

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

For the fiscal year ended
June 30, 2019

Prepared by:
Finance Department

CITY OF GILLETTE, WYOMING

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CITY OF GILLETTE, WYOMING

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CITY OF GILLETTE, WYOMING

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INTRODUCTORY SECTION



CITY OF GILLETTE

Finance Division

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December 17, 2019

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, 2019.

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, 2019. 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 experiencing a sudden and drastic reduction in population estimates in 2016 due to negative pressure on coal and oil production, the energy sector made a considerable rebound over the last two years, causing population to increase to a more normal level. The city currently occupies 23.15 square miles and serves an estimated population of 31,843. 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 contributor. 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 since then. Current production levels are at a sustainable rate, and there have been other recent signs of renewed growth. Actions by the current administration in the beginning of the presidential term 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 initially contributed to a stronger-looking future for the coal industry. However, State economists are predicting a dismal future for the energy industry, so the City of Gillette continues to be cautious when considering how this industry contributes to the future of the community. 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, and the first research team recently arrived on site to begin assembling their research equipment. Furthermore, at least five additional research teams plan to be on-site by early 2020.

Steady mineral production over the last fiscal year has resulted in increased economic confidence, and therefore healthier economic indicators. Unemployment is down from 4.3% in 2018 to 3.7% in 2019, and per capita personal income is on the rise. The City issued 15% more building permits in 2019 than in the prior year. The City's population has increased and stabilized after the dramatic loss in 2016, with current estimates indicating that population decreased by only 1.27% last year, while still being 4.52% higher than 2016's low.

The City of Gillette's share of sales tax revenues has increased from \$36,509,652 in 2010 to \$42,020,705 in 2019, a 15% increase. 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 since the low in 2017, 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 provided 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 required 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 addressed financial reporting, change orders, recapture, budget, and establishment of a Finance Committee. This financial operating policy was amended in September, 2018, to increase the General Fund operating reserves to 150 days.

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 8% 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 \$17M 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. Though a small portion of the City's portfolio has been managed by an investment management firm for a number of years, the City entered into an agreement for investment advisory services with an additional firm in November, 2019. The City chose to diversify its portfolio in an attempt to maximize yield while maintaining safety and liquidity.

Major Initiatives

The City of Gillette is located in a semi-arid region with a limited potable water supply. For many years the water system consisted 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 areas grew, the demand for water neared (and at times exceeded) capacity, therefore 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 partnered with the City of Gillette in 2009 to finance the design, permitting, right-of-way acquisition, and construction of the Gillette Regional Water Supply System (also known as the Gillette Madison Pipeline Project), which includes drilling 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. Two of the additional wells were substantially completed in October, 2019, which increased the City's total maximum supply capacity to 15,000 gallons per minute. The entire project has an estimated cost of \$217.6M with the State contributing \$145.8M in the form of grant funding, and \$44.3M financed through the State in the form of a loan to the City of Gillette. Loan payments will not be due until after the remaining three wells are operational, anticipated to be in 2021. 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 received \$75M from the Capital Facilities Tax to pay off the \$44.3M Loan and fund improvements not covered by the State Grant. The City also received an additional \$20M from the Capital Facilities Tax which will be reserved for future water system extension projects. The remaining \$15M from the tax 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, 2018. 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

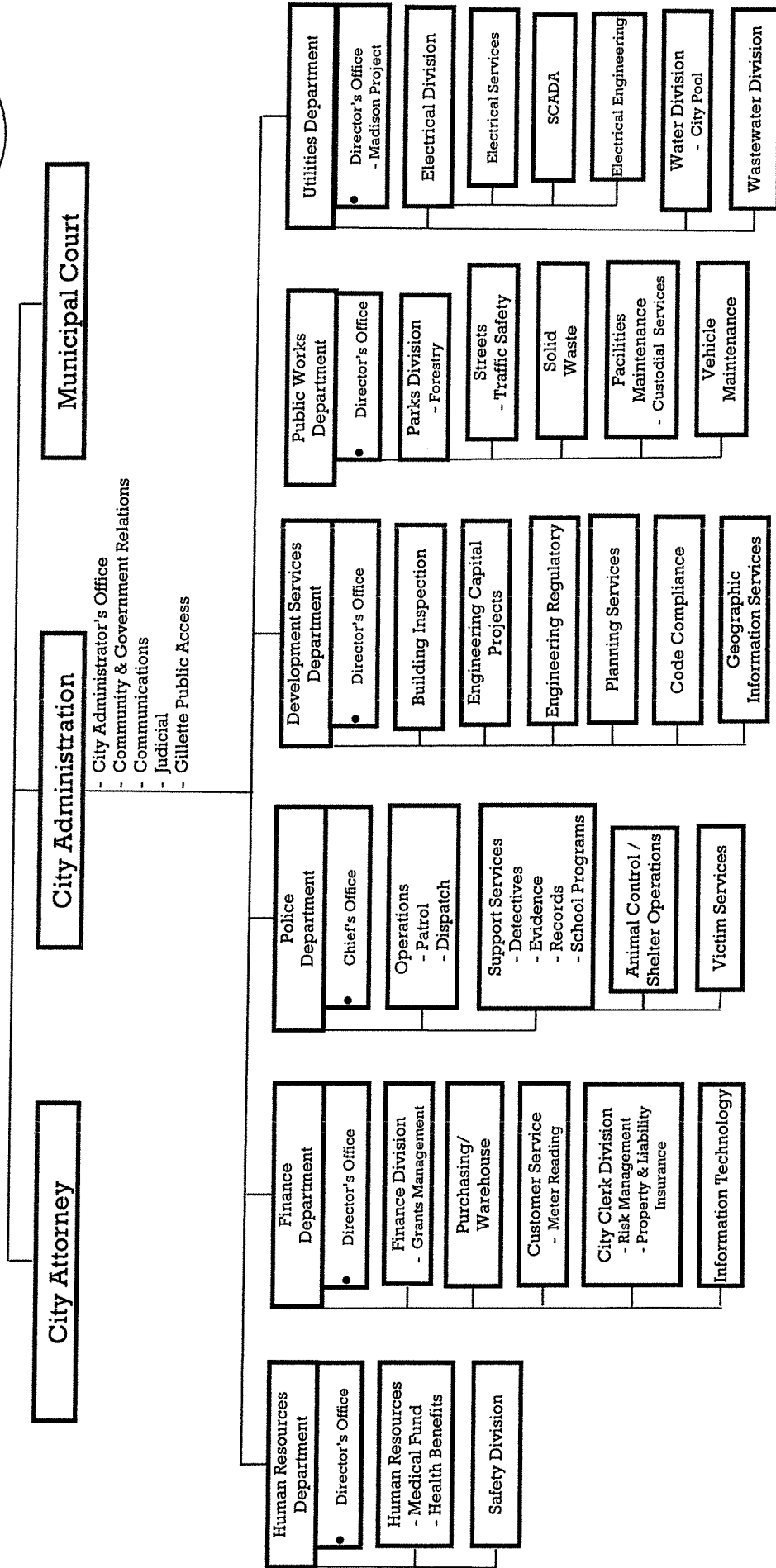
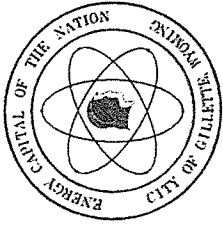
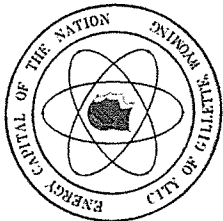
Michelle Henderson
Finance Director

City of Gillette

Organizational Chart

Citizens of Gillette

Mayor & City Council



City of Gillette
Elected and Appointed Officials
June 30, 2019

ELECTED OFFICIALS

Mayor		Louise Carter-King
City Council	Ward I	Shawn Neary Bruce Brown
	Ward II	Billy Montgomery Tim Carsrud
	Ward III	Nathan McLeland Shay Lundvall

APPOINTED OFFICIALS

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

DEPARTMENT HEADS

Chief of Police	Jim Hloucal
Development Services Director	Ry Muzzarelli
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, 2018

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

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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, 2019, 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, 2019, 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 74 through 76, 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 11, 2019, 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 & Hermsstad, LLP

Gillette, Wyoming
December 11, 2019

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, 2019. 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 \$663,712 (*net position*). Of this amount, \$95,232 (*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 \$17,440. The governmental-type net position increased by \$10,019 primarily due to increased sales and use tax collections and increased investment income. Investment income increased significantly due to the interest rate environment. The business-type net position increased by \$7,421 due to increases in investment income as well as investments in capital assets, which includes current year capital contributions equal to \$598.
- ❖ As of the close of the current fiscal year, the City of Gillette's governmental fund reported ending fund balance of \$72,300, an increase of \$13,531 in comparison with the prior year. Approximately 17 percent of this total amount, \$12,284, 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 \$121 while the committed fund balance was \$21,072 and the assigned fund balance was \$38,610. Restricted fund balance is available for specific purpose as imposed by an external party, constitutional provision or enabling legislation. Committed fund balance is available for specific purpose as defined by Council and requires Council action to remove or change this constraint. Assigned fund balance is available for specific purpose as defined by Council and can be used without further formal Council action.
- ❖ The City of Gillette's total long-term debt increased by \$6,738 during the current fiscal year. The increase is due to a significant increase in the net pension liability as well as additional debt related to a special assessment project for water improvements. This is offset by 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.

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 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 44-73 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 74-76. Individual fund statements for the Nonmajor Enterprise Funds and Internal Service Funds are presented on pages 77-84 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 \$663,712 at the close of the most recent fiscal year. Governmental activities net position was \$269,271 and business-type activities net position was \$394,441.

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and Other Assets	87,012	71,155	143,649	139,880	230,661	211,035
Capital Assets	217,693	220,152	404,814	404,014	622,507	624,167
Total Assets	304,705	291,307	548,463	543,895	853,168	835,202
Deferred Outflows of Resources						
Relating to Pensions	7,888	2,789	1,778	785	9,666	3,574
Long-term Liabilities Outstanding:	31,693	23,226	149,039	150,768	180,732	173,995
Other Liabilities:	10,132	9,439	6,208	5,994	16,340	15,432
Total Liabilities	41,825	32,665	155,247	156,762	197,072	189,427
Deferred Inflows of Resources						
Relating to Pensions	1,498	2,179	553	898	2,050	3,077
Net Position:						
Net Investment in Capital Assets	207,935	209,622	262,876	258,143	470,811	467,765
Restricted:	1,314	122	96,354	96,552	97,668	96,674
Unrestricted:	60,022	49,508	35,211	32,325	95,232	81,833
Total Net Position	269,271	259,252	394,441	387,020	663,712	646,272

The largest portion of the City of Gillette's net position (71 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* (\$95,232) 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.

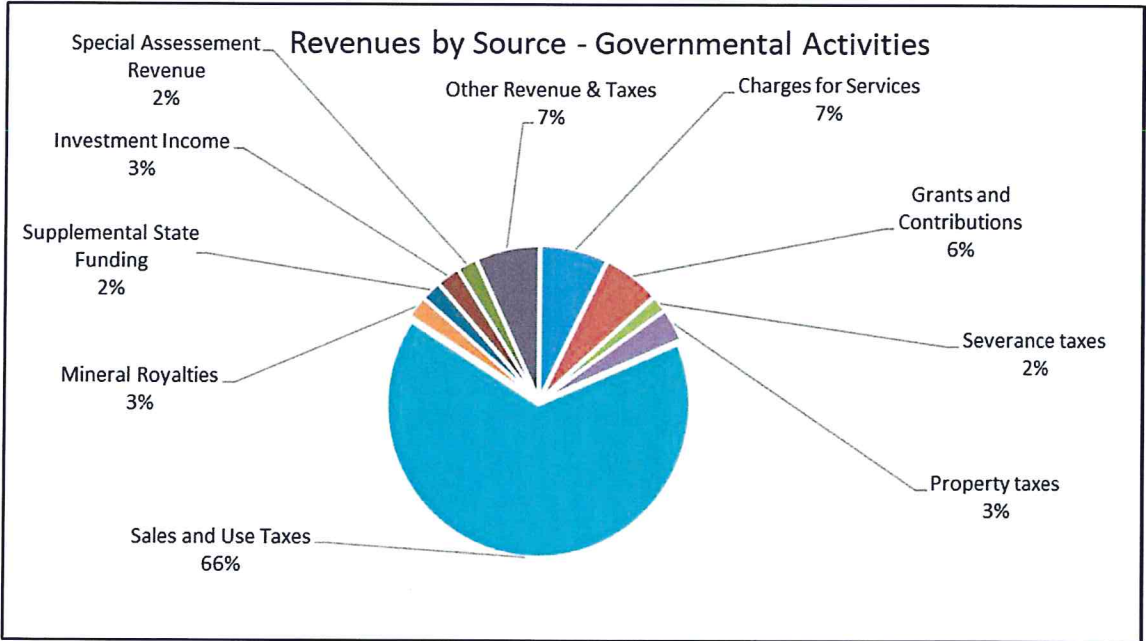
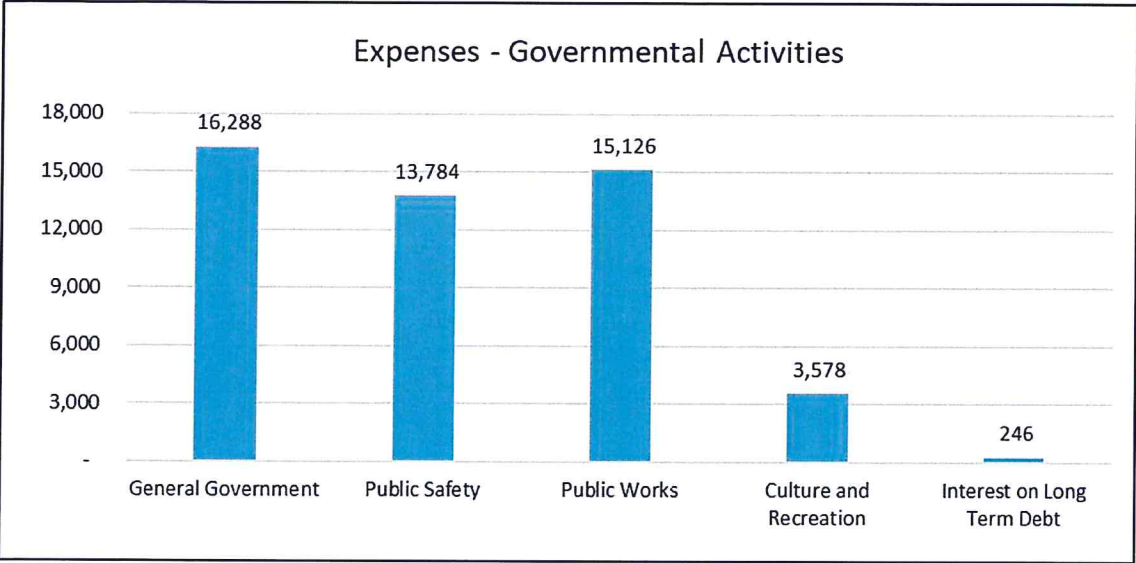
The government's net position increased by \$17,440, or three percent during the current fiscal year. Most of the growth is due to increased sales tax collections as well as increased return on investments in comparison to the prior fiscal year. The increase in the City of Gillette's investments was equal to \$18,391. Investments in capital assets also increased from the prior year by \$3,046. Major capital projects for infrastructure throughout the City of Gillette include Winland Industrial Park Project; 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, FY2019 capital contributions from infrastructure dedicated from new developments and other public improvements equaled \$3,102. Most of the capital contributions were from the roadway improvements related to the Boxelder – Highway 50 to Overdale Project.

City of Gillette's Changes in Net Position

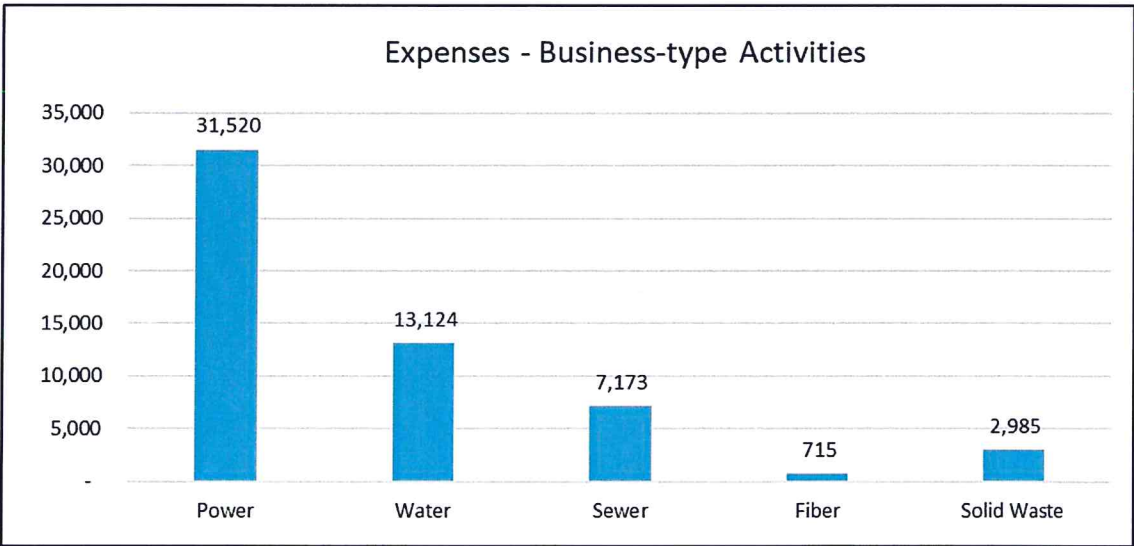
Rounded to \$,000s

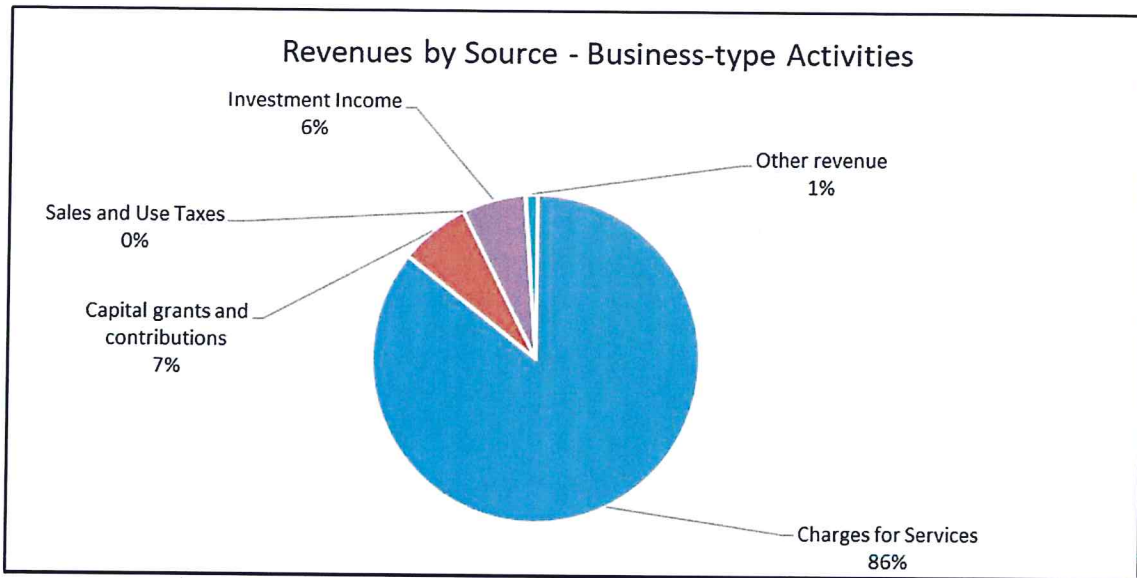
	Governmental activities		Business-type activities		Total	
	FY2019	FY2018	FY2019	FY2018	FY2019	FY2018
Revenues:						
Program revenues:						
Charges for Services	4,600	4,267	49,597	49,720	54,198	53,987
Operating Grants and Contributions	427	296	-	-	427	296
Capital grants and contributions	3,490	1,171	4,017	22,015	7,507	23,186
General revenues:						
Severance taxes	1,106	1,107	-	-	1,106	1,107
Property taxes	2,220	2,125	-	-	2,220	2,125
Sales and Use Taxes	42,021	36,167	2	25	42,023	36,193
Other taxes	3,191	3,312	-	-	3,191	3,312
Mineral Royalties	1,522	1,584	-	-	1,522	1,584
Supplemental State Funding	1,359	1,219	-	-	1,359	1,219
Investment Income (Loss)	1,585	427	3,610	1,153	5,194	1,579
Other revenue	1,174	883	701	789	1,875	1,672
Special Assessment Revenue	1,357	-	-	-	1,357	-
Total revenues	64,052	52,559	57,927	73,702	121,978	126,261
Expenses:						
General Government	16,288	14,311	-	-	16,288	14,311
Public Safety	13,784	11,813	-	-	13,784	11,813
Public Works	15,126	12,609	-	-	15,126	12,609
Culture and Recreation	3,578	3,911	-	-	3,578	3,911
Interest on Long Term Debt	246	248	-	-	246	248
Power	-	-	31,520	33,243	31,520	33,243
Water	-	-	13,124	11,748	13,124	11,748
Sewer	-	-	7,173	6,244	7,173	6,244
Fiber	-	-	715	191	715	191
Solid Waste	-	-	2,985	2,830	2,985	2,830
Total Expenses	49,022	42,893	55,516	54,255	104,538	97,148
Increase in net position before transfers	15,030	9,666	2,410	19,447	17,440	29,113
Transfers	(5,011)	(3,167)	5,011	3,167	-	-
Increase/(decrease) in net position	10,019	6,499	7,421	22,614	17,440	29,113
Net position - Beginning of Fiscal Year	259,252	252,753	387,020	364,406	646,272	617,159
Net position - End of Fiscal Year	269,271	259,252	394,441	387,020	663,712	646,272

Governmental activities. Governmental activities increased the City of Gillette's net position by \$10,019. The increase in governmental activities resulted mainly from increased sales and use tax collections as well as increased investment income. The City has been slowly recovering from the economic downturn three years ago. Therefore, during the fiscal year the City budgeted to conservatively increase spending in line with projected sales and use tax receipts. However, sales and use tax collections and investment income came in even higher than what was budgeted. There were capital asset transfers from governmental to business-type activities of \$5,011. 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 \$7,421, thereby accounting for 43 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 (\$4,733) including power line, sewer line, fiber line and water line construction and infrastructure dedicated to the City from local developments. The Power Fund had decreased expenses because of a large loss on asset disposal that was recorded in the prior year. This was offset by an increase in expenses in both Water and Sewer. Water experienced higher costs as compared to last year in system maintenance expenses. Sewer had increased costs due to the significant repair and maintenance work needed at the plant. All the business-type funds experienced significant expenses related to the pension liability. However, in total business-type funds experienced similar expenses when compared to the prior year. There were capital asset transfers from the governmental to business-type activities of \$5,011. 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 \$72,300, an increase of \$13,531 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 favorable return on investments. 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. The economy has been continuing to improve and stabilize which is reflected in the sales tax receipts over the last fiscal year. Approximately 17 percent of the ending fund balance (\$12,284) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The unassigned fund balance decreased by \$3,183 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 150 days of operating costs (\$12,724), along with the completion of contracts/projects in progress as of June 30, 2019 (\$8,176).

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 \$15,373; Water Fund \$12,524; Sewer Fund \$3,783; Solid Waste Fund \$1,986; and the Fiber Fund (\$431). The negative unrestricted net position in the Fiber Fund is the result of receiving an operating advance from the Power Fund that will be repaid annually. The increase in the total of the net position from FY2018 to FY2019 for the proprietary funds was \$7,166 reflecting an increase in investment income and 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 \$16,025 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 FY2017/2018 budget, which for various reasons, were not completed by the City's June 30, 2018 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 FY2018/2019 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 FY2018, and therefore had to be carried over into FY2019, were: Gurley Overpass Deck Repair, Interstate Industrial Park Project, Winland Industrial Park Project, 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 \$26,534. Total revenues were above budget by \$8,998 mainly due to sales and use tax receipts and investment income that was higher than the adjusted budget for the year. The increased sales and use tax and investment income was offset by intergovernmental revenues that were below budget due to timing of work related to grant funded projects, specifically a pathway construction project. Expenditures were lower than budget by \$17,581 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, 2019 is \$622,507 (net of accumulated depreciation). This represents a net decrease (additions, disposals, and depreciation) of \$1,660 or less than one 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 decreased by

one percent for governmental activities and increased less than one percent for business-type activities.

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

- Interstate Industrial and Winland Industrial Park Projects
- Pathway construction from Dalbey Park to Gillette College
- Power Line construction including Primary Cable Replacement and conversion of Overhead Line to Underground
- Construction of a UV Disinfection Building at the Waste Water Treatment Facility
- 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	
	FY2019	FY2018	FY2019	FY2018	FY2019	FY2018
Land	13,837	13,837	662	662	14,499	14,499
Construction in Progress	4,376	5,603	29,082	82,930	33,458	88,534
Infrastructure	151,106	149,901	242,199	186,392	393,305	336,293
Buildings & Improvements	40,727	41,990	116,687	117,208	157,414	159,197
Machinery & Equipment	4,027	5,249	12,717	13,531	16,744	18,779
Allocation of Vehicle Maintenance	3,620	3,573	3,467	3,292	7,087	6,865
Total Assets	217,693	220,152	404,814	404,014	622,507	624,167

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 FY2019, the City of Gillette had total long-term debt outstanding of \$180,732 which is an increase of \$6,738 during the current fiscal year. The main reason for the increase was due to increases in the net pension liability \$10,247. The City also took on new debt related to a special assessment project for water improvements (\$1,324). These increases were offset by payments made for Lease Revenue Bonds related to the WyGen III and CTII purchases as well as the payment made for debt related to the Wastewater Treatment Facility and the payment made for debt related to the Certificates of Participation for Student Housing Phase II Project.

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 \$11,064. 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, 2019, the City's assessed valuation was \$276,596.

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

	Governmental Activities		Business-Type Activities		Total	
	FY2019	FY2018	FY2019	FY2018	FY2019	FY2018
Long-term Liabilities:						
Accrued Sick Leave	60	79	90	90	150	169
Customer Deposits	-	-	820	808	820	808
Certificate of Participation	8,410	9,495	-	-	8,410	9,495
Net Pension Liability	21,592	13,266	7,604	5,682	29,195	18,948
Subtotal	30,062	22,840	8,514	6,580	38,575	29,420
Capital Loan Agreements						
Special Assessment Debt	1,632	386	-	-	1,632	386
Gillette Madison Pipeline	-	-	44,328	44,328	44,328	44,328
Electric Facilities Improvement - Lease Revenue Bonds	-	-	83,600	86,140	83,600	86,140
Plus Bond Premium	-	-	2,070	2,273	2,070	2,273
Southern Industrial Addition	-	-	2,517	2,645	2,517	2,645
Wastewater Treatment Facility Improvements	-	-	8,010	8,802	8,010	8,802
Subtotal	1,632	386	140,525	144,188	142,157	144,574
Total Long-term Debt	31,693	23,226	149,039	150,768	180,732	173,995

Additional information on the City of Gillette's long-term debt can be found in note 3.F on pages 56-63 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 3.7 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 3.5 percent. However, this compares favorably to the national average rate of 3.8 percent.

All of these factors were considered in preparing the City of Gillette's budget for the 2020 fiscal year.

During the current fiscal year, unassigned fund balance for all governmental funds is \$12,284. The City of Gillette has restricted \$121 in fund balance for Special Assessment Debt. The City has appropriated \$21,072 for several major projects and an additional \$38,610 for the operating budget in the 2020 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 2020 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 2019 budget year. The City Council approved a rate increase effective May 1, 2019, for wastewater services to increase revenue by eight 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. 5th Street, Gillette, WY 82716.

CITY OF GILLETTE, WYOMING

STATEMENT OF NET POSITION

June 30, 2019

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash	\$ 7,558,269	\$ 8,415,823	\$ 15,974,092
Cash, Restricted	119,312	-	119,312
Cash With Fiscal Agent	1,024	802,480	803,504
Investments	72,953,908	126,142,838	199,096,746
Accounts Receivable (Net of Allowance for Uncollectibles)	-	1,616,081	1,616,081
Taxes Receivable	3,680,068	3,188	3,683,256
Unbilled Accounts Receivable	-	2,348,297	2,348,297
Accrued Interest Receivable	27,307	57,446	84,753
Special Assessment Receivable	13,721	-	13,721
Special Assessment Receivable, Restricted	1,193,114	-	1,193,114
Other Receivable	258,511	287,466	545,977
Internal Balances	(60,477)	60,477	-
Due From Other Entities	884,853	247,966	1,132,819
Inventories	382,782	3,666,460	4,049,242
Capital Assets:			
Nondepreciable Capital Assets	18,212,720	29,744,138	47,956,858
Depreciable Capital Assets, Net	199,480,252	375,069,866	574,550,118
Total Assets	\$ 304,705,364	\$ 548,462,526	\$ 853,167,890
DEFERRED OUTFLOWS OF RESOURCES			
Relating to Pensions	\$ 7,888,446	\$ 1,777,841	\$ 9,666,287
LIABILITIES			
Vouchers Payable	\$ 1,267,497	\$ 3,013,021	\$ 4,280,518
Contracts and Retainage Payable	1,349,335	1,377,395	2,726,730
Estimated Claims Payable	429,013	147,598	576,611
Accrued Interest Payable	86,903	640,455	727,358
Other Accrued Liabilities	1,843,465	1,029,237	2,872,702
Advance Payments Received on Grants	59,990	-	59,990
Due To Other Entities	5,095,965	-	5,095,965
Noncurrent Liabilities:			
Due Within One Year	1,236,506	4,125,579	5,362,085
Due Within More Than One Year	30,456,820	144,913,495	175,370,315
Total Liabilities	\$ 41,825,494	\$ 155,246,780	\$ 197,072,274
DEFERRED INFLOWS OF RESOURCES			
Relating to Pensions	\$ 1,497,588	\$ 552,573	\$ 2,050,161
NET POSITION			
Net Investment in Capital Assets	\$ 207,934,661	\$ 262,876,287	\$ 470,810,948
Restricted for:			
Criminal Forfeiture	6	-	6
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	-	84,870,044	84,870,044
Student Housing Project	1,024	-	1,024
Gillette Historic Preservation Commission	855	-	855
Special Assessment Debt	1,312,426	-	1,312,426
Unrestricted	60,021,756	35,210,715	95,232,471
Total Net Position	\$ 269,270,728	\$ 394,441,014	\$ 663,711,742

See Notes to the Basic Financial Statements.

CITY OF GILLETTE, WYOMING

STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 16,287,756	\$ 4,233,796	\$ 17,773	\$ -
Public Safety	13,783,560	93,960	409,589	-
Public Works	15,126,078	272,696	-	3,490,102
Culture and Recreation	3,578,436	-	-	-
Debt Service:				
Interest and Other Charges	246,160	-	-	-
Total Governmental Activities	\$ 49,021,990	\$ 4,600,452	\$ 427,362	\$ 3,490,102
Business-type Activities:				
Power	\$ 31,519,972	\$ 34,608,895	\$ -	\$ 1,430,181
Water	13,123,554	6,514,187	-	2,435,865
Sewer	7,172,715	5,240,236	-	150,576
Fiber	715,475	146,886	-	-
Solid Waste	2,984,759	3,087,011	-	-
Total Business-type Activities	\$ 55,516,475	\$ 49,597,215	\$ -	\$ 4,016,622
Total Primary Government	\$ 104,538,465	\$ 54,197,667	\$ 427,362	\$ 7,506,724
General Revenues:				
Taxes:				
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				
Special Assessment Revenue				
Transfers				
Total General Revenues and Transfers				
Change in Net Position				
Net Position, Beginning July 1				
Net Position, Ending June 30				

See Notes to the Basic Financial Statements.

<u>Net (Expense) Revenue and Changes in Net Position</u>		
Governmental Activities	Business-type Activities	Totals
\$ (12,036,187)	\$ -	\$ (12,036,187)
(13,280,011)	-	(13,280,011)
(11,363,280)	-	(11,363,280)
(3,578,436)	-	(3,578,436)
(246,160)	-	(246,160)
\$ (40,504,074)	\$ -	\$ (40,504,074)
\$ -	\$ 4,519,104	\$ 4,519,104
-	(4,173,502)	(4,173,502)
-	(1,781,903)	(1,781,903)
-	(568,589)	(568,589)
-	102,252	102,252
\$ -	\$ (1,902,638)	\$ (1,902,638)
\$ (40,504,074)	\$ (1,902,638)	\$ (42,406,712)
\$ 1,106,221	\$ -	\$ 1,106,221
2,219,506	-	2,219,506
1,007,845	-	1,007,845
42,020,705	2,187	42,022,892
1,200,165	-	1,200,165
754,484	-	754,484
188,292	-	188,292
40,312	-	40,312
1,521,535	-	1,521,535
1,359,104	-	1,359,104
867,605	-	867,605
1,584,553	3,609,749	5,194,302
306,009	700,963	1,006,972
1,357,426	-	1,357,426
(5,010,950)	5,010,950	-
\$ 50,522,812	\$ 9,323,849	\$ 59,846,661
\$ 10,018,738	\$ 7,421,211	\$ 17,439,949
259,251,990	387,019,803	646,271,793
\$ 269,270,728	\$ 394,441,014	\$ 663,711,742

CITY OF GILLETTE, WYOMING

BALANCE SHEET
GOVERNMENTAL FUND - GENERAL FUND
June 30, 2019

ASSETS	
Cash	\$ 6,859,779
Cash, Restricted	119,312
Cash With Fiscal Agent	1,024
Investments	70,083,663
Taxes Receivable	3,680,068
Accrued Interest Receivable	27,307
Other Receivable	164,890
Due From Other Entities	884,853
Inventories	212,257
<hr/>	
Total Assets	\$ 82,033,153
<hr/>	
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Vouchers Payable	\$ 1,192,319
Contracts and Retainage Payable	1,349,335
Other Accrued Liabilities	1,799,615
Advance Payments Received on Grants	59,990
Due To Other Funds	236,261
Due To Other Entities	5,095,965
<hr/>	
Total Liabilities	\$ 9,733,485
<hr/>	
FUND BALANCE	
Nonspendable	\$ 212,257
Restricted	121,197
Committed	21,072,126
Assigned	38,609,977
Unassigned	12,284,111
<hr/>	
Total Fund Balance	\$ 72,299,668
<hr/>	
Total Liabilities and Fund Balance	\$ 82,033,153

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, 2019

Total Governmental Fund Balance	\$	72,299,668
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Special Assessment receivables are not due and receivable in the current period and are not recorded in the funds.		1,206,835
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Nondepreciable capital assets	\$	18,212,720
Depreciable assets		312,529,185
Less: accumulated depreciation		<u>(116,668,499)</u>
		214,073,406
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.		7,076,675
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	\$	(56,480)
Net pension liability		(21,591,617)
Certificates of Participation		(8,410,000)
Accrued interest on Certificates of Participation		<u>(86,903)</u>
		(30,145,000)
Special Assessment debt with governmental commitment is not due and payable in the current period and therefore is not reported in the funds.		(1,631,714)
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	\$	7,888,446
Deferred inflows of resources related to pensions		<u>(1,497,588)</u>
		6,390,858
Total Net Position of Governmental Activities	\$	269,270,728

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, 2019

(Page 1 of 2)

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
REVENUES				
Taxes:				
Severance	\$ 1,107,161	\$ 1,107,161	\$ 1,106,221	\$ (940)
Property	2,234,493	2,234,493	2,219,506	(14,987)
Automobile	905,000	905,000	1,007,845	102,845
Sales and Use	33,300,000	33,550,000	42,020,705	8,470,705
Gasoline	1,370,000	1,370,000	1,200,165	(169,835)
Franchise	820,260	820,260	754,484	(65,776)
Cigarette	192,000	192,000	188,292	(3,708)
Lodging	-	-	40,312	40,312
Total Taxes	\$ 39,928,914	\$ 40,178,914	\$ 48,537,530	\$ 8,358,616
Intergovernmental:				
Local and County Sources	\$ 32,600	\$ 48,330	\$ 101,328	\$ 52,998
State Sources	3,263,055	4,155,485	4,454,757	299,272
Federal Sources	793,014	1,255,639	605,336	(650,303)
Total Intergovernmental	\$ 4,088,669	\$ 5,459,454	\$ 5,161,421	\$ (298,033)
Other:				
Licenses and Permits	\$ 273,017	\$ 273,017	\$ 272,658	\$ (359)
Charges for Services	3,589,388	3,615,398	3,609,268	(6,130)
Fines and Fees	351,200	351,200	353,823	2,623
Investment Income	543,188	543,188	1,514,618	971,430
Miscellaneous	796,562	827,657	670,712	(156,945)
Special Assessment Revenue	51,174	51,174	178,355	127,181
Total Other	\$ 5,604,529	\$ 5,661,634	\$ 6,599,434	\$ 937,800
Total Revenues	\$ 49,622,112	\$ 51,300,002	\$ 60,298,385	\$ 8,998,383
EXPENDITURES				
General Government:				
Salaries and Benefits	\$ 7,926,663	\$ 8,073,383	\$ 7,932,204	\$ 141,179
Contractual Services	2,547,460	2,772,304	2,565,867	206,437
Supplies and Materials	1,053,263	1,090,603	998,224	92,379
Capital Outlay	405,000	575,214	186,892	388,322
Total General Government	\$ 11,932,386	\$ 12,511,504	\$ 11,683,187	\$ 828,317
Public Safety:				
Salaries and Benefits	\$ 8,999,882	\$ 9,062,954	\$ 8,855,990	\$ 206,964
Contractual Services	954,036	1,003,040	829,036	174,004
Supplies and Materials	492,405	515,930	442,712	73,218
Capital Outlay	96,000	46,462	51,185	(4,723)
Total Public Safety	\$ 10,542,323	\$ 10,628,386	\$ 10,178,923	\$ 449,463

(Continued)

CITY OF GILLETTE, WYOMING

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

GENERAL FUND

Year Ended June 30, 2019

(Page 2 of 2)

	Budgeted Amounts		Actual	Variance With Final Budget
	Original	Final		
Public Works:				
Salaries and Benefits	\$ 1,301,754	\$ 1,301,754	\$ 1,285,377	\$ 16,377
Contractual Services	1,055,875	1,055,875	1,092,369	(36,494)
Supplies and Materials	920,521	920,521	788,814	131,707
Capital Outlay	14,160,250	21,551,904	8,416,273	13,135,631
Total Public Works	\$ 17,438,400	\$ 24,830,054	\$ 11,582,833	\$ 13,247,221
Culture and Recreation:				
Salaries and Benefits	\$ 1,003,921	\$ 1,271,236	\$ 1,088,899	\$ 182,337
Contractual Services	354,479	480,219	506,752	(26,533)
Supplies and Materials	599,840	615,232	553,744	61,488
Capital Outlay	799,750	1,495,142	775,904	719,238
Total Culture and Recreation	\$ 2,757,990	\$ 3,861,829	\$ 2,925,299	\$ 936,530
Miscellaneous:				
Joint Powers Fire Board Funding	\$ 1,915,757	\$ 1,915,757	\$ 1,770,336	\$ 145,421
Joint Powers Public Land Board Funding	1,030,377	2,530,377	1,031,412	1,498,965
Other	1,897,597	2,495,244	1,975,089	520,155
Debt Service:				
Principal	1,123,789	1,123,789	1,163,627	(39,838)
Interest and Other Charges	231,675	252,211	257,372	(5,161)
Total Miscellaneous	\$ 6,199,195	\$ 8,317,378	\$ 6,197,836	\$ 2,119,542
Total Expenditures	\$ 48,870,294	\$ 60,149,151	\$ 42,568,078	\$ 17,581,073
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 751,818	\$ (8,849,149)	\$ 17,730,307	\$ 26,579,456
OTHER FINANCING SOURCES (USES)				
Transfers In	\$ 55,696	\$ 55,696	\$ 113,901	\$ 58,205
Transfers (Out)	(1,000,000)	(5,746,177)	(5,746,177)	-
Proceeds from Special Assessment Debt	-	1,537,500	1,324,117	(213,383)
Proceeds from Sale of Capital Assets	-	-	109,321	109,321
Total Other Financing (Uses)	\$ (944,304)	\$ (4,152,981)	\$ (4,198,838)	\$ (45,857)
Net Change in Fund Balance	\$ (192,486)	\$ (13,002,130)	\$ 13,531,469	\$ 26,533,599
FUND BALANCE, BEGINNING JULY 1	58,768,199	58,768,199	58,768,199	-
FUND BALANCE, ENDING JUNE 30	\$ 58,575,713	\$ 45,766,069	\$ 72,299,668	\$ 26,533,599

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, 2019

(Page 1 of 2)

Net Change in Fund Balance - Total Governmental Fund	\$ 13,531,469
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.	1,179,071
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	\$ 5,805,965
Depreciation	<u>(10,579,507)</u>
	(4,773,542)
Special assessment debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position.	(1,324,117)
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.	(236,616)
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, 2019. Capital assets and any related capital contributions are not financial resources and are not reported in the funds.	2,504,287
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.	494,222
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	11,212

(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, 2019

(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.	\$ 13,420
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.	78,627
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.	1,085,000
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	\$ 1,104,465
Cost of benefits earned net of employee contributions	<u>(3,648,760)</u>
	(2,544,295)
Change in Net Position of Governmental Activities	\$ 10,018,738

See Notes to the Basic Financial Statements.

CITY OF GILLETTE, WYOMING
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

June 30, 2019

	Business-Type Activities - Enterprise Funds		
	Power	Water	Sewer
ASSETS			
CURRENT ASSETS			
Cash	\$ 1,878,072	\$ 2,963,842	\$ 2,177,991
Cash With Fiscal Agent	802,480	-	-
Investments	13,850,554	13,648,886	2,618,683
Accounts Receivable, Net of Allowance for Uncollectibles	1,043,841	195,064	209,067
Taxes Receivable	-	3,188	-
Unbilled Accounts Receivable	1,556,246	422,097	225,437
Other Receivables	90,416	4,589	72,980
Accrued Interest Receivable	47,572	4,874	5,000
Due From Other Entities	116,321	120,155	11,490
Due From Other Funds	600,000	-	-
Inventories	2,945,092	582,241	21,998
Total Current Assets	\$ 22,930,594	\$ 17,944,936	\$ 5,342,646
NONCURRENT ASSETS			
Restricted Assets			
Investments Restricted for Lease Revenue Bonds	\$ 7,983,968	\$ -	\$ -
Investments Restricted for Gillette Regional Water Supply Project	-	84,866,522	-
Total Restricted Assets	\$ 7,983,968	\$ 84,866,522	\$ -
Capital Assets			
Land	\$ 200,903	\$ 194,417	\$ 266,404
Infrastructure	54,648,886	213,011,940	50,717,640
Buildings and Improvements	96,531,666	35,515,934	17,791,609
Machinery and Equipment	14,588,771	13,777,141	2,979,114
Construction in Progress	1,865,965	25,885,798	1,019,108
Less Accumulated Depreciation	(53,889,235)	(53,827,807)	(24,291,296)
Total Capital Assets (Net of Accumulated Depreciation)	\$ 113,946,956	\$ 234,557,423	\$ 48,482,579
Total Noncurrent Assets	\$ 121,930,924	\$ 319,423,945	\$ 48,482,579
Total Assets	\$ 144,861,518	\$ 337,368,881	\$ 53,825,225
DEFERRED OUTFLOWS OF RESOURCES			
Relating to Pensions	\$ 941,209	\$ 366,024	\$ 313,738
LIABILITIES			
CURRENT LIABILITIES			
Vouchers Payable	\$ 2,188,049	\$ 453,354	\$ 87,552
Contracts and Retainage Payable	-	1,086,246	291,149
Estimated Claims Payable	-	-	-
Accrued Interest Payable	456,670	-	183,785
Other Accrued Liabilities	683,787	133,614	124,396
Due to Other Funds	-	-	-
Current Maturities of Long-Term Liabilities	3,300,679	9,000	815,900
Total Current Liabilities	\$ 6,629,185	\$ 1,682,214	\$ 1,502,782
NONCURRENT LIABILITIES			
Customer Deposits	\$ 511,525	\$ -	\$ -
Accrued Sick Leave Payable	1,789	8,374	27,117
Capital Loan Payable	2,389,077	44,328,358	7,204,750
Lease Revenue Bonds	82,836,230	-	-
Net Pension Liability	4,025,572	1,565,500	1,341,858
Total Noncurrent Liabilities	\$ 89,764,193	\$ 45,902,232	\$ 8,573,725
Total Liabilities	\$ 96,393,378	\$ 47,584,446	\$ 10,076,507
DEFERRED INFLOWS OF RESOURCES			
Relating to Pensions	\$ 292,538	\$ 113,765	\$ 97,513
NET POSITION			
Net Investment in Capital Assets	\$ 25,759,649	\$ 189,142,819	\$ 40,181,680
Restricted for Lease Revenue Bonds	7,983,968	-	-
Restricted for Water Development Repair and Replacement	-	3,500,000	-
Restricted for Gillette Regional Water Supply Project	-	84,870,044	-
Unrestricted	15,373,194	12,523,831	3,783,263
Total Net Position	\$ 49,116,811	\$ 290,036,694	\$ 43,964,943
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
\$ 989,292	\$ 8,009,197	\$ 1,105,116	\$ 9,114,313
-	802,480	-	802,480
1,616,419	31,734,542	4,428,051	36,162,593
168,109	1,616,081	-	1,616,081
-	3,188	-	3,188
144,517	2,348,297	-	2,348,297
31,243	199,228	181,859	381,087
-	57,446	-	57,446
-	247,966	-	247,966
-	600,000	236,261	836,261
-	3,549,331	287,654	3,836,985
\$ 2,949,580	\$ 49,167,756	\$ 6,238,941	\$ 55,406,697
\$ -	\$ 7,983,968	\$ -	\$ 7,983,968
-	84,866,522	-	84,866,522
\$ -	\$ 92,850,490	\$ -	\$ 92,850,490
\$ -	\$ 661,724	\$ -	\$ 661,724
3,924,574	322,303,040	-	322,303,040
-	149,839,209	-	149,839,209
370,449	31,715,475	17,905,615	49,621,090
311,543	29,082,414	-	29,082,414
(246,464)	(132,254,802)	(10,819,105)	(143,073,907)
\$ 4,360,102	\$ 401,347,060	\$ 7,086,510	\$ 408,433,570
\$ 4,360,102	\$ 494,197,550	\$ 7,086,510	\$ 501,284,060
\$ 7,309,682	\$ 543,365,306	\$ 13,325,451	\$ 556,690,757
\$ 156,870	\$ 1,777,841	\$ -	\$ 1,777,841
\$ 209,141	\$ 2,938,096	\$ 150,103	\$ 3,088,199
-	1,377,395	-	1,377,395
-	-	576,611	576,611
-	640,455	-	640,455
57,321	999,118	73,969	1,073,087
600,000	600,000	-	600,000
-	4,125,579	-	4,125,579
\$ 866,462	\$ 10,680,643	\$ 800,683	\$ 11,481,326
\$ -	\$ 511,525	\$ -	\$ 511,525
-	37,280	5,930	43,210
-	53,922,185	-	53,922,185
-	82,836,230	-	82,836,230
670,930	7,603,860	-	7,603,860
\$ 670,930	\$ 144,911,080	\$ 5,930	\$ 144,917,010
\$ 1,537,392	\$ 155,591,723	\$ 806,613	\$ 156,398,336
\$ 48,757	\$ 552,573	\$ -	\$ 552,573
\$ 4,325,195	\$ 259,409,343	\$ 7,086,510	\$ 266,495,853
-	7,983,968	-	7,983,968
-	3,500,000	-	3,500,000
-	84,870,044	-	84,870,044
1,555,208	33,235,496	5,432,328	38,667,824
<u>\$ 5,880,403</u>	<u>\$ 388,998,851</u>	<u>\$ 12,518,838</u>	<u>\$ 401,517,689</u>
	5,442,163		
	\$ 394,441,014		

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, 2019

Total Net Position of the Proprietary Funds		\$388,998,851
Certain assets and liabilities of the internal service funds are included in the business-type activities in the Statement of Net Position.		
Amounts attributable to:		
	Vehicle Maintenance	\$ 4,394,230
	Liability and Property Injury Insurance	405,324
	Health Insurance	<u>642,609</u>
Net Adjustment to Increase Net Position - Total Enterprise Funds		5,442,163
Total Net Position - Business-Type Activities		\$394,441,014

See Notes to the Basic Financial Statements.

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CITY OF GILLETTE, WYOMING

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

Year Ended June 30, 2019

	Business-Type Activities - Enterprise Funds		
	Power	Water	Sewer
OPERATING REVENUES	\$ 31,805,355	\$ 6,514,187	\$ 5,240,236
INTERFUND SERVICE REVENUES	2,803,540	-	-
Total Operating Revenues	\$ 34,608,895	\$ 6,514,187	\$ 5,240,236
OPERATING EXPENSES			
Cost of Power Purchased	\$ 14,595,169	\$ -	\$ -
Salaries and Benefits	3,392,915	1,588,883	1,401,966
Contractual Services	2,735,246	1,990,548	1,440,823
Materials	166,126	1,142,184	426,017
Claims	-	-	-
Repairs and Maintenance	1,303,455	1,893,724	1,020,456
Supplies	262,830	404,481	164,514
Depreciation	4,041,371	5,832,191	2,460,697
Total Operating Expenses	\$ 26,497,112	\$ 12,852,011	\$ 6,914,473
Operating Income (Loss)	\$ 8,111,783	\$ (6,337,824)	\$ (1,674,237)
NONOPERATING REVENUES (EXPENSES)			
Gain (Loss) on Disposal of Equipment	\$ -	\$ (224,448)	\$ -
Other Income	583,394	44,551	72,103
Sales and Use Tax - Capital Facilities Tax	-	2,187	-
Interest Expense	(5,179,215)	-	(201,871)
Investment Income	722,076	2,675,692	122,503
Total Nonoperating Revenues (Expenses)	\$ (3,873,745)	\$ 2,497,982	\$ (7,265)
Income (Loss) Before Contributions and Transfers	\$ 4,238,038	\$ (3,839,842)	\$ (1,681,502)
Intergovernmental, Federal Direct Payments for Build America Bonds	1,422,671	-	-
Capital Contributions and Local Annexations	7,510	553,694	36,600
Capital Contributions, Intergovernmental, Federal, State and Local Sources	-	1,882,171	113,976
Transfers In	776,551	3,507,394	596,036
Transfers (Out)	(403,603)	(150,806)	(8,829)
Changes in Net Position	\$ 6,041,167	\$ 1,952,611	\$ (943,719)
NET POSITION, BEGINNING JULY 1	43,075,644	288,084,083	44,908,662
NET POSITION, ENDING JUNE 30	\$ 49,116,811	\$ 290,036,694	\$ 43,964,943
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
\$ 3,233,897	\$ 46,793,675	\$ 8,722,438	\$ 55,516,113
-	2,803,540	-	2,803,540
\$ 3,233,897	\$ 49,597,215	\$ 8,722,438	\$ 58,319,653
\$ -	\$ 14,595,169	\$ -	\$ 14,595,169
768,092	7,151,856	639,496	7,791,352
2,514,646	8,681,263	807,833	9,489,096
5,138	1,739,465	-	1,739,465
-	-	5,701,638	5,701,638
15,459	4,233,094	180,542	4,413,636
163,958	995,783	438,548	1,434,331
134,028	12,468,287	1,302,198	13,770,485
\$ 3,601,321	\$ 49,864,917	\$ 9,070,255	\$ 58,935,172
\$ (367,424)	\$ (267,702)	\$ (347,817)	\$ (615,519)
\$ -	\$ (224,448)	\$ 104,754	\$ (119,694)
915	700,963	-	700,963
-	2,187	-	2,187
-	(5,381,086)	-	(5,381,086)
51,282	3,571,553	108,131	3,679,684
\$ 52,197	\$ (1,330,831)	\$ 212,885	\$ (1,117,946)
\$ (315,227)	\$ (1,598,533)	\$ (134,932)	\$ (1,733,465)
-	1,422,671	-	1,422,671
-	597,804	-	597,804
-	1,996,147	-	1,996,147
448,431	5,328,412	884,399	6,212,811
(17,297)	(580,535)	-	(580,535)
\$ 115,907	\$ 7,165,966	\$ 749,467	\$ 7,915,433
5,764,496	381,832,885	11,769,371	393,602,256
<u>\$ 5,880,403</u>	<u>\$ 388,998,851</u>	<u>\$ 12,518,838</u>	<u>\$ 401,517,689</u>
	5,442,163		
	\$ 394,441,014		

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, 2019

Total Changes in Net Position - Total Enterprise Funds	\$ 7,165,966
Internal service funds are used by the City to charge the cost of vehicle maintenance, liability and property injury insurance, and employee health insurance to the individual funds. Certain net income (loss) of internal service funds is reported with business-type activities in the Statement of Activities.	
Amounts attributable to:	
Vehicle Maintenance	\$ 88,404
Liability and Property Injury Insurance	(10,895)
Health Insurance	<u>177,736</u>
Net Adjustment to Increase Net Position - Total Enterprise Funds	255,245
Total Change in Net Position - Business-Type Activities	\$ 7,421,211

See Notes to the Basic Financial Statements.

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CITY OF GILLETTE, WYOMING

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

Year Ended June 30, 2019

	Business-Type Activities - Enterprise Funds		
	Power	Water	Sewer
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ 31,749,211	\$ 6,674,653	\$ 5,221,785
Receipts from Interfund Services Provided	2,803,540	-	-
Payments to Suppliers	(13,926,188)	-	-
Payments to Employees	(3,098,129)	(1,463,804)	(1,292,424)
Payments for Goods and Services	(4,398,599)	(5,515,096)	(3,169,909)
Internal Activity - Payments From Other Funds	-	-	-
Other	532,189	44,048	82,722
Net Cash Provided By (Used In) Operating Activities	\$ 13,662,024	\$ (260,199)	\$ 842,174
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers In	\$ 776,551	\$ 3,507,394	\$ 596,036
Transfers (Out)	(403,603)	(150,806)	(8,829)
Net Cash Provided By Noncapital Financing Activities	\$ 372,948	\$ 3,356,588	\$ 587,207
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Taxes Collected	\$ -	\$ 24,482	\$ -
(Payments) for Capital Acquisitions	(5,364,416)	(6,230,229)	(884,756)
Proceeds from Sale of Capital Assets	-	-	-
Proceeds from Capital Grant	-	2,668,236	120,503
Payments on Capital Loan	(153,549)	-	(1,004,878)
Payments on Lease Revenue Bonds	(6,480,338)	-	-
Net Cash (Used In) Capital and Related Financing Activities	\$ (11,998,303)	\$ (3,537,511)	\$ (1,769,131)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net (Increase) in Investments	\$ (737,546)	\$ (948,544)	\$ (20,376)
Investment Income	459,110	2,055,452	77,562
Increase in Net Amount Due To (From) Other Funds	(505,066)	-	-
Net Cash Provided By (Used In) Investing Activities	\$ (783,502)	\$ 1,106,908	\$ 57,186
Net Increase (Decrease) in Cash	\$ 1,253,167	\$ 665,786	\$ (282,564)
Cash and Cash With Fiscal Agent, Beginning July 1	1,427,385	2,298,056	2,460,555
Cash and Cash With Fiscal Agent, Ending June 30	\$ 2,680,552	\$ 2,963,842	\$ 2,177,991
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities			
Operating Income (Loss)	\$ 8,111,783	\$ (6,337,824)	\$ (1,674,237)
Adjustments:			
Depreciation	4,041,371	5,832,191	2,460,697
Other Income	583,394	44,551	72,103
Changes in Assets and Liabilities:			
Accounts and Other Receivables	(62,375)	135,458	3,734
Due To/From Other Funds	-	-	-
Inventories	(24,970)	(62,832)	6,576
Deferred Outflows of Resources Relating to Pensions	(525,740)	(204,454)	(175,248)
Vouchers Payable	668,981	3,178	(136,241)
Accrued Expenses and Customer Deposits	34,866	4,923	6,551
Estimated Claims Payable	-	-	-
Net Pension Liability	1,017,345	395,634	339,115
Deferred Inflows of Resources Relating to Pensions	(182,631)	(71,024)	(60,876)
Net Cash Provided By (Used In) Operating Activities	\$ 13,662,024	\$ (260,199)	\$ 842,174
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Contributions of Capital and Local Annexations	\$ 7,510	\$ 553,694	\$ 36,600
Net Increase In Fair Value of Investments	\$ 268,269	\$ 620,066	\$ 44,289

See Notes to the Basic Financial Statements.

Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds	Total
\$ 3,215,452	\$ 46,861,101	\$ -	\$ 46,861,101
-	2,803,540	8,740,993	11,544,533
-	(13,926,188)	-	(13,926,188)
(717,639)	(6,571,996)	(640,253)	(7,212,249)
(2,694,789)	(15,778,393)	(7,322,105)	(23,100,498)
-	-	(8,349)	(8,349)
129,418	788,377	-	788,377
\$ (67,558)	\$ 14,176,441	\$ 770,286	\$ 14,946,727
\$ 448,431	\$ 5,328,412	\$ 884,399	\$ 6,212,811
(17,297)	(580,535)	-	(580,535)
\$ 431,134	\$ 4,747,877	\$ 884,399	\$ 5,632,276
\$ -	\$ 24,482	\$ -	\$ 24,482
(511,740)	(12,991,141)	(1,542,255)	(14,533,396)
-	-	101,384	101,384
-	2,788,739	-	2,788,739
-	(1,158,427)	-	(1,158,427)
-	(6,480,338)	-	(6,480,338)
\$ (511,740)	\$ (17,816,685)	\$ (1,440,871)	\$ (19,257,556)
\$ (2,502)	\$ (1,708,968)	\$ (541,512)	\$ (2,250,480)
39,777	2,631,901	80,460	2,712,361
505,066	-	-	-
\$ 542,341	\$ 922,933	\$ (461,052)	\$ 461,881
\$ 394,177	\$ 2,030,566	\$ (247,238)	\$ 1,783,328
595,115	6,781,111	1,352,354	8,133,465
\$ 989,292	\$ 8,811,677	\$ 1,105,116	\$ 9,916,793
\$ (367,424)	\$ (267,702)	\$ (347,817)	\$ (615,519)
134,028	12,468,287	1,302,198	13,770,485
915	700,963	-	700,963
124,114	200,931	18,555	219,486
-	-	(8,349)	(8,349)
-	(81,226)	(18,137)	(99,363)
(87,624)	(993,066)	-	(993,066)
(9,644)	526,274	(86,807)	439,467
(1,043)	45,297	(757)	44,540
-	-	(88,600)	(88,600)
169,558	1,921,652	-	1,921,652
(30,438)	(344,969)	-	(344,969)
\$ (67,558)	\$ 14,176,441	\$ 770,286	\$ 14,946,727
\$ -	\$ 597,804	\$ -	\$ 597,804
\$ 11,505	\$ 944,129	\$ 27,671	\$ 971,800

CITY OF GILLETTE, WYOMING

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

June 30, 2019

	Retiree Health Benefit Plan and Trust Fund	Custodial Fund
ASSETS		
Investments, at Fair Value:		
Money Market Mutual Funds	\$ 6,115,724	\$ -
Due From Other Entities	-	6,024
Total Assets	\$ 6,115,724	\$ 6,024
NET POSITION		
Held in Trust Restricted for Retiree Health Benefit Plan	\$ 6,115,724	\$ -
Restricted for Individuals, Organizations, and Other Governments	-	6,024
Total Net Position	\$ 6,115,724	\$ 6,024

See Notes to the Basic Financial Statements.

CITY OF GILLETTE, WYOMING

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

Year Ended June 30, 2019

	Retiree Health Benefit Plan and Trust Fund	Custodial Fund
ADDITIONS		
Contributions:		
Participants	\$ -	\$ 179,939
Investment Earnings:		
Interest, Dividends and Other	117,909	-
Total Additions	\$ 117,909	\$ 179,939
DEDUCTIONS		
Benefits Paid to Retiree Participant or Eligible Spouse	\$ 540,204	\$ -
Administrative Expenses	12,764	-
Participant Reimbursements	-	185,007
Total Deductions	\$ 552,968	\$ 185,007
Net (Decrease) in Fiduciary Net Position	\$ (435,059)	\$ (5,068)
NET POSITION, BEGINNING July 1	6,550,783	11,092
NET POSITION, ENDING June 30	\$ 6,115,724	\$ 6,024

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.

Interfund activity consists of transfers, services provided and/or used, reimbursements, advances, and loans. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule include interfund services provided and/or used. Interfund services provided and/or used are accounted for as revenues and expenses since the elimination of such revenues and expenses would distort the direct costs and program revenues reported for the various functions.

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

The City reports the following Fiduciary Funds:

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

The City's other *Fiduciary Fund* is a custodial fund. Custodial funds hold assets for the benefit of individuals in situations where the government does not have administrative control over the assets, and the assets are not derived from governmental sources.

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 fund." 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 2018 and prior years which were collectible during the year ended June 30, 2019. 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

General fund cash of \$119,312 has been restricted for special assessment revenues held by the City. The money is restricted for the State of Wyoming, Wyoming State Loan and Investment Board loan principal and interest payments. The governmental activities has restricted special assessments receivable of \$1,193,114 for the repayment of State of Wyoming, Wyoming State Loan Investment Board loan principal and interest payments.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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 \$84,866,522 have been restricted for the Gillette Regional Water Supply Project.

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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.

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, 2019 were covered by federal depository insurance and collateral held by the City's agents under joint custody receipts in the City's name.

Investments

The City is authorized to invest in those types of securities as allowed by Wyoming State Statutes. Investments of the City are reported 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.

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 224 days but the weighted average maturity of this fund for the City is 1 day at June 30, 2019, 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, 2019:

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 \$183,848,858, application of the June 30, 2019 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 \$5,145,114, and U.S. Agencies of \$7,102,774, 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 \$6,115,724, 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, 2019, the City had the following investments:

Investment Type	Fair Value	Credit Quality Ratings ⁽¹⁾	Weighted Average Maturity (Days)	Specific Identification Maturity
Primary Government				
Certificate of Deposit	\$ 2,000,000	N/A		5/21/2020
Certificate of Deposit	1,000,000	N/A		7/2/19
Wyoming State Asset Reserve (WYO-STAR)	183,848,858	N/A	1	
US Treasury Note				
1.625% 8/31/14 (CUSIP912828D80)	379,582			8/31/19
US Treasury Note				
2.000% 11/30/13 (CUSIP912828A42)	250,517			11/30/20
Federal National Mtg Assn Note				
1.500% 8/10/16 (CUSIP3136G3U45)	596,862	AAA		8/10/21
Federal National Mtg Assn Note				
1.500% 4/27/15 (CUSIP3135G0D75)	397,960	AAA		6/22/20
Federal National Mtg Assn				
3.000% 6/1/14 (CUSIP3136AKMN0)	270,310	AAA		8/25/27
Federal National Mtg Assn Note				
1.600% 12/24/12 (CUSIP3135G0SY0)	496,615	AAA		12/24/20
Federal Farm Credit Bank				
1.540% 6/14/16 (CUSIP3133EGEU5)	396,488	AAA		12/14/20
Federal Home Loan Bank Bond				
2.070% 6/22/16 (CUSIP3130A8JG9)	423,134	AAA		6/22/23
Federal National Mtg Assn Note				
3.000% 3/01/15 (CUSIP3136ANDQ7)	306,642	AAA		8/25/26
Federal Home Loan Mtg Corp				
3.000% 4/1/14 (CUSIP3137BAAU6)	12,821	AAA		3/15/40
US Treasury Note				
2.125% 1/31/14 (CUSIP912828B58)	401,828			1/31/21
US Treasury Note				
2.125% 6/30/14 (CUSIP912828WR7)	604,314			6/30/21
Tennessee Valley Auth CPN				
2.250% 3/8/18 (CUSIP880591EV0)	50,055	AAA		3/15/20
US Treasury Note				
2.125% 6/30/15 (CUSIP912828XG0)	252,950			6/30/22
Federal Home Loan Bank				
1.500% 2/10/15 (CUSIP 3130A3XL3)	2,151,295	AAA		2/10/20
Federal Home Loan Bank				
1.540% 10/6/16 (CUSIP 3130A9NG2)	2,000,592	AAA		10/6/21
US Treasury Note				
1.875% 6/30/13 (CUSIP912828VJ6)	1,998,280			6/30/20
US Treasury Note				
2.250% 3/31/14 (CUSIP912828C57)	327,525			3/31/21
US Treasury Note				
1.750% 11/15/17 (CUSIP912828G3)	299,556			11/15/20
US Treasury Note				
1.875% 12/15/17 (CUSIP912828L2)	300,141			12/15/20
US Treasury Note				
2.625% 6/15/18 (CUSIP9128284T4)	330,421			6/15/21
Total Primary Government	\$ 199,096,746			
Fiduciary Funds				
Fidelity Money Market Fund Government Portfolio (CUSIP316175603)	\$ 6,115,724	AAAm	1	
Total Investments	\$ 205,212,470			

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 3. Detailed Notes on All Funds (Continued)

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

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has custodial credit risk exposure of approximately \$4,340,000 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, 2019 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	\$ 1,601,713	\$ 310,408	\$ 313,511	\$ 247,901	\$ 2,473,533
Less: Allowance for Uncollectibles	(557,872)	(115,344)	(104,444)	(79,792)	(857,452)
Total Accounts Receivable, Net	\$ 1,043,841	\$ 195,064	\$ 209,067	\$ 168,109	\$ 1,616,081

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, 2019 was as follows:

	Balance June 30, 2018	Additions/ Transfers	Retirements/ Transfers	Balance June 30, 2019
Governmental Activities				
Nondepreciable Capital Assets:				
Land	\$ 13,836,777	\$ -	\$ -	\$ 13,836,777
Construction In Progress	5,603,419	6,382,375	(7,609,851)	4,375,943
Total Nondepreciable Capital Assets	\$ 19,440,196	\$ 6,382,375	\$ (7,609,851)	\$ 18,212,720
Depreciable Capital Assets:				
Infrastructure	\$ 238,697,807	\$ 9,331,990	\$ (807,495)	\$ 247,222,302
Buildings and Improvements	51,799,259	-	(50,000)	51,749,259
Machinery and Equipment	15,278,466	205,738	(1,926,580)	13,557,624
Allocation of Vehicle Maintenance	10,296,395	757,302	(439,015)	10,614,682
Total Depreciable Capital Assets	\$ 316,071,927	\$ 10,295,030	\$ (3,223,090)	\$ 323,143,867
Less Accumulated Depreciation For:				
Infrastructure	\$ (88,797,138)	\$ (8,108,652)	\$ 789,793	\$ (96,115,997)
Buildings and Improvements	(9,809,625)	(1,228,749)	16,166	(11,022,208)
Machinery and Equipment	(10,029,688)	(1,242,106)	1,741,500	(9,530,294)
Allocation of Vehicle Maintenance	(6,723,560)	(700,879)	429,323	(6,995,116)
Total Accumulated Depreciation	\$(115,360,011)	\$(11,280,386)	\$ 2,976,782	\$(123,663,615)
Total Depreciable Capital Assets, Net	\$ 200,711,916	\$ (985,356)	\$ (246,308)	\$ 199,480,252
Governmental Activities Capital Assets, Net	\$ 220,152,112	\$ 5,397,019	\$ (7,856,159)	\$ 217,692,972

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 3. Detailed Notes on All Funds (Continued)

	Balance June 30, 2018	Additions/ Transfers	Retirements/ Transfers	Balance June 30, 2019
Business-type Activities				
Nondepreciable Capital Assets:				
Land	\$ 661,724	\$ -	\$ -	\$ 661,724
Construction in Progress	82,930,133	9,713,329	(63,561,048)	29,082,414
Total Nondepreciable Capital Assets	\$ 83,591,857	\$ 9,713,329	\$ (63,561,048)	\$ 29,744,138
Depreciable Capital Assets:				
Infrastructure	\$ 259,575,409	\$ 63,575,339	\$ (847,708)	\$ 322,303,040
Buildings and Improvements	146,895,924	2,943,285	-	149,839,209
Machinery and Equipment	31,388,595	646,713	(319,833)	31,715,475
Allocation of Vehicle Maintenance	6,991,281	784,953	(485,301)	7,290,933
Total Depreciable Capital Assets	\$ 444,851,209	\$ 67,950,290	\$ (1,652,842)	\$ 511,148,657
Less Accumulated Depreciation For:				
Infrastructure	\$ (73,183,184)	\$ (7,644,945)	\$ 723,708	\$ (80,104,421)
Buildings and Improvements	(29,688,374)	(3,463,617)	-	(33,151,991)
Machinery and Equipment	(17,858,049)	(1,359,725)	219,384	(18,998,390)
Allocation of Vehicle Maintenance	(3,698,987)	(601,319)	476,317	(3,823,989)
Total Accumulated Depreciation	\$(124,428,594)	\$(13,069,606)	\$ 1,419,409	\$(136,078,791)
Total Depreciable Capital Assets, Net	\$ 320,422,615	\$ 54,880,684	\$ (233,433)	\$ 375,069,866
Business-Type Activities Capital Assets, Net	\$ 404,014,472	\$ 64,594,013	\$ (63,794,481)	\$ 404,814,004

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

Governmental Activities	
General Government	\$ 2,206,825
Public Safety	469,327
Public Works	7,076,716
Culture and Recreation	1,527,518
Total Depreciation Expense - Governmental Activities	\$ 11,280,386
Business-type Activities	
Power	\$ 4,142,025
Water	5,939,766
Sewer	2,623,396
Solid Waste	227,984
Fiber	136,435
Total Depreciation Expense - Business-Type Activities	\$ 13,069,606

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: PMS (Pavement Management Systems) 2019 Project, roadway improvements included in the Winland Industrial Park Project and Water and Sewer Main Replacement Projects, and improvements to the City Pool Parking Lot. Also included are Phases I and II of the Dalbey Park to Gillette College Pathway Projects and improvements at the Energy Capital Sports Complex. Actual signed contracts for these projects approximate \$11,400,000 and will be funded by the General Fund, taxes and grants. The remaining commitment on these contracts is approximately \$7,000,000 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 Winland Industrial Park Projects; and the Gillette Regional Water Supply Project (Madison Pipeline). Actual signed contracts for these projects approximate \$53,500,000 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 \$4,700,000. The Gillette Madison Pipeline Project (GMPP) focused primarily in 2019 on the construction and completion of five new 1,400 GPM production wells and associated pumps, electrical equipment and infrastructure, and pipelines. Two wells and their associated infrastructure were completed and are available for production. Work continues on the remaining three wells and will likely be completed in 2021. All other work on the GMPP has been completed and is in use. The GMPP, 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 2021. 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 \$14,300,000.

D. Interfund Receivables, Payables and Transfers

The composition of due to/from other funds as of June 30, 2019 is as follows:

	Receivables	Payables
Major Funds:		
General Fund	\$ -	\$ 236,261
Enterprise Funds		
Power Fund	600,000	-
Total Major Funds	\$ 600,000	\$ 236,261
Nonmajor Funds:		
Enterprise Funds		
Fiber Fund	\$ -	\$ 600,000
Internal Service Funds		
Health Insurance Fund	236,261	-
Total Nonmajor Funds	\$ 236,261	\$ 600,000
Total	\$ 836,261	\$ 836,261

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. The Power Fund provided an operating advance to the Fiber Fund during the year.

Interfund Transfers Governmental Funds:

	General Fund
Transfers In	\$ 113,901
Transfers (Out)	(5,746,177)
Net Interfund Transfers	\$ (5,632,276)

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	\$ 776,551	\$ 3,507,394	\$ 596,036	\$ 448,431	\$ 884,399	\$ 6,212,811
Transfers (Out)	(403,603)	(150,806)	(8,829)	(17,297)	-	(580,535)
Net Interfund Transfers	\$ 372,948	\$ 3,356,588	\$ 587,207	\$ 431,134	\$ 884,399	\$ 5,632,276

The principal purpose of interfund transfers is to provide a financing source to various funds that may not have the ability to cover all operating or capital expenditures with revenue generated by the fund or to transfer construction costs between the funds.

E. Compensated Absences

The City allows its employees one day of sick leave for each month of employment. The total accumulated sick leave approximated \$3,290,000 at June 30, 2019. Of this total, approximately \$150,000 represents actual vested amounts. Of this vested amount, approximately \$94,000 is included as a liability in the proprietary fund types and approximately \$3,500 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 \$56,500 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 \$1,219,000 at June 30, 2019. 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, 2019 is presented below:

	Balance June 30, 2018	Additions	Deletions	Balance June 30, 2019	Due Within One Year
Governmental Activities:					
Accrued Sick Leave Payable	\$ 78,739	\$ 2,455	\$ (21,199)	\$ 59,995	\$ 7,506
Special Assessment Debt					
With Governmental Commitment	386,224	1,324,117	(78,627)	1,631,714	114,000
Certificates of Participation	9,495,000	-	(1,085,000)	8,410,000	1,115,000
Net Pension Liability	13,266,222	11,974,155	(3,648,760)	21,591,617	-
Total Governmental Activities	\$ 23,226,185	\$ 13,300,727	\$ (4,833,586)	\$ 31,693,326	\$ 1,236,506
Business-Type Activities:					
Accrued Sick Leave Payable	\$ 90,483	\$ 3,653	\$ (3,862)	\$ 90,274	\$ 50,579
Customer Deposits	807,689	315,644	(303,808)	819,525	308,000
Capital Loans	55,775,221	-	(920,036)	54,855,185	933,000
Net Pension Liability	5,682,208	2,873,897	(952,245)	7,603,860	-
	\$ 62,355,601	\$ 3,193,194	\$ (2,179,951)	\$ 63,368,844	\$ 1,291,579
Lease Revenue Bonds	\$ 86,140,000	\$ -	\$ (2,540,000)	\$ 83,600,000	\$ 2,615,000
Plus Bond Premium	2,272,751	-	(202,521)	2,070,230	219,000
Total Lease Revenue Bonds	\$ 88,412,751	\$ -	\$ (2,742,521)	\$ 85,670,230	\$ 2,834,000
Total Business-Type Activities	\$ 150,768,352	\$ 3,193,194	\$ (4,922,472)	\$ 149,039,074	\$ 4,125,579

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 3. Detailed Notes on All Funds (Continued)

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

The City's general fund and enterprise funds are used to record the activity of the net pension liability as these funds will absorb the costs.

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

	General Fund			Balance June 30, 2019
	Balance June 30, 2018	Principal Additions	Principal Deletions	
Special Assessment Debt with Governmental Commitment				
Northland Water DWSRF Loan #39	\$ 386,224	\$ -	\$ (38,918)	\$ 347,306
Interstate Industrial DWSRF Loan #196	-	1,324,117	(39,709)	1,284,408
Total payments	\$ 386,224	\$ 1,324,117	\$ (78,627)	\$1,631,714

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. Optional 1% Sales Tax, from which appropriations are made, have averaged approximately \$18.8 million per year over the last 10 years. For the current year Optional 1% Sales Tax revenue recognized by the City approximated \$18.9 million. The assignment is in effect for (20) years. The interest rate of the loan is 2.5% per annum. Loan DWSRF #39 contains a provision that in an event of default, the outstanding amount becomes immediately due if the City is unable to make payments.

Annual debt service requirements to maturity on the Northland Water DWSRF Loan #39 based on the outstanding loan balance at June 30, 2019 are as follows:

Year Ending June 30,	Principal	Interest	Total Obligation Under Capital Loan
2020	\$ 40,000	\$ 8,442	\$ 48,442
2021	40,752	7,690	48,442
2022	41,771	6,671	48,442
2023	42,815	5,627	48,442
2024	43,886	4,556	48,442
2025-2027	138,082	6,908	144,990
Total payments	\$ 347,306	\$ 39,894	\$ 387,200

Loan DWSRF #196 was for the design and construction of water improvements made in the Interstate Industrial Business Park. With these improvements, the 44 lot owners were connected to City water, dissolving the water association that had previously been serving these businesses. The original loan was for \$1,765,489 which the City received principal forgiveness in the amount of \$441,372 during the fiscal year ended June 30, 2019 which the City has included in intergovernmental revenue from State sources. The loan is being repaid through Special Assessment revenues received from the property owners in the Interstate Industrial Business Park. The City is primarily liable for the loan, which is secured by the pledge and assignment of revenues from the City's Water Fund which total customer net revenues were approximately \$6.5 million for the fiscal year ended June 30, 2019. This assignment will be in effect for the loan term of 15 years, or until this loan has been repaid in full. The interest rate of the loan is 2.5% per annum. Loan DWSRF #196 contains a provision that in an event of default, the outstanding amount becomes immediately due if the City is unable to make payments.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 3. Detailed Notes on All Funds (Continued)

Annual debt service requirements to maturity on the Interstate Industrial Business Park DWSRF Loan #196 based on the outstanding loan balance at June 30, 2019 are as follows:

Year Ending June 30,	Principal	Interest	Total Obligation Under Capital Loan
2020	\$ 74,000	\$ 24,812	\$ 98,812
2021	76,127	30,817	106,944
2022	78,004	28,940	106,944
2023	79,927	27,017	106,944
2024	81,898	25,046	106,944
2025-2029	440,795	93,926	534,721
2030-2034	453,657	36,540	490,197
Total payments	\$ 1,284,408	\$ 267,098	\$ 1,551,506

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 was \$12,650,000 with the City contributing \$1,000,000 up front.

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
2020	\$ 1,115,000	\$ 194,742	\$ 1,309,742	\$ 86,903
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	1,230,000	78,616	1,308,616	-
2025-2026	2,555,000	63,798	2,618,798	-
Total payments	\$ 8,410,000	\$ 750,820	\$ 9,160,820	\$ 86,903

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 3. Detailed Notes on All Funds (Continued)

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, 2018	Principal Additions	Principal Deletions	Balance June 30, 2019	Accrued Interest Payable June 30, 2019
Sewer Fund					
Wastewater Treatment Facility Improvements					
CWSRF Loan #50	\$ 8,801,817	\$ -	\$ 792,067	\$ 8,009,750	\$ 183,785
Water Fund					
Gillette Madison Pipeline	\$ 44,328,358	\$ -	\$ -	\$ 44,328,358	\$ -
Power Fund					
Electric Facilities Improvement					
Lease Revenue Bonds (Wygen III)	\$ 65,125,000	\$ -	\$ 1,705,000	\$ 63,420,000	\$ 354,312
Lease Revenue Bonds (CTII)	21,015,000	-	835,000	20,180,000	84,083
Southern Industrial Addition	2,645,046	-	127,969	2,517,077	18,275
Total Power Fund	\$ 88,785,046	\$ -	\$ 2,667,969	\$ 86,117,077	\$ 456,670
Total Proprietary Funds	\$141,915,221	\$ -	\$ 3,460,036	\$138,455,185	\$ 640,455

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. Severance Taxes, from which appropriations are made have averaged approximately \$1.1 million per year over the last 10 years. For the current year, severance tax revenue recognized by the City approximated \$1.1 million. 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. Loan CWSRF #50 contains a provision that in the event of default, the outstanding amount becomes immediately due if the City is unable to make payments.

Annual debt service requirements to maturity on the Wastewater Treatment Facility Improvements CWSRF loan #50 based on total loan outstanding balance at June 30, 2019 are as follows:

Year Ending June 30,	Principal	Interest	Total Obligation Under Capital Loan
2020	\$ 805,000	\$ 199,877	\$ 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	888,165	116,712	1,004,877
2025-2028	3,779,964	236,460	4,016,424
Total payments	\$ 8,009,750	\$ 1,031,059	\$ 9,040,809

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 3. Detailed Notes on All Funds (Continued)

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 2021. 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.

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.

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 (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
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	2,045,000	3,819,544	5,864,544	(1,336,840)	4,527,704	96,253	4,623,957
2025-2029	11,575,000	17,005,207	28,580,207	(5,951,823)	22,628,384	428,531	23,056,915
2030-2034	14,335,000	12,756,607	27,091,607	(4,464,813)	22,626,794	321,466	22,948,260
2035-2039	17,835,000	7,370,066	25,205,066	(2,579,522)	22,625,544	185,725	22,811,269
2040	10,190,000	708,613	10,898,613	(248,015)	10,650,598	17,857	10,668,455
Total Payments	\$ 63,420,000	\$ 58,075,446	\$121,495,446	\$(20,326,406)	\$101,169,040	\$ 1,463,500	\$102,632,540

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
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	1,030,000	826,000	1,856,000
2025-2029	5,990,000	3,302,250	9,292,250
2030-2034	9,500,000	1,648,000	11,148,000
Total payments	\$20,180,000	\$ 9,549,000	\$29,729,000

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	(789,230)
Amortizable amount	\$ 2,070,230

This difference (of which \$219,000 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 is primarily liable for the loan, which is secured by the pledge and assignment of power fund revenues and the funds are available on a parity with the City's lease payments on outstanding obligations for the financing of the Wygen III power plant lease purchase, and the CTII combustion turbine lease purchase, which are year-to-year and subject to annual appropriations. Total customer net revenues in the Power Fund were approximately \$31.8 million for the fiscal year ended June 30, 2019. The City intends to repay this loan from power user fees. This loan contains a provision that in an event of default the outstanding amount becomes immediately due if the City is unable to make payments.

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
2020	\$ 128,000	\$ 25,550	\$ 153,550
2021	129,654	23,896	153,550
2022	130,950	22,600	153,550
2023	132,260	21,290	153,550
2024	133,582	19,968	153,550
2025-2029	688,219	79,531	767,750
2030-2034	723,325	44,425	767,750
2035-2037	451,087	9,555	460,642
Total payments	\$ 2,517,077	\$ 246,815	\$ 2,763,892

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, 2019 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, 2019, the City's assessed valuation was \$276,596,342 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, 2019, not disclosed elsewhere, and not apparent from the description in the fund statements, is presented as follows:

	General Fund
Nonspendable:	
Inventory	\$ 212,257
Restricted For:	
Special Assessment Debt	\$ 119,312
Criminal Forfeiture	6
Capital Projects	1,024
Gillette Historical Preservation Commission	855
Total Restricted Fund Balance	\$ 121,197
Committed For:	
Cash Reserves	\$ 12,724,115
Capital Projects Through Signed Contracts	8,176,421
Employee Contributions to Sunshine Account	2,775
Memorial Donations	16,698
Lodging Tax	152,117
Total Committed Fund Balance	\$ 21,072,126
Assigned For:	
Budgeted Carryover of Capital Projects	\$ 31,003,321
Cash in Lieu of Parkland	322,665
Cash in Lieu of Drainage	257,185
State Forfeiture	75,875
Mayor's Art Council	187,759
Demolition	26,281
Animal Control	88,453
Little League	3,282
Keep America Beautiful	8,240
Congressional Tour	27,905
Aquatic Park	5,499,765
Future Real Estate Transactions	109,246
Additional Overpass	1,000,000
Total Assigned	\$ 38,609,977
Unassigned	\$ 12,284,111
Total Fund Balance	\$ 72,299,668

H. Restricted Net Position

- a) Net position restricted in the Governmental Activities total \$1,313,450 which is restricted for debt service payments on the Certificates of Participation for Phase II of the Gillette College Student Housing project and the Interstate Industrial Water Improvement 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 \$88,370,044 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 \$84,870,044 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.

I. Tax Revenues

A summary of tax revenues for the year ended June 30, 2019 is presented below:

	General Fund	Water Fund	Total
Severance Tax	\$ 1,106,221	\$ -	\$ 1,106,221
Property Taxes	2,219,506	-	2,219,506
Automobile Taxes	1,007,845	-	1,007,845
Sales and Use Taxes	23,086,875	-	23,086,875
1% Optional Sales Tax	18,933,830	-	18,933,830
Capital Facilities Tax	-	2,187	2,187
Gasoline Tax	1,200,165	-	1,200,165
Franchise Tax (gross receipt based)	754,484	-	754,484
Cigarette Tax	188,292	-	188,292
Lodging Tax	40,312	-	40,312
	\$ 48,537,530	\$ 2,187	\$ 48,539,717

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, 2019. 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 \$135,000 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 \$576,611, 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, 2019, 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, 2018 to June 30, 2019	\$ 665,211	\$ 4,956,982	\$ 5,045,582	\$ 576,611
June 30, 2017 to June 30, 2018	\$ 716,131	\$ 4,340,569	\$ 4,391,489	\$ 665,211

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, 2019.

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 2018. The 1% optional sales tax generated approximately \$18,900,000 which is approximately 31% percent of general fund revenues during the year ended June 30, 2019. If this levy is not approved by the voters in the future it may have a material effect on the City's operations.

C. Pension Obligations

Plan Description

The City contributes to the Wyoming Retirement System (WRS) Public Employees' Pension Plan and the Law Enforcement Pension Plan, ("Plans") which are cost sharing multiple employer defined benefit pension plans. The Plans were established in accordance with State Statutes, and are reported by the State of Wyoming 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, 2019 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-years highest average salary for the first fifteen years and 2.25% times the number of years of service times the three-years 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, 2019, the City's total payroll for all employees included in both Plans was approximately \$18,140,000. Total covered payroll was approximately \$17,062,000. 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, 2019, member contributions were required to be 8.25% of compensation and employer contributions were required to be 8.37% of compensation from July 1, 2018 through August 31, 2018. From September 1, 2018 through June 30, 2019 the required member contribution rate increased to 8.50% of compensation and the required employer contribution increased to 8.62% of compensation. The City elected to pay 5.75% of the members’ contribution in addition to the employer’s contribution for the period July 1, 2018 through August 31, 2018, elected to pay 6.00% of the members’ contribution in addition to the employer’s contribution for the period September 1, 2018 through November 30, 2018 and elected to pay 8.50% of the member’s contribution in addition to the employer’s contribution for the period December 1, 2018 through June 30, 2019. 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, 2019 were approximately \$2,039,000.

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, 2019, 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 6.1% of the members’ contributions in addition to the employer’s contribution for the period July 1, 2018 through November 30, 2018 and elected to pay 8.6% of the members’ contribution in addition to the employer’s contribution for the period December 1, 2018 through June 30, 2019. 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, 2019 were approximately \$693,000.

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

At June 30, 2019 the City reported a liability of \$29,195,477 for their proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. 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, 2018 to the contributions of all participating employers for the same period. At December 30, 2018, the City’s proportions were as follows:

	Liability At December 31, 2018	Increase From Proportion At December 31, 2017
Public Employees’ Pension Plan	.7344%	0.0012%
Law Enforcement Pension Plan	2.8220%	0.2233%

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 4. Other Information (Continued)

For the year ended June 30, 2019, the City recognized pension expense of approximately \$4,601,000. At June 30, 2019, 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	\$ 8,393	\$ 864,840
Net differences between projected and actual earnings on Plan investments	4,654,799	-
Change in proportion and differences between employer contributions and proportionate share of contributions	304,832	1,185,321
Change in assumption	3,964,501	-
Contributions subsequent to the measurement date	733,762	-
Total	\$ 9,666,287	\$ 2,050,161

An amount of \$733,762 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, 2020. 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,	
2020	\$ 2,351,953
2021	\$ 1,440,587
2022	\$ 1,285,353
2023	\$ 1,804,471

Actuarial Assumptions

The Public Employees' Pension Plan liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	4.75% - 8.75%, 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-2014 Healthy Annuitant Mortality Table, for males or females as appropriate, with adjustments for mortality improvements based on Scale MP-2017.

The Law Enforcement Pension Plan liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	4.75% - 8.75%, 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-2014 Healthy Annuitant Mortality Table, for males or females as appropriate, with adjustments for mortality improvements based on Scale MP-2017.

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

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 for the public employee plan remained at 7.00% for the years ended December 31, 2018 and 2017. The discount rate used to measure the total pension liability for the law enforcement plan decreased to 5.92% as of December 31, 2018 from 7.00% as of December 31, 2017. 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:

	Discount Rate	District's Proportionate Share of Net Pension Liability
1% decrease	6.00%	\$ 31,106,261
Current discount rate	7.00%	\$ 22,364,293
1% increase	8.00%	\$ 15,144,308

The following presents the City Law Enforcement Plans proportionate shares of the net pension liability calculated using the discount rate of 5.92%, 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 (4.92%) or 1-percentage-point higher (6.92%) than the current rate:

	Discount Rate	District's Proportionate Share of Net Pension Liability
1% decrease	4.92%	\$ 10,284,968
Current discount rate	5.92%	\$ 6,831,184
1% increase	6.92%	\$ 4,031,186

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:

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 4. Other Information (Continued)

- 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;
- 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, 2019
Retirees with over 30 years of service	26
Retirees with over 20 years of service	40
Terminated employees with less than 20 year of service with an account balance	48
Employees accruing benefits	41
Total Participants	155

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

E. Impact of Recently Issued Accounting Principles

Recently Issued and Adopted 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. The Statement establishes criteria for identifying fiduciary activities for all state and local governments. The focus of the criteria is generally on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. 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. The impact of adopting this update is reflected in the City's financial statements.

Recently Issued Accounting Pronouncements:

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%
2018	.734389400%	\$ 22,364,293	\$ 12,793,000	174.82%	69.17%

*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%
2018	2.821960500%	\$ 6,831,184	\$ 4,422,000	154.48%	71.22%

*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%
2019	\$ 1,094,000	\$ 1,094,000	\$ -	\$ 12,764,000	8.56%

*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%
2019	\$ 370,000	\$ 370,000	\$ -	\$ 4,298,000	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, 2017 measurement date and the December 31, 2018 measurement date.

Changes in assumptions

There were no changes in assumptions between the December 31, 2017 measurement date and the December 31, 2018 measurement date in the Public Employee's Pension Fund, however the discount rate was changed from 7.00% to 5.92% in the Law Enforcement Pension Plan between the December 31, 2017 measurement date and the December 31, 2018 measurement date.

NONMAJOR ENTERPRISE FUNDS

CITY OF GILLETTE, WYOMING

**COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS**

June 30, 2019

	Solid Waste	Fiber	Total
ASSETS			
CURRENT ASSETS			
Cash	\$ 851,590	\$ 137,702	\$ 989,292
Investments	1,616,419	-	1,616,419
Accounts Receivable, Net of Allowance For Uncollectibles	168,109	-	168,109
Unbilled Accounts Receivable	144,517	-	144,517
Other Receivables	-	31,243	31,243
Total Current Assets	\$ 2,780,635	\$ 168,945	\$ 2,949,580
CAPITAL ASSETS			
Infrastructure	\$ -	\$ 3,924,574	\$ 3,924,574
Machinery and Equipment	-	370,449	370,449
Construction in Progress	-	311,543	311,543
Less Accumulated Depreciation	-	(246,464)	(246,464)
Total Capital Assets (Net of Accumulated Depreciation)	\$ -	\$ 4,360,102	\$ 4,360,102
Total Assets	\$ 2,780,635	\$ 4,529,047	\$ 7,309,682
DEFERRED OUTFLOWS OF RESOURCES			
Relating to Pensions	\$ 156,870	\$ -	\$ 156,870
LIABILITIES			
CURRENT LIABILITIES			
Vouchers Payable	\$ 174,234	\$ 34,907	\$ 209,141
Other Accrued Liabilities	57,321	-	57,321
Due to Other Funds	-	600,000	600,000
Total Current Liabilities	\$ 231,555	\$ 634,907	\$ 866,462
NONCURRENT LIABILITIES			
Net Pension Liability	\$ 670,930	\$ -	\$ 670,930
Total Liabilities	\$ 902,485	\$ 634,907	\$ 1,537,392
DEFERRED INFLOWS OF RESOURCES			
Relating to Pensions	\$ 48,757	\$ -	\$ 48,757
NET POSITION			
Net Investment in Capital Assets	\$ -	\$ 4,325,195	\$ 4,325,195
Unrestricted	1,986,263	(431,055)	1,555,208
Total Net Position	\$ 1,986,263	\$ 3,894,140	\$ 5,880,403

CITY OF GILLETTE, WYOMING

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS**

Year Ended June 30, 2019

	Solid Waste	Fiber	Total
OPERATING REVENUES	\$ 3,087,011	\$ 146,886	\$ 3,233,897
OPERATING EXPENSES			
Salaries and Benefits	\$ 768,092	\$ -	\$ 768,092
Contractual Services	1,947,789	566,857	2,514,646
Materials	5,138	-	5,138
Repairs and Maintenance	1,957	13,502	15,459
Supplies	163,958	-	163,958
Depreciation	-	134,028	134,028
Total Operating Expenses	\$ 2,886,934	\$ 714,387	\$ 3,601,321
Operating Income (Loss)	\$ 200,077	\$ (567,501)	\$ (367,424)
NONOPERATING REVENUE			
Other Income	\$ -	\$ 915	\$ 915
Investment Income	51,282	-	51,282
Total Nonoperating Revenue	\$ 51,282	\$ 915	\$ 52,197
Income (Loss) Before Transfers	\$ 251,359	\$ (566,586)	\$ (315,227)
Transfers In	-	448,431	448,431
Transfer (Out)	(17,297)	-	(17,297)
Changes in Net Position	\$ 234,062	\$ (118,155)	\$ 115,907
NET POSITION, BEGINNING JULY 1	1,752,201	4,012,295	5,764,496
NET POSITION, ENDING JUNE 30	\$ 1,986,263	\$ 3,894,140	\$ 5,880,403

CITY OF GILLETTE, WYOMING

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS

Year Ended June 30, 2019

	Solid Waste	Fiber	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ 3,068,566	\$ 146,886	\$ 3,215,452
Payments to Employees	(717,639)	-	(717,639)
Payments for Goods and Services	(2,114,430)	(580,359)	(2,694,789)
Other	-	129,418	129,418
Net Cash Provided By (Used In) Operating Activities	\$ 236,497	\$ (304,055)	\$ (67,558)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers In	\$ -	\$ 448,431	\$ 448,431
Transfers (Out)	(17,297)	-	(17,297)
Net Cash Provided By (Used In) Noncapital Financing Activities	\$ (17,297)	\$ 448,431	\$ 431,134
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
(Payments) for Capital Acquisitions	\$ -	\$ (511,740)	\$ (511,740)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net (Increase) in Investments	\$ (2,502)	\$ -	\$ (2,502)
Investment Income	39,777	-	39,777
Increase in Net Amount Due to Other Funds	-	505,066	505,066
Net Cash Provided By Investing Activities	\$ 37,275	\$ 505,066	\$ 542,341
Net Increase in Cash	\$ 256,475	\$ 137,702	\$ 394,177
Cash, Beginning July 1	595,115	-	595,115
Cash, Ending June 30	\$ 851,590	\$ 137,702	\$ 989,292
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used In) Operating Activities			
Operating Income (Loss)	\$ 200,077	\$ (567,501)	\$ (367,424)
Adjustments:			
Depreciation	-	134,028	134,028
Other Income	-	915	915
Change in Assets and Liabilities:			
Accounts and Other Receivables	(4,389)	128,503	124,114
Deferred Outflows of Resources Relating to Pensions	(87,624)	-	(87,624)
Vouchers Payable	(9,644)	-	(9,644)
Accrued Expenses	(1,043)	-	(1,043)
Net Pension Liability	169,558	-	169,558
Deferred Inflows of Resources Relating to Pensions	(30,438)	-	(30,438)
Net Cash Provided By (Used In) Operating Activities	\$ 236,497	\$ (304,055)	\$ (67,558)
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES			
Net Increase in Fair Value of Investments	\$ 11,505	\$ -	\$ 11,505

INTERNAL SERVICE FUNDS

CITY OF GILLETTE, WYOMING

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

June 30, 2019

	Vehicle Mainten- ance	Liability and Personal Injury Insurance	Health Insurance	Total
ASSETS				
CURRENT ASSETS				
Cash	\$ 493,374	\$ 131,805	\$ 479,937	\$ 1,105,116
Investments	1,529,423	517,847	2,380,781	4,428,051
Other Receivable	90,080	75,277	16,502	181,859
Due From Other Funds	-	-	236,261	236,261
Inventories	287,654	-	-	287,654
Total Current Assets	\$ 2,400,531	\$ 724,929	\$ 3,113,481	\$ 6,238,941
CAPITAL ASSETS				
Machinery and Equipment	\$ 17,905,615	\$ -	\$ -	\$ 17,905,615
Less Accumulated Depreciation	(10,819,105)	-	-	(10,819,105)
Net Capital Assets	\$ 7,086,510	\$ -	\$ -	\$ 7,086,510
Total Assets	\$ 9,487,041	\$ 724,929	\$ 3,113,481	\$ 13,325,451
LIABILITIES				
CURRENT LIABILITIES				
Vouchers Payable	\$ 43,334	\$ 80,330	\$ 26,439	\$ 150,103
Estimated Claims Payable	-	-	576,611	576,611
Other Accrued Liabilities	73,969	-	-	73,969
Total Current Liabilities	\$ 117,303	\$ 80,330	\$ 603,050	\$ 800,683
NONCURRENT LIABILITIES				
Accrued Sick Leave Payable	\$ 5,930	\$ -	\$ -	\$ 5,930
Total Liabilities	\$ 123,233	\$ 80,330	\$ 603,050	\$ 806,613
NET POSITION				
Net Investment in Capital Assets	\$ 7,086,510	\$ -	\$ -	\$ 7,086,510
Unrestricted	2,277,298	644,599	2,510,431	5,432,328
Total Net Position	\$ 9,363,808	\$ 644,599	\$ 2,510,431	\$ 12,518,838

CITY OF GILLETTE, WYOMING

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

Year Ended June 30, 2019

	Vehicle Mainten- ance	Liability and Personal Injury Insurance	Health Insurance	Total
OPERATING REVENUES	\$ 2,520,768	\$ 894,909	\$ 5,306,761	\$ 8,722,438
OPERATING EXPENSES				
Salaries and Benefits	\$ 639,496	\$ -	\$ -	\$ 639,496
Contractual Services	280,917	526,916	-	807,833
Claims	-	394,877	5,306,761	5,701,638
Repairs and Maintenance	180,542	-	-	180,542
Supplies	438,548	-	-	438,548
Depreciation	1,302,198	-	-	1,302,198
Total Operating Expenses	\$ 2,841,701	\$ 921,793	\$ 5,306,761	\$ 9,070,255
Operating (Loss)	\$ (320,933)	\$ (26,884)	\$ -	\$ (347,817)
NONOPERATING REVENUE				
Gain on Disposal of Equipment	\$ 104,754	\$ -	\$ -	\$ 104,754
Investment Income	45,989	9,558	52,584	108,131
Total Nonoperating Revenue	\$ 150,743	\$ 9,558	\$ 52,584	\$ 212,885
Income (Loss) Before Transfers	\$ (170,190)	\$ (17,326)	\$ 52,584	\$ (134,932)
Transfers In	242,633	-	641,766	884,399
Changes in Net Position	\$ 72,443	\$ (17,326)	\$ 694,350	\$ 749,467
NET POSITION, BEGINNING JULY 1	9,291,365	661,925	1,816,081	11,769,371
NET POSITION, ENDING JUNE 30	\$ 9,363,808	\$ 644,599	\$ 2,510,431	\$ 12,518,838

CITY OF GILLETTE, WYOMING

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2019**

	Vehicle Mainten- ance	Liability and Personal Injury Insurance	Health Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts From Interfund Services Provided	\$ 2,526,909	\$ 871,409	\$ 5,342,675	\$ 8,740,993
Payments to Employees	(640,253)	-	-	(640,253)
Payments for Goods and Services	(1,037,851)	(867,263)	(5,416,991)	(7,322,105)
Internal Activity - Payments (To) Other Funds	-	-	(8,349)	(8,349)
Net Cash Provided By (Used In) Operating Activities	\$ 848,805	\$ 4,146	\$ (82,665)	\$ 770,286
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers In	\$ 242,633	\$ -	\$ 641,766	\$ 884,399
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
(Payments) for Capital Acquisitions	\$ (1,542,255)	\$ -	\$ -	\$ (1,542,255)
Proceeds From Sale of Capital Assets	101,384	-	-	101,384
Net Cash (Used In) Capital and Related Financing Activities	\$ (1,440,871)	\$ -	\$ -	\$ (1,440,871)
CASH FLOWS FROM INVESTING ACTIVITIES				
Net (Increase) in Investments	\$ (1,555)	\$ (493)	\$ (539,464)	\$ (541,512)
Investment Income	34,409	5,845	40,206	80,460
Net Cash Provided By (Used In) Investing Activities	\$ 32,854	\$ 5,352	\$ (499,258)	\$ (461,052)
Net Increase (Decrease) in Cash	\$ (316,579)	\$ 9,498	\$ 59,843	\$ (247,238)
Cash, Beginning July 1	809,953	122,307	420,094	1,352,354
Cash, Ending June 30	\$ 493,374	\$ 131,805	\$ 479,937	\$ 1,105,116
Reconciliation of Operating (Loss) to Net Cash Provided by (Used In) Operating Activities				
Operating (Loss)	\$ (320,933)	\$ (26,884)	\$ -	\$ (347,817)
Adjustments:				
Depreciation	1,302,198	-	-	1,302,198
Change in Assets and Liabilities:				
Other Receivable	6,141	(23,500)	35,914	18,555
Due (To) Other Funds	-	-	(8,349)	(8,349)
Inventories	(18,137)	-	-	(18,137)
Vouchers Payable	(119,707)	54,530	(21,630)	(86,807)
Accrued Expenses	(757)	-	-	(757)
Estimated Claims Payable	-	-	(88,600)	(88,600)
Net Cash Provided By (Used In) Operating Activities	\$ 848,805	\$ 4,146	\$ (82,665)	\$ 770,286
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES				
Net Increase in Fair Value of Investments	\$ 11,580	\$ 3,713	\$ 12,378	\$ 27,671

CITY OF GILLETTE, WYOMING

SCHEDULE OF STATE FINANCIAL ASSISTANCE

Year Ended June 30, 2019

(Page 1 of 2)

State Grantor Program Title	Grant Number	Expenditures
<u>Office of Attorney General</u>		
State Surcharge	N/A	\$ 12,619
Victim Witness Funding	N/A	51,298
Total Office of Attorney General		\$ 63,917
<u>Wyoming Association of Sheriffs and Police</u>		
Alcohol Inspection Contract	N/A	\$ 5,185
Tobacco Inspection Contract	N/A	2,465
Total Wyoming Association of Sheriffs and Police		\$ 7,650
<u>Wyoming Loan and Investments Board</u>		
Winland Industrial Park LID	CWC-15405CL	\$ 361,579
Sanitary Sewer	MRG-19018CL	66,693
Interstate Industrial LID	DWSRF #196	1,324,117
Interstate Industrial LID-Principal Forgiveness	DWSRF #196	441,372
Total Wyoming Loan and Investments Board		\$ 2,193,761
<u>Wyoming Water Development Commission</u>		
Gillette Regional Extensions	N/A	\$ 48,163
<u>Wyoming Department of Environmental Quality</u>		
Water Quality Improvement Project	N/A	\$ 13,194
<u>Wyoming Department of Workforce Services</u>		
Workplace Safety Grant	N/A	\$ 10,000
Total State Financial Assistance		\$ 2,336,685

(Continued)

CITY OF GILLETTE, WYOMING

SCHEDULE OF STATE FINANCIAL ASSISTANCE

Year Ended June 30, 2019

(Page 2 of 2)

Note 1. Loans Outstanding

The City has received loan proceeds from the State. The current year loan proceeds are also included in the Schedule of State Financial Assistance. Following is the balance of the state portion of the loans at June 30, 2019.

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	\$ 1,100,218
Capitalization Loans for Drinking Water State Revolving Funds		
Design and Construction, Water Distribution System	DWSRF Loan #39	51,174
Capitalization Loans for Drinking Water State Revolving Funds		
Design and Construction, Water Distribution System	DWSRF Loan #196	1,284,408
Wyoming Water Development Commission		
Gillette Madison Pipeline	-	44,328,358
Wyoming Business Council		
Southern Industrial Addition	-	2,517,077
Total State Loans		\$ 49,281,235

STATISTICAL SECTION

STATISTICAL SECTION

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

CONTENTS

Financial Trends	89
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	100
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	111
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	118
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	122
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.	

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

	Fiscal Year			
	2010	2011	2012	2013
Governmental Activities				
Invested in Capital Assets, Net of Related Debt	118,148,340	144,063,586	160,346,407	173,368,812
Restricted	36,386	22,162	13,761	13,788
Unrestricted	54,849,935	47,210,868	46,431,260	44,960,127
Total Governmental Activities Net Assets	173,034,661	191,296,616	206,791,428	218,342,727
Business-Type Activities				
Invested in Capital Assets, Net of Related Debt	103,052,463	104,481,619	108,090,438	143,994,703
Restricted	3,750,000	11,382,821	28,560,579	54,315,581
Unrestricted	21,873,844	27,246,709	32,024,938	25,391,474
Total Business-Type Activities Net Assets	128,676,307	143,111,149	168,675,955	223,701,758
Primary Government				
Invested in Capital Assets, Net of Related Debt	221,200,803	248,545,205	268,436,845	317,363,515
Restricted	3,786,386	11,404,983	28,574,340	54,329,369
Unrestricted	76,723,779	74,457,577	78,456,198	70,351,601
Total Primary Government Net Assets	301,710,968	334,407,765	375,467,383	442,044,485

Fiscal Year					
2014	2015	2016	2017	2018	2019
184,096,943	207,543,932	216,228,110	212,061,695	209,621,750	207,934,661
13,817	4,343	8,026,893	171,789	121,777	1,314,311
42,224,867	48,736,967	29,954,212	40,519,056	49,508,463	60,021,756
226,335,627	256,285,242	254,209,215	252,752,540	259,251,990	269,270,728
151,571,316	167,721,963	201,310,306	233,993,830	258,142,870	262,876,287
83,810,606	114,382,200	109,824,328	101,670,982	96,552,166	96,354,012
23,531,369	26,800,695	26,098,902	28,741,229	32,324,767	35,210,715
258,913,291	308,904,858	337,233,536	364,406,041	387,019,803	394,441,014
335,668,259	375,265,895	417,538,416	446,055,525	467,764,620	470,810,948
83,824,423	114,386,543	117,851,221	101,842,771	96,673,943	97,668,323
65,756,236	75,537,662	56,053,114	69,260,285	81,833,230	95,232,471
485,248,918	565,190,100	591,442,751	617,158,581	646,271,793	663,711,742

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

	Fiscal Year			
	2010	2011	2012	2013
Revenues				
<i>Governmental Activities</i>				
Program Revenues				
Charges for services	\$ 2,359,735	\$ 1,949,688	\$ 2,623,718	\$ 2,819,882
Operating grants and contributions	1,394,215	1,203,641	663,407	726,408
Capital grants and contributions	1,505,351	1,719,812	693,152	1,222,352
General Revenues				
Severance taxes	880,203	970,441	1,067,407	1,096,377
Property taxes	1,533,648	1,648,246	1,743,283	1,763,744
Sales and use taxes	36,509,652	42,392,407	48,689,382	43,149,383
Other taxes	2,933,427	2,647,637	2,426,726	2,443,560
Mineral Royalties	1,480,247	1,520,397	1,537,360	1,542,258
Supplemental state funding	2,036,523	1,399,143	2,122,882	1,630,099
Gaming revenue	-	-	-	-
Investment income (Loss)	990,722	201,632	94,060	(19,055)
Capital contributions, local annexations	2,969,595	9,543,332	4,718,809	1,178,906
Other revenue	130,265	(48,847)	(80,706)	-
Special Assessment revenue	-	-	-	-
Total Governmental Activities Revenues	\$ 54,723,583	\$ 65,147,529	\$ 66,299,480	\$ 57,553,914
<i>Business-Type Activities</i>				
Program Revenues				
Charges for services	\$ 35,499,057	\$ 37,881,536	\$ 40,712,570	\$ 41,643,064
Capital grants and contributions	5,259,077	9,062,600	5,811,660	31,686,134
General Revenues				
Sales and use taxes ¹	-	-	18,235,001	26,285,027
Investment Income (Loss)	337,117	247,389	285,342	(31,968)
Capital contributions, local annexations	2,689,529	4,058,959	1,803,289	862,923
Other revenue	1,159,879	1,311,870	(2,399,295)	846,563
Total Business-Type Activities Revenues	\$ 44,944,659	\$ 52,562,354	\$ 64,448,567	\$ 101,291,743
Total Government-Wide Revenues	\$ 99,668,242	\$ 117,709,883	\$ 130,748,047	\$ 158,845,657
Expenses				
<i>Governmental Activities</i>				
Administration	\$ 12,658,989	\$ 18,585,718	\$ 13,156,594	\$ 14,114,947
Law Enforcement/Public Safety	11,189,600	10,985,865	12,667,636	11,956,859
Public Works	14,960,231	10,128,312	14,161,985	15,131,917
Culture and Recreation	2,062,128	2,144,505	2,658,610	2,605,174
Interest on Long-Term Debt	17,051	16,871	16,068	14,670
Total Governmental Activities Expenses	\$ 40,887,999	\$ 41,861,271	\$ 42,660,893	\$ 43,823,567
<i>Business-Type Activities</i>				
Power	\$ 25,838,074	\$ 28,776,464	\$ 30,713,059	\$ 31,272,102
Water	7,160,713	7,260,232	8,840,825	9,299,424
Sewer	4,464,019	4,851,241	5,159,217	5,463,451
Fiber ²	n/a	n/a	n/a	n/a
Solid Waste	2,320,469	2,263,878	2,314,435	2,410,011
Total Business-Type Activities Expenses	\$ 39,783,275	\$ 43,151,815	\$ 47,027,536	\$ 48,444,988
Total Government-Wide Expenses	\$ 80,671,274	\$ 85,013,086	\$ 89,688,429	\$ 92,268,555

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

		Fiscal Year					
		2014	2015	2016	2017	2018	2019
\$	3,728,676	\$ 3,964,099	\$ 3,629,498	\$ 3,826,265	\$ 4,267,498	\$ 4,600,452	
	513,389	560,028	1,031,303	2,978,890	296,242	427,362	
	3,488,683	9,389,472	3,201,917	2,730,131	1,170,583	3,490,102	
	1,135,505	1,101,729	1,107,316	1,107,006	1,106,950	1,106,221	
	1,832,001	1,949,432	2,100,922	2,282,253	2,125,450	2,219,506	
	49,198,315	54,129,253	37,012,709	29,917,814	36,167,074	42,020,705	
	2,918,483	3,035,184	3,153,044	3,188,444	3,312,473	3,191,098	
	1,549,148	1,553,582	1,578,741	1,585,221	1,584,413	1,521,535	
	2,456,374	2,117,809	2,408,642	1,123,958	1,218,873	1,359,104	
	-	210,240	332,079	457,337	570,942	867,605	
	185,649	115,723	225,326	149,693	426,532	1,584,553	
	-	-	-	-	-	-	
	853,432	84,337	59,559	296,647	312,377	306,009	
	-	-	-	-	-	1,357,426	
\$	67,859,655	\$ 78,210,888	\$ 55,841,056	\$ 49,643,659	\$ 52,559,407	\$ 64,051,678	
\$	41,676,876	\$ 44,114,037	\$ 47,853,751	\$ 49,134,472	\$ 49,719,881	\$ 49,597,215	
	8,987,615	25,894,064	28,438,097	26,811,099	22,015,166	4,016,622	
	29,364,002	28,622,346	100,133	105,109	25,483	2,187	
	479,053	484,439	850,367	445,454	1,152,882	3,609,749	
	-	-	-	-	-	-	
	892,230	1,278,871	709,261	477,383	788,551	700,963	
\$	81,399,776	\$ 100,393,757	\$ 77,951,609	\$ 76,973,517	\$ 73,701,963	\$ 57,926,736	
\$	149,259,431	\$ 178,604,645	\$ 133,792,665	\$ 126,617,176	\$ 126,261,370	\$ 121,978,414	
\$	16,949,930	\$ 11,592,999	\$ 21,059,390	\$ 18,530,082	\$ 14,311,284	\$ 16,287,756	
	12,209,838	12,032,781	14,055,218	13,810,716	11,812,747	13,783,560	
	14,743,977	17,059,376	17,181,066	11,456,369	12,609,284	15,126,078	
	2,378,104	1,653,206	2,992,915	4,101,144	3,911,251	3,578,436	
	13,883	13,728	355,333	275,582	248,382	246,160	
\$	46,295,732	\$ 42,352,090	\$ 55,643,922	\$ 48,173,893	\$ 42,892,948	\$ 49,021,990	
\$	30,631,160	\$ 35,625,314	\$ 32,120,690	\$ 33,430,555	\$ 33,242,868	\$ 31,519,972	
	9,374,198	10,972,303	10,390,243	10,666,942	11,747,663	13,123,554	
	5,731,279	6,618,579	6,432,835	5,945,545	6,244,321	7,172,715	
	n/a	n/a	n/a	n/a	190,756	715,475	
	2,735,796	3,095,177	2,952,324	2,684,411	2,829,602	2,984,759	
\$	48,472,433	\$ 56,311,373	\$ 51,896,092	\$ 52,727,453	\$ 54,255,210	\$ 55,516,475	
\$	94,768,165	\$ 98,663,463	\$ 107,540,014	\$ 100,901,346	\$ 97,148,158	\$ 104,538,465	

(Continued)

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

	Fiscal Year			
	2010	2011	2012	2013
Change in Net Position Before Transfers				
Governmental Activities	\$ 13,835,584	\$ 23,286,258	\$ 23,638,587	\$ 13,730,347
Business-Type Activities	5,161,384	9,410,539	17,421,031	52,846,755
Government-Wide	\$ 18,996,968	\$ 32,696,797	\$ 41,059,618	\$ 66,577,102
Transfers				
Governmental Activities	\$ (7,918,714)	\$ (5,024,303)	\$ (8,143,775)	\$ (2,179,048)
Business-Type Activities	7,918,714	5,024,303	8,143,775	2,179,048
Government-Wide	\$ -	\$ -	\$ -	\$ -
Change in Net Position				
Governmental Activities	\$ 5,916,870	\$ 18,261,955	\$ 15,494,812	\$ 11,551,299
Business-Type Activities	13,080,098	14,434,842	25,564,806	55,025,803
Government-Wide	\$ 18,996,968	\$ 32,696,797	\$ 41,059,618	\$ 66,577,102
Net Position, Beginning of Fiscal Year				
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
Government-Wide	\$ 282,714,000	\$ 301,710,968	\$ 334,407,765	\$ 375,467,383
Prior Year Adjustments				
Governmental Activities	\$ -	\$ -	\$ -	\$ -
Business-Type Activities	-	-	-	-
Government-Wide	\$ -	\$ -	\$ -	\$ -
Net Position, End of Fiscal Year				
Governmental Activities	\$ 173,034,661	\$ 191,296,616	\$ 206,791,428	\$ 218,342,727
Business-Type Activities	128,676,307	143,111,149	168,675,955	223,701,758
Government-Wide	\$ 301,710,968	\$ 334,407,765	\$ 375,467,383	\$ 442,044,485

¹ 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.

² 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									
		2014	2015	2016	2017	2018	2019				
\$	21,563,923	\$	35,858,798	\$	197,134	\$	1,469,766	\$	9,666,459	\$	15,029,688
	32,927,343		44,082,384		26,055,517		24,246,064		19,446,753		2,410,261
\$	54,491,266	\$	79,941,182	\$	26,252,651	\$	25,715,830	\$	29,113,212	\$	17,439,949
\$	(6,071,965)	\$	(5,909,183)	\$	(2,273,161)	\$	(2,926,441)	\$	(3,167,009)	\$	(5,010,950)
	6,071,965		5,909,183		2,273,161		2,926,441		3,167,009		5,010,950
\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
\$	15,491,958	\$	29,949,615	\$	(2,076,027)	\$	(1,456,675)	\$	6,499,450	\$	10,018,738
	38,999,308		49,991,567		28,328,678		27,172,505		22,613,762		7,421,211
\$	54,491,266	\$	79,941,182	\$	26,252,651	\$	25,715,830	\$	29,113,212	\$	17,439,949
\$	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
\$	-	\$	(7,499,058)	\$	-	\$	-	\$	-	\$	-
	-		(3,787,775)		-		-		-		-
\$	-	\$	(11,286,833)	\$	-	\$	-	\$	-	\$	-
\$	233,834,685	\$	256,285,242	\$	254,209,215	\$	252,752,540	\$	259,251,990	\$	269,270,728
	262,701,066		308,904,858		337,233,536		364,406,041		387,019,803		394,441,014
\$	496,535,751	\$	565,190,100	\$	591,442,751	\$	617,158,581	\$	646,271,793	\$	663,711,742

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
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
2019	\$ 1,106,221	\$ 2,219,506	\$ 1,007,845	\$ 42,020,705	\$ 1,200,165	\$ 188,292	\$ 794,796	\$ 48,537,530
<hr/>								
% Change								
2010 - 2019	25.7%	44.7%	26.9%	15.1%	129.2%	-33.3%	-40.4%	16.0%

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

	Fiscal Year			
	2010	2011	2012	2013
Total All Governmental Funds				
Non spendable	\$ 87,853	\$ 111,772	\$ 126,042	\$ 155,613
Restricted	36,386	22,162	13,761	13,788
Committed	24,254,271	19,749,041	22,406,471	23,923,930
Assigned	20,506,879	12,162,321	7,316,230	14,946,932
Unassigned	5,017,408	10,639,683	12,366,300	2,284,206
Total Fund Balance - Governmental Funds	\$ 49,902,797	\$ 42,684,979	\$ 42,228,804	\$ 41,324,469

Fiscal Year						
2014	2015	2016	2017	2018	2019	
\$ 157,318	\$ 209,851	\$ 220,154	\$ 214,418	\$ 227,521	\$ 212,257	
13,817	4,343	8,026,893	171,789	121,777	121,197	
29,040,814	26,358,184	24,700,520	15,348,710	17,659,545	21,072,126	
6,952,460	22,437,032	13,490,105	25,372,791	25,292,678	38,609,977	
7,592,509	3,033,318	4,690,638	8,820,711	15,466,678	12,284,111	
\$ 43,756,918	\$ 52,042,728	\$ 51,128,310	\$ 49,928,419	\$ 58,768,199	\$ 72,299,668	

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

	Fiscal Year			
	2010	2011	2012	2013
Revenues				
<i>General Fund</i>				
Taxes	\$ 41,856,930	\$ 47,658,731	\$ 53,926,798	\$ 48,453,064
Intergovernmental	6,416,336	5,842,993	5,016,801	5,121,117
Licenses and Permits	299,446	320,003	295,160	291,708
Charges for Services	968,610	641,662	855,350	1,320,627
Fines and Fees	396,256	426,360	472,650	406,517
Investment Income (Loss)	923,456	173,414	76,331	(25,671)
Miscellaneous	695,423	561,663	1,000,558	801,030
Special Assessment Revenue	690,292	168,756	133,387	84,534
Total Revenues	\$ 52,246,749	\$ 55,793,582	\$ 61,777,035	\$ 56,452,926
Expenditures				
<i>General Fund</i>				
Current				
Administration/General Government	\$ 10,334,666	\$ 10,674,604	\$ 10,653,872	\$ 13,118,976
Police/Public Safety	10,903,706	9,339,427	9,756,812	9,759,974
Public Works	16,159,919	19,835,193	21,085,752	15,230,303
Culture and Recreation	2,062,128	1,944,549	2,420,144	4,921,238
Miscellaneous	9,977,987	15,535,677	6,689,176	10,531,853
Debt Service				
Principal	31,390	31,571	32,373	33,772
Interest	17,051	16,871	16,068	14,670
Total Expenditures	\$ 49,486,847	\$ 57,377,892	\$ 50,654,197	\$ 53,610,786
Excess of Revenues Over (Under) Expenditures	\$ 2,759,902	\$ (1,584,310)	\$ 11,122,838	\$ 2,842,140
Other Financing Sources (Uses)				
<i>General Fund</i>				
Proceeds from Certificates of Participation	\$ -	\$ -	\$ -	\$ -
Transfers In	-	-	-	-
Transfers Out	(8,673,781)	(5,633,508)	(11,579,013)	(3,746,475)
Proceeds from Special Assessment Debt	-	-	-	-
Proceeds from Sale of Capital Assets	-	-	-	-
Total Other Financing Sources (Uses)	\$ (8,673,781)	\$ (5,633,508)	\$ (11,579,013)	\$ (3,746,475)
Net Change In Fund Balance	\$ (5,913,879)	\$ (7,217,818)	\$ (456,175)	\$ (904,335)
Debt Service as a Percentage of Noncapital Expenditures	0.10%	0.08%	0.10%	0.09%
Fund Balance, Beginning July 1	\$ 55,816,676	\$ 49,902,797	\$ 42,684,979	\$ 42,228,804
Fund Balance, Ending June 30	\$ 49,902,797	\$ 42,684,979	\$ 42,228,804	\$ 41,324,469

Fiscal Year						
2014	2015	2016	2017	2018	2019	
\$ 55,084,304	\$ 60,215,598	\$ 43,373,991	\$ 36,495,517	\$ 42,711,947	\$ 48,537,530	
6,022,098	7,165,775	7,153,524	6,701,647	4,056,951	5,161,421	
290,033	361,710	282,099	247,743	283,027	272,658	
2,785,521	2,894,186	2,842,597	2,965,029	3,296,056	3,609,268	
391,716	444,771	424,677	372,367	363,872	353,823	
175,523	108,679	212,988	142,513	404,105	1,514,618	
1,111,286	347,769	139,684	538,005	636,920	670,712	
58,186	56,643	39,209	131,275	13,994	178,355	
\$ 65,918,667	\$ 71,595,131	\$ 54,468,769	\$ 47,594,096	\$ 51,766,872	\$ 60,298,385	
\$ 13,617,537	\$ 14,397,204	\$ 13,956,973	\$ 11,916,234	\$ 11,145,476	\$ 11,683,187	
9,810,440	10,384,584	10,544,363	9,467,994	9,749,739	10,178,923	
17,596,106	15,142,517	19,846,187	8,079,928	11,168,994	11,582,833	
4,282,751	3,170,268	3,422,281	2,220,609	2,879,640	2,925,299	
11,970,067	14,331,633	16,829,447	12,806,587	2,904,784	4,776,837	
34,558	34,714	36,087	1,131,884	1,097,727	1,163,627	
13,883	13,728	234,948	286,899	259,335	257,372	
\$ 57,325,342	\$ 57,474,648	\$ 64,870,286	\$ 45,910,135	\$ 39,205,695	\$ 42,568,078	
\$ 8,593,325	\$ 14,120,483	\$ (10,401,517)	\$ 1,683,961	\$ 12,561,177	\$ 17,730,307	
\$ -	\$ -	\$ 11,650,000	\$ -	\$ -	\$ -	
538,690	178,885	2,675,925	152,407	100	113,901	
(6,699,566)	(6,013,558)	(5,038,591)	(3,036,259)	(3,721,497)	(5,746,177)	
-	-	-	-	-	1,324,117	
-	-	199,765	-	-	109,321	
\$ (6,160,876)	\$ (5,834,673)	\$ 9,487,099	\$ (2,883,852)	\$ (3,721,397)	\$ (4,198,838)	
\$ 2,432,449	\$ 8,285,810	\$ (914,418)	\$ (1,199,891)	\$ 8,839,780	\$ 13,531,469	
0.08%	0.08%	0.62%	3.84%	4.26%	3.87%	
\$ 41,324,469	\$ 43,756,918	\$ 52,042,728	\$ 51,128,310	\$ 49,928,419	\$ 58,768,199	
\$ 43,756,918	\$ 52,042,728	\$ 51,128,310	\$ 49,928,419	\$ 58,768,199	\$ 72,299,668	

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

Fiscal Year	Tax Year	Real Property		Personal Property ¹	State-Assessed Property (Public Utilities) ¹	Industrial Property ¹	Less Tax-Exempt Property
		Residential ¹	Commercial ¹				
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
2019	2018	\$ 272,776,026	\$ 94,498,702	\$ 288,335,256	\$ 71,389,766	\$ 12,865,269	n/a

¹ Data is for Campbell County, information for the City of Gillette is not available. The City of Gillette makes up approximately 68.9% 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 ¹	Total Direct Tax Rate	Total Assessed Value for the City of Gillette	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Taxable Value
\$ 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%
\$ 739,865,019	8.000	\$ 276,596,342	\$ 2,765,963,420	10.0%

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

Fiscal Year	City	School	County	State	Other	Total
MILLS						
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
2019	8.000	32.000	11.202	12.000	4.405	67.607

TAX LEVIES						
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
2019	\$ 2,142,528	\$ 143,044,971	\$ 50,302,658	\$ 53,641,864	\$ 20,826,454	\$ 269,968,475

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

¹ Per Campbell County Assessor's Office, there are no overlapping milles/rates for Campbell County.

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

Taxpayer	Type of Business	Fiscal Year 2019		
		Assessed Valuation	Rank	Percentage of Total City Valuation
City of Gillette	Power System	\$ 2,741,032	1	0.99%
Burlington Northern Santa Fe Railway	Railroad Company	\$ 2,074,663	2	0.75%
Menard Inc	Retail	\$ 1,518,037	3	0.55%
MFG Remington LLC	Apartment Complex/Real Estate	\$ 1,371,110	4	0.50%
Liebherr-America Inc	Commercial Machinery Repair	\$ 1,315,754	5	0.48%
Black Hills Gas Distribution WY	Natural Gas Distribution	\$ 1,154,243	6	0.42%
Wal-Mart Real Estate Business Trust	Retail	\$ 1,005,485	7	0.36%
L & H Industrial, Inc.	Welding/Industrial	\$ 986,006	8	0.36%
Cudd Energy Services	Well Services/Technology	\$ 959,749	9	0.35%
Wyoming Machinery Co	Commercial Machinery Sales & Repair	\$ 841,585	10	0.30%
Total		\$ 13,967,664		5.05%

Total City Assessed Valuation \$ 276,596,342

Source: Campbell County Assessor's Office

¹ The City of Gillette did not compile a Statistical Section for the Financial Report in 2010, 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 2010.

Fiscal Year 2010¹

<u>Assessed</u>		<u>Percentage of</u>
<u>Valuation</u>	<u>Rank</u>	<u>Total City</u>
		<u>Valuation</u>

<u>\$</u>	<u>-</u>	<u>0.00%</u>
-----------	----------	--------------

\$ 185,910,899

**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	
2010	2009	\$ 1,547,199	\$ 1,462,653	94.54%	\$ 83,557	\$ 1,546,210	99.94%	\$ 989
2011	2010	\$ 1,680,378	\$ 1,558,555	92.75%	\$ 92,366	\$ 1,650,921	98.25%	\$ 29,457
2012	2011	\$ 1,753,910	\$ 1,642,663	93.66%	\$ 83,265	\$ 1,725,928	98.40%	\$ 27,982
2013	2012	\$ 1,763,257	\$ 1,678,751	95.21%	\$ 84,201	\$ 1,762,952	99.98%	\$ 305
2014	2013	\$ 1,801,939	\$ 1,749,349	97.08%	\$ 52,314	\$ 1,801,663	99.98%	\$ 276
2015	2014	\$ 1,929,664	\$ 1,890,235	97.96%	\$ 39,140	\$ 1,929,375	99.99%	\$ 289
2016	2015	\$ 2,125,291	\$ 2,061,891	97.02%	\$ 62,562	\$ 2,124,453	99.96%	\$ 838
2017	2016	\$ 2,249,380	\$ 2,214,623	98.45%	\$ 31,832	\$ 2,246,455	99.87%	\$ 2,925
2018	2017	\$ 2,161,452	\$ 2,088,912	96.64%	\$ 68,080	\$ 2,156,992	99.79%	\$ 4,460
2019	2018	\$ 2,250,032	\$ 2,159,110	95.96%	\$ -	\$ 2,159,110	95.96%	\$ 90,922

Source: Campbell County Treasurer's Office

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

Category	Fiscal Year			
	2010	2011	2012	2013
Agriculture / Forestry	\$ 489,220	\$ 437,860	\$ 596,200	\$ 587,400
Mining	\$ 490,176,840	\$ 938,596,520	\$ 1,076,846,327	\$ 949,196,000
Contract Construction	\$ 135,028,900	\$ 80,439,700	\$ 63,142,782	\$ 47,446,717
Manufacturing	\$ 131,527,740	\$ 106,303,540	\$ 109,037,800	\$ 79,636,183
Retail Trade	\$ 666,731,700	\$ 739,768,020	\$ 747,460,455	\$ 665,802,967
Wholesale Trade	\$ 429,373,140	\$ 419,190,860	\$ 617,623,145	\$ 518,981,083
Finance / Insurance	\$ 6,116,580	\$ 5,399,040	\$ 7,182,055	\$ 2,060,050
Public Administration	\$ 131,167,240	\$ 153,885,720	\$ 193,622,764	\$ 173,049,917
Utilities	\$ 274,450,280	\$ 223,550,160	\$ 147,902,909	\$ 80,461,450
Transportation / Warehousing	\$ 12,743,380	\$ 10,277,580	\$ 10,219,727	\$ 10,627,433
Information	\$ 20,462,580	\$ 28,029,280	\$ 32,546,182	\$ 32,102,250
Real Estate / Rental / Leasing	\$ 115,192,380	\$ 147,850,120	\$ 174,626,000	\$ 182,424,017
Professional Services	\$ 4,553,780	\$ 7,042,360	\$ 7,752,273	\$ 6,364,650
Administrative / Support / Waste	\$ 11,239,380	\$ 7,273,160	\$ 6,531,564	\$ 9,573,150
Educational Services	\$ 77,500	\$ 72,840	\$ 91,327	\$ 94,533
Health Care / Social Assistance	\$ 45,420	\$ 62,920	\$ 36,945	\$ 52,850
Arts, Entertainment & Recreation	\$ 2,365,160	\$ 2,297,820	\$ 2,667,436	\$ 2,379,150
Accommodation / Food Services	\$ 102,014,020	\$ 110,211,880	\$ 116,697,236	\$ 112,660,600
Other Services	\$ 188,306,840	\$ 222,801,700	\$ 232,772,145	\$ 189,522,850
Total	\$ 2,722,062,080	\$ 3,203,491,080	\$ 3,547,355,272	\$ 3,063,023,250

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 68.9% of the entire county's population.

Source: Wyoming Department of Revenue

Fiscal Year						
2014	2015	2016	2017	2018	2019	
\$ 670,733	\$ 716,296	\$ 737,360	\$ 640,620	\$ 624,380	\$ 521,920	
\$ 1,178,258,083	\$ 1,420,173,026	\$ 745,995,340	\$ 513,985,460	\$ 697,313,500	\$ 864,986,660	
\$ 62,583,333	\$ 63,802,348	\$ 50,098,060	\$ 28,100,160	\$ 26,899,180	\$ 34,800,940	
\$ 93,448,367	\$ 104,950,591	\$ 57,805,900	\$ 89,826,100	\$ 156,225,520	\$ 156,790,260	
\$ 692,062,683	\$ 719,212,626	\$ 579,732,680	\$ 517,949,240	\$ 602,647,120	\$ 661,484,300	
\$ 534,587,550	\$ 610,714,713	\$ 404,406,120	\$ 334,365,100	\$ 374,607,020	\$ 387,220,980	
\$ 2,084,217	\$ 1,603,948	\$ 1,996,620	\$ 1,085,720	\$ 872,600	\$ 1,282,220	
\$ 195,701,700	\$ 262,655,235	\$ 181,610,940	\$ 162,053,520	\$ 185,158,640	\$ 212,633,860	
\$ 84,462,267	\$ 79,892,139	\$ 85,451,720	\$ 76,150,840	\$ 73,725,500	\$ 75,713,640	
\$ 10,896,233	\$ 15,191,339	\$ 8,818,520	\$ 7,464,580	\$ 7,460,560	\$ 11,452,480	
\$ 31,557,183	\$ 32,401,304	\$ 27,308,180	\$ 25,959,680	\$ 24,362,920	\$ 26,549,120	
\$ 223,136,350	\$ 188,324,852	\$ 155,116,300	\$ 86,477,960	\$ 86,392,180	\$ 95,652,560	
\$ 6,761,333	\$ 6,304,487	\$ 7,208,240	\$ 6,596,520	\$ 6,293,560	\$ 5,746,000	
\$ 7,070,733	\$ 8,511,843	\$ 10,396,080	\$ 6,437,300	\$ 3,893,660	\$ 9,900,040	
\$ 101,450	\$ 89,530	\$ 90,420	\$ 111,800	\$ 330,360	\$ 124,940	
\$ 69,567	\$ 69,617	\$ 41,980	\$ 39,100	\$ 29,120	\$ 22,360	
\$ 2,452,533	\$ 2,373,096	\$ 2,273,620	\$ 2,409,040	\$ 2,431,140	\$ 2,426,960	
\$ 125,905,033	\$ 154,045,478	\$ 131,713,360	\$ 111,534,000	\$ 118,787,560	\$ 130,551,320	
\$ 199,170,983	\$ 216,359,670	\$ 161,543,320	\$ 141,514,260	\$ 161,290,640	\$ 200,137,560	
\$ 3,450,980,331	\$ 3,887,392,138	\$ 2,612,344,760	\$ 2,112,701,000	\$ 2,529,345,160	\$ 2,877,998,120	

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

Fiscal Year ^{2,3}	Campbell County ¹	State of Wyoming	TOTAL*
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%
2019	1.00%	4.00%	5.00%

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

² Special Purpose Tax of 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

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

Business Activity	Fiscal Year 2019		
	Rank	Tax Liability	Percentage of Total County Liability
Support activities for mining	1	\$ 21,365,978	14.87%
Coal Mining	2	\$ 20,041,919	13.95%
Machinery and supply merchant wholesalers	3	\$ 8,189,963	5.70%
Building material and supplies dealers	4	\$ 7,863,244	5.47%
Commercial machinery repair and maintenance	5	\$ 5,372,418	3.74%
Auto parts, accessories, and tire stores	6	\$ 4,615,830	3.21%
Petroleum and coal products manufacturing	7	\$ 4,424,524	3.08%
Chemical merchant wholesalers	8	\$ 4,374,044	3.04%
Other general merchandise stores	9	\$ 4,237,404	2.95%
Automotive repair and maintenance	10	\$ 4,144,685	2.88%
Power generation and supply		\$ -	-
Executive, legislative and general government		\$ -	-
Petroleum merchant wholesalers		\$ -	-
Total		\$ 84,630,009	58.89%
Total Campbell County		\$ 143,700,153	

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 68.9% of the entire county's population.

Source: Wyoming Department of Revenue

Fiscal Year 2010		
Rank	Tax Liability	Percentage of Total County Liability
2	\$ 11,292,894	8.31%
1	\$ 12,523,235	9.21%
4	\$ 9,222,273	6.79%
6	\$ 6,251,404	4.60%
9	\$ 5,175,013	3.81%
	\$ -	-
	\$ -	-
	\$ -	-
8	\$ 5,777,194	4.25%
10	\$ 4,386,788	3.23%
3	\$ 10,758,309	7.92%
5	\$ 6,520,704	4.80%
7	\$ 5,859,167	4.31%

\$ 77,766,981 57.22%

\$ 135,916,033

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
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	\$ -	\$ 386,224	\$ 9,495,000	\$ 8,801,817	\$ 2,645,046
2019 ¹	\$ -	\$ 1,631,714	\$ 8,410,000	\$ 8,009,750	\$ 2,517,077

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

¹ 2019 Percentage of Personal Income calculated using 2018 Personal Income figures from Demographic and Economic Statistics, as 2019 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

Wy. Water Development						
Commission Loans		Capital Leases-Power Fund				
Water Fund	Leases	Premiums/ (Discounts)	Total Primary Government	Percentage of Personal Income ¹	Per Capita	
\$ 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	4.98%	\$ 4,777	
\$ 44,328,358	\$ 83,600,000	\$ 2,070,230	\$ 150,567,129	4.87%	\$ 4,728	

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

	Fiscal Year			
	2010	2011	2012	2013
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	\$ 663,910	\$ 632,339	\$ 599,966	\$ 566,194
Total Direct and Overlapping Debt	\$ 663,910	\$ 632,339	\$ 599,966	\$ 566,194

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					
		2014	2015	2016	2017	2018	2019
\$	-	\$	-	\$	-	\$	-
\$	-	\$	-	\$	-	\$	-
	n/a		n/a		n/a		n/a
\$	-	\$	-	\$	-	\$	-
\$	531,636	\$	496,922	\$	460,835	\$	423,951
\$	531,636	\$	496,922	\$	460,835	\$	423,951
						\$	386,224
						\$	1,631,714

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

Legal Debt Margin Calculation for Fiscal Year 2019

Assessed Value	\$ 276,596,342
Debt Limitation (4% of Assessed Value)	\$ 11,063,854
Debt Applicable to Limitation	\$ -
Legal Debt Margin	\$ 11,063,854

	Fiscal Year			
	2010	2011	2012	2013
Debt Limit	\$ 7,436,436	\$ 8,089,710	\$ 8,328,843	\$ 8,397,794
Total Net Debt Applicable to Limit	\$ -	\$ -	\$ -	\$ -
Legal Debt Margin	\$ 7,436,436	\$ 8,089,710	\$ 8,328,843	\$ 8,397,794
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 8,573,651	\$ 9,217,168	\$ 9,811,222	\$ 10,381,016	\$ 11,172,464	\$ 11,063,854
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 8,573,651	\$ 9,217,168	\$ 9,811,222	\$ 10,381,016	\$ 11,172,464	\$ 11,063,854
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>
2010 - 2019	\$ -	\$ -	\$ -

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

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

Date of Incorporation 1891
Form of Government Mayor - Council

	Fiscal Year			
	2010	2011	2012	2013
Population (CY Basis) ¹	29,087	30,000	30,121	30,646
Unemployment Rate ²	5.9%	4.7%	4.6%	3.9%
Median Age ^{3,6}	30.6	29.4	29.9	30.2
Personal Income (thousands of dollars) ^{4,6}	\$ 2,171,502	\$ 2,263,302	\$ 2,453,949	\$ 2,455,481
Per Capita Personal Income ^{4,6}	\$ 46,961	\$ 48,579	\$ 51,250	\$ 50,969
New Single-Family Residential:				
Number of Permits	294	262	225	143
Valuation	\$ 86,456,981	\$ 83,991,719	\$ 91,337,481	\$ 61,339,415
New Commercial/Industrial:				
Number of Permits	44	35	36	28
Valuation	\$ 42,104,156	\$ 32,003,194	\$ 29,860,712	\$ 40,107,881
Rental Vacancy Rates: ^{1,7}				
Building rentals	6.6%	6.3%	7.5%	9.1%
Mobile Home Parks	6.5%	8.3%	8.4%	6.6%
Homeowner Vacancy Rate ^{6,8}	n/a	n/a	n/a	n/a
Rental Vacancy Rate ^{6,8}	n/a	n/a	n/a	n/a
Area in Square Miles ¹	18.64	18.64	19.42	19.42
Number of Schools (In City of Gillette Only) ⁵				
Elementary Schools	8	8	8	9
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	13
County School Enrollment ⁵	8,145	8,248	8,368	8,524
County Student - Teacher Ratio ⁵				
Elementary Schools	17.67:1	19.08:1	19.00:1	19.18:1
Secondary Schools	14.44:1	14.91:1	15.33:1	15.46:1

Source:

¹ City of Gillette, Planning Division

² U.S. Bureau of Labor Statistics

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

⁴ Regional Economic Information System, Bureau of Economic Analysis

⁵ Campbell County School District

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

⁷ Beginning in FY19, the City of Gillette Planning Division no longer collects this data.

⁸ Wyoming Department of Administration & Information Economic Analysis Division. This data is only available on a County wide basis, and is presented on a calendar year basis, ending in December 31 of the previous year.

Fiscal Year					
2014	2015	2016	2017	2018	2019
32,000	32,520	30,467	31,147	32,252	31,843
3.4%	3.8%	6.2%	5.7%	4.3%	3.7%
30.2	30.4	30.9	30.9	n/a	n/a
\$ 2,352,749	\$ 2,690,020	\$ 2,367,290	\$ 2,258,500	\$ 3,092,300	n/a
\$ 48,691	\$ 54,653	\$ 48,507	\$ 48,842	\$ 51,064	n/a
128	142	53	14	30	27
\$ 57,346,683	\$ 56,780,306	\$ 22,809,688	\$ 5,676,085	\$ 7,448,000	\$ 6,967,500
28	30	27	12	16	9
\$ 45,800,319	\$ 95,279,433	\$ 55,090,590	\$ 13,677,262	\$ 6,261,000	\$ 7,061,500
1.3%	5.9%	22.4%	21.5%	7.5%	n/a
6.3%	9.1%	22.6%	16.7%	16.9%	n/a
n/a	n/a	1.8%	2.1%	2.1%	3.0%
n/a	n/a	7.6%	6.6%	7.6%	13.6%
19.42	21.66	21.66	21.71	23.15	23.15
9	9	9	10	10	11
2	2	2	2	2	2
1	1	1	1	2	2
1	1	1	1	1	1
13	13	13	14	15	16
8,714	8,986	9,038	8,567	8,603	8,612
18.90:1	18.90:1	18.80:1	18.22:1	18.82:1	18.98:1
15.06:1	15.06:1	16.23:1	15.76:1	15.23:1	17.04:1

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

Industry	Fiscal Year 2019 ²	
	Employees	Percentage of Total County Employment
Mining	6,004	24.27%
Total Government	4,855	19.63%
Retail Trade	2,321	9.38%
Construction	2,017	8.15%
Accommodation and Food Services	2,149	8.69%
Wholesale Trade	1,476	5.97%
Health Care and Social Assistance	1,027	4.15%
Transportation and Warehousing	859	3.47%
Administrative and Waste Services	731	2.95%
Other Services, Except Public Administration	672	2.72%
Professional and Technical Services	645	2.61%
Manufacturing	492	1.99%
Finance and Insurance	414	1.67%
Utilities	326	1.32%
Real Estate and Rental and Leasing	319	1.29%
Information	250	1.01%
Arts, Entertainment and Recreation	118	0.48%
Educational Services	63	0.25%
Total	24,738	100.00%
Total Campbell County Employment	24,738	

Sources:

Department of Employment and Workforce Services, State of Wyoming

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

² Data presented on a calendar year basis, ending on December 31 of the previous year (i.e. Information for FY2019 ends on December 31, 2018)

Fiscal Year 2010 ²

<u>Employees</u>	<u>Percentage of Total County Employment</u>
8,130	29.47%
4,503	16.32%
2,385	8.65%
2,982	10.81%
1,876	6.80%
1,593	5.77%
948	3.44%
924	3.35%
632	2.29%
944	3.42%
844	3.06%
502	1.82%
397	1.44%
274	0.99%
291	1.05%
204	0.74%
104	0.38%
52	0.19%
<u>27,585</u>	<u>100.00%</u>

27,585

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

Function/Program	Fiscal Year			
	2010	2011	2012	2013
General Government				
Finance, Human Resources, Safety	11.75	11.75	11.75	12
Judicial and Legal	6	8	8	10.5
City Hall, Buildings & Grounds	8	8	9	9
Planning & Building Inspection	15	15	14	14
Streets, Traffic	17.5	17	17	19
Parks	10	10	10	12
Central Administration	16.75	17.75	16.75	16.75
Other	22.5	22	22	23
Police				
Officers and Civilians	68	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	2	2	2	2
Engineering	14	12	12	12
Warehouse & Purchasing	4	4	4	4
Vehicle Maintenance	6	6	7	7
Utilities Administration	21	21	22	22
Solid Waste Collection	9	9	9	9
Water & Water Treatment	15	16	16	18
Power	15	15	15	16
Wastewater	11	11	11	11
Total FTE Employees	290.5	291.5	292.5	303.25
Total Temporary/Seasonal positions ¹	28	35.5	21.0	22.6

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

Fiscal Year					
2014	2015	2016	2017	2018	2019
21.25	21.75	22.75	20.5	21	22
10.5	11.5	11.75	10	9	8
9	9	9	7	7	8
13	11	11	8	8.5	8.5
19	18	18	17	18	18
12	12	12	10	10	10
17.5	19.75	19.75	14.5	14	13
23	23	23	17	17.5	19.5
67	68	69	61	65	65
9	9	11.5	11	11	11
6	7	7	6	7	7
3	4	4	2	2	2
2	2	2	1	1.5	1.5
12	12	12	8	10	10
4	4	4	3	4	4
7	7	7	7	7	7
12.75	14.75	16.75	16.75	16	17
9	9	9	9	9	9
18	18	18	16	17	17
16	16	18	17	17	16
11	12	14	13	13	16
302	308.75	319.5	274.75	284.5	289.5
19.8	19.0	19.5	11.0	6.0	14.8

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

Function/Program	Fiscal Year			
	2010	2011	2012	2013
Police				
Stations	1	1	1	1
Patrol units	38	38	38	38
Public Works				
Refuse collection trucks	7	8	8	8
Streets (miles)	202.0	202.9	205.4	209.4
City parks (acres)	412.7	419.3	419.3	421.6
Bike paths (miles)	37.3	40.9	44.9	46.0
Storm sewers (miles)	88.57	90.31	90.31	90.31
Traffic signals	n/a	n/a	59	63
Utilities Department				
Water				
Water lines (miles)	259.9	262.7	267.3	289.3
Fire hydrants	2,011	2,097	2,150	2,251
Storage capacity (thousands of gallons)	22,000	22,000	22,000	22,000
Electric				
Electric lines (miles)-includes both transmission & distribution	300.0	329.3	336.1	337.9
Streetlights	2,725	2,789	2,927	3,157
Transformers	2,660	2,725	2,762	3,085
Number of substations	9	10	10	10
Wastewater				
Sanitary sewers (miles)	179.7	182.4	183.2	187.4
Number of manholes	3,591	3,629	3,649	3,667
Treatment capacity (thousands of gallons)	5,120	5,120	5,120	5,120

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

Fiscal Year					
2014	2015	2016	2017	2018	2019
1	1	1	1	1	1
38	38	38	38	38	43
8	8	8	8	8	8
214.4	221.1	222.9	222.9	232.8	233.1
661.1	661.1	661.1	661.2	678.5	677.9
46.0	50.8	60.4	75.6	75.7	76.9
96.95	101.17	99.63	101.40	101.50	103.30
64	75	98	119	123	137
291.4	310.7	340.3	357.6	372.6	375.8
2,269	2,305	2,322	2,324	2,348	2,372
22,000	22,000	22,300	22,300	22,300	22,300
344.0	365.0	365.0	374.0	376.0	375.0
3,233	3,346	3,383	3,418	3,556	3,571
3,108	3,227	3,260	3,377	3,347	3,348
10	10	10	9	9	9
190.5	190.5	188.4	188.4	188.4	196.0
3,690	3,718	3,776	3,776	3,779	3,926
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			
	2010	2011	2012	2013
General Government				
Building permits issued	1,230	2,721	1,015	866
Building inspections conducted	12,210	11,471	10,715	9,515
Gas, Electrical, Plumbing & Mechanical Permits	2,123	2,095	2,024	1,795
Contractor Licences	1,284	1,204	1,189	1,161
Police ¹				
Incidents	32,229	34,458	34,738	35,536
Incident reports taken	8,040	8,365	8,586	9,824
Traffic citations	5,791	6,315	8,726	4,682
Physical arrests	2,811	3,106	3,506	3,906
Public Works				
Refuse collected (In Tons per Year)	11,866	11,962	12,714	12,667
Curbside Yard Waste collected (In Tons per Year)	401	444	545	624
Acres of parks mowed	n/a	n/a	n/a	2,142
Miles of streets plowed	n/a	n/a	n/a	33,972
Utilities Department				
Meters read - all Utilities (Water, Electric)	281,236	289,289	292,484	304,278
Utility bills mailed	178,631	184,546	189,237	194,474
Wastewater ¹				
Daily average flows (Million Gallons per Day)	3.3800	3.3400	3.1200	3.0200
Compost sold (In Yards per Year) ¹	1,445	1,463	2,385	2,705
Yard Waste collected-drop-off site (In Tons per Year)	n/a	n/a	n/a	n/a
Electric				
Amount billed	\$ 22,669,692	\$ 23,910,313	\$ 24,086,469	\$ 25,278,925
Water				
New connections	887	233	252	125
Average Daily Water Production (In millions of gallons) ¹	4.3	4.1	4.6	5.1
Average Daily Consumption per Capita (gallons) ^{1,2}	128	148	155	167
Peak Water Demand (in millions of gallons)	14.6	11.7	13.3	11.1

¹ Data presented on a calendar year basis, ending on December 31 of the previous year (i.e. Information for FY2019 ends on December 31, 2018)

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

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

Fiscal Year					
2014	2015	2016	2017	2018	2019
799	856	548	491	459	528
8,176	10,430	5,367	3,592	5,447	4,317
1,537	1,717	1,051	823	1,171	981
1,281	1,387	1,325	1,244	1,230	1,192
33,533	36,433	37,005	31,884	28,809	29,216
8,933	9,172	8,583	7,366	6,604	7,359
4,058	4,310	4,729	3,837	3,386	3,373
3,686	3,934	4,672	3,816	3,260	3,210
13,213	13,565	13,073	11,606	11,307	12,632
1,281	692	715	705	747	789
2,480	3,245	1,643	1,905	3,585	3,666
54,469	34,825	27,065	34,295	40,413	47,972
309,233	309,936	312,420	312,156	316,692	315,408
194,687	199,073	200,928	209,181	200,703	174,259
3.1800	3.2500	3.0000	3.0200	3.0000	3.2000
3,164	2,789	4,460	4,247	2,186	1,804
2,031	4,560	4,918	4,318	4,319	3,908
\$ 26,555,552	\$ 27,410,894	\$ 30,159,956	\$ 31,237,842	\$ 31,892,517	\$ 31,805,355
155	259	72	(31)	123	214
4.3	4.0	4.4	4.6	4.6	4.0
140	126	137	140	144	133
11.0	11.0	10.8	11.9	11.9	9.7

SINGLE AUDIT SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **City of Gillette, Wyoming (City)** as of and for the year ended June 30, 2019, 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 11, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the **City of Gillette, Wyoming's** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the **City's** internal control. Accordingly, we do not express an opinion on the effectiveness of the **City's** internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Bennett, Weber & Hermstad, LLP

Gillette, Wyoming
December 11, 2019

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, 2019. 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, 2019.

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 & Hermsstad, LLP

Gillette, Wyoming
December 11, 2019

CITY OF GILLETTE, WYOMING

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2019

(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	-	\$ 149,731
<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	\$ 20,585
Homeland Security Grant Program	97.067	17-GPD-GIL-LM-HSM17	54,360
Homeland Security Grant Program	97.067	18-SHSP-GIL-LP-HEM18	39,420
Total Department of Homeland Security			\$ 114,365
<u>Department of Justice</u>			
Direct Awards:			
Bureau of Justice Assistance			
Bulletproof Vest Partnership Program - 2016, 2017 and 2018	16.607	-	\$ 10,312
Passed Through the State of Wyoming Division of Criminal Investigation			
Edward Byrne Memorial Justice Assistance Grant Program - 2015, 2016 and 2017	16.738	-	\$ 40,830
Passed Through the State of Wyoming Association of Sheriffs and Chiefs of Police			
Enforcing Underage Drinking Laws Program - 2017, 2018 and 2019	16.727	-	\$ 11,592
Passed Through the State of Wyoming Office of Attorney General			
Crime Victim Assistance	16.575	2017-VA-GX-0075	\$ 69,174
Violence Against Women Formula Grants	16.588	2017-WF-AX-0011	23,182
Total Passed Through the State of Wyoming Office of Attorney General			\$ 92,356
Total Pass Through Awards			\$ 144,778
Total Department of Justice			\$ 155,090

(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, 2019

(Page 2 of 2)

Federal Grantor Pass Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>Department of Transportation</u>			
Passed Through the State of Wyoming, Department of Transportation			
Highway Safety Cluster			
National Priority Safety Program - 2018 and 2019	20.616	-	\$ 31,102
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205	-	\$ 295,310
Total Department of Transportation			\$ 326,412
<u>Executive Office of the President</u>			
Passed Through the State of Wyoming			
Division of Criminal Investigation			
High Intensity Drug Trafficking Areas			
Program - 2018 and 2019	95.001	-	\$ 4,864
<u>Department of the Interior</u>			
Passed Through State of Wyoming Department of Environmental Quality			
Abandoned Mine Land Reclamation Program	15.252	-	\$ 1,690,091
Passed Through State of Wyoming Department of State Parks and Cultural Resources, State Historic Preservation Office			
Historic Preservation Grants-In-Aid	15.904	-	4,914
Total Department of Interior			\$ 1,695,005
Total Expenditures of Federal Awards			\$ 2,445,467

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, 2019

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, 2019. 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, 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, 2019. Following is the balance of the federal portion of the loans at June 30, 2019.

Program	CFDA Number	Amount
Capitalization Loans for Clean Water State Revolving Funds		
Design and Construction, Wastewater Treatment Plant CWSRF Loan #50	66.458	\$ 6,909,532
Capitalization Loans for Drinking Water State Revolving Funds		
Design and Construction, Water Distribution System DWSRF Loan #39	66.468	296,132
Total Federal Loans		\$ 7,205,664

CITY OF GILLETTE, WYOMING

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2019

(Page 2 of 2)

Section II. Financial Statement Findings

A. Internal Control Findings

There were no 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 2019.

CITY OF GILLETTE, WYOMING

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2019

1) Prior Year Findings:

There were no prior year findings.
