

**COMPREHENSIVE ANNUAL FINANCIAL REPORT OF
CITY OF GILLETTE, WYOMING**

**FOR THE FISCAL
YEAR ENDED JUNE 30, 2016**

CITY OF GILLETTE, WYOMING

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CITY OF GILLETTE, WYOMING

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CITY OF GILLETTE, WYOMING

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INTRODUCTORY SECTION



CITY OF GILLETTE

Finance
P.O. Box 3003 • Gillette, Wyoming 82717-3003
Phone (307) 686-5208
www.gillettewy.gov

December 20, 2016

To the Honorable Mayor Carter-King, Members of the Governing Council, and Citizens of the City of Gillette:

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ending June 30, 2016.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Bennett, Weber and Hermstad, LLP, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the City of Gillette’s financial statements for the fiscal year ended June 30, 2016. The independent auditor’s report is located at the front of the financial section of this report.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A is a complement to this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Gillette, incorporated in 1891, is located in the center of Campbell County and is in the northeast corner of the State of Wyoming. The City of Gillette has been considered to be one of the top growth areas in the state although negative pressure on coal and oil production has resulted in a reduction in population estimates. It currently occupies 21.66 square miles and serves an estimated population of 30,467. The City of Gillette is empowered to levy a property tax on both real and personal property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City of Gillette has operated under the council-manager form of government since 1980. Policy-making and legislative authority are vested in a governing council (Council) consisting of a mayor and six other members. The Mayor is elected at large on a non-partisan basis and the six other members represent the three wards established for the City of Gillette. Each ward elects two Council members and all Council members serve four-year terms. The Council appoints the government’s manager (City Administrator), who in turn appoints the heads of seven departments.

The City of Gillette provides a full range of services, including police protection; the construction and maintenance of highways, streets, and other infrastructure; power, water, solid waste and other sanitation services; and recreational and cultural activities.

The Council is required to adopt a final budget for the upcoming year by no later than the close of the current fiscal year. This annual budget serves as the foundation for the City of Gillette's financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Department heads may transfer resources within a division as they see fit. Transfers between divisions, however, need special approval from the governing council.

Local Economy

Major industries contributing to the local economy include coal, oil, and gas production. While the mining sector has been and continues to be a significant economic player and a major revenue player, after steady growth since 1975 coal production has declined and faces an uncertain future. This is primarily attributable to governmental regulations affecting coal fired electric generation facilities as well as mounting concerns the impact of burning coal has on global warming. In an effort to address this issue, the State of Wyoming has partnered with private investors to build a \$21M Integrated Test Center at the Dry Fork Station just outside of Gillette. The Center will play host to teams of researchers seeking to devise cost-effective ways of turning the power plant's carbon emissions into industrial products that can be sold at a profit. Efforts are also ongoing to gain access to ports on the West Coast that would open exports of coal overseas where demand is still high. In the meantime, demand for coal is expected to remain under pressure as environmental concerns rise and natural gas continues to gain popularity as a viable alternative source of energy.

The decline in coal and oil production that began in the second half of fiscal year 2015 continued throughout fiscal year 2016. Through a series of layoffs, area coal mines reduced their work force by an estimated 1,000 employees with some of the mines forced to reorganize through bankruptcy proceedings. While not all these employees reside in Gillette, the impact to the local economy has been deeply felt with an estimated 6% population loss. Unemployment is up from 3.8% in 2015 to 6.2% in 2016. Apartment rental property vacancy rates have also spiked to 22.4% as compared to 5.9% the prior year.

The City of Gillette's share of sales tax revenues has increased from \$34,560,320 in 2006 to \$37,012,709 in 2016. Contrary to what this modest ten year increase may indicate, sales tax collections throughout this period of time have been volatile indicative of the "boom and bust" cycles experienced in the energy industry. Illustrating this fact is the nearly 32% reduction in sales tax collections from fiscal year 2015 to fiscal year 2016 representing over a \$17M decline.

The long-term local economic outlook will, to a great extent, be determined by the fate of the energy industries. The City of Gillette is known as the Energy Capital of the Nation because of its proximity to vast reserves of coal, oil, and gas. Government regulations, technology breakthroughs, and the ability to expand markets will be key components to maintaining a robust economy in Gillette.

Long-term Financial Planning

The City of Gillette has aggressively pursued measures to assure financial stability now and well into the future. Among those measures was the fiscal year 2012 passage of a Resolution by Council adopting a comprehensive financial operating policy to serve as a guide for both financial planning and internal

financial management of the City. The policy provides for the establishment of 120 days of operating reserves in the General Fund as well as 90 days of operating reserves and a capital reserve requirement in each of the Enterprise Funds (Power, Water, Waste Water, and Solid Waste). It also requires a minimum annual review of rates and the provision that one-time revenues are only used toward one-time expenses. Other provisions of the policy address financial reporting, change orders, recapture, budget, and establishment of a Finance Committee.

In accordance with the City's Financial Operating Policies, the annual performance evaluation of the Enterprise Funds was conducted. Through this review, it was determined that additional revenues would be required in the Waste Water and Power Funds in order to cover costs. Rates were adjusted 10% and 7% respectively. The net positions in the Water and Solid Waste Funds were adequate to meet their reserve standards so these rates remained unchanged.

In 2014, the citizens of Gillette voted for the continuation of the optional 1% sales tax which was first passed in 1976. This tax, which is subject to voter approval every four years, generates approximately \$12M annually and is used to fund capital projects undertaken by the City as well as contributions to local service agencies. Passage of the optional 1% sales tax is critical for continuation of high level services currently provided to this community and is highly promoted. The measure will be brought up for vote again in 2018.

Our investment decisions are also part of our long-term financial planning. The City of Gillette utilizes an Investment Advisory Committee which includes representatives from the banking and investment industries. With their input, investment decisions are made based on market conditions and future cash needs. A portion of the City's portfolio has been placed with an investment management firm in an attempt to maximize returns in an otherwise dismal market.

Major Initiatives

The City of Gillette is located in a semi-arid region with a limited potable water supply. The current water system consists of 26 ground wells drawing from three different aquifers with a total maximum supply capacity of 12,000 gallons per minute. As Gillette and the surrounding area has grown, the demand for water has neared (and at times exceeded) capacity necessitating implementation of water conservation measures. Population projections for Gillette and the surrounding area call for continued growth with estimates in excess of 50,000 residents. In order to meet current and future demands, the State of Wyoming has partnered with the City of Gillette to finance construction of the Gillette Regional Water Supply System (also known as the Gillette Madison Pipeline Project) that will include the drilling of five additional wells into the Madison Formation, additional storage and pumping capacity, and construction of a 50-mile, 36-in and 42-in diameter, transmission pipeline capable of producing an additional 7,000 gallons per minute, initially, and 16,000 gpm at full capacity. The entire project has an estimated cost of \$217.6M with the State contributing \$145.8M in the form of grant funding, with the remaining \$71.8M financed through the State in the form of a loan to the City of Gillette. Loan payments will not be due until after substantial completion of the project, anticipated to be in 2017. In lieu of issuing debt to repay the note, the City opted to present to the voters consideration of an additional 1% "Capital Facilities Tax", the proceeds of which would be used to retire the debt. On May 3, 2011, the voters approved the additional tax which sunsets when the \$110M is collected. The City of Gillette will receive \$75M which will be used to pay off the note and reserve \$20M for future water system extension projects. The remaining \$15M will be distributed to the Town of Wright for non-related purposes. Collection of the \$110M Capital Facilities Tax ceased as of March 31, 2015, at which time the full amount was collected.

In July, 2010, the City of Gillette acquired a 23% ownership interest in a newly constructed 100 megawatt coal fired electric generation facility known as WYGEN III at a cost of \$62M. The acquisition was made to limit our exposure to increases in the cost of purchased power thereby offering more stability in the rates charged to our customers. Gillette has experienced an initial near breakeven point on the reduction of purchased power expense through ownership versus incurred debt service expense. In August, 2014, the City of Gillette also completed the purchase of a 43 megawatt gas turbine electric generator at a cost of \$22.5M to further stabilize our electrical rates. It is anticipated that as time goes on the City will see an increased financial benefit to these purchases as the margin between actual costs and avoided costs widens.

In December, 2014, the City of Gillette partnered with the Northern Wyoming Community College District/Gillette College for the construction of a dormitory to complement the existing student housing buildings for the Gillette College. Through the issuance of Certificates of Participation \$11,650,000 was secured as the major source of funding for this \$12,650,000 project.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) last awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Gillette for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2015. In order to be awarded a Certificate of Achievement, the government has to publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements.

The City of Gillette understands that a Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

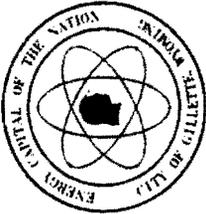
The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance department. I wish to express my appreciation to all members of the department who assisted and contributed to the preparation of this report. It should be noted that staff from other departments provided great assistance in the preparation of the report and their work is also appreciated. Credit also must be given to City Administrator Napier, the mayor and the governing council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Gillette's finances.

Respectfully submitted,

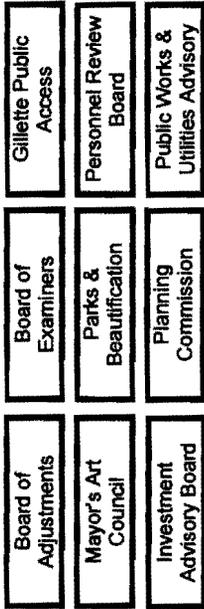
Tom Pitlick

Tom Pitlick
Finance Director

Joint Powers Board

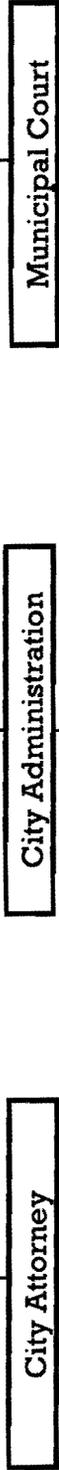


City Boards & Commissions

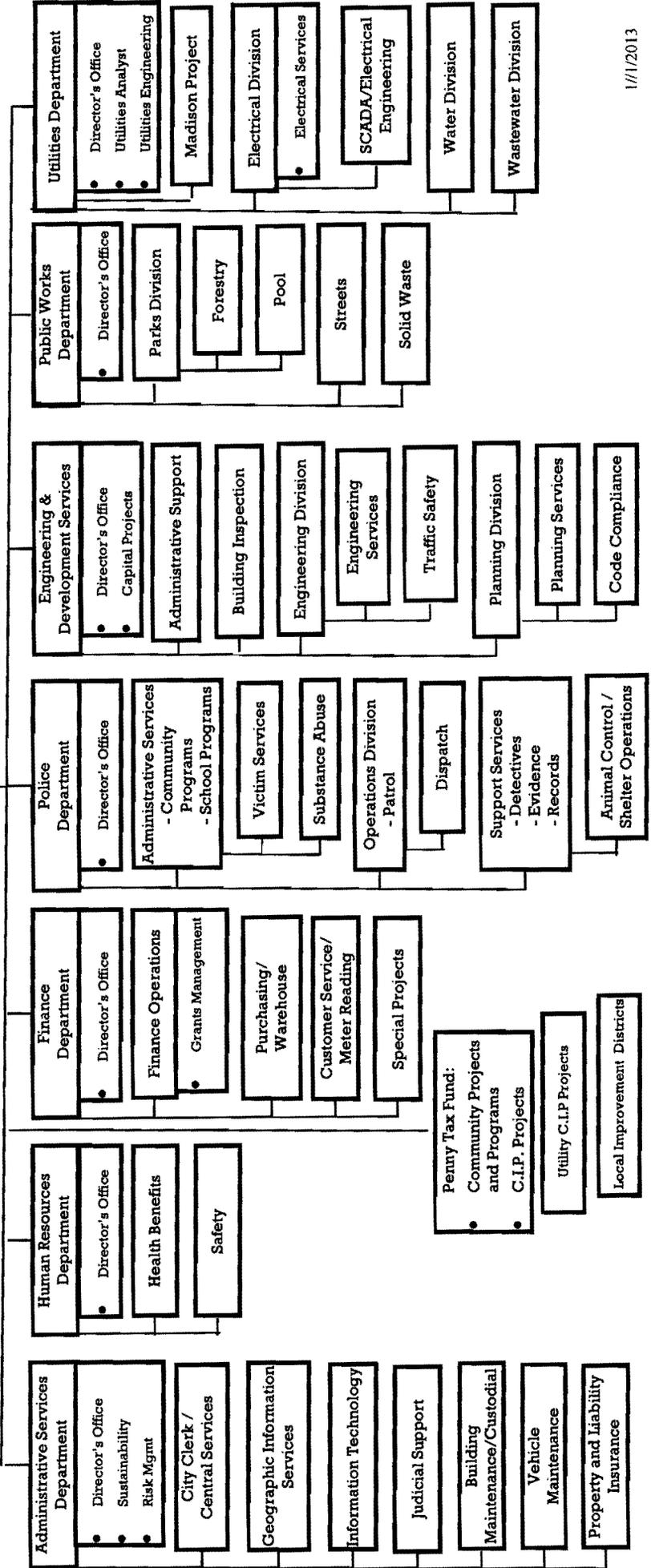


City of Gillette
Organizational Chart

Citizens of Gillette
Mayor & City Council



- City Administrator's Office
 - Community & Gov't Relations
 - Communications/PIO
- Gillette Public Access



City of Gillette
Elected and Appointed Officials
June 30, 2016

ELECTED OFFICIALS

Mayor		Louise Carter-King
City Council	Ward I	Kevin McGrath Dan Barks
	Ward II	Billy Montgomery Tim Carsrud
	Ward III	Robin Kuntz Ted Jerred

APPOINTED OFFICIALS

City Administrator	J. Carter Napier
City Attorney	Charlie Anderson
Municipal Court Judges	Doug Dumbrill Matthew Sorenson

DEPARTMENT HEADS

Administrative Services Director	Pamela Boger
Chief of Police	Jim Hloucal
Development Services Director	Dustin Hamilton
Finance Director	Tom Pitlick
Human Resources Director	John Aguirre
Public Works Director	Sawley Wilde
Utilities Director	Kendall Glover



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Gillette
Wyoming**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

FINANCIAL SECTION

BENNETT, WEBER & HERMSTAD, LLP

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INDEPENDENT AUDITOR'S REPORT

To The Honorable Mayor and City Council Members
City of Gillette, Wyoming

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Gillette, Wyoming** as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the **City'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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Gillette, Wyoming**, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12 through 24, the Schedule of City of Gillette, Wyoming's Proportionate Share of the Net Pension Liability - Public Employees' Pension Plan and Law Enforcement Pension Plan and the Schedule of City of Gillette, Wyoming's Contributions - Public Employees' Pension Plan and Law Enforcement Pension Plan and the notes to the required supplementary information on pages 71 through 73, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **City's** basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, schedule of state financial assistance, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, schedule of state financial assistance and the schedule of expenditures of federal awards 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, the combining and individual nonmajor fund financial statements, the schedule of state financial assistance, and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2016, on our consideration of the **City of Gillette, Wyoming's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the **City of Gillette, Wyoming's** internal control over financial reporting and compliance.

Bennett, Weber & Hermstad, LLP

Gillette, Wyoming
December 14, 2016

Management's Discussion and Analysis

As management of the City of Gillette, we offer readers of the City of Gillette's financial statements this narrative overview and analysis of the financial activities of the City of Gillette for the fiscal year ended June 30, 2016. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- ❖ The assets and deferred outflows of the City of Gillette exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$591,443 (*net position*). Of this amount, \$56,053 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- ❖ The government's total net position increased by \$26,253. The governmental-type net position decreased by \$2,076 and the business-type net position increased by \$28,329. A majority of the growth resulted from increases in investments in capital assets which includes current year capital contributions equal to \$2,377. The growth was offset by a decrease in sales and use tax collection as well as a large increase in the government's pension liability.
- ❖ As of the close of the current fiscal year, the City of Gillette's governmental fund reported ending fund balance of \$51,128, a decrease of \$914 in comparison with the prior year. Approximately nine percent of this total amount, \$4,691, is *available for spending* at the government's discretion (*unassigned fund balance*).
- ❖ At the end of the current fiscal year, the governmental restricted fund balance was \$8,027 while the committed fund balance was \$24,701 and the assigned fund balance was \$13,490. Restricted fund balance is available for specific purpose as imposed by an external party, constitutional provision or enabling legislation. Committed fund balance is available for specific purpose as defined by Council and requires Council action to remove or change this constraint. Assigned fund balance is available for specific purpose as defined by Council and can be used without further formal Council action.
- ❖ The City of Gillette's total long-term debt increased by \$26,567 during the current fiscal year. Certificates of Participation in the amount of \$11,650 were issued through the Gillette College Student Housing Phase II Statutory Trust. Another part of the increase is due to the City recording an increase in the net pension liability of \$6,314 from the prior year. The City acquired new debt related to the Southern Industrial Addition Project in the amount of \$1,440. Additionally, the City continues to acquire new debt for the Gillette Regional Water Supply Project. This new debt was offset by the payment made to the State Land and Investment Board for the Waste Water Treatment Plant debt and the payments made to Lease Revenue Bondholders related to the WyGen III and CTII purchases.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Gillette's basic financial statements. The City of Gillette's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Gillette's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Gillette'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 City of Gillette is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Gillette that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Gillette include general government, public safety, public works, and culture and recreation. The business-type activities of the City of Gillette include Solid Waste, Water, Power and Sewer.

The government-wide financial statements include the City of Gillette itself (known as the primary government) and separately stated business-type activities comprised of Solid Waste, Water, Power, and Sewer. The business-type activities function for all practical purposes as a department of the City of Gillette, and therefore have been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 25-27 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Gillette, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal

requirements. All of the funds of the City of Gillette can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between the *governmental fund* and *governmental activities*.

The basic governmental fund financial statements can be found on pages 28-33 of this report.

Proprietary funds. The City of Gillette maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Gillette uses enterprise funds to account for its Solid Waste, Water, Power, and Sewer activities. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Gillette's various functions. The City of Gillette uses internal service funds to account for its fleet of vehicles, liability and personal injury insurance, and health benefit insurance. Because these services benefit both governmental and business-type functions, they have been allocated between *governmental activities* and *business-type activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Water, Power, and Sewer, all of which are considered to be major funds of the City of Gillette, along with Solid Waste, a non-major fund. Conversely, the internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in the report.

The basic proprietary fund financial statements can be found on pages 34-41 of this report.

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

The basic fiduciary fund financial statements can be found on pages 42-43 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 44-70 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Gillette. Required supplementary information related to the City’s net position liability and contributions are presented on pages 71-73. Individual fund statements for the Internal Service Funds and Agency Fund are presented on pages 74-79 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City of Gillette, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$591,443 at the close of the most recent fiscal year. Governmental activities net position was \$254,209 and business-type activities net position was \$337,234.

City of Gillette's Net Position						
Rounded to \$000,s						
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and Other Assets	65,460	66,715	145,468	150,470	210,928	217,185
Capital Assets	223,090	209,395	353,444	311,417	576,534	520,812
Total Assets	288,550	276,110	498,912	461,887	787,462	737,997
Deferred Outflows of Resources						
Relating to Pensions	5,295	2,393	1,973	883	7,268	3,276
Long-term Liabilities Outstanding:	27,189	11,003	153,176	142,796	180,366	153,799
Other Liabilities:	12,167	11,207	10,334	11,069	22,501	22,276
Total Liabilities	39,357	22,210	163,510	153,865	202,867	176,075
Deferred Inflows of Resources						
Relating to Pensions	279	8	141	-	420	8
Net Position:						
Invested in Capital Assets, net of related debt	216,228	207,544	201,310	167,722	417,538	375,266
Restricted:	8,027	4	109,824	114,382	117,851	114,386
Unrestricted:	29,954	48,737	26,099	26,801	56,053	75,538
Total Net Position	254,209	256,285	337,234	308,905	591,443	565,190

The largest portion of the City of Gillette's net position (71 percent) reflects its investment in capital assets (e.g., land, buildings and improvements, infrastructure, machinery and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The City of Gillette uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Gillette'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.

An additional portion of the City of Gillette's net position (20 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$56,053) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Gillette is able to report positive net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

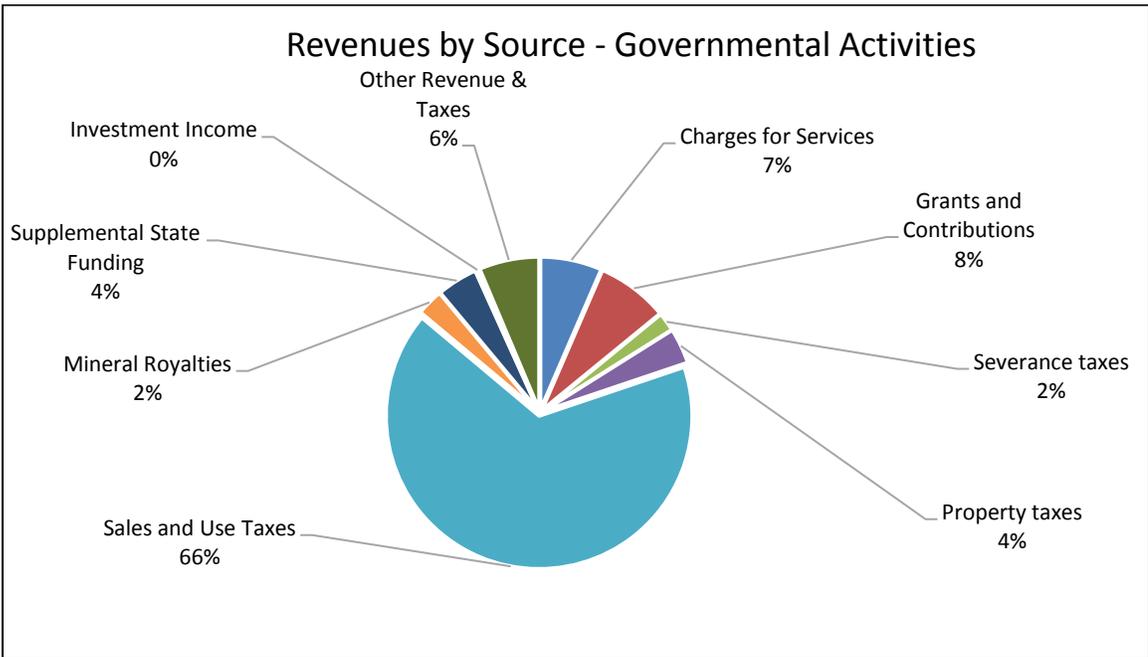
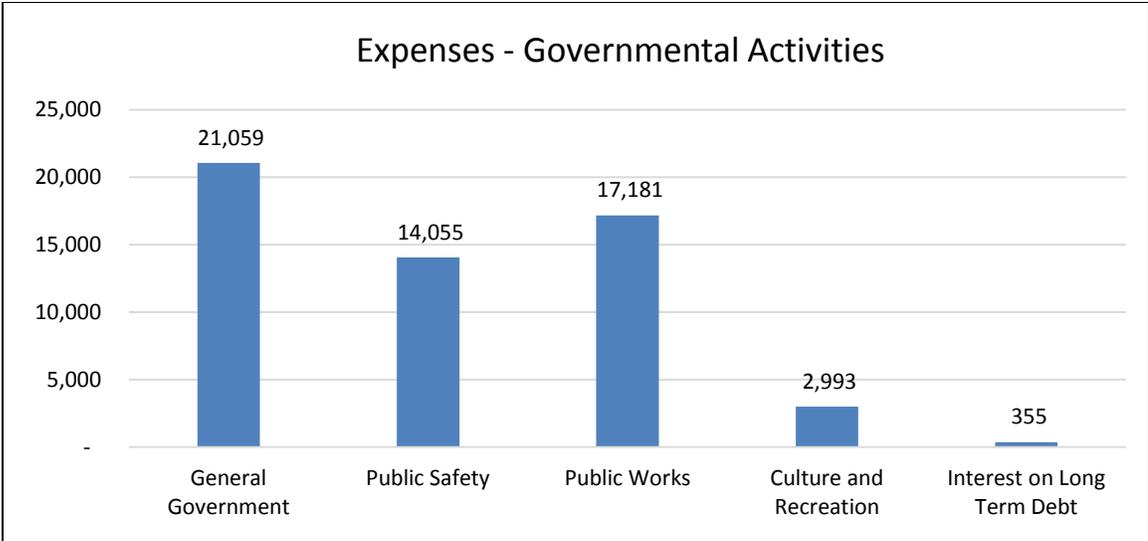
The government's net position increased by \$26,253, or five percent during the current fiscal year. While there was a gain in net position, most of the growth is due to increased investments in capital assets. The increase in the amount invested in capital assets, net of related debt was equal to \$42,273, however, this is offset by a large decrease in sales tax collection in both the governmental and business-type activities. Sales tax decreased by \$17,117 in governmental activities due to a significant downturn in the local economy. Collection of capital facilities tax for the Gillette Madison Pipeline Project ceased in FY2015 and therefore reflects a decrease of \$28,522 in the business-type activities sales and use tax number. Major capital projects for infrastructure throughout the City of Gillette include completion of both the Westover Road Improvements – Burma to Skyline and Maple Avenue Culvert Replacement Projects; several Pavement Management System projects; completion of the Gillette Softball/Baseball Complex; building projects including construction of the Gillette College Student Housing Phase II; YES House Girls Treatment Facility and completion of the City Hall HVAC Upgrade Phase II Project; completion of the Swanson Substation upgrade; continued work on Power improvements related to the Southern Industrial Addition Annexation; Gillette Regional Water Supply Project; and the Annual Water and Sewer Main Replacement projects. During FY2016, capital contributions from infrastructure dedicated from new developments and annexations equaled \$2,377.

City of Gillette's Changes in Net Position

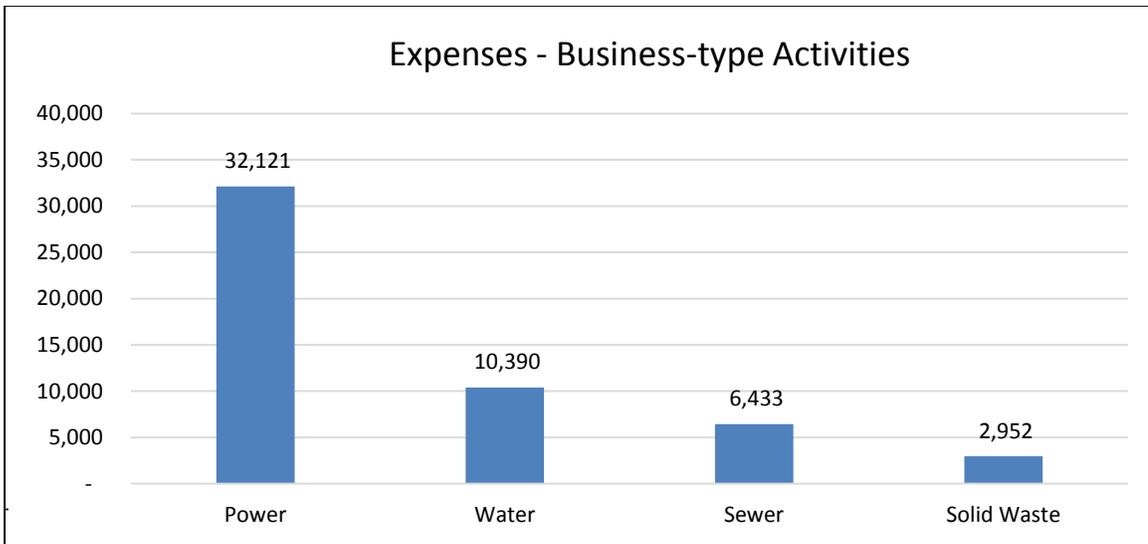
Rounded to \$,000s

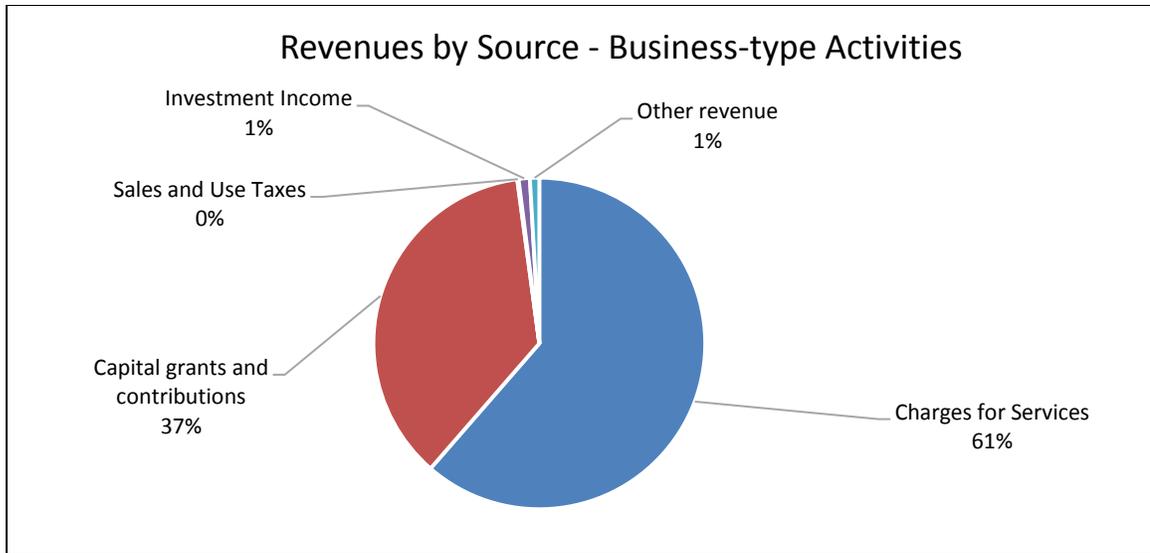
	Governmental activities		Business-type activities		Total	
	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015
Revenues:						
Program revenues:						
Charges for Services	3,629	3,964	47,854	44,114	51,483	48,078
Operating Grants and Contributions	1,031	560	-	-	1,031	560
Capital grants and contributions	3,202	9,389	28,438	25,894	31,640	35,284
General revenues:						
Severance taxes	1,107	1,102	-	-	1,107	1,102
Property taxes	2,101	1,949	-	-	2,101	1,949
Sales and Use Taxes	37,013	54,129	100	28,622	37,113	82,752
Other taxes	3,153	3,035	-	-	3,153	3,035
Mineral Royalties	1,579	1,554	-	-	1,579	1,554
Supplemental State Funding	2,409	2,118	-	-	2,409	2,118
Investment Income (Loss)	225	116	850	484	1,076	600
Other revenue	392	295	709	1,279	1,101	1,573
Total revenues	55,841	78,211	77,952	100,394	133,793	178,605
Expenses:						
General Government	21,059	11,593	-	-	21,059	11,593
Public Safety	14,055	12,033	-	-	14,055	12,033
Public Works	17,181	17,059	-	-	17,181	17,059
Culture and Recreation	2,993	1,653	-	-	2,993	1,653
Interest on Long Term Debt	355	14	-	-	355	14
Power	-	-	32,121	35,625	32,121	35,625
Water	-	-	10,390	10,972	10,390	10,972
Sewer	-	-	6,433	6,619	6,433	6,619
Solid Waste	-	-	2,952	3,095	2,952	3,095
Total Expenses	55,644	42,352	51,896	56,311	107,540	98,663
Increase in net position before transfers	197	35,859	26,056	44,082	26,253	79,941
Transfers	(2,273)	(5,909)	2,273	5,909	-	-
Increase/(decrease) in net position	(2,076)	29,950	28,329	49,992	26,253	79,941
Net position - Beginning of Fiscal Year	256,285	233,835	308,905	262,701	565,190	496,536
Prior Period Adjustment	-	(7,499)	-	(3,788)	-	(11,287)
Net position - End of Fiscal Year	254,209	256,285	337,234	308,905	591,443	565,190

Governmental activities. Governmental activities decreased the City of Gillette's net position by \$2,076. The decrease in governmental activities resulted from large decreases in sales and use tax collections as compared to the prior year. Also, expenses were significantly higher during the current fiscal year, especially in the General Government category, in comparison to the prior year mainly due to large expenditures on the Gillette College Student Housing Phase II Project and construction costs for Fire Station #3. There were capital asset transfers between the governmental and business-type activities of \$2,273. These transfers consisted mainly of water and sewer projects that are proprietary fund assets but are funded by the General Fund and Optional One Percent Fund.



Business-type activities. Business-type activities increased the City of Gillette’s net position by \$28,329, thereby accounting for over 100% of the growth in the net position of the City of Gillette. Their positive increase to net position offset the decrease experienced by the governmental funds. Increases in the business-type activity net position resulted from investments in capital assets, net of related debt (\$33,588) including substation upgrades and power line, sewer line, and water line construction and infrastructure dedicated to the City from local developments and annexations. The largest portion of this increase is due to the capitalization of assets related to the Gillette Regional Water Supply Project. These increases were also caused by a significant decrease in expenses in comparison to last fiscal year. The Power Fund experienced the largest decrease in expense when compared to FY2015 due in part to decreased cost of purchased power. In FY2016 the City no longer had a contract with one of the supplemental power providers which contributed to the significant decrease in purchased power costs. The Water and Wastewater Funds both experienced fairly similar expenses when compared to the last fiscal year. There were capital asset transfers between the governmental and business-type activities of \$2,273. These transfers consisted mainly of water and sewer projects that are proprietary fund assets but are funded by the General Fund and Optional One Percent Fund.





Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Gillette's governmental fund reported ending fund balance of \$51,128, a decrease of \$914 in comparison with the prior year. As stated in the discussion of the Governmental activities above, this decrease was driven mainly by decreased sales tax collections. Over the past year the City of Gillette and the surrounding area experienced a significant economic downturn due to the decline in coal and oil production. As a result, sales tax collections were adversely affected and the City experienced a reduction of \$17,117 in collections compared to FY2015. Approximately nine percent of the ending fund balance (\$4,691) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The unassigned fund balance increased by \$1,657 from the prior fiscal year. The remainder of fund balance is *nonspendable, restricted, committed or assigned* to indicate that it is not available for new spending. A portion of the remainder has already been committed to the funding of the Cash Reserves equal to 120 days of operating costs (\$10,088), along with the completion of contracts/projects in progress as of June 30, 2016 (\$14,602).

Proprietary funds. The City of Gillette's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Power Fund at the end of the year amounted to \$6,654, the Water Fund at \$13,181, the Sewer Fund at \$3,695 and the Solid Waste Fund at \$1,197. The increase in the total of the net position from FY2015 to FY2016 for the proprietary funds was \$27,363 reflecting an increase in investments in capital assets. Other factors concerning the finances of these four funds have already been addressed in the discussion of the City of Gillette's business-type activities.

General Fund Budgetary Highlights

During the year there was a \$35,266 increase in appropriations between the original and final amended budget. The main reason for the increase resulted from the carryover budget process. The increase primarily represents projects approved in the FY2014/2015 budget, which for various reasons, were not completed by the City's June 30, 2015 fiscal year end. Since budgeted expenditure authority lapses at the end of the fiscal year, the funding needed to complete the projects had to be re-appropriated in the FY2015/2016 budget. Recognizing these costs through a budget amendment allows for a more accurate assessment of funds needed to complete the projects and adds value to annual budget appropriation comparisons. Some of the major projects that were not completed as of the end of FY2015, and therefore had to be carried over into FY2016, were: Gillette College Student Housing Phase II, Downtown Facilities Enhancements, Westover Road Improvements – Burma to Skyline, various Pavement Management System projects and Annual Water and Sewer Main projects.

When comparing actuals against final budget, the General Fund reflects an increased fund balance of \$20,739. Total revenues were below budget by \$11,986 mainly due to decreased sales and use tax receipts. The intergovernmental revenues were also below budget due to timing of work related to grant funded projects, specifically the construction of Fire Station #3. Expenditures were lower than budget by \$31,252 due mainly to the timing of capital outlay expenditures, many of which are multi-year capital projects. The City of Gillette budgets the entire cost of the multi-year projects in order to adequately fund our expected contractual obligations.

Capital Asset and Debt Administration

Capital assets. The City of Gillette's investment in capital assets for its governmental and business-type activities as of June 30, 2016 is \$576,534 (net of accumulated depreciation). This represents a net increase (additions, disposals, and depreciation) of \$55,722 or 11% from last fiscal year. This investment in capital assets includes land, construction in progress, infrastructure, building and improvements, machinery and equipment, and allocation of Vehicle Maintenance capital assets. Also included in this figure is the capital contributed to the City through local developments and annexations. The City of Gillette's investment in capital assets for the current fiscal year increased seven percent for governmental activities and 13 percent for business-type activities.

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

- Completion of the Westover Road Improvements – Burma to Skyline Project
- Completion of construction of the Gillette Softball/Baseball Complex
- Pavement Management System projects
- Continued construction related to the Gillette Regional Water Supply Project
- Completion of upgrades to the Swanson Substation
- Continued Power Line construction in the Southern Industrial Addition Annexation area
- Annual Water and Sanitary Sewer Main Replacement

City of Gillette's Capital Assets
(\$,000s; Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015
Land	13,356	13,339	662	662	14,018	14,001
Construction in Progress	21,223	18,589	85,637	43,982	106,861	62,571
Infrastructure	149,244	138,295	142,636	142,335	291,879	280,630
Buildings & Improvements	28,142	28,341	109,917	111,837	138,059	140,179
Machinery & Equipment	6,669	6,763	10,849	10,407	17,518	17,170
Allocation of Vehicle Maintenance	4,455	4,067	3,744	2,194	8,199	6,261
Total Assets	223,090	209,395	353,444	311,417	576,534	520,812

Additional information on the City of Gillette's capital assets can be found in note 3.C on pages 53-55 of this report.

Long-term debt. At the end of FY2016, the City of Gillette had total long-term debt outstanding of \$180,365 which is an increase of \$26,567 during the current fiscal year. The City acquired additional debt of \$10,540 for the Gillette Madison Pipeline Project. Additionally, Certificates of Participation were issued through the Gillette College Student Housing Phase II Statutory Trust in the amount of \$11,650 for construction of that facility. The Trust has leased the site and the project to the City with lease payments servicing the outstanding debt. The net pension liability increased the City's debt by \$6,314. The City acquired new debt related to the Southern Industrial Addition in the amount of \$1,440 in FY2016. These increases were offset by the payments made for Lease Revenue Bonds related to the WyGen III and CTII purchases as well as the payment made for debt related to the Wastewater Treatment Facility.

State statutes limit the amount of general obligation debt a governmental entity may issue to four percent of its total assessed valuation. The current debt limitation for the City of Gillette is \$9,811. The Wyoming Constitution provides an exception to this limitation for sewer disposal systems. Indebtedness created for supplying water to the City is also exempt from this provision. At June 30, 2016, the City's assessed valuation was \$245,281.

**City of Gillette's Outstanding Debt
(\$,000s)**

	Governmental Activities		Business-Type Activities		Total	
	FY2016	FY2015	FY2016	FY2015	FY2016	FY2015
Long-term Liabilities:						
Accrued Sick Leave	129	144	106	137	235	281
Customer Deposits	-	-	889	950	889	950
Certificate of Participation	11,650	-	-	-	11,650	-
Net Pension Liability	14,949	10,362	6,654	4,928	21,604	15,290
Subtotal	26,728	10,506	7,650	6,015	34,378	16,521
Capital Loan Agreements						
Special Assessment Debt	461	497	-	-	461	497
Gillette Madison Pipeline	-	-	40,132	29,592	40,132	29,592
Electric Facilities Improvement - Lease Revenue Bonds	-	-	91,020	93,380	91,020	93,380
Plus Bond Premium	-	-	2,628	2,773	2,628	2,773
Southern Industrial Addition	-	-	1,440	-	1,440	-
Wastewater Treatment Facility Improvements	-	-	10,306	11,035	10,306	11,035
Subtotal	461	497	145,527	136,780	145,987	137,277
Total Long-term Debt	27,189	11,003	153,176	142,796	180,365	153,798

Additional information on the City of Gillette's long-term debt can be found in note 3.F on pages 56-62 of this report.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for those claiming residency in the City of Gillette is currently 6.2 percent, which is a significant increase compared to the rate a year ago (based upon Campbell County statistical data). This compares unfavorably to the state's average unemployment rate of 5.7 percent and is substantially higher than the national average rate of 5.1 percent.

All of these factors were considered in preparing the City of Gillette's budget for the 2017 fiscal year.

During the current fiscal year, unassigned fund balance for all governmental funds is \$4,691. The City of Gillette has restricted \$8,022 in fund balance for the Gillette College Student Housing Phase II Project. The City has appropriated \$24,701 for several major projects and an additional \$13,490 for the operating budget in the 2017 fiscal year budget. It is intended that the use of the available fund balance, tax revenues, and all other future funding sources will provide the necessary funding for the 2017 fiscal year. Additional resources to the general fund are anticipated from State and Federal sources, and taxes generated from the overall growth within the economy.

A utility rate increase was implemented during the 2016 budget year. The City Council approved a rate increase for wastewater service and electrical service. As of May 1, 2016, the wastewater rates were increased by 10 percent, while the increase in electric rates was seven percent. Additionally, the ordinance for water rates was modified so that each customer will now pay for the first 3,000 gallons.

The rates affect both residential and commercial consumers by approximately the same percentage. The rate increases are necessary to finance required improvements and expansion of the current system to accommodate community growth and future operations within the City of Gillette.

Requests for Information

This financial report is designed to provide a general overview of the City of Gillette's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, P.O. Box 3003, Gillette, WY 82717.

CITY OF GILLETTE, WYOMING

STATEMENT OF NET POSITION

June 30, 2016

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash	\$ 2,795,869	\$ 5,873,254	\$ 8,669,123
Cash With Fiscal Agent	8,022,535	28,373	8,050,908
Investments	50,652,825	128,476,719	179,129,544
Accounts Receivable (Net of Allowance for Uncollectibles)	-	1,528,929	1,528,929
Taxes Receivable	2,450,906	128,418	2,579,324
Unbilled Accounts Receivable	-	2,770,956	2,770,956
Accrued Interest Receivable	2,336	62,103	64,439
Special Assessment Receivable	173,265	-	173,265
Other Receivable	106,793	96,733	203,526
Internal Balances	(59,224)	59,224	-
Due From Other Entities	1,013,765	2,904,107	3,917,872
Inventories	301,256	3,539,340	3,840,596
Capital Assets:			
Non-depreciable Capital Assets	34,579,566	86,298,895	120,878,461
Depreciable Capital Assets, Net	188,510,093	267,145,429	455,655,522
Total Assets	\$ 288,549,985	\$ 498,912,480	\$ 787,462,465
DEFERRED OUTFLOWS OF RESOURCES			
Relating to Pensions	\$ 5,294,565	\$ 1,973,238	\$ 7,267,803
LIABILITIES			
Vouchers Payable	\$ 959,874	\$ 1,883,842	\$ 2,843,716
Contracts and Retainage Payable	3,234,084	6,607,432	9,841,516
Estimated Claims Payable	458,143	170,967	629,110
Accrued Interest Payable	120,385	702,178	822,563
Other Accrued Liabilities	1,800,445	970,535	2,770,980
Advance Payments Received on Grants	41,676	-	41,676
Due To Other Entities	5,552,804	-	5,552,804
Noncurrent Liabilities:			
Due Within One Year	1,166,457	3,710,158	4,876,615
Due Within More Than One Year	26,022,373	149,466,291	175,488,664
Total Liabilities	\$ 39,356,241	\$ 163,511,403	\$ 202,867,644
DEFERRED INFLOWS OF RESOURCES			
Relating to Pensions	\$ 279,094	\$ 140,779	\$ 419,873
NET POSITION			
Net Investment in Capital Assets	\$ 216,228,110	\$ 201,310,306	\$ 417,538,416
Restricted for:			
Criminal Forfeiture	4,358	-	4,358
Lease Revenue Bonds	-	7,983,968	7,983,968
Water Development Repair and Replacement	-	3,500,000	3,500,000
Gillette Regional Water Supply Project	-	98,090,360	98,090,360
Wastewater Treatment Plant Repair and Replacement	-	250,000	250,000
Student Housing Project	8,022,535	-	8,022,535
Unrestricted	29,954,212	26,098,902	56,053,114
Total Net Position	\$ 254,209,215	\$ 337,233,536	\$ 591,442,751

See Notes to the Basic Financial Statements.

CITY OF GILLETTE, WYOMING

STATEMENT OF ACTIVITIES

Year Ended June 30, 2016

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 21,059,390	\$ 3,532,692	\$ 702,483	\$ 1,014,618
Public Safety	14,055,218	81,982	328,820	-
Public Works	17,181,066	14,824	-	2,187,299
Culture and Recreation	2,992,915	-	-	-
Debt Service:				
Interest and Other Charges	355,333	-	-	-
Total Governmental Activities	\$ 55,643,922	\$ 3,629,498	\$ 1,031,303	\$ 3,201,917
Business-type Activities:				
Power	\$ 32,120,690	\$ 33,336,407	\$ -	\$ 1,596,709
Water	10,390,243	7,072,536	-	26,433,717
Sewer	6,432,835	4,472,430	-	407,671
Solid Waste	2,952,324	2,972,378	-	-
Total Business-type Activities	\$ 51,896,092	\$ 47,853,751	\$ -	\$ 28,438,097
Total Primary Government	\$ 107,540,014	\$ 51,483,249	\$ 1,031,303	\$ 31,640,014
General Revenues:				
Taxes:				
Severance Taxes				
Property Taxes, levied for general purposes				
Automobile Taxes				
Sales and Use Taxes				
Gasoline Tax				
Franchise Taxes				
Cigarette Taxes				
Mineral Royalties				
Supplemental State Funding, Unrestricted				
Gaming Revenue				
Investment Income				
Other Revenue				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position, Beginning July 1				
Net Position, Ending June 30				

See Notes to the Basic Financial Statements.

<u>Net (Expense) Revenue and Changes in Net Position</u>		
Governmental Activities	Business-type Activities	Totals
\$ (15,809,597)	\$ -	\$ (15,809,597)
(13,644,416)	-	(13,644,416)
(14,978,943)	-	(14,978,943)
(2,992,915)	-	(2,992,915)
(355,333)	-	(355,333)
\$ (47,781,204)	\$ -	\$ (47,781,204)
\$ -	\$ 2,812,426	\$ 2,812,426
-	23,116,010	23,116,010
-	(1,552,734)	(1,552,734)
-	20,054	20,054
\$ -	\$ 24,395,756	\$ 24,395,756
\$ (47,781,204)	\$ 24,395,756	\$ (23,385,448)
\$ 1,107,316	\$ -	\$ 1,107,316
2,100,922	-	2,100,922
1,046,612	-	1,046,612
37,012,709	100,133	37,112,842
1,156,578	-	1,156,578
735,427	-	735,427
214,427	-	214,427
1,578,741	-	1,578,741
2,408,642	-	2,408,642
332,079	-	332,079
225,326	850,367	1,075,693
59,559	709,261	768,820
(2,273,161)	2,273,161	-
\$ 45,705,177	\$ 3,932,922	\$ 49,638,099
\$ (2,076,027)	\$ 28,328,678	\$ 26,252,651
256,285,242	308,904,858	565,190,100
\$ 254,209,215	\$ 337,233,536	\$ 591,442,751

CITY OF GILLETTE, WYOMING

BALANCE SHEET
GOVERNMENTAL FUND - GENERAL FUND
June 30, 2016

ASSETS	
Cash	\$ 2,521,691
Cash With Fiscal Agent	8,022,535
Investments	48,482,884
Taxes Receivable	2,450,906
Accrued Interest Receivable	2,336
Other Receivable	91,051
Due From Other Entities	1,013,765
Inventories	220,154
<hr/>	
Total Assets	\$ 62,805,322
<hr/>	
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Vouchers Payable	\$ 869,300
Contracts and Retainage Payable	3,234,084
Other Accrued Liabilities	1,761,223
Advance Payments Received on Grants	41,676
Due To Other Funds	217,925
Due To Other Entities	5,552,804
<hr/>	
Total Liabilities	\$ 11,677,012
<hr/>	
FUND BALANCE	
Nonspendable	\$ 220,154
Restricted	8,026,893
Committed	24,700,520
Assigned	13,490,105
Unassigned	4,690,638
<hr/>	
Total Fund Balance	\$ 51,128,310
<hr/>	
Total Liabilities and Fund Balance	\$ 62,805,322
<hr/>	

See Notes to the Basic Financial Statements.

CITY OF GILLETTE, WYOMING

**RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUND
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**

June 30, 2016

Total Governmental Fund Balance	\$	51,128,310
Amounts reported for governmental activities in the statement of net position are different because		
Special Assessment receivable is not due and receivable in the current period and is not recorded in the funds.		173,265
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Non-depreciable capital assets	\$	34,579,566
Depreciable assets		273,533,357
Less: accumulated depreciation		<u>(89,478,338)</u>
		218,634,585
Internal Service Funds are used by the City to charge the cost of vehicles and maintenance, liability and property injury insurance, and employee health insurance to the individual funds. Certain assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.		6,558,160
Long-term liabilities and accrued interest payable are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position.		
Long-term sick leave	\$	(120,093)
Net pension liability		(14,949,263)
Certificates of Participation		(11,650,000)
Accrued interest on Certificates of Participation		<u>(120,385)</u>
		(26,839,741)
Special Assessment debt with governmental commitment is not due and payable in the current period and therefore is not reported in the funds.		(460,835)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	\$	5,294,565
Deferred inflows of resources related to pensions		<u>(279,094)</u>
		5,015,471
Total Net Position of Governmental Activities	\$	254,209,215

See Notes to the Basic Financial Statements.

CITY OF GILLETTE, WYOMING

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL**

GENERAL FUND

Year Ended June 30, 2016

(Page 1 of 2)

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Taxes:				
Severance	\$ 1,135,908	\$ 1,135,908	\$ 1,107,316	\$ (28,592)
Property	1,843,434	1,843,434	2,100,922	257,488
Automobile	860,000	860,000	1,046,612	186,612
Sales and Use	45,000,000	45,000,000	37,012,709	(7,987,291)
Gasoline	1,324,869	1,324,869	1,156,578	(168,291)
Franchise	690,000	690,000	735,427	45,427
Cigarette	232,113	232,113	214,427	(17,686)
Total Taxes	\$ 51,086,324	\$ 51,086,324	\$ 43,373,991	\$ (7,712,333)
Intergovernmental:				
Local and County Sources	\$ 92,207	\$ 224,011	\$ 224,883	\$ 872
State Sources	5,260,709	10,567,290	6,560,875	(4,006,415)
Federal Sources	431,087	629,139	367,766	(261,373)
Total Intergovernmental	\$ 5,784,003	\$ 11,420,440	\$ 7,153,524	\$ (4,266,916)
Other:				
Licenses and Permits	\$ 325,365	\$ 325,365	\$ 282,099	\$ (43,266)
Charges for Services	2,895,807	2,895,807	2,842,597	(53,210)
Fines and Fees	411,000	411,000	424,677	13,677
Investment Income	127,148	127,148	212,988	85,840
Miscellaneous	128,201	142,793	139,684	(3,109)
Special Assessment Revenue	46,064	46,064	39,209	(6,855)
Total Other	\$ 3,933,585	\$ 3,948,177	\$ 3,941,254	\$ (6,923)
Total Revenues	\$ 60,803,912	\$ 66,454,941	\$ 54,468,769	\$ (11,986,172)
EXPENDITURES				
General Government:				
Salaries and Benefits	\$ 10,072,302	\$ 10,040,840	\$ 9,542,553	\$ 498,287
Contractual Services	2,819,954	2,906,215	2,634,854	271,361
Supplies and Materials	1,487,906	1,502,906	1,177,163	325,743
Capital Outlay	1,099,875	1,319,756	602,403	717,353
Total General Government	\$ 15,480,037	\$ 15,769,717	\$ 13,956,973	\$ 1,812,744
Public Safety:				
Salaries and Benefits	\$ 9,746,999	\$ 9,772,999	\$ 9,059,766	\$ 713,233
Contractual Services	1,055,514	1,064,140	894,777	169,363
Supplies and Materials	643,623	658,128	499,344	158,784
Capital Outlay	151,405	151,405	90,476	60,929
Total Public Safety	\$ 11,597,541	\$ 11,646,672	\$ 10,544,363	\$ 1,102,309

(Continued)

CITY OF GILLETTE, WYOMING

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCE - BUDGET AND ACTUAL**

GENERAL FUND

Year Ended June 30, 2016

(Page 2 of 2)

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Public Works:				
Salaries and Benefits	\$ 1,445,710	\$ 1,445,710	\$ 1,378,663	\$ 67,047
Contractual Services	2,249,277	2,374,277	1,453,196	921,081
Supplies and Materials	1,395,354	1,395,354	1,042,652	352,702
Capital Outlay	18,976,300	30,669,661	15,971,676	14,697,985
Total Public Works	\$ 24,066,641	\$ 35,885,002	\$ 19,846,187	\$ 16,038,815
Culture and Recreation:				
Salaries and Benefits	\$ 1,269,093	\$ 1,269,093	\$ 1,171,070	\$ 98,023
Contractual Services	621,996	777,496	700,141	77,355
Supplies and Materials	733,817	733,817	650,761	83,056
Capital Outlay	1,395,000	2,473,896	900,309	1,573,587
Total Culture and Recreation	\$ 4,019,906	\$ 5,254,302	\$ 3,422,281	\$ 1,832,021
Miscellaneous:				
Joint Powers Fire Board Capital Funding	\$ 1,848,957	\$ 5,777,357	\$ 2,485,805	\$ 3,291,552
Joint Powers Public Land Board Capital Funding	1,414,995	1,260,461	1,225,126	35,335
Other	6,009,066	20,280,179	13,118,516	7,161,663
Debt Service:				
Principal	36,019	36,019	36,087	(68)
Interest and Other Charges	12,423	212,423	234,948	(22,525)
Total Miscellaneous	\$ 9,321,460	\$ 27,566,439	\$ 17,100,482	\$ 10,465,957
Total Expenditures	\$ 64,485,585	\$ 96,122,132	\$ 64,870,286	\$ 31,251,846
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (3,681,673)	\$ (29,667,191)	\$ (10,401,517)	\$ 19,265,674
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 1,487,856	\$ 1,492,856	\$ 2,675,925	\$ 1,183,069
Transfers (Out)	(1,500,000)	(5,129,564)	(5,038,591)	90,973
Proceeds From Certificates of Participation	-	11,650,000	11,650,000	-
Proceeds From Sale of Capital Assets	-	-	199,765	199,765
Total Other Financing Sources (Uses)	\$ (12,144)	\$ 8,013,292	\$ 9,487,099	\$ 1,473,807
Net Change in Fund Balance	\$ (3,693,817)	\$ (21,653,899)	\$ (914,418)	\$ 20,739,481
FUND BALANCE, BEGINNING JULY 1	52,042,728	52,042,728	52,042,728	-
FUND BALANCE, ENDING JUNE 30	\$ 48,348,911	\$ 30,388,829	\$ 51,128,310	\$ 20,739,481

See Notes to the Basic Financial Statements.

CITY OF GILLETTE, WYOMING

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCE OF THE GOVERNMENTAL FUND
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

Year Ended June 30, 2016

(Page 1 of 2)

Net Change in Fund Balance - Total Governmental Fund	\$ (914,418)
Amounts reported for governmental activities in the statement of activities are different because:	
Timing differences for recognition of special assessment revenue between revenues reported in the funds and revenues reported in the statement of activities.	(39,209)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	
Capital outlays	\$ 20,955,587
Depreciation	<u>(8,660,343)</u>
	12,295,244
Certificates of Participation proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.	(11,650,000)
Governmental funds recognize gain on sale of capital assets as the sales proceeds are received. However, in the statement of activities, this amount is reduced by the remaining net book value of the disposed assets. This is the amount of the net book value of the disposed assets.	(387,564)
Capital contributions and local annexations representing the acquisition value of infrastructure, capital assets annexed and received by the City during the fiscal year ended June 30, 2016. Capital assets and any related capital contributions are not financial resources and are not reported in the funds.	1,399,158
Internal service funds are used by the City to charge the cost of vehicle maintenance, liability and property injury insurance and employee health insurance, to the individual funds. Certain net income of internal service funds is reported with governmental activities.	(752,689)
Under modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis expenses and liabilities are reported regardless of when financial resources are available. Interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues.	
Accrued interest in Certificates of Participation	(120,385)

(Continued)

CITY OF GILLETTE, WYOMING

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCE OF THE GOVERNMENTAL FUND
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**

Year Ended June 30, 2016

(Page 2 of 2)

Decrease in long-term sick leave payable is not reflected in the governmental funds, but increases long-term liabilities in the statement of net position.	\$ 14,303
Repayment of special assessment debt with governmental commitment principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	36,087
Governmental funds report City pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.	
City pension contributions	\$ 1,145,688
Cost of benefits earned net of employee contributions	<u>(3,102,242)</u>
	(1,956,554)
Change in Net Position of Governmental Activities	\$ (2,076,027)

See Notes to the Basic Financial Statements.

CITY OF GILLETTE, WYOMING
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016

	Business-Type Activities - Enterprise Funds		
	Power	Water	Sewer
ASSETS			
CURRENT ASSETS			
Cash	\$ 932,777	\$ 3,933,712	\$ 470,336
Cash With Fiscal Agent	28,373	-	-
Investments	5,901,186	9,734,452	4,068,601
Accounts Receivable, Net of Allowance for Uncollectibles	935,027	267,625	178,418
Taxes Receivable	-	128,418	-
Unbilled Accounts Receivable	1,808,908	637,342	194,738
Other Receivables	32,337	2,114	36,604
Accrued Interest Receivable	36,340	19,853	5,910
Due From Other Funds	-	-	-
Due From Other Entities	146,385	2,757,722	-
Inventories	2,950,015	504,271	26,822
Total Current Assets	\$ 12,771,348	\$ 17,985,509	\$ 4,981,429
NONCURRENT ASSETS			
Restricted Assets			
Investments Restricted for Lease Revenue Bonds	\$ 7,983,968	\$ -	\$ -
Investments Restricted for Gillette Regional Water Supply Project	-	98,005,018	-
Investments Restricted for Wastewater Treatment Plant Repair and Replacement	-	-	250,000
Total Restricted Assets	\$ 7,983,968	\$ 98,005,018	\$ 250,000
Capital Assets			
Land	\$ 200,903	\$ 194,417	\$ 266,404
Infrastructure	44,440,082	118,818,612	40,139,589
Buildings and Improvements	92,927,932	21,465,868	17,650,945
Machinery and Equipment	14,670,025	9,183,223	2,762,289
Construction in Progress	6,149,234	78,805,054	682,883
Less Accumulated Depreciation	(42,570,272)	(38,360,195)	(17,729,796)
Total Capital Assets (Net of Accumulated Depreciation)	\$ 115,817,904	\$ 190,106,979	\$ 43,772,314
Total Noncurrent Assets	\$ 123,801,872	\$ 288,111,997	\$ 44,022,314
Total Assets	\$ 136,573,220	\$ 306,097,506	\$ 49,003,743
DEFERRED OUTFLOWS OF RESOURCES			
Relating to Pensions	\$ 1,044,656	\$ 406,254	\$ 348,218
LIABILITIES			
CURRENT LIABILITIES			
Vouchers Payable	\$ 1,520,984	\$ 73,699	\$ 50,154
Contracts and Retainage Payable	19,170	6,449,390	138,872
Estimated Claims Payable	-	-	-
Accrued Interest Payable	464,989	-	237,189
Other Accrued Liabilities	655,165	129,361	105,707
Current Maturities of Long-Term Liabilities	2,962,000	-	748,158
Total Current Liabilities	\$ 5,622,308	\$ 6,652,450	\$ 1,280,080
NONCURRENT LIABILITIES			
Customer Deposits	\$ 505,384	\$ -	\$ -
Accrued Sick Leave Payable	33,549	23,452	41,631
Capital Loan Payable	1,440,465	40,131,770	9,559,388
Lease Revenue Bonds	91,069,963	-	-
Net Pension Liability	3,522,964	1,370,041	1,174,321
Total Noncurrent Liabilities	\$ 96,572,325	\$ 41,525,263	\$ 10,775,340
Total Liabilities	\$ 102,194,633	\$ 48,177,713	\$ 12,055,420
DEFERRED INFLOWS OF RESOURCES			
Related to Pensions	\$ 74,530	\$ 28,984	\$ 24,843
NET POSITION			
Net Investment in Capital Assets	\$ 20,710,306	\$ 143,525,819	\$ 33,327,054
Restricted for Lease Revenue Bonds	7,983,968	-	-
Restricted for Wastewater Treatment Plant Repair and Replacement	-	-	250,000
Restricted for Water Development Repair and Replacement	-	3,500,000	-
Restricted for Gillette Regional Water Supply Project	-	98,090,360	-
Unrestricted	6,654,439	13,180,884	3,694,644
Total Net Position	\$ 35,348,713	\$ 258,297,063	\$ 37,271,698
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			
Net Position of Business-Type Activities			

See Notes to the Basic Financial Statements.

Non Major Solid Waste Fund	Total Enterprise Funds	Internal Service Funds	Total
\$ 304,699	\$ 5,641,524	\$ 505,908	\$ 6,147,432
-	28,373	-	28,373
1,276,811	20,981,050	3,426,624	24,407,674
147,859	1,528,929	-	1,528,929
-	128,418	-	128,418
129,968	2,770,956	-	2,770,956
-	71,055	41,420	112,475
-	62,103	-	62,103
-	-	217,925	217,925
-	2,904,107	-	2,904,107
-	3,481,108	139,334	3,620,442
\$ 1,859,337	\$ 37,597,623	\$ 4,331,211	\$ 41,928,834
\$ -	\$ 7,983,968	\$ -	\$ 7,983,968
-	98,005,018	-	98,005,018
-	250,000	-	250,000
\$ -	\$ 106,238,986	\$ -	\$ 106,238,986
\$ -	\$ 661,724	\$ -	\$ 661,724
-	203,398,283	-	203,398,283
-	132,044,745	-	132,044,745
15,060	26,630,597	17,971,758	44,602,355
-	85,637,171	-	85,637,171
(11,922)	(98,672,185)	(9,772,695)	(108,444,880)
\$ 3,138	\$ 349,700,335	\$ 8,199,063	\$ 357,899,398
\$ 3,138	\$ 455,939,321	\$ 8,199,063	\$ 464,138,384
\$ 1,862,475	\$ 493,536,944	\$ 12,530,274	\$ 506,067,218
\$ 174,110	\$ 1,973,238	\$ -	\$ 1,973,238
\$ 184,995	\$ 1,829,832	\$ 144,584	\$ 1,974,416
-	6,607,432	-	6,607,432
-	-	629,110	629,110
-	702,178	-	702,178
52,141	942,374	67,383	1,009,757
-	3,710,158	-	3,710,158
\$ 237,136	\$ 13,791,974	\$ 841,077	\$ 14,633,051
\$ -	\$ 505,384	\$ -	\$ 505,384
-	98,632	14,841	113,473
-	51,131,623	-	51,131,623
-	91,069,963	-	91,069,963
587,161	6,654,487	-	6,654,487
\$ 587,161	\$ 149,460,089	\$ 14,841	\$ 149,474,930
\$ 824,297	\$ 163,252,063	\$ 855,918	\$ 164,107,981
\$ 12,422	\$ 140,779	\$ -	\$ 140,779
\$ 3,138	\$ 197,566,317	\$ 8,199,063	\$ 205,765,380
-	7,983,968	-	7,983,968
-	250,000	-	250,000
-	3,500,000	-	3,500,000
-	98,090,360	-	98,090,360
1,196,728	24,726,695	3,475,293	28,201,988
<u>\$ 1,199,866</u>	\$ 332,117,340	<u>\$ 11,674,356</u>	<u>\$ 343,791,696</u>
	5,116,196		
	\$ 337,233,536		

CITY OF GILLETTE, WYOMING

**RECONCILIATION OF CERTAIN DIFFERENCES BETWEEN NET POSITION OF
THE PROPRIETARY FUNDS AND NET POSITION OF THE BUSINESS-TYPE ACTIVITIES**

June 30, 2016

Total Net Position of the Proprietary Funds		\$332,117,340
Certain assets and liabilities of the internal service funds are included in the business-type activities in the Statement of Net Position.		
Amounts attributable to:		
Vehicle Maintenance	\$ 4,275,729	
Liability and Property Injury Insurance	430,505	
Health Insurance	409,962	
Net Adjustment to Increase Net Position - Total Enterprise Funds		5,116,196
Total Net Position - Business-Type Activities		\$337,233,536

See Notes to the Basic Financial Statements.

CITY OF GILLETTE, WYOMING

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

Year Ended June 30, 2016

	Business-Type Activities - Enterprise Funds		
	Power	Water	Sewer
OPERATING REVENUES	\$ 30,159,956	\$ 7,072,536	\$ 4,472,430
INTERFUND SERVICE REVENUES	3,176,451	-	-
Total Operating Revenues	\$ 33,336,407	\$ 7,072,536	\$ 4,472,430
OPERATING EXPENSES			
Cost of Power Purchased	\$ 14,397,743	\$ -	\$ -
Salaries and Benefits	4,009,143	1,806,992	1,470,720
Contractual Services	2,936,867	1,691,120	1,693,484
Materials	153,513	1,046,635	391,802
Claims	-	-	-
Repairs and Maintenance	1,121,617	943,764	658,235
Supplies	280,843	288,722	162,299
Depreciation	4,551,555	4,586,592	1,894,204
Total Operating Expenses	\$ 27,451,281	\$ 10,363,825	\$ 6,270,744
Operating Income (Loss)	\$ 5,885,126	\$ (3,291,289)	\$ (1,798,314)
NONOPERATING REVENUES (EXPENSES)			
Gain (Loss) on Disposal of Equipment	\$ -	\$ (9,655)	\$ (12,100)
Other Income	348,805	167,385	193,071
Sales and Use Tax - Capital Facilities Tax	-	100,133	-
Interest Expense	(5,483,212)	-	(259,864)
Investment Income	243,203	512,432	81,388
Total Nonoperating Revenues (Expenses)	\$ (4,891,204)	\$ 770,295	\$ 2,495
Income (Loss) Before Contributions and Transfers	\$ 993,922	\$ (2,520,994)	\$ (1,795,819)
Intergovernmental, Federal Direct Payments for Build America Bonds	1,484,930	-	-
Capital Contributions and Local Annexations	88,618	481,868	407,671
Capital Contributions, Intergovernmental, Federal, State and Local Sources	23,161	25,951,849	-
Transfers In	2,113,879	2,295,237	1,648,018
Transfers (Out)	(2,538,235)	(1,036,801)	(191,904)
Change in Net Position	\$ 2,166,275	\$ 25,171,159	\$ 67,966
NET POSITION, BEGINNING JULY 1	33,182,438	233,125,904	37,203,732
NET POSITION, ENDING JUNE 30	\$ 35,348,713	\$ 258,297,063	\$ 37,271,698
Adjustment to Reflect the Consolidation of Internal Services Fund Activities Related to Enterprise Funds			
Net Position of Business-Type Activities			

See Notes to the Basic Financial Statements.

Non Major Solid Waste Fund		Total Enterprise Funds		Internal Service Funds		Total	
\$	2,972,378	\$	44,677,300	\$	8,683,912	\$	53,361,212
	-		3,176,451		-		3,176,451
\$	2,972,378	\$	47,853,751	\$	8,683,912	\$	56,537,663
\$	-	\$	14,397,743	\$	-	\$	14,397,743
	754,311		8,041,166		576,430		8,617,596
	2,068,985		8,390,456		888,264		9,278,720
	3,491		1,595,441		-		1,595,441
	-		-		5,364,983		5,364,983
	1,249		2,724,865		17,689		2,742,554
	144,118		875,982		791,747		1,667,729
	3,765		11,036,116		1,093,849		12,129,965
\$	2,975,919	\$	47,061,769	\$	8,732,962	\$	55,794,731
\$	(3,541)	\$	791,982	\$	(49,050)	\$	742,932
\$	-	\$	(21,755)	\$	125,026	\$	103,271
	-		709,261		-		709,261
	-		100,133		-		100,133
	-		(5,743,076)		-		(5,743,076)
	5,858		842,881		19,824		862,705
\$	5,858	\$	(4,112,556)	\$	144,850	\$	(3,967,706)
\$	2,317	\$	(3,320,574)	\$	95,800	\$	(3,224,774)
	-		1,484,930		-		1,484,930
	-		978,157		-		978,157
	-		25,975,010		-		25,975,010
	-		6,057,134		189,786		6,246,920
	(45,000)		(3,811,940)		(72,314)		(3,884,254)
\$	(42,683)	\$	27,362,717	\$	213,272	\$	27,575,989
	1,242,549		304,754,623		11,461,084		316,215,707
<u>\$</u>	<u>1,199,866</u>	\$	332,117,340	<u>\$</u>	<u>11,674,356</u>	<u>\$</u>	<u>343,791,696</u>
			5,116,196				
		\$	337,233,536				

CITY OF GILLETTE, WYOMING

RECONCILIATION OF CERTAIN DIFFERENCES BETWEEN THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION OF THE PROPRIETARY FUNDS AND THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2016

Total Changes in Net Position - Total Enterprise Funds	\$ 27,362,717
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Internal service funds are used by the City to charge the cost of vehicle maintenance, liability and property injury insurance, and employee health insurance to the individual funds. Certain net income (loss) of internal service funds is reported with business-type activities in the Statement of Activities.

Amounts attributable to:	Vehicle Maintenance	\$ 1,018,763
	Liability and Property Injury Insurance	251
	Health Insurance	<u>(53,053)</u>

Net Adjustment to Increase Net Position - Total Enterprise Funds	965,961
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Total Change in Net Position - Business-Type Activities	\$ 28,328,678
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See Notes to the Basic Financial Statements.

CITY OF GILLETTE, WYOMING

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended June 30, 2016

	Business-Type Activities - Enterprise Funds		
	Power	Water	Sewer
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ 29,631,584	\$ 6,670,136	\$ 4,417,851
Receipts from Interfund Services Provided	3,176,451	-	-
Payments to Suppliers	(14,804,196)	-	-
Payments to Employees	(3,519,740)	(1,630,804)	(1,330,339)
Payments for Goods and Services	(3,912,299)	(3,962,575)	(2,905,364)
Internal Activity - Payments (To) Other Funds	-	-	-
Other	333,369	171,516	194,227
Net Cash Provided By Operating Activities	\$ 10,905,169	\$ 1,248,273	\$ 376,375
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers In	\$ 2,113,879	\$ 2,295,237	\$ 1,648,018
Transfers (Out)	(2,538,235)	(1,036,801)	(191,904)
Net Cash Provided By (Used In) Noncapital Financing Activities	\$ (424,356)	\$ 1,258,436	\$ 1,456,114
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Taxes Collected	\$ -	\$ 7,478,092	\$ -
(Payments) for Capital Acquisitions	(7,062,220)	(42,224,534)	(1,577,793)
Proceeds from Sale of Capital Assets	317,196	-	-
Proceeds from Capital Grant	901,961	25,925,359	-
Proceeds from Capital Loan	1,440,465	10,540,115	-
Payments on Capital Loan	-	-	(1,004,878)
Payments on Lease Revenue Bonds	(6,494,261)	-	-
Net Cash Provided by (Used In) Capital and Related Financing Activities	\$ (10,896,859)	\$ 1,719,032	\$ (2,582,671)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net (Increase) Decrease in Investments	\$ (1,864,292)	\$ (2,201,516)	\$ 578,247
Investment Income	148,992	424,249	45,847
Net Cash Provided By (Used In) Investing Activities	\$ (1,715,300)	\$ (1,777,267)	\$ 624,094
Net Increase (Decrease) in Cash	\$ (2,131,346)	\$ 2,448,474	\$ (126,088)
Cash and Cash Equivalents, and Cash With Fiscal Agent, Beginning July 1	3,092,496	1,485,238	596,424
Cash and Cash Equivalents, and Cash With Fiscal Agent, Ending June 30	\$ 961,150	\$ 3,933,712	\$ 470,336
Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities			
Operating Income (Loss)	\$ 5,885,126	\$ (3,291,289)	\$ (1,798,314)
Adjustments:			
Depreciation	4,551,555	4,586,592	1,894,204
Other Income	348,805	167,385	193,071
Interest Paid on Customer Deposits	(10,609)	-	-
Changes in Assets and Liabilities:			
Accounts and Other Receivables	(355,352)	(331,189)	(30,869)
Due To/From Other Funds	-	-	-
Inventories	459,393	14,760	5,657
Deferred Outflows of Resources Relating to Pensions	(577,148)	(224,446)	(192,382)
Vouchers Payable	(406,453)	(74,174)	(27,755)
Accrued Expenses and Customer Deposits	37,749	16,176	3,228
Advance Payments Received on Grants	(16,504)	-	-
Estimated Claims Payable	-	-	-
Net Pension Liability	914,077	355,474	304,692
Deferred Inflows of Resources	74,530	28,984	24,843
Net Cash Provided By Operating Activities	\$ 10,905,169	\$ 1,248,273	\$ 376,375
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Contributions of Capital and Local Annexations	\$ 88,618	\$ 481,868	\$ 407,671
Net Increase in Fair Value of Investments	\$ 88,031	\$ 73,590	\$ 39,186

See Notes to the Basic Financial Statements.

Non Major Solid Waste Fund	Total Enterprise Funds	Internal Service Funds	Total
\$ 2,958,351	\$ 43,677,922	\$ -	\$ 43,677,922
-	3,176,451	8,680,998	11,857,449
-	(14,804,196)	-	(14,804,196)
(676,708)	(7,157,591)	(562,694)	(7,720,285)
(2,210,936)	(12,991,174)	(7,151,807)	(20,142,981)
-	-	(95,335)	(95,335)
-	699,112	-	699,112
\$ 70,707	\$ 12,600,524	\$ 871,162	\$ 13,471,686
\$ -	\$ 6,057,134	\$ 189,786	\$ 6,246,920
(45,000)	(3,811,940)	(72,314)	(3,884,254)
\$ (45,000)	\$ 2,245,194	\$ 117,472	\$ 2,362,666
\$ -	\$ 7,478,092	\$ -	\$ 7,478,092
-	(50,864,547)	(3,037,999)	(53,902,546)
-	317,196	131,548	448,744
-	26,827,320	-	26,827,320
-	11,980,580	-	11,980,580
-	(1,004,878)	-	(1,004,878)
-	(6,494,261)	-	(6,494,261)
\$ -	\$ (11,760,498)	\$ (2,906,451)	\$ (14,666,949)
\$ 109,583	\$ (3,377,978)	\$ 1,327,537	\$ (2,050,441)
4,513	623,601	16,104	639,705
\$ 114,096	\$ (2,754,377)	\$ 1,343,641	\$ (1,410,736)
\$ 139,803	\$ 330,843	\$ (574,176)	\$ (243,333)
164,896	5,339,054	1,080,084	6,419,138
\$ 304,699	\$ 5,669,897	\$ 505,908	\$ 6,175,805
\$ (3,541)	\$ 791,982	\$ (49,050)	\$ 742,932
3,765	11,036,116	1,093,849	12,129,965
-	709,261	-	709,261
-	(10,609)	-	(10,609)
(1,894)	(719,304)	(2,914)	(722,218)
-	-	(95,335)	(95,335)
-	479,810	23,758	503,568
(96,192)	(1,090,168)	-	(1,090,168)
(5,226)	(513,608)	(78,770)	(592,378)
9,027	66,180	13,736	79,916
-	(16,504)	-	(16,504)
-	-	(34,112)	(34,112)
152,346	1,726,589	-	1,726,589
12,422	140,779	-	140,779
\$ 70,707	\$ 12,600,524	\$ 871,162	\$ 13,471,686
\$ -	\$ 978,157	\$ -	\$ 978,157
\$ 1,345	\$ 202,152	\$ 3,798	\$ 205,950

CITY OF GILLETTE, WYOMING

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

June 30, 2016

	Retiree Health Benefit Plan and Trust Fund	Agency Fund
ASSETS		
Investments, at Fair Value:		
Money Market Mutual Funds	\$ 7,682,165	\$ -
Due From Other Entities	-	8,407
Total Assets	\$ 7,682,165	\$ 8,407
LIABILITIES		
Flexible Benefits Payable	\$ -	\$ 8,407
Total Liabilities	\$ -	\$ 8,407
NET POSITION		
Held in Trust for Retiree Health Benefit Plan	\$ 7,682,165	

See Notes to the Basic Financial Statements.

CITY OF GILLETTE, WYOMING

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND**

Year Ended June 30, 2016

	Retiree Health Benefit Plan and Trust Fund
ADDITIONS	
Investment Earnings:	
Net (Decrease) in the Fair Value of Investments	\$ (480,963)
DEDUCTIONS	
Benefits	\$ 541,972
Administrative Expenses	18,280
Total Deductions	\$ 560,252
Change in Net Position	\$ (1,041,215)
NET POSITION, BEGINNING July 1	8,723,380
NET POSITION, ENDING June 30	\$ 7,682,165

See Notes to the Basic Financial Statements.

CITY OF GILLETTE, WYOMING
NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Gillette is a political subdivision of the State of Wyoming governed by an elected mayor and six-member council. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component unit, for which the City is considered to be financially accountable. The blended component unit, although a legally separate unit, is, in substance part of the City's operations.

Blended Component Unit - The Consolidated Wyoming Municipalities Electric Power System Joint Powers Board ("The Board") is a body formed in accordance with the Wyoming Joint Powers Act. The Board was created for the purpose of expanding, financing or operating electrical systems owned by its participating agencies. The Board has authority to issue revenue bonds to finance specified projects, which such projects may be leased to the agency which benefits from said project. The City used this board to issue revenue bonds to purchase a 23% interest in a power plant to provide electrical services to the citizens of Gillette, and to acquire a simple-cycle gas turbine facility. Since ownership of the power plant and simple-cycle gas turbine facility transfers to the City upon repayment of the bonds and since the City is solely responsible for the repayment of the bonds, the purchase of the power plant and simple-cycle gas turbine facility and the related debt have been included (blended) with the Power Enterprise Fund in the accompanying financial statements. The Board is reported in the Power Enterprise Fund and does not issue separate financial statements.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City of Gillette. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely significantly on fees and charges for support.

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

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Severance taxes, property taxes, automobile taxes, gasoline taxes, franchise taxes, cigarette taxes, and interest associated with current fiscal period and charges for services are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales taxes collected and held by the state or County Treasurer at year end on behalf of the City are also recognized as revenue.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible-to-accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

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 and expenses of the City's enterprise funds and internal service funds are charges to customers for sales and services, administrative expenses, repairs, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The City reports the following major governmental fund:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources and transactions of the general government except those required to be accounted for in other funds.

The City reports the following major enterprise funds:

The *Power Fund* is used to account for the operation of the City's electrical utility system.

The *Water Fund* is used to account for the operation of the City's water system.

The *Sewer Fund* is used to account for the operation of the City's sewer system.

In addition, the City also reports the following fund types:

The *Solid Waste Fund* is an enterprise fund and is used to account for the operation of the City's garbage disposal system.

Internal service funds account for operations that provide services to other funds of the City on a cost-reimbursement basis. The City's internal service funds and their purposes are:

The *Vehicle Maintenance Fund* is used to account for acquisition and repairs and maintenance of vehicles in the City's motor pool.

The *Liability and Personal Injury Insurance Fund* is used to account for payments of insurance premiums for the City's various insurance coverages.

The *Health Insurance Fund* is used to account for the financing and operations of the City's self-insurance health plan.

The City reports the following Fiduciary Funds:

The *City of Gillette Retiree Health Benefit Plan and Trust Fund* administers the City's retiree health benefit plan and trust for certain employees and their spouses.

The City's *Agency Fund* is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balance

1. Cash and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are recorded at fair value in accordance with GASB Statement No. 72 *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

2. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds." All other outstanding balances between funds are referred to as "due to/from other funds". Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Property tax revenues represent property taxes for 2015 and prior years which were collectible during the year ended June 30, 2016. Property taxes are levied by the first Monday of August and are payable in two installments, which are due September 1 and March 1. These installments become delinquent, and thus payable, on November 10 and May 10. The taxpayer may elect, without penalty, to pay the entire balance on December 31. Property taxes are collected by the County Treasurer and remitted to the City in the month following collection.

3. Inventories

Inventories are valued at average unit cost using the first-in/first-out (FIFO) method which approximates market. The costs of inventory items are recognized as expenditures in governmental funds and as expenses in proprietary funds when consumed.

4. Restricted Assets

Power enterprise fund investments of \$7,983,968 have been restricted for debt service reserves for lease revenue bonds.

In the Water enterprise fund, investments of \$98,005,018 have been restricted for the Gillette Regional Water Supply Project.

Sewer enterprise fund investments of \$250,000 have been set aside for repair and replacement of the wastewater treatment plant in accordance with EPA grant provisions.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

5. Capital Assets

Capital assets, which include land, infrastructure, buildings and improvements, machinery and equipment, and construction in progress are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Generally, furniture, fixtures and equipment with an individual cost of less than \$5,000 are not capitalized, while vehicles with an individual cost of less than \$10,000 are not capitalized. Software with an individual cost less than \$25,000 is not capitalized. Public domain ("infrastructure") capital assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems and other assets with individual costs of less than \$50,000 are not capitalized. Building improvements with an individual cost of less than \$15,000 are not capitalized. All purchased capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their acquisition value at date of receipt. Donated capital assets acquired prior to July 1, 2015 are stated at fair value as of the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

All reported capital assets except land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business- Type Activities Estimated Lives
Infrastructure	10-65 years	25-65 years
Buildings	35-50 years	50 years
Building Improvements	5-25 years	3-20 years
Machinery and Equipment	4-30 years	3-30 years

6. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means, such as payment for unused accumulated vacation leave upon termination of services. The City records a liability for accumulated unused vacation time when earned for all eligible employees. The amount due for unused vacation leave is included in other accrued liabilities in the government-wide statements and in the fund financial statements.

The City's sick leave reimbursement policy allows an employee who leaves the City to be reimbursed for vested unused accumulated sick leave. The amount that is actually due at year-end is recorded as a payable in the Governmental Fund. Due means the employee has applied for the leave but has not received payment at year end. Amounts not due at year end are recorded as noncurrent liabilities in the government-wide statement of net position.

7. Long-Term Liabilities

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Vested sick leave payable and customer deposits are accrued, and the related liabilities are reduced when paid.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

In the fund financial statements, governmental fund types recognize sick leave paid and payments on special assessment debt as expenditures in the current period.

8. 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 Public Employees' Pension Plan and Law Enforcement Pension Plan, and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. 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.

9. Fund Balance

The City reports fund balance in its governmental fund based on hierarchy of classifications that are primarily based on the extent to which the City is bound to honor constraints on the specific purpose for which amounts can be spent. The fund balance classifications used by the City's governmental fund are as follows:

Nonspendable fund balances - Those balances representing amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to remain intact. The not in spendable form criteria includes items that are not expected to be converted to cash. The amounts reported as nonspendable fund balances are determined before classifying the amounts as restricted, committed, or assigned.

Restricted fund balances - Those balances representing amounts that are externally restricted by creditors, grantors, contributors, or laws or regulations of other governments. Restrictions can also be imposed through law, constitutional provisions, or enabling legislation. Restricted net position is reported by the City's enterprise funds. Unrestricted net position is reported by the City's enterprise funds without classifying the unrestricted funds as committed, assigned, or unassigned.

Committed fund balances - Includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government that can, by adoption of resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Assigned fund balances - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. The City Council has authorized assignments at the division level within each fund by City management. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments, generally only exist temporarily. In other words, an additional action does not normally have to be taken for removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balances - Those fund balances representing the remaining classification for the general fund. This balance represents the fund balance of the general fund that has not been assigned to other funds and has been neither restricted, committed, or assigned to specific purposes in the general fund. If expenditures incurred for specified purposes exceed the amounts restricted, committed, or assigned for those purposes, a negative unassigned fund balance may be reported.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

10. Net Position

Net position represents the residual of all other elements presented in the statement of net position which equals assets plus deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, 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 on their use through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which resources are considered to be applied. It is the City's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

11. Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 2. Stewardship, Compliance and Accountability

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the governmental fund. All annual appropriations lapse at fiscal year end.

On or before March 31 of each year, all agencies of the City submit requests for appropriation to the City Administrator so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Budgets are prepared for the governmental fund.

Before May 15 the proposed budget is presented to the City's Council for review. The City's Council holds public hearings and may add to, subtract from or change appropriations but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated as available by the City Administrator. Any revenue estimates must be changed by an affirmative vote of the majority of the City Council.

Unexpended budgeted amounts lapse at the end of the budget year. Spending control is established at the department level for the General Fund, while management control is exercised at budgetary line item level. The City's department heads may make transfers of appropriations within a division. Transfers of appropriations between divisions require the approval of the City Council. The City may amend its budget after it is approved using the same procedures necessary to approve the original budget. The amounts reported as the original budgeted amounts in the budgetary statements reflect appropriation in the first appropriated budget. The amounts reported as the final budgeted amounts in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 3. Detailed Notes on All Funds

A. Deposits and Investments

Deposits

The City's deposits at June 30, 2016 were covered by federal depository insurance and collateral held by the City's agents under joint custody receipts in the City's name.

Investments

State Statutes authorize the City to invest in financial institution certificates of deposit and securities issued by the U.S. Treasury or agencies of the United States.

The Wyoming State Treasurer Asset Reserve operates in accordance with applicable laws and regulations. The WYO-STAR investment portfolio administers the short-term cash deposits made with the State by local entities. The investments are administered to provide liquid cash reserves, placing the majority portion in a cash portfolio and the rest in an extended cash portfolio. Specified State of Wyoming elected officials are responsible for regulatory oversight of WYO-STAR. The weighted average maturity of WYO-STAR is 230 days but the weighted average maturity of this fund for the City is 1 day at June 30, 2016, due to the City being eligible to redeem these funds at any time, with no redemption notice period required.

Fair Value of Investments - The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data, for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair values of the assets or liabilities.

The City has the following recurring fair value measurements as of June 30, 2016:

Primary Government

- Certificates of Deposit of \$1,134,375, maturities of certificates of deposit are less than one year and fair value is estimated at the amount receivable on demand at the reporting date which is the carrying amount. Certificates of Deposit are redeemable at any time with no redemption notice period required, but would be subject to withdrawal penalties equal to a certain amount of interest as stipulated by the issuing financial institution (Level 2 input).
- Wyoming State Asset Reserve (WYO-STAR) of \$118,126,025, application of the June 30, 2016 fair value factor, as calculated by the Wyoming State Treasurer, is the City's interest in the pool based on the City's cash balance as a percentage of the total cash balance of the pool (Level 2 input).
- U.S. Treasuries of \$44,564,369, and U.S. Agencies of \$15,304,775, fair value is provided by third parties based on quoted prices for identical securities in markets that are not active (Level 2 input).

Fiduciary Funds

- Money Market Mutual Funds of \$7,682,165, fair value is provided by third parties based on published fair value per share (unit) for each fund (Level 2 input).

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 3. Detailed Notes on All Fund (Continued)

Investments - As of June 30, 2016, the City had the following investments:

Investment Type	Fair Value	Credit Quality Ratings ⁽¹⁾	Weighted Average Maturity (Days)	Specific Identification Maturity
Primary Government				
Certificate of Deposit	\$ 134,375	N/A		8/5/16
Certificate of Deposit	1,000,000	N/A		6/24/17
Wyoming State Asset Reserve (WYO-STAR)	118,126,025	N/A	1	
Federal National Mtg ASSN Note				
1.25% 9/28/16 (CUSIP3135GOCM3)	601,188	AAA		9/28/16
Federal National Mtg ASSN Note				
1.375% 11/15/16 (CUSIP3135G0ES8)	1,003,450	AAA		11/15/16
Federal Home Loan BK				
.625% 11/23/16 (CUSIP3130A3J70)	150,081	AAA		11/23/16
Federal Home Loan Mtg Corp Medium Term Note				
1% 6/29/17 (CUSIP3137EADH9)	602,442	AAA		6/29/17
Federal National Mtg ASSN REMIC				
1.637% 11/25/17 (CUSIP3136ALYC9)	337,968	AAA		11/25/17
Federal Home Loan Mtg Corp Medium Term Note				
.750% 1/12/18 (CUSIP3137EADN6)	250,428	AAA		1/12/18
US Treasury Note				
1% 2/15/18 (CUSIP912828H94)	478,116	AAA		2/15/18
Federal Home Loan Bank Bond				
1.375% 3/9/18 (CUSIP313378A43)	429,956	AAA		3/9/18
Federal Home Loan Bank Bond				
.875% 3/19/18 (CUSIP 3130A7CX1)	401,408	AAA		3/19/18
Federal National Mtg Assn Note				
.875% 5/21/18 (CUSIP 3135G0WJ8)	803,168	AAA		5/21/18
Federal Home Loan Bank Bond				
1.750% 12/14/18 (CUSIP 313376BR5)	102,387	AAA		12/14/18
Federal Natl Mtg Assn Note				
1.500% 6/22/20 (CUSIP3135G0D75)	407,684	AAA		6/22/20
Federal Farm Credit Bank Bond				
1.540% 12/14/20 (CUSIP3133EGEU5)	401,232	AAA		12/14/20
Federal National Mtg ASSN Note				
1.600% 12/24/20 (CUSIP 3135G0SY0)	500,110	AAA		12/24/20
US Treasury Note				
2.125% 1/31/21 (CUSIP 912828B58)	420,592	AAA		1/31/21
US Treasury Note				
2.125% 6/30/21 (CUSIP 912828WR7)	631,992	AAA		6/30/21
Federal Home Loan Bank Bond				
2.300% 9/19/22 (CUSIP 313380NM5)	440,009	AAA		9/19/22
Federal Home Loan Bank Bond				
2.070% 6/22/23 (CUSIP 3130A8JG9)	425,404	AAA		6/22/23
Federal National Mtg ASSN Note				
3.000% 8/25/27 (CUSIP 3136AKMN0)	364,609	AAA		8/25/27
Federal Home Loan Mtg Corp				
3.000% 3/15/40 (CUSIP 3137BAAU6)	23,799	AAA		3/15/40
Federal Home Loan Bank				
1.200% 9/19/17 (CUSIP 3130A33J1)	624,916	AAA		9/19/17
Federal Home Loan Mtg Corp				
0.875% 3/7/18 (CUSIP 3137EADP1)	626,150	AAA		3/7/18
Federal National Mgt ASSN				
1.875% 9/18/18 (CUSIP 3135G0YM9)	630,713	AAA		9/18/18
Federal Home Loan Bank				
1.500% 2/10/20 (CUSIP3130A3XL3)	2,165,637	AAA		2/10/20
Federal Home Loan Mgt Corp Med Term Note				
1.900% 3/30/21 (CUSIP 3134G8SF7)	1,031,225	AAA		3/30/21
Federal National Mgt ASSN				
1.030% 5/21/18 (CUSIP 3135G0XA6)	2,025,486	AAA		5/21/18
Federal National Mgt ASSN				
1.800% 3/30/21 (CUSIP 3136G3DT9)	955,325	AAA		3/30/21
US Treasury Bond				
.472006% 12/31/16 (CUSIP 912828H29)	43,033,669	AAA		12/31/16
Total Primary Government	\$ 179,129,544			
Fiduciary Funds				
Dreyfus Cash Mtg Money Market Fund (CUSIP26188J206)	\$ 7,682,165	AAAm	1	
Total Investments	\$ 186,811,709			

⁽¹⁾ Ratings are provided where applicable to indicate associated credit risk. N/A indicates not applicable.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 3. Detailed Notes on All Funds (Continued)

Custodial Credit Risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's policy requires deposits to be 110 percent secured by collateral valued at market, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service. The City Council annually approves and designates a list of authorized depository institutions based on evaluation of solicited responses and certifications provided by financial institutions. City funds may be invested in United States Treasury bills, notes, or bonds including stripped principal on interest obligations of such issuances, or any other obligations or securities issued by, or guaranteed by, the United States Government.

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has custodial credit risk exposure of approximately \$8,276,000 because the related securities are uninsured and unregistered with securities held by the counter party's trust department or agent in the City's name or not covered by Securities Investor Protection Corporation (SIPC) insurance. Investments in open-end mutual funds and external investment pools are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form, and therefore, the City is not exposed to custodial credit risk related to these types of investments.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The City policy provides that to the extent practicable, investments are matched with anticipated cash flows. Investments are diversified to minimize the risk of loss resulting from over-concentration of assets in a specific maturity period, a single issuer, or an individual class of securities. Unless matched to a specific cash flow, investments are not made in securities maturing more than five years from the date of purchase.

Concentration of Credit Risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. Investments issued or explicitly guaranteed by the US Government and investments in mutual funds, external investment pools and other pooled investments are excluded from the concentration of credit risk requirements. The City's investment policy related to concentration of credit risk is to diversify the City's investments by security type and institution in order to reduce overall portfolio risks while attaining market average rates of return.

B. Accounts Receivable

Accounts receivable as of June 30, 2016 for the City's enterprise funds, including the applicable allowances for uncollectible accounts, are as follows:

	Major Funds			Non-Major	Total
	Power Fund	Water Fund	Sewer Fund	Solid Waste Fund	
Accounts Receivable	\$ 1,404,757	\$ 410,263	\$ 257,746	\$ 210,913	\$ 2,283,679
Less: Allowance for Uncollectibles	(469,730)	(142,638)	(79,328)	(63,054)	(754,750)
Total Accounts Receivable, Net	\$ 935,027	\$ 267,625	\$ 178,418	\$ 147,859	\$ 1,528,929

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 3. Detailed Notes on All Funds (Continued)

C. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Governmental Activities				
Nondepreciable Capital Assets:				
Land	\$ 13,339,371	\$ 326,809	\$ (310,000)	\$ 13,356,180
Construction In Progress	18,588,978	19,907,637	(17,273,229)	21,223,386
Total Nondepreciable Capital Assets	\$ 31,928,349	\$ 20,234,446	\$(17,583,229)	\$ 34,579,566
Depreciable Capital Assets:				
Infrastructure	\$205,975,395	\$ 17,895,629	\$ (805,338)	\$ 223,065,686
Buildings and Improvements	35,435,927	706,511	(64,342)	36,078,096
Machinery and Equipment	13,612,528	791,388	(14,341)	14,389,575
Allocation of Vehicle Maintenance	9,726,449	1,086,132	(351,719)	10,460,862
Total Depreciable Capital Assets	\$264,750,299	\$ 20,479,660	\$ (1,235,740)	\$ 283,994,219
Less Accumulated Depreciation For:				
Infrastructure	\$(67,680,415)	\$ (6,910,785)	\$ 769,409	\$ (73,821,791)
Buildings and Improvements	(7,094,641)	(866,519)	24,972	(7,936,188)
Machinery and Equipment	(6,849,396)	(883,039)	12,076	(7,720,359)
Allocation of Vehicle Maintenance	(5,659,029)	(690,461)	343,702	(6,005,788)
Total Accumulated Depreciation	\$(87,283,481)	\$ (9,350,804)	\$ 1,150,159	\$ (95,484,126)
Total Depreciable Capital Assets, Net	\$177,466,818	\$ 11,128,856	\$ (85,581)	\$ 188,510,093
Governmental Activities Capital Assets, Net	\$209,395,167	\$ 31,363,302	\$(17,668,810)	\$ 223,089,659

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 3. Detailed Notes on All Funds (Continued)

	Balance June 30, 2015	Increases	Decreases	Balance June 30, 2016
Business-type Activities				
Nondepreciable Capital Assets:				
Land	\$ 661,724	\$ -	\$ -	\$ 661,724
Construction in Progress	43,982,431	47,389,371	(5,734,631)	85,637,171
Total Nondepreciable Capital Assets	\$ 44,644,155	\$ 47,389,371	\$ (5,734,631)	\$ 86,298,895
Depreciable Capital Assets:				
Infrastructure	\$ 197,424,255	\$ 6,104,093	\$ (130,065)	\$ 203,398,283
Buildings and Improvements	129,992,255	2,052,490	-	132,044,745
Machinery and Equipment	25,300,643	1,723,631	(393,677)	26,630,597
Allocation of Vehicle Maintenance	5,817,425	1,951,867	(258,396)	7,510,896
Total Depreciable Capital Assets	\$ 358,534,578	\$ 11,832,081	\$ (782,138)	\$ 369,584,521
Less Accumulated Depreciation For:				
Infrastructure	\$ (55,089,056)	\$ (5,781,938)	\$ 108,309	\$ (60,762,685)
Buildings and Improvements	(18,155,007)	(3,972,936)	-	(22,127,943)
Machinery and Equipment	(14,893,992)	(1,281,243)	393,678	(15,781,557)
Allocation of Vehicle Maintenance	(3,623,410)	(403,388)	259,891	(3,766,907)
Total Accumulated Depreciation	\$ (91,761,465)	\$ (11,439,505)	\$ 761,878	\$ (102,439,092)
Total Depreciable Capital Assets, Net	\$ 266,773,113	\$ 392,576	\$ (20,260)	\$ 267,145,429
Business-Type Activities Capital Assets, Net	\$ 311,417,268	\$ 47,781,947	\$ (5,754,891)	\$ 353,444,324

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

Governmental Activities	
General Government	\$ 1,472,595
Public Safety	501,522
Public Works	6,418,286
Culture and Recreation	958,401
Total Depreciation Expense - Governmental Activities	\$ 9,350,804
Business-type Activities	
Power	\$ 4,643,497
Water	4,688,109
Sewer	1,959,613
Solid Waste	148,286
Total Depreciation Expense - Business-Type Activities	\$ 11,439,505

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 3. Detailed Notes on All Funds (Continued)

The construction in progress in the governmental activities represents construction related to various projects which includes several street projects throughout the City including, Boxelder Extension Phase III (Burma to Highway 50), Boxelder Road (Highway 50 to Overdale) extension and the 3rd Street Plaza project. Also included are the Gillette College Student Housing Phase II construction and the Gillette Softball/Baseball Complex. Actual signed contracts for these projects approximate \$39,100,000 and will be funded by the General Fund, taxes and grants. The remaining commitment on these contracts is approximately \$13,600,000 which is included in committed fund balance in the accompanying basic financial statements.

The construction in progress in the business-type activities represents construction related to several electrical distribution line projects, sewer construction projects and various water development projects which include the Annual Water and Sewer Main Replacement Projects and the Gillette Regional Water Supply Project (Madison Pipeline). Actual signed contracts for these projects approximate \$120,100,000 and will be funded by the General Fund, taxes, grants, loans from the State of Wyoming, Wyoming Water Development Commission and Wyoming State Loan and Investment Board, and City generated revenues. The remaining commitment on these contracts is approximately \$40,600,000. During the year, construction continued on the Gillette Madison Regional Water Supply Project. This year, construction was ongoing on a 22-mile segment of the treated water transmission line between Moorcroft and Wyodak, and the Pine Ridge Area. Construction also continued on the new Disinfection Facility and Pump Station. Additionally, a new 12-mile segment of the treated water transmission line between Moorcroft and the Pine Ridge area and a new well drilling project were started. The design, permits, easements and licenses for the last remaining construction contracts continues to move forward. To date, construction of two Madison-formation test wells and installation of over 39 miles of treated water transmission pipeline has been completed. The "Project", when complete, will bring water from wells located in the Madison formation to Gillette via a 50-mile pipeline. The total cost of the "Project" is estimated to be \$217,600,000 with completion anticipated in 2017. Funding for this project includes state grants, loans, special purpose excise tax revenue (capital facilities tax) and water fund revenue.

Contracts signed but not yet started and contracts signed subsequent to year end approximated \$1,200,000.

D. Interfund Receivables, Payables and Transfers

The composition of due to/from other funds as of June 30, 2016 is as follows:

	Receivables	Payables
Major Funds:		
General Fund	\$ -	\$ 217,925
Nonmajor Funds:		
Internal Service Funds		
Health Insurance Fund	\$ 217,925	\$ -
Total	\$ 217,925	\$ 217,925

The above interfund balances result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Interfund Transfers Governmental Funds:

	General Fund
Transfers In	\$ 2,675,925
Transfers (Out)	(5,038,591)
Net Interfund Transfers	\$ (2,362,666)

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 3. Detailed Notes on All Funds (Continued)

Interfund Transfers Business-Type Funds:

	Power Fund	Water Fund	Sewer Fund	Solid Waste Fund	Internal Service Funds	Total
Transfers In	\$ 2,113,879	\$ 2,295,237	\$ 1,648,018	\$ -	\$ 189,786	\$ 6,246,920
Transfers (Out)	(2,538,235)	(1,036,801)	(191,904)	(45,000)	(72,314)	(3,884,254)
Net Interfund Transfers	\$ (424,356)	\$ 1,258,436	\$ 1,456,114	\$ (45,000)	\$ 117,472	\$ 2,362,666

The primary purpose of the material interfund transfers are 1) the General Fund contributing to the Vehicle Maintenance Internal Service Fund for vehicles purchased, and to the Power, Water, and Sewer Funds for capital construction expenses, and 2) the Power, Water, Sewer and Solid Waste Funds contributing to the General Fund for utility administration and governmental activity capital assets purchased by the Enterprise Funds.

E. Compensated Absences

The City allows its employees one day of sick leave for each month of employment. The total accumulated sick leave approximated \$3,598,000 at June 30, 2016. Of this total, approximately \$235,000 represents actual vested amounts. Of this vested amount, approximately \$115,000 is included as a liability in the proprietary fund types. The remaining amount of approximately \$120,000 is related to the governmental fund types and is not reflected as a liability in these funds as it is considered long-term in nature.

The City's employees have vested accrued vacation amounting to approximately \$1,220,000 at June 30, 2016. This amount has been recorded as a liability in the appropriate funds and is included as other accrued liabilities on the balance sheet.

F. Long-Term Debt

A summary of the changes in long-term liabilities for the year ended June 30, 2016 is presented below:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year
Governmental Activities:					
Accrued Sick Leave Payable	\$ 143,683	\$ 686	\$ (15,637)	\$ 128,732	\$ 34,457
Special Assessment Debt					
With Governmental Commitment	496,922	-	(36,087)	460,835	37,000
Certificate of Participation	-	11,650,000	-	11,650,000	1,095,000
Net Pension Liability	10,362,186	7,689,319	(3,102,242)	14,949,263	-
Total Governmental Activities	\$ 11,002,791	\$ 19,340,005	\$ (3,153,966)	\$ 27,188,830	\$ 1,166,457
Business-Type Activities:					
Accrued Sick Leave Payable	\$ 137,086	\$ -	\$ (31,094)	\$ 105,992	\$ 1,158
Customer Deposits	950,477	349,164	(410,257)	889,384	384,000
Capital Loans	40,627,036	11,980,580	(728,993)	51,878,623	747,000
Net Pension Liability	4,927,898	2,916,946	(1,190,357)	6,654,487	-
	\$ 46,642,497	\$ 15,246,690	\$ (2,360,701)	\$ 59,528,486	\$ 1,132,158
Lease Revenue Bonds	\$ 93,380,000	\$ -	\$ (2,360,000)	\$ 91,020,000	\$ 2,410,000
Plus Bond Premium	2,773,086	-	(145,123)	2,627,963	168,000
Total Lease Revenue Bonds	\$ 96,153,086	\$ -	\$ (2,505,123)	\$ 93,647,963	\$ 2,578,000
Total Business-Type Activities	\$ 142,795,583	\$ 15,246,690	\$ (4,865,824)	\$ 153,176,449	\$ 3,710,158

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 3. Detailed Notes on All Funds (Continued)

The amount of accrued sick leave payable shown in the previous table includes the allocation of the internal service funds accrued sick leave payable to the governmental and business-type activities.

Compensated absences for governmental activities are generally liquidated by the general fund.

The City previously entered into a long-term capital loan agreement with the State of Wyoming, Wyoming State Loan and Investment Board as follows:

	General Fund		
	Balance June 30, 2015	Principal Deletions	Balance June 30, 2016
Special Assessment Debt with Governmental Commitment Northland Water DWSRF Loan #39	\$ 496,922	\$ 36,087	\$ 460,835

Loan DWSRF #39 was for the design and construction of the Northland Village water distribution system with the principal balance to be paid through Special Assessment revenues received from Northland Village residents. The City is primarily liable for the loan which is secured by the pledge and assignment of revenues received from an Optional 1% Sales Tax. The assignment is in effect for (20) years. The interest rate of the loan is 2.5% per annum.

Annual debt service requirement to maturity on the Northland Water DWSRF Loan #39 based on the outstanding loan balance at June 30, 2016 are as follows:

Year Ending June 30,	Principal	Interest	Total Obligation Under Capital Loan
2017	\$ 37,000	\$ 11,442	\$ 48,442
2018	37,843	10,599	48,442
2019	38,789	9,653	48,442
2020	39,758	8,684	48,442
2021	40,752	7,690	48,442
2022-2026	219,562	22,648	242,210
2027-2028	47,131	975	48,106
Total payments	\$ 460,835	\$ 71,691	\$ 532,526

Gillette College Student Housing Certificates of Participation

On December 16, 2014, the City of Gillette entered into a Memorandum of Understanding with the Northern Wyoming Community College District/Gillette College for the construction of a dormitory to complement the existing student housing buildings for the College upon City owned property. On October 22, 2015, Certificates of Participation in the amount of \$11,650,000 were issued through the Gillette College Student Housing Phase II Statutory Trust with Zions First National Bank as Trustee. The entire offering was purchased by Compass Mortgage Corporation with an amortization period of ten years and at a rate of 2.48%. Through a Lease Purchase Agreement, the City of Gillette has agreed to lease said property from the Trust for an amount equal to required debt service payments subject to annual appropriation. Upon satisfaction of the debt service, the property will be jointly owned by the City and College proportionate to their respective share of the debt service which is 83% City and 17% College. The total cost of the construction project will be \$12,650,000 with the City having contributed \$1,000,000 up front.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 3. Detailed Notes on All Funds (Continued)

Annual debt service requirement to maturity on the Certificates of Participation for the Northern Wyoming Community College District/Gillette College are as follows:

	Principal	Interest	Total Obligation Under Capital Loan	Accrued Interest Payable
2017	\$ 1,095,000	\$ 275,342	\$ 1,370,342	\$ 120,385
2018	1,060,000	248,620	1,308,620	-
2019	1,085,000	222,022	1,307,022	-
2020	1,115,000	194,742	1,309,742	-
2021	1,140,000	166,780	1,306,780	-
2022-2026	6,155,000	389,298	6,544,298	-
Total payments	\$11,650,000	\$ 1,496,804	\$ 13,146,804	\$ 120,385

The City has entered into long-term capital loan agreements with the State of Wyoming, Wyoming State Loan and Investment Board and the State of Wyoming, Wyoming Water Development Commission (WWDC) and the Wyoming Business Council. These capital loans are for design and construction of the Wastewater Treatment Plant, the Gillette Regional Water Supply project, and to purchase and install new infrastructure to provide redundant, stable and increase power to the Southern Industrial addition south of Gillette. The City is a member of the Consolidated Wyoming Municipalities Electric Power System Joint Powers Board which issued bonds for the purpose of acquiring a 23% ownership interest in the Wygen III power generation facility from Black Hills Power and to acquire a simple-cycle gas turbine facility (“CTII Facility”). These capital loans and bonds are as follows:

	Balance June 30, 2015	Principal Additions	Principal Deletions	Balance June 30, 2016	Accrued Interest Payable June 30, 2016
Sewer Fund					
Wastewater Treatment Facility Improvements					
CWSRF Loan #50	\$ 11,035,381	\$ -	\$ 728,993	\$ 10,306,388	\$ 237,189
Water Fund					
Gillette Madison Pipeline					
	\$ 29,591,655	\$ 10,540,115	\$ -	\$ 40,131,770	\$ -
Power Fund					
Electric Facilities Improvement					
Lease Revenue Bonds (Wygen III)	\$ 69,950,000	\$ -	\$ 1,565,000	\$ 68,385,000	\$ 374,463
Lease Revenue Bonds (CTII)	23,430,000	-	795,000	22,635,000	87,913
Southern Industrial Addition	-	1,440,465	-	1,440,465	2,613
Total Power Fund	\$ 93,380,000	\$ 1,440,465	\$ 2,360,000	\$ 92,460,465	\$ 464,989
Total Proprietary Funds	\$134,007,036	\$ 11,980,580	\$ 3,088,993	\$142,898,623	\$ 702,178

Sewer Fund Loan

Loan CWSRF #50 was for the design and construction of wastewater treatment facility improvements. This loan is secured by the pledge and assignment of revenues received from Severance Taxes. The assignment is in effect for (20) years. The interest rate on the loan is 2.5% per annum. The City intends to repay this loan from wastewater user fees.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 3. Detailed Notes on All Funds (Continued)

Annual debt service requirements to maturity on the Wastewater Treatment Facility Improvements CWSRF loan #50 based on total loan outstanding balance at June 30, 2016 are as follows:

Year Ending June 30,	Principal	Interest	Total Obligation Under Capital Loan
2017	\$ 747,000	\$ 257,877	\$ 1,004,877
2018	765,862	239,015	1,004,877
2019	785,009	219,868	1,004,877
2020	804,634	200,243	1,004,877
2021	824,750	180,127	1,004,877
2022-2026	4,443,534	580,852	5,024,386
2027-2028	1,935,599	71,070	2,006,669
Total payments	\$10,306,388	\$1,749,052	\$12,055,440

Water Fund Loan

On September 3, 2009, the City entered into a long-term capital loan agreement with the State of Wyoming, Wyoming Water Development Commission, (WWDC), for the design, construction, and operation of the first phase of the \$217,600,000 Gillette Regional Water Supply project. The initial authorized loan amount for this phase was \$5,527,500, or 33% of the first phase project cost of \$16,750,000. The remaining 67% of the first phase development costs will be funded through grant funds also from the WWDC. On July 29, 2010, the City entered into amendment #1 authorizing loan amount of \$8,085,000 and grant funding of \$16,415,000. On August 18, 2011, amendment #2 to this loan agreement was executed, increasing the authorized loan amount to \$29,552,239 to include phases 2 and 3, and amending the loan term to 5 years. Approved grant funding was also increased to \$60,000,000 with this amendment. The interest rate for this loan is 4% per annum, with interest charges beginning to accrue at such time the WWDC determines project benefits accrue to the City, or approximately twelve months after substantial project completion. On August 20, 2012, amendment #3 to the loan agreement was executed increasing the authorized loan amount to \$44,328,358 and approved increasing grant funding to \$90,000,000. The loan terms and interest rate for this loan were not changed. The first loan payment will be due December 1 immediately following the one year anniversary after substantial completion of the Gillette Regional Water Supply project, which is anticipated to be complete in 2017. On September 16, 2013, the City entered into amendment #4 which increased the total grant to \$120,000,000. The City didn't secure any loan. The City received its final grant appropriation from the 2014 Wyoming State Legislature in the amount of \$25,792,000 for a total grant appropriation for the project of \$145,792,000. However, the corresponding amendments for the final grant funds were entered into during fiscal year 2015. On April 7, 2015, the City entered into amendment #5 which increased the total grant to \$133,385,995. On June 4, 2015 the City entered into amendment #6 which increased the total grant to \$145,792,000. The City didn't secure any loan with either of the final two amendments. The City intends to repay this loan from Capital Facilities Tax funding, which the voters approved in May, 2011.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 3. Detailed Notes on All Funds (Continued)

Electric Facilities Improvement Lease Revenue Bonds

The City previously purchased a 23% ownership interest in the Wygen III power generation facility from Black Hills Power. This is a 110-MW coal-fired power plant which is located near Gillette, Wyoming. Financing for the purchase and associated costs were secured via a \$75,715,000 bond issuance through the Consolidated Wyoming Municipalities Electric Power System Joint Powers Board (JPB) of which the City of Gillette is a member. The City of Gillette in turn entered into a lease agreement for this property with the JPB obligating the City to repay the bond debt over a 30 year period, along with operating costs as defined in various other agreements, after which time the 23% ownership is transferred to the City. The bonds' interest rates vary from 2.4% to 7% and mature June 1, 2040. The bonds will be paid from rental payments from the City of Gillette, Wyoming. The City intends that rental payments will be funded from Power Fund revenues derived from the Gillette Electrical System. Also the Joint Powers Board has elected to designate the Series 2010B Bonds as "Build America Bonds" under the American Recovery and Reinvestment Act of 2009 and will receive a cash subsidy payment from the United States Treasury equal to 35% of the interest payments on the Series 2010B Bonds. This subsidy is reflected as contributions in the Power Enterprise Fund. Pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, refund payments to certain state and local government filers claiming refundable credits under Section 6431 of the Internal Revenue Code applicable to certain qualified bonds are subject to sequestration. As a result the original 35% interest subsidy will be reduced by applicable percentages as administered by the Federal Government. The following table takes into consideration the estimated subsidy loss each year until the bonds are retired.

Annual debt service requirements to maturity on the Electric Facilities Improvement Lease Revenue Bonds (Wygen III) are as follows:

Year Ending June 30,	Principal	Interest	Total Debt Service	35% Interest Subsidiary	Net Debt Service	Estimated Subsidy Loss	New Estimated Net Payment
2017	\$ 1,605,000	\$ 4,493,555	\$ 6,098,555	\$ (1,572,744)	\$ 4,525,811	\$ 113,238	\$ 4,639,049
2018	1,655,000	4,420,769	6,075,769	(1,547,269)	4,528,500	111,403	4,639,903
2019	1,705,000	4,339,194	6,044,194	(1,518,718)	4,525,476	109,348	4,634,824
2020	1,765,000	4,251,744	6,016,744	(1,488,111)	4,528,633	107,144	4,635,777
2021	1,825,000	4,159,452	5,984,452	(1,455,808)	4,528,644	104,818	4,633,462
2022-2026	10,235,000	19,072,606	29,307,606	(6,675,411)	22,632,195	480,630	23,112,825
2027-2031	12,600,000	15,428,742	28,028,742	(5,400,061)	22,628,681	388,804	23,017,485
2032-2036	15,635,000	10,751,980	26,386,980	(3,763,192)	22,623,788	270,949	22,894,737
2037-2040	21,360,000	4,410,922	25,770,922	(1,543,823)	24,227,099	111,155	24,338,254
Total Payments	\$ 68,385,000	\$ 71,328,964	\$ 139,713,964	\$ (24,965,137)	\$ 114,748,827	\$ 1,797,489	\$ 116,546,316

CTII Facility Lease Revenue Bonds

On August 26, 2014, closing documents were finalized for the purpose of financing the acquisition of a 40MW simple-cycle gas turbine peaking facility ("CTII Facility"), located on real property in the Neil Simpson Complex outside of Gillette, Wyoming. Financing for the purchase and associated costs were secured via two bond issuances, (Tax-Exempt Electric Facilities Improvement Lease Revenue Bonds, Series 2014A, and Taxable Electric Facilities Improvement Lease Revenue Bonds, Series 2014B), in the amount of \$24,470,000 through the Consolidated Wyoming Municipalities Electric Power System Joint Powers Board (JPB) of which the City of Gillette is a member. The City of Gillette in turn entered into a lease agreement for this facility with the JPB obligating the City to repay the bond debt over a 20 year period, along with operating costs as defined in various other agreements, after which time the Facility is transferred to the City. The bonds' interest rates vary from .5% to 5% with an effective interest rate of approximately 3.9% and mature June 1, 2034. The bonds will be paid from rental payments from the City of Gillette, Wyoming. The City intends that rental payments will be funded from Power Fund revenues derived from the Gillette Electrical System.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 3. Detailed Notes on All Funds (Continued)

Annual debt service requirements to maturity on the Electric Facilities Improvement Lease Revenue Bonds (“CTII Facility”) are as follows:

Year Ending June 30,	Principal	Interest	Total Obligation Under Capital Loan
2017	\$ 805,000	\$ 1,054,950	\$ 1,859,950
2018	815,000	1,042,000	1,857,000
2019	835,000	1,025,700	1,860,700
2020	850,000	1,009,000	1,859,000
2021	890,000	966,500	1,856,500
2022-2026	5,175,000	4,118,000	9,293,000
2027-2031	6,600,000	2,688,250	9,288,250
2032-2034	6,665,000	767,250	7,432,250
Total payments	\$22,635,000	\$12,671,650	\$35,306,650

The difference between principal amount due and the amount recorded as noncurrent liabilities in the statement of activities represents the following:

Premium on issuance of bonds	\$ 2,859,460
Less accumulated amortization	(231,497)
Amortizable amount	\$ 2,627,963

This difference (of which \$168,000 represents the amount due within one year), will be amortized as an adjustment of interest expense over the life of the debt (20 years) using the interest method using an effective interest rate of approximately 3.9%.

Southern Industrial Addition Loan

On October 28, 2014, the City passed Resolution No. 2497 which authorized submission of an application to participate in the Business Ready Community Grant and Loan Program administered by the Wyoming Business Council. The purpose of the application was to secure funding in order to provide redundant, stable and increased electrical power to the recently annexed Southern Industrial Addition through the purchase and installation of new infrastructure. The City was awarded \$1,645,046 in grant funding and \$2,645,046 in the form of a loan. The loan agreement was finalized in February, 2016, with a term of 20 years at an interest rate of 1% per annum, and a loan fee of one-half percent. Upon disbursement of all loan funds, the principal and interest of this note shall be paid in amortized installments payable annually with a one-year deferred interest only payment in the first year and nineteen annual payments of approximately \$176,000 thereafter. This note is secured by the pledge and assignment of revenues received from power user fees. The City intends to repay this loan from power user fees.

Conduit Debt

The City has participated in several issues of industrial revenue bonds, issued for the purpose of constructing privately operating manufacturing and other related facilities within the City. These bonds were and are not direct or contingent liabilities of the City. Revenues from lease agreements and property purchased with the bond proceeds are pledged for the total payment of principal and interest on the bonds. The bondholders can look only to these sources for repayment. As of June 30, 2016 the City is not able to determine the original issue amounts or the aggregate principal amounts still payable under these issues.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 3. Detailed Notes on All Funds (Continued)

Legal Debt Margin

The Wyoming Constitution provides that the City shall not create any general obligation indebtedness exceeding 4% of the assessed value of the property therein, except that an additional indebtedness of 4% of the assessed value of the taxable property therein may be created for sewage disposal systems. Indebtedness created for supplying water to the City is exempt from this provision. At June 30, 2016, the City’s assessed valuation was \$245,280,561 and the City had no general obligation debt.

G. Classifications of Equity

A summary of classifications of equity at June 30, 2016, not disclosed elsewhere, and not apparent from the description in the fund statements, is presented as follows:

	General Fund
Nonspendable:	
Inventory	\$ 220,154
Restricted For:	
Criminal Forfeiture	\$ 4,358
Capital Projects	8,022,535
Total Restricted Fund Balance	\$ 8,026,893
Committed For:	
Cash Reserves	\$ 10,087,567
Capital Projects Through Signed Contracts	14,601,662
Employee Contributions to Sunshine Account	2,311
Memorial Donations	8,980
Total Committed Fund Balance	\$ 24,700,520
Assigned For:	
Budgeted Carryover of Capital Projects	\$ 6,579,377
Cash in Lieu of Parkland	314,543
Cash in Lieu of Drainage	247,116
State Forfeiture	77,028
Mayor's Art Council	172,812
Demolition	26,281
Animal Control	80,745
Little League	4,582
Keep America Beautiful	8,687
Insurance Reimbursements	479,168
Aquatic Park	5,499,766
Total Assigned	\$ 13,490,105
Unassigned	
	\$ 4,690,638
Total Fund Balance	\$ 51,128,310

H. Restricted Net Position

- a) Net position restricted in the Governmental Activities total \$8,022,535 which is restricted for construction of a dormitory to complement the existing student housing buildings for the college upon City owned property.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 3. Detailed Notes on All Funds (Continued)

- b) Net position restricted in the Power Enterprise Fund total \$7,983,968 which is restricted for future debt service on the lease revenue bonds.
- c) Net position restricted in the Water Enterprise Fund total \$101,590,360 of which \$3,500,000 is for meeting repair and replacement requirements of the Gillette Regional Water Supply Project, as required by the State of Wyoming, Wyoming Water Development Commission, and \$98,090,360 represents restricted capital facilities tax collected and any applicable taxes receivable less applicable expenses incurred for the Gillette Regional Water Supply Project.

On May 3, 2011, the voters of Campbell County, Wyoming approved a 1% capital facilities tax for the purpose of funding capital facilities and improvement projects in Campbell County, Wyoming. A portion of the tax, in the approximate amount of \$95,000,000, was presented by the City of Gillette, Wyoming for funding the improvement of land and for the planning, engineering, construction, equipping and furnishing of improvements for the Gillette Regional Water Supply Project owned by the City of Gillette, of which \$75,000,000 will be applied to Gillette Regional Water Supply Project and \$20,000,000 will be for infrastructure required to extend and connect special districts, subdivisions and other regional users located outside the Gillette city limits to the Gillette Regional Water Supply as set out in the Gillette Regional Water Supply System Joint Powers Agreement dated December 21, 2010, and, to the extent necessary and allowed by law, the pledge or use to the payment of debt service and/or lease payments in connection therewith, with any excess funds and interest remaining after the payment of any refunds to be used for operation, maintenance and connection to the Gillette Regional Water Supply Project. This 1% capital facilities tax became effective on October 1, 2011 and ended March 31, 2015. This tax is collected by the State of Wyoming and sent to the Campbell County Treasurer who remits the taxes to the City of Gillette, Wyoming.

- d) Investments restricted in the Sewer Enterprise Fund totaling \$250,000 are for meeting replacement and repair requirements of the wastewater treatment plant facility, as required by the Environmental Protection Agency.

I. Tax Revenues

A summary of tax revenues for the year ended June 30, 2016 is presented below:

	General Fund	Water Fund	Total
Severance Tax	\$ 1,107,316	\$ -	\$ 1,107,316
Property Taxes	2,100,922	-	2,100,922
Automobile Taxes	1,046,612	-	1,046,612
Sales and Use Taxes	20,349,991	-	20,349,991
1% Optional Sales Tax	16,662,718	-	16,662,718
Capital Facilities Tax	-	100,133	100,133
Gasoline Tax	1,156,578	-	1,156,578
Franchise Tax (gross receipt based)	735,427	-	735,427
Cigarette Tax	214,427	-	214,427
	\$ 43,373,991	\$ 100,133	\$ 43,474,124

J. Capital Contributions and Local Annexations

The capital contributions and local annexations recorded in the governmental and business-type activities, represent the acquisition value of infrastructure, and capital assets annexed by the City and contributed to the City during the fiscal year ended June 30, 2016. Amounts have been included in program revenues as capital grants and contributions in the Statement of Activities.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 4. Other Information

A. Risk Management

The City maintains two insurance internal service funds, one to account for the City's liability and personal injury insurance and one to account for the City's self-insured health insurance plan.

The City uses its liability and personal injury insurance internal service fund to account for the purchase of its liability and personal injury insurance. The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The City has entered into a joint powers agreement with other governmental entities around the State of Wyoming for participation in the Wyoming Association of Risk Management Public Entity Property Insurance Program (WARM), for the purchase of its liability and personal injury insurance. The Joint Powers Board constitutes a separate corporate, political and legal entity from the cities and counties it represents.

The annual pooling contribution is payment for coverage provided by WARM to each member of the Association. All funds held by WARM are funds received from its members. The funds and accounts are maintained by WARM in accordance with Generally Accepted Accounting Principles, the Uniform Municipal Fiscal Procedures Act (W.S. §16-4-101) and Governmental Accounting Standards Board Statement #10 requirements. Books and records of the Association shall be open to inspection during regular business hours at the Wyoming Association of Risk Management offices, 513 East 17th Street, Cheyenne, WY 82003 or by calling (307) 433-9400.

Significant pooled risk insurance coverages provided to the participating members are as follows:

Type of Claim	Amount of Pooled Coverage
Per Occurrence: All Perils, Coverages and Insureds/Members combined, subject to per occurrence and aggregate sublimits.	\$1,000,000,000
Dedicated Flood Limit	\$ 25,000,000
Per Occurrence and Annual Aggregate: Flood Zone A&V sublimit	\$ 25,000,000
Dedicated Earthquake Shock Limit	\$ 25,000,000
Combined Business Interruption	\$ 100,000,000
Extra Expense	\$ 50,000,000
Miscellaneous Unnamed Locations for Exiting Members	\$ 25,000,000
Automatic Acquisition Clause for 90 days	\$25,000,000 - \$100,000,000
Errors and Omissions	\$ 50,000,000
Construction and Remodeling Projects	\$ 25,000,000
Increased Construction Costs - Code Enforcement	\$ 25,000,000
Transit	\$ 25,000,000
Services Interruptions - Off Premises	\$ 25,000,000
Expediting Expenses	\$ 50,000,000
Terrorism - Subject to \$200M Annual Aggregate	\$ 100,000,000
Terrorism - Per Occurrence, Per Member	\$ 400,000,000
Terrorism - Annual Aggregate Shared by All Members	\$ 900,000,000

The deductibles on the coverages listed above are:

All risk deductible, per occurrence, which to apply in the event a more specific deductible is not applicable to a loss	\$ 250,000
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Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 4. Other Information (Continued)

The health insurance internal service fund was established when the City elected to provide employee medical, dental and life insurance benefits through a self-insured program. The City maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. This plan provides a medical plan with a \$300 deductible for single and \$600 deductible for family; a dental plan with a \$45 deductible for single and \$90 deductible for family; and accidental life insurance in the amount of the employee's base salary up to a maximum of \$75,000 in life insurance coverage for each employee. A third party administrator reviews all claims which the City then pays. The City purchases stop-loss coverage of \$100,000 per employee. This premium is paid by the fund that pays the salary for the employee and is based on historic cost information.

The liability for estimated claims of \$629,110, is estimated by the third party administrator and an independent actuarial service. The liability is based on medical, prescription and dental claims filed subsequent to year end and historical experience. These amounts are reported in the internal service health insurance fund at June 30, 2016, based on the requirements of Governmental Accounting Standards Board Statement No. 10. This requires that a liability for claims, including incurred but not reported claims, be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount are:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
June 30, 2015 to June 30, 2016	\$ 663,222	\$ 3,890,339	\$ 3,924,451	\$ 629,110
June 30, 2014 to June 30, 2015	\$ 777,577	\$ 2,706,936	\$ 2,821,291	\$ 663,222

B. Contingencies

The City received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at June 30, 2016.

The City receives revenue from an additional 1% sales tax levy which is subject to renewal every four years by the voters at a general election. This levy was again approved by the voters in 2014. The 1% optional sales tax generated approximately \$16,600,000 which is approximately 30% percent of general fund revenues during the year ended June 30, 2016. If this levy is not approved by the voters in the future it may have a material effect on the City's operations.

C. Pension Obligations

Plan Description

The City contributes to the Wyoming Retirement System (WRS) Public Employees' Pension Plan and the Law Enforcement Pension Plan, ("Plans") which are cost sharing multiple employer defined benefit pension plans. The Plans were established in accordance with State Statutes, and are reported as Pension Trust Funds. The authority to establish and amend benefits and contribution rates rests with the Legislature of the State of Wyoming. Wyoming Retirement System is granted the authority to administer the Plans by Wyoming State Statutes. WRS issues a publicly available financial report that can be obtained at <http://retirement.state.wy.us/home/index.html>. All regular full-time employees of the City are required to participate in the system immediately upon employment.

Employee membership data related to the Plan, as of June 30, 2016 was as follows:

The three classes of covered employees in the Plans include: retirees and beneficiaries currently receiving benefits, terminated employees entitled to but not yet receiving benefits, and active plan members.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 4. Other Information (Continued)

Benefits provided

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

Public Employees' Pension Plan

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 three-year highest average salary for the first fifteen years and 2.25% times the number of years of services times three-year highest average over fifteen years.

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

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

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

Law Enforcement Pension Plan

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

Law Enforcement Disability Benefits: Partial or total disability requirement is available to any member who becomes incapacitated, mentally or physically, and cannot continue in the performance of his/her duties from an individual and specific act incurred while employed. To qualify for duty disability requirement, there is no age or service requirement, and the member receives a monthly disability retirement benefit for the period of his/her disability equal to 62.5% of final salary. To qualify for non-duty disability retirement, the member must have at least 10 years of service, and the member receives a monthly disability benefit for the period of his/her disability equal to 50% of final salary.

Law Enforcement Survivor's Benefits: Surviving spouse receives benefits dependent on if the member was on-duty at time of death. Additional benefits are available for additional qualified dependents.

For the year ended June 30, 2016, the City's total payroll for all employees included in both Plans was approximately \$20,740,000. Total covered payroll was approximately \$19,060,000. Covered payroll refers to all compensation paid by the City to active employees covered by the Plan.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 4. Other Information (Continued)

Contributions

The contribution requirements of the Public Employees' Pension Plan members are established by State Statutes (W.S. 9-3-412 and 413). For the year ended June 30, 2016, member contributions were required to be 8.25% of compensation and employer contributions were required to be 8.37% of compensation. The City elected to pay all of the members' contributions in addition to the employer's contribution for the year ended June 30, 2016. The contributions are remitted by the City to the Wyoming Retirement System on a monthly basis. Total contributions to the Plan for the year ended June 30, 2016 were approximately \$2,459,000.

The contribution requirements of the Law Enforcement Pension Plan members are established by State Statutes (W.S. 9-3-401 through 9-3-432). For the year ended June 30, 2016, member and employer contributions were each required to be 8.6% of compensation for a total of 17.2% of compensation. The City elected to pay 7.27% of the members' contributions in addition to the employer's contribution. The contributions are remitted by the City to the Wyoming Retirement System on a monthly basis. Total contributions to the Plan for the year ended June 30, 2016 were approximately \$733,000.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2016 the City reported a liability of approximately \$21,604,000 for their proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2016. The City's proportion of the net pension liability was based on the relationship of the City's total contributions to its respective plans for the year ended December 31, 2015 to the contributions of all participating employers for the same period. At December 30, 2015, the City's proportions were as follows:

	Liability At December 31, 2015	Increase From Proportion At December 31, 2014
Public Employees' Pension Plan	.8402%	.019%
Law Enforcement Pension Plan	2.7046%	.002%

For the year ended June 30, 2016, the City recognized pension expense of approximately \$2,734,000. At June 30, 2016, the City 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
Difference between expected and actual experience	\$ 36,793	\$ 414,055
Net differences between projected and actual earnings on Plan investments	6,016,284	-
Change in proportion and differences between employer contributions and proportionate share of contributions	415,781	5,818
Contributions subsequent to the measurement date	798,945	-
Total	\$ 7,267,803	\$ 419,873

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 4. Other Information (Continued)

An amount of \$798,945 reported as deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending June 30,	
2017	\$ 1,631,794
2018	1,631,794
2019	1,555,028
2020	1,230,369
	\$ 6,048,985

Actuarial Assumptions

The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25 %
Salary increases	4.25% - 6.00%, including inflation
Investment rate of return	7.75%, net of Plan investment expense, including inflation

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

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 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	15.00%	0.87%
Equity	59.00%	5.13%
Market Alternatives	15.50%	4.75%
Private Markets	8.00%	5.84%
Cash	2.50%	0.25%
Total	100.00%	

Experience Analysis

An experience study was conducted on behalf of all WRS' plans covering the five-year period ended December 31, 2011. 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 4. Other Information (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.75%. 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 positions were 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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate shares of the net pension liability calculated using the discount rate of 7.75%, as well as what their respective proportionate shares of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease 6.75%	Current Single Discount Rate Assumption 7.75%	1% Increase 8.75%
Public Employees' Pension Plan	\$ 28,098,497	\$ 19,572,021	\$ 12,363,637
Law Enforcement Pension Plan	\$ 4,122,334	\$ 2,031,729	\$ 304,180

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net positions are available in the separately issued Wyoming Retirement System Financial Report available from the Wyoming Retirement System, 6101 Yellowstone Rd., Cheyenne, Wyoming 82002 or <http://retirement.state.wy.us/home/index.html>.

D. Post-Employment Health Care Plan and Trust

Plan Description - In a prior year the City funded and established the City of Gillette Retiree Health Benefit Plan and Trust Fund. The fund administers the City's retiree health benefit plan and trust for certain retired employees and their spouses. The plan is a single employer, one-time only contribution plan to provide health insurance premiums and certain out-of-pocket medical expense benefits. After the original funding of the trust of approximately \$8,627,000, there will be no further funding or payment for any retiree health benefit. Additionally, the trust will not be permitted to accept any contribution or payments from employees or third party donors.

Health insurance premiums are paid for Eligible Employees and Qualifying Eligible Spouses, usually on a monthly basis, from the individual account established in the name of each employee participant reflecting the portion of the allocation and the income, expenses, gains and losses. Employees eligible for benefits were those classified as eligible employees, employed by the City on June 30, 2003, and who retired from service with the City following twenty (20) years of service or following disability. The health insurance premium is made for coverage in a health plan offered by the City to its active employees and Retiree Participants. Benefits under the plan for the retiree participant will cease on the day at which the earliest event occurs:

- a) The trust fund is depleted and is no longer able to provide the intended benefits;
- b) The Retiree Participant and/or Eligible Spouse elects to terminate receipt of benefits;

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 4. Other Information (Continued)

- c) The Eligible Spouse no longer meets the requirements to be an Eligible Spouse for any reason;
- d) Either the United States or the State of Wyoming adopts a type of universal health care coverage that does not require premium payments or out-of-pocket medical payments by a Retiree Participant in order to receive the benefits or any supplemental benefits provided by the universal health care coverage;
- e) The Retiree Participant dies.

Number of Participants	June 30, 2016
Retirees with over 30 years of service	21
Retirees with over 20 years of service	35
Terminated employees with less than 20 year of service with an account balance	45
Employees accruing benefits	60
Total Participants	161

Complete plan information may be obtained from the City's Human Resource offices.

E. Impact of Recently Issued Accounting Principles

Recently Issued and Adopted:

In March 2016, the GASB issued GASB Statement No. 82, *Pension Issues, an Amendment of GASB Statements No. 67, No. 68, and No. 73*. This statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement is effective for years beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal-year end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier adoption is allowed. Management has elected to adopt this update for the fiscal year ended June 30, 2016. The impact of adopting this update is reflected in the financial statements.

In February, 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement was issued to address accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In addition this statement provides guidance for determining a fair value measurement for financial reporting purposes and provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This statement is effective for years beginning after June 15, 2015. The impact of adopting this update is reflected in the financial statements.

In June, 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of GASB Statement No. 76 is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement is effective for periods beginning after June 15, 2015. The impact of adopting this update is reflected in the financial statements.

In December, 2015 the GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement is effective for periods beginning after June 15, 2015. The impact for adopting this update is reflected in the financial statements.

**CITY OF GILLETTE, WYOMING
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CITY OF GILLETTE, WYOMING'S
PROPORTIONATE SHARE OF NET PENSION LIABILITY
PUBLIC EMPLOYEES' PENSION PLAN**

	Entity's Percentage Of Net Pension Liability	Entity's Proportionate Share Of Net Pension Liability	Entity's Covered Employee Payroll	Entity's Proportionate Share of Net Pension Liability as A Percentage Of Covered Employee Payroll	Plan's Fiduciary Net Position As A Percentage Of Net Pension Liability
2013	.799456094%	\$ 12,154,934	\$ 13,792,000	88.13%	N/A
2014	.821322679%	\$ 14,493,818	\$ 14,137,000	102.52%	79.08%
2015	.840236068%	\$ 19,572,021	\$ 15,007,000	130.42%	73.40%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full ten-year trend is compiled, the City will present information for those years for which information is available. Years presented are as of the measurement date of December 31.

**SCHEDULE OF CITY OF GILLETTE, WYOMING'S
PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAW ENFORCEMENT PENSION PLAN**

	Entity's Percentage Of Net Pension Liability	Entity's Proportionate Share Of Net Pension Liability	Entity's Covered Employee Payroll	Entity's Proportionate Share of Net Pension Liability as A Percentage Of Covered Employee Payroll	Plan's Fiduciary Net Position As A Percentage Of Net Pension Liability
2013	2.754090194%	\$ 502,878	\$ 4,174,000	12.05%	N/A
2014	2.702533828%	\$ 796,266	\$ 4,165,000	19.12%	94.76%
2015	2.704646555%	\$ 2,031,729	\$ 4,250,000	47.81%	87.49%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full ten-year trend is compiled, the City will present information for those years for which information is available. Years presented are as of the measurement date of December 31.

See Notes to Required Supplementary Information.

**CITY OF GILLETTE, WYOMING
REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CITY OF GILLETTE, WYOMING'S CONTRIBUTIONS
PUBLIC EMPLOYEES' PENSION PLAN**

Fiscal Year Ended June 30,	Statutorily Required Contributions	Employer's Contributions Related to Statutory Contributions	Difference Between Statutorily Required And Actual Contributions	Employer's- Covered Employee Payroll	Statutorily Required Employer's Contributions As a Percentage of Employer's- Covered Employee Payroll
2014	\$ 990,000	\$ 990,000	\$ -	\$ 13,909,000	7.12%
2015	\$ 1,111,000	\$ 1,111,000	\$ -	\$ 14,576,000	7.62%
2016	\$ 1,239,000	\$ 1,239,000	\$ -	\$ 14,798,000	8.37%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full ten-year trend is compiled, the City will present information for those years for which information is available. Years presented are as of the contribution date of June 30.

**SCHEDULE OF CITY OF GILLETTE, WYOMING'S CONTRIBUTIONS
LAW ENFORCEMENT PENSION PLAN**

Fiscal Year Ended June 30,	Statutorily Required Contributions	Employer's Contributions Related to Statutory Contributions	Difference Between Statutorily Required And Actual Contributions	Employer's- Covered Employee Payroll	Statutorily Required Employer's Contributions As a Percentage of Employer's- Covered Employee Payroll
2014	\$ 359,000	\$ 359,000	\$ -	\$ 4,169,000	8.60%
2015	\$ 362,000	\$ 362,000	\$ -	\$ 4,208,000	8.60%
2016	\$ 367,000	\$ 367,000	\$ -	\$ 4,263,000	8.60%

*GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full ten-year trend is compiled, the City will present information for those years for which information is available. Years presented are as of the contribution date of June 30.

See Notes to Required Supplementary Information.

CITY OF GILLETTE, WYOMING
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Changes in benefit terms

There were no changes in benefit terms between the December 31, 2014 measurement date and the December 31, 2015 measurement date.

Changes in assumptions

There were no changes in assumptions between the December 31, 2014 measurement date and the December 31, 2015 measurement date.

INTERNAL SERVICE FUNDS

CITY OF GILLETTE, WYOMING

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS**

June 30, 2016

	Vehicle Mainten- ance	Liability and Personal Injury Insurance	Health Insurance	Total
ASSETS				
CURRENT ASSETS				
Cash	\$ 140,901	\$ 211,530	\$ 153,477	\$ 505,908
Investments	1,175,007	441,484	1,810,133	3,426,624
Other Receivable	-	41,420	-	41,420
Due From Other Funds	-	-	217,925	217,925
Inventories	139,334	-	-	139,334
Total Current Assets	\$ 1,455,242	\$ 694,434	\$ 2,181,535	\$ 4,331,211
CAPITAL ASSETS				
Machinery and Equipment	\$ 17,971,758	\$ -	\$ -	\$ 17,971,758
Less Accumulated Depreciation	(9,772,695)	-	-	(9,772,695)
Net Capital Assets	\$ 8,199,063	\$ -	\$ -	\$ 8,199,063
Total Assets	\$ 9,654,305	\$ 694,434	\$ 2,181,535	\$ 12,530,274
LIABILITIES				
CURRENT LIABILITIES				
Vouchers Payable	\$ 100,695	\$ -	\$ 43,889	\$ 144,584
Estimated Claims Payable	-	-	629,110	629,110
Other Accrued Liabilities	67,383	-	-	67,383
Total Current Liabilities	\$ 168,078	\$ -	\$ 672,999	\$ 841,077
LONG-TERM LIABILITY				
Accrued Sick Leave Payable	\$ 14,841	\$ -	\$ -	\$ 14,841
Total Liabilities	\$ 182,919	\$ -	\$ 672,999	\$ 855,918
NET POSITION				
Net Investment in Capital Assets	\$ 8,199,063	\$ -	\$ -	\$ 8,199,063
Unrestricted	1,272,323	694,434	1,508,536	3,475,293
Total Net Position	\$ 9,471,386	\$ 694,434	\$ 1,508,536	\$ 11,674,356

CITY OF GILLETTE, WYOMING

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS**

Year Ended June 30, 2016

	Vehicle Mainten- ance	Liability and Personal Injury Insurance	Health Insurance	Total
OPERATING REVENUES	\$ 2,976,050	\$ 600,545	\$ 5,107,317	\$ 8,683,912
OPERATING EXPENSES				
Salaries and Benefits	\$ 576,430	\$ -	\$ -	\$ 576,430
Contractual Services	371,769	516,495	-	888,264
Claims	-	84,050	5,280,933	5,364,983
Repairs and Maintenance	17,689	-	-	17,689
Supplies	791,747	-	-	791,747
Depreciation	1,093,849	-	-	1,093,849
Total Operating Expenses	\$ 2,851,484	\$ 600,545	\$ 5,280,933	\$ 8,732,962
Operating Income (Loss)	\$ 124,566	\$ -	\$ (173,616)	\$ (49,050)
NONOPERATING REVENUE				
Gain on Disposal of Equipment	\$ 125,026	\$ -	\$ -	\$ 125,026
Investment Income	9,297	2,126	8,401	19,824
Total Nonoperating Revenue	\$ 134,323	\$ 2,126	\$ 8,401	\$ 144,850
Income (Loss) Before Transfers	\$ 258,889	\$ 2,126	\$ (165,215)	\$ 95,800
Transfers In	149,193	40,593	-	189,786
Transfers (Out)	-	(42,314)	(30,000)	(72,314)
Change in Net Position	\$ 408,082	\$ 405	\$ (195,215)	\$ 213,272
NET POSITION, BEGINNING JULY 1	9,063,304	694,029	1,703,751	11,461,084
NET POSITION, ENDING JUNE 30	\$ 9,471,386	\$ 694,434	\$ 1,508,536	\$ 11,674,356

CITY OF GILLETTE, WYOMING

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS**

Year Ended June 30, 2016

	Vehicle Mainten- ance	Liability and Personal Injury Insurance	Health Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts From Interfund Services Provided	\$ 2,976,060	\$ 594,752	\$ 5,110,186	\$ 8,680,998
Payments to Employees	(562,694)	-	-	(562,694)
Payments for Goods and Services	(1,150,025)	(606,095)	(5,395,687)	(7,151,807)
Internal Activity - Payments (To) Other Funds	-	-	(95,335)	(95,335)
Net Cash Provided By (Used In) Operating Activities	\$ 1,263,341	\$ (11,343)	\$ (380,836)	\$ 871,162
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers In	\$ 149,193	\$ 40,593	\$ -	\$ 189,786
Transfers (Out)	-	(42,314)	(30,000)	(72,314)
Net Cash Provided By (Used In) Noncapital Financing Activities	\$ 149,193	\$ (1,721)	\$ (30,000)	\$ 117,472
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Payments for Capital Acquisitions	\$ (3,037,999)	\$ -	\$ -	\$ (3,037,999)
Proceeds From Sale of Capital Assets	131,548	-	-	131,548
Net Cash Provided By (Used In) Capital and Related Financing Activities	\$ (2,906,451)	\$ -	\$ -	\$ (2,906,451)
CASH FLOWS FROM INVESTING ACTIVITIES				
Net (Increase) Decrease in Investments	\$ 1,295,960	\$ 37,788	\$ (6,211)	\$ 1,327,537
Investment Income	7,810	1,656	6,638	16,104
Net Cash Provided By Investing Activities	\$ 1,303,770	\$ 39,444	\$ 427	\$ 1,343,641
Net Increase (Decrease) in Cash	\$ (190,147)	\$ 26,380	\$ (410,409)	\$ (574,176)
Cash, Beginning July 1	331,048	185,150	563,886	1,080,084
Cash, Ending June 30	\$ 140,901	\$ 211,530	\$ 153,477	\$ 505,908
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities				
Operating Income (Loss)	\$ 124,566	\$ -	\$ (173,616)	\$ (49,050)
Adjustments:				
Depreciation	1,093,849	-	-	1,093,849
Change in Assets and Liabilities:				
Other Receivable	10	(5,793)	2,869	(2,914)
Due To/From Other Funds	-	-	(95,335)	(95,335)
Inventories	23,758	-	-	23,758
Vouchers Payable	7,422	(5,550)	(80,642)	(78,770)
Accrued Expenses	13,736	-	-	13,736
Estimated Claims Payable	-	-	(34,112)	(34,112)
Net Cash Provided By (Used In) Operating Activities	\$ 1,263,341	\$ (11,343)	\$ (380,836)	\$ 871,162
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Net Increase in Fair Value of Investments	\$ 1,487	\$ 548	\$ 1,763	\$ 3,798

AGENCY FUND

CITY OF GILLETTE, WYOMING

**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND**

Year Ended June 30, **2016**

	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
<u>Flexible Benefits</u>				
ASSETS				
Due From Other Entities	\$ 5,070	\$ 204,836	\$ 201,499	\$ 8,407
LIABILITIES				
Flexible Benefits Payable	\$ 5,070	\$ 204,836	\$ 201,499	\$ 8,407

CITY OF GILLETTE, WYOMING

SCHEDULE OF STATE FINANCIAL ASSISTANCE

Year Ended June 30, 2016

(Page 1 of 2)

State Grantor Program Title	Grant Number	Expenditures
<u>Office of Attorney General</u>		
State Surcharge	N/A	\$ 9,688
Victim Witness Funding	N/A	29,902
State Salary Funds	N/A	8,740
State Salary Surcharge	N/A	3,127
Total Office of Attorney General		\$ 51,457
<u>Wyoming Business Council</u>		
Business Ready Community Grant		
Public Facilities	N/A	\$ 20,825
Broadband Study	N/A	13,665
Third Street Public Plaza	N/A	447,539
Community Facilities Program		
Gillette Youth Learning Center	N/A	691,483
Business Ready Community Loan Program		
Southern Industrial Addition	N/A	1,440,465
Total Wyoming Business Council		\$ 2,613,977
<u>Wyoming Association of Sheriffs and Police</u>		
Alcohol Inspection Contract	N/A	\$ 5,100
Tobacco Inspection Contract	N/A	2,975
Total Wyoming Association of Sheriffs and Police		\$ 8,075
<u>Wyoming Division of Criminal Investigation</u>		
Byrne Formula/HIDTA	N/A	\$ 1,965
<u>Wyoming Loan and Investments Board</u>		
Fire Station #3	CWC-15223CL	\$ 840,723
<u>Wyoming Water Development Commission</u>		
Gillette Madison Pipeline	N/A	\$ 14,930,371
Gillette Regional Extensions	N/A	3,598,825
Madison Pipeline Rehabilitation-Internal Protection	N/A	426,298
Total Wyoming Water Development Commission		\$ 18,955,494
<u>Wyoming Department of Transportation</u>		
Railroad Quiet Zone	N/A	\$ 125,976
<u>Wyoming Supreme Court</u>		
E-Citation	N/A	\$ 45,560
Judicial Technology Task Force	N/A	9,775
Total Wyoming Supreme Court		\$ 55,335
Total State Financial Assistance		\$ 22,653,002

(Continued)

CITY OF GILLETTE, WYOMING

SCHEDULE OF STATE FINANCIAL ASSISTANCE

Year Ended June 30, **2016**

(Page 2 of 2)

Note 1. Loans Outstanding

The City has received loan proceeds from the state. The current year loan proceeds received from the state are also included in the state expenditures presented in the Schedule of State Financial Assistance. Following is the balance of the state portion of the loans at June 30, 2016.

Program	Grant Number	Amount
Wyoming Loan and Investments Board		
Capitalization Loans for Clean Water State Revolving Funds		
Design and Construction, Wastewater Treatment Plant	CWSRF Loan #50	\$ 1,559,546
Capitalization Loans for Drinking Water State Revolving Funds		
Design and Construction, Water Distribution System	DWSRF Loan #39	73,879
Wyoming Water Development Commission		
Gillette Madison Pipeline	-	40,131,770
Wyoming Business Council		
Southern Industrial Addition	-	1,440,465
Total State Loans		\$ 43,205,660

STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Gillette's 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 City's overall financial health.

CONTENTS

Financial Trends	84
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	95
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.	
Debt Capacity	106
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	113
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.	
Operating Information	117
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.	

**City of Gillette, Wyoming
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)**

	Fiscal Year			
	2007	2008	2009	2010
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	47,631,494	74,559,430	106,878,886	118,148,340
Restricted	5,048,475	6,371,058	6,997,253	36,386
Unrestricted	48,152,950	43,894,266	53,241,652	54,849,935
Total Governmental Activities Net Assets	100,832,919	124,824,754	167,117,791	173,034,661
Business-Type Activities				
Invested in Capital Assets, Net of Related Debt	56,944,535	73,626,578	91,114,927	103,052,463
Restricted	1,087,786	1,145,672	3,750,000	3,750,000
Unrestricted	23,573,221	25,229,322	20,731,282	21,873,844
Total Business-Type Activities Net Assets	81,605,542	100,001,572	115,596,209	128,676,307
Primary Government				
Invested in Capital Assets, Net of Related Debt	104,576,029	148,186,008	197,993,813	221,200,803
Restricted	6,136,261	7,516,730	10,747,253	3,786,386
Unrestricted	71,726,171	69,123,588	73,972,934	76,723,779
Total Primary Government Net Assets	182,438,461	224,826,326	282,714,000	301,710,968

Fiscal Year					
2011	2012	2013	2014	2015	2016
144,063,586	160,346,407	173,368,812	184,096,943	207,543,932	216,228,110
22,162	13,761	13,788	13,817	4,343	8,026,893
47,210,868	46,431,260	44,960,127	42,224,867	48,736,967	29,954,212
191,296,616	206,791,428	218,342,727	226,335,627	256,285,242	254,209,215
104,481,619	108,090,438	143,994,703	151,571,316	167,721,963	201,310,306
11,382,821	28,560,579	54,315,581	83,810,606	114,382,200	109,824,328
27,246,709	32,024,938	25,391,474	23,531,369	26,800,695	26,098,902
143,111,149	168,675,955	223,701,758	258,913,291	308,904,858	337,233,536
248,545,205	268,436,845	317,363,515	335,668,259	375,265,895	417,538,416
11,404,983	28,574,340	54,329,369	83,824,423	114,386,543	117,851,221
74,457,577	78,456,198	70,351,601	65,756,236	75,537,662	56,053,114
334,407,765	375,467,383	442,044,485	485,248,918	565,190,100	591,442,751

City of Gillette, Wyoming
Changes in Net Position
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2007	2008	2009	2010
Revenues				
<i>Governmental Activities</i>				
Program Revenues				
Charges for services	\$ 1,656,062	\$ 1,824,982	\$ 2,088,192	\$ 2,359,735
Operating grants and contributions	314,637	593,694	529,993	1,394,215
Capital grants and contributions	648,876	3,714,954	8,848,511	1,505,351
General Revenues				
Severance taxes	966,875	921,829	850,865	880,203
Property taxes	983,589	1,128,163	1,304,276	1,533,648
Sales and use taxes	40,332,243	45,088,186	47,549,129	36,509,652
Other taxes	5,094,830	3,794,342	7,348,275	2,933,427
Mineral Royalties	1,399,027	1,435,176	1,466,310	1,480,247
Supplemental state funding	1,439,893	2,173,781	2,143,709	2,036,523
Gaming revenue	-	-	-	-
Investment income (Loss)	2,498,507	2,282,401	1,439,774	990,722
Capital contributions, local annexations	-	11,059,093	11,394,163	2,969,595
Other revenue	(2,897,831)	1,900,156	514,847	130,265
Total Governmental Activities Revenues	\$ 52,436,708	\$ 75,916,757	\$ 85,478,044	\$ 54,723,583
<i>Business-Type Activities</i>				
Program Revenues				
Charges for services	\$ 24,988,385	\$ 29,098,595	\$ 31,865,874	\$ 35,499,057
Capital grants and contributions	187,706	1,840,649	1,045,328	5,259,077
General Revenues				
Sales and use taxes ²	-	-	-	-
Investment Income (Loss)	1,052,178	1,150,937	860,975	337,117
Capital contributions, local annexations	-	7,701,192	3,925,983	2,689,529
Other revenue	4,667,082	1,195,659	1,687,600	1,159,879
Total Business-Type Activities Revenues	\$ 30,895,351	\$ 40,987,032	\$ 39,385,760	\$ 44,944,659
Total Government-Wide Revenues	\$ 83,332,059	\$ 116,903,789	\$ 124,863,804	\$ 99,668,242
Expenses				
<i>Governmental Activities</i>				
Administration	\$ 22,391,475	\$ 26,679,153	\$ 17,540,288	\$ 12,658,989
Community Development ¹	1,029,833	1,120,231	1,250,166	-
Law Enforcement/Public Safety ¹	6,536,902	7,499,880	7,489,676	11,189,600
Public Works	7,977,462	6,816,159	16,255,289	14,960,231
Culture and Recreation ¹	-	-	-	2,062,128
Interest on Long-Term Debt	397	2,793	18,140	17,051
Total Governmental Activities Expenses	\$ 37,936,069	\$ 42,118,216	\$ 42,553,559	\$ 40,887,999
<i>Business-Type Activities</i>				
Power	\$ 17,670,988	\$ 20,606,324	\$ 22,658,728	\$ 25,838,074
Water	4,996,945	5,717,657	6,569,393	7,160,713
Sewer	2,866,953	4,190,133	4,501,057	4,464,019
Solid Waste	1,696,567	1,883,594	1,876,777	2,320,469
Total Business-Type Activities Expenses	\$ 27,231,453	\$ 32,397,708	\$ 35,605,955	\$ 39,783,275
Total Government-Wide Expenses	\$ 65,167,522	\$ 74,515,924	\$ 78,159,514	\$ 80,671,274

City of Gillette, Wyoming
Changes in Net Position (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

		Fiscal Year									
		2011	2012	2013	2014	2015	2016				
\$	1,949,688	\$	2,623,718	\$	2,819,882	\$	3,728,676	\$	3,964,099	\$	3,629,498
	1,203,641		663,407		726,408		513,389		560,028		1,031,303
	1,719,812		693,152		1,222,352		3,488,683		9,389,472		3,201,917
	970,441		1,067,407		1,096,377		1,135,505		1,101,729		1,107,316
	1,648,246		1,743,283		1,763,744		1,832,001		1,949,432		2,100,922
	42,392,407		48,689,382		43,149,383		49,198,315		54,129,253		37,012,709
	2,647,637		2,426,726		2,443,560		2,918,483		3,035,184		3,153,044
	1,520,397		1,537,360		1,542,258		1,549,148		1,553,582		1,578,741
	1,399,143		2,122,882		1,630,099		2,456,374		2,117,809		2,408,642
	-		-		-		-		210,240		332,079
	201,632		94,060		(19,055)		185,649		115,723		225,326
	9,543,332		4,718,809		1,178,906		-		-		-
	(48,847)		(80,706)		-		853,432		84,337		59,559
\$	65,147,529	\$	66,299,480	\$	57,553,914	\$	67,859,655	\$	78,210,888	\$	55,841,056
\$	37,881,536	\$	40,712,570	\$	41,643,064	\$	41,676,876	\$	44,114,037	\$	47,853,751
	9,062,600		5,811,660		31,686,134		8,987,615		25,894,064		28,438,097
	-		18,235,001		26,285,027		29,364,002		28,622,346		100,133
	247,389		285,342		(31,968)		479,053		484,439		850,367
	4,058,959		1,803,289		862,923		-		-		-
	1,311,870		(2,399,295)		846,563		892,230		1,278,871		709,261
\$	52,562,354	\$	64,448,567	\$	101,291,743	\$	81,399,776	\$	100,393,757	\$	77,951,609
\$	117,709,883	\$	130,748,047	\$	158,845,657	\$	149,259,431	\$	178,604,645	\$	133,792,665
\$	18,585,718	\$	13,156,594	\$	14,114,947	\$	16,949,930	\$	11,592,999	\$	21,059,390
	-		-		-		-		-		-
	10,985,865		12,667,636		11,956,859		12,209,838		12,032,781		14,055,218
	10,128,312		14,161,985		15,131,917		14,743,977		17,059,376		17,181,066
	2,144,505		2,658,610		2,605,174		2,378,104		1,653,206		2,992,915
	16,871		16,068		14,670		13,883		13,728		355,333
\$	41,861,271	\$	42,660,893	\$	43,823,567	\$	46,295,732	\$	42,352,090	\$	55,643,922
\$	28,776,464	\$	30,713,059	\$	31,272,102	\$	30,631,160	\$	35,625,314	\$	32,120,690
	7,260,232		8,840,825		9,299,424		9,374,198		10,972,303		10,390,243
	4,851,241		5,159,217		5,463,451		5,731,279		6,618,579		6,432,835
	2,263,878		2,314,435		2,410,011		2,735,796		3,095,177		2,952,324
\$	43,151,815	\$	47,027,536	\$	48,444,988	\$	48,472,433	\$	56,311,373	\$	51,896,092
\$	85,013,086	\$	89,688,429	\$	92,268,555	\$	94,768,165	\$	98,663,463	\$	107,540,014

(Continued)

City of Gillette, Wyoming
Changes in Net Position (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year			
	2007	2008	2009	2010
Change in Net Position Before Transfers				
Governmental Activities	\$ 14,500,639	\$ 33,798,541	\$ 42,924,485	\$ 13,835,584
Business-Type Activities	3,663,898	8,589,324	3,779,805	5,161,384
Government-Wide	\$ 18,164,537	\$ 42,387,865	\$ 46,704,290	\$ 18,996,968
Transfers				
Governmental Activities	\$ (4,914,250)	\$ (9,806,706)	\$ (6,859,292)	\$ (7,918,714)
Business-Type Activities	4,914,250	9,806,706	6,859,292	7,918,714
Government-Wide	\$ -	\$ -	\$ -	\$ -
Change in Net Position				
Governmental Activities	\$ 9,586,389	\$ 23,991,835	\$ 36,065,193	\$ 5,916,870
Business-Type Activities	8,578,148	18,396,030	10,639,097	13,080,098
Government-Wide	\$ 18,164,537	\$ 42,387,865	\$ 46,704,290	\$ 18,996,968
Net Position, Beginning of Fiscal Year				
Governmental Activities	\$ 91,246,530	\$ 100,832,919	\$ 124,824,754	\$ 167,117,791
Business-Type Activities	73,027,394	81,605,542	100,001,572	115,596,209
Government-Wide	\$ 164,273,924	\$ 182,438,461	\$ 224,826,326	\$ 282,714,000
Prior Year Adjustments				
Governmental Activities	\$ -	\$ -	\$ 6,227,844	\$ -
Business-Type Activities	-	-	4,955,540	-
Government-Wide	\$ -	\$ -	\$ 11,183,384	\$ -
Net Position, End of Fiscal Year				
Governmental Activities	\$ 100,832,919	\$ 124,824,754	\$ 167,117,791	\$ 173,034,661
Business-Type Activities	81,605,542	100,001,572	115,596,209	128,676,307
Government-Wide	\$ 182,438,461	\$ 224,826,326	\$ 282,714,000	\$ 301,710,968

¹ Starting in 2010, Community Development Governmental Expenses were combined with Law Enforcement for a new category named Public Safety, resulting in zero expenses being reported for Community Development from 2010 forward. Also, those expenses related to Parks, Culture and Recreation were re-classified from Public Works to a separate category, resulting in a new Governmental Expense category from 2010 forward.

² Starting in 2012, the City started collecting a Special Purpose Sales and Use Tax specifically for the purpose of construction of the parallel Madison Pipeline project as well as extensions of infrastructure for

City of Gillette, Wyoming
Changes in Net Position (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

		Fiscal Year									
		2011	2012	2013	2014	2015	2016				
\$	23,286,258	\$	23,638,587	\$	13,730,347	\$	21,563,923	\$	35,858,798	\$	197,134
	9,410,539		17,421,031		52,846,755		32,927,343		44,082,384		26,055,517
\$	<u>32,696,797</u>	\$	<u>41,059,618</u>	\$	<u>66,577,102</u>	\$	<u>54,491,266</u>	\$	<u>79,941,182</u>	\$	<u>26,252,651</u>
\$	(5,024,303)	\$	(8,143,775)	\$	(2,179,048)	\$	(6,071,965)	\$	(5,909,183)	\$	(2,273,161)
	5,024,303		8,143,775		2,179,048		6,071,965		5,909,183		2,273,161
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
\$	18,261,955	\$	15,494,812	\$	11,551,299	\$	15,491,958	\$	29,949,615	\$	(2,076,027)
	14,434,842		25,564,806		55,025,803		38,999,308		49,991,567		28,328,678
\$	<u>32,696,797</u>	\$	<u>41,059,618</u>	\$	<u>66,577,102</u>	\$	<u>54,491,266</u>	\$	<u>79,941,182</u>	\$	<u>26,252,651</u>
\$	173,034,661	\$	191,296,616	\$	206,791,428	\$	218,342,727	\$	233,834,685	\$	256,285,242
	128,676,307		143,111,149		168,675,955		223,701,758		262,701,066		308,904,858
\$	<u>301,710,968</u>	\$	<u>334,407,765</u>	\$	<u>375,467,383</u>	\$	<u>442,044,485</u>	\$	<u>496,535,751</u>	\$	<u>565,190,100</u>
\$	-	\$	-	\$	-	\$	-	\$	(7,499,058)	\$	-
	-		-		-		-		(3,787,775)		-
\$	-	\$	-	\$	-	\$	-	\$	<u>(11,286,833)</u>	\$	-
\$	191,296,616	\$	206,791,428	\$	218,342,727	\$	233,834,685	\$	256,285,242	\$	254,209,215
	143,111,149		168,675,955		223,701,758		262,701,066		308,904,858		337,233,536
\$	<u>334,407,765</u>	\$	<u>375,467,383</u>	\$	<u>442,044,485</u>	\$	<u>496,535,751</u>	\$	<u>565,190,100</u>	\$	<u>591,442,751</u>

City of Gillette, Wyoming
 General Fund Governmental Tax Revenues by Source
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

Fiscal Year	Severance Taxes	Property Taxes	Automobile Taxes	Sales & Use Taxes	Gasoline Taxes	Cigarette Taxes	Other Taxes	Total Taxes
2007	\$ 966,875	\$ 983,589	\$ 629,416	\$ 40,332,243	\$ 560,099	\$ 374,003	\$ 3,531,312	\$ 47,377,537
2008	\$ 921,829	\$ 1,128,163	\$ 704,380	\$ 45,088,186	\$ 635,337	\$ 321,605	\$ 2,133,020	\$ 50,932,520
2009	\$ 850,865	\$ 1,304,276	\$ 771,478	\$ 47,549,129	\$ 637,591	\$ 314,981	\$ 5,624,225	\$ 57,052,545
2010	\$ 880,203	\$ 1,533,648	\$ 794,434	\$ 36,509,652	\$ 523,723	\$ 282,189	\$ 1,333,081	\$ 41,856,930
2011	\$ 970,441	\$ 1,648,246	\$ 759,881	\$ 42,392,407	\$ 578,590	\$ 264,730	\$ 1,044,436	\$ 47,658,731
2012	\$ 1,067,407	\$ 1,743,283	\$ 802,519	\$ 48,689,382	\$ 635,686	\$ 236,949	\$ 751,572	\$ 53,926,798
2013	\$ 1,096,377	\$ 1,763,744	\$ 806,551	\$ 43,149,383	\$ 690,479	\$ 228,501	\$ 718,029	\$ 48,453,064
2014	\$ 1,135,505	\$ 1,832,001	\$ 867,828	\$ 49,198,315	\$ 1,072,083	\$ 222,692	\$ 755,880	\$ 55,084,304
2015	\$ 1,101,729	\$ 1,949,432	\$ 923,993	\$ 54,129,253	\$ 1,134,685	\$ 229,454	\$ 747,052	\$ 60,215,598
2016	\$ 1,107,316	\$ 2,100,922	\$ 1,046,612	\$ 37,012,709	\$ 1,156,578	\$ 214,427	\$ 735,427	\$ 43,373,991
<hr/>								
% Change 2007 - 2016	14.5%	113.6%	66.3%	-8.2%	106.5%	-42.7%	-79.2%	-8.5%

City of Gillette, Wyoming
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2007	2008	2009	2010
				(1)
General Fund				
Unreserved				
Designated For:				
Cash Operating Reserve	\$ 4,400,000	\$ 4,400,000	\$ 4,400,000	\$ -
General Fund Operations	1,000,000	500,000	-	-
Expenditure Control Budget Carryover	1,067,161	750,281	596,702	-
Capital Projects	18,989,252	5,764,020	16,285,002	-
Undesignated, Reported In:				
General Fund	4,759,504	15,501,692	20,215,629	-
Total General Fund	\$ 30,215,917	\$ 26,915,993	\$ 41,497,333	\$ -
Total All Governmental Funds				
Non spendable				\$ 87,853
Restricted				36,386
Committed				24,254,271
Assigned				20,506,879
Unassigned				5,017,408
Total Fund Balance - All Governmental Funds				\$ 49,902,797
One Percent Sales Tax Fund				
Reserved for Capital Projects	\$ 15,940,537	\$ 12,973,299	\$ 7,322,090	\$ -
Unreserved	-	-	-	-
Total 1% Sales Tax Fund	\$ 15,940,537	\$ 12,973,299	\$ 7,322,090	\$ -
Economic Stabilization Reserve				
Reserved for Capital Projects	\$ 5,048,475	\$ 6,371,058	\$ 6,997,253	\$ -
Unreserved	-	-	-	-
Total Economic Stabilization Reserve	\$ 5,048,475	\$ 6,371,058	\$ 6,997,253	\$ -
Total Fund Balances, Governmental Funds	\$ 51,204,929	\$ 46,260,350	\$ 55,816,676	\$ 49,902,797

(1) Starting with Fiscal Year 2010 Fund Balance is reported in GASB 54 categories.

Fiscal year					
2011	2012	2013	2014	2015	2016
(1)	(1)	(1)	(1)	(1)	(1)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 111,772	\$ 126,042	\$ 155,613	\$ 157,318	\$ 209,851	\$ 220,154
22,162	13,761	13,788	13,817	4,343	8,026,893
19,749,041	22,406,471	23,923,930	29,040,814	26,358,184	24,700,520
12,162,321	7,316,230	14,946,932	6,952,460	22,437,032	13,490,105
10,639,683	12,366,300	2,284,206	7,592,509	3,033,318	4,690,638
\$ 42,684,979	\$ 42,228,804	\$ 41,324,469	\$ 43,756,918	\$ 52,042,728	\$ 51,128,310
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 42,684,979	\$ 42,228,804	\$ 41,324,469	\$ 43,756,918	\$ 52,042,728	\$ 51,128,310

City of Gillette, Wyoming
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2007	2008	2009	2010
				(1)
Revenues				
<i>General Fund</i>				
Taxes	\$ 29,810,266	\$ 31,248,987	\$ 35,945,861	\$ 41,856,930
Intergovernmental	2,393,114	5,752,823	12,997,523	6,416,336
Licenses and Permits	296,702	300,674	287,860	299,446
Charges for Services	660,320	853,070	931,252	968,610
Fines and Fees	393,231	373,967	352,438	396,256
Investment Income	1,388,401	1,120,402	1,168,205	923,456
Miscellaneous	649,222	229,697	602,628	695,423
Special Assessment Revenue	-	-	-	690,292
<i>One Percent Fund</i>				
Taxes	17,567,271	19,683,533	21,106,684	-
Intergovernmental	1,439,893	2,173,781	-	-
Investment Income (Loss)	754,013	652,076	941	-
<i>Economic Stabilization Fund</i>				
Investment Income	211,472	322,583	126,195	-
Total Revenues	\$ 55,563,905	\$ 62,711,593	\$ 73,519,587	\$ 52,246,749
Expenditures				
<i>General Fund</i>				
<i>Current</i>				
Administration/General Government	\$ 5,291,309	\$ 5,138,551	\$ 5,266,154	\$ 10,334,666
Finance/Treasurer	669,067	984,481	774,204	-
Community Development	1,027,766	1,162,522	1,293,009	-
Police/Public Safety	7,125,688	7,916,198	7,792,601	10,903,706
Public Works	5,311,853	5,883,395	7,392,686	16,159,919
Culture and Recreation	-	-	-	2,062,128
Miscellaneous	15,087,214	20,860,825	13,881,686	9,977,987
Other Capital Outlay	-	-	-	-
Debt Service				
Principal	27,886	-	30,301	31,390
Interest	397	-	18,140	17,051
<i>One Percent Fund</i>				
<i>Current</i>				
Public Works	11,334,369	15,686,052	20,133,639	-
Other Capital Outlay	-	-	-	-
Total Expenditures	\$ 45,875,549	\$ 57,632,024	\$ 56,582,420	\$ 49,486,847
Excess of Revenues Over (Under) Expenditures	\$ 9,688,356	\$ 5,079,569	\$ 16,937,167	\$ 2,759,902
Other Financing Sources (Uses)				
<i>General Fund</i>				
Proceeds from Certificates of Participation	\$ -	\$ -	\$ -	\$ -
Transfers In	-	98,170	-	-
Transfers Out	(5,254,337)	(1,331,742)	(1,255,646)	(8,673,781)
Proceeds from Sale of Capital Assets	-	-	-	-
<i>One Percent Fund</i>				
Transfers In	2,500,000	-	-	-
Transfers Out	(4,860,881)	(9,790,576)	(6,625,195)	-
<i>Economic Stabilization Fund</i>				
Transfers In	1,500,000	1,000,000	500,000	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	\$ (6,115,218)	\$ (10,024,148)	\$ (7,380,841)	\$ (8,673,781)
Net Change In Fund Balance	\$ 3,573,138	\$ (4,944,579)	\$ 9,556,326	\$ (5,913,879)
Debt Service as a Percentage of Noncapital Expenditures	0.06%	0.00%	0.09%	0.10%
Fund Balance, Beginning July 1	\$ 47,631,791	\$ 51,204,929	\$ 46,260,350	\$ 55,816,676
Fund Balance, Ending June 30	\$ 51,204,929	\$ 46,260,350	\$ 55,816,676	\$ 49,902,797

(1) Starting in 2010, Finance/Treasurer expenses were combined with Administration/Gen'l Government; Community Development expenses were combined with Law Enforcement, forming the new category named Public Safety. This resulted in zero expenses being reported for Finance/Treasurer and Community Development from 2010 forward. Also, those expenses related to Parks, Culture and Recreations were re-classified from Public Works to a separate category, resulting in a new Governmental Expense category from 2010 forward. Lastly, all Governmental funds were combined for Financial Statement purposes starting in 2010 - the City of Gillette's One Percent Fund and Economic Stabilization Fund are not reported separately from 2010 forward.

		Fiscal Year									
		2011	2012	2013	2014	2015	2016				
		(1)	(1)	(1)	(1)	(1)	(1)				
\$	47,658,731	\$	53,926,798	\$	48,453,064	\$	55,084,304	\$	60,215,598	\$	43,373,991
	5,842,993		5,016,801		5,121,117		6,022,098		7,165,775		7,153,524
	320,003		295,160		291,708		290,033		361,710		282,099
	641,662		855,350		1,320,627		2,785,521		2,894,186		2,842,597
	426,360		472,650		406,517		391,716		444,771		424,677
	173,414		76,331		(25,671)		175,523		108,679		212,988
	561,663		1,000,558		801,030		1,111,286		347,769		139,684
	168,756		133,387		84,534		58,186		56,643		39,209
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
\$	55,793,582	\$	61,777,035	\$	56,452,926	\$	65,918,667	\$	71,595,131	\$	54,468,769
\$	10,674,604	\$	10,653,872	\$	13,118,976	\$	13,617,537	\$	14,397,204	\$	13,956,973
	-		-		-		-		-		-
	-		-		-		-		-		-
	9,339,427		9,756,812		9,759,974		9,810,440		10,384,584		10,544,363
	19,835,193		21,085,752		15,230,303		17,596,106		15,142,517		19,846,187
	1,944,549		2,420,144		4,921,238		4,282,751		3,170,268		3,422,281
	15,535,677		6,689,176		10,531,853		11,970,067		14,331,633		16,829,447
	-		-		-		-		-		-
	31,571		32,373		33,772		34,558		34,714		36,087
	16,871		16,068		14,670		13,883		13,728		234,948
	-		-		-		-		-		-
	-		-		-		-		-		-
\$	57,377,892	\$	50,654,197	\$	53,610,786	\$	57,325,342	\$	57,474,648	\$	64,870,286
\$	(1,584,310)	\$	11,122,838	\$	2,842,140	\$	8,593,325	\$	14,120,483	\$	(10,401,517)
\$	-	\$	-	\$	-	\$	-	\$	-	\$	11,650,000.00
	-		-		-		538,690		178,885		2,675,925
	(5,633,508)		(11,579,013)		(3,746,475)		(6,699,566)		(6,013,558)		(5,038,591)
	-		-		-		-		-		199,765
	-		-		-		-		-		-
	-		-		-		-		-		-
	-		-		-		-		-		-
\$	(5,633,508)	\$	(11,579,013)	\$	(3,746,475)	\$	(6,160,876)	\$	(5,834,673)	\$	9,487,099
\$	(7,217,818)	\$	(456,175)	\$	(904,335)	\$	2,432,449	\$	8,285,810	\$	(914,418)
	0.08%		0.10%		0.09%		0.08%		0.08%		0.57%
\$	49,902,797	\$	42,684,979	\$	42,228,804	\$	41,324,469	\$	43,756,918	\$	52,042,728
\$	42,684,979	\$	42,228,804	\$	41,324,469	\$	43,756,918	\$	52,042,728	\$	51,128,310

City of Gillette, Wyoming
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Tax Year	Real Property		Personal Property ¹	State-Assessed Property (Public Utilities) ¹	Industrial Property ^{1,2}	Less Tax-Exempt Property
		Residential ¹	Commercial ¹				
2007	2006	\$ 135,521,604	\$ 38,129,529	\$ 258,674,128	\$ 35,112,595	\$ -	n/a
2008	2007	\$ 141,362,306	\$ 47,628,216	\$ 365,848,899	\$ 41,216,369	\$ 5,810,824	n/a
2009	2008	\$ 165,467,474	\$ 45,740,065	\$ 419,625,159	\$ 38,672,113	\$ 6,632,908	n/a
2010	2009	\$ 215,236,023	\$ 53,391,771	\$ 497,728,730	\$ 55,092,824	\$ 9,653,872	n/a
2011	2010	\$ 229,943,446	\$ 61,091,541	\$ 462,372,171	\$ 63,598,959	\$ 8,732,533	n/a
2012	2011	\$ 234,056,585	\$ 62,886,370	\$ 466,218,920	\$ 60,099,469	\$ 9,637,244	n/a
2013	2012	\$ 240,905,920	\$ 63,805,952	\$ 502,162,587	\$ 66,634,746	\$ 10,223,434	n/a
2014	2013	\$ 246,539,836	\$ 66,152,832	\$ 504,177,662	\$ 64,741,256	\$ 11,317,184	n/a
2015	2014	\$ 254,210,964	\$ 82,161,959	\$ 516,458,473	\$ 62,593,889	\$ 12,042,753	n/a
2016	2015	\$ 265,258,394	\$ 88,258,439	\$ 514,064,127	\$ 61,198,625	\$ 12,183,217	n/a

¹ Data is for Campbell County, information for the City of Gillette is not available. The City of Gillette makes up approximately 66.4% of Campbell County's population.

² Information for 2007 is not available from the Campbell County Assessor. The schedule will be completed as the information becomes available.

n/a Campbell County Assessor does not track this information

Notes: Properties within the City limits are assessed on January 1st of each year by the Campbell County Assessor's office. Properties are assessed at various percentages with estimated actual value based on the primary use.

Residential Property - 9.5% Fair Market Value
Commercial Property- 9.5% Fair Market Value
Industrial Property- 11.5% Fair Market Value

Source: Campbell County Assessor's Office

Total Taxable Assessed Value ¹	Total Direct Tax Rate	Total Assessed Value for the City of Gillette	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Taxable Value
\$ 467,437,856	8.000	\$ 133,232,165	\$ 1,332,321,650	10.0%
\$ 601,866,614	8.000	\$ 157,770,097	\$ 1,577,700,970	10.0%
\$ 676,137,719	8.000	\$ 178,280,210	\$ 1,782,802,100	10.0%
\$ 831,103,220	8.000	\$ 185,910,899	\$ 1,859,108,990	10.0%
\$ 825,738,650	8.000	\$ 202,242,746	\$ 2,022,427,460	10.0%
\$ 832,898,588	8.000	\$ 208,221,068	\$ 2,082,210,680	10.0%
\$ 883,732,639	8.000	\$ 209,944,856	\$ 2,099,448,560	10.0%
\$ 892,928,770	8.000	\$ 214,341,272	\$ 2,143,412,720	10.0%
\$ 927,468,038	8.000	\$ 230,429,209	\$ 2,304,292,090	10.0%
\$ 940,962,802	8.000	\$ 245,280,561	\$ 2,452,805,610	10.0%

City of Gillette, Wyoming
Property Tax Rate per \$1,000 of Assessed Valuation
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	City	School	County	State	Other	Total
MILLS						
2007	8.000	32.000	11.005	12.000	3.880	66.885
2008	8.000	32.000	11.086	12.000	3.851	66.937
2009	8.000	32.000	12.000	12.000	3.805	67.805
2010	8.000	32.000	11.088	12.000	3.711	66.799
2011	8.000	32.000	11.051	12.000	4.720	67.771
2012	8.000	32.000	11.051	12.000	4.370	67.421
2013	8.000	32.000	11.051	12.000	4.461	67.512
2014	8.000	32.000	11.051	12.000	4.693	67.744
2015	8.000	32.000	11.051	12.000	4.686	67.737
2016	8.000	32.000	11.051	12.000	4.537	67.588

TAX LEVIES						
2007	\$ 2,178,369	\$ 145,698,127	\$ 54,636,798	\$ 54,363,798	\$ 17,870,417	\$ 274,474,509
2008	\$ 2,272,984	\$ 151,130,318	\$ 56,673,869	\$ 56,673,869	\$ 19,644,968	\$ 286,396,008
2009	\$ 2,686,051	\$ 182,737,745	\$ 63,307,185	\$ 68,526,654	\$ 21,184,730	\$ 338,442,365
2010	\$ 2,398,720	\$ 160,533,341	\$ 55,434,169	\$ 60,200,003	\$ 23,672,515	\$ 302,238,748
2011	\$ 2,579,139	\$ 173,618,086	\$ 59,957,921	\$ 65,106,782	\$ 23,709,620	\$ 324,971,548
2012	\$ 2,779,956	\$ 186,850,095	\$ 64,527,513	\$ 70,068,786	\$ 26,048,071	\$ 350,274,421
2013	\$ 2,654,504	\$ 177,902,002	\$ 61,437,344	\$ 66,713,251	\$ 25,760,441	\$ 334,467,542
2014	\$ 2,717,158	\$ 181,942,245	\$ 62,832,617	\$ 68,228,342	\$ 26,641,502	\$ 342,361,864
2015	\$ 2,959,437	\$ 198,663,655	\$ 68,607,252	\$ 74,498,871	\$ 28,159,905	\$ 372,889,120
2016	\$ 2,519,536	\$ 169,232,091	\$ 58,913,922	\$ 63,462,034	\$ 23,993,937	\$ 318,121,520

Notes: The City of Gillette is allowed to assess up to 8.000 Mills per Wyoming State Statute; there are no components associated with the City's direct property tax rate of 8.000 Mills.

Source: Campbell County Treasurer's Office/Campbell County Assessor's Office

**City of Gillette, Wyoming
Principal Property Tax Payers
Current Year and Nine Years Ago**

Taxpayer	Type of Business	Fiscal Year 2016		
		Assessed Valuation	Rank	Percentage of Total City Valuation
City of Gillette	Power System	\$ 2,113,824	1	0.86%
Burlington Northern Santa Fe Railway	Railroad Company	\$ 2,016,040	2	0.82%
Cudd Energy Services	Well Services/Technology	\$ 1,895,623	3	0.77%
Liebherr Mining Equipment	Commercial Machinery Repair	\$ 1,643,449	4	0.67%
MFG Remington LLC	Apartment Complex/Real Estate	\$ 1,640,415	5	0.67%
SFA Phase I LLC	Commercial	\$ 1,555,131	6	0.63%
Menard Inc	Retail	\$ 1,524,732	7	0.62%
L & H Industrial, Inc.	Welding/Industrial	\$ 1,289,111	8	0.53%
South Fork Phase II LLC	Apartment Complex	\$ 1,165,264	9	0.48%
Wal-Mart Real Estate Business Trust	Retail	\$ 1,054,376	10	0.43%
Qwest Corporation	Telephone System			
Bresnan Broadband Holdings LLC	Cable Company			
1st Interstate Bank	Bank Holdings			
WL Plastics Corporation	Polypipe Manufacturer			
Home Depot USA	Building Materials Retail Store			
R C Ranch Development LLC	Apartment Complex/Real Estate			
Tower West Holdings, LLC	Motel			
Total		\$ 15,897,965		6.48%
Total City Assessed Valuation		\$ 245,280,561		

Source: Campbell County Assessor's Office

Fiscal Year 2007

	Assessed Valuation	Rank	Percentage of Total City Valuation
\$	1,502,015	1	1.13%
\$	1,121,315	4	0.84%
\$	1,444,121	2	1.08%
\$	1,354,579	3	1.02%
\$	759,961	5	0.57%
\$	698,689	6	0.52%
\$	696,945	7	0.52%
\$	681,203	8	0.51%
\$	605,133	9	0.45%
\$	572,031	10	0.43%
\$	<u>9,435,992</u>		<u>7.08%</u>
\$	133,232,165		

City of Gillette, Wyoming
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Tax Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		Outstanding Delinquent Taxes
			Amount	Percentage of Levy		Amount	Percentage of Levy	
2007	2006	\$ 1,021,617	\$ 981,858	96.11%	\$ 39,566	\$ 1,021,424	99.98%	\$ 193
2008	2007	\$ 1,129,286	\$ 1,083,201	95.92%	\$ 46,011	\$ 1,129,212	99.99%	\$ 74
2009	2008	\$ 1,318,562	\$ 1,252,597	95.00%	\$ 65,782	\$ 1,318,379	99.99%	\$ 183
2010	2009	\$ 1,547,199	\$ 1,462,653	94.54%	\$ 83,637	\$ 1,546,290	99.94%	\$ 909
2011	2010	\$ 1,680,378	\$ 1,558,555	92.75%	\$ 92,277	\$ 1,650,832	98.24%	\$ 29,546
2012	2011	\$ 1,753,910	\$ 1,642,663	93.66%	\$ 83,079	\$ 1,725,742	98.39%	\$ 28,168
2013	2012	\$ 1,763,257	\$ 1,678,751	95.21%	\$ 83,992	\$ 1,762,743	99.97%	\$ 514
2014	2013	\$ 1,801,939	\$ 1,749,349	97.08%	\$ 51,481	\$ 1,800,830	99.94%	\$ 1,109
2015	2014	\$ 1,929,664	\$ 1,890,235	97.96%	\$ 36,472	\$ 1,926,707	99.85%	\$ 2,957
2016	2015	\$ 2,125,291	\$ 2,061,891	97.02%	\$ -	\$ 2,061,891	97.02%	\$ 63,400

Source: Campbell County Treasurer's Office

City of Gillette, Wyoming
Taxable Sales by Major Business Class, Campbell County, WY
Last Ten Fiscal Years

Category	Fiscal Year			
	2007	2008	2009	2010
Agriculture / Forestry	\$ 508,724	\$ 444,400	\$ 477,160	\$ 489,220
Mining	\$ 891,821,295	\$ 861,931,714	\$ 869,770,960	\$ 490,176,840
Contract Construction	\$ 125,520,590	\$ 147,424,019	\$ 195,659,860	\$ 135,028,900
Manufacturing	\$ 139,610,667	\$ 120,580,762	\$ 164,761,800	\$ 131,527,740
Retail Trade	\$ 661,055,010	\$ 772,446,705	\$ 844,967,300	\$ 666,731,700
Wholesale Trade	\$ 496,958,076	\$ 677,234,933	\$ 700,363,660	\$ 429,373,140
Finance / Insurance	\$ 8,757,371	\$ 7,276,267	\$ 9,620,080	\$ 6,116,580
Public Administration	\$ 188,556,895	\$ 200,594,610	\$ 183,608,720	\$ 131,167,240
Utilities	\$ 64,423,105	\$ 81,322,152	\$ 209,265,520	\$ 274,450,280
Transportation / Warehousing	\$ 21,164,133	\$ 23,862,610	\$ 11,379,200	\$ 12,743,380
Information	\$ 18,049,010	\$ 18,268,343	\$ 21,047,260	\$ 20,462,580
Real Estate / Rental / Leasing	\$ 84,075,810	\$ 98,349,143	\$ 129,874,480	\$ 115,192,380
Professional Services	\$ 5,273,752	\$ 4,491,219	\$ 245,688	\$ 4,553,780
Administrative / Support / Waste	\$ 7,670,876	\$ 9,140,114	\$ 12,719,200	\$ 11,239,380
Educational Services	\$ 66,952	\$ 66,152	\$ 91,040	\$ 77,500
Health Care / Social Assistance	\$ (221,810)	\$ 34,590	\$ 60,980	\$ 45,420
Arts, Entertainment & Recreation	\$ 5,272,095	\$ 2,071,200	\$ 2,359,000	\$ 2,365,160
Accommodation / Food Services	\$ 93,784,267	\$ 98,938,438	\$ 106,912,940	\$ 102,014,020
Other Services	\$ 146,061,448	\$ 191,707,943	\$ 208,235,480	\$ 188,306,840
Total	\$ 2,958,408,266	\$ 3,316,185,314	\$ 3,671,420,328	\$ 2,722,062,080

Notes: This information is based upon Sales Tax Distribution by Major Business Class (using North American Industry Classification System (NAICS) Coding), and is only available on a county-wide basis; thus this schedule has information for Campbell County as a whole. The population of the City of Gillette is approximately 66.4% of the entire county's population.

Source: Wyoming Department of Revenue

Fiscal Year						
2011	2012	2013	2014	2015	2016	
\$ 437,860	\$ 596,200	\$ 587,400	\$ 670,733	\$ 716,296	\$ 737,360	
\$ 938,596,520	\$ 1,076,846,327	\$ 949,196,000	\$ 1,178,258,083	\$ 1,420,173,026	\$ 745,995,340	
\$ 80,439,700	\$ 63,142,782	\$ 47,446,717	\$ 62,583,333	\$ 63,802,348	\$ 50,098,060	
\$ 106,303,540	\$ 109,037,800	\$ 79,636,183	\$ 93,448,367	\$ 104,950,591	\$ 57,805,900	
\$ 739,768,020	\$ 747,460,455	\$ 665,802,967	\$ 692,062,683	\$ 719,212,626	\$ 579,732,680	
\$ 419,190,860	\$ 617,623,145	\$ 518,981,083	\$ 534,587,550	\$ 610,714,713	\$ 404,406,120	
\$ 5,399,040	\$ 7,182,055	\$ 2,060,050	\$ 2,084,217	\$ 1,603,948	\$ 1,996,620	
\$ 153,885,720	\$ 193,622,764	\$ 173,049,917	\$ 195,701,700	\$ 262,655,235	\$ 181,610,940	
\$ 223,550,160	\$ 147,902,909	\$ 80,461,450	\$ 84,462,267	\$ 79,892,139	\$ 85,451,720	
\$ 10,277,580	\$ 10,219,727	\$ 10,627,433	\$ 10,896,233	\$ 15,191,339	\$ 8,818,520	
\$ 28,029,280	\$ 32,546,182	\$ 32,102,250	\$ 31,557,183	\$ 32,401,304	\$ 27,308,180	
\$ 147,850,120	\$ 174,626,000	\$ 182,424,017	\$ 223,136,350	\$ 188,324,852	\$ 155,116,300	
\$ 7,042,360	\$ 7,752,273	\$ 6,364,650	\$ 6,761,333	\$ 6,304,487	\$ 7,208,240	
\$ 7,273,160	\$ 6,531,564	\$ 9,573,150	\$ 7,070,733	\$ 8,511,843	\$ 10,396,080	
\$ 72,840	\$ 91,327	\$ 94,533	\$ 101,450	\$ 89,530	\$ 90,420	
\$ 62,920	\$ 36,945	\$ 52,850	\$ 69,567	\$ 69,617	\$ 41,980	
\$ 2,297,820	\$ 2,667,436	\$ 2,379,150	\$ 2,452,533	\$ 2,373,096	\$ 2,273,620	
\$ 110,211,880	\$ 116,697,236	\$ 112,660,600	\$ 125,905,033	\$ 154,045,478	\$ 131,713,360	
\$ 222,801,700	\$ 232,772,145	\$ 189,522,850	\$ 199,170,983	\$ 216,359,670	\$ 161,543,320	
\$ 3,203,491,080	\$ 3,547,355,272	\$ 3,063,023,250	\$ 3,450,980,331	\$ 3,887,392,138	\$ 2,612,344,760	

City of Gillette, Wyoming
Direct and Overlapping Sales Tax Rates
Last Ten Fiscal Years

Fiscal Year ^{2,3}	Campbell County ¹	State of Wyoming	TOTAL*
2007	1.25%	4.00%	5.25%
2008	1.25%	4.00%	5.25%
2009	1.00%	4.00%	5.00%
2010	1.00%	4.00%	5.00%
2011	1.00%	4.00%	5.00%
2012	2.00%	4.00%	6.00%
2013	2.00%	4.00%	6.00%
2014	2.00%	4.00%	6.00%
2015	1.00%	4.00%	5.00%
2016	1.00%	4.00%	5.00%

¹ The Campbell County-wide Optional One Percent tax rate may be changed only with the approval of the voters.

² Special Purpose Tax of 0.25% - also approved by voters of Campbell County
(Effective 01/01/01 through 09/30/03 and 10/01/05 through 12/31/08: Fiscal Years 2003, 2006, 2007 and 2008)

³ Special Purpose Tax of 1.00% - also approved by voters of Campbell County
(Effective 10/01/11, Fiscal Year 2012, and collected in full in Fiscal Year 2015; 1% Special Purpose came off 4/1/15)

Note: The One Percent Optional Tax Rate may be changed only with the approval of voters

Source: Wyoming Department of Revenue

*Used to calculate Taxable Sales in Schedule 13

**City of Gillette, Wyoming
Principal Sales Tax Remitters by Business Activity, Campbell County, Wyoming
Current Year and Nine Years Ago**

Business Activity	Fiscal Year 2016		
	Rank	Tax Liability	Percentage of Total County Liability
Coal mining	1	\$ 19,324,067	14.82%
Support activities for mining	2	\$ 16,426,851	12.60%
Executive, legislative and general government	3	\$ 9,048,387	6.94%
Building Material and Supplies Dealers	4	\$ 7,280,083	5.58%
Machinery and supply merchant wholesalers	5	\$ 6,923,167	5.31%
Machinery and equipment rental and leasing	6	\$ 6,464,561	4.96%
Petroleum merchant wholesalers	7	\$ 5,764,662	4.42%
Auto parts, accessories, and tire stores	8	\$ 4,606,606	3.53%
Other general merchandise stores	9	\$ 4,563,478	3.50%
Chemical Merchant Wholesales	10	\$ 4,493,853	3.45%
Gasoline service stations		\$ -	-
Commercial machinery repair and maintenance		\$ -	-
Total		\$ 84,895,715	65.12%
Total Campbell County		\$ 130,366,845	

Notes: Due to confidentiality issues, the names of the ten largest sales tax remitters are not available. The categories presented are intended to provide alternative information regarding the sources of the city's/county's revenue. This information is only available on a county-wide basis, so this schedule has information for Campbell County as a whole. The population of the City of Gillette is approximately 66.4% of the entire county's population.

Source: Wyoming Department of Revenue

Fiscal Year 2007		
Rank	Tax Liability	Percentage of Total County Liability
1	\$ 23,398,053	15.08%
2	\$ 21,477,387	13.84%
4	\$ 9,869,941	6.36%
5	\$ 7,092,931	4.57%
3	\$ 13,416,218	8.65%
	\$ -	0.00%
6	\$ 6,633,439	4.28%
10	\$ 4,084,975	2.63%
9	\$ 4,794,282	3.09%
	\$ -	-
7	\$ 4,931,260	3.18%
8	\$ 4,927,875	3.18%

\$ 100,626,361 64.86%

\$ 155,140,227

City of Gillette, Wyoming
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities	
	General Bonded Debt	Notes Payable	Capital Leases	Wastewater Fund	Power Fund
2007	\$ -	\$ 755,164	\$ -	\$ 15,398,337	\$ -
2008	\$ -	\$ 725,601	\$ -	\$ 15,665,198	\$ -
2009	\$ -	\$ 695,300	\$ -	\$ 15,051,950	\$ -
2010	\$ -	\$ 663,910	\$ -	\$ 14,420,279	\$ -
2011	\$ -	\$ 632,339	\$ -	\$ 13,779,859	\$ -
2012	\$ -	\$ 599,966	\$ -	\$ 13,118,534	\$ -
2013	\$ -	\$ 566,194	\$ -	\$ 12,441,620	\$ -
2014	\$ -	\$ 531,636	\$ -	\$ 11,742,670	\$ -
2015 ¹	\$ -	\$ 496,922	\$ -	\$ 11,035,381	\$ -
2016 ¹	\$ -	\$ 460,835	\$ 11,650,000	\$ 10,306,388	\$ 1,440,465

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. See Demographic and Economic Statistics for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

¹ 2016 Percentage of Personal Income calculated using 2015 Personal Income figures from Demographic and Economic Statistics, as 2016 Personal Income figures are not yet available.

Source: City of Gillette, Wyoming Audited Financial Statements
Regional Economic Information System, Bureau of Economic Analysis

Business-Type Activities						
Wyo. Water Development Commission Loans			Capital Leases			
Wastewater Fund	Water Fund	Power Fund	Total Primary Government	Percentage of Personal Income¹	Per Capita	
\$ -	\$ -	\$ -	\$ 16,153,501	0.86%	\$ 587	
\$ -	\$ -	\$ -	\$ 16,390,799	0.74%	\$ 535	
\$ -	\$ 22,970	\$ -	\$ 15,770,220	0.77%	\$ 476	
\$ -	\$ 1,118,798	\$ -	\$ 16,202,987	0.75%	\$ 557	
\$ -	\$ 1,456,311	\$ 75,715,000	\$ 91,583,509	4.13%	\$ 3,053	
\$ -	\$ 3,619,887	\$ 74,335,000	\$ 91,673,387	3.92%	\$ 3,044	
\$ -	\$ 16,162,201	\$ 72,920,000	\$ 102,090,015	4.16%	\$ 3,331	
\$ -	\$ 19,362,016	\$ 71,460,000	\$ 103,096,322	4.38%	\$ 3,364	
\$ -	\$ 29,591,655	\$ 93,380,000	\$ 134,503,958	5.00%	\$ 4,136	
\$ -	\$ 40,131,770	\$ 91,020,000	\$ 155,009,458	5.76%	\$ 5,088	

**City of Gillette, Wyoming
 Computation of Direct and Overlapping Debt
 Last Ten Fiscal Years**

	Fiscal year			
	2007	2008	2009	2010
Overlapping Net Debt Outstanding				
Campbell County School District	\$ -	\$ -	\$ -	\$ -
Campbell County Hospital District	\$ -	\$ -	\$ -	\$ -
Estimated percentage applicable	n/a	n/a	n/a	n/a
City's Estimated Share of Overlapping Debt	\$ -	\$ -	\$ -	\$ -
City Direct Debt	\$ 755,164	\$ 725,601	\$ 695,300	\$ 663,910
Total Direct and Overlapping Debt	\$ 755,164	\$ 725,601	\$ 695,300	\$ 663,910

Notes: These figures represent only that debt which is payable through a general tax levy on the assessed value of the property within Campbell County.

Source: Campbell County Treasurer's Office

Fiscal Year						
2011	2012	2013	2014	2015	2016	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
n/a	n/a	n/a	n/a	n/a	n/a	n/a
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 632,339	\$ 599,966	\$ 566,194	\$ 531,636	\$ 496,922	\$ 460,835	
\$ 632,339	\$ 599,966	\$ 566,194	\$ 531,636	\$ 496,922	\$ 460,835	

**City of Gillette, Wyoming
 Computation of Legal Debt Margin
 Last Ten Fiscal Years**

Legal Debt Margin Calculation for Fiscal Year 2016	
Assessed Value	\$ 245,280,561
Debt Limitation (4% of Assessed Value)	\$ 9,811,222
Debt Applicable to Limitation	\$ -
Legal Debt Margin	<u>\$ 9,811,222</u>

	Fiscal Year			
	2007	2008	2009	2010
Debt Limit	\$ 5,329,287	\$ 6,310,804	\$ 7,131,208	\$ 7,436,436
Total Net Debt Applicable to Limit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Legal Debt Margin	\$ 5,329,287	\$ 6,310,804	\$ 7,131,208	\$ 7,436,436
 Total net debt applicable to the limit as a percentage of debt limit	 0.00%	 0.00%	 0.00%	 0.00%

Fiscal Year					
2011	2012	2013	2014	2015	2016
\$ 8,089,710	\$ 8,328,843	\$ 8,397,794	\$ 8,573,651	\$ 9,217,168	\$ 9,811,222
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 8,089,710	\$ 8,328,843	\$ 8,397,794	\$ 8,573,651	\$ 9,217,168	\$ 9,811,222
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

City of Gillette, Wyoming
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

<u>Fiscal Years</u>	<u>General Bonded Debt Outstanding</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
2007 - 2016	\$ -	\$ -	\$ -

Note: The City of Gillette does not currently have, nor has it had for the past ten fiscal years, any reportable outstanding bonded debt.

**City of Gillette, Wyoming
Demographic and Economic Statistics
Last Ten Fiscal Years**

Date of Incorporation 1891
Form of Government Mayor - Council

	Fiscal Year			
	2007	2008	2009	2010
Population (CY Basis) ¹	27,533	30,636	33,159	29,087
Unemployment Rate ²	2.1%	2.0%	5.3%	5.9%
Median Age ^{3,6}	31.3	31.9	30.6	30.6
Personal Income (thousands of dollars) ^{4,6}	\$ 1,897,997	\$ 2,207,520	\$ 2,052,029	\$ 2,171,502
Per Capita Personal Income ^{4,6}	\$ 45,569	\$ 51,522	\$ 44,951	\$ 46,961
New Single-Family Residential:				
Number of Permits	489	370	307	294
Valuation	\$108,474,382	\$ 149,706,720	\$ 69,469,246	\$ 86,456,981
New Commercial/Industrial:				
Number of Permits	34	52	54	44
Valuation	\$ 75,419,932	\$ 30,406,980	\$ 56,165,880	\$ 42,104,156
Rental Vacancy Rates:				
Building rentals	0.1%	0.1%	5.4%	6.6%
Mobile Home Parks	7.8%	4.9%	5.2%	6.5%
Area in Square Miles ¹	16.02	16.35	18.17	18.64
Number of Schools (In City of Gillette Only) ⁵				
Elementary Schools	8	8	8	8
Junior High Schools	2	2	2	2
High Schools	1	1	1	1
Alternative Transitional Center (For at-risk Students)	1	1	1	1
Total Number of Schools	12	12	12	12
County School Enrollment ⁵	7565	7,534	8,007	8,145
County Student - Teacher Ratio ⁵				
Elementary Schools	16.57:1	18.73:1	18.17:1	17.67:1
Secondary Schools	15.41:1	14.58:1	14.12:1	14.44:1

Source:

¹ City of Gillette, Planning Division

² U.S. Bureau of Labor Statistics

³ Campbell County Economic Development Corporation and U.S. Census Bureau

⁴ Regional Economic Information System, Bureau of Economic Analysis

⁵ Campbell County School District

⁶ n/a: Data is not yet available. The schedule will be completed as the information becomes available.

⁷ County School Enrollment corrected from Fiscal Year 2015 CAFR

Fiscal Year					
2011	2012	2013	2014	2015	2016
30,000	30,121	30,646	32,000	32,520	30,467
4.7%	4.6%	3.9%	3.4%	3.8%	6.2%
29.4	29.9	30.2	30.2	n/a	n/a
\$ 2,263,302	\$ 2,453,949	\$ 2,455,481	\$ 2,352,749	\$ 2,690,020	n/a
\$ 48,579	\$ 51,250	\$ 50,969	\$ 48,691	\$ 54,653	n/a
262	225	143	128	142	53
\$83,991,719	\$91,337,481	\$ 61,339,415	\$ 57,346,683	\$ 56,780,306	\$ 22,809,688
35	36	28	28	30	27
\$32,003,194	\$29,860,712	\$ 40,107,881	\$ 45,800,319	\$ 95,279,433	\$ 55,090,590
6.3%	7.5%	9.1%	1.3%	5.9%	22.4%
8.3%	8.4%	6.6%	6.3%	9.1%	22.6%
18.64	19.42	19.42	19.42	21.66	21.66
8	8	9	9	9	9
2	2	2	2	2	2
1	1	1	1	1	1
1	1	1	1	1	1
12	12	13	13	13	13
8,248	8,368	8,524	8,714	8,986 ⁷	9,038
19.08:1	19.00:1	19.18:1	18.90:1	18.90:1	18.80:1
14.91:1	15.33:1	15.46:1	15.06:1	15.06:1	16.23:1

City of Gillette, Wyoming
Principle Employers in Campbell County ¹
Current Year and Nine Years Ago

Industry	Fiscal Year 2016 ²	
	Employees	Percentage of Total County Employment
Mining	6,941	25.84%
Total Government	5,046	18.78%
Retail Trade	2,581	9.61%
Construction	2,323	8.65%
Accommodation and Food Services	2,190	8.15%
Wholesale Trade	1,680	6.25%
Health Care and Social Assistance	1,022	3.80%
Transportation and Warehousing	959	3.57%
Professional and Technical Services	694	2.58%
Other Services, Except Public Administration	694	2.58%
Administrative and Waste Services	690	2.57%
Manufacturing	569	2.12%
Finance and Insurance	414	1.54%
Utilities	372	1.38%
Real Estate and Rental and Leasing	288	1.07%
Information	202	0.75%
Arts, Entertainment and Recreation	129	0.48%
Educational Services	70	0.26%
Total	26,864	100.00%
Total Campbell County Employment	26,864	

Sources:

Department of Employment and Workforce Services, State of Wyoming

¹ Information for principle employers by specific employer is not available. Employees by industry is utilized instead.

² Data presented on a calendar year basis, ending on December 31 of the previous year (i.e. Information for FY2016 ends on December 31, 2015)

Fiscal Year 2007 ²	
Employees	Percentage of Total County Employment
7,915	28.53%
3,953	14.25%
2,500	9.01%
3,699	13.33%
1,844	6.65%
1,480	5.33%
818	2.95%
976	3.52%
840	3.03%
946	3.41%
751	2.71%
667	2.40%
434	1.56%
239	0.86%
302	1.09%
224	0.81%
91	0.33%
64	0.23%
27,743	100.00%
27,743	

City of Gillette, Wyoming
Full-Time Equivalent City Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year			
	2007	2008	2009	2010
General Government				
Finance, Human Resources, Safety	9.5	9.5	9.5	11.75
Judicial and Legal	6	6.25	6.25	6
City Hall, Buildings & Grounds	7	8	8	8
Planning & Building Inspection	13	17	17	15
Streets, Traffic	16	16	14	17.5
Parks	8	8	9	10
Central Administration	16	16.75	18.5	16.75
Other	19.8	19.8	21.25	22.5
Police				
Officers and Civilians	59	61	66	68
Dispatch	9	9	9	9
Animal Control/Shelter	5	6	6	6
Other - Grant Funded Positions	3	3	3	3
Code Enforcement	0	0	0	2
Engineering	13	13	13	14
Warehouse & Purchasing	4	4	4	4
Vehicle Maintenance	6	6	6	6
Utilities Administration	16	20	20	21
Solid Waste Collection	6	7	8	9
Water & Water Treatment	15	14	16	15
Power	14	12	15	15
Wastewater	13	12	12	11
Total FTE Employees	258.3	268.3	281.5	290.5
Total Temporary/Seasonal positions ¹	4.25	8.5	25	28

¹ Seasonal/Intern positions are reported as authorized positions rather than as full time equivalents through Fiscal Year 2011; started reporting FTE's beginning in Fiscal Year 2012.

Fiscal Year					
2011	2012	2013	2014	2015	2016
11.75	11.75	12	21.25	21.75	22.75
8	8	10.5	10.5	11.5	11.75
8	9	9	9	9	9
15	14	14	13	11	11
17	17	19	19	18	18
10	10	12	12	12	12
17.75	16.75	16.75	17.5	19.75	19.75
22	22	23	23	23	23
68	68	68	67	68	69
9	9	9	9	9	11.5
6	6	6	6	7	7
3	3	3	3	4	4
2	2	2	2	2	2
12	12	12	12	12	12
4	4	4	4	4	4
6	7	7	7	7	7
21	22	22	12.75	14.75	16.75
9	9	9	9	9	9
16	16	18	18	18	18
15	15	16	16	16	18
11	11	11	11	12	14
291.5	292.5	303.25	302	308.75	319.5
35.5	21.0	22.6	19.8	19.0	19.5

**City of Gillette, Wyoming
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years**

Function/Program	Fiscal Year			
	2007	2008	2009	2010
Police				
Stations	1	1	1	1
Patrol units	36	36	36	38
Public Works				
Refuse collection trucks	5	7	7	7
Streets (miles)	153.1	153.3	193.1	202.0
City parks (acres)	397.3	401.0	401.0	412.7
Bike paths (miles)	30.7	33.2	35.6	37.3
Storm sewers (miles)	61.18	61.18	84.05	88.57
Traffic signals	n/a	n/a	n/a	n/a
Utilities Department				
Water				
Water lines (miles)	235.8	247.0	250.4	259.9
Fire hydrants	1,722	1,747	1,930	2,011
Storage capacity (thousands of gallons)	22,000	22,000	22,000	22,000
Electric				
Electric lines (miles)-includes both transmission & distribution	240.8	243.7	283.5	300.0
Streetlights	2,417	2,442	2,576	2,725
Transformers	2,467	2,482	2,593	2,660
Number of substations	n/a	n/a	8	9
Wastewater ¹				
Sanitary sewers (miles)	139.4	144.4	176.3	179.7
Number of manholes	3,080	3,344	3,453	3,591
Treatment capacity (thousands of gallons)	5,120	5,120	5,120	5,120

¹ Data presented on a calendar year basis, ending on December 31 of the previous year (i.e. Information for FY2016 ends on December 31, 2015)

n/a - Data is not available. This table will be completed as data becomes available in future years.

Fiscal Year					
2011	2012	2013	2014	2015	2016
1	1	1	1	1	1
43	43	43	43	43	43
8	8	8	8	8	8
202.9	205.4	209.4	214.4	221.1	222.9
419.3	419.3	421.6	661.1	661.1	661.1
40.9	44.9	46.0	46.0	50.8	60.4
90.31	90.31	90.31	96.95	101.17	99.63
n/a	59	63	64	75	98
262.7	267.3	289.3	291.4	310.7	340.3
2,097	2,150	2,251	2,269	2,305	2,322
22,000	22,000	22,000	22,000	22,000	22,300
329.3	336.1	337.9	344.0	365.0	365.0
2,789	2,927	3,157	3,233	3,346	3,383
2,725	2,762	3,085	3,108	3,227	3,260
10	10	10	10	10	10
182.4	183.2	187.4	190.5	190.5	188.4
3,629	3,649	3,667	3,690	3,718	3,776
5,120	5,120	5,120	5,120	5,120	5,120

City of Gillette, Wyoming
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year			
	2007	2008	2009	2010
General Government				
Building permits issued	1,508	2,100	1,301	1,230
Building inspections conducted	11,565	14,082	11,907	12,210
Gas, Electrical, Plumbing & Mechanical Permits	3,024	3,042	2,148	2,123
Contractor Licences ¹	1,060	1,205	1,298	1,284
Police ¹				
Incidents	38,970	35,132	31,848	32,229
Incident reports taken	7,871	8,338	8,111	8,040
Traffic citations	6,462	5,974	4,338	5,791
Physical arrests	4,359	4,231	2,929	2,811
Public Works				
Refuse collected (In Tons per Year)	11,618	11,534	11,730	11,866
Curbside Yard Waste collected (In Tons per Year)	n/a	n/a	n/a	401
Acres of parks mowed	n/a	n/a	n/a	n/a
Miles of streets plowed	n/a	n/a	n/a	n/a
Utilities Department				
Meters read - all Utilities (Water, Electric)	230,402	244,346	267,553	281,236
Utility bills mailed	150,074	168,549	176,714	178,631
Wastewater ¹				
Daily average flows (Million Gallons per Day)	3.1500	3.0700	3.1300	3.3800
Compost sold (In Yards per Year) ¹	313	1,309	1,223	1,445
Yard Waste collected-drop-off site (In Tons per Year)	n/a	n/a	n/a	n/a
Electric				
Amount billed	\$ 25,151,335	\$ 27,321,281	34,181,637	\$ 22,669,692
Water				
New connections	432	849	533	887
Average Daily Water Production (In millions of gallons) ¹	5.2	4.6	4.2	4.3
Average Daily Consumption per Capita (Gallons) ^{1,2}	175	153	135	128
Peak Water Demand (in millions of gallons)	12.6	11.5	12.4	14.6

¹ Data presented on a calendar year basis, ending on December 31 of the previous year (i.e. Information for FY2016 ends on December 31, 2015)

² As of FY 2015 changed this data to Average Daily Consumption per Capita (gallons) to provide more useful data

n/a - Data not available. This chart will be completed as information becomes available.

Fiscal Year					
2011	2012	2013	2014	2015	2016
2,721	1,015	866	799	856	548
11,471	10,715	9,515	8,176	10,430	5,367
2,095	2,024	1,795	1,537	1,717	1,051
1,204	1,189	1,161	1,281	1,387	1,325
34,458	34,738	35,536	33,533	36,433	37,005
8,365	8,586	9,824	8,933	9,172	8,583
6,315	8,726	4,682	4,058	4,310	4,729
3,106	3,506	3,906	3,686	3,934	4,672
11,962	12,714	12,667	13,213	13,565	13,073
444	545	624	1,281	692	715
n/a	n/a	2,142	2,480	3,245	1,643
n/a	n/a	33,972	54,469	34,825	27,065
289,289	292,484	304,278	309,233	309,936	312,420
184,546	189,237	194,474	194,687	199,073	200,928
3.3400	3.1200	3.0200	3.1800	3.2500	3.0000
1,463	2,385	2,705	3,164	2,789	4,460
n/a	n/a	n/a	2,031	4,560	4,918
\$ 23,910,313	\$ 24,086,469	\$ 25,278,925	\$ 26,555,552	\$ 27,410,894	\$ 30,159,956
233	252	125	155	259	72
4.1	4.6	5.1	4.3	4.0	4.4
148	155	167	140	126	137
11.7	13.3	11.1	11.0	11.0	10.8

SINGLE AUDIT SECTION

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

To The Honorable Mayor and City Council Members
City of Gillette, 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Gillette, Wyoming (City)** as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the **City of Gillette, Wyoming's** basic financial statements, and have issued our report thereon dated December 14, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the **City of Gillette, Wyoming'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 **City's** internal control. Accordingly, we do not express an opinion on the effectiveness of the **City'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the **City of Gillette, Wyoming'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 results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Bennett, Weber & Hermstad, LLP

Gillette, Wyoming
December 14, 2016

BENNETT, WEBER & HERMSTAD, LLP

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To The Honorable Mayor and City Council Members
City of Gillette, Wyoming

Report on Compliance for Each Major Federal Program

We have audited the **City of Gillette, Wyoming's (City)** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the **City's** major federal programs for the year ended June 30, 2016. The **City's** major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the **City's** major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the **City's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the **City's** compliance.

Opinion on Each Major Federal Program

In our opinion, the **City** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the **City** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the **City's** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the **City's** internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bennett, Weber & Hermstad, LLP

Gillette, Wyoming
December 14, 2016

CITY OF GILLETTE, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2016

(Page 1 of 3)

Federal Grantor Pass Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Grantor's Number	Expenditures
<u>Department of Health and Human Services</u>			
Direct Awards:			
Substance Abuse and Mental Health Services Projects of Regional and National Significance			
Drug-Free Communities Support Program Grants	93.276	5H79SP017004-05	\$ 23,292
Drug-Free Communities Support Program Grants	93.276	2H79SP017004-06	9,142
Total Direct Awards From Department of Health and Human Services			\$ 32,434
Passed Through the State of Wyoming Department of Family Services			
Low Income Home Energy Assistance Program	93.568	-	\$ 144,601
Total Department of Health and Human Services			\$ 177,035
<u>Department of Homeland Security</u>			
Passed Through the State of Wyoming, Office of Homeland Security and Emergency Management			
Homeland Security Grant Program	97.067	14-GPD-GIL-LP-HLE14	\$ 22,050
<u>Department of Justice</u>			
Direct Awards:			
Bureau of Justice Assistance			
Bulletproof Vest Partnership Program	16.607	-	\$ 3,949
Passed Through the State of Wyoming Division of Criminal Investigation			
Edward Byrne Memorial Justice Assistance Grant Program - 2013 and 2014	16.738	-	\$ 41,032
Passed Through the State of Wyoming Association of Sheriffs and Chiefs of Police			
Enforcing Underage Drinking Laws Program - 2014 and 2015	16.727	-	\$ 1,513
Passed Through the State of Wyoming Office of Attorney General			
Crime Victim Assistance	16.575	2014-VA-GX-0036	\$ 3,697
Violence Against Women Formula Grants	16.588	2014-WF-AX-0010	33,821
Total Passed Through the State of Wyoming Office of Attorney General			\$ 37,518
Total Pass Through Awards			\$ 80,063
Total Department of Justice			\$ 84,012

(Continued)

CITY OF GILLETTE, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2016

(Page 2 of 3)

Federal Grantor Pass Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Grantor's Number	Expenditures
<u>Department of Transportation</u>			
Passed Through the State of Wyoming, Department of Transportation			
Highway Safety Cluster			
State and Community Highway Safety	20.600	-	\$ 9,573
National Priority Safety Program	20.616	-	23,878
Total Highway Safety Cluster			\$ 33,451
Highway Planning and Construction/ Highway Planning and Construction Cluster			
	20.205	-	\$ 193,801
Total Department of Transportation			\$ 227,252
<u>Executive Office of the President</u>			
Passed Through the State of Wyoming Division of Criminal Investigation			
High Intensity Drug Trafficking Areas Program - 2014	95.001	-	\$ 53
<u>Department of the Interior</u>			
Passed Through State of Wyoming Water Development Commission			
Abandoned Mine Land Reclamation Program	15.252	-	\$ 17,536,470
Total Expenditures of Federal Awards			\$ 18,046,872

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the City of Gillette, Wyoming under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Because the Schedule presents only a selected portion of the operations of the City of Gillette, Wyoming, it is not intended to and does not present the financial position or changes in net assets, or cash flows of the City of Gillette, Wyoming.

Note 2. Summary of Significant Accounting Policies

- (A) Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management & Budget Circular A-87 *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in Title 2, U.S. Code of Federal Regulations Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (B) Pass through identifying numbers are presented where available.
- (C) The City of Gillette, Wyoming did not elect to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

CITY OF GILLETTE, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, **2016**

(Page 3 of 3)

Note 3. Amounts Passed Through to Subrecipients

The accompanying Schedule does not reflect any amounts as *Passed Through to Subrecipients*, as the City of Gillette, Wyoming did not subgrant (pass through) any federal awards to subrecipients.

Note 4. Loans Outstanding

The City had previously received federal loan proceeds. There were no current year loan proceeds received during the year ended June 30, 2016. Following is the balance of the federal portion of the loans at June 30, 2016.

Program	CFDA Number	Amount
Capitalization Loans for Clean Water State Revolving Funds		
Design and Construction, Wastewater Treatment Plant CWSRF Loan #50	66.458	\$ 8,746,842
Capitalization Loans for Drinking Water State Revolving Funds		
Design and Construction, Water Distribution System DWSRF Loan #39	66.468	386,956
Total Federal Loans		\$ 9,133,798

CITY OF GILLETTE, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, **2016**

(Page 2 of 2)

Section II. Financial Statement Findings

A. Internal Control Findings

There were no in internal control findings

B. Compliance Findings

There were no compliance findings.

Section III. Federal Award Findings and Questioned Costs

There are no findings and questioned costs in 2016.

CITY OF GILLETTE, WYOMING

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, **2016**

1) Prior Year Findings:

There were no prior year findings.
