

# City of Evanston, Wyoming

## FINANCIAL REPORT

JUNE 30, 2019





**CITY OF EVANSTON, WYOMING**

**FINANCIAL REPORT**

**June 30, 2019**

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## **FINANCIAL SECTION**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the City Council  
City of Evanston, 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 Evanston, 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.



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### ***Basis for Qualified Opinion on Proprietary Fund Statement of Cash Flows***

As discussed in Note 1 to the financial statements, management has pooled cash and investments. The City is unable to distinguish between the pooled cash and cash equivalents and the pooled investments at the fund level. Accounting principles generally accepted in the United States of America require proprietary funds to report information about all cash investing, capital and financing activities during a period. The amount by which this departure would affect the proprietary fund statement of cash flows has not been determined.

### ***Qualified Opinion***

In our opinion, except for the matters described in the “Basis for Qualified Opinion on Proprietary Fund Statement of Cash Flows” paragraph above, the financial statement referred to above presents fairly, in all material respects, the cash flows of the proprietary funds of the City of Evanston, Wyoming for the year ended June 30, 2019, in accordance with accounting principles generally accepted in the United States of America.

### ***Unmodified 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 Evanston, Wyoming, as of June 30, 2019 and the respective changes in financial position 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, budgetary comparison information, pension schedules and other postemployment benefit schedules, as listed in the table of contents, 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 the 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 Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Evanston, Wyoming’s basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated December 18, 2019 on our consideration of the City of Evanston, 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 of Evanston, Wyoming'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 Evanston, Wyoming's internal control over financial reporting and compliance.

*Porter, Muirhead, Cornia & Howard*

Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming  
December 18, 2019

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# CITY OF EVANSTON, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

(Unaudited)

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As management of the City of Evanston, Wyoming, we offer readers of the City of Evanston, Wyoming's financial statements this narrative overview and analysis of the financial activities of the City of Evanston, Wyoming for the fiscal year ended June 30, 2019.

### ***Financial Highlights***

The assets of the City of Evanston, Wyoming exceeded its liabilities at the close of the most recent fiscal year by \$105,393,141 (*net position*). Of this amount, \$41,221,839 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.

- The government's total net position decreased by \$1,565,306.
- As of the close of the current fiscal year, the City of Evanston, Wyoming's governmental funds reported combined ending fund balances of \$16,016,149.
- At the end of the current fiscal year, fund balance for the general fund was \$14,229,208.

### ***Overview of the Financial Statements***

This discussion and analysis are intended to serve as an introduction to the City of Evanston, Wyoming's basic financial statements. The City of Evanston, Wyoming's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and 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 Evanston, Wyoming's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Evanston, Wyoming's assets and liabilities, with the difference between the two 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 Evanston, Wyoming is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most 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 Evanston, Wyoming 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 Evanston, Wyoming include general government, public safety, public works, and health, welfare and recreation. The business-type activities of the City of Evanston, Wyoming include water, sewer, golf, and environmental services.

***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 Evanston, Wyoming 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 Evanston, Wyoming can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

## CITY OF EVANSTON, WYOMING

### MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

(Unaudited)

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**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 balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Evanston, Wyoming maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be a major fund, data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Evanston, Wyoming adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**Proprietary Funds.** The City of Evanston, Wyoming 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 Evanston, Wyoming uses enterprise funds to account for its Water, Sewer and Environmental Service operation. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Evanston, Wyoming's various functions. The City of Evanston, Wyoming uses an internal service fund to account for its fleet of vehicles. Because this service predominantly benefits governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide 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 the Water, Sewer, and Environmental Service operation, all of which are considered to be major funds of the City of Evanston, Wyoming.

**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.

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Evanston, Wyoming's progress in funding its obligation to provide pension benefits to its employees.

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaced the requirements of GASB 45. The City of Evanston offers medical insurance benefits to retirees and their dependents through Blue Cross Blue Shield of Wyoming. The City of Evanston pays 20% of the premium, and the retiree is responsible for the remaining 80% of the premium. GASB No. 75 requires that the City of Evanston recognize the implicit cost of its retiree postemployment benefit plan during the period of the employee's active employment while the benefits are being earned.

# CITY OF EVANSTON, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

(Unaudited)

The Unfunded Actuarial Accrued Liability (UAAL) is required to be disclosed in order to accurately account for the total future cost of postemployment benefits and the financial impact on the City of Evanston.

### ***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 Evanston, Wyoming's net position reflect its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Evanston, Wyoming uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Evanston, Wyoming's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of Evanston  
Comparative Statement of Net Position  
June 30, 2018 and 2019**

	Governmental Activities		Business-type Activities		Total	
	2018	2019	2018	2019	2018	2019
<b>Assets</b>						
Current assets	\$ 15,981,010	\$ 17,691,797	\$ 32,622,346	\$ 33,150,403	\$ 48,603,356	\$ 50,842,200
Net capital assets	36,361,887	34,730,830	28,421,524	27,758,110	64,783,411	62,488,940
Total assets	<u>52,342,897</u>	<u>52,422,627</u>	<u>61,043,870</u>	<u>60,908,513</u>	<u>113,386,767</u>	<u>113,331,140</u>
<b>Deferred outflows of resources</b>	<u>1,189,116</u>	<u>2,697,617</u>	<u>489,231</u>	<u>895,875</u>	<u>1,678,347</u>	<u>3,593,492</u>
<b>Liabilities</b>						
Current liabilities	700,164	895,499	294,718	279,041	994,882	1,174,540
Long-term liabilities	3,400,773	5,925,941	1,966,254	2,922,270	5,367,027	8,848,211
Total Liabilities	<u>4,100,937</u>	<u>6,821,440</u>	<u>2,260,972</u>	<u>3,201,311</u>	<u>6,361,909</u>	<u>10,022,751</u>
<b>Deferred inflows of resources</b>	<u>1,329,005</u>	<u>1,250,911</u>	<u>336,211</u>	<u>257,829</u>	<u>1,665,216</u>	<u>1,508,740</u>
<b>Net Position</b>						
Net investment in capital assets	36,342,553	34,720,897	28,327,659	27,700,785	64,670,212	62,421,682
Restricted	2,623,219	1,749,620	-	-	2,623,219	1,749,620
Unrestricted	9,136,299	10,577,376	30,608,259	30,644,463	39,744,558	41,221,839
Total net position	<u>\$ 48,102,071</u>	<u>\$ 47,047,893</u>	<u>\$ 58,935,918</u>	<u>\$ 58,345,248</u>	<u>\$ 107,037,989</u>	<u>\$ 105,393,141</u>

A portion of the City of Evanston, Wyoming's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$42,221,839 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 Evanston, Wyoming is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities.

# CITY OF EVANSTON, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019 (Unaudited)

**Governmental Activities.** Governmental activities for the City of Evanston, Wyoming are provided in the following table.

City of Evanston Comparative Statement of Changes in Net Position June 30, 2018 and 2019						
	Governmental Activities		Business-type Activities		Total	
	2018	2019	2018	2019	2018	2019
Revenues						
Charges for services	\$ 1,226,180	\$ 1,373,252	\$ 5,375,754	\$ 5,288,394	\$ 6,601,934	\$ 6,661,646
Operating grants and contributions	2,396,653	449,473	-	-	2,396,653	449,473
Capital grants and contributions	1,509	6,378	529,024	-	530,533	6,378
Taxes						
Property taxes	642,705	657,470	-	-	642,705	657,470
Other taxes	7,254,751	7,624,823	-	-	7,254,751	7,624,823
State additional funding not restricted to specific programs	1,482,494	1,485,664	-	-	1,482,494	1,485,664
Unrestricted investment earnings	250,501	1,027,550	189,739	314,979	440,240	1,342,529
Miscellaneous revenue	389,894	226,994	23,442	33,367	413,336	260,361
Total revenues	<u>13,644,687</u>	<u>12,851,604</u>	<u>6,117,959</u>	<u>5,636,740</u>	<u>19,762,646</u>	<u>18,488,344</u>
Expenses						
General government	3,611,357	5,078,190	-	-	3,611,357	5,078,190
Public safety	3,108,778	3,748,333	-	-	3,108,778	3,748,333
Public works	2,368,698	1,239,820	-	-	2,368,698	1,239,820
Health, welfare, and recreation	1,881,793	2,213,616	-	-	1,881,793	2,213,616
Water	-	-	2,657,233	2,879,894	2,657,233	2,879,894
Sewer	-	-	987,723	1,182,881	987,723	1,182,881
Golf	-	-	910,151	823,205	910,151	823,205
Environmental services	-	-	1,284,304	1,370,687	1,284,304	1,370,687
Other	7,651	12,591	-	-	7,651	12,591
Total expenses	<u>10,978,277</u>	<u>12,292,550</u>	<u>5,839,411</u>	<u>6,256,667</u>	<u>16,817,688</u>	<u>18,549,217</u>
Excess (deficiency) of revenues over expenses before transfers	2,666,410	559,054	278,548	(619,927)	2,944,958	(60,873)
Special item, loss on disposal of capital assets	(1,287,146)	(1,504,433)	-	-	(1,287,146)	(1,504,433)
Transfers	69,570	(29,257)	(69,570)	29,257	-	-
Change in net position	1,448,834	(974,636)	208,978	(590,670)	1,657,812	(1,565,306)
Net position - beginning of year, as previously stated	46,986,891	48,102,071	58,900,014	58,935,918	105,886,905	107,037,989
Prior period adjustment	(333,654)	(79,542)	(173,074)	-	(506,728)	(79,542)
Net position - beginning of year, as restated	46,653,237	48,022,529	58,726,940	58,935,918	105,380,177	106,958,447
Total Net position	<u>\$ 48,102,071</u>	<u>\$ 47,047,893</u>	<u>\$ 58,935,918</u>	<u>\$ 58,345,248</u>	<u>\$ 107,037,989</u>	<u>\$ 105,393,141</u>



## CITY OF EVANSTON, WYOMING

### MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

(Unaudited)

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The City of Evanston, Wyoming is very active in searching and obtaining grants to maintain the level of service and living conditions for our residents. We have received Homeland Security grants along with Alcohol and Tobacco Compliance Grants, Selective Traffic Enforcement, and Underage Drinking Prevention Grants. We also receive grant funds for a DCI Officer and a Victims Witness Coordinator.

Other awarded grants, to the City of Evanston, Wyoming, furnished resources to support functions such as the Roundhouse Stabilization of the last three sections and repair of the Fairgrounds sewer lines.

#### ***Expenses and Program Revenues – Governmental Activities***

General Government is our major expense. This division is comprised of City Council, Judicial, Executive, Attorney, Community Development/Engineering, Treasurer/Clerk, Urban Renewal, and General Services.

Our Public Works Departments include Administration and Street Divisions. For the most part, expenses closely paralleled inflation and growth in the demand for services.

To monitor the expense of services to the community, the City of Evanston, Wyoming has structured the divisions to better analyze our expenses. Therefore, the City of Evanston, Wyoming can review the cost of specific services to provide more fiscal responsibility.

#### ***Revenues by Source – Governmental Activities***

Local sales and use tax, mineral and severance taxes, general property tax, gasoline, tobacco, and motor vehicle taxes, franchise fees, lottery and pari-mutuel distributions, and distributions from the State are the general revenues sources used to support overall government functions. These taxes and distributions make up 64% of revenues, charges for services 11%, operating and capital grants 3.5%, direct distribution from the State 11.5%, unrestricted interest income 8%, and miscellaneous revenue 2% of total revenues.

***Business-type Activities.*** Business-type activities increased City of Evanston, Wyoming assets as follows.

Grant funds made it possible to update sewer lines through our Fairgrounds and Hamblin Park. Work has continued the stabilization of the Roundhouse sections for us to better market this building to investors, again grant proceeds helped make this possible during this fiscal year. Implementation of a GIS system, upgrades to the water meters, and upgrades to the telephone system were also projects to provide better services to our local citizens.

#### ***Financial Analysis of the Government's Funds***

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

***Governmental funds.*** The focus on the City of Evanston, Wyoming'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 Evanston, Wyoming'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.

The general fund is the chief operating fund of the City of Evanston, Wyoming. At the end of the current fiscal year, unassigned fund balance of the general fund was \$8,729,208, while total general fund balance reached \$14,229,208. As a measure of a governmental funds' liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The general fund balance of the City of Evanston, Wyoming increased by \$2,513,073 during the current fiscal year.

## CITY OF EVANSTON, WYOMING

### MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019

(Unaudited)

- 
- Total tax revenues for the City increased by \$3384,837.
  - Operating and capital grants decreased by \$1,952,555 due to finishing the grant associated with the Roundhouse Project.
  - Investment earnings increased by \$777,049 because of increasing account balances and interest rates. Also using our investments more wisely.
  - Charges for Services increased by \$147,072.
  - Miscellaneous revenue decreased by \$162,901.

The long-term liabilities of \$8,848,210, which include accrued compensated absences, OPEB and pension obligation, are not due and payable in the current period and therefore are not reported in the funds.

***Proprietary funds.*** The City of Evanston, Wyoming'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 Water, Sewer, Golf and Environmental Services at the end of the year amounted to \$30,644,463. The total growth in unrestricted net position for these funds was \$36,204. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Evanston, Wyoming's business-type activities.

#### ***General Fund Budgetary Highlights***

The original budget appropriations for the General Fund were \$12,618,137. Minor adjustments were made due to unexpected funds received for projects. The adjustment was \$225,000 making our final General Fund Budget amount \$12,843,137.

#### ***Capital Asset and Debt Administration***

***Capital assets.*** The City of Evanston, Wyoming's investment in capital assets for its governmental and business type activities as of June 30, 2019 amounts to \$62,488,940 (net of accumulated depreciation). This investment in capital assets include land, buildings and systems, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

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

- Continued work on the stabilization and upgrade of the Roundhouse
- City View Water Line Replacement
- Security Camera in public buildings
- New logic controller at the Water Treatment Plant
- Recreation Center improvements
- Studies to improve our roadways and infrastructures

# CITY OF EVANSTON, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019 (Unaudited)

### City of Evanston Comparative Statement of Capital Assets (Net of Depreciation) June 30, 2018 and 2019

	Governmental Activities		Business-type Activities		Total	
	2018	2019	2018	2019	2018	2019
Land	\$ 11,177,181	\$ 9,423,797	\$ 733,694	\$ 733,694	\$ 11,910,875	\$ 10,157,491
Construction in Progress	3,344,627	4,593,522	158,951	624,813	3,503,578	5,218,335
Buildings and Systems	40,647,612	40,647,612	68,211,049	68,211,049	108,858,661	108,858,661
Machinery and Equipment	5,094,718	5,069,342	3,252,538	3,663,831	8,347,256	8,733,173
Infrastructure	17,818,170	17,818,170	-	-	17,818,170	17,818,170
Land Improvements	1,488,152	1,488,152	-	-	1,488,152	1,488,152
Accumulated Depreciation	(43,208,573)	(44,309,765)	(43,934,709)	(45,475,277)	(87,143,282)	(89,785,042)
Total	<u>\$ 36,361,887</u>	<u>\$ 34,730,830</u>	<u>\$ 28,421,523</u>	<u>\$ 27,758,110</u>	<u>\$ 64,783,410</u>	<u>\$ 62,488,940</u>

Additional information on the City of Evanston, Wyoming's capital assets can be found in the notes to the financial statements.

### ***Long-term debt:***

### City of Evanston Comparative Statement of Outstanding Debt June 30, 2018 and 2019

	Governmental Activities		Business-type Activities		Total	
	2018 (as restated)	2019	2018	2019	2018	2019
Accrued Compensated						
Absences	\$ 614,434	\$ 766,416	\$ 342,667	\$ 303,791	\$ 957,101	\$ 1,070,207
Lease Purchase Obligation	19,334	9,933	93,865	294,754	113,199	304,687
Other Post-Employment						
Benefits	509,868	575,305	188,581	212,784	698,449	788,089
Pension Obligation	2,297,260	4,622,851	1,452,139	2,169,925	3,749,399	6,792,776
Total	<u>\$ 3,440,896</u>	<u>\$ 5,974,505</u>	<u>\$ 2,077,252</u>	<u>\$ 2,981,254</u>	<u>\$ 5,518,148</u>	<u>\$ 8,955,759</u>

The City of Evanston, Wyoming's total debt is \$8,955,759 for the current fiscal year. Additional information on the City of Evanston, Wyoming's long-term debt is provided in the notes to the financial statements.

### **Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for the City of Evanston, Wyoming as of June 30, 2019 was 4.3%, which is slightly lower than one year ago. This is higher than the state's average unemployment rate of 3.8% and the national average rate of 3.7%

The local economy has also remained steady with no major increase or decreases. Due to uncertainty, the City of Evanston prepared the budget for the 2020 fiscal year very conservatively.

### ***Requests for Information***

The financial report is designed to provide a general overview of the City of Evanston, Wyoming'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 Treasurer, 1200 Main Street, City of Evanston, Wyoming, 82930.

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## **BASIC FINANCIAL STATEMENTS**

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**CITY OF EVANSTON, WYOMING**

**STATEMENT OF NET POSITION**

June 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Pooled cash and cash equivalents and investments	\$ 15,513,435	\$ 32,477,124	\$ 47,990,559
Receivables (net of allowance for uncollectibles)			
Accounts receivable	1,386,904	589,713	1,976,617
Property taxes	737,206	-	737,206
Accrued interest	43,480	-	43,480
Inventory	10,772	83,566	94,338
Total noncapital assets	<u>17,691,797</u>	<u>33,150,403</u>	<u>50,842,200</u>
Capital assets not being depreciated			
Land	9,423,797	733,694	10,157,491
Construction in progress	4,593,522	624,813	5,218,335
Capital assets being depreciated			
Buildings and systems	40,647,612	68,211,049	108,858,661
Machinery and equipment	5,069,342	3,663,831	8,733,173
Infrastructure	17,818,170	-	17,818,170
Land improvements	1,488,152	-	1,488,152
Total capital assets	79,040,595	73,233,387	152,273,982
Less accumulated depreciation	<u>(44,309,765)</u>	<u>(45,475,277)</u>	<u>(89,785,042)</u>
Total capital assets (net of accumulated depreciation)	<u>34,730,830</u>	<u>27,758,110</u>	<u>62,488,940</u>
Total assets	<u>52,422,627</u>	<u>60,908,513</u>	<u>113,331,140</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension plan items	2,677,847	888,562	3,566,409
OPEB Items	19,770	7,313	27,083
Total deferred outflows of resources	<u>2,697,617</u>	<u>895,875</u>	<u>3,593,492</u>

(Continued)

See accompanying notes to the financial statements

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**CITY OF EVANSTON, WYOMING**

**STATEMENT OF NET POSITION (CONTINUED)**

June 30, 2019

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
<b>LIABILITIES</b>			
Accounts payable	\$ 595,315	\$ 116,269	\$ 711,584
Accrued payroll	89,039	42,612	131,651
Accrued liabilities	10,262	-	10,262
Court bonds payable	11,300	-	11,300
Unearned - cash in lieu of land development	141,019	-	141,019
Deposits payable	-	61,175	61,175
Long-term liabilities			
Due in one year	48,564	58,985	107,549
Due in more than one year	727,785	539,560	1,267,345
Net pension liability	4,622,851	2,169,925	6,792,776
OPEB Liability	575,305	212,785	788,090
Total liabilities	<u>6,821,440</u>	<u>3,201,311</u>	<u>10,022,751</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension plan items	548,262	257,829	806,091
Unavailable property taxes	702,649	-	702,649
Total deferred inflows of resources	<u>1,250,911</u>	<u>257,829</u>	<u>1,508,740</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	34,720,897	27,700,785	62,421,682
Restricted for			
Lodging tax fund	942,308	-	942,308
Economic development fund	601,465	-	601,465
Perpetual fund			
Expendable	105,847	-	105,847
Nonexpendable	100,000	-	100,000
Unrestricted	<u>10,577,376</u>	<u>30,644,463</u>	<u>41,221,839</u>
Total net position	<u>\$ 47,047,893</u>	<u>\$ 58,345,248</u>	<u>\$ 105,393,141</u>

See accompanying notes to the financial statements

# CITY OF EVANSTON, WYOMING

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2019

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 5,078,190	\$ 1,080,123	\$ 449,473	\$ 6,378
Public safety	3,748,333	261,783	-	-
Public works	1,239,820	-	-	-
Health, welfare, and recreation	2,213,616	31,346	-	-
Unallocated interest expense	12,591	-	-	-
Total governmental activities	12,292,550	1,373,252	449,473	6,378
Business-type activities:				
Water fund	2,879,894	2,374,106	-	-
Sewer fund	1,182,881	1,167,934	-	-
Golf fund	823,205	426,077	-	-
Environmental service fund	1,370,687	1,320,277	-	-
Total business-type activities	6,256,667	5,288,394	-	-
Total primary government	\$ 18,549,217	\$ 6,661,646	\$ 449,473	\$ 6,378

### General revenues

Property taxes, levied for general purposes  
Sales, severance, royalties, cigarette, gasoline, use taxes  
Franchise taxes  
Motor vehicle taxes  
State additional funding not restricted for specific purposes  
Unrestricted investment earnings  
Miscellaneous revenue  
Special item, loss on disposal of capital assets  
Transfers

Total general revenues, transfers and special item

Change in net position

Net position - beginning of year, as previously stated

Prior period adjustment

Net position - beginning of year, as restated

Net position - end of year

See accompanying notes to the financial statements

Net (Expense) Revenue and Changes in Net Position

Primary Government

Governmental Activities	Business-type Activities	Total
\$ (3,542,216)	\$ -	\$ (3,542,216)
(3,486,550)	-	(3,486,550)
(1,239,820)	-	(1,239,820)
(2,182,270)	-	(2,182,270)
(12,591)	-	(12,591)
(10,463,447)	-	(10,463,447)
-	(505,788)	(505,788)
-	(14,947)	(14,947)
-	(397,128)	(397,128)
-	(50,410)	(50,410)
-	(968,273)	(968,273)
(10,463,447)	(968,273)	(11,431,720)
657,470	-	657,470
7,170,084	-	7,170,084
165,269	-	165,269
289,470	-	289,470
1,485,664	-	1,485,664
1,027,550	314,979	1,342,529
226,994	33,367	260,361
(1,504,433)	-	(1,504,433)
(29,257)	29,257	-
9,488,811	377,603	9,866,414
(974,636)	(590,670)	(1,565,306)
48,102,071	58,935,918	107,037,989
(79,542)	-	(79,542)
48,022,529	58,935,918	106,958,447
\$ 47,047,893	\$ 58,345,248	\$ 105,393,141

**CITY OF EVANSTON, WYOMING**

**BALANCE SHEET**  
Governmental Funds  
June 30, 2019

	General Fund	Economic Development Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Pooled cash and cash equivalents and investments	\$ 13,404,807	\$ 839,045	\$ 1,150,716	\$ 15,394,568
Receivables (net of allowance for uncollectibles)				
Accounts receivable	1,319,830	-	67,007	1,386,837
Property taxes	737,204	-	-	737,204
Accrued interest	43,480	-	-	43,480
Total assets	<u>\$ 15,505,321</u>	<u>\$ 839,045</u>	<u>\$ 1,217,723</u>	<u>\$ 17,562,089</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 310,031	\$ 237,580	\$ 32,247	\$ 579,858
Accrued payroll	89,039	-	-	89,039
Accrued liabilities	10,262	-	-	10,262
Court bonds payable	11,300	-	-	11,300
Unearned - cash in lieu of land development	141,019	-	-	141,019
Total liabilities	<u>561,651</u>	<u>237,580</u>	<u>32,247</u>	<u>831,478</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable property taxes	714,462	-	-	714,462
Total deferred inflows of resources	<u>714,462</u>	<u>-</u>	<u>-</u>	<u>714,462</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	100,000	100,000
Restricted	-	601,465	1,048,155	1,649,620
Assigned	5,500,000	-	-	5,500,000
Unassigned	8,729,208	-	37,321	8,766,529
Total fund balances	<u>14,229,208</u>	<u>601,465</u>	<u>1,185,476</u>	<u>16,016,149</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,505,321</u>	<u>\$ 839,045</u>	<u>\$ 1,217,723</u>	<u>\$ 17,562,089</u>

See accompanying notes to the financial statements

**CITY OF EVANSTON, WYOMING**

**RECONCILIATION OF GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
June 30, 2019**

Total governmental fund balances		\$ 16,016,149
Amounts reported for governmental activities in the statement of net position are different because:		
Long-term liabilities, including accrued compensated absences, are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Accrued compensated absences	\$ (766,416)	
Lease purchase obligation	(9,933)	
Other post-employment benefits payable	(575,305)	
Pension liability	<u>(4,622,851)</u>	(5,974,505)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	34,730,830	
Less net capital assets recorded in the internal service fund	<u>(6,615)</u>	34,724,215
Deferred outflows and inflows are not available revenues or available to pay for current period expenditures and therefore the underlying resources are not reported in the governmental funds.		
Deferred outflows - pension plan items	2,677,847	
Deferred outflows - OPEB items	19,770	
Deferred inflows - pension plan items	<u>(548,262)</u>	2,149,355
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Unavailable property taxes in governmental funds	714,462	
Unavailable property taxes in governmental activities	<u>(702,649)</u>	11,813
Internal service funds are used by management to charge the costs of certain activities, such as motor vehicle costs, to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		<u>120,866</u>
Net position of governmental activities		<u><u>\$ 47,047,893</u></u>

See accompanying notes to the financial statements

# CITY OF EVANSTON, WYOMING

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

### Governmental Funds

Year Ended June 30, 2019

	General Fund	Economic Development Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 3,198,486	\$ -	\$ 267,995	\$ 3,466,481
Licenses and permits	177,574	-	-	177,574
Fines and forfeitures	152,473	-	-	152,473
Intergovernmental revenues	7,784,287	-	-	7,784,287
Charges for services	41,978	-	31,346	73,324
Rental income	-	94,745	-	94,745
Investment earnings and miscellaneous	1,138,576	10,278	11,066	1,159,920
Total revenues	12,493,374	105,023	310,407	12,908,804
Expenditures				
Current				
General government	3,414,237	-	-	3,414,237
Public safety and transportation	3,184,360	-	-	3,184,360
Public works	1,152,667	-	-	1,152,667
Health, welfare and recreation	1,640,001	1,204,466	494,109	3,338,576
Capital outlay	457,413	-	-	457,413
Debt service				
Principal	9,401	-	-	9,401
Interest	13,423	-	-	13,423
Total expenditures	9,871,502	1,204,466	494,109	11,570,077
Excess (deficiency) of revenues over expenditures	2,621,872	(1,099,443)	(183,702)	1,338,727
Other Financing Sources (uses)				
Transfers in	22,929	-	-	22,929
Transfers out	(52,186)	-	-	(52,186)
Total other financing sources (uses)	(29,257)	-	-	(29,257)
Special Item				
Proceeds from sale of capital assets	-	250,000	-	250,000
Net change in fund balances	2,592,615	(849,443)	(183,702)	1,559,470
Fund balances - beginning of year, as previously stated	11,716,135	1,450,908	1,369,178	14,536,221
Prior period adjustment	(79,542)	-	-	(79,542)
Fund balances - beginning of year, as restated	11,636,593	1,450,908	1,369,178	14,456,679
Fund balances - end of year	\$ 14,229,208	\$ 601,465	\$ 1,185,476	\$ 16,016,149

See accompanying notes to the financial statements

# CITY OF EVANSTON, WYOMING

## RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES Year Ended June 30, 2019

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 1,559,470
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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 and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense and loss on disposal of capital assets in the current period:

General government

Total additions to capital assets	\$ 1,437,434	
Less additions to the internal service fund	(122)	
Depreciation expense	(1,314,058)	
Less depreciation expense in the internal service fund	1,912	125,166

In the statement of activities, only the loss from the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.

Proceeds from the sale of capital assets	(250,000)	
Loss on disposal of capital assets	(1,504,433)	(1,754,433)

The changes in long-term liabilities do not require the use of current financial resources of governmental funds. Thus, the change is not recorded in governmental funds. This is the net effect of these differences in the treatment:

Payment on principal on lease purchase obligation	9,401	
Compensated absences as of June 30, 2018	614,434	
Compensated absences as of June 30, 2019	(766,416)	
Pension liability as of June 30, 2018	2,297,260	
Pension liability as of June 30, 2019	(4,622,851)	
Other post-employment benefits payable as of June 30, 2018	509,868	
Other post-employment benefits payable as of June 30, 2019	(575,305)	(2,533,609)

Deferred outflows and inflows of resources are not available revenue or available to pay for current period expenditures and, therefore, the underlying resources are not reported in the governmental funds:

Deferred outflows - pension items as of June 30, 2018	(1,189,116)	
Deferred outflows - pension items as of June 30, 2019	2,677,847	
Deferred outflows - OPEB items as of June 30, 2019	19,770	
Deferred inflows - pension items as of June 30, 2018	663,788	
Deferred inflows - pension items as of June 30, 2019	(548,262)	1,624,027

(Continued)

See accompanying notes to the financial statements

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**CITY OF EVANSTON, WYOMING**

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES (CONTINUED)  
Year Ended June 30, 2019**

Internal service activities are accounted for in a separate fund.

However, in the statement of activities the activity of the Internal Service Fund has been eliminated and the excess revenue over expenditures has been recognized, in governmental activities.

Internal service fund changes in net position	\$ 4,881
-----------------------------------------------	----------

Certain revenues are not recognized as current financial resources and, therefore, are not reported as revenues in governmental funds:

Unavailable property taxes - governmental funds as of June 30, 2018	\$ (677,168)	
Unavailable property taxes - governmental activities as of June 30, 2018	665,217	
Unavailable property taxes - governmental funds as of June 30, 2019	714,462	
Unavailable property taxes - governmental activities as of June 30, 2019	<u>(702,649)</u>	<u>(138)</u>
Change in net position of governmental activities		<u><u>\$ (974,636)</u></u>

**CITY OF EVANSTON, WYOMING**

**STATEMENT OF NET POSITION**

Proprietary Funds

June 30, 2019

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Golf Fund</u>
<b>ASSETS</b>			
Current assets			
Pooled cash and cash equivalents and investments	\$ 16,797,101	\$ 11,786,975	\$ 1,104,837
Accounts receivable	302,016	141,111	-
Inventory	-	-	83,566
Total current assets	<u>17,099,117</u>	<u>11,928,086</u>	<u>1,188,403</u>
Capital assets			
Land	161,500	240,005	312,189
Buildings and systems	45,472,599	16,388,301	6,264,550
Machinery and equipment	633,451	773,438	1,064,987
Construction in progress	624,813	-	-
	<u>46,892,363</u>	<u>17,401,744</u>	<u>7,641,726</u>
Less accumulated depreciation	<u>26,564,103</u>	<u>14,652,228</u>	<u>3,477,948</u>
Total capital assets (net of accumulated depreciation)	<u>20,328,260</u>	<u>2,749,516</u>	<u>4,163,778</u>
Total assets	<u>37,427,377</u>	<u>14,677,602</u>	<u>5,352,181</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension plan items	328,369	232,941	-
OPEB items	3,521	542	-
Total deferred outflows of resources	<u>331,890</u>	<u>233,483</u>	<u>-</u>

See accompanying notes to the financial statements

<u>Business-type Activities - Enterprise Funds</u>		<u>Governmental Activities</u>
<u>Environmental Service Fund</u>	<u>Totals</u>	<u>Internal Service Fund</u>
\$ 2,788,211	\$ 32,477,124	\$ 118,867
146,586	589,713	67
-	83,566	10,774
<u>2,934,797</u>	<u>33,150,403</u>	<u>129,708</u>
20,000	733,694	-
85,599	68,211,049	278,623
1,191,955	3,663,831	74,680
-	624,813	-
<u>1,297,554</u>	<u>73,233,387</u>	<u>353,303</u>
<u>780,998</u>	<u>45,475,277</u>	<u>346,688</u>
516,556	27,758,110	6,615
<u>3,451,353</u>	<u>60,908,513</u>	<u>136,323</u>
327,252	888,562	-
3,250	7,313	-
<u>330,502</u>	<u>895,875</u>	<u>-</u>

(Continued)

**CITY OF EVANSTON, WYOMING**

**STATEMENT OF NET POSITION (CONTINUED)**

Proprietary Funds

June 30, 2019

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Golf Fund</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 56,982	\$ 18,845	\$ 9,058
Accrued payroll	17,578	11,099	-
Compensated absences payable, current portion	7,184	3,789	43,795
Deposits payable	61,175	-	-
Total current liabilities	<u>142,919</u>	<u>33,733</u>	<u>52,853</u>
Noncurrent liabilities			
Compensated absences payable	136,498	71,985	250,959
Net pension liability	790,188	566,242	-
OPEB Liability	102,452	15,762	-
Total noncurrent liabilities	<u>1,029,138</u>	<u>653,989</u>	<u>250,959</u>
Total liabilities	<u>1,172,057</u>	<u>687,722</u>	<u>303,812</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension plan items	95,508	66,585	-
Total deferred inflows of resources	<u>95,508</u>	<u>66,585</u>	<u>-</u>
<b>NET POSITION</b>			
Net investment in capital assets	20,328,260	2,749,516	4,106,453
Unrestricted	16,163,442	11,407,262	941,916
Total net position	<u>\$ 36,491,702</u>	<u>\$ 14,156,778</u>	<u>\$ 5,048,369</u>

See accompanying notes to the financial statements

<u>Business-type Activities - Enterprise Funds</u>		<u>Governmental Activities</u>
<u>Environmental Service Fund</u>	<u>Totals</u>	<u>Internal Service Fund</u>
\$ 31,384	\$ 116,269	\$ 15,457
13,935	42,612	-
4,217	58,985	-
-	61,175	-
<u>49,536</u>	<u>279,041</u>	<u>15,457</u>
80,118	539,560	-
813,495	2,169,925	-
94,571	212,785	-
<u>988,184</u>	<u>2,922,270</u>	<u>-</u>
<u>1,037,720</u>	<u>3,201,311</u>	<u>15,457</u>
95,736	257,829	-
<u>95,736</u>	<u>257,829</u>	<u>-</u>
516,556	27,700,785	6,615
2,131,843	30,644,463	114,251
<u>\$ 2,648,399</u>	<u>\$ 58,345,248</u>	<u>\$ 120,866</u>

# CITY OF EVANSTON, WYOMING

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

Proprietary Funds  
Year Ended June 30, 2019

	Business-type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Golf Fund
Operating revenues			
Charges for services	\$ 2,374,106	\$ 1,167,934	\$ 426,077
Miscellaneous	24,997	2,233	2,503
Total operating revenues	<u>2,399,103</u>	<u>1,170,167</u>	<u>428,580</u>
Operating expenses			
Personnel services	1,143,631	668,169	-
Contractual services	48,349	-	311,094
Repairs and maintenance	166,368	57,502	101,625
Supplies	348,084	50,474	129,695
Miscellaneous	30,046	25,298	32,218
Capital outlay	-	49,259	-
Depreciation	1,015,737	212,765	246,020
Utilities	127,679	119,414	-
Total operating expenses	<u>2,879,894</u>	<u>1,182,881</u>	<u>820,652</u>
Operating income (loss)	<u>(480,791)</u>	<u>(12,714)</u>	<u>(392,072)</u>
Nonoperating revenues and expenses			
Investment earnings	173,880	113,942	-
Interest expense	-	-	(2,553)
Total nonoperating revenues and expenses	<u>173,880</u>	<u>113,942</u>	<u>(2,553)</u>
Income (loss) before transfers	<u>(306,911)</u>	<u>101,228</u>	<u>(394,625)</u>
Transfers in	-	-	-
Transfers out	(3,131)	(3,131)	-
Net Transfers	<u>(3,131)</u>	<u>(3,131)</u>	<u>-</u>
Change in net position	(310,042)	98,097	(394,625)
Total net position - beginning of year	<u>36,801,744</u>	<u>14,058,681</u>	<u>5,442,994</u>
Total net position - end of year	<u>\$ 36,491,702</u>	<u>\$ 14,156,778</u>	<u>\$ 5,048,369</u>

See accompanying notes to the financial statements

Business-type Activities - Enterprise Funds		Governmental Activities
Environmental Service Fund	Totals	Internal Service Fund
\$ 1,320,277	\$ 5,288,394	\$ 61,700
3,634	33,367	122
1,323,911	5,321,761	61,822
859,825	2,671,625	-
-	359,443	-
31,433	356,928	-
393,040	921,293	55,029
16,052	103,614	-
1,106	50,365	-
69,231	1,543,753	1,912
-	247,093	-
1,370,687	6,254,114	56,941
(46,776)	(932,353)	4,881
27,157	314,979	-
-	(2,553)	-
27,157	312,426	-
(19,619)	(619,927)	4,881
52,186	52,186	-
(16,667)	(22,929)	-
35,519	29,257	-
15,900	(590,670)	4,881
2,632,499	58,935,918	115,985
\$ 2,648,399	\$ 58,345,248	\$ 120,866

**CITY OF EVANSTON, WYOMING**

**STATEMENT OF CASH FLOWS**

Proprietary Funds

Year Ended June 30, 2019

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Golf Fund</u>
Cash flows from operating activities			
Cash received from customers	\$ 2,480,736	\$ 1,190,195	\$ 428,580
Cash received from interfund services provided	-	-	-
Cash payments to suppliers for goods and services	(778,016)	(293,857)	(585,113)
Cash payments to employees for services	(946,885)	(586,331)	-
Net cash provided (used) by operating activities	<u>755,835</u>	<u>310,007</u>	<u>(156,533)</u>
Cash flows from noncapital financing activities			
Transfers in (out)	<u>(3,131)</u>	<u>(3,131)</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>(3,131)</u>	<u>(3,131)</u>	<u>-</u>
Cash flows from capital and related financing activities			
Acquisitions and construction of capital assets	(522,223)	-	-
Capital contributions	-	-	-
Principal paid	-	-	(36,540)
Interest paid	<u>-</u>	<u>-</u>	<u>(2,553)</u>
Net cash used by capital and related financing activities	<u>(522,223)</u>	<u>-</u>	<u>(39,093)</u>
Cash flows from investing activities			
Principal received on advance to general fund	554,959	-	-
Interest received on investments	<u>173,900</u>	<u>113,942</u>	<u>-</u>
Net cash provided by investing activities	<u>728,859</u>	<u>113,942</u>	<u>-</u>
Net increase (decrease) in pooled cash and cash equivalents and investments	959,340	420,818	(195,626)
Pooled cash and cash equivalents and investments - beginning of year	<u>15,837,761</u>	<u>11,366,157</u>	<u>1,300,463</u>
Pooled cash and cash equivalents and investments - end of year	<u><u>\$ 16,797,101</u></u>	<u><u>\$ 11,786,975</u></u>	<u><u>\$ 1,104,837</u></u>

See accompanying notes to the financial statements



<u>Business-type Activities - Enterprise Funds</u>		<u>Governmental Activities</u>
<u>Environmental Service Fund</u>	<u>Totals</u>	<u>Internal Service Fund</u>
\$ 1,315,486	\$ 5,414,997	\$ -
-	-	61,755
(441,525)	(2,098,511)	(42,822)
(824,210)	(2,357,426)	-
<u>49,751</u>	<u>959,060</u>	<u>18,933</u>
35,519	29,257	-
<u>35,519</u>	<u>29,257</u>	<u>-</u>
(120,687)	(642,910)	-
-	-	(122)
-	(36,540)	-
<u>-</u>	<u>(2,553)</u>	<u>-</u>
<u>(120,687)</u>	<u>(682,003)</u>	<u>(122)</u>
-	554,959	-
<u>27,157</u>	<u>314,999</u>	<u>-</u>
<u>27,157</u>	<u>869,958</u>	<u>-</u>
(8,260)	1,176,272	18,811
<u>2,796,471</u>	<u>31,300,852</u>	<u>100,056</u>
<u>\$ 2,788,211</u>	<u>\$ 32,477,124</u>	<u>\$ 118,867</u>
		(Continued)

**CITY OF EVANSTON, WYOMING**

**STATEMENT OF CASH FLOWS (CONTINUED)**

Proprietary Funds

Year Ended June 30, 2019

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Golf Fund</u>
Reconciliation of operating income (loss) to net pooled cash and cash equivalents and investments provided (used) by operating activities			
Operating income (loss)	\$ (480,791)	\$ (12,714)	\$ (392,072)
Adjustments to reconcile operating income (loss) to net pooled cash and cash equivalents and investments provided (used) by operating activities			
Depreciation	1,015,737	212,765	246,020
Amortization of pension plan items	(186,466)	(125,587)	-
Increase (decrease) in pooled cash and cash equivalents and investments resulting from changes in operating assets, deferred outflows, deferred inflows, and liabilities			
Accounts receivable	81,633	20,028	-
Inventory	-	-	-
Deferred outflows - pension plan items	(6,878)	(4,599)	-
Accounts payable	24,265	18,371	(10,481)
Accrued payroll	4,191	2,522	-
Compensated absences payable, current portion	745	185	-
Deposits payable	(5,856)	-	-
Compensated absences payable	(76,644)	(10,466)	-
Net pension liability	283,447	193,740	-
OPEB liability	<u>102,452</u>	<u>15,762</u>	<u>-</u>
Net pooled cash and cash equivalents and investments provided (used) by operating activities	<u>\$ 755,835</u>	<u>\$ 310,007</u>	<u>\$ (156,533)</u>

See accompanying notes to the financial statements

<u>Business-type Activities - Enterprise Funds</u>		<u>Governmental Activities</u>
<u>Environmental Service Fund</u>	<u>Totals</u>	<u>Internal Service Fund</u>
\$ (46,776)	\$ (932,353)	\$ 4,881
69,231	1,543,753	1,912
(161,538)	(473,591)	-
(8,425)	93,236	(67)
-	-	(3,250)
42	(11,435)	-
106	32,261	15,457
(138,059)	(131,346)	-
-	930	-
-	(5,856)	-
-	(87,110)	-
240,599	717,786	-
94,571	212,785	-
<u>\$ 49,751</u>	<u>\$ 959,060</u>	<u>\$ 18,933</u>

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## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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#### **Note 1. Summary of Significant Accounting Policies**

##### ***Reporting Entity***

The financial statements of the City of Evanston, Wyoming (“the City”) include the accounts of all City operations. The City provides a broad range of services to citizens, including general government, public safety, streets, sanitation and health, cultural and park facilities and social services. It also operates the water, sewer and other sanitation utilities and several recreational facilities.

The City of Evanston is a municipal corporation governed by an elected mayor and six elected council members. The City serves as the nucleus for the reporting entity under the provisions of GASB Statement No. 14, as amended by GASB Statements No. 39 and No. 61, for its basic financial statements. Using this premise, the City is not financially accountable for any other organizations and thus, includes only the financial activity of the various funds of the City within its basic financial statements. The City of Evanston has no component units nor is it considered a component unit of any other government.

The Housing Authority of the City of Evanston, Airport Joint Powers Board, and the City of Evanston-Uinta County Human Services Building Joint Powers Board are all related organizations to which the City appoints board members, but for which the City has no significant financial accountability. All transactions with each of these organizations are conducted in the ordinary course of business. Further financial information is available from each organization.

The accounting policies of the City of Evanston conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

##### ***Government-Wide and Fund Financial Statements***

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government. 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 to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments 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 not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

##### ***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 funds. 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.

## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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

##### *Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)*

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, expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Other revenue items such as licenses, fines, and permits are considered to be measurable and available only when cash is received by the government.

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in the individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The City reports the following major governmental funds:

The *general fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Drug Court is included as part of the general fund of the City.

The City reports the following major proprietary funds:

The *water fund* accounts for the activities of the City's water distribution system.

The *sewer fund* accounts for the activities of the City sewage treatment plant and collection system.

The *golf fund* accounts for the activities of the City's golf course.

The *environmental service fund* accounts for the activities of the City's sanitation and storm water.

Additionally, the City reports the following fund types:

The *special revenue funds* are used to account for the proceeds of designated specific revenue sources that are restricted to expenditures for specified purposes.

The *permanent fund* is used to account for resources legally restricted for use in the care and maintenance of the City's cemetery.

The *internal service fund* is used for motor vehicle services provided to other departments or agencies of the City, or to other governments, on a cost reimbursement basis.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are other charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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

##### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)***

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

##### ***Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity***

##### ***Cash and Investments***

The City pools its cash and cash equivalents and investments for all funds. The City is unable to distinguish between the cash and cash equivalents and the investments at the fund level. Therefore, in the statement of cash flows these items are reported as pooled cash and cash equivalents and investments. The City considers cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Wyoming Statutes authorize the types of investments in which the City may invest. Among these authorized investments are certificates of deposit, money market funds, obligations of the U.S. Treasury, agencies and instrumentalities of the U.S. Government, mortgage backed securities, guaranteed investment contracts, mutual funds and repurchase agreements with banks with the underlying securities being obligations of the U.S. Treasury or agencies and instrumentalities of the U.S. Government. The City's investments consist of certificates of deposit valued at amortized costs, U.S. government obligations and U.S. government agency including mortgage backed securities and participation in WYO-STAR.

WYO-STAR is an authorized government investment pool offered exclusively to Wyoming Governmental entities by the Wyoming State Treasurer's Office. The value of the City's investments in WYO-STAR equals the value of its WYO-STAR shares. Each participant's position in the WYO-STAR investment pool is calculated by the proportion of the cost of their contribution to the total funds invested in the pool multiplied by the pool's total fair value as of any specific date. WYO-STAR investments consist of short-term bonds and cash with a weighted average maturity which does not exceed 90 days, with a benchmark using Bank of America 3 month U.S. T-Bills index.

## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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

##### ***Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity (Continued)***

##### ***Cash and Investments (Continued)***

Investments for the City are reported at fair value. Fair value is determined using the latest bid price or by the closing exchange price at the statement of net position date. A significant portion of the City's investments is in a pooled investment account managed by the State of Wyoming, State Treasurer's office. The WYO-STAR investment pools were established by the Wyoming Statutory Trust Act. Shares of the fund are offered exclusively to Wyoming governmental entities. Separate accounts are maintained for each entity. These pools invest in obligations of the U.S. Treasury and other investments as authorized by the Wyoming Statutes. The reported value of the pool is the same as the fair value of the pool shares.

The City reviews statements of investments on a monthly basis to identify significant downturns which might affect the fair value measurements of investments.

##### ***Receivables and Payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectible balances.

##### ***Property Taxes***

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on or about August 1 and payable in two installments on September 1 and March 1. Uinta County bills and collects its own property taxes and also the taxes for all municipalities and political subdivisions within the County, including the City. City property tax revenues are recognized when levied to the extent that they result in current receivables, which means when collected within the current period or expected to be collected within 60 days of the fiscal year end to be used to pay liabilities of the current period.

The City is permitted by Wyoming Statutes to levy taxes up to 8 mills of assessed valuation for all purposes, exclusive of state revenue, except for the payment of public debt and interest thereon. The combined tax rate to finance general government services other than the payment of principal and interest on long-term debt for the year ended June 30, 2019, was 8 mills which mean that the City has levied to the maximum amount available.

##### ***Inventories***

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

##### ***Compensated Absences***

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.



# CITY OF EVANSTON, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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

#### *Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity (Continued)*

##### *Compensated Absences (Continued)*

Capital assets, which include land, construction in progress, buildings and systems, land improvements, property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost.

In the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the City values these capital assets at the estimated fair value of the item at the date of its donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Property, plant, and equipment of the City, is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and systems	40-50
Infrastructure	30-50
Land improvements	20
Machinery and equipment	5

##### *Pensions*

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

## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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

##### ***Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity (Continued)***

##### ***Deferred Outflows and Inflows of Resources***

In addition to assets, the financial statements report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a decrease of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the financial statements may include a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an increase of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City reports deferred outflows and deferred inflows as follows:

*Unavailable Revenues* - Unavailable revenue is reported on the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the government-wide statement of net position, property tax revenue is reported as a deferred inflow of resources in the year the taxes are levied.

*Pension Plan Items* – In the government-wide and proprietary funds statements of net position, a deferred outflow or deferred inflow of resources is reported for the unrecognized items not yet charged to pension expense related to the net pension liability. This includes the unamortized portion of the net difference between projected and actual earnings on pension plan investments and other differences between expected and actual experience. Deferred outflows for the net difference between projected and actual investment earnings are recognized over a period of five years, while the deferred outflows or deferred inflows for the differences between expected and actual experience for economic/demographic assumptions are recognized over the remaining service life for all active and inactive members.

##### ***Long-Term Obligations***

In the government-wide financial statements and proprietary fund-type fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, and proprietary fund-type statement of net position.

##### ***Fund Balance/Net Position***

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the City's council through approval of resolutions. Assigned fund balances are an agreement between the mayor and City management. Unassigned fund balance in the general fund is the net resources in excess of what can be properly classified in one of the above four categories. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes. Proprietary fund equity is classified the same as in the government-wide statements.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications can be used.

## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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

##### ***Assets, Liabilities, Deferred Inflows and Outflows of Resources, and Net Position or Equity (Continued)***

##### ***Fund Balance/Net Position (Continued)***

For the government-wide financial statements, net position are reported as restricted when constraints placed on net position are either: (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of the governments or (2) imposed by law through constitutional provision or enabling legislation.

##### ***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The estimates of fair value of investments, pension liabilities, and the postemployment healthcare plan liabilities are specifically significant to the City. It is reasonably possible that these estimates will change within one year of the date of the financial statement due to one or more future events. The effect of the change could be material to the financial statements and could result in a loss.

#### **Note 2. Stewardship, Compliance, and Accounting**

##### ***Budgets and Budgetary Accounting***

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to May 15, the City Treasurer submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted on the third Tuesday in June to obtain public comments.
3. The budget is adopted no later than twenty-four hours after the third Tuesday in June.
4. At the request of the City Treasurer or, upon its own motion after publication of notice, the City Council may by resolution transfer any unencumbered or unexpended appropriation balance or part thereof from one fund or department to another. Management may amend the budget at the object line item level without seeking Council approval provided the fund or department's total budget is not modified.
5. No officer or employee of the City shall make any expenditure or encumbrance in excess of the total appropriation for any department.
6. All appropriations excluding appropriations for capital projects shall lapse following the close of the budget year to the extent they are not expended.
7. The appropriated budget is prepared by fund, function, and department using the accrual basis of accounting. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

# CITY OF EVANSTON, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

### **Note 2. Stewardship, Compliance, and Accounting (Continued)**

#### ***Budgets and Budgetary Accounting (Continued)***

8. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration.

### **Note 3. Pooled Cash and Cash Equivalents and Investments**

At June 30, 2019, the carrying amount of the City of Evanston's bank deposits was \$12,969,347 and the bank balance was \$12,695,548. The difference between the carrying amount and the bank balance is a result of transactions in transit. As of June 30, 2019, all deposits of the City held by financial institutions were insured or collateralized as required by statute. In addition, the City has other pooled cash and cash equivalents and investments in money market accounts with its brokers.

As of June 30, 2019, the City had the following investments:

Investment Type	Total	Interest Rate	Investment Maturities (In Years)				Investment Ratings
			Less Than 1	1-5	6-10	More Than 10	
GNMA - MBS	\$ 8,104	5-5.50%	\$ -	\$ -	\$ -	\$ 8,104	Not Rated
Federal Home Loan Bank	4,264,278	1.05-1.25%	489,494	3,774,784	-	-	P-1/A-1+
U.S. Treasury Notes	6,027,302	1.75-2.78%	2,562,960	3,464,341	-	-	AA+/Aaa/AAA
Certificates of Deposit	5,336,860	2.05-3.15%	2,330,443	3,006,417	-	-	Not Rated
WYO-STAR Investment Pool	19,275,514	2.30%	19,275,514	-	-	-	Not Rated
	<u>\$ 34,912,058</u>		<u>\$ 24,658,411</u>	<u>\$ 10,245,542</u>	<u>\$ -</u>	<u>\$ 8,104</u>	

\* These investments were rated as AA+ by Standard & Poor's and Aaa by Moody's Investors Service

Reported in the following classifications

Pooled cash and cash equivalents and investments	\$ 47,990,559
Less pooled cash	(13,078,501)
Pooled investments	<u>\$ 34,912,058</u>

**Interest Rate Risk.** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's investments are held in an external pooled investment account, and as a means of limiting its exposure to fair value losses arising from rising interest rates, the City attempts to match its investment maturities to expected cash flow needs. With this investment focus, investments are expected to reach maturity with limited gains or losses.

As of June 30, 2019, the City's investment portfolio includes mortgage backed securities that have fair values highly sensitive to interest rate changes. When interest rates fall, mortgages are refinanced and paid off early. The reduced stream of future interest payments diminishes the value of the investment.

# CITY OF EVANSTON, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

### Note 3. Pooled Cash and Cash Equivalents and Investments (Continued)

**Credit Risk.** Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law does not allow governments to invest in corporate bonds, stocks or mutual funds and limits investments in commercial paper to short term maturities (not greater than 270 days) and to the top ratings issued by nationally recognized statistical rating organizations (Moody's and Standard and Poor's). Obligations of the U.S. Government and obligations specifically guaranteed by the U.S. Government are backed by the full faith and credit of the U.S. Government. The City follows the mandates for allowable investments as prescribed by Wyoming statute 9-4-831 as their credit risk policy.

**Concentration of Credit Risk.** The City does not have a formal policy that mandates or limits an investment in any one issuer as a specified percentage of the City's total investments. The composition of the investment portfolio of City at June 30, 2019 is as follows:

Deposit and Investment Types	Fair Value	Percent of Portfolio
Federal Home Loan Bank	\$ 4,264,278	12.21%
U.S. Treasury Notes	6,027,302	17.26%
Certificates of Deposit	5,336,860	15.29%
WYO-STAR Investment Pool	19,275,514	55.21%
GNMA - Mortgage Backed Securities	8,104	0.03%
	<u>\$ 34,912,058</u>	<u>100.00%</u>

**Custodial Credit Risk – Deposits.** In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a formal policy for custodial credit risk; however, State statutes require that the City's deposits in excess of the Federal depository insurance amount be collateralized. At June 30, 2019, City deposits, including CD's, were fully insured and collateralized as required by statutes.

**Custodial Credit Risk – Investments.** For an investment, this is the risk that, in the event of the failure of the counterparty, the City 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 does not have a formal policy for custodial credit risk; however, all City investments were held by nationally recognized brokers or the Treasurer of the State of Wyoming in the City's name.

# CITY OF EVANSTON, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

### **Note 3. Pooled Cash and Cash Equivalents and Investments (Continued)**

#### ***Fair Value of Investments***

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at June 30, 2019:

*U.S. government agency obligations and U.S. government agency mortgage backed securities* – Valued using matrix pricing models for identical or similar assets in active markets.

*Corporate zero coupon and U.S. Treasury notes* – Valued at the closing price reported in the active market in which the individual securities are traded.

*Certificates of deposit* – Valued at amortized cost, which approximates fair value.

*WYO-STAR* – Valued on level 2 inputs by which each participant's position in the investment pool is calculated by the proportion of the cost of their contribution to the total funds invested in the pool multiplied by the pool's total fair value as of any specific date.

The following categorizes the fair value measurements within the fair value hierarchy established by generally accepted accounting principles:

	Investments at Fair Value as of June 30, 2019			
	Level 1	Level 2	Level 3	Total
Federal Home				
Loan Bank	\$ -	\$ 4,264,278	\$ -	\$ 4,264,278
U.S. government agency				
mortgage backed securities	-	8,104	-	8,104
U.S. Treasury Notes	-	6,027,302	-	6,027,302
Certificates of Deposit	-	5,336,860	-	5,336,860
WYO-STAR investment pool	-	19,275,514	-	19,275,514
Total primary government investments	<u>\$ -</u>	<u>\$ 34,912,058</u>	<u>\$ -</u>	<u>\$ 34,912,058</u>

# CITY OF EVANSTON, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

### **Note 4. Receivables**

As of June 30, 2019, the City's accounts receivable, including any applicable allowances for uncollectible accounts, are as follows:

	General Fund	Other Governmental Funds	Water Fund	Sewer Fund	Environmental Service Fund	Total
Receivables						
Customer	\$ -	\$ -	\$ 302,016	\$ 141,111	\$ 146,586	\$ 589,713
Grants	70,297	-	-	-	-	70,297
Franchise fees	39,461	-	-	-	-	39,461
Sales, use, and gas tax	1,009,293	-	-	-	-	1,009,293
Lottery	155,018	-	-	-	-	155,018
Municipal court	444,769	-	-	-	-	444,769
Miscellaneous	1,629	67,007	-	-	-	68,636
Allowance for bad debts	(400,637)	-	-	-	-	(400,637)
	<u>\$ 1,319,830</u>	<u>\$ 67,007</u>	<u>\$ 302,016</u>	<u>\$ 141,111</u>	<u>\$ 146,586</u>	<u>\$ 1,976,550</u>

In addition, the internal service fund accounts receivable of \$67 is reported in the governmental activities in the City's Statement of Net Position.

### **Note 5. Interfund Balances and Transfers**

The following is the detail of the City's individual interfund balances for the year ended June 30, 2019:

During 2009, the water fund advanced \$2,000,000 to the general fund for the purpose of paying the construction costs incurred for the Restoration of Section One of the Roundhouse Project. This was paid in full in fiscal year 2019.

The following is a detailed schedule of the City's interfund transfers for the year ended June 30, 2019.

	Transfers In	Transfers Out
Governmental Activities:		
General Fund	\$ 22,929	\$ 52,186
Total governmental activities	<u>22,929</u>	<u>52,186</u>
Business-type Activities:		
Water Fund	-	3,131
Sewer Fund	-	3,131
Environmental Services Fund	52,186	16,667
Total business-type activities	<u>52,186</u>	<u>22,929</u>
Total primary government	<u>\$ 75,115</u>	<u>\$ 75,115</u>

# CITY OF EVANSTON, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

### **Note 5. Interfund Balances and Transfers (Continued)**

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, 3) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

### **Note 6. Capital Assets**

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Additions	Deletions	Transfer	Ending Balance
Governmental activities					
Capital assets not being depreciated					
Land	\$ 11,177,181	\$ -	\$ 1,753,384	\$ -	\$ 9,423,797
Construction in progress	3,344,627	1,248,895	-	-	4,593,522
Total capital assets not being depreciated	14,521,808	1,248,895	1,753,384	-	14,017,319
Capital assets being depreciated					
Buildings and systems	40,647,612	-	-	-	40,647,612
Machinery and equipment	5,094,718	188,539	106,407	(107,508)	5,069,342
Infrastructure	17,818,170	-	-	-	17,818,170
Land improvements	1,488,152	-	-	-	1,488,152
Total capital assets being depreciated	65,048,652	188,539	106,407	(107,508)	65,023,276
Less accumulated depreciation for					
Buildings and systems	21,270,130	1,095,956	-	-	22,366,086
Machinery and equipment	4,513,950	164,945	105,358	(107,508)	4,466,029
Infrastructure	17,424,493	53,157	-	-	17,477,650
Total accumulated depreciation	43,208,573	1,314,058	105,358	(107,508)	44,309,765
Total capital assets, being depreciated, net	21,840,079	(1,125,519)	1,049	-	20,713,511
Governmental activities capital assets, net	\$ 36,361,887	\$ 123,376	\$ 1,754,433	\$ -	\$ 34,730,830

Machinery and equipment that was purchased through a lease-purchase obligation is included in machinery and equipment of the governmental activities. The purchase price of that equipment was \$46,548 with accumulated depreciation of \$37,545; the current year depreciation of \$9,310 was expensed in governmental activities.



**CITY OF EVANSTON, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2019

**Note 6. Capital Assets (Continued)**

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Business-type activities					
Capital assets not being depreciated					
Land	\$ 733,694	\$ -	\$ -	\$ -	\$ 733,694
Construction in progress	158,951	522,223	56,361	-	624,813
Total capital assets not being depreciated	892,645	522,223	56,361	-	1,358,507
Capital assets being depreciated					
Buildings and systems	68,211,049	-	-	-	68,211,049
Machinery and equipment	3,252,538	414,478	110,693	107,508	3,663,831
Total capital assets being depreciated	71,463,587	414,478	110,693	107,508	71,874,880
Less accumulated depreciation for					
Buildings and systems	41,829,331	1,336,218	-	-	43,165,549
Machinery and equipment	2,105,378	207,535	110,693	107,508	2,309,728
Total accumulated depreciation	43,934,709	1,543,753	110,693	107,508	45,475,277
Total capital assets, being depreciated, net	27,528,878	(1,129,275)	-	-	26,399,603
Business-type activities capital assets, net	\$ 28,421,523	\$ (607,052)	\$ 56,361	\$ -	\$ 27,758,110

Machinery and equipment that was purchased through a lease purchase obligation is included in machinery and equipment of the business-type activities. The purchase price of that equipment was \$675,967 with accumulated depreciation of \$251,346; current year depreciation of \$52,660 was expensed in business-type activities.

**CITY OF EVANSTON, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2019

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**Note 6. Capital Assets (Continued)**

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

Governmental activities	
General government	\$ 45,030
Public safety	52,600
Public works, including depreciation of general infrastructure assets	1,164,320
Health, welfare and recreation	17,207
Capital assets held by the City's internal service funds are charged to the activities of the various functions based on their usage of the assets	1,912
Capital assets held in the permanent fund	32,989
Total depreciation expense for governmental activities	<u>\$ 1,314,058</u>
Business-type activities	
Water fund	\$ 1,015,737
Sewer fund	212,765
Golf fund	246,020
Sanitation fund	69,231
Total depreciation expense for business-type activities	<u>\$ 1,543,753</u>

***Special Item***

During the year ended June 30, 2019, the City conducted a public auction to sell the advertised property. This item is reflected on the government-wide statements as a special item because it is unusual in nature but under the control of management. The land had a book value of \$1,753,384 and was sold for \$250,000 to the highest bid.

# CITY OF EVANSTON, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

### **Note 7. Long-Term Debt**

The changes in long-term debt for the year ended June 30, 2019 were as follows:

	Balance June 30, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
Governmental activities					
Compensated absences	\$ 614,434	\$ 151,982	\$ -	\$ 766,416	\$ 38,631
Lease-purchase obligation	19,334	-	9,401	9,933	9,933
Other post-employment benefits payable	509,868	65,437	-	575,305	-
Net pension liability	2,297,260	2,325,591	-	4,622,851	-
Governmental activities long-term liabilities	<u>\$ 3,440,896</u>	<u>\$ 2,543,010</u>	<u>\$ 9,401</u>	<u>\$ 5,974,505</u>	<u>\$ 48,564</u>

Long-term debt related to governmental activities is generally liquidated by the general fund.

Business-type activities					
Compensated absences	\$ 342,667	\$ 18,588	\$ 57,464	\$ 303,791	\$ 15,190
Lease-purchase obligation	93,865	237,429	36,540	294,754	43,795
Other post-employment benefits payable	188,581	24,203	-	212,784	-
Net pension liability	1,452,139	717,786	-	2,169,925	-
Business-type activities long-term liabilities	<u>\$ 2,077,252</u>	<u>\$ 998,006</u>	<u>\$ 94,004</u>	<u>\$ 2,981,254</u>	<u>\$ 58,985</u>

### ***Lease-Purchase Obligations***

The City's lease-purchase obligations outstanding for governmental activities at June 30, 2019 is comprised of the following:

\$46,548 lease-purchase obligation, interest rate 5.517%, payable monthly, principal and interest payments of \$853 through September 2020, collateralized by equipment, serviced by the General Fund.

\$ 9,933

Future minimum lease payments under the lease purchase obligation outstanding as of June 30, 2019 are as follows:

Year ending June 30, 2020	\$ 10,232
	10,232
Less amount representing interest	(299)
Net present value of minimum lease payment	<u>\$ 9,933</u>

# CITY OF EVANSTON, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

### **Note 7. Long Term Debt (Continued)**

The City's business-type activities' lease-purchase obligation outstanding at June 30, 2019 is comprised of the following:

\$201,108 lease-purchase obligation, interest rate 3.8%, payable monthly, principal and interest payments of \$3,282 through June 2019 with a final purchase option of \$57,500, collateralized by equipment, serviced by the Golf Fund.*	\$ 57,325
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\$237,429 lease-purchase obligation, interest rate 4.84%, payable monthly, principal and interest payments of \$4,445 through December 2024, collateralized by equipment, serviced by the Golf Fund.	237,429
	\$ 294,754

Future minimum lease payments under the lease purchase obligation outstanding as of June 30, 2019 are as follows:

Year ending June 30,	
2020	\$ 53,345
2021	53,345
2022	53,345
2023	53,345
2024	53,345
	266,725
Less amount representing interest	(29,296)
Net present value of minimum lease payment	\$ 237,429

\* The City of Evanston has an option to purchase the leased asset at a bargain purchase option. The City of Evanston did not exercise that option at June 30, 2019.

### **Note 8. Fund Balances**

The following table outlines the specific purpose details for governmental fund balances of the City:

Nonspendable	
Permanent fund principal	\$ 100,000
Restricted for	
Lodging tax	942,308
Economic development	601,465
Cemetery perpetual care	105,847
Assigned to	
City Hall	1,000,000
Police and Fire Buildings	1,500,000
Public Works Buildings	1,000,000
Recreation Center	2,000,000
Unassigned	8,766,529
	\$ 16,016,149

# CITY OF EVANSTON, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

### **Note 8. Fund Balances (Continued)**

The lodging tax fund is used to account for the special 3% lodging tax that is restricted for the purpose of promoting tourism within the City. Economic development fund is used to account for the lease with Clean Energy that is restricted for the purpose of economic development of the City. The cemetery perpetual care fund is used to account for the assets held by the City for the ongoing maintenance of the public cemetery.

### **Note 9. Commitments and Contingencies**

The City has several outstanding construction projects as of June 30, 2019. The projects include street improvements, stabilization of the machine shop, improvements to the recreation center, and the completion of the water treatment facilities. At year end, the City's commitments with contractors are as follows:

Project Name	Original Contract Amount	Change Orders Added	Expended To Date	Remaining Commitment
Governmental activities				
General Fund				
Roundhouse Stabilization Phase I	\$ 3,337,793	\$ -	\$ 3,336,790	\$ 1,003
Roundhouse Stabilization Phase II	1,196,780	30,553	1,186,036	41,297
Safe Routes to School	496,577	-	42,464	454,113
USDA Federal Marketing Grant	23,558	-	13,942	9,616
Urban Systems Reconnaissance Report	22,102	-	672	21,430
Telephone Upgrades - Phase 2	30,000	-	13,618	16,382
Total governmental activities	<u>5,106,810</u>	<u>30,553</u>	<u>4,593,522</u>	<u>543,841</u>
Business-type activities				
Water Fund				
City View Water Line Phase I	560,652	-	560,488	164
City View Water Line Phase II	506,000	-	-	506,000
Programmable Logic Controller	100,000	-	64,325	35,675
Total business-type activities	<u>1,166,652</u>	<u>-</u>	<u>624,813</u>	<u>541,839</u>
Total primary government	<u><u>\$ 6,273,462</u></u>	<u><u>\$ 30,553</u></u>	<u><u>\$ 5,218,335</u></u>	<u><u>\$ 1,085,680</u></u>

There are several lawsuits pending against the City for various reasons. The outcome and eventual liability to the City, if any, in these cases is not known at this time; however, management and legal counsel estimate the potential claims against the City, not covered by insurance, resulting from such litigation would not materially affect the financial statements of the City.

## **CITY OF EVANSTON, WYOMING**

### **NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2019

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#### **Note 10. Risk Management**

The City is exposed to various risks of loss related to torts, theft, damage to assets, errors and omissions, injuries to employees and natural disasters. During the year ended June 30, 2019, the City contracted with various insurance companies for property insurance (including boiler and machinery), general liability insurance, professional insurance and vehicle insurance. Settlements have not exceeded coverage in any of the past three fiscal years. The government has had no significant reductions in insurance coverage from coverage in the prior years.

The City also participates in two other risk management programs: Workers' Compensation Act and Unemployment Compensation Act.

Wyoming Statute 27-14-101 created the Wyoming Workers' Compensation Act, which is administered as an enterprise fund by the State of Wyoming. All employers within the State of Wyoming are participants of this plan unless the employer elects not to be covered under the plan. This Act requires the City to obtain liability coverage for payment of benefits to employees for job-related injuries and diseases through the Workers' Compensation Fund. This Act provides general protection from suits filed by employees against the City. The City makes monthly payments to the Department of Employment, State of Wyoming. This amount is based on salaries and a split rate between hazardous and non-hazardous positions. Amounts paid by the City to the State for Workers' Compensation during fiscal year 2019 were approximately \$117,626.

Wyoming Statute §27-3-101 created the Unemployment Compensation Act. This Act requires the City to pay the cost of actual claims incurred. The City incurred and paid no liabilities during the fiscal years ended June 30, 2019 or June 30, 2018.

#### **Note 11. Wyoming Educator Benefit Trust**

The City participates in health care coverage through the Wyoming Educator Benefit Trust (WEBT). WEBT sets health care premium rates each year based on projected medical costs. In the year ended June 30, 2019, the City paid \$1,680,849 in premiums to Blue Cross Blue Shield, WEBT's third party administrator. Were the City to withdraw from coverage through WEBT, the City would not be responsible for any specific liabilities nor is it entitled to any of the reserves. As a participating employer, if the trust is dissolved the City may be entitled to a residual portion of the plan reserves.

#### **Note 12. Pension Plans**

##### ***Pension Plan Fiduciary Net Position***

The Wyoming Retirement System issues a publicly available financial report which includes audited financial statements and required supplementary information for each plan. Detailed information about the pension plans' fiduciary net position is available in separately issued Wyoming Retirement System financial report. The report may be obtained from the Wyoming Retirement System website at <http://retirement.state.wy.us>.

All eligible City employees are covered under one of the two following retirement plans:

## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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#### **Note 12. Pension Plans (Continued)**

##### ***Public Employees' Pension Plan***

The City participates in the Public Employees' Pension Plan ("PEPP"), a statewide cost-sharing multiple-employer defined benefit, contributory retirement plan administered by the State of Wyoming Retirement System Board. Substantially all City full-time employees are eligible to participate.

PEPP members are required to contribute 8.50% of their annual covered salary and the City is required to contribute 8.62% of the annual covered payroll. Legislation enacted in 1979 allows the employer to pay any or all of the employees' contribution in addition to the matching contribution. The City currently pays 12.69% of covered payroll and the employees contribute the remaining portion, 4.43% of covered payroll.

The City's contributions for regular employees to the PEPP for the years ended June 30, 2019, 2018, and 2017, were \$348,192, \$306,413 and \$292,371, while the employees' portion was \$121,553, \$103,017 and \$98,241, respectively, equal to the required contributions each year. As of July 1, 2019, the employer contribution rate will increase by 0.25% from 12.69% to 12.94% and the employee contribution rate will increase by 0.25% from 4.43% to 4.68%.

Through legislation passed during the 2014 legislative session, two tiers of benefits were established for participants of this plan. For Tier 1 (first contribution before 9/1/2012), the Plan allows for normal retirement after four years of service and attainment of age 60. Early retirement is allowed provided the employee has completed four years of service and attained age 50 or 25 years of service but will result in a reduction of benefits based on the length of time remaining to age 60. For Tier 2 (first contribution on or after 9/1/2012), the Plan allows for normal retirement after four years of service and attainment of age 65. Early retirement is allowed provided the employee has completed four years of service and attained age 55, or 25 or more years of service but will result in a reduction of benefits based on the length of time remaining to age 65. All employees may also retire on the basis that the sum of the member's age and service is at least 85.

Benefits are established by Title 9, Chapter 3 of the Wyoming Statutes. The PEPP provides retirement, disability, and death benefits according to predetermined formulas and allows retirees to select one of seven methods for receiving benefits, including two joint and survivor forms of benefits: a 100% joint and survivor annuity, and a 50% joint and survivor annuity. The benefit amounts under these options are determined on an actuarially equivalent basis. Any costs of living adjustment provided to retirees must be granted by the State Legislature. In addition, a cost of living adjustment will not be approved by the legislature unless the plan is 100% funded after the COLA is awarded.

Employees terminating prior to normal retirement can elect to withdraw all employee contributions plus accumulated interest through date of termination or, if they are vested, they may elect to remain in the Plan and be eligible for unreduced retirement benefits at age 60 (Tier 1 employee) or 65 (Tier 2 employee).

##### ***Law Enforcement Pension Plan***

The City participates in the Law Enforcement Pension Plan ("LEPP"), a state-wide, cost-sharing, multiple-employer defined benefit, contributory plan administered by the State of Wyoming Retirement System Board. The LEPP covers any county sheriff, deputy county sheriff, municipal police officer, Wyoming correctional officer, Wyoming law enforcement academy instructor, University of Wyoming campus police officer, detention officer or dispatcher for law enforcement agencies and certain investigators of the Wyoming Livestock Board.

# CITY OF EVANSTON, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

### **Note 12. Pension Plans (Continued)**

The LEPP statutorily provides retirement, disability and death benefits according to predetermined amounts primarily determined by salary, age and years of service of the participant. Any cost of living adjustment provided to retirees must be granted by the State Legislature. In addition a cost of living adjustment will not be approved by the legislature unless the plan is 100% funded after the COLA is awarded. Participants may withdraw from the plan at any time and receive refunds of participant contributions plus accumulated interest.

The LEPP is funded by amounts withheld from participating employees' salaries and by contributions from the City. These contributions are determined by state statutes and, as of June 30, 2019, the percentages to be contributed on compensation were 8.60% for the employees and the same for the City. The City currently pays 12.69% of covered payroll and the police officers contribute the remaining portion, 4.51% of covered payroll.

For the years ended June 30, 2019, 2018, and 2017, the contributions to the LEPP were \$279,087, \$233,240, and \$224,900, respectively, equal to the required contributions for each year. The City's portion of these contributions was \$205,908, \$168,692, and \$162,660, respectively, while the employees' contributions were \$73,179, \$64,548, and \$62,240, respectively, equal to the required contributions for each year. As of July 1, 2019, the employer contribution rate will increase by 0.25% from 12.69% to 12.94% and the employee contribution rate will decrease by 0.25% from 4.51% to 4.26%.

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

At June 30, 2019, the City reported a total liability of \$6,792,776 for its proportionate share of the net pension liability. The net pension liability was determined by an actuarial valuation as of January 1, 2017, applied to all prior periods included in the measurement. Actuarial valuation involves estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. An experience study was conducted covering the five year period ending December 31, 2016. The net pension liability as of December 31, 2018 is based on the results of an actuarial valuation as of January 1, 2018, rolled forward to a measurement date of December 31, 2018, and taking into consideration information from the recent experience study.

The schedule below shows the City's proportionate share of the net pension liability at June 30, 2019, the proportionate portion at the measurement date of December 31, 2018, and the change in the proportion from the previous measurement date.

	Pension liability at June 30, 2019	Proportion at December 31, 2018	Increase (decrease) from December 31, 2017
Public Employees' Pension Plan	\$ 4,519,758	0.148417953%	0.015313583%
Law Enforcement Pension Plan	2,273,018	0.938982725%	0.107440259%
	<u>\$ 6,792,776</u>		

For the year ended June 30, 2019, the City recognized pension expense of \$1,515,511.



# CITY OF EVANSTON, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

### **Note 12. Pension Plans (Continued)**

#### ***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)***

At June 30, 2019, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Total
	PEPP	LEPP	Outflows
Net difference between projected and actual earnings on pension plan investments	\$ 1,074,888	\$ 586,472	\$ 1,661,360
Changes in assumptions	202,518	938,092	1,140,610
Difference between actual and expected experience rate	-	2,915	2,915
Change in employer's proportion	321,037	50,439	371,476
Amortizing deferred outflows	1,598,443	1,577,918	3,176,361
Contributions subsequent to the measurement date	242,499	147,549	390,048
Total	<u>\$ 1,840,942</u>	<u>\$ 1,725,467</u>	<u>\$ 3,566,409</u>

At June 30, 2019, the City reported deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources		Total
	PEPP	LEPP	(Inflows)
Net difference between projected and actual earnings on pension plan investments	\$ (371,296)	\$ (194,787)	\$ (566,083)
Difference between actual and expected experience rate	(106,879)	(97,133)	(204,012)
Change in employer's proportion	(34,462)	(1,534)	(35,996)
Total	<u>\$ (512,637)</u>	<u>\$ (293,454)</u>	<u>\$ (806,091)</u>

# CITY OF EVANSTON, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

### **Note 12. Pension Plans (Continued)**

The City reported \$390,048 as deferred outflows of resources related to contributions subsequent to the measurement date, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows and inflows related to pension will be recognized in pension expense as follows:

Deferred Outflows			
	Public Employees' Pension Plan	Law Enforcement Pension Plan	Total
Year ended June 30:			
2020	\$ 596,404	\$ 511,616	\$ 1,108,020
2021	439,838	427,137	866,975
2022	332,711	399,371	732,082
2023	229,490	239,794	469,284
	<u>\$ 1,598,443</u>	<u>\$ 1,577,918</u>	<u>\$ 3,176,361</u>
Deferred Inflows			
	Public Employees' Pension Plan	Law Enforcement Pension Plan	Total
Year ended June 30:			
2020	\$ (206,615)	\$ (98,421)	\$ (305,036)
2021	(159,780)	(97,494)	(257,274)
2022	(145,291)	(89,140)	(234,431)
2023	(951)	(8,399)	(9,350)
	<u>\$ (512,637)</u>	<u>\$ (293,454)</u>	<u>\$ (806,091)</u>

# CITY OF EVANSTON, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

### Note 12. Pension Plans (Continued)

#### Actuarial Assumptions

The total pension liability at the December 31, 2018 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Assumptions and Methods	
Valuation date	January 1, 2018
Actuarial cost method	Entry Age Normal
Inflation	2.25%
Salary increases	4.75% to 8.75%, including inflation
Payroll growth rate	2.50%
Cost of living increase	0.00%
Investment rate of return	7.00%, net of pension plan investment expense
Post-Retirement Mortality	RP-2014 Healthy Annuitant Mortality Table, fully generational, projected with Scale MP-2017
PEPP	Males: No set back with a multiplier of 100% Females: No set back with a multiplier of 88%
LEPP	Males: No set back with a multiplier of 100% Females: No set back with a multiplier of 88%
Pre-Retirement Mortality	RP-2014 Healthy Annuitant Mortality Table, fully generational, projected with Scale MP-2017
PEPP	Males: No set back with a multiplier of 100% Females: No set back with a multiplier of 100%
LEPP	Males: No set back with a multiplier of 100% Females: No set back with a multiplier of 100%

The assumed rate of investment return was adopted by the plan's trustees after considering input from the plan's investment consultant(s) and actuary(s). Additional information about the assumed rate of investment return is included in the WRS actuarial valuation report as of January 1, 2018. In addition, a five year experience study was completed as of December 31, 2016 and this study provides a detailed analysis regarding recommendations on the long term rates for inflation and the real rate of return. The assumed rate of investment return of 7.00% (composed of an assumed 2.25% inflation rate and a 4.75% net real rate of return) falls within a reasonable range of the long-term expected rate of return.

# CITY OF EVANSTON, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

### Note 12. Pension Plans (Continued)

#### Actuarial Assumptions

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

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Long-Term Expected Arithmetic Real Rate of Return
Cash	0.00%	30.00%	30.00%
Fixed income	20.00%	1.50%	2.00%
Equity	49.00%	6.00%	7.40%
Marketable alternatives	19.00%	3.10%	3.50%
Private markets	12.00%	52.00%	7.00%
Total	100.00%	4.40%	5.50%

#### Discount Rate

The discount rate used to measure the Public Employees Plan and the Law Enforcement Plan total pension liability was 7.00 percent and 5.92 percent, respectively. Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects 1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits using a 100 year analysis) and 2) tax-exempt municipal bond rate based on an index of 20 year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for the use with the long-term expected rate of return are not met).

For purposes of this valuation, the expected rate of return on pension plan investments is 7.00%, the municipal bond rate is 3.71% (based on the weekly rate closest to but not later than the measurement date of the "state and local bonds" rate from the Federal Reserve statistical release (H.15); and the resulting single discount rates listed above.

# CITY OF EVANSTON, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

### **Note 12. Pension Plans (Continued)**

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

The following table presents the City's proportionate share of the net unfunded pension liability for each plan calculated using the discount rate applicable, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

Pension Plan	1% Decrease (6.00%)	Current Single Discount Rate Assumption (7.00%)	1% Increase (8.00%)
Public Employees' Pension Plan	\$ 6,268,296	\$ 4,519,758	\$ 3,060,620
Law Enforcement Pension Plan	\$ 3,422,233	\$ 2,273,018	\$ 1,341,342

#### ***Payables to the Pension Plan***

At June 30, 2019, the City reported no payables to the pension plans.

### **Note 13. Budgetary Compliance**

For the year ended June 30, 2019, the following expenditures exceeded their final departmental budgets; this is a violation of Wyoming State Statute §16-4-108.

	Budget	Expenditure	Over Expenditure
Special Revenue Fund - Lodging Tax			
Motor Vehicle Fund	\$ 55,000	\$ 58,277	\$ (3,277)
Lodging Tax Fund	\$ 293,500	\$ 301,230	\$ (7,730)
Economic Development Fund	\$ 1,109,245	\$ 1,204,466	\$ (95,221)

### **Note 14. Budget Amendments**

During the 2019 fiscal year end, it was necessary to amend the originally adopted budget. The expenditure budgets for the following general fund departments and funds were amended through budget transfers between departments or funds and from unanticipated revenues:

General Fund	
Health, welfare, and recreation	\$ 225,000
Lodging Tax	
Marketing and promotion	50,000
Economic Development	
Capital outlay	400,000
	<u>\$ 675,000</u>

# CITY OF EVANSTON, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

### Note 15. Postemployment Healthcare Plan

#### *Plan Description*

The City sponsors healthcare coverage for all full-time employees, retiree groups, the Mayor and City Council Members through Wyoming Educators' Benefit Trust. Eligible participants are offered medical/Rx insurance through Blue Cross Blue Shield. Dental and vision insurance are provided to active employees but not retirees.

Full-time employees of the City, the Mayor and City Council Members are eligible to retire with City-paid health benefits when they reach the age of 55 or 20 years of continuous service with the City, whichever is later. The employee must be enrolled in the City's group health insurance plan.

Eligible retirees who elect to participate are required to contribute 80% of the total premium for this benefit, which is to be paid directly to the City. Premiums and specifics of this plan are subject to change. Benefits continue until age 65 or when the retiree fails to make required premium payments, if earlier.

The benefits provided are established and may be amended by the City Council. There are no separately issued financial statements for the plan.

#### *Funding Policy*

The contribution requirements of plan members are established by, and may be amended by, the City Council. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to pre-fund benefits as determined annually by the City. For fiscal year 2019, the City contributed \$3,217 to the plan. Members receiving benefits contributed \$12,869 or approximately 80 percent of the total premiums, through their required annual contribution rates as follows:

Coverage	Blue Cross Blue Shield			
	City Portion	Employee Portion	Retiree City Portion	Retiree Employee Portion
Employee Only	\$ 816	\$ 73	\$ 178	\$ 711
Employee and Spouse	1,495	134	326	1,303
Employee and Children	1,308	117	285	1,140
Employee and Family	2,038	91	426	1,703

These financial statements assume that pay-as-you-go funding will continue.

At June 30, 2019, membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefit payments	1
Inactive employees entitled to but not yet receiving benefit payments	81
	<u>82</u>

There are no assets accumulated in a trust that is irrevocable or an equivalent arrangement.

#### *Total OPEB Liability*

The City's total other postemployment benefit (OPEB) was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

# CITY OF EVANSTON, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

### Note 15. Postemployment Healthcare Plan (Continued)

#### Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions and Other Inputs	
Salary increases	3.00%
Inflation rate	3.00%
Healthcare cost trend rate	5.00%

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Actuarial assumptions used in the June 30, 2018 valuation were based on a review of plan experience during the period July 1, 2015 to June 30, 2018.

The discount rate was based on the following:

- The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the City's Total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long-Term Expected Return of Plan Investments (if any)	Municipal Bond 20- Year High Grade Rate Index	Discount Rate
June 30, 2018	June 30, 2018	4.00%	3.62%	3.62%
June 30, 2019	June 30, 2019	4.00%	3.13%	3.13%

**CITY OF EVANSTON, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2019

**Note 15. Postemployment Healthcare Plan (Continued)**

***Changes in the Total OPEB Liability***

	<u>Total OPEB Liability</u>
Balance at June 30, 2018	\$ 698,449
Changes for the year	
Service cost	45,424
Interest	25,081
Differences between expected and actual experience	-
Employee contributions	-
Changes in assumptions or other inputs	30,425
Benefit payments	(11,290)
Net changes	<u>89,640</u>
Total OPEB obligation - end of year	<u><u>\$ 788,089</u></u>

***Sensitivity of the Total OPEB Liability to Changes in the Discount Rate***

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1- percentage point lower (2.13 percent) or 1-percentage-point higher (4.13 percent) than the current discount rate:

**Sensitivity of the total OPEB liability to changes in the discount rate**

	1% Decrease	Discount Rate	1% Increase
	2.13%	3.13%	4.13%
Total OPEB Liability	\$ 853,862	\$ 788,089	\$ 727,265

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current healthcare cost trend rates:

**Sensitivity of the total OPEB liability to changes in the healthcare cost trend rate**

	1% Decrease	Trend Rate	1% Increase
	4.00%	5.00%	6.00%
Total OPEB Liability	\$ 698,701	\$ 788,089	\$ 893,777

***Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

At June 30, 2019, the City's deferred outflows of resources and deferred inflows of resources to OPEB from the following sources are:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions or other inputs	27,083	-
Differences between projected and actual return investments	-	-
Total	<u><u>\$ 27,083</u></u>	<u><u>\$ -</u></u>



# CITY OF EVANSTON, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

### **Note 15. Postemployment Healthcare Plan (Continued)**

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2020	\$ 3,343	\$ -
2021	3,343	-
2022	3,343	-
2023	3,343	-
2024	3,343	-
2025-2029	10,368	-
	\$ 27,083	\$ -

### **Note 16. Operating Leases**

#### ***Operating Lease – Lessor***

Under a month to month agreement, the City leased a building to a tenant at the rate of \$8,000 per month. In February of 2019, this lease was amended to reduce the rate to \$7,000 per month. The cost of the leased property is \$3,617,843 with accumulated depreciation of \$995,154. Rental income from this lease was \$86,000 for the year ending June 30, 2019.

### **Note 17. Prior Period Adjustment**

During the current year fiscal year, it was discovered that several bank and investment accounts were reconciled after year end and required adjustments not reported in the prior year. To correct these accounts, the City adjusted its net position and fund balance. The table below illustrates the prior period adjustments for governmental activities and governmental funds as originally stated and restated.

	As originally reported June 30, 2018	Increase (Decrease)	As restated June 30, 2018
<i>Governmental activities</i>			
Net position	\$ 48,102,071	\$ (79,542)	\$ 48,022,529
<i>Governmental Funds</i>			
General Fund			
Fund Balance	\$ 11,716,135	\$ (79,542)	\$ 11,636,593

## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2019

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#### **Note 18. Accounting Standards Issued, But Not Implemented**

As of June 30, 2019, the Governmental Accounting Standards Board has issued the following standards which the City may implement in its next fiscal year.

GASB Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments and clarifies whether and how business-type activities should report their fiduciary activities. The requirements of the Statement are effective for reporting periods beginning after December 15, 2018. Management has not completed its assessment of the effects of implementing this standard.

Governmental Accounting Standards Board Statement No. 87, *Leases*, is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. Under this standard, government lessors must recognize (a) a lease receivable and (b) a deferred inflow of resources and continue to report the leased asset in its financial statements; and report in its financial statements (a) lease revenue recognized over the term of the lease, corresponding with the reduction of the deferred inflow, (b) interest income on the receivable; and (c) note disclosures about the lease. This standard is effective for reporting periods beginning after December 15, 2019. Management has not concluded its assessment of the effect of implementing this guidance.

#### **Note 19. New Standard Implemented in Current Year**

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, establishes accounting and financial reporting requirements related to debt, including direct borrowings and direct placements, and clarifies which liabilities governments should include when disclosing information related to debt.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF EVANSTON, WYOMING**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL**

General Fund

Year Ended June 30, 2019

(Unaudited)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
<b>PROPERTY TAXES AND OTHER TAXES</b>				
Property taxes	\$ 601,700	\$ 601,700	\$ 657,608	\$ 55,908
Sales and use taxes	2,040,000	2,040,000	2,375,609	335,609
Franchise fees	171,400	171,400	165,269	(6,131)
	<u>2,813,100</u>	<u>2,813,100</u>	<u>3,198,486</u>	<u>385,386</u>
<b>LICENSES AND PERMITS</b>	<u>129,500</u>	<u>129,500</u>	<u>177,574</u>	<u>48,074</u>
<b>INTERGOVERNMENTAL REVENUES</b>				
State gasoline tax	493,000	493,000	559,988	66,988
Severance tax	410,952	410,952	459,531	48,579
Cigarette tax	92,000	92,000	97,357	5,357
State funding	1,165,620	1,165,620	1,485,664	320,044
Grants	3,522,923	3,522,923	3,544,218	21,295
Mineral royalties	576,293	576,293	623,779	47,486
Pari-Mutual/Lottery tax	455,000	455,000	1,013,750	558,750
	<u>6,715,788</u>	<u>6,715,788</u>	<u>7,784,287</u>	<u>1,068,499</u>
<b>CHARGES FOR SERVICES</b>				
Public safety fees	29,050	29,050	41,978	12,928
	<u>29,050</u>	<u>29,050</u>	<u>41,978</u>	<u>12,928</u>
<b>FINES AND FORFEITURES</b>	<u>138,000</u>	<u>138,000</u>	<u>152,473</u>	<u>14,473</u>
<b>MISCELLANEOUS REVENUES</b>				
Interest earnings	135,000	135,000	1,006,206	871,206
Miscellaneous revenues	2,656,699	2,656,699	132,370	(2,524,329)
Gain on sale of fixed assets	1,000	1,000	-	(1,000)
	<u>2,792,699</u>	<u>2,792,699</u>	<u>1,138,576</u>	<u>(1,654,123)</u>
<b>Total revenues</b>	<u>12,618,137</u>	<u>12,618,137</u>	<u>12,493,374</u>	<u>(124,763)</u>

(Continued)

See accompanying notes to required supplementary information

**CITY OF EVANSTON, WYOMING**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL (CONTINUED)**

General Fund  
Year Ended June 30, 2019  
(Unaudited)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>EXPENDITURES</b>				
General government	\$ 4,324,762	\$ 4,324,762	\$ 3,437,061	\$ 887,701
Public safety and transportation	3,898,175	3,898,175	3,184,360	713,815
Health, welfare, and recreation	1,572,387	1,797,387	1,640,001	157,386
Public works	1,488,083	1,488,083	1,152,667	335,416
Capital outlay	1,334,730	1,334,730	457,413	877,317
Total expenditures	<u>12,618,137</u>	<u>12,843,137</u>	<u>9,871,502</u>	<u>2,971,635</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(225,000)</u>	<u>2,621,872</u>	<u>2,846,872</u>
Other financing sources (uses)				
Transfers in	-	-	22,929	22,929
Transfers (out)	<u>-</u>	<u>-</u>	<u>(52,186)</u>	<u>(52,186)</u>
Total other financing (uses)	<u>-</u>	<u>-</u>	<u>(29,257)</u>	<u>(29,257)</u>
Net change in fund balance	<u>-</u>	<u>(225,000)</u>	<u>2,592,615</u>	<u>\$ 2,817,615</u>
Fund balance - beginning of year, as previously reported	11,716,135	11,716,135	11,716,135	
Prior period adjustment	<u>-</u>	<u>-</u>	<u>(79,542)</u>	
Fund balance - beginning of year, as restated	<u>11,716,135</u>	<u>11,716,135</u>	<u>11,636,593</u>	
Fund balance - end of year	<u>\$ 11,716,135</u>	<u>\$ 11,491,135</u>	<u>\$ 14,229,208</u>	

See accompanying notes to required supplementary information

# CITY OF EVANSTON, WYOMING

## SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND

### BALANCE - BUDGET AND ACTUAL

#### Special Revenue Fund - Economic Development

Year Ended June 30, 2019

(Unaudited)

	Budgeted Amounts			Variance with final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Rental income	\$ 104,745	\$ 104,745	\$ 94,745	\$ (10,000)
Investment earnings and miscellaneous	4,500	4,500	10,278	5,778
Total revenues	<u>109,245</u>	<u>109,245</u>	<u>105,023</u>	<u>(4,222)</u>
Expenditures				
General expenses	109,245	109,245	62,299	46,946
Capital outlay	<u>600,000</u>	<u>1,000,000</u>	<u>1,142,167</u>	<u>(142,167)</u>
Total expenditures	<u>709,245</u>	<u>1,109,245</u>	<u>1,204,466</u>	<u>(95,221)</u>
Excess (deficiency) of revenues over expenditures	(600,000)	(1,000,000)	(1,099,443)	(99,443)
Special Item				
Proceeds from sale of capital assets	<u>-</u>	<u>-</u>	<u>250,000</u>	<u>\$ 250,000</u>
Fund balance - beginning of year	<u>1,450,908</u>	<u>1,450,908</u>	<u>1,450,908</u>	
Fund balance - end of year	<u>\$ 850,908</u>	<u>\$ 450,908</u>	<u>\$ 601,465</u>	

See accompanying notes to required supplementary information

# CITY OF EVANSTON, WYOMING

## SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Last 10 fiscal years \*\*

(Unaudited)

	2019	2018	2017
<b>Public Employees Pension Plan</b>			
City's proportion of the net pension liability	0.148417953%	0.133104370%	0.127015300%
City's proportionate share of the net pension liability	\$ 4,519,758	\$ 3,033,903	\$ 3,070,595
City's covered payroll	\$ 2,584,483	\$ 2,364,436	\$ 2,264,562
City's proportionate share of the net pension liability as a percentage of its covered payroll	174.88%	128.31%	135.59%
Plan fiduciary net position as a percentage of the total pension liability	69.17%	76.35%	73.42%
<b>Law Enforcement Pension Plan</b>			
City's proportion of the net pension liability	0.938982725%	0.831542466%	0.837491100%
City's proportionate share of the net pension liability	\$ 2,273,018	\$ 715,496	\$ 632,238
City's covered payroll	\$ 1,426,303	\$ 1,276,809	\$ 1,296,262
City's proportionate share of the net pension liability as a percentage of its covered payroll	159.36%	56.04%	48.77%
Plan fiduciary net position as a percentage of the total pension liability	71.22%	87.99%	88.11%

The amounts presented for each fiscal year were determined as of 12/31.

\* Information for years prior to 2015 is not available; the schedule will be completed as information becomes available.



2016	2015	2014	2013	2012	2011	2010
0.135582615%	0.128782567%	*	*	*	*	*
\$ 3,158,191	\$ 2,272,616	*	*	*	*	*
\$ 2,364,661	\$ 2,201,425	*	*	*	*	*
133.56%	103.23%	*	*	*	*	*
73.40%	79.08%	*	*	*	*	*
0.875347950%	0.853389620%	*	*	*	*	*
\$ 657,561	\$ 251,440	*	*	*	*	*
\$ 1,316,521	\$ 1,261,232	*	*	*	*	*
49.95%	19.94%	*	*	*	*	*
87.49%	94.76%	*	*	*	*	*

# CITY OF EVANSTON, WYOMING

## SCHEDULE OF CITY CONTRIBUTIONS

Last 10 fiscal years

(Unaudited)

	2019	2018	2017
<b>Public Employees Pension Plan</b>			
Contractually required contribution	\$ 469,745	\$ 409,430	\$ 390,612
Contributions in relation to the contractually required contribution	(469,745)	(409,430)	(390,612)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 2,743,838	\$ 2,463,478	\$ 2,350,253
Contributions as a percentage of covered payroll	17.12%	16.62%	16.62%
<b>Law Enforcement Pension Plan</b>			
Contractually required contribution	\$ 279,087	\$ 233,240	\$ 224,900
Contributions in relation to the contractually required contribution	(279,087)	(233,240)	(224,900)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 1,622,599	\$ 1,356,047	\$ 1,307,558
Contributions as a percentage of covered payroll	17.20%	17.20%	17.20%

\* Information for years prior to 2015 is not available; the schedule will be completed as information becomes available.

2016	2015	2014	2013	2012	2011	2010
\$ 383,164	\$ 363,506	*	*	*	*	*
(383,164)	(363,506)	*	*	*	*	*
<u>\$ -</u>	<u>\$ -</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
\$ 2,305,439	\$ 2,290,523	*	*	*	*	*
16.62%	15.87%	*	*	*	*	*
\$ 227,996	\$ 226,679	*	*	*	*	*
(227,996)	(226,679)	*	*	*	*	*
<u>\$ -</u>	<u>\$ -</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
\$ 1,325,558	\$ 1,317,901	*	*	*	*	*
17.20%	17.20%	*	*	*	*	*

**CITY OF EVANSTON, WYOMING**

**SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS**

Last 10 fiscal years

(Unaudited)

	2019	2018	2017
Total OPEB Liability			
Service cost	\$ 45,424	\$ 44,101	*
Interest	25,081	23,031	*
Changes in benefit terms	-	-	*
Differences between expected and actual experience	-	-	*
Employee contributions	-	-	*
Changes in assumptions and other inputs	30,425	-	*
Benefits payments	(11,290)	(9,697)	*
Net change in OPEB liability	89,640	57,435	*
Total OPEB liability - beginning	698,449	641,014	*
Total OPEB liability - ending	\$ 788,089	\$ 698,449	*
Covered employee payroll	\$ 3,820,068	\$ 2,300,000	*
Total liability as a percentage of covered employee payroll	20.63%	30.37%	*

\* Information for years prior to 2018 is not available; the schedule will be completed as information becomes available.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*  	*  	*  	*  	*  	*  	*  
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*

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## CITY OF EVANSTON, WYOMING

### NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2019

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#### **Note 1. Basis of Budgeting**

##### ***Budgets***

Annual budgets are adopted on the modified accrual basis for all governmental funds.

Legal spending control for City monies is at the fund level. The City Council may amend the budget after it is appropriated using the same procedures necessary to approve the original budget at the department level. During the year, no significant appropriations were necessary. Management monitors expenditures at budgetary line item levels within each fund to enhance the accounting control system and may amend the budget at this level as long as the department level budget is maintained.

#### **Note 2. Explanation of Changes in Factors to Pension Plans**

***Changes of assumptions*** – There have been no changes of assumptions in the Public Employees' Pension Plan and Law Enforcement Pension Plan from January 1, 2017 to January 1, 2018.

***Changes in benefits*** – There have been no changes in the benefit provisions of any pension plans since the prior valuation.

#### **Note 3. Explanation of Changes to OPEB Plan**

There are no assets accumulated in a trust that is irrevocable or an equivalent arrangement.

***Changes of benefit terms*** – The Plan did not have any changes in term benefits.

***Changes of assumptions*** – Actuarial assumptions used in the June 30, 2019 valuation were based on a review of plan experience during the period July 1, 2015 to June 30, 2018.

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## **OTHER SUPPLEMENTARY INFORMATION**

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## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUND**

Special Revenue Funds are used to account for the proceeds of designated specific revenue sources that are restricted to expenditure for specified purposes.

- The Lodging Tax Fund is used to account for the special 3% lodging tax that is restricted for the purpose of promoting tourism within the City.

### **PERMANENT FUND**

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for the purposes that support the reporting government's programs.

- Permanent Fund - Cemetery Fund - This fund is used to account for the assets held by the City for the ongoing maintenance of the public cemetery.

**CITY OF EVANSTON, WYOMING**

**COMBINING BALANCE SHEET**  
**Nonmajor Governmental Funds**  
**June 30, 2019**

	Special Revenue Fund	Permanent Fund	Total Nonmajor Governmental Funds
	Lodging Tax Fund	Cemetery Fund	
<b>ASSETS</b>			
Pooled cash and cash equivalents and investments	\$ 907,461	\$ 243,255	\$ 1,150,716
Accounts receivable	64,632	2,375	67,007
Total assets	<u>\$ 972,093</u>	<u>\$ 245,630</u>	<u>\$ 1,217,723</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 29,785	\$ 2,462	\$ 32,247
Total liabilities	<u>29,785</u>	<u>2,462</u>	<u>32,247</u>
<b>FUND BALANCES</b>			
Nonspendable			
Permanent fund principal	-	100,000	100,000
Restricted	942,308	105,847	1,048,155
Unassigned	-	37,321	37,321
Total fund balances	<u>942,308</u>	<u>243,168</u>	<u>1,185,476</u>
Total liabilities and fund balances	<u>\$ 972,093</u>	<u>\$ 245,630</u>	<u>\$ 1,217,723</u>

**CITY OF EVANSTON, WYOMING**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES**

Nonmajor Governmental Funds

Year Ended June 30, 2019

	Special Revenue Funds	Permanent Fund	
	Lodging Tax Fund	Cemetery Fund	Total Nonmajor Governmental Funds
Revenues			
Lodging tax	\$ 267,995	\$ -	\$ 267,995
Charges for services	-	31,346	31,346
Investment earnings and miscellaneous	9,079	1,987	11,066
Total revenues	<u>277,074</u>	<u>33,333</u>	<u>310,407</u>
Expenditures			
Current			
Health, welfare and recreation	301,230	192,879	494,109
Total expenditures	<u>301,230</u>	<u>192,879</u>	<u>494,109</u>
Deficiency of revenues over expenditures	<u>(24,156)</u>	<u>(159,546)</u>	<u>(183,702)</u>
Net change in fund balances	<u>(24,156)</u>	<u>(159,546)</u>	<u>(183,702)</u>
Fund balances - beginning of year	<u>966,464</u>	<u>402,714</u>	<u>1,369,178</u>
Fund balances - end of year	<u><u>\$ 942,308</u></u>	<u><u>\$ 243,168</u></u>	<u><u>\$ 1,185,476</u></u>

**CITY OF EVANSTON, WYOMING**

SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND  
BALANCE - BUDGET AND ACTUAL  
Special Revenue Fund - Lodging Tax  
Year Ended June 30, 2019

	Budgeted Amounts		Actual	Variance with final Budget Positive (Negative)
	Original	Final		
Revenues				
Rental income	\$ 240,000	\$ 240,000	\$ 267,995	\$ 27,995
Interest	3,500	3,500	9,079	5,579
Total revenues	243,500	243,500	277,074	33,574
Expenditures				
General expenses	500	500	517	(17)
Marketing and promotion	200,000	250,000	263,834	(13,834)
Matching fund/grants	18,000	18,000	10,879	7,121
Contractual services	25,000	25,000	26,000	(1,000)
Total expenditures	243,500	293,500	301,230	(7,730)
Deficiency of revenues over expenditures	-	(50,000)	(24,156)	\$ 25,844
Fund balance - beginning of year	966,464	966,464	966,464	
Fund balance - end of year	\$ 966,464	\$ 916,464	\$ 942,308	

## **COMPLIANCE SECTION**

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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*

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the City Council  
City of Evanston, 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 Evanston, Wyoming, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Evanston, Wyoming's basic financial statements, and have issued our report thereon dated December 18, 2019.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City of Evanston, 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 of Evanston, Wyoming's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Evanston, Wyoming'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.



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Our consideration of the 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 and therefore material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as items 2019-001 and 2019-002 that we consider to be material weaknesses.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City of Evanston, Wyoming's financial statements are free of 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*.

We noted certain matters we reported to the management of the City of Evanston in a separate letter dated December 18, 2019.

### ***City of Evanston, Wyoming's Response to Finding***

City of Evanston, Wyoming's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. City of Evanston, Wyoming's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### ***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 City of Evanston, Wyoming's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Porter, Muirhead, Cornia & Howard

Certified Public Accountants

Casper, Wyoming

December 18, 2019

## **CITY OF EVANSTON**

### **SCHEDULE OF FINDINGS AND RESPONSES YEAR ENDED JUNE 30, 2019**

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#### **Material Weakness in Internal Control**

##### **Internal Control over Financial Reporting**

##### **2019-001: Financial Statement Preparation**

###### ***Criteria***

The Auditing Standards Board (ASB) issued guidance to auditors related to an entity's internal controls over external financial reporting (i.e. financial statements presented in conformity with generally accepted accounting principles (GAAP) and issued to outside third parties). Many small organizations rely on their auditor to generate these annual financial statements including the related footnotes. Auditing standards emphasizes that the auditor cannot be part of the entity's system of internal control over external financial reporting. Consequently, the entity must have personnel who are capable of preparing external financial statements in conformity with GAAP even though the auditor may draft the statements on behalf of the entity.

###### ***Condition***

The City of Evanston has controls in place and operating over the preparation of the cash-basis financial reports, including in-depth review by management and City Council and a high level of awareness of all transactions being reported. However, cash-basis financial reporting (non-GAAP) differs significantly from GAAP financial reporting. Also, the City has not distinguished between the pool of cash and cash equivalents and investments at the fund level; therefore, the amounts reported are combined as pooled cash and cash equivalents and investments.

###### ***Cause***

In our judgment, the accounting personnel and those charged with governance, in the course of their assigned duties, lack the skills to prepare the external financial statements and related footnotes in accordance with GAAP and to detect and correct a material misstatement, if present. Additionally, the current software setup makes it difficult to properly segregate the pooled cash and cash equivalents from the pooled investments, combining these items into a single pool.

###### ***Effect or Potential Effect***

The lack of skills to prepare the external financial statements results in City's reliance on auditors to prepare the financial statements. The current software setup for pooled cash and cash equivalents and investments limits information for accurate financial reporting.

###### ***Recommendation***

We recommend accounting personnel receive additional training to improve utilization of the software to produce accounting information on a GAAP basis in addition to the budgetary basis. Management may also mitigate this weakness by filling a future council seat with an individual that will enhance financial reporting capabilities, i.e. an individual with GAAP basis governmental accounting experience, or utilize the services of another accounting firm to assist in compiling the external financial statements. Further, we recommend that the City reevaluate the software setup for the pooled cash and cash equivalents and investments reporting and determine a process for segregating and distinguishing between pooled cash and cash equivalents and pooled investments.

## CITY OF EVANSTON

### SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED) YEAR ENDED JUNE 30, 2019

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#### **Material Weakness in Internal Control (Continued)**

#### **Internal Control over Financial Reporting (Continued)**

#### **2019-001: Financial Statement Preparation (Continued)**

##### ***Views of Responsible Officials and Planned Corrective Actions***

While the City of Evanston understands the issued guidelines under governmental auditing standards, the City does not see a significant value from the technical compliance with this statement or a cost benefit to the City. The City's accounting personnel have the skills and understand the City's finances to find and correct material misstatements on the cash basis. The lack of familiarity with all required disclosures for formal financial reporting in accordance with GAAP reflects more on the esoteric nature of many required disclosures than the management/oversight capabilities of the City's personnel.

The City of Evanston understands the importance of the allocation of pooled cash and cash equivalents and pooled investments for financial statement presentation and will develop a process for segregating and distinguishing between the cash and cash equivalents and the investments at the fund level.

#### **Internal Control over Financial Reporting**

#### **2019-002: Audit Adjustments**

##### ***Criteria***

Strong internal controls require personnel to be responsible and capable of financial record keeping and reporting.

##### ***Condition***

The City, was not able to identify all balances and necessary adjustments which were significant to the financial records and financial statements. Material audit adjustments were required to present the financial statements from being materially misstated in accordance with generally accepted accounting principles accepted in the United States (GAAP).

##### ***Cause***

Personnel are relying primarily on the cash basis of accounting without full consideration of all adjustments required for GAAP reporting.

##### ***Effect or Potential Effect***

Significant journal entries were posted relating to pension liability and related items, debt, OPEB, investments, compensated absences, receivables, construction in progress, and depreciation. These significant journal entries were required to correct the balances for governmental and enterprise funds financial statements.

##### ***Recommendation***

In our judgment, management and those charged with governance need to evaluate policies and procedures to ensure that complete and accurate information is available and evaluated in a timely manner to properly record transactions in accordance with GAAP.

**CITY OF EVANSTON**

**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)**  
**YEAR ENDED JUNE 30, 2019**

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**Material Weakness in Internal Control (Continued)**

**Internal Control over Financial Reporting (Continued)**

**2019-002: Audit Adjustments (Continued)**

***Views of Responsible Officials and Planned Corrective Actions***

Staff will continue to review and upgrade internal policies and procedures to ensure accurate internal controls are being followed, as well as the timely manner of recording transactions, back up of transactions, and any requirements in accordance with GAAP and the State of Wyoming. Staff will also continue to participate in training to better understand the GAAP requirements and internal controls, as well as the overall functions and duties of the department.