

# City of Evanston, Wyoming

## FINANCIAL REPORT

JUNE 30, 2018





**CITY OF EVANSTON, WYOMING**

**FINANCIAL REPORT**

**June 30, 2018**

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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, , 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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## ***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, 2018 and the respective changes in financial position and, where applicable, cash flows thereof 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 March 28, 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

Certified Public Accountants

Casper, Wyoming

March 28, 2019

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## CITY OF EVANSTON, WYOMING

### MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

(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's for the fiscal year ended June 30, 2018.

#### ***Financial Highlights***

The assets of the City of Evanston, Wyoming exceeded its liabilities at the close of the most recent fiscal year by \$107,037,989 (*net position*). Of this amount, \$42,161,930 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.

- The government's total net position increased by \$1,657,812.
- As of the close of the current fiscal year, the City of Evanston, Wyoming's governmental funds reported combined ending fund balances of \$14,536,220.
- At the end of the current fiscal year, fund balance for the general fund was \$11,716,134.

#### ***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, 2018

(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 replaces 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. 45 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, 2018

(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, 2017 and 2018**

	Governmental Activities		Business-type Activities		Total	
	2017	2018	2017	2018	2017	2018
<b>Assets</b>						
Current assets	\$ 13,497,633	\$ 15,981,010	\$ 31,903,311	\$ 32,622,346	\$ 45,400,944	\$ 48,603,356
Net capital assets	37,383,252	36,361,887	28,859,275	28,421,524	66,242,527	64,783,411
Total assets	50,880,885	52,342,897	60,762,586	61,043,870	111,643,471	113,386,767
<b>Deferred outflows of resources</b>	856,812	1,189,116	409,743	489,231	1,266,555	1,678,347
<b>Liabilities</b>						
Current liabilities	1,128,630	700,164	352,324	294,718	1,480,954	994,882
Long-term liabilities	2,899,483	3,400,773	1,877,521	1,966,254	4,777,004	5,367,027
Total Liabilities	4,028,113	4,100,937	2,229,845	2,260,972	6,257,958	6,361,909
<b>Deferred inflows of resources</b>	722,693	1,329,005	42,466	336,211	765,159	1,665,216
<b>Net Position</b>						
Net investment in capital assets	37,355,020	36,342,553	28,681,686	28,327,659	66,036,706	64,670,212
Restricted	205,847	205,847	-	-	205,847	205,847
Unrestricted	9,426,024	9,136,299	30,218,332	30,608,259	39,644,356	39,744,558
Total net position	\$ 46,986,891	\$ 45,684,699	\$ 58,900,018	\$ 58,935,918	\$ 105,886,909	\$ 104,620,617

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* \$42,161,930 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, 2018 (Unaudited)

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

<b>City of Evanston</b>						
<b>Comparative Statement of Changes in Net Position</b>						
<b>June 30, 2017 and 2018</b>						
	Governmental Activities		Business-type Activities		Total	
	2017	2018	2017	2018	2017	2018
<b>Revenues</b>						
Charges for services	\$ 394,964	\$ 1,226,180	\$ 5,153,716	\$ 5,375,754	\$ 5,548,680	\$ 6,601,934
Operating grants and contributions	868,966	2,396,653	-	-	868,966	2,396,653
Capital grants and contributions	3,714	1,509	241,183.00	529,024	244,897	530,533
Taxes						
Property taxes	651,404	642,705	-	-	651,404	642,705
Other taxes	6,901,391	7,254,751	-	-	6,901,391	7,254,751
State additional funding not restricted to specific programs	1,585,611	1,482,494	-	-	1,585,611	1,482,494
Unrestricted investment earnings	72,147	250,501	128,030	189,739	200,177	440,240
Miscellaneous revenue	338,580	389,894	36,334	23,442	374,914	413,336
Total revenues	<u>10,816,777</u>	<u>13,644,687</u>	<u>5,559,263</u>	<u>6,117,959</u>	<u>16,376,040</u>	<u>19,762,646</u>
<b>Expenses</b>						
General government	3,293,723	3,611,357	-	-	3,293,723	3,611,357
Public safety	2,877,387	3,108,778	-	-	2,877,387	3,108,778
Public works	2,352,006	2,368,698	-	-	2,352,006	2,368,698
Health, welfare, and recreation	1,779,565	1,881,793	-	-	1,779,565	1,881,793
Water	-	-	2,589,889	2,657,233	2,589,889	2,657,233
Sewer	-	-	975,177	987,723	975,177	987,723
Golf	-	-	933,723	910,151	933,723	910,151
Environmental services	-	-	1,179,331	1,284,304	1,179,331	1,284,304
Other	11,248	7,651	-	-	11,248	7,651
Total expenses	<u>10,313,929</u>	<u>10,978,277</u>	<u>5,678,120</u>	<u>5,839,411</u>	<u>15,992,049</u>	<u>16,817,688</u>
Excess (deficiency) of revenues over expenses before transfers	502,848	2,666,410	(118,857)	278,548	383,991	2,944,958
Special item, loss on disposal of capital assets	-	(1,287,146)	-	-	-	(1,287,146)
Transfers	(5,082)	69,570	5,082	(69,570)	-	-
Change in net position	497,766	1,448,834	(113,775)	208,978	383,991	1,657,812
Net position - beginning of year, as previously stated	46,489,125	46,986,891	59,013,793	58,900,014	105,502,918	105,886,905
Prior period adjustment	-	(333,654)	-	(173,074)	-	(506,728)
Net position - beginning of year, as restated	46,489,125	46,653,237	59,013,793	58,726,940	105,502,918	105,380,177
Total Net position	<u>\$ 46,986,891</u>	<u>\$ 48,102,071</u>	<u>\$ 58,900,018</u>	<u>\$ 58,935,918</u>	<u>\$ 105,886,909</u>	<u>\$ 107,037,989</u>



## CITY OF EVANSTON, WYOMING

### MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

(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 a 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 70% of revenues, charges for services 5%, operating grants and contributions are 22%, and unrestricted interest income are 3% 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 \$6,216,134, while total general fund balance reached \$11,716,134. 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 \$2,302,016 during the current fiscal year.

## CITY OF EVANSTON, WYOMING

### MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2018

(Unaudited)

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- Total tax revenues for the City slightly decreased by \$344,661.
  - Operating grants and state funding received increased by \$1,424,570 due to a grant for the Roundhouse.
  - Investment earnings increased by \$240,063. This was mostly due to receiving interest that was being held in a money market account, as well as rising interest rates.
  - Charges for Services increased by \$1,053,254.
  - Miscellaneous revenue increased by \$38,422.

The long-term liabilities of \$5,518,148, 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 \$30,608,259. The total growth in unrestricted net position for these funds was \$389,927. 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 \$13,802,717. Minor adjustments were made due to unexpected funds received for projects. The adjustment was \$112,895 making our final General Fund Budget amount \$13,915,612.

#### ***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, 2018 amounts to \$64,783,411 (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:

- Roundhouse Stabilization
- Water Meter Software Upgrade
- Telephone Upgrades
- City View Water Line Replacement
- Fairgrounds Sewer Project

# CITY OF EVANSTON, WYOMING

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2018 (Unaudited)

### City of Evanston Comparative Statement of Capital Assets (Net of Depreciation) June 30, 2017 and 2018

	Governmental Activities		Business-type Activities		Total	
	2017	2018	2017	2018	2017	2018
Land	\$ 11,329,897	\$ 11,177,181	\$ 733,694	\$ 733,694	\$ 12,063,591	\$ 11,910,875
Construction in Progress	1,297,032	3,344,627	21,304	158,951	1,318,336	3,503,578
Buildings and Systems	42,598,040	40,647,612	67,669,616	68,211,049	110,267,656	108,858,661
Machinery and Equipment	4,951,190	5,094,718	3,165,588	3,252,538	8,116,778	8,347,256
Infrastructure	17,818,170	17,818,170	-	-	17,818,170	17,818,170
Land Improvements	1,488,152	1,488,152	-	-	1,488,152.00	1,488,152
Accumulated Depreciation	(42,099,229)	(43,208,573)	(42,730,927)	(43,934,708)	(84,830,156)	(87,143,281)
Total	\$ 37,383,252	\$ 36,361,887	\$ 28,859,275	\$ 28,421,524	\$ 66,242,527	\$ 64,783,411

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, 2017 and 2018

	Governmental Activities		Business-type Activities		Total	
	2017 (as restated)	2018	2017	2018	2017	2018
Accrued Compensated Absences	\$ 540,278	\$ 614,434	\$ 329,921	\$ 342,667	\$ 870,199	\$ 957,101
Lease Purchase Obligation	28,232	19,334	177,589	93,865	205,821	113,199
Other Post-Employment Benefits	467,940	509,868	173,074	188,581	641,014	698,449
Pension Obligation	2,232,599	2,297,260	1,470,234	1,452,139	3,702,833	3,749,399
Total	\$ 3,269,049	\$ 3,440,896	\$ 2,150,818	\$ 2,077,252	\$ 5,419,867	\$ 5,518,148

The City of Evanston, Wyoming's total debt is \$5,518,148 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.

## **CITY OF EVANSTON, WYOMING**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2018**

**(Unaudited)**

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

- The unemployment rate for the City of Evanston, Wyoming as of June 30, 2018 was 4.5%, which is a slight increase 4.3% one year ago. This compares to the state's average unemployment rate of 4.1% and the national average rate of 4.2%

Unemployment seems to be maintaining at approximately the same rate as last year, and comparable with the national average. 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 2019 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.

## **BASIC FINANCIAL STATEMENTS**

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**CITY OF EVANSTON, WYOMING**

**STATEMENT OF NET POSITION**

June 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Pooled cash and cash equivalents and investments	\$ 14,467,010	\$ 31,300,852	\$ 45,767,862
Receivables (net of allowance for uncollectibles)			
Accounts receivable	1,322,923	682,969	2,005,892
Property taxes	697,004	-	697,004
Accrued interest	41,508	-	41,508
Internal balances	(554,959)	554,959	-
Inventory	7,524	83,566	91,090
Total noncapital assets	<u>15,981,010</u>	<u>32,622,346</u>	<u>48,603,356</u>
Capital assets not being depreciated			
Land	11,177,181	733,694	11,910,875
Construction in progress	3,344,627	158,951	3,503,578
Capital assets being depreciated			
Buildings and systems	40,647,612	68,211,049	108,858,661
Machinery and equipment	5,094,718	3,252,538	8,347,256
Infrastructure	17,818,170	-	17,818,170
Land improvements	1,488,152	-	1,488,152
Total capital assets	<u>79,570,460</u>	<u>72,356,232</u>	<u>151,926,692</u>
Less accumulated depreciation	<u>(43,208,573)</u>	<u>(43,934,708)</u>	<u>(87,143,281)</u>
Total capital assets (net of accumulated depreciation)	<u>36,361,887</u>	<u>28,421,524</u>	<u>64,783,411</u>
Total assets	<u>52,342,897</u>	<u>61,043,870</u>	<u>113,386,767</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension plan items	<u>1,189,116</u>	<u>489,231</u>	<u>1,678,347</u>
Total deferred outflows of resources	<u>1,189,116</u>	<u>489,231</u>	<u>1,678,347</u>

(Continued)

See accompanying notes to the financial statements

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**CITY OF EVANSTON, WYOMING**

**STATEMENT OF NET POSITION (CONTINUED)**

June 30, 2018

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
<b>LIABILITIES</b>			
Accounts payable	\$ 332,449	\$ 84,008	\$ 416,457
Accrued payroll	69,147	32,681	101,828
Accrued liabilities	104,637	-	104,637
Court bonds payable	15,850	-	15,850
Unearned - cash in lieu of land development	137,958	-	137,958
Deposits payable	-	67,031	67,031
Long-term liabilities			
Due in one year	40,123	110,998	151,121
Due in more than one year	1,103,513	514,115	1,617,628
Net pension liability	2,297,260	1,452,139	3,749,399
Total liabilities	<u>4,100,937</u>	<u>2,260,972</u>	<u>6,361,909</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension plan items	663,788	336,211	999,999
Unavailable property taxes	665,217	-	665,217
Total deferred inflows of resources	<u>1,329,005</u>	<u>336,211</u>	<u>1,665,216</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	36,342,553	28,327,659	64,670,212
Restricted for			
Lodging tax fund	966,464	-	966,464
Economic development fund	1,450,908	-	1,450,908
Perpetual fund			
Expendable	105,847	-	105,847
Nonexpendable	100,000	-	100,000
Unrestricted	<u>9,136,299</u>	<u>30,608,259</u>	<u>39,744,558</u>
Total net position	<u>\$ 48,102,071</u>	<u>\$ 58,935,918</u>	<u>\$ 107,037,989</u>

See accompanying notes to the financial statements

# CITY OF EVANSTON, WYOMING

## STATEMENT OF ACTIVITIES

Year Ended June 30, 2018

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 3,611,357	\$ 766,495	\$ 2,396,653	\$ 1,509
Public safety	3,108,778	429,885	-	-
Public works	2,368,698	-	-	-
Health, welfare, and recreation	1,881,793	29,800	-	-
Unallocated interest expense	7,651	-	-	-
Total governmental activities	10,978,277	1,226,180	2,396,653	1,509
Business-type activities:				
Water fund	2,657,233	2,477,986	-	-
Sewer fund	987,723	1,171,352	-	529,024
Golf fund	910,151	422,122	-	-
Environmental service fund	1,284,304	1,304,294	-	-
Total business-type activities	5,839,411	5,375,754	-	529,024
Total primary government	\$ 16,817,688	\$ 6,601,934	\$ 2,396,653	\$ 530,533

### 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
\$ (446,700)	\$ -	\$ (446,700)
(2,678,893)	-	(2,678,893)
(2,368,698)	-	(2,368,698)
(1,851,993)	-	(1,851,993)
(7,651)	-	(7,651)
(7,353,935)	-	(7,353,935)
-	(179,247)	(179,247)
-	712,653	712,653
-	(488,029)	(488,029)
-	19,990	19,990
-	65,367	65,367
(7,353,935)	65,367	(7,288,568)
642,705	-	642,705
6,789,027	-	6,789,027
176,360	-	176,360
289,364	-	289,364
1,482,494	-	1,482,494
250,501	189,739	440,240
389,894	23,442	413,336
(1,287,146)	-	(1,287,146)
69,570	(69,570)	-
8,802,769	143,611	8,946,380
1,448,834	208,978	1,657,812
46,986,891	58,900,014	105,886,905
(333,654)	(173,074)	(506,728)
46,653,237	58,726,940	105,380,177
<u>\$ 48,102,071</u>	<u>\$ 58,935,918</u>	<u>\$ 107,037,989</u>

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**CITY OF EVANSTON, WYOMING**

**BALANCE SHEET**  
Governmental Funds  
June 30, 2018

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Pooled cash and cash equivalents and investments	\$ 11,593,307	\$ 2,773,647	\$ 14,366,954
Receivables (net of allowance for uncollectibles)			
Accounts receivable	1,266,840	56,083	1,322,923
Property taxes	697,004	-	697,004
Accrued interest	<u>41,508</u>	<u>-</u>	<u>41,508</u>
Total assets	<u><u>\$ 13,598,659</u></u>	<u><u>\$ 2,829,730</u></u>	<u><u>\$ 16,428,389</u></u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
Current liabilities			
Accounts payable	\$ 322,805	\$ 9,644	\$ 332,449
Accrued payroll	69,147	-	69,147
Accrued liabilities	104,637	-	104,637
Court bonds payable	15,850	-	15,850
Unearned - cash in lieu of land development	137,958	-	137,958
Due to other funds	<u>245,609</u>	<u>-</u>	<u>245,609</u>
Total current liabilities	<u>896,006</u>	<u>9,644</u>	<u>905,650</u>
Noncurrent liabilities			
Advance payable to water fund	<u>309,350</u>	<u>-</u>	<u>309,350</u>
Total noncurrent liabilities	<u>309,350</u>	<u>-</u>	<u>309,350</u>
Total liabilities	<u>1,205,356</u>	<u>9,644</u>	<u>1,215,000</u>
Deferred inflows of resources			
Unavailable property taxes	<u>677,168</u>	<u>-</u>	<u>677,168</u>
Total deferred inflows of resources	<u>677,168</u>	<u>-</u>	<u>677,168</u>
Fund balances			
Nonspendable	-	100,000	100,000
Restricted	-	2,523,219	2,523,219
Assigned	5,500,000	-	5,500,000
Unassigned	<u>6,216,135</u>	<u>196,867</u>	<u>6,413,002</u>
Total fund balances	<u>11,716,135</u>	<u>2,820,086</u>	<u>14,536,221</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 13,598,659</u></u>	<u><u>\$ 2,829,730</u></u>	<u><u>\$ 16,428,389</u></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, 2018

Total governmental fund balances		\$ 14,536,221
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	\$ (614,434)	
Lease purchase obligation	(19,334)	
Other post-employment benefits payable	(509,868)	
Pension liability	<u>(2,297,260)</u>	(3,440,896)
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.		
	36,361,887	
Less net capital assets recorded in the internal service fund	<u>(8,405)</u>	36,353,482
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	1,189,116	
Deferred inflows - pension plan items	<u>(663,788)</u>	525,328
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	677,168	
Unavailable property taxes in governmental activities	<u>(665,217)</u>	11,951
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>115,985</u>
Net position of governmental activities		<u><u>\$ 48,102,071</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, 2018**

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 3,026,178	\$ 233,826	\$ 3,260,004
Licenses and permits	169,657	-	169,657
Fines and forfeitures	327,127	-	327,127
Intergovernmental revenues	9,231,363	-	9,231,363
Charges for services	41,882	29,800	71,682
Rental income	-	127,686	127,686
Investment earnings and miscellaneous	495,795	16,907	512,702
Total revenues	<u>13,292,002</u>	<u>408,219</u>	<u>13,700,221</u>
Expenditures			
Current			
General government	3,346,257	-	3,346,257
Public safety and transportation	2,881,566	-	2,881,566
Public works	1,225,592	-	1,225,592
Health, welfare and recreation	1,262,039	758,134	2,020,173
Capital outlay	2,183,705	-	2,183,705
Debt service			
Principal	8,898	-	8,898
Interest	8,986	-	8,986
Total expenditures	<u>10,917,043</u>	<u>758,134</u>	<u>11,675,177</u>
Excess (deficiency) of revenues over expenditures	<u>2,374,959</u>	<u>(349,915)</u>	<u>2,025,044</u>
Other Financing Sources (Uses)			
Transfers in	69,570	142,512	212,082
Transfers out	(142,512)	-	(142,512)
Total other financing sources (uses)	<u>(72,942)</u>	<u>142,512</u>	<u>69,570</u>
Special Item			
Proceeds from sale of capital assets	<u>-</u>	<u>823,891</u>	<u>823,891</u>
Net change in fund balances	2,302,017	616,488	2,918,505
Fund balances - beginning of year	<u>9,414,118</u>	<u>2,203,598</u>	<u>11,617,716</u>
Fund balances - end of year	<u><u>\$ 11,716,135</u></u>	<u><u>\$ 2,820,086</u></u>	<u><u>\$ 14,536,221</u></u>

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, 2018

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

Net change in fund balances - total governmental funds	\$ 2,918,505
--	--------------

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 in the current period:

General government

Total additions to capital assets	\$ 2,486,479	
Less additions to the internal service fund	(8,945)	
Depreciation expense	(1,396,809)	
Less depreciation expense in the internal service fund	859	1,081,584

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.	(2,111,037)
--	-------------

The changes in long-term liabilities does 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 capital lease	8,898	
Other post-employment benefits payable as of June 30, 2017	467,940	
Other post-employment benefits payable as of June 30, 2018	(509,868)	
Compensated absences as of June 30, 2017	540,278	
Compensated absences as of June 30, 2018	(614,434)	(107,186)

Pension expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures governmental funds:

Pension liability as of June 30, 2017	2,232,599	
Pension liability as of June 30, 2018	(2,297,260)	
Deferred outflows - pension items as of June 30, 2017	(856,812)	
Deferred outflows - pension items as of June 30, 2018	1,189,116	
Deferred inflows - pension items as of June 30, 2017	66,091	
Deferred inflows - pension items as of June 30, 2018	(663,788)	(330,054)

(Continued)



**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, 2018

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.

Internal service fund changes in net position	\$ (1,623)
---	------------

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, 2017	\$ (669,908)	
Unavailable property taxes - governmental activities as of June 30, 2017	656,602	
Unavailable property taxes - governmental funds as of June 30, 2018	677,168	
Unavailable property taxes - governmental activities as of June 30, 2018	<u>(665,217)</u>	<u>(1,355)</u>
Change in net position of governmental activities		<u><u>\$ 1,448,834</u></u>

# CITY OF EVANSTON, WYOMING

## STATEMENT OF NET POSITION

Proprietary Funds

June 30, 2018

	Business-type Activities - Enterprise Funds		
	Water Fund	Sewer Fund	Golf Fund
<b>ASSETS</b>			
Current assets			
Pooled cash and cash equivalents and investments	\$ 15,837,761	\$ 11,366,157	\$ 1,300,463
Accounts receivable	383,669	161,139	-
Inventory	-	-	83,566
Due from other funds	245,609	-	-
Total current assets	16,467,039	11,527,296	1,384,029
Noncurrent assets			
Advance receivable from general fund	309,350	-	-
Total noncurrent assets	309,350	-	-
Capital assets			
Land	161,500	240,005	312,189
Buildings and systems	45,472,599	16,388,301	6,264,550
Machinery and equipment	479,657	783,808	828,157
Construction in progress	158,951	-	-
	46,272,707	17,412,114	7,404,896
Less accumulated depreciation	25,450,933	14,449,833	3,232,527
Total capital assets (net of accumulated depreciation)	20,821,774	2,962,281	4,172,369
Total assets	37,598,163	14,489,577	5,556,398
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension plan items	169,499	124,453	-
Total deferred outflows of resources	169,499	124,453	-

See accompanying notes to the financial statements

<u>Business-type Activities - Enterprise Funds</u>		<u>Governmental</u>
<u>Other Nonmajor</u>		<u>Activities</u>
<u>Enterprise fund</u>		
<u>Environmental</u>		<u>Internal</u>
<u>Service</u>		<u>Service</u>
<u>Fund</u>	<u>Totals</u>	<u>Fund</u>
\$ 2,796,471	\$ 31,300,852	\$ 100,056
138,161	682,969	-
-	83,566	7,524
-	245,609	-
<u>2,934,632</u>	<u>32,312,996</u>	<u>107,580</u>
-	309,350	-
<u>-</u>	<u>309,350</u>	<u>-</u>
20,000	733,694	-
85,599	68,211,049	278,623
1,160,916	3,252,538	38,611
-	158,951	-
<u>1,266,515</u>	<u>72,356,232</u>	<u>317,234</u>
<u>801,415</u>	<u>43,934,708</u>	<u>308,829</u>
465,100	28,421,524	8,405
<u>3,399,732</u>	<u>61,043,870</u>	<u>115,985</u>
195,279	489,231	-
<u>195,279</u>	<u>489,231</u>	<u>-</u>

(Continued)

**CITY OF EVANSTON, WYOMING**

STATEMENT OF NET POSITION (CONTINUED)

Proprietary Funds

June 30, 2018

	<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	\$ 32,717	\$ 474	\$ 19,539
Accrued payroll	13,387	8,577	-
Deposits payable	67,031	-	-
Total current liabilities	<u>113,135</u>	<u>9,051</u>	<u>19,539</u>
Noncurrent liabilities			
Due within one year	6,439	3,604	93,865
Due in more than one year	213,142	82,451	-
Net pension liability	506,741	372,502	-
Total noncurrent liabilities	<u>726,322</u>	<u>458,557</u>	<u>93,865</u>
Total liabilities	<u>839,457</u>	<u>467,608</u>	<u>113,404</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension plan items	126,461	87,741	-
Total deferred inflows of resources	<u>126,461</u>	<u>87,741</u>	<u>-</u>
<b>NET POSITION</b>			
Net investment in capital assets	20,821,774	2,962,281	4,078,504
Unrestricted	15,979,970	11,096,400	1,364,490
Total net position	<u>\$ 36,801,744</u>	<u>\$ 14,058,681</u>	<u>\$ 5,442,994</u>

See accompanying notes to the financial statements

<u>Business-type Activities - Enterprise Funds</u>		Governmental
Other Nonmajor		Activities
Enterprise fund		
Environmental		Internal
Service		Service
Fund	Totals	Fund
\$ 31,278	\$ 84,008	\$ -
10,717	32,681	-
-	67,031	-
<u>41,995</u>	<u>183,720</u>	<u>-</u>
7,090	110,998	-
218,522	514,115	-
<u>572,896</u>	<u>1,452,139</u>	<u>-</u>
<u>798,508</u>	<u>2,077,252</u>	<u>-</u>
<u>840,503</u>	<u>2,260,972</u>	<u>-</u>
122,009	336,211	-
<u>122,009</u>	<u>336,211</u>	<u>-</u>
465,100	28,327,659	8,405
<u>2,167,399</u>	<u>30,608,259</u>	<u>107,580</u>
<u>\$ 2,632,499</u>	<u>\$ 58,935,918</u>	<u>\$ 115,985</u>

**CITY OF EVANSTON, WYOMING**

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

Proprietary Funds  
Year Ended June 30, 2018

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Golf Fund</u>
Operating revenues			
Charges for services	\$ 2,477,986	\$ 1,171,352	\$ 422,122
Intergovernmental	-	529,024	-
Miscellaneous	18,389	3,227	45
Total operating revenues	<u>2,496,375</u>	<u>1,703,603</u>	<u>422,167</u>
Operating expenses			
Personnel services	978,951	577,372	-
Contractual services	44,492	-	407,179
Repairs and maintenance	94,331	22,703	96,820
Supplies	377,909	43,285	129,241
Miscellaneous	7,870	12,721	32,973
Capital outlay	13,380	1,601	-
Depreciation	1,003,721	212,729	239,780
Utilities	136,579	117,312	-
Total operating expenses	<u>2,657,233</u>	<u>987,723</u>	<u>905,993</u>
Operating income (loss)	<u>(160,858)</u>	<u>715,880</u>	<u>(483,826)</u>
Nonoperating revenues and expenses			
Investment earnings	103,965	68,234	-
Interest expense	-	-	(4,158)
Total nonoperating revenues and expenses	<u>103,965</u>	<u>68,234</u>	<u>(4,158)</u>
Income (loss) before transfers	<u>(56,893)</u>	<u>784,114</u>	<u>(487,984)</u>
Transfers out	<u>(69,570)</u>	<u>-</u>	<u>-</u>
Transfers out	<u>(69,570)</u>	<u>-</u>	<u>-</u>
Change in net position	(126,463)	784,114	(487,984)
Total net position - beginning of year, as previously stated	37,011,539	13,287,387	5,930,978
Prior period adjustment	<u>(83,332)</u>	<u>(12,820)</u>	<u>-</u>
Total net position - beginning of year, as restated	<u>36,928,207</u>	<u>13,274,567</u>	<u>5,930,978</u>
Total net position - end of year	<u>\$ 36,801,744</u>	<u>\$ 14,058,681</u>	<u>\$ 5,442,994</u>

See accompanying notes to the financial statements

<u>Business-type Activities - Enterprise Funds</u>		Governmental Activities
<u>Other Nonmajor Enterprise Fund</u>		
<u>Environmental Service Fund</u>	<u>Totals</u>	<u>Internal Service Fund</u>
\$ 1,304,294	\$ 5,375,754	\$ 52,565
-	529,024	-
1,781	23,442	-
<u>1,306,075</u>	<u>5,928,220</u>	<u>52,565</u>
803,648	2,359,971	-
-	451,671	-
57,042	270,896	-
368,928	919,363	53,329
9,133	62,697	-
-	14,981	-
44,593	1,500,823	859
-	253,891	-
<u>1,283,344</u>	<u>5,834,293</u>	<u>54,188</u>
<u>22,731</u>	<u>93,927</u>	<u>(1,623)</u>
17,540	189,739	-
(960)	(5,118)	-
<u>16,580</u>	<u>184,621</u>	<u>-</u>
<u>39,311</u>	<u>278,548</u>	<u>(1,623)</u>
-	(69,570)	-
<u>-</u>	<u>(69,570)</u>	<u>-</u>
39,311	208,978	(1,623)
2,670,110	58,900,014	117,608
<u>(76,922)</u>	<u>(173,074)</u>	<u>-</u>
<u>2,593,188</u>	<u>58,726,940</u>	<u>117,608</u>
<u>\$ 2,632,499</u>	<u>\$ 58,935,918</u>	<u>\$ 115,985</u>

**CITY OF EVANSTON, WYOMING**

**STATEMENT OF CASH FLOWS**

Proprietary Funds

Year Ended June 30, 2018

	<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	\$ 2,505,008	\$ 1,679,078	\$ 422,167
Cash received from interfund services provided	-	-	-
Cash payments to suppliers for goods and services	(697,932)	(223,987)	(699,596)
Cash payments to employees for services	(903,845)	(524,707)	-
Net cash provided (used) by operating activities	<u>903,231</u>	<u>930,384</u>	<u>(277,429)</u>
Cash flows from noncapital financing activities			
Transfers out	<u>(69,570)</u>	<u>-</u>	<u>-</u>
Net cash used by noncapital financing activities	<u>(69,570)</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities			
Acquisitions and construction of capital assets	(187,814)	(559,288)	(49,980)
Principal paid	-	-	(35,223)
Interest paid	<u>-</u>	<u>-</u>	<u>(4,158)</u>
Net cash used by capital and related financing activities	<u>(187,814)</u>	<u>(559,288)</u>	<u>(89,361)</u>
Cash flows from investing activities			
Principal received on advance to general fund	492,348	-	-
Interest received on investments	<u>103,965</u>	<u>68,234</u>	<u>-</u>
Net cash provided by investing activities	<u>596,313</u>	<u>68,234</u>	<u>-</u>
Net increase (decrease) in pooled cash and cash equivalents and investments	1,242,160	439,330	(366,790)
Pooled cash and cash equivalents and investments - beginning of year	<u>14,595,601</u>	<u>10,926,827</u>	<u>1,667,253</u>
Pooled cash and cash equivalents and investments - end of year	<u><u>\$ 15,837,761</u></u>	<u><u>\$ 11,366,157</u></u>	<u><u>\$ 1,300,463</u></u>

See accompanying notes to the financial statements



<u>Business-type Activities - Enterprise Funds</u>		Governmental
Other Nonmajor		Activities
Enterprise fund		
Environmental		Internal
Service		Service
Fund	Totals	Fund
\$ 1,300,026	\$ 5,906,279	\$ -
-	-	52,580
(440,834)	(2,062,349)	(52,634)
(706,775)	(2,135,327)	-
152,417	1,708,603	(54)
-	(69,570)	-
-	(69,570)	-
(265,993)	(1,063,075)	(8,950)
(48,501)	(83,724)	-
(960)	(5,118)	-
(315,454)	(1,151,917)	(8,950)
-	492,348	-
17,540	189,739	-
17,540	682,087	-
(145,497)	1,169,203	(9,004)
2,941,968	30,131,649	109,060
\$ 2,796,471	\$ 31,300,852	\$ 100,056
		(Continued)

**CITY OF EVANSTON, WYOMING**

**STATEMENT OF CASH FLOWS (CONTINUED)**

Proprietary Funds

Year Ended June 30, 2018

	<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)	\$ (160,858)	\$ 715,880	\$ (483,826)
Adjustments to reconcile operating income (loss) to net pooled cash and cash equivalents and investments provided (used) by operating activities			
Depreciation	1,003,721	212,729	239,780
Amortization of pension plan items	83,499	57,465	-
Increase (decrease) in pooled cash and cash equivalents and investments resulting from changes in operating assets, deferred outflows, deferred inflows, and liabilities			
Accounts receivable	8,633	(24,525)	-
Inventory	-	-	(20,240)
Deferred outflows - pension plan items	(3,322)	(1,985)	-
Accounts payable	(37,040)	(28,164)	(13,143)
Accrued payroll	1,867	1,945	-
Accrued liabilities	3,569	1,799	-
Deposits payable	10,100	-	-
Net pension liability	<u>(6,938)</u>	<u>(4,760)</u>	<u>-</u>
Net pooled cash and cash equivalents and investments provided (used) by operating activities	<u>\$ 903,231</u>	<u>\$ 930,384</u>	<u>\$ (277,429)</u>

See accompanying notes to the financial statements

<u>Business-type Activities - Enterprise Funds</u>		Governmental
Other Nonmajor		Activities
Enterprise fund		
<u>Environmental</u>		<u>Internal</u>
Service		Service
Fund	Totals	Fund
\$ 22,731	\$ 93,927	\$ (1,623)
44,593	1,500,823	859
78,747	219,711	-
(6,049)	(21,941)	15
-	(20,240)	706
(147)	(5,454)	-
(5,731)	(84,078)	(11)
24,670	28,482	-
-	5,368	-
-	10,100	-
(6,397)	(18,095)	-
<u>\$ 152,417</u>	<u>\$ 1,708,603</u>	<u>\$ (54)</u>

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## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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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, 2018

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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, 2018

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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's pooled cash and cash equivalents and investments include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. 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.

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.

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.

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.

## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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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)***

##### ***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, 2018, 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.

##### ***Capital Assets***

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.



# CITY OF EVANSTON, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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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)*

##### *Capital Assets (Continued)*

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.

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

In addition to assets, the financial statements may 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:

## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

---

#### **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 (Continued)***

*Unavailable Revenues* - Unavailable revenue is reported in 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, only property tax revenue is reported as deferred inflows 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.

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.

## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

---

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

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

##### ***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.
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.

# CITY OF EVANSTON, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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

At June 30, 2018, the carrying amount of the City of Evanston's bank deposits was \$11,721,909 and the bank balance was \$11,492,867. The difference between the carrying amount and the bank balance is a result of transactions in transit. As of June 30, 2018, 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, 2018, 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	\$ 9,563	5-5.50%	\$ -	\$ -	\$ -	\$ 9,563	Not Rated
Government Bonds	4,523,822	1.05-1.25%	483,850	4,039,972	-	-	AA+/Aaa*
Corporate Zero Coupons	1,140,044	2.046-2.573%	1,140,044	-	-	-	P-1/A-1+
U.S. Treasury Notes	5,498,754	1.75-2.75%	5,498,754	-	-	-	AA+/Aaa/AAA
Certificates of Deposit	3,063,554	2.05-3.00%	249,973	2,813,581	-	-	N/A
WYO-STAR Investment Pool	18,757,361	0.7912%	18,757,361	-	-	-	Not Rated
	<u>\$ 32,993,098</u>		<u>\$ 26,129,982</u>	<u>\$ 6,853,553</u>	<u>\$ -</u>	<u>\$ 9,563</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	\$ 45,767,862
Less pooled cash	(12,774,764)
Pooled investments	<u>\$ 32,993,098</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, 2018, 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, 2018

### 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, 2018 is as follows:

Deposit and Investment Types	Fair Value	Percent of Portfolio
Government Bonds	\$ 4,523,822	13.71%
Corporate zero coupons	1,140,044	3.46%
U.S. Treasury Notes	5,498,754	16.67%
Certificates of deposit	3,063,554	9.29%
WYO-STAR Investment Pool	18,757,361	56.85%
GNMA - mortgage backed securities	9,563	0.02%
	<u>\$ 32,993,098</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, 2018, City deposits 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, 2018

### **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, 2018:

*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, 2018			
	Level 1	Level 2	Level 3	Total
U.S. government agency obligations	\$ -	\$ 4,523,822	\$ -	\$ 4,523,822
U.S. government agency mortgage backed securities	-	9,563	-	9,563
Corporate zero coupons	-	1,140,044	-	1,140,044
U.S. Treasury Notes	5,498,754	-	-	5,498,754
Certificates of Deposit	-	3,063,554	-	3,063,554
WYO-STAR investment pool	-	18,757,361	-	18,757,361
Total primary government investments	<u>\$ 5,498,754</u>	<u>\$ 27,494,344</u>	<u>\$ -</u>	<u>\$ 32,993,098</u>

# CITY OF EVANSTON, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

### **Note 4. Receivables**

As of June 30, 2018, the City's accounts receivable, including the applicable allowances for uncollectible accounts, are as follows:

	General	Other			Environmental	
	Fund	Governmental	Water	Sewer	Service	Total
		Funds	Fund	Fund	Fund	
Receivables						
Customer	\$ -	\$ -	\$ 383,669	\$ 135,379	\$ 138,161	\$ 657,209
Grants	23,312	-	-	25,760	-	49,072
Franchise fees	42,003	-	-	-	-	42,003
Sales and use						
tax	932,878	-	-	-	-	932,878
Lottery	201,941	-	-	-	-	201,941
Municipal court	469,091	-	-	-	-	469,091
Miscellaneous	11,728	56,083	-	-	-	67,811
Allowance for						
bad debts	(414,113)	-	-	-	-	(414,113)
	<u>\$ 1,266,840</u>	<u>\$ 56,083</u>	<u>\$ 383,669</u>	<u>\$ 161,139</u>	<u>\$ 138,161</u>	<u>\$ 2,005,892</u>

In addition, the internal service fund accounts receivable of \$15 is reported in the governmental activities in the City's Statement of Net Position.

# CITY OF EVANSTON, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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

The following is the detail of the City's individual interfund balances for the year ended June 30, 2018:

**Due to/from other funds**

	Receivable	Payable
Governmental activities		
General fund	\$ -	\$ 245,609
Business-type activities		
Water fund	245,609	-
Total due to/from other funds	<u>245,609</u>	<u>245,609</u>

**Advances to/from other funds**

Governmental activities		
General fund	-	309,350
Business-type activities		
Water fund	309,350	-
Total advances to/from other funds	<u>309,350</u>	<u>309,350</u>
Total interfund balances	<u>\$ 554,959</u>	<u>\$ 554,959</u>

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. Interest was calculated on the outstanding balance at the rate of .7912%, which was the rate of return on WYO-STAR at June 30, 2018.

The following is a detailed schedule of the City's interfund transfers for the year ended June 30, 2018.

	Transfers In	Transfers Out
Governmental Activities:		
General Fund	\$ 69,570	\$ 142,512
Nonmajor Governmental Funds:		
Permanent Fund:		
Cemetery Fund	142,512	-
Total governmental activities	<u>212,082</u>	<u>142,512</u>
Business-type Activities:		
Water Fund	-	69,570
Total business-type activities	<u>-</u>	<u>69,570</u>
Total primary government	<u>\$ 212,082</u>	<u>\$ 212,082</u>

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.



**CITY OF EVANSTON, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2018

**Note 6. Capital Assets**

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 11,329,897	\$ -	\$ 152,716	\$ 11,177,181
Construction in progress	1,297,032	2,248,682	201,087	3,344,627
Total capital assets not being depreciated	<u>12,626,929</u>	<u>2,248,682</u>	<u>353,803</u>	<u>14,521,808</u>
Capital assets being depreciated				
Buildings and systems	42,598,040	201,087	2,151,515	40,647,612
Machinery and equipment	4,951,190	237,797	94,269	5,094,718
Infrastructure	17,818,170	-	-	17,818,170
Land improvements	1,488,152	-	-	1,488,152
Total capital assets being depreciated	<u>66,855,552</u>	<u>438,884</u>	<u>2,245,784</u>	<u>65,048,652</u>
Less accumulated depreciation for				
Buildings and systems	20,322,024	1,141,448	193,342	21,270,130
Machinery and equipment	4,410,989	197,084	94,123	4,513,950
Infrastructure	17,366,216	58,277	-	17,424,493
Total accumulated depreciation	<u>42,099,229</u>	<u>1,396,809</u>	<u>287,465</u>	<u>43,208,573</u>
Total capital assets, being depreciated, net	<u>24,756,323</u>	<u>(957,925)</u>	<u>1,958,319</u>	<u>21,840,079</u>
Governmental activities capital assets, net	<u>\$ 37,383,252</u>	<u>\$ 1,290,757</u>	<u>\$ 2,312,122</u>	<u>\$ 36,361,887</u>

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 \$28,235; the current year depreciation of \$9,310 was expensed in governmental activities.

**CITY OF EVANSTON, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2018

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

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

Governmental activities	
General government	\$ 41,344
Public safety	81,475
Public works, including depreciation of general infrastructure assets	1,216,044
Health, welfare and recreation	23,945
Capital assets held in the permanent fund	33,142
	<u>1,396,809</u>
Total depreciation expense for governmental activities	<u>\$ 1,396,809</u>

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 733,694	\$ -	\$ -	\$ 733,694
Construction in progress	21,304	679,080	541,433	158,951
	<u>754,998</u>	<u>679,080</u>	<u>541,433</u>	<u>892,645</u>
Capital assets being depreciated				
Buildings and systems	67,669,616	541,433	-	68,211,049
Machinery and equipment	3,165,588	383,992	297,042	3,252,538
	<u>70,835,204</u>	<u>925,425</u>	<u>297,042</u>	<u>71,463,587</u>
Less accumulated depreciation for				
Buildings and systems	40,498,982	1,330,348	-	41,829,330
Machinery and equipment	2,231,945	170,475	297,042	2,105,378
	<u>42,730,927</u>	<u>1,500,823</u>	<u>297,042</u>	<u>43,934,708</u>
Total capital assets, being depreciated, net	<u>28,104,277</u>	<u>(575,398)</u>	<u>-</u>	<u>27,528,879</u>
Business-type activities capital assets, net	<u>\$ 28,859,275</u>	<u>\$ 103,682</u>	<u>\$ 541,433</u>	<u>\$ 28,421,524</u>

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 \$438,538 with accumulated depreciation of \$198,687; current year depreciation of \$52,465 was expensed in business-type activities.

# CITY OF EVANSTON, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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

The changes in long-term debt for the year ended June 30, 2018 were as follows:

The City implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* during the year. This implementation was retroactive which resulted in the restatement of the June 30, 2017 other post-employment benefits payable from \$134,286 to \$467,940 in the governmental activities and from \$0 to \$173,074 in the business-type activities. All other June 30, 2017 balances remain as previously stated.

	Balance June 30, 2017 (as restated)	Additions	Reductions	Balance June 30, 2018	Due Within One Year
Governmental activities					
Compensated absences	\$ 540,278	\$ 74,156	\$ -	\$ 614,434	\$ 30,722
Lease purchase obligation	28,232	-	8,898	19,334	9,401
Other post-employment benefits payable	467,940	41,928	-	509,868	-
Net pension liability	2,232,599	64,661	-	2,297,260	-
Governmental activities long-term liabilities	<u>\$ 3,269,049</u>	<u>\$ 180,745</u>	<u>\$ 8,898</u>	<u>\$ 3,440,896</u>	<u>\$ 40,123</u>
Long-term debt related to governmental activities is generally liquidated by the general fund.					
Business-type activities					
Compensated absences	\$ 329,921	\$ 16,642	\$ 3,896	\$ 342,667	\$ 17,133
Lease purchase obligation	177,589	-	83,724	93,865	93,865
Other post-employment benefits payable	173,074	15,507	-	188,581	-
Net pension liability	1,470,234	-	18,095	1,452,139	-
Business-type activities long-term liabilities	<u>\$ 2,150,818</u>	<u>\$ 32,149</u>	<u>\$ 105,715</u>	<u>\$ 2,077,252</u>	<u>\$ 110,998</u>

# CITY OF EVANSTON, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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

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

The City's lease purchase obligations outstanding at June 30, 2018 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, serviced by the General Fund.	<u>\$ 19,334</u>
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Future minimum lease payments under the lease purchase obligation outstanding as of June 30, 2018 are as follows:

Year ending June 30,		
2019	\$	10,232
2020		10,232
		20,464
Less amount representing interest		(1,130)
Net present value of minimum lease payment	\$	19,334

The City's business-type activities lease purchase obligation outstanding at June 30, 2018 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, serviced by the Golf Fund.	<u>\$ 93,865</u>
	\$ 93,865

Future minimum lease payments under the lease purchase obligation outstanding as of June 30, 2018 are as follows:

Year ending June 30,		
2019	\$	96,705
		96,705
Less amount representing interest		(2,840)
Net present value of minimum lease payment	\$	93,865

# CITY OF EVANSTON, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

### **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
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#### **Restricted for**

Lodging tax	966,464
Economic development	1,450,908
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**

6,413,002

\$ 14,536,221

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

The City has several outstanding construction projects as of June 30, 2018. 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	Expended To Date	Remaining Commitment
<b>Governmental activities</b>			
General Fund			
Roundhouse Stabilization	\$ 3,337,793	\$ 3,336,790	\$ 1,003
Telephone Upgrades - Phase 2	30,000	7,837	22,163
Total governmental activities	3,337,793	3,344,627	1,003
<b>Business-type activities</b>			
Water Fund			
Water Meter Upgrades	57,658	47,687	9,971
City View Water Line Replacement	475,000	111,264	363,736
Total business-type activities	532,658	158,951	373,707
Total primary government	\$ 3,870,451	\$ 3,503,578	\$ 374,710

## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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#### **Note 9. Commitments and Contingencies (Continued)**

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.

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

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. During the year ended June 30, 2018 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 2018 were approximately \$93,830.

Wyoming Statute 27-3-101 created the Unemployment Compensation Act. This Act requires the City to pay the cost of actual claims incurred. Changes in the balances of claims liabilities during fiscal year 2018 and 2017 were as follows for the City's participation in the Unemployment Compensation Act Program:

	Fiscal Year Ended 2018	Fiscal Year Ended 2017
Unpaid claims, beginning of year	\$ -	\$ -
Incurred claims	-	14,611
Claim payments	-	(14,611)
Unpaid claims, end of year	<u>\$ -</u>	<u>\$ -</u>

## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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#### **Note 11. 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:

##### ***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 8.25% of their annual covered salary and the City is required to contribute 8.37% 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 12.44% of the required total contributions and the employees contribute the remaining portion, 4.18% of the required total contribution.

The City's contributions to the PEPP for the years ended June 30, 2018, 2017, and 2016, were \$306,413, \$292,371 and \$286,797, while the employees' portion was \$103,017, \$98,241 and \$96,367, respectively, equal to the required contributions each year for regular employees.

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).

## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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#### **Note 11. Pension Plans (Continued)**

##### ***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.

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, 2018, the percentages to be contributed on compensation were 8.60% for the employees and the same for the City. The City currently pays 12.44% of the required total contributions and the police officers contribute the remaining portion, 4.76% of the required total contribution.

For the years ended June 30, 2018, 2017, and 2016 the contributions to the LEPP were \$233,240, \$224,900, and \$227,997, respectively, equal to the required contributions for each year. The City's portion of these contributions were \$168,692, \$162,660, and \$164,900, respectively, while the employees' contributions were \$64,548, \$62,240, and \$63,097, respectively, equal to the required contributions for each year.

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

At June 30, 2018, the City reported a total liability of \$3,749,399 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, 2017 is based on the results of an actuarial valuation as of January 1, 2017, rolled forward to a measurement date of December 31, 2017, and taking into consideration information from the recent experience study.



# CITY OF EVANSTON, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

### **Note 11. Pension Plans (Continued)**

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

The schedule below shows the City's proportionate share of the net pension liability at June 30, 2018, the proportionate portion at the measurement date of December 31, 2017, and the change in the proportion from the previous measurement date.

	Pension liability at June 30, 2018	Proportion at December 31, 2017	Increase (decrease) from December 31, 2016
Public Employees' Pension Plan	\$ 3,033,903	0.133104370%	0.005951610%
Law Enforcement Pension Plan	715,496	0.831542466%	-0.005948634%
	<u>\$ 3,749,399</u>		

For the year ended June 30, 2018, the City recognized pension expense of \$1,101,322.

At June 30, 2018, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Total Outflows
	PEPP	LEPP	
Net difference between projected and actual earnings on pension plan investments	\$ 386,797	\$ 201,914	\$ 588,711
Changes in assumptions	294,794	337,451	632,245
Difference between actual and expected experience rate	-	5,929	5,929
Change in employer's proportion	<u>120,094</u>	<u>1,550</u>	<u>121,644</u>
Amortizing deferred outflows	801,685	546,844	1,348,529
Contributions subsequent to the measurement date	208,264	121,554	329,818
Total	<u>\$ 1,009,949</u>	<u>\$ 668,398</u>	<u>\$ 1,678,347</u>

# CITY OF EVANSTON, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

### **Note 11. Pension Plans (Continued)**

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

At June 30, 2018, 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	\$ (495,061)	\$ (259,716)	\$ (754,777)
Difference between actual and expected experience rate	(105,219)	(61,179)	(166,398)
Change in employer's proportion	(74,614)	(4,210)	(78,824)
Total	<u>\$ (674,894)</u>	<u>\$ (325,105)</u>	<u>\$ (999,999)</u>

The City reported \$329,818 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, 2019. 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:			
2019	\$ 359,711	\$ 205,748	\$ 565,459
2020	287,411	179,273	466,684
2021	130,845	94,795	225,640
2022	23,718	67,028	90,746
	<u>\$ 801,685</u>	<u>\$ 546,844</u>	<u>\$ 1,348,529</u>

  

	Deferred Inflows		
	Public Employees' Pension Plan	Law Enforcement Pension Plan	Total
Year ended June 30:			
2019	\$ (217,275)	\$ (85,363)	\$ (302,638)
2020	(188,593)	(83,317)	(271,910)
2021	(141,757)	(82,390)	(224,147)
2022	(127,269)	(74,035)	(201,304)
	<u>\$ (674,894)</u>	<u>\$ (325,105)</u>	<u>\$ (999,999)</u>

# CITY OF EVANSTON, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

### Note 11. Pension Plans (Continued)

#### Actuarial Assumptions

The total pension liability at the December 31, 2017 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, 2017
Actuarial cost method	Entry Age Normal
Inflation	3.25%
Salary increases	4.25% to 8.00%, including inflation
Payroll growth rate	4.25%
Cost of Living Increase	0.00%
Investment rate of return	7.75%, net of pension plan investment expense
Post-Retirement Mortality	Scale BB
PEPP	Males: Set back 1 year with a 104% multiplier Females: No set back with a 90% multiplier
LEPP	Males: No set back with a 104% multiplier Females: Set forward 1 year with a 90% multiplier
Pre-Retirement Mortality	RP-2000 Combined Mortality Table, generational projected with
PEPP	Males: Set back 5 years with a 104% multiplier Females: Set back 4 years with a 90% multiplier
LEPP	Males: Set back 4 years with a 104% multiplier Females: Set back 3 years with a 90% multiplier

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, 2017. In addition, an experience study was conducted covering the five-year period ending December 31, 2016 and information from this study was considered in measuring the pension liability at December 31, 2017. The assumed rate of investment return of 7.00% (real return net of inflation of 4.75%) falls within a reasonable range of the long-term expected rate of return.

# CITY OF EVANSTON, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

### Note 11. 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 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 as of January 1, 2018, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Geometric Real Rate of Return	Long-Term Expected Arithmetic Real Rate of Return
Cash	0.00%	0.40%	0.40%
Fixed income	20.00%	1.25%	1.77%
Equity	45.00%	4.96%	6.88%
Marketable alternatives	17.50%	2.79%	3.30%
Private markets	17.50%	5.06%	7.11%
Total	100.00%	3.85%	5.27%

#### Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions for participating governmental entities will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. For the Public Employees' Pension Plan and the Law Enforcement Pension Plan, the discount rate was changed from 7.75% in the prior valuation to 7.00% for the current valuation.

#### 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 pension liability 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 Discount Rate (7.00%)	1% Increase (8.00%)
Public Employees' Pension Plan	\$ 4,585,407	\$ 3,033,903	\$ 1,739,969
Law Enforcement Pension Plan	1,535,671	715,496	47,807

**CITY OF EVANSTON, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2018

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**Note 11. Pension Plans (Continued)**

***Payables to the Pension Plan***

At June 30, 2018, the City reported no payables to the pension plans.

**Note 12. Budgetary Compliance**

For the year ended June 30, 2018, the following expenditures exceeded their final departmental budgets; this is a violation of Wyoming State Statute §16-4-108.

	<u>Budget</u>	<u>Expenditure</u>	<u>Over Expenditure</u>
Special Revenue Fund - Lodging Tax	\$ 245,100	\$ 284,919	\$ (39,819)
Internal Service Fund - Motor Vehicle	\$ 54,000	\$ 61,888	\$ (7,888)

**Note 13. Budget Amendments**

During the 2018 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 transfers between departments or funds and from unanticipated revenues:

General government	\$ 67,911
Public Safety and Transportation	14,396
Health, welfare, and recreation	1,405
Public works	29,183
	<u>\$ 112,895</u>

# CITY OF EVANSTON, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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### **Note 14. 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 prefund benefits as determined annually by the City. For fiscal year 2018, the City contributed \$3,070 to the plan. Members receiving benefits contributed \$12,281 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	\$ 869	\$ 69	\$ 188	\$ 750
Employee and Spouse	1,409	126	307	1,228
Employee and Children	1,233	110	269	1,074
Employee and Family	1,921	172	419	1,674

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

# CITY OF EVANSTON, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

---

### Note 14. Postemployment Healthcare Plan (Continued)

At June 30, 2018, 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) liability of \$698,449 was measured as of June 30, 2018 and was determined by an actuarial valuation as of June 30, 2018.

### **Actuarial Assumptions and Other Inputs**

The total OPEB liability in the June 30, 2018 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%
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.

**CITY OF EVANSTON, WYOMING**

**NOTES TO THE FINANCIAL STATEMENTS**

June 30, 2018

**Note 14. Postemployment Healthcare Plan (Continued)**

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

	<u>Total OPEB Liability</u>
Balance at June 30, 2017	\$ 641,014
Changes for the year	
Service cost	44,101
Interest	23,031
Differences between expected and actual experience	-
Employee contributions	-
Changes in assumptions or other inputs	-
Benefit payments	(9,697)
Net changes	<u>57,435</u>
Total OPEB obligation - end of year	<u>\$ 698,449</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 (2.62 percent) or 1-percentage-point higher (4.62 percent) than the current discount rate:

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

	1% Decrease <u>2.62%</u>	Discount Rate <u>3.62%</u>	1% Increase <u>4.62%</u>
Total OPEB Liability	\$ 758,222	\$ 698,449	\$ 643,258

The following represents 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 decreasing to 4.00 percent) or 1-percentage-point higher (6.00 percent decreasing to 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 <u>4.00%</u>	Trend Rate <u>5.00%</u>	1% Increase <u>6.00%</u>
Total OPEB Liability	\$ 624,053	\$ 698,449	\$ 785,726

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

At June 30, 2018, the City's did not have any deferred outflows of resources and deferred inflows of resources related to OPEB.



## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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#### **Note 15. Operating Leases - Lessor**

##### ***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. The cost of the leased property is \$3,617,843 with accumulated depreciation of \$904,708. Rental income from this lease was \$96,000 for the year ending June 30, 2018.

During 2014, the City entered into an agreement with a non-profit organization to lease certain real estate to the entity for one dollar per square foot (\$7,647 per month) for a term of five years at which time the organization has the option to purchase the property for its fair market value. The fair market value is to be modified by reducing the price by \$1,000,000 which the non-profit paid as an investment towards the construction of the subject property and by the rental payments made through the date the purchase option is executed. Since the non-profit organization currently provides out-patient mental health services pursuant to an annual contract awarded by the State of Wyoming, Department of Health, and their ability to continue operations without the State contract would be difficult, the non-profit organization has the right to terminate the lease should the State discontinue its funding. In the event the lease is terminated due to the lack of funding from the State, the City must return the organization's initial investment of \$1,000,000 by making four payments of \$250,000 each, with the first payment due 120 days after the date of termination of the lease and the subsequent payments due every 120 days thereafter until the entire amount is paid in full. The cost of the leased property is \$2,151,515 with accumulated depreciation of \$193,342. The City received \$22,941 for rent in the current fiscal year under the terms of the lease. The property was sold to the non-profit organization in September 2017.

#### **Note 16. 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, 2018, the City paid \$1,607,828 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.

# CITY OF EVANSTON, WYOMING

## NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 75 and 85, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and GASB Statement No. 57, *OPEB Measurement by Agent Employers and Agent Multiple-Employer Plans*. Specifically, Statements No. 85 and No. 75 recognize the long-term obligation for health and life insurance benefits offered to retirees and clarifies the timing of the measurement of pension and OPEB liabilities. The implementation of this standard required an adjustment to several beginning balances for the portion of the OPEB liability attributable to periods before the year ended June 30, 2018. The table below illustrates the net OPEB liability and net position as originally stated and restated:

	As originally stated June 30, 2017	Increase (Decrease)	Restated June 30, 2017
<i>Governmental activities</i>			
Net OPEB liability	\$ (134,286)	\$ (333,654)	(467,940)
Net position	46,986,891	(333,654)	46,653,237
<i>Business-type activities</i>			
Net OPEB liability	\$ -	\$ (173,074)	\$ (173,074)
Net position	58,900,014	(173,074)	58,726,940
<i>Enterprise funds</i>			
Water fund			
Net OPEB liability	\$ -	\$ (83,332)	\$ (83,332)
Net position	37,011,539	(83,332)	36,928,207
Sewer fund			
Net OPEB liability	\$ -	\$ (12,820)	\$ (12,820)
Net position	13,287,387	(12,820)	13,274,567
Environmental service fund			
Net OPEB liability	\$ -	\$ (76,922)	\$ (76,922)
Net position	2,670,110	(76,922)	2,593,188

### **Note 18. Implementation of Governmental Accounting Standards Board Statement 75 and 85**

Effective July 1, 2017, the City implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces the requirements of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* as amended, and GASB Statement No. 57, *OPEB Measurement by Agent Employers and Agent Multiple-Employer Plans*. Specifically, Statements No. 85 and No. 75 recognize the long-term obligation for health and life insurance benefits offered to retirees and clarifies the timing of the measurement of pension and OPEB liabilities.

## CITY OF EVANSTON, WYOMING

### NOTES TO THE FINANCIAL STATEMENTS

June 30, 2018

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#### **Note 19. Accounting Standards Issued, But Not Implemented**

As of June 30, 2018, 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.

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. The requirements of the Statement are effective for reporting periods beginning after June 15, 2018. Management has not completed its assessment of the effects of implementing this standard.

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## **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, 2018

(Unaudited)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
<b>PROPERTY TAXES AND OTHER TAXES</b>				
Property taxes	\$ 553,624	\$ 553,624	\$ 644,060	\$ 90,436
Sales and use taxes	1,947,963	1,947,963	2,205,757	257,794
Franchise fees	175,404	175,404	176,360	956
	<u>2,676,991</u>	<u>2,676,991</u>	<u>3,026,177</u>	<u>349,186</u>
<b>LICENSES AND PERMITS</b>	<u>142,525</u>	<u>142,525</u>	<u>169,657</u>	<u>27,132</u>
<b>INTERGOVERNMENTAL REVENUES</b>				
State gasoline tax	430,000	430,000	558,362	128,362
Severance tax	459,878	459,878	459,857	(21)
Cigarette tax	88,926	88,926	99,498	10,572
State funding	792,805	792,805	1,482,494	689,689
Grants	5,427,407	5,435,607	5,300,006	(135,601)
Mineral royalties	633,900	633,900	625,010	(8,890)
Pari-Mutual/Lottery tax	44,940	44,940	706,136	661,196
	<u>7,877,856</u>	<u>7,886,056</u>	<u>9,231,363</u>	<u>1,345,307</u>
<b>CHARGES FOR SERVICES</b>				
Public safety fees	25,371	25,371	41,882	16,511
	<u>25,371</u>	<u>25,371</u>	<u>41,882</u>	<u>16,511</u>
<b>FINES AND FORFEITURES</b>	<u>139,000</u>	<u>139,000</u>	<u>327,127</u>	<u>188,127</u>
<b>MISCELLANEOUS REVENUES</b>				
Interest earnings	113,000	113,000	233,758	120,758
Miscellaneous revenues	3,326,974	3,431,669	245,344	(3,186,325)
Gain on sale of fixed assets	1,000	1,000	16,693	15,693
	<u>3,440,974</u>	<u>3,545,669</u>	<u>495,795</u>	<u>(3,049,874)</u>
Total revenues	<u>14,302,717</u>	<u>14,415,612</u>	<u>13,292,001</u>	<u>(1,123,611)</u>

(Continued)

See accompanying notes to required supplementary information

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**CITY OF EVANSTON, WYOMING**

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

General Fund  
Year Ended June 30, 2018  
(Unaudited)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>EXPENDITURES</b>				
General government	\$ 4,130,331	\$ 4,198,242	\$ 3,364,141	\$ 834,101
Public safety and transportation	3,476,848	3,491,244	2,881,566	609,678
Health, welfare, and recreation	1,298,551	1,299,956	1,262,039	37,917
Public works	1,438,487	1,467,670	1,225,592	242,078
Capital outlay	3,458,500	3,458,500	2,183,705	1,274,795
Total expenditures	<u>13,802,717</u>	<u>13,915,612</u>	<u>10,917,043</u>	<u>2,998,569</u>
Excess (deficiency) of revenues over expenditures	<u>500,000</u>	<u>500,000</u>	<u>2,374,958</u>	<u>1,874,958</u>
Other financing sources (uses)				
Transfers in	-	-	69,570	69,570
Transfers (out)	<u>(500,000)</u>	<u>(500,000)</u>	<u>(142,512)</u>	<u>357,488</u>
Total other financing (uses)	<u>(500,000)</u>	<u>(500,000)</u>	<u>(72,942)</u>	<u>427,058</u>
Net change in fund balance	-	-	2,302,016	2,302,016
Fund balance - beginning of year	<u>9,414,118</u>	<u>9,414,118</u>	<u>9,414,118</u>	<u>-</u>
Fund balance - end of year	<u><u>\$ 9,414,118</u></u>	<u><u>\$ 9,414,118</u></u>	<u><u>\$ 11,716,134</u></u>	<u><u>\$ 2,302,016</u></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)

	2018	2017	2016
<b>Public Employees Pension Plan</b>			
City's proportion of the net pension liability	0.133104370%	0.127015300%	0.135582615%
City's proportionate share of the net pension liability	\$ 3,033,903	\$ 3,070,595	\$ 3,158,191
City's covered payroll	\$ 2,364,436	\$ 2,264,562	\$ 2,364,661
City's proportionate share of the net pension liability as a percentage of its covered payroll	128.31%	135.59%	133.56%
Plan fiduciary net position as a percentage of the total pension liability	76.35%	73.42%	73.40%
<b>Law Enforcement Pension Plan</b>			
City's proportion of the net pension liability	0.831542466%	0.837491100%	0.875347950%
City's proportionate share of the net pension liability	\$ 715,496	\$ 632,238	\$ 657,561
City's covered payroll	\$ 1,276,809	\$ 1,296,262	\$ 1,316,521
City's proportionate share of the net pension liability as a percentage of its covered payroll	56.04%	48.77%	49.95%
Plan fiduciary net position as a percentage of the total pension liability	87.99%	88.11%	87.49%

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.

2015	2014	2013	2012	2011	2010	2009
0.128782567%	*	*	*	*	*	*
\$ 2,272,616	*	*	*	*	*	*
\$ 2,201,425	*	*	*	*	*	*
103.23%	*	*	*	*	*	*
79.08%	*	*	*	*	*	*
0.853389620%	*	*	*	*	*	*
\$ 251,440	*	*	*	*	*	*
\$ 1,261,232	*	*	*	*	*	*
19.94%	*	*	*	*	*	*
94.76%	*	*	*	*	*	*

# CITY OF EVANSTON, WYOMING

## SCHEDULE OF CITY CONTRIBUTIONS

Last 10 fiscal years

(Unaudited)

	2018	2017	2016
<b>Public Employees Pension Plan</b>			
Contractually required contribution	\$ 409,430	\$ 390,612	\$ 383,164
Contributions in relation to the contractually required contribution	(409,430)	(390,612)	(383,164)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
City's covered payroll	\$ 2,463,478	\$ 2,350,253	\$ 2,305,439
Contributions as a percentage of covered payroll	16.62%	16.62%	16.62%
<b>Law Enforcement Pension Plan</b>			
Contractually required contribution	\$ 233,240	\$ 224,900	\$ 227,996
Contributions in relation to the contractually required contribution	(233,240)	(224,900)	(227,996)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
City's covered payroll	\$ 1,356,047	\$ 1,307,558	\$ 1,325,558
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.

2015	2014	2013	2012	2011	2010	2009
\$ 363,506	*	*	*	*	*	*
(363,506)	*	*	*	*	*	*
<u>\$ -</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
\$ 2,290,523	*	*	*	*	*	*
15.87%	*	*	*	*	*	*
\$ 226,679	*	*	*	*	*	*
(226,679)	*	*	*	*	*	*
<u>\$ -</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
\$ 1,317,901	*	*	*	*	*	*
17.20%	*	*	*	*	*	*

# CITY OF EVANSTON, WYOMING

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

Last 10 fiscal years

(Unaudited)

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total OPEB Liability			
Service cost	\$ 44,101	*	*
Interest	23,031	*	*
Changes in benefit terms	-	*	*
Differences between expected and actual experience	-	*	*
Employee contributions	-	*	*
Changes in assumptions and other inputs	-	*	*
Benefits payments	<u>(9,697)</u>	*	*
Net change in OPEB liability	57,435	*	*
 Total OPEB liability - beginning	 <u>641,014</u>	 *	 *
 Total OPEB liability - ending	 <u>\$ 698,449</u>	 *	 *
Covered employee payroll	\$ 2,300,000	*	*
Total liability as a percentage of covered employee payroll	30.37%	*	*

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

2015	2014	2013	2012	2012	2010	2009
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
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## CITY OF EVANSTON, WYOMING

### NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2018

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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, 2016 to January 1, 2017. However, an experience study was conducted on behalf of all WRS's plans covering the five year period ended December 31, 2016. That study provided a detailed analysis concerning the development of the long term inflation rate, real rate of return and discount rate. The study also analyzed each major actuarial assumption (e.g. mortality, salary increases, retirement, termination and disability) and proposed assumptions consistent with the findings. The proposed assumptions were used in the December 31, 2017 measurement.

***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, 2018 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 FUNDS**

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.
- The 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.

### **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, 2018

	Special Revenue Funds			Permanent Fund	Total Nonmajor Governmental Funds
	Lodging Tax Fund	Economic Development Fund	Total	Cemetery Fund	
<b>ASSETS</b>					
Pooled cash and cash equivalents and investments	\$ 918,687	\$ 1,450,908	\$ 2,369,595	\$ 404,052	\$ 2,773,647
Accounts receivable	53,277	-	53,277	2,806	56,083
Total assets	<u>\$ 971,964</u>	<u>\$ 1,450,908</u>	<u>\$ 2,422,872</u>	<u>\$ 406,858</u>	<u>\$ 2,829,730</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 5,500	\$ -	\$ 5,500	\$ 4,144	\$ 9,644
Total liabilities	<u>5,500</u>	<u>-</u>	<u>5,500</u>	<u>4,144</u>	<u>9,644</u>
<b>FUND BALANCES</b>					
Nonspendable					
Permanent fund principal	-	-	-	100,000	100,000
Restricted	966,464	1,450,908	2,417,372	105,847	2,523,219
Unassigned	-	-	-	196,867	196,867
Total fund balances	<u>966,464</u>	<u>1,450,908</u>	<u>2,417,372</u>	<u>402,714</u>	<u>2,820,086</u>
Total liabilities and					

**CITY OF EVANSTON, WYOMING**

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

Nonmajor Governmental Funds

Year Ended June 30, 2018

	Special Revenue Funds			Permanent Fund	Total Nonmajor Governmental Funds
	Lodging Tax Fund	Economic Development Fund	Total	Cemetery Fund	
Revenues					
Lodging tax	\$ 233,826	\$ -	\$ 233,826	\$ -	\$ 233,826
Charges for services	-	-	-	29,800	29,800
Rental income	-	127,686	127,686	-	127,686
Investment earnings and miscellaneous	5,918	9,188	15,106	1,801	16,907
Total revenues	239,744	136,874	376,618	31,601	408,219
Expenditures					
Current					
Health, welfare and recreation	284,919	262,692	547,611	210,523	758,134
Total expenditures	284,919	262,692	547,611	210,523	758,134
Deficiency of revenues over expenditures	(45,175)	(125,818)	(170,993)	(178,922)	(349,915)
Other Financing Sources					
Transfers in	-	-	-	142,512	142,512
Total other financing sources	-	-	-	142,512	142,512
Special Item					
Proceeds from sale of capital assets	-	823,891	823,891	-	823,891
Net change in fund balances	(45,175)	698,073	652,898	(36,410)	616,488
Fund balances - beginning of year	1,011,639	752,835	1,764,474	439,124	2,203,598
Fund balances - end of year	\$ 966,464	\$ 1,450,908	\$ 2,417,372	\$ 402,714	\$ 2,820,086

**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, 2018

	Budgeted Amounts			Variance with final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Rental income	\$ 244,580	\$ 244,580	\$ 233,826	\$ (10,754)
Interest	520	520	5,918	5,398
Total revenues	245,100	245,100	239,744	(5,356)
Expenditures				
General expenses	500	500	-	500
Marketing and promotion	194,600	194,600	249,820	(55,220)
Matching fund/grants	28,000	28,000	13,099	14,901
Contractual services	22,000	22,000	22,000	-
Total expenditures	245,100	245,100	284,919	(39,819)
Deficiency of revenues over expenditures	-	-	(45,175)	(45,175)
Fund balance - beginning of year	1,011,639	1,011,639	1,011,639	-
Fund balance - end of year	\$ 1,011,639	\$ 1,011,639	\$ 966,464	\$ (45,175)



**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, 2018

	Budgeted Amounts		Actual	Variance with final Budget Positive (Negative)
	Original	Final		
Revenues				
Rental income	\$ 199,764	\$ 199,764	\$ 104,745	\$ (95,019)
Investment earnings and miscellaneous	1,500	1,500	9,188	(7,688)
Total revenues	<u>201,264</u>	<u>201,264</u>	<u>113,933</u>	<u>(102,707)</u>
Expenditures				
General expenses	100,000	100,000	100,365	(365)
Capital outlay	<u>176,999</u>	<u>176,999</u>	<u>162,327</u>	<u>14,672</u>
Total expenditures	<u>276,999</u>	<u>276,999</u>	<u>262,692</u>	<u>14,307</u>
Excess (Deficiency) of revenues over expenditures	(75,735)	(75,735)	(148,759)	(88,400)
Special Item				
Proceeds from sale of capital assets	<u>-</u>	<u>-</u>	<u>846,832</u>	<u>(88,765)</u>
Fund balance - beginning of year	<u>752,835</u>	<u>752,835</u>	<u>752,835</u>	<u>-</u>
Fund balance - end of year	<u>\$ 677,100</u>	<u>\$ 677,100</u>	<u>\$ 1,450,908</u>	<u>\$ 773,808</u>

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## **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, 2018, 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 March 28, 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 2018-001 and 2018-002 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 March 28, 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

March 28, 2019

## **CITY OF EVANSTON**

### **SCHEDULE OF FINDINGS AND RESPONSES YEAR ENDED JUNE 30, 2018**

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

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

##### **2018-001: 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 modified accrual 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 of pooled cash and cash equivalents and investments limits the information for 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 of 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 YEAR ENDED JUNE 30, 2018**

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

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

##### **2018-001: 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 budgetary 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**

##### **2018-002: 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 budgetary 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 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  
YEAR ENDED JUNE 30, 2018**

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

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

**2018-002: 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.

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