

COMPREHENSIVE ANNUAL  
FINANCIAL REPORT OF  
CITY OF GILLETTE, WYOMING

For the fiscal year ended  
June 30, 2018

Prepared by:  
Finance Department

# CITY OF GILLETTE, WYOMING

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**CITY OF GILLETTE, WYOMING**

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# INTRODUCTORY SECTION



# CITY OF GILLETTE

## Finance Division

201 E. 5th Street • Gillette, Wyoming 82716  
Phone 307.686.5208  
[www.gillettewy.gov](http://www.gillettewy.gov)

December 18, 2018

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, 2018.

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, 2018. 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. After historically being considered as one of the top growth areas in the state, the City of Gillette experienced a sudden and drastic reduction in population estimates since its peak in 2015 due to negative pressure on coal and oil production. However, the energy sector has realized a noteworthy rebound over the last sixteen months, causing population to increase considerably, although not to 2015’s peak estimates. The city currently occupies 23.15 square miles and serves an estimated population of 32,252. 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 six 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, sewer, 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. The mining sector has been and continues to be a significant economic player and a major revenue player. However, after steady growth since 1975, coal production declined substantially in the latter half of 2015 through the first quarter of 2017, with a noticeable rebound over the last sixteen months. While the local economy was in a holding pattern a year ago, there have been recent signs of renewed growth. Recent actions by the current administration initiated the process of eliminating, rescinding or changing many of the federal regulations negatively affecting coal production and use. These changes in policy and regulations are contributing to a stronger-looking future for the coal industry. Additionally, in an effort to address concerns about the impact burning coal has on global warming, the State of Wyoming 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. Construction on the Center is complete, with research teams expected to arrive in the spring of 2019.

Increased mineral production over the last fiscal year has caused healthier economic indicators. Unemployment is down from 5.7% in 2017 to 4.3% in 2018. Apartment rental property vacancy rates have drastically decreased to 7.5% as compared to 21.5% the prior year. The City's population has nearly recovered from the dramatic loss in 2016, with current estimates indicating that population has increased by 3.55% from last year, and 5.86% from 2016's low.

The City of Gillette's share of sales tax revenues has decreased from \$47,549,129 in 2009 to \$36,167,074 in 2018, a 24% decrease. Sales tax collections throughout this time have been volatile, enduring large positive and negative swings indicative of the "boom and bust" cycles experienced in the energy industry. Illustrating this fact is the nearly 45% reduction in sales tax collections from their peak in fiscal year 2015 to a 12-year low in fiscal year 2017, representing over a \$24M decline. However, as described earlier, the energy sector has experienced a sizeable rebound over the last sixteen months, causing sales tax collections to also see a positive trend during that time.

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, Sewer, 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 Sewer Fund in order to cover costs. Accordingly, rates were adjusted 5.5% in this fund. The net positions in the Water, Power and Solid Waste Funds were adequate to meet their reserve standards so these rates remained unchanged.

On November 6, 2018, 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 \$15M 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 within the community. The measure will be brought up for vote again in 2022.

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 a continual somber 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 includes 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 2019. 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 was to sunset when the full \$110M was collected. The

full amount was collected as of March 31, 2015, and accordingly, collection of the Capital Facilities Tax ceased at that time. The City of Gillette has received \$75M to pay off the note, and an additional \$20M which will be reserved for future water system extension projects. The remaining \$15M has been distributed to the Town of Wright for non-related purposes.

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, 2017. 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 Davidson, 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,

*Michelle Henderson*

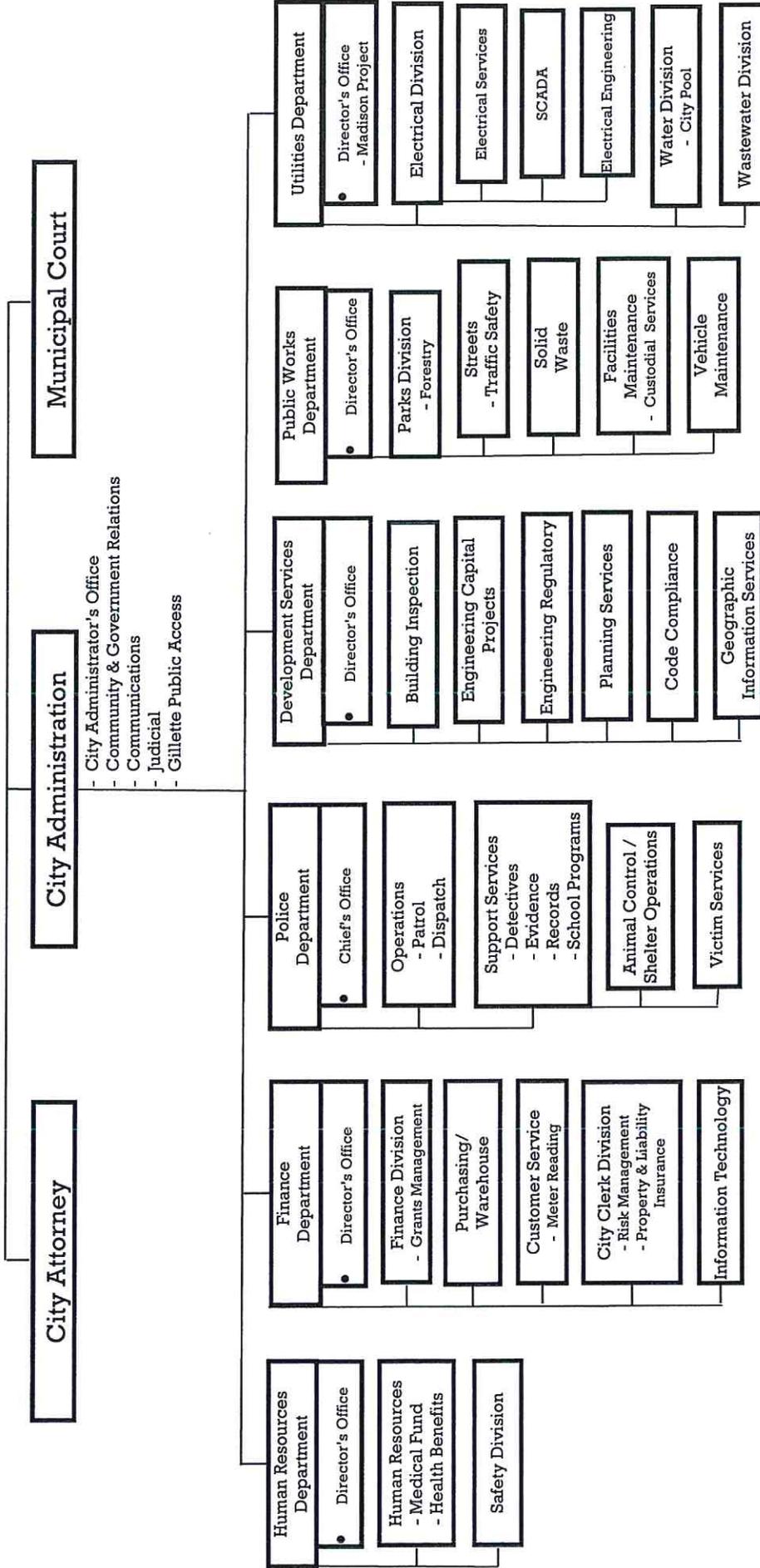
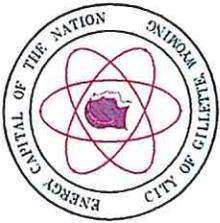
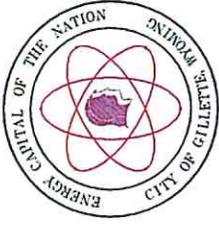
Michelle Henderson  
Finance Director

# City of Gillette

## Organizational Chart

### Citizens of Gillette

### Mayor & City Council



City of Gillette  
Elected and Appointed Officials  
June 30, 2018

**ELECTED OFFICIALS**

Mayor		Louise Carter-King
City Council	Ward I	Shawn Neary Dan Barks
	Ward II	Billy Montgomery Tim Carsrud
	Ward III	Robin Kuntz Shay Lundvall

**APPOINTED OFFICIALS**

City Administrator	Patrick Davidson
City Attorney	Anthony Reyes
Municipal Court Judges	Doug Dumbrill

**DEPARTMENT HEADS**

Chief of Police	Jim Hloucal
Interim Development Services Director	Mike Cole
Finance Director	Michelle Henderson
Human Resources Director	John Aguirre
Public Works Director	Sawley Wilde
Utilities Director	Mike Cole



Government Finance Officers Association

Certificate of  
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**City of Gillette  
Wyoming**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

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 (City)** as of and for the year ended June 30, 2018, 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, 2018, 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 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 73 through 75, 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 17, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the **City's** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the **City of Gillette, Wyoming's** internal control over financial reporting and compliance.

*Bennett, Weber & Hermstad, LLP*

Gillette, Wyoming  
December 17, 2018

## 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, 2018. 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 \$646,272 (*net position*). Of this amount, \$81,833 (*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 \$29,113. The governmental-type net position increased by \$6,499 mainly due to increased sales and use tax collections. The business-type net position increased by \$22,614 due to increases in investments in capital assets which includes current year capital contributions equal to \$8,914.
- ❖ As of the close of the current fiscal year, the City of Gillette's governmental fund reported ending fund balance of \$58,768, an increase of \$8,840 in comparison with the prior year. Approximately 26 percent of this total amount, \$15,467, 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 \$122 while the committed fund balance was \$17,660 and the assigned fund balance was \$25,293. 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 decreased by \$6,820 during the current fiscal year. The City did not acquire new debt during FY2018. The decrease is due to payments that were made to: the State Land and Investment Board for the Waste Water Treatment Plant debt; Lease Revenue Bondholders related to the WyGen III and CTII purchases; and Certificate of Participation holders for debt related to the Student Housing Phase II Project. The City recorded a reduction to the net pension liability of \$2,262 during the fiscal year.

## 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, Fiber, 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, Fiber, 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, Fiber 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. The information for the nonmajor enterprise funds (Solid Waste and Fiber) are combined into a single aggregated presentation in the proprietary fund financial statements, the same is true for the internal service funds. Additionally, individual fund data for the nonmajor enterprise funds and the internal service funds are 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 44-72 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 73-75. Individual fund statements for the Nonmajor Enterprise Funds, Internal Service Funds and Agency Fund are presented on pages 76-85 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 \$646,272 at the close of the most recent fiscal year. Governmental activities net position was \$259,252 and business-type activities net position was \$387,020.

	City of Gillette's Net Position					
	Rounded to \$000,s					
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	71,155	61,329	139,880	140,845	211,035	202,175
Capital Assets	220,152	223,259	404,014	384,802	624,167	608,061
<b>Total Assets</b>	<b>291,307</b>	<b>284,589</b>	<b>543,895</b>	<b>525,647</b>	<b>835,202</b>	<b>810,236</b>
Deferred Outflows of Resources						
Relating to Pensions	2,789	4,174	785	1,548	3,574	5,722
Long-term Liabilities Outstanding:	23,226	25,741	150,768	155,074	173,995	180,815
Other Liabilities:	9,439	9,277	5,994	7,258	15,432	16,535
<b>Total Liabilities</b>	<b>32,665</b>	<b>35,018</b>	<b>156,762</b>	<b>162,332</b>	<b>189,427</b>	<b>197,350</b>
Deferred Inflows of Resources						
Relating to Pensions	2,179	992	898	457	3,077	1,449
Net Position:						
Net Investment in Capital Assets	209,622	212,062	258,143	233,994	467,765	446,056
Restricted:	122	172	96,552	101,671	96,674	101,843
Unrestricted:	49,508	40,519	32,325	28,741	81,833	69,260
<b>Total Net Position</b>	<b>259,252</b>	<b>252,753</b>	<b>387,020</b>	<b>364,406</b>	<b>646,272</b>	<b>617,159</b>

The largest portion of the City of Gillette's net position (72 percent) reflects its net 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 net 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 (15 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$81,833) 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.

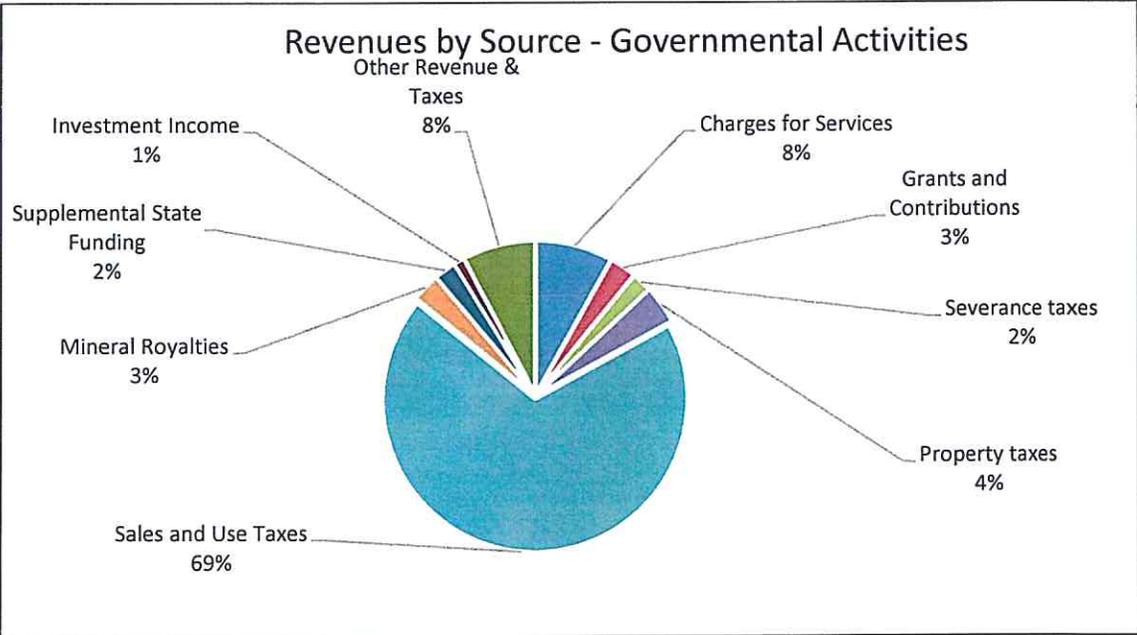
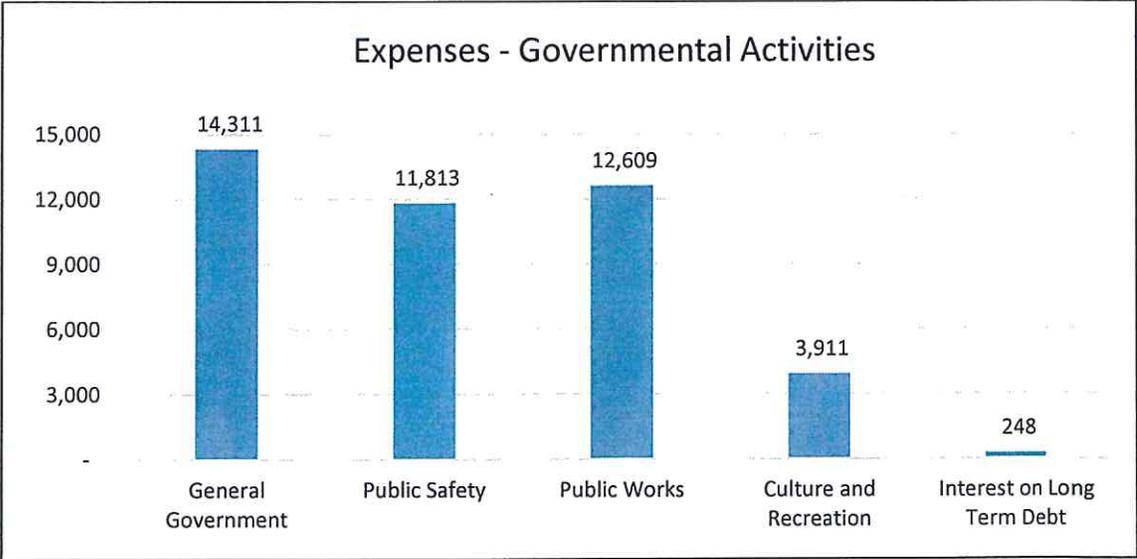
The government's net position increased by \$29,113, or five percent during the current fiscal year. While there was a gain in net position, most of the growth is due to increased investments in capital assets. The increase in the net investment in capital assets was equal to \$21,709. Major capital projects for infrastructure throughout the City of Gillette include completion of the Gillette College Student Housing Phase II Project; continued construction on the Boxelder Enhancements (Emerson to Highway 59) Project; Interstate Industrial Park and Winland Industrial Park Projects; several Pavement Management System projects; completion of various Power Primary Cable Replacement Projects; Gillette Regional Water Supply Project; and the Annual Water and Sewer Main Replacement projects. Also, FY2018 capital contributions from infrastructure dedicated from new developments and annexations equaled \$9,698. Most of the capital contributions were from the Sewer System that was conveyed to the City as a result of the Antelope Valley and Crestview Annexation.

**City of Gillette's Changes in Net Position**

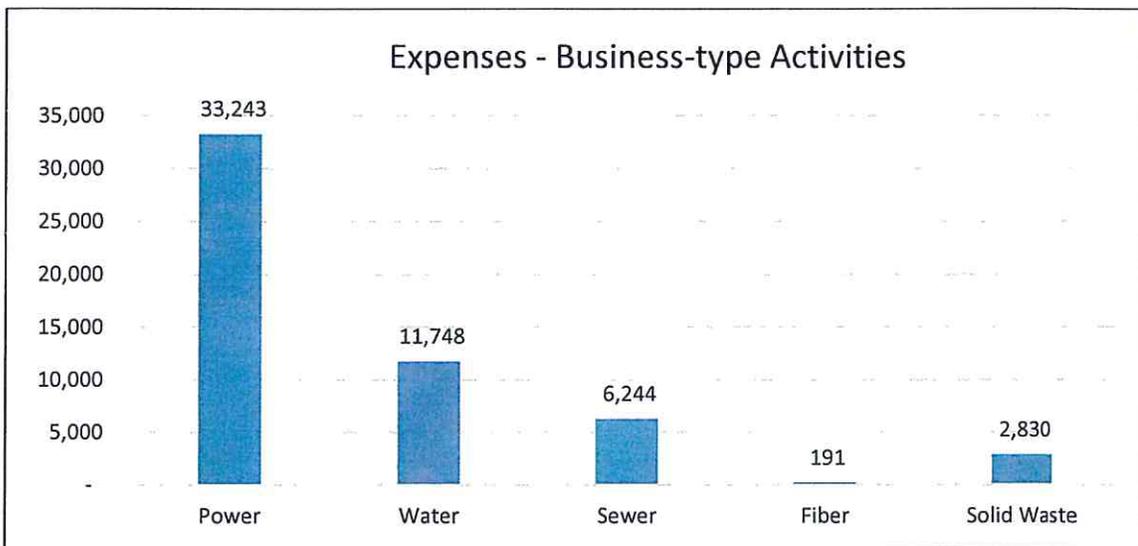
Rounded to \$,000s

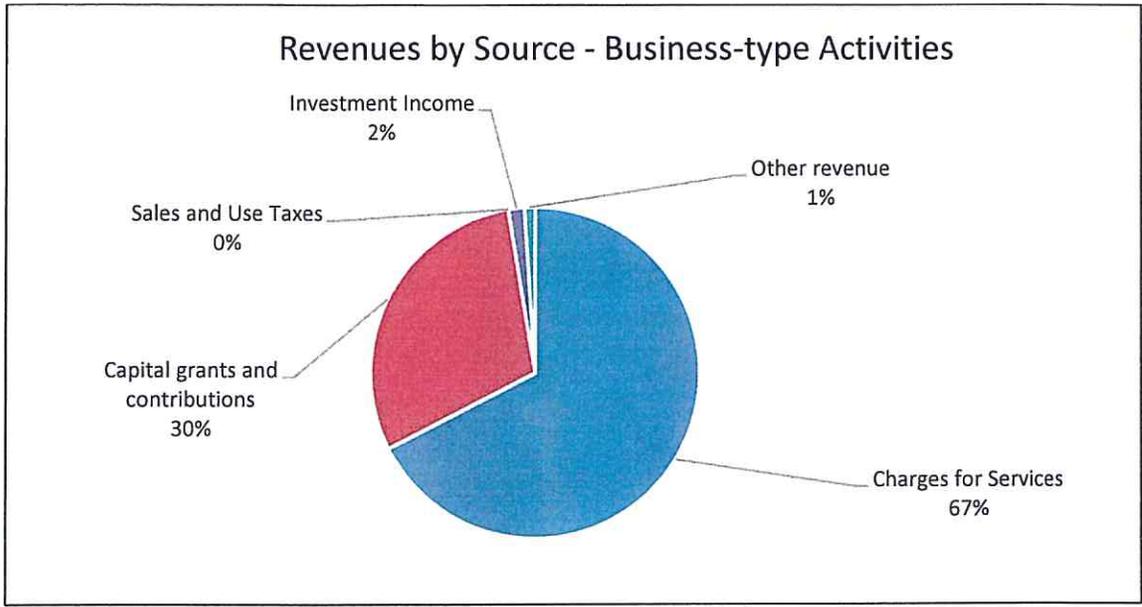
	Governmental activities		Business-type activities		Total	
	FY2018	FY2017	FY2018	FY2017	FY2018	FY2017
Revenues:						
Program revenues:						
Charges for Services	4,267	3,826	49,720	49,134	53,987	52,961
Operating Grants and Contributions	296	2,979	-	-	296	2,979
Capital grants and contributions	1,171	2,730	22,015	26,811	23,186	29,541
General revenues:						
Severance taxes	1,107	1,107	-	-	1,107	1,107
Property taxes	2,125	2,282	-	-	2,125	2,282
Sales and Use Taxes	36,167	29,918	25	105	36,193	30,023
Other taxes	3,312	3,188	-	-	3,312	3,188
Mineral Royalties	1,584	1,585	-	-	1,584	1,585
Supplemental State Funding	1,219	1,124	-	-	1,219	1,124
Investment Income (Loss)	427	150	1,153	445	1,579	595
Other revenue	883	754	789	477	1,672	1,231
Total revenues	<u>52,559</u>	<u>49,644</u>	<u>73,702</u>	<u>76,974</u>	<u>126,261</u>	<u>126,617</u>
Expenses:						
General Government	14,311	18,530	-	-	14,311	18,530
Public Safety	11,813	13,811	-	-	11,813	13,811
Public Works	12,609	11,456	-	-	12,609	11,456
Culture and Recreation	3,911	4,101	-	-	3,911	4,101
Interest on Long Term Debt	248	276	-	-	248	276
Power	-	-	33,243	33,431	33,243	33,431
Water	-	-	11,748	10,667	11,748	10,667
Sewer	-	-	6,244	5,946	6,244	5,946
Fiber	-	-	191	-	191	-
Solid Waste	-	-	2,830	2,684	2,830	2,684
Total Expenses	<u>42,893</u>	<u>48,174</u>	<u>54,255</u>	<u>52,727</u>	<u>97,148</u>	<u>100,901</u>
Increase in net position before transfers	9,666	1,470	19,447	24,246	29,113	25,716
Transfers	(3,167)	(2,926)	3,167	2,926	-	-
Increase/(decrease) in net position	6,499	(1,457)	22,614	27,173	29,113	25,716
Net position - Beginning of Fiscal Year	252,753	254,209	364,406	337,234	617,159	591,443
Net position - End of Fiscal Year	259,252	252,753	387,020	364,406	646,272	617,159

**Governmental activities.** Governmental activities increased the City of Gillette's net position by \$6,499. The increase in governmental activities resulted mainly from increased sales and use tax collections as compared to the prior year as well as decreased spending, especially in the General Government category. Lower spending was planned through the budget process in order to keep expenses in line with projected sales and use tax receipts. There were capital asset transfers between the governmental and business-type activities of \$3,167. 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 Sales Tax.



**Business-type activities.** Business-type activities increased the City of Gillette’s net position by \$22,614, thereby accounting for 78 percent of the growth in the net position of the City of Gillette. Increases in the business-type activity net position resulted from net investments in capital assets (\$24,149) including power line, sewer line, fiber 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 as well as Sewer assets that were conveyed to the City with the Antelope Valley and Crestview Annexation. The business-type funds experienced similar expenses when compared to the last fiscal year. There were capital asset transfers between the governmental and business-type activities of \$3,167. 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 Sales Tax.





**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 \$58,768, an increase of \$8,840 in comparison with the prior year. As stated in the discussion of the Governmental activities above, this increase was driven mainly by increased sales tax collections and decreased spending. The City of Gillette and the surrounding area experienced a significant economic downturn several years ago due to the decline in coal and oil production. It appears that things are starting to stabilize which is reflected in the sales tax receipts over the last fiscal year. Approximately 26 percent of the ending fund balance (\$15,467) constitutes *unassigned fund balance*, which is available for spending at the government’s discretion. The unassigned fund balance increased by \$6,646 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 (\$9,302), along with the completion of contracts/projects in progress as of June 30, 2018 (\$8,224).

*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 Proprietary Funds at the end of the year are as follows: Power Fund \$13,533; Water Fund \$11,350; Sewer Fund \$3,730; Solid Waste Fund \$1,752; and the Fiber Fund \$65. The increase in the total of the net position from FY2017 to FY2018 for the proprietary funds was \$22,397 reflecting an increase in investments in capital assets. Other factors concerning the finances of these five 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 \$13,801 increase in appropriations between the original and final amended budget. The primary reason for the increase was from the carryover budget process. The carryover budget amendment primarily represents projects approved in the FY2016/2017 budget, which for various reasons, were not completed by the City’s June 30, 2017 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 FY2017/2018 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 FY2017, and therefore had to be carried over into FY2018, were: Interstate Industrial Park Project, Boxelder Road Enhancements – Emerson to Highway 59, 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 \$20,562. Total revenues were above budget by \$4,706 mainly due to sales and use tax receipts that were higher than the adjusted budget for the year. The increased sales and use tax receipts were offset by intergovernmental revenues that were below budget due to timing of work related to grant and loan funded projects, specifically a water system improvement project, a pathway construction project and a video monitoring/surveillance system. Expenditures were lower than budget by \$13,395 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, 2018 is \$624,167 (net of accumulated depreciation). This represents a net increase (additions, disposals, and depreciation) of \$16,106 or three percent 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 less than one percent for governmental activities and five percent for business-type activities.

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

- Completion of the Gillette College Student Housing Phase II Project
- Power Line construction including Primary Cable Replacement and conversion of Overhead Line to Underground
- Continued work on the Boxelder Enhancements (Emerson to Highway 59) Project
- Pavement Management System projects
- Continued construction related to the Gillette Regional Water Supply Project
- Annual Water and Sanitary Sewer Main Replacement

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

	Governmental Activities		Business-Type Activities		Total	
	FY2018	FY2017	FY2018	FY2017	FY2018	FY2017
Land	13,837	13,542	662	662	14,499	14,204
Construction in Progress	5,603	13,384	82,930	96,825	88,534	110,209
Infrastructure	149,901	153,740	186,392	157,039	336,293	310,779
Buildings & Improvements	41,990	32,644	117,208	114,831	159,197	147,475
Machinery & Equipment	5,249	5,992	13,531	11,915	18,779	17,907
Allocation of Vehicle Maintenance	3,573	3,956	3,292	3,531	6,865	7,486
<b>Total Assets</b>	<b>220,152</b>	<b>223,259</b>	<b>404,014</b>	<b>384,802</b>	<b>624,167</b>	<b>608,061</b>

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 FY2018, the City of Gillette had total long-term debt outstanding of \$173,995 which is a decrease of \$6,820 during the current fiscal year. The City acquired no additional debt during FY2018. Payments were 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 and the payment made for debt related to the Certificates of Participation for Student Housing Phase II Project. In addition, the net pension liability decreased the City's debt by \$2,262.

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 \$11,172. 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, 2018, the City's assessed valuation was \$279,312.

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

	Governmental Activities		Business-Type Activities		Total	
	FY2018	FY2017	FY2018	FY2017	FY2018	FY2017
<b>Long-term Liabilities:</b>						
Accrued Sick Leave	79	80	90	99	169	179
Customer Deposits	-	-	808	845	808	845
Certificate of Participation	9,495	10,555	-	-	9,495	10,555
Net Pension Liability	13,266	14,682	5,682	6,529	18,948	21,211
Subtotal	22,840	25,317	6,580	7,472	29,420	32,789
<b>Capital Loan Agreements</b>						
Special Assessment Debt	386	424	-	-	386	424
Gillette Madison Pipeline	-	-	44,328	44,328	44,328	44,328
Electric Facilities Improvement - Lease Revenue Bonds	-	-	88,140	88,610	88,140	88,610
Plus Bond Premium	-	-	2,273	2,460	2,273	2,460
Southern Industrial Addition	-	-	2,645	2,645	2,645	2,645
Wastewater Treatment Facility Improvements	-	-	8,802	9,559	8,802	9,559
Subtotal	386	424	144,188	147,602	144,574	148,026
<b>Total Long-term Debt</b>	23,226	25,741	150,768	155,074	173,995	180,815

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 4.3 percent, which is a decrease compared to the rate a year ago (based upon Campbell County statistical data). This compares unfavorably to the state's average unemployment rate of 3.7 percent as well as the national average rate of 4.2 percent.

All of these factors were considered in preparing the City of Gillette's budget for the 2019 fiscal year.

During the current fiscal year, unassigned fund balance for all governmental funds is \$15,467. The City of Gillette has restricted \$121 in fund balance for the Gillette College Student Housing Phase II Project. The City has appropriated \$17,660 for several major projects and an additional \$25,293 for the operating budget in the 2019 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 2019 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 2018 budget year. The City Council approved a rate increase effective May 1, 2018, for wastewater services to increase revenue by 5.5 percent.

The rates affect both residential and commercial consumers by varying percentages. 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, 201 E. 5<sup>th</sup> Street, Gillette, WY 82716.

CITY OF GILLETTE, WYOMING

STATEMENT OF NET POSITION

June 30, 2018

	Governmental Activities	Business- Type Activities	Total
<b>ASSETS</b>			
Cash	\$ 9,290,112	\$ 7,158,756	\$ 16,448,868
Cash With Fiscal Agent	121,421	141,829	263,250
Investments	57,337,168	123,368,847	180,706,015
Accounts Receivable (Net of Allowance for Uncollectibles)	-	1,897,641	1,897,641
Taxes Receivable	3,341,395	25,483	3,366,878
Unbilled Accounts Receivable	-	2,180,254	2,180,254
Accrued Interest Receivable	8,500	61,923	70,423
Special Assessment Receivable	27,764	-	27,764
Other Receivable	195,698	363,547	559,245
Internal Balances	(62,399)	62,399	-
Due From Other Entities	507,137	1,042,444	1,549,581
Inventories	388,043	3,577,100	3,965,143
Capital Assets:			
Nondepreciable Capital Assets	19,440,196	83,591,857	103,032,053
Depreciable Capital Assets, Net	200,711,916	320,422,615	521,134,531
<b>Total Assets</b>	<b>\$ 291,306,951</b>	<b>\$ 543,894,695</b>	<b>\$ 835,201,646</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Relating to Pensions	\$ 2,789,155	\$ 784,775	\$ 3,573,930
<b>LIABILITIES</b>			
Vouchers Payable	\$ 1,256,487	\$ 2,612,736	\$ 3,869,223
Contracts and Retainage Payable	1,156,783	1,543,127	2,699,910
Estimated Claims Payable	483,086	182,125	665,211
Accrued Interest Payable	98,115	660,134	758,249
Other Accrued Liabilities	1,757,427	995,651	2,753,078
Advance Payments Received on Grants	37,190	-	37,190
Due To Other Entities	4,649,446	-	4,649,446
Noncurrent Liabilities:			
Due Within One Year	1,139,556	3,987,000	5,126,556
Due Within More Than One Year	22,086,629	146,781,352	168,867,981
<b>Total Liabilities</b>	<b>\$ 32,664,719</b>	<b>\$ 156,762,125</b>	<b>\$ 189,426,844</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Relating to Pensions	\$ 2,179,397	\$ 897,542	\$ 3,076,939
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ 209,621,750	\$ 258,142,870	\$ 467,764,620
Restricted for:			
Criminal Forfeiture	5	-	5
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	-	84,818,198	84,818,198
Wastewater Treatment Plant Repair and Replacement	-	250,000	250,000
Student Housing Project	121,421	-	121,421
Gillette Historic Preservation Commission	351	-	351
Unrestricted	49,508,463	32,324,767	81,833,230
<b>Total Net Position</b>	<b>\$ 259,251,990</b>	<b>\$ 387,019,803</b>	<b>\$ 646,271,793</b>

See Notes to the Basic Financial Statements.

CITY OF GILLETTE, WYOMING

STATEMENT OF ACTIVITIES

Year Ended June 30, 2018

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
General Government	\$ 14,311,284	\$ 3,975,682	\$ 12,000	\$ -
Public Safety	11,812,747	71,727	279,242	17,148
Public Works	12,609,284	220,089	-	859,344
Culture and Recreation	3,911,251	-	5,000	294,091
<b>Debt Service:</b>				
Interest and Other Charges	248,382	-	-	-
<b>Total Governmental Activities</b>	<b>\$ 42,892,948</b>	<b>\$ 4,267,498</b>	<b>\$ 296,242</b>	<b>\$ 1,170,583</b>
<b>Business-type Activities:</b>				
Power	\$ 33,242,868	\$ 34,499,976	\$ -	\$ 1,452,981
Water	11,747,663	7,218,039	-	11,722,372
Sewer	6,244,321	4,900,677	-	6,625,165
Fiber	190,756	118,978	-	2,214,648
Solid Waste	2,829,602	2,982,211	-	-
<b>Total Business-type Activities</b>	<b>\$ 54,255,210</b>	<b>\$ 49,719,881</b>	<b>\$ -</b>	<b>\$ 22,015,166</b>
<b>Total Primary Government</b>	<b>\$ 97,148,158</b>	<b>\$ 53,987,379</b>	<b>\$ 296,242</b>	<b>\$ 23,185,749</b>
<b>General Revenues:</b>				
<b>Taxes:</b>				
Severance Taxes				
Property Taxes, levied for general purposes				
Automobile Taxes				
Sales and Use Taxes				
Gasoline Taxes				
Franchise Taxes				
Cigarette Taxes				
Lodging Taxes				
Mineral Royalties				
Supplemental State Funding, Unrestricted				
Gaming Revenue				
Investment Income				
Other Revenue				
<b>Transfers</b>				
<b>Total General Revenues and Transfers</b>				
<b>Change in Net Position</b>				
<b>Net Position, Beginning July 1</b>				
<b>Net Position, Ending June 30</b>				

See Notes to the Basic Financial Statements.

<u>Net (Expense) Revenue and Changes in Net Position</u>		
Governmental Activities	Business-type Activities	Totals
\$ (10,323,602)	\$ -	\$ (10,323,602)
(11,444,630)	-	(11,444,630)
(11,529,851)	-	(11,529,851)
(3,612,160)	-	(3,612,160)
(248,382)	-	(248,382)
\$ (37,158,625)	\$ -	\$ (37,158,625)
\$ -	\$ 2,710,089	\$ 2,710,089
-	7,192,748	7,192,748
-	5,281,521	5,281,521
-	2,142,870	2,142,870
-	152,609	152,609
\$ -	\$ 17,479,837	\$ 17,479,837
\$ (37,158,625)	\$ 17,479,837	\$ (19,678,788)
\$ 1,106,950	\$ -	\$ 1,106,950
2,125,450	-	2,125,450
891,300	-	891,300
36,167,074	25,483	36,192,557
1,310,202	-	1,310,202
890,293	-	890,293
188,313	-	188,313
32,365	-	32,365
1,584,413	-	1,584,413
1,218,873	-	1,218,873
570,942	-	570,942
426,532	1,152,882	1,579,414
312,377	788,551	1,100,928
(3,167,009)	3,167,009	-
\$ 43,658,075	\$ 5,133,925	\$ 48,792,000
\$ 6,499,450	\$ 22,613,762	\$ 29,113,212
252,752,540	364,406,041	617,158,581
\$ 259,251,990	\$ 387,019,803	\$ 646,271,793

**CITY OF GILLETTE, WYOMING**

**BALANCE SHEET  
GOVERNMENTAL FUND - GENERAL FUND  
June 30, 2018**

<b>ASSETS</b>	
Cash	\$ 8,457,232
Cash With Fiscal Agent	121,421
Investments	54,915,212
Taxes Receivable	3,341,395
Accrued Interest Receivable	8,500
Other Receivable	94,235
Due From Other Entities	507,137
Inventories	227,521
<hr/>	
Total Assets	\$ 67,672,653
<hr/>	
<b>LIABILITIES AND FUND BALANCE</b>	
<b>LIABILITIES</b>	
Vouchers Payable	\$ 1,114,895
Contracts and Retainage Payable	1,156,783
Other Accrued Liabilities	1,718,228
Advance Payments Received on Grants	37,190
Due To Other Funds	227,912
Due To Other Entities	4,649,446
<hr/>	
Total Liabilities	\$ 8,904,454
<hr/>	
<b>FUND BALANCE</b>	
Nonspendable	\$ 227,521
Restricted	121,777
Committed	17,659,545
Assigned	25,292,678
Unassigned	15,466,678
<hr/>	
Total Fund Balance	\$ 58,768,199
<hr/>	
Total Liabilities and Fund Balance	\$ 67,672,653
<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, 2018

Total Governmental Fund Balance	\$	58,768,199
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.		27,764
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Nondepreciable capital assets	\$	19,440,196
Depreciable assets		305,775,532
Less: accumulated depreciation		<u>(108,636,451)</u>
		216,579,277
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.		6,582,453
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	\$	(69,900)
Net pension liability		(13,266,222)
Certificates of Participation		(9,495,000)
Accrued interest on Certificates of Participation		<u>(98,115)</u>
		(22,929,237)
Special Assessment debt with governmental commitment is not due and payable in the current period and therefore is not reported in the funds.		(386,224)
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	\$	2,789,155
Deferred inflows of resources related to pensions		<u>(2,179,397)</u>
		609,758
<b>Total Net Position of Governmental Activities</b>	<b>\$</b>	<b>259,251,990</b>

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, 2018

(Page 1 of 2)

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Severance	\$ 1,106,851	\$ 1,106,851	\$ 1,106,950	\$ 99
Property	2,076,203	2,076,203	2,125,450	49,247
Automobile	945,000	945,000	891,300	(53,700)
Sales and Use	29,300,000	29,300,000	36,167,074	6,867,074
Gasoline	1,290,000	1,290,000	1,310,202	20,202
Franchise	721,452	721,452	890,293	168,841
Cigarette	182,000	182,000	188,313	6,313
Lodging	-	-	32,365	32,365
<b>Total Taxes</b>	<b>\$ 35,621,506</b>	<b>\$ 35,621,506</b>	<b>\$ 42,711,947</b>	<b>\$ 7,090,441</b>
Intergovernmental:				
Local and County Sources	\$ 31,000	\$ 43,000	\$ 150,754	\$ 107,754
State Sources	5,171,022	5,571,022	3,456,096	(2,114,926)
Federal Sources	231,300	915,364	450,101	(465,263)
<b>Total Intergovernmental</b>	<b>\$ 5,433,322</b>	<b>\$ 6,529,386</b>	<b>\$ 4,056,951</b>	<b>\$ (2,472,435)</b>
Other:				
Licenses and Permits	\$ 252,799	\$ 252,799	\$ 283,027	\$ 30,228
Charges for Services	3,222,054	3,312,077	3,296,056	(16,021)
Fines and Fees	351,000	351,000	363,872	12,872
Investment Income	258,707	258,707	404,105	145,398
Miscellaneous	558,536	727,851	636,920	(90,931)
Special Assessment Revenue	7,881	7,881	13,994	6,113
<b>Total Other</b>	<b>\$ 4,650,977</b>	<b>\$ 4,910,315</b>	<b>\$ 4,997,974</b>	<b>\$ 87,659</b>
<b>Total Revenues</b>	<b>\$ 45,705,805</b>	<b>\$ 47,061,207</b>	<b>\$ 51,766,872</b>	<b>\$ 4,705,665</b>
<b>EXPENDITURES</b>				
General Government:				
Salaries and Benefits	\$ 7,203,233	\$ 7,664,180	\$ 7,428,223	\$ 235,957
Contractual Services	2,715,298	2,854,622	2,510,670	343,952
Supplies and Materials	942,641	951,041	789,718	161,323
Capital Outlay	15,000	491,265	416,865	74,400
<b>Total General Government</b>	<b>\$ 10,876,172</b>	<b>\$ 11,961,108</b>	<b>\$ 11,145,476</b>	<b>\$ 815,632</b>
Public Safety:				
Salaries and Benefits	\$ 8,316,767	\$ 8,596,184	\$ 8,525,998	\$ 70,186
Contractual Services	914,203	900,900	817,420	83,480
Supplies and Materials	407,389	472,136	406,321	65,815
Capital Outlay	-	51,185	-	51,185
<b>Total Public Safety</b>	<b>\$ 9,638,359</b>	<b>\$ 10,020,405</b>	<b>\$ 9,749,739</b>	<b>\$ 270,666</b>

(Continued)

CITY OF GILLETTE, WYOMING

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

GENERAL FUND

Year Ended June 30, 2018

(Page 2 of 2)

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Public Works:				
Salaries and Benefits	\$ 1,217,728	\$ 1,276,965	\$ 1,227,473	\$ 49,492
Contractual Services	983,141	993,141	1,011,230	(18,089)
Supplies and Materials	928,964	791,408	788,002	3,406
Capital Outlay	12,712,400	19,859,110	8,142,289	11,716,821
<b>Total Public Works</b>	<b>\$ 15,842,233</b>	<b>\$ 22,920,624</b>	<b>\$ 11,168,994</b>	<b>\$ 11,751,630</b>
Culture and Recreation:				
Salaries and Benefits	\$ 1,142,930	\$ 1,288,629	\$ 985,886	\$ 302,743
Contractual Services	343,265	500,910	474,950	25,960
Supplies and Materials	544,065	544,065	588,153	(44,088)
Capital Outlay	906,600	1,428,913	830,651	598,262
<b>Total Culture and Recreation</b>	<b>\$ 2,936,860</b>	<b>\$ 3,762,517</b>	<b>\$ 2,879,640</b>	<b>\$ 882,877</b>
Miscellaneous:				
Joint Powers Fire Board Funding	\$ 1,143,234	\$ 1,172,071	\$ 1,170,139	\$ 1,932
Joint Powers Public Land Board Funding	631,606	645,606	645,606	-
Other	1,616,727	761,188	1,089,039	(327,851)
Debt Service:				
Principal	1,097,843	1,097,843	1,097,727	116
Interest and Other Charges	259,219	259,219	259,335	(116)
<b>Total Miscellaneous</b>	<b>\$ 4,748,629</b>	<b>\$ 3,935,927</b>	<b>\$ 4,261,846</b>	<b>\$ (325,919)</b>
<b>Total Expenditures</b>	<b>\$ 44,042,253</b>	<b>\$ 52,600,581</b>	<b>\$ 39,205,695</b>	<b>\$ 13,394,886</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 1,663,552	\$ (5,539,374)	\$ 12,561,177	\$ 18,100,551
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 60,236	\$ 60,236	\$ 100	\$ (60,136)
Transfers (Out)	(1,000,000)	(6,242,994)	(3,721,497)	2,521,497
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (939,764)</b>	<b>\$ (6,182,758)</b>	<b>\$ (3,721,397)</b>	<b>\$ 2,461,361</b>
<b>Net Change in Fund Balance</b>	<b>\$ 723,788</b>	<b>\$ (11,722,132)</b>	<b>\$ 8,839,780</b>	<b>\$ 20,561,912</b>
FUND BALANCE, BEGINNING JULY 1	49,928,419	49,928,419	49,928,419	-
<b>FUND BALANCE, ENDING JUNE 30</b>	<b>\$ 50,652,207</b>	<b>\$ 38,206,287</b>	<b>\$ 58,768,199</b>	<b>\$ 20,561,912</b>

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, 2018

(Page 1 of 2)

Net Change in Fund Balance - Total Governmental Fund	\$ 8,839,780
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.	(13,994)
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	\$ 7,360,277
Depreciation	<u>(10,428,436)</u>
	(3,068,159)
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.	(440,208)
Capital contributions and local annexations representing the acquisition value of infrastructure and capital assets annexed and received by the City during the fiscal year ended June 30, 2018. Capital assets and any related capital contributions are not financial resources and are not reported in the funds.	784,102
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.	444,514
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.	
Timing differences in the payable of accrued interest on Certificates of Participation	10,953

(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, 2018

(Page 2 of 2)

Decrease in long-term sick leave payable is not reflected in the governmental funds, but decreases long-term liabilities in the Statement of Net Position.	\$ 1,342
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.	37,727
Repayment of certificates of participation principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	1,060,000
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	\$ 1,726,492
Cost of benefits earned net of employee contributions	<u>(2,883,099)</u>
	(1,156,607)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 6,499,450</b>

See Notes to the Basic Financial Statements.

CITY OF GILLETTE, WYOMING

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2018

	Business-Type Activities - Enterprise Funds		
	Power	Water	Sewer
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash	\$ 1,285,556	\$ 2,298,056	\$ 2,460,555
Cash With Fiscal Agent	141,829	-	-
Investments	12,844,739	12,500,025	2,304,018
Accounts Receivable, Net of Allowance for Uncollectibles	1,184,977	302,074	233,504
Taxes Receivable	-	25,483	-
Unbilled Accounts Receivable	1,403,940	451,048	194,115
Other Receivables	39,211	4,086	83,599
Accrued Interest Receivable	52,875	4,700	4,348
Due From Other Entities	118,207	906,220	18,017
Due From Other Funds	94,934	-	-
Inventories	2,920,122	519,409	28,574
<b>Total Current Assets</b>	<b>\$ 20,086,390</b>	<b>\$ 17,011,101</b>	<b>\$ 5,326,730</b>
<b>NONCURRENT ASSETS</b>			
Restricted Assets			
Investments Restricted for Lease Revenue Bonds	\$ 7,983,968	\$ -	\$ -
Investments Restricted for Gillette Regional Water Supply Project	-	84,446,773	-
Investments Restricted for Wastewater Treatment Plant Repair and Replacement	-	-	250,000
<b>Total Restricted Assets</b>	<b>\$ 7,983,968</b>	<b>\$ 84,446,773</b>	<b>\$ 250,000</b>
Capital Assets			
Land	\$ 200,903	\$ 194,417	\$ 266,404
Infrastructure	53,579,143	152,551,019	50,528,103
Buildings and Improvements	93,931,880	35,352,168	17,611,876
Machinery and Equipment	14,393,249	13,654,681	2,955,156
Construction in Progress	1,084,643	80,691,654	241,007
Less Accumulated Depreciation	(50,573,417)	(48,182,122)	(21,846,572)
<b>Total Capital Assets (Net of Accumulated Depreciation)</b>	<b>\$ 112,616,401</b>	<b>\$ 234,261,817</b>	<b>\$ 49,755,974</b>
<b>Total Noncurrent Assets</b>	<b>\$ 120,600,369</b>	<b>\$ 318,708,590</b>	<b>\$ 50,005,974</b>
<b>Total Assets</b>	<b>\$ 140,686,759</b>	<b>\$ 335,719,691</b>	<b>\$ 55,332,704</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Relating to Pensions	\$ 415,469	\$ 161,570	\$ 138,490
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Vouchers Payable	\$ 1,519,068	\$ 450,176	\$ 223,793
Contracts and Retainage Payable	-	1,517,924	25,203
Estimated Claims Payable	-	-	-
Accrued Interest Payable	465,409	-	194,725
Other Accrued Liabilities	662,005	129,358	119,308
Due to Other Funds	-	-	-
Current Maturities of Long-Term Liabilities	3,202,000	-	785,000
<b>Total Current Liabilities</b>	<b>\$ 5,848,482</b>	<b>\$ 2,097,458</b>	<b>\$ 1,348,029</b>
<b>NONCURRENT LIABILITIES</b>			
Customer Deposits	\$ 475,689	\$ -	\$ -
Accrued Sick Leave Payable	31,220	16,707	36,554
Capital Loan Payable	2,518,046	44,328,358	8,016,817
Lease Revenue Bonds	85,669,751	-	-
Net Pension Liability	3,008,227	1,169,866	1,002,743
<b>Total Noncurrent Liabilities</b>	<b>\$ 91,702,933</b>	<b>\$ 45,514,931</b>	<b>\$ 9,056,114</b>
<b>Total Liabilities</b>	<b>\$ 97,551,415</b>	<b>\$ 47,612,389</b>	<b>\$ 10,404,143</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Relating to Pensions	\$ 475,169	\$ 184,789	\$ 158,389
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ 21,558,604	\$ 188,415,535	\$ 40,928,954
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	-	84,818,198	-
Unrestricted	13,533,072	11,350,350	3,729,708
<b>Total Net Position</b>	<b>\$ 43,075,644</b>	<b>\$ 288,084,083</b>	<b>\$ 44,908,662</b>
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.

Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds	Total
\$ 595,115	\$ 6,639,282	\$ 1,352,354	\$ 7,991,636
-	141,829	-	141,829
1,602,412	29,251,194	3,858,868	33,110,062
177,086	1,897,641	-	1,897,641
-	25,483	-	25,483
131,151	2,180,254	-	2,180,254
159,746	286,642	178,368	465,010
-	61,923	-	61,923
-	1,042,444	-	1,042,444
-	94,934	227,912	322,846
-	3,468,105	269,517	3,737,622
\$ 2,665,510	\$ 45,089,731	\$ 5,887,019	\$ 50,976,750
\$ -	\$ 7,983,968	\$ -	\$ 7,983,968
-	84,446,773	-	84,446,773
-	250,000	-	250,000
\$ -	\$ 92,680,741	\$ -	\$ 92,680,741
\$ -	\$ 661,724	\$ -	\$ 661,724
2,917,144	259,575,409	-	259,575,409
-	146,895,924	-	146,895,924
385,509	31,388,595	17,287,676	48,676,271
912,829	82,930,133	-	82,930,133
(127,496)	(120,729,607)	(10,422,547)	(131,152,154)
\$ 4,087,986	\$ 400,722,178	\$ 6,865,129	\$ 407,587,307
\$ 4,087,986	\$ 493,402,919	\$ 6,865,129	\$ 500,268,048
\$ 6,753,496	\$ 538,492,650	\$ 12,752,148	\$ 551,244,798
\$ 69,246	\$ 784,775	\$ -	\$ 784,775
\$ 324,381	\$ 2,517,418	\$ 236,910	\$ 2,754,328
-	1,543,127	-	1,543,127
-	-	665,211	665,211
-	660,134	-	660,134
58,364	969,035	65,815	1,034,850
94,934	94,934	-	94,934
-	3,987,000	-	3,987,000
\$ 477,679	\$ 9,771,648	\$ 967,936	\$ 10,739,584
\$ -	\$ 475,689	\$ -	\$ 475,689
-	84,481	14,841	99,322
-	54,863,221	-	54,863,221
-	85,669,751	-	85,669,751
501,372	5,682,208	-	5,682,208
\$ 501,372	\$ 146,775,350	\$ 14,841	\$ 146,790,191
\$ 979,051	\$ 156,546,998	\$ 982,777	\$ 157,529,775
\$ 79,195	\$ 897,542	\$ -	\$ 897,542
\$ 3,947,483	\$ 254,850,576	\$ 6,865,129	\$ 261,715,705
-	7,983,968	-	7,983,968
-	250,000	-	250,000
-	3,500,000	-	3,500,000
-	84,818,198	-	84,818,198
1,817,013	30,430,143	4,904,242	35,334,385
<u>\$ 5,764,496</u>	<u>\$ 381,832,885</u>	<u>\$ 11,769,371</u>	<u>\$ 393,602,256</u>
	5,186,918		
	\$ 387,019,803		

**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, 2018

Total Net Position of the Proprietary Funds		<b>\$381,832,885</b>
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	<b>\$ 4,273,485</b>	
Liability and Property Injury Insurance	<b>416,218</b>	
Health Insurance	<b><u>497,215</u></b>	
Net Adjustment to Increase Net Position - Total Enterprise Funds		<b>5,186,918</b>
<b>Total Net Position - Business-Type Activities</b>		<b>\$387,019,803</b>

See Notes to the Basic Financial Statements.

CITY OF GILLETTE, WYOMING

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds		
	Power	Water	Sewer
OPERATING REVENUES	\$ 31,892,517	\$ 7,218,039	\$ 4,900,677
INTERFUND SERVICE REVENUES	2,607,459	-	-
Total Operating Revenues	\$ 34,499,976	\$ 7,218,039	\$ 4,900,677
OPERATING EXPENSES			
Cost of Power Purchased	\$ 14,003,163	\$ -	\$ -
Salaries and Benefits	3,321,313	1,520,195	1,283,476
Contractual Services	2,892,647	1,982,054	1,215,724
Materials	137,691	1,326,139	423,297
Claims	-	-	-
Repairs and Maintenance	1,257,936	1,023,067	642,064
Supplies	248,239	426,030	166,130
Depreciation	4,104,885	5,423,045	2,182,736
Total Operating Expenses	\$ 25,965,874	\$ 11,700,530	\$ 5,913,427
Operating Income (Loss)	\$ 8,534,102	\$ (4,482,491)	\$ (1,012,750)
NONOPERATING REVENUES (EXPENSES)			
Gain (Loss) on Disposal of Equipment	\$ (2,175,794)	\$ (3,557)	\$ (74,333)
Other Income	383,779	64,320	79,220
Sales and Use Tax - Capital Facilities Tax	-	25,483	-
Interest Expense	(5,294,093)	-	(222,222)
Investment Income	117,430	970,919	33,707
Total Nonoperating Revenues (Expenses)	\$ (6,968,678)	\$ 1,057,165	\$ (183,628)
Income (Loss) Before Contributions and Transfers	\$ 1,565,424	\$ (3,425,326)	\$ (1,196,378)
Intergovernmental, Federal Direct Payments for Build America Bonds	1,443,314	-	-
Capital Contributions and Local Annexations	9,667	82,185	6,607,148
Capital Contributions, Intergovernmental, Federal, State and Local Sources	-	11,640,187	18,017
Transfers In	876,184	1,580,785	558,204
Transfers (Out)	(864,374)	(782,845)	-
Change in Net Position	\$ 3,030,215	\$ 9,094,986	\$ 5,986,991
NET POSITION, BEGINNING JULY 1	40,045,429	278,989,097	38,921,671
NET POSITION, ENDING JUNE 30	\$ 43,075,644	\$ 288,084,083	\$ 44,908,662
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.

Nonmajor Enterprise Funds		Total Enterprise Funds		Internal Service Funds		Total	
\$	3,101,189	\$	47,112,422	\$	8,477,822	\$	55,590,244
	-		2,607,459		-		2,607,459
\$	3,101,189	\$	49,719,881	\$	8,477,822	\$	58,197,703
\$	-	\$	14,003,163	\$	-	\$	14,003,163
	695,413		6,820,397		633,057		7,453,454
	1,846,873		7,937,298		905,799		8,843,097
	5,255		1,892,382		-		1,892,382
	-		-		5,052,440		5,052,440
	70,447		2,993,514		11,552		3,005,066
	177,124		1,017,523		844,817		1,862,340
	112,436		11,823,102		1,237,994		13,061,096
\$	2,907,548	\$	46,487,379	\$	8,685,659	\$	55,173,038
\$	193,641	\$	3,232,502	\$	(207,837)	\$	3,024,665
\$	-	\$	(2,253,684)	\$	77,704	\$	(2,175,980)
	261,232		788,551		-		788,551
	-		25,483		-		25,483
	-		(5,516,315)		-		(5,516,315)
	16,970		1,139,026		36,283		1,175,309
\$	278,202	\$	(5,816,939)	\$	113,987	\$	(5,702,952)
\$	471,843	\$	(2,584,437)	\$	(93,850)	\$	(2,678,287)
	-		1,443,314		-		1,443,314
	2,214,648		8,913,648		-		8,913,648
	-		11,658,204		-		11,658,204
	1,598,794		4,613,967		791,283		5,405,250
	-		(1,647,219)		(36,634)		(1,683,853)
\$	4,285,285	\$	22,397,477	\$	660,799	\$	23,058,276
	1,479,211		359,435,408		11,108,572		370,543,980
<u>\$</u>	<u>5,764,496</u>	<u>\$</u>	<u>381,832,885</u>	<u>\$</u>	<u>11,769,371</u>	<u>\$</u>	<u>393,602,256</u>
			5,186,918				
		\$	387,019,803				

**CITY OF GILLETTE, WYOMING**

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

Year Ended June 30, 2018

Total Changes in Net Position - Total Enterprise Funds		<b>\$ 22,397,477</b>
<p>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.</p>		
Amounts attributable to:	Vehicle Maintenance	<b>\$ 30,059</b>
	Liability and Property Injury Insurance	<b>(20,258)</b>
	Health Insurance	<b><u>206,484</u></b>
Net Adjustment to Increase Net Position - Total Enterprise Funds		<b>216,285</b>
<b>Total Change in Net Position - Business-Type Activities</b>		<b><u>\$ 22,613,762</u></b>

See Notes to the Basic Financial Statements.

CITY OF GILLETTE, WYOMING

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS

Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds		
	Power	Water	Sewer
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers and Users	\$ 31,763,688	\$ 7,322,858	\$ 4,817,138
Receipts from Interfund Services Provided	2,607,459	-	-
Payments to Suppliers	(13,701,558)	-	-
Payments to Employees	(3,164,588)	(1,454,092)	(1,206,236)
Payments for Goods and Services	(4,635,122)	(4,896,984)	(2,287,454)
Internal Activity - Payments From Other Funds	-	-	-
Other	547,998	64,059	87,338
<b>Net Cash Provided By Operating Activities</b>	<b>\$ 13,417,877</b>	<b>\$ 1,035,841</b>	<b>\$ 1,410,786</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers In	\$ 876,184	\$ 1,580,785	\$ 558,204
Transfers (Out)	(864,374)	(782,845)	-
<b>Net Cash Provided By Noncapital Financing Activities</b>	<b>\$ 11,810</b>	<b>\$ 797,940</b>	<b>\$ 558,204</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Taxes Collected	\$ -	\$ 105,109	\$ -
(Payments) for Capital Acquisitions	(2,882,464)	(20,511,877)	(917,172)
Proceeds from Sale of Capital Assets	-	-	-
Proceeds from Capital Grant	-	12,231,314	-
Payments on Capital Loan	-	-	(1,004,877)
Payments on Lease Revenue Bonds	(6,514,069)	-	-
<b>Net Cash (Used In) Capital and Related Financing Activities</b>	<b>\$ (9,396,533)</b>	<b>\$ (8,175,454)</b>	<b>\$ (1,922,049)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net (Increase) Decrease in Investments	\$ (3,861,969)	\$ 3,552,351	\$ 1,128,704
Investment Income	269,307	1,200,719	65,857
Increase in Net Amount Due To (From) Other Funds	(94,934)	-	-
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>\$ (3,687,596)</b>	<b>\$ 4,753,070</b>	<b>\$ 1,194,561</b>
<b>Net Increase (Decrease) in Cash</b>	<b>\$ 345,558</b>	<b>\$ (1,588,603)</b>	<b>\$ 1,241,502</b>
<b>Cash and Cash Equivalents, and Cash With Fiscal Agent, Beginning July 1</b>	<b>1,081,827</b>	<b>3,886,659</b>	<b>1,219,053</b>
<b>Cash and Cash Equivalents, and Cash With Fiscal Agent, Ending June 30</b>	<b>\$ 1,427,385</b>	<b>\$ 2,298,056</b>	<b>\$ 2,460,555</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities</b>			
Operating Income (Loss)	\$ 8,534,102	\$ (4,482,491)	\$ (1,012,750)
Adjustments:			
Depreciation	4,104,885	5,423,045	2,182,736
Other Income	383,779	64,320	79,220
Changes in Assets and Liabilities:			
Accounts and Other Receivables	78,040	89,482	(61,182)
Due From Other Entities	118,579	-	-
Due To/From Other Funds	-	-	-
Inventories	(150,409)	(49,204)	(21,513)
Deferred Outflows of Resources Relating to Pensions	403,866	157,058	134,621
Vouchers Payable	183,026	(75,414)	167,035
Accrued Expenses and Customer Deposits	(22,946)	(7,326)	14,300
Estimated Claims Payable	-	-	-
Net Pension Liability	(448,081)	(174,254)	(149,360)
Deferred Inflows of Resources Relating to Pensions	233,036	90,625	77,679
<b>Net Cash Provided By Operating Activities</b>	<b>\$ 13,417,877</b>	<b>\$ 1,035,841</b>	<b>\$ 1,410,786</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Contributions of Capital and Local Annexations	\$ 9,667	\$ 82,185	\$ 6,607,148
Net (Decrease) in Fair Value of Investments	\$ (168,820)	\$ (230,610)	\$ (30,554)

See Notes to the Basic Financial Statements.

Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds	Total
\$ 3,085,762	\$ 46,989,446	\$ -	\$ 46,989,446
-	2,607,459	8,455,260	11,062,719
-	(13,701,558)	-	(13,701,558)
(655,543)	(6,480,459)	(627,102)	(7,107,561)
(2,130,557)	(13,950,117)	(6,783,054)	(20,733,171)
-	-	(69,546)	(69,546)
101,486	800,881	-	800,881
\$ 401,148	\$ 16,265,652	\$ 957,558	\$ 17,241,210
\$ 1,598,794	\$ 4,613,967	\$ 791,283	\$ 5,405,250
-	(1,647,219)	(36,634)	(1,683,853)
\$ 1,598,794	\$ 2,966,748	\$ 754,649	\$ 3,721,397
\$ -	\$ 105,109	\$ -	\$ 105,109
(1,845,271)	(26,156,784)	(673,195)	(26,829,979)
-	-	66,203	66,203
-	12,231,314	-	12,231,314
-	(1,004,877)	-	(1,004,877)
-	(6,514,069)	-	(6,514,069)
\$ (1,845,271)	\$ (21,339,307)	\$ (606,992)	\$ (21,946,299)
\$ (229,523)	\$ 589,563	\$ (816,332)	\$ (226,769)
21,466	1,557,349	48,083	1,605,432
94,934	-	-	-
\$ (113,123)	\$ 2,146,912	\$ (768,249)	\$ 1,378,663
\$ 41,548	\$ 40,005	\$ 354,966	\$ 394,971
553,567	6,741,106	997,388	7,738,494
\$ 595,115	\$ 6,781,111	\$ 1,352,354	\$ 8,133,465
\$ 193,641	\$ 3,232,502	\$ (207,837)	\$ 3,024,665
112,436	11,823,102	1,237,994	13,061,096
261,232	788,551	-	788,551
(167,054)	(60,714)	(22,562)	(83,276)
-	118,579	-	118,579
-	-	(69,546)	(69,546)
-	(221,126)	(31,876)	(253,002)
67,311	762,856	-	762,856
(38,977)	235,670	114,350	350,020
8,400	(7,572)	5,955	(1,617)
-	-	(50,920)	(50,920)
(74,680)	(846,375)	-	(846,375)
38,839	440,179	-	440,179
\$ 401,148	\$ 16,265,652	\$ 975,558	\$ 17,241,210
\$ 2,214,648	\$ 8,913,648	\$ -	\$ 8,913,648
\$ (4,496)	\$ (434,480)	\$ (11,800)	\$ (446,280)

**CITY OF GILLETTE, WYOMING**

**STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS**

June 30, 2018

	Retiree Health Benefit Plan and Trust Fund	Agency Fund
<b>ASSETS</b>		
Investments, at Fair Value:		
Money Market Mutual Funds	\$ 6,550,783	\$ -
Due From Other Entities	-	11,092
<b>Total Assets</b>	<b>\$ 6,550,783</b>	<b>\$ 11,092</b>
<b>LIABILITIES</b>		
Flexible Benefits Payable	\$ -	\$ 11,092
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 11,092</b>
<b>NET POSITION</b>		
Held in Trust Restricted for Retiree Health Benefit Plan	\$ 6,550,783	

See Notes to the Basic Financial Statements.

**CITY OF GILLETTE, WYOMING**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
Year Ended June 30, 2018**

	Retiree Health Benefit Plan and Trust Fund
<b>ADDITIONS</b>	
Investment Income:	
Interest and Dividends	\$ 63,802
<b>DEDUCTIONS</b>	
Benefits	\$ 659,327
Administrative Expenses	13,941
Total Deductions	\$ 673,268
Change in Net Position	\$ (609,466)
NET POSITION, BEGINNING July 1	7,160,249
NET POSITION, ENDING June 30	\$ 6,550,783

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 and lodging taxes collected and held by the State, County Treasurer or Campbell County Lodging Tax Joint Powers Board 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.

The *Fiber Fund* is an enterprise fund and is used to account for the operation of the City's fiber conduit and network 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.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### Note 1. Summary of Significant Accounting Policies (Continued)

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.

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

##### 1. Cash and Investments

The City's cash is 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 2017 and prior years which were collectible during the year ended June 30, 2018. 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 \$84,446,773 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. Long-term capital leases, the long-term portion of sick leave payable, and the City's proportionate share of the long-term net pension liability of the Wyoming Retirement System's Public Employees' and Law Enforcement Employees' pension plan are recognized as liabilities in the government-wide financial statements.

## 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 as imposed 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, 2018 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 216 days but the weighted average maturity of this fund for the City is 1 day at June 30, 2018, 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, 2018:

##### Primary Government

- Certificates of Deposit of \$3,000,000 are investments in nonparticipating interest earning contracts and therefore are valued at cost. Certificates of Deposit are redeemable at any time with no redemption notice period required, but would be subject to early withdrawal penalties equal to one month's interest on the amount withdrawn.
- Wyoming State Asset Reserve (WYO-STAR) of \$164,755,666, application of the June 30, 2018 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 \$4,639,204, and U.S. Agencies of \$8,311,145, 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 \$6,550,783, 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, 2018, the City had the following investments:

Investment Type	Fair Value	Credit Quality Ratings <sup>(1)</sup>	Weighted Average Maturity (Days)	Specific Identification Maturity
<b>Primary Government</b>				
Certificate of Deposit	\$ 2,000,000	N/A		5/21/19
Certificate of Deposit	1,000,000	N/A		6/29/19
Wyoming State Asset Reserve (WYO-STAR)	164,755,666	N/A	1	
Federal Home Loan Bank Bond				
1.750% 12/14/18 (CUSIP313376BR5)	99,796	AAA		12/14/18
US Treasury Note				
1.500% 8/31/18 (CUSIP912828RE2)	324,779			8/31/18
US Treasury Note				
1.625% 8/31/19 (CUSIP912828D80)	322,055			8/31/19
US Treasury Note				
2.000% 11/30/20 (CUSIP912828A42)	246,582			11/30/20
Federal National Mtg Assn Note				
1.500% 8/10/21 (CUSIP3136G3U45)	575,514	AAA		8/10/21
Federal National Mtg Assn Note				
1.500% 6/22/20 (CUSIP3135G0D75)	391,892	AAA		6/22/20
Federal National Mtg Assn REMIC				
3.000% 8/25/27 (CUSIP3136AKMN0)	292,007	AAA		8/25/27
Federal National Mtg Assn Note				
1.600% 12/24/20 (CUSIP3135G0SY0)	486,345	AAA		12/24/20
Federal Farm Credit Bank Bond				
1.540% 12/14/20 (CUSIP3133EGEU5)	388,884	AAA		12/14/20
Federal Home Loan Bank Bond				
2.070% 6/22/23 (CUSIP3130A8JG9)	407,656	AAA		6/22/23
Federal National Mtg Assn REMIC				
3.000% 8/25/26 (CUSIP3136ANDQ7)	333,549	AAA		8/25/26
Federal Home Loan Mtg Corp				
3.000% 3/15/40 (CUSIP3137BAAU6)	14,922	AAA		3/15/40
US Treasury Note				
2.125% 1/31/21 (CUSIP912828B58)	395,236			1/31/21
US Treasury Note				
2.125% 6/30/21 (CUSIP912828WR7)	591,330			6/30/21
Tennessee Valley Auth Global Power Bond				
2.250% 3/15/20 (CUSIP880591EV0)	49,708	AAA		3/15/20
US Treasury Note				
2.125% 6/30/22 (CUSIP912828XG0)	195,680			6/30/22
Federal Home Loan Bank				
1.540% 10/6/21 (CUSIP 3130A9NG2)	1,933,473	AAA		10/6/21
Federal Home Loan Bank				
1.500% 2/10/20 (CUSIP 3130A3XL3)	2,124,382	AAA		2/10/20
US Treasury Note				
1.875% 6/30/20 (CUSIP912828VJ6)	1,974,300			6/30/20
Federal Home Loan Bank				
2.680% 4/26/21 (CUSIP3130AE4H0)	598,134	AAA		4/26/21
Federal National Mgt Assn				
1.875% 9/18/18 (CUSIP3135G0YM9)	614,883	AAA		9/18/18
US Treasury Note				
1.875% 12/15/20 (CUSIP9128283L2)	294,960			12/15/20
US Treasury Note				
1.750% 11/15/20 (CUSIP9128283G3)	294,282			11/15/20
<b>Total Primary Government</b>	<b>\$ 180,706,015</b>			
<b>Fiduciary Funds</b>				
Fidelity Money Market Fund Government Portfolio (CUSIP316175603)	\$ 6,550,783	AAA <sub>m</sub>	1	
<b>Total Investments</b>	<b>\$ 187,256,798</b>			

<sup>(1)</sup> 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 \$4,620,000 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, 2018 for the City's enterprise funds, including the applicable allowances for uncollectible accounts, are as follows:

	Major Funds			Nonmajor	Total
	Power Fund	Water Fund	Sewer Fund	Solid Waste Fund	
Accounts Receivable	\$ 1,715,153	\$ 444,779	\$ 331,285	\$ 248,565	\$ 2,739,782
Less: Allowance for Uncollectibles	(530,176)	(142,705)	(97,781)	(71,479)	(842,141)
<b>Total Accounts Receivable, Net</b>	<b>\$ 1,184,977</b>	<b>\$ 302,074</b>	<b>\$ 233,504</b>	<b>\$ 177,086</b>	<b>\$ 1,897,641</b>

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, 2018 was as follows:

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
<b>Governmental Activities</b>				
Nondepreciable Capital Assets:				
Land	\$ 13,542,686	\$ 294,091	\$ -	\$ 13,836,777
Construction In Progress	13,384,297	6,893,425	(14,674,303)	5,603,419
<b>Total Nondepreciable Capital Assets</b>	<b>\$ 26,926,983</b>	<b>\$ 7,187,516</b>	<b>\$ (14,674,303)</b>	<b>\$ 19,440,196</b>
Depreciable Capital Assets:				
Infrastructure	\$ 235,010,335	\$ 4,617,953	\$ (930,481)	\$ 238,697,807
Buildings and Improvements	41,272,008	10,546,360	(19,109)	51,799,259
Machinery and Equipment	14,987,442	466,853	(175,829)	15,278,466
Allocation of Vehicle Maintenance	10,302,041	328,325	(333,971)	10,296,395
<b>Total Depreciable Capital Assets</b>	<b>\$ 301,571,826</b>	<b>\$ 15,959,491</b>	<b>\$ (1,459,390)</b>	<b>\$ 316,071,927</b>
Less Accumulated Depreciation For:				
Infrastructure	\$ (81,270,312)	\$ (8,025,634)	\$ 498,808	\$ (88,797,138)
Buildings and Improvements	(8,627,509)	(1,192,690)	10,574	(9,809,625)
Machinery and Equipment	(8,995,405)	(1,210,112)	175,829	(10,029,688)
Allocation of Vehicle Maintenance	(6,346,124)	(680,575)	303,139	(6,723,560)
<b>Total Accumulated Depreciation</b>	<b>\$ (105,239,350)</b>	<b>\$ (11,109,011)</b>	<b>\$ 988,350</b>	<b>\$ (115,360,011)</b>
<b>Total Depreciable Capital Assets, Net</b>	<b>\$ 196,332,476</b>	<b>\$ 4,850,480</b>	<b>\$ (471,040)</b>	<b>\$ 200,711,916</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 223,259,459</b>	<b>\$ 12,037,996</b>	<b>\$ (15,145,343)</b>	<b>\$ 220,152,112</b>

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 3. Detailed Notes on All Funds (Continued)

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
<b>Business-type Activities</b>				
Nondepreciable Capital Assets:				
Land	\$ 661,724	\$ -	\$ -	\$ 661,724
Construction in Progress	96,824,814	23,423,842	(37,318,523)	82,930,133
Total Nondepreciable Capital Assets	\$ 97,486,538	\$ 23,423,842	\$ (37,318,523)	\$ 83,591,857
Depreciable Capital Assets:				
Infrastructure	\$ 223,934,164	\$ 37,988,826	\$ (2,347,581)	\$ 259,575,409
Buildings and Improvements	141,061,725	6,011,888	(177,689)	146,895,924
Machinery and Equipment	28,860,616	3,441,563	(913,584)	31,388,595
Allocation of Vehicle Maintenance	6,789,020	344,870	(142,609)	6,991,281
Total Depreciable Capital Assets	\$ 400,645,525	\$ 47,787,147	\$ (3,581,463)	\$ 444,851,209
Less Accumulated Depreciation For:				
Infrastructure	\$ (66,895,288)	\$ (6,828,800)	\$ 540,904	\$ (73,183,184)
Buildings and Improvements	(26,231,049)	(3,560,681)	103,356	(29,688,374)
Machinery and Equipment	(16,945,337)	(1,433,622)	520,910	(17,858,049)
Allocation of Vehicle Maintenance	(3,258,476)	(557,419)	116,908	(3,698,987)
Total Accumulated Depreciation	\$ (113,330,150)	\$ (12,380,522)	\$ 1,282,078	\$ (124,428,594)
Total Depreciable Capital Assets, Net	\$ 287,315,375	\$ 35,406,625	\$ (2,299,385)	\$ 320,422,615
Business-Type Activities Capital Assets, Net	\$ 384,801,913	\$ 58,830,467	\$ (39,617,908)	\$ 404,014,472

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

<b>Governmental Activities</b>	
General Government	\$ 2,160,862
Public Safety	444,683
Public Works	7,017,811
Culture and Recreation	1,485,655
Total Depreciation Expense - Governmental Activities	\$ 11,109,011
<b>Business-type Activities</b>	
Power	\$ 4,203,947
Water	5,530,803
Sewer	2,331,042
Solid Waste	199,886
Fiber	114,844
Total Depreciation Expense - Business-Type Activities	\$ 12,380,522

**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 Enhancements (Emerson to Highway 59), PMS (Pavement Management Systems) 2018 - Schedule A and Schedule B Projects; and roadway improvements included in the Interstate Industrial Park and Winland Industrial Park Projects. Also included are several pathway projects including the 4J Pathway Repairs Project and Phase I of the Dalbey Park to Gillette College Pathway. Actual signed contracts for these projects approximate \$11,900,000 and will be funded by the General Fund, taxes and grants. The remaining commitment on these contracts is approximately \$6,300,000 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 including: the Annual Water and Sewer Main Replacement Projects; the Interstate Industrial Park and Winland Industrial Park Projects; and the Gillette Regional Water Supply Project (Madison Pipeline). Actual signed contracts for these projects approximate \$99,300,000 and will be funded by the General Fund, taxes and grants 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 \$48,800,000. Construction of five new 1,400 GPM production wells and associated pumps, electrical equipment and infrastructure, and pipelines continues. Two wells are anticipated to be online in 2018 and the remaining three later in 2019. Construction was completed on the new 18" blending line, which delivers water produced from the City's Fort Union and Fox Hills wells to the blending point near the WYODAK power plant where it is blended with water produced from the City's Madison wells. 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 2019. 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 \$5,000,000.

**D. Interfund Receivables, Payables and Transfers**

The composition of due to/from other funds as of June 30, 2018 is as follows:

	Receivables	Payables
Major Funds:		
General Fund	\$ -	\$ 227,912
Enterprise Funds		
Power Fund	94,934	-
<b>Total Major Funds</b>	<b>\$ 94,934</b>	<b>\$ 227,912</b>
Nonmajor Funds:		
Enterprise Funds		
Fiber Fund	\$ -	\$ 94,934
Internal Service Funds		
Health Insurance Fund	227,912	-
<b>Total Nonmajor Funds</b>	<b>\$ 227,912</b>	<b>\$ 94,934</b>
<b>Total</b>	<b>\$ 322,846</b>	<b>\$ 322,846</b>

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	\$ 100
Transfers (Out)	(3,721,497)
<b>Net Interfund Transfers</b>	<b>\$ (3,721,397)</b>

## 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	Nonmajor Enterprise Funds	Internal Service Funds	Total
Transfers In	\$ 876,184	\$ 1,580,785	\$ 558,204	\$ 1,598,794	\$ 791,283	\$ 5,405,250
Transfers (Out)	(864,374)	(782,845)	-	-	(36,634)	(1,683,853)
Net Interfund Transfers	\$ 11,810	\$ 797,940	\$ 558,204	\$ 1,598,794	\$ 754,649	\$ 3,721,397

The primary purpose of the material interfund transfers are 1) the General Fund contributing to the Power, Water, and Sewer Funds for capital construction expenses, 2) transfers between the Power and Water Funds transferring construction costs between the funds, 3) transfers between the General, Power and newly formed Fiber Funds transferring construction costs between the funds, and 4) General Fund to make operational transfers to the Health Insurance Fund.

#### E. Compensated Absences

The City allows its employees one day of sick leave for each month of employment. The total accumulated sick leave approximated \$3,183,000 at June 30, 2018. Of this total, approximately \$169,000 represents actual vested amounts. Of this vested amount, approximately \$99,000 is included as a liability in the proprietary fund types and approximately \$9,000 of this amount from the Internal Service Funds is allocated to the governmental activities on the Statement of Net Position. The remaining amount of approximately \$70,000 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 \$1,152,000 at June 30, 2018. 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, 2018 is presented below:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
<b>Governmental Activities:</b>					
Accrued Sick Leave Payable	\$ 80,188	\$ 2,232	\$ (3,681)	\$ 78,739	\$ 15,556
Special Assessment Debt					
With Governmental Commitment	423,951	-	(37,727)	386,224	39,000
Certificates of Participation	10,555,000	-	(1,060,000)	9,495,000	1,085,000
Net Pension Liability	14,682,012	1,467,309	(2,883,099)	13,266,222	-
<b>Total Governmental Activities</b>	<b>\$ 25,741,151</b>	<b>\$ 1,469,541</b>	<b>\$ (3,984,507)</b>	<b>\$ 23,226,185</b>	<b>\$ 1,139,556</b>
<b>Business-Type Activities:</b>					
Accrued Sick Leave Payable	\$ 98,583	\$ 2,029	\$ (10,129)	\$ 90,483	\$ -
Customer Deposits	845,083	310,194	(347,588)	807,689	332,000
Capital Loans	56,531,968	-	(756,747)	55,775,221	912,000
Net Pension Liability	6,528,583	112,900	(959,275)	5,682,208	-
	\$ 64,004,217	\$ 425,123	\$ (2,073,739)	\$ 62,355,601	\$ 1,244,000
Lease Revenue Bonds	\$ 88,610,000	\$ -	\$ (2,470,000)	\$ 86,140,000	\$ 2,540,000
Plus Bond Premium	2,459,648	-	(186,897)	2,272,751	203,000
<b>Total Lease Revenue Bonds</b>	<b>\$ 91,069,648</b>	<b>\$ -</b>	<b>\$ (2,656,897)</b>	<b>\$ 88,412,751</b>	<b>\$ 2,743,000</b>
<b>Total Business-Type Activities</b>	<b>\$ 155,073,865</b>	<b>\$ 425,123</b>	<b>\$ (4,730,636)</b>	<b>\$ 150,768,352</b>	<b>\$ 3,987,000</b>

**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, 2017	Principal Deletions	Balance June 30, 2018
Special Assessment Debt with Governmental Commitment Northland Water DWSRF Loan #39	\$ 423,951	\$ 37,727	\$ 386,224

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 requirements to maturity on the Northland Water DWSRF Loan #39 based on the outstanding loan balance at June 30, 2018 are as follows:

Year Ending June 30,	Principal	Interest	Total Obligation Under Capital Loan
2019	\$ 39,000	\$ 9,442	\$ 48,442
2020	39,758	8,684	48,442
2021	40,752	7,690	48,442
2022	41,771	6,671	48,442
2023	42,815	5,627	48,442
2024-2027	182,128	11,304	193,432
<b>Total payments</b>	<b>\$ 386,224</b>	<b>\$ 49,418</b>	<b>\$ 435,642</b>

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 requirements 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
2019	\$ 1,085,000	\$ 222,022	\$ 1,307,022	\$ 98,115
2020	1,115,000	194,742	1,309,742	-
2021	1,140,000	166,780	1,306,780	-
2022	1,170,000	138,136	1,308,136	-
2023	1,200,000	108,748	1,308,748	-
2024-2026	3,785,000	142,414	3,927,414	-
<b>Total payments</b>	<b>\$ 9,495,000</b>	<b>\$ 972,842</b>	<b>\$ 10,467,842</b>	<b>\$ 98,115</b>

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, 2017	Principal Additions	Principal Deletions	Balance June 30, 2018	Accrued Interest Payable June 30, 2018
<b>Sewer Fund</b>					
Wastewater Treatment Facility Improvements					
CWSRF Loan #50	\$ 9,558,564	\$ -	\$ 756,747	\$ 8,801,817	\$ 194,725
<b>Water Fund</b>					
Gillette Madison Pipeline	\$ 44,328,358	\$ -	\$ -	\$ 44,328,358	\$ -
<b>Power Fund</b>					
Electric Facilities Improvement					
Lease Revenue Bonds (Wygen III)	\$ 66,780,000	\$ -	\$ 1,655,000	\$ 65,125,000	\$ 361,600
Lease Revenue Bonds (CTII)	21,830,000	-	815,000	21,015,000	85,475
Southern Industrial Addition	2,645,046	-	-	2,645,046	18,334
<b>Total Power Fund</b>	<b>\$ 91,255,046</b>	<b>\$ -</b>	<b>\$ 2,470,000</b>	<b>\$ 88,785,046</b>	<b>\$ 465,409</b>
<b>Total Proprietary Funds</b>	<b>\$145,141,968</b>	<b>\$ -</b>	<b>\$ 3,226,747</b>	<b>\$141,915,221</b>	<b>\$ 660,134</b>

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, 2018 are as follows:

Year Ending June 30,	Principal	Interest	Total Obligation Under Capital Loan
2019	\$ 785,000	\$ 219,877	\$ 1,004,877
2020	804,634	200,243	1,004,877
2021	824,750	180,127	1,004,877
2022	845,368	159,509	1,004,877
2023	866,503	138,374	1,004,877
2024-2028	4,675,562	345,739	5,021,301
<b>Total payments</b>	<b>\$ 8,801,817</b>	<b>\$ 1,243,869</b>	<b>\$ 10,045,686</b>

#### 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 2019. 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. On May 29, 2017, the City entered into amendment #7 which extended the reversion date of unexpected project funds. This amendment was signed by WWDC on July 1, 2017. The City didn't secure any loan with any of the final three 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 Subsidy	Net Debt Service	Estimated Subsidy Loss	New Estimated Net Payment
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	1,885,000	4,061,286	5,946,286	(1,421,450)	4,524,836	102,344	4,627,180
2023	1,965,000	3,942,927	5,907,927	(1,380,024)	4,527,903	99,362	4,627,265
2024-2028	11,105,000	17,731,963	28,836,963	(6,206,187)	22,630,776	446,846	23,077,622
2029-2033	13,730,000	13,689,952	27,419,952	(4,791,484)	22,628,468	344,986	22,973,454
2034-2038	17,065,000	8,550,386	25,615,386	(2,992,634)	22,622,752	215,469	22,838,221
2039-2040	14,080,000	1,687,736	15,767,736	(590,708)	15,177,028	42,531	15,219,559
<b>Total Payments</b>	<b>\$ 65,125,000</b>	<b>\$ 62,414,640</b>	<b>\$127,539,640</b>	<b>\$ (21,845,124)</b>	<b>\$105,694,516</b>	<b>\$ 1,572,848</b>	<b>\$107,267,364</b>

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
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	935,000	922,000	1,857,000
2023	985,000	875,250	1,860,250
2024-2028	5,705,000	3,587,500	9,292,500
2029-2033	7,275,000	2,011,750	9,286,750
2034	3,540,000	177,000	3,717,000
<b>Total payments</b>	<b>\$21,015,000</b>	<b>\$10,574,700</b>	<b>\$31,589,700</b>

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	(586,709)
<b>Amortizable amount</b>	<b>\$ 2,272,751</b>

This difference (of which \$203,000 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.

The City received the final loan disbursement in October, 2016 at which time interest began to accrue. Annual debt service payments of approximately \$154,000 will begin in October, 2018. The City intends to repay this loan from power user fees.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**Note 3. Detailed Notes on All Funds (Continued)**

Annual debt service requirements to maturity on the Southern Industrial Annexation BRC loan are as follows:

Year Ending June 30,	Principal	Interest	Total Obligation Under Capital Loan
2019	\$ 127,000	\$ 26,550	\$ 153,550
2020	128,370	25,180	153,550
2021	129,654	23,896	153,550
2022	130,950	22,600	153,550
2023	132,260	21,290	153,550
2024-2028	681,404	86,346	767,750
2029-2033	716,164	51,586	767,750
2034-2037	599,244	14,948	614,192
<b>Total payments</b>	<b>\$ 2,645,046</b>	<b>\$ 272,396</b>	<b>\$ 2,917,442</b>

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 not 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, 2018 the City is not able to determine the original issue amounts or the aggregate principal amounts still payable under these issues.

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, 2018, the City's assessed valuation was \$279,311,596 and the City had no general obligation debt.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**Note 3. Detailed Notes on All Funds (Continued)**

G. Classifications of Equity

A summary of classifications of equity at June 30, 2018, not disclosed elsewhere, and not apparent from the description in the fund statements, is presented as follows:

	General Fund
Nonspendable:	
Inventory	\$ 227,521
Restricted For:	
Criminal Forfeiture	\$ 5
Capital Projects	121,421
Gillette Historical Preservation Commission	351
Total Restricted Fund Balance	\$ 121,777
Committed For:	
Cash Reserves	\$ 9,301,512
Capital Projects Through Signed Contracts	8,224,206
Employee Contributions to Sunshine Account	4,361
Memorial Donations	17,661
Lodging Tax	111,805
Total Committed Fund Balance	\$ 17,659,545
Assigned For:	
Budgeted Carryover of Capital Projects	\$ 18,706,017
Cash in Lieu of Parkland	314,543
Cash in Lieu of Drainage	256,236
State Forfeiture	75,815
Mayor's Art Council	177,620
Demolition	26,281
Animal Control	76,360
Little League	3,282
Keep America Beautiful	8,240
Insurance Reimbursements	120,613
Congressional Tour	27,905
Aquatic Park	5,499,766
Total Assigned	\$ 25,292,678
Unassigned	\$ 15,466,678
Total Fund Balance	\$ 58,768,199

H. Restricted Net Position

- a) Net position restricted in the Governmental Activities total \$121,421 which is restricted for debt service payments on the Certificates of Participation for Phase II of the Gillette College Student Housing project.

**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 \$88,318,198 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 \$84,818,198 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, 2018 is presented below:

	General Fund	Water Fund	Total
Severance Tax	\$ 1,106,950	\$ -	\$ 1,106,950
Property Taxes	2,125,450	-	2,125,450
Automobile Taxes	891,300	-	891,300
Sales and Use Taxes	19,869,401	-	19,869,401
1% Optional Sales Tax	16,297,673	-	16,297,673
Capital Facilities Tax	-	25,483	25,483
Gasoline Tax	1,310,202	-	1,310,202
Franchise Tax (gross receipt based)	890,293	-	890,293
Cigarette Tax	188,313	-	188,313
Lodging Tax	32,365	-	32,365
	<b>\$ 42,711,947</b>	<b>\$ 25,483</b>	<b>\$ 42,737,430</b>

**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, 2018. 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 120 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	\$ 50,000,000
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	\$ 600,000,000
Terrorism - Annual Aggregate Shared by All Members	\$ 1,400,000,000

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 \$330 deductible for single and \$660 deductible for family; or a high deductible health plan with a \$1,500 deductible for single and \$3,000 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 \$125,000 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 \$665,211, 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, 2018, 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, 2017 to June 30, 2018	\$ 716,131	\$ 4,340,569	\$ 4,391,489	\$ 665,211
June 30, 2016 to June 30, 2017	\$ 629,110	\$ 5,133,219	\$ 5,046,198	\$ 716,131

#### 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, 2018.

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 approved by the voters in 2014. The 1% optional sales tax generated approximately \$16,300,000 which is approximately 31% percent of general fund revenues during the year ended June 30, 2018. If this levy is not approved by the voters in the future it may have a material effect on the City's operations. In November, 2018 the optional 1% sales tax was again approved by voters.

#### 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, 2018 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 the three-year highest average salary for the first fifteen years and 2.25% times the number of years of service times the 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 nonduty 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, 2018, the City's total payroll for all employees included in both Plans was approximately \$17,880,000. Total covered payroll was approximately \$17,013,000. 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, 2018, 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 3.25% of the members’ contribution in addition to the employer’s contribution for the period July 1, 2017 through September 30, 2017 and elected to pay 5.75% of the members’ contribution in addition to the employer’s contribution for the period October 1, 2017 through June 30, 2018. The contributions are remitted by the City to the Wyoming Retirement System on a monthly basis. Total contributions to the pension plan from the City for the year ended June 30, 2018 were approximately \$1,714,000.

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, 2018, 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 3.6% of the members’ contributions in addition to the employer’s contribution for the period July 1, 2017 through October 30, 2017 and elected to pay 6.1% of the members’ contribution in addition to the employer’s contribution for the period October 1, 2017 through June 30, 2018. The contributions are remitted by the City to the Wyoming Retirement System on a monthly basis. Total contributions to the pension plan from the City for the year ended June 30, 2018 were approximately \$601,000.

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

At June 30, 2018 the City reported a liability of approximately \$18,948,000 for their proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. 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, 2017 to the contributions of all participating employers for the same period. At December 30, 2017, the City’s proportions were as follows:

	Liability At December 31, 2017	(Decrease) From Proportion At December 31, 2016
Public Employees’ Pension Plan	.7332%	(.0611)%
Law Enforcement Pension Plan	2.5987%	(.0624)%

For the year ended June 30, 2018, the City recognized pension expense of approximately \$3,842,000. At June 30, 2018, 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
Differences between expected and actual experience	\$ 17,859	\$ 806,081
Net differences between projected and actual earnings on Plan investments	-	504,721
Change in proportion and differences between employer contributions and proportionate share of contributions	146,833	1,766,137
Change in assumption	2,678,480	-
Contributions subsequent to the measurement date	730,758	-
<b>Total</b>	<b>\$ 3,573,930</b>	<b>\$ 3,076,939</b>

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**Note 4. Other Information (Continued)**

An amount of \$730,758 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, 2019. 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,	
2019	\$ 640,477
2020	\$ 367,908
2021	\$ (543,459)
2022	\$ (698,693)

*Actuarial Assumptions*

The Public Employees' Pension Plan liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	2.50% - 6.00%, including inflation
Payroll growth rate	2.50%
Investment rate of return	7.00%, net of Pension Plan investment expense

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

The Law Enforcement Pension Plan liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	2.50% - 8.00%, including inflation
Payroll growth rate	2.50%
Investment rate of return	7.00%, net of Pension Plan investment expense

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.

## NOTES TO THE BASIC FINANCIAL STATEMENTS

### Note 4. Other Information (Continued)

#### *Long-term expected rate of return*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected 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 Arithmetic Real Rate of Return
Fixed Income	20.00%	1.77%
Equity	45.00%	6.88%
Market Alternatives	17.50%	3.30%
Private Markets	17.50%	7.11%
Cash	0.00%	0.40%
<b>Total</b>	<b>100.00%</b>	

#### *Experience Analysis*

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

#### *Discount Rate*

The discount rate used to measure the total pension liability decreased to 7.0% as of December 31, 2017 from 7.75% as of December 31, 2016. 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 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.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**Note 4. Other Information (Continued)**

*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 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
Public Employees' Pension Plan	\$ 25,258,908	\$ 16,712,375	\$ 9,584,690
Law Enforcement Pension Plan	\$ 4,799,250	\$ 2,236,055	\$ 149,405

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net positions are available in a separately issued Wyoming Retirement System Financial Report available from the Wyoming Retirement System, 6101 Yellowstone Rd., Cheyenne, Wyoming 82002 or at <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, 2018
Retirees with over 30 years of service	25
Retirees with over 20 years of service	40
Terminated employees with less than 20 year of service with an account balance	47
Employees accruing benefits	47
Total Participants	159

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

### E. Impact of Recently Issued Accounting Principles

#### Recently Issued Accounting Pronouncements:

In January, 2017 the GASB issued GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. This Statement is effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. Management is currently evaluating the impact of the adoption of this statement on the City's financial statements.

In June, 2017 the GASB issued GASB Statement No. 87, *Leases*. The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement is effective for reporting periods beginning after December 15, 2019, and earlier application is encouraged. Management is currently evaluating the impact of the adoption of this statement on the City's 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**

	City's Percentage Of Net Pension Liability	City's Proportionate Share Of Net Pension Liability	City's Covered Payroll	City's Proportionate Share of Net Pension Liability as A Percentage Of Covered 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%
2016	.794279700%	\$ 19,201,714	\$ 14,207,000	135.16%	73.42%
2017	.733211000%	\$ 16,712,375	\$ 12,884,000	129.71%	76.35%

\*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**

	City's Percentage Of Net Pension Liability	City's Proportionate Share Of Net Pension Liability	City's Covered Payroll	City's Proportionate Share of Net Pension Liability as A Percentage Of Covered 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%
2016	2.661054300%	\$ 2,008,881	\$ 4,164,000	48.24%	88.11%
2017	2.598721000%	\$ 2,236,055	\$ 4,020,000	55.62%	87.99%

\*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	City's Contributions Related to Statutory Contributions	Difference Between Statutorily Required And Actual Contributions	City's Covered Payroll	Statutorily Required City's Contributions As a Percentage of City's Covered 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%
2017	\$ 1,125,000	\$ 1,125,000	\$ -	\$ 13,435,000	8.37%
2018	\$ 1,066,000	\$ 1,066,000	\$ -	\$ 12,741,000	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	City's Contributions Related to Statutory Contributions	Difference Between Statutorily Required And Actual Contributions	City's Covered Payroll	Statutorily Required City's Contributions As a Percentage of City's Covered 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%
2017	\$ 345,000	\$ 345,000	\$ -	\$ 4,010,000	8.60%
2018	\$ 367,000	\$ 367,000	\$ -	\$ 4,272,000	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, 2016 measurement date and the December 31, 2017 measurement date.

*Changes in assumptions*

There were economic and demographic changes in assumptions between the December 31, 2016 measurement date and the December 31, 2017 measurement date.

**NONMAJOR ENTERPRISE FUNDS**

CITY OF GILLETTE, WYOMING

COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS

June 30, 2018

	Solid Waste	Fiber	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash	\$ 595,115	\$ -	\$ 595,115
Investments	1,602,412	-	1,602,412
Accounts Receivable, Net of Allowance For Uncollectibles	177,086	-	177,086
Unbilled Accounts Receivable	131,151	-	131,151
Other Receivables	-	159,746	159,746
<b>Total Current Assets</b>	<b>\$ 2,505,764</b>	<b>\$ 159,746</b>	<b>\$ 2,665,510</b>
<b>CAPITAL ASSETS</b>			
Infrastructure	\$ -	\$ 2,917,144	\$ 2,917,144
Machinery and Equipment	15,060	370,449	385,509
Construction in Progress	-	912,829	912,829
Less Accumulated Depreciation	(15,060)	(112,436)	(127,496)
<b>Total Capital Assets (Net of Accumulated Depreciation)</b>	<b>\$ -</b>	<b>\$ 4,087,986</b>	<b>\$ 4,087,986</b>
<b>Total Assets</b>	<b>\$ 2,505,764</b>	<b>\$ 4,247,732</b>	<b>\$ 6,753,496</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Relating to Pensions	\$ 69,246	\$ -	\$ 69,246
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Vouchers Payable	\$ 183,878	\$ 140,503	\$ 324,381
Other Accrued Liabilities	58,364	-	58,364
Due to Other Funds	-	94,934	94,934
<b>Total Current Liabilities</b>	<b>\$ 242,242</b>	<b>\$ 235,437</b>	<b>\$ 477,679</b>
<b>NONCURRENT LIABILITIES</b>			
Net Pension Liability	\$ 501,372	\$ -	\$ 501,372
<b>Total Liabilities</b>	<b>\$ 743,614</b>	<b>\$ 235,437</b>	<b>\$ 979,051</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Relating to Pensions	\$ 79,195	\$ -	\$ 79,195
<b>NET POSITION</b>			
Net Investment in Capital Assets	\$ -	\$ 3,947,483	\$ 3,947,483
Unrestricted	1,752,201	64,812	1,817,013
<b>Total Net Position</b>	<b>\$ 1,752,201</b>	<b>\$ 4,012,295</b>	<b>\$ 5,764,496</b>

CITY OF GILLETTE, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 NONMAJOR ENTERPRISE FUNDS  
 Year Ended June 30, 2018

	Solid Waste	Fiber	Total
OPERATING REVENUES	\$ 2,982,211	\$ 118,978	\$ 3,101,189
OPERATING EXPENSES			
Salaries and Benefits	\$ 695,413	\$ -	\$ 695,413
Contractual Services	1,846,873	-	1,846,873
Materials	5,255	-	5,255
Repairs and Maintenance	1,526	68,921	70,447
Supplies	177,124	-	177,124
Depreciation	-	112,436	112,436
Total Operating Expenses	\$ 2,726,191	\$ 181,357	\$ 2,907,548
Operating Income (Loss)	\$ 256,020	\$ (62,379)	\$ 193,641
NONOPERATING REVENUE			
Other Income	\$ -	\$ 261,232	\$ 261,232
Investment Income	16,970	-	16,970
Total Nonoperating Revenue	\$ 16,970	\$ 261,232	\$ 278,202
Income Before Contributions and Transfers	\$ 272,990	\$ 198,853	\$ 471,843
Capital Contributions	-	2,214,648	2,214,648
Transfers In	-	1,598,794	1,598,794
Change in Net Position	\$ 272,990	\$ 4,012,295	\$ 4,285,285
NET POSITION, BEGINNING JULY 1	1,479,211	-	1,479,211
NET POSITION, ENDING JUNE 30	\$ 1,752,201	\$ 4,012,295	\$ 5,764,496

CITY OF GILLETTE, WYOMING

COMBINING STATEMENT OF CASH FLOWS

NONMAJOR ENTERPRISE FUNDS

Year Ended June 30, 2018

	Solid Waste	Fiber	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers and Users	\$ 2,966,784	\$ 118,978	\$ 3,085,762
Payments to Employees	(655,543)	-	(655,543)
Payments for Goods and Services	(2,061,636)	(68,921)	(2,130,557)
Other	-	101,486	101,486
<b>Net Cash Provided By Operating Activities</b>	<b>\$ 249,605</b>	<b>\$ 151,543</b>	<b>\$ 401,148</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers In	\$ -	\$ 1,598,794	\$ 1,598,794
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
(Payments) for Capital Acquisitions	\$ -	\$ (1,845,271)	\$ (1,845,271)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net (Increase) in Investments	\$ (229,523)	\$ -	\$ (229,523)
Investment Income	21,466	-	21,466
Increase in Net Amount Due to Other Funds	-	94,934	94,934
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>\$ (208,057)</b>	<b>\$ 94,934</b>	<b>\$ (113,123)</b>
Net Increase in Cash	\$ 41,548	\$ -	\$ 41,548
Cash, Beginning July 1	553,567	-	553,567
Cash, Ending June 30	\$ 595,115	\$ -	\$ 595,115
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>			
Operating Income (Loss)	\$ 256,020	\$ (62,379)	\$ 193,641
Adjustments:			
Depreciation	-	112,436	112,436
Other Income	-	261,232	261,232
Change in Assets and Liabilities:			
Accounts and Other Receivables	(7,308)	(159,746)	(167,054)
Deferred Outflows of Resources Relating to Pensions	67,311	-	67,311
Vouchers Payable	(38,977)	-	(38,977)
Accrued Expenses	8,400	-	8,400
Net Pension Liability	(74,680)	-	(74,680)
Deferred Inflows of Resources Relating to Pensions	38,839	-	38,839
<b>Net Cash Provided By Operating Activities</b>	<b>\$ 249,605</b>	<b>\$ 151,543</b>	<b>\$ 401,148</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>			
Contributions of Capital	\$ -	\$ 2,214,648	\$ 2,214,648
Net (Decrease) in Fair Value of Investments	\$ (4,496)	\$ -	\$ (4,496)

**INTERNAL SERVICE FUNDS**

CITY OF GILLETTE, WYOMING

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS

June 30, 2018

	Vehicle Mainten- ance	Liability and Personal Injury Insurance	Health Insurance	Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash	\$ 809,953	\$ 122,307	\$ 420,094	\$ 1,352,354
Investments	1,516,288	513,641	1,828,939	3,858,868
Other Receivable	74,175	51,777	52,416	178,368
Due From Other Funds	-	-	227,912	227,912
Inventories	269,517	-	-	269,517
<b>Total Current Assets</b>	<b>\$ 2,669,933</b>	<b>\$ 687,725</b>	<b>\$ 2,529,361</b>	<b>\$ 5,887,019</b>
<b>CAPITAL ASSETS</b>				
Machinery and Equipment	\$ 17,287,676	\$ -	\$ -	\$ 17,287,676
Less Accumulated Depreciation	(10,422,547)	-	-	(10,422,547)
<b>Net Capital Assets</b>	<b>\$ 6,865,129</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,865,129</b>
<b>Total Assets</b>	<b>\$ 9,535,062</b>	<b>\$ 687,725</b>	<b>\$ 2,529,361</b>	<b>\$ 12,752,148</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Vouchers Payable	\$ 163,041	\$ 25,800	\$ 48,069	\$ 236,910
Estimated Claims Payable	-	-	665,211	665,211
Other Accrued Liabilities	65,815	-	-	65,815
<b>Total Current Liabilities</b>	<b>\$ 228,856</b>	<b>\$ 25,800</b>	<b>\$ 713,280</b>	<b>\$ 967,936</b>
<b>LONG-TERM LIABILITY</b>				
Accrued Sick Leave Payable	\$ 14,841	\$ -	\$ -	\$ 14,841
<b>Total Liabilities</b>	<b>\$ 243,697</b>	<b>\$ 25,800</b>	<b>\$ 713,280</b>	<b>\$ 982,777</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	\$ 6,865,129	\$ -	\$ -	\$ 6,865,129
Unrestricted	2,426,236	661,925	1,816,081	4,904,242
<b>Total Net Position</b>	<b>\$ 9,291,365</b>	<b>\$ 661,925</b>	<b>\$ 1,816,081</b>	<b>\$ 11,769,371</b>

CITY OF GILLETTE, WYOMING

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS  
Year Ended June 30, 2018

	Vehicle Mainten- ance	Liability and Personal Injury Insurance	Health Insurance	Total
OPERATING REVENUES	\$ 2,892,234	\$ 626,962	\$ 4,958,626	\$ 8,477,822
OPERATING EXPENSES				
Salaries and Benefits	\$ 633,057	\$ -	\$ -	\$ 633,057
Contractual Services	372,651	533,148	-	905,799
Claims	-	93,814	4,958,626	5,052,440
Repairs and Maintenance	11,552	-	-	11,552
Supplies	844,817	-	-	844,817
Depreciation	1,237,994	-	-	1,237,994
Total Operating Expenses	\$ 3,100,071	\$ 626,962	\$ 4,958,626	\$ 8,685,659
Operating (Loss)	\$ (207,837)	\$ -	\$ -	\$ (207,837)
NONOPERATING REVENUE				
Gain on Disposal of Equipment	\$ 77,704	\$ -	\$ -	\$ 77,704
Investment Income	18,024	4,416	13,843	36,283
Total Nonoperating Revenue	\$ 95,728	\$ 4,416	\$ 13,843	\$ 113,987
Income (Loss) Before Transfers	\$ (112,109)	\$ 4,416	\$ 13,843	\$ (93,850)
Transfers In	50,944	-	740,339	791,283
Transfers (Out)	-	(36,634)	-	(36,634)
Change in Net Position	\$ (61,165)	\$ (32,218)	\$ 754,182	\$ 660,799
NET POSITION, BEGINNING JULY 1	9,352,530	694,143	1,061,899	11,108,572
NET POSITION, ENDING JUNE 30	\$ 9,291,365	\$ 661,925	\$ 1,816,081	\$ 11,769,371

CITY OF GILLETTE, WYOMING

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

Year Ended June 30, 2018

	Vehicle Mainten- ance	Liability and Personal Injury Insurance	Health Insurance	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts From Interfund Services Provided	\$ 2,886,093	\$ 624,140	\$ 4,945,027	\$ 8,455,260
Payments to Employees	(627,102)	-	-	(627,102)
Payments for Goods and Services	(1,170,121)	(612,583)	(5,000,350)	(6,783,054)
Internal Activity - Payments (To) Other Funds	-	-	(69,546)	(69,546)
Net Cash Provided By (Used In) Operating Activities	\$ 1,088,870	\$ 11,557	\$ (124,869)	\$ 975,558
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers In	\$ 50,944	\$ -	\$ 740,339	\$ 791,283
Transfers (Out)	-	(36,634)	-	(36,634)
Net Cash Provided By (Used In) Noncapital Financial Activities	\$ 50,944	\$ (36,634)	\$ 740,339	\$ 754,649
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
(Payments) for Capital Acquisitions	\$ (673,195)	\$ -	\$ -	\$ (673,195)
Proceeds From Sale of Capital Assets	66,203	-	-	66,203
Net Cash (Used In) Capital and Related Financing Activities	\$ (606,992)	\$ -	\$ -	\$ (606,992)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Net (Increase) in Investments	\$ (249,320)	\$ (48,409)	\$ (518,603)	\$ (816,332)
Investment Income	23,657	5,395	19,031	48,083
Net Cash (Used In) Investing Activities	\$ (225,663)	\$ (43,014)	\$ (499,572)	\$ (768,249)
Net Increase (Decrease) in Cash	\$ 307,159	\$ (68,091)	\$ 115,898	\$ 354,966
Cash, Beginning July 1	502,794	190,398	304,196	997,388
Cash, Ending June 30	\$ 809,953	\$ 122,307	\$ 420,094	\$ 1,352,354
<b>Reconciliation of Operating (Loss) to Net Cash Provided by (Used In) Operating Activities</b>				
Operating (Loss)	\$ (207,837)	\$ -	\$ -	\$ (207,837)
Adjustments:				
Depreciation	1,237,994	-	-	1,237,994
Change in Assets and Liabilities:				
Other Receivable	(6,141)	(2,822)	(13,599)	(22,562)
Due (To) Other Funds	-	-	(69,546)	(69,546)
Inventories	(31,876)	-	-	(31,876)
Vouchers Payable	90,775	14,379	9,196	114,350
Accrued Expenses	5,955	-	-	5,955
Estimated Claims Payable	-	-	(50,920)	(50,920)
Net Cash Provided By (Used In) Operating Activities	\$ 1,088,870	\$ 11,557	\$ (124,869)	\$ 975,558
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>				
Net (Decrease) in Fair Value of Investments	\$ (5,633)	\$ (979)	\$ (5,188)	\$ (11,800)

**AGENCY FUND**

**CITY OF GILLETTE, WYOMING**

**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES  
 AGENCY FUND  
 Year Ended June 30, 2018**

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
<u>Flexible Benefits</u>				
<b>ASSETS</b>				
Due From Other Entities	\$ 8,005	\$ 208,328	\$ 205,241	\$ 11,092
<b>LIABILITIES</b>				
Flexible Benefits Payable	\$ 8,005	\$ 208,328	\$ 205,241	\$ 11,092

**CITY OF GILLETTE, WYOMING**

**SCHEDULE OF STATE FINANCIAL ASSISTANCE**

Year Ended June 30, 2018

(Page 1 of 2)

State Grantor Program Title	Grant Number	Expenditures
<u>Office of Attorney General</u>		
State Surcharge	N/A	\$ 18,401
Victim Witness Funding	N/A	48,797
Total Office of Attorney General		\$ 67,198
<u>Wyoming Association of Sheriffs and Police</u>		
Alcohol Inspection Contract	N/A	\$ 3,910
Tobacco Inspection Contract	N/A	2,635
Total Wyoming Association of Sheriffs and Police		\$ 6,545
<u>Wyoming Division of Criminal Investigation</u>		
Byrne Formula/HIDTA	N/A	\$ 1,353
<u>Wyoming Loan and Investments Board</u>		
Winland Industrial Park LID	CWC-15405CL	\$ 38,421
<u>Wyoming Water Development Commission</u>		
Gillette Regional Extensions	N/A	\$ 311,168
Total State Financial Assistance		\$ 424,685

(Continued)

**CITY OF GILLETTE, WYOMING**

**SCHEDULE OF STATE FINANCIAL ASSISTANCE**

Year Ended June 30, 2018

(Page 2 of 2)

**Note 1. Loans Outstanding**

The City had previously received loan proceeds from the state. There were no current year loan proceeds received during the year ended June 30, 2018. Following is the balance of the state portion of the loans at June 30, 2018.

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	\$ 1,258,632
Capitalization Loans for Drinking Water State Revolving Funds		
Design and Construction, Water Distribution System	DWSRF Loan #39	58,957
Wyoming Water Development Commission		
Gillette Madison Pipeline	-	44,328,358
Wyoming Business Council		
Southern Industrial Addition	-	2,645,046
<b>Total State Loans</b>		<b>\$ 48,290,993</b>

# 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.

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### CONTENTS

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Financial Trends	90
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	101
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	112
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	119
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	123
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			
	2009	2010	2011	2012
<b>Governmental Activities</b>				
Invested in Capital Assets, Net of Related Debt	106,878,886	118,148,340	144,063,586	160,346,407
Restricted	6,997,253	36,386	22,162	13,761
Unrestricted	53,241,652	54,849,935	47,210,868	46,431,260
Total Governmental Activities Net Assets	167,117,791	173,034,661	191,296,616	206,791,428
<b>Business-Type Activities</b>				
Invested in Capital Assets, Net of Related Debt	91,114,927	103,052,463	104,481,619	108,090,438
Restricted	3,750,000	3,750,000	11,382,821	28,560,579
Unrestricted	20,731,282	21,873,844	27,246,709	32,024,938
Total Business-Type Activities Net Assets	115,596,209	128,676,307	143,111,149	168,675,955
<b>Primary Government</b>				
Invested in Capital Assets, Net of Related Debt	197,993,813	221,200,803	248,545,205	268,436,845
Restricted	10,747,253	3,786,386	11,404,983	28,574,340
Unrestricted	73,972,934	76,723,779	74,457,577	78,456,198
Total Primary Government Net Assets	282,714,000	301,710,968	334,407,765	375,467,383

Fiscal Year					
2013	2014	2015	2016	2017	2018
173,368,812	184,096,943	207,543,932	216,228,110	212,061,695	209,621,750
13,788	13,817	4,343	8,026,893	171,789	121,777
44,960,127	42,224,867	48,736,967	29,954,212	40,519,056	49,508,463
218,342,727	226,335,627	256,285,242	254,209,215	252,752,540	259,251,990
143,994,703	151,571,316	167,721,963	201,310,306	233,993,830	258,142,870
54,315,581	83,810,606	114,382,200	109,824,328	101,670,982	96,552,166
25,391,474	23,531,369	26,800,695	26,098,902	28,741,229	32,324,767
223,701,758	258,913,291	308,904,858	337,233,536	364,406,041	387,019,803
317,363,515	335,668,259	375,265,895	417,538,416	446,055,525	467,764,620
54,329,369	83,824,423	114,386,543	117,851,221	101,842,771	96,673,943
70,351,601	65,756,236	75,537,662	56,053,114	69,260,285	81,833,230
442,044,485	485,248,918	565,190,100	591,442,751	617,158,581	646,271,793

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

	Fiscal Year			
	2009	2010	2011	2012
<b>Revenues</b>				
<i>Governmental Activities</i>				
Program Revenues				
Charges for services	\$ 2,088,192	\$ 2,359,735	\$ 1,949,688	\$ 2,623,718
Operating grants and contributions	529,993	1,394,215	1,203,641	663,407
Capital grants and contributions	8,848,511	1,505,351	1,719,812	693,152
General Revenues				
Severance taxes	850,865	880,203	970,441	1,067,407
Property taxes	1,304,276	1,533,648	1,648,246	1,743,283
Sales and use taxes	47,549,129	36,509,652	42,392,407	48,689,382
Other taxes	7,348,275	2,933,427	2,647,637	2,426,726
Mineral Royalties	1,466,310	1,480,247	1,520,397	1,537,360
Supplemental state funding	2,143,709	2,036,523	1,399,143	2,122,882
Gaming revenue	-	-	-	-
Investment income (Loss)	1,439,774	990,722	201,632	94,060
Capital contributions, local annexations	11,394,163	2,969,595	9,543,332	4,718,809
Other revenue	514,847	130,265	(48,847)	(80,706)
<b>Total Governmental Activities Revenues</b>	<b>\$ 85,478,044</b>	<b>\$ 54,723,583</b>	<b>\$ 65,147,529</b>	<b>\$ 66,299,480</b>
<i>Business-Type Activities</i>				
Program Revenues				
Charges for services	\$ 31,865,874	\$ 35,499,057	\$ 37,881,536	\$ 40,712,570
Capital grants and contributions	1,045,328	5,259,077	9,062,600	5,811,660
General Revenues				
Sales and use taxes <sup>2</sup>	-	-	-	18,235,001
Investment Income (Loss)	860,975	337,117	247,389	285,342
Capital contributions, local annexations	3,925,983	2,689,529	4,058,959	1,803,289
Other revenue	1,687,600	1,159,879	1,311,870	(2,399,295)
<b>Total Business-Type Activities Revenues</b>	<b>\$ 39,385,760</b>	<b>\$ 44,944,659</b>	<b>\$ 52,562,354</b>	<b>\$ 64,448,567</b>
<b>Total Government-Wide Revenues</b>	<b>\$ 124,863,804</b>	<b>\$ 99,668,242</b>	<b>\$ 117,709,883</b>	<b>\$ 130,748,047</b>
<b>Expenses</b>				
<i>Governmental Activities</i>				
Administration	\$ 17,540,288	\$ 12,658,989	\$ 18,585,718	\$ 13,156,594
Community Development <sup>1</sup>	1,250,166	-	-	-
Law Enforcement/Public Safety <sup>1</sup>	7,489,676	11,189,600	10,985,865	12,667,636
Public Works	16,255,289	14,960,231	10,128,312	14,161,985
Culture and Recreation <sup>1</sup>	-	2,062,128	2,144,505	2,658,610
Interest on Long-Term Debt	18,140	17,051	16,871	16,068
<b>Total Governmental Activities Expenses</b>	<b>\$ 42,553,559</b>	<b>\$ 40,887,999</b>	<b>\$ 41,861,271</b>	<b>\$ 42,660,893</b>
<i>Business-Type Activities</i>				
Power	\$ 22,658,728	\$ 25,838,074	\$ 28,776,464	\$ 30,713,059
Water	6,569,393	7,160,713	7,260,232	8,840,825
Sewer	4,501,057	4,464,019	4,851,241	5,159,217
Fiber <sup>3</sup>	n/a	n/a	n/a	n/a
Solid Waste	1,876,777	2,320,469	2,263,878	2,314,435
<b>Total Business-Type Activities Expenses</b>	<b>\$ 35,605,955</b>	<b>\$ 39,783,275</b>	<b>\$ 43,151,815</b>	<b>\$ 47,027,536</b>
<b>Total Government-Wide Expenses</b>	<b>\$ 78,159,514</b>	<b>\$ 80,671,274</b>	<b>\$ 85,013,086</b>	<b>\$ 89,688,429</b>

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

		Fiscal Year									
		2013	2014	2015	2016	2017	2018				
\$	2,819,882	\$	3,728,676	\$	3,964,099	\$	3,629,498	\$	3,826,265	\$	4,267,498
	726,408		513,389		560,028		1,031,303		2,978,890		296,242
	1,222,352		3,488,683		9,389,472		3,201,917		2,730,131		1,170,583
	1,096,377		1,135,505		1,101,729		1,107,316		1,107,006		1,106,950
	1,763,744		1,832,001		1,949,432		2,100,922		2,282,253		2,125,450
	43,149,383		49,198,315		54,129,253		37,012,709		29,917,814		36,167,074
	2,443,560		2,918,483		3,035,184		3,153,044		3,188,444		3,312,473
	1,542,258		1,549,148		1,553,582		1,578,741		1,585,221		1,584,413
	1,630,099		2,456,374		2,117,809		2,408,642		1,123,958		1,218,873
	-		-		210,240		332,079		457,337		570,942
	(19,055)		185,649		115,723		225,326		149,693		426,532
	1,178,906		-		-		-		-		-
	-		853,432		84,337		59,559		296,647		312,377
\$	57,553,914	\$	67,859,655	\$	78,210,888	\$	55,841,056	\$	49,643,659	\$	52,559,407
\$	41,643,064	\$	41,676,876	\$	44,114,037	\$	47,853,751	\$	49,134,472	\$	49,719,881
	31,686,134		8,987,615		25,894,064		28,438,097		26,811,099		22,015,166
	26,285,027		29,364,002		28,622,346		100,133		105,109		25,483
	(31,968)		479,053		484,439		850,367		445,454		1,152,882
	862,923		-		-		-		-		-
	846,563		892,230		1,278,871		709,261		477,383		788,551
\$	101,291,743	\$	81,399,776	\$	100,393,757	\$	77,951,609	\$	76,973,517	\$	73,701,963
\$	158,845,657	\$	149,259,431	\$	178,604,645	\$	133,792,665	\$	126,617,176	\$	126,261,370
\$	14,114,947	\$	16,949,930	\$	11,592,999	\$	21,059,390	\$	18,530,082	\$	14,311,284
	-		-		-		-		-		-
	11,956,859		12,209,838		12,032,781		14,055,218		13,810,716		11,812,747
	15,131,917		14,743,977		17,059,376		17,181,066		11,456,369		12,609,284
	2,605,174		2,378,104		1,653,206		2,992,915		4,101,144		3,911,251
	14,670		13,883		13,728		355,333		275,582		248,382
\$	43,823,567	\$	46,295,732	\$	42,352,090	\$	55,643,922	\$	48,173,893	\$	42,892,948
\$	31,272,102	\$	30,631,160	\$	35,625,314	\$	32,120,690	\$	33,430,555	\$	33,242,868
	9,299,424		9,374,198		10,972,303		10,390,243		10,666,942		11,747,663
	5,463,451		5,731,279		6,618,579		6,432,835		5,945,545		6,244,321
	n/a		n/a		n/a		n/a		n/a		190,756
	2,410,011		2,735,796		3,095,177		2,952,324		2,684,411		2,829,602
\$	48,444,988	\$	48,472,433	\$	56,311,373	\$	51,896,092	\$	52,727,453	\$	54,255,210
\$	92,268,555	\$	94,768,165	\$	98,663,463	\$	107,540,014	\$	100,901,346	\$	97,148,158

(Continued)

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

	Fiscal Year			
	2009	2010	2011	2012
<b>Change in Net Position Before Transfers</b>				
Governmental Activities	\$ 42,924,485	\$ 13,835,584	\$ 23,286,258	\$ 23,638,587
Business-Type Activities	3,779,805	5,161,384	9,410,539	17,421,031
<b>Government-Wide</b>	<b>\$ 46,704,290</b>	<b>\$ 18,996,968</b>	<b>\$ 32,696,797</b>	<b>\$ 41,059,618</b>
<b>Transfers</b>				
Governmental Activities	\$ (6,859,292)	\$ (7,918,714)	\$ (5,024,303)	\$ (8,143,775)
Business-Type Activities	6,859,292	7,918,714	5,024,303	8,143,775
<b>Government-Wide</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Change in Net Position</b>				
Governmental Activities	\$ 36,065,193	\$ 5,916,870	\$ 18,261,955	\$ 15,494,812
Business-Type Activities	10,639,097	13,080,098	14,434,842	25,564,806
<b>Government-Wide</b>	<b>\$ 46,704,290</b>	<b>\$ 18,996,968</b>	<b>\$ 32,696,797</b>	<b>\$ 41,059,618</b>
<b>Net Position, Beginning of Fiscal Year</b>				
Governmental Activities	\$ 124,824,754	\$ 167,117,791	\$ 173,034,661	\$ 191,296,616
Business-Type Activities	100,001,572	115,596,209	128,676,307	143,111,149
<b>Government-Wide</b>	<b>\$ 224,826,326</b>	<b>\$ 282,714,000</b>	<b>\$ 301,710,968</b>	<b>\$ 334,407,765</b>
<b>Prior Year Adjustments</b>				
Governmental Activities	\$ 6,227,844	\$ -	\$ -	\$ -
Business-Type Activities	4,955,540	-	-	-
<b>Government-Wide</b>	<b>\$ 11,183,384</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Position, End of Fiscal Year</b>				
Governmental Activities	\$ 167,117,791	\$ 173,034,661	\$ 191,296,616	\$ 206,791,428
Business-Type Activities	115,596,209	128,676,307	143,111,149	168,675,955
<b>Government-Wide</b>	<b>\$ 282,714,000</b>	<b>\$ 301,710,968</b>	<b>\$ 334,407,765</b>	<b>\$ 375,467,383</b>

<sup>1</sup> 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.

<sup>2</sup> 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 rural water districts to connect to the Madison Pipeline. This tax was fully collected and was removed 04/01/15.

<sup>3</sup> The Fiber Fund was established in 2018 and is used to account for the operation of the City's fiber conduit and network system.

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

		Fiscal Year									
		2013	2014	2015	2016	2017	2018				
\$	13,730,347	\$	21,563,923	\$	35,858,798	\$	197,134	\$	1,469,766	\$	9,666,459
	52,846,755		32,927,343		44,082,384		26,055,517		24,246,064		19,446,753
\$	66,577,102	\$	54,491,266	\$	79,941,182	\$	26,252,651	\$	25,715,830	\$	29,113,212
\$	(2,179,048)	\$	(6,071,965)	\$	(5,909,183)	\$	(2,273,161)	\$	(2,926,441)	\$	(3,167,009)
	2,179,048		6,071,965		5,909,183		2,273,161		2,926,441		3,167,009
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
\$	11,551,299	\$	15,491,958	\$	29,949,615	\$	(2,076,027)	\$	(1,456,675)	\$	6,499,450
	55,025,803		38,999,308		49,991,567		28,328,678		27,172,505		22,613,762
\$	66,577,102	\$	54,491,266	\$	79,941,182	\$	26,252,651	\$	25,715,830	\$	29,113,212
\$	206,791,428	\$	218,342,727	\$	233,834,685	\$	256,285,242	\$	254,209,215	\$	252,752,540
	168,675,955		223,701,758		262,701,066		308,904,858		337,233,536		364,406,041
\$	375,467,383	\$	442,044,485	\$	496,535,751	\$	565,190,100	\$	591,442,751	\$	617,158,581
\$	-	\$	-	\$	(7,499,058)	\$	-	\$	-	\$	-
	-		-		(3,787,775)		-		-		-
\$	-	\$	-	\$	(11,286,833)	\$	-	\$	-	\$	-
\$	218,342,727	\$	233,834,685	\$	256,285,242	\$	254,209,215	\$	252,752,540	\$	259,251,990
	223,701,758		262,701,066		308,904,858		337,233,536		364,406,041		387,019,803
\$	442,044,485	\$	496,535,751	\$	565,190,100	\$	591,442,751	\$	617,158,581	\$	646,271,793

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
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
2017	\$ 1,107,006	\$ 2,282,253	\$ 896,185	\$ 29,917,814	\$ 1,348,449	\$ 187,027	\$ 756,783	\$ 36,495,517
2018	\$ 1,106,950	\$ 2,125,450	\$ 891,300	\$ 36,167,074	\$ 1,310,202	\$ 188,313	\$ 922,658	\$ 42,711,947
<b>% Change 2009 - 2018</b>	30.1%	63.0%	15.5%	-23.9%	105.5%	-40.2%	-83.6%	-25.1%

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

	Fiscal Year			
	2009	2010	2011	2012
General Fund		(1)	(1)	(1)
Unreserved				
Designated For:				
Cash Operating Reserve	\$ 4,400,000	\$ -	\$ -	\$ -
General Fund Operations	-	-	-	-
Expenditure Control Budget Carryover	596,702	-	-	-
Capital Projects	16,285,002	-	-	-
Undesignated, Reported In:				
General Fund	20,215,629	-	-	-
Total General Fund	\$ 41,497,333	\$ -	\$ -	\$ -
Total All Governmental Funds				
Non spendable		\$ 87,853	\$ 111,772	\$ 126,042
Restricted		36,386	22,162	13,761
Committed		24,254,271	19,749,041	22,406,471
Assigned		20,506,879	12,162,321	7,316,230
Unassigned		5,017,408	10,639,683	12,366,300
Total Fund Balance - All Governmental Funds		\$ 49,902,797	\$ 42,684,979	\$ 42,228,804
One Percent Sales Tax Fund				
Reserved for Capital Projects	\$ 7,322,090	\$ -	\$ -	\$ -
Unreserved	\$ -	\$ -	\$ -	\$ -
Total 1% Sales Tax Fund	\$ 7,322,090	\$ -	\$ -	\$ -
Economic Stabilization Reserve				
Reserved for Capital Projects	\$ 6,997,253	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Total Economic Stabilization Reserve	\$ 6,997,253	\$ -	\$ -	\$ -
Total Fund Balances, Governmental Funds	\$ 55,816,676	\$ 49,902,797	\$ 42,684,979	\$ 42,228,804

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



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

	Fiscal Year			
	2009	2010	2011	2012
		(1)	(1)	(1)
<b>Revenues</b>				
<i>General Fund</i>				
Taxes	\$ 35,945,861	\$ 41,856,930	\$ 47,658,731	\$ 53,926,798
Intergovernmental	12,997,523	6,416,336	5,842,993	5,016,801
Licenses and Permits	287,860	299,446	320,003	295,160
Charges for Services	931,252	968,610	641,662	855,350
Fines and Fees	352,438	396,256	426,360	472,650
Investment Income	1,168,205	923,456	173,414	76,331
Miscellaneous	602,628	695,423	561,663	1,000,558
Special Assessment Revenue	-	690,292	168,756	133,387
<i>One Percent Fund</i>				
Taxes	21,106,684	-	-	-
Intergovernmental	-	-	-	-
Investment Income (Loss)	941	-	-	-
<i>Economic Stabilization Fund</i>				
Investment Income	126,195	-	-	-
<b>Total Revenues</b>	<b>\$ 73,519,587</b>	<b>\$ 52,246,749</b>	<b>\$ 55,793,582</b>	<b>\$ 61,777,035</b>
<b>Expenditures</b>				
<i>General Fund</i>				
<i>Current</i>				
Administration/General Government	\$ 5,266,154	\$ 10,334,666	\$ 10,674,604	\$ 10,653,872
Finance/Treasurer	774,204	-	-	-
Community Development	1,293,009	-	-	-
Police/Public Safety	7,792,601	10,903,706	9,339,427	9,756,812
Public Works	7,392,686	16,159,919	19,835,193	21,085,752
Culture and Recreation	-	2,062,128	1,944,549	2,420,144
Miscellaneous	13,881,686	9,977,987	15,535,677	6,689,176
Other Capital Outlay	-	-	-	-
Debt Service				
Principal	30,301	31,390	31,571	32,373
Interest	18,140	17,051	16,871	16,068
<i>One Percent Fund</i>				
<i>Current</i>				
Public Works	20,133,639	-	-	-
Other Capital Outlay	-	-	-	-
<b>Total Expenditures</b>	<b>\$ 56,582,420</b>	<b>\$ 49,486,847</b>	<b>\$ 57,377,892</b>	<b>\$ 50,654,197</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 16,937,167</b>	<b>\$ 2,759,902</b>	<b>\$ (1,584,310)</b>	<b>\$ 11,122,838</b>
<b>Other Financing Sources (Uses)</b>				
<i>General Fund</i>				
Proceeds from Certificates of Participation	\$ -	\$ -	\$ -	\$ -
Transfers In	-	-	-	-
Transfers Out	(1,255,646)	(8,673,781)	(5,633,508)	(11,579,013)
Proceeds from Sale of Capital Assets	-	-	-	-
<i>One Percent Fund</i>				
Transfers In	-	-	-	-
Transfers Out	(6,625,195)	-	-	-
<i>Economic Stabilization Fund</i>				
Transfers In	500,000	-	-	-
Transfers Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (7,380,841)</b>	<b>\$ (8,673,781)</b>	<b>\$ (5,633,508)</b>	<b>\$ (11,579,013)</b>
<b>Net Change In Fund Balance</b>	<b>\$ 9,556,326</b>	<b>\$ (5,913,879)</b>	<b>\$ (7,217,818)</b>	<b>\$ (456,175)</b>
Debt Service as a Percentage of Noncapital Expenditures	0.09%	0.10%	0.08%	0.10%
Fund Balance, Beginning July 1	\$ 46,260,350	\$ 55,816,676	\$ 49,902,797	\$ 42,684,979
Fund Balance, Ending June 30	\$ 55,816,676	\$ 49,902,797	\$ 42,684,979	\$ 42,228,804

(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, as 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						
2013	2014	2015	2016	2017	2018	
(1)	(1)	(1)	(1)	(1)	(1)	(1)
\$ 48,453,064	\$ 55,084,304	\$ 60,215,598	\$ 43,373,991	\$ 36,495,517	\$ 42,711,947	
5,121,117	6,022,098	7,165,775	7,153,524	6,701,647	4,056,951	
291,708	290,033	361,710	282,099	247,743	283,027	
1,320,627	2,785,521	2,894,186	2,842,597	2,965,029	3,296,056	
406,517	391,716	444,771	424,677	372,367	363,872	
(25,671)	175,523	108,679	212,988	142,513	404,105	
801,030	1,111,286	347,769	139,684	538,005	636,920	
84,534	58,186	56,643	39,209	131,275	13,994	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
\$ 56,452,926	\$ 65,918,667	\$ 71,595,131	\$ 54,468,769	\$ 47,594,096	\$ 51,766,872	
\$ 13,118,976	\$ 13,617,537	\$ 14,397,204	\$ 13,956,973	\$ 11,916,234	\$ 11,145,476	
-	-	-	-	-	-	
-	-	-	-	-	-	
9,759,974	9,810,440	10,384,584	10,544,363	9,467,994	9,749,739	
15,230,303	17,596,106	15,142,517	19,846,187	8,079,928	11,168,994	
4,921,238	4,282,751	3,170,268	3,422,281	2,220,609	2,879,640	
10,531,853	11,970,067	14,331,633	16,829,447	12,806,587	2,904,784	
-	-	-	-	-	-	
33,772	34,558	34,714	36,087	1,131,884	1,097,727	
14,670	13,883	13,728	234,948	286,899	259,335	
-	-	-	-	-	-	
-	-	-	-	-	-	
\$ 53,610,786	\$ 57,325,342	\$ 57,474,648	\$ 64,870,286	\$ 45,910,135	\$ 39,205,695	
\$ 2,842,140	\$ 8,593,325	\$ 14,120,483	\$ (10,401,517)	\$ 1,683,961	\$ 12,561,177	
\$ -	\$ -	\$ -	\$ 11,650,000	\$ -	\$ -	
-	538,690	178,885	2,675,925	152,407	100	
(3,746,475)	(6,699,566)	(6,013,558)	(5,038,591)	(3,036,259)	(3,721,497)	
-	-	-	199,765	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
\$ (3,746,475)	\$ (6,160,876)	\$ (5,834,673)	\$ 9,487,099	\$ (2,883,852)	\$ (3,721,397)	
\$ (904,335)	\$ 2,432,449	\$ 8,285,810	\$ (914,418)	\$ (1,199,891)	\$ 8,839,780	
0.09%	0.08%	0.08%	0.62%	3.84%	4.26%	
\$ 42,228,804	\$ 41,324,469	\$ 43,756,918	\$ 52,042,728	\$ 51,128,310	\$ 49,928,419	
\$ 41,324,469	\$ 43,756,918	\$ 52,042,728	\$ 51,128,310	\$ 49,928,419	\$ 58,768,199	

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

Fiscal Year	Tax Year	Real Property		Personal Property <sup>1</sup>	State-Assessed Property (Public Utilities) <sup>1</sup>	Industrial Property <sup>1</sup>	Less Tax-Exempt Property
		Residential <sup>1</sup>	Commercial <sup>1</sup>				
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
2017	2016	\$ 281,627,847	\$ 92,982,875	\$ 464,278,849	\$ 67,660,286	\$ 10,601,857	n/a
2018	2017	\$ 275,778,864	\$ 94,876,198	\$ 332,211,394	\$ 68,943,276	\$ 11,419,612	n/a

<sup>1</sup> Data is for Campbell County, information for the City of Gillette is not available. The City of Gillette makes up approximately 69.75% of Campbell County's population.

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 <sup>1</sup>	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
\$ 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%
\$ 917,151,714	8.000	\$ 259,525,401	\$ 2,595,254,010	10.0%
\$ 783,229,344	8.000	\$ 279,311,596	\$ 2,793,115,960	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
<b>MILLS</b>						
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
2017	8.000	32.000	11.140	12.000	4.412	67.552
2018	8.000	32.000	11.170	12.000	4.296	67.466

<b>TAX LEVIES</b>						
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
2017	\$ 1,989,794	\$ 133,843,937	\$ 46,719,900	\$ 50,191,477	\$ 17,968,967	\$ 250,714,075
2018	\$ 2,111,649	\$ 141,704,636	\$ 49,605,558	\$ 53,139,323	\$ 19,506,559	\$ 266,067,725

**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 2018		
		Assessed Valuation	Rank	Percentage of Total City Valuation
City of Gillette	Power System	\$ 2,307,220	1	0.83%
Burlington Northern Santa Fe Railway	Railroad Company	\$ 1,935,463	2	0.69%
MFG Remington LLC	Apartment Complex/Real Estate	\$ 1,680,270	3	0.60%
Menard Inc	Retail	\$ 1,549,144	4	0.55%
Liebherr Mining Equipment	Commercial Machinery Repair	\$ 1,433,509	5	0.51%
Black Hills Gas Distribution WY	Natural Gas Distribution	\$ 1,221,533	6	0.44%
L & H Industrial, Inc.	Welding/Industrial	\$ 1,137,166	7	0.41%
Wal-Mart Real Estate Business Trust	Retail	\$ 1,037,766	8	0.37%
Cudd Energy Services	Well Services/Technology	\$ 959,749	9	0.34%
Gillette Retirement LLC	Apartment Complex/Real Estate	\$ 838,517	10	0.30%
<b>Total</b>		<b>\$ 14,100,337</b>		<b>5.05%</b>
<b>Total City Assessed Valuation</b>		<b>\$ 279,311,596</b>		

Source: Campbell County Assessor's Office

<sup>1</sup> The City of Gillette did not compile a Statistical Section for the Financial Report in 2009, and thus does not have historical data to refer to. Neither the Campbell County Assessor or the State Department of Revenue are able to provide this historical data for Fiscal Year 2009.

Fiscal Year 2009 <sup>1</sup>

Assessed Valuation	Rank	Percentage of Total City Valuation
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<u>\$ -</u>	<u>-</u>
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\$ 178,280,210

**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	
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%	\$ 83,515	\$ 1,546,168	99.93%	\$ 1,031
2011	2010	\$ 1,680,378	\$ 1,558,555	92.75%	\$ 92,331	\$ 1,650,886	98.24%	\$ 29,492
2012	2011	\$ 1,753,910	\$ 1,642,663	93.66%	\$ 83,233	\$ 1,725,896	98.40%	\$ 28,014
2013	2012	\$ 1,763,257	\$ 1,678,751	95.21%	\$ 84,168	\$ 1,762,919	99.98%	\$ 338
2014	2013	\$ 1,801,939	\$ 1,749,349	97.08%	\$ 52,280	\$ 1,801,629	99.98%	\$ 310
2015	2014	\$ 1,929,664	\$ 1,890,235	97.96%	\$ 39,100	\$ 1,929,335	99.98%	\$ 329
2016	2015	\$ 2,125,291	\$ 2,061,891	97.02%	\$ 62,482	\$ 2,124,373	99.96%	\$ 918
2017	2016	\$ 2,249,380	\$ 2,214,623	98.45%	\$ 31,105	\$ 2,245,728	98.84%	\$ 3,652
2018	2017	\$ 2,161,452	\$ 2,088,912	96.64%	\$ -	\$ 2,088,912	96.64%	\$ 72,540

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			
	2009	2010	2011	2012
Agriculture / Forestry	\$ 477,160	\$ 489,220	\$ 437,860	\$ 596,200
Mining	\$ 869,770,960	\$ 490,176,840	\$ 938,596,520	\$ 1,076,846,327
Contract Construction	\$ 195,659,860	\$ 135,028,900	\$ 80,439,700	\$ 63,142,782
Manufacturing	\$ 164,761,800	\$ 131,527,740	\$ 106,303,540	\$ 109,037,800
Retail Trade	\$ 844,967,300	\$ 666,731,700	\$ 739,768,020	\$ 747,460,455
Wholesale Trade	\$ 700,363,660	\$ 429,373,140	\$ 419,190,860	\$ 617,623,145
Finance / Insurance	\$ 9,620,080	\$ 6,116,580	\$ 5,399,040	\$ 7,182,055
Public Administration	\$ 183,608,720	\$ 131,167,240	\$ 153,885,720	\$ 193,622,764
Utilities	\$ 209,265,520	\$ 274,450,280	\$ 223,550,160	\$ 147,902,909
Transportation / Warehousing	\$ 11,379,200	\$ 12,743,380	\$ 10,277,580	\$ 10,219,727
Information	\$ 21,047,260	\$ 20,462,580	\$ 28,029,280	\$ 32,546,182
Real Estate / Rental / Leasing	\$ 129,874,480	\$ 115,192,380	\$ 147,850,120	\$ 174,626,000
Professional Services	\$ 245,688	\$ 4,553,780	\$ 7,042,360	\$ 7,752,273
Administrative / Support / Waste	\$ 12,719,200	\$ 11,239,380	\$ 7,273,160	\$ 6,531,564
Educational Services	\$ 91,040	\$ 77,500	\$ 72,840	\$ 91,327
Health Care / Social Assistance	\$ 60,980	\$ 45,420	\$ 62,920	\$ 36,945
Arts, Entertainment & Recreation	\$ 2,359,000	\$ 2,365,160	\$ 2,297,820	\$ 2,667,436
Accommodation / Food Services	\$ 106,912,940	\$ 102,014,020	\$ 110,211,880	\$ 116,697,236
Other Services	\$ 208,235,480	\$ 188,306,840	\$ 222,801,700	\$ 232,772,145
<b>Total</b>	<b>\$ 3,671,420,328</b>	<b>\$ 2,722,062,080</b>	<b>\$ 3,203,491,080</b>	<b>\$ 3,547,355,272</b>

**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 69.75% of the entire county's population.

**Source:** Wyoming Department of Revenue

		Fiscal Year									
		2013	2014	2015	2016	2017	2018				
\$	587,400	\$	670,733	\$	716,296	\$	737,360	\$	640,620	\$	624,380
\$	949,196,000	\$	1,178,258,083	\$	1,420,173,026	\$	745,995,340	\$	513,985,460	\$	697,313,500
\$	47,446,717	\$	62,583,333	\$	63,802,348	\$	50,098,060	\$	28,100,160	\$	26,899,180
\$	79,636,183	\$	93,448,367	\$	104,950,591	\$	57,805,900	\$	89,826,100	\$	156,225,520
\$	665,802,967	\$	692,062,683	\$	719,212,626	\$	579,732,680	\$	517,949,240	\$	602,647,120
\$	518,981,083	\$	534,587,550	\$	610,714,713	\$	404,406,120	\$	334,365,100	\$	374,607,020
\$	2,060,050	\$	2,084,217	\$	1,603,948	\$	1,996,620	\$	1,085,720	\$	872,600
\$	173,049,917	\$	195,701,700	\$	262,655,235	\$	181,610,940	\$	162,053,520	\$	185,158,640
\$	80,461,450	\$	84,462,267	\$	79,892,139	\$	85,451,720	\$	76,150,840	\$	73,725,500
\$	10,627,433	\$	10,896,233	\$	15,191,339	\$	8,818,520	\$	7,464,580	\$	7,460,560
\$	32,102,250	\$	31,557,183	\$	32,401,304	\$	27,308,180	\$	25,959,680	\$	24,362,920
\$	182,424,017	\$	223,136,350	\$	188,324,852	\$	155,116,300	\$	86,477,960	\$	86,392,180
\$	6,364,650	\$	6,761,333	\$	6,304,487	\$	7,208,240	\$	6,596,520	\$	6,293,560
\$	9,573,150	\$	7,070,733	\$	8,511,843	\$	10,396,080	\$	6,437,300	\$	3,893,660
\$	94,533	\$	101,450	\$	89,530	\$	90,420	\$	111,800	\$	330,360
\$	52,850	\$	69,567	\$	69,617	\$	41,980	\$	39,100	\$	29,120
\$	2,379,150	\$	2,452,533	\$	2,373,096	\$	2,273,620	\$	2,409,040	\$	2,431,140
\$	112,660,600	\$	125,905,033	\$	154,045,478	\$	131,713,360	\$	111,534,000	\$	118,787,560
\$	189,522,850	\$	199,170,983	\$	216,359,670	\$	161,543,320	\$	141,514,260	\$	161,290,640
\$	3,063,023,250	\$	3,450,980,331	\$	3,887,392,138	\$	2,612,344,760	\$	2,112,701,000	\$	2,529,345,160

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

Fiscal Year <sup>2,3</sup>	Campbell County <sup>1</sup>	State of Wyoming	TOTAL*
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%
2017	1.00%	4.00%	5.00%
2018	1.00%	4.00%	5.00%

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

<sup>2</sup> 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 2018		
	Rank	Tax Liability	Percentage of Total County Liability
Coal mining	1	\$ 16,673,917	13.21%
Support activities for mining	2	\$ 16,310,195	12.92%
Executive, legislative and general government	3	\$ 9,231,381	7.31%
Machinery and supply merchant wholesalers	4	\$ 7,603,618	6.02%
Building material and supplies dealers	5	\$ 7,298,634	5.78%
Auto parts, accessories, and tire stores	6	\$ 5,194,248	4.11%
Petroleum and coal products manufacturing	7	\$ 4,832,122	3.83%
Chemical Merchant Wholesalers	8	\$ 4,693,418	3.72%
Other General Merchandise stores	9	\$ 4,269,393	3.38%
Automotive repair and maintenance	10	\$ 3,816,779	3.02%
Petroleum merchant wholesalers		\$ -	-
Power generation and supply		\$ -	-
Other specialty trade contractors		\$ -	-
Gasoline stations		\$ -	-
<b>Total</b>		<b>\$ 79,923,705</b>	<b>63.31%</b>
<b>Total Campbell County</b>		<b>\$ 126,232,637</b>	

**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 69.75% of the entire county's population.

**Source:** Wyoming Department of Revenue

Fiscal Year 2009		
Rank	Tax Liability	Percentage of Total County Liability
1	\$ 24,839,290	13.53%
2	\$ 17,871,864	9.74%
5	\$ 9,137,793	4.98%
3	\$ 16,413,874	8.94%
7	\$ 8,183,511	4.46%
8	\$ 5,318,402	2.90%
	\$ -	-
	\$ -	-
	\$ -	-
	\$ -	-
4	\$ 9,496,865	5.17%
6	\$ 8,671,599	4.72%
9	\$ 4,748,477	2.59%
10	\$ 4,232,882	2.31%

\$ 108,914,557      59.33%

\$ 183,572,465

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

Fiscal Year	Governmental Activities			Business-Type Activities Wyoming State Land and Investment Loans	
	General Bonded Debt	Notes Payable	Certificates of Participation	Wastewater Fund	Power Fund
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	\$ -	\$ 496,922	\$ -	\$ 11,035,381	\$ -
2016	\$ -	\$ 460,835	\$ 11,650,000	\$ 10,306,388	\$ 1,440,465
2017	\$ -	\$ 423,951	\$ 10,555,000	\$ 9,558,564	\$ 2,645,046
2018 <sup>1</sup>	\$ -	\$ 386,224	\$ 9,495,000	\$ 8,801,817	\$ 2,645,046

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.

<sup>1</sup> 2018 Percentage of Personal Income calculated using 2017 Personal Income figures from Demographic and Economic Statistics, as 2018 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**

<b>Wyo. Water Development</b>							
<b>Commission Loans</b>		<b>Capital Leases-Power Fund</b>			<b>Total Primary Government</b>	<b>Percentage of Personal Income <sup>1</sup></b>	<b>Per Capita</b>
<b>Water Fund</b>		<b>Leases</b>	<b>Premiums/ (Discounts)</b>				
\$	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	4.05%	\$ 3,053
\$	3,619,887	\$ 74,335,000	\$ -	\$	91,673,387	3.74%	\$ 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%	\$ 3,222
\$	29,591,655	\$ 93,380,000	\$ 2,773,086	\$	137,277,044	5.10%	\$ 4,221
\$	40,131,770	\$ 91,020,000	\$ 2,627,963	\$	157,637,421	6.66%	\$ 5,174
\$	44,328,358	\$ 88,610,000	\$ 2,459,648	\$	158,580,567	7.02%	\$ 5,091
\$	44,328,358	\$ 86,140,000	\$ 2,272,751	\$	154,069,196	6.82%	\$ 4,777

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

	Fiscal Year			
	2009	2010	2011	2012
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	\$ 695,300	\$ 663,910	\$ 632,339	\$ 599,966
Total Direct and Overlapping Debt	\$ 695,300	\$ 663,910	\$ 632,339	\$ 599,966

**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					
		2013	2014	2015	2016	2017	2018
\$	-	\$	-	\$	-	\$	-
\$	-	\$	-	\$	-	\$	-
	n/a		n/a		n/a		n/a
\$	-	\$	-	\$	-	\$	-
\$	566,194	\$	531,636	\$	496,922	\$	460,835
\$	566,194	\$	531,636	\$	496,922	\$	423,951
							\$ 386,224
							\$ 386,224

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

<u>Legal Debt Margin Calculation for Fiscal Year 2018</u>	
Assessed Value	\$ 279,311,596
Debt Limitation (4% of Assessed Value)	\$ 11,172,464
Debt Applicable to Limitation	<u>\$ -</u>
Legal Debt Margin	<u>\$ 11,172,464</u>

	<u>Fiscal Year</u>			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt Limit	\$ 7,131,208	\$ 7,436,436	\$ 8,089,710	\$ 8,328,843
Total Net Debt Applicable to Limit	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Legal Debt Margin	\$ 7,131,208	\$ 7,436,436	\$ 8,089,710	\$ 8,328,843
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

		Fiscal Year									
		2013	2014	2015	2016	2017	2018				
\$	8,397,794	\$	8,573,651	\$	9,217,168	\$	9,811,222	\$	10,381,016	\$	11,172,464
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
\$	8,397,794	\$	8,573,651	\$	9,217,168	\$	9,811,222	\$	10,381,016	\$	11,172,464
	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>
2009 - 2018	\$ -	\$ -	\$ -

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			
	2009	2010	2011	2012
Population (CY Basis) <sup>1</sup>	33,159	29,087	30,000	30,121
Unemployment Rate <sup>2</sup>	5.3%	5.9%	4.7%	4.6%
Median Age <sup>3,6</sup>	30.6	30.6	29.4	29.9
Personal Income (thousands of dollars) <sup>4,6</sup>	\$ 2,052,029	\$ 2,171,502	\$ 2,263,302	\$ 2,453,949
Per Capita Personal Income <sup>4,6</sup>	\$ 44,951	\$ 46,961	\$ 48,579	\$ 51,250
New Single-Family Residential:				
Number of Permits	307	294	262	225
Valuation	\$ 69,469,246	\$ 86,456,981	\$ 83,991,719	\$ 91,337,481
New Commercial/Industrial:				
Number of Permits	54	44	35	36
Valuation	\$ 56,165,880	\$ 42,104,156	\$ 32,003,194	\$ 29,860,712
Rental Vacancy Rates: <sup>1</sup>				
Building rentals	5.4%	6.6%	6.3%	7.5%
Mobile Home Parks	5.2%	6.5%	8.3%	8.4%
Area in Square Miles <sup>1</sup>	18.17	18.64	18.64	19.42
Number of Schools (In City of Gillette Only) <sup>5</sup>				
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 <sup>5</sup>	8,007	8,145	8,248	8,368
County Student - Teacher Ratio <sup>5</sup>				
Elementary Schools	18.17:1	17.67:1	19.08:1	19.00:1
Secondary Schools	14.12:1	14.44:1	14.91:1	15.33:1

**Source:**

<sup>1</sup> City of Gillette, Planning Division

<sup>2</sup> U.S. Bureau of Labor Statistics

<sup>3</sup> Campbell County Economic Development Corporation and U.S. Census Bureau

<sup>4</sup> Regional Economic Information System, Bureau of Economic Analysis

<sup>5</sup> Campbell County School District

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

Fiscal Year					
2013	2014	2015	2016	2017	2018
30,646	32,000	32,520	30,467	31,147	32,252
3.9%	3.4%	3.8%	6.2%	5.7%	4.3%
30.2	30.2	30.4	30.9	n/a	n/a
\$ 2,455,481	\$ 2,352,749	\$ 2,690,020	\$ 2,367,290	\$ 2,258,500	n/a
\$ 50,969	\$ 48,691	\$ 54,653	\$ 48,507	\$ 48,842	n/a
143	128	142	53	14	30
\$ 61,339,415	\$ 57,346,683	\$ 56,780,306	\$ 22,809,688	\$ 5,676,085	\$ 7,448,000
28	28	30	27	12	16
\$ 40,107,881	\$ 45,800,319	\$ 95,279,433	\$ 55,090,590	\$ 13,677,262	\$ 6,261,000
9.1%	1.3%	5.9%	22.4%	21.5%	7.5%
6.6%	6.3%	9.1%	22.6%	16.7%	16.9%
19.42	19.42	21.66	21.66	21.71	23.15
9	9	9	9	10	10
2	2	2	2	2	2
1	1	1	1	1	2
1	1	1	1	1	1
13	13	13	13	14	15
8,524	8,714	8,986	9,038	8,567	8,603
19.18:1	18.90:1	18.90:1	18.80:1	18.22:1	18.82:1
15.46:1	15.06:1	15.06:1	16.23:1	15.76:1	15.23:1

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

Industry	Fiscal Year 2018 <sup>2</sup>	
	Employees	Percentage of Total County Employment
Mining	6,033	24.78%
Total Government	4,889	20.08%
Retail Trade	2,302	9.45%
Construction	1,851	7.60%
Accommodation and Food Services	2,123	8.72%
Wholesale Trade	1,390	5.71%
Health Care and Social Assistance	1,014	4.16%
Transportation and Warehousing	808	3.32%
Administrative and Waste Services	754	3.10%
Other Services, Except Public Administration	634	2.60%
Professional and Technical Services	625	2.57%
Manufacturing	432	1.77%
Finance and Insurance	425	1.75%
Utilities	344	1.41%
Real Estate and Rental and Leasing	306	1.26%
Information	227	0.93%
Arts, Entertainment and Recreation	132	0.54%
Educational Services	58	0.24%
<b>Total</b>	<b>24,347</b>	<b>100.00%</b>
<b>Total Campbell County Employment</b>	<b>24,347</b>	

Sources:

Department of Employment and Workforce Services, State of Wyoming

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

<sup>2</sup> Data presented on a calendar year basis, ending on December 31 of the previous year (i.e. Information for FY2018 ends on December 31, 2017)

Fiscal Year 2009 <sup>2</sup>	
Employees	Percentage of Total County Employment
7,750	27.66%
4,280	15.28%
2,451	8.75%
3,893	13.90%
1,900	6.78%
1,591	5.68%
954	3.41%
869	3.10%
710	2.53%
876	3.13%
867	3.09%
557	1.99%
415	1.48%
267	0.95%
307	1.10%
227	0.81%
103	0.37%
-	0.00%
<b>28,017</b>	<b>100.00%</b>
<b>28,017</b>	

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

Function/Program	Fiscal Year			
	2009	2010	2011	2012
<b>General Government</b>				
Finance, Human Resources, Safety	9.5	11.75	11.75	11.75
Judicial and Legal	6.25	6	8	8
City Hall, Buildings & Grounds	8	8	8	9
Planning & Building Inspection	17	15	15	14
Streets, Traffic	14	17.5	17	17
Parks	9	10	10	10
Central Administration	18.5	16.75	17.75	16.75
Other	21.25	22.5	22	22
<b>Police</b>				
Officers and Civilians	66	68	68	68
Dispatch	9	9	9	9
Animal Control/Shelter	6	6	6	6
Other - Grant Funded Positions	3	3	3	3
Code Enforcement	0	2	2	2
Engineering	13	14	12	12
Warehouse & Purchasing	4	4	4	4
Vehicle Maintenance	6	6	6	7
Utilities Administration	20	21	21	22
Solid Waste Collection	8	9	9	9
Water & Water Treatment	16	15	16	16
Power	15	15	15	15
Wastewater	12	11	11	11
<b>Total FTE Employees</b>	<b>281.5</b>	<b>290.5</b>	<b>291.5</b>	<b>292.5</b>
<b>Total Temporary/Seasonal positions <sup>1</sup></b>	<b>25</b>	<b>28</b>	<b>35.5</b>	<b>21.0</b>

<sup>1</sup> 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					
2013	2014	2015	2016	2017	2018
12	21.25	21.75	22.75	20.5	21
10.5	10.5	11.5	11.75	10	9
9	9	9	9	7	7
14	13	11	11	8	8.5
19	19	18	18	17	18
12	12	12	12	10	10
16.75	17.5	19.75	19.75	14.5	14
23	23	23	23	17	17.5
68	67	68	69	61	65
9	9	9	11.5	11	11
6	6	7	7	6	7
3	3	4	4	2	2
2	2	2	2	1	1.5
12	12	12	12	8	10
4	4	4	4	3	4
7	7	7	7	7	7
22	12.75	14.75	16.75	16.75	16
9	9	9	9	9	9
18	18	18	18	16	17
16	16	16	18	17	17
11	11	12	14	13	13
303.25	302	308.75	319.5	274.75	284.5
22.6	19.8	19.0	19.5	11.0	6.0

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

Function/Program	Fiscal Year			
	2009	2010	2011	2012
Police				
Stations	1	1	1	1
Patrol units <sup>1</sup>	36	38	38	38
Public Works				
Refuse collection trucks	7	7	8	8
Streets (miles)	193.1	202.0	202.9	205.4
City parks (acres)	401.0	412.7	419.3	419.3
Bike paths (miles)	35.6	37.3	40.9	44.9
Storm sewers (miles)	84.05	88.57	90.31	90.31
Traffic signals	n/a	n/a	n/a	59
Utilities Department				
Water				
Water lines (miles)	250.4	259.9	262.7	267.3
Fire hydrants	1,930	2,011	2,097	2,150
Storage capacity (thousands of gallons)	22,000	22,000	22,000	22,000
Electric				
Electric lines (miles)-includes both transmission & distribution	283.5	300.0	329.3	336.1
Streetlights	2,576	2,725	2,789	2,927
Transformers	2,593	2,660	2,725	2,762
Number of substations	8	9	10	10
Wastewater				
Sanitary sewers (miles)	176.3	179.7	182.4	183.2
Number of manholes	3,453	3,591	3,629	3,649
Treatment capacity (thousands of gallons)	5,120	5,120	5,120	5,120

<sup>1</sup> This statistic is not as stated in previous years. The City changed the definition of Patrol Units, now excluding detective and Community Service Officer units.

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

Fiscal Year					
2013	2014	2015	2016	2017	2018
1	1	1	1	1	1
38	38	38	38	38	38
8	8	8	8	8	8
209.4	214.4	221.1	222.9	222.9	232.8
421.6	661.1	661.1	661.1	661.2	678.5
46.0	46.0	50.8	60.4	75.6	75.7
90.31	96.95	101.17	99.63	101.40	101.50
63	64	75	98	119	123
289.3	291.4	310.7	340.3	357.6	372.6
2,251	2,269	2,305	2,322	2,324	2,348
22,000	22,000	22,000	22,300	22,300	22,300
337.9	344.0	365.0	365.0	374.0	376.0
3,157	3,233	3,346	3,383	3,418	3,556
3,085	3,108	3,227	3,260	3,377	3,347
10	10	10	10	9	9
187.4	190.5	190.5	188.4	188.4	188.4
3,667	3,690	3,718	3,776	3,776	3,779
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		
	2009	2010	2011
<b>General Government</b>			
Building permits issued	1,301	1,230	2,721
Building inspections conducted	11,907	12,210	11,471
Gas, Electrical, Plumbing & Mechanical Permits	2,148	2,123	2,095
Contractor Licences	1,298	1,284	1,204
<b>Police <sup>1</sup></b>			
Incidents	31,848	32,229	34,458
Incident reports taken	8,111	8,040	8,365
Traffic citations	4,338	5,791	6,315
Physical arrests	2,929	2,811	3,106
<b>Public Works</b>			
Refuse collected (In Tons per Year)	11,730	11,866	11,962
Curbside Yard Waste collected (In Tons per Year)	n/a	401	444
Acres of parks mowed	n/a	n/a	n/a
Miles of streets plowed	n/a	n/a	n/a
<b>Utilities Department</b>			
Meters read - all Utilities (Water, Electric)	267,553	281,236	289,289
Utility bills mailed	176,714	178,631	184,546
<b>Wastewater <sup>1</sup></b>			
Daily average flows (Million Gallons per Day)	3.1300	3.3800	3.3400
Compost sold (In Yards per Year) <sup>1</sup>	1,223	1,445	1,463
Yard Waste collected-drop-off site (In Tons per Year)	n/a	n/a	n/a
<b>Electric</b>			
Amount billed	34,181,637	\$ 22,669,692	\$ 23,910,313
<b>Water</b>			
New connections	533	887	233
Average Daily Water Production (In millions of gallons) <sup>1</sup>	4.2	4.3	4.1
Average Daily Consumption per Capita (gallons) <sup>1 2</sup>	135	128	148
Peak Water Demand (in millions of gallons)	12.4	14.6	11.7

<sup>1</sup> Data presented on a calendar year basis, ending on December 31 of the previous year (i.e. Information for FY2018 ends on December 31, 2017)

<sup>2</sup> 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						
2012	2013	2014	2015	2016	2017	2018
1,015	866	799	856	548	491	459
10,715	9,515	8,176	10,430	5,367	3,592	5,447
2,024	1,795	1,537	1,717	1,051	823	1,171
1,189	1,161	1,281	1,387	1,325	1,244	1,230
34,738	35,536	33,533	36,433	37,005	31,884	28,809
8,586	9,824	8,933	9,172	8,583	7,366	6,604
8,726	4,682	4,058	4,310	4,729	3,837	3,386
3,506	3,906	3,686	3,934	4,672	3,816	3,260
12,714	12,667	13,213	13,565	13,073	11,606	11,307
545	624	1,281	692	715	705	747
n/a	2,142	2,480	3,245	1,643	1,905	3,585
n/a	33,972	54,469	34,825	27,065	34,295	40,413
292,484	304,278	309,233	309,936	312,420	312,156	316,692
189,237	194,474	194,687	199,073	200,928	209,181	200,703
3.1200	3.0200	3.1800	3.2500	3.0000	3.0200	3.0000
2,385	2,705	3,164	2,789	4,460	4,247	2,186
n/a	n/a	2,031	4,560	4,918	4,318	4,319
\$ 24,086,469	\$ 25,278,925	\$ 26,555,552	\$ 27,410,894	\$ 30,159,956	\$ 31,237,842	\$ 31,892,517
252	125	155	259	72	(31)	123
4.6	5.1	4.3	4.0	4.4	4.6	4.6
155	167	140	126	137	140	144
13.3	11.1	11.0	11.0	10.8	11.9	11.9

# SINGLE AUDIT SECTION

# BENNETT, WEBER & HERMSTAD, LLP

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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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, 2018, 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 17, 2018.

### 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 & Hermsstad, LLP*

Gillette, Wyoming  
December 17, 2018

# BENNETT, WEBER & HERMSTAD, LLP

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT 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, 2018. 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, 2018.

## 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 17, 2018

**CITY OF GILLETTE, WYOMING**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2018

(Page 1 of 2)

Federal Grantor Pass Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>Department of Health and Human Services</u>			
Passed Through the State of Wyoming Department of Family Services			
Low Income Home Energy Assistance Program	93.568	-	\$ 162,495
<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	17-GPD-GIL-LP-HLE17	\$ 21,266
<u>Department of Justice</u>			
Passed Through the State of Wyoming Division of Criminal Investigation			
Edward Byrne Memorial Justice Assistance Grant Program - 2015 and 2016	16.738	-	\$ 42,000
Passed Through the State of Wyoming Association of Sheriffs and Chiefs of Police			
Enforcing Underage Drinking Laws Program - 2017 and 2018	16.727	-	\$ 9,124
Passed Through the State of Wyoming Office of Attorney General			
Crime Victim Assistance	16.575	2016-VA-GX-0051	\$ 64,490
Violence Against Women Formula Grants	16.588	2016-WF-AX-0038	17,039
Total Passed Through the State of Wyoming Office of Attorney General			\$ 81,529
Total Pass Through Awards			\$ 132,653
Total Department of Justice			\$ 132,653
<u>Department of Transportation</u>			
Passed Through the State of Wyoming, Department of Transportation			
Highway Safety Cluster			
National Priority Safety Program - 2017 and 2018	20.616	-	\$ 33,274
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205	-	\$ 261,207
Total Department of Transportation			\$ 294,481

(Continued)

The accompanying notes are an integral part of this schedule.

**CITY OF GILLETTE, WYOMING**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2018

(Page 2 of 2)

Federal Grantor Pass Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>Executive Office of the President</u>			
Passed Through the State of Wyoming Division of Criminal Investigation High Intensity Drug Trafficking Areas Program - 2017 and 2018	95.001	-	\$ 348
<u>Department of the Interior</u>			
Passed Through State of Wyoming Department of Environmental Quality Abandoned Mine Land Reclamation Program	15.252	-	\$ 11,322,707
<b>Total Expenditures of Federal Awards</b>			<b>\$ 11,933,950</b>

The accompanying notes are an integral part of this schedule.

**CITY OF GILLETTE, WYOMING**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

Year Ended June 30, 2018

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Gillette, Wyoming under programs of the federal government for the year ended June 30, 2018. 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 (Uniform Guidance). 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 the cost principles contained in the Uniform Guidance, 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.

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, 2018. Following is the balance of the federal portion of the loans at June 30, 2018.

Program	CFDA Number	Amount
Capitalization Loans for Clean Water State Revolving Funds		
Design and Construction, Wastewater Treatment Plant CWSRF Loan #50	66.458	\$ 7,543,185
Capitalization Loans for Drinking Water State Revolving Funds		
Design and Construction, Water Distribution System DWSRF Loan #39	66.468	327,267
Total Federal Loans		\$ 7,870,452



**CITY OF GILLETTE, WYOMING**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Year Ended June 30, 2018

(Page 2 of 2)

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**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 2018.

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**CITY OF GILLETTE, WYOMING**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**Year Ended June 30, 2018**

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1) Prior Year Findings:

There were no prior year findings.

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