

**BOARD OF PUBLIC UTILITIES**

**WATERWORKS AND SEWER ENTERPRISE FUNDS**  
**OF THE CITY OF CHEYENNE, WYOMING**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**PREPARED BY:**

**BOARD OF PUBLIC UTILITIES**  
**ADMINISTRATION DIVISION**

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# Board of Public Utilities

Cheyenne Water and Sewer Departments

2416 Snyder Ave.  
Cheyenne, Wyoming 82001  
(307) 637-6460  
[www.cheyennebopu.org](http://www.cheyennebopu.org)

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

Tuesday, October 11, 2022

The Board of Public Utilities (BOPU) Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022 (ACFR FY2022) is hereby submitted. The BOPU'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 (the City) Waterworks and Sewer Enterprise Funds. All disclosures necessary to enable the reader to gain an understanding of the BOPU'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 shall be 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 BOPU's financial statements. The goal of the independent audit is to provide reasonable assurance that the BOPU's financial statements for the fiscal year ended June 30, 2022 are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the BOPU's financial statements for the fiscal year ended June 30, 2022 are fairly presented in conformity with Accounting Principles Generally Accepted in the United States of America (U.S. 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 BOPU'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 that 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. This year marks the BOPU's 79<sup>th</sup> anniversary. The BOPU manages, operates, maintains, and controls the water treatment plants, water mains, sanitary sewer systems and water reclamation plants, and makes all procedures and regulations necessary for their safe, economical, and efficient operation and management.

The BOPU has exclusive control of all water and sewer utility systems owned by the City of Cheyenne, Wyoming. The BOPU 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, reviews and approves changes to the water and sewer rates and the Waterworks and Sewer Enterprise Fund budgets as recommended by the BOPU Board. The BOPU Board consists of five members appointed to staggered six-year terms by the Mayor with the advice and consent of the City Council.

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

The BOPU 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 (groundwater, well fields, surface water, dams, recycled water, and reservoirs), water purification facilities, water distribution mains and meters, wastewater collection mains, and water reclamation facilities (WRF).

## **GENERAL INFORMATION**



Cheyenne, located along the first trans-continental railroad, started as an early Union Pacific railroad tent town in 1867 and was named after the Cheyenne Native American Tribe who resided in the general area. Shortly after the establishment of Cheyenne, the United States Army established Fort D.A. Russell on the western side of the city. Since the creation of Fort D.A. Russell (now F.E. Warren Air Force Base), there has been a military presence in Cheyenne and it continues to remain an integral part of the community. As a railroad hub, Wyoming's capital and largest city has always been an important Western crossroad and a unique blend of Western cowboy, military, and contemporary cultures.

From 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 toward the west, Cheyenne is a city pioneering new ideas and new technology with the same tenacity, spirit, and sensibility of its original settlers.

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



According to the State of Wyoming Economic Analysis Division report, Cheyenne has an estimated population of 65,501 as of July 2022, with an additional 35,812 throughout Laramie County. The City of Cheyenne has been designated a Standard Metropolitan Statistical Area (50,000 population or greater) since 1985.

Cheyenne retains a unique combination of business advantages:

- Being near the geographic and time center of the North American continent.
- Serves as a transportation hub with easy access to Interstates 80 and 25.
- Has two major rail lines: Union Pacific and Burlington Northern railroad.
- Serves as the northern anchor city of the rapidly expanding Front Range Region of the Rocky Mountains.
- A tax-friendly environment for businesses.
- Multiple industrial parks, including a developed 2,500-acre heavy industrial park with direct access to the Union Pacific and Burlington Northern railroads, as well as two interstate highways.
- Close proximity to other front-range communities.
- Laramie County Community College is located in Cheyenne, with 5,000 students.
- University of Wyoming, Colorado State University, and University of Northern Colorado, with more than 50,000 students combined, are all within 45-minute commuting distances.
- A major Fiber Switching Center with many high-speed data services, including DSL, ATM, Frame Relay, and ISDN.

## **ECONOMIC CONDITION AND OUTLOOK**

According to the Wyoming Center for Business & Economic Analysis, most of Laramie County's economic indicators had continued success in the first quarter of 2022. The residential housing market is hitting record high prices in both Cheyenne and rural Laramie County. Oil prices improved during the quarter. Unemployment rates stayed below 4%. Retail sales were up 10% over last year. Tourism visitor counts are returning to normal. Commercial air service was suspended in April 2021 to make necessary improvements to the runway but was back up and running in the first quarter of 2022. Construction permit counts were higher than this time last year. Credit union and banking deposits both increased over the year.

Laramie County labor data for the first quarter of 2022 were mixed for the quarter and positive for the year. Local Area Unemployment Statistics (LAUS) data showed an increase in employment and Current Employment Statistics (CES) data showed an increase in the number of jobs in Laramie County over the year. LAUS data indicated an increase of 1,569 jobs (+3.3%) and CES data indicated an increase of 1,700 jobs (+3.7%) from the first quarter of 2021 to the first quarter of 2022. From the fourth quarter of 2021 to the first quarter of 2022, LAUS data reported an increase of 38 jobs (+0.1%) and CES data indicated an increase of 33 jobs during the same time period (0.1%). It is important to keep in mind the difference between LAUS data and CES data. LAUS data is based on a survey of households and CES data is based on a survey of employers. LAUS data indicated more Laramie County residents were working, while CES data reflects a count of jobs, not workers, and showed an increase in the number of jobs in the county.

The general level of economic activity in Laramie County - as measured by retail sales - increased 10.3% from one year ago. Both total tax collections and tax receipts by local governments increased over the last year; tax collections rose by 14.3% and tax receipts rose by 13.6% from the first quarter of 2021 to the first quarter of 2022.

Residential construction in Cheyenne increased over the first quarter and the year. The number of single-family building permits increased from a monthly average of 62 in the first quarter of 2021 to 105 in the first quarter of 2022 (69.4%). Over the first quarter, the monthly average increased from 51 to 105 (+106%). Outside Cheyenne, single-family building permits decreased over the year and over the quarter. The number moved from 85 in the first quarter of 2021 to 45 in the first quarter of 2022 (-47.1%). Over the first quarter, the number decreased from 73 in the fourth quarter of 2021 to 45 in the first quarter of 2022 (-38.4%).

Annual real estate sales prices continued to climb in the first quarter of 2022. In the city, the average sales price rose from \$306,013 in the first quarter of 2021 to \$344,478 in the first quarter of 2022 (+12.6%). In the county, the year-over-year average sales price for homes rose by 22.6% from \$455,833 in the first quarter of 2021 to \$558,896 in the first quarter of 2022.

The number of unemployed workers decreased both over the year and increased over the first quarter. The number of unemployed workers decreased from 2,494 in the first quarter of 2021 to 1,792 in the first quarter of 2022 (-28.2%). The number increased from 1,513 in the fourth quarter of 2021 to 1,792 in the first quarter of 2022 (+18.4%).

The average monthly unemployment rate also fell over the year and increased over the first quarter, decreasing from 5.0% in the first quarter of 2021 to 3.6% in the first quarter of 2022. The rate increased from an average monthly rate of 3.0% in the fourth quarter of 2021 to 3.6% in the first quarter of 2022.

#### CHEYENNE LABOR MARKET

	1Q 2020	1Q 2021	4Q 2021	1Q 2022	2 Year % Chg 1Q/2020 - 1Q/2022	1 Year % Chg 1Q/2021 - 1Q/2022	Qtrly % Chg 4Q/2021 - 1Q/2022
Avg Monthly Civilian Labor Force (LAUS)	50,647	49,535	50,085	50,403	-0.48	1.75	0.63
Avg Monthly Employment (LAUS)	48,047	47,041	48,572	48,610	1.17	3.34	0.08
Avg Monthly Employment (CES)	46,700	45,533	47,200	47,233	1.14	3.73	0.07
Avg Monthly Unemployment (LAUS)	2,600	2,494	1,513	1,792	-31.08	-28.15	18.44
Avg Monthly Unemployment Rate (LAUS)	5.2	5.0	3.0	3.6	-30.77	-28.00	20.00
Avg Monthly Initial Unemployment Claims (LAUS)	73	160	55	65	-10.96	-59.38	18.18
Avg Monthly Help Wanted Ads	338	379	337	420	24.26	10.82	24.63

#### GENERAL BUSINESS ACTIVITY

	1Q 2020	1Q 2021	4Q 2021	1Q 2022	2 Year % Chg 1Q/2020 - 1Q/2022	1 Year % Chg 1Q/2021 - 1Q/2022	Qtrly % Chg 4Q/2021 - 1Q/2022
Total Retail Sales (\$000)	\$358,535	\$369,097	\$457,488	\$407,246	13.59	10.34	-10.98
Avg Monthly Enplanements - Cheyenne Regional Airport	921	407	905	974	5.75	139.31	7.62
Avg Monthly Auto Registrations New & Used	2,784	2,938	2,989	2,860	2.73	-2.65	-4.32
Avg Monthly Bankruptcies	9	9	6	4	-55.56	-55.56	-33.33

Source: <https://www.wyomingeconomicdata.com>

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

**UMC Technology Ltd. (UMC)**

UMC, a fencing and wire machinery manufacturer, is expanding to Cheyenne. UMC plans to begin construction of a 20,000 square-foot facility in the summer of 2022.

UMC specializes in the manufacturing of wire fence machines and recently released its patented UMC Fence Lokk Machine (FLM) series. UMC's underlying philosophy is more than just building machines; it strives to contribute to creating technologies that help improve the world we live in.

UMC's FLM machine is the only fabricated fence machine in the world capable of producing two different types of fence knot with the same machine. Combining decades of experience and innovation, UMC has been able to deliver a high-speed, versatile, state-of-the-art machine with integrated safety and wide-ranging functionality.

The design principles were (1) to create value for fence manufacturers by offering a machine that gives knot type flexibility and is safe and simple to operate; (2) to lower the cost of entry for companies that may be looking to enter the fabricated fence sector, or for existing producers looking to expand their product range; and (3) to offer features to end-use consumers that will enhance the welfare and protection of livestock or people interacting with a fabricated fence.

As a result of widespread consultation with the fencing industry, UMC has delivered a fabricated fence machine that can be changed from one knot type to another within a few hours, achieving cost and time savings for manufacturers. Other benefits of this new design include increased productivity and knot quality, reduced downtime, and an improved operator environment.

**Wright & McGill Co. (Eagle Claw Fishing Tackle)**

Wright & McGill Co., a fishing tackle company, is expanding to Cheyenne. It has purchased 60 acres to build a new manufacturing plant.

Wright & McGill Co. has a rich history that dates back over 90 years and began when two young anglers, Drew McGill and Stan Wright, formed the Wright & McGill Co. in 1925. The innovative hook company that is now Eagle Claw all started when McGill was spending time doing what he loves most: fly fishing the upper Colorado River and saw two large eagles swoop down and catch fish with their large talons. That moment inspired the design of the eagle claw fishhooks. Today, Eagle Claw is considered the most innovative fishhook company in the world and is the only fishhook manufacturer in the U.S.

The company manufactures and distributes premium quality fishhooks, rods, reels, terminal tackle, and ice fishing products throughout the U.S. and in over 40 countries worldwide. It proudly outfit anglers with the Eagle Claw, Lazer Sharp, TroKar, and Wright & McGill brands. Eagle Claw is proud to continue its tradition and bring an additional manufacturing facility to Wyoming.

**Microsoft Corporation (Microsoft)**

Microsoft has announced two new data centers to be built in Cheyenne, with one in the Cheyenne Business Parkway and another in the Bison Business Parkway.



The two new data centers will be built with sustainable design and operations in mind, contributing to Microsoft's commitment to being carbon negative. Microsoft is engaging in significant efforts toward water conservation and preserving Cheyenne's water resources as a top priority. Microsoft's current and new data centers will apply adiabatic cooling, which uses outside air instead of water for cooling when temperatures are below 85 degrees Fahrenheit. This process uses less electricity and up to 90% less water than other water-based cooling systems. Microsoft has already invested over \$500,000 in sustainability grants to local organizations that help preserve Wyoming's natural environment, including Crow Creek Revival, which aims to promote, enhance, restore, and revitalize the region's key watershed.



Not only will Microsoft's data centers be built with sustainability top of mind, but Microsoft's presence in Wyoming will also have a real economic and community impact on the residents. Microsoft currently employs over 200 employees and vendors in the region, and this expansion will create even more jobs for the community, including more than 700 positions during peak construction. In addition to building data centers, Microsoft is investing in new water, sewer, and road infrastructure to create easier access to Bison Business Park, which will also support the growth of new businesses in Wyoming.

Source: [www.cheyenneleads.org](http://www.cheyenneleads.org)

## **MAJOR INITIATIVES**

For this year, the BOPU continues to take steps toward ensuring continued quality and quantity of water and wastewater services.

### ***North City Expansion***

The BOPU is planning and designing a three-million-gallon elevated water tank and associated piping at the Buffalo Ridge Tank site. The Project will provide enhanced services to the northern portion of Cheyenne, along with providing for the needed expansion of the water supply to the growing population. The project is budgeted at \$12,000,000.

### ***Hydroelectric Generation Facility***



In FY2021, the BOPU broke ground on the much-anticipated Hydroelectric Generation Facility, which will use pressure to generate electricity. Water that enters the plant will be diverted to a 950-kilowatt, four-jet, vertical-axis turbine. This turbine was selected because it will provide the greatest power output at multiple flows and provides the best value. The generator is expected to produce approximately 4,000,000 kilowatt hours annually. The turbine will be housed in a steel frame building approximately 36 feet by 36 feet wide and at least 40 feet tall. The turbine, generator, switchgear, controls, and ancillary equipment will be located on the second floor. Water leaving the generator will be collected in a basin approximately 25 feet tall. This elevation is needed to provide enough head pressure to allow water to flow through the water treatment plant's treatment processes.

It is anticipated that the generator will produce electricity by Spring 2023 and, once completed, the generator will, at times, service all the Sherard Water Treatment Plant's electrical needs and allow for the excess generation capacity to be sold back to the electrical service provider.

### **Other Initiatives**

On January 1, 2022, the multi-tiered water rate for single-family residential saw an increase in rates, and additional increases will go into place on January 1, 2023.

	Jan. 1, 2021	Jan. 1, 2022	Jan. 1, 2023
Water Volume Rate Charge Per 1,000 Gallons:			
Residential (in-city):			
First Block - First 6,000	\$4.42	\$4.64	\$4.90
Second Block - Next 18,000	5.46	5.73	6.05
Third Block - Next 18,000	6.78	7.12	7.52
All Over - 42,000	8.44	8.86	9.36

The volume rate charge per 1,000 gallons of drinking water for commercial users during these same time periods of January 1, 2021, 2022 and 2023 are \$5.08, \$5.30 and \$5.60, respectively.

The volume rate charge per 1,000 gallons for sewerage for all users during these same time periods of January 1, 2021, 2022 and 2023 are \$5.15, \$5.41 and \$5.67, 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.

FY2022 marked the release of the BOPU's 23<sup>rd</sup> Annual Consumer Confidence Report on the quality of the City's drinking water. Once again, the BOPU 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 the BOPU's 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 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 FY2022 included another ambitious round of water and sewer main rehabilitations. Water and sewer main rehabilitation are an annual priority to keep the City's water distribution and wastewater collection systems in top shape.

### **FOR THE FUTURE**

Looking ahead, the BOPU is committed to maintaining a high-quality water and wastewater system that will meet the needs of a growing community in the 21st century. As the BOPU moves forward, there will be major emphasis on expanding the available water supplied to Cheyenne in order to facilitate future expansion of the city for both residential and commercial/industrial needs.

### **Major FY2023 budgeted projects include:**

#### ***Granite & Crystal Bypass Pipeline & Outlet Rehab***

This project includes a new bypass pipeline and rehabilitation of the outlet pipes in both the Granite and Crystal dam. The bypass includes an 18" and 20" pipeline running from Stage I/II supply piping above Granite/Crystal to the 36" and 30" piping that feeds the Sherard Water Treatment Plant. This will ensure Cheyenne's surface water supply will not be compromised in the event Granite and/or Crystal become inoperable for any reason. This increases operational resiliency to one of the most important water supply components within our system. The budget for this project is \$3,800,000.

#### ***Borie Wellfield Expansion Located on the Belvoir Ranch***

Potential curtailment of the Colorado River places a higher priority on the BOPU developing additional water supplies for the City of Cheyenne. The Belvoir Ranch was purchased in 2003 with the intent of additional development of water resources. This project will include locating, drilling, and completing two wells; adding pump houses, supervisory control and data acquisition, and conveyance to four wells; and constructing 25,000 feet of transmission pipe to connect to the U.S. Army Corps of Engineers' Groundwater Treatment Facility at the Sherard Water Treatment Plant. The project is budgeted at \$10,500,000.

#### ***Water Reclamation Hydraulic Capacity***

The flow patterns of Crow Creek have recently changed and cause elevated water levels. During elevated water levels, the Crow Creek WRF is unable to discharge water. When water is unable to be discharged, the Crow Creek WRF is temporarily shut down and flows are diverted to the Dry Creek WRF, which requires the Dry Creek WRF to operate near capacity. Based on this, the 2013 Water and Wastewater Master Plan recommends the installation of equalization basins at the Dry Creek WRF to store water during high storm flow events to allow water to be treated after the storm subsides. In addition, as part of this project, the outflow pipeline will be relocated to allow discharge from the Crow Creek WRF during high elevation. The project is budgeted at \$3,100,000.

### **Other items for 2022:**

On June 13, 2022, the City's Governing Body adopted the Waterworks and Sewer Enterprise Fund budgets as recommended by the BOPU for fiscal year 2023 (July 1, 2022 to June 30, 2023). The BOPU's combined water and sewer budgets for fiscal year 2023 of \$53,677,851 is \$14,642,851 less than fiscal year 2022's unadjusted budget.

### **Administrative Controls**

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

The BOPU 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 BOPU'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 BOPU for its annual comprehensive financial report for the fiscal year ended June 30, 2021. This was the 44<sup>th</sup> consecutive year that the BOPU has received this prestigious award.

## **In Conclusion**

The preparation of the annual comprehensive 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 BOPU Board Members and Management continue to provide valuable leadership, planning and direction for Cheyenne's water and wastewater systems. Serving nearly 76,000 residents, these systems will continue to play a vital role in the development and growth of our City for many years to come.

The BOPU and 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 that reads "Brad Bowen". The signature is written in a cursive, flowing style.

Brad Bowen  
Administration Manager/Assistant City Treasurer





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Board of Public Utilities, City of Cheyenne  
Wyoming**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

Executive Director/CEO

## **BOARD OF PUBLIC UTILITIES**

**~ BOARD MEMBERS ~  
~ JUNE 30, 2022 ~**



**Mary Guthrie - President  
Board Member Since June 18, 2015  
Term Expires June 1, 2027**



**Matt Pope - Secretary  
Board Member Since September 9, 2013  
Term Expires June 1, 2027**



**John Edwards - Board Member  
Board Member Since June 8, 2017  
Term Expires June 1, 2023**



**Allan Cunningham - Board Member  
Board Member Since May 31, 2007  
Term Expires June 1, 2025**



**Keith Zabka - Board Member  
Board Member Since May 31, 2019  
Term Expires June 1, 2025**



## LIST OF PRINCIPAL OFFICIALS

As of June 30, 2022, the following is a list of principal officials of the Board of Public Utilities, City of Cheyenne:

<b>Elected &amp; Appointed Officials</b>	<b>Current Term Expires</b>	<b>Position</b>
<b>Patrick Collins</b>	<b>January 2025</b>	<b>Mayor</b>
<b>Mary Guthrie</b>	<b>June 2027</b>	<b>Board President</b>
<b>Matthew Pope</b>	<b>June 2027</b>	<b>Board Secretary</b>
<b>John Edwards</b>	<b>June 2023</b>	<b>Board Member</b>
<b>Allan Cunningham</b>	<b>June 2025</b>	<b>Board Member</b>
<b>Keith Zabka</b>	<b>June 2025</b>	<b>Board Member</b>

### Management:

Bradley A. Brooks, Director  
Brad Bowen, Administration Manager  
Frank Strong, Engineering & Water Resource Manager  
Doug Calhoun, Operations & Maintenance Manager  
Clint Bassett, Water Treatment Manager  
Matthew Buelow, Water Reclamation Manager  
Kathy Kellner, Human Resource Manager

## **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. In July 1867, General Grenville Dodge, chief engineer for the Union Pacific, platted the site for Cheyenne, largely due to the constant supply of water available from Crow Creek. Steam engines required large amounts of water to run successfully over Sherman Summit, which Crow Creek would provide. Dodge envisioned Cheyenne as an important division point on the Union Pacific railroad line.



Before any tents or buildings were constructed, Crow Creek Crossing was selected as a strategic railroad hub and military outpost on the transcontinental railway. The crossing was approximately midway on the Union Pacific's length of track, which made it a great location for a depot, maintenance yards, military, and supply posts.

Within a week of selecting the site, the City of Cheyenne was surveyed and lots were sold. Tent City Cheyenne sprang into existence. When the railroad crews reached Cheyenne on November 10, 1867, crowds of people were waiting for them. Cheyenne's population jumped to 3,000 from the time the route was announced to the day tracks arrived. By February 1868, there were 6,000 residents in town.

Almost immediately after, the U.S. Cavalry established Fort D.A. Russell a few miles to the west. The fort began as a cavalry unit living in tents arranged into a diamond shape for protection from the wind. The cavalry provided protection to the railroad, protected the City of Cheyenne, guarded the Overland Trail and participated in the Great Sioux Indian Wars. By 1885, the fort had grown to eight infantry companies housed in brick buildings.



Throughout this growth, Crow Creek supplied water. The first water delivery system consisted of buckets of water pulled from Crow Creek or public wells. A barrel of Crow Creek water delivered by wagon to a home or business cost \$0.25.

The first water system was installed in 1877. Pipes distributed water from small reservoirs located near the modern-day Botanic Gardens and Ames Underpass to strategic commercial locations within Cheyenne. This water was mostly reserved for the railroad and fire protection, which was a major priority for early Cheyenne. When fires broke out, the lack of water meant fires could destroy entire sections of the City before being brought under control.

One such fire broke out on January 11, 1870. A defective flue at a liquor store started a fire that destroyed 80 buildings on two of the main blocks in Cheyenne. Without the water necessary to fight the fire, volunteer fire crews ran from building to building evacuating people, furniture, goods, and supplies.



The early residents and businesses within Cheyenne recognized the economic and lifestyle enhancements that access to water provided. In 1882, these citizens petitioned City Council to allow homes and businesses to tap into the water system. Water use was not metered. Instead, customers were charged based on the number of bathrooms and types of water uses at the location. For example, an eight-room home with one bathroom and a stable paid \$17 per year in 1883.<sup>i</sup>

While an improvement over scooping water from Crow Creek, this early water system was not without challenges. The water was described as tasting terrible and many of the residents of Cheyenne considered the reservoirs in Cheyenne to be a source of disease.<sup>ii</sup>

A second challenge was water pressure. Water pressure was produced using steam engines. The engines required constant attention by City employees. By 1897, the City operated and maintained three pump stations.<sup>iii</sup>

A third challenge was the limited supply of water. As with all-natural streams, Crow Creek flooded in the spring and produced trickles of water in the fall and winter.



To address these challenges, Cheyenne constructed a series of dams, pipelines, a water treatment plant and designed a water distribution system that used gravity to deliver water. Cheyenne constructed four dams on the three branches of Crow Creek between 1902 and 1911: Granite Springs Reservoir, Crystal Reservoir, South Crow Reservoir and North Crow Reservoir. Cheyenne also constructed the pipelines to carry the water approximately 25 miles to Cheyenne.

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 distribution system satisfied Cheyenne's water needs until an extended drought period in the mid-1930s. During this period, Cheyenne's water needs increased, and a water shortage was imminent. For the first time, Crow Creek was not able to supply enough water to meet Cheyenne's needs. City officials recognized the crisis and worked quickly to overcome it using groundwater from wells west of Cheyenne.



Seventy-five years ago, on April 27, 1943, the City of Cheyenne established the Board of Public Utilities (BOPU) to manage and control the city's water and sewer systems. The BOPU began studying and addressing the long-range water and sewer needs of Cheyenne. One of its first tasks was to treat sewer waste. In 1949, the BOPU began construction on Cheyenne's first wastewater treatment plant (WWTP), Crow Creek WWTP. It was one of the first WWTPs in Wyoming and the Rocky Mountain Region.

With the steady growth of the city during the 1940s and 1950s, 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 (assigned to other users), the BOPU had to look farther west. The BOPU found unappropriated water over 115 miles and three mountain ranges to the west in the headwaters of the Little Snake River running through the Sierra Madre Mountains on the western slope of the Continental Divide.

The presence of the mountain range between the Sierra Madres and Cheyenne made the actual delivery of this water to Cheyenne cost-prohibitive. To use the water, city leaders developed an intricate trans-basin system 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.

Water from the North Fork of the 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 and stored in Hog Park Reservoir. This water is used as trade water. Hog Park Reservoir is on the west side of the North Platte River and Rob Roy Reservoir is on the east. When the BOPU releases water from Hog Park Reservoir into the North Platte River, the BOPU can collect water from the North Platte River at Rob Roy Reservoir.



*Above: Construction of the Hog Park Tunnel.*

Water released from Rob Roy Reservoir travels by gravity about 50 miles where it can be released into the Middle Crow Creek drainage near Vedauwoo, in the Laramie Mountains. The water then flows down creeks in the Crow Creek drainage to Granite and Crystal Reservoirs. Stage I of this system was completed in 1965.

Building on the successes of Cheyenne's previous 100 years, the "Magic City of the Plains" continued to grow and expand. In the 1970s, the BOPU added to both its water and wastewater treatment capacities. Water treatment capacity increased with the construction of the first R.L. Sherard Water Treatment Plant. Wastewater treatment expanded with the construction of Dry Creek Wastewater Treatment Plant, followed by another expansion a decade later.

A drought in the late 1970s indicated the need for additional water and the BOPU began looking to expand water resources. In 1982, the BOPU began construction of Stage II of the Little Snake River-Douglas Creek System. The project enlarged both Rob Roy Reservoir and Hog Park Reservoir, installed 21 miles of diversion pipeline on the western slope of the Continental Divide, and installed a second delivery pipeline from Rob Roy Reservoir to Granite and Crystal Reservoirs. On November 7, 1988, water flowed for the first time through the Stage II Water Delivery Pipeline. By 1991, the BOPU was operating both Stage I and Stage II at the same time.

The Cheyenne Water Supply Master Plan, completed in July 1994, concluded that due to considerable concrete deterioration, the Roundtop Water Treatment Plant was no longer reliable and recommended it be retired as soon as possible. In addition, the 1990s saw an increase in the number of regulated contaminants and more stringent drinking water regulations under the Safe Drinking Water Act. To meet the more stringent drinking water requirements, plant productivity at the Sherard Water Treatment Plant had to be reduced.

At the same time, the average peak daily demand for treated water 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 (seven-consecutive-day period) averaged 37.4 MGD. To meet growing demands for treated drinking water in the community, the BOPU launched two projects.



The first was the Northwest Area Raw Water Irrigation Project. This project switched irrigation of two golf courses and a City park to raw, untreated water instead of treated City drinking water. The project freed up as much as three MGD of treated water during peak summer day demands.

The second was the design and construction of a new 32 MGD R.L. Sherard Water Treatment Plant. The new Sherard plant replaced the 1915 Roundtop Water Treatment Plant and the original Sherard Water Treatment Plant. The new plant was designed to meet or exceed current and future drinking water requirements. It was also designed to be expanded, at some future date, to 50 MGD. The newly constructed R.L. Sherard Water Treatment Plant began serving the community in Spring 2002, just as a multiple-year drought peaked and another water shortage loomed.

At about the same time, the Wyoming Department of Environmental Quality reclassified Crow Creek below the allowable discharge parameters of Cheyenne's wastewater treatment plants. Historically, the creek was classified for uses such as agriculture, industry, recreation, wildlife, and scenic value. Under the new classification, designated uses were expanded to also include non-game fisheries, fish consumption, aquatic life other than fish, and primary contact recreation.

As a result, ammonia and chlorine could no longer be discharged into Crow Creek. This created the need to upgrade both of Cheyenne's wastewater treatment plants.

Upgrades included biological treatment and disinfection. Biologic treatment was enhanced by improving contact with the water. At Crow Creek wastewater treatment plant, the previous biological treatment consisted of clarified wastewater sprayed across a rock media upon which beneficial bacteria grew. The beneficial bacteria consumed contaminants in the water. Contact with the water was limited by how long it took the water to flow down the rock. Freezing temperatures could also prevent water from contacting the rock. With the upgrades, beneficial bacteria float freely and attach to pasta-shaped plastic media while being mixed through the water in a series of basins. This method allows for increased contact with the water and increased contaminant removal. Both Dry Creek and Crow Creek Treatment Plants have implemented the more efficient biological treatment. Disinfection has also been upgraded from chlorine to ultra-violet light. The treated wastewater flows through a series of intense ultra-violet lights that disinfect the bacteria.

These upgraded treatment methods meant that Cheyenne had the ability to restore usefulness and value to wastewater. As a result, the BOPU changed the names of the wastewater treatment plants to WRFs. The construction also presented the BOPU with an opportunity to expand treatment capacity and provide an additional source of water: recycled water. Like the droughts in the 1880s, 1930s and 1970s, the drought in the early 2000s resulted in increased water use when less water was available. Treated water use peaked at 39.5 MGD. With the combination of water demand, wastewater projects and drought, the BOPU seized upon an opportunity to realize an observation made by a Board president 50 years earlier.





*Above: Purple pipe. The recycled water system includes a separate distribution system for recycled water.*

”The story of the long struggle for water in Cheyenne is typical of the general situation of the arid West and leads to the conclusion that in order to meet the demands of the future, the existing sources of water must be conserved, and that the residents of this area must learn to use water so that one gallon of the supply provided by nature will perform the duty of two gallons as it is now used.” He continued saying, “Probably the most promising source of additional water at Cheyenne is the reclamation of sewage effluent for industrial use.” - W. J. Dineen, circa 1951.

In the spirit of this observation, the BOPU added additional water treatment capabilities to the Crow Creek WRF. These additional treatment methods produced Class A reuse water, affectionately termed “recycled water.” Class A reuse water is the most stringent classification of reuse water in Wyoming and has the least restrictions on its use. Recycled water is a drought-resistant source of water that will be available even during severe droughts.

The BOPU installed the first large-scale recycled water system in Wyoming and used the water to irrigate parks, athletic fields, and green spaces. This reduced peak summer treated water demand by as much as 3 MGD.

During the last decade, the BOPU continued to prepare for future water demands. In 2003, the BOPU adopted a water conservation program, which has successfully reduced water demand.

In 2003, the BOPU participated in the purchase of the Belvoir Ranch to expand groundwater resources. Since the purchase, the BOPU and Wyoming Water Development Commission have studied the water resources on the ranch and ways to deliver the water to Cheyenne. Building a pipeline to the ranch is part of the BOPU’s plans.

In 2007, the BOPU completed construction of a second delivery pipeline from Crystal Reservoir to the new Sherard Water Treatment Plant. The second pipeline added redundancy and increased supply capabilities in preparation for a future expansion of the plant.

In 2013, the Board completed Phase II of the Southern Water Transmission Main. This main was needed to supply water to Cheyenne, add redundancy, and provide relief to the transmission mains that supply water to the northern parts of the City.

Also, in 2013, the Board produced a water and wastewater master plan. This plan identified and prioritized the projects the Board needed to accomplish to be able to supply water into the future.

Phase III of the Southern Water Transmission Main continued to the east and north of the City, eventually tying into the existing water system near the Holly Frontier Refinery. Phase III was completed in fiscal year 2019 and completes the loop around the southern section of the City.

Phase I of the Southern Sewer Interceptor Main runs from the Crow Creek WRF to the south and west, ending in the vicinity of Artesian Road in south Cheyenne. Phase I was completed in fiscal year 2019.

Looking ahead, Cheyenne moves into the 21<sup>st</sup> century with an excellent water supply, adequate treatment capacities and the ability to expand both treatment and delivery of water resources. This was accomplished due to the vision of current and past City leaders, BOPU Board Members and BOPU staff. With current growth rates, per capita water use, conservation efforts and recycled water capabilities, the BOPU expects Cheyenne's water resources to meet supply demand into the 2040s. But, as history has taught us, someday, Cheyenne will once again need more water and/or face another drought.

Nearly 150 years have passed and rail cars still rumble through town. Missileers inhabit the military barracks once used by cavalry. Cattle still graze the grasslands surrounding town. And water is still the precious and limited resource that makes it all possible.

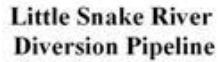
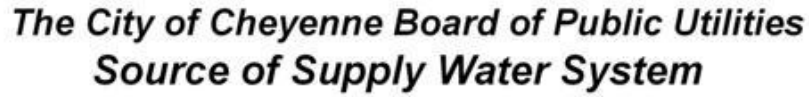


*Above: Construction of the Southern Water Transmission Main Phase II.*

<sup>i</sup> 1883 City Ordinance Concerning the Water Supply for the City of Cheyenne.

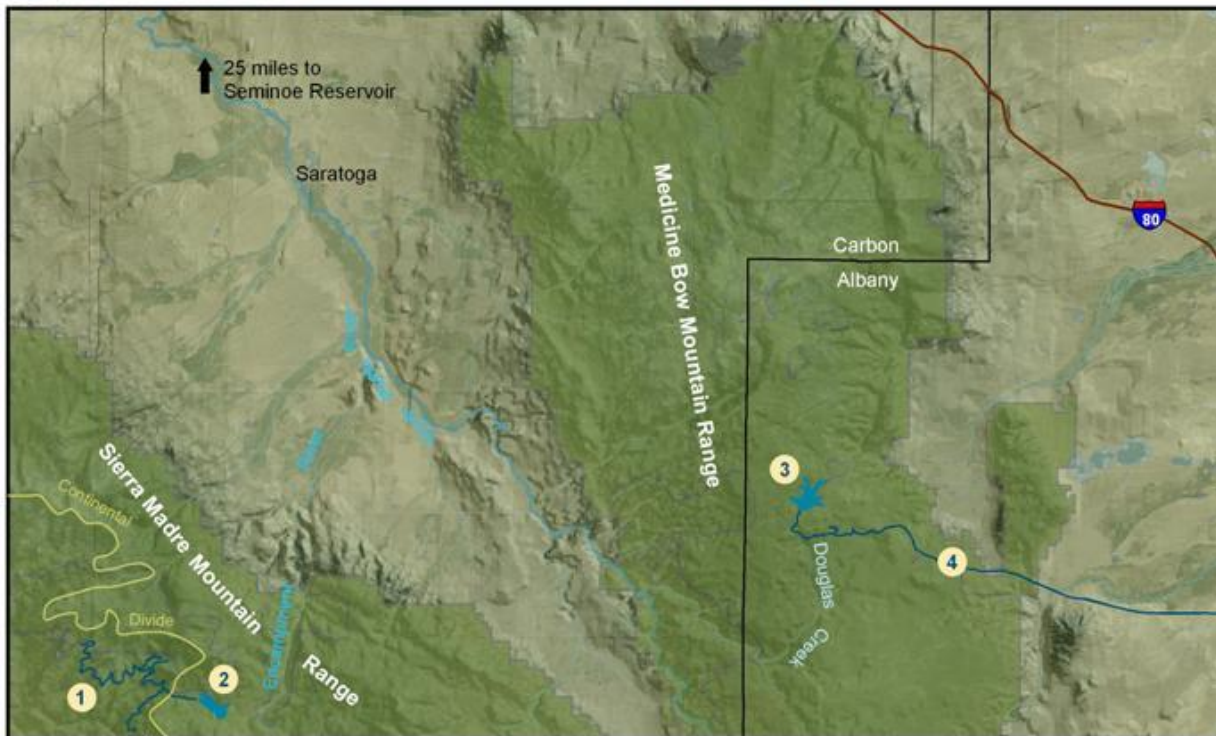
<sup>ii</sup> Cheyenne Daily Leader, December 7, 1895.

<sup>iii</sup> History of Utilities, believed to come from preparation work for Cheyenne, the Magic City of the Plains, Centennial Committee, 1967.



### South Crow Dam & Reservoir

7



**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)



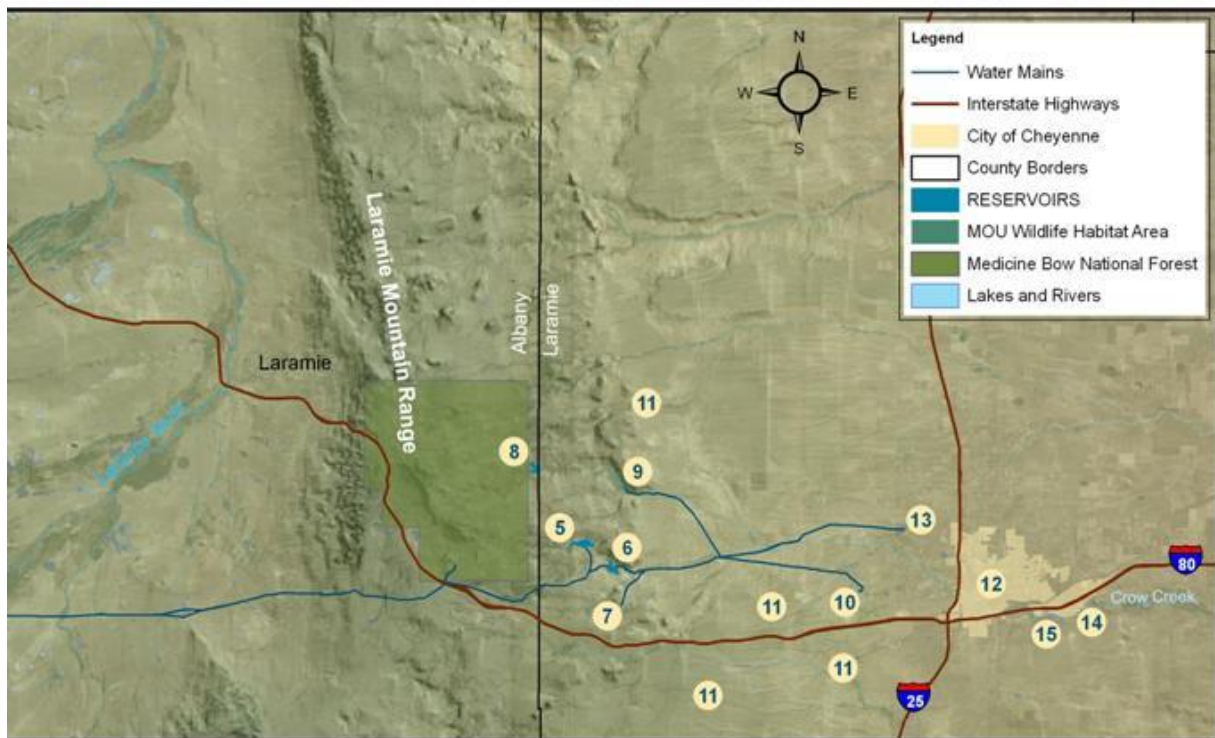
**Wells  
High Plains Aquifer**



**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)

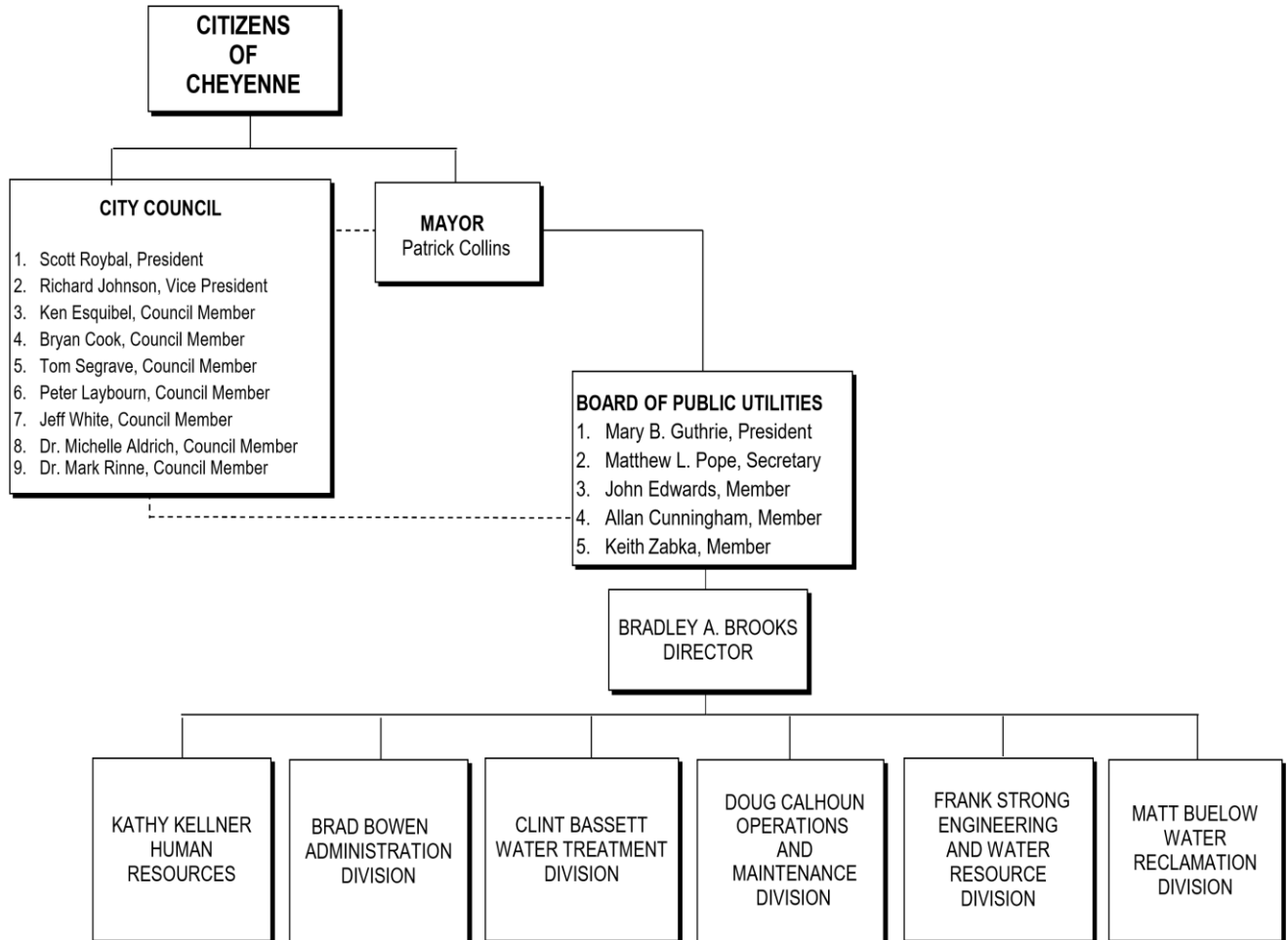


**Cheyenne, Wyoming**  
(Population 55,314 - Board of Public Utilities Customers 21,667)



**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, 2022**







## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the business-type activities and each major fund of the City of Cheyenne, Wyoming Board of Public Utilities (the Board) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Board as of June 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal-control-related matters that we identified during the audit.

### ***Emphasis of Matter - Relationship to the City of Cheyenne, Wyoming***

As discussed in Note 1 to the financial statements, the financial statements of the Board are intended to present the financial position, the changes in financial position, and cash flows of only that portion of the business-type activities and each major fund of the City of Cheyenne, Wyoming that is attributable to the transactions of the Board. They do not purport to, and do not, present fairly the financial position of the City of Cheyenne, Wyoming as of June 30, 2022, or the changes in its financial position or its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Emphasis of Matter - Change in Accounting Principle***

As discussed in Note 11 to the financial statements, the Board adopted new accounting guidance with the implementation of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 5 through 19, the Schedule of the Board's Proportionate Share of the Net Pension Liability on page 47, the Schedule of the Board's Contributions on page 48, and the Notes to Required Supplementary Information on page 49 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The Budgetary Comparison Schedule and Notes to Budgetary Comparison Schedule are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Introductory and Statistical Sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2022 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

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

Cheyenne, Wyoming  
October 11, 2022

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

Management of the Board of Public Utilities (the Board) offers readers of the Board’s financial statements this narrative overview and analysis of the financial activities of the Board for the fiscal year ended June 30, 2022.

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 and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$323,073,765 (net position). Of this amount, \$42,164,544 (unrestricted net position) is available to meet the Board’s ongoing obligations to citizens and creditors.

The Board’s total net position increased by \$6,935,791 during fiscal year 2022. This increase can be attributed to capital contributions and an increase in sales and charges for services.

Investment loss for the current year was \$495,375, which represents a decrease of \$510,182 from the previous fiscal year. The decrease was due to the timing of sales of investments within the investment pools. Returns on WYO-STAR II increased from 0.52% at the beginning of the fiscal year to 1.03% at fiscal year-end. Returns on WYO-STAR I fund investment yields decreased from 2.28% at the beginning of the fiscal year to 0.29% at fiscal year-end.

Operating revenue for the Waterworks Fund increased \$958,168 and the Sewer Fund decreased \$447,595 during the fiscal year. The revenue increase in the waterworks operating revenue was due to an increase in consumption by residential and commercial users and the decrease in the sewer operating revenue was largely due to operational changes from one of the Board’s top customers.

The total indebtedness of the Board decreased \$776,432 (1.56%) from \$49,863,104 to \$49,086,672 during the current fiscal year due to debt service payments being greater than loan advances. For additional information, please refer to Note 4 to 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.

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.

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

The Statement of Net Position presents information on the Board’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the government is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Position presents information showing how the Board’s net position changed during the most recent fiscal year.

Both 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 Statement of Cash Flows presents cash receipts and payments of the Board during a period of time. Its purpose is to assess the Board’s ability to generate future net cash flows and meet its obligations as they come due.

The basic financial statements of the Board presented as business-type activities of the enterprise funds are found on pages 20 through 24 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, 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 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 20 through 24 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 fund financial statements. The notes to the financial statements can be found on pages 25 through 46 of this report.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**OTHER INFORMATION**

Required supplementary information regarding the net pension liability is included in this report on pages 47 through 49. 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 50 through 52 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.

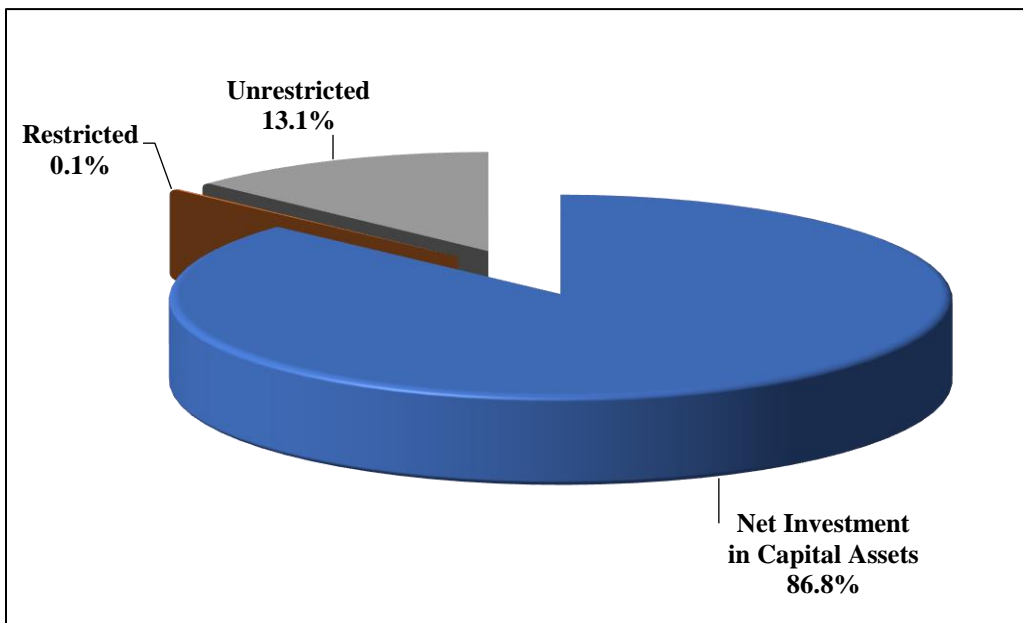
***Business-Type Activities - Net Position***

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Board, total net position increased by \$6,935,791 during fiscal year 2022.

The largest portion of the Board's net position, \$280,409,221 (86.8%), reflects its net investment in capital assets (e.g., dams, reservoirs, water and sewer treatment plants, extensive miles of water and sewer mains, land, buildings, machinery and equipment), less any related outstanding debt used to acquire those assets and any vouchers payable related to 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 Position Categories as of June 30, 2022:**



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Net Position:**

	Waterworks Fund (\$1,000s)		Sewer Fund (\$1,000s)		Total Business-Type Activities (\$1,000s)	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 48,974	\$ 36,624	\$ 15,417	\$ 17,972	\$ 64,391	\$ 54,596
Capital assets	235,750	236,303	94,831	92,329	330,581	328,632
<b>Total assets</b>	<b>284,724</b>	<b>272,927</b>	<b>110,248</b>	<b>110,301</b>	<b>394,972</b>	<b>383,228</b>
Deferred outflows of resources	1,066	726	298	170	1,364	896
<b>Total assets and deferred outflows of resources</b>	<b>285,790</b>	<b>273,653</b>	<b>110,546</b>	<b>110,471</b>	<b>396,336</b>	<b>384,124</b>
Long-term liabilities outstanding	28,145	27,930	22,981	26,663	51,126	54,593
Other liabilities	13,259	6,720	4,155	4,492	17,414	11,212
<b>Total liabilities</b>	<b>41,404</b>	<b>34,650</b>	<b>27,136</b>	<b>31,155</b>	<b>68,540</b>	<b>65,805</b>
Deferred inflows of resources	3,627	1,636	1,095	545	4,722	2,181
<b>Total liabilities and deferred inflows of resources</b>	<b>45,031</b>	<b>36,286</b>	<b>28,231</b>	<b>31,700</b>	<b>73,262</b>	<b>67,986</b>
Net investment in capital assets	209,620	212,792	70,789	64,408	280,409	277,200
Restricted	500	500	-	-	500	500
Unrestricted	30,639	24,075	11,526	14,363	42,165	38,438
<b>Total net position</b>	<b>\$ 240,759</b>	<b>\$ 237,367</b>	<b>\$ 82,315</b>	<b>\$ 78,771</b>	<b>\$ 323,074</b>	<b>\$ 316,138</b>

The remaining balance of unrestricted net position, \$42,164,544, 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 positions. The same situation held true for the prior fiscal year.



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

*Changes in Net Position Over the Last 10 Years:*

Fiscal Year	Operating Revenue	Operating Expenses	Operating Income	Total Nonoperating (Expenses) Revenue	Income before Capital Contribution	Capital Contribution	Change in Net Position
2013	\$ 28,417,091	\$ 26,474,263	\$ 1,942,828	\$ (543,390)	\$ 1,399,438	\$ 3,765,449	\$ 5,164,887
2014	28,030,122	27,483,943	546,179	2,855,489	3,401,668	19,083,507	22,485,175
2015	28,223,658	27,605,751	617,907	2,906,969	3,524,876	2,554,040	6,078,916
2016	31,243,040	29,990,481	1,252,559	2,380,668	3,633,227	4,051,165	7,684,392
2017	32,881,259	30,735,969	2,145,290	2,176,250	4,321,540	4,131,540	8,453,080
2018	34,518,439	31,800,359	2,718,080	2,228,947	4,947,027	8,634,681	13,581,708
2019	33,403,006	33,329,702	73,304	2,259,035	2,332,339	2,774,694	5,107,033
2020	35,313,159	33,035,590	2,277,569	2,419,841	4,697,410	2,810,751	7,508,161
2021	33,810,551	32,017,380	1,793,171	3,214,675	5,007,846	921,511	5,929,357
<b>2022</b>	<b>34,321,124</b>	<b>33,042,282</b>	<b>1,278,842</b>	<b>2,008,444</b>	<b>3,287,286</b>	<b>3,648,505</b>	<b>6,935,791</b>

Net position increased by \$6,935,791 during fiscal year 2022 to \$323,073,765 from \$316,137,974 at the end of fiscal year 2021. This increase can be attributed to capital contributions and an increase in sales and charges for services.

***Business-Type Activities - Revenues and Expenses***

The following schedules present a summary of Waterworks and Sewer Enterprise Fund operating revenues for the fiscal year ended June 30, 2022, and the amount and percentage of increases and decreases in relation to prior-year revenues:

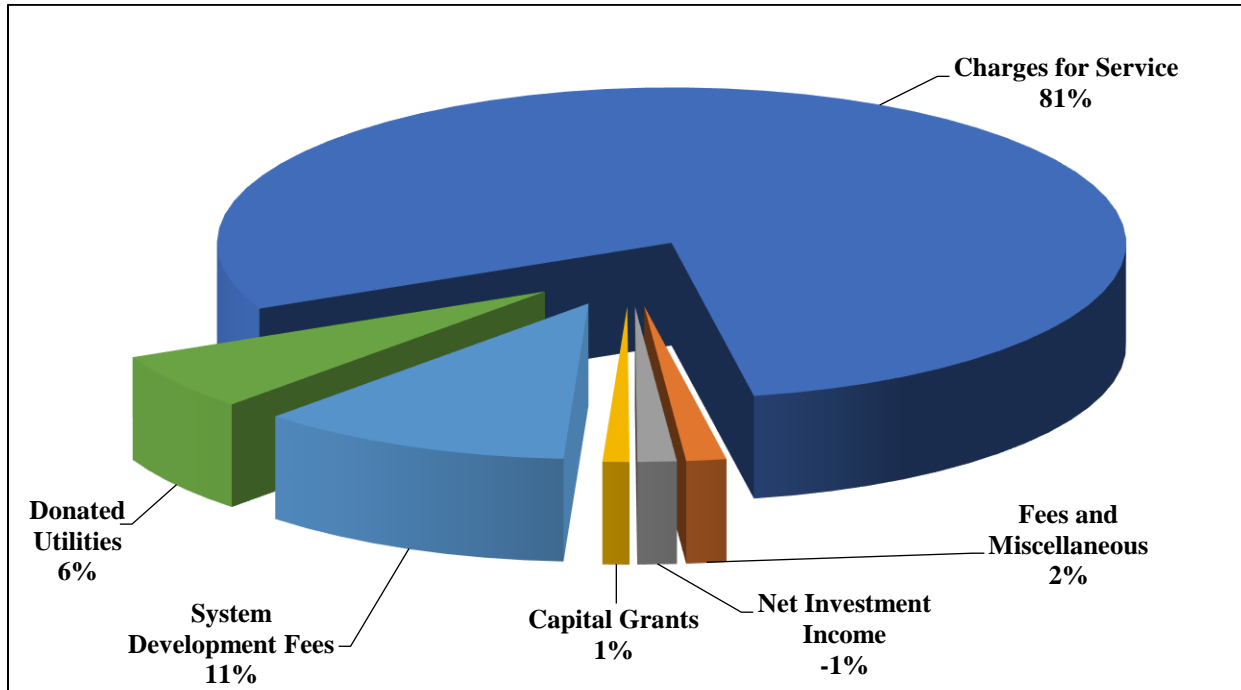
**Revenue:**

Revenue Source	Waterworks Fund (\$1,000s)		Sewer Fund (\$1,000s)		Total (\$1,000s)		(Decrease) Increase from Fiscal Year	Percentage of (Decrease) Increase	Fiscal Year
	% of		% of		% of		2021		2021
	2022	Total	2022	Total	2022	Total			
Operating revenue:									
Sales and charges for service	\$ 20,934	81%	\$ 12,501	81%	\$ 33,435	81%	\$ 516	1.6%	\$ 32,919
Fees and miscellaneous	378	1%	509	3%	887	2%	(5)	-0.6%	892
<b>Total operating revenue</b>	<b>21,312</b>	<b>83%</b>	<b>13,010</b>	<b>84%</b>	<b>34,322</b>	<b>83%</b>	<b>511</b>	<b>1.5%</b>	<b>33,811</b>
Nonoperating revenue:									
Net investment income	(368)	-1%	(128)	-1%	(496)	-1%	(510)	-3642.9%	14
System development fees	2,967	12%	732	5%	3,699	9%	(828)	-18.3%	4,527
<b>Total nonoperating revenue</b>	<b>2,599</b>	<b>10%</b>	<b>604</b>	<b>4%</b>	<b>3,203</b>	<b>8%</b>	<b>(1,338)</b>	<b>-29.5%</b>	<b>4,541</b>
Capital grants	252	1%	-	0%	252	1%	163	100.0%	89
Donated utilities	1,584	6%	1,812	12%	3,396	8%	2,563	307.7%	833
<b>Gross revenue</b>	<b>\$ 25,747</b>	<b>100%</b>	<b>\$ 15,426</b>	<b>100%</b>	<b>\$ 41,173</b>	<b>100%</b>	<b>\$ 1,899</b>	<b>4.8%</b>	<b>\$ 39,274</b>

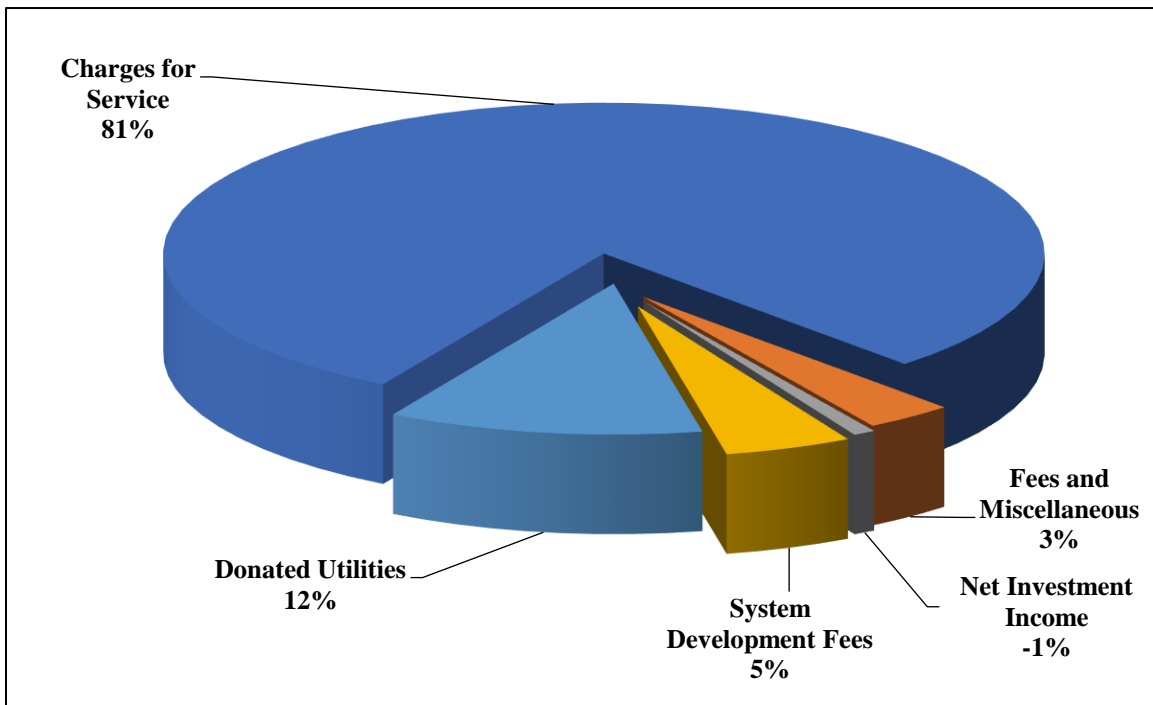
**CITY OF CHEYENNE, WYOMING  
BOARD OF PUBLIC UTILITIES**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

*Water Revenue by Source:*



*Sewer Revenue by Source:*



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

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

Gross revenues, including interest and transfers, totaled \$41,173,967 for fiscal year 2022, a 4.84% increase from fiscal year 2021. The increase was largely due to an increase in donated utilities.

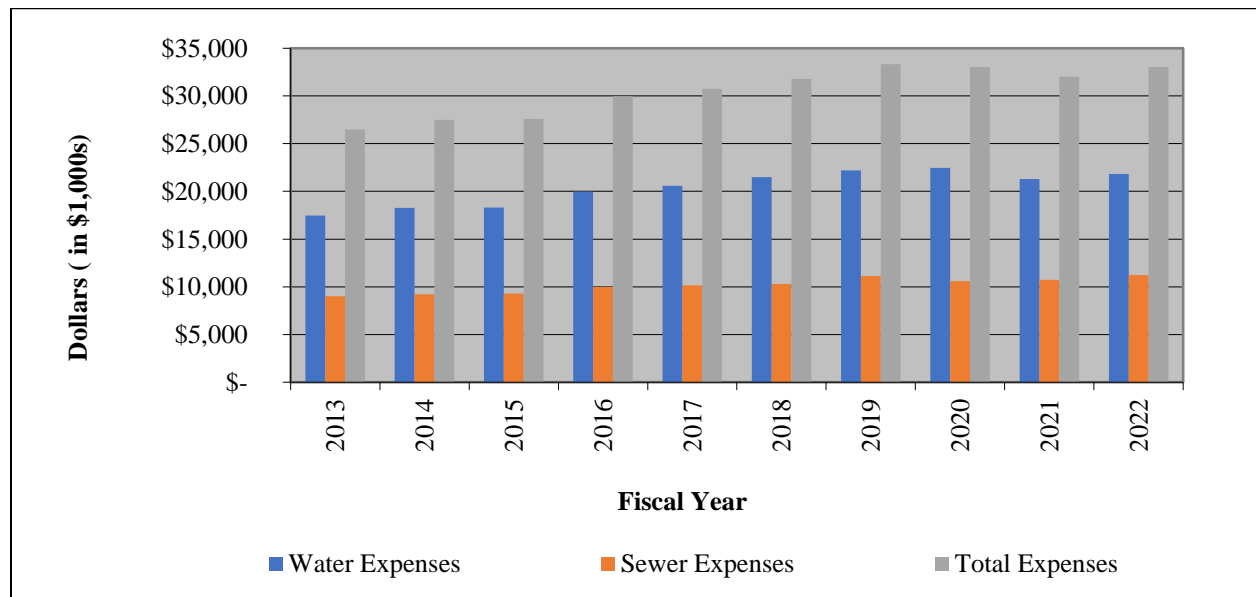
System development fees decreased \$827,042 compared to fiscal year 2021. Fiscal year 2022 fees totaled \$3,699,713, compared to \$4,526,755 in fiscal year 2021. In fiscal year 2022, there were 666 water and sewer permits issued, compared to 808 permits in fiscal year 2021.

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.

Since July 1, 2004, residential customers (single-family and multi-family) are charged on a tiered rate schedule, which increases in relation to increases in water used.

The following schedules present a summary of the Waterworks and Sewer Enterprise Fund operating expenses for fiscal year 2022, and the percentage of increases and decreases in relation to prior-year amounts:

**Operating Expenses:**



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

	<b>Waterworks Fund</b>		<b>Sewer Fund</b>		<b>Total</b>		(Decrease)		
	<b>(\$1,000s)</b>		<b>(\$1,000s)</b>		<b>(\$1,000s)</b>		Increase	Percentage	Fiscal Year
	<b>2022</b>	<b>% of</b>	<b>2022</b>	<b>% of</b>	<b>2022</b>	<b>% of</b>	from	of (Decrease)	2021
		<b>Total</b>		<b>Total</b>		<b>Total</b>	Fiscal Year	Increase	2021
Operating Expenses									
Source of supply	\$ 1,690	8%	\$ -	0%	\$ 1,690	5%	\$ 260	18%	\$ 1,430
Water treatment	2,256	10%	-	0%	2,256	7%	274	14%	1,982
Transmission and distribution	2,562	11%	-	0%	2,562	7%	296	13%	2,266
Sewer collection lines	-	0%	1,239	10%	1,239	4%	94	8%	1,145
Water reclamation	-	0%	3,084	26%	3,084	9%	480	18%	2,604
Engineering and water resources	1,281	6%	414	3%	1,695	5%	251	17%	1,444
Administrative and general	3,626	16%	1,986	17%	5,612	16%	(1,212)	-18%	6,824
Information technology and customer service	1,215	5%	405	3%	1,620	5%	449	38%	1,171
Depreciation	9,184	40%	4,101	35%	13,285	38%	134	1%	13,151
<b>Total operating expenses</b>	<b>21,814</b>	<b>98%</b>	<b>11,229</b>	<b>94%</b>	<b>33,043</b>	<b>97%</b>	<b>1,026</b>	<b>3%</b>	<b>32,017</b>
Nonoperating Expenses									
Interest expense	542	2%	654	6%	1,196	3%	(131)	-10%	1,327
<b>Total expenses</b>	<b>\$ 22,356</b>	<b>100%</b>	<b>\$ 11,883</b>	<b>100%</b>	<b>\$ 34,239</b>	<b>100%</b>	<b>895</b>	<b>3%</b>	<b>\$ 33,344</b>

Total operating expenses, excluding depreciation, increased from fiscal year 2021 by \$892,129.

Salaries and wages increased \$1,200,659, or 17.1%, during fiscal year 2022. Fiscal year 2022 salaries and wages totaled \$8,225,646, compared to \$7,024,987 in fiscal year 2021. The increase was due to filled fiscal year 2021 and 2022 vacancies.

Employee benefits increased \$288,400, or 6.51%, during fiscal year 2022. The increase was due to filled fiscal year 2021 vacancies.

Contractual services increased \$243,151, or 12.2%, during fiscal year 2022. The increase is due to an increase in premium costs of property and liability insurance as well as software costs.

Materials and supplies increased \$459,445, or 18.0%, during fiscal year 2022. The increase was due to chemical prices, fuel prices and building repairs due to wind.

Supportive service expenses (electricity, gas, telephone, postage, etc.) totaled \$2,262,277 for fiscal year 2022, which was a \$236,332 increase from fiscal year 2021.

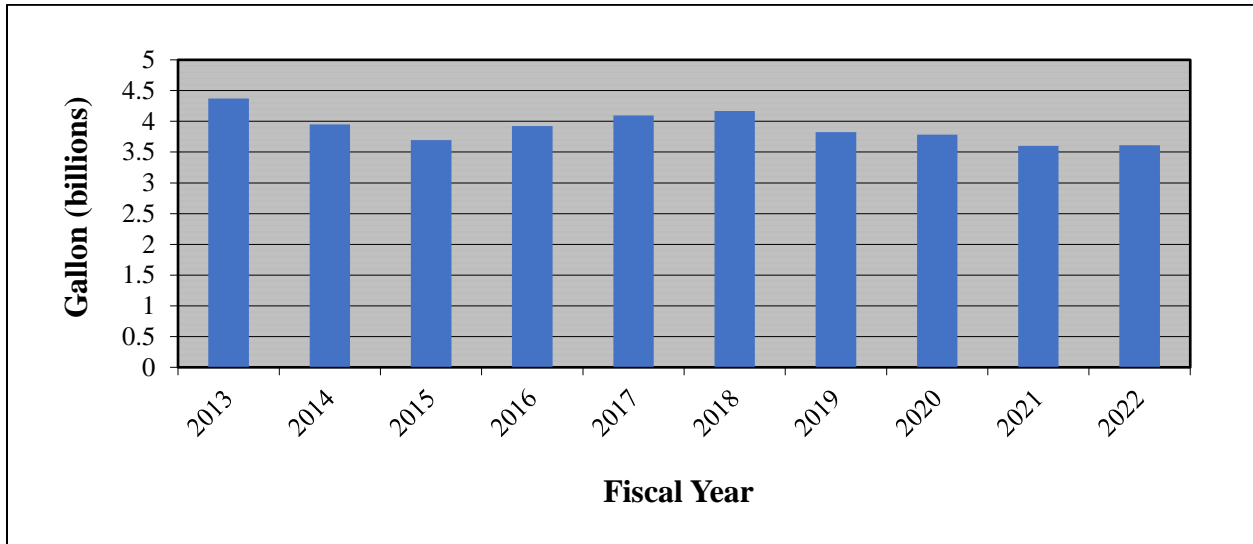
Interest expense on bonds and loans totaled \$1,195,894 for fiscal year 2022 and was included in the schedule of operating expenses above. This was a 9.87% decrease from fiscal year 2021.

*Metered Water Consumption History:*

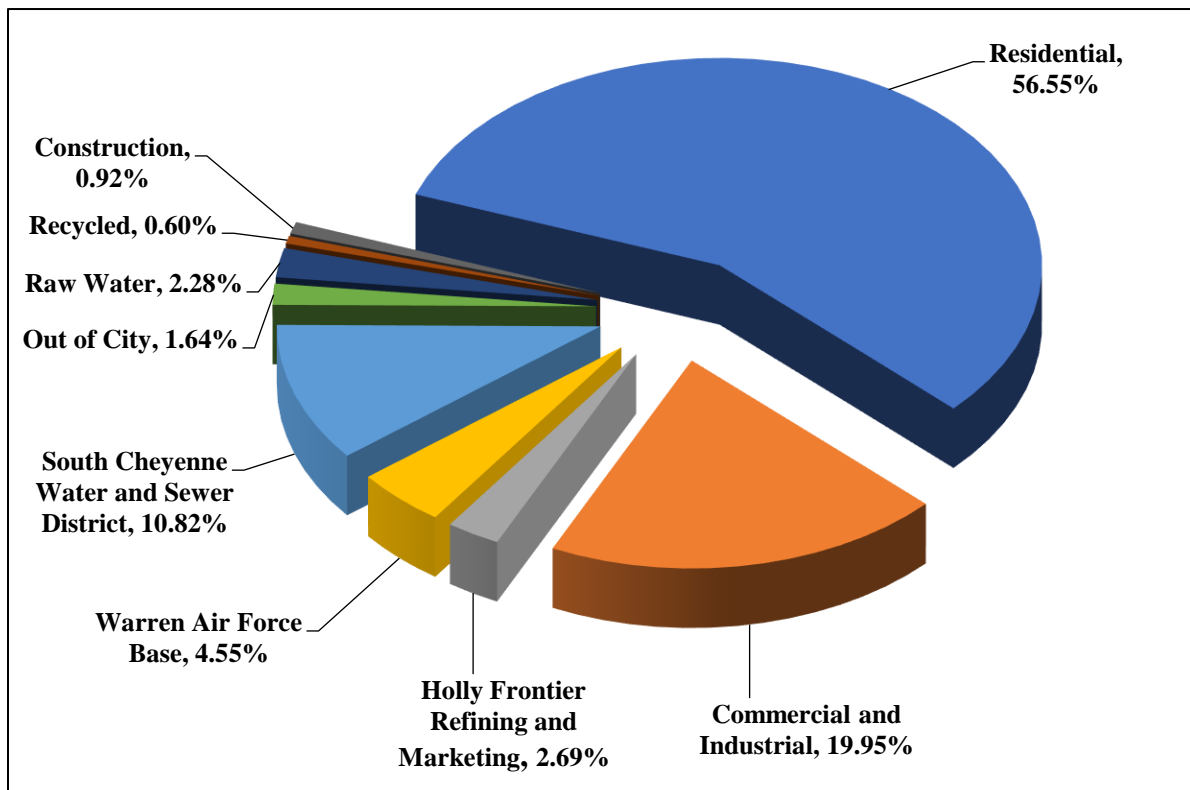
During fiscal year 2022, the Board sold 3.612 billion gallons of water, as compared to 3.603 billion gallons in fiscal year 2021. The increase can be attributed to an increase in consumption by residential and commercial customers. Billed water consumption has averaged 3.900 billion gallons of water over the last 10 fiscal years.

**CITY OF CHEYENNE, WYOMING  
BOARD OF PUBLIC UTILITIES  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

*Metered Water Sales:*



*Metered Water Sales by Customer Class:*



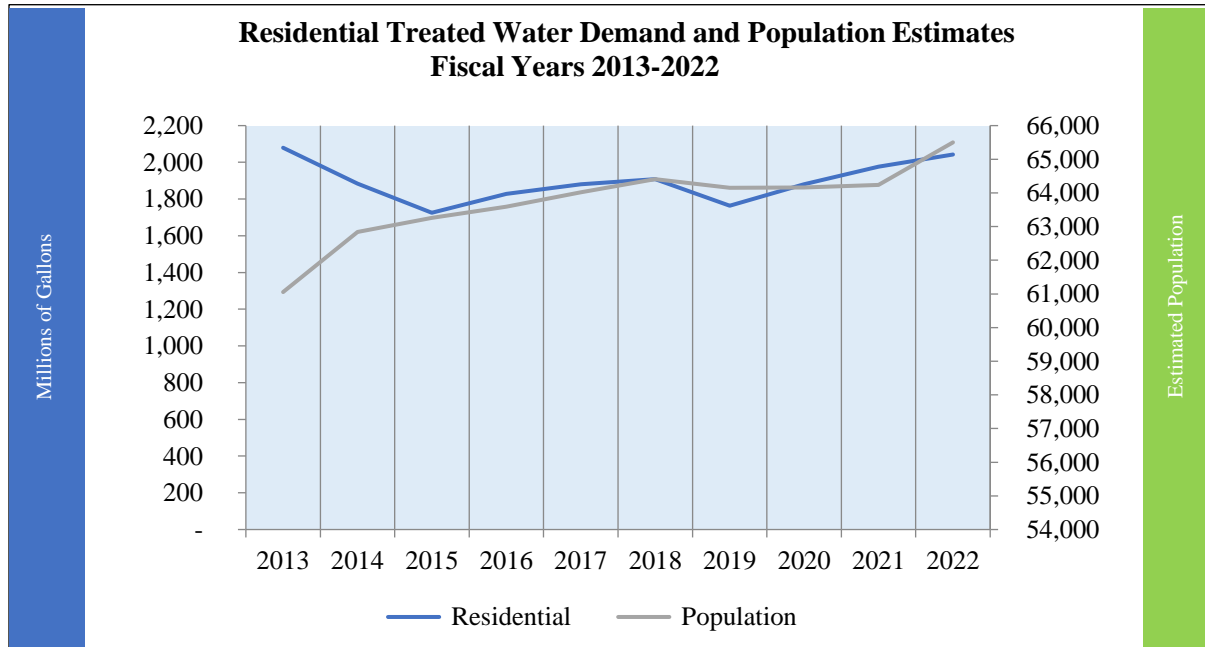
**CITY OF CHEYENNE, WYOMING  
BOARD OF PUBLIC UTILITIES**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

*Per Capita Consumption:*

Fiscal Year	Population Estimate	Residential Metered Water Use Only	Gallons per Capita per Day Residential Use	Total City Metered Water Use Only	Gallons per Capita per Day Total City Use
2013	61,055	2,079,444,000	93.31	3,620,334,000	162.46
2014	62,845	1,883,289,000	82.10	3,277,123,000	142.87
2015	63,254	1,725,254,000	74.73	3,073,629,000	133.13
2016	63,590	1,827,595,000	78.74	3,305,945,000	142.43
2017	64,019	1,880,860,000	80.49	3,386,465,000	144.93
2018	64,413	1,908,840,000	81.19	3,472,373,000	147.69
2019	64,156	1,762,892,000	75.28	3,174,183,000	135.55
2020	64,165	1,880,928,000	80.31	3,141,819,000	134.15
2021	64,235	1,976,543,000	84.30	2,911,251,000	124.17
<b>2022</b>	<b>65,501</b>	<b>2,042,943,000</b>	<b>85.45</b>	<b>2,860,829,000</b>	<b>119.66</b>

*Residential Treated Water Demand and Population Estimates:*



**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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

***Proprietary Funds***

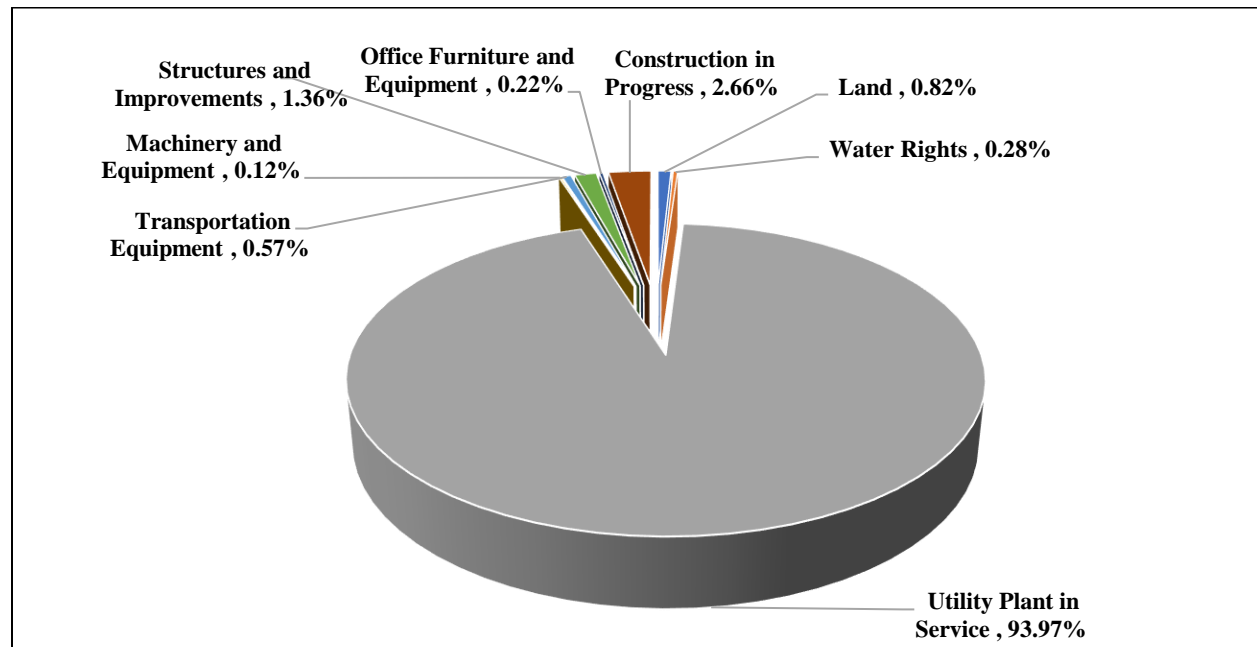
The Board's proprietary funds provide the same type of information found in the business-type activities financial statements, but in more detail.

Unrestricted net position of the Waterworks Enterprise Fund totaled \$30,639,174 at the end of the current fiscal year. Unrestricted net position of the Sewer Enterprise Fund totaled \$11,525,370 at the end of the current fiscal year. The total change in net position for both funds from the previous fiscal year was \$3,392,109 and \$3,543,682, 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, 2022, the capital assets of the Board, net of accumulated depreciation, totaled \$330,580,782. This investment in capital assets includes land, water rights, 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:***



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

*Capital Assets, Net of Depreciation:*

	Waterworks Fund (\$1,000s)		Sewer Fund (\$1,000s)		Total Business-Type Activities (\$1,000s)	
	2022	2021	2022	2021	2022	2021
Land	\$ 4,629	\$ 4,610	\$ 545	\$ 545	\$ 5,174	\$ 5,155
Water rights	1,798	1,798	-	-	1,798	1,798
Utility plant in service	431,228	424,621	163,907	159,870	595,135	584,491
Machinery and equipment	610	516	171	171	781	687
Transportation equipment	2,721	2,661	888	868	3,609	3,529
Structures and improvements	6,440	6,426	2,163	2,158	8,603	8,584
Office furniture and equipment	1,015	1,015	353	353	1,368	1,368
Construction in progress	10,071	8,234	6,781	4,240	16,852	12,474
Less accumulated depreciation	(222,762)	(213,578)	(79,977)	(75,876)	(302,739)	(289,454)
<b>Total</b>	<b>\$ 235,750</b>	<b>\$ 236,303</b>	<b>\$ 94,831</b>	<b>\$ 92,329</b>	<b>\$ 330,581</b>	<b>\$ 328,632</b>

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

- Completion of Water and Sewer rehabs.
- Contributed capital (water distribution mains, hydrants, sewer collection mains, and manholes) from development projects.
- Completion of fiber optic lines (Rob Roy).

At the close of fiscal year 2022, 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	
Fiber - Rob Roy	\$ 93,700
FY20 Water Rehabs	4,655,981
<b>Total Water Projects</b>	<b>\$ 4,749,681</b>
Sewer Projects	
FY20 Sewer Rehab	\$ 2,151,177
<b>Total Sewer Projects</b>	<b>\$ 2,151,177</b>

Additional information on the Board's capital assets can be found in Note 3 to the financial statements on page 32 of this report.



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Long-Term Debt**

At the end of the current fiscal year, the Board had total bonded debt outstanding of \$49,086,672. Of this amount, \$3,270,000 is the 2013 Water Revenue Note and the remaining \$45,816,672 comprises loans from the State of Wyoming for various water and sewer projects.

The total indebtedness of the Board decreased by \$776,432 (1.56%) from \$49,863,104 to \$49,086,672 during the current fiscal year.

*Outstanding Debt - General Obligation Bonds and State Loans:*

	Waterworks Enterprise Fund		Sewer Enterprise Fund		Total Business-Type Activities	
	2022	2021	2022	2021	2022	2021
Revenue refunding note	\$ 3,270,000	\$ 4,160,000	\$ -	\$ -	\$ 3,270,000	\$ 4,160,000
Loans from the State of Wyoming	21,797,017	18,716,369	24,019,655	26,986,735	45,816,672	45,703,104
<b>Total</b>	<b>\$ 25,067,017</b>	<b>\$ 22,876,369</b>	<b>\$ 24,019,655</b>	<b>\$ 26,986,735</b>	<b>\$ 49,086,672</b>	<b>\$ 49,863,104</b>

During fiscal year 2022, proceeds from the issuance of debt totaled \$4,473,423, as follows:

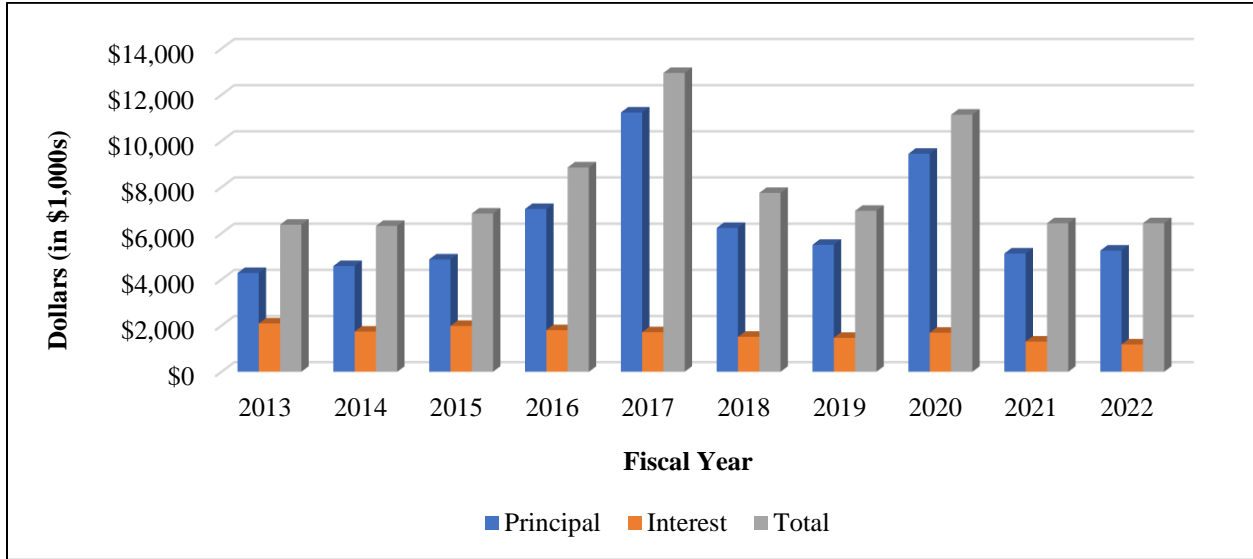
Project	Advance	Funding Source
DWSRF #133: RLS Hydroelectric Project	\$ 4,351,994	Wyoming State Lands and Investments
DWSRF #229: North City Improvements 2020	121,429	Wyoming State Lands and Investments
	<u>\$ 4,473,423</u>	

The Board paid \$890,000 of the 2013 Refunding Revenue Note and \$4,359,855 of additional State of Wyoming water and sewer loans. No loans were paid off during the year ended June 30, 2022.

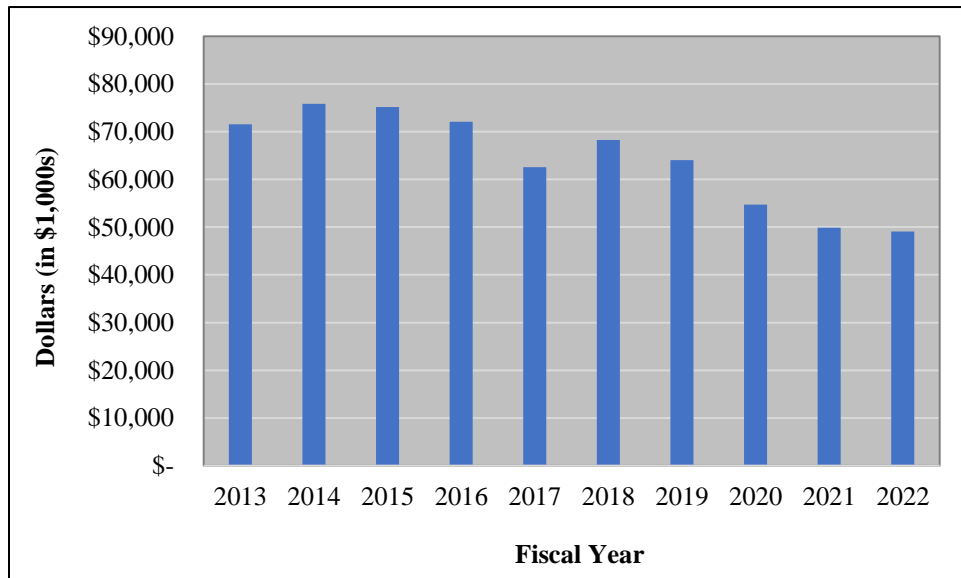
**CITY OF CHEYENNE, WYOMING  
BOARD OF PUBLIC UTILITIES**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

*Annual Debt Payment:*



*Total Principal Debt Outstanding:*



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

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

At the end of fiscal year 2009, Standard & Poor’s upgraded the Board’s investment rating from AA- to AA. Standard & Poor’s 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 & 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**

Most of Laramie County’s economic indicators had continued success in the second quarter of 2022. The residential housing market is hitting record highs in both Cheyenne and rural Laramie County. Oil prices improved during the quarter. Unemployment rates neared 3%. Retail sales were up 7.5% over last year. Tourism visitor counts are back to normal levels. Commercial air service was suspended in April 2021 to make necessary improvements to the runway, but now enplanements are back to pre-COVID levels. Credit union and bank deposits both increased over the year. Inflation is still high, but most indicators have not been negatively impacted.

According to the Wyoming Center for Business & Economic Analysis, the number of unemployed workers decreased over the year and over the quarter. The number of unemployed workers decreased from 2,137 in the second quarter of 2021 to 1,503 in the second quarter of 2022 (-29.7%) and from 1,789 in the first quarter of 2022 to 1,503 in the second quarter of 2022 (-16.0%). Correspondingly, the average monthly unemployment rate also fell over the year and over the quarter, decreasing from 4.4% in the second quarter of 2021 to 3.1% in the second quarter of 2022 and from 3.6% in the first quarter of 2022 to 3.1% in the second quarter of 2022.

The Cheyenne Board of Realtors reported a 118% increase in the supply of homes for sale in the city of Cheyenne and a 128% increase in the supply of homes for sale in the rural part of Laramie County from June 2021 to June 2022. Over the last year, the supply of homes for sale increased in the city of Cheyenne, from 88 active listings in June 2021 to 192 active listings in June 2022. In rural Laramie County, there was an increase in the supply of homes for sale over the last year, from 36 active listings in June 2021 to 82 active listings in June 2022.

The 2020 Board of Public Utilities Water and Wastewater Rate Study recommends a 5.0% adjustment for water and wastewater rates for fiscal year 2023 to adequately fund operation and maintenance, capital equipment, infrastructure replacement and improvement, and debt service expenditures.

These factors were considered in preparing the Board’s budget for the 2023 fiscal year (July 1, 2022 to June 30, 2023).

This 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 82001.

## **BASIC FINANCIAL STATEMENTS**

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

**STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
June 30, 2022**

	Business-Type Activities Enterprise Funds		
	Waterworks Fund	Sewer Fund	Total
<b>ASSETS</b>			
Current Assets			
Cash and cash equivalents	\$ 4,601,608	\$ 118,075	\$ 4,719,683
Investments	36,920,172	13,605,854	50,526,026
Restricted assets:			
Cash and cash equivalents	768,958	-	768,958
Due from other governments	77,324	-	77,324
City of Cheyenne sanitation account	2,216,420	-	2,216,420
Receivables:			
Accounts, consumers, net	1,250,912	777,014	2,027,926
Estimated unbilled usage	2,217,310	834,275	3,051,585
Lease receivable	327,736	-	327,736
Accrued interest	20,848	8,314	29,162
Inventories	470,028	38,747	508,775
Prepaid expenses	103,040	34,347	137,387
<b>Total current assets</b>	<b>48,974,356</b>	<b>15,416,626</b>	<b>64,390,982</b>
Noncurrent Assets			
Capital assets:			
Land	4,629,495	545,002	5,174,497
Water rights	1,797,968	-	1,797,968
Utility plant in service	431,228,447	163,906,511	595,134,958
Machinery and equipment	610,215	170,845	781,060
Transportation equipment	2,721,218	888,010	3,609,228
Structures and improvements	6,440,199	2,162,956	8,603,155
Office furniture and equipment	1,014,510	353,362	1,367,872
Construction in progress	10,070,525	6,780,689	16,851,214
	458,512,577	174,807,375	633,319,952
Less accumulated depreciation	(222,762,383)	(79,976,787)	(302,739,170)
<b>Total noncurrent assets</b>	<b>235,750,194</b>	<b>94,830,588</b>	<b>330,580,782</b>
<b>Total assets</b>	<b>284,724,550</b>	<b>110,247,214</b>	<b>394,971,764</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Loss on Refunding	169,183	-	169,183
Pension-Related Deferred Outflows	896,359	298,787	1,195,146
<b>Total deferred outflows of resources</b>	<b>1,065,542</b>	<b>298,787</b>	<b>1,364,329</b>

*Continued*

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

**STATEMENT OF NET POSITION - PROPRIETARY FUNDS,**

*Continued*  
**June 30, 2022**

	Business-Type Activities		
	Enterprise Funds		
	Waterworks Fund	Sewer Fund	Total
<b>LIABILITIES</b>			
Current Liabilities			
Vouchers payable	\$ 1,600,804	\$ 99,633	\$ 1,700,437
Accrued compensated absences and early retirement	289,242	195,855	485,097
Accrued interest on general obligation bonds and loans	163,789	222,050	385,839
Current portion of general obligation bonds and loans	2,339,857	3,041,258	5,381,115
Unearned fees and deposits	5,850,566	589,086	6,439,652
Due to other City of Cheyenne funds	3,015,224	7,283	3,022,507
<b>Total current liabilities</b>	<b>13,259,482</b>	<b>4,155,165</b>	<b>17,414,647</b>
Noncurrent Liabilities			
Accrued compensated absences and early retirement	584,002	391,695	975,697
Net pension liability	4,833,917	1,611,306	6,445,223
General obligation bonds and loans, net of current position, deferred amount on refunding, and unamortized bond premium	22,727,160	20,978,397	43,705,557
<b>Total noncurrent liabilities</b>	<b>28,145,079</b>	<b>22,981,398</b>	<b>51,126,477</b>
<b>Total liabilities</b>	<b>41,404,561</b>	<b>27,136,563</b>	<b>68,541,124</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Lease Deferred Inflows	342,553	-	342,553
Pension-Related Deferred Inflows	3,283,988	1,094,663	4,378,651
<b>Total deferred outflows of resources</b>	<b>3,626,541</b>	<b>1,094,663</b>	<b>4,721,204</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	209,619,816	70,789,405	280,409,221
Restricted for Debt Service and Capital Improvements	500,000	-	500,000
Unrestricted	30,639,174	11,525,370	42,164,544
<b>Total net position</b>	<b>\$ 240,758,990</b>	<b>\$ 82,314,775</b>	<b>\$ 323,073,765</b>

See Notes to Financial Statements.

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

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**  
**FUND NET POSITION - PROPRIETARY FUNDS**  
**Year Ended June 30, 2022**

	Business-Type Activities		
	Enterprise Funds		
	Waterworks Fund	Sewer Fund	Total
Operating Revenues			
Sales and charges for services	\$ 20,934,274	\$ 12,500,477	\$ 33,434,751
Fees and miscellaneous	377,705	508,668	886,373
<b>Total operating revenues</b>	<b>21,311,979</b>	<b>13,009,145</b>	<b>34,321,124</b>
Operating Expenses			
Source of supply	1,690,438	-	1,690,438
Water treatment	2,255,778	-	2,255,778
Transmission and distribution	2,561,918	-	2,561,918
Sewer collection lines	-	1,239,068	1,239,068
Water reclamation	-	3,084,149	3,084,149
Engineering and water resources	1,280,890	414,098	1,694,988
Administrative and general	3,625,912	1,986,057	5,611,969
Information technology and customer service	1,214,672	404,531	1,619,203
Depreciation	9,184,140	4,100,631	13,284,771
<b>Total operating expenses</b>	<b>21,813,748</b>	<b>11,228,534</b>	<b>33,042,282</b>
<b>Operating (loss) income</b>	<b>(501,769)</b>	<b>1,780,611</b>	<b>1,278,842</b>
Nonoperating Revenues (Expenses)			
System development fees	2,967,270	732,443	3,699,713
Investment income:			
Net decrease in fair value of investments	(506,136)	(187,201)	(693,337)
Interest income	138,329	59,633	197,962
Interest and bond amortization expense	(541,621)	(654,273)	(1,195,894)
<b>Total nonoperating revenues (expenses)</b>	<b>2,057,842</b>	<b>(49,398)</b>	<b>2,008,444</b>
<b>Income before capital contributions</b>	<b>1,556,073</b>	<b>1,731,213</b>	<b>3,287,286</b>
Capital Contributions			
Capital grants	252,370	-	252,370
Donated utilities	1,583,666	1,812,469	3,396,135
<b>Total capital contributions</b>	<b>1,836,036</b>	<b>1,812,469</b>	<b>3,648,505</b>
<b>Change in net position</b>	<b>3,392,109</b>	<b>3,543,682</b>	<b>6,935,791</b>
Net Position, beginning of year	237,366,881	78,771,093	316,137,974
Net Position, end of year	\$ 240,758,990	\$ 82,314,775	\$ 323,073,765

See Notes to Financial Statements.

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

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**Year Ended June 30, 2022**

	Business-Type Activities Enterprise Funds		
	Waterworks Fund	Sewer Fund	Total
Cash Flows from Operating Activities			
Cash received from customers	\$ 20,646,781	\$ 13,064,045	\$ 33,710,826
Cash payments to suppliers	(4,481,111)	(2,513,032)	(6,994,143)
Cash payments to employees	(8,240,917)	(4,700,179)	(12,941,096)
Change in City sanitation account	675,990	-	675,990
<b>Net cash provided by operating activities</b>	<b>8,600,743</b>	<b>5,850,834</b>	<b>14,451,577</b>
Cash Flows from Capital and Related Financing Activities			
System development fees	8,076,602	1,181,723	9,258,325
Capital grants	252,370	-	252,370
Proceeds from issuance of debt	4,687,767	-	4,687,767
Principal paid on general obligation/revenue bonds and loan debt maturities	(2,282,775)	(2,967,080)	(5,249,855)
Interest paid on debt	(513,082)	(670,706)	(1,183,788)
Acquisition and construction of capital assets	(6,664,347)	(5,702,242)	(12,366,589)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>3,556,535</b>	<b>(8,158,305)</b>	<b>(4,601,770)</b>
Cash Flows from Investing Activities			
Interest on cash and investments	(382,901)	(132,009)	(514,910)
Purchase of investments	(9,467,099)	-	(9,467,099)
Redemption of investments	-	732,010	732,010
<b>Net cash (used in) provided by investing activities</b>	<b>(9,850,000)</b>	<b>600,001</b>	<b>(9,249,999)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,307,278</b>	<b>(1,707,470)</b>	<b>599,808</b>
Cash and Cash Equivalents			
Beginning	3,063,288	1,825,545	4,888,833
Ending	\$ 5,370,566	\$ 118,075	\$ 5,488,641

*Continued*



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

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS,**  
*Continued*  
**Year Ended June 30, 2022**

	Business-Type Activities Enterprise Funds		
	Waterworks Fund	Sewer Fund	Total
Reconciliation of Operating (Loss) Income to Net Cash Provided by Operating Activities			
Operating (loss) income	\$ (501,769)	\$ 1,780,611	\$ 1,278,842
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:			
Depreciation	9,184,140	4,100,631	13,284,771
Pension liability	(1,920,199)	(640,066)	(2,560,265)
Deferred outflow - pension	(385,009)	(128,337)	(513,346)
Deferred inflow - pension	1,647,823	549,275	2,197,098
Deferred inflow - leases	342,553	-	342,553
(Decrease) increase in cash and cash equivalents resulting from changes in operating assets and liabilities:			
Receivables	(1,007,751)	54,900	(952,851)
Inventories	48,159	(12,565)	35,594
Prepaid expenses	231,318	76,909	308,227
Vouchers payable	412,348	66,032	478,380
Due to other funds	(129,994)	1,354	(128,640)
Accrued compensated absences	3,134	2,090	5,224
City sanitation account	675,990	-	675,990
<b>Net cash provided by operating activities</b>	<b>\$ 8,600,743</b>	<b>\$ 5,850,834</b>	<b>\$ 14,451,577</b>
Noncash Investing, Capital, and Financing Activities			
Amortization of deferred refunding loss and debt premiums	\$ (45,777)	\$ -	\$ (45,777)
Donated asset acquisitions	1,583,666	1,812,469	3,396,135
Change in fair value of investments	(506,136)	(187,201)	(693,337)
Purchase of capital assets in accounts payable	1,232,544	21,528	1,254,072

See Notes to Financial Statements.

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

**NOTES TO FINANCIAL STATEMENTS**

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**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 composed of the Waterworks and Sewer Enterprise Funds of the City, the primary government, which 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 financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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.

**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.

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

**NOTES TO FINANCIAL STATEMENTS**

---

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

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.

**Net position:** Net position represents the difference between assets, deferred outflow of resources, liabilities, and deferred inflow of resources. Net investment in capital assets consists of capital assets and capital-related deferred outflow of resources, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets and any vouchers payable related to those assets. Net position is reported as restricted when there are limitations imposed by creditors, grantors, or laws or regulations of other governments. Funds required to be set aside for the repair and maintenance of capital assets that were funded by State of Wyoming loans are deemed restricted. The remaining net position is reported as unrestricted.

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**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.

Investments consist of participation in the State Treasurer's Investment Pools (WYO-STAR I and WYO-STAR II), which are reported at fair value at June 30, 2022. The Board categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Board considers fair value measurements as of June 30, 2022 for WYO-STAR I and WYO-STAR II to be completed by the pool using the matrix pricing model and the market approach (Level 2).

**Restricted assets:** Restricted assets include assets held for the City's sanitation, as well as amounts due from the State of Wyoming on requested loan advances.

**Due to other City funds:** Regarding the City's 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 Position, net of allowances for doubtful accounts of \$51,106.

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

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

**NOTES TO FINANCIAL STATEMENTS**

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

**Inventories:** Inventories of supplies are accounted for at cost on the first-in, first-out method.

**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 Position. Capital assets are defined by the Board as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Assets such as land, buildings and improvements, equipment, and utility plant in service are reported at an estimated historical cost, as determined by an independent study as of June 30, 1973, plus additions since that time have been recorded at historical cost. Property and equipment donated by developers are recorded at their acquisition value at the date of donation.

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

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

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

**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 callback wages. Compensatory time is earned at 1½ hours for time worked in excess of 40 in a workweek and for callback hours. The maximum accumulation of compensatory time is 120 hours. A full-time or part-time exempt employee may earn administrative time at a rate of one-for-one for hours worked above 40 in a workweek, up to a maximum of 120 hours. Upon termination, an employee is paid for his or her accrued unused compensatory or administrative time, not to exceed 120 hours. Payment is calculated using the rate of pay at the time of termination.

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

**NOTES TO FINANCIAL STATEMENTS**

---

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

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>
0-48	8
49-96	10
97-144	12
145-192	14
Over 192	16

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

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
120-159	7.5
80-119	5
40-79	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, deferred outflows of resources, liabilities, deferred inflows of resources, 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.

**Deferred outflows/inflows of resources:** In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and thus will not be recognized as an outflow of resources (expense/expenditure) until then.

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

**NOTES TO FINANCIAL STATEMENTS**

---

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

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and thus will not be recognized as an inflow of resources (revenue) until that time.

The Board has recognized deferred outflows of resources and deferred inflows of resources in the financial statements in accordance with presentation requirements for Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*, and GASB Statement No. 87, *Leases*. The Board also recognizes a deferred outflow of resources for its loss on refunding, which is amortized over the life of the related debt.

**Defined benefit pensions:** For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Wyoming Retirement System (WRS) and additions to/deductions from the WRS's fiduciary net position have been determined on the same basis as they are reported by the WRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Note 2. Cash, Cash Equivalents, and Investments**

Cash and cash equivalents, investments, and restricted cash and cash equivalents as of June 30, 2022, as classified in the accompanying financial statements, consist of the following:

Statement of Net Position:	
Deposits with financial institutions:	
Cash	\$ 5,488,641
Deposits with Wyoming State Treasurer:	
WYO-STAR	<u>50,526,026</u>
	<u>\$ 56,014,667</u>
Cash and cash equivalents	\$ 4,719,683
Investments	50,526,026
Restricted cash and cash equivalents	<u>768,958</u>
	<u>\$ 56,014,667</u>



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

**NOTES TO FINANCIAL STATEMENTS**

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**Note 2. Cash, Cash Equivalents, and Investments, *Continued***

**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 Wyoming State Statutes, which generally allow the Board to invest in U.S., state and local government securities, and accounts of any bank and savings associations that are Federally insured or secured by a pledge of assets, including bonds, debentures, and other securities in which the 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 the investment agreements with WYO-STAR I and WYO-STAR II (collectively, WYO-STAR), the Board has invested monies at a variable and fixed contract rate of interest, respectively. There is no rating available for the WYO-STAR investments; however, under Wyoming State Statutes, underlying providers are required to have the highest rating from at least one of the nationally recognized statistical rating organizations.

**Custodial credit risk:** Custodial credit risk for deposits 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 the Federal Deposit Insurance Corporation 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, 2022, the Board had bank balances on deposit of \$6,281,548. These deposits were fully collateralized or insured, as required by Wyoming State Statutes.

In addition to the applicable Wyoming State 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, 2022, 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. Wyoming State Statutes limit the type of investments the Board can use. Wyoming State Statutes limit investments primarily to securities issued or guaranteed by the U.S. Treasury or agencies of the U.S. government, thereby reducing the Board's exposure to custodial credit risk for its investments.

**Concentration of credit risk:** The Board's policy does not allow more than 50% of the total investment portfolio to be invested in any one single security type and to 5% in any one single obligor, with the exception of funds held in WYO-STAR. Therefore, no further disclosure regarding concentrations of credit risk is required.

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

**NOTES TO FINANCIAL STATEMENTS**

**Note 2. Cash, Cash Equivalents, and Investments, *Continued***

**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 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 have a minimum level of three months of budgeted operating expenditures in short-term investments to be maintained to provide sufficient liquidity for expected disbursements. With this investment focus, investments are expected to reach maturity with limited gains or losses. At June 30, 2022, 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	6-10 Years
State Treasurer's Investment Pool:				
WYO-STAR I	\$ 46,605,755	0.65%	\$ 46,605,755	\$ -
WYO-STAR II	3,920,271	1.20%	-	3,920,271
	<u>\$ 50,526,026</u>		<u>\$ 46,605,755</u>	<u>\$ 3,920,271</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**Note 3. Capital Assets**

A summary of changes in capital assets follows:

	Balance June 30, 2021	Additions and Transfers	Retirement and Transfers	Balance June 30, 2022
Capital assets not being depreciated:				
Land	\$ 5,155,386	\$ 19,111	\$ -	\$ 5,174,497
Water rights	1,797,968	-	-	1,797,968
Construction in progress	12,474,823	11,492,023	(7,115,632)	16,851,214
<b>Total capital assets not being depreciated</b>	<b>19,428,177</b>	<b>11,511,134</b>	<b>(7,115,632)</b>	<b>23,823,679</b>
Capital assets being depreciated:				
Utility plant in service	584,490,665	10,644,293	-	595,134,958
Machinery and equipment	687,360	93,700	-	781,060
Transportation equipment	3,528,712	80,516	-	3,609,228
Structures and improvements	8,584,137	19,018	-	8,603,155
Office furniture and equipment	1,367,872	-	-	1,367,872
<b>Total capital assets being depreciated</b>	<b>598,658,746</b>	<b>10,837,527</b>	<b>-</b>	<b>609,496,273</b>
Less accumulated depreciation for:				
Utility plant in service	281,515,776	12,907,102	-	294,422,878
Machinery and equipment	657,848	8,864	-	666,712
Transportation equipment	3,264,551	146,759	-	3,411,310
Structures and improvements	2,678,938	213,945	-	2,892,883
Office furniture and equipment	1,337,286	8,101	-	1,345,387
<b>Total accumulated depreciation</b>	<b>289,454,399</b>	<b>13,284,771</b>	<b>-</b>	<b>302,739,170</b>
<b>Total capital assets being depreciated, net</b>	<b>309,204,347</b>	<b>(2,447,244)</b>	<b>-</b>	<b>306,757,103</b>
<b>Total capital assets, net</b>	<b>\$ 328,632,524</b>	<b>\$ 9,063,890</b>	<b>\$ (7,115,632)</b>	<b>\$ 330,580,782</b>

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

**NOTES TO FINANCIAL STATEMENTS**

**Note 4. Bonds and Loans**

The following is a summary of debt transactions of the Board for the year ended June 30, 2022:

	Balance June 30, 2021	Debt		Balance June 30, 2022	Current Portion	Long-Term Portion
		Issued	Retired			
<b>Waterworks Fund:</b>						
<b>CWSRF:</b>						
081 Phase II Reuse 2008	\$ 652,684	\$ -	\$ 65,731	\$ 586,953	\$ 67,374	\$ 519,579
084 Administrative Building 2007	171,651	-	13,751	157,900	14,094	143,806
115 Administrative Building 2009	1,135,020	-	90,921	1,044,099	93,194	950,905
143 Holiday Reuse 2015	600,000	-	37,500	562,500	37,500	525,000
<b>DWSRF:</b>						
034 Water Main Rehabilitation 2003	179,640	-	43,240	136,400	44,321	92,079
056 Western Hills 2005	393,054	-	52,063	340,991	53,363	287,628
065 Southern Water Main 2007	2,400,060	-	275,340	2,124,720	282,226	1,842,494
079 30" Water Main/WAFB	3,116,844	-	250,827	2,866,017	257,099	2,608,918
106 Administrative Building 2009	1,135,020	-	90,921	1,044,099	93,194	950,905
120 Southern Water Main Ph II 2012	5,280,506	-	348,762	4,931,744	357,481	4,574,263
133 RLS Hydroelectric Project 2013	1,048,748	4,351,994	-	5,400,742	-	5,400,742
177 Southern Water Main Ph III 2016	2,559,392	-	123,719	2,435,673	126,812	2,308,861
229 North City Improvements 2020	43,750	121,429	-	165,179	-	165,179
2013 Water Revenue Note	4,160,000	-	890,000	3,270,000	913,199	2,356,801
<b>Total Waterworks Fund</b>	<b>22,876,369</b>	<b>4,473,423</b>	<b>2,282,775</b>	<b>25,067,017</b>	<b>2,339,857</b>	<b>22,727,160</b>
<b>Sewer Fund:</b>						
<b>CWSRF:</b>						
046 CWSRF Loan 2004	10,865,086	-	2,066,595	8,798,491	2,118,260	6,680,231
060 WAFB/Parsley 2006	1,253,489	-	143,931	1,109,558	147,529	962,029
084 Administrative Building 2007	57,216	-	4,583	52,633	4,698	47,935
115 Administrative Building 2009	378,340	-	30,307	348,033	31,065	316,968
133 Crow Creek Plant Improvements 2013	3,749,736	-	226,993	3,522,743	232,668	3,290,075
144 Southern Sewer Interceptor 2016	1,196,062	-	53,900	1,142,162	55,247	1,086,915
159 Southern Sewer Interceptor 2018	9,108,466	-	410,464	8,698,002	420,726	8,277,276
<b>DWSRF:</b>						
106 Administrative Building 2009	378,340	-	30,307	348,033	31,065	316,968
<b>Total Sewer Fund</b>	<b>26,986,735</b>	<b>-</b>	<b>2,967,080</b>	<b>24,019,655</b>	<b>3,041,258</b>	<b>20,978,397</b>
<b>Total Waterworks and Sewer Funds</b>	<b>\$ 49,863,104</b>	<b>\$ 4,473,423</b>	<b>\$ 5,249,855</b>	<b>\$ 49,086,672</b>	<b>\$ 5,381,115</b>	<b>\$ 43,705,557</b>

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

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

**NOTES TO FINANCIAL STATEMENTS**

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**Note 4. Bonds and Loans, *Continued***

On December 27, 2013, the Board entered into an agreement with Colorado State Bank and Trust to authorize an advanced refunding of a portion of the 2007 Refunding Revenue Water Bonds. The Board received an \$8,740,000 Refunding Revenue Water Note, with an annual interest rate of 2.41%, with the proceeds to be deposited in a special fund and trust account to be used to refund, pay, discharge, and redeem the portion of the refunded bonds outstanding and maturing on or after December 1, 2016. The costs from the advance refunding include a deferred loss of \$525,305, which is being charged to operations through the year 2025 using the effective interest method. The Board completed the advance refunding to reduce its total debt service payments over the next 12 years by \$1,065,000 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$700,000. As of June 30, 2022, the deferred loss on refunding totaled \$169,183 and is classified as a deferred outflow of resources.

Long-term debt payable as of June 30, 2022 consists of the following:

2013 Refunding Revenue Water Note, original amount of \$8,740,000 due in annual principal installments ranging from \$215,000 to \$955,000 through December 2025; interest at 2.41%. Note originated to refinance the callable portion 2007 Refunding Revenue Water Bonds. Secured by pledge of revenues from the City's water system tap and user fees and system development fees, net of premiums.	\$ 3,270,000
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #034, original amount of \$825,000, with interest at 2.5%, due annually on December 1. Annual principal and interest payments are \$47,729 through 2025 for funding of the City's Water Main Rehabilitation Project for Fiscal Year 2004. Secured by pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	136,400
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #056, original amount of \$1,300,000 for the Western Hills project, 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.	340,991
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.	2,124,720
<b>Subtotal</b>	<u>5,872,111</u>

*Continued*

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

**NOTES TO FINANCIAL STATEMENTS**

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**Note 4. Bonds and Loans, *Continued***

Subtotal carried forward \$ 5,872,111

Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #079, original amount of \$5,130,509 for the 30" Transmission Line Replacement Project, with interest at 2.5%, due annually on September 1. Annual principal and interest payments are \$329,107 through 2031. Secured by pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment. 2,866,017

Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #106, original amount of \$3,500,000 for the construction phase of the Administration Building Project, with interest at 2.5%, due annually on June 1. Annual principal and interest payments are \$159,062 through 2032. Secured by pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment. 1,392,132

Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #120, original amount of \$7,494,828 for the design and construction of Phase II of the Southern Water Transmission Main, with interest at 2.5%, due annually on June 1. Annual principal and interest payments are \$480,772 per year through 2034. Secured by the pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payments. 4,931,744

Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #133, advances on a \$7,400,000 loan for the construction of the Hydroelectric Generation Project. Interest thereon is at 0.0% for a term of 20 years. Upon completion of the project, loan shall be granted principal forgiveness in an amount not to exceed \$750,000. The payments are currently estimated at \$370,000 per year. Secured by a pledge and assignment of revenues from the City's water system user fees necessary to meet the annual payment. 5,400,742

Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #159, original amount of \$9,900,000 for the Southern Sewer Interceptor Main. Interest thereon is at 2.5% for a term of 20 years. Annual principal and interest payments are \$635,057 per year through 2039. Secured by a pledge and assignment of revenues from the City's wastewater user fees necessary to meet the annual loan payment. 8,698,002

**Subtotal** 29,160,748

*Continued*

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

**NOTES TO FINANCIAL STATEMENTS**

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**Note 4. Bonds and Loans, *Continued***

Subtotal carried forward \$ 29,160,748

Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #177, original amount of \$5,280,000 for the design and construction of Phase III of the Southern Water Transmission Main, with interest at 2.5%, due annually on March 1. This loan was also granted principal forgiveness up to 25% of the loan, not to exceed \$1,320,000. Annual principal and interest payments are \$186,808 per year through 2038. Secured by a pledge and assignment of revenues from the City's water system user fees necessary to meet the annual payment. 2,435,673

Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #229, original amount of \$3,960,000 for the North City Zone Improvements Project. Interest thereon is at 2.5% for a term of 20 years. The payments are currently estimated at \$254,023 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. 165,179

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 a pledge and assignment of revenues generated from the City's wastewater user fees necessary to meet the annual loan payment. 8,798,491

Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #060, original amount of \$2,900,000 for the Warren Air Force Base - Parsley Project, with interest at 2.5%, due annually on September 1. Annual principal and interest payments are \$174,898 through 2029. Secured by a pledge and assignment of revenues from the City's wastewater user fees necessary to meet the annual loan payment. 1,109,558

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. 586,953

Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #084, original amount of \$375,000 for the planning phase of the Administration Building Project, with interest at 2.5%, due annually on June 1. Annual principal and interest payments are \$24,055 through 2032. Secured by a pledge and assignment of revenues from the City's wastewater user fees necessary to meet the annual loan payment. 210,533

**Subtotal** 42,467,135

*Continued*



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

**NOTES TO FINANCIAL STATEMENTS**

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**Note 4. Bonds and Loans, *Continued***

Subtotal carried forward	\$ 42,467,135
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #115, original amount of \$3,500,000 for the construction phase of the Administration Building Project, with interest at 2.5%, due annually on June 1. Annual principal and interest payments are \$159,062 through 2032. Secured by a pledge and assignment of revenues from the City's wastewater user fees necessary to meet the annual loan payment.	1,392,132
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #133, original amount of \$5,000,000 for the Crow Creek Plant Improvements Project, with interest at 2.5%, due annually on June 15. Annual principal and interest payments are \$320,736 through 2039. Secured by a pledge and assignment of revenues from the City's wastewater user fees necessary to meet the annual loan payment.	3,522,743
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #143, original amount of \$875,000 for the Holliday Park Reuse Project, with interest at 0.0%. Principal payments of \$37,500 are due annually in September through 2037. Secured by a pledge and assignment of revenues from the City's wastewater user fees necessary to meet the annual loan payment.	562,500
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #144, original amount of \$1,300,000 for the Southern Sewer Interceptor Main, with interest at 2.5%, due annually on December 1. Annual principal and interest payments are \$83,391 through 2039. Secured by a pledge and assignment of revenues from the City's wastewater user fees necessary to meet the annual loan payment.	<u>1,142,162</u>
<b>Total general obligation bonds and loans</b>	<u><u>\$ 49,086,672</u></u>

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

**NOTES TO FINANCIAL STATEMENTS**

**Note 4. Bonds and Loans, *Continued***

The annual debt service requirements of the long-term debt and current principal maturities as of June 30, 2022 are as follows:

	Waterworks Fund		Sewer Fund	
	Principal	Interest	Principal	Interest
Years ending June 30:				
2023	\$ 2,339,857	\$ 458,143	\$ 3,041,258	\$ 596,739
2024	2,674,357	401,288	3,116,862	520,927
2025	2,729,865	343,006	3,194,565	443,224
2026	2,230,155	289,678	3,276,587	361,202
2027	1,799,367	248,061	1,017,668	281,958
2028-2032	8,100,294	721,756	4,938,990	1,034,398
2033-2037	3,355,279	119,282	4,104,742	449,704
2038-2042	1,559,547	18,698	1,328,983	48,640
2043	278,296	-	-	-
	<u>\$ 25,067,017</u>	<u>\$ 2,599,912</u>	<u>\$ 24,019,655</u>	<u>\$ 3,736,792</u>

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

In May 2020, the Board received approval of an \$8,281,200 grant from the Wyoming Water Development Commission for the design, construction and operation of the Cheyenne Transmission, Pump Station and Tank 2020 project.

The Board has pledged and assigned future water system and wastewater user fees to meet the annual debt requirements. Proceeds from the debt have been used to improve, expand, and replace the distribution system, source of supply, and treatment facilities. The proportion of pledged revenues to total revenues is not estimable because annual total fees fluctuate annually. Principal and interest paid for the current year totaled \$6,399,972. Net customer revenues totaled \$34,321,124 for the year. At year-end, pledged future revenues totaled \$55,423,376, which is the amount of the remaining principal and interest on outstanding debt.

**Debt issued:** Of the \$4,473,423 in debt proceeds incurred during the year ended June 30, 2022, \$54,785 remains in receivables at year-end.

**Interest expense:** During the year ended June 30, 2022, the Board incurred \$1,150,117 of interest.

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

**NOTES TO FINANCIAL STATEMENTS**

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**Note 5. Retirement Commitments - WRS**

**Plan description:** Substantially all employees of the Board are provided with pensions through the Public Employee Pension Plan (the Plan), a statewide, cost-sharing, multiple-employer defined benefit contributory retirement plan administered by the WRS. The authority to establish and amend benefits and contributions rates rests with the Legislature of the State of Wyoming. The WRS is granted the authority to administer the Plan by Wyoming State Statutes § 9-3-401 through 432. The WRS issues a publicly available financial report that may be requested from the WRS or through the WRS website, which may be accessed at <https://retirement.wyo.gov/About/Reports?Label=Financial#categories>.

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

*Service Retirement Tier 1:* Full retirement at age 60 or qualifies for the Rule of 85. Early retirement is permitted at age 50 or 25 years of service. Formula for retirement equals 2.125% times the number of years of service times the three-year highest average salary for the first 15 years and 2.25% times the number of years of service times the three-year highest average salary over 15 years.

*Service Retirement Tier 2:* Full retirement at age 65 or qualifies for the Rule of 85. Early retirement is permitted at age 55 or 25 years of service. Formula for retirement equals 2% times the number of years of service times the five-year highest average salary.

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

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

**Contributions:** Per Title § 9-3-412 and 413 of Wyoming State Statutes, effective July 1, 2021, member and employer contributions were required to be 9.25% and 9.37% of compensation, respectively. In accordance with Title § 9-3-412(c)(ii) of Wyoming State Statutes, the Board has elected to pay 6.75% of the member's contribution in addition to the employer's contribution. Total contributions to the pension plan from the Board were \$1,280,433 for the year ended June 30, 2022.

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

**NOTES TO FINANCIAL STATEMENTS**

**Note 5. Retirement Commitments - WRS, *Continued***

**Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions:** At June 30, 2022, the Board reported a liability of \$6,445,223 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021. The 2021 actuarial valuation incorporated assumption changes adopted by the WRS Board at its November 17, 2021 and February 17, 2022 meetings. The Board's proportion of the net pension liability was based on the relationship of the Board's total contributions to the plan for the year ended December 31, 2021 to the contributions of all participating employers for the same period. At December 31, 2021, the Board's proportion was 0.4227%, which was an increase from its December 31, 2020 proportion of 0.4144%.

For the year ended June 30, 2022, the Board recognized pension (offset) expense of (\$125,924). At June 30, 2022, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 120,879	\$ (9,903)
Changes of assumptions	521,550	
Net difference between projected and actual earnings on pension plan investments		(4,284,363)
Changes in proportion and differences between contributions and proportionate share of contributions	177,179	(84,385)
Contributions subsequent to the measurement date	375,538	
	<u>\$ 1,195,146</u>	<u>\$ (4,378,651)</u>

The amount of \$375,538 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2022 will be recognized in pension expense, as follows:

Years ending June 30:	
2023	\$ (673,880)
2024	(1,328,401)
2025	(828,366)
2026	<u>(728,396)</u>
	<u>\$ (3,559,043)</u>

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

**NOTES TO FINANCIAL STATEMENTS**

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**Note 5. Retirement Commitments - WRS, *Continued***

**Actuarial assumptions:** The total pension liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions adopted by the WRS Board effective at the November 17, 2021 and February 17, 2022 WRS Board Meetings for use in the December 31, 2021 measurement date:

Inflation	2.25%
Salary Increases	2.50%-6.50%, including inflation
Payroll Growth Rate	2.50%
Cost of Living Increase	0.00%
Investment Rate of Return	6.80%, net of pension plan investment expense, including inflation
Post-Retirement Mortality	Mortality rates were based on the PUB-2010 General Healthy Annuitant Mortality Table, amount-weighted, fully generational, projected with the MP-2020 Ultimate Scale. Males had no setback, with a multiplier of 100%, and Females had no setback, with a multiplier of 103%.
Pre-Retirement Mortality	Mortality rates were based on the PUB-2010 General Active Mortality Table, amount-weighted, fully generational, projected with the MP-2020 Ultimate Scale. Males had no setback, with a multiplier of 100%, and Females had no setback, with a multiplier of 100%.

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

**NOTES TO FINANCIAL STATEMENTS**

**Note 5. Retirement Commitments - WRS, *Continued***

**Long-term expected rate of return:** The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected arithmetic returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Each major asset class is included in the pension plan's target asset allocation as of January 1, 2021. These best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Long-Term Expected Arithmetic Real Rate of Return
Cash	2.00%	-0.50%	-0.50%
Fixed income	21.00%	1.32%	1.63%
Equity	48.50%	5.63%	7.54%
Marketable alternatives	19.00%	3.74%	4.63%
Private markets	9.50%	4.84%	5.99%
<b>Total</b>	<b>100.00%</b>		

**Experience analysis:** An experience study was conducted on behalf of all the WRS's plans covering the five-year period ended December 31, 2020. That study provided a detailed analysis concerning the development of the long-term inflation rate, real rate of return and discount rate. The study also analyzed each major actuarial assumption (e.g., mortality, salary increases, retirement, termination, and disability) and proposed assumptions consistent with the findings.

**Discount rate:** The discount rate used to measure the total pension liability was 6.80%, which decreased from the prior-year discount rate of 7.00%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the current contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

**NOTES TO FINANCIAL STATEMENTS**

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**Note 5. Retirement Commitments - WRS, *Continued***

**Sensitivity of the Board's proportionate share of the net pension liability to changes in the discount rate:** The following presents the Board's proportionate share of the net pension liability calculated using the discount rate of 6.80%, as well as what the Board's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.80%) or one percentage point higher (7.80%) than the current rate:

	1% Decrease (5.80%)	Discount Rate (6.80%)	1% Increase (7.80%)
Proportionate share of the net pension liability	\$ 11,891,358	\$ 6,445,223	\$ 1,930,687

**Pension plan fiduciary net position:** Detailed information about the pension plan's fiduciary net position is available in the separately issued WRS financial report, which may be accessed through the WRS website at <https://retirement.wyo.gov/About/Reports?Label=Financial#categories>.

**Defined contributions plans:** 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 WRS 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 year ended June 30, 2022 were \$281,162. Beginning July 1, 2008, the Board elected to match an employee's contribution up to \$25 per month. The total matching contributions for the year ended June 30, 2022 were \$33,425.

**Note 6. Due from Other Governments**

Amounts due from other governments of \$77,324 as of June 30, 2022 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 2022. Upon receipt of these pay requests, the Board applies to other governmental entities for grant and/or loan monies to pay contractors.



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

**NOTES TO FINANCIAL STATEMENTS**

**Note 7. Accrued Compensated Absences and Early Retirement**

Compensated absences and early retirement obligations have been accrued in the financial statements of the Board and consist of the following at June 30, 2022:

	Waterworks Fund	Sewer Fund	Total
Vacation leave	\$ 419,544	\$ 285,082	\$ 704,626
Compensatory/administrative time	81,940	54,627	136,567
Sick leave	293,746	195,831	489,577
Early retirement obligation	78,014	52,010	130,024
	<u>\$ 873,244</u>	<u>\$ 587,550</u>	<u>\$ 1,460,794</u>

Changes in the liability for compensated absences and early retirement obligation are as follows:

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Due within One Year
Compensated absences and early retirement:					
Waterworks Fund	\$ 870,110	\$ 160,892	\$ (157,758)	\$ 873,244	\$ 289,242
Sewer Fund	585,460	103,179	(101,089)	587,550	195,855
	<u>\$ 1,455,570</u>	<u>\$ 264,071</u>	<u>\$ (258,847)</u>	<u>\$ 1,460,794</u>	<u>\$ 485,097</u>

**Note 8. Related-Party Transactions**

The Board collects sanitation charges on behalf of the City. At June 30, 2022, the Board had cash and receivables relating to the City's sanitation charges of \$2,985,378. The Board also owed the City \$37,129 for fuel charges, risk management services and the Board's share of construction projects.

**Note 9. Major Customers**

For the year ended June 30, 2022, the Board had a customer that accounted for more than 10% of the Board's billed water and/or sewer revenues, as follows:

	Water	Sewer	Total
South Cheyenne Water and Sewer District	<u>\$ 2,024,271</u>	<u>\$ 1,309,787</u>	<u>\$ 3,334,058</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**Note 10. Commitments**

As of June 30, 2022, 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 2022, the amounts below represent the activity pertaining to the respective contract as a whole:

	Expended to June 30, 2022	Total Contract	Total Commitment at June 30, 2022
<b>Waterworks Fund:</b>			
VOL 10 - I.T. Projects	\$ 1,008,382	\$ 1,155,750	\$ 147,368
Scada Rehab	33,509	1,123,000	1,089,491
AEM Wellfield Survey	245,297	518,156	272,859
Evers (Vandehei-Bishop) - 16	929,962	960,000	30,038
Prairie-Frontier - 17	198,507	265,336	66,829
FY20 Water Rehabs	4,657,918	4,696,887	38,969
26th Street Phase II	474,351	583,592	109,241
North City Zone	542,879	12,000,000	11,457,121
FY21 Water Rehabs	1,199,342	2,759,822	1,560,480
Southwest Drive	8,005	500,000	491,995
Hydroelectric Generator	5,423,397	7,400,000	1,976,603
Filter Media & Rehab	448,707	672,100	223,393
Floc Basic Rehab	1,218,683	2,416,000	1,197,317
	<u>16,388,939</u>	<u>35,050,643</u>	<u>18,661,704</u>
<b>Sewer Fund:</b>			
FY20 Sewer Rehabs	2,151,177	2,173,960	22,783
26th Street Phase II	67,583	122,500	54,917
Evers (Vandehei-Bishop) - 16	874,821	922,000	47,179
Allison Draw S. Interceptor	3,185,266	3,547,700	362,434
Sludge Dewatering	2,415,220	3,100,000	684,780
2013 MST PLAN VOL 10 PRJT	285,853	385,250	99,397
Fiber Optic Line DC-CC	441,909	452,937	11,028
Scada Rehab	11,227	65,000	53,773
	<u>9,433,056</u>	<u>10,769,347</u>	<u>1,336,291</u>
	<u>\$ 25,821,995</u>	<u>\$ 45,819,990</u>	<u>\$ 19,997,995</u>

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

**NOTES TO FINANCIAL STATEMENTS**

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**Note 11. Recent Pronouncement**

In June 2017, the GASB issued Statement No. 87, *Leases*. GASB Statement No. 87 increases the usefulness of governments' financial statements by requiring the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement is effective for years beginning after June 15, 2021. Management has adopted this statement for the year ended June 30, 2022. The adopted accounting changes conform to the provisions of this statement and were applied beginning in the year ended June 30, 2022. As a result of this adoption, a lease receivable and deferred inflow of resources was established for a lessor lease that had previously only reported annual rents charged to a customer in fees and miscellaneous on the Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds. The present value of the lease was calculated and the deferred inflow of resources will be amortized based on that calculation and the years remaining on the lease. The restatement of beginning net position was not required.

**Lessor leases:** On January 1, 2014, the Board entered into a lease agreement as lessor for land owned by the Board. The lease contained a term of five years through December 31, 2018 and an option to extend the lease for one successive five-year term. On February 25, 2019, the agreement was extended for five years through December 31, 2023 as allowed under the initial lease agreement. The lease extension contained an option to extend the lease for an additional successive five-year term. The Board is reasonably certain this option to extend will be exercised. The lease payment for the term through December 31, 2023 is \$48,886 per year, with an estimated increase in lease payment to \$61,107 per year for the term from January 1, 2024 through December 31, 2028. The Board recognized \$48,886 of lease revenues for the year ended June 30, 2022. There are no variable payments associated with this lease.

**Note 12. 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, 2022, 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's 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.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

**SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY**

**Public Employee Pension Plan  
Last Nine Fiscal Years\***

	Board's Proportion of the Net Pension Liability	Board's Proportionate Share of the Net Pension Liability	Board's Covered Payroll	Board's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.3772%	\$ 5,735,039	\$ 6,463,729	88.73%	81.10%
2015	0.3621%	6,390,668	6,307,367	101.32%	79.08%
2016	0.3838%	8,940,291	6,855,922	130.40%	73.40%
2017	0.3979%	9,619,011	7,127,606	134.95%	73.42%
2018	0.4072%	9,280,567	7,177,501	129.30%	76.35%
2019	0.4178%	12,722,850	7,409,311	171.71%	69.17%
2020	0.4209%	9,890,047	7,604,611	130.05%	76.83%
2021	0.4144%	9,005,488	7,636,289	117.93%	79.24%
<b>2022</b>	<b>0.4227%</b>	<b>6,445,223</b>	<b>7,733,780</b>	<b>83.34%</b>	<b>86.03%</b>

*\* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year. This schedule is to be built prospectively until it contains 10 years of data.*

See Notes to Required Supplementary Information.

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

**SCHEDULE OF THE BOARD'S CONTRIBUTIONS  
Public Employee Pension Plan  
Last Nine Fiscal Years\***

	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	\$ 465,964	\$ 465,964	\$ -	\$ 6,544,388	7.12%
2015	512,031	512,031	-	6,719,564	7.62%
2016	586,407	586,407	-	7,006,054	8.37%
2017	602,689	602,689	-	7,200,585	8.37%
2018	608,519	608,519	-	7,270,239	8.37%
2019	645,547	645,547	-	7,524,834	8.58%
2020	678,924	678,924	-	7,654,160	8.87%
2021	694,066	694,066	-	7,610,377	9.12%
<b>2022</b>	<b>744,272</b>	<b>744,272</b>	<b>-</b>	<b>7,943,134</b>	<b>9.37%</b>

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

See Notes to Required Supplementary Information.

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

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

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**Changes in benefit terms:** There were no changes in benefit terms between the initial measurement date reflected below and the December 31, 2021 measurement date.

**Changes in assumptions:** Health care trend rates were updated along with the assumptions relating to mortality rates, retirement rates, withdrawal rates, disability rates, and salary increase rates based on the Wyoming Retirement System December 31, 2020 actuarial experience study. Further, there have been various assumption changes from the initial measurement date reflected below through the December 31, 2021 measurement date, as indicated in the table below:

Measurement Date (WRS Year-End)	Discount Rate	Inflation Increase Rate	Salary Increase Rate	Payroll Growth Rate	Investment Rate of Return	Cost of Living Adjustment
2014	7.75%	3.25%	4.25%-6.00%	4.25%	7.75%	0.00%
2015	7.75%	3.25%	4.25%-6.00%	4.25%	7.75%	0.00%
2016	7.75%	3.25%	4.25%-6.00%	4.25%	7.75%	0.00%
2017	7.75%	3.25%	4.25%-6.00%	4.25%	7.75%	0.00%
2018	7.00%	2.25%	2.50%-6.50%	2.50%	7.00%	0.00%
2019	7.00%	2.25%	2.50%-6.50%	2.50%	7.00%	0.00%
2020	7.00%	2.25%	2.50%-6.50%	2.50%	7.00%	0.00%
<b>2021</b>	<b>6.80%</b>	<b>2.25%</b>	<b>2.50%-6.50%</b>	<b>2.50%</b>	<b>6.80%</b>	<b>0.00%</b>



## **SUPPLEMENTARY INFORMATION**

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

**BUDGETARY COMPARISON SCHEDULE**  
**Year Ended June 30, 2022**

	Waterworks Fund			
	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget
	Original	Final		
Operating Revenues				
Sales and charges for services	\$ 19,148,200	\$ 19,148,200	\$ 20,934,274	\$ 1,786,074
Fees and miscellaneous	358,000	358,000	377,705	19,705
<b>Total operating revenues</b>	<b>19,506,200</b>	<b>19,506,200</b>	<b>21,311,979</b>	<b>1,805,779</b>
Nonoperating Revenues				
Investment income	325,000	325,000	(367,807)	(692,807)
System development fees	1,820,000	1,820,000	2,967,270	1,147,270
Capital grants	-	-	252,370	252,370
Donated utilities	-	-	1,583,666	1,583,666
<b>Total nonoperating revenues</b>	<b>2,145,000</b>	<b>2,145,000</b>	<b>4,435,499</b>	<b>2,290,499</b>
<b>Total revenues</b>	<b>21,651,200</b>	<b>21,651,200</b>	<b>25,747,478</b>	<b>4,096,278</b>
Operating Expenses				
Source of supply	1,855,130	1,988,530	1,690,438	(298,092)
Water treatment	2,294,600	2,451,600	2,255,778	(195,822)
Transmission and distribution	2,692,850	2,624,850	2,561,918	(62,932)
Sewer collection lines	-	-	-	-
Water reclamation	-	-	-	-
Engineering and water resources	1,530,700	1,652,754	1,280,890	(371,864)
Administrative and general	5,530,700	6,406,949	3,625,912	(2,781,037)
Information technology and customer service	1,120,100	1,181,433	1,214,672	33,239
<b>Total operating expenses</b>	<b>15,024,080</b>	<b>16,306,116</b>	<b>12,629,608</b>	<b>(3,676,508)</b>
Nonoperating Expenses				
Capital purchases	699,000	848,500	461,626	(386,874)
Construction work in progress	5,097,500	28,944,852	6,585,910	(22,358,942)
Debt service, interest	515,000	515,000	495,844	(19,156)
Debt service, principal	2,284,000	2,284,000	2,282,775	(1,225)
<b>Total nonoperating expenses</b>	<b>8,595,500</b>	<b>32,592,352</b>	<b>9,826,155</b>	<b>(22,766,197)</b>
<b>Total expenses</b>	<b>23,619,580</b>	<b>48,898,468</b>	<b>22,455,763</b>	<b>(26,442,705)</b>
<b>(Deficiency) excess of revenues over expenses</b>	<b>\$ (1,968,380)</b>	<b>\$ (27,247,268)</b>	<b>\$ 3,291,715</b>	<b>\$ 30,538,983</b>

Sewer Fund				
Budgeted Amounts		Actual Budget Basis	Variance with Final Budget	
Original	Final			
\$ 12,842,500	\$ 12,842,500	\$ 12,500,477	\$ (342,023)	
526,500	526,500	508,668	(17,832)	
13,369,000	13,369,000	13,009,145	(359,855)	
103,000	103,000	(127,568)	(230,568)	
850,000	850,000	732,443	(117,557)	
-	-	-	-	
-	-	1,812,469	1,812,469	
953,000	953,000	2,417,344	1,464,344	
14,322,000	14,322,000	15,426,489	1,104,489	
-	-	-	-	
-	-	-	-	
-	-	-	-	
1,617,550	1,827,550	1,239,068	(588,482)	
2,874,700	3,399,043	3,084,149	(314,894)	
457,650	536,191	414,098	(122,093)	
2,771,100	3,124,620	1,986,057	(1,138,563)	
375,300	392,300	404,531	12,231	
8,096,300	9,279,704	7,127,903	(2,151,801)	
259,000	986,500	98,018	(888,482)	
2,129,000	8,260,069	4,691,341	(3,568,728)	
671,700	671,700	654,273	(17,427)	
2,967,800	2,967,800	2,967,080	(720)	
6,027,500	12,886,069	8,410,712	(4,475,357)	
14,123,800	22,165,773	15,538,615	(6,627,158)	
\$ 198,200	\$ (7,843,773)	\$ (112,126)	\$ 7,731,647	

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

**NOTES TO BUDGETARY COMPARISON SCHEDULE**

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**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 on 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 Finance 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, pension expense, and change in fair value of investments are 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' annual comprehensive 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.

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

**NET POSITION BY COMPONENT (UNAUDITED)**  
**Last 10 Fiscal Years**

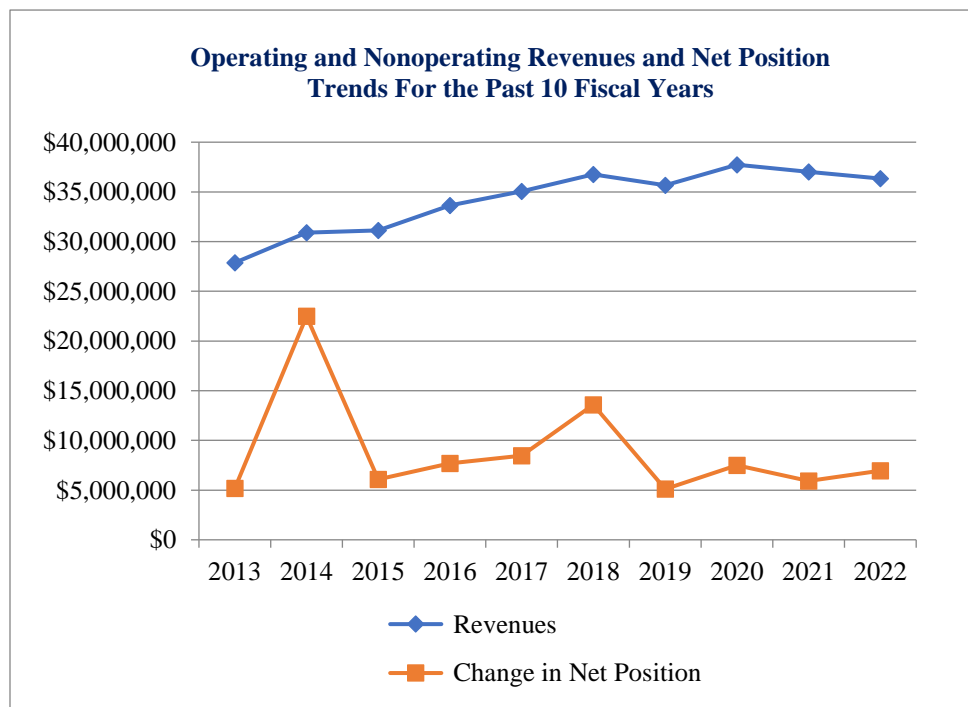
	2013	2014	2015	2016
Primary Government				
Net investment in capital assets	\$ 215,502,795	\$ 234,533,472	\$ 240,632,987	\$ 247,414,892
Restricted	1,389,594	1,103,001	1,103,001	500,000
Unrestricted	27,757,842	31,498,933	26,138,255	27,643,743
<b>Total primary government net position</b>	<b>\$ 244,650,231</b>	<b>\$ 267,135,406</b>	<b>\$ 267,874,243</b>	<b>\$ 275,558,635</b>

	2017		2018		2019		2020		2021		2022
\$	255,737,548	\$	266,767,253	\$	266,643,536	\$	275,249,371	\$	277,200,615	\$	<b>280,409,221</b>
	500,000		500,000		500,000		500,000		500,000		<b>500,000</b>
	27,774,167		30,326,170		35,556,920		34,459,246		38,437,359		<b>42,164,544</b>
\$	284,011,715	\$	297,593,423	\$	302,700,456	\$	310,208,617	\$	316,137,974	\$	<b>323,073,765</b>

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

**COMBINED CHANGES IN NET POSITION (UNAUDITED)  
Last 10 Fiscal Years**

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income	Total Nonoperating (Expenses) Revenues	Income before Capital Contributions	Capital Contributions	Change in Net Position
2013	\$ 28,417,091	\$ 26,474,263	\$ 1,942,828	\$ (543,390)	\$ 1,399,438	\$ 3,765,449	\$ 5,164,887
2014	28,030,122	27,483,943	546,179	2,855,489	3,401,668	19,083,507	22,485,175
2015	28,223,658	27,605,751	617,907	2,906,969	3,524,876	2,554,040	6,078,916
2016	31,243,040	29,990,481	1,252,559	2,380,668	3,633,227	4,051,165	7,684,392
2017	32,881,259	30,735,969	2,145,290	2,176,250	4,321,540	4,131,540	8,453,080
2018	34,518,439	31,800,359	2,718,080	2,228,947	4,947,027	8,634,681	13,581,708
2019	33,403,006	33,329,702	73,304	2,259,035	2,332,339	2,774,694	5,107,033
2020	35,313,159	33,035,590	2,277,569	2,419,841	4,697,410	2,810,751	7,508,161
2021	33,810,551	32,017,380	1,793,171	3,214,675	5,007,846	921,511	5,929,357
<b>2022</b>	<b>34,321,124</b>	<b>33,042,282</b>	<b>1,278,842</b>	<b>2,008,444</b>	<b>3,287,286</b>	<b>3,648,505</b>	<b>6,935,791</b>





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

**COMBINED OPERATING REVENUES BY SOURCE (UNAUDITED)  
Last 10 Fiscal Years**

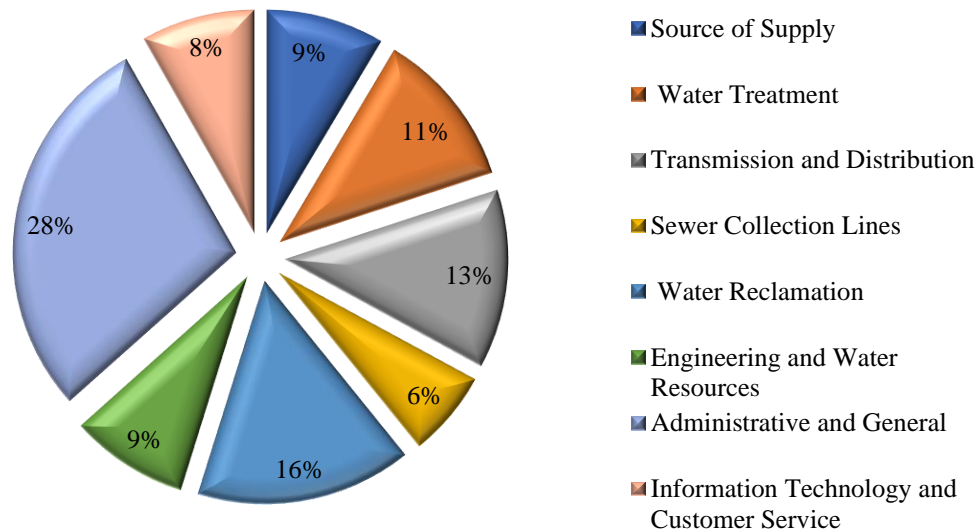
Fiscal Year	Water Sales	Sewer Charges	Fees and Miscellaneous	Total
2013	\$ 18,727,876	\$ 8,913,119	\$ 776,096	\$ 28,417,091
2014	17,210,780	9,737,163	1,082,179	28,030,122
2015	16,927,691	10,203,095	1,092,872	28,223,658
2016	19,264,134	11,013,457	965,449	31,243,040
2017	20,331,453	11,793,475	756,331	32,881,259
2018	21,305,003	12,300,941	912,495	34,518,439
2019	19,383,845	13,008,656	1,010,505	33,403,006
2020	21,236,291	13,307,490	769,378	35,313,159
2021	19,973,521	12,944,938	892,092	33,810,551
<b>2022</b>	<b>20,934,274</b>	<b>12,500,477</b>	<b>886,373</b>	<b>34,321,124</b>

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

**COMBINED OPERATING EXPENSES (UNAUDITED)  
Last 10 Fiscal Years**

Fiscal Year	Source of Supply	Water Treatment	Transmission and Distribution	Sewer Collection Lines	Water Reclamation	Engineering and Water Resources
2013	\$ 1,218,162	\$ 1,779,324	\$ 2,015,765	\$ 1,109,167	\$ 2,360,921	\$ 1,136,793
2014	1,426,207	1,846,817	2,052,179	1,144,516	2,348,946	1,199,393
2015	1,334,981	1,869,151	2,040,958	1,181,757	2,400,409	1,204,863
2016	1,351,996	1,874,575	2,074,783	1,239,039	2,473,365	1,338,086
2017	1,412,417	2,182,952	2,111,073	1,145,985	2,504,492	1,339,279
2018	1,955,042	1,933,235	2,449,095	1,309,261	2,472,745	1,454,326
2019	1,444,920	2,018,472	2,524,185	1,543,025	2,614,490	1,399,688
2020	1,615,195	2,069,031	2,458,197	1,109,534	2,423,284	1,578,134
2021	1,429,289	1,982,251	2,265,538	1,144,242	2,604,359	1,444,100
<b>2022</b>	<b>1,690,438</b>	<b>2,255,778</b>	<b>2,561,918</b>	<b>1,239,068</b>	<b>3,084,149</b>	<b>1,694,988</b>

**Allocation of FY2022 Operating Expenses**

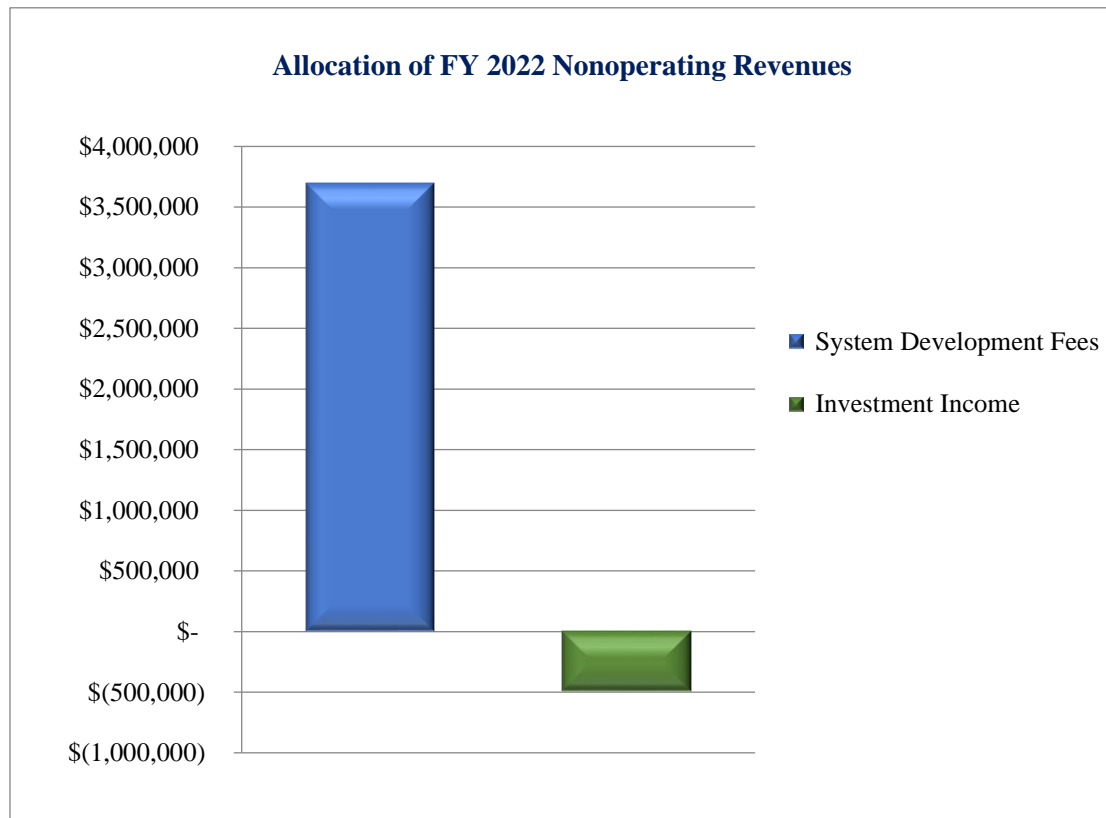


Administrative and General	Information Technology and Customer Service	Subtotal, Expenses before Depreciation	Depreciation	Total Operating Expenses
\$ 5,118,473	\$ 1,004,269	\$ 15,742,874	\$ 10,731,389	\$ 26,474,263
5,603,288	1,049,253	16,670,599	10,813,344	27,483,943
5,249,576	1,132,188	16,413,883	11,191,868	27,605,751
6,530,009	1,157,416	18,039,269	11,951,212	29,990,481
6,727,482	1,185,779	18,609,459	12,126,510	30,735,969
6,781,904	1,177,920	19,533,528	12,266,831	31,800,359
7,879,510	1,349,029	20,773,319	12,556,383	33,329,702
7,450,156	1,246,750	19,950,281	13,085,309	33,035,590
6,824,427	1,171,176	18,865,382	13,151,998	32,017,380
<b>5,611,969</b>	<b>1,619,203</b>	<b>19,757,511</b>	<b>13,284,771</b>	<b>33,042,282</b>

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

**COMBINED NONOPERATING REVENUES AND EXPENSES  
(UNAUDITED)  
Last 10 Fiscal Years**

Fiscal Year	System Development Fees	Investment Income	Insurance Proceeds and Gain/Loss on Disposal of Assets	Other Income	Intergovernmental Revenues	Specific Purpose Tax	Interest Expense	Total Nonoperating (Expenses) Revenues
2013	\$ 1,532,008	\$ 18,990	\$ -	\$ -	\$ -	\$ -	\$ (2,094,388)	\$ (543,390)
2014	4,151,596	101,738	248,729	26,939	-	-	(1,673,513)	2,855,489
2015	4,480,380	68,815	7,925	-	-	-	(1,650,151)	2,906,969
2016	4,014,691	144,963	21,625	-	-	-	(1,800,611)	2,380,668
2017	3,553,222	102,756	42,640	-	-	-	(1,522,368)	2,176,250
2018	3,110,333	319,220	96,516	-	-	-	(1,297,122)	2,228,947
2019	2,494,133	1,030,925	7,000	-	-	-	(1,273,023)	2,259,035
2020	2,971,279	872,696	-	-	-	-	(1,424,134)	2,419,841
2021	4,526,755	14,807	-	-	-	-	(1,326,887)	3,214,675
<b>2022</b>	<b>3,699,713</b>	<b>(495,375)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,195,894)</b>	<b>2,008,444</b>



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

**WATER AND SEWER RATES (UNAUDITED)  
Last 10 Fiscal Years**

	2013	2014	2015	2016
<b>Water Rates</b>				
Residential single-family:				
First block - First 6,000	\$ 3.60	\$ 3.72	\$ 3.85	\$ 3.97
Second block - Next 18,000	4.46	4.61	4.77	4.91
Third block - Next 18,000	5.53	5.72	5.91	6.09
All over - 42,000	6.88	7.11	7.36	7.58
Residential multi-family:				
First block - First 3,000 per unit	3.60	3.72	3.85	3.97
Second block - Next 9,000 per unit	4.46	4.61	4.77	4.91
Third block - Next 9,000 per unit	5.53	5.72	5.91	6.09
All over - 21,000 per unit	6.88	7.11	7.36	7.58
All other treated (range)	3.94-4.65	4.08-4.81	4.23-4.97	4.36-5.12
Raw water (range)	2.33	2.41	2.49	2.56
Reclaimed water	1.89	1.95	2.02	2.08
Recycled water	3.37	3.48	3.60	3.71
Monthly service fee range (based on meter size)	4.99-170.06	5.16-175.84	5.34-181.82	5.50-187.27
<b>Sewer Rates</b>				
Rate charge (per 1,000 gallons)	\$ 3.74	\$ 3.91	\$ 4.21	\$ 4.43
Monthly service fee range (based on meter size)	4.09-69.95	4.27-73.10	4.48-76.76	4.61-79.06

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

2017	2018	2019	2020	2021	2022
\$ 4.05	\$ 4.17	\$ 4.29	\$ 4.42	\$ 4.42	\$ <b>4.64</b>
5.01	5.15	5.30	5.46	5.46	<b>5.73</b>
6.21	6.39	6.58	6.78	6.78	<b>7.12</b>
7.73	7.96	8.19	8.44	8.44	<b>8.86</b>
4.05	4.17	4.29	4.42	4.42	<b>4.64</b>
5.01	5.15	5.30	5.46	5.46	<b>5.73</b>
6.21	6.39	6.58	6.78	6.78	<b>7.12</b>
7.73	7.96	8.19	8.44	8.44	<b>8.86</b>
4.45-5.22	4.58-5.37	4.93-5.53	5.08-5.70	5.08-5.70	<b>5.09-5.99</b>
2.61	2.69	2.77	2.85	2.85	<b>2.99</b>
2.12	2.18	2.24	2.31	2.31	<b>2.43</b>
3.78	3.89	4.00	4.12	4.12	<b>4.33</b>
5.61-191.02	5.77-196.75	5.94-202.65	6.12-208.73	6.12-208.73	<b>6.43-219.17</b>
\$ 4.62	\$ 4.76	\$ 4.90	\$ 5.15	\$ 5.15	\$ <b>5.41</b>
4.70-80.64	4.84-83.06	4.98-85.55	5.23-89.83	5.23-89.83	<b>5.49-94.32</b>

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

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

Customer	Fiscal Year 2022		Fiscal Year 2022	
	Billed Water Revenues		Gallons (1,000s)	
	Amount	%	Amount	%
South Cheyenne Water and Sewer District	\$ 2,024,271	9.67%	390,722	10.82%
F.E. Warren Air Force Base	867,404	4.14%	165,407	4.58%
Holly Frontier Refining & Marketing	524,674	2.51%	99,583	2.76%
Laramie County School District #1	442,541	2.11%	81,034	2.24%
State of Wyoming	265,508	1.27%	47,894	1.33%
Cheyenne Country Club	252,249	1.20%	83,840	2.32%
Microsoft Corporation	251,077	1.20%	30,367	0.84%
Cheyenne Regional Medical Center	118,579	0.57%	21,785	0.60%
Department of Veterans Affairs	117,386	0.56%	23,139	0.64%
Dish Purchasing Corporation	87,725	0.43%	16,504	0.46%
<b>Subtotal (10 largest)</b>	<b>4,951,414</b>	<b>23.65%</b>	<b>960,275</b>	<b>26.58%</b>
Balance from other customers	15,982,860	76.35%	2,652,165	73.42%
<b>Grand total</b>	<b>\$ 20,934,274</b>	<b>100.00%</b>	<b>3,612,440</b>	<b>100.00%</b>

Customer	Fiscal Year 2013		Fiscal Year 2013	
	Billed Water Revenues		Gallons (1,000s)	
	Amount	%	Amount	%
Holly Frontier Refining & Marketing	\$ 3,167,427	16.88%	819,979	18.75%
South Cheyenne Water and Sewer District	1,446,856	7.71%	357,885	8.18%
F.E. Warren Air Force Base	1,082,835	5.77%	257,943	5.90%
Laramie County School District #1	390,574	2.08%	92,558	2.12%
State of Wyoming	213,052	1.14%	47,994	1.10%
Cheyenne Country Club	171,851	0.45%	71,749	1.64%
Cheyenne Housing Authority	94,972	0.92%	22,415	0.51%
Cheyenne Regional Medical Center	84,332	0.51%	20,179	0.46%
Department of Veterans Affairs	74,734	0.40%	18,482	0.42%
Wal-Mart Distribution Center	67,260	0.37%	11,527	0.26%
<b>Subtotal (10 largest)</b>	<b>6,793,893</b>	<b>36.22%</b>	<b>1,720,711</b>	<b>39.35%</b>
Balance from other customers	11,965,772	63.78%	2,651,900	60.65%
<b>Grand total</b>	<b>\$ 18,759,665</b>	<b>100.00%</b>	<b>4,372,611</b>	<b>100.00%</b>



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

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

Customer	Fiscal Year 2022		Fiscal Year 2022	
	Billed Sewer Revenues		Sewer Gallons (1,000s)	
	Amount	%	Amount	%
South Cheyenne Sewer and Water District	\$ 1,309,787	10.48%	248,867	12.06%
Holly Frontier Refining & Marketing	528,430	4.23%	99,633	4.83%
F.E. Warren Air Force Base	485,396	3.88%	91,821	4.45%
Laramie County School District #1	93,864	0.75%	16,472	0.80%
Cheyenne Regional Medical Center	93,457		16,806	
Microsoft Corporation	91,129	0.73%	11,191	0.54%
Black Hills Energy	90,252	0.72%	17,095	0.83%
State of Wyoming	77,344	0.62%	14,208	0.69%
Walmart Distribution Center	71,830	0.57%	9,055	0.44%
Cheyenne Housing Authority	67,295	0.54%	11,175	0.54%
Dish Purchasing Corporation	62,271	0.48%	11,724	0.57%
<b>Subtotal (10 largest)</b>	<b>2,971,055</b>	<b>23.77%</b>	<b>548,047</b>	<b>26.55%</b>
Balance from other customers	9,529,422	76.23%	1,516,360	73.45%
<b>Grand total</b>	<b>\$ 12,500,477</b>	<b>100.00%</b>	<b>2,064,407</b>	<b>100.00%</b>

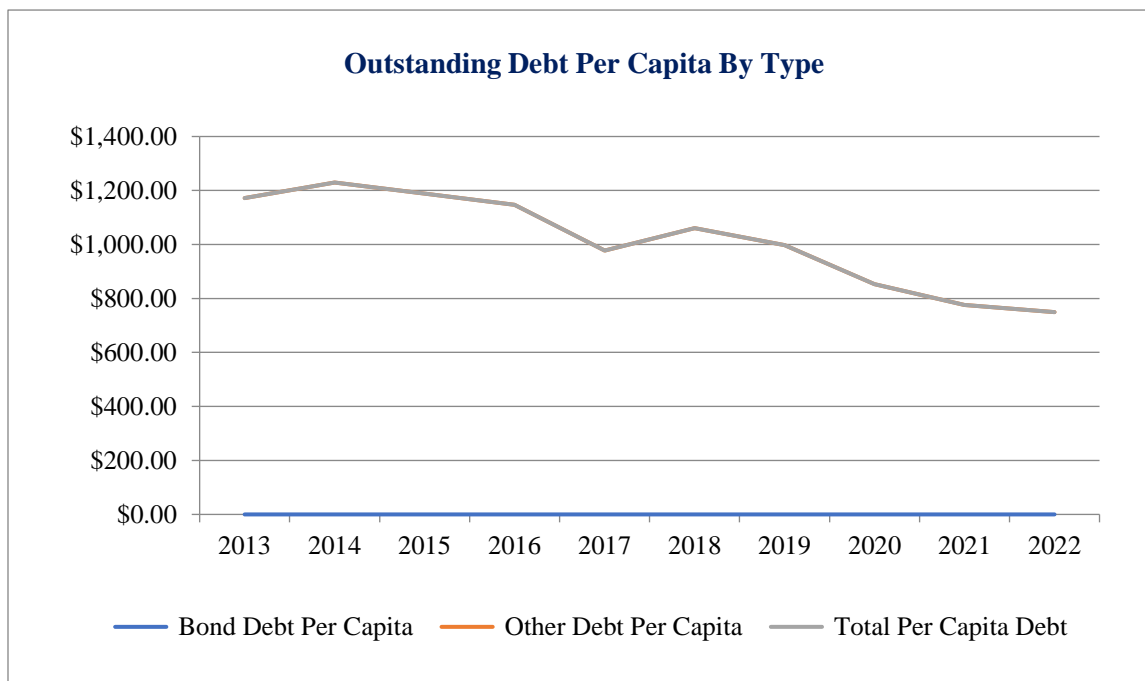
  

Customer	Fiscal Year 2013		Fiscal Year 2013	
	Billed Sewer Revenues		Sewer Gallons (1,000s)	
	Amount	%	Amount	%
South Cheyenne Sewer and Water District	\$ 864,543	9.73%	239,352	11.08%
Holly Frontier Refining & Marketing	367,318	4.13%	98,477	4.56%
F.E. Warren Air Force Base	362,263	4.08%	100,470	4.65%
Laramie County School District #1	96,228	1.08%	25,467	1.18%
Cheyenne Regional Medical Center	71,364	0.80%	19,493	0.90%
Wal-Mart Distribution Center	61,278	0.69%	11,527	0.53%
Cheyenne Housing Authority	60,556	0.68%	15,077	0.70%
State of Wyoming	58,748	0.66%	15,228	0.70%
Department of Veterans Affairs	51,462	0.58%	14,112	0.65%
Pinewood Village	33,836	0.38%	9,216	0.42%
<b>Subtotal (10 largest)</b>	<b>2,027,596</b>	<b>22.81%</b>	<b>548,419</b>	<b>25.39%</b>
Balance from other customers	6,860,396	77.19%	1,611,629	74.61%
<b>Grand total</b>	<b>\$ 8,887,992</b>	<b>100.00%</b>	<b>2,160,048</b>	<b>100.00%</b>

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

**RATIOS OF OUTSTANDING DEBT BY TYPE (UNAUDITED)  
Last 10 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
2013	\$ -	-	0.00%	\$ 71,545,772	1,171.82	2.46%	\$ 71,545,772
2014	-	-	0.00%	75,878,271	1,229.45	2.50%	75,878,271
2015	-	-	0.00%	75,171,561	1,188.41	2.41%	75,171,561
2016	-	-	0.00%	72,072,190	1,146.82	2.33%	72,072,190
2017	-	-	0.00%	62,549,494	977.05	1.98%	62,549,494
2018	-	-	0.00%	68,303,303	1,060.40	2.15%	68,303,303
2019	-	-	0.00%	64,030,449	998.04	2.03%	64,030,449
2020	-	-	0.00%	54,691,558	852.48	1.73%	54,691,558
2021	-	-	0.00%	49,863,104	776.26	1.58%	49,863,104
<b>2022</b>	-	-	<b>0.00%</b>	<b>49,086,672</b>	<b>749.40</b>	<b>1.52%</b>	<b>49,086,672</b>



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

**SEWER FUND - LEGAL DEBT MARGIN INFORMATION  
(UNAUDITED)  
Last 10 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
2013	\$ 21,847,014	\$ -	\$ 21,847,014	0.00%
2014	23,105,605	-	23,105,605	0.00%
2015	24,088,253	-	24,088,253	0.00%
2016	25,325,684	-	25,325,684	0.00%
2017	26,553,503	-	26,553,503	0.00%
2018	27,429,211	-	27,429,211	0.00%
2019	23,389,951	-	23,389,951	0.00%
2020	30,965,064	-	30,965,064	0.00%
2021	32,910,392	-	32,910,392	0.00%
<b>2022</b>	<b>37,667,722</b>	<b>-</b>	<b>37,667,722</b>	<b>0.00%</b>

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

**WATERWORKS FUND - PLEDGED REVENUE COVERAGE (UNAUDITED)  
Last 10 Fiscal Years**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Fiscal	Water		Net Revenues	Debt Service***			Coverage
Year	Gross	Expenses**	Available for	Principal	Interest	Total	Ratio****
	Revenues*		Debt Service				
2013	\$ 20,266,843	\$ 10,017,855	\$ 10,248,988	\$ 3,494,377	\$ 1,559,833	\$ 5,054,210	2.03
2014	21,248,671	10,765,898	10,482,773	2,411,738	1,127,753	3,539,491	2.96
2015	19,989,573	10,481,000	9,508,573	2,669,343	1,230,045	3,899,388	2.44
2016	22,173,104	11,553,006	10,620,098	4,600,459	1,106,343	5,706,802	1.86
2017	22,350,483	12,065,681	10,284,802	6,797,789	989,086	7,786,875	1.32
2018	24,535,960	12,900,076	11,635,884	3,967,990	863,593	4,831,583	2.41
2019	22,496,205	13,349,935	9,146,270	4,147,847	877,457	5,025,304	1.82
2020	24,576,424	13,295,274	11,281,150	6,621,814	699,873	7,321,687	1.54
2021	24,001,178	12,149,429	11,851,749	2,229,875	567,029	2,796,904	4.24
<b>2022</b>	<b>23,911,442</b>	<b>12,629,608</b>	<b>11,281,834</b>	<b>2,282,775</b>	<b>513,082</b>	<b>2,795,857</b>	<b>4.04</b>

\* Gross revenues do not include capital contributions.

\*\* 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).

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

**SEWER FUND - PLEDGED REVENUE COVERAGE (UNAUDITED)  
Last 10 Fiscal Years**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Fiscal	Sewer		Net Revenues	Debt Service			Coverage
Year	Gross	Expenses**	Available for	Principal	Interest	Total	Ratio***
	Revenues*		Debt Service				
2013	\$ 9,701,246	\$ 5,725,019	\$ 3,976,227	\$ 2,095,725	\$ 887,892	\$ 2,983,617	1.33
2014	11,310,453	5,904,701	5,405,752	2,211,174	807,121	3,018,295	1.79
2015	12,791,205	5,932,883	6,858,322	2,199,687	757,339	2,957,026	2.32
2016	13,251,215	6,486,263	6,764,952	2,451,648	854,584	3,306,232	2.05
2017	14,229,394	6,543,778	7,685,616	4,436,586	724,348	5,160,934	1.49
2018	13,508,548	6,633,452	6,875,096	2,267,475	651,867	2,919,342	2.36
2019	14,438,859	7,423,384	7,015,475	2,325,635	593,705	2,919,340	2.40
2020	14,580,710	6,654,307	7,926,403	2,824,496	993,520	3,818,016	2.08
2021	14,350,935	6,715,953	7,634,982	2,894,913	726,841	3,621,754	2.11
<b>2022</b>	<b>13,614,020</b>	<b>7,127,903</b>	<b>6,486,117</b>	<b>2,967,080</b>	<b>670,706</b>	<b>3,637,786</b>	<b>1.78</b>

\* Gross revenues do not include capital contributions.

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

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

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

**DEMOGRAPHIC AND ECONOMIC STATISTICS (UNAUDITED)  
Last 10 Fiscal Years**

Fiscal Year	Estimated Population	Personal Income (1,000s)*	Per Capita Income*	Unemployment Rate*	School Enrollment*
2013	61,055	\$ 4,795,529	\$ 50,755	6.1%	15,022
2014	62,845	4,969,568	51,870	4.9%	14,893
2015	63,254	4,744,712	49,225	4.2%	15,392
2016	63,590	4,836,235	49,796	4.6%	15,087
2017	64,019	4,971,731	50,563	4.1%	15,122
2018	64,413	5,150,637	52,039	3.7%	15,283
2019	64,156	5,384,262	54,113	3.3%	15,826
2020	64,165	5,542,205	55,094	3.8%	15,585
2021	64,235	**	**	5.4%	15,511
<b>2022</b>	<b>65,501</b>	<b>**</b>	<b>**</b>	<b>3.6%</b>	15,381

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

\* For Laramie County

\*\* Information not yet available

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

**PRINCIPAL EMPLOYERS (UNAUDITED)  
Current Year and Nine Years Ago**

2022*	
Employer	Product
F.E. Warren Air Force Base	Military
State of Wyoming	Government Services
Federal Government	Government Services
Laramie County School District #1	Education K-12
Cheyenne Regional Medical Center	Health Care

2013	
Employer	Product
F.E. Warren Air Force Base	Military
State of Wyoming	Government Services
Laramie County School District #1	Education K-12
Federal Government	Government Services
Cheyenne Regional Medical Center	Health Care

**Source:** [city-data.com/us-cities/The-West/Cheyenne-Economy](http://city-data.com/us-cities/The-West/Cheyenne-Economy)

*\* Information regarding the number of employees for each major employer is not readily available from a reliable source.*

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

**NUMBER OF EMPLOYEES BY IDENTIFIABLE ACTIVITY  
(UNAUDITED)  
Last 10 Fiscal Years**

	Budgeted Positions as of June 30,			
	2013	2014	2015	2016
Administration				
General and administrative	8.0	8.0	8.0	8.0
Customer service	6.0	6.0	6.0	6.0
Information technology	4.0	4.0	4.0	4.0
Meter information techs	5.0	5.0	5.0	5.0
<b>Subtotal</b>	23.0	23.0	23.0	23.0
Water Treatment				
Management/support staff	2.0	2.0	2.0	2.0
Plant supervisor/operators	13.0	13.0	13.0	13.0
Laboratory staff	2.0	2.0	2.0	2.0
Wellfield group	3.0	3.0	3.0	3.0
Source of supply	-	-	-	-
<b>Subtotal</b>	20.0	20.0	20.0	20.0
Operation and Maintenance				
Transmission and distribution	13.0	13.0	13.0	13.0
Sewer collection	12.0	12.0	12.0	14.0
Support services	11.0	11.0	11.0	11.0
Sup. dist. and col. fac. staff	5.5	5.5	5.5	5.5
<b>Subtotal</b>	41.5	41.5	41.5	43.5
Engineering and Water Resources				
Engineering staff	7.0	7.0	7.0	8.0
Inspections and locates	4.0	4.0	4.0	4.0
Instrumentation and telemetry	4.0	4.0	4.0	5.0
Source of supply	6.0	6.0	6.0	6.0
<b>Subtotal</b>	21.0	21.0	21.0	23.0
Water Reclamation				
Management/support staff	5.0	5.0	6.0	6.0
Laboratory staff	2.0	2.0	2.0	2.0
Plant supervisors/operators	16.0	16.0	16.0	16.0
<b>Subtotal</b>	23.0	23.0	24.0	24.0
<b>Total</b>	128.5	128.5	129.5	133.5



Budgeted Positions as of June 30,					
2017	2018	2019	2020	2021	2022
8.0	8.0	8.5	8.5	8.5	<b>8.5</b>
6.0	6.0	6.0	6.5	6.5	<b>7.5</b>
4.0	4.0	4.0	5.0	5.0	<b>5.0</b>
5.0	5.0	5.0	5.0	5.0	<b>4.0</b>
23.0	23.0	23.5	25.0	25.0	<b>25.0</b>
2.0	2.0	2.0	2.0	1.5	<b>1.5</b>
13.0	13.0	13.0	13.0	13.0	<b>12.0</b>
2.0	2.0	2.0	2.0	2.0	<b>2.0</b>
3.0	3.0	3.0	3.0	3.0	<b>2.0</b>
-	-	-	6.0	6.0	<b>9.0</b>
20.0	20.0	20.0	26.0	25.5	<b>26.5</b>
13.0	13.0	13.0	13.0	13.0	<b>13.0</b>
14.0	15.0	15.0	15.0	15.0	<b>15.0</b>
11.0	11.0	11.0	11.0	11.0	<b>11.0</b>
5.5	5.5	5.5	5.5	5.5	<b>4.5</b>
43.5	44.5	44.5	44.5	44.5	<b>43.5</b>
8.0	8.0	8.0	8.0	8.0	<b>7.0</b>
4.0	4.0	4.0	4.0	4.0	<b>5.0</b>
5.0	5.0	5.0	5.0	5.0	<b>5.0</b>
6.0	6.0	6.0	-	-	<b>-</b>
23.0	23.0	23.0	17.0	17.0	<b>17.0</b>
6.0	6.0	6.0	6.0	5.5	<b>5.5</b>
2.0	2.0	2.0	2.0	2.0	<b>2.0</b>
16.0	16.0	16.0	16.0	16.0	<b>16.0</b>
24.0	24.0	24.0	24.0	23.5	<b>23.5</b>
133.5	134.5	135.0	136.5	135.5	<b>135.5</b>

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

**OPERATING AND CAPITAL INDICATORS (UNAUDITED)**  
**Last 10 Fiscal Years**

	2013	2014	2015	2016
<b>Water Treatment</b>				
Raw Water Collection Mains (miles)	49	49	49	49
Raw Water Transmission Mains (miles)	222	222	222	222
Treated Water Transmission Mains (miles)	67	67	67	68
Treated Water Distribution Mains (miles)	379	389	389	395
Gallons of treated water storage (millions)	35	35	35	35
Reservoir levels at June 30 (acre-feet*)	36,990	39,832	39,678	39,791
Water treatment plant capacity (mgd)	32	32	32	32
Peak day **	June 26, 2013	July 8, 2013	July 21, 2014	June 22, 2016
Peak day (mgd)	29.70	29.27	25.79	26.11
Peak month **	August 2012	July 2013	July 2014	August 2015
Peak month (million gallons)	767.65	699.86	651.13	699.17
Total water delivered (acre-feet)	15,272	13,377	13,587	14,088
Average daily demand (mgd)**	13.63	11.94	12.13	12.58
<b>Recycled Water</b>				
Miles of delivery pipeline	14.99	14.99	13.59	14.99
Treatment capacity (mgd)	4.0	4.0	4.0	4.0
Total recycled water delivered (acre-feet)	546.05	330.24	155.84	167.62
Peak day	July 20, 2012	July 3, 2013	July 8, 2014	June 21, 2016
Peak day (mgd)	2.23	2.05	1.24	1.24
<b>Water Reclamation***</b>				
Miles of sewer collection mains	323	327	327	331
Water reclamation capacity (mgd)	17.0	17.0	17.0	17.0
Peak month	May 2012	May 2014	May 2015	July 2015
Peak month (million gallons)	298.8	313.3	326.1	344.5
Peak month average per day (mgd)	9.64	10.10	10.52	11.11
Total wastewater treated (000 gallons)	3,199,300	3,297,782	2,948,876	3,159,522
Average (mgd)	8.77	9.04	8.08	8.63

\* 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 325,851 gallons of water.

\*\* Peak day, peak month and average daily demand include treated water, raw water and recycled water delivered to the community of Cheyenne.

\*\*\* Wastewater influent.

2017	2018	2019	2020	2021	2022
49	49	49	49	49	<b>49</b>
222	222	222	222	222	<b>222</b>
75	76	78	78	78	<b>78</b>
398	399	407	407	413	<b>414</b>
36.5	36.5	36.5	36.5	36.5	<b>36.5</b>
40,272	39,078	39,815	39,815	38,813	<b>38,473</b>
32	32	32	32	32	<b>32</b>
July 20, 2016	July 5, 2017	July 11, 2018	September 2, 2019	July 8, 2020	<b>June 17, 2022</b>
30.32	25.93	28.15	26.71	28.63	<b>26.31</b>
July 2016	July 2017	July 2018	August 2019	July 2020	<b>June 2022</b>
732.46	704.65	608.34	693.65	723.43	<b>655.72</b>
14,692	13,480	13,096	14,495	13,309	<b>12,950</b>
13.12	12.79	11.69	12.94	11.88	<b>11.56</b>
14	14	14.00	14.00	14.00	<b>14.00</b>
4.0	4.0	4.0	4.0	4.0	<b>4.0</b>
341.64	478.93	389.91	617.21	531.43	<b>622.08</b>
June 28, 2017	June 13, 2018	August 31, 2018	September 3, 2019	July 10, 2020	<b>June 23, 2022</b>
1.89	2.57	2.07	2.14	2.21	<b>2.05</b>
337	327	335	335	339	<b>339</b>
17.0	17.0	17.0	17.0	17.0	<b>17.0</b>
May 2017	May 2018	June 2019	July 2019	May 2021	<b>July 2021</b>
264.1	279.5	310.3	305.2	277.3	<b>256.2</b>
12.70	9.01	10.34	9.84	10.45	<b>8.26</b>
2,928,120	3,011,040	3,127,340	3,025,704	2,772,970	<b>2,648,629</b>
8.03	8.25	8.56	8.28	7.52	<b>7.25</b>

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

**WATER DELIVERED AND SOLD, AND WASTEWATER TREATED  
(UNAUDITED)  
Last 10 Fiscal Years**

Fiscal Year	Gallons of Water Delivered	Gallons of Water Sold	Gallons of Water Used by City	Gallons of Water Unbilled	Average Percent Unbilled	Gallons of Wastewater Billed	Total Direct Rate	
	(a)	(b)	(c)	(d)	(e)	(f)	Water (g)	Sewer (h)
2013	5,022	4,373	394	255	5.08%	2,160	4.28	3.46
2014	4,359	3,927	310	122	2.80%	2,209	4.36	3.91
2015	4,427	3,694	370	363	8.20%	2,183	4.62	4.21
2016	4,435	3,921	326	188	4.24%	2,242	4.81	4.43
2017	4,788	4,097	417	274	5.72%	2,298	4.96	4.62
2018	4,731	4,166	445	120	2.54%	2,299	5.11	5.35
2019	4,267	3,823	315	129	3.02%	2,354	5.07	5.52
2020	4,723	3,782	396	545	11.54%	2,354	5.41	5.70
2021	4,537	3,603	404	530	11.68%	2,184	5.59	5.93
<b>2022</b>	<b>4,220</b>	<b>3,612</b>	<b>511</b>	<b>97</b>	<b>2.30%</b>	<b>2,064</b>	<b>5.80</b>	<b>6.06</b>
<b>Average</b>	<b>4,551</b>	<b>3,900</b>	<b>389</b>	<b>262</b>	<b>5.76%</b>	<b>2,235</b>		

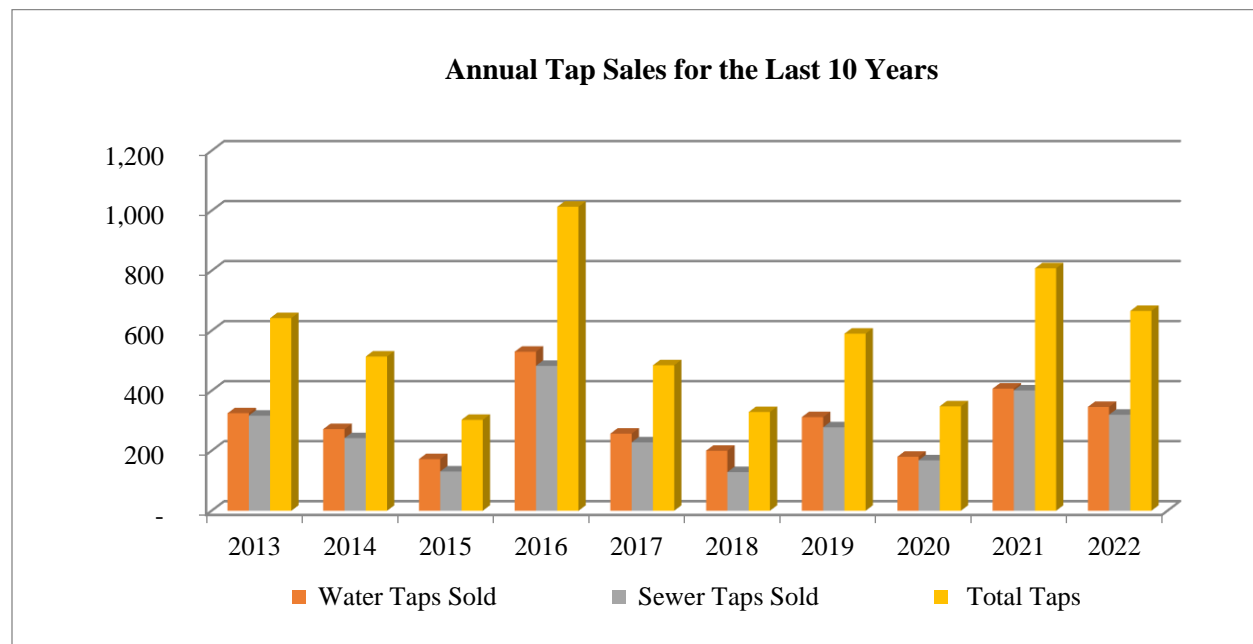
**Notes:** Gallons are presented in millions.

- (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 are 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 include firefighting 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.

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

**ANNUAL TAP SALES (UNAUDITED)  
Last 10 Fiscal Years**

Fiscal Year	Water Meter Taps Sold	Sewer Taps Sold	Total Taps
2013	325	317	642
2014	272	242	514
2015	172	131	303
2016	530	483	1,013
2017	257	228	485
2018	200	129	329
2019	312	278	590
2020	180	168	348
2021	407	401	808
<b>2022</b>	<b>346</b>	<b>320</b>	<b>666</b>

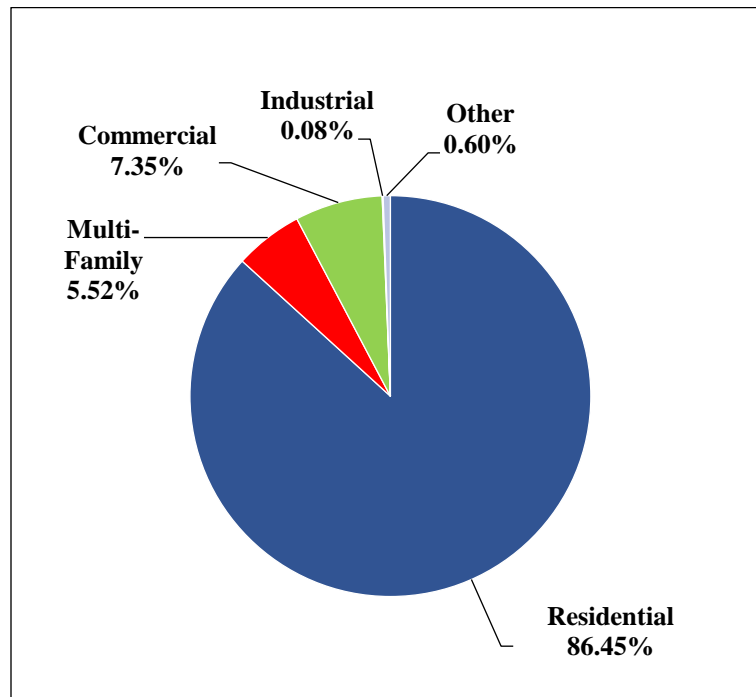


**CITY OF CHEYENNE, WYOMING  
BOARD OF PUBLIC UTILITIES**

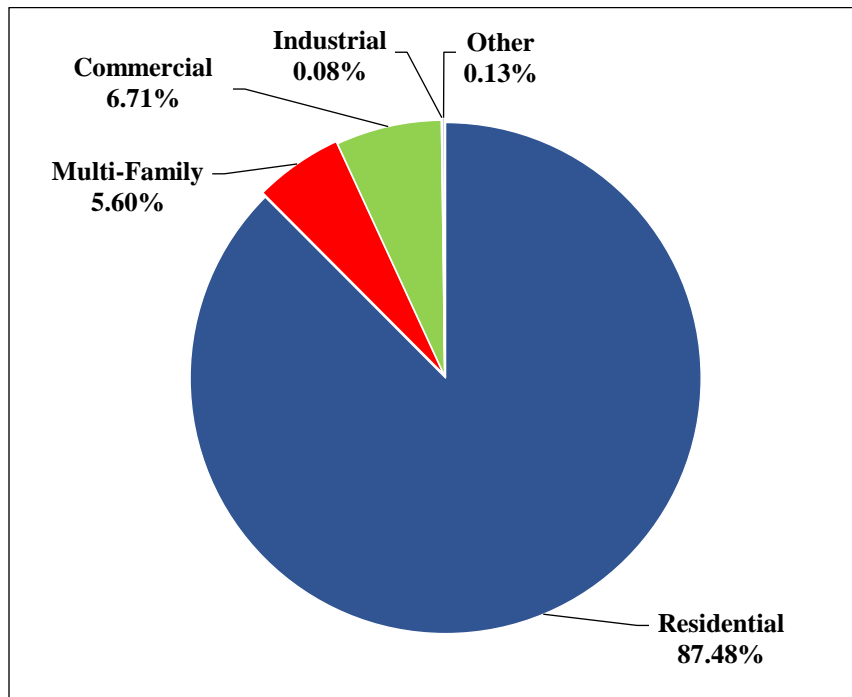
**NUMBER OF WATER AND SEWER USERS BY TYPE (UNAUDITED)  
Last 10 Fiscal Years**

Fiscal Year	Water					Sewer	
	Residential	Multi-Family	Commercial	Industrial	Other	Residential	Multi-Family
2013	19,917	1,266	1,677	21	151	19,565	1,251
2014	19,913	1,250	1,695	21	180	19,831	1,252
2015	20,195	1,250	1,711	17	152	20,120	1,251
2016	20,382	1,257	1,721	21	168	20,300	1,257
2017	20,618	1,271	1,735	21	159	20,530	1,272
2018	20,844	1,295	1,772	22	177	20,742	1,294
2019	20,986	1,314	1,766	24	178	20,892	1,310
2020	21,178	1,352	1,800	20	147	20,936	1,341
2021	21,290	1,365	1,745	19	142	21,170	1,362
<b>2022</b>	<b>21,505</b>	<b>1,367</b>	<b>1,752</b>	<b>19</b>	<b>144</b>	<b>21,357</b>	<b>1,365</b>

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



Sewer			Total	
Commercial	Industrial	Other	Water	Sewer
1,561	20	15	23,032	22,412
1,592	20	23	23,059	22,718
1,605	20	25	23,325	23,021
1,619	20	27	23,549	23,223
1,618	20	25	23,804	23,465
1,637	22	25	24,110	23,720
1,634	22	25	24,268	23,883
1,607	18	30	24,497	23,932
1,615	17	33	24,561	24,197
<b>1,629</b>	<b>18</b>	<b>33</b>	<b>24,787</b>	<b>24,402</b>



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

**GALLONS PER CAPITA PER DAY (UNAUDITED)  
Last 10 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
2013	61,055	2,079,444	93.31	3,620,334	162.46
2014	62,845	1,883,289	82.10	3,277,123	142.87
2015	63,254	1,725,254	74.73	3,073,629	133.13
2016	63,590	1,827,595	78.74	3,305,945	142.43
2017	64,019	1,880,860	80.49	3,386,465	144.93
2018	64,413	1,908,840	81.19	3,472,373	147.69
2019	64,156	1,762,892	75.28	3,174,183	135.55
2020	64,165	1,880,928	80.31	3,141,813	134.15
2021	64,235	1,976,543	84.30	2,911,251	124.17
<b>2022</b>	<b>65,501</b>	<b>2,042,943</b>	<b>85.45</b>	<b>2,860,829</b>	<b>119.66</b>

\* Wyoming Center for Business & Economic Analysis.

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



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

**METERED WATER SALES BY CUSTOMER CLASS AND OPERATING  
AND DEBT SERVICE COST PER 1,000 GALLONS SOLD (UNAUDITED)  
Last 10 Fiscal Years (in 000 Gallons)**

Fiscal Year	Residential	Commercial and Industrial	Holly Frontier Refining & Marketing	Total In-City Metered Water Sales	F.E. Warren Air Force Base	South Cheyenne Water and Sewer District	Outside City	Raw Water
2013	2,079,444	720,911	819,979	3,620,334	255,285	357,885	26,880	71,441
2014	1,883,289	686,023	709,881	3,279,193	180,714	326,086	27,746	104,216
2015	1,725,254	694,585	653,790	3,073,629	189,640	313,828	29,781	61,452
2016	1,827,595	760,494	717,856	3,305,945	177,298	321,242	38,695	55,614
2017	1,880,860	714,806	790,799	3,386,465	174,401	336,733	63,312	92,226
2018	1,908,840	716,843	846,690	3,472,373	182,857	346,075	72,589	60,905
2019	1,762,892	678,390	732,901	3,174,183	162,078	336,601	69,864	53,724
2020	1,880,928	664,346	596,545	3,141,819	148,843	339,309	62,629	65,078
2021	1,976,543	676,576	258,132	2,911,251	138,067	357,335	88,454	74,525
<b>2022</b>	<b>2,042,943</b>	<b>720,841</b>	<b>97,045</b>	<b>2,860,829</b>	<b>164,349</b>	<b>390,722</b>	<b>59,189</b>	<b>82,377</b>

\* Excluding depreciation.

Recycled Water	Oil and Gas	Construction	Total Water Sales (Gallons)	Total Water Operating Expenses*	Operating Cost per 1,000	Total Water Debt Service	Debt Cost per 1,000
21,320	19	19,447	4,372,611	\$ 10,017,855	\$ 2.29	\$ 5,054,210	\$ 1.16
17,122	515	13,235	3,948,827	10,765,898	2.73	3,539,491	0.90
16,032	2,099	7,732	3,694,193	10,481,000	2.84	3,899,388	1.06
13,348	936	8,606	3,921,684	11,553,006	2.95	5,706,802	1.46
18,380	-	25,903	4,097,420	12,065,681	2.94	7,786,875	1.90
14,284	3,144	13,444	4,165,671	12,900,076	3.10	4,831,583	1.16
17,313	48	10,041	3,823,852	13,349,936	3.49	5,025,304	1.31
16,912	-	7,898	3,782,488	13,295,274	3.51	7,321,687	1.94
24,211	-	9,525	3,603,368	12,149,429	3.37	2,796,904	0.78
<b>21,681</b>	<b>-</b>	<b>33,293</b>	<b>3,612,440</b>	<b>12,629,608</b>	<b>3.50</b>	<b>2,282,775</b>	<b>0.63</b>

## **COMPLIANCE SECTION**



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and each major fund of the City of Cheyenne, Wyoming Board of Public Utilities (the Board) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated October 11, 2022.

**Report on Internal Control over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

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

**Purpose of this Report**

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

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

Cheyenne, Wyoming

October 11, 2022