Mayor
David Evans	June – 2015	Board President
Joe Bonds	June – 2013	Board Secretary
Gary Carver	June – 2013	Board Member
Barbara Rogers	June – 2015	Board Member
Brad Oberg	June – 2017	Board Member

### **Management:**

Timothy E. Wilson, Director  
Randy Hays, Administration Manager  
Herman Noe, Engineering and Water Resource Manager  
Bud Spillman, Water Treatment Manager  
Brad Brooks, Operations and Maintenance Manager  
Jim Hughes, Water Reclamation Manager  
Kathy Kellner, Human Resource Manager

## WATER DEVELOPMENT

### City of Cheyenne, Wyoming

#### Water and Water Reclamation, and Wastewater Systems – Past, Present and Future

When Union Pacific Railroad construction crews wintered along the banks of Crow Creek in 1867, the little stream flowing onto the plains from the Rocky Mountains provided plenty of fresh water for the railroad camp and the town that grew up around it. For over 60 years, the headwaters of Crow Creek in the Pole Mountain Area, about 35 miles west of Cheyenne, continued to be Cheyenne's sole source of water.

As Cheyenne grew, more water was needed. Unlike many cities in the arid West, Cheyenne was far from a major stream or river, forcing its citizens to go to great lengths to ensure an adequate water supply.



After a series of devastating fires, Cheyenne's first water supply system was built in 1892, consisting of a series of infiltration galleries in the Crow Creek drainage. Following a series of issues with water borne diseases, Cheyenne elected to construct a series of dams to the west of Cheyenne from a more pristine source. Between 1902 and 1930, five dams were constructed on three branches of Crow Creek, 20 miles west of Cheyenne. These dams provide for collection of 4,000 acre-feet of water annually, under average rainfall and snow pack conditions. Nearly 10,700 acre-feet of water can be stored in the five local reservoirs.

Until 2002 surface water was treated at the Roundtop Water Treatment Plant, built on a hill west of Cheyenne in 1915. One of

Wyoming's first conventional water treatment plants, Roundtop had the capacity to treat 12 million gallons of water a day (MGD).

This system satisfied Cheyenne's water needs until an extended drought period of almost 3 years in the mid 1930's. During this period, Cheyenne's water needs increased so much that a water shortage was imminent. City officials recognized the crisis and worked quickly to overcome it from an underground supply of water west of Cheyenne.



Today, the City maintains nearly 40 ground water wells that range from 170 to 500 feet deep. The wells can provide Cheyenne with 3,000 to 5,500 acre-feet of water annually and are used primarily to supplement water supply during peak demand periods. Cheyenne has replaced or refurbished 35 wells in the past 15 years. During peak day demands for drinking water, the City's water wells are capable of producing nine to eleven MGD.

With the steady growth of the City during the 1940's and 1950's, it was evident that Cheyenne needed to develop an additional source of water. Because water rights in the North Platte River Drainage were already appropriated during normal flows, Cheyenne looked farther west, over 115 miles to the headwaters of the Little Snake River in the Sierra Madre Mountains on the Western Slope of the Continental Divide.

Cheyenne acquired unappropriated water rights to the Little Snake River, a tributary of the Yampa River, in the Colorado River drainage, in the late 1950's. The presence of several large mountain ranges between the Sierra Madres and Cheyenne made the actual delivery of this water to Cheyenne cost prohibitive. As a result, an intricate trans-basin diversion system was developed whereby water collected from the Little Snake River drainage could be traded for water from the closer and more deliverable Douglas Creek drainage located in the Snowy Range about 75 miles west of Cheyenne. Little Snake River water is diverted to the North Platte River in exchange for water from Douglas Creek, a tributary to the North Platte River.

Water from the North Fork of Little Snake River and its tributaries on the west side of the Divide is collected and diverted through a 3,500-foot-long tunnel to the eastern side of the Divide into Hog Park Reservoir. There the water is released into Hog Park Creek, which flows into the Encampment River, which then flows into the North Platte River.

As water is released from Hog Park Reservoir and eventually flows into the North Platte River, Cheyenne is authorized to divert water from the Douglas Creek drainage into Rob Roy Reservoir. Water released from Rob Roy Reservoir travels by gravity about 50 miles via a 26-inch diameter pipeline where it is released into the Middle Crow Creek drainage near Vedauwoo and at Granite and Crystal Reservoirs.

As originally constructed and based on average snow pack conditions, Stage I provided Cheyenne with 7,500 acre-feet of water annually, 3,000 acre-feet of water storage in Hog Park Reservoir and 9,000 acre-feet of water storage in Rob Roy Reservoir.

In 1949, Cheyenne completed construction of the Crow Creek Water Reclamation Plant (WRP). The Crow Creek WRP was the first modern WRP in Wyoming and one of the first in the Rocky Mountain Region. Prior to the Crow Creek WRP startup, sewage received minimal treatment and was discharged directly to Crow Creek. The original Crow Creek Plant treatment process used a trickling filter and had a original design capacity of 8 MGD was later reduced to 4.5 MGD to meet Clean Water Act requirements.

Later, in the mid 1970s, the City added to both its water and wastewater treatment capacities. Water treatment capacity was increased with construction of the R.L. Sherard Water Treatment Plant. Constructed with a direct filtration process, the Sherard Plant could treat about 16 MGD of water.

The City expanded its wastewater treatment with the construction of the Dry Creek Water Reclamation plant. Located three miles east of Cheyenne, the Dry Creek plant uses an activated sludge process and was constructed to treat five MGD. Later in the 1980s , the Dry Creek WRP was upgraded and expanded to treat 7 MGD.

By the late 1970s, Cheyenne's water demand began to exceed annual supply. Water stored in reservoirs was used to assist supply and meet demand.

In 1982, Cheyenne began construction of Stage II of the Little Snake River Water Project. Components of the Stage II water system included:

- Enlarging Rob Roy from 9,000 acre-feet to 35,600 acre-feet.
- Laying a second delivery pipeline, 63 miles from Rob Roy to Granite Springs and Crystal Reservoirs.
- Enlarging Hog Park Reservoir from 3,000 acre-feet to 22,600 acre- feet.
- Installing 21 miles of diversion pipeline on the western slope of the Continental Divide.



The anticipated average annual water yield from the Stage I and Stage II systems (after meeting required minimum stream flow releases) is 21,000 acre-feet of water based on average rainfall and snow pack conditions. Stage I and Stage II were operated together for the first time in 1991. Together, Stage I and Stage II give the City of Cheyenne an adequate source of supply for the foreseeable future.

In 1995, Cheyenne added 15 million gallons to its treated water storage with the completion of the King Two Water Storage Tank. In 1996, the Board completed a \$12 million rehabilitation project repairing three major segments of the original Stage I Water System.

The Cheyenne Water Supply Master Plan, completed in July 1994, concluded, among other things, that due to considerable concrete deterioration, the Roundtop Water Treatment Plant was no longer reliable and recommended it be retired as soon as possible. Plant productivity had been reduced from 12 MGD to about 8 MGD. Further, Safe Drinking Water Act regulations reduced the treatment capacity from the Sherard Plant from 16 MGD to 14 MGD.

The average peak daily demand for treated water demand grew from approximately 23.5 MGD in 1978 to about 33.5 MGD in 1998. In the 1990s, peak day demand reached 40 MGD and the highest peak week (7 consecutive day period) averaged 37.4 MGD. In an effort to meet growing demands for treated drinking water in the community, the Board launched two significant projects.

First, was the completion in 1998 of the Northwest Area Raw Water Irrigation Project, which allows 3 Cheyenne golf courses and a City park to use raw, untreated water for irrigation instead of treated City drinking water. The project frees up about three MGD of treated water during peak summer day demands.

Second, in 1998, the Board moved forward with design of the new 32 MGD R.L. Sherard Water Treatment Plant Expansion Project. The new Sherard plant replaces the 1915 Roundtop Water Treatment Plant and the original Sherard Water Plant.

Construction of the Sherard Water Treatment Plant expansion project began in September 1999. The \$36.7 million water treatment plant project began serving the community in the spring of 2002.

The new plant has a state-of-the-art, conventional treatment process, including ozonation, chloramination, and chlorine dioxidation designed to meet or exceed current and future requirements of the federal Safe Drinking Water Act.



In the fall of 2007, the Board completed construction of a second raw water delivery pipeline from Crystal Reservoir to the new Sherard Water Treatment Plant. This pipeline is approximately 14.7 miles in length (13.7 miles of 36-inch steel pipe and one mile of 50-inch steel pipeline) and cost \$14.2 million. The combined capacity of this new pipeline and the existing 30-inch pipeline is about 56 MGD.

In 2001, an expansion and upgrade was completed to the Crow Creek Wastewater Treatment Plant. The \$2.5 million project replaced 50-year-old original plant equipment and expanded the plant capacity from 4.5 MGD to 6.5 MGD. This brought the combined capacity of Cheyenne's two wastewater plants to 13.5 MGD.

Secondary wastewater effluent is discharged from both plants to the receiving stream, Crow Creek. Historically, Crow Creek, below the effluent discharge points of the two plants, was designated as a Class 4 stream by the State of Wyoming Department of Environmental Quality (WDEQ). Designated uses on Class 4 waters included agriculture, industry, recreation and wildlife and scenic value. In July 2001, the WDEQ adopted revisions to the Wyoming Water Quality Rules and Regulations, Chapter 1, Wyoming Surface Water Quality Standards.



With the adoption of the new standards, Crow Creek below the effluent discharge points of both water reclamation plants was reclassified from a Class 4 stream to a Class 2C stream. Designated uses on Class 2C waters include nongame fisheries, fish consumption, and aquatic life other than fish, primary contact recreation, wildlife, industry, agriculture, and scenic value.

To comply with the Class 2C designated use, the Dry Creek and Crow Creek Water Reclamation Plants were upgraded. The primary purpose for the improvements to the water reclamation plants (WRPs) were to comply with the mandate to provide ammonia removal (called nitrification) and chlorine residual removal from the effluent from the two WRPs before it is discharged to Crow Creek downstream of Avenue C. Ammonia and chlorine are toxic to aquatic life at low concentrations.

Upgrades included single-stage biological ammonia removal (i.e., nitrification) facilities at both WRPs and ultra-violet light for disinfection instead of chlorine at Dry Creek. The Dry Creek plant was also expanded from 7 MGD to 10.5 MGD bringing the combined capacity of both plants to 17 MGD.

These improvements to the WRPs were completed in September 2006 at a cost of \$39.5 million.

As part of the improvements to the water reclamation plants, recycle water treatment facilities (chemical feed, filtration, pumping, supplemental disinfection and storage) were constructed at the Crow Creek WRP. The recycle water meets WDEQ Class 'A' water reuse standards, the most stringent.

Recycled water is delivered to cemeteries, parks, athletic fields and green spaces for irrigation use. As constructed, the recycle water treatment facilities can treat about 4 MGD. In addition, about 12.2 miles of purple pipe was installed for the recycled water distribution system. The recycle water system went on-line in July 2007 at cost of about \$12.3 million for the treatment, pumping and purple pipe.

With average annual estimates of more than 3,500 acre-feet of wastewater effluent available for recycle water, Cheyenne continues to strengthen its water supply system. Valuable drinking water, previously used to irrigate these areas is now available to meet current and future demands for drinking water.



Looking ahead, the growing community of Cheyenne moves into the 21st century with an adequate supply of raw water thanks to the vision of past City leaders and the ambitious trans-basin diversion water project that augments the Crow Creek drainage and well fields. With a new, expanded water treatment plant, a second raw water pipeline to the treatment plant, additional wells, increased wastewater treatment capacity, and water reuse capacity Cheyenne will have room for continued growth as the new century progresses.



# The City of Cheyenne Board of Public Utilities Source of Supply Water System



## Little Snake River Diversion Pipeline

(Constructed 1960's - Stage I  
& Enlarged 1980's - Stage II)



## Rob Roy Dam & Reservoir

(Constructed 1966 & Enlarged 1985)



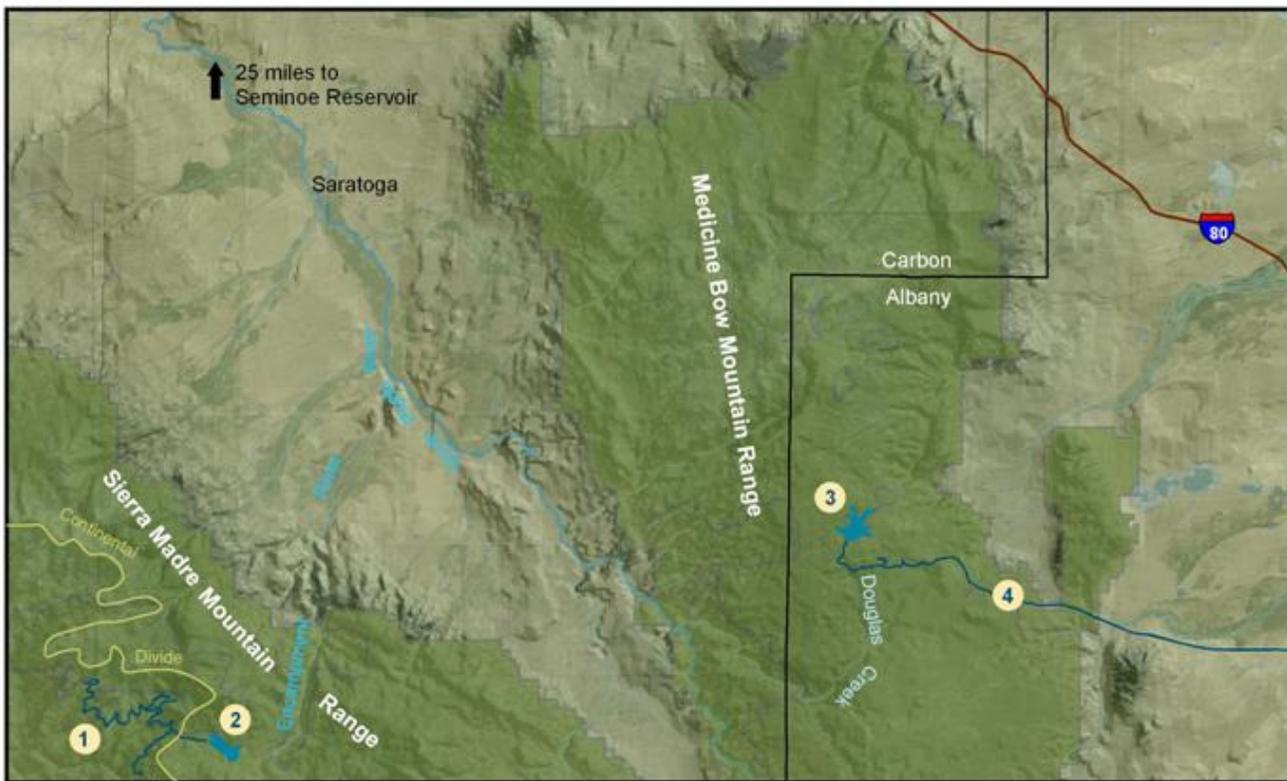
## Granite Springs Dam & Reservoir

(Constructed 1902-1904  
Rehab in 1986)



## South Crow Dam & Reservoir

(Constructed 1911 - Rehab in 2003)



**Hog Park Dam & Reservoir**  
(Constructed 1966 & Enlarged 1985)



**Lake Owen  
Dam & Reservoir**  
(Constructed 1962)



**Crystal Lake  
Dam & Reservoir**  
(Constructed 1909-1910  
Rehab in 1986)



**North Crow  
Dam & Reservoir**  
(Constructed 1911  
Rehab in 1994)



This map has been prepared by and for the use of The Board of Public Utilities and may contain inaccuracies. Any reliance thereon by third parties is done so at their sole risk.



This map has been made possible through the Cheyenne/Laramie County Cooperative GIS Program. Data contained hereon is for informational purposes only.

**Upper North Crow Dam & Reservoir**  
(Constructed 1930 - Rehab in 1994)



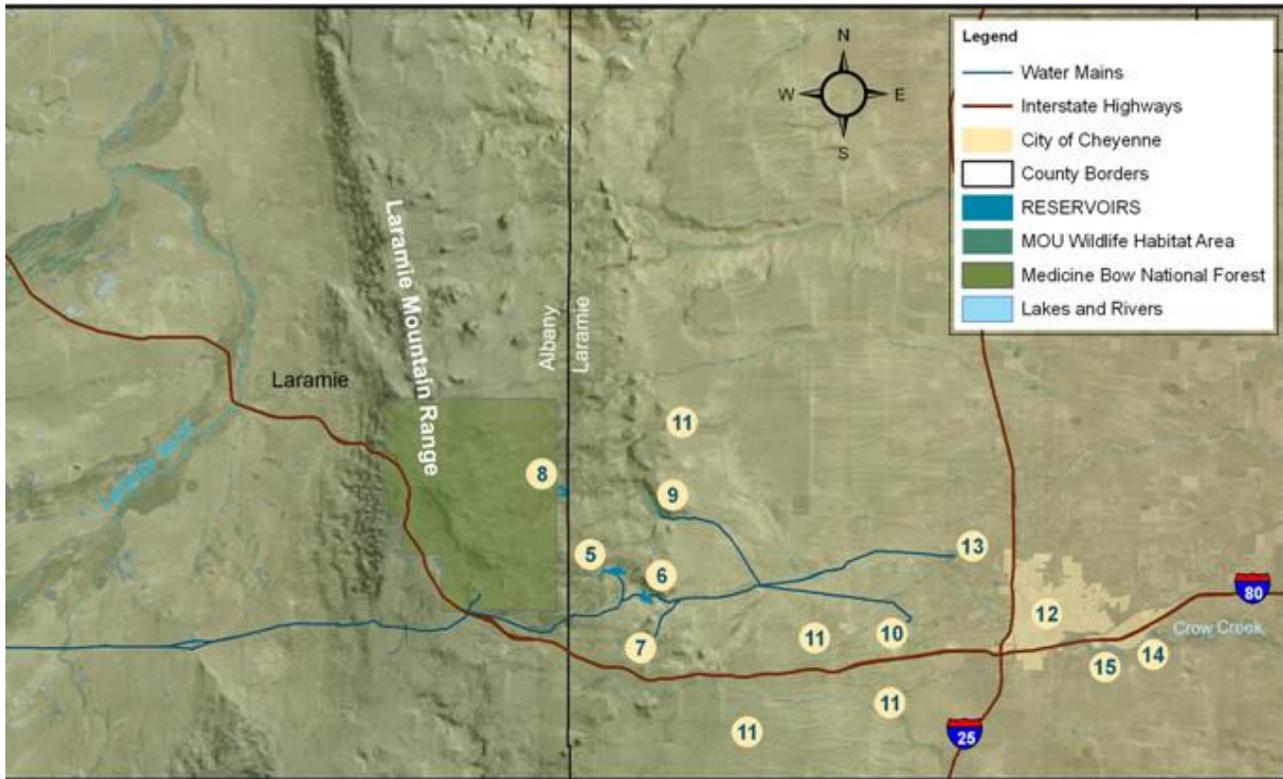
**Wells High Plains Aquifer**



**Roundtop Water Treatment Plant**  
(Constructed 1915 - Closed 2002)



**Crow Creek Water Reclamation Facility**  
(Constructed late 1940's - Recycle abilities added in 2007)



**Sherard Water Treatment Plant**  
(Operation 2002 - Present)

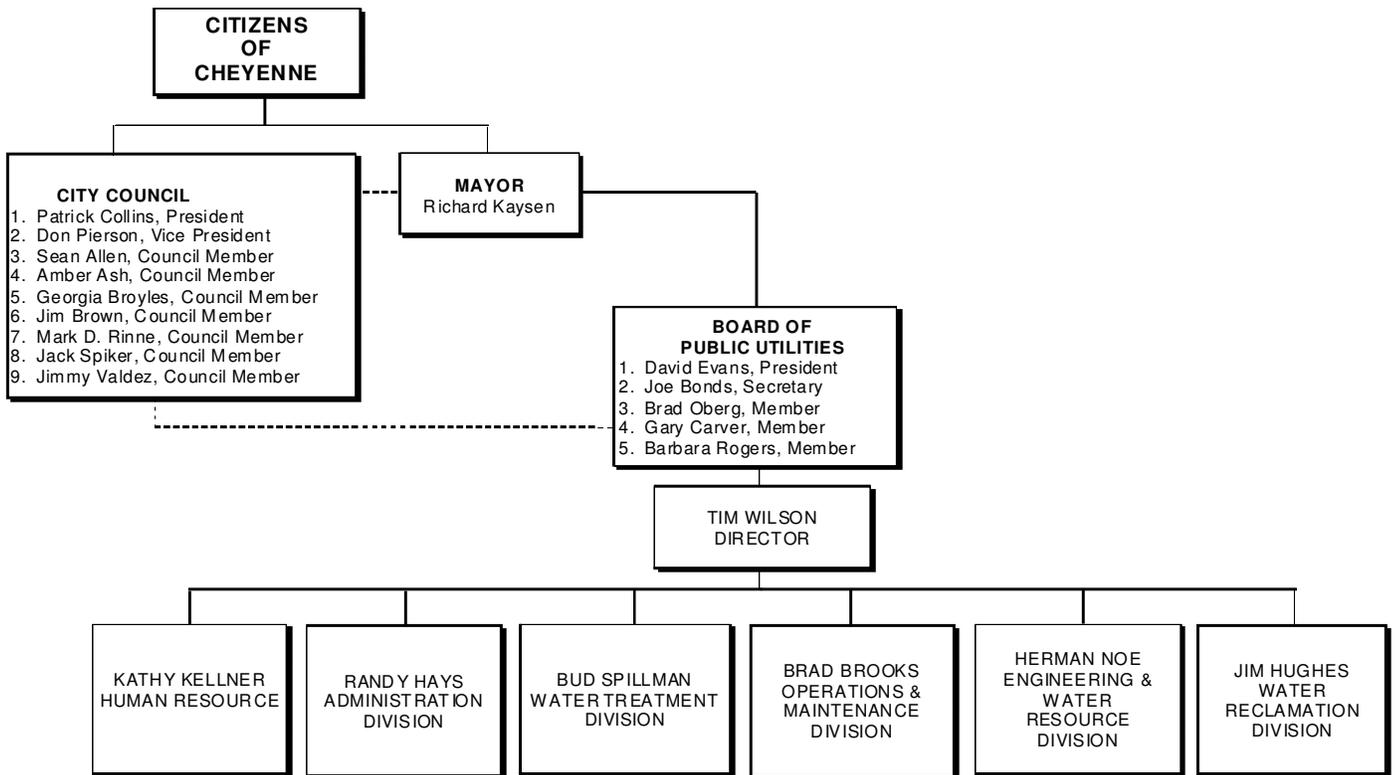


**Cheyenne, Wyoming**  
(Population 55,314 - Board of Public Utilities Customers 21,667)



**Dry Creek Water Reclamation Facility**  
(Constructed early 1970's Expanded late 1980's and 2007)

**Board of Public Utilities  
City of Cheyenne, Wyoming  
Water and Sewer Departments  
Organizational Chart  
June 30, 2012**



## MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the Board of Public Utilities (Board) offers readers of the Board's financial statements this narrative overview and analysis of the financial activities of the Board of Public Utilities for the fiscal year ended June 30, 2012.

Readers are encouraged to consider the information presented here along with additional information presented in our letter of transmittal.

### Financial Highlights

The Board's assets exceeded its liabilities at the close of the fiscal year by \$239,485,344 (net assets). Of this amount, \$25,507,519 (unrestricted net assets) is available to meet the Board's ongoing obligations to citizens and creditors.

The Board's total net assets increased by about \$6,790,012 during fiscal year 2012. This increase can be attributed to capital contributions, grant revenues, and an increase in water and sewer consumption.

The loan requests and grant applications that the Board applied for during the fiscal year:

- In June, the Board approved a resolution authorizing the submittal of an application to the Wyoming State Loan and Investment Board for a loan from the Wyoming Clean Water State Revolving Fund for an amount not to exceed \$5 million for the Crow Creek Water Reclamation Facility Improvements Project.
- In June, the Board approved a resolution authorizing the submittal of an application to the Wyoming State Loan and Investment Board, Wyoming Drinking Water State Revolving Fund for a grant in the amount not to exceed of \$4,261,200 for the Southern Water Transmission Main – Phase II Project.
- In April, the Board approved a resolution authorizing submission of a Mineral Royalty Capital Construction Account Grant (Chapter 3) to the Wyoming State Loan and Investment Board to accomplish the Crow Creek Water Reclamation Facility Improvement project in the amount of \$1,000,000.
- In April, the Board approved a resolution authorizing submission of a Mineral Royalty Capital Construction Account Grant (Chapter 3) to the Wyoming State Loan and Investment Board to accomplish the Snyder Avenue Sewer Rehabilitation Project in the amount of \$243,750.
- In January, the Board approved a resolution authorizing submission of a Mineral Royalty Capital Construction Account Grant (Chapter 3) Application to the State Loan and Investment Board on behalf of the Governing Body of the City of Cheyenne for the East Pershing Blvd. Sewer Main Project – Dunn Avenue to Converse Avenue in the amount of \$155,500.
- In August, the Board approved, and was later awarded, a resolution “authorizing submission of a Mineral Royalty Capital Construction Account Grant (chapter 3) application to the State Loan and Investment Board on behalf of the Governing Body of the City of Cheyenne to accomplish the West Pershing Boulevard Sewer Main Project – Pioneer Avenue to Interstate 25 in the amount of \$175,000. The grant application was later approved

Interest revenue received for the current year was \$104,709 and decreased \$74,011 from the previous fiscal year. The yield on bank certificates of deposit (c.d.'s) decreased during the fiscal year to 0.10 percent on 90 day c.d.'s and 0.35% on Wyo-Star Fund Investments. Rate forecasts are uncertain for the first half of fiscal year 2013.

Operating revenue for the waterworks fund increased \$1,615,051 and the sewer fund increased \$403,962 during the fiscal year. Revenue increases in the waterworks operating revenue was largely

due to 3.5% increase in billed volume and 39% increase in estimated unbilled services due to increased volume. Revenue increases in the sewer operating revenue was also largely attributed to a 3% increase in billed volume.

The total indebtedness of the Board decreased \$3,498,951 (4.4 percent) from \$80,161,824 to \$76,662,873 during the current fiscal year. The decrease was due, principally to early payoffs on three loans as well as the final payment for the 1998 General Obligation Water Bonds. These payoffs exceeded the borrowing for the Administration Building, 30" WAFB Water Main and Southern Water Transmission Main projects. For additional information please refer to Note 4 of the financial statements.

## **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Board's basic financial statements. The Board's basic financial statements comprise three components.

This report also contains other supplementary information in addition to the basic financial statements themselves. Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, established a financial reporting model for state and local governments. This financial report complies with GASB Statement No. 34.

## **Financial Statements**

The business-type activities financial statements are designed to provide readers with a broad overview of the Board's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on the Board's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the government is improving or deteriorating.

The statement of revenue, expenses and changes in fund net assets presents information showing how the Board's net assets changed during the most recent fiscal year.

Both of the financial statements distinguish functions of the Board that are principally intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The business-type activities of the Board include Waterworks and Sewer Enterprise Fund activities.

The basic financial statements of the Board, presented as business-type activities of the enterprise funds are found on pages 19-23 of this report.

## **Fund Financial Statements**

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. The Board of Public Utilities, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the Board are categorized as proprietary funds.

## **Proprietary Funds**

The Board maintains a single-type of proprietary fund called enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Enterprise funds are used to account for the waterworks and sewer activities.

Proprietary funds provide the same type of information, as do government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Waterworks and Sewer Departments, which are the only funds of the Board.

The basic proprietary fund financial statements are represented by individual fund columns and also can be found on pages 19-23 of this report.

## **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-42 of this report.

## **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the Board's budget comparison – Budget versus Actual. This supplementary information can be found on pages 43-45 of this report.

## **Financial Analysis**

Since the Board has only business-type activities, accounted for as two enterprise funds (Waterworks and Sewer), the following discussion will be related to the combining of those two funds as expressed by the business-type activities total of the financial statements.

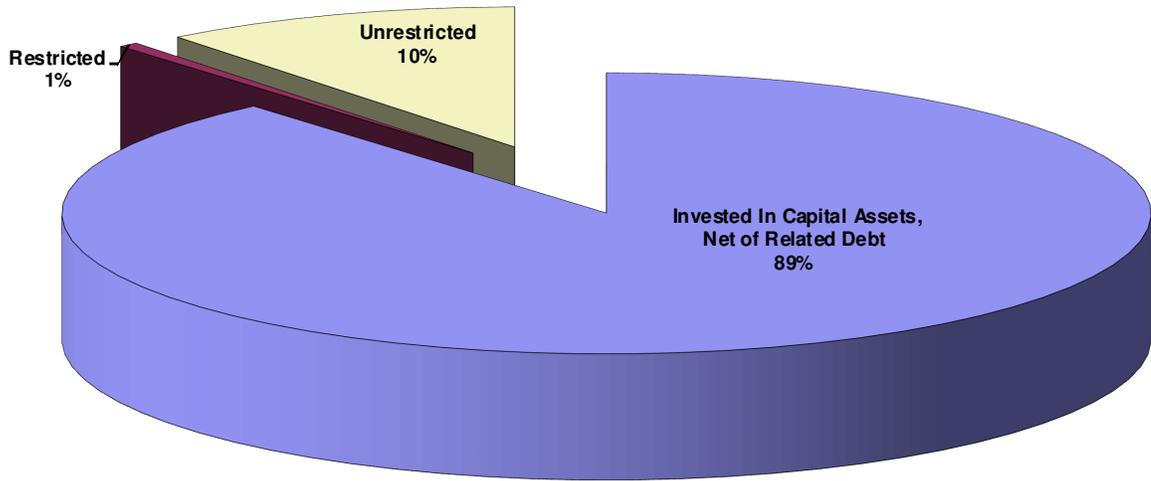
## **Business-Type Activities Net Assets**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Board, total net assets increased by \$6,790,012 during fiscal year 2012.

The largest portion of the Board's net assets, \$212,588,231 (89 percent) reflects its investment in capital assets (e.g., dams, reservoirs, water and sewer treatment plants, miles and miles of water and sewer mains, land, buildings, machinery and equipment), less any related outstanding debt used to acquire those assets.

The Board uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Board'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.

## Net Asset Categories as of June 30, 2012



### BOARD OF PUBLIC UTILITIES Net Assets (\$1,000's)

	Waterworks Fund (\$1,000's)		Sewer Fund (\$1,000's)		Total Business-Type Activities (\$1,000's)	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 24,845	\$ 23,764	\$ 8,568	\$ 8,406	\$ 33,413	\$ 32,170
Capital assets	211,746	209,910	77,809	77,643	289,555	287,553
Total assets	<u>236,591</u>	<u>233,674</u>	<u>86,377</u>	<u>86,049</u>	<u>322,968</u>	<u>319,723</u>
Long-term liabilities						
outstanding	41,097	40,828	32,831	33,788	73,928	74,616
Other liabilities	6,728	9,357	2,827	3,055	9,555	12,412
Total liabilities	<u>47,825</u>	<u>50,185</u>	<u>35,658</u>	<u>36,843</u>	<u>83,483</u>	<u>87,028</u>
Invested in capital assets, net of related debt	169,273	164,913	43,315	42,212	212,588	207,125
Restricted	1,390	1,290	-	-	1,390	1,290
Unrestricted	18,103	17,286	7,404	6,994	25,507	24,280
<b>Total net assets</b>	<u>\$ 188,766</u>	<u>\$ 183,489</u>	<u>\$ 50,719</u>	<u>\$ 49,206</u>	<u>\$ 239,485</u>	<u>\$ 232,695</u>

The remaining balance of unrestricted net assets \$25,507,519 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Board reports positive balances in all categories of net assets, both for the government as a whole, as well as for its business-type activities. The same situation held true for the prior fiscal year.

### CHANGES IN NET ASSETS

Last Ten Fiscal Years

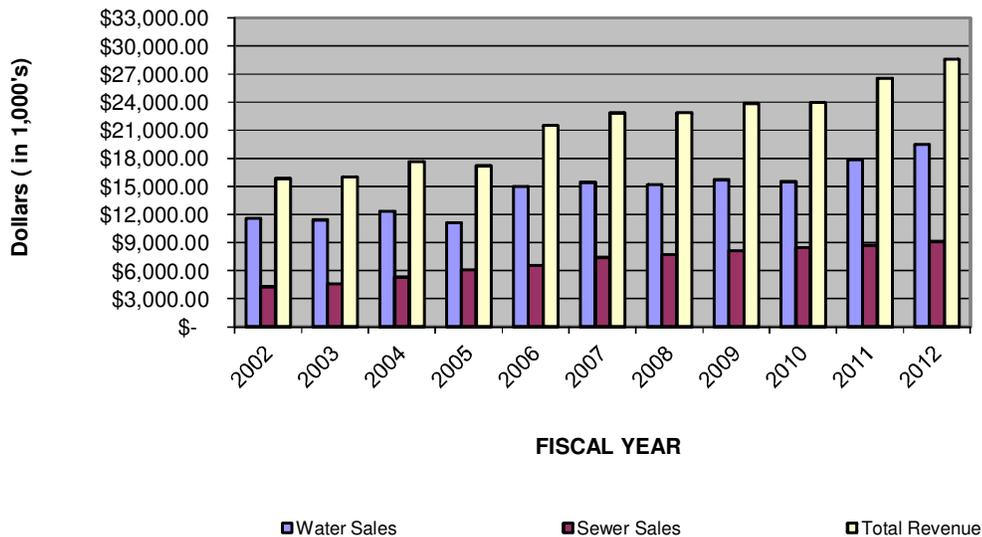
Fiscal Year	Operating Revenue	Operating Expenses	Operating Income (Loss)	Total Nonoperating Revenue/ (Expenses)	Income (Loss) before Capital Contribution	Capital Contribution	Change in Net Assets
2003	\$ 16,001,865	\$ 16,465,051	\$ (463,186)	\$ 6,454,018	\$ 5,990,832	\$ 1,911,023	\$ 7,901,855
2004	17,640,068	17,023,616	616,452	2,505,826	3,122,278	3,276,543	6,398,821
2005	17,210,446	18,146,174	(935,728)	7,111,526	6,175,798	2,050,320	8,226,118
2006	21,520,678	19,430,355	2,090,323	3,124,447	5,214,770	9,891,820	15,106,590
2007	22,831,536	20,401,356	2,430,180	3,456,732	5,886,912	5,852,303	11,739,215
2008	22,876,903	22,712,301	164,602	1,519,564	1,684,166	2,160,041	3,844,207
2009	23,856,054	23,911,025	(54,971)	324,167	269,196	3,279,312	3,548,508
2010	24,281,960	24,220,188	61,772	(149,067)	(87,295)	1,498,273	1,410,978
2011	26,575,116	25,151,232	1,423,884	(685,814)	738,070	5,958,598	6,696,668
2012	28,594,129	26,005,418	2,588,711	(179,719)	2,408,992	4,381,020	6,790,012

Net assets increased by \$6,790,012 during fiscal year 2012. This is attributed to capital contributions, system development fees from new users, grant revenues, and an increase in water and sewer consumption.

### Business-Type Activities – Revenues and Expenses

The following schedules present a summary of the water and sewer enterprise fund operating revenues for the fiscal year ended June 30, 2012, and the amount and percentage of increases and decreases in relation to prior year revenues.

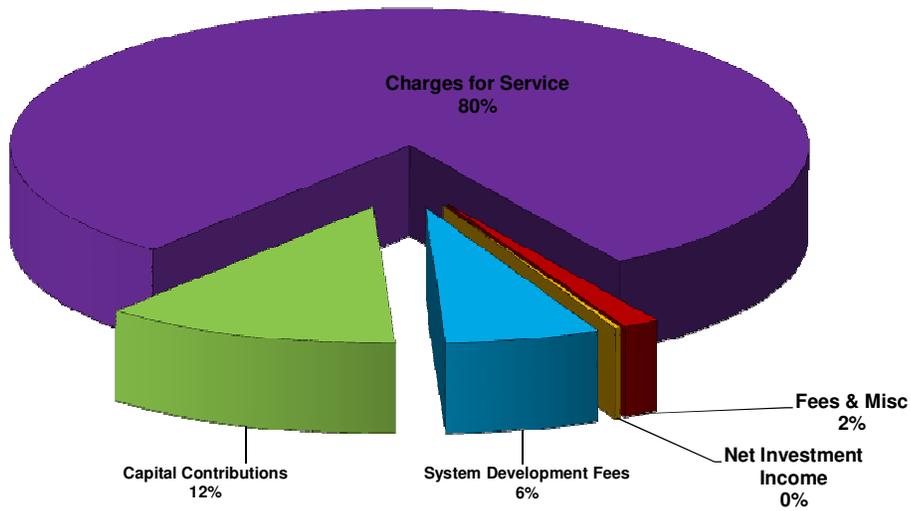
#### OPERATING REVENUE



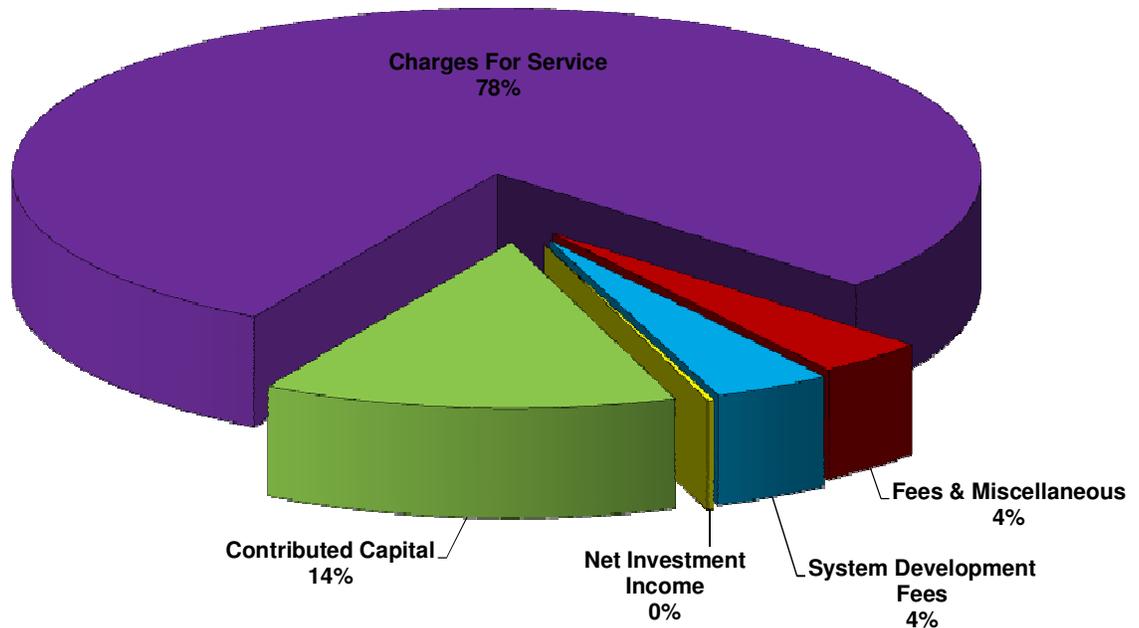
**BOARD OF PUBLIC UTILITIES Revenue (\$1,000's)**

Revenue Source	Waterworks Fund		Sewer Fund		Total		Inc./(Decr.) From FY 11	% of Inc./Decr.	Fiscal Year 2011
	FY 12 Amount	% of Total	FY 12 Amount	% of Total	FY 12 Amount	% of Total			
<b>Operating Revenue</b>									
Sales and charges for service	\$19,136	80%	\$8,700	78%	\$27,836	80%	\$2,039	8%	\$25,797
Fees and miscellaneous	355	2%	403	4%	758	2%	(20)	-3%	778
<b>Total operating revenue</b>	<b>19,491</b>	<b>82%</b>	<b>9,103</b>	<b>82%</b>	<b>28,594</b>	<b>82%</b>	<b>2,019</b>	<b>8%</b>	<b>26,575</b>
<b>Nonoperating Revenue</b>									
Net investment income	54	0%	23	0%	77	0%	(70)	-48%	147
System development fees	1,493	6%	435	4%	1,928	6%	272	16%	1,656
<b>Total nonoperating revenue</b>	<b>1,547</b>	<b>6%</b>	<b>458</b>	<b>4%</b>	<b>2,005</b>	<b>6%</b>	<b>202</b>	<b>11%</b>	<b>1,803</b>
<b>Capital Contributions</b>	<b>2,850</b>	<b>12%</b>	<b>1,531</b>	<b>14%</b>	<b>4,381</b>	<b>12%</b>	<b>(1,578)</b>	<b>-26%</b>	<b>5,959</b>
<b>Gross Revenue</b>	<b>\$23,888</b>	<b>100%</b>	<b>\$11,092</b>	<b>100%</b>	<b>\$34,980</b>	<b>100%</b>	<b>\$643</b>	<b>2%</b>	<b>\$34,337</b>

**Water Revenue By Source**



## Sewer Revenue By Source



Gross operating revenue, including interest and transfers, totaled \$34,980,379 for FY 2012, a 1.9 percent increase from FY 2011. The increase was largely due to increased billed consumption. FY 2012 operating gross revenue was \$2,019,013 above FY 2011.

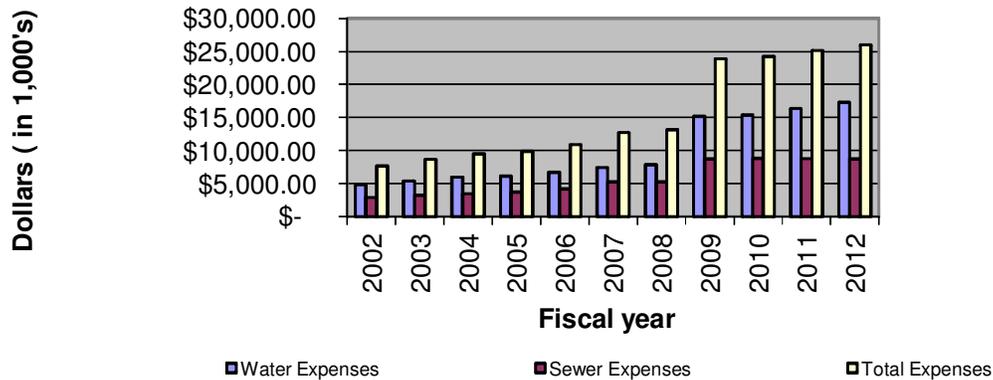
System Development fees increased \$272,590 compared to FY 2011. FY 2012 fees totaled \$1,928,153 compared to \$1,655,563 in FY 2011. Sold water and sewer tap permits increased by 400 permits in FY 2012 compared to the previous fiscal year. In FY 2012, there were 497 water and sewer permits sold compared to 97 permits in FY 2011. There was a larger number of tap permits issued for diameters above the standard residential ¾-inch tap that generated an increase in the annual revenue in FY 2012 as compared to FY 2011.

Sewer usage for residential and some commercial users is calculated each year to establish each customer's winter-quarter average – the basis for their monthly sewer charges.

Effective July 1, 2004, residential customers were charged on a tiered rate schedule, which increases in relation to increases in water used.

The following schedules present a summary of the Water and Sewer Enterprise Fund operating expenses for FY 2012, and the percentage of increases and decreases in relation to prior year amounts.

## Operating Expenses



### BOARD OF PUBLIC UTILITIES Operating Expenses (\$1,000's)

	Waterworks Fund		Sewer Fund		Total		Inc./(Decr.) From FY 11	% of Inc./Decr.	Fiscal Year 2011
	FY 12 Amount	% of Total	FY 12 Amount	% of Total	FY 12 Amount	% of Total			
<b>Operating Expenses</b>									
Source of supply	\$1,245	7%	\$ -	0%	\$1,245	4%	\$116	10%	\$1,129
Water treatment	2,222	12%	-	0%	2,222	8%	189	9%	2,033
Transmission and distribution	1,975	11%	-	0%	1,975	7%	82	4%	1,893
Sewer collection lines	-	0%	1,112	11%	1,112	4%	39	4%	1,073
Water reclamation	-	0%	2,306	24%	2,306	8%	2	0%	2,304
Engineering and water resources	809	4%	270	3%	1,079	4%	32	3%	1,047
Administrative and general	2,831	15%	1,532	16%	4,363	15%	241	6%	4,122
Information technology and customer service	783	4%	261	3%	1,044	4%	96	10%	948
Depreciation	7,426	40%	3,233	34%	10,659	38%	57	1%	10,602
<b>Total operating expenses</b>	<b>17,291</b>	<b>93%</b>	<b>8,714</b>	<b>91%</b>	<b>26,005</b>	<b>92%</b>	<b>854</b>	<b>3%</b>	<b>25,151</b>
<b>Nonoperating Expenses</b>									
Interest expense	1,320	7%	865	9%	2,185	8%	(304)	-12%	2,489
<b>Total Expenses</b>	<b>\$18,611</b>	<b>100%</b>	<b>\$9,579</b>	<b>100%</b>	<b>\$28,190</b>	<b>100%</b>	<b>\$550</b>	<b>2%</b>	<b>\$27,640</b>

Total Operating Expenses, excluding depreciation, increased over FY 2011 by \$797,439. The majority of the increase was in Administration and General Expenses and related to employee paid benefits.

Employee benefits increased \$137,670 over the prior year. The increase was comprised of a \$229,408 increase in paid health, dental, and life insurance expenses, a \$33,080 increase in contributions to Wyoming Retirement System, \$19,388 decrease in worker's compensation insurance, \$55,200 decrease in payouts for the early retirement offers, bonus payments of \$37,375 in FY 2012, a \$101,147 decrease for early retirement health and dental insurance, and a \$13,542 increase in other benefits.

Salaries and Wages increased \$167,413 or 2.7% during FY 2012. FY 2012 Salaries and Wages totaled \$6,386,589 compared to \$6,219,176 in FY 2011. The increase, in part, was due to \$1,000 per year salary increase for each full-time employee.

Supportive service expenses (electricity, gas, telephone, postage, etc.) increased \$175,795 or 9.9 percent, in part, due to a \$126,661 increase in gas and electricity expenses, a \$17,577 increase in training and travel, and a \$14,791 increase in bad debts.

Material and supplies expenses (chemicals, plant equipment, office supplies, gasoline etc.) increased \$94,911 or 4.5 percent. The most significant increase was \$84,452 in I.T. supplies.

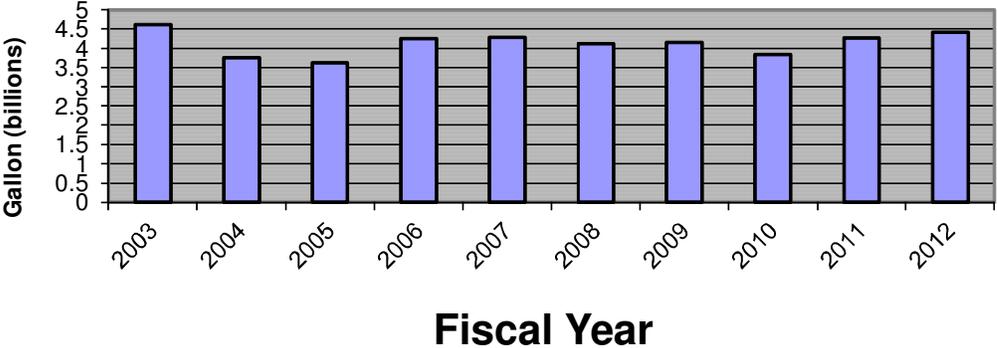
Contractual services expenses (contracts, software maintenance, studies, property and liability insurances,) increased \$221,651 or 17.0 percent during FY 2012. The significant increase was a result of \$222,225 for sludge removal from Pond #3 at the Sherard Water Treatment Plant.

Interest expense on bonds and loans totaled \$2,184,949 for FY 2012, and was included in the above schedule of operating expenses. This 12.2 percent decrease from FY 2011 was the result of early payoffs on 4.0% loans and normal principal reduction in the water fund from the annual debt service payment. FY 2011 interest expense totaled \$2,488,602.

**Metered Water Consumption History**

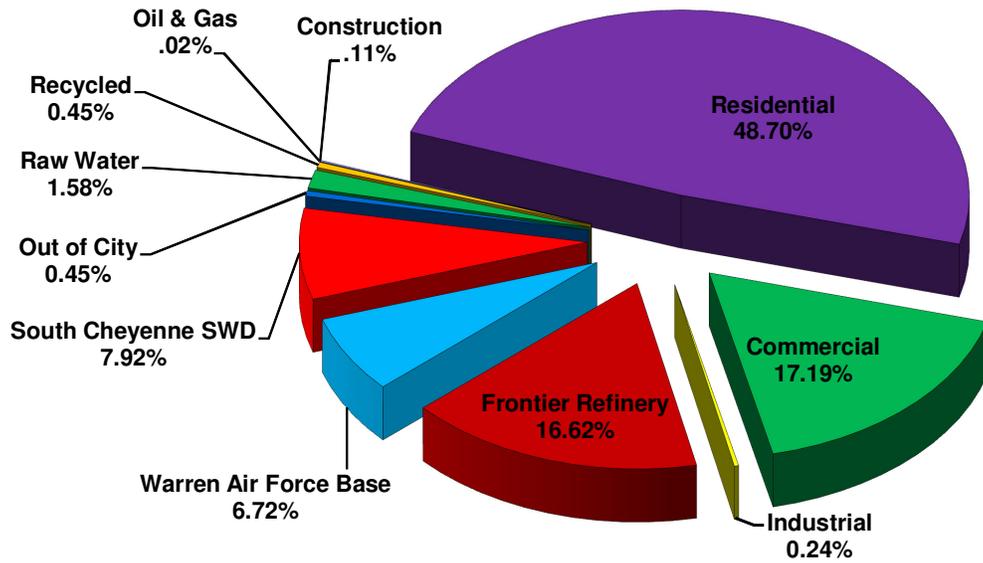
During FY 2012, the Board sold 4.419 billion gallons of water as compared to 4.218 billion gallons in FY 2011. The increase can be partially attributed to a dry Spring resulting in increased outdoor irrigation. Billed water consumption has averaged 4.126 billion gallons over the past ten years.

**METERED WATER SALES**



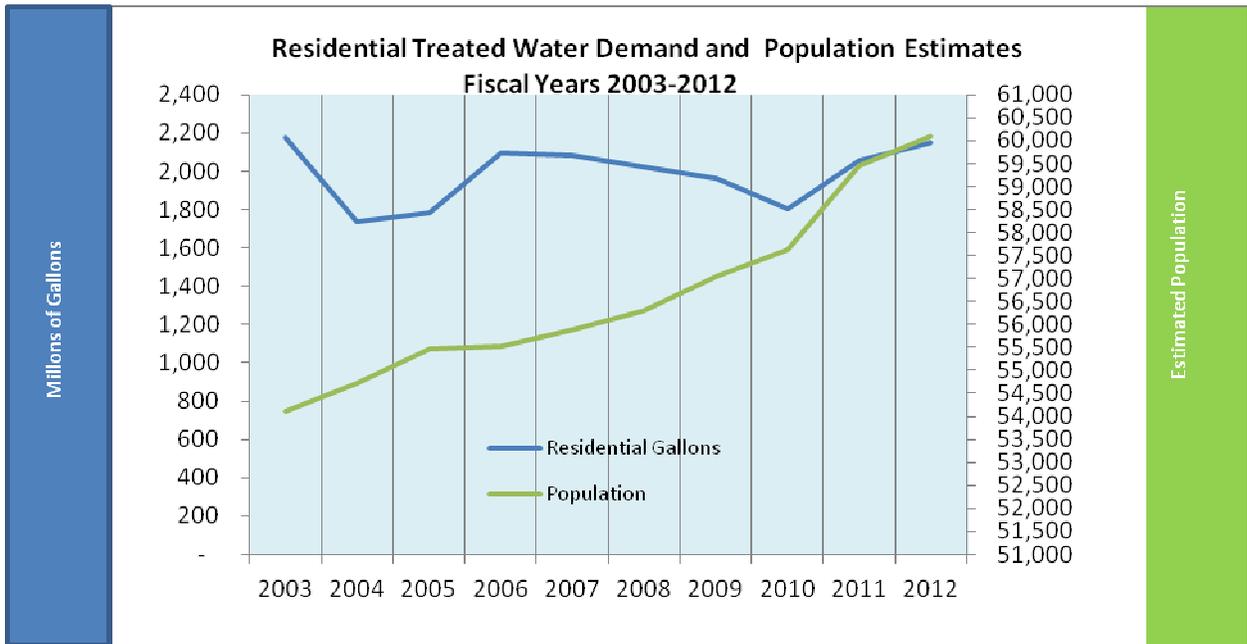
Total water supplied to the City in FY 2012 was 5.271 billion gallons of water compared to 4.828 billion gallons of water in FY 2011.

## METERED WATER SALES BY CUSTOMER CLASS FY 2012



## BOARD OF PUBLIC UTILITIES Per Capita Consumption

Fiscal Year	Population Estimate	Residential Meter Water Use-Only	Gallons per Capita per Day Residential Use	Total City Metered Water Use-Only	Gallons per Capita per Day Total City Use
2003	54,716	2,174,054,000	108.86	3,797,967,000	190.17
2004	55,473	1,736,696,000	85.77	3,177,271,000	156.92
2005	56,036	1,784,824,000	87.26	3,089,056,000	151.03
2006	55,662	2,093,589,000	103.05	3,624,482,000	178.40
2007	55,641	2,081,685,000	102.50	3,564,189,000	175.50
2008	56,051	2,026,111,000	99.03	3,435,725,000	167.94
2009	56,296	1,962,219,000	95.49	3,482,228,000	169.47
2010	56,483	1,800,494,000	87.33	3,237,866,000	157.05
2011	59,466	2,057,439,000	94.79	3,512,364,000	161.82
2012	60,096	2,152,263,000	98.12	3,657,056,000	166.72



**Financial Analysis of the Board’s Enterprise Funds**

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

**Proprietary Funds**

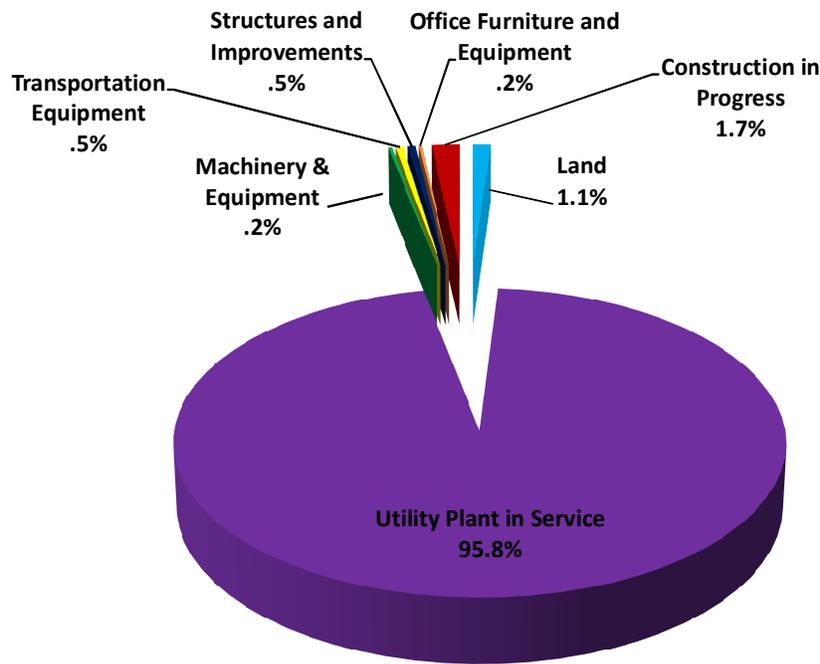
The Board’s proprietary funds provide the same type of information found in the business-type activities financial statements, but in more detail.

Unrestricted net assets of the Waterworks Enterprise Fund totaled \$18,102,988 at the end of the current fiscal year. Unrestricted net assets of the Sewer Enterprise Fund totaled \$7,404,531 at the end of the current fiscal year. The total change in net assets for both funds, from the previous fiscal year was \$5,277,197 and \$1,512,815, respectively. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Board’s business-type activities.

**Capital assets (property, plant and equipment)**

As of June 30, 2012, the capital assets of the Board, net of accumulated depreciation, totaled \$289,555,262. This investment in capital assets includes land, dams, reservoirs, well fields, water collection and transmission pipelines, water and wastewater treatment plants, water distribution and sewer collection mains and systems, buildings, machinery, vehicles and equipment.

# Capital Asset Allocation



## BOARD OF PUBLIC UTILITIES Capital Assets (\$1,000's) Net of Depreciation

	Waterworks Fund		Sewer Fund		Total Business-Type Activities	
	2012	2011	2012	2011	2012	2011
Land	\$ 4,539	\$ 4,539	\$ 529	\$ 529	\$ 5,068	\$ 5,068
Utility plant in service	335,792	326,663	118,290	116,093	454,082	442,756
Machinery and equipment	785	788	260	261	1,045	1,049
Transportation equipment	1,736	1,719	567	573	2,303	2,292
Structures and improvements	1,654	1,547	568	543	2,222	2,090
Office furniture and equipment	709	678	245	228	954	906
Construction in progress	6,384	6,441	1,809	693	8,193	7,134
Less accumulated depreciation	(139,853)	(132,464)	(44,459)	(41,278)	(184,312)	(173,742)
<b>Total</b>	<b>\$ 211,746</b>	<b>\$ 209,911</b>	<b>\$ 77,809</b>	<b>\$ 77,642</b>	<b>\$ 289,555</b>	<b>\$ 287,553</b>

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

- Completion of Phase II of the 30-inch Warren Air Force Base distribution main.
- Contributed capital (water distribution mains, hydrants, sewer collection mains and manholes) from development projects.
- Improvements and upgrades to water distribution and sewer collection mains.
- Nearing completion of new Administration/Engineering building.

At the close of FY 2012, the Board had transferred the following projects from construction work in progress to Capital Assets:

**BOARD OF PUBLIC UTILITIES - CWIP  
Transferred to Capital Assets**

Water Projects:

Weber Well - 11	\$ 208,614
Carey Ave. City Project - 09	2,701
Pioneer Ave. City Project - 09	1,008
W. Lincolnway-WYDOT - 09	3,345
19th St. City Project - 09	323
Water Main Rehabs - 11	13,127
Linden Way - 11	255,357
Powderhouse Road - 11	303,830
Rio Verde - 11	140,840
Snyder Avenue Storm - 11	17,878
30" WAFB Water Transmission Main	5,150,887
Chlorine Scrubber System	35,079
Total Water Projects	\$ 6,132,989

Sewer Collection Main Projects:

Russell (E 1st-E 6th) - 11	\$ 104,725
1600 Block Cleveland - 11	50,611
Dry Creek W of Yellowstone - 11	77,240
1300 Country Club - 11	40,392
1300 Block E. 19th - 11	49,592
West 27th Street	25,617
Sewer Rehabs - 11	13,584
Swan Ranch Main Oversize - 12	88,955
Carey Ave. City Project - 09	1,205
Pioneer Ave. City Project - 09	789
19th St. City Project - 09	83
Dry Creek Sewer Lining (Yellowstone-Mylar) - 12	271,189
Snyder Storm Sewer Replacement	11,400
Total Sewer Projects	\$ 735,382

Additional information on the Board's capital assets can be found in Note 3 on page 30 of this report.

**Long-Term Debt**

At the end of the current fiscal year, the Board had total bonded debt outstanding of \$76,662,873. Of this amount, \$10,510,000 are 2007 Water Revenue Refunding Bonds, and the remainder of \$66,152,873 are loans from the State of Wyoming for various water and sewer projects.

The total indebtedness of the Board decreased by \$3,498,951 (4.4 percent) from \$80,161,824 to \$76,662,873 during the current fiscal year. The decrease was primarily due to the early payoff of three loans and normal principal reduction.

**BOARD OF PUBLIC UTILITIES Outstanding Debt  
General Obligation Bonds and State Loans**

	Waterworks Enterprise Fund		Sewer Enterprise Fund		Business-Type Activities Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ -	\$ 2,615,000	\$ -	\$ -	\$ -	\$ 2,615,000
Revenue refunding bonds	10,510,000	10,995,000	-	-	10,510,000	10,995,000
Loans from the State of Wyoming	31,658,800	31,120,917	34,494,073	35,430,907	66,152,873	66,551,824
<b>Total</b>	<b>\$42,168,800</b>	<b>\$44,730,917</b>	<b>\$34,494,073</b>	<b>\$35,430,907</b>	<b>\$76,662,873</b>	<b>\$80,161,824</b>

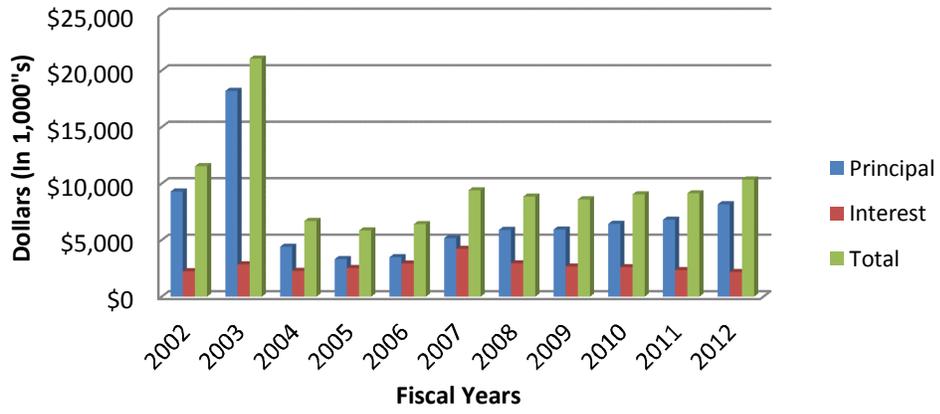
During FY 2012, proceeds from the issuance of debt totaled \$4,677,011 as follows:

**BOARD OF PUBLIC UTILITIES - Proceeds from Debt Issuance**

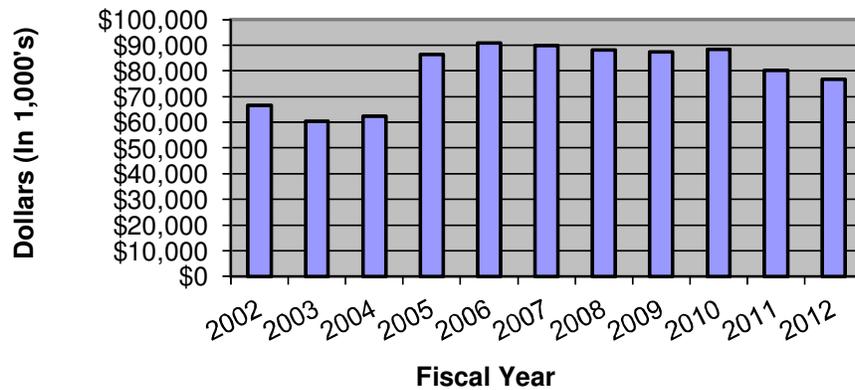
Project	Advance	Funding Source
DWSRF#074 Administration Building	\$ 30,713	Wyoming State Lands and Investments
CWSRF#084 Administration Building	54,085	Wyoming State Lands and Investments
DWSRF#079 30" Water Main/WAFB	249,589	Wyoming State Lands and Investments
DWSRF#106 Administration Building	2,064,730	Wyoming State Lands and Investments
CWSRF#115 Administration Building	2,064,730	Wyoming State Lands and Investments
DWSRF#120 S. Water Transmission	213,164	Wyoming State Lands and Investments
	<u>\$ 4,677,011</u>	

The Board retired \$2,615,000 of the 1998 General Obligation Water Refunding Bonds, \$485,000 of the 2007 Refunding Revenue Bonds, and \$5,075,962 of additional State of Wyoming water and sewer loans.

## Annual Debt Payment



## Total Principal Debt Outstanding



The general obligation bonds are paid from the revenue of the water system.

At the end of the Fiscal Year 2009, Standard and Poor's upgraded the Board's investment rating from AA- to AA. Standard's and Poor upgraded the rating based on Cheyenne's status as a regional trade center, state capital, and service based economy; and because of the Board's strong financial management, strong debt service, low water rates, adequate water supply and the water treatment plant's available capacity. Standard and Poor's also described the Board's financial outlook as "stable."

For additional information on long-term debt, please refer to Note 4 to the financial statements.

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

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

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 2012, the Wyoming state revenue exceeded projections.

According to the Wyoming Center for Business and Economic Analysis the first quarter 2012, new job creation was comfortably ahead of first quarter 2011. Employment growth was 2.96 percent higher, a gain of 1,226 jobs. The Cheyenne area's unemployment rate averaged 6.9 percent over the first quarter of 2012, a decline from first quarter 2011's average of 7.7 percent.

During the first quarter of 2012, 144 housing permits were issued compared with 164 in the first quarter of 2011. The number of homes sold which included condos/townhomes averaged 95 per month, county wide, during the first quarter of 2012. That equates to a 4.0 percent increase over first quarter 2011. The rate of sales decreased from fourth quarter 2011 by 11.5 percent and stood a mere 1.1 percent higher than that of first quarter 2010. Total sales for 2011 were 1,348 as compared to 1,291 in 2010 which was equal to a percentage gain of 4.4 percent. There were no signals to suggest homes sales will reverse their positive growth trend as 2012 proceeds.

Total building permits issued for the City of Cheyenne increased 18.3 percent year-over-year and was up 21 percent from two years ago, first quarter to first quarter. However, it did drop 12.2 percent from fourth quarter 2011. City permits averaged 144 per month this quarter as compared to 157 per month for all of 2011 and thus were down 9.0 percent. It is anticipated that commercial building permits will increase as the building season progresses.

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

The financial report is designed to provide a general overview of the Board of Public Utilities' 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 Board of Public Utilities, Administration Manager, 2416 Snyder Avenue, Cheyenne, Wyoming 82003-1469.

## **BASIC FINANCIAL STATEMENTS**

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

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

ASSETS	Business-Type Activities Enterprise Funds		
	Waterworks Fund	Sewer Fund	Total
<b>Current Assets</b>			
Cash and cash equivalents	\$ 16,799,407	\$ 6,368,938	\$ 23,168,345
Investments	1,050,000	986,585	2,036,585
Restricted assets:			
Cash and cash equivalents	581,680	-	581,680
Investments	989,594	-	989,594
Due from other governments	164,979	22,989	187,968
City of Cheyenne sanitation account	1,473,157	-	1,473,157
Receivables:			
Accounts, consumers, net	1,445,023	594,990	2,040,013
Estimated unbilled usage	1,929,176	577,688	2,506,864
Accrued interest	8,436	2,524	10,960
Inventories	300,269	14,590	314,859
Prepaid expenses	17,440	-	17,440
<b>Total current assets</b>	<b>24,759,161</b>	<b>8,568,304</b>	<b>33,327,465</b>
<b>Noncurrent Assets</b>			
Capital assets:			
Land	4,538,963	528,760	5,067,723
Utility plant in service	335,792,445	118,289,633	454,082,078
Machinery and equipment	785,226	260,445	1,045,671
Transportation equipment	1,735,966	567,047	2,303,013
Structures and improvements	1,653,898	567,582	2,221,480
Office furniture and equipment	708,518	244,900	953,418
Construction in progress	6,384,102	1,809,494	8,193,596
	351,599,118	122,267,861	473,866,979
Less accumulated depreciation	(139,852,512)	(44,459,205)	(184,311,717)
	211,746,606	77,808,656	289,555,262
Other Assets			
Deferred debt expense	85,679	-	85,679
<b>Total noncurrent assets</b>	<b>211,832,285</b>	<b>77,808,656</b>	<b>289,640,941</b>
<b>Total assets</b>	<b>236,591,446</b>	<b>86,376,960</b>	<b>322,968,406</b>

See Notes to Financial Statements.

<b>LIABILITIES</b>	Business-Type Activities Enterprise Funds		
	Waterworks Fund	Sewer Fund	Total
<b>Current Liabilities</b>			
Vouchers payable	\$ 1,328,116	\$ 219,819	\$ 1,547,935
Accrued compensated absences and early retirement	216,169	144,118	360,287
Accrued interest on general obligation bonds and loans	750,850	160,367	911,217
Current portion of general obligation bonds and loans	1,940,474	2,040,120	3,980,594
Unearned fees and deposits	823,301	221,353	1,044,654
Other accruals	-	36,409	36,409
Due to other City funds	1,669,043	5,166	1,674,209
<b>Total current liabilities</b>	<b>6,727,953</b>	<b>2,827,352</b>	<b>9,555,305</b>
<b>Noncurrent Liabilities</b>			
Accrued compensated absences	564,779	376,541	941,320
General obligation bonds and loans, net of current portion, deferred amount on refunding, and unamortized bond premium	40,532,484	32,453,953	72,986,437
<b>Total noncurrent liabilities</b>	<b>41,097,263</b>	<b>32,830,494</b>	<b>73,927,757</b>
<b>Total liabilities</b>	<b>47,825,216</b>	<b>35,657,846</b>	<b>83,483,062</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt	169,273,648	43,314,583	212,588,231
Restricted for Debt Service and Capital Improvements	1,389,594	-	1,389,594
Unrestricted	18,102,988	7,404,531	25,507,519
<b>Total net assets</b>	<b>\$ 188,766,230</b>	<b>\$ 50,719,114</b>	<b>\$ 239,485,344</b>

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

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

**PROPRIETARY FUNDS**

**Year Ended June 30, 2012**

	Business-Type Activities Enterprise Funds		
	Waterworks Fund	Sewer Fund	Total
Operating Revenues			
Sales and charges for services	\$ 19,136,331	\$ 8,699,568	\$ 27,835,899
Fees and miscellaneous	354,869	403,361	758,230
<b>Total operating revenues</b>	<b>19,491,200</b>	<b>9,102,929</b>	<b>28,594,129</b>
Operating Expenses			
Source of supply	1,245,052	-	1,245,052
Water treatment	2,222,510	-	2,222,510
Transmission and distribution	1,975,019	-	1,975,019
Sewer collection lines	-	1,112,374	1,112,374
Water reclamation	-	2,305,548	2,305,548
Engineering and water resources	808,774	269,695	1,078,469
Administrative and general	2,830,570	1,532,005	4,362,575
Information technology and customer service	783,458	261,135	1,044,593
Depreciation	7,426,084	3,233,194	10,659,278
<b>Total operating expenses</b>	<b>17,291,467</b>	<b>8,713,951</b>	<b>26,005,418</b>
<b>Operating income</b>	<b>2,199,733</b>	<b>388,978</b>	<b>2,588,711</b>
Nonoperating Revenues (Expenses)			
System development fees	1,493,401	434,752	1,928,153
Investment income:			
Net decrease in fair value of investments	(20,508)	(7,124)	(27,632)
Interest income	74,621	30,088	104,709
Interest expense	(1,320,118)	(864,831)	(2,184,949)
<b>Total nonoperating (expenses)</b>	<b>227,396</b>	<b>(407,115)</b>	<b>(179,719)</b>
<b>Income (loss) before contributions</b>	<b>2,427,129</b>	<b>(18,137)</b>	<b>2,408,992</b>
Capital Contributions			
Capital grants	495,259	151,257	646,516
Donated utilities	2,354,809	1,379,695	3,734,504
<b>Total capital contributions</b>	<b>2,850,068</b>	<b>1,530,952</b>	<b>4,381,020</b>
<b>Change in net assets</b>	<b>5,277,197</b>	<b>1,512,815</b>	<b>6,790,012</b>
Net Assets, beginning of year	183,489,033	49,206,299	232,695,332
Net Assets, end of year	\$ 188,766,230	\$ 50,719,114	\$ 239,485,344

See Notes to Financial Statements.

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

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

	Business-Type Activities Enterprise Funds		
	Waterworks Fund	Sewer Fund	Total
Cash Flows from Operating Activities			
Cash received from customers	\$ 18,675,722	\$ 9,104,418	\$ 27,780,140
Cash payments to suppliers	(3,759,030)	(2,192,649)	(5,951,679)
Cash payments to employees	(6,056,723)	(3,495,864)	(9,552,587)
Change in City sanitation account	93,575	-	93,575
<b>Net cash provided by operating activities</b>	<b>8,953,544</b>	<b>3,415,905</b>	<b>12,369,449</b>
Cash Flows from Capital and Related Financing Activities			
System development fees	1,286,485	397,528	1,684,013
Capital grants	406,398	135,594	541,992
Proceeds from issuance of debt	4,503,857	1,182,934	5,686,791
Principal paid on general obligation/revenue bonds and loan debt maturities	(6,185,564)	(1,990,398)	(8,175,962)
Interest paid on debt	(1,310,423)	(875,883)	(2,186,306)
Acquisition and construction of capital assets	(6,772,225)	(1,995,190)	(8,767,415)
<b>Net cash (used in) capital and related     financing activities</b>	<b>(8,071,472)</b>	<b>(3,145,415)</b>	<b>(11,216,887)</b>
Cash Flows from Investing Activities			
Interest on cash and investments	58,565	24,813	83,378
Purchase of investments	-	(36,585)	(36,585)
Redemption of investments	2,709,312	1,386,313	4,095,625
<b>Net cash provided by investing activities</b>	<b>2,767,877</b>	<b>1,374,541</b>	<b>4,142,418</b>
<b>Net increase in cash and     cash equivalents</b>	<b>3,649,949</b>	<b>1,645,031</b>	<b>5,294,980</b>
Cash and Cash Equivalents			
Beginning	13,731,138	4,723,907	18,455,045
Ending	<b>\$ 17,381,087</b>	<b>\$ 6,368,938</b>	<b>\$ 23,750,025</b>

Continued

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

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

	Business-Type Activities Enterprise Funds		
	Waterworks Fund	Sewer Fund	Total
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>			
Operating income	\$ 2,199,733	\$ 388,978	\$ 2,588,711
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	7,426,084	3,233,194	10,659,278
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities:			
Receivables	(798,169)	17,778	(780,391)
Inventories	(51,905)	(83)	(51,988)
Prepaid expenses	(6,731)	-	(6,731)
Vouchers payable	57,145	(246,530)	(189,385)
Accrued compensated absences	33,812	22,568	56,380
Other accruals	-	-	-
Unearned fees and deposits	-	-	-
City sanitation account	93,575	-	93,575
<b>Net cash provided by operating activities</b>	<b>\$ 8,953,544</b>	<b>\$ 3,415,905</b>	<b>\$ 12,369,449</b>
<b>Noncash Investing, Capital and Financing Activities</b>			
Amortization of deferred refunding loss and debt premiums	\$ 37,946	\$ -	\$ 37,946
Donated asset acquisitions	2,354,809	1,379,695	3,734,504
Capitalized interest	135,137	24,407	159,544

See Notes to Financial Statements.

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

---

**Note 1. Nature of Operations and Significant Accounting Policies**

Nature of operations: The City of Cheyenne, Wyoming Board of Public Utilities (the “Board”) provides all water and sewer services for the City of Cheyenne, Wyoming (the “City”), Warren Air Force Base and the South Cheyenne Water and Sewer District. These services include obtaining an adequate source of water supply, water treatment, wastewater collection, and water reclamation. These activities are accounted for in the Waterworks and Sewer Funds.

A summary of the Board’s significant accounting policies follows:

Reporting entity: The Board is comprised of the Waterworks and Sewer Enterprise Funds of the City, the primary government, who is financially accountable for the Board. These financial statements present only the Waterworks and Sewer Enterprise Funds and are not intended to present fairly the financial position and results of operations of the City in conformity with accounting principles generally accepted in the United States of America.

The Board is not financially accountable for any other organizations and, thus, includes only the financial activity of the various funds of the Board. The following Wyoming State Statutes were considered in defining the reporting entity:

§15-7-401. Establishment; powers and duties generally.

Any city or town in Wyoming which owns and operates a municipal waterworks, a sanitary sewer system, a sewage disposal plant or an electric utility distribution system may establish a board of commissioners to be known as the board of public utilities. The board of public utilities shall manage, operate, maintain and control such plants and make all rules and regulations necessary for their safe, economical and efficient operation and management. The board may also improve, extend or enlarge the plants as provided in this article.

§15-7-404. Specific powers and duties; vouchers, etc.; civil service or pension system.

The board of public utilities has exclusive control of all municipally owned waterworks, sanitary sewer systems and sewage disposal plants, as specified by ordinance. The board is charged with producing and supplying the city or town and its inhabitants with water for domestic and industrial purposes, and for public use, and may sell and dispose of any surplus outside of the city or town. The board may also furnish surplus sanitary sewer facilities to persons outside of the city or town.

Measurement focus, basis of accounting, and financial statement presentation: The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

---

Major proprietary funds: The waterworks and sewer funds account for the activities of the Board. The Board operates the water reclamation plant, sewage pumping stations and collection systems, and the water distribution system.

GASB Statement #20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Funds*, provides proprietary activities with a choice of authoritative guidance issued after November 30, 1989. The Board has elected to follow GASB pronouncements exclusively after that date.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Board's enterprise funds (the waterworks fund and sewer fund) are charges to customers for sales and services. The Board 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 nonoperating revenues and expenses.

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

Deposits and investments: The Board'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. Additionally, investments in the State Treasurer's Investment Pool (WYOSTAR) and the Wyoming Government Investment Fund (WGIF) are considered to be cash equivalents due to the Board's ability to withdraw the investments at any time.

Investments for the Board are reported at fair value. 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 Board's investment activity is conducted in a pooled investment account called WYOSTAR with the State of Wyoming, State Treasurer's office. 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.

Restricted assets: Restricted assets include assets held for the City sanitation, as well as amounts due from the State of Wyoming on requested loan advances. In addition, cash required to be set aside for the repair and maintenance of capital assets that were funded by State of Wyoming loans, as well as the Bond Reserve Fund required by the issuance of the Series 2007 Refunding Revenue Water Bonds, are deemed restricted.

Due to other City funds: The City of Cheyenne sanitation account – The Board bills and collects the City's fees for sanitation services. The funds collected are remitted to the treasury of the City twice per month.

Accounts receivable: Accounts receivable are shown on the statement of net assets net of allowances for doubtful accounts of \$44,960.

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

---

Estimated unbilled usage: Unbilled utility usage represents the unbilled utility services that have been provided but not billed.

Inventories: All inventories are accounted for at the lower of cost, on a weighted-average method, or market.

Capital assets: 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 has been provided over the following estimated useful lives computed by the straight-line method:

	<u>Years</u>
Utility plant in service:	
Waterworks system	10-50
Sewer system	10-40
Machinery and equipment	5-10
Transportation equipment	5
Structures and improvements	40
Office furniture and equipment	3-5

Accrued compensated absences: Nonexempt full-time and part-time employees 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.

The liability for compensated absences is accrued as these benefits are accumulated. Vacation leave accumulates as follows:

<u>Months of Service</u>	<u>Vacation Hours Accrued per Month</u>
0 to 48	8
49 to 96	10
97 to 144	12
145 to 192	14
Over 192	16

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

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

---

Employees 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
120 to 159	7.5
80 to 119	5
40 to 79	2.5
39 or less	No accrual

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.

Water and sewer services used by the City: The City is not billed for water or sewer services used.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Note 2. Cash and Investments**

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

Statement of Net Assets:

Deposits with financial institutions:	
Cash	\$ 438,656
Certificates of deposit	7,576,179
Investments:	
WYOSTAR	18,751,499
WGIF	9,870
	\$ 26,776,204

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

---

Investments authorized by the Board's investment policy: The Board follows the guidelines set forth in Wyoming State Statute 9-4-831 as it relates to the investment of public funds. The Board's investment policy requires investments to comply with State statutes, which generally allows the Board 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 State Treasurer may by law invest. All investments made during the year were made within these statutory limits.

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 Board's investment policy does not contain any specific provisions intended to limit the Board's exposure to credit risk. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. Under investment agreements with WYOSTAR and WGIF, the Board 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.

Custodial credit risk: Custodial credit risk for deposits and certificates of deposit is the risk that, in the event of the failure of a depository financial institution, the Board 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. Certain deposits held in Board bank accounts are insured by Federal depository insurance or are collateralized with securities held by the custodian bank under safekeeping or Federal Reserve receipts in the name of the Board and the financial institution. As of June 30, 2012, the primary government had bank balances on deposit and certificates of deposit of \$9,009,283. These deposits and certificates of deposit were fully collateralized or insured as required by state statutes.

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

Concentration of credit risk: The Board's 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. Therefore, no further disclosure regarding concentrations of credit risk is required.

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

---

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 Board's investments are held in external pooled investment accounts and in bank certificates of deposit, and as a means of limiting its exposure to fair value losses arising from rising interest rates, the Board attempts to match its investment maturities to expected cash flow needs. The Board's investment policy requires that the 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 or losses. At June 30, 2012, the Board's investments met this policy. The maturities and applicable interest rates of the Board's investments are displayed in the following Interest Rate Risk Table.

Investment Type	Fair Value	Interest Rate	Investment Maturities Less Than One Year
Certificates of deposit	\$ 7,576,179	0.10% - 0.35%	\$ 7,576,179
State Treasurer's Investment Pool (WYOSTAR)	18,751,499	0.35%	18,751,499
Wyoming Government Investment Fund (WGIF)	9,870	0.08%	9,870
	\$ 26,337,548		\$ 26,337,548

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

**Note 3. Changes in Capital Assets**

A summary of changes in capital assets follows:

	Balance June 30, 2011	Additions	Retirement and Transfers	Balance June 30, 2012
Capital assets not being depreciated:				
Land	\$ 5,067,723	\$ -	\$ -	\$ 5,067,723
Construction in progress	7,133,671	7,928,296	(6,868,371)	8,193,596
<b>Total capital assets not being depreciated</b>	<b>12,201,394</b>	<b>7,928,296</b>	<b>(6,868,371)</b>	<b>13,261,319</b>
Capital assets being depreciated:				
Utility plant in service	442,756,063	4,507,963	6,818,052	454,082,078
Machinery and equipment	1,049,401	-	(3,730)	1,045,671
Transportation equipment	2,291,831	57,548	(46,366)	2,303,013
Structures and improvements	2,090,524	130,956	-	2,221,480
Office furniture and equipment	906,025	47,393	-	953,418
<b>Total capital assets being depreciated</b>	<b>449,093,844</b>	<b>4,743,860</b>	<b>6,767,956</b>	<b>460,605,660</b>
Less accumulated depreciation for:				
Utility plant in service	169,172,263	10,358,052	(39,626)	179,490,689
Machinery and equipment	866,016	36,318	(3,730)	898,604
Transportation equipment	2,010,248	126,737	(46,366)	2,090,619
Structures and improvements	940,142	49,770	-	989,912
Office furniture and equipment	753,492	88,401	-	841,893
<b>Total accumulated depreciation</b>	<b>173,742,161</b>	<b>10,659,278</b>	<b>(89,722)</b>	<b>184,311,717</b>
<b>Total capital assets being depreciated, net</b>	<b>275,351,683</b>	<b>(5,915,418)</b>	<b>6,857,678</b>	<b>276,293,943</b>
<b>Total capital assets, net</b>	<b>\$ 287,553,077</b>	<b>\$ 2,012,878</b>	<b>\$ (10,693)</b>	<b>\$ 289,555,262</b>

**Note 4. Long-Term Liabilities**

The following is a summary of debt transactions of the Board for the year ended June 30, 2012:

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

	Balance as of June 30, 2011	Debt	
		Issued	Retired
<b>Waterworks Fund:</b>			
DWSRF #034 Water Main Rehabilitation 2003	\$ 557,992	\$ -	\$ 33,779
DWSRF #056 Western Hills 2005	848,586	-	40,671
Granite Crystal Rehabilitation Water Loan 1985	1,459,616	-	35,048
Embankment Rehabilitation Water Loan 1989	888,103	-	888,103
North Crow Rehabilitation Water Loan 1992	937,817	-	937,817
Stage I Rehabilitation Loan 1993	4,897,537	-	110,446
10 Well Rehabilitation Loan 1994	54,051	-	54,051
King Two Water Storage Tank Loan 1994	239,441	-	49,449
Sherard Plant State WDWRP Loan 2000	2,647,270	-	191,893
DWSRF #023 RLS Refinance 2002	6,580,061	-	476,969
DWSRF #065 Southern Water Main 2007	4,816,594	-	215,817
DWSRF #074 Administrative Building 2007	220,149	23,036	-
CWSRF #084 Administrative Building 2007	240,686	40,564	-
CWSRF #081 Phase II Reuse 2008	1,229,718	-	51,521
DWSRF #079 30" Water Main/WAFB	4,880,920	249,589	-
DWSRF #106 Administrative Building 2009	311,188	1,548,547	-
CWSRF #115 Administrative Building 2009	311,188	1,548,547	-
DWSRF #120 Southern Water Main Ph II 2012	-	213,164	-
General Obligation Water Bonds 1998 Series	2,615,000	-	2,615,000
Refunding Revenue Water Bonds 2007 Series	10,995,000	-	485,000
	<u>44,730,917</u>	<u>3,623,447</u>	<u>6,185,564</u>
<b>Sewer Fund:</b>			
CWSRF #007 Crow Creek Rollins Sewer Lines 1997	1,060,826	-	121,430
CWSRF #032 Crow Creek Dry Creek WWTP 2002	2,541,535	-	141,732
CWSRF #046 Clean Water State Revolving Loan 2004	28,949,677	-	1,614,421
CWSRF #060 WAFB/Parsley 2006	2,517,797	-	112,815
DWSRF #074 Administrative Building 2007	73,385	7,677	-
CWSRF #084 Administrative Building 2007	80,229	13,521	-
DWSRF #106 Administrative Building 2009	103,729	516,183	-
CWSRF #115 Administrative Building 2009	103,729	516,183	-
	<u>35,430,907</u>	<u>1,053,564</u>	<u>1,990,398</u>
	<u>\$ 80,161,824</u>	<u>\$ 4,677,011</u>	<u>\$ 8,175,962</u>

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

---

Balance as of June 30, 2012	Current Portion	Unamortized Bond Premium	Long-Term Portion
\$ 524,213	\$ 34,623	\$ -	\$ 489,590
807,915	41,688	-	766,227
1,424,568	36,450	-	1,388,118
-	-	-	-
-	-	-	-
4,787,091	114,864	-	4,672,227
-	-	-	-
189,992	47,490	-	142,502
2,455,377	196,690	-	2,258,687
6,103,092	488,894	-	5,614,198
4,600,777	221,139	-	4,379,638
243,185	-	-	243,185
281,250	-	-	281,250
1,178,197	52,791	-	1,125,406
5,130,509	200,845	-	4,929,664
1,859,735	-	-	1,859,735
1,859,735	-	-	1,859,735
213,164	-	-	213,164
-	-	-	-
10,510,000	505,000	304,158	10,309,158
42,168,800	1,940,474	304,158	40,532,484
939,396	124,466	-	814,930
2,399,803	145,276	-	2,254,527
27,335,256	1,654,781	-	25,680,475
2,404,982	115,597	-	2,289,385
81,062	-	-	81,062
93,750	-	-	93,750
619,912	-	-	619,912
619,912	-	-	619,912
34,494,073	2,040,120	-	32,453,953
\$ 76,662,873	\$ 3,980,594	\$ 304,158	\$ 72,986,437

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

---

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

On December 21, 2007, the Board issued \$12,330,000 in Refunding Revenue Water Bonds with an average interest rate of 4.368% 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.

Long-term debt payable as of June 30, 2012 consists of the following:

Due to the State of Wyoming, Office of State Land and Investments, #DWSRF-034, original amount of \$825,000, with interest at 2.5% due annually on December 1. Annual principal and interest payments are \$47,729 through 2025 for funding of the City's Water Main Rehabilitation Project for Fiscal Year 2004. Secured by pledge and assignment of revenues from the City's water system user fees.	\$ 524,213
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 are \$93,433 through 2036. Secured by a mortgage on Granite Springs dam and reservoir and Crystal Lake dam and reservoir and revenues from the Cheyenne Water System.	\$ 1,424,568

Continued

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

---

Due to the State of Wyoming, Water Development Commission, original amount of \$6,250,000, with interest at 4%, due annually on December 1. Annual principal and interest payments are \$306,348 through 2037. Secured by a mortgage on the Stage I pipeline and revenues from the Cheyenne Water System. 4,787,091

Due to the State of Wyoming, Water Development Commission, original amount of \$767,000, with interest at 4%, due annually on December 1. Annual principal and interest payments are \$55,556 through 2015 for the construction of a water storage tank. Secured by a mortgage on the tank and revenues from the Cheyenne Water System. 189,992

Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #120, advances on a \$9,400,000 loan for the design and construction of Phase II of the Southern Water Transmission Main. Interest will accrue at 2.5% from the date of loan disbursements. Twenty annual payments of principal and interest will begin not later than one year after substantial completion of the project. The payments are currently estimated at \$13,674 per year. Secured by the pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payments. 213,164

Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #002, original amount of \$4,000,000, with interest at 2.5%, due annually on December 1. Annual principal and interest payments are \$258,075 through 2023. Secured by an assignment and pledge of all revenues generated by the Cheyenne Water System sufficient to meet the required debt service. 2,455,377

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 the water system user fees. \$ 6,103,092

Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #056, original amount of \$1,300,000, with interest at 2.5%, due annually on March 1. Annual principal and interest payments are \$61,885 through 2028. Secured by the pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payments. 807,915

Continued

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

---

Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #065, original amount of \$5,600,000 for the Southern Water Transmission Main - Phase I Project, with interest at 2.5%, due annually on September 1. Annual principal and interest payments are \$334,582 through 2029. Secured by a pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	4,600,777
Refunding Revenue Water Bonds, Series 2007, original amount of \$12,330,000 due in annual principal installments ranging from \$485,000 to \$910,000 through December 2026; interest at 4% to 5%. Secured by pledge of revenues from the City's water system tap and user fees and system development fees, net of premiums.	10,510,000
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #074, advances on a \$375,000 loan for the planning phase of the Administration Building Project. Interest will accrue at 2.5% from the date of loan disbursements. Twenty annual payments of principal and interest will begin not later than one year after substantial completion of the project. The payments are currently estimated at \$20,799 per year. Secured by the pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payments.	324,247
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #084, advances on a \$375,000 loan for the planning phase of the Administration Building Project. Interest will accrue at 2.5% from the date of loan disbursements. Twenty annual payments of principal and interest will begin not later than one year after substantial completion of the project. The payments are currently estimated at \$24,055 per year. Secured by a pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	375,000
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #081, original amount of \$1,280,000 for the extension of Cheyenne's Recycled Water System Project, with interest at 2.5%, due annually on September 1. Annual principal and interest payments are \$81,843 through 2030. Secured by a pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	\$ 1,178,197

Continued

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

---

Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #079, advances on a \$6,680,000 loan for the 30" Water Transmission Main Project. Interest will accrue at 2.5% from the date of loan disbursements. Twenty annual payments of principal and interest will begin not later than one year after substantial completion of the project. The payments are currently estimated at \$329,107 per year. Secured by the pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payments.	5,130,509
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #060, original amount of \$2,900,000 loan, with interest at 2.5%, due annually on September 1. Annual principal and interest payments are \$174,898 through 2029. Secured by the pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payments.	2,404,982
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 revenues generated from wastewater user fees necessary to meet the annual loan payments.	939,396
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 revenues generated from wastewater user fees necessary to meet the annual loan payments.	2,399,803
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #046, original amount of \$36,450,000, with interest at 2.5%, due annually on June 1. Annual principal and interest payments are \$2,338,163 through 2026 for the Dry and Crow Creek Rehab - Construction project. Secured by the pledge and assignment of revenues generated from wastewater user fees necessary to meet the annual loan payments.	27,335,256

Continued

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #106, advances on a \$3,500,000 loan for the construction phase of the Administration Building Project. Interest will accrue at 2.5% from the date of loan disbursements. Twenty annual payments of principal and interest will begin not later than one year after substantial completion of the project. The payments are currently estimated at \$159,062 per year. Secured by a pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.

\$ 2,479,647

Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #115, advances on a \$3,500,000 loan for the construction phase of the Administration Building Project. Interest will accrue at 2.5% from the date of loan disbursements. Twenty annual payments of principal and interest will begin not later than one year after substantial completion of the project. The payments are currently estimated at \$159,062 per year. Secured by a pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.

2,479,647

**Total long-term liabilities**

\$ 76,662,873

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

	Waterworks Fund		Sewer Fund	
	Principal	Interest	Principal	Interest
2013	\$ 1,940,474	\$ 1,351,377	\$ 2,040,120	\$ 826,162
2014	2,165,386	1,295,972	2,146,462	810,565
2015	2,294,494	1,232,862	2,200,083	756,944
2016	2,264,771	1,156,704	2,255,043	701,983
2017	2,334,343	1,085,533	2,311,377	645,650
2018-2022	12,808,998	4,312,307	11,997,350	2,343,931
2023-2027	11,123,748	2,218,643	10,706,535	795,412
2028-2032	5,238,821	811,738	748,572	54,947
2033-2037	1,997,765	210,764	88,531	2,213
	<u>\$ 42,168,800</u>	<u>\$ 13,675,900</u>	<u>\$ 34,494,073</u>	<u>\$ 6,937,807</u>

The balances above do not include the unamortized bond premium in the amount of \$304,158 that is reported as a component of bonds payable.

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

---

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

**Note 5. Retirement Commitments**

The Board participates in the State of Wyoming Retirement System (System), a statewide cost-sharing multiple-employer public employee retirement system.

Substantially all Board full-time employees are eligible to participate in the System. Participants who retire at age 60 with four years of credited service are entitled to a retirement benefit according to predetermined formulas and are allowed to select one of seven optional methods for receiving benefits. Early retirement is allowed provided the employee has completed four years of service and attained the age of 50, but will result in a reduction of benefits based on the length of time remaining to normal retirement age. The System also provides death and disability benefits. Benefits are established by State statutes. The System issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to Wyoming Retirement System, 6101 Yellowstone Road, Suite 500, Cheyenne, Wyoming 82002 or by calling (307) 777-7691.

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 Board 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%.

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

---

The Board's contribution to the Wyoming Retirement System for the years ended June 30, 2012, 2011 and 2010 were \$733,963, \$703,034 and \$637,808, respectively, equal to the required contributions for each year, plus the Board's share of the required employee contribution.

The Board employees have the option to participate in one of two defined contribution plans. These defined contribution plans include the Wyoming Deferred Compensation Program (457 Plan) administered by the Wyoming Retirement System and a defined contribution plan administered by VALIC Financial Advisors. Employees are allowed to contribute the maximum amount per Internal Revenue Service guidelines. The total employee contributions for the years ended June 30, 2012, 2011 and 2010 were \$162,053, \$166,595 and \$180,316, respectively. Beginning July 1, 2008, the Board elected to match an employee's contribution up to \$25 per month. The total matching contributions for the years ended June 30, 2012, 2011 and 2010 were \$28,750, \$29,575 and \$30,425, respectively.

**Note 6. Due from Other Governments**

Amounts due from other governments of \$187,968 as of June 30, 2012 are from other governmental entities in connection with the construction of various projects. The amount due represents pay requests received from contractors for work done through June 2012. Upon receipt of these pay requests, the Board applies to other governmental entities for grant and/or loan monies to pay contractors.

**Note 7. Compensated Absences**

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

	Waterworks Fund	Sewer Fund	Total
Vacation leave	\$ 306,587	\$ 204,391	\$ 510,978
Compensatory/administrative time	83,885	55,924	139,809
Sick leave	315,502	210,361	525,863
	<u>\$ 705,974</u>	<u>\$ 470,676</u>	<u>\$ 1,176,650</u>

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

---

Changes in the liability for compensated absences are as follows:

	Balance June 30, 2011	Additions	Reductions	Balance June 30, 2012	Due Within One Year
Compensated Absences					
Waterworks Fund	\$ 649,786	\$ 156,842	\$ (100,654)	\$ 705,974	\$ 141,195
Sewer Fund	433,191	100,649	(63,164)	470,676	94,135
	<u>\$ 1,082,977</u>	<u>\$ 257,491</u>	<u>\$ (163,818)</u>	<u>\$ 1,176,650</u>	<u>\$ 235,330</u>

**Note 8. Related-Party Transactions**

The Board collects sanitation charges on behalf of the City. At June 30, 2012, the Board had cash and receivables relating to the City's sanitation charges of \$1,654,837. The Board also owed the City \$19,372 for fuel charges.

**Note 9. Major Customer**

For the year ended June 30, 2012, the Board had three customers who each individually accounted for a significant portion of the Board's consumed water and sewer revenues as follows:

	Water	Sewer	Total
Holly Refining & Marketing	\$ 2,813,072	\$ 412,011	\$ 3,225,083
South Cheyenne Water & Sewer District	\$ 1,393,892	\$ 829,217	2,223,109
F.E. Warren Air Force Base	1,197,976	401,879	1,599,855

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

---

**Note 10. Commitments**

As of June 30, 2012, the Board has entered into several construction/engineering contracts resulting in commitments for future capital expenditures. The major projects are listed below. Although portions of the projects may have been completed and capitalized during 2012, the amounts below represent the activity pertaining to the contract as a whole.

	Expended to June 30, 2012	Total Contract	Total Commitment at June 30, 2012
<b>Waterworks Fund:</b>			
W. Pershing Blvd. Reconstruction	\$ 250,774	\$ 671,900	\$ 421,126
FY12 Water Rehabs	395,298	1,086,604	691,306
Pond 3 - Water Dispenser	15,877	132,138	116,261
Administration Building - Engineering	504,690	509,797	5,107
FY12 Well Rehabs- VFD	243,551	431,080	187,529
HVAC Hog Park/Rob Roy	41,252	51,252	10,000
PCCP Study - Little Snake River	233,823	341,897	108,074
Southern Water Transmission Main	712,360	1,544,750	832,390
FY13 Water Rehabs - Geotech and Survey	-	18,700	18,700
Pressure Management Phase I Project	62,472	1,382,306	1,319,834
Cathodic Study - Water Transmission Mains	-	10,000	10,000
ARC Flash Study	53,207	62,672	9,465
	<u>2,513,304</u>	<u>6,243,096</u>	<u>3,729,792</u>
<b>Sewer Fund:</b>			
FY12 Sewer Main Rehabs	237,502	622,164	384,662
W. Pershing Blvd. Reconstruction	76,268	274,355	198,087
Administration Building - Engineering	168,230	169,932	1,702
Dry Creek Lining	271,189	313,074	41,885
FY13 Sewer Rehabs - Geotech and Survey	-	10,810	10,810
ARC Flash Study	84,450	86,816	2,366
	<u>837,639</u>	<u>1,477,151</u>	<u>639,512</u>
	<u>\$ 3,350,943</u>	<u>\$ 7,720,247</u>	<u>\$ 4,369,304</u>

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**NOTES TO FINANCIAL STATEMENTS**

---

**Note 11. Risk Management**

The Board 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.

As of June 30, 2012, the Board 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 participating entities are responsible for paying premiums into the pool which 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 Board management considers the assets of WARM to be sufficient to cover any claims that may be incurred by its members.

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

The Board pays into the State Worker's Compensation System a premium based on a rate per covered payroll. This rate is calculated based on accident history and administrative costs.

## **SUPPLEMENTARY INFORMATION**

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**BUDGETARY COMPARISON SCHEDULE  
Year Ended June 30, 2012**

	Waterworks Fund			
	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget
	Original	Final		
<b>Operating Revenues</b>				
Sales and charges for services	\$ 17,683,200	\$ 17,683,200	\$ 19,136,331	\$ 1,453,131
Fees and miscellaneous	356,800	401,800	354,869	(46,931)
<b>Total operating revenues</b>	<b>18,040,000</b>	<b>18,085,000</b>	<b>19,491,200</b>	<b>1,406,200</b>
<b>Nonoperating Revenues</b>				
Interest income	131,400	131,400	54,113	(77,287)
Intergovernmental revenues	1,000,000	-	-	-
System development fees	1,063,700	1,063,700	1,493,401	429,701
Capital grants	8,400	15,038,200	495,259	(14,542,941)
Donated utilities	-	-	2,354,809	2,354,809
<b>Total nonoperating revenues</b>	<b>2,203,500</b>	<b>16,233,300</b>	<b>4,397,582</b>	<b>(11,835,718)</b>
<b>Total revenues</b>	<b>20,243,500</b>	<b>34,318,300</b>	<b>23,888,782</b>	<b>(10,429,518)</b>
<b>Operating Expenses</b>				
Source of supply	1,559,700	1,630,020	1,245,052	(384,968)
Water treatment	2,045,100	2,314,800	2,222,510	(92,290)
Transmission and distribution	1,917,700	2,042,100	1,975,019	(67,081)
Sewer collection lines	-	-	-	-
Water reclamation	-	-	-	-
Engineering and water resources	883,700	883,700	808,774	(74,926)
Administrative and general	2,790,600	2,830,688	2,830,570	(118)
Information technology and customer service	758,000	800,712	783,458	(17,254)
<b>Total operations</b>	<b>9,954,800</b>	<b>10,502,020</b>	<b>9,865,383</b>	<b>(636,637)</b>
<b>Other Expenditures</b>				
Capital purchases	1,288,500	1,011,555	696,099	(315,456)
Construction work in progress	5,031,700	37,666,641	6,076,126	(31,590,515)
Debt service, interest	1,681,700	1,648,332	1,320,118	(328,214)
Debt service, principal	5,785,900	6,388,673	6,185,564	(203,109)
<b>Total other expenditures</b>	<b>13,787,800</b>	<b>46,715,201</b>	<b>14,277,907</b>	<b>(32,437,294)</b>
<b>Total expenditures</b>	<b>23,742,600</b>	<b>57,217,221</b>	<b>24,143,290</b>	<b>(33,073,931)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ (3,499,100)</b>	<b>\$ (22,898,921)</b>	<b>\$ (254,508)</b>	<b>\$ 22,644,413</b>

Sewer Fund

Budgeted Amounts		Actual Budget Basis	Variance with Final Budget
Original	Final		
\$ 8,722,200	\$ 8,587,200	\$ 8,699,568	\$ 112,368
302,800	317,800	403,361	85,561
9,025,000	8,905,000	9,102,929	197,929
64,800	64,800	22,964	(41,836)
-	-	-	-
275,900	275,900	434,752	158,852
2,800	427,800	151,257	(276,543)
-	-	1,379,695	1,379,695
343,500	768,500	1,988,668	1,220,168
9,368,500	9,673,500	11,091,597	1,418,097
-	-	-	-
-	-	-	-
-	-	-	-
1,176,900	1,219,700	1,112,374	(107,326)
2,223,600	2,312,600	2,305,548	(7,052)
294,700	294,700	269,695	(25,005)
1,502,600	1,532,035	1,532,005	(30)
252,900	261,150	261,135	(15)
5,450,700	5,620,185	5,480,757	(139,428)
250,500	235,625	143,020	(92,605)
2,543,700	5,119,956	1,852,170	(3,267,786)
912,800	915,500	864,831	(50,669)
1,993,400	1,990,700	1,990,398	(302)
5,700,400	8,261,781	4,850,419	(3,411,362)
11,151,100	13,881,966	10,331,176	(3,550,790)
\$ (1,782,600)	\$ (4,208,466)	\$ 760,421	\$ 4,968,887

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**NOTES TO BUDGETARY COMPARISON SCHEDULE**

---

Budget control: The Board procedures for establishing the budget each year are as follows:

1. Operational budgets are submitted by the Division Managers to the Director in February of each year.
2. During April of each year, these budgets are reviewed and refined as necessary by the Division Managers and the Director.
3. The Director submits the proposed budget to the Board the first of May of each year. The overall budget includes proposed expenses and the means of financing them.
4. In early May, the Board approves the tentative budget and submits it to the Cheyenne City Council.
5. During May, the tentative budget is reviewed by the City of Cheyenne Financial Committee and revisions are made, if necessary.
6. Public hearings are conducted at City Hall to obtain taxpayer comments during June of each year.
7. Prior to June 30, the budget is legally enacted through passage of an ordinance for the fiscal year beginning July 1 of each year.
8. The Division Managers are authorized to transfer budgeted amounts between expense classifications within their divisions. The Director is authorized to approve transfers of less than \$25,000 affecting capital accounts. All other transfers must be approved by the Board and any revisions that alter the total expenditures of any fund must be approved by the City Council.
9. Formal budgetary integration is employed as a management control device during the year for all funds of the Board. Budgets are legally adopted for all funds. Expenses cannot exceed budgeted amounts at the individual department level based upon original and/or supplemental appropriations as approved by the City Council. All appropriations lapse at year end.

Budgets are prepared for Board funds on the accrual basis of accounting. Budgets are prepared in accordance with accounting principles generally accepted in the United States of America except that depreciation is not budgeted and capital purchases and principal payments are budgeted as an expense.

## **STATISTICAL SECTION**

### **(UNAUDITED)**

This part of the City of Cheyenne, Wyoming Board of Public Utilities' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

#### **Revenue Capacity**

These schedules contain information to help the reader assess the government's most significant local revenue source, the water and sewer fees.

#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

#### **Operating Information**

These schedules contain service data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**NET ASSETS BY COMPONENT  
(Unaudited)  
Since Implementation of GASB34**

	2004	2005	2006	2007
Primary government:				
Invested in capital assets, net of related debt	\$162,003,448	\$163,057,489	\$177,727,960	\$190,664,158
Restricted	213,598	2,902,828	800,236	2,071,169
Unrestricted	19,936,388	24,388,848	26,927,560	24,459,644
<b>Total primary govern- ment net assets</b>	<b>\$182,153,434</b>	<b>\$190,349,165</b>	<b>\$205,455,756</b>	<b>\$217,194,971</b>

\*\* Net asset information was not organized in this format prior to the 2004 implementation of GASB 34.

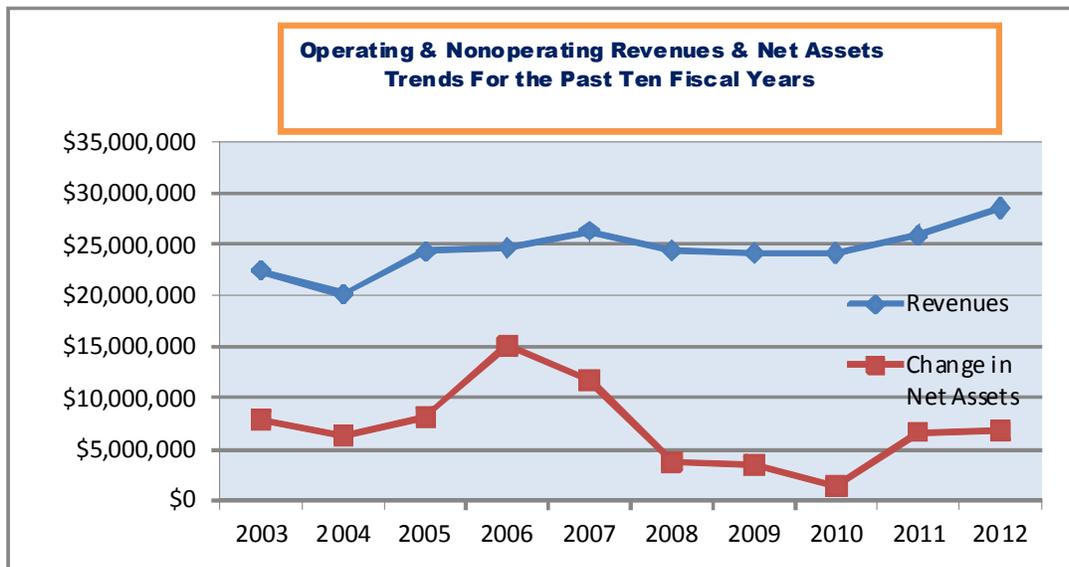
2008	2009	2010	2011	2012
\$193,238,637	\$197,637,971	\$201,950,640	\$207,125,040	\$212,588,231
3,250,423	1,289,594	1,289,594	1,289,594	1,389,594
24,550,118	25,660,121	22,758,430	24,280,698	25,507,519
<u>\$221,039,178</u>	<u>\$224,587,686</u>	<u>\$225,998,664</u>	<u>\$232,695,332</u>	<u>\$239,485,344</u>

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**COMBINED CHANGES IN NET ASSETS  
(Unaudited)  
Last Ten Fiscal Years**

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income (Loss)
2003	\$ 16,001,865	\$ 16,465,051	\$ (463,186)
2004	17,640,068	17,023,616	616,452
2005	17,210,446	18,146,174	(935,728)
2006	21,520,679	19,430,355	2,090,324
2007	22,831,536	20,401,356	2,430,180
2008	22,876,903	22,712,301	164,602
2009	23,856,054	23,911,025	(54,971)
2010	24,281,960	24,220,188	61,772
2011	26,575,116	25,151,232	1,423,884
2012	28,594,129	26,005,418	2,588,711

	Total Nonoperating Revenues/ (Expenses)	Income (Loss) before Capital Contribution	Capital Contributions	Change in Net Assets
\$	6,454,018	\$ 5,990,832	\$ 1,911,023	\$ 7,901,855
	2,505,826	3,122,278	3,276,543	6,398,821
	7,111,526	6,175,798	2,050,320	8,226,118
	3,124,447	5,214,771	9,891,820	15,106,591
	3,456,732	5,886,912	5,852,303	11,739,215
	1,519,564	1,684,166	2,160,041	3,844,207
	324,167	269,196	3,279,312	3,548,508
	(149,067)	(87,295)	1,498,273	1,410,978
	(685,814)	738,070	5,958,598	6,696,668
	(179,719)	2,408,992	4,381,020	6,790,012



**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**COMBINED OPERATING REVENUES BY SOURCE  
(Unaudited)  
Last Ten Fiscal Years**

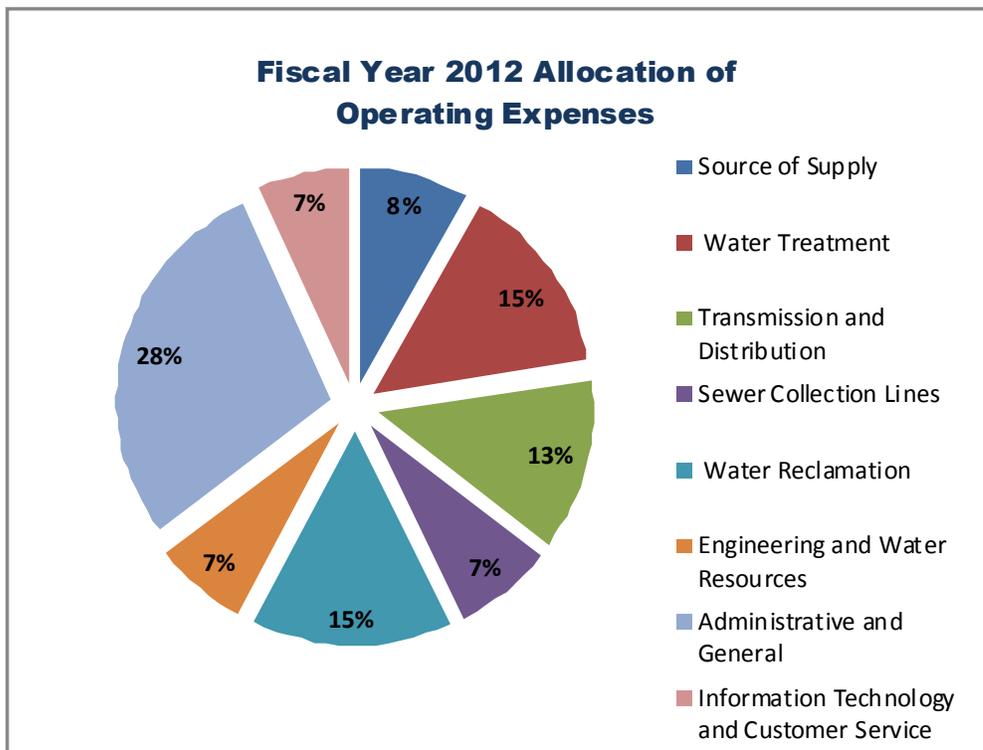
Fiscal Year	Water Sales	Sewer Charges	Fees and Miscellaneous	Total
2003	\$ 11,343,413	\$ 4,545,178	\$ 113,274	\$ 16,001,865
2004	11,950,097	5,258,103	431,868	17,640,068
2005	10,968,004	6,065,307	177,135	17,210,446
2006	14,657,466	6,252,915	610,298	21,520,679
2007	15,016,607	7,131,655	683,274	22,831,536
2008	14,736,982	7,406,306	733,615	22,876,903
2009	15,380,781	7,870,804	604,469	23,856,054
2010	15,460,342	8,242,981	578,637	24,281,960
2011	17,517,713	8,279,468	777,935	26,575,116
2012	19,136,331	8,699,568	758,230	28,594,129

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**COMBINED OPERATING EXPENSES  
(Unaudited)  
Last Ten Fiscal Years**

Fiscal Year	Source of Supply	Water Treatment	Transmission and Distribution	Sewer Collection Lines	Water Reclamation
2003	\$ 984,406	\$ 1,397,759	\$ 1,366,476	\$ 699,434	\$ 1,210,654
2004	852,976	1,398,599	1,468,816	764,410	1,244,098
2005	1,059,238	1,501,883	1,481,811	937,242	1,339,888
2006	1,097,287	1,691,610	1,454,535	897,716	1,883,473
2007	970,615	1,755,806	1,682,988	965,679	2,160,199
2008	1,004,965	1,775,288	1,794,325	929,928	2,097,786
2009	1,023,116	2,096,691	1,885,130	1,093,916	2,232,907
2010	1,076,321	1,959,147	1,902,540	1,134,465	2,266,565
2011	1,129,193	2,032,733	1,893,363	1,073,547	2,303,619
2012	1,245,052	2,222,510	1,975,019	1,112,374	2,305,548

Engineering and Water Resources	Administrative and General	Information Technology and Customer Service	Subtotal, Expenses before Depreciation	Depreciation	Total Operating Expenses
\$ 728,139	\$ 2,411,301	\$ 693,255	\$ 9,491,424	\$ 6,973,627	\$ 16,465,051
831,972	2,554,539	756,656	9,872,066	7,151,550	17,023,616
884,610	2,891,086	820,520	10,916,278	7,229,896	18,146,174
989,325	2,956,438	928,224	11,898,608	7,531,747	19,430,355
1,029,856	3,088,162	974,886	12,628,191	7,773,165	20,401,356
1,039,740	3,428,008	929,355	12,999,395	9,712,906	22,712,301
1,084,039	3,457,144	977,070	13,850,013	10,061,012	23,911,025
1,040,738	3,555,360	896,234	13,831,370	10,388,818	24,220,188
1,046,353	4,122,194	947,699	14,548,701	10,602,531	25,151,232
1,078,469	4,362,575	1,044,593	15,346,140	10,659,278	26,005,418



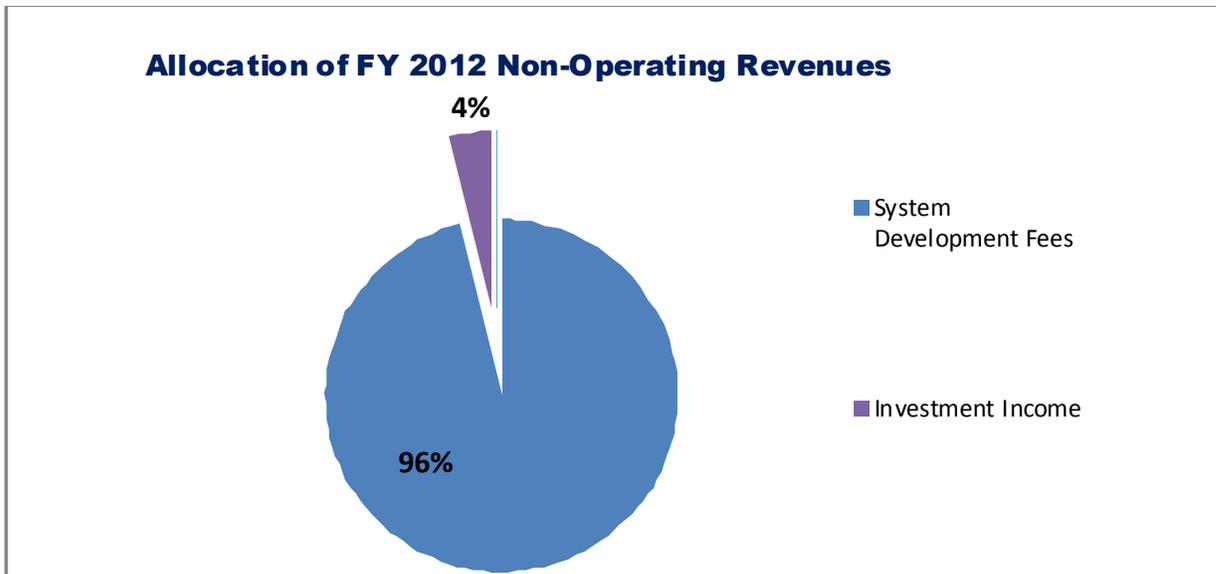
**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**COMBINED NONOPERATING REVENUES AND EXPENSES**

**(Unaudited)**

**Last Ten Fiscal Years**

Fiscal Year	System Development Fees	Intergovernmental Revenues	Specific Purpose Tax	Investment Income	Insurance Proceeds and Gain/Loss on Disposal of Assets	Interest Expense	Total Nonoperating Revenues/ Expenses
2003	\$ 1,688,447	\$ 1,274,572	\$ 5,836,174	\$ 512,233	\$ -	\$ (2,857,408)	\$ 6,454,018
2004	2,481,680	1,573,730	532,526	199,947	-	(2,282,057)	2,505,826
2005	3,423,782	1,137,389	4,455,524	623,391	-	(2,528,560)	7,111,526
2006	2,507,450	1,000,000	1,341,736	1,201,757	-	(2,926,496)	3,124,447
2007	1,052,745	1,000,000	1,365,071	1,585,596	603,900	(2,150,580)	3,456,732
2008	1,268,735	1,000,000	879,268	1,305,490	(2,267)	(2,931,662)	1,519,564
2009	1,267,358	1,000,000	259,653	695,770	-	(2,898,614)	324,167
2010	1,153,325	1,000,000	10,257	307,393	5,175	(2,625,217)	(149,067)
2011	1,655,563	-	-	147,225	-	(2,488,602)	(685,814)
2012	1,928,153	-	-	77,077	-	(2,184,949)	(179,719)



**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**WATER AND SEWER RATES  
(Unaudited)  
Last Ten Fiscal Years**

	Fiscal Year			
	2003	2004	2005	2006
<b>Water Rates</b>				
Rate charge (per 1,000 gallons):				
Treated	\$ 2.34	\$ 2.34	**	**
Large volume industrial treated	2.17	2.17	**	**
Residential single family:				
First block - First 6,000	**	**	\$ 2.40	\$ 2.76
Second block - Next 18,000	**	**	3.00	3.45
Third block - Next 18,000	**	**	3.75	4.31
All over - 42,000	**	**	4.69	5.39
Residential multi family:				
First block - First 3,000 per unit	**	**	2.40	2.76
Second block - Next 9,000 per unit	**	**	3.00	3.45
Third block - Next 9,000 per unit	**	**	3.75	4.31
All over - 21,000 per unit	**	**	4.69	5.39
All other treated (range)	**	**	2.58-3.00	3.01-3.45
Raw water (range)	**	**	1.49-1.51	1.73-1.75
Reclaimed water	**	**	1.20	1.40
Recycled water				
Monthly service fee range (based on meter size)	3.40-145.00	3.40-145.00	3.75-145.00	4.00-145.00
<b>Sewer Rates</b>				
Rate charge (per 1,000 gallons)	\$ 1.75	\$ 2.00	\$ 2.25	\$ 2.50
Monthly service fee range (based on meter size)	3.50-60.00	3.50-60.00	3.50-60.00	3.50-60.00

**Notes:**

Rates shown are inside City rates; outside City rates are 1.5 times the rates shown.

\*\* Prior to FY05, a flat rate per 1,000 gallons was charged to water users; beginning in FY05, a tiered rate was established based on gallons consumed.

Fiscal Year

	2007	2008	2009	2010	2011	2012
	**	**	**	**	**	**
	**	**	**	**	**	**
\$	2.87	\$ 2.96	\$ 3.20	\$ 3.35	\$ 3.46	\$ 3.46
	3.59	3.71	3.98	4.15	4.29	4.29
	4.48	4.62	4.92	5.15	5.32	5.32
	5.61	5.79	6.15	6.40	6.61	6.61
	2.87	2.96	3.20	3.35	3.46	3.46
	3.59	3.71	3.98	4.15	4.29	4.29
	4.48	4.62	4.92	5.15	5.32	5.32
	5.61	5.79	6.15	6.40	6.61	6.61
	3.13-3.59	3.23-3.71	3.68-3.98	3.65-4.15	3.78-4.29	3.78-4.29
	1.82	1.88	2.08	2.17	2.24	2.24
	1.46	1.51	1.69	1.76	1.82	1.82
	2.70	2.79	3.02	3.14	3.24	3.24
	4.10-145.00	4.25-145.00	4.45-150.95	4.65-158.00	4.80-163.37	4.80-163.37
\$	2.75	\$ 3.00	\$ 3.20	\$ 3.35	\$ 3.46	\$ 3.46
	3.50-60.00	3.50-60.00	3.65-62.50	3.80-65.00	3.93-67.21	3.93-67.21

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**TEN LARGEST WATER CUSTOMERS  
(Unaudited)  
Current Year and Nine Years Ago**

Customer	Fiscal Year 2012		Fiscal Year 2012	
	Water Revenues		Gallons (1,000's)	
	Amount	%	Amount	%
Holly Refining and Marketing	\$2,813,072	14.70%	736,445	16.66%
South Cheyenne Water and Sewer District	\$1,393,892	7.29%	350,224	7.92%
Warren Air Force Base	\$1,197,976	6.26%	297,063	6.72%
Laramie County School Dist #1	\$401,838	2.10%	96,250	2.18%
State of Wyoming	\$288,411	1.51%	66,967	1.52%
Cheyenne Country Club	\$188,282	0.98%	76,553	1.73%
Cheyenne Regional Medical Center	\$107,369	0.56%	26,013	0.59%
Cheyenne Housing Authority	\$91,124	0.48%	21,891	0.50%
Department of Veterans Affairs	\$75,552	0.39%	18,715	0.42%
Pinewood Village	\$67,260	0.35%	17,119	0.39%
<b>Subtotal (10 largest)</b>	<b>\$6,624,776</b>	<b>34.62%</b>	<b>1,707,240</b>	<b>38.63%</b>
Balance from other customers	\$12,511,555	65.38%	2,712,081	61.37%
<b>Grand total</b>	<b>\$19,136,331</b>	<b>100.00%</b>	<b>4,419,321</b>	<b>100.00%</b>

Customer	Fiscal Year 2003		Fiscal Year 2003	
	Water Revenues		Gallons (1,000's)	
	Amount	%	Amount	%
Frontier Refining and Marketing	\$1,633,448	14.41%	750,528	16.28%
Warren Air Force Base	\$917,331	8.09%	367,623	7.97%
South Cheyenne Water and Sewer District	\$819,421	7.22%	350,180	7.59%
Laramie County School Dist #1	\$204,734	1.80%	81,447	1.77%
State of Wyoming	\$129,168	1.14%	51,886	1.12%
Holdings Little America	\$92,812	0.82%	34,960	0.76%
Cheyenne Regional Medical Center	\$92,299	0.81%	38,439	0.83%
Department of Veterans Affairs	\$77,007	0.68%	32,131	0.70%
Cheyenne Country Club	\$74,893	0.66%	48,939	1.06%
Cheyenne Housing Authority	\$63,878	0.56%	24,631	0.53%
<b>Subtotal (10 largest)</b>	<b>\$4,104,990</b>	<b>36.19%</b>	<b>1,780,764</b>	<b>38.61%</b>
Balance from other customers	\$7,238,423	63.81%	2,831,893	61.39%
<b>Grand total</b>	<b>\$11,343,413</b>	<b>100.00%</b>	<b>4,612,657</b>	<b>100.00%</b>

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**TEN LARGEST SEWER CUSTOMERS  
(Unaudited)  
Current Year and Nine Years Ago**

Customer	Fiscal Year 2012		Fiscal Year 2012	
	Sewer Revenues		Sewer Gallons (1,000's)	
	Amount	%	Amount	%
South Cheyenne Sewer and Water District	\$ 829,217	9.53%	239,658	10.98%
Holly Refining & Marketing	\$ 412,011	4.74%	101,969	4.67%
Warren Air Force Base	\$ 401,879	4.62%	115,917	5.31%
Laramie County School Dist #1	\$ 81,244	0.93%	22,223	1.02%
Cheyenne Regional Medical Center	\$ 72,885	0.84%	20,693	0.95%
Pinewood Village	\$ 64,129	0.74%	18,348	0.84%
Cheyenne Housing Authority	\$ 60,949	0.70%	15,832	0.73%
State of Wyoming	\$ 56,743	0.65%	15,342	0.70%
Wal-Mart Distribution Center	\$ 45,442	0.52%	8,701	0.40%
Frontier Mall	\$ 32,502	0.37%	9,135	0.42%
<b>Subtotal (10 largest)</b>	<b>2,057,001</b>	<b>23.64%</b>	<b>567,818</b>	<b>26.01%</b>
Balance from other customers	6,642,567	76.36%	1,615,117	73.99%
<b>Grand total</b>	<b>\$ 8,699,568</b>	<b>100.00%</b>	<b>\$ 2,182,935</b>	<b>100.00%</b>

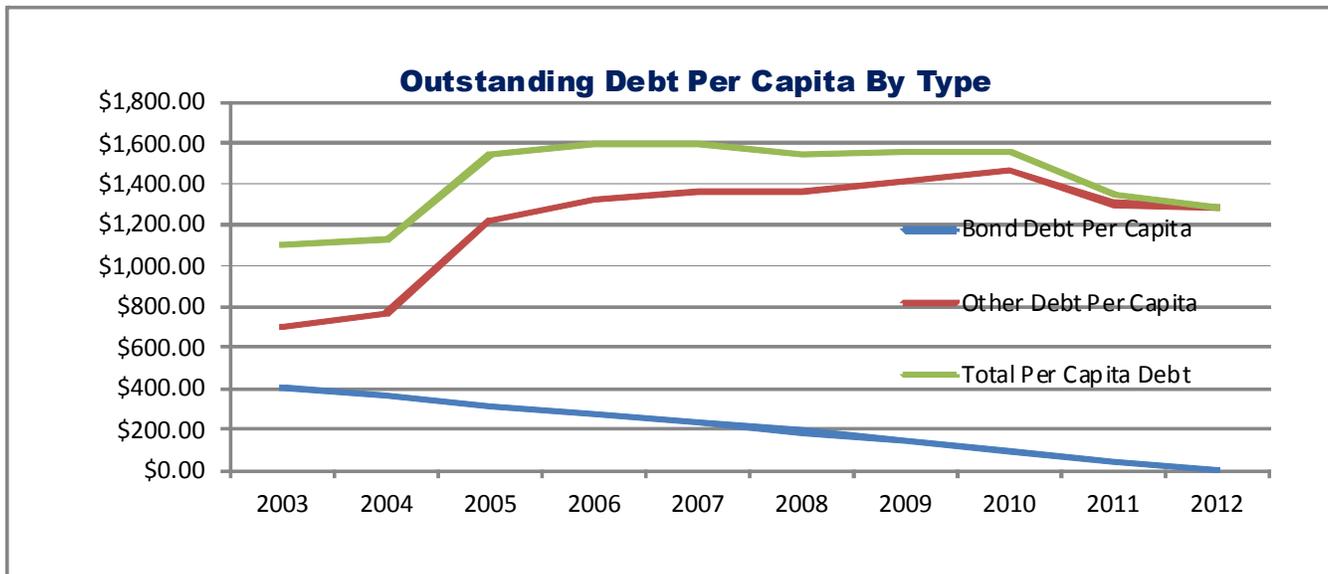
Customer	Fiscal Year 2003		Fiscal Year 2003	
	Sewer Revenues		Sewer Gallons (1,000's)	
	Amount	%	Amount	%
South Cheyenne Sewer and Water District	\$ 493,203	10.85%	298,508	13.26%
Warren Air Force Base	\$ 236,202	5.20%	143,019	6.35%
Cheyenne Regional Medical Center	\$ 57,846	1.27%	34,843	1.55%
Laramie County School District #1	\$ 37,169	0.82%	20,099	0.89%
Cheyenne Housing Authority	\$ 32,936	0.72%	16,899	0.75%
Hitching Post	\$ 31,806	0.70%	18,891	0.84%
State of Wyoming	\$ 29,021	0.64%	15,724	0.70%
Flying J Travel Plaza	\$ 26,048	0.57%	10,466	0.46%
Frontier Mall	\$ 18,201	0.40%	10,543	0.47%
Pinewood Village	\$ 18,603	0.41%	11,100	0.49%
<b>Subtotal (10 largest)</b>	<b>981,035</b>	<b>21.58%</b>	<b>580,092</b>	<b>25.76%</b>
Balance from other customers	3,564,143	78.42%	1,671,755	74.24%
<b>Grand total</b>	<b>\$ 4,545,178</b>	<b>100.00%</b>	<b>\$ 2,251,847</b>	<b>100.00%</b>

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**RATIOS OF OUTSTANDING DEBT BY TYPE  
(Unaudited)  
Last Ten Fiscal Years**

Fiscal Year	General Bonded Debt			Other Debt			Total Debt
	General Obligation Bonds	Per Capita	As a Share of Personal Income	Notes and Refunding Revenue Bonds	Per Capita	As a Share of Personal Income	All Notes/Bonds
2003	\$ 22,015,000	\$ 405.90	0.80%	\$ 38,254,634	\$ 700.10	1.39%	\$ 60,269,634
2004	19,955,000	360.45	0.70%	42,305,907	764.17	1.40%	62,260,907
2005	17,805,000	317.64	0.60%	68,637,859	1,224.50	2.20%	86,442,859
2006	15,555,000	274.07	0.60%	75,271,287	1,317.72	3.30%	90,826,287
2007	13,205,000	234.75	0.50%	76,715,356	1,363.80	3.10%	89,920,356
2008	10,745,000	188.79	0.40%	77,400,151	1,359.92	3.05%	88,145,151
2009	8,170,000	145.13	0.30%	79,330,078	1,409.16	3.19%	87,500,078
2010	5,465,000	96.75	**	82,667,860	1,463.59	**	88,132,860
2011	2,615,000	43.97	**	77,546,824	1,304.05	**	80,161,824
2012	-	-	**	76,662,873	1,275.67	**	76,662,873

\*\* Information not available



**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**SEWER FUND  
LEGAL DEBT MARGIN INFORMATION  
(Unaudited)  
Last Ten Fiscal Years**

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2003	13,321,160	-	13,321,160	0.00%
2004	14,439,440	-	14,439,440	0.00%
2005	16,090,560	-	16,090,560	0.00%
2006	17,729,384	-	17,729,384	0.00%
2007	18,749,719	-	18,749,719	0.00%
2008	19,646,709	-	19,646,709	0.00%
2009	20,480,473	-	20,480,473	0.00%
2010	20,413,427	-	20,413,427	0.00%
2011	21,057,989	-	21,057,989	0.00%
2012	21,327,661	-	21,327,661	0.00%

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**SEWER FUND  
COMPUTATION OF LEGAL DEBT MARGIN  
(Unaudited)  
June 30, 2012**

---

Total assessed value, City of Cheyenne	<u>\$ 533,191,527</u>
Debt limit (4% of total assessed value)	<u>21,327,661</u>
Debt applicable to limit	
Bonded debt	-
Less: Amount set aside for repayment of bond debt	<u>-</u>
<b>Total net debt applicable to limit</b>	<u>-</u>
<b>Legal debt margin</b>	<u><u>\$ 21,327,661</u></u>

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**WATERWORKS FUND  
PLEDGED REVENUE COVERAGE  
(Unaudited)**

**Last Ten Fiscal Years**

(1) Fiscal Year	(2) Water* Gross Revenues	(3) Expenses**	(4) Net Revenues Available for Debt Service	(6) Debt Service***		(7) Total	(8) Cover- age Ratio ****
				(5) Principal	Interest		
2003	\$ 20,494,307	\$ 6,018,963	\$ 14,475,344	\$ 18,122,497	\$ 2,779,581	\$ 20,902,078	0.7
2004	16,918,782	6,143,342	10,775,440	4,317,705	2,147,693	6,465,398	1.7
2005	17,448,197	6,730,049	10,718,148	3,220,697	2,015,436	5,236,133	2.0
2006	22,103,865	7,012,378	15,091,487	3,387,451	1,888,921	5,276,372	2.9
2007	20,264,510	7,357,980	12,906,530	3,527,270	1,706,834	5,234,104	2.5
2008	18,328,318	7,710,867	10,617,451	3,735,298	1,794,673	5,529,971	1.9
2009	20,056,379	8,169,940	11,886,439	4,197,162	1,729,781	5,926,943	2.0
2010	18,513,871	8,096,391	10,417,480	4,592,685	1,593,984	6,186,669	1.7
2011	19,379,192	8,979,938	10,399,254	4,862,348	1,429,762	6,292,110	1.7
2012	21,038,714	9,865,383	11,173,331	6,185,564	1,310,423	7,495,987	1.5

\* Gross revenue does not include donated utilities and principal forgiveness loan.

\*\* Total expenses exclusive of depreciation, amortization and interest.

\*\*\* Debt service includes general obligation debt which is secured by a pledge of specific revenue stream (water revenue).

\*\*\*\* Column (4) divided by column (7).

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**SEWER FUND  
PLEDGED REVENUE COVERAGE  
(Unaudited)**

**Last Ten Fiscal Years**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Fiscal Year	Sewer* Gross Revenues	Expenses**	Net Revenues Available for Debt Service	Debt Service		Total	Cover- age Ratio ***
				Principal	Interest		
2003	\$ 5,093,555	\$ 3,472,461	\$ 1,621,094	\$ 85,097	\$ 77,827	\$ 162,924	9.95
2004	6,082,899	3,728,724	2,354,175	99,663	134,364	234,027	10.06
2005	9,539,724	4,186,229	5,353,495	102,155	513,124	615,279	8.70
2006	10,040,555	4,886,230	5,154,325	104,709	1,037,575	1,142,284	4.51
2007	10,390,429	5,270,211	5,120,218	1,659,510	2,518,141	4,177,651	1.23
2008	9,299,608	5,288,528	4,011,080	1,700,997	938,854	2,639,851	1.52
2009	9,233,317	5,680,073	3,553,244	1,743,523	939,868	2,683,391	1.32
2010	8,866,790	5,734,979	3,131,811	1,894,563	1,013,491	2,908,054	1.08
2011	9,062,959	5,568,763	3,494,196	1,941,889	916,115	2,858,004	1.22
2012	9,560,645	5,480,757	4,079,888	1,990,398	875,883	2,866,281	1.42

\* Gross revenue does not include donated utilities and principal forgiveness loan.

\*\* Total expenses exclusive of depreciation, amortization and interest.

\*\*\* Column (4) divided by column (7).

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**DEMOGRAPHIC AND ECONOMIC STATISTICS  
(Unaudited)  
Last Ten Fiscal Years**

Fiscal Year	Population		Personal Income (Thousands of Dollars)*	Per Capita Income*	Unemployment Rate*	School Enrollment*
2003	54,716	(a)	2,787,595	33,053	4.8%	14,542
2004	55,473	(a)	2,973,379	35,140	4.8%	14,612
2005	56,036	(a)	3,123,965	36,922	4.4%	14,498
2006	55,662	(a)	3,401,073	39,647	4.1%	14,351
2007	55,641	(a)	3,748,995	43,351	4.0%	14,320
2008	56,051	(b)	3,915,224	44,613	4.1%	14,257
2009	56,296	(b)	3,933,828	44,273	6.5%	14,301
2010	56,483	(b)	4,176,244	45,331	7.4%	14,825
2011	59,466	(b)	**	**	6.7%	14,823
2012	60,096	(b)	**	**	**	**

**Source:** Wyoming Center for Business and Economic Analysis - "Economic Indicators for Greater Cheyenne - Annual Trends Edition."

- (a) U.S. Census Bureau Estimate.
- (b) Wyoming Division of Economic Analysis.

\* For Laramie County.

\*\* Information not yet available.

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**PRINCIPAL EMPLOYERS**

**(Unaudited)**

**Current Year and Nine Years Ago**

Employer	Product	2012	
		Employees	Percentage of Total
F.E. Warren A.F.B.	Military	4,325	6.41%
State of Wyoming	Government Services	3,397	5.04%
Laramie County School District No.1	Education K-12	2,157	3.20%
Federal Government	Government Services	1,785	2.65%
Cheyenne Regional Medical Center	Health Care	1,667	2.47%
Wyoming National Guard	Military	744	1.10%
Veterans Affairs Medical Center	Health Care	603	0.89%
Union Pacific Railroad	Transportation, Rail	594	0.88%
Sierra Trading Post	Outlet Catalog/Retail	587	0.87%
Laramie County Community College	Academic	570	0.85%
		<b>16,429</b>	<b>24.36%</b>
All other employers		51,012	75.64%
<b>Total employees</b>		<b>67,441</b>	<b>100.00%</b>

Employer	Product	2003	
		Employees	Percentage of Total
F.E. Warren A.F.B.	Military	4,423	7.90%
State of Wyoming	Government Services	3,397	6.07%
Laramie County School District No.1	Education K-12	1,703	3.04%
Federal Government	Government Services	1,685	3.01%
Cheyenne Regional Medical Center	Health Care	1,360	2.43%
Union Pacific Railroad	Transportation, Rail	695	1.24%
Wyoming National Guard	Military	669	1.19%
City of Cheyenne	Government Services	542	0.97%
Laramie County Community College	Academic	400	0.71%
Sierra Trading Post	Outlet Catalog/Retail	399	0.71%
		<b>15,273</b>	<b>27.27%</b>
All other employers		40,725	72.73%
<b>Total employees</b>		<b>55,998</b>	<b>100.00%</b>

**Source:** Wyoming Center for Business and Economic Analysis - "Economic Indicators for Greater Cheyenne - Annual Trends Edition."

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**NUMBER OF EMPLOYEES BY IDENTIFIABLE ACTIVITY  
(Unaudited)  
Last Ten Fiscal Years**

	Full-Time Equivalent Budgeted Positions as of June 30,			
	2003	2004	2005	2006
<b>Administration</b>				
General and administrative	7	7	8	8
Customer service	6	6	6	6
Information technology	3	3	4	4
Meter information techs	5	5	5	5
Subtotal	<u>21</u>	<u>21</u>	<u>23</u>	<u>23</u>
<b>Water Treatment</b>				
Management/support staff	2	2	2	2
Plant supervisor/operators	13	13	13	13
Laboratory staff	2	2	2	2
Wellfield group	3	3	3	3
Subtotal	<u>20</u>	<u>20</u>	<u>20</u>	<u>20</u>
<b>Operation and Maintenance</b>				
Source of supply	6	6	-	-
Transmission and distribution	10	10	12	12
Sewer collection	10	10	12	12
Support services	12	12	13	13
Sup. dist. and col. fac. staff	4.5	5.5	3.5	3.5
Subtotal	<u>42.5</u>	<u>43.5</u>	<u>40.5</u>	<u>40.5</u>
<b>Engineering and Water Resources</b>				
Engineering staff	7	7	8	8
Inspections and locates	4	4	3	4
Instrumentation and telemetry	3	3	3	3
Source of supply	-	-	6	6
Subtotal	<u>14</u>	<u>14</u>	<u>20</u>	<u>21</u>
<b>Water Reclamation</b>				
Management/support staff	4	4	4	4
Laboratory staff	2	2	2	2
Plant supervisors/operators	15	15	15	16
Subtotal	<u>21</u>	<u>21</u>	<u>21</u>	<u>22</u>
<b>Total</b>	<u><u>118.5</u></u>	<u><u>119.5</u></u>	<u><u>124.5</u></u>	<u><u>126.5</u></u>

Full-Time Equivalent Budgeted Positions as of June 30,

2007	2008	2009	2010	2011	2012
8	8	8	8	8	8
6	6	6	6	6	6
4	4	4	4	4	4
5	5	5	5	5	5
23	23	23	23	23	23
2	2	2	2	2	2
13	13	13	13	13	13
2	2	2	2	2	2
3	3	3	3	3	3
20	20	20	20	20	20
-	-	-	-	-	-
12	12	13	13	13	13
12	12	12	12	12	12
11	11	11	11	11	11
5.5	5.5	5.5	5.5	5.5	5.5
40.5	40.5	41.5	41.5	41.5	41.5
8	8	8	7	7	7
4	4	4	4	4	4
4	4	4	4	4	4
6	6	6	6	6	6
22	22	22	21	21	21
4	5	5	5	5	5
2	2	2	2	2	2
16	16	16	16	16	16
22	23	23	23	23	23
127.5	128.5	129.5	128.5	128.5	128.5

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**OPERATING AND CAPITAL INDICATORS**

**(Unaudited)**

**Last Ten Fiscal Years**

	Fiscal Years			
	2003	2004	2005	2006
<b>Water Treatment</b>				
Raw Water Collection Mains (miles)	24	24	24	24
Raw Water Transmission Mains (miles)	181	181	181	181
Treated Water Transmission Mains (miles)	243	243	243	243
Treated Water Distribution Mains (miles)	331	331	347	347
Gallons of treated water storage (millions)	35	35	35	35
Reservoir levels at June 30 (acre feet*)	33,996	35,306	39,364	38,221
Water treatment plant capacity	32 mgd	32 mgd	32 mgd	32 mgd
Peak day **	July 19, 2002	July 17, 2003	June 21, 2005	June 14, 2006
Peak day (mgd)	39.55	24.87	24.39	28.48
Peak month **	July 2002	July 2003	August 2004	June 2006
Peak month (million gallons)	1,058.48	619.45	551.47	744.62
Total water delivered (acre feet*)	15,472	13,466	13,631	16,165
Average daily demand (mgd)	13.813	11.989	12.169	14.431
<b>Recycled Water</b>				
Miles of delivery pipeline	-	-	-	-
Treatment capacity	-	-	-	-
Total recycled water delivered (acre feet*)	-	-	-	-
Peak day	-	-	-	-
Peak day (mgd)	-	-	-	-
<b>Water Reclamation</b>				
Miles of sewer collection mains	279	288	291	300
Water reclamation capacity	13.5 mgd	13.5 mgd	13.5 mgd	17.0 mgd
Peak month	July 2002	July 2003	June 2004	December 2005
Peak month (million gallons)	297.47	265.76	311.94	366.73
Peak month average per day	9.6 mgd	8.5 mgd	10.4 mgd	11.8 mgd
Total wastewater treated (000 gallons)	3,178,170	2,965,465	3,258,026	3,590,459
Average mgd	8.71	8.10	8.93	9.84

\* Estimated water available in reservoirs for delivery to Cheyenne's water treatment plant; this amount does not include a dead pool estimate of 7,500 acre feet; one acre foot is approximately 325,861 gallons of water.

\*\* Peak day/Peak month: Includes treated water, raw water and recycled water delivered to the community of Cheyenne.

Fiscal Years

2007	2008	2009	2010	2011	2012
24	24	24	24	24	24
181	181	181	181	181	181
243	246	250	250	250	250
362	371	374	377	380	390
35	35	35	35	35	35
38,076	39,145	39,555	40,222	41,108	37,756
32 mgd	32 mgd	32 mgd	32 mgd	32 mgd	32 mgd
July 31, 2006	July 3, 2007	July 15, 2008	Aug. 12, 2009	Sept.21, 2010	June 18, 2012
29.25	31.17	32.26	25.98	28.42	28.7
August 2006	July 2007	July 2008	August 2009	August 2010	June 2012
735.72	725.82	833.17	626.79	697.66	695.760
15,888	14,208	12,753	13,173	14,815	16,176
14.182	12.649	11.385	11.760	13.230	14.44
-	12.24	13.70	13.70	13.70	13.70
-	4.0 mgd	4.0 mgd	4.0 mgd	4.0 mgd	4.0 mgd
-	378.7	305.6	252.05	184.57	190.64
-	October 4, 2007	August 2, 2008	June 21, 2010	July 14, 2010	June 6, 2012
-	2.56	2.89	2.68	2.39	2.14
306	311	312	313	314	323
17.0 mgd	17.0 mgd	17.0 mgd	17.0 mgd	17.0 mgd	17.0 mgd
March 2007	August 2007	August 2008	May 2010	July 2010	July 2011
306.09	276.86	320.37	372.761	332.8	323.4
9.9 mgd	8.9 mgd	10.3 mgd	12.00 mgd	10.74 mgd	10.43 mgd
3,286,169	3,132,495	3,294,313	3,435,352	3,283,370	3,236,048
9.00	8.56	9.03	9.41	9.00	8.85

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**WATER DELIVERED AND SOLD AND WASTEWATER TREATED**

**(Unaudited)**

**Last Ten Fiscal Years**

Fiscal Year	Gallons of Water Delivered(a)	Gallons of Water Sold(b)	Gallons of Water Used by City(c)	Gallons of Water Unbilled(d)
2003	5,042	4,650	354	38
2004	4,388	3,774	298	316
2005	4,442	3,595	217	630
2006	5,267	4,276	352	639
2007	5,176	4,308	396	472
2008	4,629	4,118	395	116
2009	4,155	4,072	138	(55)
2010	4,290	3,832	303	155
2011	4,828	4,218	366	244
2012	5,271	4,419	425	427
10-year average	4,749	4,126	324	298

**Notes:**

Gallons are presented in millions

- (a) Water delivered to the community of Cheyenne for consumption, metered dates are from July 1 to June 30.
- (b) Gallons of water sold are based upon bills issued from July 1 or June 30, meter reading dates for these bills do not coincide with July 1 through June 30. Due to monthly billing cycles, this number may include some metered use from June of the prior fiscal year and not include some metered use from June of the current fiscal year.
- (c) Gallons used by the City is based upon meter read dates and vary beginning in mid-May and ending in June; the City is not billed for water use.
- (d) Unbilled water use is a calculated value. Billing cycles (see footnote (b)), weather conditions and peak demands near the beginning and end of the fiscal year can cause this value to be inaccurate on a fiscal year basis. Please use the 10-year average when evaluating unbilled water use. Examples of unbilled use includes fire fighting activities, hydrant use, hydrant and main flushing, and water main breaks.
- (e) Average is computed by taking the gallons of water unbilled (d) divided by gallons of water delivered (a).
- (f) Gallons of wastewater billed are based on billings for the period July 1 through June 30.
- (g) For fiscal years 2003 onwards, the rates were based on a tiered system; the direct rate was computed by taking the total water sales divided by the total gallons sold.
- (h) The sewer rate presented is the inside City rate per 1,000 gallons and does not include the monthly service fee.

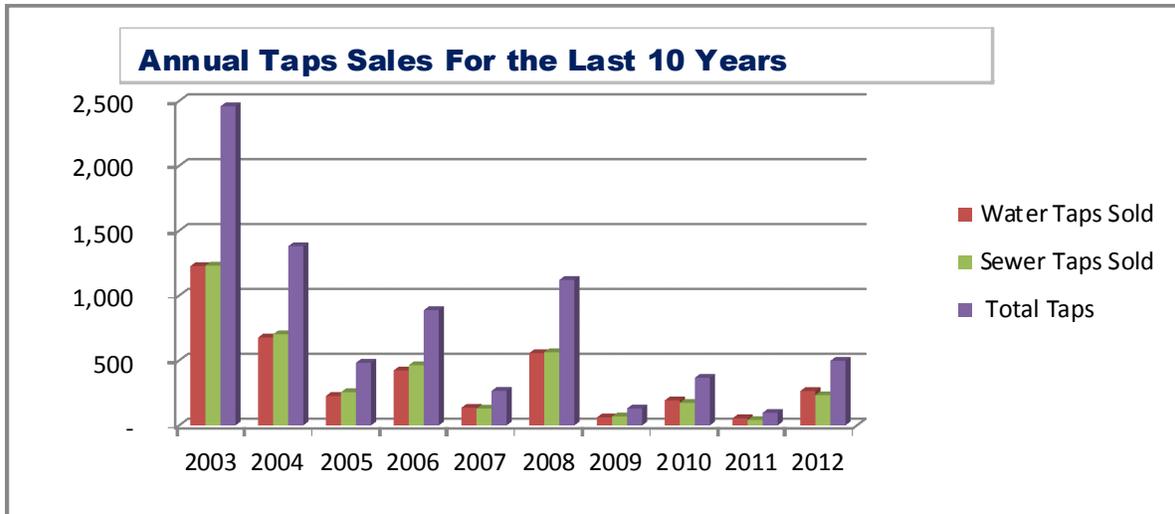
\*\* Information not available.

Average Percent Unbilled(e)	Gallons of Wastewater Billed(f)	Total Direct Rate	
		Water(g)	Sewer(h)
0.75%	2,252	2.50	1.75
7.20%	2,171	2.54	2.00
14.18%	2,300	2.95	2.25
12.13%	2,269	3.37	2.50
9.12%	2,402	3.43	2.75
2.51%	2,240	3.56	3.00
-1.32%	2,219	3.74	3.20
3.61%	2,179	3.97	3.35
5.05%	2,126	4.15	3.46
8.10%	2,183	4.33	3.46
6.28%	2,234		

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**ANNUAL TAP SALES  
(Unaudited)  
Last Fiscal Years**

Fiscal Year	Water Meter Taps Sold	Sewer Taps Sold	Total Taps
2003	1,228	1,231	2,459
2004	678	703	1,381
2005	227	256	483
2006	424	464	888
2007	136	130	266
2008	557	564	1,121
2009	62	69	131
2010	193	174	367
2011	55	42	97
2012	258	239	497



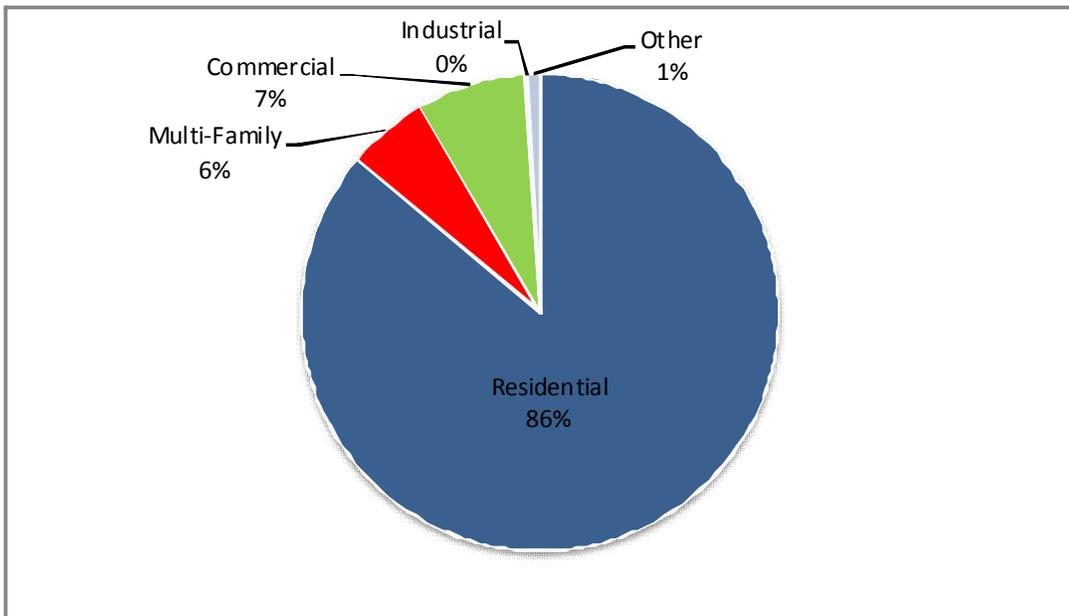
**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**NUMBER OF WATER AND SEWER USERS BY TYPE  
(Unaudited)  
Last Ten Fiscal Years**

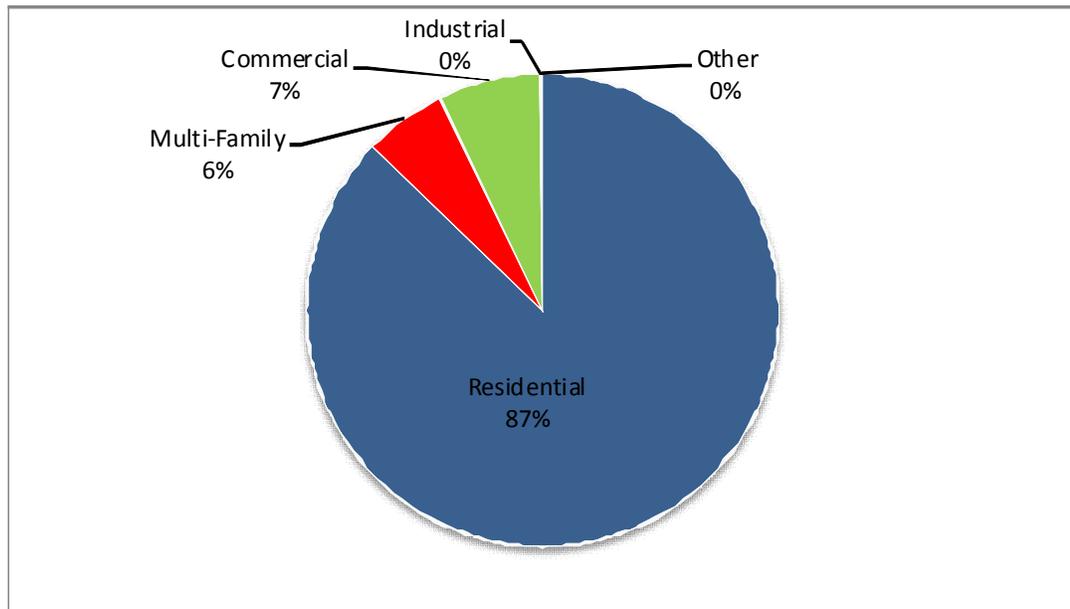
Fiscal Year	Water				
	Residential	Multi-Family	Commercial	Industrial	Other
2003	17,271	1,105	1,508	19	112
2004	17,658	1,167	1,522	20	126
2005	18,102	1,161	1,538	21	139
2006	18,481	1,151	1,586	23	151
2007	18,635	1,165	1,594	19	166
2008	18,810	1,170	1,622	19	179
2009	18,947	1,182	1,629	24	156
2010	19,160	1,183	1,645	24	187
2011	19,311	1,210	1,660	21	149
2012	19,460	1,249	1,680	21	198

**Notes:**

Information is from customer billing records from June 30 of every year.



Sewer					Total	
Residential	Multi-Family	Commercial	Industrial	Other	Water	Sewer
17,237	1,104	1,412	24	8	20,015	19,785
17,584	1,159	1,425	22	9	20,493	20,199
18,047	1,156	1,432	21	9	20,961	20,665
18,430	1,151	1,466	20	11	21,392	21,078
18,592	1,164	1,493	21	13	21,579	21,283
18,711	1,163	1,502	20	13	21,800	21,409
18,837	1,180	1,525	20	12	21,938	21,574
19,046	1,186	1,525	21	13	22,199	21,791
19,241	1,210	1,545	20	12	22,351	22,028
19,365	1,246	1,563	21	13	22,608	22,208



**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**GALLONS PER CAPITA PER DAY  
(Unaudited)  
Last Ten Fiscal Years**

Calendar Year	City Population Estimate*	Residential Meter Water Use - Only (000 Gallons)	Gallons per Capita per Day Residential Use	Total City** Metered Water Use - Only (000 Gallons)	Gallons per Capita per Day Total In-City Use
2003	54,716	2,174,054	108.86	3,797,967	190.17
2004	55,473	1,736,696	85.77	3,177,271	156.92
2005	56,036	1,784,824	87.26	3,089,056	151.03
2006	55,662	2,093,589	103.05	3,624,482	178.40
2007	55,641	2,081,685	102.50	3,564,189	175.50
2008	56,051	2,026,111	99.03	3,435,725	167.94
2009	56,296	1,962,219	95.49	3,482,228	169.47
2010	56,483	1,800,494	87.33	3,237,866	157.05
2011	59,466	2,057,439	94.79	3,512,364	161.82
2012	60,096	2,152,263	98.12	3,657,056	166.72

\* Wyoming Center for Business and Economic Analysis.

\*\* Does not include population or metered water use outside the City for F.E. Warren Air Force Base, South Cheyenne Sewer and Water District, or other outside City customers.

**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

**METERED WATER SALES BY CUSTOMER CLASS AND OPERATING  
AND DEBT SERVICE PER 1,000 GALLONS SOLD  
(Unaudited)**

**Last Ten Fiscal Years in (000 Gallons)**

Calendar Year	Residential	Commercial and Industrial	Frontier Oil Refinery	Total In-City Metered Water Sales	F.E. Warren Air Force Base	South Cheyenne Sewer and Water District	Outside City
2003	2,174,054	873,385	750,528	3,797,967	367,623	350,180	11,619
2004	1,736,696	657,687	782,888	3,177,271	197,327	277,248	9,124
2005	1,784,824	646,095	658,137	3,089,056	203,392	267,063	9,324
2006	2,093,589	843,675	687,218	3,624,482	231,782	316,983	9,709
2007	2,081,685	779,406	703,098	3,564,189	298,728	333,219	9,384
2008	2,026,111	709,655	699,959	3,435,725	260,250	335,972	8,516
2009	1,962,219	701,687	818,322	3,482,228	268,014	320,490	7,449
2010	1,800,494	652,161	785,211	3,237,866	239,710	291,546	15,226
2011	2,057,439	710,916	744,009	3,512,364	324,206	323,243	19,026
2012	2,152,263	770,326	734,467	3,657,056	297,063	350,224	19,996

\* Excluding depreciation.

Raw Water	Recycled Water	Oil and Gas	Construction	Total Water Sales	Total Water Operating Expenses*	Operating Cost per 1,000	Total Water Debt Service	Debt Cost per 1,000
87,268	-	-	-	\$ 4,614,657	\$ 6,018,963	\$ 1.30	\$ 20,902,078	\$ 4.53
94,891	-	-	-	3,755,861	6,143,342	1.64	6,465,398	1.72
48,956	-	-	-	3,617,791	6,730,049	1.86	5,236,133	1.45
66,992	-	-	-	4,249,948	7,012,378	1.65	5,276,372	1.24
78,427	-	-	-	4,283,947	7,357,980	1.72	5,234,104	1.22
62,659	16,084	-	-	4,119,206	7,710,867	1.87	5,529,971	1.34
49,393	17,669	-	-	4,145,243	8,169,940	1.97	5,926,942	1.43
47,930	3,250	-	-	3,835,528	8,096,391	2.11	6,186,669	1.61
63,989	20,205	1,909	3,093	4,268,035	8,979,938	2.10	6,292,110	1.47
69,948	20,008	54	4,972	4,419,321	9,865,383	2.23	7,495,987	1.70