

# BOARD OF PUBLIC UTILITIES

Waterworks and Sewer Enterprise Funds  
of the City of Cheyenne, Wyoming



## Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2015

### **Crow Creek Water Reclamation Facility Improvement Project**

During Fiscal Year 2015, the Board of Public Utilities completed the Crow Creek Water Reclamation Facility Improvement Project. The project consisted of the construction of a new Operations and Headworks Building. The operations portion of the building includes an area to operate and monitor the plant, a small kitchen, a separate lab, and a two-bay garage to house plant equipment. The headworks portion of the building includes two new screening units, grit separation equipment, and a grit handling area. The project was financed by a \$5 million Clean Water State Revolving Loan with repayment over 20 years with 2.5% interest and \$755,144 in cash from the sewer enterprise fund. Total project cost: \$5,755,114.

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

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

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

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

Monday, September 28, 2015

The Board of Public Utilities (Board) Comprehensive Annual Financial Report for the fiscal year ended June 30, 2015 (CAFR FY 2015) is hereby submitted. The Board's Administration Division prepared this report, and is responsible for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures.

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

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

RubinBrown, a firm of licensed certified public accountants, has audited the Board's financial statements. The goal of the independent audit is to provide reasonable assurance that the Board's financial statements for the fiscal year ended June 30, 2015 are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Board's financial statements for the fiscal year ended June 30, 2015 are fairly presented in conformity with general accepted accounting principles (GAAP). The independent auditor's opinion is presented as the first component of the financial section.

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

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

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

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

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

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

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

## **GENERAL INFORMATION**

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

As an innovative, progressive community, Cheyenne utilizes the world's newest technologies at a friendlier and less frantic pace than larger urban areas; yet it is a city that remembers its roots and retains a unique Western flavor. It is known worldwide for its annual celebration of the west, Cheyenne Frontier Days, The Daddy of 'em All which draws 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, as of July 2014, of 62,845 and a county population of 96,389. 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 railroads in the Union Pacific and the Burlington Northern rail roads. Serves as the northern anchor city of the rapidly expanding Front Range Region of the Rocky Mountains.
- Low tax burden for businesses.
- A newly developed 2,500 acre heavy industrial park with access to Union Pacific and Burlington Northern rail roads as well as two interstate highways.

## **ECONOMIC CONDITION AND OUTLOOK**

According to the Wyoming Center for Business & Economic Analysis (WCBEA) the City of Cheyenne, after seeing a long string of quarterly modest to robust job gains, job growth went flat the third quarter of 2014 on a year-over-year basis. Local Area Unemployment Statistics (LAUS) reported a net gain of only 52 jobs (0.12%) from third quarter 2013 while the Current Employment Statistics (CES) gained only 100 jobs (0.21%) over the same period. There was no ready explanation for this unexpected softening especially in light of the fact that the sharp drop in oil prices had not impacted third quarter economic activity. One hypothesis might suggest that there may have been an administrative glitch in the data reporting/sampling process and therefore, it would not be surprising to see upward revisions in third quarter data. If this explanation does not suffice, an alternative hypothesis would suggest that after posting consistent and strong growth over the past two years or more, local economic drivers took a deep breath and paused for 90-days before resuming their upward drive. One idea to keep in mind, even though job growth slowed last quarter, the number of new jobs created over the past two years still hovered near 2,000.

### **CHEYENNE LABOR MARKET**

	A	B	C	D	Percentage Change A to D	Percentage Change B to D	Percentage Change C to D
	2011	2012	2013	2014			
Total Civilian Labor Force (LAUS)	29,536	30,044	30,690	31,066	5.18%	3.40%	1.23%
Total Employment (LAUS)	27,667	28,311	29,271	29,706	7.37%	4.93%	1.49%
Total Unemployment (LAUS)	1,869	1,733	1,419	1,360	-27.23%	-21.52%	-4.16%
Unemployment Rate (LAUS)	6.3%	5.8%	4.6%	4.4%	-30.16%	-24.14%	-4.35%
(LAUS) - Local Area Unemployment Statistics							

To summarize, the economic picture of Cheyenne as stated by the WCBEA Report indicates depressed enplanement statistics and indicators for general business also slowed in the third quarter. Estimated retail sales which have risen at unusually fast rates over the first two quarters of 2014, slowed sharply this quarter when compared to third quarter 2013. This series increased 1.3 percent over that period, but remained 15.4 percent higher than levels posted two years ago. Even though the year-over-year rate slowed this quarter, the rate of growth between second and third quarters hit 16.3 percent. More importantly, when a year-to-date comparative analysis is made, the gain in retail sales over the first three quarters of 2014 remained impressive.

### **GENERAL BUSINESS ACTIVITY**

	A	B	C	D	Percentage Change A to D	Percentage Change B to D	Percentage Change C to D
	3Q12	3Q13	2Q14	3Q14			
Auto Registrations New & Used	3,321	3,344	3,261	3,348	.80	.11	2.67
Enplanements - Cheyenne Airport	1,153	999	317	384	-66.71	-61.59	20.9
Total Retail Sales (\$000)	302,684	344,743	300,236	349,187	15.36	1.29	16.3
Bankruptcies	23	17	18	14	-38.57	-17.31	-20.37



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



### **Niobrara Oil Play**

During the course of the fiscal year, activity began to ramp up within the Niobrara Oil Play bordering Cheyenne. Oil production in Laramie County increased by 578,000 barrels. Production will, most likely, significantly increase during the next few years, depending on the price of crude oil. The Wyoming Oil and Gas Commission approved 347 drilling permits in Laramie County during 2014. According to the Cheyenne Chamber of Commerce, employment related to the oil play was a major factor in the decrease in the

unemployment rate in Cheyenne and Laramie County. While Cheyenne has yet to feel the full effects of the oil play, it is anticipated that the continued increase in employment related to the play may put additional pressure on an already tight housing market.

## **Cheyenne ranked by *USA Today* as the 8<sup>th</sup> fastest growing economy in the nation.**

In October of 2014, *USA Today* ranked Cheyenne the 8th fastest growing economy in the United States. Results based on the Conference of Mayors' most recent economic report, produced in conjunction with forecasting company IHS Global Insight (IHS), identified the metropolitan statistical areas with the largest growth in real gross metropolitan product during 2013. According to the *USA Today* article, "Cheyenne is Wyoming's capital and its most populous city ranks in 8<sup>th</sup> place in the nation." Cheyenne's economy grew by a fast 4.4% clip during the last year.



## **Microsoft Data Center Announces an Additional \$200 Million Expansion**



The Cheyenne Laramie County Corporation for Economic Development (LEADS) and the Wyoming Business Council announced Microsoft Corporation will expand their data center west of Cheyenne. The expansion is estimated to create 25 new permanent jobs in addition to the 25 jobs from the current operations. Construction of the center will begin as early as this summer and is expected to employ 200-600 people. This most recent expansion will add an additional 120 acres to the existing data center footprint. To date, Microsoft has invested over \$750 million dollars developing the data center.

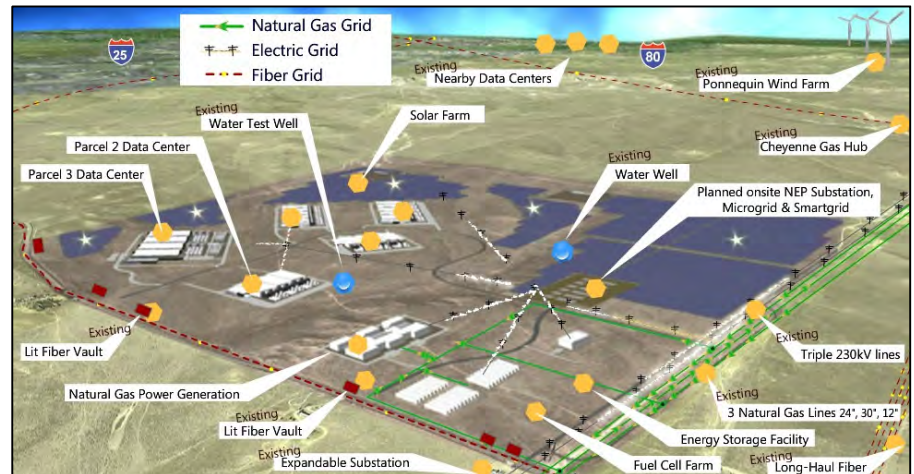
"These jobs represent Wyoming's commitment to diversifying the state's economy. The people who come to work on this project also support the local economy by staying in our hotels, eating at our restaurants and spending money in other ways," Governor Mead said. "If you had told me four years ago that a company would be investing three quarters of a billion dollars in Wyoming and it had nothing to do with minerals,

tourism and agriculture – it would have been hard to believe. I would like to thank Microsoft for their continued investment in Wyoming.”

Microsoft began its data center development in Cheyenne in early 2012. The current expansion calls for up to \$200 million in additional capital investment. Microsoft’s total investment in the Cheyenne area is approaching three quarters of a billion dollars.

“We’re excited to expand our footprint in Cheyenne and continue our strong working relationship with this community,” stated Christian Belady, General Manager of Data Center Services for Microsoft. “The demand for cloud computing continues to grow worldwide and we look forward to working with the community of Cheyenne to meet demand.”

“Microsoft continues to be a great company to work with, and we are thrilled to have them believe in this community and to significantly expand their operations and investment here once again,” said Randy Bruns, CEO of Cheyenne LEADS. Cheyenne LEADS will enlarge the business park and extend water and sewer improvements to a new 120-acre parcel of land where Microsoft will build.



Historically, while the economic growth is welcome and encouraged, the large base of federal, state and local government continues to add stability to Cheyenne’s economy. That base helped the City weather downturns in the state’s energy and agricultural sectors in the 1980s, 1990s and during the recent great recession in 2008.

During fiscal year 2015, the State of Wyoming remained the community’s largest employer with 3,317 workers surpassing F.E. Warren Air Force Base, with 3,361 employees. Laramie County School District No. 1 follows F. E. Warren Air Force Base with around 2,204 employees. The Federal Government has around 1,703 employees and Cheyenne Regional Medical Center employs 1,812 employees. Sierra Trading Post (outdoor goods outlet and catalogue sales) ranks as the community’s second largest private employer with 877 employees.

Current statistics, even with a 4<sup>th</sup> quarter 2014 slow down, are quite positive in relation to the current business climate. The prevailing mood throughout the business community is one of optimism. Business leaders remain confident the community will handle growth as long as it continues to invest in infrastructure and remains committed to managing growth.

## **MAJOR INITIATIVES**

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





### **Southern Water Main Phase III**


Phase III of the Southern Water Transmission Main Project is estimated at \$13.2 million and consists of about 6.1 miles of water main (36-inch – 16-inch). The Project will begin where the Phase II 42-inch pipeline ends, continue east along the Wallick Road alignment as a 36-inch pipeline.

The project is financed through a Wyoming Water Development grant in the amount of 67% of the project cost and a loan application may be submitted to the SLIB for consideration of funding from the Drinking Water State Revolving fund in the amount of 33% of the project cost.

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

Construction was completed during fiscal year 2015 on the Crow Creek Water Reclamation Plant Upgrades. The project consists of two major components with an estimated cost of \$5,000,000 for the entire upgrade. The project is financed by a Clean Water State Revolving Loan (CWSRF) 20-year loan at 2.5%.

Components include:

- Adding a second screening unit at Crow Creek and enclosing the grit basin. This project was recommended in the 2003 Master Plan as a 2010 project. Redundant screens are needed because when higher than normal flows occur (storm event, extended wet weather, etc.), the single screen clogs, causing the plant to shut down and flow to be transferred to the Dry Creek Plant. Clogging of the single screen often damages the screen, requiring additional down time and cost of repair. The dual screens allow the Crow Creek plant to stay in continuous operation, allowing its peak capacity of 12 mgd to be fully utilized and relieving the excess load on the Dry Creek plant.
- 
- The outdoor grit basin, although designed to operate in cold climates, has been problematic since its installation due to freezing issues. Enclosing it in the same structure as the new screens will resolve this issue.
  - Construction of a new Operations Building at Crow Creek. The existing Operations Building was constructed in the late 1940s and has been in continuous service since, with little improvement. The new building will have ADA compliant male and female restrooms, incorporating locker space and a shower for staff. It will also have an operations area to operate and monitor the plant, a small kitchen area, and a separate lab sized to accommodate the required testing. A two-bay garage is included for inside storage of front-end loader, tractors and other mowing equipment, truck and other mobile plant equipment.



### **Recycled Water to Holiday Park**

Construction will begin on routing recycled water to Holiday Park. This project will supply recycle water for the irrigation of Holliday Park, thus relieving a demand of about 75-acre feet (about 25 million gallons) on the potable water system. Financing comes from Green Funding available through the State Loan and Investment Board (SLIB) Drinking Water State Revolving fund. The project will be eligible for 25% grant funding and 0% interest. Cost of the project is estimated at \$1,000,000.

### **South Cheyenne Sewer Collection Main Phase I**

Phase I Southern Sewer Interceptor Main will collect sewage from the southern portion of Cheyenne and deliver the sewage to the Crow Creek Water Reclamation Facility (CCWRF). Project cost is estimated at \$11,940,000.

The project will:

- Provide enhanced sewer services to the southern portion of Cheyenne.
- Increase sewage flows into the CCWRF, which has existing capacity.
- Provide needed expansion of water supply to the recycled water treatment works located at the CCWRF.

The expansion of the water supply to the recycled water treatment works will support expansions of the recycled water irrigation systems and increased usage of recycled water, thus allowing valuable potable water resources currently used for irrigation to be redirected as needed.



### **Other Initiatives**

Effective January 1, 2015, the multi-tiered water rate for single family residential will increase approximately 3.0%.

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

<u>Residential (in-city)</u>		<u>Jan 01, 2014</u>	<u>Jan 01, 2015</u>	<u>Jan 01, 2016</u>
First Block	First 6,000	\$3.72	\$3.85	\$3.97
Second Block	Next 18,000	4.61	4.77	4.91
Third Block	Next 18,000	5.72	5.91	6.09
All Over	42,000	7.11	7.36	7.58

The volume rate charge per 1,000 gallons of drinking water for commercial users during these same time periods of January 1, 2014, January 1, 2015 and January 1, 2016 are as follows: \$4.28, \$4.43, and \$4.56, respectively.

The volume rate charge per 1,000 gallons for sewerage for residential users during these same time periods of January 1, 2014, January 1, 2015 and January 1, 2016 are as follows: \$3.91, \$4.21 and \$4.43, respectively.

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

Fiscal Year 2015 marked the release of the Board's 16th Consumer Confidence Report, an annual report on the quality of the City's drinking water. Once again, the Board was pleased to report that Cheyenne's drinking water is safe and meets or exceeds all state and federal standards and requirements. Tests for 76 chemicals and potential contaminants during the calendar year revealed no violations.

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

Other noteworthy initiatives during fiscal year 2015 included another ambitious round of water and sewer main rehabilitations. Water and sewer main rehabilitation is an annual priority to keep the City's water distribution and wastewater collection systems in top shape.

### **FOR THE FUTURE**

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

### **Fiscal Year 2016 projects include:**

A number of rehabilitation, system monitoring, and sewer line cleaning projects are included in the FY 2016 Budget. Some projects that are included;

- **Distribution Monitoring System** will improve monitoring of the distribution system. Flows, pressures, tank levels, and water quality will be monitored at key locations in the distribution system and the associated data will be brought back to the SCADA system. The project will include a water quality monitoring station that will be installed near the West Pershing Boulevard and Randall Avenue triangle to monitor the 30-inch Warren Air Force Base transmission main.
- **Happy Jack Well Line Replacement** will replace approximately 4,000 feet of the Happy Jack Well Line from the Happy Jack Crossover to the Happy Jack Meter Vault near the RL Sherard Water Treatment Plant. This project will involve removing and replacing the pre-stressed concrete pipe with PVC pipe.
- **Campstool Line Replacement** will replace 6900 feet of four-inch cast iron pipe installed in 1973 with has a history of main-breaks with 10-inch PVC with a new casing under North College Avenue.
- **Buffalo Ridge Tank Re-coating Project** will re-coat the entire interior and exterior of tank. The coating is over 50 years old, and has exceeded the design life. The existing interior coating system is incompatible with modern coating systems and cannot be repaired. The project will be funded by Drinking Water State Revolving Fund (SRF) Loan with 25% principle forgiveness.
- **Additional Sewer Line Cleaning** – The purchase of a new combination sewer cleaning truck with hydro-excavation equipment and hire additional staff will allow for additional sewer line cleaning. The fourth sewer jet and two additional laborers will allow for the jetting of an additional 55 miles

each year for an annual goal of 220 miles. The over-all goal will be to jet the entire sewer system every 18 months

### **Other Items for 2015**

On June 08, 2015, the City Governing Body adopted the water and sewer enterprise fund budgets as recommended by the Board for fiscal year 2016 (July 1, 2015 to June 30, 2016). The Board's combined water and sewer budget for fiscal year 2016 of \$38,555,100 is \$46,137,403 less than fiscal year 2015's adjusted budget.

The Board also continued its intensive planning efforts. On December 2, 2014, the Board held its annual day-long Goals and Planning Workshop to look at near and long-term projects to carry the City of Cheyenne well into the 21st Century. Another workshop is planned for December 2015.

### **Relevant Financial Policies**

During the course of fiscal year 2015, there were no significant financial policy changes.

### **Administrative Controls**

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

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

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

### **Awards**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the Board for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the 37th consecutive year the Board has received this prestigious award.

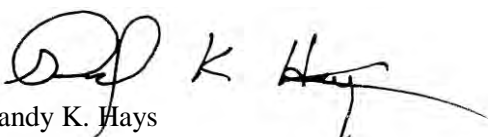
### **In Conclusion**

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

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

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

Respectfully submitted,



Randy K. Hays  
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 Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO



**BOARD OF PUBLIC UTILITIES  
BOARD MEMBERS – JUNE 2015**



**Joe Bonds**  
**Board President**  
**Board Member since June 1, 2007**  
**Term expires: June 1, 2019**



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



**James Murphy**  
**Board Member**  
**Board Member since June 1, 2013**  
**Term expires: June 1, 2019**



**Matthew Pope**  
**Board Member**  
**Board Member since September 9, 2013**  
**Term expires: June 1, 2021**



**Mary Guthrie**  
**Board Member**  
**Board Member since June 1, 2015**  
**Term expires: June 1, 2021**



## LIST OF PRINCIPAL OFFICIALS

**As of June 30, 2015 the following is a list of principal officials of the Board of Public Utilities, City of Cheyenne:**

<u>Elected and Appointed Officials</u>	<u>Current Term Expires</u>	<u>Position</u>
Richard Kaysen	January – 2017	Mayor
Joe Bonds	June – 2019	Board President
Brad Oberg	June – 2017	Board Secretary
James Murphy	June – 2019	Board Member
Matt Pope	June - 2021	Board Member
Mary Guthrie	June – 2021	Board Member

### **Management:**

Timothy E. Wilson, Director  
Randy Hays, Administration Manager  
Brad Brooks, Engineering and Water Resource Manager  
Clint Bassett, Water Treatment Manager  
Frank Strong, Operations and Maintenance Manager  
Jim Hughes, 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.

Before any tents or buildings were constructed, Crow Creek Crossing was selected as a strategic railroad 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 cavalry and supply posts.

Within a week of selecting the site, the City of Cheyenne was surveyed and lots sold. Tent City Cheyenne sprang into existence.

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 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.



*Above: Tent City Cheyenne, used with permission from Wyoming State Archives.*

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 wasn't 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.

On April 27, Board of the city's studying and needs of sewer. In Cheyenne's Crow Creek Wyoming and



With the and 50's, it an additional

North Platte River drainage were already appropriated, meaning already assigned to other uses, the Board had to look farther west. The Board found unappropriated water over 115 miles and three mountain ranges to the west in the headwaters of the Little Snake River in the Sierra Madre Mountains on the western slope of the Continental Divide.

The presence of the mountains between the Sierra Madres and Cheyenne made the actual delivery of this water to Cheyenne cost prohibitive. In order 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

1943, the City of Cheyenne established the Public Utilities (Board) to manage and control water and sewer systems. The Board began addressing the long-range water and sewer Cheyenne. One of their first tasks was to treat 1949, the Board began construction on first wastewater treatment plant (WWTP), WWTP. It was one of the first WWTPs in the Rocky Mountain Region.

steady growth of the city during the 1940's was evident that Cheyenne needed to develop source of water. Because water rights in the



*Above: Construction of the Hog Park Tunnel.*

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 Board releases water from Hog Park Reservoir into the North Platte River, the Board can collect water from the North Platte River at Rob Roy Reservoir.

Water released from the 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 flowed down creeks in the Crow Creek drainage to Granite and Crystal Reservoirs. Stage I of the 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 Board 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. Dry Creek was expanded again 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 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. In order 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

*Above: Round Top WTP.*

MGD. In an effort to meet growing demands for treated drinking water in the community, the Board launched two projects.



The first was the Northwest Area Raw Water Irrigation Project. This project switched irrigation of three 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 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 water treatment plant began serving the community in the spring of 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 discharges 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 nongame fisheries, fish consumption, aquatic life other than fish, and primary contact recreation.



*Above: Sherard WTP.*



*Above: Biologic treatment at Crow Creek WRF.*

As a result, ammonia and chlorine could no longer be discharged to 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 WWTP, 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 and freezing temperatures could 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 increases contact with the water and increases contaminant removal. Both plants implemented the more efficient biological treatment. Disinfection was upgraded from chlorine to ultra-violet light. The treated wastewater flows

through a series of intense ultra-violet lights that sterilizes bacteria.

These upgraded treatment methods meant that Cheyenne had the ability to restore usefulness and value to wastewater. As a result, the Board changed the names of the wastewater treatment plants to water reclamation facilities (WRF). The construction also presented the Board 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 Board seized upon an opportunity to realize an observation made by a Board President fifty years earlier.

“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 which 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 Board continued to prepare for future water demands. In 2003, the Board adopted a water conservation program. The water conservation program has successfully reduced water demand. Since implementing the program, peak water use dropped. The highest demand prior to the water conservation program was 39.5 MGD. Since implementing a water conservation program, the highest use occurred in 2009 at 32 MGD.

In 2005, the Board participated in the purchase of the Belvoir Ranch to expand ground water resources. Since the purchase, the Board 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 Board’s plans.

In 2007, the Board 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.



*Above: Purple pipe. The recycled water system includes a separate distribution system for recycled water. To differentiate this system from the potable system, purple pipe was used.*

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

Also in 2013, the Board conducted a water and wastewater master plan. This plan identifies and prioritizes the projects the Board needs to accomplish to be able to supply water into the future.

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, Board Members and Board staff. Under current growth rates, per capita water use, conservation efforts and recycled water capabilities, the Board 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.



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

Nearly 150 years have passed and rail cars still rumble through town. Missiliers 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.

<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.





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



## **Little Snake River Diversion Pipeline**

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



## **Rob Roy Dam & Reservoir**

(Constructed 1966 & Enlarged 1985)



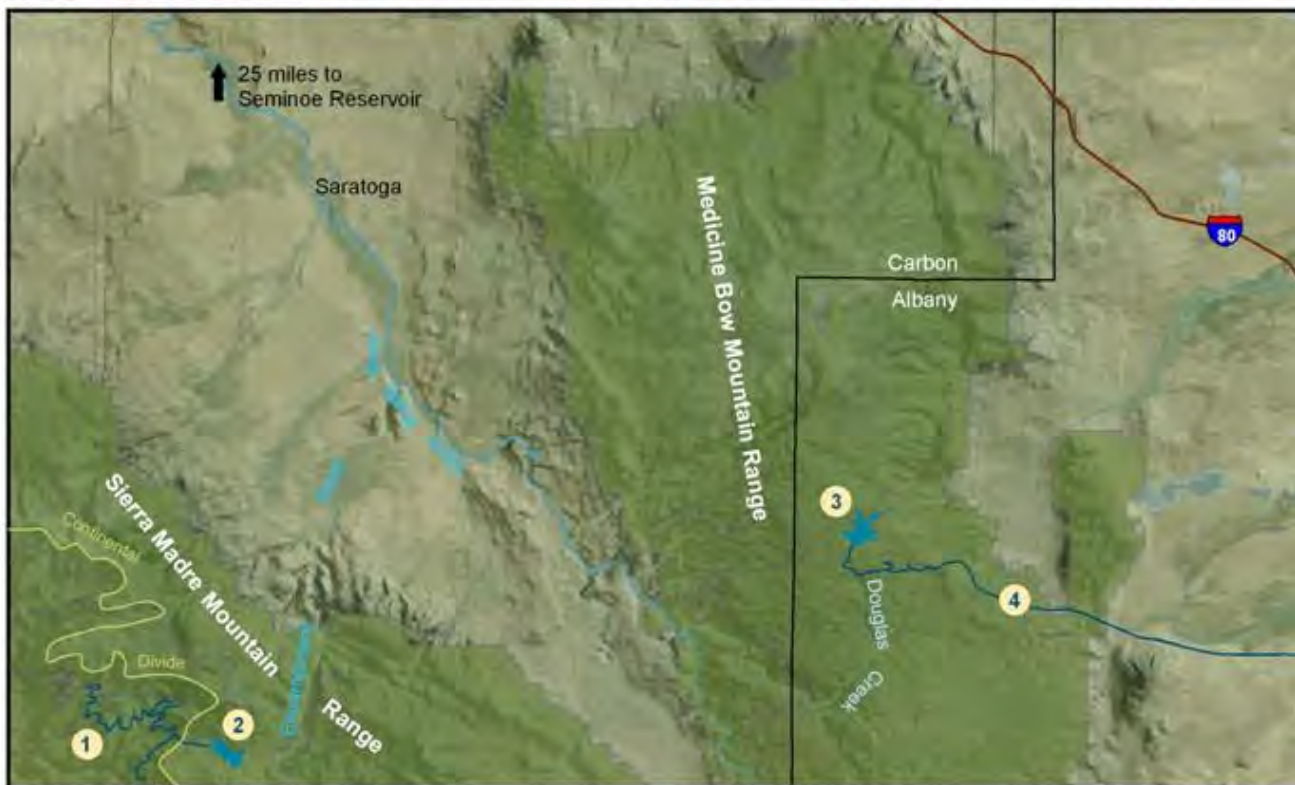
## **Granite Springs Dam & Reservoir**

(Constructed 1902-1904  
 Rehab in 1986)



## **South Crow Dam & Reservoir**

(Constructed 1911 - Rehab in 2003)



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



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



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



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





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



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

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



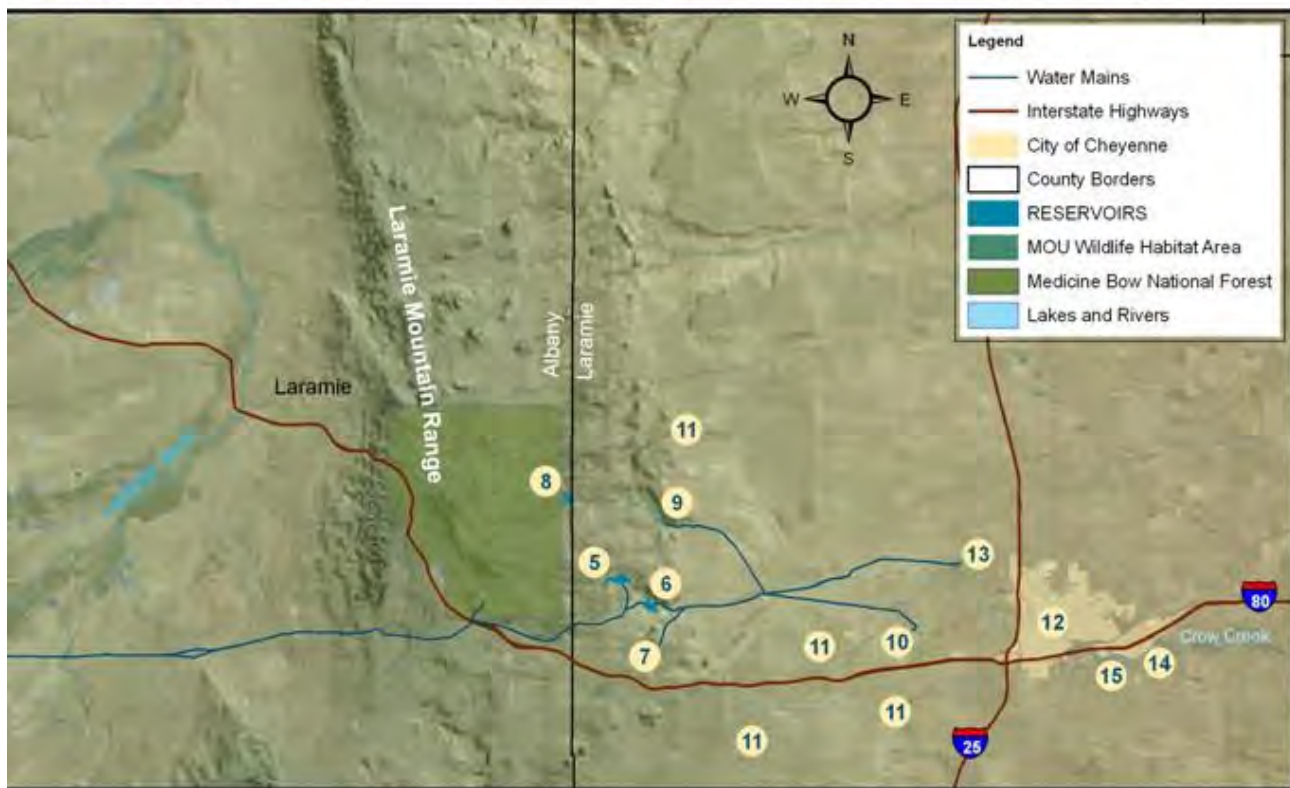
**Wells High Plains Aquifer**



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



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



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

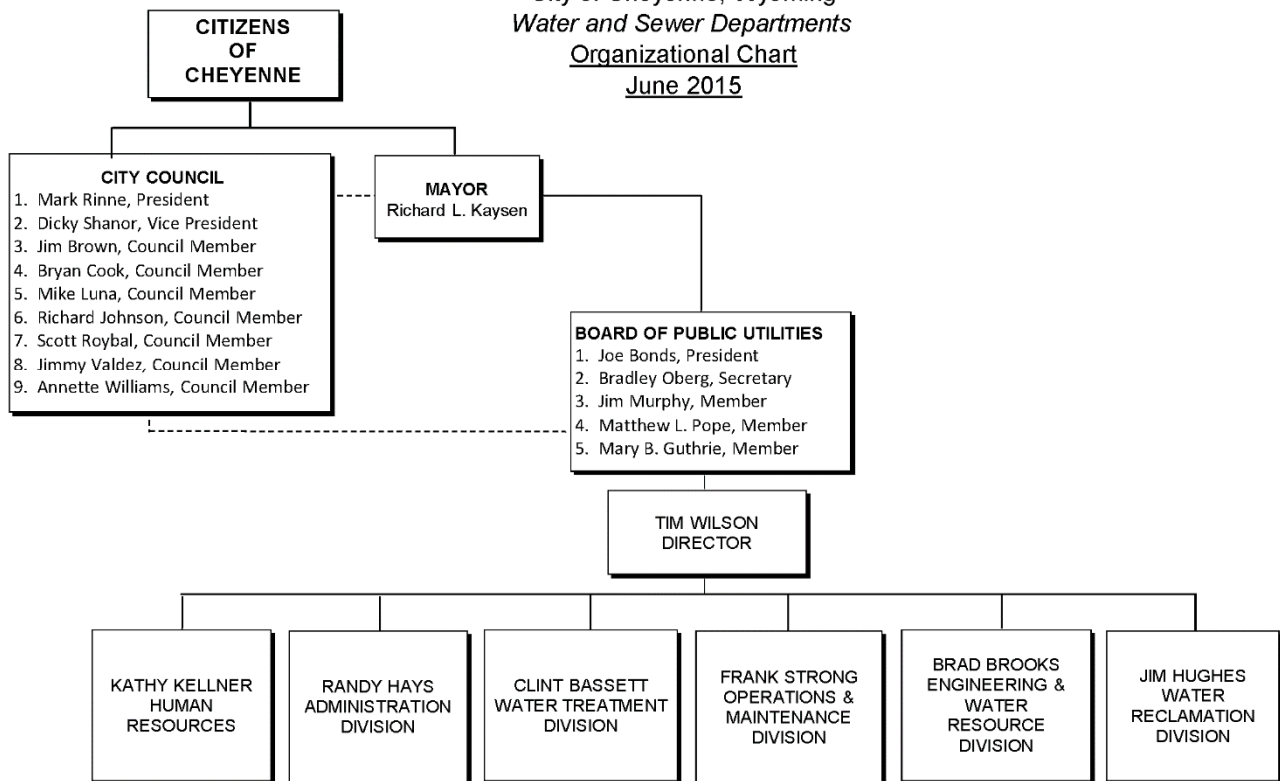


**Cheyenne, Wyoming**  
(Population 55,314 - Board of Public Utilities Customers 21,667)



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

**Board of Public Utilities**  
City of Cheyenne, Wyoming  
*Water and Sewer Departments*  
Organizational Chart  
June 2015





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## Independent Auditors' Report

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

### Report On The Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of the Board of Public Utilities City of Cheyenne, Wyoming (the Board), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

### *Management's Responsibility 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; this includes 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.

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the 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, 2015, 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.

### ***Emphasis Of Matters***

As discussed in Note 1, the Board adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, effective July 1, 2014. Our opinions were not modified with respect to this matter.

As discussed in Note 1, 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, 2015, the changes in its financial position or its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages 4 through 18 and schedule of the Board's proportionate share of the net pension liability on page 46 and schedule of the Board's contributions to the pension plan on page 47, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB, which 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.

*Other 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 introductory section, individual fund budgetary comparison schedule and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund budgetary comparison schedule 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. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the individual fund budgetary comparison schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required By *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2015 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 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 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.

*RubinBrown LLP*

September 28, 2015

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

Management of the Board of Public Utilities (Board) offers readers of the Board's financial statements this narrative overview and analysis of the financial activities of the Board of Public Utilities for the fiscal year ended June 30, 2015.

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

### **Financial Highlights**

The Board implemented GASB 68, Accounting and Reporting for Pensions- an Amendment of GASB 27. Implementing GASB 68 resulted in the Board restating its net position as of July 1, 2014 in order to report a Net Pension Liability totaling \$5,340,078. The balance of the Net Pension Liability as June 30, 2015 was \$6,390,668.

The Board's assets and deferred outflows of resources exceeded its liabilities at the close of the fiscal year by \$267,874,243 (net position). Of this amount, \$26,138,255 (unrestricted net position) is available to meet the Board's ongoing obligations to citizens and creditors.

The Board's total net position increased by \$6,078,916 during fiscal year 2015. This increase can be attributed to capital contributions, grant revenues, and an increase in system development fees.

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

- In July, the Board approved a resolution authorizing the submittal of an application to the Wyoming State Loan and Investment Board, Wyoming Drinking Water State Revolving Fund for a loan in the amount not to exceed \$1,878,825 for the FY 2015 Water Distribution System Rehabilitation Project. Upon completion of the project, the loan will be granted principal forgiveness of 25% of the drawn loan funds. The loan terms are interest at 2.5% for 20 years.
- In July, the Board approved a resolution authorizing the submittal of an application to the Wyoming State Loan and Investment Board, Wyoming Drinking Water State Revolving Fund for a loan in the amount not to exceed \$589,800 for the Sherard Powdered Activated Carbon Feed System Project. Upon completion of the project, the loan will be granted principal forgiveness of 25% of the drawn loan funds. The loan terms are interest at 2.5% for 20 years.
- In May, the Board approved a resolution authorizing the submittal of an application to the Wyoming State Loan and Investment Board, Wyoming Drinking Water State Revolving Fund for a loan in the amount not to exceed \$1,300,000 for the Buffalo Ridge Tank Repair Project. Upon completion of the project, the loan will be granted principal forgiveness of 25% of the drawn loan funds. The loan terms are interest at 2.5% for 20 years.

Interest revenue received for the current year was \$86,076 and increased \$20,728 from the previous fiscal year. The yield on bank certificates of deposit (c.d.'s) remained constant during the fiscal year at 0.10% on 90 day c.d.'s and a slight increase to 0.30% on Wyo-Star Fund Investments. Rate forecasts are uncertain for the first half of fiscal year 2016.

Operating revenue for the waterworks fund decreased \$329,789 and the sewer fund increased \$523,325 during the fiscal year. Revenue decreases in the waterworks operating revenue was largely due to 6.5% decrease in billed volume which can be derived from the wet fall of 2014 and spring of 2015. Revenue increases in the sewer operating revenue were attributed to the rate increases effective January 1, 2015.

The total indebtedness of the Board decreased \$706,710 (.93 percent) from \$75,878,271 to \$75,171,561 during the current fiscal year. For additional information please refer to Note 4 of the financial statements.



## **Overview of the Financial Statements**

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

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

## **Financial Statements**

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

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

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

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

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Board of Public Utilities, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the Board are categorized as proprietary funds.

## **Proprietary Funds**

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

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

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

## **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-45 of this report.

## **Other Information**

Required supplementary information regarding the Net Pension Liability is included in this report on pages 46-47. 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 48-49 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.

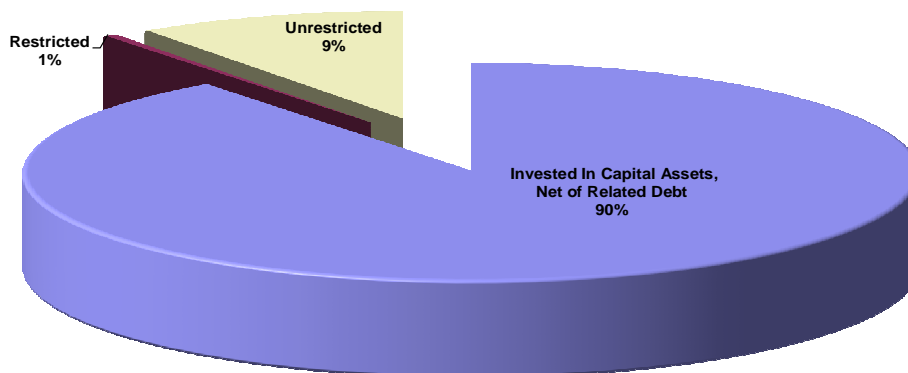
### Business-Type Activities Net Position

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 \$6,078,916 during fiscal year 2015.

The largest portion of the Board's net position, \$240,632,987 (90%) reflects its net investment in capital assets (e.g., dams, reservoirs, water and sewer treatment plants, miles and miles of water and sewer mains, land, buildings, machinery and equipment), less any related outstanding debt used to acquire those assets.

The Board uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Board's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Net Position Categories as of June 30, 2015**





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

	Waterworks Fund (\$1,000's)		Sewer Fund (\$1,000's)		Total Business-Type Activities (\$1,000's)	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 29,311	\$ 30,570	\$ 11,975	\$ 10,920	\$ 41,286	\$ 41,490
Capital assets	234,826	233,424	80,978	76,987	315,804	310,411
Deferred outflows of resources	1,198	802	243	99	1,441	901
Total assets & deferred outflows of resources	265,335	264,796	93,196	88,006	358,531	352,802
Long-term liabilities outstanding	44,838	46,428	32,523	31,568	77,361	77,996
Other liabilities	8,430	9,243	4,866	3,768	13,296	13,011
Total liabilities	53,268	55,671	37,389	35,336	90,657	91,007
Net investment in capital assets	192,642	189,497	47,991	45,036	240,633	234,533
Restricted	1,103	1,103	-	-	1,103	1,103
Unrestricted	18,322	18,525	7,816	7,634	26,138	26,159
<b>Total net position</b>	<b>\$ 212,067</b>	<b>\$ 209,125</b>	<b>\$ 55,807</b>	<b>\$ 52,670</b>	<b>\$ 267,874</b>	<b>\$ 261,795</b>

The remaining balance of unrestricted net position \$26,138,255 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 position, both for the government as a whole, as well as for its business-type activities. The same situation held true for the prior fiscal year.

**CHANGES IN NET POSITION**

Last Ten Fiscal Years

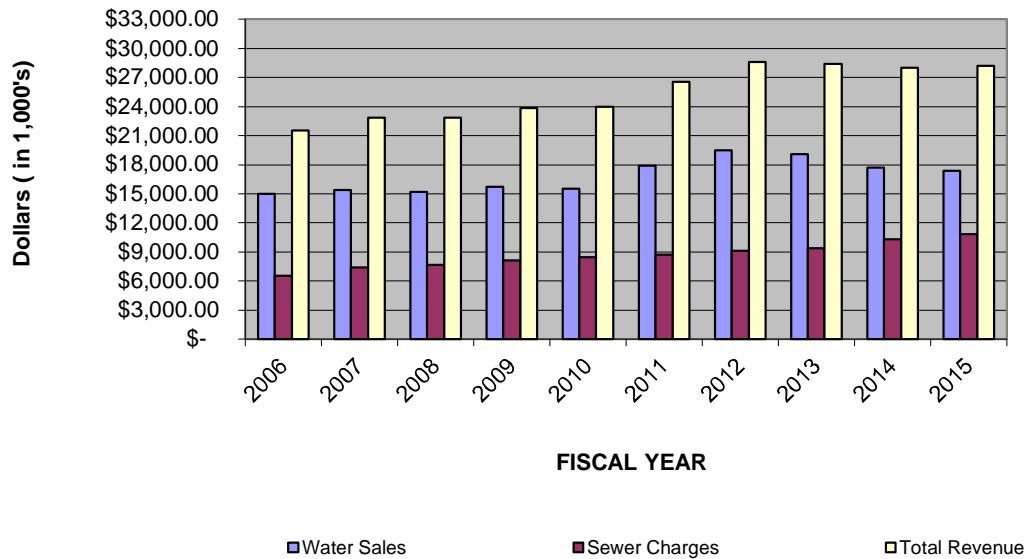
Fiscal Year	Operating Revenue	Operating Expenses	Operating Income (Loss)	Total Nonoperating Revenue/ (Expenses)	Income (Loss) before Capital Contribution	Capital Contribution	Change in Net Position
2006	21,520,678	19,430,355	2,090,323	3,124,447	5,214,770	9,891,820	15,106,590
2007	22,831,536	20,401,356	2,430,180	3,456,732	5,886,912	5,852,303	11,739,215
2008	22,876,903	22,712,301	164,602	1,519,564	1,684,166	2,160,041	3,844,207
2009	23,856,054	23,911,025	(54,971)	324,167	269,196	3,279,312	3,548,508
2010	24,281,960	24,220,188	61,772	(149,067)	(87,295)	1,498,273	1,410,978
2012	28,594,129	26,005,418	2,588,711	(179,719)	2,408,992	4,381,020	6,790,012
2011	26,575,116	25,151,232	1,423,884	(685,814)	738,070	5,958,598	6,696,668
2012	28,594,129	26,005,418	2,588,711	(179,719)	2,408,992	4,381,020	6,790,012
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

Net position increased by \$6,078,916 during fiscal year 2015. This is attributed to donated utilities, grant revenues, and system development fees from new users.

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

The following schedules present a summary of the water and sewer enterprise fund operating revenues for the fiscal year ended June 30, 2015, and the amount and percentage of increases and decreases in relation to prior year revenues.

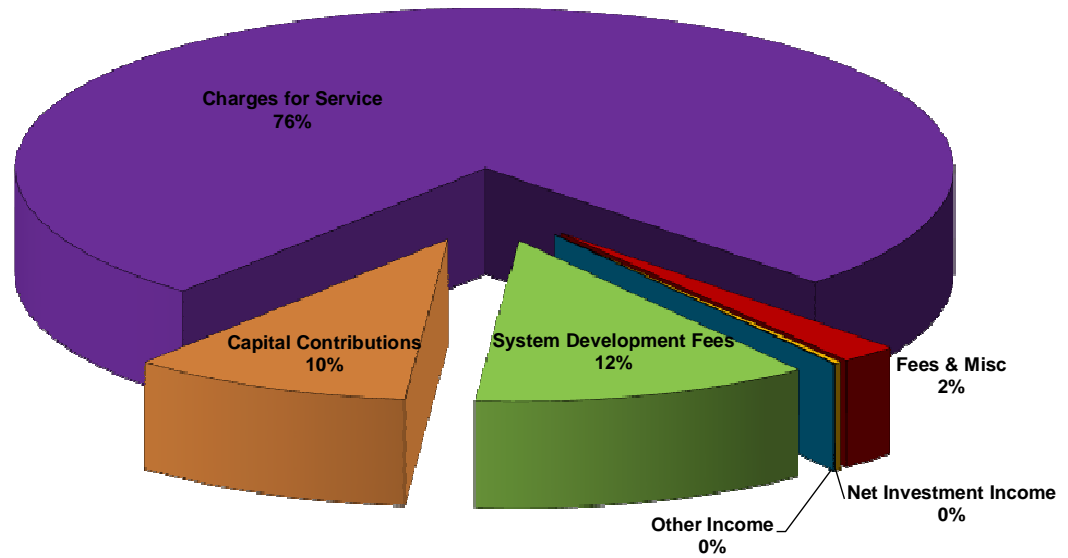
## OPERATING REVENUE



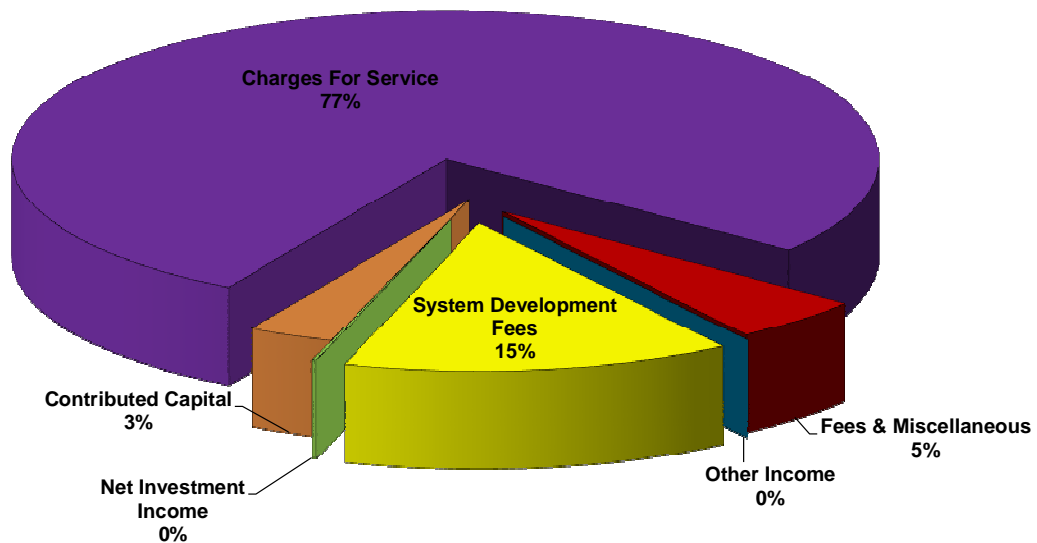
## BOARD OF PUBLIC UTILITIES Revenue (\$1,000's)

	Waterworks Fund		Sewer Fund		Total		Inc./(Decr.) From FY 14	% of Inc./Decr.	Fiscal Year 2014
	FY 15 Amount	% of Total	FY 15 Amount	% of Total	FY 15 Amount	% of Total			
Revenue Source									
Operating Revenue									
Sales and charges for service	\$16,928	76%	\$10,203	77%	\$27,131	77%	\$183	1%	\$26,948
Fees and miscellaneous	436	2%	657	5%	1,093	3%	11	1%	1,082
Total operating revenue	17,364	78%	10,860	82%	28,224	80%	194	8%	28,030
Nonoperating Revenue									
Net investment income	50	0%	19	0%	69	0%	(32)	-32%	101
Other income	8	0%	0	0%	8	0%	(268)	0%	276
System development fees	2,569	12%	1,912	15%	4,481	13%	330	8%	4,151
Total nonoperating revenue	2,627	12%	1,931	15%	4,558	13%	30	1%	4,528
Capital Contributions	2,132	10%	422	3%	2,554	7%	(16,530)	-87%	19,084
<b>Gross Revenue</b>	<b>\$22,123</b>	<b>100%</b>	<b>\$13,213</b>	<b>100%</b>	<b>\$35,336</b>	<b>100%</b>	<b>(\$16,306)</b>	<b>-32%</b>	<b>\$51,642</b>

## Water Revenue By Source



## Sewer Revenue By Source



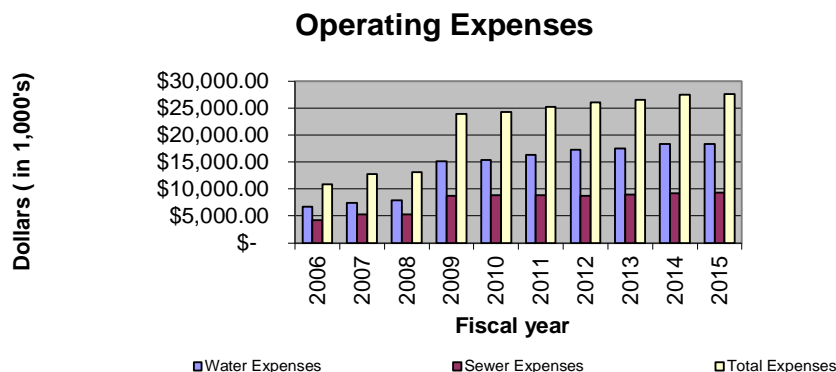
Gross operating revenue, including interest and transfers, totaled \$35,334,818 for FY 2015, a 31.5% decrease from FY 2014. The decrease was due to a \$16,529,467 decrease in capital contributions which included the Southern Water Transmission grant in FY 2014.

System Development fees increased \$328,784 compared to FY 2014. FY 2015 fees totaled \$4,480,380 compared to \$4,151,596 in FY 2014. In FY 2015, there were 297 water and sewer permits sold compared to 258 permits in FY 2014. There was a large project to reclaim an industrial sewer line funded by system development fees that generated higher annual revenue in FY 2015 as compared to FY 2014.

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 Water and Sewer Enterprise Fund operating expenses for FY 2015, and the percentage of increases and decreases in relation to prior year amounts.



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

	Waterworks Fund		Sewer Fund		Total		Inc./ (Decr.) From FY 14	% of Inc./Decr.	Fiscal Year 2014
	FY 15 Amount	% of Total	FY 15 Amount	% of Total	FY 15 Amount	% of Total			
Operating Expenses									
Source of supply	\$1,335	7%	\$ -	0%	\$1,335	5%	(\$91)	-6%	\$1,426
Water treatment	1,869	10%	-	0%	1,869	6%	22	1%	1,847
Transmission and distribution	2,041	11%	-	0%	2,041	7%	(11)	-1%	2,052
Sewer collection lines	-	0%	1,182	11%	1,182	4%	37	3%	1,145
Water reclamation	-	0%	2,400	24%	2,400	8%	51	2%	2,349
Engineering and water resources	911	5%	294	3%	1,205	4%	6	1%	1,199
Administrative and general	3,480	18%	1,770	18%	5,250	18%	(353)	-6%	5,603
Information technology and customer service	846	4%	286	3%	1,132	4%	83	8%	1,049
Depreciation	7,828	40%	3,364	33%	11,192	38%	379	4%	10,813
<b>Total operating expenses</b>	<b>18,310</b>	<b>95%</b>	<b>9,296</b>	<b>92%</b>	<b>27,606</b>	<b>94%</b>	<b>123</b>	<b>0%</b>	<b>27,483</b>
Nonoperating Expenses									
Interest expense	871	5%	779	8%	1,650	6%	(23)	-1%	1,673
<b>Total Expenses</b>	<b>\$19,181</b>	<b>100%</b>	<b>\$10,075</b>	<b>100%</b>	<b>\$29,256</b>	<b>100%</b>	<b>\$100</b>	<b>0%</b>	<b>\$29,156</b>

Total Operating Expenses, excluding depreciation, decreased from FY 2014 by \$256,716.

Salaries and Wages increased \$171,356 or 2.6% during FY 2015. FY 2015 Salaries and Wages totaled \$6,805,135 compared to \$6,633,779 in FY 2014. The increase was from market adjustments and a 2.25% pay increase for FY 2015.

Employee Benefits increased \$69,683 or 1.9% during FY 2015. The increase was from increased health and dental insurance, and increased Wyoming Retirement contributions.

Contractual Services decreased \$692,560 or 30.7% during FY 2015. The decrease was from the permit renewal with the US National Forest Service and the completion of the 2013 Master Plan that were completed in FY 2014.

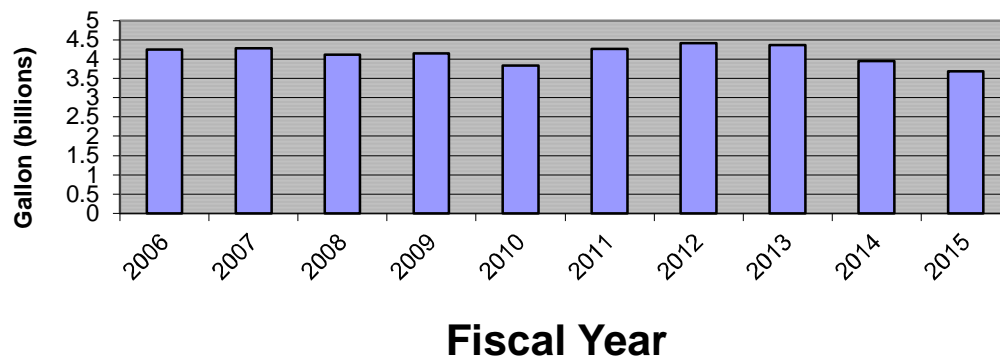
Supportive service expenses (electricity, gas, telephone, postage, etc.) increased \$19,643 or 0.9% during FY 2015. The increase was mainly due to a \$41,449 increase in gas and electricity expenses which was offset by decreases in bad debt and telephone expenses.

Interest expense on bonds and loans totaled \$1,650,151 for FY 2015, and was included in the above schedule of operating expenses. This 1.4% decrease from FY 2014 was the result of normal principal reduction in the water and sewer fund from the annual debt service payment.

### **Metered Water Consumption History**

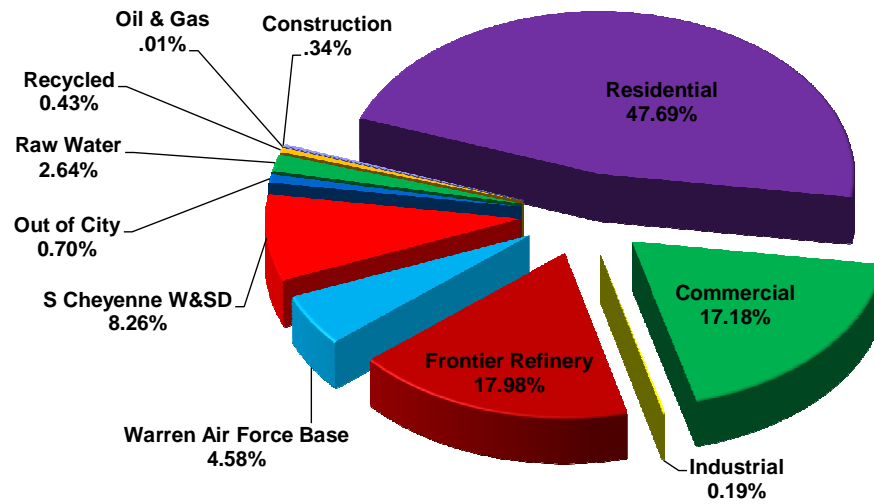
During FY 2015, the Board sold 3.694 billion gallons of water as compared to 3.949 billion gallons in FY 2014. The decrease can be attributed to a wet Fall and Spring resulting in decreased outdoor irrigation. Billed water consumption has averaged 4.109 billion gallons over the past ten years.

## **METERED WATER SALES**



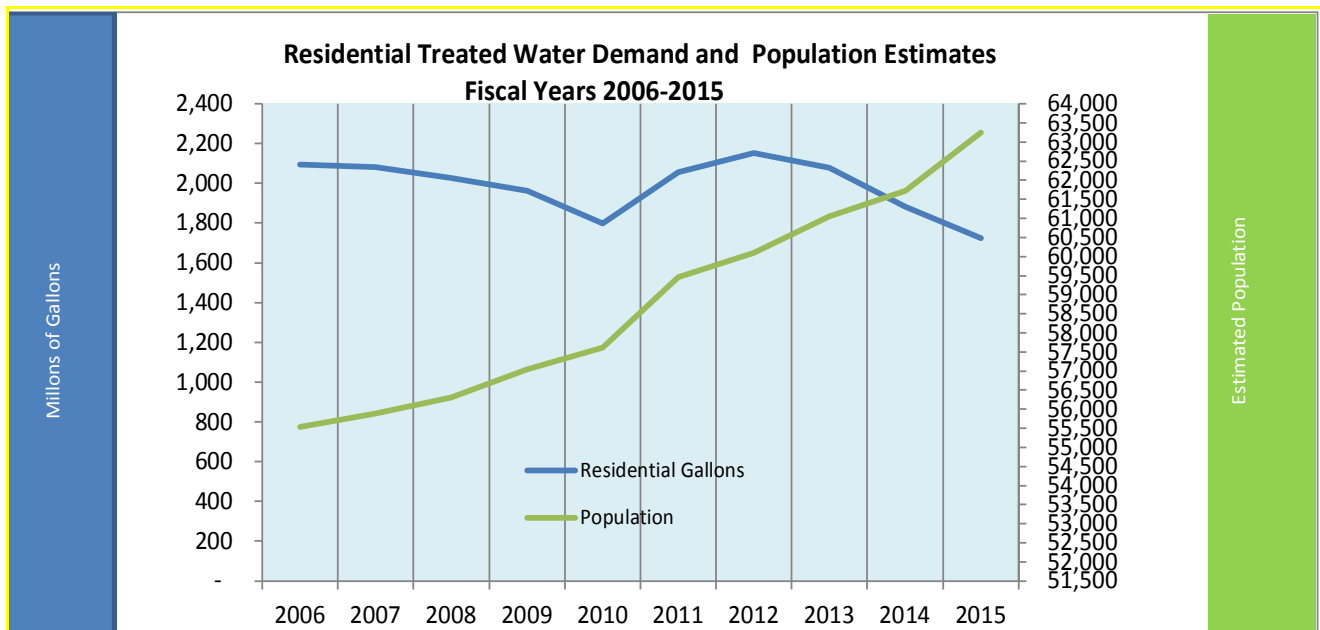
Total water supplied to the Board's service area in FY 2015 was 4.427 billion gallons of water compared to 4.359 billion gallons of water in FY 2014.

## METERED WATER SALES BY CUSTOMER CLASS FY 2015



## BOARD OF PUBLIC UTILITIES Per Capita Consumption

Fiscal Year	Population Estimate	Residential Meter Water Use-Only	Gallons per Capita per Day Residential Use	Total City Metered Water Use-Only	Gallons per Capita per Day Total City Use
2006	55,662	2,093,589,000	103.05	3,624,482,000	178.40
2007	55,641	2,081,685,000	102.50	3,564,189,000	175.50
2008	56,051	2,026,111,000	99.03	3,435,725,000	167.94
2009	56,296	1,962,219,000	95.49	3,482,228,000	169.47
2010	56,483	1,800,494,000	87.33	3,237,866,000	157.05
2011	59,466	2,057,439,000	94.79	3,512,364,000	161.82
2012	60,096	2,152,263,000	98.12	3,657,056,000	166.72
2013	61,055	2,079,444,000	93.31	4,372,611,000	196.21
2014	61,717	1,883,289,000	83.60	3,948,827,000	175.30
2015	63,254	1,725,254,000	74.73	3,694,193,000	160.01



### Financial Analysis of the Board's Enterprise Funds

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

#### Proprietary Funds

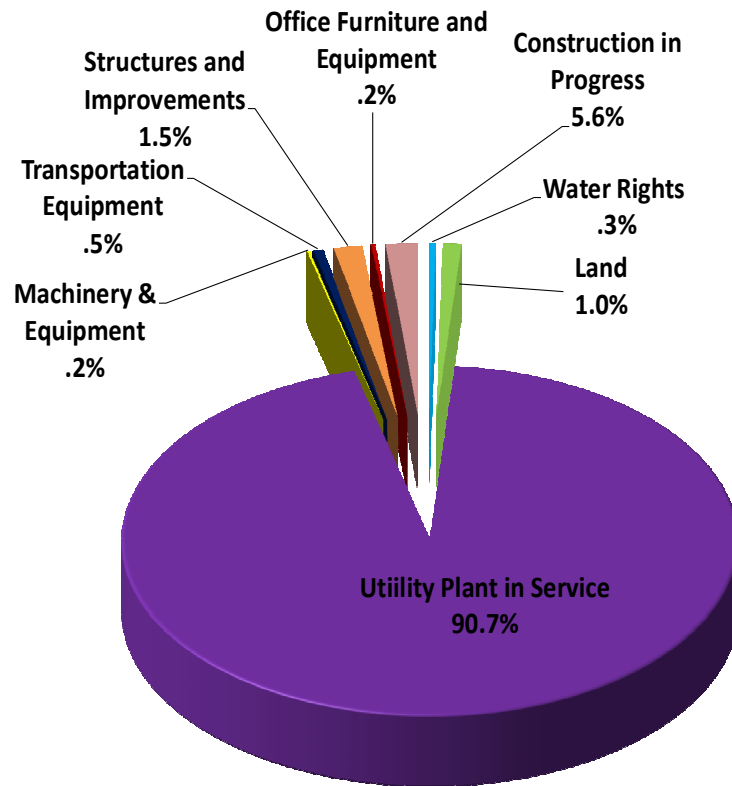
The Board's proprietary funds provide the same type of information found in the business-type activities financial statements, but in more detail.

Unrestricted net position of the Waterworks Enterprise Fund totaled \$18,321,711 at the end of the current fiscal year. Unrestricted net position of the Sewer Enterprise Fund totaled \$7,816,544 at the end of the current fiscal year. The total change in net position for both funds, from the previous fiscal year was \$2,941,529 and \$3,137,387, 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, 2015, the capital assets of the Board, net of accumulated depreciation, totaled \$315,804,548. 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



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

	Waterworks Fund		Sewer Fund		Total Business-Type Activities	
	2015	2014	2015	2014	2015	2014
Land	\$ 4,588	\$ 4,588	\$ 545	\$ 545	\$ 5,133	\$ 5,133
Water rights	1,798	1,798	-	-	1,798	1,798
Utility plant in service	374,180	345,927	128,929	121,495	503,109	467,422
Machinery and equipment	530	540	175	179	705	719
Transportation equipment	2,061	1,990	661	656	2,722	2,646
Structures and improvements	5,822	5,822	1,957	1,957	7,779	7,779
Office furniture and equipment	784	774	276	273	1,060	1,047
Construction in progress	6,471	26,159	2,358	2,547	8,829	28,706
Less accumulated depreciation	(161,408)	(154,174)	(53,922)	(50,664)	(215,330)	(204,838)
Total	\$ 234,826	\$ 233,424	\$ 80,979	\$ 76,988	\$ 315,805	\$ 310,412

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

- Near completion of Phase II of the Southern Water Transmission main.
- Improvements to the Crow Creek Reclamation Facility.
- Contributed capital (water distribution mains, hydrants, sewer collection mains and manholes) from development projects.
- Improvements and upgrades to water distribution and sewer collection mains.



At the close of FY 2015, 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:

Rob Roy Sluice Gate Repairs	\$ 50,830
FY 14 Well Projects	182,339
Dell Range/Stillwater - 14	105,592
Dell Range /Driftwood - 14	139,497
East 19th Street - 14	226,415
Omaha Road - 14	237,888
Custer Street - 14	349,121
FY 14 Water Rehabs - B List	1,059,952
East Pershing-Roundabout	1,456,770
FY 14 Water Rehabs	27,560
West Pershing I-25 to Pioneer	589,114
Southern Water Transmission Main Phase II	22,844,823
Hypochlorite Generation	1,597
Total Water Projects	<u>\$ 27,271,498</u>

Sewer Collection Main Projects:

West Pershing I-25 to Pioneer	\$ 246,981
Hilltop Avenue - 14	35,543
2152 Dell Range - 14	145,964
2930-2984 Henderson Drive - 14	50,538
3302 YCCA-Long Valley - 14	73,922
4700 Mountain Drive - 14	147,659
800 Platte Avenue - 14	16,519
Southwest Drive	41,986
5147 Redmond - 14	68,200
721 Apache Street - 14	57,565
Manhole Replacement - 14	152,290
FY 14 Sewer Rehabs	16,535
East Pershing-Roundabout	264,731
Crow Creek Water Reclamation Improvement Project	5,755,114
Total Sewer Projects	<u>\$ 7,073,547</u>

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

**Long-Term Debt**

At the end of the current fiscal year, the Board had total bonded debt outstanding of \$75,171,561. Of this amount, \$580,000 are 2007 Water Revenue Refunding Bonds, \$8,525,000 is the 2013 Water Revenue Note and the remainder of \$66,066,561 are loans from the State of Wyoming for various water and sewer projects.

The total indebtedness of the Board decreased by \$706,710 (0.9%) from \$75,878,271 to \$75,171,561 during the current fiscal year.

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

	Waterworks Enterprise Fund		Sewer Enterprise Fund		Total Business-Type Activities	
	2015	2014	2015	2014	2015	2014
Revenue refunding bonds	\$ 580,000	\$ 1,140,000	\$ -	\$ -	\$ 580,000	\$ 1,140,000
Revenue refunding note	8,525,000	8,740,000	-	-	8,525,000	8,740,000
Loans from the State of Wyoming	33,079,074	34,047,120	32,987,487	31,951,151	66,066,561	65,998,271
Total	<u>\$ 42,184,074</u>	<u>\$ 43,927,120</u>	<u>\$ 32,987,487</u>	<u>\$ 31,951,151</u>	<u>\$ 75,171,561</u>	<u>\$ 75,878,271</u>

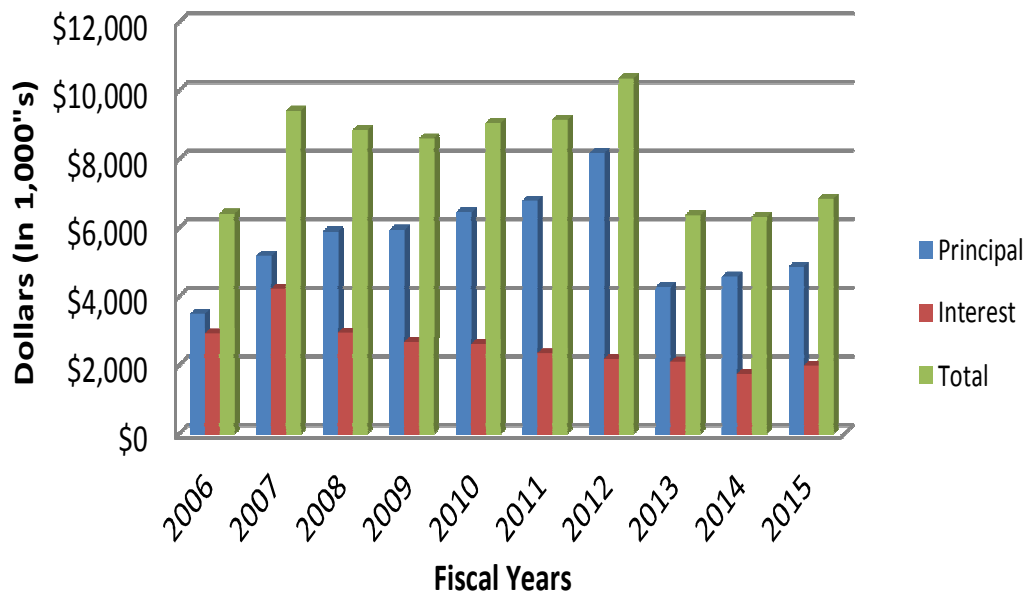
During FY 2015, proceeds from the issuance of debt totaled \$4,162,318 as follows:

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

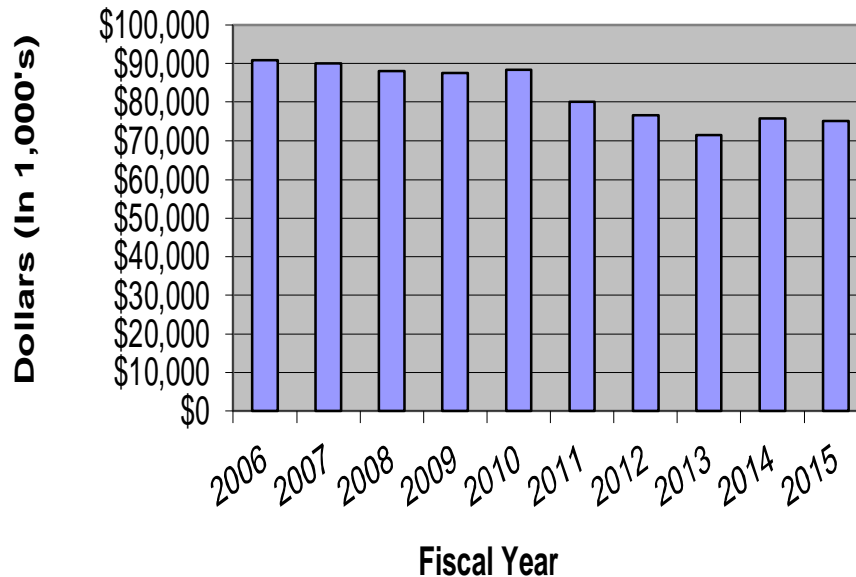
Project	Advance	Funding Source
DWSRF#120 S. Water Transmission	70,716	Wyoming State Lands and Investments
DWSRF#133 RLS Hydroelectric Project	13,652	Wyoming State Lands and Investments
DWSRF#143 Holliday Reuse Project	37,586	Wyoming State Lands and Investments
DWSRF#150 2015 Water Rehabs	763,960	Wyoming State Lands and Investments
DWSRF#151 Powder Activated Carbon	40,382	Wyoming State Lands and Investments
CWSRF#133 Crow Creek Improvements	3,236,022	Wyoming State Lands and Investments
	<u>\$ 4,162,318</u>	

The Board retired \$560,000 of the 2007 Refunding Revenue Bonds, paid \$215,000 of the 2007 Refunding Revenue Bonds, and paid \$4,094,030 of additional State of Wyoming water and sewer loans.

## Annual Debt Payment



# Total Principal Debt Outstanding



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

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

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

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

These factors were considered in preparing the Board's budget for the 2016 fiscal year (July 1, 2015 to June 30, 2016).

For the calendar year 2014, optimistic expectations were held that the Greater Cheyenne economy would have a well above average year across all economic sectors. Growth came across most economic sectors just not as great as expected. Job growth ranged between 0.3% and 1.5% for 2014. Retail sales grew to an estimated 1.26 billion dollars for 2014, up 5.9% over 2013. Sales tax receipts increased 20.9% during 2014. Housing sales for 2014 fell 8.2% from 2013 however the average sales price increased 1.7%.

According to the Wyoming Center for Business and Economic Analysis the first quarter 2015, new job creation was comfortably ahead of first quarter 2014. Employment growth was 2.99% higher, a gain of 1350 jobs. The Cheyenne area's unemployment rate averaged 4.6% over the first quarter of 2015, a decline from first quarter 2014's average of 5.1%.

The number of homes sold which included condos/townhomes averaged 125 per month, city wide, during the first quarter of 2015. That equates to a 12.6% decrease over first quarter 2014. The rate of sales decreased from fourth quarter 2014 by 20.9%. Total sales for 2014 were 1,797 as compared to 1,711 in 2013 which was equal to a gain of 5.0%. There were no signals to suggest homes sales will reverse their positive growth trend as 2015 proceeds.

During the first quarter of 2015, 46 housing permits were issued compared with 42 in the first quarter of 2014. Total building permits issued for the City of Cheyenne increased 29.9% year-over-year and was up 7.0% from two years ago, first quarter to first quarter. City permits averaged 138 per month this quarter as compared to 106 per month for all of 2014 and thus were down 20.5%. It is anticipated that commercial building permits will increase as the building season progresses.

These factors were considered in preparing the Board's budget for the 2016 fiscal year (July 1, 2015 to June 30, 2016).

The financial report is designed to provide a general overview of the Board of Public Utilities' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Board of Public Utilities, Administration Manager, 2416 Snyder Avenue, Cheyenne, Wyoming 82001.

## **BASIC FINANCIAL STATEMENTS**

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

**STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
June 30, 2015**

ASSETS	Business-Type Activities Enterprise Funds		
	Waterworks Fund	Sewer Fund	Total
Current Assets			
Cash and cash equivalents	\$ 22,324,316	\$ 8,445,159	\$ 30,769,475
Investments	1,050,000	986,898	2,036,898
Restricted assets:			
Cash and cash equivalents	638,257	-	638,257
Investments	603,001	-	603,001
Due from other governments	791,621	10,183	801,804
City of Cheyenne sanitation account	1,519,676	-	1,519,676
Receivables:			
Accounts, consumers, net	644,499	1,739,152	2,383,651
Estimated unbilled usage	1,353,093	766,782	2,119,875
Accrued interest	6,565	2,230	8,795
Inventories	378,960	23,996	402,956
Prepaid expenses	592	-	592
<b>Total current assets</b>	<b>29,310,580</b>	<b>11,974,400</b>	<b>41,284,980</b>
Noncurrent Assets			
Capital assets:			
Land	4,587,691	545,003	5,132,694
Water rights	1,797,968	-	1,797,968
Utility plant in service	374,180,368	128,928,714	503,109,082
Machinery and equipment	529,588	175,233	704,821
Transportation equipment	2,060,675	660,617	2,721,292
Structures and improvements	5,822,039	1,956,963	7,779,002
Office furniture and equipment	783,975	276,495	1,060,470
Construction in progress	6,471,373	2,357,405	8,828,778
	<b>396,233,677</b>	<b>134,900,430</b>	<b>531,134,107</b>
Less accumulated depreciation	(161,407,577)	(53,921,982)	(215,329,559)
<b>Total noncurrent assets</b>	<b>234,826,100</b>	<b>80,978,448</b>	<b>315,804,548</b>
<b>Total assets</b>	<b>264,136,680</b>	<b>92,952,848</b>	<b>357,089,528</b>
<b>Deferred outflows of resources</b>	<b>1,197,833</b>	<b>243,399</b>	<b>1,441,232</b>

See Notes to Financial Statements.

<b>LIABILITIES</b>	Business-Type Activities Enterprise Funds		
	Waterworks Fund	Sewer Fund	Total
Current Liabilities			
Vouchers payable	\$ 1,942,024	\$ 1,422,193	\$ 3,364,217
Accrued compensated absences and early retirement	230,417	153,872	384,289
Accrued interest on general obligation bonds and loans	447,851	216,368	664,219
Current portion of general obligation bonds and loans	2,725,027	2,453,804	5,178,831
Unearned fees and deposits	818,787	226,040	1,044,827
Other accruals	-	36,923	36,923
Due to other City of Cheyenne funds	2,265,696	356,533	2,622,229
<b>Total current liabilities</b>	<b>8,429,802</b>	<b>4,865,733</b>	<b>13,295,535</b>
Noncurrent Liabilities			
Accrued compensated absences	585,925	391,659	977,584
Net pension liability	4,793,001	1,597,667	6,390,668
General obligation bonds and loans, net of current portion, deferred amount on refunding, and unamortized bond premium	39,459,047	30,533,683	69,992,730
<b>Total noncurrent liabilities</b>	<b>44,837,973</b>	<b>32,523,009</b>	<b>77,360,982</b>
<b>Total liabilities</b>	<b>53,267,775</b>	<b>37,388,742</b>	<b>90,656,517</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	192,642,026	47,990,961	240,632,987
Restricted for Debt Service and Capital Improvements	1,103,001	-	1,103,001
Unrestricted	18,321,711	7,816,544	26,138,255
<b>Total net position</b>	<b>\$ 212,066,738</b>	<b>\$ 55,807,505</b>	<b>\$ 267,874,243</b>



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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
Year Ended June 30, 2015**

	Business-Type Activities Enterprise Funds		
	Waterworks Fund	Sewer Fund	Total
Operating Revenues			
Sales and charges for services	\$ 16,927,691	\$ 10,203,095	\$ 27,130,786
Fees and miscellaneous	435,797	657,075	1,092,872
<b>Total operating revenues</b>	<b>17,363,488</b>	<b>10,860,170</b>	<b>28,223,658</b>
Operating Expenses			
Source of supply	1,334,981	-	1,334,981
Water treatment	1,869,151	-	1,869,151
Transmission and distribution	2,040,958	-	2,040,958
Sewer collection lines	-	1,181,757	1,181,757
Water reclamation	-	2,400,409	2,400,409
Engineering and water resources	910,563	294,300	1,204,863
Administrative and general	3,479,422	1,770,154	5,249,576
Information technology and customer service	845,925	286,263	1,132,188
Depreciation	7,828,324	3,363,544	11,191,868
<b>Total operating expenses</b>	<b>18,309,324</b>	<b>9,296,427</b>	<b>27,605,751</b>
<b>Operating income (loss)</b>	<b>(945,836)</b>	<b>1,563,743</b>	<b>617,907</b>
Nonoperating Revenues (Expenses)			
Gain on sale of assets	7,819	106	7,925
System development fees	2,568,658	1,911,722	4,480,380
Investment income:			
Net decrease in fair value of investments	(12,753)	(4,508)	(17,261)
Interest income	62,361	23,715	86,076
Interest expense	(870,881)	(779,270)	(1,650,151)
<b>Total nonoperating revenues (expenses)</b>	<b>1,755,204</b>	<b>1,151,765</b>	<b>2,906,969</b>
<b>Income before contributions</b>	<b>809,368</b>	<b>2,715,508</b>	<b>3,524,876</b>
Capital Contributions			
Capital grants	1,361,856	118,500	1,480,356
Donated utilities	770,305	303,379	1,073,684
<b>Total capital contributions</b>	<b>2,132,161</b>	<b>421,879</b>	<b>2,554,040</b>
<b>Change in net position</b>	<b>2,941,529</b>	<b>3,137,387</b>	<b>6,078,916</b>
Net Position, beginning of year, as restated (see Note 12)	209,125,209	52,670,118	261,795,327
Net Position, end of year	\$ 212,066,738	\$ 55,807,505	\$ 267,874,243

See Notes to Financial Statements.

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

**STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
Year Ended June 30, 2015**

	Business-Type Activities Enterprise Funds		
	Waterworks Fund	Sewer Fund	Total
Cash Flows from Operating Activities			
Cash received from customers	\$ 17,760,682	\$ 9,788,634	\$ 27,549,316
Cash payments to suppliers	(4,685,977)	(1,219,571)	(5,905,548)
Cash payments to employees	(6,699,301)	(3,903,741)	(10,603,042)
Change in City sanitation account	10,490	-	10,490
<b>Net cash provided by operating activities</b>	<b>6,385,894</b>	<b>4,665,322</b>	<b>11,051,216</b>
Cash Flows from Capital and Related Financing Activities			
System development fees	2,454,925	1,882,803	4,337,728
Capital grants	2,920,053	108,317	3,028,370
Proceeds from issuance of debt	939,921	3,875,520	4,815,441
Principal paid on general obligation/revenue bonds and loan debt maturities	(2,669,343)	(2,199,687)	(4,869,030)
Interest paid on debt	(1,230,045)	(757,340)	(1,987,385)
Proceeds from sale of capital assets	7,819	106	7,925
Acquisition and construction of capital assets	(8,157,513)	(6,981,833)	(15,139,346)
<b>Net cash (used in) capital and related financing activities</b>	<b>(5,734,183)</b>	<b>(4,072,114)</b>	<b>(9,806,297)</b>
Cash Flows from Investing Activities			
Interest on cash and investments	49,453	19,143	68,596
Purchase of investments	-	(36,898)	(36,898)
Redemption of investments	-	36,806	36,806
<b>Net cash provided by investing activities</b>	<b>49,453</b>	<b>19,051</b>	<b>68,504</b>
<b>Net increase in cash and cash equivalents</b>	<b>701,164</b>	<b>612,259</b>	<b>1,313,423</b>
Cash and Cash Equivalents			
Beginning	22,261,409	7,832,900	30,094,309
Ending	\$ 22,962,573	\$ 8,445,159	\$ 31,407,732

Continued

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

**STATEMENT OF CASH FLOWS (Continued)  
PROPRIETARY FUNDS  
Year Ended June 30, 2015**

	Business-Type Activities Enterprise Funds		
	Waterworks Fund	Sewer Fund	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating income (loss)	\$ (945,836)	\$ 1,563,743	\$ 617,907
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	7,828,324	3,363,544	11,191,868
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities:			
Receivables	401,733	(1,062,000)	(660,267)
Inventories	(66,681)	(9,284)	(75,965)
Prepaid expenses	9,612	-	9,612
Deferred outflows pension	(433,976)	(144,659)	(578,635)
Vouchers payable	(896,919)	798,454	(98,465)
Accrued compensated absences	(12,575)	(8,383)	(20,958)
Net pension liability	491,722	163,907	655,629
City sanitation account	10,490	-	10,490
<b>Net cash provided by operating activities</b>	<b>\$ 6,385,894</b>	<b>\$ 4,665,322</b>	<b>\$ 11,051,216</b>
Noncash Investing, Capital and Financing Activities			
Amortization of deferred refunding loss and debt premiums	\$ (38,677)	\$ -	\$ (38,677)
Donated asset acquisitions	770,305	303,379	1,073,684
Capitalized interest	302,157	69,485	371,642

See Notes to Financial Statements.

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

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

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

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

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

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

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

Measurement focus, basis of accounting, and financial statement presentation: The 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.

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

**NOTES TO FINANCIAL STATEMENTS**

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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 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. Net position is reported as restricted when there are limitations imposed by creditors, grantors or laws or regulations of other governments. 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 is 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. Additionally, investments in the State Treasurer's Investment Pool (WYOSTAR) and the Wyoming Government Investment Fund (WGIF) are considered to be cash equivalents due to the Board's ability to withdraw the investments at any time.

Investments for the Board are reported at fair value. Fair value is determined using the latest bid price or by the closing exchange price at the statement of net position date. A significant portion of the Board's investment activity is conducted in a pooled investment account called WYOSTAR with the State of Wyoming, State Treasurer's office. WYOSTAR operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

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

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

Accounts receivable: Accounts receivable are shown on the statement of net position net of allowances for doubtful accounts of \$70,283.

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

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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 is recorded at its fair value at the date of donation.

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

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

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

<u>Hours Worked per Month</u>	<u>Sick Leave Hours Accrued per Month</u>
160 or more	10
120 to 159	7.5
80 to 119	5
40 to 79	2.5
39 or less	No accrual

Upon termination of employment, an employee is paid for his or her other accrued unused vacation leave and one half of his or her accrued unused sick leave.

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

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, 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, deferred outflows of resources, 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. The Board has recognized deferred outflows of resources in the government-wide financial statements in accordance with presentation requirements for GASB 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* (GASB 68). The Board also recognizes a deferred outflow of resources for its loss on refunding, which is amortized over the life of the related debt.

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, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Pensions: The Board participates in the Public Employee Pension Plan (the Plan), a cost-sharing multiple-employer defined benefit pension plan administered by the Wyoming Retirement System (WRS). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about the fiduciary net position and additions to/deductions from the fiduciary net position of the Plan have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.



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

**NOTES TO FINANCIAL STATEMENTS**

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New accounting pronouncements: Effective July 1, 2014, the Board implemented the provisions of GASB 68 to improve the usefulness of pension information included in the general purpose financial reports of state and local governments. The implementation resulted in a restatement of the Board's net position as of July 1, 2014 as illustrated in Note 12.

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

Cash, cash equivalents and investments and restricted cash and investments as of June 30, 2015, as classified in the accompanying financial statements, consist of the following:

Statement of Net Position:

Deposits with financial institutions:	
Cash	\$ 380,874
Certificates of deposit	5,189,899
Investments:	
WYOSTAR	28,466,976
WGIF	9,882
	<u>\$ 34,047,631</u>
Cash and cash equivalents	\$ 30,769,475
Investments	2,036,898
Restricted cash and cash equivalents	638,257
Restricted investments	603,001
	<u>\$ 34,047,631</u>

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

Credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Board's investment policy does not contain any specific provisions intended to limit the Board's exposure to credit risk. Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. Under investment agreements with WYOSTAR and WGIF, the Board has invested monies at a variable and fixed contract rate of interest, respectively. There is no rating available for the WYOSTAR investment; however, under Wyoming statutes underlying providers are required to have the highest rating from at least one of the nationally recognized rating organizations. The WGIF investment received an AAA rating by Standard & Poor's.

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

**NOTES TO FINANCIAL STATEMENTS**

Custodial credit risk: Custodial credit risk for deposits and certificates of deposit is the risk that, in the event of the failure of a depository financial institution, the Board will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Certain deposits held in Board bank accounts are insured by Federal deposit insurance or are collateralized with securities held by the custodian bank under safekeeping or Federal Reserve receipts in the name of the Board and the financial institution. As of June 30, 2015, the Board had bank balances on deposit and certificates of deposit of \$5,570,773. These deposits and certificates of deposit were fully collateralized or insured as required by state statutes.

In addition to the applicable statutes, the Board's policy requires all deposits to be collateralized at 105% of the amount invested including accrued interest to further reduce its exposure to custodial credit risk. At June 30, 2015, the Board's deposits were fully collateralized as required by Board policy.

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

Concentration of credit risk: The Board's policy does not allow more than 25% of the total investment portfolio to be invested in any one issuer, with the exception of WYOSTAR, WGIF, bank certificates of deposit and U.S. Treasury securities, which include all of the Board's investments. Therefore, no further disclosure regarding concentrations of credit risk is required.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The Board's investments are held in external pooled investment accounts and in bank certificates of deposit, and as a means of limiting its exposure to fair value losses arising from rising interest rates, the Board attempts to match its investment maturities to expected cash flow needs. The Board's investment policy requires that the investment portfolio shall be timed to provide that at least 20% is under 31 days (but this amount need not be more than \$3,000,000) and not more than 25% may be over 181 days and less than three years. With this investment focus, investments are expected to reach maturity with limited gains or losses. At June 30, 2015, the Board's investments met this policy. The maturities and applicable interest rates of the Board's investments are displayed in the following Interest Rate Risk Table.

Investment Type	Fair Value	Interest Rate	Investment Maturities
			Less Than One Year
Certificates of deposit	\$ 5,189,899	0.05% - 0.25%	\$ 5,189,899
State Treasurer's Investment Pool (WYOSTAR)	28,466,976	0.30%	28,466,976
Wyoming Government Investment Fund (WGIF)	9,882	0.05%	9,882
	<u>\$ 33,666,757</u>		<u>\$ 33,666,757</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**Note 3. Changes in Capital Assets**

A summary of changes in capital assets follows:

	Balance June 30, 2014	Additions	Retirement and Transfers	Balance June 30, 2015
Capital assets not being depreciated:				
Land	\$ 5,132,694	\$ -	\$ -	\$ 5,132,694
Water rights	1,797,968	-	-	1,797,968
Construction in progress	28,706,023	14,467,800	(34,345,045)	8,828,778
<b>Total capital assets not being depreciated</b>	<b>35,636,685</b>	<b>14,467,800</b>	<b>(34,345,045)</b>	<b>15,759,440</b>
Capital assets being depreciated:				
Utility plant in service	467,422,781	36,259,013	(572,712)	503,109,082
Machinery and equipment	718,538	13,120	(26,837)	704,821
Transportation equipment	2,645,537	130,826	(55,071)	2,721,292
Structures and improvements	7,779,002	-	-	7,779,002
Office furniture and equipment	1,046,925	58,958	(45,413)	1,060,470
<b>Total capital assets being depreciated</b>	<b>479,612,783</b>	<b>36,461,917</b>	<b>(700,033)</b>	<b>515,374,667</b>
Less accumulated depreciation for:				
Utility plant in service	199,918,887	10,784,978	(572,712)	210,131,153
Machinery and equipment	625,219	27,637	(26,837)	626,019
Transportation equipment	2,199,834	135,262	(55,071)	2,280,025
Structures and improvements	1,182,478	193,570	-	1,376,048
Office furniture and equipment	911,306	50,421	(45,413)	916,314
<b>Total accumulated depreciation</b>	<b>204,837,724</b>	<b>11,191,868</b>	<b>(700,033)</b>	<b>215,329,559</b>
<b>Total capital assets being depreciated, net</b>	<b>274,775,059</b>	<b>25,270,049</b>	<b>-</b>	<b>300,045,108</b>
<b>Total capital assets, net</b>	<b>\$ 310,411,744</b>	<b>\$ 39,737,849</b>	<b>\$ (34,345,045)</b>	<b>\$ 315,804,548</b>

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

**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, 2015:

	Balance as of June 30, 2014	Debt	
		Issued	Retired
<b>Waterworks Fund:</b>			
DWSRF #034 Water Main Rehabilitation 2003	\$ 454,049	\$ -	\$ 36,253
DWSRF #056 Western Hills 2005	723,518	-	43,847
Stage I Rehabilitation Loan 1993	4,552,769	-	124,237
Sherard Plant State WDWRP Loan 2000	2,056,856	-	206,090
DWSRF #023 RLS Refinance 2002	5,112,528	-	512,257
DWSRF #065 Southern Water Main 2007	4,152,433	-	232,755
DWSRF #074 Administrative Building 2007	40,069	-	14,592
CWSRF #084 Administrative Building 2007	258,917	-	11,533
CWSRF #081 Phase II Reuse 2008	1,071,155	-	55,503
DWSRF #079 30" Water Main/WAFB	4,723,100	-	211,353
DWSRF #106 Administrative Building 2009	1,712,063	-	76,261
CWSRF #115 Administrative Building 2009	1,712,063	-	76,261
DWSRF #120 Southern Water Main Ph II 2012	7,424,112	70,716	293,401
DWSRF #133 RLS Hydroelectric Project 2013	53,488	13,652	-
CWSRF #143 Holliday Reuse 2015	-	37,586	-
DWSRF #150 Water Rehabs 2015	-	763,961	-
DWSRF #151 Powder Activated Carbon 2015	-	40,382	-
2013 Water Revenue Note	8,740,000	-	215,000
Refunding Revenue Water Bonds 2007 Series	1,140,000	-	560,000
	<u>43,927,120</u>	<u>926,297</u>	<u>2,669,343</u>
<b>Sewer Fund:</b>			
CWSRF #007 Crow Creek Rollins Sewer Lines 1997	687,400	-	130,813
CWSRF #032 Crow Creek Dry Creek WWTP 2002	2,105,485	-	152,345
CWSRF #046 Clean Water State Revolving Loan 2004	23,982,789	-	1,735,308
CWSRF #060 WAFB/Parsley 2006	2,170,462	-	121,672
DWSRF #074 Administrative Building 2007	13,356	-	4,864
CWSRF #084 Administrative Building 2007	86,306	-	3,845
DWSRF #106 Administrative Building 2009	570,688	-	25,420
CWSRF #115 Administrative Building 2009	570,688	-	25,420
CWSRF #133 Crow Creek Plant Improvements 2013	1,763,977	3,236,023	-
	<u>31,951,151</u>	<u>3,236,023</u>	<u>2,199,687</u>
	<u>\$ 75,878,271</u>	<u>\$ 4,162,320</u>	<u>\$ 4,869,030</u>

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

**NOTES TO FINANCIAL STATEMENTS**

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Balance as of June 30, 2015	Current Portion	Long-Term Portion
\$ 417,796	\$ 37,286	\$ 380,510
679,671	44,893	634,778
4,428,532	129,206	4,299,326
1,850,766	211,814	1,638,952
4,600,271	526,485	4,073,786
3,919,678	237,903	3,681,775
25,477	14,963	10,514
247,384	11,857	235,527
1,015,652	56,794	958,858
4,511,747	216,288	4,295,459
1,635,802	78,401	1,557,401
1,635,802	78,401	1,557,401
7,201,427	300,736	6,900,691
67,140	-	67,140
37,586	-	37,586
763,961	-	763,961
40,382	-	40,382
8,525,000	200,000	8,325,000
580,000	580,000	-
42,184,074	2,725,027	39,459,047
556,587	134,036	422,551
1,953,140	156,446	1,796,694
22,247,481	1,782,019	20,465,462
2,048,790	124,360	1,924,430
8,492	4,988	3,504
82,461	3,952	78,509
545,268	26,134	519,134
545,268	26,134	519,134
5,000,000	195,735	4,804,265
32,987,487	2,453,804	30,533,683
\$ 75,171,561	\$ 5,178,831	\$ 69,992,730



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

**NOTES TO FINANCIAL STATEMENTS**

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

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, 2015, the deferred loss on refunding totaled \$467,636 and is classified as a deferred outflow of resources.

Long-term debt payable as of June 30, 2015 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 Water Revenue  
Bonds Secured by pledge of revenues from the City's water system  
tap and user fees and system development fees, net of premiums. \$ 8,525,000

Refunding Revenue Water Bonds, Series 2007, original amount of  
\$12,330,000 due in annual principal installments ranging from  
\$485,000 to \$910,000 through December 2026; interest at 4% to 5%.  
Secured by pledge of revenues from the City's water system tap  
and user fees and system development fees, net of premiums. 580,000

Due to the State of Wyoming, Water Development Commission, original  
amount of \$6,250,000, with interest at 4%, due annually on December  
1. Annual principal and interest payments are \$306,348 through 2037.  
Secured by a mortgage on the Stage I pipeline and revenues from the  
Cheyenne Water System. 4,428,532

Continued

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

**NOTES TO FINANCIAL STATEMENTS**

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Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #002, original amount of \$4,000,000, with interest at 2.5%, due annually on December 1. Annual principal and interest payments are \$258,075 through 2023. Secured by pledge and assignment revenues from the City's water system user fees necessary to meet the annual loan payment.	\$ 1,850,766
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #023, original amount of \$10,000,000, with interest at 2.5%, due annually on December 1. Annual principal and interest payments are \$641,471 through 2023. Secured by pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	4,600,271
Due to the State of Wyoming, Office of State Land 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.	417,796
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #056, original amount of \$1,300,000, with interest at 2.5%, due annually on March 1. Annual principal and interest payments are \$61,885 through 2028. Secured by the pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payments.	679,671
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.	3,919,678
Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #074, original amount of \$324,246 loan 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 \$20,799 through 2032. Secured by pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	33,969

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

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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. \$ 4,511,747

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. 2,181,070

Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #120, advances on a \$9,400,000 loan for the design and construction of Phase II of the Southern Water Transmission Main. Interest will accrue at 2.5% from the date of loan disbursements. Twenty annual payments of principal and interest will begin not later than one year after substantial completion of the project. The payments are currently estimated at \$602,983 per year. Secured by the pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payments. 7,201,427

Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #133, advances on a \$3,000,000 loan for the construction of the Hydro-Electric Generation Project. Interest thereon is at 0.0% for a term of twenty years. Upon completion of project, loan shall be granted principal forgiveness up to 25% of the loan, not to exceed \$750,000. The payments are currently estimated at \$112,500 per year. Secured by a pledge and assignment of revenues from the City's water system user fees necessary to meet the annual payment. 67,140

Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #150, advances on a \$1,878,825 loan for the 2015 Water Distribution Rehabilitations. Interest thereon is at 2.5% for a term of twenty years. Upon completion of project, loan shall be granted principal forgiveness up to 25% of the loan, not to exceed \$469,706. The payments are currently estimated at \$120,500 per year. Secured by a pledge and assignment of revenues from the City's water system user fees necessary to meet the annual payment. 763,961

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

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Due to the State of Wyoming, Office of State Lands and Investments, DWSRF Loan #151, advances on a \$589,800 loan for the construction of the Powder Activated Carbon Project. Interest thereon is at 2.5% for a term of twenty years. Upon completion of project, loan shall be granted principal forgiveness up to 25% of the loan, not to exceed \$147,450. The payments are currently estimated at \$37,800 per year. Secured by a pledge and assignment of revenues from the City's water system user fees necessary to meet the annual payment.	\$ 40,382
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #007, original amount of \$2,334,500, with interest at 2.5%, due annually on September 1. Annual principal and interest payments are \$147,951 through 2019 for the rehabilitation of the Crow Creek and Rollins sewer lines. Secured by the pledge and assignment of revenues generated from the City's wastewater user fees necessary to meet the annual loan payment.	556,587
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #032, original amount of \$3,200,000, with interest at 2.5%, due annually on June 1. Annual principal and interest payments are \$205,271 through 2026 for the Dry and Crow Creek Rehab - Engineering project. Secured by the pledge and assignment of revenues generated from the City's wastewater user fees necessary to meet the annual loan payment.	1,953,140
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #046, original amount of \$36,450,000, with interest at 2.5%, due annually on June 1. Annual principal and interest payments are \$2,338,163 through 2026 for the Dry and Crow Creek Rehab - Construction project. Secured by the pledge and assignment of revenues generated from the City's wastewater user fees necessary to meet the annual loan payment.	22,247,481
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #060, original amount of \$2,900,000 loan, with interest at 2.5%, due annually on September 1. Annual principal and interest payments are \$174,898 through 2029. Secured by the pledge and assignment of revenues from the City's wastewater user fees necessary to meet the annual loan payment.	2,048,790
Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #081, original amount of \$1,280,000 for the extension of Cheyenne's Recycled Water System Project, with interest at 2.5%, due annually on September 1. Annual principal and interest payments are \$81,843 through 2030. Secured by a pledge and assignment of revenues from the City's water system user fees necessary to meet the annual loan payment.	1,015,652

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

**NOTES TO FINANCIAL STATEMENTS**

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Due to the State of Wyoming, Office of State Lands and Investments, CWSRF Loan #084, original amount of \$375,000 loan 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 pledge and assignment of revenues from the City's wastewater user fees necessary to meet the annual loan payment.	\$ 329,845
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 pledge and assignment of revenues from the City's wastewater user fees necessary to meet the annual loan payment.	2,181,070
Due to the State of Wyoming, Office of State Land and Investments, CWSRF Loan #133, advances on \$5,000,000 loan for Crow Creek Plant Improvements Project. Interest will accrue at 2.5% from the date of the loan disbursements. Twenty annual payments of principal and interest will begin one year after substantial completion of the project. The payments are currently estimated at \$320,736 per year. Secured by pledge and assignment of revenues from the City's wastewater user fees necessary to meet the annual loan payment.	5,000,000
Due to the State of Wyoming, Office of State Land and Investments, CWSRF Loan#143, advances on \$875,000 loan for Holliday Park Reuse Project. Interest thereon is at 0.0% for a term of twenty years. The payments are currently estimated at \$43,750 per year. Secured by pledge and assignment of revenues from the City's wastewater user fees necessary to meet the annual loan payment.	<u>37,586</u>
<b>Total general obligation bonds and loans</b>	<u><u>\$ 75,171,561</u></u>



**BOARD OF PUBLIC UTILITIES  
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**NOTES TO FINANCIAL STATEMENTS**

The annual debt service requirements of the long-term debt and current principal maturities as of June 30, 2015 are as follows:

	Waterworks Fund		Sewer Fund	
	Principal	Interest	Principal	Interest
2016	\$ 2,725,027	\$ 1,086,562	\$ 2,453,804	\$ 852,427
2017	3,600,245	1,025,043	2,513,499	762,654
2018	2,851,805	938,410	2,572,700	699,862
2019	2,919,585	865,808	2,636,974	635,589
2020	2,993,765	791,384	2,554,901	569,711
2021-2025	14,327,957	2,792,622	13,764,381	1,858,678
2026-2030	7,956,364	1,337,928	4,836,276	438,150
2031-2035	4,223,075	429,417	1,654,952	119,816
2036-2040	586,251	35,157	-	-
	<u>\$ 42,184,074</u>	<u>\$ 9,302,331</u>	<u>\$ 32,987,487</u>	<u>\$ 5,936,887</u>

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

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 increase the capital additions and replacement restricted cash balance from \$400,000 to \$500,000.

The Board has pledged and assigned future water system and wastewater user fees to meet the annual debt requirements. Proceeds from the debt has 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 was \$6,856,415. Net customer revenues totaled \$28,223,658 for the year. At year end, pledged future revenues totaled \$90,410,779, which is the amount of the remaining principal and interest on outstanding debt.

**Note 5. Retirement Commitments**

Plan description: The Board participates in the Plan, which is a plan within the State of Wyoming Retirement System (System), a statewide cost-sharing multiple-employer system plan. Substantially all Board full-time employees are eligible to participate in the System. Benefits are established by State statutes. The System issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Wyoming Retirement System, 6101 Yellowstone Road, Suite 500, Cheyenne, Wyoming 82002.

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

**NOTES TO FINANCIAL STATEMENTS**

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Benefits provided: Participants who retire at age 60 with four years of credited service are entitled to a retirement benefit according to predetermined formulas and are allowed to select one of seven optional methods for receiving benefits. Early retirement is allowed provided the employee has completed four years of service and attained the age of 50, but will result in a reduction of benefits based on the length of time remaining to normal retirement age. The System also provides death and disability benefits.

The System has two tiers of benefits. If an employee made a contribution prior to September 1, 2012, they are in Tier I. Under this tier, the benefit is calculated using a multiplier of 2.125% for the members first 15 years of service and 2.25% for years of service above 15 and the members three-year highest average salary. If the first contribution for an employee was made after September 1, 2012, the member is in Tier 2. Under this tier, the benefit is calculated using a multiplier of 2% for all years of service and the members five-year highest average salary.

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

Contributions: Contributions to the System consist of an amount equal to 15.87% of the employee's salary. The Board is required by State statute to contribute 7.62% of the amount. Legislation enacted in 1979 allows the employer to pay any or all of the employees' contribution in addition to the matching contribution. The Board currently pays 5.75% of the required employee's contribution of 8.25%.

The Board's contributions to the Plan for the years ended June 30, 2015, 2014 and 2013 were \$898,406, \$787,720 and \$736,660, respectively, equal to the required contributions for each year, plus the Board's share of the required employee contribution.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At June 30, 2015, the Board reported a liability of \$6,390,668 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2013. Standard update procedures were used to roll forward the total pension liability December 31, 2014. The Board's proportion of the net pension liability was based on a projection of the Board's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2014, the Board's proportion was 0.3621 percent, which was a decrease of 0.0151 from its proportion measured as of December 31, 2013.

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

**NOTES TO FINANCIAL STATEMENTS**

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For the year ended June 30, 2015, the Board recognized pension expense of \$975,399. At June 30, 2015, the Board reported deferred outflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 523,979
Changes of assumptions	-
Net difference between projected and actual earnings on pension plan investments	-
Changes in proportion and differences between Contributions and proportionate share of contributions	-
Contributions subsequent to the measurement date	449,617
Total	<u><u>\$ 973,596</u></u>

The amount of \$449,617 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 ended June 30, 2016. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2016	\$ 130,995
2017	130,995
2018	130,995
2019	130,994
2020	-
Thereafter	-
	<u><u>\$ 523,979</u></u>

**BOARD OF PUBLIC UTILITIES  
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**NOTES TO FINANCIAL STATEMENTS**

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Actuarial assumptions: The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25 percent
Salary increases	4.25 to 6.00 percent, average, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, Including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2007 – December 31, 2011. The expectation of life after disability was based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale BB.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Allocation		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.50%	0.50%
Fixed Income	15.00%	0.80%
Equity	55.00%	5.26%
Marketable Alternatives	15.50%	3.79%
Private Markets	12.00%	5.76%
Total	100.00%	

Discount rate: The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. 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.

**BOARD OF PUBLIC UTILITIES  
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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 7.75 percent, 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 1-percentagepoint lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

Sensitivity of Net Pension Liability to the Single Discount Rate Assumption

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
Board's proportionate share of the net pension liability	\$9,986,674	\$6,390,668	\$3,370,850

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 can be obtained at [www.retirement.state.wy.us/employers/GASB.html](http://www.retirement.state.wy.us/employers/GASB.html).

Defined Contributions Plans

The Board employees have the option to participate in one of two defined contribution plans. These defined contribution plans include the Wyoming Deferred Compensation Program (457 Plan) administered by the Wyoming Retirement System and a defined contribution plan administered by VALIC Financial Advisors. Employees are allowed to contribute the maximum amount per Internal Revenue Service guidelines. The total employee contributions for the years ended June 30, 2015, 2014 and 2013 were \$162,215, \$222,885 and \$158,491, respectively. Beginning July 1, 2008, the Board elected to match an employee's contribution up to \$25 per month. The total matching contributions for the years ended June 30, 2015, 2014 and 2013 were \$30,800, \$29,950 and \$29,250, respectively.

**Note 6. Due from Other Governments**

Amounts due from other governments of \$801,804 as of June 30, 2015 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 2015. Upon receipt of these pay requests, the Board applies to other governmental entities for grant and/or loan monies to pay contractors.

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

**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, 2015:

	Waterworks Fund	Sewer Fund	Total
Vacation leave	\$ 340,538	\$ 228,328	\$ 568,866
Compensatory/administrative time	85,548	57,032	142,580
Sick leave	306,321	204,214	510,535
Early retirement obligation	83,935	55,957	139,892
	<u>\$ 816,342</u>	<u>\$ 545,531</u>	<u>\$ 1,361,873</u>

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

	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Compensated Absences and Early Retirement					
Waterworks Fund	\$ 828,917	\$ 170,318	\$ (182,893)	\$ 816,342	\$ 230,417
Sewer Fund	553,914	109,122	(117,505)	545,531	153,872
	<u>\$ 1,382,831</u>	<u>\$ 279,440</u>	<u>\$ (300,398)</u>	<u>\$ 1,361,873</u>	<u>\$ 384,289</u>

**Note 8. Related-Party Transactions**

The Board collects sanitation charges on behalf of the City. At June 30, 2015, the Board had cash and receivables relating to the City's sanitation charges of \$1,657,933. The Board also owed the City \$964,296 for fuel charges, legal fees, and the Board's share of construction projects.

**Note 9. Major Customers**

For the year ended June 30, 2015, the Board had three customers who each individually accounted for a significant portion of the Board's billed water and sewer revenues as follows:

	Water	Sewer	Total
Holly Refining & Marketing	\$ 2,723,016	\$ 559,123	\$ 3,282,139
South Cheyenne Water & Sewer District	1,363,990	1,116,274	2,480,264
F.E. Warren Air Force Base	872,388	378,373	1,250,761

**BOARD OF PUBLIC UTILITIES  
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**NOTES TO FINANCIAL STATEMENTS**

**Note 10. Commitments**

As of June 30, 2015, 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 2015, the amounts below represent the activity pertaining to the respective contract as a whole.

	Expended to June 30, 2015	Total Contract	Total Commitment at June 30, 2015
Waterworks Fund:			
19th Street Rehab	\$ 413,131	\$ 759,562	\$ 346,431
Holliday Park Reuse	39,647	112,486	72,839
Logan Avenue Rehab	701,121	1,385,570	684,449
Buffalo Ridge Storage Tank	45,145	98,665	53,520
Snyder Avenue Rehab	787,883	837,155	49,272
Standard Creek Diversion	28,041	189,561	161,520
Sherard Hydropower	93,330	376,085	282,755
RLS Powder Activated Carbon	50,331	168,978	118,647
S. Water Transmission Main Ph III	14,423	867,099	852,676
FY 15 Water Rehabs	809,275	2,388,727	1,579,452
Roundtop Valve House	22,254	77,379	55,125
O&M Building Remodel	161,547	451,037	289,490
Distribution System Monitoring	502	28,718	28,216
FY 15 Pump Station Improvements	4,418	66,820	62,402
Hog Park Telemetry	18,261	255,590	237,329
	<u>3,189,309</u>	<u>8,063,432</u>	<u>4,874,123</u>
Sewer Fund:			
19th Street Rehab	313,086	472,503	159,417
Logan Avenue Rehab	251,177	501,155	249,978
Snyder Avenue Rehab	191,328	200,683	9,355
FY 15 Sewer Rehabs	31,333	1,043,103	1,011,770
Crow Creek Sewer Interceptor Main	1,242,028	1,822,315	580,287
O&M Building Remodel	53,849	150,346	96,497
Dry Creek Influent Meters	17,004	214,854	197,850
S. Sewer Interceptor Main Ph I	21,075	806,798	785,723
	<u>2,120,880</u>	<u>5,211,757</u>	<u>3,090,877</u>
	<u>\$ 5,310,189</u>	<u>\$ 13,275,189</u>	<u>\$ 7,965,000</u>



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

**NOTES TO FINANCIAL STATEMENTS**

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**Note 11. Risk Management**

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

As of June 30, 2015, the Board is a member of the Wyoming Association of Risk Management (WARM), which is a separate legal agency created under Wyoming State Statutes for the purpose of establishing a shared risk pool and/or jointly purchasing insurance coverage. The participating entities are responsible for paying premiums into the pool which are calculated annually and are based upon actuarially sound and recognized pooling practices. The pool is responsible for determining the amounts of the premiums charged to the entities and is also responsible for managing the pool's assets. The entities have the right to submit claims for losses incurred. The pool has the right to collect premiums and admit or terminate members for nonpayment of premiums. The Board management considers the assets of WARM to be sufficient to cover any claims that may be incurred by its members.

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

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

**Note 12. Prior Period Restatement**

In connection with its implementation of GASB 68, the Board restated its net position as of July 1, 2014. The restatement resulted in a decrease to net position totaling \$5,340,078 as of July 1, 2014.

The effect on the Board's previously issued fiscal year 2014 statement of net position is summarized as follows:

	<u>Business-Type Activities</u>
Net position at June 30, 2014 as previously reported	\$ 267,135,406
Net pension liability	(5,735,040)
Deferred outflows of resources	<u>394,961</u>
Net Position as of July 1, 2014 as Restated	<u><u>\$ 261,795,327</u></u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

**SCHEDULE OF BOARD'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
PUBLIC EMPLOYEE PENSION PLAN  
Year Ended June 30, 2015**

	For The Year Ended June 30,	
	2015	2014
Board's proportion of the net pension liability (asset)	0.3621%	0.3772%
Board's proportionate share of the net pension liability (asset)	\$ 6,390,668	\$ 5,735,039
Board's covered-employee payroll	6,719,564	6,544,388
Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	95.11%	87.63%
Plan fiduciary net position as a percentage of the total pension liability	79.08%	81.10%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the BOPU is presenting

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

**SCHEDULE OF THE BOARD'S CONTRIBUTIONS  
PUBLIC EMPLOYEE PENSION PLAN  
Year Ended June 30, 2015**

	For The Year Ended June 30,	
	2015	2014
Contractually required contribution	\$ 512,031	\$ 465,964
Contributions in relation to the contractually required contribution	898,406	787,719
Contribution Deficiency (Excess)	<u>\$ (386,375)</u>	<u>\$ (321,755)</u>
Board's covered-employee payroll	\$ 6,719,564	\$ 6,544,388
Contributions as a percentage of covered-employee payroll	13.37%	12.04%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Board is presenting information for those years for which information is available.

See the accompanying independent auditors' report.

## **SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULE**  
**Year Ended June 30, 2015**

	Waterworks Fund			
	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget
	Original	Final		
Operating Revenues				
Sales and charges for services	\$ 18,781,600	\$ 18,781,600	\$ 16,927,691	\$ (1,853,909)
Fees and miscellaneous	375,800	375,800	435,797	59,997
<b>Total operating revenues</b>	<b>19,157,400</b>	<b>19,157,400</b>	<b>17,363,488</b>	<b>(1,793,912)</b>
Nonoperating Revenues				
Investment income	39,000	39,000	49,608	10,608
Gain on sale of assets	-	183,806	7,819	(175,987)
Oil and gas lease revenue	-	-	-	-
System development fees	1,295,000	1,295,000	2,568,658	1,273,658
Capital grants	9,565,000	13,853,000	1,361,856	(12,491,144)
Donated utilities	-	-	770,305	770,305
<b>Total nonoperating revenues</b>	<b>10,899,000</b>	<b>15,370,806</b>	<b>4,758,246</b>	<b>(10,612,560)</b>
<b>Total revenues</b>	<b>30,056,400</b>	<b>34,528,206</b>	<b>22,121,734</b>	<b>(12,406,472)</b>
Operating Expenses				
Source of supply	1,587,500	1,595,013	1,334,981	(260,032)
Water treatment	2,153,900	2,159,376	1,869,151	(290,225)
Transmission and distribution	2,112,700	2,186,755	2,040,958	(145,797)
Sewer collection lines	-	-	-	-
Water reclamation	-	-	-	-
Engineering and water resources	949,500	963,011	910,563	(52,448)
Administrative and general	3,498,850	3,533,928	3,479,422	(54,506)
Information technology and customer service	850,600	926,906	845,925	(80,981)
<b>Total operations</b>	<b>11,153,050</b>	<b>11,364,989</b>	<b>10,481,000</b>	<b>(883,989)</b>
Other Expenditures				
Capital purchases	999,000	786,443	566,316	(220,127)
Construction work in progress	19,741,225	36,119,734	7,699,503	(28,420,231)
Debt service, interest	1,196,100	1,197,421	832,204	(365,217)
Debt service, principal	2,741,400	2,745,898	2,670,865	(75,033)
<b>Total other expenditures</b>	<b>24,677,725</b>	<b>40,849,496</b>	<b>11,768,888</b>	<b>(29,080,608)</b>
<b>Total expenditures</b>	<b>35,830,775</b>	<b>52,214,485</b>	<b>22,249,888</b>	<b>(29,964,597)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ (5,774,375)</b>	<b>\$ (17,686,279)</b>	<b>\$ (128,154)</b>	<b>\$ 17,558,125</b>

See the accompanying independent auditors' report.

Sewer Fund

Budgeted Amounts		Actual Budget Basis	Variance with Final Budget
Original	Final		
\$ 10,090,500	\$ 10,090,500	\$ 10,203,095	\$ 112,595
480,200	480,200	657,075	176,875
10,570,700	10,570,700	10,860,170	289,470
14,700	14,700	19,207	4,507
-	61,269	106	(61,163)
-	-	-	-
2,375,000	2,375,000	1,911,722	(463,278)
296,250	306,511	118,500	(188,011)
-	-	303,379	303,379
2,685,950	2,757,480	2,352,914	(404,566)
13,256,650	13,328,180	13,213,084	(115,096)
-	-	-	-
-	-	-	-
-	-	-	-
1,258,000	1,263,075	1,181,757	(81,318)
2,400,000	2,414,561	2,400,409	(14,152)
316,800	319,667	294,300	(25,367)
1,777,250	1,783,847	1,770,154	(13,693)
283,700	313,927	286,263	(27,664)
6,035,750	6,095,077	5,932,883	(162,194)
247,200	187,171	97,305	(89,866)
14,863,375	23,091,059	6,884,422	(16,206,637)
891,400	901,445	779,270	(122,175)
2,201,800	2,203,266	2,203,034	(232)
18,203,775	26,382,941	9,964,031	(16,418,910)
24,239,525	32,478,018	15,896,914	(16,581,104)
\$ (10,982,875)	\$ (19,149,838)	\$ (2,683,830)	\$ 16,466,008

See the accompanying independent auditors' report.



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

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

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

## **STATISTICAL SECTION**

### **(UNAUDITED)**

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

#### **Financial Trends**

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

#### **Revenue Capacity**

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

#### **Debt Capacity**

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

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

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

#### **Operating Information**

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

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

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

	2006	2007	2008	2009
Primary government:				
Net investment in capital assets	\$177,727,960	\$190,664,158	\$193,238,637	\$197,637,971
Restricted	800,236	2,071,169	3,250,423	1,289,594
Unrestricted	26,927,560	24,459,644	24,550,118	25,660,121
<b>Total primary govern- ment net position</b>	<b>\$205,455,756</b>	<b>\$217,194,971</b>	<b>\$221,039,178</b>	<b>\$224,587,686</b>

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

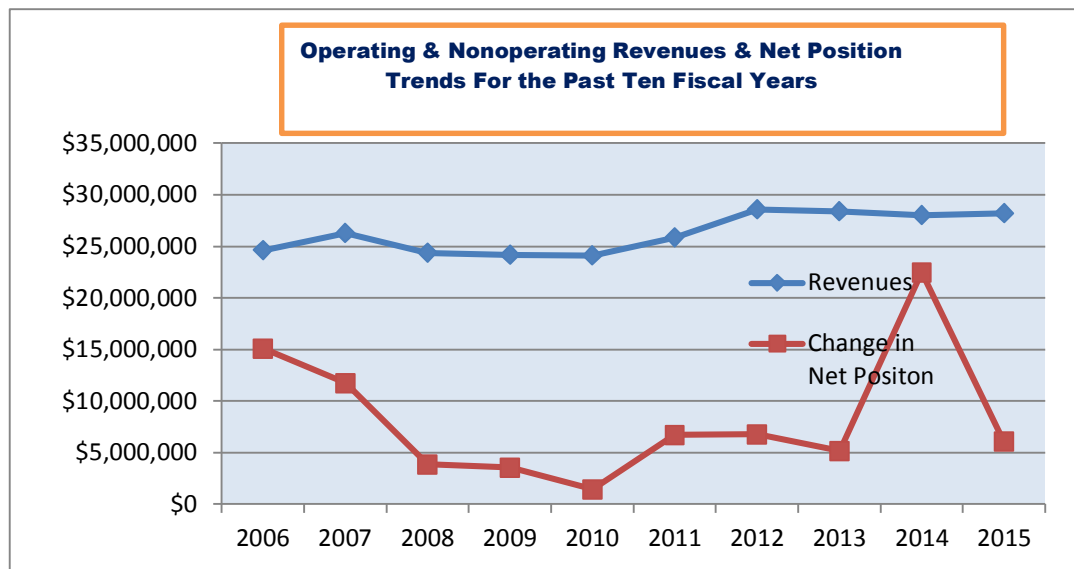
2010	2011	2012	2013	2014	2015
\$201,950,640	\$207,125,040	\$212,588,231	\$215,502,795	\$234,533,472	\$240,632,987
1,289,594	1,289,594	1,389,594	1,389,594	1,103,001	1,103,001
22,758,430	24,280,698	25,507,519	27,757,842	31,498,933	26,138,255
\$225,998,664	\$232,695,332	\$239,485,344	\$244,650,231	\$267,135,406	\$267,874,243

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

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

Fiscal Year	Operating Revenues	Operating Expenses	Operating Income (Loss)
2006	21,520,679	19,430,355	2,090,324
2007	22,831,536	20,401,356	2,430,180
2008	22,876,903	22,712,301	164,602
2009	23,856,054	23,911,025	(54,971)
2010	24,281,960	24,220,188	61,772
2011	26,575,116	25,151,232	1,423,884
2012	28,594,129	26,005,418	2,588,711
2013	28,417,091	26,474,263	1,942,828
2014	28,030,122	27,483,943	546,179
2015	28,223,658	27,605,751	617,907

Total Nonoperating Revenues/ (Expenses)	Income (Loss) before Capital Contribution	Capital Contributions	Change in Net Position
3,124,447	5,214,771	9,891,820	15,106,591
3,456,732	5,886,912	5,852,303	11,739,215
1,519,564	1,684,166	2,160,041	3,844,207
324,167	269,196	3,279,312	3,548,508
(149,067)	(87,295)	1,498,273	1,410,978
(685,814)	738,070	5,958,598	6,696,668
(179,719)	2,408,992	4,381,020	6,790,012
(543,390)	1,399,438	3,765,449	5,164,887
2,855,489	3,401,668	19,083,507	22,485,175
2,906,969	3,524,876	2,554,040	6,078,916



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

**COMBINED OPERATING REVENUES BY SOURCE**

**(Unaudited)**

**Last Ten Fiscal Years**

Fiscal Year	Water Sales	Sewer Charges	Fees and Miscellaneous	Total
2006	14,657,466	6,252,915	610,298	21,520,679
2007	15,016,607	7,131,655	683,274	22,831,536
2008	14,736,982	7,406,306	733,615	22,876,903
2009	15,380,781	7,870,804	604,469	23,856,054
2010	15,460,342	8,242,981	578,637	24,281,960
2011	17,517,713	8,279,468	777,935	26,575,116
2012	19,136,331	8,699,568	758,230	28,594,129
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



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

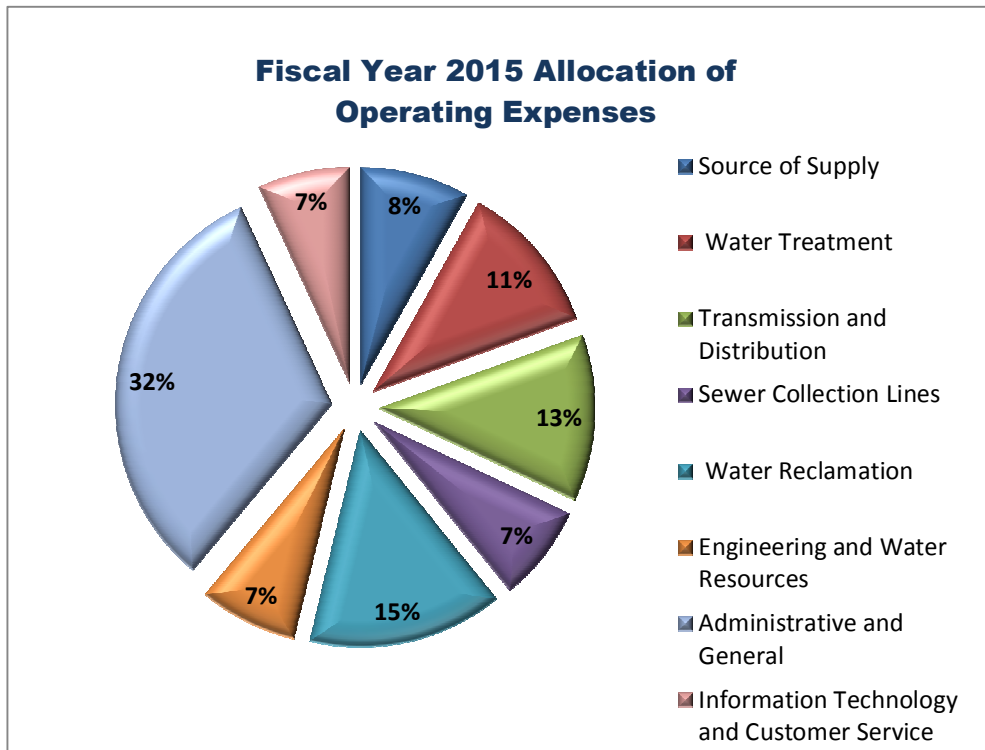
**COMBINED OPERATING EXPENSES**

**(Unaudited)**

**Last Ten Fiscal Years**

Fiscal Year	Source of Supply	Water Treatment	Transmission and Distribution	Sewer Collection Lines	Water Reclamation
2006	1,097,287	1,691,610	1,454,535	897,716	1,883,473
2007	970,615	1,755,806	1,682,988	965,679	2,160,199
2008	1,004,965	1,775,288	1,794,325	929,928	2,097,786
2009	1,023,116	2,096,691	1,885,130	1,093,916	2,232,907
2010	1,076,321	1,959,147	1,902,540	1,134,465	2,266,565
2011	1,129,193	2,032,733	1,893,363	1,073,547	2,303,619
2012	1,245,052	2,222,510	1,975,019	1,112,374	2,305,548
2013	1,218,162	1,779,324	2,015,765	1,109,167	2,360,921
2014	1,426,207	1,846,817	2,052,179	1,144,516	2,348,946
2015	1,334,981	1,869,151	2,040,958	1,181,757	2,400,409

Engineering and Water Resources	Administrative and General	Information Technology and Customer Service	Subtotal, Expenses before Depreciation	Depreciation	Total Operating Expenses
989,325	2,956,438	928,224	11,898,608	7,531,747	19,430,355
1,029,856	3,088,162	974,886	12,628,191	7,773,165	20,401,356
1,039,740	3,428,008	929,355	12,999,395	9,712,906	22,712,301
1,084,039	3,457,144	977,070	13,850,013	10,061,012	23,911,025
1,040,738	3,555,360	896,234	13,831,370	10,388,818	24,220,188
1,046,353	4,122,194	947,699	14,548,701	10,602,531	25,151,232
1,078,469	4,362,575	1,044,593	15,346,140	10,659,278	26,005,418
1,136,793	5,118,473	1,004,269	15,742,874	10,731,389	26,474,263
1,199,393	5,603,288	1,049,253	16,670,599	10,813,344	27,483,943
1,204,863	5,249,576	1,132,188	16,413,883	11,191,868	27,605,751



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

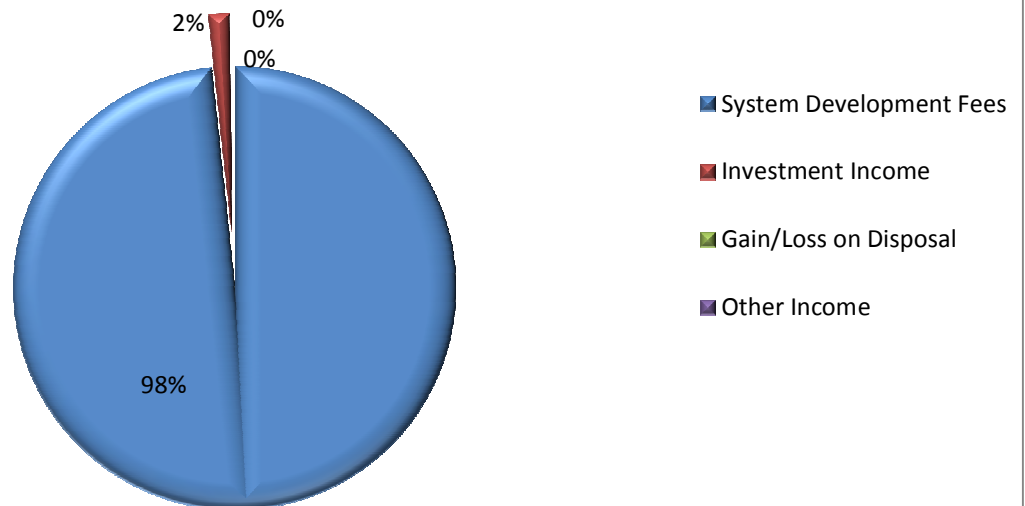
**COMBINED NONOPERATING REVENUES AND EXPENSES**

**(Unaudited)**

**Last Ten 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 Revenues/ Expenses
2006	2,507,450	1,201,757	-	-	1,000,000	1,341,736	(2,926,496)	3,124,447
2007	1,052,745	1,585,596	603,900	-	1,000,000	1,365,071	(2,150,580)	3,456,732
2008	1,268,735	1,305,490	(2,267)	-	1,000,000	879,268	(2,931,662)	1,519,564
2009	1,267,358	695,770	-	-	1,000,000	259,653	(2,898,614)	324,167
2010	1,153,325	307,393	5,175	-	1,000,000	10,257	(2,625,217)	(149,067)
2011	1,655,563	147,225	-	-	-	-	(2,488,602)	(685,814)
2012	1,928,153	77,077	-	-	-	-	(2,184,949)	(179,719)
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

**Allocation of FY 2015 Non-Operating Revenues**



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

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

	2006	2007	2008
<b>Water Rates</b>			
Rate charge (per 1,000 gallons):			
Treated	**	**	**
Large volume industrial treated	**	**	**
Residential single family:			
First block - First 6,000	\$ 2.76	\$ 2.87	\$ 2.96
Second block - Next 18,000	3.45	3.59	3.71
Third block - Next 18,000	4.31	4.48	4.62
All over - 42,000	5.39	5.61	5.79
Residential multi family:			
First block - First 3,000 per unit	2.76	2.87	2.96
Second block - Next 9,000 per unit	3.45	3.59	3.71
Third block - Next 9,000 per unit	4.31	4.48	4.62
All over - 21,000 per unit	5.39	5.61	5.79
All other treated (range)	3.01-3.45	3.13-3.59	3.23-3.71
Raw water (range)	1.73-1.75	1.82	1.88
Reclaimed water	1.40	1.46	1.51
Recycled water		2.70	2.79
Monthly service fee range (based on meter size)	4.00-145.00	4.10-145.00	4.25-145.00
<b>Sewer Rates</b>			
Rate charge (per 1,000 gallons)	\$ 2.50	\$ 2.75	\$ 3.00
Monthly service fee range (based on meter size)	3.50-60.00	3.50-60.00	3.50-60.00

**Notes:**

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

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

Fiscal Year						
2009	2010	2011	2012	2013	2014	2015
**	**	**	**	**	**	**
**	**	**	**	**	**	**
\$ 3.20	\$ 3.35	\$ 3.46	\$ 3.46	\$ 3.60	\$ 3.72	\$ 3.85
3.98	4.15	4.29	4.29	4.46	4.61	4.77
4.92	5.15	5.32	5.32	5.53	5.72	5.91
6.15	6.40	6.61	6.61	6.88	7.11	7.36
3.20	3.35	3.46	3.46	3.60	3.72	3.85
3.98	4.15	4.29	4.29	4.46	4.61	4.77
4.92	5.15	5.32	5.32	5.53	5.72	5.91
6.15	6.40	6.61	6.61	6.88	7.11	7.36
3.68-3.98	3.65-4.15	3.78-4.29	3.78-4.29	3.94-4.65	4.08-4.81	4.23-4.97
2.08	2.17	2.24	2.24	2.33	2.41	2.49
1.69	1.76	1.82	1.82	1.89	1.95	2.02
3.02	3.14	3.24	3.24	3.37	3.48	3.60
4.45-150.95	4.65-158.00	4.80-163.37	4.80-163.37	4.99-170.06	5.16-175.84	5.34-181.82
\$ 3.20	\$ 3.35	\$ 3.46	\$ 3.46	\$ 3.74	\$ 3.91	\$ 4.21
3.65-62.50	3.80-65.00	3.93-67.21	3.93-67.21	4.09-69.95	4.27-73.10	4.48-76.76

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

**TEN LARGEST WATER CUSTOMERS**

**(Unaudited)**

**Current Year and Nine Years Ago**

Customer	Fiscal Year 2015		Fiscal Year 2015	
	Billed Water Revenues		Gallons (1,000's)	
	Amount	%	Amount	%
Holly Refining and Marketing	\$ 2,723,016	15.82%	653,790	16.56%
South Cheyenne Water and Sewer District	\$ 1,363,990	7.94%	313,828	7.95%
Warren Air Force Base	\$ 872,388	5.07%	203,357	5.15%
Laramie County School Dist #1	\$ 713,553	4.15%	173,924	4.40%
State of Wyoming	\$ 242,324	1.41%	48,965	1.24%
Cheyenne Light Fuel and Power	\$ 137,399	0.80%	31,289	0.79%
Cheyenne Country Club	\$ 131,103	0.76%	50,602	1.28%
Cheyenne Regional Medical Center	\$ 95,106	0.55%	20,556	0.52%
Cheyenne Housing Authority	\$ 83,920	0.49%	18,440	0.47%
Wal-Mart Distribution Center	\$ 76,971	0.45%	11,245	0.28%
<b>Subtotal (10 largest)</b>	<b>\$ 6,439,770</b>	<b>37.42%</b>	<b>1,525,996</b>	<b>38.64%</b>
Balance from other customers	\$ 10,771,010	62.58%	2,422,831	61.36%
<b>Grand total</b>	<b>\$ 17,210,780</b>	<b>100.00%</b>	<b>3,948,827</b>	<b>100.00%</b>

Customer	Fiscal Year 2006		Fiscal Year 2006	
	Billed Water Revenues		Gallons (1,000's)	
	Amount	%	Amount	%
Frontier Refining and Marketing	\$ 2,148,958	14.67%	712,644	16.78%
Warren Air Force Base	\$ 1,093,709	7.46%	349,958	8.23%
South Cheyenne Water and Sewer District	\$ 1,025,680	7.00%	322,541	7.59%
State of Wyoming	\$ 238,077	1.62%	69,183	1.63%
Laramie County School Dist #1	\$ 204,993	1.40%	58,118	1.37%
Cheyenne Regional Medical Center	\$ 129,961	0.89%	40,129	0.94%
Cheyenne Country Club	\$ 124,473	0.85%	64,837	1.53%
Cheyenne Housing Authority	\$ 78,540	0.54%	23,353	0.55%
Department of Veterans Affairs	\$ 70,560	0.48%	21,698	0.51%
Hitching Post Inn	\$ 60,555	0.41%	18,521	0.44%
<b>Subtotal (10 largest)</b>	<b>\$ 5,175,506</b>	<b>35.31%</b>	<b>1,680,982</b>	<b>39.55%</b>
Balance from other customers	\$ 9,481,960	64.69%	2,568,966	60.45%
<b>Grand total</b>	<b>\$ 14,657,466</b>	<b>100.00%</b>	<b>4,249,948</b>	<b>100.00%</b>

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

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

Customer	Fiscal Year 2015		Fiscal Year 2015	
	Billed Sewer Revenues		Sewer Gallons (1,000's)	
	Amount	%	Amount	%
South Cheyenne Sewer and Water District	\$ 1,116,274	10.94%	276,009	12.64%
Holly Refining & Marketing	\$ 559,123	5.48%	134,636	6.17%
Warren Air Force Base	\$ 378,373	3.71%	92,872	4.25%
Laramie County School Dist #1	\$ 101,021	0.99%	23,639	1.08%
State of Wyoming	\$ 86,508	0.85%	19,472	0.89%
Cheyenne Light Fuel and Power	\$ 81,094	0.79%	15,361	0.70%
Cheyenne Regional Medical Center	\$ 74,339	0.73%	17,901	0.82%
Cheyenne Housing Authority	\$ 68,069	0.67%	15,042	0.69%
Wal-Mart Distribution Center	\$ 67,636	0.66%	11,245	0.51%
EchoStar	\$ 45,366	0.44%	11,100	0.51%
<b>Subtotal (10 largest)</b>	<b>\$ 2,577,803</b>	<b>25.26%</b>	<b>617,277</b>	<b>28.27%</b>
Balance from other customers	\$ 7,625,292	74.74%	1,566,438	71.73%
<b>Grand total</b>	<b>\$ 10,203,095</b>	<b>100.00%</b>	<b>\$ 2,183,715</b>	<b>100.00%</b>

Customer	Fiscal Year 2006		Fiscal Year 2006	
	Billed Sewer Revenues		Sewer Gallons (1,000's)	
	Amount	%	Amount	%
South Cheyenne Sewer and Water District	\$ 511,412	8.18%	215,708	9.51%
Warren Air Force Base	\$ 322,775	5.16%	136,193	6.00%
Frontier Refining and Marketing	\$ 247,507	3.96%	105,430	4.65%
Cheyenne Regional Medical Center	\$ 87,043	1.39%	36,231	1.60%
Laramie County School District #1	\$ 56,624	0.91%	21,958	0.97%
Cheyenne Housing Authority	\$ 47,175	0.75%	17,610	0.78%
State of Wyoming	\$ 41,163	0.66%	15,791	0.70%
Hitching Post	\$ 38,195	0.61%	15,846	0.70%
Union Pacific Railroad	\$ 27,944	0.45%	11,891	0.52%
Flying J Travel Plaza	\$ 27,745	0.44%	7,810	0.34%
<b>Subtotal (10 largest)</b>	<b>\$ 1,407,583</b>	<b>22.51%</b>	<b>584,468</b>	<b>25.76%</b>
Balance from other customers	\$ 4,845,332	77.49%	1,684,496	74.24%
<b>Grand total</b>	<b>\$ 6,252,915</b>	<b>100.00%</b>	<b>\$ 2,268,964</b>	<b>100.00%</b>

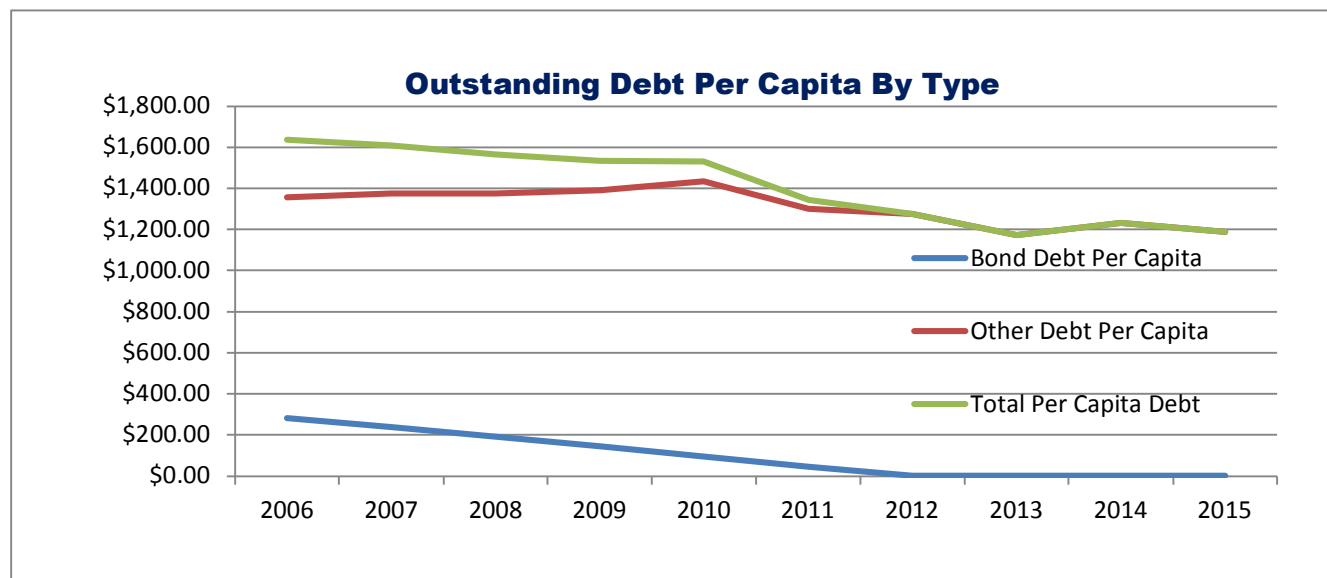


**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

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

Fiscal Year	General Bonded Debt			Other Debt			Total Debt
	General Obligation Bonds	Per Capita	As a Share of Personal Income	Notes and Refunding Revenue Bonds	Per Capita	As a Share of Personal Income	All Notes/Bonds
2006	15,555,000	280.10	0.60%	75,271,287	1,355.43	3.53%	90,826,287
2007	13,205,000	236.29	0.50%	76,715,356	1,372.74	3.27%	89,920,356
2008	10,745,000	190.81	0.40%	77,400,151	1,374.46	3.15%	88,145,151
2009	8,170,000	143.21	0.30%	79,330,078	1,390.58	2.97%	87,500,078
2010	5,465,000	94.85	0.20%	82,667,860	1,434.76	3.22%	88,132,860
2011	2,615,000	43.77	0.10%	77,546,824	1,298.09	2.90%	80,161,824
2012	-	-	0.00%	76,662,873	1,275.67	2.58%	76,662,873
2013	-	-	0.00%	71,545,772	1,171.82	2.31%	71,545,772
2014	-	-	0.00%	75,878,271	1,229.45	2.42%	75,878,271
2015	-	-	0.00%	75,171,561	1,188.41	2.34%	75,171,561

\*\* Information not available



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

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

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to Limit as a Percentage of Debt Limit
2006	17,729,384	-	17,729,384	0.00%
2007	18,749,719	-	18,749,719	0.00%
2008	19,645,476	-	19,645,476	0.00%
2009	20,480,473	-	20,480,473	0.00%
2010	20,413,427	-	20,413,427	0.00%
2011	20,900,257	-	20,900,257	0.00%
2012	21,327,661	-	21,327,661	0.00%
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%

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

**SEWER FUND  
COMPUTATION OF LEGAL DEBT MARGIN  
(Unaudited)  
June 30, 2015**

---

Total assessed value, City of Cheyenne	<u>\$ 602,206,337</u>
Debt limit (4% of total assessed value)	<u>24,088,253</u>
Debt applicable to limit	
Bonded debt	-
Less: Amount set aside for repayment of bond debt	<u>-</u>
<b>Total net debt applicable to limit</b>	<u>-</u>
 <b>Legal debt margin</b>	 <u><u>\$ 24,088,253</u></u>

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

**WATERWORKS FUND  
PLEDGED REVENUE COVERAGE  
(Unaudited)  
Last Ten Fiscal Years**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Fiscal	Water*		Net Revenues		Debt Service***		Cover-
Year	Gross	Expenses**	Available	Principal	Interest	Total	age
	Revenues		for Debt				Ratio
			Service				****
2006	22,103,865	7,012,378	15,091,487	3,387,451	1,888,921	5,276,372	2.9
2007	20,264,510	7,357,980	12,906,530	3,527,270	1,706,834	5,234,104	2.5
2008	18,328,318	7,710,867	10,617,451	3,735,298	1,794,673	5,529,971	1.9
2009	20,056,379	8,169,940	11,886,439	4,197,162	1,729,781	5,926,943	2.0
2010	18,513,871	8,096,391	10,417,480	4,592,685	1,593,984	6,186,669	1.7
2011	19,379,192	8,979,938	10,399,254	4,862,348	1,429,762	6,292,110	1.7
2012	21,038,714	9,865,383	11,173,331	6,185,564	1,310,423	7,495,987	1.5
2013	20,266,843	10,017,855	10,248,988	3,494,377	1,559,833	5,054,210	2.0
2014	21,248,671	10,765,898	10,482,773	2,411,738	1,127,753	3,539,491	3.0
2015	19,989,573	10,481,000	9,508,573	2,669,343	1,230,045	3,899,388	2.4

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

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

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

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

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

**SEWER FUND  
PLEDGED REVENUE COVERAGE  
(Unaudited)  
Last Ten Fiscal Years**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Fiscal	Sewer*		Net Revenues		Debt Service		Cover-
Year	Gross	Expenses**	Available		Principal	Interest	age
	Revenues		for Debt			Total	Ratio
			Service				***
2006	10,040,555	4,886,230	5,154,325	104,709	1,037,575	1,142,284	4.51
2007	10,390,429	5,270,211	5,120,218	1,659,510	2,518,141	4,177,651	1.23
2008	9,299,608	5,288,528	4,011,080	1,700,997	938,854	2,639,851	1.52
2009	9,233,317	5,680,073	3,553,244	1,743,523	939,868	2,683,391	1.32
2010	8,866,790	5,734,979	3,131,811	1,894,563	1,013,491	2,908,054	1.08
2011	9,062,959	5,568,763	3,494,196	1,941,889	916,115	2,858,004	1.22
2012	9,560,645	5,480,757	4,079,888	1,990,398	875,883	2,866,281	1.42
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

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

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

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

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

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

Fiscal Year	Population		Personal Income (Thousands of Dollars)*	Per Capita Income*	Unemploy- ment Rate*	School Enrollment*
2006	55,533	(a)	3,296,104	38,447	4.2%	14,410
2007	55,885	(a)	3,644,629	41,980	3.9%	14,472
2008	56,313	(b)	3,821,780	43,601	3.6%	14,454
2009	57,048	(b)	4,176,656	46,888	4.0%	14,560
2010	57,618	(b)	4,030,420	44,570	6.5%	14,897
2011	59,739	(b)	4,120,894	44,734	7.6%	14,865
2012	60,096	(b)	4,572,791	49,443	6.9%	14,982
2013	61,055	(b)	4,795,529	50,755	6.1%	15,022
2014	61,717	(b)	4,969,568	51,870	4.9%	14,893
2015	63,254	(b)	**	**	**	**

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

(a) U.S. Census Bureau Estimate.

(b) Wyoming Division of Economic Analysis.

\* For Laramie County.

\*\* Information not yet available.

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

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

Employer	Product	2015	
		Employees	Percentage of Total
State of Wyoming	Government Services	3,317	4.81%
F.E. Warren A.F.B.	Military	3,000	4.35%
Laramie County School District No.1	Education K-12	2,204	3.20%
Federal Government	Government Services	1,703	2.47%
Cheyenne Regional Medical Center	Health Care	1,812	2.63%
Wyoming National Guard	Military	1,059	1.54%
Sierra Trading Post	Outlet Catalog/Retail	877	1.27%
Laramie County Community College	Academic	752	1.09%
Veterans Affairs Medical Center	Health Care	702	1.02%
Union Pacific Railroad	Transportation, Rail	660	0.96%
		16,086	23.35%
All other employers		52,818	76.65%
<b>Total employees</b>		68,904	100.00%
Employer		2006	
		Employees	Percentage of Total
F.E. Warren A.F.B.	Military	4,293	7.24%
State of Wyoming	Government Services	3,645	6.15%
Laramie County School District No.1	Education K-12	1,940	3.27%
Federal Government	Government Services	1,812	3.06%
Cheyenne Regional Medical Center	Health Care	1,430	2.41%
Lowe's Companies	Warehouse/Retail	950	1.60%
Union Pacific Railroad	Transportation, Rail	806	1.36%
Wyoming National Guard	Military	669	1.13%
Sierra Trading Post	Outlet Catalog/Retail	670	1.13%
City of Cheyenne	Government Services	565	0.95%
		16,215	27.36%
All other employers		43,053	72.64%
<b>Total employees</b>		59,268	100.00%

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

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

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

	2006	2007	2008	2009
Administration				
General and administrative	8	8	8	8
Customer service	6	6	6	6
Information technology	4	4	4	4
Meter information techs	5	5	5	5
Subtotal	23	23	23	23
Water Treatment				
Management/support staff	2	2	2	2
Plant supervisor/operators	13	13	13	13
Laboratory staff	2	2	2	2
Wellfield group	3	3	3	3
Subtotal	20	20	20	20
Operation and Maintenance				
Source of supply	-	-	-	-
Transmission and distribution	12	12	12	13
Sewer collection	12	12	12	12
Support services	13	11	11	11
Sup. dist. and col. fac. staff	3.5	5.5	5.5	5.5
Subtotal	40.5	40.5	40.5	41.5
Engineering and Water Resources				
Engineering staff	8	8	8	8
Inspections and locates	4	4	4	4
Instrumentation and telemetry	3	4	4	4
Source of supply	6	6	6	6
Subtotal	21	22	22	22
Water Reclamation				
Management/support staff	4	4	5	5
Laboratory staff	2	2	2	2
Plant supervisors/operators	16	16	16	16
Subtotal	22	22	23	23
<b>Total</b>	126.5	127.5	128.5	129.5



Full-Time Equivalent Budgeted Positions as of June 30,

2010	2011	2012	2013	2014	2015
8	8	8	8	8	8
6	6	6	6	6	6
4	4	4	4	4	4
5	5	5	5	5	5
23	23	23	23	23	23
2	2	2	2	2	2
13	13	13	13	13	13
2	2	2	2	2	2
3	3	3	3	3	3
20	20	20	20	20	20
-	-				
13	13	13	13	13	13
12	12	12	12	12	12
11	11	11	11	11	11
5.5	5.5	5.5	5.5	5.5	5.5
41.5	41.5	41.5	41.5	41.5	41.5
7	7	7	7	7	7
4	4	4	4	4	4
4	4	4	4	4	4
6	6	6	6	6	6
21	21	21	21	21	21
5	5	5	5	5	6
2	2	2	2	2	2
16	16	16	16	16	16
23	23	23	23	23	24
128.5	128.5	128.5	128.5	128.5	129.5

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

**OPERATING AND CAPITAL INDICATORS  
(Unaudited)  
Last Ten Fiscal Years**

	2006	2007	2008
<b>Water Treatment</b>			
Raw Water Collection Mains (miles)	49	49	49
Raw Water Transmission Mains (miles)	222	222	222
Treated Water Transmission Mains (miles)	60	60	63
Treated Water Distribution Mains (miles)	331	346	355
Gallons of treated water storage (millions)	35	35	35
Reservoir levels at June 30 (acre feet*)	38,221	38,076	39,145
Water treatment plant capacity	32 mgd	32 mgd	32 mgd
Peak day **	June 14, 2006	July 31, 2006	July 3, 2007
Peak day (mgd)	28.48	29.25	31.17
Peak month **	June 2006	August 2006	July 2007
Peak month (million gallons)	744.62	735.72	725.82
Total water delivered (acre feet*)	16,165	15,888	14,208
Average daily demand (mgd)**	14.431	14.182	12.649
<b>Recycled Water</b>			
Miles of delivery pipeline	-	-	13.59
Treatment capacity	-	-	4.0 mgd
Total recycled water delivered (acre feet*)	-	-	378.7
Peak day	-	-	October 4, 2007
Peak day (mgd)	-	-	2.56
<b>Water Reclamation</b>			
Miles of sewer collection mains	296	302	307
Water reclamation capacity	17.0 mgd	17.0 mgd	17.0 mgd
Peak month	December 2005	March 2007	August 2007
Peak month (million gallons)	366.73	306.09	276.86
Peak month average per day	11.8 mgd	9.9 mgd	8.9 mgd
Total wastewater treated (000 gallons)	3,590,459	3,286,169	3,132,495
Average mgd	9.84	9.00	8.56

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

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

Fiscal Years						
2009	2010	2011	2012	2013	2014	2015
49	49	49	49	49	49	49
222	222	222	222	222	222	222
67	67	67	67	67	67	67
358	361	364	374	379	389	389
35	35	35	35	35	35	35
39,555	40,222	41,108	37,756	36,990	39,832	39,678
32 mgd	32 mgd	32 mgd	32 mgd	32 mgd	32 mgd	32 mgd
July 15, 2008	Aug. 12, 2009	Sept.21, 2010	June 18, 2012	June 26, 2013	July 8, 2013	July 21, 2014
32.26	25.98	28.42	28.7	29.7	29.27	25.79
July 2008	August 2009	August 2010	June 2012	August 2012	July 2013	July 2014
833.17	626.79	697.66	695.760	767.650	699.86	651.13
12,753	13,173	14,815	16,176	15,272	13,377	13,587
11.385	11.760	13.230	14.40	13.63	11.94	12.13
13.59	13.59	13.59	13.59	13.59	13.59	13.59
4.0 mgd	4.0 mgd	4.0 mgd	4.0 mgd	4.0 mgd	4.0 mgd	4.0 mgd
305.6	252.05	566.42	585.05	546.05	330.24	155.84
August 2, 2008	June 21, 2010	July 14, 2010	June 6, 2012	July 20, 2012	July 3, 2013	July 8, 2014
2.89	2.68	2.39	2.14	2.23	2.05	1.24
308	309	310	319	323	327	327
17.0 mgd	17.0 mgd	17.0 mgd	17.0 mgd	17.0 mgd	17.0 mgd	17.0 mgd
August 2008	May 2010	July 2010	July 2011	May 2012	May 2014	May 2015
320.37	372.761	332.8	323.4	298.8	313.28	326.10
10.3 mgd	12.00 mgd	10.74 mgd	10.43 mgd	9.64 mgd	10.10 mgd	10.52
3,294,313	3,435,352	3,283,370	3,236,048	3,199,300	3,297,782	2,948,876
9.03	9.41	9.00	8.85	8.77	9.04	8.08

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

**WATER DELIVERED AND SOLD AND WASTEWATER TREATED  
(Unaudited)  
Last Ten Fiscal Years**

Fiscal Year	Gallons of Water Delivered(a)	Gallons of Water Sold(b)	Gallons of Water Used by City(c)	Gallons of Water Unbilled(d)
2006	5,267	4,276	352	639
2007	5,176	4,308	396	472
2008	4,629	4,118	395	116
2009	4,155	4,072	138	(55)
2010	4,290	3,832	303	155
2011	4,828	4,218	366	244
2012	5,271	4,419	425	427
2013	5,022	4,373	394	255
2014	4,359	3,927	310	122
2015	4,427	3,694	370	363
10-year average	4,742	4,124	345	274

**Notes:**

Gallons are presented in millions

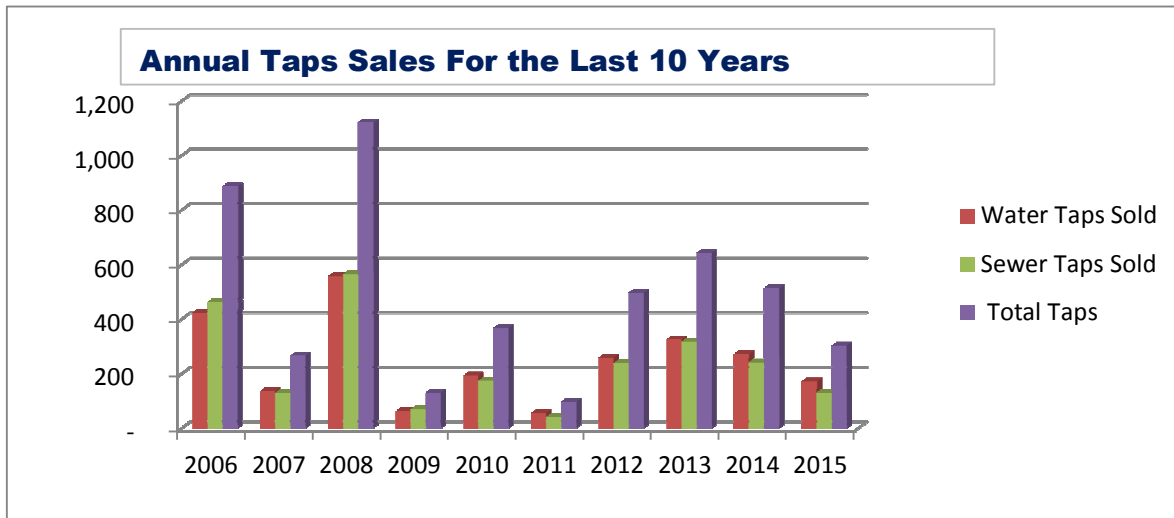
- (a) Water delivered to the community of Cheyenne for consumption, metered dates are from July 1 to June 30.
- (b) Gallons of water sold are based upon bills issued from July 1 or June 30, meter reading dates for these bills do not coincide with July 1 through June 30. Due to monthly billing cycles,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

Average Percent Unbilled(e)	Gallons of Wastewater Billed(f)	Total Direct Rate	
		Water(g)	Sewer(h)
12.13%	2,269	3.37	2.50
9.12%	2,402	3.43	2.75
2.51%	2,240	3.56	3.00
-1.32%	2,219	3.74	3.20
3.61%	2,179	3.97	3.35
5.05%	2,126	4.15	3.46
8.10%	2,183	4.33	3.46
5.08%	2,160	4.28	3.46
2.80%	2,209	4.36	3.91
8.20%	2,183	4.62	4.21
5.77%	2,217		

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

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

Fiscal Year	Water Meter Taps Sold	Sewer Taps Sold	Total Taps
2006	424	464	888
2007	136	130	266
2008	557	564	1,121
2009	62	69	131
2010	193	174	367
2011	55	42	97
2012	258	239	497
2013	325	317	642
2014	272	242	514
2015	172	131	303



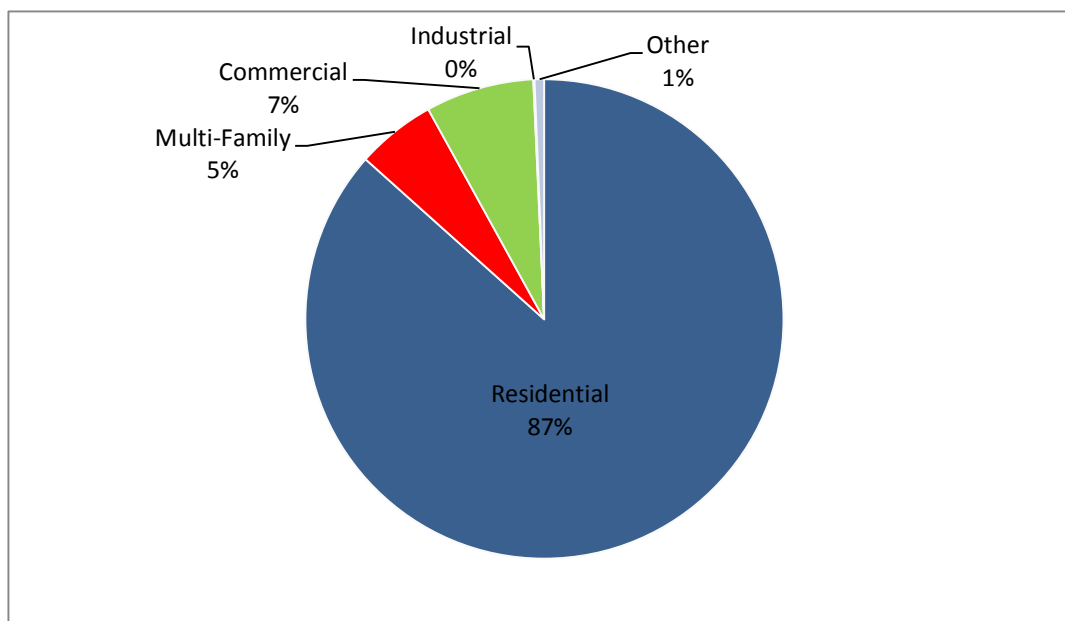
**BOARD OF PUBLIC UTILITIES  
CITY OF CHEYENNE, WYOMING**

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

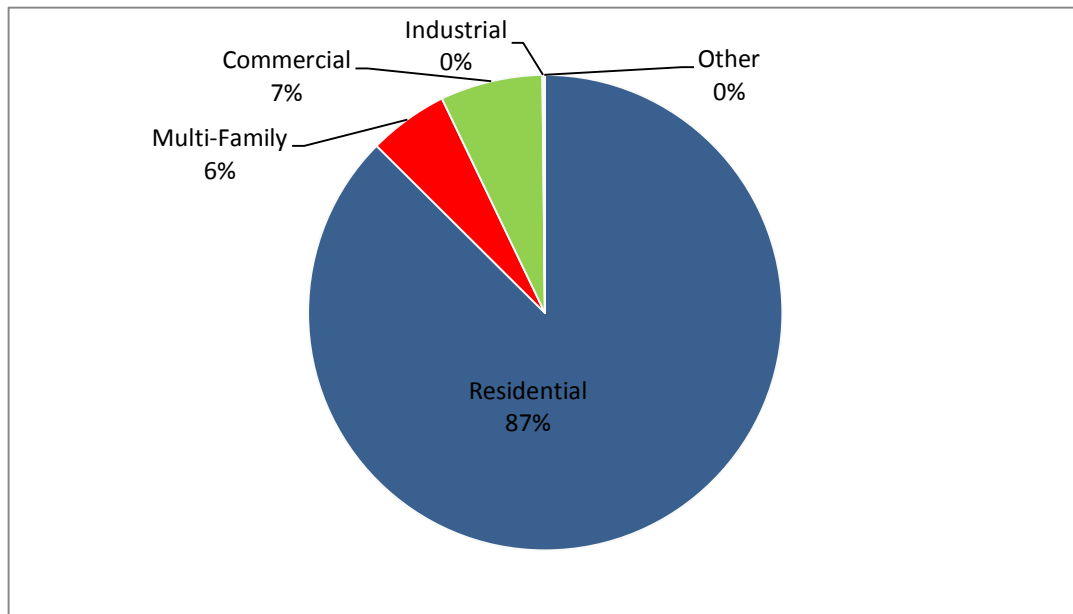
Fiscal Year	Water				
	Residential	Multi-Family	Commercial	Industrial	Other
2006	18,481	1,151	1,586	23	151
2007	18,635	1,165	1,594	19	166
2008	18,810	1,170	1,622	19	179
2009	18,947	1,182	1,629	24	156
2010	19,160	1,183	1,645	24	187
2011	19,311	1,210	1,660	21	149
2012	19,460	1,249	1,680	21	198
2013	19,917	1,266	1,677	21	151
2014	19,913	1,250	1,695	21	180
2015	20,195	1,250	1,711	17	152

**Notes:**

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



Sewer					Total	
Residential	Multi-Family	Commercial	Industrial	Other	Water	Sewer
18,430	1,151	1,466	20	11	21,392	21,078
18,592	1,164	1,493	21	13	21,579	21,283
18,711	1,163	1,502	20	13	21,800	21,409
18,837	1,180	1,525	20	12	21,938	21,574
19,046	1,186	1,525	21	13	22,199	21,791
19,241	1,210	1,545	20	12	22,351	22,028
19,365	1,246	1,563	21	13	22,608	22,208
19,565	1,251	1,561	20	15	23,032	22,412
19,831	1,252	1,592	20	23	23,059	22,718
20,120	1,251	1,605	20	25	23,325	23,021





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

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

Calendar Year	City Population Estimate*	Residential Meter Water Use - Only (000 Gallons)	Gallons per Capita per Day Residential Use	Total City** Metered Water Use - Only (000 Gallons)	Gallons per Capita per Day Total In-City Use
2006	55,533	2,093,589	103.29	3,624,482	178.81
2007	55,885	2,081,685	102.05	3,564,189	174.73
2008	56,313	2,026,111	98.57	3,435,725	167.15
2009	57,048	1,962,219	94.24	3,482,228	167.23
2010	57,618	1,800,494	85.61	3,237,866	153.96
2011	59,739	2,057,439	94.36	3,512,364	161.08
2012	60,096	2,152,263	98.12	3,657,056	166.72
2013	61,055	2,079,444	93.31	3,620,334	162.46
2014	61,717	1,883,289	83.60	3,277,123	145.48
2015	63,254	1,725,254	74.73	3,073,629	133.13

\* Wyoming Center for Business and Economic Analysis.

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

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

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

**(Unaudited)**

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

Calendar Year	Residential	Commercial and Industrial	Frontier Oil Refinery	Total In-City Metered Water Sales	F.E. Warren Air Force Base	South Cheyenne Sewer and Water District	Outside City
2006	2,093,589	843,675	687,218	3,624,482	231,782	316,983	9,709
2007	2,081,685	779,406	703,098	3,564,189	298,728	333,219	9,384
2008	2,026,111	709,655	699,959	3,435,725	260,250	335,972	8,516
2009	1,962,219	701,687	818,322	3,482,228	268,014	320,490	7,449
2010	1,800,494	652,161	785,211	3,237,866	239,710	291,546	15,226
2011	2,057,439	710,916	744,009	3,512,364	324,206	323,243	19,026
2012	2,152,263	770,326	734,467	3,657,056	297,063	350,224	19,996
2013	2,079,444	720,911	819,979	3,620,334	255,285	357,885	26,880
2014	1,883,289	686,023	709,881	3,279,193	180,714	326,086	27,746
2015	1,725,254	694,585	653,790	3,073,629	189,640	313,828	29,781

\* Excluding depreciation.

Raw Water	Recycled Water	Oil and Gas	Construc- tion	Total Water Sales	Total Water Operating Expenses*	Operating Cost per 1,000	Total Water Debt Service	Debt Cost per 1,000
66,992	-	-	-	4,249,948	7,012,378	1.65	5,276,372	1.24
78,427	-	-	-	4,283,947	7,357,980	1.72	5,234,104	1.22
62,659	16,084	-	-	4,119,206	7,710,867	1.87	5,529,971	1.34
49,393	17,669	-	-	4,145,243	8,169,940	1.97	5,926,942	1.43
47,930	3,250	-	-	3,835,528	8,096,391	2.11	6,186,669	1.61
63,989	20,205	1,909	3,093	4,268,035	8,979,938	2.10	6,292,110	1.47
69,948	20,008	54	4,972	4,419,321	9,865,383	2.23	7,495,987	1.70
71,441	21,320	19	19,447	4,372,611	10,017,855	2.29	5,054,210	1.16
104,216	17,122	515	13,235	3,948,827	10,765,898	2.73	3,539,491	0.90
61,452	16,032	2,099	7,732	3,694,193	10,481,000	2.84	3,899,388	1.06



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**Independent Auditors' 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***

Honorable Mayor, Members of the City Council and  
Members of the Board of Public Utilities  
City of 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 Board of Public Utilities City of Cheyenne, Wyoming (the Board), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated September 28, 2015.

**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) to determine the 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 entity'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.

## **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 determination of the financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other use or purpose.

*RubinBrown LLP*

September 28, 2015