

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, 2019

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**

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The Honorable Mayor Marian J. Orr,
City Council Members, and
Members of the Board of Public Utilities
City of Cheyenne, Wyoming

Monday, October 21, 2019

The Board of Public Utilities of the City of Cheyenne, Wyoming (the “Board”) Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019 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 Waterworks and Sewer Enterprise Funds. All disclosures necessary to enable the reader to gain an understanding of the Board’s financial activities have been included.

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

McGee Hearne & Paiz LLP, a firm of licensed certified public accountants, has audited the Board’s financial statements. The goal of the independent audit is to provide reasonable assurance that the Board’s financial statements for the fiscal year ended June 30, 2019 are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Board’s financial statements for the fiscal year ended June 30, 2019 are fairly presented in conformity with accounting principles generally accepted in the United States (U.S. GAAP). The independent auditor’s opinion is presented as the first component of the financial section.

U.S. 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 a Board of Public Utilities. On April 27, 1943, the City of Cheyenne established such a board. This year marks the Board's 76th anniversary. The Board manages, operates, maintains, and controls the water treatment plants, water mains, sanitary sewer systems, and water reclamation plants, and makes all procedures and regulations necessary for their safe, economical, and efficient operation and management.

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

a unique blend of cowboy, military, and contemporary cultures.

From the 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 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. It is a city that remembers its roots and retains a unique Western flavor. Cheyenne is known worldwide for its annual celebration of the west, Cheyenne Frontier Days, the 'Daddy of 'Em All', which draws large crowds from across the nation and around the world.



According to the State of Wyoming Economic Analysis Division report, Cheyenne has an estimated population as of July 2018 of 63,957, and a county population of 98,976. The City of Cheyenne has been designated a Standard Metropolitan Statistical Area since 1985 (50,000 population or greater).

Possessing a unique combination of business advantages, Cheyenne:

- Is near the geographic and time center of North America.
- Serves as a transportation hub with easy access to Interstates 80 and 25.
- Has two major railroads, the Union Pacific and the Burlington Northern.
- Serves as the northern anchor city of the rapidly expanding Rocky Mountain Front Range.
- Is a tax friendly environment for businesses.
- Has multiple industrial parks, including a developed 2,500-acre heavy industrial park with access to the Union Pacific and Burlington Northern railroads, as well as Interstate 80 and 25.
- Is in close proximity to other Front Range communities.
- Is within 45-minute commuting distances of the University of Wyoming, Colorado State University, and University of Northern Colorado, with a combined population of more than 50,000 students.
- Has a major Fiber Switching Center with many high-speed data services including DSL, ATM, Frame Relay, and ISDN.

ECONOMIC CONDITION AND OUTLOOK

According to the Wyoming Center for Business & Economic Analysis (WCBEA), during the first quarter of 2019 Cheyenne and Laramie County have returned to the level of economic activity it experienced prior to the decline in energy prices and the subsequent downturn in the Wyoming economy. Data for the first quarter of 2019 bear this out. While several of Laramie County's economic indicators showed encouraging signs, including tax collections, home prices, and banking, other economic indicators highlighted less robust sectors, including falling oil prices and retail sales.

The general level of economic activity in Laramie County – as measured by retail sales – decreased by 2.4% over the last year but was up 1.4% from the fourth quarter of 2018 to the first quarter of 2019. Sales tax collections and tax receipts to local government entities generally move in the same direction and were both up year-over-year and up over the last quarter, bucking the typical seasonal trend. Total tax collections rose 14.7% over the last year and rose 4.9% from the fourth quarter of 2018 to the first quarter of 2019. Total tax receipts by local governments increased 9.2% over the last year and increased 0.6% from the fourth quarter of 2018 to the first quarter of 2019.

Residential construction was down over the last year in the city of Cheyenne but rose in the rural part of Laramie County. In the city of Cheyenne, the number of single-family building permits decreased from 67 in the first quarter of 2018 to 33 in the first quarter of 2019 (-41%). Outside of Cheyenne, single-family building permits rose from 38 in the first quarter of 2018 to 48 in the first quarter of 2019 (26.3%). The average monthly value of authorized commercial construction in the city rose 25.9% over the last year from the first quarter of 2018 to the first quarter of 2019.

Annual real estate sales prices continued to climb in the first quarter of 2019. In the city of Cheyenne, the average sales price rose from \$237,017 in the first quarter of 2018 to \$256,962 in the first quarter of 2019 (8.4%). In Laramie County year-over-year, the average sales price for homes in rural Laramie County rose by 15%, from \$365,060 in the first quarter of 2018 to \$413,223 in the first quarter of 2019.

The number of unemployed workers fell over the last year, from 1,930 in the first quarter of 2018 to 1,819 in the first quarter of 2019 (-5.8%). The number of unemployed workers rose over the last quarter, from 1,698 in the fourth quarter of 2018 to 1,819 in the first quarter of 2019 (7.1%).

The average monthly unemployment rate fell over the last year, from 4.1% in the first quarter of 2018 to 3.8% in the first quarter of 2019. The unemployment rate rose slightly over the last quarter, from an average monthly rate of 3.6% in the fourth quarter of 2018 to 3.8% in the first quarter of 2019.

The continuing threat to the local government's economy is the impact of sustained low energy prices and the corresponding decrease in severance tax revenue to the State government. As the State's budget becomes more problematic, the allocation of funds received by the local governments from the State could see significant decreases. Additionally, grant monies from the Wyoming Water Development Commission might see significant reductions. These reductions will force water utilities to increase debt loads, in future years.

CHEYENNE LABOR MARKET:

	Quarter 1 2017	Quarter 1 2018	Quarter 4 2018	Quarter 1 2019	2-Year % Change Quarter 1 2017 - Quarter 1 2019	1-Year % Change Quarter 1 2018 - Quarter 1 2019	Quarterly % Change Quarter 4 2018 - Quarter 1 2019
Local Area Unemployment Statistics (LAUS):							
Average Monthly Civilian Labor Force	49,091	47,690	47,258	48,080	-2.06%	0.82%	1.74%
Average Monthly Employment	46,974	45,759	45,559	46,262	-1.52%	1.10%	1.54%
Average Monthly Unemployment	2,117	1,930	1,698	1,819	-14.08%	-5.75%	7.13%
Average Monthly Unemployment Rate	4.3%	4.1%	3.6%	3.8%	-11.63%	-7.32%	5.56%

GENERAL BUSINESS ACTIVITY:

	Quarter 1 2017	Quarter 1 2018	Quarter 4 2018	Quarter 1 2019	2-Year % Change Quarter 1 2017 - Quarter 1 2019	1-Year % Change Quarter 1 2018 - Quarter 1 2019	Quarterly % Change Quarter 4 2018 - Quarter 1 2019
Auto Registrations, New and Used	2,875	2,771	3,365	2,598	-9.63%	-6.24%	-22.79%
Average Monthly Enplanements, Cheyenne Regional Airport	228	89	609	1,059	364.47%	1089.89%	73.89%
Total Retail Sales (\$000)	\$ 291,237	\$ 327,465	\$ 315,086	\$ 319,628	9.75%	-2.39%	1.44%
Average Monthly Bankruptcies	13	14	13	10	-23.08%	-28.57%	-23.08%

OTHER SIGNIFICANT ECONOMIC NEWS AND EVENTS DURING RECENT FISCAL YEARS:

Precious Cat, Inc. relocating to Cheyenne. An effort through the Cheyenne-Laramie County Corporation for Economic Development (LEADS) has resulted in Precious Cat, Inc. relocating their Dr. Elsey's Precious Cat Products manufacturing and distribution facility to Cheyenne.

The move is being driven by the need for rail service and more space than is available at the company's current location in Englewood, Colorado. According to Dr. Bruce Elsey, President of Precious Cat, Inc., "We chose Cheyenne because, in addition to the availability of rail and rail-served land, we appreciate the work ethic and values present in a town the size of Cheyenne."

The availability of high-quality bentonite, the main ingredient used in cat litter, was also a factor, says Elsey. "There is nothing better than Wyoming bentonite."



Cheyenne LEADS began working with Precious Cat in October 2016. The company will employ 20-30 employees and plans to build a 150,000 square foot building located on 33 acres in the Swan Ranch Business Park, owned by Granite Peak Development. Construction is planned to begin by the end of 2019.

"We are thrilled that Dr. Elsey's Precious Cat Products will relocate to Cheyenne," said Randy Bruns, Chief Executive Officer of Cheyenne LEADS. "Precious Cat, Inc. produces a high-quality product from Wyoming materials and has a reputation as a top employer."

Wyoming Microsoft expansion. After an 18-month delay, Microsoft has begun work to complete a promised expansion of its data center operations west of Cheyenne. The Redmond, Washington based technology giant originally announced the expansion at a 2015 news conference with Wyoming's Governor at the time, Matt Mead, where officials said the company planned to spend more than \$200 million and double the 25 permanent jobs at the center within one to two years.



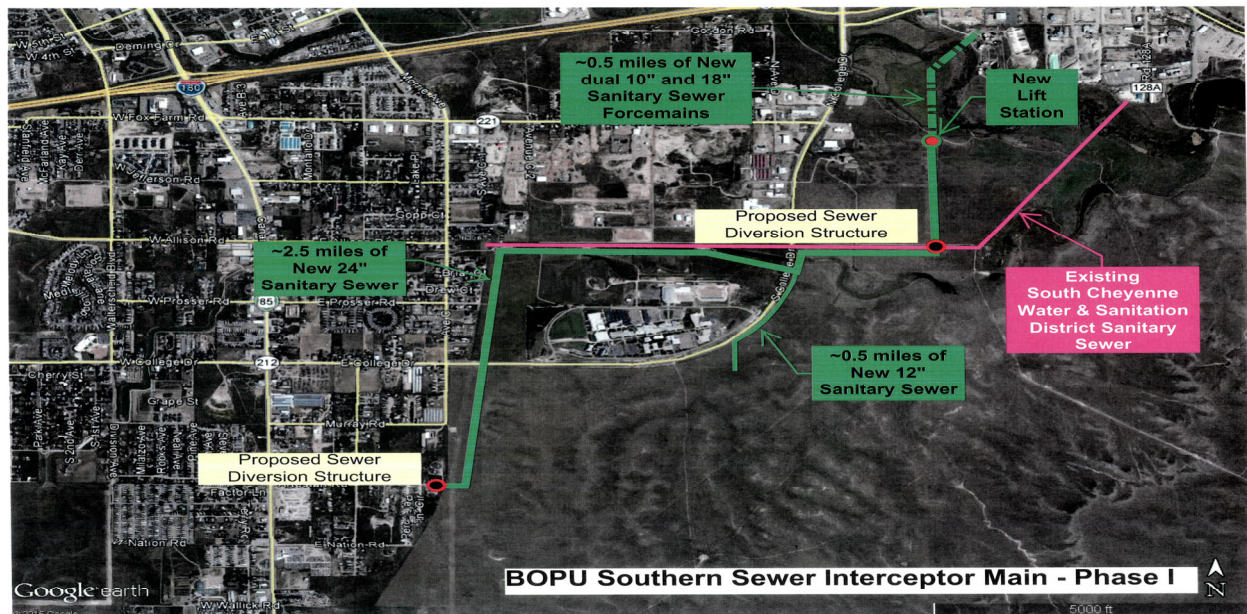
Cheyenne LEADS Chief Executive Officer, Randy Bruns, said the company delayed physical expansion after upgrades made existing servers more efficient, pushing back the need for more. That development led the company to review its data center strategy and put all projects on hold, Bruns said. But now, expansion work is back on. Black Hills Energy began preparing for a new center in mid-summer, and Microsoft began preparatory and foundation work in the fall. "Now they're well under construction," Bruns said, "and it will increase as the weather improves."

In 2015, the expansion was expected to bring the company's total investment in the data center to \$750 million and employment to 50 full-time jobs. But Bruns said Microsoft was "already well beyond what they promised," adding that he anticipated more jobs would accompany the growth.

Cheyenne is a perfect environment for data centers. Its cold winters reduce the cost of cooling servers, and the remoteness and low population density helps with security. The state's cheap energy also helps with power-hungry servers. That compatibility gives Wyoming a foothold in the booming information economy that is only going to keep growing.

MAJOR INITIATIVES

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



Phase One Southern Sewer Interceptor Main. Phase one of the Southern Sewer Interceptor Main Project was substantially completed in January 2019. The Phase One 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). The project's budget is \$12.8 million.

The Project will:

- Provide enhanced sewer services to the southern portion of Cheyenne.
- Include 4.4 miles of sewer main (12-inch to 36-inch), and a sewage lift station.
- 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, 2020, the multi-tiered water rate for single family residential will increase approximately 3.0%.

				Water Volume Rate Charge per 1,000 Gallons		
				January 1,		
				2018	2019	2020
Residential (in city)						
First Block	First	6,000		\$ 4.17	\$ 4.29	\$ 4.42
Second Block	Next	18,000		5.15	5.30	5.46
Third Block	Next	18,000		6.39	6.58	6.78
All Over		42,000		7.96	8.19	8.44

The volume rate charge per 1,000 gallons of drinking water for commercial users during these same time periods of January 1, 2018, January 1, 2019 and January 1, 2020 are \$4.79, \$4.93, and \$5.08, respectively.

The volume rate charge per 1,000 gallons for sewerage for all users during these same time periods of January 1, 2018, January 1, 2019 and January 1, 2020 are \$4.76, \$4.90, and \$5.15, 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 2019 marked the release of the Board's 20th 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 are vital to our future."

Other noteworthy initiatives during fiscal year 2019 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. As the Board moves forward, there will be major emphasis on expanding the available water supplied to Cheyenne in order to facilitate future expansion of the city for both residential and commercial/industrial needs.

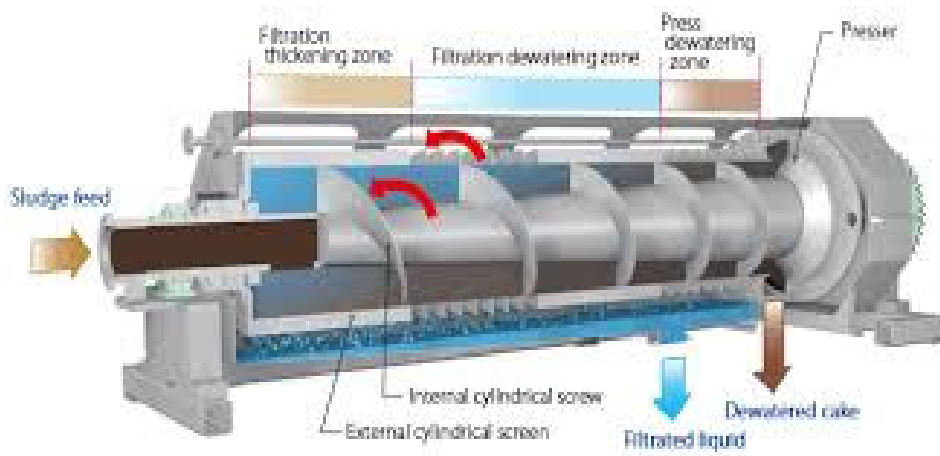
MAJOR FISCAL YEAR 2020 BUDGETED PROJECTS:



Fiscal year 2020 rate study. During the 2020 fiscal year, the Board will be imitating a comprehensive rate study for both water and sewer user rates, system development fees, and other types of revenue related to the ongoing operation of the Board. The Board has several key objectives in developing the comprehensive water rate study:

- Develop the study in a manner that is consistent with the principles and methodologies established by the American Water Works Association (AWWA) M1 Manual, Principles of Water Rates, Fees, and Charges.
- Review and utilize the Board's current financial/rate setting policies and practices.
- Develop the Board's revenue requirement analysis to provide prudent and adequate funding levels for operations and maintenance (O&M), capital infrastructure (asset management plan, and debt service).
- Develop a cost allocation methodology that equitably allocates the cost of providing water service to the Board's various types of customers.
- Review the Board's current water rate designs/structures, and provide rate designs that are contemporary, cost based, and defensible and meet the specific rate design objectives of the Board.
- Develop the proposed water rates and fees to meet the legal and statutory requirements.

Dry Creek Sludge Dewatering Project. This project will replace the two aging dewatering centrifuges at the Dry Creek WRF with two dewatering screw-presses and add a sludge prescreening unit to prevent garbage that has bypassed initial pretreatment screening from making its way into our biosolids. The fiscal year 2020 budget for this project is \$3,100,000.



Sherard Hydroelectric Generation Facility. Approximately 70% of Cheyenne's municipal water supply comes from surface water stored in reservoirs. This surface water is conveyed through a series of reservoirs, pipelines, and streams ultimately reaching Crystal Reservoir. At Crystal Reservoir, the water is diverted into pipelines and conveyed approximately 15 miles to the Sherard Water Treatment Plant.



There is a 525-foot elevation difference between Crystal Reservoir and the Sherard Water Treatment Plant. This elevation difference generates 250 pounds per square inch (psi) of water pressure at the water treatment plant. The Hydroelectric Generation Facility will use this pressure to generate electricity.

Water that enters the plant will be diverted to a 950 kilowatt 4-jet, vertical-axis turbine. This turbine was selected because it will provide the greatest power output at multiple flows and provides the best value. The generator is expected to produce approximately 4,000,000 kilowatt hours annually. The turbine will be housed in a steel frame building approximately 36-

by-36 feet wide and at least 40 feet tall. The turbine, generator, switchgear, controls, and ancillary equipment would be located on the second floor. Water leaving the generator will be collected in a basin approximately 25 feet tall. This elevation is needed to provide enough head pressure to allow water to flow through the water treatment plant's treatment processes.

The turbine was under construction with Gilbert, Gilkes & Gordon and was delivered in the spring of 2019. The building to house the turbine is being designed by Wick Associates who plan to release an invitation to bid for construction in late fall 2018, with construction beginning spring 2019. It is anticipated that the generator will produce electricity by fall 2020. Once completed the generator will, at times, service all of the Sherard Water Treatment Plant electrical needs and allow for the excess generation capacity to be sold back to the service provider.

FISCAL YEAR 2020 BUDGET:

On June 12, 2019, the City Governing Body adopted the Water and Sewer Enterprise Fund budgets as recommended by the Board for fiscal year 2020 (July 1, 2019 to June 30, 2020). The Board's combined water and sewer budget for fiscal year 2020 of \$47,535,120 is \$11,673,081 less than the fiscal year 2019 adjusted budget.

RELEVANT FINANCIAL POLICIES:

During the course of fiscal year 2019, 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, 2018. This was the 41st consecutive year that the Board has received this prestigious award.

IN CONCLUSION

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

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

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Randy K. Hays', with a stylized flourish extending from the end.

Randy K. Hays
Manager,
Administration Division
and
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, 2018

Christopher P. Morrell

Executive Director/CEO

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

**BOARD MEMBERS
JUNE 30, 2019**



**MARY B. GUTHRIE
BOARD PRESIDENT**
*Board Member
since June 18, 2015*



**MATTHEW L. POPE
BOARD SECRETARY**
*Board Member
since September 9, 2013*



**ALLAN CUNNINGHAM
BOARD MEMBER**
*Board Member
since February 19, 2019*



**JOHN EDWARDS
BOARD MEMBER**
*Board Member
since June 8, 2018*



**JAMES MURPHY
BOARD MEMBER**
*Board Member
since June 1, 2013*

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

**LIST OF PRINCIPAL OFFICIALS
JUNE 30, 2019**

**ELECTED
AND**

APPOINTED OFFICIALS:	POSITION:	CURRENT TERM EXPIRES:
Marian J. Orr	Mayor	January 4, 2021
Mary B. Guthrie	Board President	June 1, 2021
Matthew L. Pope	Board Secretary	June 1, 2021
Allan Cunningham	Board Member	June 1, 2025
John Edwards	Board Member	June 1, 2023
James Murphy	Board Member	June 1, 2025

MANAGEMENT:

POSITION:

Bradley A. Brooks	Director
Kathy Kellner	Manager, Human Resources
Randy Hays	Manager, Administration Division
Clint Bassett	Manager, Water Treatment Division
Frank Strong	Manager, Operations and Maintenance Division
Bruce Hattig	Manager, Engineering and Water Resource Division
Matthew Buelow	Manager, Water Reclamation Division

WATER AND WATER RECLAMATION, AND WASTEWATER SYSTEMS – *PAST, PRESENT, AND FUTURE*

When Union Pacific Railroad construction crews wintered along the banks of Crow Creek in 1867, the little stream flowing onto the plains from the Rocky Mountains provided plenty of fresh water for the railroad camp and the town that grew up around it. In July of 1867 General Grenville Dodge, chief



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

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

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

Almost immediately thereafter, 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, the city of Cheyenne, guarded the Overland Trail, and participated in the Great Sioux Indian Wars. By 1885, the Fort had grown to eight infantry companies housed in brick buildings.

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



The first water system was installed in 1877.

Pipes distributed water from small reservoirs located near the modern day Botanic Gardens and Ames Underpass to strategic commercial locations within Cheyenne. This water was mostly reserved for the rail road 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.ⁱ

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.ⁱⁱ

A second challenge was water pressure. Water pressure was produced using steam engines. The engines required constant attention by Cheyenne employees. By 1897, the city operated and maintained three pump stations.



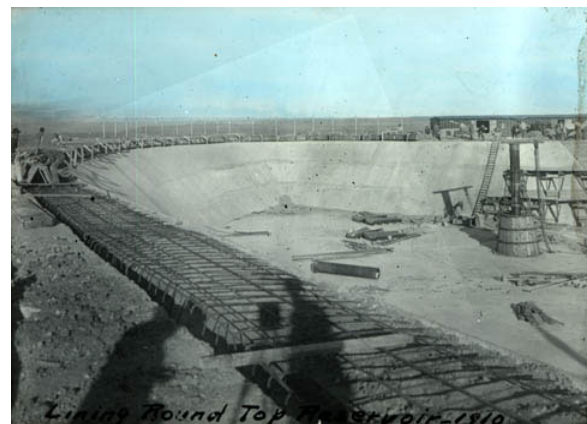
A third challenge was the limited supply of water. As with all natural streams, Crow Creek flooded in the spring and produced trickles of water in the fall and winter.

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

Surface water was treated at the Roundtop Water Treatment Plant, built on a hill west of Cheyenne in 1915. One of Wyoming's first conventional water treatment plants, Roundtop had the capacity to treat 12 million gallons of water a day (MGD).

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

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



With the steady growth of Cheyenne during the 1940s and 50s, it was evident that the city needed to develop an additional source of water. Because water rights in the 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 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.



Above: Construction of the Hog Park Tunnel.

Water released from Rob Roy Reservoir travels by gravity about 50 miles where it can be released into the Middle Crow Creek drainage near Vedauwoo, in the Laramie Mountains. The water flows 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 expanded 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 Board began looking to expand water resources. In 1982, the Board 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 Board 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 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 two golf courses and a City park to raw, untreated water instead of treated city drinking water. The project freed up as much as three MGD of treated water during peak summer day demands.

The second was the design and construction of a new 32 MGD R. L. Sherard Water Treatment Plant. The new 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 Crow 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.

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. Dinneen, circa 1951.ⁱⁱⁱ

In the spirit of this observation, the Board added additional water treatment capabilities to the Crow Creek Water Reclamation Facility. 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 Board 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.

In 2003, the Board participated in the purchase of the Belvoir Ranch to expand ground water resources. Since the purchase, the Board and the 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.



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.

Phase I will run from the Crow Creek Water Reclamation Facility to the south and west eventually, ending in the vicinity of Artesian Road south of Cheyenne. Phase I will reach completion in fiscal year 2019.

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.

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.

Phase III of the Southern Water Transmission Main continued to the east and to the north and will eventually tie into the existing water system near the Holly-Frontier Refinery. Phase III will complete the loop around the southern section of the city. Phase III was completed in fiscal year 2019.

Phase I of the Southern Sewer Interceptor Main will start construction in near future.

Looking ahead, Cheyenne moves into the 21st 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.

Nearly 150 years have passed and rail cars still rumble through Cheyenne; 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.



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

ⁱ 1883 City Ordinance Concerning the Water Supply for the City of Cheyenne

ⁱⁱ Cheyenne Daily Leader, December 7, 1895

ⁱⁱⁱ History of Utilities, believed to come from preparation work for the 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)



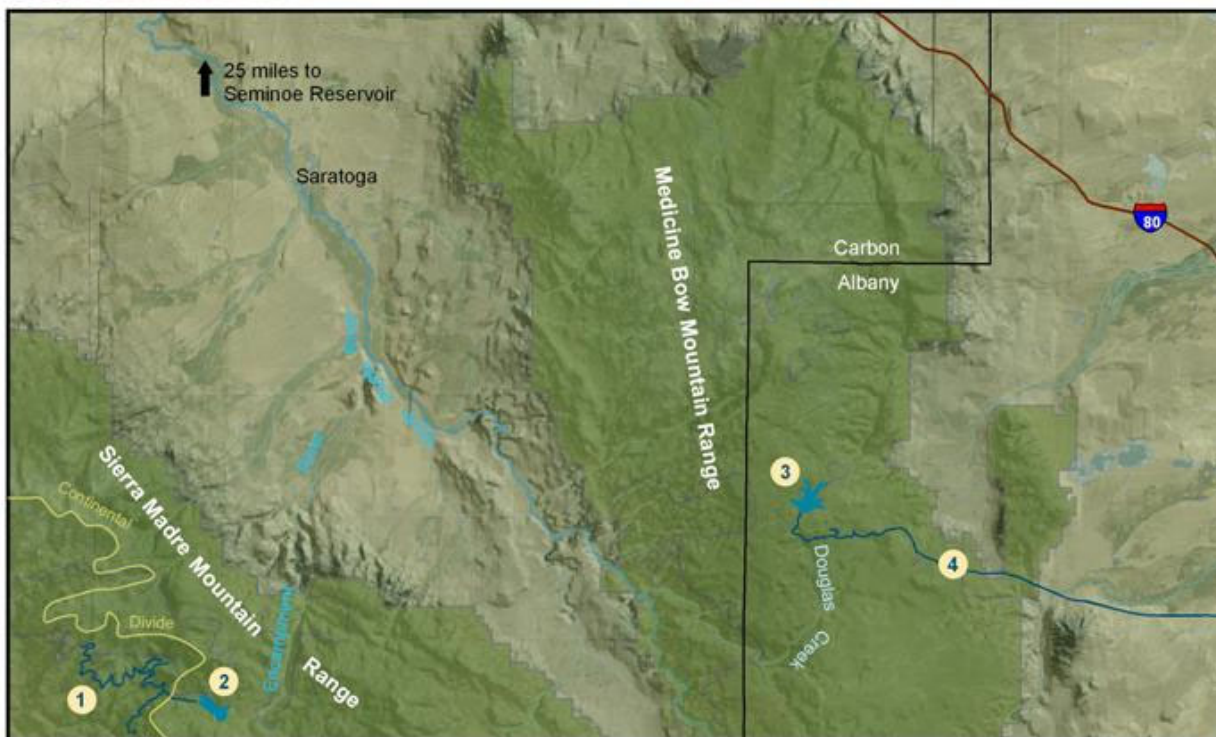
Granite Springs Dam & Reservoir

(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)



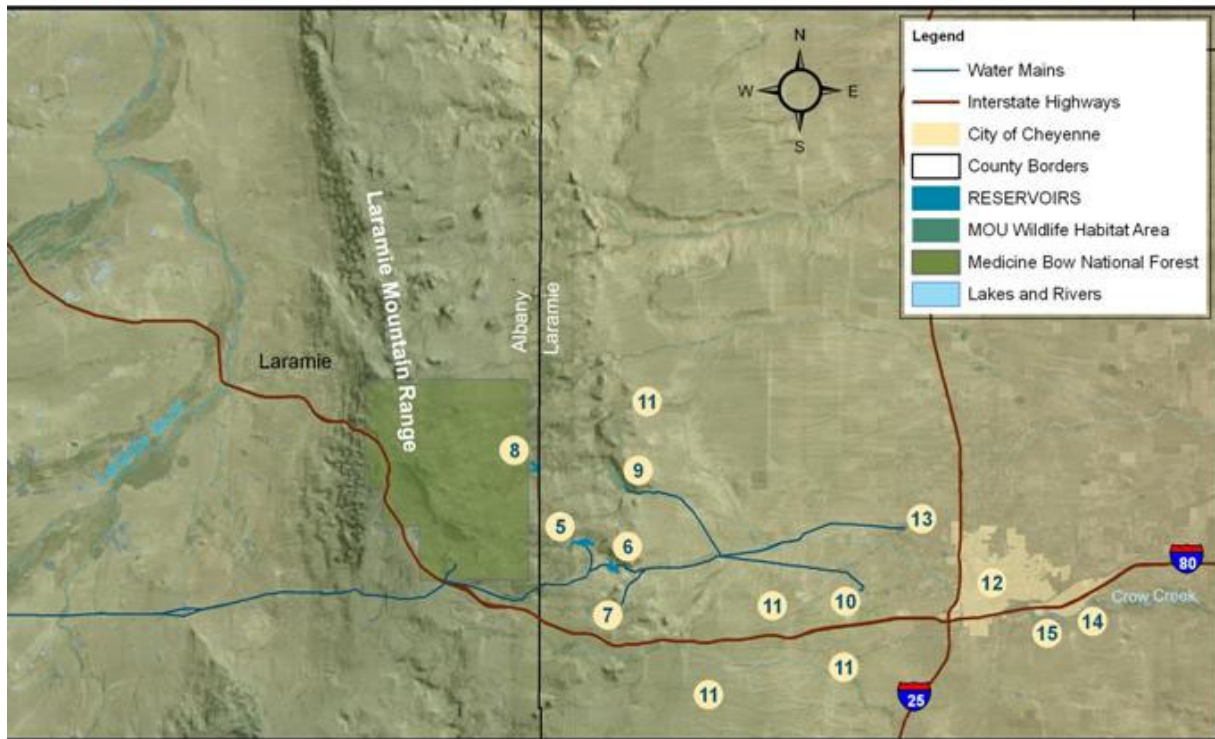
Wells High Plains Aquifer



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)



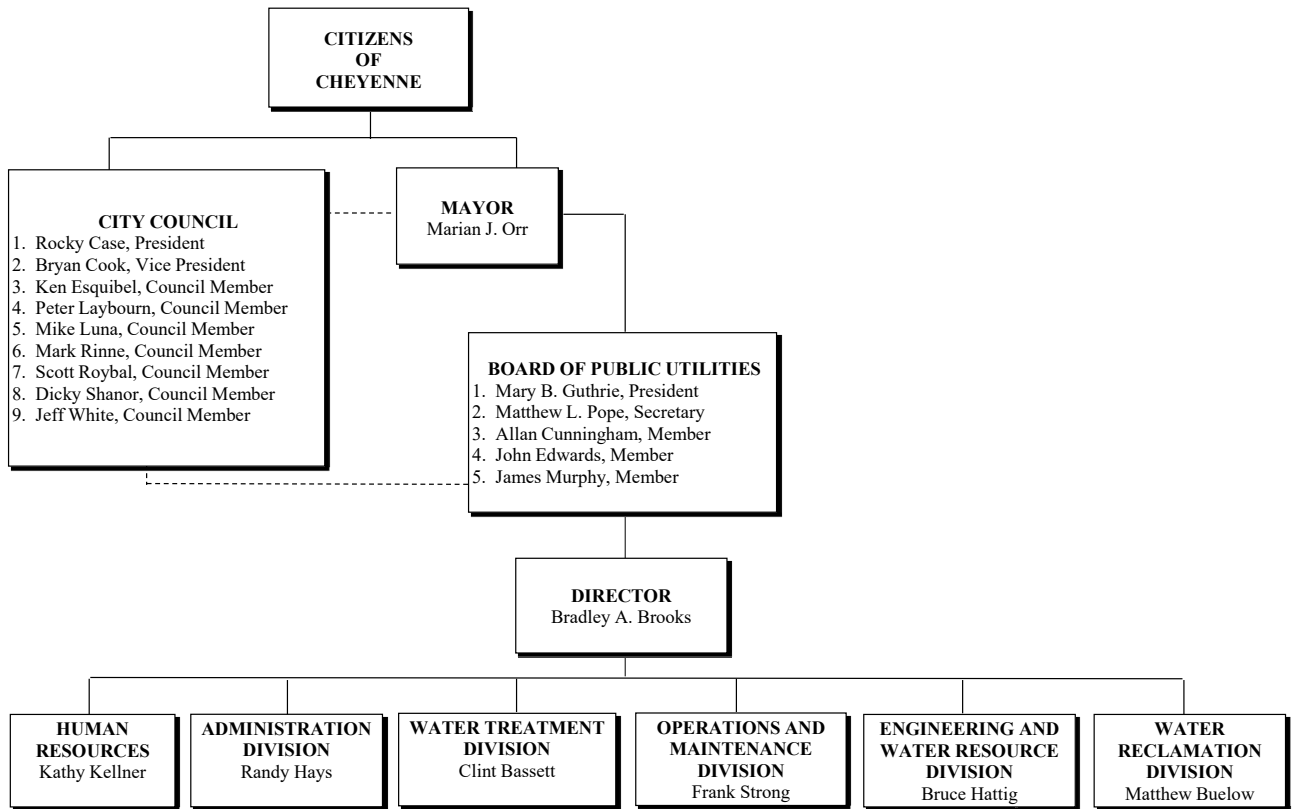
Cheyenne, Wyoming
(Population 55,314 - Board of Public Utilities Customers 21,667)



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 30, 2019**





INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of the City of Cheyenne, Wyoming Board of Public Utilities (the "Board"), as of and for the year ended June 30, 2019, 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.

Auditor's 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 auditor's 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 Board'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 Board'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, 2019, 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 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, 2019, the changes in its financial position, or its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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 4-15, Schedule of the Board's Proportionate Share of the Net Pension Liability, on page 41, and Schedule of the Board's Contributions and Notes to Required Supplementary Information, on pages 42 and 43, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and 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 Budgetary Comparison Schedule, Notes to Budgetary Comparison Schedule, Introductory Section, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedule and the related Notes to Budgetary Comparison Schedule are the responsibility of management and were derived from and relate 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, this information 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated October 21, 2019, on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming
October 21, 2019

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the Board of Public Utilities (the "Board") offers readers of the Board's financial statements this narrative overview and analysis of the financial activities of the Board for the fiscal year ended June 30, 2019.

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

FINANCIAL HIGHLIGHTS

The Board's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$302,700,456 (net position). Of this amount, \$32,956,805 (unrestricted net position) is available to meet the Board's ongoing obligations to citizens and creditors.

The Board's total net position increased by \$5,107,033 during fiscal year 2019. This increase can be attributed to capital contributions, grant revenues, and an increase in operating revenues.

Interest revenue received for the current year was \$1,030,925 and increased \$623,019 from the previous fiscal year. The yield on bank certificates of deposit ("CDs") remained constant during the fiscal year at 0.28% on 90-day CDs and returns on WYO-STAR fund investment yields increased from 1.715% at the beginning of the fiscal year to 2.32% at fiscal year end. The increased WYO-STAR yield accounted for the increase in return as compared to the previous fiscal year. Rates are expected to remain constant for the first half of fiscal year 2020.

Operating revenue for the Waterworks Fund decreased \$1,896,553 and the Sewer Fund increased \$781,120 during the fiscal year. The revenue decrease in the water operating revenue was largely due an extremely wet season in the fall of 2018 and spring of 2019, which limited outdoor irrigation. Revenue increases in the sewer operating revenue were attributed to a 3% rate increase effective January 1, 2019.

The total indebtedness of the Board decreased \$4,272,854 (6.2%) from \$68,303,303 to \$64,030,449 during the current fiscal year due a decrease in loan advances and by debt service payments. 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.

This report also contains other supplementary information in addition to the basic financial statements themselves. 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, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the government is improving or deteriorating.

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

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

The basic financial statements of the Board presented as business-type activities of the enterprise funds are found on pages 16-20 of this report.

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

Fund Financial Statements

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

Proprietary Funds

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

Proprietary funds provide the same type of information, as 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 16-20 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 21-40 of this report.

OTHER INFORMATION

Required supplementary information regarding the Net Pension Liability is included in this report on pages 41-43. 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 44-46 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.

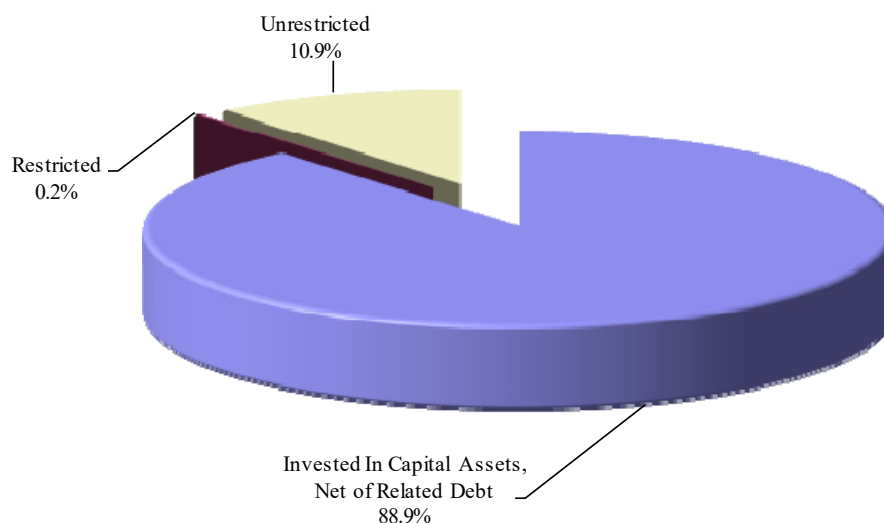
Business-Type Activities Net Position

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 \$5,107,031 during fiscal year 2019.

The largest portion of the Board's net position, \$269,243,649 (88.9%) 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, 2019:



Net Position:

	Waterworks Fund (\$1,000s)		Sewer Fund (\$1,000s)		Total Business-Type Activities (\$1,000s)	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 35,632	\$ 32,305	\$ 18,290	\$ 17,243	\$ 53,922	\$ 49,548
Capital assets	241,208	244,036	91,763	90,689	332,971	334,725
Total assets	276,840	276,341	110,053	107,932	386,893	384,273
Deferred outflows of resources	2,715	2,398	804	684	3,519	3,082
Total assets and deferred outflows of resources	279,555	278,739	110,857	108,616	390,412	387,355
Long-term liabilities outstanding	38,227	39,377	33,869	33,798	72,096	73,175
Other liabilities	9,990	8,568	5,310	6,186	15,300	14,754
Total liabilities	48,217	47,945	39,179	39,984	87,396	87,929
Deferred inflows of resources	236	1,375	78	458	314	1,833
Total liabilities and deferred inflows of resources	48,453	49,320	39,257	40,442	87,710	89,762
Net investment in capital assets	210,187	209,489	59,057	57,278	269,244	266,767
Restricted	500	500	-	-	500	500
Unrestricted	20,415	19,430	12,542	10,896	32,957	30,326
Total net position	\$ 231,102	\$ 229,419	\$ 71,599	\$ 68,174	\$ 302,701	\$ 297,593

The remaining balance of unrestricted net position \$32,956,805 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Board reports positive balances in all categories of net positions. The same situation held true for the prior fiscal year.

Changes in Net Position Over the Last Ten 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
2010	\$ 24,281,960	\$ 24,220,188	\$ 61,772	\$ (149,067)	\$ (87,295)	\$ 1,498,273	\$ 1,410,978
2011	26,575,116	25,151,232	1,423,884	(685,814)	738,070	5,958,598	6,696,668
2012	28,594,129	26,005,418	2,588,711	(179,719)	2,408,992	4,381,020	6,790,012
2013	28,417,091	26,474,263	1,942,828	(543,390)	1,399,438	3,765,449	5,164,887
2014	28,030,122	27,483,943	546,179	2,855,489	3,401,668	19,083,507	22,485,175
2015	28,223,658	27,605,751	617,907	2,906,969	3,524,876	2,554,040	6,078,916
2016	31,243,040	29,990,481	1,252,559	2,380,668	3,633,227	4,051,165	7,684,392
2017	32,881,259	30,735,969	2,145,290	2,176,250	4,321,540	4,131,540	8,453,080
2018	34,518,439	31,800,359	2,718,080	2,228,947	4,947,027	8,634,681	13,581,708
2019	33,403,006	33,329,702	73,304	2,259,035	2,332,339	2,774,694	5,107,033

Net position increased by \$5,107,033 during fiscal year 2019 to \$302,700,456 from \$297,593,423 at the end of fiscal year 2018. This is attributed to donated utilities, grant revenues, and increased operating revenues.

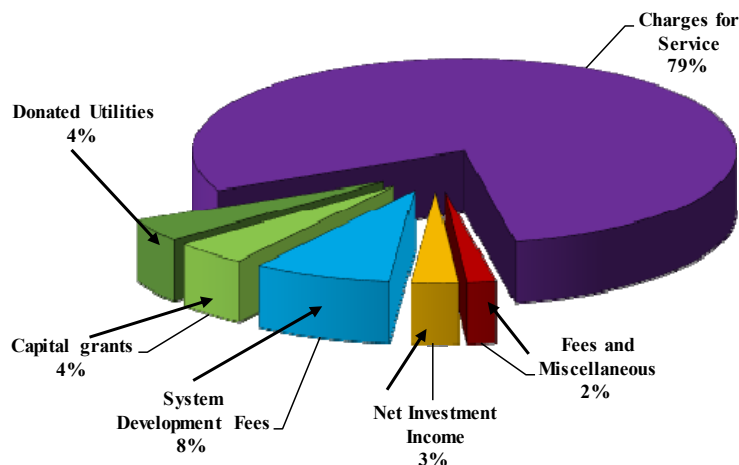
Business-Type Activities – Revenues and Expenses:

The following schedules present a summary of Waterworks and Sewer Enterprise Fund operating revenues for the fiscal year ended June 30, 2019, and the amount and percentage of increases and decreases in relation to prior year revenues.

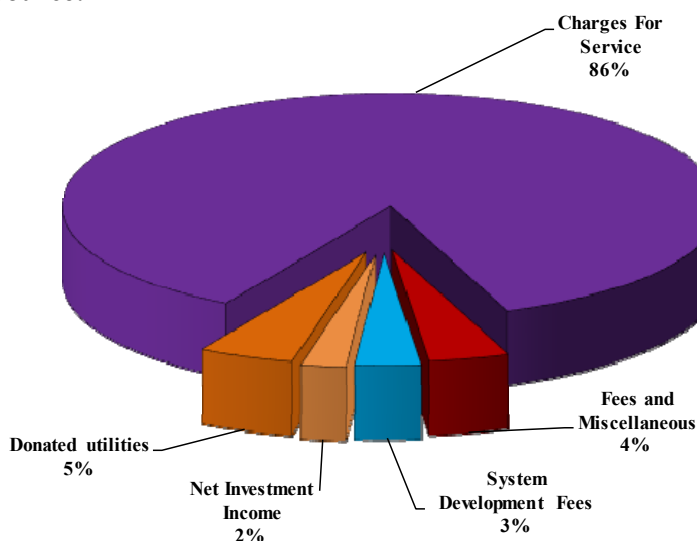
Revenue:

Revenue Source	Waterworks Fund (\$1,000s)		Sewer Fund (\$1,000s)		Total (\$1,000s)		Increase/Decrease from Fiscal Year 2018	Percentage of Increase/Decrease	Fiscal Year 2018
	2019	% of Total	2019	% of Total	2019	% of Total			
Operating Revenue									
Sales and charges for service	\$19,384	79%	\$13,009	86%	\$32,393	82%	(\$1,213)	-3.6%	\$33,606
Fees and miscellaneous	408	2%	603	4%	1,011	2%	\$99	10.9%	912
Total operating revenue	19,792	81%	13,612	90%	33,404	84%	(1,114)	-3.2%	34,518
Nonoperating Revenue									
Net investment income	695	3%	336	2%	1,031	3%	\$623	152.7%	408
System development fees	2,006	8%	488	3%	2,494	6%	(\$616)	-19.8%	3,110
Total nonoperating revenue	2,701	11%	824	5%	3,525	9%	(1)	0.0%	3,526
Capital Grants	1,066	4%	-	0%	1,066	3%	4,981	82.4%	6,047
Donated Utilities	995	4%	714	5%	1,709	4%	(879)	-34.0%	2,588
Gross revenue	24,554	100%	15,150	100%	39,704	100%	(\$6,975)	-14.9%	46,679

Water Revenue by Source:



Sewer Revenue by Source:



Gross revenues, including interest and transfers, totaled \$39,709,758 for fiscal year 2019, a 14.9% decrease from fiscal year 2018. The decrease was largely due to drop off in grant revenue related to the completion of the Southern Water Main Phase III project and a decrease in water sales revenue.

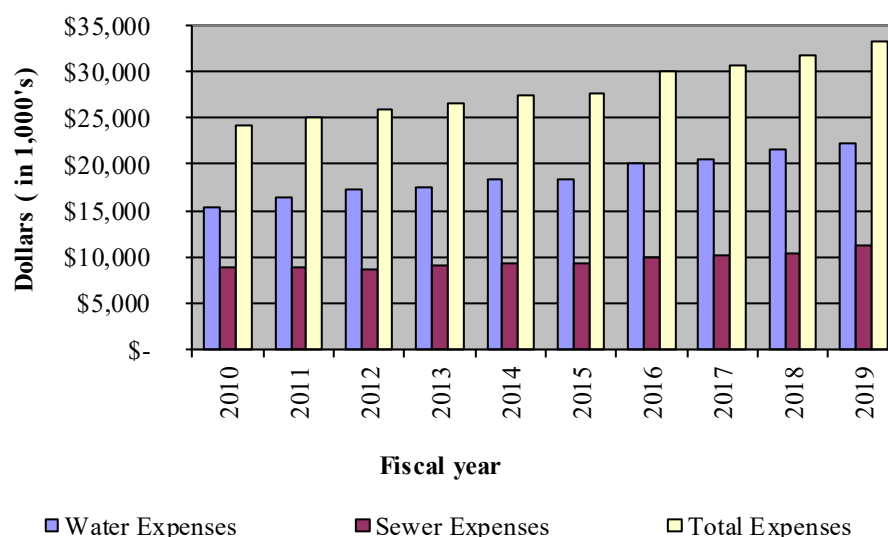
System development fees decreased \$616,200 compared to fiscal year 2018. Fiscal year 2019 fees totaled \$2,494,133 compared to \$3,110,333 in fiscal year 2018. In fiscal year 2019, there were 590 water and sewer permits issued compared to 329 permits in fiscal year 2018.

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

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

The following schedules present a summary of the Waterworks and Sewer Enterprise Fund operating expenses for fiscal year 2019, and the percentage of increases and decreases in relation to prior year amounts.

Operating Expenses:



	Waterworks Fund (\$1,000s)		Sewer Fund (\$1,000s)		Total (\$1,000s)		Increase/ Decrease from Fiscal Year 2018	Percentage of Increase/ Decrease	Fiscal Year 2018
	2019	% of Total	2019	% of Total	2019	% of Total			
Operating Expenses									
Source of supply	\$ 1,445	6%	\$ -	0%	\$ 1,445	4%	\$ (510)	-26%	\$ 1,955
Water treatment	2,018	9%	-	0%	2,018	6%	85	4%	1,933
Transmission and distribution	2,524	11%	-	0%	2,524	7%	75	3%	2,449
Sewer collection lines	-	0%	1,543	13%	1,543	4%	234	18%	1,309
Water reclamation	-	0%	2,614	22%	2,614	8%	141	6%	2,473
Engineering and water resources	1,070	5%	330	3%	1,400	4%	(54)	-4%	1,454
Administrative and general	5,285	23%	2,595	22%	7,880	23%	1,098	16%	6,782
Information technology and customer service	1,008	4%	341	3%	1,349	4%	171	15%	1,178
Depreciation	8,842	39%	3,714	32%	12,556	36%	289	2%	12,267
Total operating expenses	22,192	97%	11,137	95%	33,329	96%	1,529	5%	\$ 31,800
Nonoperating									
Interest expense	682	3%	591	5%	1,273	4%	(24)	-2%	1,297
Total expenses	\$ 22,874	100%	\$ 11,728	100%	\$ 34,602	100%	1,505	5%	\$ 33,097

Total Operating Expenses, excluding depreciation, increased from fiscal year 2018 by \$1,239,793.

Salaries and Wages increased \$202,456 or 2.7% during fiscal year 2019. Fiscal year 2019 Salaries and Wages totaled \$7,504,425 compared to \$7,301,969 in fiscal year 2018. The increase was primarily from market adjustments for fiscal year 2019.

Employee Benefits increased \$650,349 or 15% during fiscal year 2019. During the 2019 fiscal year the Board offered a Voluntary Retirement option to qualified employees. The employees had the option of choosing between a cash buy-out option based upon total months of employment and an insurance option that partially covered the expense of single coverage health insurance for the employee to age 65. The total buy-out expense and accrued health insurance expense totaled \$422,610 for the fiscal year.

Contractual Services decreased \$167,445 or 6.6% during fiscal year 2019. The decrease was mainly attributed to a silt removal project and a root treatment contract that were expensed in fiscal year 2018.

Materials and Supplies increased \$126,954 or 5.9% during fiscal year 2019. The increase was from the rehab and remodeling expenses at the water treatment plant and for GIS projects.

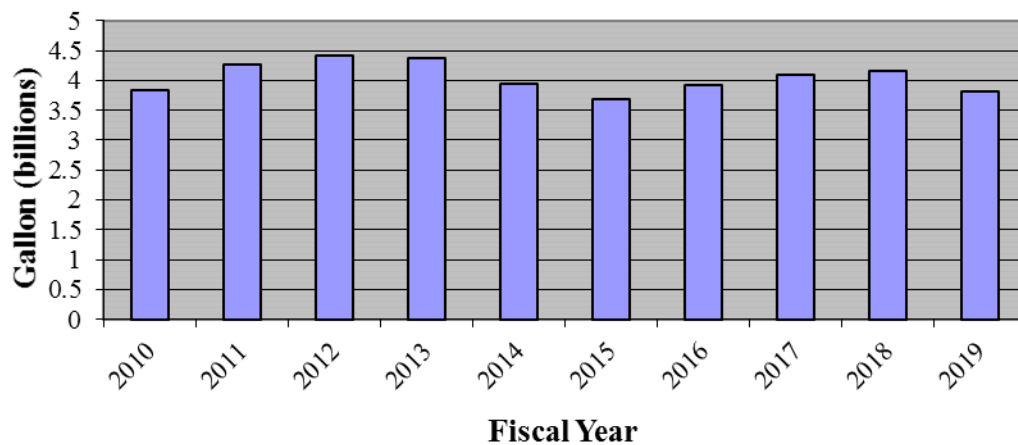
Supportive service expenses (electricity, gas, telephone, postage, etc.) totaled \$2,187,709 for fiscal year 2019 which was a \$58,558 decrease from fiscal year 2018.

Interest expense on bonds and loans totaled \$1,273,023 for fiscal year 2019 and was included in the above schedule of operating expenses. This was a 1.9% decrease from fiscal year 2018.

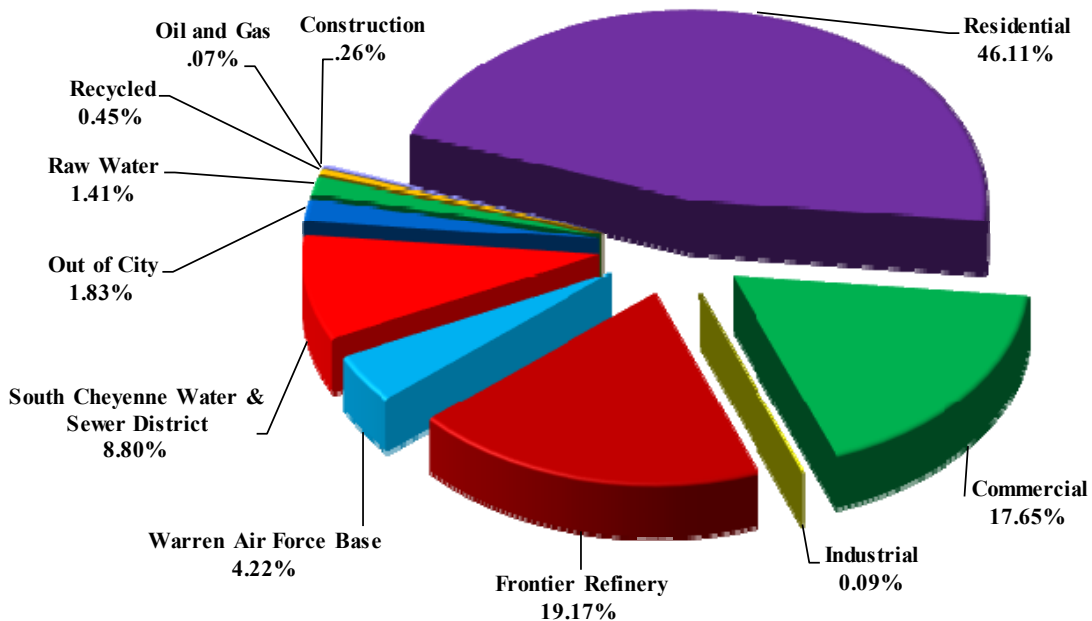
Metered Water Consumption History:

During fiscal year 2019, the Board sold 3.823 billion gallons of water as compared to 4.166 billion gallons in fiscal year 2018. The decrease can be attributed to extremely wet conditions in July/August 2018, and May/June of 2019 resulting in decreased outdoor irrigation. Billed water consumption has averaged 4.059 billion gallons of water over the last ten fiscal years.

Metered Water Sales:



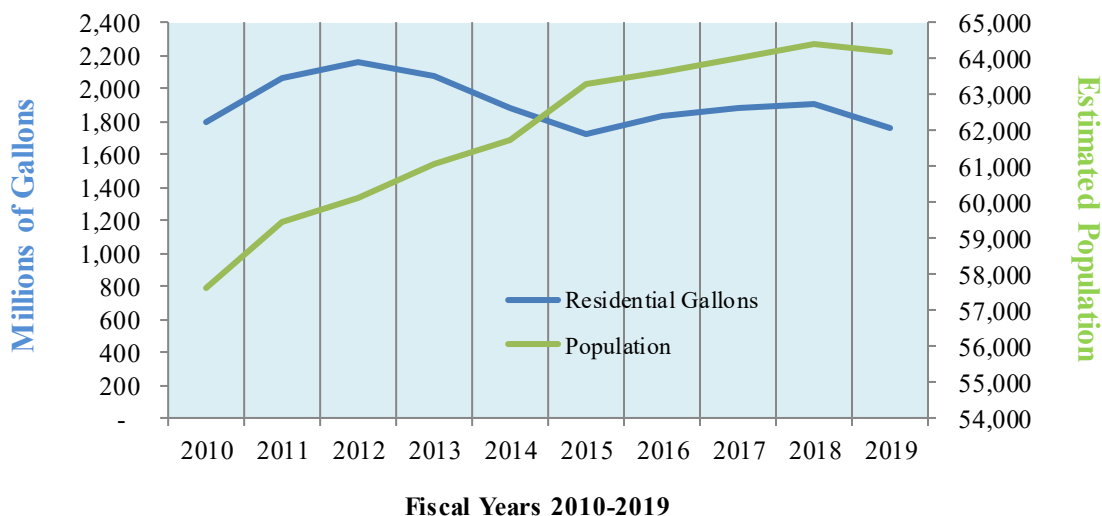
Metered Water Sales by Customer Class:



Per Capita Consumption:

Fiscal Year	Population Estimate	Residential Metered Water Use Only	Gallons per Capita per Day Residential Use	Total City Metered Water Use Only	Gallons per Capita per Day Total City Use
2010	56,483	1,800,494,000	87.33	2,764,656,000	134.10
2011	59,466	2,057,439,000	94.79	3,169,653,000	146.03
2012	60,096	2,152,263,000	98.12	3,338,420,000	152.20
2013	61,055	2,079,444,000	93.31	3,184,078,000	142.88
2014	61,717	1,883,289,000	83.60	2,868,134,000	127.32
2015	63,254	1,725,254,000	74.73	2,655,067,000	115.00
2016	63,590	1,827,595,000	78.74	2,882,230,000	124.18
2017	64,019	1,880,860,000	80.49	3,386,465,000	144.93
2018	64,413	1,908,840,000	81.19	3,472,373,000	147.69
2019	64,156	1,762,892,000	75.28	3,174,183,000	135.55

Residential Treated Water Demand and Population Estimates:



Financial Analysis of the Board's Enterprise Funds

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

Proprietary Funds

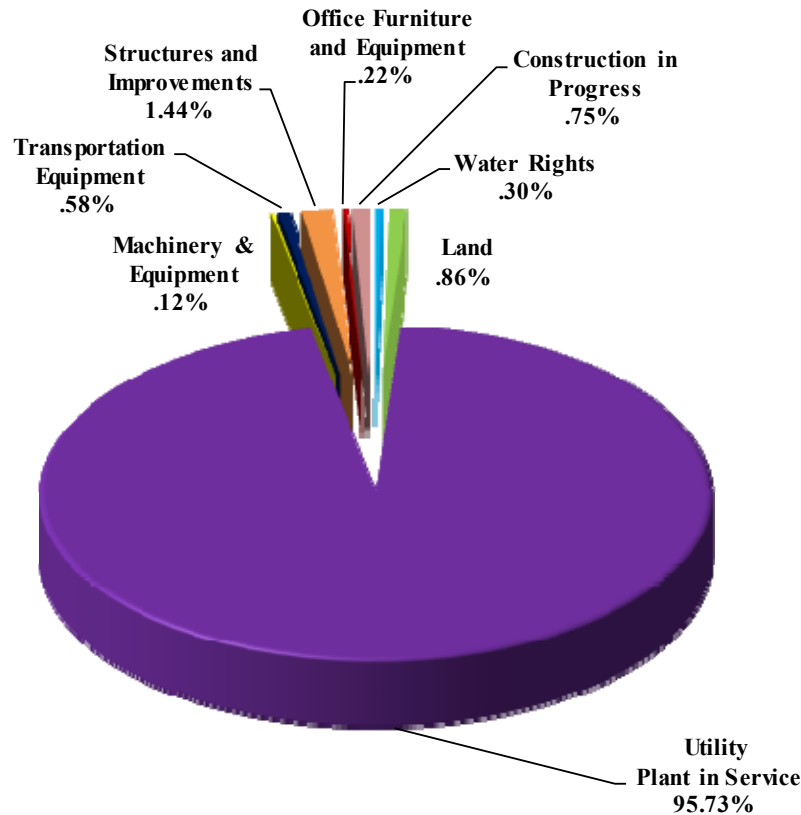
The Board's proprietary funds provide the same type of information found in the business-type activities financial statements, but in more detail.

Unrestricted net position of the Waterworks Enterprise Fund totaled \$20,414,990 at the end of the current fiscal year. Unrestricted net position of the Sewer Enterprise Fund totaled \$12,541,815 at the end of the current fiscal year. The total change in net position for both funds, from the previous fiscal year was \$1,682,341 and \$3,424,692, 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, 2019, the capital assets of the Board, net of accumulated depreciation, totaled \$332,970,829. 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:



Capital Assets Net of Depreciation:

	Waterworks Fund (\$1,000s)		Sewer Fund (\$1,000s)		Total Business-Type Activities	
	2019	2018	2019	2018	2019	2018
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	415,732	398,030	154,972	138,354	570,704	536,384
Machinery and equipment	519	509	172	169	691	678
Transportation equipment	2,603	2,538	848	839	3,451	3,377
Structures and improvements	6,426	6,411	2,158	2,153	8,584	8,564
Office furniture and equipment	992	984	346	343	1,338	1,327
Construction in progress	3,820	15,868	673	12,537	4,493	28,405
Less accumulated depreciation	(195,270)	(186,690)	(67,951)	(64,251)	(263,221)	(250,941)
Total	\$ 241,208	\$ 244,036	\$ 91,763	\$ 90,689	\$ 332,971	\$ 334,725

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

- Completion of Southern Water Transmission Phase III Project.
- Completion of 19th Street Project.
- Completion of the Phase I Southern Sewer Interceptor Main Project.
- 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 fiscal year 2019, 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

Fiscal year 2016 PRV Vault	\$ 35,577
Sloan Lake Pipeline Rehab	51,125
Fiscal year 2018 Wellfield Projects	105,974
Water Main Projects	4,195,567
Southern Transm Main Phase III	11,802,502
Administration Building/CIS remodel	14,879
Total Water Projects	\$ 16,205,624

Sewer Projects

Sewer Collection Main Projects	\$ 2,720,936
UV Modules Project	93,978
Phase One Southern Sewer Interceptor Project	12,540,099
Administration Building/CIS remodel	4,962
Total Sewer Projects	\$ 15,359,975

Additional information on the Board's capital assets can be found in Note 3 on page 27 of this report.

Long-Term Debt

At the end of the current fiscal year, the Board had total bonded debt outstanding of \$64,030,449. Of this amount, \$5,880,000 is the 2013 Water Revenue Note and the remainder of \$58,150,449 are loans from the State of Wyoming for various water and sewer projects.

The total indebtedness of the Board decreased by \$4,272,854 (6.3%) from \$68,303,303 to \$64,030,449 during the current fiscal year.

Outstanding Debt: General Obligation Bonds and State Loans:

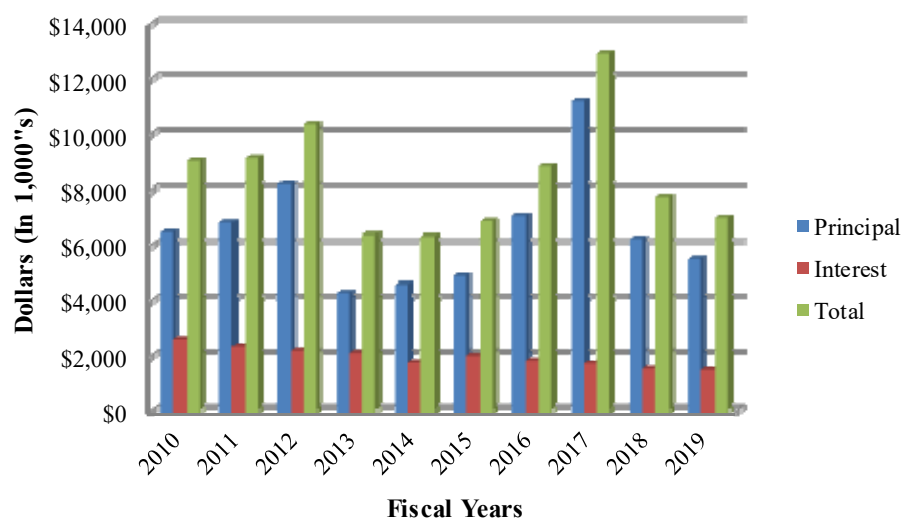
	Waterworks Enterprise Fund		Sewer Enterprise Fund		Total Business-Type Activities	
	2019	2018	2019	2018	2019	2018
Revenue refunding note	\$ 5,880,000	\$ 6,710,000	\$ -	\$ -	\$ 5,880,000	\$ 6,710,000
Loans from the State of Wyoming	25,444,305	28,182,487	32,706,144	33,410,816	58,150,449	61,593,303
Total	\$ 31,324,305	\$ 34,892,487	\$ 32,706,144	\$ 33,410,816	\$ 64,030,449	\$ 68,303,303

During fiscal year 2019, proceeds from the issuance of debt totaled \$2,200,628 as follows:

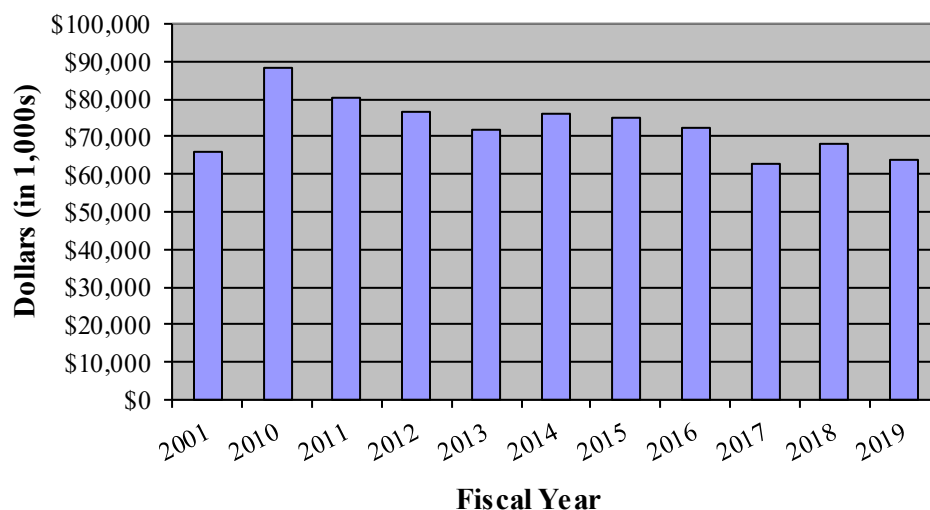
Project	Advance	Funding Source
DWSRF #133: RLS Hydroelectric Project	\$ 532,880	Wyoming State Lands and Investments
DWSRF #177: Sewer Water Transmission PH III	46,785	Wyoming State Lands and Investments
CWSRF #159: Southern Sewer Interceptor	1,620,963	Wyoming State Lands and Investments
	\$ 2,200,628	

The Board paid \$830,000 of the 2013 Refunding Revenue Note, paid \$4,672,758 of additional State of Wyoming water and sewer loans, and received \$970,724 in loan forgiveness.

Annual Debt Payment:



Total Principal Debt Outstanding:



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

At the end of 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

For calendar year 2018, expectations were held that the Greater Cheyenne economy would have a mixed results year across most economic sectors. However, total taxable and retail sales had significant increases from the prior year. Total retail sales increased 7.5 percent during 2018 from 2017. Total taxable sales rose 11.9 percent from 2017 to 2018. Housing sales for 2018 dropped 14.5% from 2017 and the average sales price increased 6.0%. Projected job growth indicated a gain of 920 local jobs during 2018.

According to the Wyoming Center for Business and Economic Analysis the second quarter 2019, new job creation was up from the second quarter 2017 by 1.1%. The Cheyenne area's unemployment rate averaged 3.3% over the second quarter of 2018.

Over the last year, the supply of homes for sale in the City of Cheyenne decreased from a monthly average of 242 units for sale in 2017 to a monthly average of 232 units for sale in 2018. The average sales price for homes in the city of Cheyenne increased slightly over 2017, from \$240,112 in 2017 to \$254,758 (6.1%) in 2018. There were no signals to suggest homes sales will reverse their positive growth trend as 2018 proceeds. The number of single-family residential building permits issued decreased from 2017 to 2018. In the City of Cheyenne, the number of single-family permits issued declined from 222 in 2017 to 192 in 2018, or 13.5%.

These factors were considered in preparing the Board's budget for the 2020 fiscal year (July 1, 2019 to June 30, 2020).

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

BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2019**

	Business-Type Activities Enterprise Funds		
	Waterworks Fund	Sewer Fund	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 29,695,231	\$ 15,401,205	\$ 45,096,436
Investments	1,050,000	950,000	2,000,000
Restricted assets:			
Cash and cash equivalents	147,093	-	147,093
Due from other governments	20,935	-	20,935
City of Cheyenne sanitation account	2,144,392	-	2,144,392
Receivables:			
Accounts, consumers, net	766,318	911,139	1,677,457
Estimated unbilled usage	1,340,817	991,708	2,332,525
Accrued interest	18,682	10,545	29,227
Inventories	448,108	25,327	473,435
Prepaid expenses	591	-	591
Total current assets	35,632,167	18,289,924	53,922,091
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	415,732,632	154,971,293	570,703,925
Machinery and equipment	519,477	171,862	691,339
Transportation equipment	2,602,640	848,485	3,451,125
Structures and improvements	6,425,891	2,158,246	8,584,137
Office furniture and equipment	991,723	345,744	1,337,467
Construction in progress	3,819,834	673,412	4,493,246
	436,477,856	159,714,045	596,191,901
Less accumulated depreciation	(195,269,886)	(67,951,186)	(263,221,072)
Total noncurrent assets	241,207,970	91,762,859	332,970,829
Total assets	276,840,137	110,052,783	386,892,920
Deferred loss on refunding	303,271	-	303,271
Pension-related deferred outflows	2,411,812	803,937	3,215,749
Deferred outflows of resources	2,715,083	803,937	3,519,020

Continued

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

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS, *Continued*
June 30, 2019**

LIABILITIES	Business-Type Activities Enterprise Funds		
	Waterworks Fund	Sewer Fund	Total
Current Liabilities			
Vouchers payable	\$ 1,299,683	\$ 1,367,877	\$ 2,667,560
Accrued compensated absences and early retirement	441,676	295,528	737,204
Accrued interest on general obligation bonds and loans	288,430	471,675	760,105
Current portion of general obligation bonds and loans	3,256,717	2,433,550	5,690,267
Unearned fees and deposits	2,106,389	415,300	2,521,689
Due to other City of Cheyenne funds	2,597,400	326,401	2,923,801
Total current liabilities	9,990,295	5,310,331	15,300,626
Noncurrent Liabilities			
Accrued compensated absences and early retirement	617,454	415,946	1,033,400
Net pension liability	9,542,137	3,180,713	12,722,850
General obligation bonds and loans, net of current position, current position, deferred amount on refunding, and unamortized bond premium	28,067,588	30,272,594	58,340,182
Total noncurrent liabilities	38,227,179	33,869,253	72,096,432
Total liabilities	48,217,474	39,179,584	87,397,058
Deferred inflows of resources	235,820	78,606	314,426
NET POSITION			
Net Investment in Capital Assets	209,022,833	57,620,703	266,643,536
Restricted for Debt Service and Capital Improvements	500,000	-	500,000
Unrestricted	21,579,093	13,977,827	35,556,920
Total net position	\$ 231,101,926	\$ 71,598,530	\$ 302,700,456

See Notes to Financial Statements.

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

**STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2019**

	Business-Type Activities Enterprise Funds		
	Waterworks Fund	Sewer Fund	Total
Operating Revenues			
Sales and charges for services	\$ 19,383,845	\$ 13,008,656	\$ 32,392,501
Fees and miscellaneous	407,754	602,751	1,010,505
Total operating revenues	19,791,599	13,611,407	33,403,006
Operating Expenses			
Source of supply	1,444,920	-	1,444,920
Water treatment	2,018,472	-	2,018,472
Transmission and distribution	2,524,185	-	2,524,185
Sewer collection lines	-	1,543,025	1,543,025
Water reclamation	-	2,614,490	2,614,490
Engineering and water resources	1,069,714	329,974	1,399,688
Administrative and general	5,284,890	2,594,620	7,879,510
Information technology and customer service	1,007,754	341,275	1,349,029
Depreciation	8,842,468	3,713,915	12,556,383
Total operating expenses	22,192,403	11,137,299	33,329,702
Operating income (loss)	(2,400,804)	2,474,108	73,304
Nonoperating Revenues (Expenses)			
Gain on sale of assets	4,000	3,000	7,000
System development fees	2,005,813	488,320	2,494,133
Investment income:			
Net decrease in fair value of investments	(51,952)	(24,448)	(76,400)
Interest income	746,745	360,580	1,107,325
Interest and bond amortization expense	(681,844)	(591,179)	(1,273,023)
Total nonoperating revenues	2,022,762	236,273	2,259,035
Income (loss) before contributions	(378,042)	2,710,381	2,332,339
Capital Contributions			
Capital grants	1,065,740	-	1,065,740
Donated utilities	994,643	714,311	1,708,954
Total capital contributions	2,060,383	714,311	2,774,694
Change in net position	1,682,341	3,424,692	5,107,033
Net Position, beginning of year	229,419,585	68,173,838	297,593,423
Net Position, end of year	\$ 231,101,926	\$ 71,598,530	\$ 302,700,456

See Notes to Financial Statements.

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

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2019**

	Business-Type Activities Enterprise Funds		
	Waterworks Fund	Sewer Fund	Total
Cash Flows from Operating Activities			
Cash received from customers	\$ 20,951,397	\$ 13,489,903	\$ 34,441,300
Cash payments to suppliers	(4,293,129)	(2,455,272)	(6,748,401)
Cash payments to employees	(7,612,204)	(4,392,098)	(12,004,302)
Change in City sanitation account	(25,500)	-	(25,500)
Net cash provided by operating activities	9,020,564	6,642,533	15,663,097
Cash Flows from Capital and Related Financing Activities			
System development fees	2,932,540	676,640	3,609,180
Capital grants	95,016	-	95,016
Proceeds from issuance of debt	819,326	3,199,685	4,019,011
Principal paid on general obligation/revenue bonds and loan debt maturities	(3,177,126)	(2,325,635)	(5,502,761)
Interest paid on debt	(877,455)	(593,705)	(1,471,160)
Proceeds from sale of capital assets	4,000	3,000	7,000
Acquisition and construction of capital assets	(4,975,463)	(5,402,186)	(10,377,649)
Net cash (used in) capital and related financing activities	(5,179,162)	(4,442,201)	(9,621,363)
Cash Flows from Investing Activities			
Interest on cash and investments	690,966	295,761	986,727
Redemption of investments	-	37,231	37,231
Net cash provided by investing activities	690,966	332,992	1,023,958
Net increase in cash and cash equivalents	4,532,368	2,533,324	7,065,692
Cash and Cash Equivalents			
Beginning	25,309,956	12,867,881	38,177,837
Ending	\$ 29,842,324	\$ 15,401,205	\$ 45,243,529

Continued

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

**STATEMENT OF CASH FLOWS, *Continued*
PROPRIETARY FUNDS
Year Ended June 30, 2019**

	Business-Type Activities Enterprise Funds		
	Waterworks Fund	Sewer Fund	Total
Reconciliation of Operating Income to Net			
Cash Provided by Operating Activities			
Operating income (loss)	\$ (2,400,804)	\$ 2,474,108	\$ 73,304
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	8,842,468	3,713,915	12,556,383
Pension liability	2,581,712	860,571	3,442,283
Deferred outflow - pension	(358,995)	(119,665)	(478,660)
Deferred inflow - pension	(1,139,247)	(379,749)	(1,518,996)
Increase (decrease) in cash and cash equivalents resulting from changes in operating assets and liabilities:			
Receivables	1,159,798	(121,504)	1,038,294
Inventories	8,181	(4,783)	3,398
Vouchers payable	(15,921)	(289,993)	(305,914)
Due to other funds	85,486	318,273	403,759
Accrued compensated absences	283,386	191,360	474,746
City sanitation account	(25,500)	-	(25,500)
Net cash provided by operating activities	\$ 9,020,564	\$ 6,642,533	\$ 15,663,097

Noncash Investing, Capital, and Financing Activities

Amortization of deferred refunding loss and debt premiums	\$ (42,587)	\$ -	\$ (42,587)
Donated asset acquisitions	994,643	714,311	1,708,954
Capitalized interest	161,463	254,463	415,926
Debt forgiveness	970,724	-	970,724
Change in fair value of investments	(51,952)	(24,448)	(76,400)

See Notes to Financial Statements.

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

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Operations and Significant Accounting Policies

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

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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

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

Net Position: Net position represents the difference between assets, deferred outflow of resources, liabilities, and deferred inflow of resources. Net investment in capital assets consists of capital assets and capital-related deferred outflow of resources, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. 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 (WYO-STAR) are considered to be cash equivalents due to the Board's ability to withdraw the investments at any time.

Investments consist of non-negotiable certificates of deposit, which are reported at cost, and participation in WYO-STAR, which is reported at fair value at June 30, 2019. The Board categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Board considers fair value measurements as of June 30, 2019 for WYO-STAR to be completed by the pool using matrix pricing model and the market approach (Level 2).

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 are deemed restricted.

Due to other City of Cheyenne funds: Regarding 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 \$51,239.

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

NOTES TO FINANCIAL STATEMENTS

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

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

Capital assets: Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., water and sewer lines), are reported in the applicable business-type activities columns in the Statement of Net Position. Capital assets are defined by the Board as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years. Assets such as land, buildings and improvements, equipment, and utility plant in service are reported at an estimated historical cost, as determined by an independent study as of June 30, 1973, plus additions since that time have been recorded at historical cost. Property and equipment donated by developers is recorded at its acquisition 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 work week 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 work week, 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.

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

NOTES TO FINANCIAL STATEMENTS

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.

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. 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 thus will not be recognized as an inflow of resources (revenue) until that time.

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

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

NOTES TO FINANCIAL STATEMENTS

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

Note 2. Cash, Cash Equivalents, and Investments

Cash and cash equivalents, investments, and restricted cash and cash equivalents as of June 30, 2019, as classified in the accompanying financial statements, consist of the following:

Statement of Net Position:

Deposits with financial institutions:

Cash \$ 1,746,875

Certificates of deposit 4,550,000

Deposits with Wyoming State Treasurer:

WYO-STAR 40,946,654

\$ 47,243,529

Cash and cash equivalents \$ 45,096,436

Investments 2,000,000

Restricted cash and cash equivalents 147,093

\$ 47,243,529

Investments authorized by the Board's investment policy: The Board follows the guidelines set forth in Wyoming State Statute § 9-4-831 as it relates to the investment of public funds. The Board's investment policy requires investments to comply with Wyoming State Statutes, which generally 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 the investment agreement with WYO-STAR, the Board has invested monies at a variable and fixed contract rate of interest, respectively. There is no rating available for the WYO-STAR investment; however, under Wyoming State Statutes underlying providers are required to have the highest rating from at least one of the nationally recognized rating organizations.

**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, 2019, the Board had bank balances on deposit and certificates of deposit of \$7,771,222. These deposits and certificates of deposit were fully collateralized or insured, as required by Wyoming State Statutes.

In addition to the applicable Wyoming State Statutes, the Board's policy requires all deposits to be collateralized at 105% of the amount invested including accrued interest to further reduce its exposure to custodial credit risk. At June 30, 2019, the Board's deposits were fully collateralized as required by Board policy.

For an investment, this is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Board will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Wyoming State Statutes limit the type of investments the Board can use. Wyoming State Statutes limit investments primarily to securities issued or guaranteed by the U.S. Treasury or agencies of the 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 50% of the total investment portfolio to be invested in any one single security type and to 5% in any one single obligor, with the exception of funds held in WYO-STAR. Therefore, no further disclosure regarding concentrations of credit risk is required.

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 have a minimum level of three months of budgeted operating expenditures in short-term investment to be maintained to provide sufficient liquidity for expected disbursements. With this investment focus, investments are expected to reach maturity with limited gains or losses. At June 30, 2019, 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	\$ 4,550,000	0.28% - 0.37%	\$ 4,550,000
State Treasurer's Investment Pool (WYO-STAR)	40,946,654	2.32%	40,946,654
	<u>\$ 45,496,654</u>		<u>\$ 45,496,654</u>

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

NOTES TO FINANCIAL STATEMENTS

Note 3. Capital Assets

A summary of changes in capital assets follows:

	Balance June 30, 2018	Additions	Retirement and Transfers	Balance June 30, 2019
Capital assets not being depreciated:				
Land	\$ 5,132,694	\$ -	\$ -	\$ 5,132,694
Water rights	1,797,968	-	-	1,797,968
Construction in progress	28,404,445	7,654,400	(31,565,599)	4,493,246
Total capital assets not being depreciated	35,335,107	7,654,400	(31,565,599)	11,423,908
Capital assets being depreciated:				
Utility plant in service	536,384,201	34,574,944	(255,220)	570,703,925
Machinery and equipment	677,958	18,139	(4,758)	691,339
Transportation equipment	3,376,930	90,793	(16,598)	3,451,125
Structures and improvements	8,564,298	19,839	-	8,584,137
Office furniture and equipment	1,327,468	9,999	-	1,337,467
Total capital assets being depreciated	550,330,855	34,713,714	(276,576)	584,767,993
Less accumulated depreciation for:				
Utility plant in service	244,422,180	12,038,813	(255,220)	256,205,773
Machinery and equipment	635,488	12,687	(4,758)	643,417
Transportation equipment	2,644,094	235,147	(16,598)	2,862,643
Structures and improvements	2,001,418	213,660	-	2,215,078
Office furniture and equipment	1,238,085	56,076	-	1,294,161
Total accumulated depreciation	250,941,265	12,556,383	(276,576)	263,221,072
Total capital assets being depreciated, net	299,389,590	22,157,331	-	321,546,921
Total capital assets, net	\$ 334,724,697	\$ 29,811,731	\$ (31,565,599)	\$ 332,970,829

**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, 2019:

	Balance as of June 30, 2018	Debt		Balance as of June 30, 2019	Current Portion	Long-Term Portion
		Issued	Retired			
Waterworks Fund:						
CWSRF						
081 Phase II Reuse 2008	\$ 840,557	\$ -	\$ 61,117	\$ 779,440	\$ 62,606	\$ 716,834
084 Administrative Building 2007	210,936	-	12,782	198,154	13,088	185,066
115 Administrative Building 2009	1,394,786	-	84,522	1,310,264	86,540	1,223,724
143 Holliday Reuse 2015	712,500	-	37,500	675,000	37,500	637,500
DWSRF						
023 RLS Refinance 2002	2,981,349	-	567,142	2,414,207	581,141	1,833,066
034 Water Main Rehabilitation 2003	303,152	-	40,171	262,981	41,156	221,825
056 Western Hills 2005	541,741	-	48,342	493,399	49,553	443,846
065 Southern Water Main 2007	3,187,026	-	255,998	2,931,028	262,250	2,668,778
079 30" Water Main/WAFB	3,834,820	-	234,525	3,600,295	238,741	3,361,554
106 Administrative Building 2009	1,394,786	-	84,522	1,310,264	86,540	1,223,724
120 Southern Water Main Ph II 2012	6,276,994	-	324,277	5,952,717	331,956	5,620,761
133 RLS Hydroelectric Project 2013	155,865	532,880	-	688,745	-	688,745
177 Southern Water Main Ph III 2016	3,836,112	46,785	1,084,927	2,797,970	117,836	2,680,134
2013 Water Revenue Note	6,710,000	-	830,000	5,880,000	850,000	5,030,000
Stage I Rehabilitation Loan 1993	1,312,416	-	253,851	1,058,565	264,005	794,560
Sherard Plant State WDWRF Loan 2000	1,199,447	-	228,171	971,276	233,803	737,473
Total Waterworks Fund	34,892,487	579,665	4,147,847	31,324,305	3,256,715	28,067,590
Sewer Fund:						
CWSRF						
046 CWSRF Loan 2004	16,768,393	-	1,920,102	14,848,291	1,967,015	12,881,276
060 WAFB/Parsley 2006	1,664,888	-	133,845	1,531,043	137,087	1,393,956
084 Administrative Building 2007	70,312	-	4,261	66,051	4,363	61,688
115 Administrative Building 2009	464,929	-	28,174	436,755	28,847	407,908
133 Crow Creek Plant Improvements 2013	4,398,328	-	211,079	4,187,249	216,055	3,971,194
144 Southern Sewer Interceptor 2016	1,300,000	-	-	1,300,000	51,336	1,248,664
159 Southern Sewer Interceptor 2018	8,279,037	1,620,963	-	9,900,000	-	9,900,000
DWSRF						
106 Administrative Building 2009	464,929	-	28,174	436,755	28,847	407,908
Total Sewer Fund	33,410,816	1,620,963	2,325,635	32,706,144	2,433,550	30,272,594
Total Waterworks and Sewer Funds	\$ 68,303,303	\$ 2,200,628	\$ 6,473,482	\$ 64,030,449	\$ 5,690,265	\$ 58,340,184

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

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

NOTES TO FINANCIAL STATEMENTS

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, 2019, the deferred loss on refunding totaled \$303,271 and is classified as a deferred outflow of resources.

Long-term debt payable as of June 30, 2019 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. \$ 5,880,000

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. 1,058,565

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 of revenues from the City's water system user fees necessary to meet the annual loan payment. 971,276

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. \$ 2,414,207

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

NOTES TO FINANCIAL STATEMENTS

Due to the State of Wyoming, Office of State Lands and Investments,
DWSRF Loan #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. \$ 262,981

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. 493,399

Due to the State of Wyoming, Office of State Lands and Investments,
DWSRF Loan #065, original amount of \$5,600,000 for the Southern Water
Transmission Main - Phase I Project, with interest at 2.5%, due annually on
September 1. Annual principal and interest payments are \$334,582 through
2029. Secured by a pledge and assignment of revenues from the City's
water system user fees necessary to meet the annual loan payment. 2,931,028

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. 3,600,295

Due to the State of Wyoming, Office of State Lands and Investments,
DWSRF Loan #106, original amount of \$3,500,000 for the construction
phase of the Administration Building Project, with interest at 2.5% due
annually on June 1. Annual principal and interest payments are \$159,062
through 2032. Secured by pledge and assignment of revenues from the
City's water system user fees necessary to meet the annual loan payment. 1,747,019

Continued

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

NOTES TO FINANCIAL STATEMENTS

Due to the State of Wyoming, Office of State Lands and Investments,
DWSRF Loan #120, original amount of \$7,494,828 for the design and
construction of Phase II of the Southern Water Transmission Main, with
interest at 2.5%, due annually on June 1. Annual principal and interest
payments are \$480,772 per year through 2034. Secured by the pledge and
assignment of revenues from the City's water system user fees necessary
to meet the annual loan payments. \$ 5,952,717

Due to the State of Wyoming, Office of State Lands and Investments,
DWSRF Loan #133, advances on a \$4,900,000 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 \$1,225,000. The
payments are currently estimated at \$245,000 per year. Secured by a
pledge and assignment of revenues from the City's water system user fees
necessary to meet the annual payment. 688,745

Due to the State of Wyoming, Office of State Lands and Investments,
CWSRF Loan #159, advances on \$9,900,000 loan for Southern Sewer
Interceptor Main. Interest thereon is at 2.5% for a term of twenty years.
The payments are currently estimated at \$635,057 per year. Secured by
pledge and assignment of revenues from the City's wastewater user fees
necessary to meet the annual loan payment. 9,900,000

Due to the State of Wyoming, Office of State Lands and Investments,
DWSRF Loan #177, original amount of \$5,280,000 for the design and
construction of Phase III of the Southern Water Transmission Main, with
interest at 2.5% due annually on March 1. This loan is also granted principal
forgiveness up to 25% of the loan, not to exceed \$1,320,000. Annual principal
and interest payments are \$186,808 per year through 2038. Secured by a
pledge and assignment of revenues from the City's water system user fees
necessary to meet the annual payment. 2,797,970

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. 14,848,291

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

NOTES TO FINANCIAL STATEMENTS

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. \$ 1,531,043

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. 779,440

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. 264,205

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. 1,747,019

Due to the State of Wyoming, Office of State Lands and Investments,
CWSRF Loan #133, original amount of \$5,000,000 for Crow Creek Plant
Improvements Project with interest at 2.5% due annually on June 15. Annual
principal and interest payments are \$320,736 through 2039. Secured by pledge
and assignment of revenues from the City's wastewater user fees necessary
to meet the annual loan payment. 4,187,249

Due to the State of Wyoming, Office of State Lands and Investments,
CWSRF Loan #143, original amount of \$875,000 for Holliday Park Reuse
Project with interest at 0.0%. Principal payments of \$37,500 are due annually
in September through 2037. Secured by pledge and assignment of revenues
from the City's wastewater user fees necessary to meet the annual loan
payment. \$ 675,000

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

NOTES TO FINANCIAL STATEMENTS

Due to the State of Wyoming, Office of State Lands and Investments,
CWSRF Loan #144, original amount of \$1,300,000 for Southern Sewer
Interceptor Main with interest at 2.5% due annually on December 1. Annual
principal and interest payments are \$83,391 through 2039. Secured by pledge
and assignment of revenues from the City's wastewater user fees necessary
to meet the annual loan payment.

\$ 1,300,000

Total general obligation bonds and loans

\$ 64,030,449

The annual debt service requirements of the long-term debt and current principal maturities as of June 30, 2019 are as follows:

	Waterworks Fund		Sewer Fund	
	Principal	Interest	Principal	Interest
2020	\$ 3,256,717	\$ 747,503	\$ 2,433,550	\$ 622,785
2021	3,374,193	663,738	2,881,881	755,908
2022	3,458,962	577,761	2,953,862	683,927
2023	3,489,402	488,046	3,027,641	610,148
2024	2,430,498	401,288	3,103,262	534,526
2025-2029	9,184,458	1,267,549	9,527,106	1,647,349
2030-2034	5,120,750	415,901	4,586,184	866,368
2035-2039	974,886	57,032	3,573,090	339,885
2040	34,439	-	619,568	15,489
	<u>\$ 31,324,305</u>	<u>\$ 4,618,818</u>	<u>\$ 32,706,144</u>	<u>\$ 6,076,385</u>

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

The Board has pledged and assigned future water system and wastewater user fees to meet the annual debt requirements. Proceeds from the debt have been used to improve, expand, and replace the distribution system, source of supply, and treatment facilities. The proportion of pledged revenues to total revenues is not estimable because annual total fees fluctuate annually. Principal and interest paid for the current year was \$8,119,847. Net customer revenues totaled \$33,403,006 for the year. At year end, pledged future revenues totaled \$74,725,652, which is the amount of the remaining principal and interest on outstanding debt.

Interest expense: During the year ended June 30, 2019, the Board incurred \$1,230,436 of interest, of which \$415,926 was capitalized as part of fixed asset additions.

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

NOTES TO FINANCIAL STATEMENTS

Note 5. Retirement Commitments

Plan description: Substantially all employees of the Board are provided with pensions through the Public Employee Pension Plan – a statewide cost-sharing multiple-employer defined benefit pension plan administered by the Wyoming Retirement System (WRS). The authority to establish and amend benefits and contributions rates rests with the Legislature of the State of Wyoming. WRS is granted the authority to administer the Plan by Wyoming State Statutes § 9-3-401 through 432. WRS issues a publicly available financial report that can be obtained through the WRS website, located at <http://retirement.state.wy.us/About/Reports?Label=Financial#categories>.

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

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

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

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

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

Contributions: Per Title § 9-3-412 and 413 of Wyoming State Statutes, for the year ended June 30, 2019, member contributions were required to be 8.50% of compensation and employer contributions were required to be 8.62% of compensation. These contributions increased September 1, 2018. Previously, the member and employee contribution percentages were 8.25% and 8.37%, respectively. In accordance with Title § 9-3-412(c)(ii) of Wyoming State Statutes, the Board has elected to pay 6% of the member's contribution subsequent to the change and 5.75% prior to the change in addition to the employer's contribution. Total contributions to the pension plan from the Board were \$1,085,411 for the year ended June 30, 2019.

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

NOTES TO FINANCIAL STATEMENTS

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions: At June 30, 2019, the Board reported a liability of \$12,722,850 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018 and incorporated assumption changes adopted by the Board effective August 23, 2017. The Board's proportion of the net pension liability was based on the relationship of the Board's total contributions to the plan for the year ended December 31, 2018 to the contributions of all participating employers for the same period. At December 31, 2018, the Board's proportion was 0.4178%, which was an increase from its December 31, 2017 proportion of 0.4072%.

For the year ended June 30, 2019, the Board recognized pension expense of \$2,061,418. At June 30, 2019, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (314,425)
Changes of assumptions	619,493	-
Net difference between projected and actual earnings on pension plan investments	1,898,192	-
Changes in proportion and differences between contributions and proportionate share of contributions	372,668	-
Contributions subsequent to the measurement date	325,395	-
	<u>\$ 3,215,748</u>	<u>\$ (314,425)</u>

The amount of \$325,395 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	\$ 1,050,336
2021	572,927
2022	318,639
2023	634,026
	<u>\$ 2,575,928</u>

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

NOTES TO FINANCIAL STATEMENTS

Actuarial assumptions: The total pension liability in the January 1, 2018 valuation was determined using the following actuarial assumptions adopted by the Wyoming Retirement Systems Board effective August 23, 2017 and applied to all periods included in the measurement:

Inflation:	2.25%
Salary increases:	2.50% - 6.50%, including inflation
Payroll growth rate:	2.50%
Investment rate of return:	7.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Mortality Tables for Males or Females, as appropriate with adjustments for mortality improvements based on Scale MP-2017.

Long-term expected rate of return: The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected arithmetic returns, net of pension plan investment expense and inflation) are developed for each major asset class. These real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. For each major asset class that is included in the pension plans target asset allocation for the fiscal year 2018, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Long-Term Expected Arithmetic Real Rate of Return
Cash	0.00%	0.30%	0.30%
Fixed Income	20.00%	1.50%	2.00%
Equity	49.00%	6.00%	7.40%
Marketable Alternatives	19.00%	3.10%	3.50%
Private Markets	12.00%	5.20%	7.00%
Total	100.00%		

Experience analysis: An experience study was conducted on behalf of all WRS's plans covering the five-year period ended December 31, 2016. That study provided a detailed analysis concerning the development of the long-term inflation rate, real rate of return and discount rate. The study also analyzed each major actuarial assumption (e.g., mortality, salary increases, retirement, termination, and disability) and proposed assumptions consistent with the findings.

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

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

NOTES TO FINANCIAL STATEMENTS

Sensitivity of the employer'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 7.00%, 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-percentage-point lower (6.00%) or 1 percentage-point higher (8.00%) than the current rate:

Sensitivity of Net Pension Liability to the Single Discount Rate Assumption

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Board's proportionate share of the net pension liability	\$ 17,644,879	\$ 12,722,850	\$ 8,615,464

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued WRS financial report available from the Wyoming Retirement System, at 6101 Yellowstone Road, Cheyenne, Wyoming 82002, or may be accessed through the WRS website at <http://retirement.state.wy.us/home/About/Reports?Label=Financial#categories>

Defined Contributions Plans. Board employees have the option to participate in one of two defined contribution plans. These defined contribution plans include the Wyoming Deferred Compensation Program (457 Plan) administered by the 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, 2019 and 2018 were \$221,864 and \$180,961, 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, 2019 and 2018 were \$30,625 and \$31,650, respectively.

Note 6. Due from Other Governments

Amounts due from other governments of \$20,935 as of June 30, 2019 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 2019. 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, 2019:

	Waterworks Fund	Sewer Fund	Total
Vacation leave	\$ 383,662	\$ 261,160	\$ 644,822
Compensatory/administrative time	92,025	61,350	153,375
Sick leave	296,131	197,421	493,552
Early retirement obligation	287,312	191,543	478,855
	<u>\$ 1,059,130</u>	<u>\$ 711,474</u>	<u>\$ 1,770,604</u>

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

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
Compensated Absences and Early Retirement					
Waterworks Fund	\$ 775,744	\$ 440,343	\$ (156,957)	\$ 1,059,130	\$ 441,676
Sewer Fund	520,113	293,489	(102,128)	711,474	295,528
	<u>\$ 1,295,857</u>	<u>\$ 733,832</u>	<u>\$ (259,085)</u>	<u>\$ 1,770,604</u>	<u>\$ 737,204</u>

Note 8. Related-Party Transactions

The Board collects sanitation charges on behalf of the City. At June 30, 2019, the Board had cash and receivables relating to the City's sanitation charges of \$2,291,485. The Board also owed the City \$632,316 for fuel charges, legal fees, and the Board's share of construction projects.

Note 9. Major Customers

For the year ended June 30, 2019, the Board had two customers who each accounted for more than 10% of the Board's billed water and/or sewer revenues as follows:

	Water	Sewer	Total
Holly Frontier Refining and Marketing	\$ 3,406,966	\$ 1,540,273	\$ 4,947,239
South Cheyenne Water and Sewer District	1,632,135	1,508,537	3,140,672

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

NOTES TO FINANCIAL STATEMENTS

Note 10. Commitments

As of June 30, 2019, 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 2019, the amounts below represent the activity pertaining to the respective contract as a whole.

	Expended to June 30, 2019	Total Contract	Total Commitment at June 30, 2019
Waterworks Fund:			
Sherard Hydropower	\$ 976,398	\$ 1,346,878	\$ 370,480
Christensen Road Extension	22,694	93,813	71,119
FY 17 Water Rehabs	2,253,425	2,887,387	633,962
FY 18 Water Rehabs	1,255,308	1,588,332	333,023
26th Street Storm Interceptor	435,827	618,181	182,354
FY 19 Water Rehabs	618,813	3,468,139	2,849,327
North City Study	45,498	168,510	123,012
Prairie Avenue Roundabout	8,821	13,534	4,713
Civic Center Commons	604,407	672,208	67,801
ERP Project - Munis	606,739	735,738	128,999
	<u>6,827,930</u>	<u>11,592,720</u>	<u>4,764,790</u>
Sewer Fund:			
FY 17 Sewer Rehabs	837,805	946,042	108,238
S. Sewer Interceptor Main Ph I	11,356,921	12,562,839	1,205,918
19th Street Rehab - Phase III	723,568	744,785	21,217
FY 17 Sewer Manholes	145,938	176,291	30,353
FY 18 Sewer Rehabs	1,238,343	1,375,937	137,594
FY 18 Sewer Manholes	170,447	189,385	18,939
FY 19 Sewer Rehabs	30,882	211,522	180,640
ERP Project - Munis	202,246	245,246	43,000
	<u>14,706,150</u>	<u>16,452,048</u>	<u>1,745,898</u>
	<u>\$ 21,534,080</u>	<u>\$ 28,044,768</u>	<u>\$ 6,510,688</u>

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

NOTES TO FINANCIAL STATEMENTS

Note 11. Risk Management

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

As of June 30, 2019, 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.

REQUIRED SUPPLEMENTARY INFORMATION

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

**SCHEDULE OF THE BOARD'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
PUBLIC EMPLOYEE PENSION PLAN
Last 6 Fiscal Years***

	Board's proportion of the net pension liability	Board's proportionate share of the net pension liability	Board's covered payroll	Board's proportionate share of the net pension liability as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2014	0.3772%	\$ 5,735,039	\$ 6,463,729	88.73%	81.10%
2015	0.3621%	6,390,668	6,307,367	101.32%	79.08%
2016	0.3838%	8,940,291	6,855,922	130.40%	73.40%
2017	0.3979%	9,619,011	7,127,606	134.95%	73.42%
2018	0.4072%	9,280,567	7,177,501	129.30%	76.35%
2019	0.4178%	12,722,850	7,409,311	171.71%	69.17%

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

See Notes to Required Supplementary Information.

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

**SCHEDULE OF THE BOARD'S CONTRIBUTIONS
PUBLIC EMPLOYEE PENSION PLAN
Last 6 Fiscal Years***

	Statutorial required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
2014	\$ 465,964	\$ 465,964	\$ -	\$ 6,544,388	7.12%
2015	512,031	512,031	-	6,719,564	7.62%
2016	586,407	586,407	-	7,006,054	8.37%
2017	602,689	602,689	-	7,200,585	8.37%
2018	608,519	608,519	-	7,270,239	8.37%
2019	645,547	645,547	-	7,524,834	8.58%

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

See Notes to Required Supplementary Information.

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Changes in benefit terms: There were no changes in benefit terms between the December 31, 2017 measurement date and the December 31, 2018 measurement date.

Changes in assumptions: There were no changes in assumptions between the December 31, 2017 measurement date and the December 31, 2018 measurement date.

SUPPLEMENTARY INFORMATION

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

**BUDGETARY COMPARISON SCHEDULE
Year Ended June 30, 2019**

	Waterworks Fund			
	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget
	Original	Final		
Operating Revenues				
Sales and charges for services	\$ 20,621,900	\$ 20,621,900	\$ 19,383,845	\$ (1,238,055)
Fees and miscellaneous	403,800	403,800	407,754	3,954
Total operating revenues	21,025,700	21,025,700	19,791,599	(1,234,101)
Nonoperating Revenues				
Investment income	195,500	195,500	694,793	499,293
Gain on sale of assets	-	-	4,000	4,000
System development fees	1,868,800	1,868,800	2,005,813	137,013
Capital grants	-	3,652,683	1,065,740	(2,586,943)
Donated utilities	-	-	994,643	994,643
Total nonoperating revenues	2,064,300	5,716,983	4,764,989	(951,994)
Total revenues	23,090,000	26,742,683	24,556,588	(2,186,095)
Operating Expenses				
Source of supply	1,626,200	1,814,200	1,444,920	(369,280)
Water treatment	2,210,200	2,352,200	2,018,472	(333,728)
Transmission and distribution	2,483,100	2,661,325	2,524,185	(137,140)
Sewer collection lines	-	-	-	-
Water reclamation	-	-	-	-
Engineering and water resources	1,089,200	1,182,785	1,069,714	(113,071)
Administrative and general	4,524,600	4,712,600	5,284,890	572,290
Information technology and customer service	1,045,800	1,156,787	1,007,754	(149,033)
Total operations	12,979,100	13,879,897	13,349,935	(529,962)
Nonoperating Expenditures				
Capital purchases	732,100	1,009,566	697,091	(312,475)
Construction work in progress	6,240,700	19,146,276	4,157,618	(14,988,658)
Debt service, interest	846,700	846,700	800,721	(45,979)
Debt service, principal	3,272,300	3,272,300	3,177,126	(95,174)
Total other expenditures	11,091,800	24,274,842	8,832,556	(15,442,286)
Total expenditures	24,070,900	38,154,739	22,182,491	(15,972,248)
Excess (deficiency) of revenues over expenditures	\$ (980,900)	\$ (11,412,056)	\$ 2,374,097	\$ 13,786,153

Sewer Fund

Budgeted Amounts		Actual Budget Basis	Variance with Final Budget
Original	Final		
\$ 12,567,900	\$ 12,567,900	\$ 13,008,656	\$ 440,756
432,500	432,500	602,751	170,251
13,000,400	13,000,400	13,611,407	611,007
95,600	95,600	336,132	240,532
-	-	3,000	3,000
894,100	894,100	488,320	(405,780)
-	-	-	-
-	-	714,311	714,311
989,700	989,700	1,541,763	552,063
13,990,100	13,990,100	15,153,170	1,163,070
-	-	-	-
-	-	-	-
-	-	-	-
1,522,400	1,746,397	1,543,025	(203,372)
2,547,050	2,809,550	2,614,490	(195,060)
363,200	368,000	329,974	(38,026)
2,324,600	2,424,100	2,594,620	170,520
349,300	386,296	341,275	(45,021)
7,106,550	7,734,343	7,423,384	(310,959)
568,300	908,533	319,145	(589,388)
2,336,700	8,991,186	3,496,781	(5,494,405)
744,100	744,100	845,641	101,541
2,325,300	2,325,300	2,325,635	335
5,974,400	12,969,119	6,987,202	(5,981,917)
13,080,950	20,703,462	14,410,586	(6,292,876)
\$ 909,150	\$ (6,713,362)	\$ 742,584	\$ 7,455,946

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

NOTES TO BUDGETARY COMPARISON SCHEDULE

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

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

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

STATISTICAL SECTION

(UNAUDITED)

This part of the City of Cheyenne, Wyoming Board of Public Utilities' 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)
Last Ten Fiscal Years**

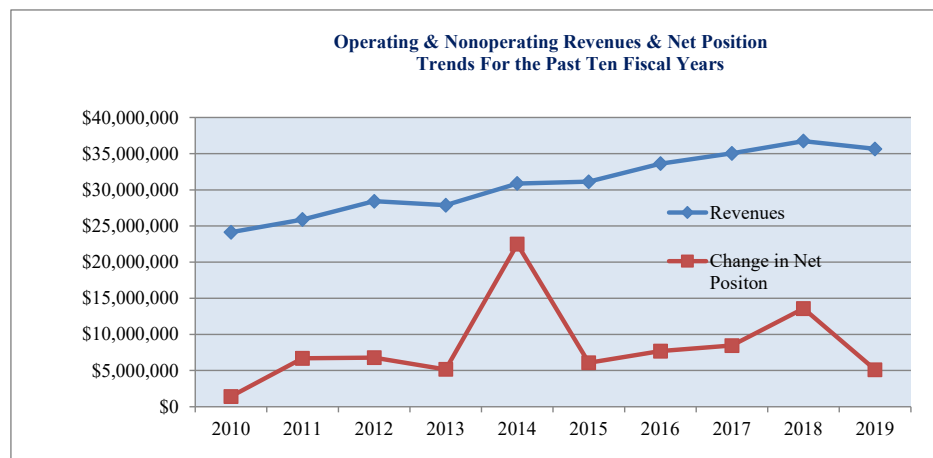
	2010	2011	2012	2013
Primary government:				
Net investment in capital assets	\$ 201,950,640	\$ 207,125,040	\$ 212,588,231	\$ 215,502,795
Restricted	1,289,594	1,289,594	1,389,594	1,389,594
Unrestricted	22,758,430	24,280,698	25,507,519	27,757,842
Total primary government net position	\$ 225,998,664	\$ 232,695,332	\$ 239,485,344	\$ 244,650,231

2014	2015	2016	2017	2018	2019
\$ 234,533,472	\$ 240,632,987	\$ 247,414,892	\$ 255,737,548	\$ 266,767,253	\$ 269,243,651
1,103,001	1,103,001	500,000	500,000	500,000	500,000
31,498,933	26,138,255	27,643,743	27,774,167	30,326,170	32,956,805
\$ 267,135,406	\$ 267,874,243	\$ 275,558,635	\$ 284,011,715	\$ 297,593,423	\$ 302,700,456

**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	Total Nonoperating Revenues/ (Expenses)	Income (Loss) before Capital Contribution	Capital Contributions	Change in Net Position
2010	\$ 24,281,960	\$ 24,220,188	\$ 61,772	\$ (149,067)	\$ (87,295)	\$ 1,498,273	\$ 1,410,978
2011	26,575,116	25,151,232	1,423,884	(685,814)	738,070	5,958,598	6,696,668
2012	28,594,129	26,005,418	2,588,711	(179,719)	2,408,992	4,381,020	6,790,012
2013	28,417,091	26,474,263	1,942,828	(543,390)	1,399,438	3,765,449	5,164,887
2014	28,030,122	27,483,943	546,179	2,855,489	3,401,668	19,083,507	22,485,175
2015	28,223,658	27,605,751	617,907	2,906,969	3,524,876	2,554,040	6,078,916
2016	31,243,040	29,990,481	1,252,559	2,380,668	3,633,227	4,051,165	7,684,392
2017	32,881,259	30,735,969	2,145,290	2,176,250	4,321,540	4,131,540	8,453,080
2018	34,518,439	31,800,359	2,718,080	2,228,947	4,947,027	8,634,681	13,581,708
2019	33,403,006	33,329,702	73,304	2,259,035	2,332,339	2,774,694	5,107,033



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

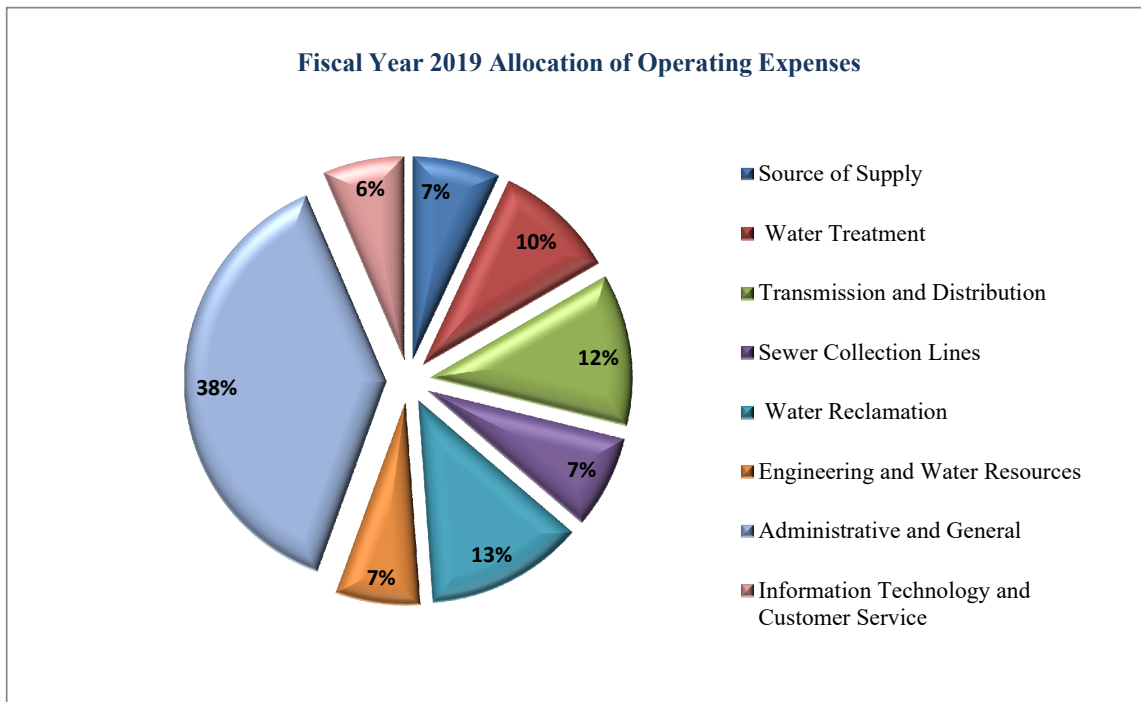
**COMBINED OPERATING REVENUES BY SOURCE
(Unaudited)
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Water Sales</u>	<u>Sewer Charges</u>	<u>Fees and Miscellaneous</u>	<u>Total</u>
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
2016	19,264,134	11,013,457	965,449	31,243,040
2017	20,331,453	11,793,475	756,331	32,881,259
2018	21,305,003	12,300,941	912,495	34,518,439
2019	19,383,845	13,008,656	1,010,505	33,403,006

**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	Engineering and Water Resources
2010	\$ 1,076,321	\$ 1,959,147	\$ 1,902,540	\$ 1,134,465	\$ 2,266,565	\$ 1,040,738
2011	1,129,193	2,032,733	1,893,363	1,073,547	2,303,619	1,046,353
2012	1,245,052	2,222,510	1,975,019	1,112,374	2,305,548	1,078,469
2013	1,218,162	1,779,324	2,015,765	1,109,167	2,360,921	1,136,793
2014	1,426,207	1,846,817	2,052,179	1,144,516	2,348,946	1,199,393
2015	1,334,981	1,869,151	2,040,958	1,181,757	2,400,409	1,204,863
2016	1,351,996	1,874,575	2,074,783	1,239,039	2,473,365	1,338,086
2017	1,412,417	2,182,952	2,111,073	1,145,985	2,504,492	1,339,279
2018	1,955,042	1,933,235	2,449,095	1,309,261	2,472,745	1,454,326
2019	1,444,920	2,018,472	2,524,185	1,543,025	2,614,490	1,399,688

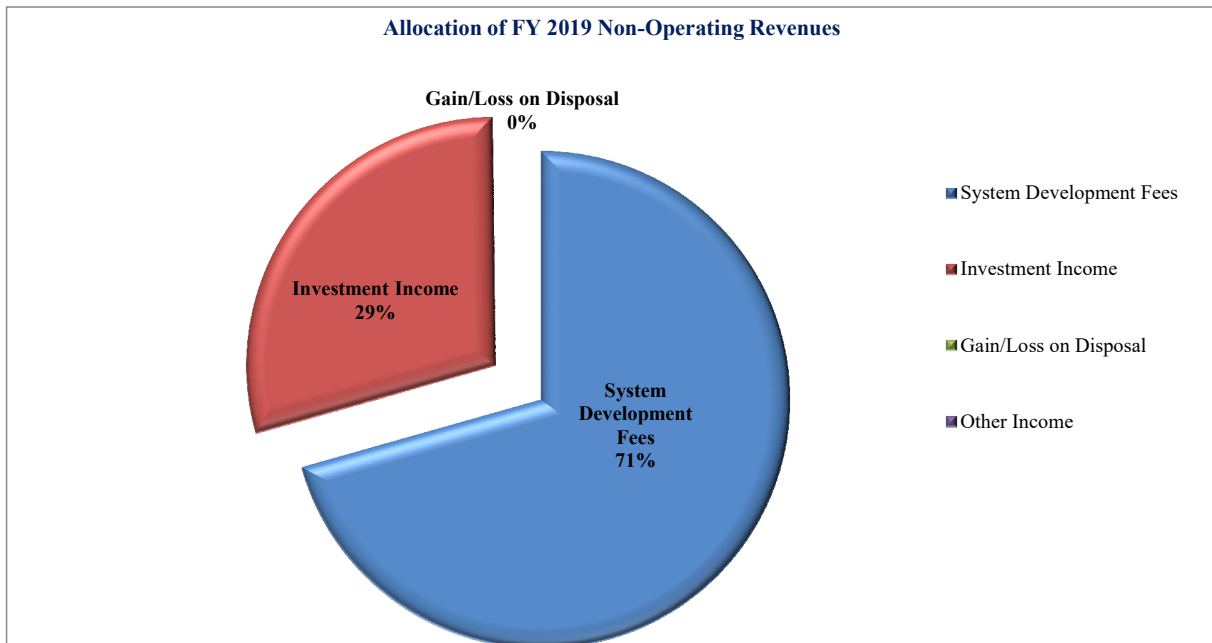


Administrative and General	Information Technology and Customer Service	Subtotal, Expenses before Depreciation	Depreciation	Total Operating Expenses
\$ 3,555,360	\$ 896,234	\$ 13,831,370	\$ 10,388,818	\$ 24,220,188
4,122,194	947,699	14,548,701	10,602,531	25,151,232
4,362,575	1,044,593	15,346,140	10,659,278	26,005,418
5,118,473	1,004,269	15,742,874	10,731,389	26,474,263
5,603,288	1,049,253	16,670,599	10,813,344	27,483,943
5,249,576	1,132,188	16,413,883	11,191,868	27,605,751
6,530,009	1,157,416	18,039,269	11,951,212	29,990,481
6,727,482	1,185,779	18,609,459	12,126,510	30,735,969
6,781,904	1,177,920	19,533,528	12,266,831	31,800,359
7,879,510	1,349,029	20,773,319	12,556,383	33,329,702

**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
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
2016	4,014,691	144,963	21,625	-	-	-	(1,800,611)	2,380,668
2017	3,553,222	102,756	42,640	-	-	-	(1,522,368)	2,176,250
2018	3,110,333	319,220	96,516	-	-	-	(1,297,122)	2,228,947
2019	2,494,133	1,030,925	7,000	-	-	-	(1,273,023)	2,259,035



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

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

	2010	2011	2012	2013	2014
Water Rates					
Residential single family:					
First block - First 6,000	\$ 3.35	\$ 3.46	\$ 3.46	\$ 3.60	\$ 3.72
Second block - Next 18,000	4.15	4.29	4.29	4.46	4.61
Third block - Next 18,000	5.15	5.32	5.32	5.53	5.72
All over - 42,000	6.40	6.61	6.61	6.88	7.11
Residential multi family:					
First block - First 3,000 per unit	3.35	3.46	3.46	3.60	3.72
Second block - Next 9,000 per unit	4.15	4.29	4.29	4.46	4.61
Third block - Next 9,000 per unit	5.15	5.32	5.32	5.53	5.72
All over - 21,000 per unit	6.40	6.61	6.61	6.88	7.11
All other treated (range)	3.65-4.15	3.78-4.29	3.78-4.29	3.94-4.65	4.08-4.81
Raw water (range)	2.17	2.24	2.24	2.33	2.41
Reclaimed water	1.76	1.82	1.82	1.89	1.95
Recycled water	3.14	3.24	3.24	3.37	3.48
Monthly service fee range (based on meter size)	4.65-158.00	4.80-163.37	4.80-163.37	4.99-170.06	5.16-175.84
Sewer Rates					
Rate charge (per 1,000 gallons)	\$ 3.35	\$ 3.46	\$ 3.46	\$ 3.74	\$ 3.91
Monthly service fee range (based on meter size)	3.80-65.00	3.93-67.21	3.93-67.21	4.09-69.95	4.27-73.10

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

2015	2016	2017	2018	2019
\$ 3.85	\$ 3.97	\$ 4.05	\$ 4.17	\$ 4.29
4.77	4.91	5.01	5.15	5.30
5.91	6.09	6.21	6.39	6.58
7.36	7.58	7.73	7.96	8.19
3.85	3.97	4.05	4.17	4.29
4.77	4.91	5.01	5.15	5.30
5.91	6.09	6.21	6.39	6.58
7.36	7.58	7.73	7.96	8.19
4.23-4.97	4.36-5.12	4.45-5.22	4.58-5.37	4.93-5.53
2.49	2.56	2.61	2.69	2.77
2.02	2.08	2.12	2.18	2.24
3.60	3.71	3.78	3.89	4.00
5.34-181.82	5.50-187.27	5.61-191.02	5.77-196.75	5.94-202.65
\$ 4.21	\$ 4.43	\$ 4.62	\$ 4.76	\$ 4.90
4.48-76.76	4.61-79.06	4.70-80.64	4.84-83.06	4.98-85.55

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

TEN LARGEST WATER CUSTOMERS

(Unaudited)

Current Year and Nine Years Ago

Customer	Fiscal Year 2019		Fiscal Year 2019	
	Billed Water Revenues		Gallons (1,000's)	
	Amount	%	Amount	%
Holly Frontier Refining and Marketing	\$ 3,406,966	17.58%	732,901	19.17%
South Cheyenne Water and Sewer District	1,632,135	8.42%	336,601	8.80%
F. E. Warren Air Force Base	797,566	4.11%	162,078	4.24%
Laramie County School District No. 1	421,304	2.17%	81,679	2.14%
Microsoft Corporation	322,774	1.67%	43,314	1.13%
State of Wyoming	181,330	0.94%	34,065	0.89%
Cheyenne Country Club	140,544	0.73%	48,879	1.28%
Dish Purchasing Corporation	88,796	0.46%	17,874	0.47%
Department of Veterans Affairs	79,413	0.41%	16,593	0.43%
Cheyenne Housing Authority	73,343	0.38%	13,593	0.36%
Subtotal (10 largest)	7,144,171	36.86%	1,487,577	38.91%
Balance from other customers	12,239,674	63.14%	2,335,487	61.09%
Grand total	\$ 19,383,845	100.00%	3,823,064	100.00%

Customer	Fiscal Year 2010		Fiscal Year 2010	
	Billed Water Revenues		Gallons (1,000's)	
	Amount	%	Amount	%
Frontier Oil & Refinery	\$ 2,799,788	18.20%	786,604	20.51%
South Cheyenne Water and Sewer District	1,095,246	7.12%	291,546	7.60%
F. E. Warren Air Force Base	911,719	5.93%	240,085	6.26%
Laramie County School District No.1	243,348	1.58%	59,422	1.55%
State of Wyoming	131,078	0.85%	47,292	1.23%
Cheyenne Country Club	105,339	0.68%	49,938	1.30%
Cheyenne Regional Medical Center	101,184	0.66%	27,640	0.72%
Cheyenne Housing Authority	77,382	0.50%	19,700	0.51%
Frontier Mall	62,751	0.41%	16,942	0.44%
Department of Veterans Affairs	56,335	0.37%	14,315	0.37%
Subtotal (10 largest)	5,584,169	36.30%	1,553,484	40.50%
Balance from other customers	9,800,453	63.70%	2,282,044	59.50%
Grand total	\$ 15,384,622	100.00%	3,835,528	100.00%

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

TEN LARGEST SEWER CUSTOMERS

(Unaudited)

Current Year and Nine Years Ago

Customer	Fiscal Year 2019		Fiscal Year 2019	
	Billed Sewer Revenues		Sewer Gallons (1,000's)	
	Amount	%	Amount	%
Holly Frontier Refining & Marketing	\$ 1,540,273	11.85%	318,801	13.54%
South Cheyenne Sewer and Water District	1,508,537	11.60%	312,401	13.27%
F. E. Warren Air Force Base	455,545	3.50%	94,168	4.00%
Microsoft Corporation	157,373	1.21%	21,600	0.92%
Laramie County School District No. 1	121,535	0.93%	23,884	1.01%
Cheyenne Regional Medical Center	98,475	0.76%	20,010	0.85%
State of Wyoming	80,821	0.62%	15,834	0.67%
Dish Purchasing Corporation	59,977	0.46%	12,348	0.52%
Cheyenne Housing Authority	55,212	0.42%	9,869	0.42%
Walmart Distribution Center	52,361	0.40%	7,203	0.31%
Subtotal (10 largest)	4,130,110	31.75%	836,118	35.52%
Balance from other customers	8,878,546	68.25%	1,518,048	64.48%
Grand total	\$ 13,008,656	100.00%	2,354,166	100.00%

Customer	Fiscal Year 2010		Fiscal Year 2010	
	Billed Sewer Revenues		Sewer Gallons (1,000's)	
	Amount	%	Amount	%
South Cheyenne Sewer and Water District	\$ 869,823	10.55%	265,484	12.18%
F. E. Warren Air Force Base	423,450	5.14%	129,110	5.93%
Holly Frontier Refining and Marketing	153,267	1.86%	43,816	2.01%
State of Wyoming	79,250	0.96%	22,745	1.04%
Cheyenne Regional Medical Center	78,576	0.95%	23,679	1.09%
Laramie County School District No. 1	65,514	0.79%	18,709	0.86%
Cheyenne Housing Authority	60,473	0.73%	16,705	0.77%
Frontier Mall	45,246	0.55%	13,559	0.62%
Union Pacific Railroad	40,850	0.50%	12,128	0.56%
Flying J Travel Plaza	38,095	0.46%	7,730	0.35%
Subtotal (10 largest)	1,854,544	22.50%	553,665	25.41%
Balance from other customers	6,388,437	77.50%	1,625,295	74.59%
Grand total	\$ 8,242,981	100.00%	2,178,960	100.00%

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

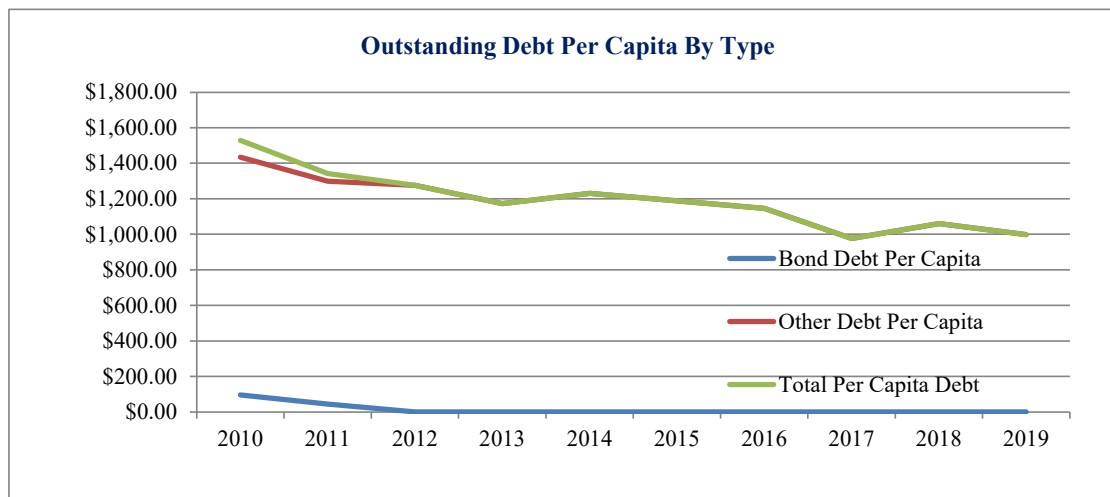
RATIOS OF OUTSTANDING DEBT BY TYPE

(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
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	2.46%	71,545,772
2014	-	-	0.00%	75,878,271	1,229.45	2.50%	75,878,271
2015	-	-	0.00%	75,171,561	1,188.41	2.41%	75,171,561
2016	-	-	0.00%	72,072,190	1,146.82	2.33%	72,072,190
2017	-	-	0.00%	62,549,494	977.05	1.98%	62,549,494
2018	-	-	0.00%	68,303,303	1,060.40	2.15%	68,303,303
2019	-	-	0.00%	64,030,449	998.04	2.03%	64,030,449

** Information not available



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

SEWER FUND

LEGAL DEBT MARGIN INFORMATION

(Unaudited)

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Total Net Debt Applicable to Limit as a Percentage of Debt Limit</u>
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%
2016	25,325,684	-	25,325,684	0.00%
2017	26,553,503	-	26,553,503	0.00%
2018	27,429,211	-	27,429,211	0.00%
2019	23,389,951	-	23,389,951	0.00%

**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				
Year	Gross	Expenses**	Available for		Debt Service***		Coverage
	Revenues		Debt Service	Principal	Interest	Total	Ratio****
2010	\$ 18,513,871	\$ 8,096,391	\$ 10,417,480	\$ 4,592,685	\$ 1,593,984	\$ 6,186,669	1.68
2011	19,379,192	8,979,938	10,399,254	4,862,348	1,429,762	6,292,110	1.65
2012	21,038,714	9,865,383	11,173,331	6,185,564	1,310,423	7,495,987	1.49
2013	20,266,843	10,017,855	10,248,988	3,494,377	1,559,833	5,054,210	2.03
2014	21,248,671	10,765,898	10,482,773	2,411,738	1,127,753	3,539,491	2.96
2015	19,989,573	10,481,000	9,508,573	2,669,343	1,230,045	3,899,388	2.44
2016	22,173,104	11,553,006	10,620,098	4,600,459	1,106,343	5,706,802	1.86
2017	22,350,483	12,065,681	10,284,802	6,797,789	989,086	7,786,875	1.32
2018	24,535,960	12,900,076	11,635,884	3,967,990	863,593	4,831,583	2.41
2019	22,496,205	13,349,935	9,146,270	4,147,847	877,457	5,025,304	1.82

* Gross revenue does not include capital contributions.

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

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

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

**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			Coverage
Year	Gross	Expenses**	Available for	Principal	Interest	Total	Ratio***
	Revenues		Debt Service				
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
2016	13,251,215	6,486,263	6,764,952	2,451,648	854,584	3,306,232	2.05
2017	14,229,394	6,543,778	7,685,616	4,436,586	724,348	5,160,934	1.49
2018	13,508,548	6,633,452	6,875,096	2,267,475	651,867	2,919,342	2.36
2019	14,438,859	7,423,384	7,015,475	2,325,635	593,705	2,919,340	2.40

* Gross revenue does not include capital contributions.

** 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	Estimated Population	Personal Income (Thousands of Dollars)*	Per Capita Income*	Unemployment Rate *	School Enrollment*
2010	57,618	\$ 4,030,420	\$ 44,570	6.5%	14,897
2011	59,739	4,120,894	44,734	7.6%	14,865
2012	60,096	4,572,791	49,443	6.9%	14,982
2013	61,055	4,795,529	50,755	6.1%	15,022
2014	62,845	4,969,568	51,870	4.9%	14,893
2015	63,254	4,744,712	49,225	4.2%	15,392
2016	63,590	4,836,235	49,796	4.6%	15,087
2017	64,019	4,971,731	50,563	4.1%	15,122
2018	64,413	**	**	3.7%	15,283
2019	64,156	**	**	3.3%	**

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

* 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	2019	
		Employees	Percentage of Total
F. E. Warren A.F.B.	Military	4,177	6.15%
State of Wyoming	Government Services	3,755	5.53%
Laramie County School District No. 1	Education K-12	2,289	3.37%
Cheyenne Regional Medical Center	Health Care	1,900	2.80%
Federal Government	Government Services	1,728	2.54%
Wyoming National Guard	Military	1,130	1.66%
Veterans Affairs Medical Center	Health Care	980	1.44%
Sierra Trading Post	Outlet Catalog/Retail	878	1.29%
Union Pacific Railroad	Transportation, Rail	660	0.97%
City of Cheyenne	Municipal	568	0.84%
		18,065	26.59%
All other employers		49,874	73.41%
Total employees		67,939	100.00%

Employer	Product	2010	
		Employees	Percentage of Total
F. E. Warren A.F.B.	Military	3,694	6.07%
State of Wyoming	Government Services	3,372	5.54%
Laramie County School District No.1	Education K-12	2,102	3.46%
Federal Government	Government Services	1,874	3.08%
Cheyenne Regional Medical Center	Health Care	1,700	2.79%
Wyoming National Guard	Military	744	1.22%
Sierra Trading Post	Government Services	622	1.02%
City of Cheyenne	Government Services	601	0.99%
Veterans Affairs Medical Center	Health Care	586	0.97%
Union Pacific Railroad	Transportation, Rail	572	0.94%
		15,867	26.08%
All other employers		44,971	73.92%
Total employees		60,838	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

	2010	2011	2012	Full-Time Equivalent	
				2013	2014
Administration					
General and administrative	8	8	8	8	8
Customer service	6	6	6	6	6
Information technology	4	4	4	4	4
Meter information techs	5	5	5	5	5
Subtotal	23	23	23	23	23
Water Treatment					
Management/support staff	2	2	2	2	2
Plant supervisor/operators	13	13	13	13	13
Laboratory staff	2	2	2	2	2
Wellfield group	3	3	3	3	3
Subtotal	20	20	20	20	20
Operation and Maintenance					
Source of supply	-	-			
Transmission and distribution	13	13	13	13	13
Sewer collection	12	12	12	12	12
Support services	11	11	11	11	11
Sup. dist. and col. fac. staff	5.5	5.5	5.5	5.5	5.5
Subtotal	41.5	41.5	41.5	41.5	41.5
Engineering and Water Resources					
Engineering staff	7	7	7	7	7
Inspections and locates	4	4	4	4	4
Instrumentation and telemetry	4	4	4	4	4
Source of supply	6	6	6	6	6
Subtotal	21	21	21	21	21
Water Reclamation					
Management/support staff	5	5	5	5	5
Laboratory staff	2	2	2	2	2
Plant supervisors/operators	16	16	16	16	16
Subtotal	23	23	23	23	23
Total	128.5	128.5	128.5	128.5	128.5

Budgeted Positions as of June 30,				
2015	2016	2017	2018	2019
8	8	8	8	8.5
6	6	6	6	6
4	4	4	4	4
5	5	5	5	5
23	23	23	23	23.5
2	2	2	2	2
13	13	13	13	13
2	2	2	2	2
3	3	3	3	3
20	20	20	20	20
13	13	13	13	13
12	14	14	15	15
11	11	11	11	11
5.5	5.5	5.5	5.5	5.5
41.5	43.5	43.5	44.5	44.5
7	8	8	8	8
4	4	4	4	4
4	5	5	5	5
6	6	6	6	6
21	23	23	23	23
6	6	6	6	6
2	2	2	2	2
16	16	16	16	16
24	24	24	24	24
129.5	133.5	133.5	134.5	135.0

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

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

	2010	2011	2012	2013
Water Treatment				
Raw Water Collection Mains (miles)	49	49	49	49
Raw Water Transmission Mains (miles)	222	222	222	222
Treated Water Transmission Mains (miles)	67	67	67	67
Treated Water Distribution Mains (miles)	361	364	374	379
Gallons of treated water storage (millions)	35	35	35	35
Reservoir levels at June 30 (acre feet*)	40,222	41,108	37,756	36,990
Water treatment plant capacity (mgd)	32	32	32	32
Peak day **	Aug. 12, 2009	September 21, 2010	June 18, 2012	June 26, 2013
Peak day (mgd)	25.98	28.42	28.70	29.70
Peak month **	August 2009	August 2010	June 2012	August 2012
Peak month (million gallons)	626.79	697.66	695.76	767.65
Total water delivered (acre feet)	13,173	14,815	16,176	15,272
Average daily demand (mgd)**	11.760	13.230	14.40	13.63
Recycled Water				
Miles of delivery pipeline	14.99	14.99	14.99	14.99
Treatment capacity (mgd)	4.0	4.0	4.0	4.0
Total recycled water delivered (acre feet)	252.05	566.42	585.05	546.05
Peak day	June 21, 2010	July 14, 2010	June 6, 2012	July 20, 2012
Peak day (mgd)	2.68	2.39	2.14	2.23
Water Reclamation***				
Miles of sewer collection mains	309	310	319	323
Water reclamation capacity (mgd)	17.0	17.0	17.0	17.0
Peak month	May 2010	July 2010	July 2011	May 2012
Peak month (million gallons)	372.8	332.8	323.4	298.8
Peak month average per day (mgd)	12.00	10.74	10.43	9.64
Total wastewater treated (000 gallons)	3,435,352	3,283,370	3,236,048	3,199,300
Average (mgd)	9.41	9.00	8.85	8.77

* Estimated water available in reservoirs for delivery to Cheyenne's water treatment plant; this amount does not include a dead pool estimate of 7,500 acre feet; one acre foot is approximately 325,851 gallons of water.

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

*** Wastewater influent

2014	2015	2016	2017	2018	2019
49	49	49	49	49	49
222	222	222	222	222	222
67	67	68	75	76	78
389	389	395	398	399	407
35	35	35	36.5	36.5	36.5
39,832	39,678	39,791	40,272	39,078	39,815
32	32	32	32	32	32
July 8, 2013	July 21, 2014	June 22, 2016	July 20, 2016	July 5, 2017	July 11, 2018
29.27	25.79	26.11	30.32	25.93	28.15
July 2013	July 2014	Aug 2015	Jul 2016	Jul 2017	Jul 2018
699.86	651.13	699.17	732.46	704.65	608.34
13,377	13,587	14,088	14,692	13,480	13,096
11.94	12.13	12.58	13.12	12.79	11.69
14.99	13.59	14.99	14.00	14.00	14.00
4.0	4.0	4.0	4.0	4.0	4.0
330.24	155.84	167.62	341.64	478.93	389.91
July 3, 2013	July 8, 2014	June 21, 2016	June 28, 2017	June 13, 2018	August 31, 2018
2.05	1.24	1.24	1.89	2.57	2.07
327	327	331	337	327	335
17.0	17.0	17.0	17.0	17.0	17.0
May 2014	May 2015	July 2015	May 2017	May 2018	June 2019
313.3	326.1	344.5	264.1	279.5	310.31
10.10	10.52	11.11	12.70	9.01	10.34
3,297,782	2,948,876	3,159,522	2,928,120	3,011,040	3,127,340
9.04	8.08	8.63	8.03	8.25	8.56

**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	Gallons of Water Sold	Gallons of Water Used by City	Gallons of Water Unbilled	Average Percent Unbilled	Gallons of Wastewater Billed	Total Direct Rate	
	(a)	(b)	(c)	(d)	(e)	(f)	Water (g)	Sewer (h)
2010	4,290	3,832	303	155	3.61%	2,179	3.97	3.35
2011	4,828	4,218	366	244	5.05%	2,126	4.15	3.46
2012	5,271	4,419	425	427	8.10%	2,183	4.33	3.46
2013	5,022	4,373	394	255	5.08%	2,160	4.28	3.46
2014	4,359	3,927	310	122	2.80%	2,209	4.36	3.91
2015	4,427	3,694	370	363	8.20%	2,183	4.62	4.21
2016	4,435	3,921	326	188	4.24%	2,242	4.81	4.43
2017	4,788	4,097	417	274	5.72%	2,298	4.96	4.62
2018	4,731	4,166	445	120	2.54%	2,299	5.11	5.35
2019	4,267	3,823	315	129	3.02%	2,354	5.07	5.52
10-year average	4,642	4,047	367	228	4.91%	2,223		

Note:

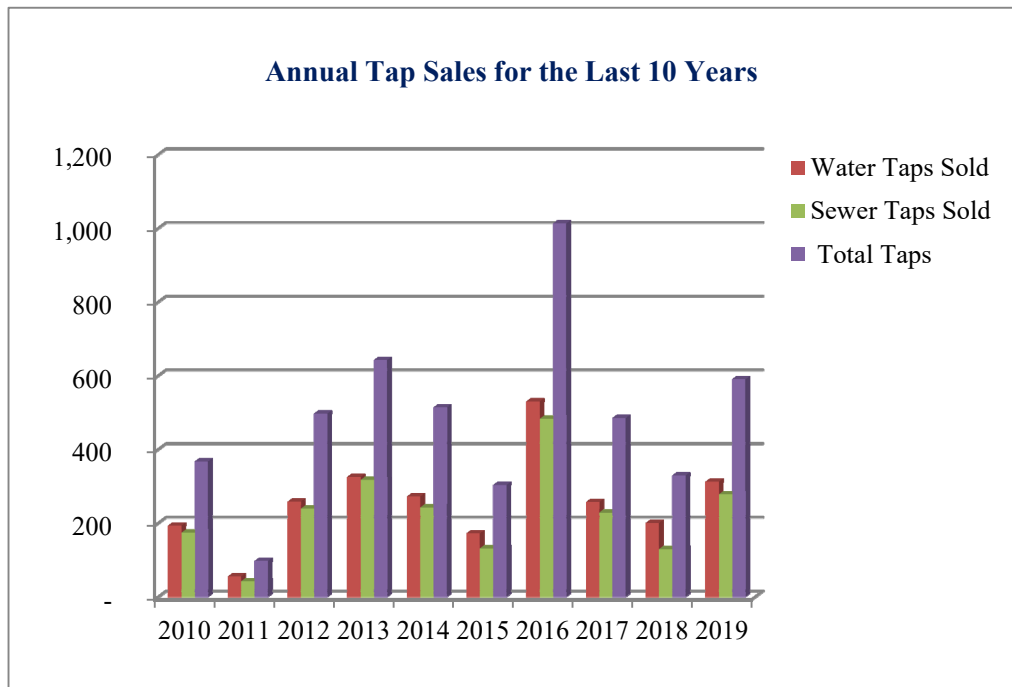
Gallons are presented in millions.

- (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 read 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 year.
- (c) Gallons used by the City is based upon meter read dates and vary beginning 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 wastewater billed are based on billings for period July 1 through June 30.
- (g) For fiscal years 2003 onward, 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.

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

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

<u>Fiscal Year</u>	<u>Water Meter Taps Sold</u>	<u>Sewer Taps Sold</u>	<u>Total Taps</u>
2010	193	174	367
2011	55	42	97
2012	258	239	497
2013	325	317	642
2014	272	242	514
2015	172	131	303
2016	530	483	1,013
2017	257	228	485
2018	200	129	329
2019	312	278	590



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

NUMBER OF WATER AND SEWER USERS BY TYPE

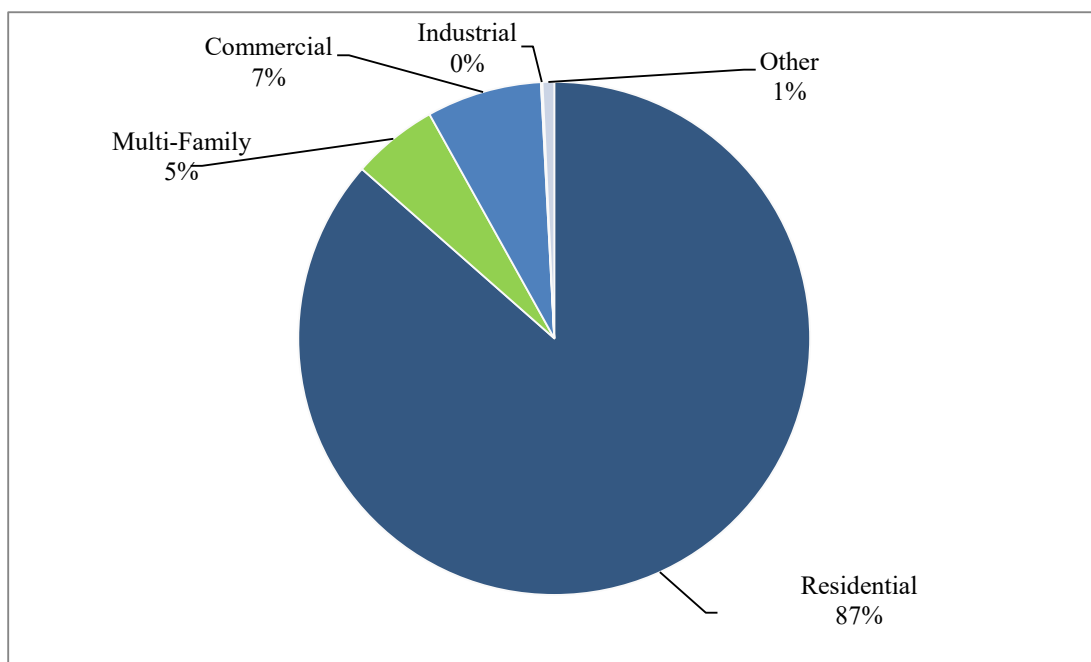
(Unaudited)

Last Ten Fiscal Years

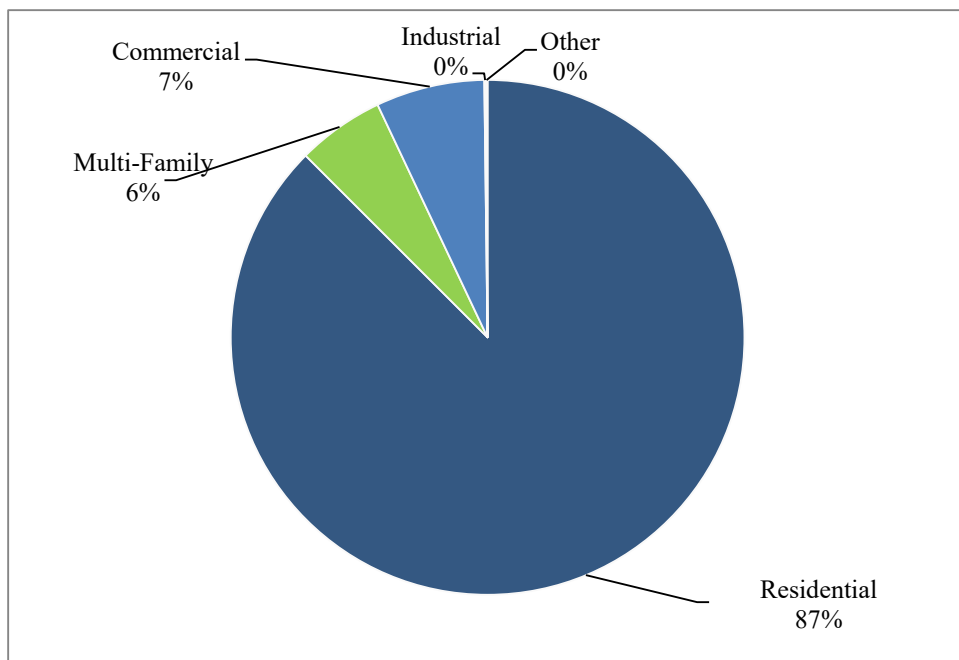
Fiscal Year	Water				
	Residential	Multi-Family	Commercial	Industrial	Other
2010	19,160	1,183	1,645	24	187
2011	19,311	1,210	1,660	21	149
2012	19,460	1,249	1,680	21	198
2013	19,917	1,266	1,677	21	151
2014	19,913	1,250	1,695	21	180
2015	20,195	1,250	1,711	17	152
2016	20,382	1,257	1,721	21	168
2017	20,618	1,271	1,735	21	159
2018	20,844	1,295	1,772	22	177
2019	20,986	1,314	1,766	24	178

Note:

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



Sewer					Total	
Residential	Multi-Family	Commercial	Industrial	Other	Water	Sewer
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
20,300	1,257	1,619	20	27	23,549	23,223
20,530	1,272	1,618	20	25	23,804	23,465
20,742	1,294	1,637	22	25	24,110	23,720
20,892	1,310	1,634	22	25	24,268	23,883



**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
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	62,845	1,883,289	82.10	3,277,123	142.87
2015	63,254	1,725,254	74.73	3,073,629	133.13
2016	63,590	1,827,595	78.74	3,305,945	142.43
2017	64,019	1,880,860	80.49	3,386,465	144.93
2018	64,413	1,908,840	81.19	3,472,373	147.69
2019	64,156	1,762,892	75.28	3,174,183	135.55

* 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 COST PER 1,000 GALLONS SOLD**

(Unaudited)

Last Ten Fiscal Years in (000 Gallons)

Fiscal 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	Raw Water
2010	1,800,494	652,161	785,211	3,237,866	239,710	291,546	15,226	47,930
2011	2,057,439	710,916	744,009	3,512,364	324,206	323,243	19,026	63,989
2012	2,152,263	770,326	734,467	3,657,056	297,063	350,224	19,996	69,948
2013	2,079,444	720,911	819,979	3,620,334	255,285	357,885	26,880	71,441
2014	1,883,289	686,023	709,881	3,279,193	180,714	326,086	27,746	104,216
2015	1,725,254	694,585	653,790	3,073,629	189,640	313,828	29,781	61,452
2016	1,827,595	760,494	717,856	3,305,945	177,298	321,242	38,695	55,614
2017	1,880,860	714,806	790,799	3,386,465	174,401	336,733	63,312	92,226
2018	1,908,840	716,843	846,690	3,472,373	182,857	346,075	72,589	60,905
2019	1,762,892	678,390	732,901	3,174,183	162,078	336,601	69,864	53,724

* Excluding depreciation.

Recycled Water	Oil and Gas	Construction	Total Water Sales (Gallons)	Total Water Operating Expenses*	Operating Cost per 1,000	Total Water Debt Service	Debt Cost per 1,000
3,250	-	-	3,835,528	\$ 8,096,391	2.11	\$ 6,186,669	1.61
20,205	1,909	3,093	4,268,035	8,979,938	2.10	6,292,110	1.47
20,008	54	4,972	4,419,321	9,865,383	2.23	7,495,987	1.70
21,320	19	19,447	4,372,611	10,017,855	2.29	5,054,210	1.16
17,122	515	13,235	3,948,827	10,765,898	2.73	3,539,491	0.90
16,032	2,099	7,732	3,694,193	10,481,000	2.84	3,899,388	1.06
13,348	936	8,606	3,921,684	11,553,006	2.95	5,706,802	1.46
18,380	-	25,903	4,097,420	12,065,681	2.94	7,786,875	1.90
14,284	3,144	13,444	4,165,671	12,900,076	3.10	4,831,583	1.16
17,313	48	10,041	3,823,852	13,349,936	3.49	5,025,304	1.31

COMPLIANCE SECTION



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and each major fund of the City of Cheyenne, Wyoming Board of Public Utilities (the "Board"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated October 21, 2019.

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 Board's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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 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 result of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

McGee, Hearne & Paiz, LLP

Cheyenne, Wyoming

October 21, 2019